

UAE Banking Sector – March 2025

Resilient Liquidity and Expanding Credit to Shape UAE Banking Outlook

Sector Weighting:
MARKET WEIGHT

Top Picks and Rating Changes

The UAE banking sector witnessed strong growth in domestic and international credit after easing interest rates in FY2024. Robust expansion in the private corporate sector led to solid growth in domestic credit supported by a healthy growth in retail advances. On the other hand, strong deposits growth sustained favourable liquidity maintaining adequate funding capacity within the system. UAE's real GDP grew 4.0% YOY in 3Q24 driven by improving hydrocarbon activity partially offset by moderation across the non-oil economy. UAE's non-oil economy moderated 4.7% YOY in 3Q24 due to the slowdown in construction, financial insurance, and transportation activities. CBUAE revised up its 2025 GDP growth forecast to 4.7% driven by strong growth anticipated across the oil and non-oil economy and estimates 2026 GDP growth at 5.7%. The UAE's real estate sector witnessed solid growth in sales transactions fuelled by strong demand from domestic as well as international investors. Moreover, the growth in off-plan sales remained healthy across the UAE coupled with solid growth in pricing. On the other hand, the tourism and hospitality sector in UAE continue to boom welcoming 147.8 Mn passengers reflecting a 10% increase compared to 2023. Dubai witnessed solid tourist inflow with international traffic increasing to 92.3 Mn in 2024 surpassing the previous record of 89.1 Mn passengers in 2018. The hotel occupancy rates in Dubai also grew from 77% in 2023 to 78.0% in 2024, highlighting its strong position as a top international tourist hub. The seasonally adjusted S&P Global UAE Purchasing Managers' Index remained unchanged at 55.0 in February 2025 compared to the previous month. Non-oil private sector growth is mainly driven by a strong rise in new businesses that resulted in significant output growth. Competitive pressure weighed on business confidence, compelling firms to stay cautious with price increases to sustain sales growth. Input cost increased steadily while limited labour and delayed payments resulted in further growth in work backlogs. However, cost pressures rose for the first time in seven months during February 2025. Additionally, businesses increased prices for the second consecutive month. CBUAE maintained UAE's 2025 inflation estimate at 2.0%, significantly below the global average. Consequently, inflation estimate for 2026 is marginally estimated to increase to 2.1% due to growing domestic demand.

UAE banking system domestic advances grew 6.4% YOY in 2024, mainly supported by strong growth in private corporate credit and retail advances. On the other hand, deposits expanded at a faster rate, recording a 12.9% YOY growth to AED 2,847.0 Bn in 2024. The loan-to-deposit ratio marginally declined 127 bps MOM to 64.9% in December 2024, indicating ample liquidity and credit offerings in the UAE banking system. The total assets of the UAE banking system rose 11.9% YOY to AED 4,560.0 Bn in 2024. The UAE Banking system continues to maintain sound liquidity. The UAE bank's liquid assets rose from AED 832.1 Bn in 3Q24 to AED 817.0 Bn in 4Q24. However, due to this decline, the liquid asset to total assets ratio reduced from 19.2% in 3Q24 to 18.2% in 4Q24. Moreover, the gross income of UAE banks rose 9.1% YOY to AED 39.2 Bn in 4Q24, while net interest income grew 2.1% YOY to AED 26.4 Bn in 4Q24. Non-interest income recorded a robust growth of 27.0% YOY to AED 12.8 Bn in 4Q24. The UAE banking system's return on equity (ROE) remained unchanged at 14.7% in 4Q24 compared to 3Q24, while the return on assets (ROA) increased from 2.1% in 3Q24 to 2.2% in 4Q24. Furthermore, the UAE banking system's liquidity coverage ratio increased from 153.2% in 3Q24 to 156.0% in 4Q24.

The US Federal Reserve last lowered policy rates by 25 basis points in December 2024, bringing them to a range of 4.25%–4.50%. In its March 2025 meeting, the Fed kept the benchmark rates unchanged and indicated to cut rates twice in 2025. Since the UAE's currency is pegged to the US dollar, the central bank of UAE closely follows the Fed. The CBUAE also reduced its benchmark rates by 25 bps to 4.40% in December. The interest rate cut is anticipated to boost loan growth in the economy and improve asset quality. Strong liquidity in the UAE Banking Sector will help the banks to address the rising demand for loans. Resultantly, UAE banks will witness solid growth in funded

income. The UAE banks are also anticipated to benefit from lower funding costs, which will enhance the profit margins.

The average cost-to-income ratio of UAE banks increased from 33.9% in 3Q24 to 38.9% in 4Q24. DIB and FAB recorded the lowest cost-to-income ratio of 23.2% and 25.6%, respectively, in 4Q24. DIB recorded the highest decline in cost-to-income ratio among the large-cap banks under our coverage with a 549 bps QOQ decline to 23.2% during 4Q24. The average annualized cost of risk for the banks under our coverage increased from 0.52 bps in 3Q24 to 1.43 bps in 4Q24. Four out of 11 banks recorded an impairment reversal in 4Q24. NPLs of the UAE banking system improved from 4.7% in 3Q24 to 4.1% in 4Q24 on the back of strong recoveries. The capitalization of the UAE Banking system declined with a Capital Adequacy Ratio (CAR) of 17.8% in 4Q24 compared to 18.6% in 3Q24, well above the minimum regulatory requirement. The Tier 1 Capital ratio moderated from 17.2% in 3Q24 to 16.4% in 4Q24. Additionally, the Common Equity Tier 1 (CET 1) capital also fell from AED 479.6 Bn in 3Q24 to AED 462.7 Bn in 4Q24 with a CET 1 ratio of 15.5% in 3Q24 and 14.8% in 4Q24. Risk Weighted Assets (RWA) grew from AED 3,098.5 Bn in 3Q24 to AED 3,135.6 Bn in 4Q24. Declining interest rates are anticipated to boost demand for credit in the consumer and corporate sectors. Additionally, the banks' focus on increasing non-core income is further anticipated to support profitability.

Our top picks:

- 1) **ENBD** (Trades at 6.25x/0.97x 2025E P/E and P/B multiple with a dividend yield of 4.9% and a Target Price (PT) of AED 25.00). ENBD's loan book grew 12.7% YOY to AED 501.6 Bn in 4Q24. The Bank revised its loan guidance from low-double-digit to high-single-digit for 2025. ENBD's deposits grew strongly by 14.1% YOY, with CASA deposits accounting for 59% of total deposits in 4Q24. ENBD holds strong liquidity with a Liquidity Coverage Ratio (LCR) of 197% in 4Q24. The Bank's asset quality also continued to improve as reported NPLs declined from 3.9% in 3Q24 to 3.3% in 4Q24. The Bank upgraded its 2025 cost-of-risk (COR) guidance from 10-20 bps to 40-60 bps. Capitalization stood strong with a CET 1 ratio of 14.7% and a CAR of 17.1% in 4Q24.
- 2) **DIB** (Trading at 7.93x/1.20x 2025E P/E and P/B multiple with a dividend yield of 6.2% and Target Price (TP) of AED 8.50). The Bank's net advances grew 6.5% YOY to AED 212.4 Bn in 4Q24 and further expects it to grow by 15% in 2025. Customer deposits grew 11.9% YOY to AED 248.5 Bn in 4Q24 with CASA deposits accounting for 38% of total deposits. Asset quality improved from 4.3% in 3Q24 to 4.0% in 4Q24. The Bank's capitalization stood strong with a CET 1 ratio of 13.2% and a total CAR of 18.3% in 4Q24.
- 3) **ADCB** (Trades at 8.88x/1.10x 2025E P/E and P/B multiple with a dividend yield of 5.4% and a Target Price (PT) of AED 13.75). ADCB's net advances expanded 16.1% YOY to AED 350.6 Bn in 4Q24 due to increased lending to corporate and retail sector. The GRE loans contributed c. 42% of all loans issued by the Bank in 4Q24. The Bank expects its net profit to double in the next five years with a CAGR of c. 20%. ADCB's asset quality improved as NPL ratio fell from 3.45% in 3Q24 to 3.04% in 4Q24. ADCB also plans to pay progressive dividends with targeted dividend payout of c. AED 25 Bn in next five years.

Market Weight

We remain MARKET WEIGHT with 5x BUY, 1x ACCUMULATE, 4x HOLD, and 1x SELL on the 11 UAE banks under our coverage. UAE systems' total net assets grew 11.9% YOY to AED 4,560.0 Bn in December 2024. The UAE banking sector's net advances rose 6.4% YOY to AED 1,848.7 Bn in December 2024. Customer deposits mobilisation increased 12.9% YOY to AED 2,847.0 Bn in December 2024.

Target price and rating:

Co. Name	Target Price	Current Market Price	Potential change	Rating
CBI	0.85	0.72	18.1%	BUY
MASQ	270.00	240.00	12.5%	ACCUMULATE
SIB	2.60	2.40	8.3%	HOLD
AJMANBANK	1.60	1.58	1.3%	HOLD
RAKBANK	7.15	6.99	2.3%	HOLD
CBD	8.55	7.15	19.6%	BUY
ADCB	13.75	10.90	26.2%	BUY
ADIB	17.00	16.38	3.8%	HOLD
DIB	8.50	7.21	17.9%	BUY
ENBD	25.00	20.30	23.2%	BUY
UAB	1.10	1.45	-24.1%	SELL

Source: FABS from co data

Contents:

Market Weight.....	3
Industry Themes	5
Relative valuation and rating.....	7
Relative valuation	7
Banking indicators	8
Banking stock performance	19
EIBOR	20
Interest rate sensitivity (IRS) gap.....	21
1Q25 preview: Emirates NBD (ENBD).....	22
1Q25 preview: Dubai Islamic Bank (DIB).....	25
1Q25 preview: Abu Dhabi Islamic Bank (ADIB)	28
1Q25 preview: National Bank of Ras Al Khaimah (RAKBANK)	31
1Q25 preview: Abu Dhabi Commercial Bank (ADCB)	34
1Q25 preview: Mashreq Bank (MASQ)	37
1Q25 preview: Sharjah Islamic Bank (SIB)	40
1Q25 preview: Commercial Bank of Dubai (CBD).....	43
1Q25 preview: Ajman Bank (AJMANBAN).....	46
1Q25 preview: Commercial Bank International (CBI)	49
1Q25 preview: United Arab Bank (UAB).....	52

Industry Themes

Damac partners to make homeownership more accessible for UAE residents

Damac Properties partnered with Abu Dhabi Islamic Bank (ADIB) to offer a home financing solution that allows UAE residents to secure financing for off-plan properties once 35% of the construction is completed. The project will make Damac the first developer in the UAE to provide such an option, enhancing homeownership accessibility. The initiative aligns with the goals of both companies to offer customer-centric, Sharia-compliant financing solutions.

Abu Dhabi Commercial Bank prices FRN Formosa bond offering

Abu Dhabi Commercial Bank is offering a five-year senior floating-rate Formosa bond in US dollars at SOFR plus 105 basis points. The bond will pay quarterly coupons in arrears, with proceeds allocated for general corporate purposes. It will be listed on the Taipei Exchange and Euronext Dublin. HSBC and Standard Chartered acted as joint managers. The issuance was rated in line with the issuer.

Emirates NBD will issue USD 1 Bn additional tier 1 capital securities at 6.25%

Emirates NBD is set to issue USD 1 Bn in AT1 capital securities at 6.25%, with listings on Euronext Dublin and Nasdaq Dubai. The regulation S category 2 perpetual six-year issuance has an initial call date in August 2030, with a reset scheduled for February 2031. Furthermore, ADCB, BofA Securities, Citi, Emirates NBD Capital, FAB, and Standard Chartered Bank are serving as joint lead managers and bookrunners.

SIB will issue USD 500 Mn five-year Sukuk

Sharjah Islamic Bank is set to issue a USD 500 Mn Reg S five-year sukuk, with initial price guidance at 125 bps over the treasuries. The sukuk will be issued under a wakala structure through SIB Sukuk Company III Limited and listed on Euronext Dublin and Nasdaq Dubai. This issuance is part of the bank's USD 3 Bn trust certificate issuance programme. Emirates NBD Capital, HSBC, Standard Chartered, ADIB, DIB, Mashreq Bank, ICD, and Warba Bank are acting as joint lead managers and book runners.

Emirates NBD priced USD 700 Mn five-year FRN at SOFR +110 bps

Emirates NBD has launched USD 700 Mn in senior unsecured five-year floating-rate notes (FRN), with final pricing guidance at SOFR +110 bps. Australian and New Zealand Banking Group (ANZ) Taipei and Standard Chartered Taiwan are joint managers, while Emirates NBD Capital is the structuring agent. Moody's and Fitch will rate the notes A and A+, respectively. The proceeds from the issuance will be used for general purposes.

Mashreq finalized USD 385 Mn sale of majority stake in Neopay

Mashreq, a leading financial institution in MENA region, completed the sale of a majority stake in Neopay, a leading digital payments company in the UAE, with Mashreq retaining a significant minority stake. The partnership aims to support Neopay's expansion into new markets and enhance its services across the Middle East. The completion of the transaction highlighted the shared commitment of Mashreq, DgPays, and Arcapita Group towards fostering innovation, and growth, and shaping the future of digital payments in the region.

Sharjah transferred a 20% ownership stake in Invest Bank to a security fund

The Government of Sharjah has reduced its direct stake in Invest Bank by transferring 47.49 Bn shares, or 20.48%, to the Sharjah Social Security Fund (SSSF) on December 30, 2024. Following

the transfer, Sharjah now holds a 70.06% stake in the bank, while the SSSF holds 18.04%, and other shareholders have retained 11.9% of the stake.

Dubai Islamic Bank increased stake in Turkey digital bank to 25%

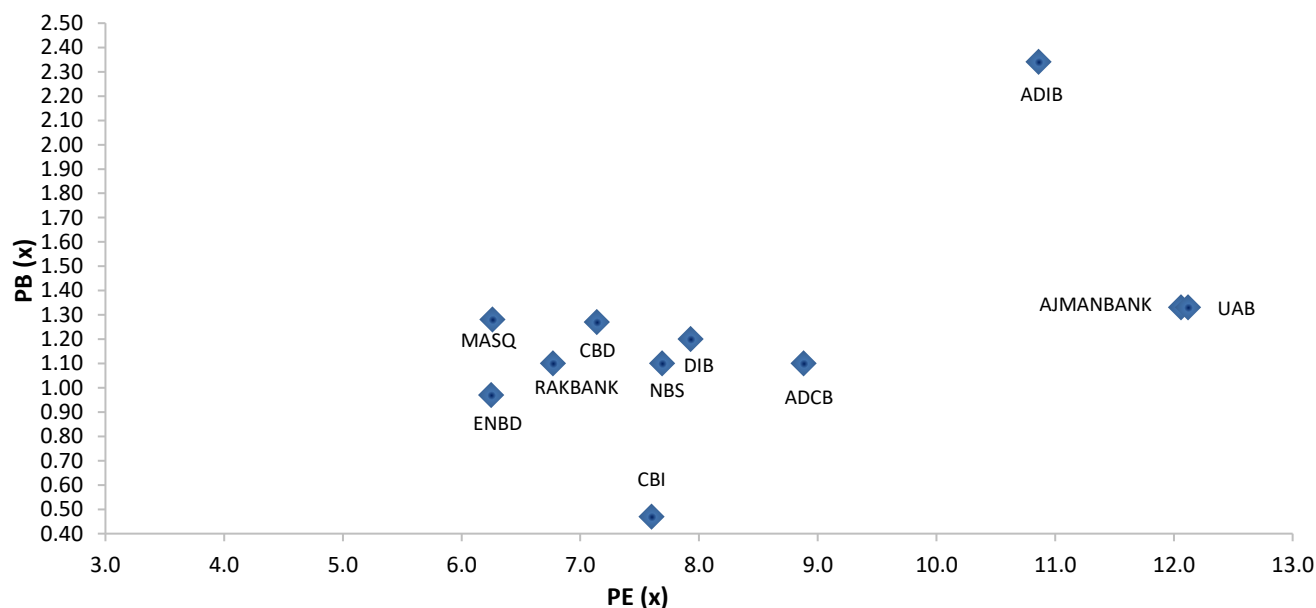
Dubai Islamic Bank (DIB), the fourth largest bank in the UAE, raised its stake in Turkey's T.O.M Group of Companies to 25% from 20% by exercising an option from its initial acquisition in September 2023. The T.O.M. Group owns Turkey's first licensed digital retail bank, a licensed e-money company, and a licensed financing company specialising in digital products among other subsidiaries.

Relative valuation and rating

Relative valuation

Based on our 2025 estimates, five UAE banks are trading above the average book value: MASQ, AJMANBANK, CBD, ADIB, and UAB. Also, all UAE banks except AJMANBANK, ADIB, and UAB are trading at single-digit PE multiple based on 2025 financials. The PB ranges between 0.47x (CBI) and 2.34x (ADIB) and PE ranges between 6.25x (ENBD) and 12.12x (UAB) based on 2025 financials. The UAE banks under our coverage are trading at an average PE and PB multiple of 8.15x and 1.23x, respectively based on 2025 financials.

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



Source: FABS from co data

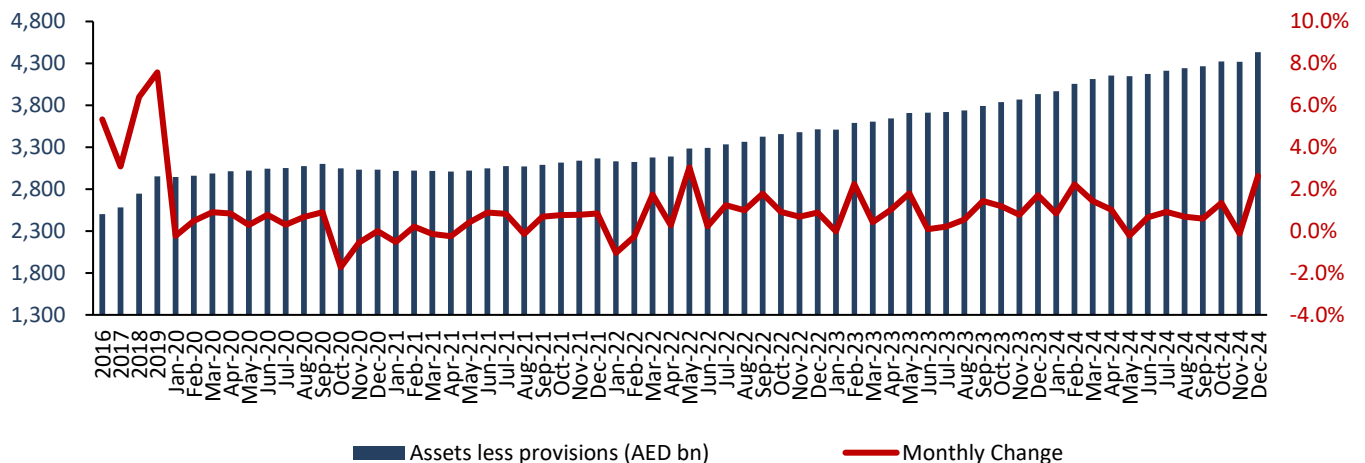
Banking indicators

1. Assets

Total net assets declined marginally 2.4% MOM in December 2024

UAE banking system’s total net assets fell 2.4% MOM to AED 4,560.0 Bn in December 2024.

UAE banking system assets (AED bn) vs. Monthly change, 2016- December 2024



Source: FABS from CBUAE

UAB witnessed the highest growth in total assets in 4Q24

UAB’s total assets grew the most by 21.6% YOY and 7.2% QOQ to AED 21.5 Bn in 4Q24. SIB recorded the second-highest growth in total assets of 20.2% YOY and 5.9% QOQ to AED 79.2 Bn, followed by RAKBANK’s total assets, which grew 19.4% YOY and 5.3% QOQ to AED 88.3 Bn in 4Q24. DIB and ENBD’s total assets grew 4.7% and 4.2% QOQ respectively, in 4Q24. On the other hand, AJMANBANK’s total assets witnessed the highest decline in total assets by 8.3% YOY and 6.5% QOQ to 22.9 Bn in 4Q24. FAB’s total assets declined 1.3% QOQ in 4Q24.

Total assets: UAE Banks

(AED Mn)	4Q23	1Q24	2Q24	3Q24	4Q24	QOQ ch
CBI	18,974	19,003	19,972	20,995	20,895	-0.5%
YOY change	-10.4%	-3.4%	2.6%	12.0%	10.1%	
MASQ	239,981	249,592	253,467	254,411	267,453	5.1%
YOY change	21.7%	24.0%	20.1%	16.5%	11.4%	
SIB	65,879	70,116	74,237	74,796	79,210	5.9%
YOY change	11.4%	16.4%	21.6%	18.0%	20.2%	
AJMANBANK	24,936	23,070	24,235	24,440	22,854	-6.5%
YOY change	18.1%	1.0%	2.8%	-3.0%	-8.3%	
RAKBANK	73,955	78,589	80,408	83,891	88,325	5.3%
YOY change	11.5%	14.1%	11.9%	16.5%	19.4%	
CBD	128,987	130,976	141,256	140,217	140,175	0.0%
YOY change	11.1%	9.8%	14.7%	11.3%	8.7%	
ADCB	567,194	594,405	612,242	638,754	652,814	2.2%
YOY change	13.9%	18.5%	17.4%	19.0%	15.1%	
ADIB	192,827	194,647	213,403	222,567	225,910	1.5%
YOY change	14.4%	13.1%	17.1%	20.9%	17.2%	

DIB	314,292	327,314	322,651	329,169	344,687	4.7%
YOY change	9.0%	12.1%	7.6%	5.0%	9.7%	
ENBD	862,773	902,284	930,785	956,041	996,582	4.2%
YOY change	16.3%	15.4%	14.8%	14.4%	15.5%	
UAB	17,648	17,907	19,813	20,016	21,461	7.2%
YOY change	25.3%	24.1%	37.1%	35.8%	21.6%	
FAB	1,168,633	1,235,012	1,174,619	1,229,616	1,213,247	-1.3%
YOY change	5.3%	4.2%	2.5%	3.7%	3.8%	

Source: FABS from co data

FAB continues to be the market leader in asset share, followed by ENBD and ADCB in 4Q24

FAB's total asset market share declined the most by 1.33pp QOQ to 26.6% in 4Q24 but maintained its market share among all the banks. ENBD's total asset market share witnessed the largest growth of 0.13 pp QOQ to 21.9% during 4Q24 while ADCB's total asset market share fell 0.20 pp QOQ to 14.3% in 4Q24. MASQ witnessed the second highest growth in total asset share with 0.09 pp QOQ to 5.9% in 4Q24. Additionally, CBI's total asset market share stood the lowest in 4Q24, followed by, UAB and AJMANBANK.

Total assets share

	4Q23	1Q24	2Q24	3Q24	4Q24	QOQ: pp
CBI	0.5%	0.4%	0.5%	0.5%	0.5%	-0.02%
MASQ	5.9%	5.9%	5.9%	5.8%	5.9%	0.09%
SIB	1.6%	1.6%	1.7%	1.7%	1.7%	0.04%
AJMANBANK	0.6%	0.5%	0.6%	0.6%	0.5%	-0.05%
RAKBANK	1.8%	1.8%	1.9%	1.9%	1.9%	0.03%
CBD	3.2%	3.1%	3.3%	3.2%	3.1%	-0.11%
ADCB	13.9%	14.0%	14.2%	14.5%	14.3%	-0.20%
ADIB	4.7%	4.6%	5.0%	5.1%	5.0%	-0.10%
DIB	7.7%	7.7%	7.5%	7.5%	7.6%	0.08%
ENBD	21.2%	21.2%	21.6%	21.7%	21.9%	0.13%
UAB	0.4%	0.4%	0.5%	0.5%	0.5%	0.02%
FAB	28.7%	29.0%	27.3%	27.9%	26.6%	-1.33%

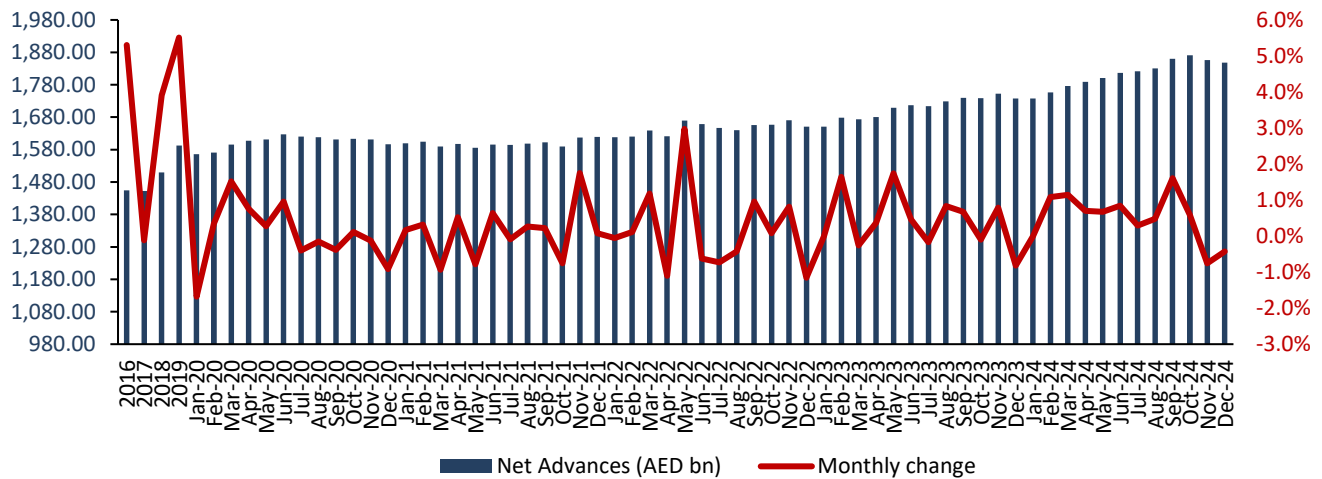
Source: FABS from co data, CBUAE

2. Advances

UAE Bank's net advances declined 0.4% MOM in December 2024

Net advances in the UAE banking system declined 0.4% MOM to AED 1,848.7 Bn in December 2024.

UAE banking system net advances (AED bn) vs. Monthly change, 2016 – December 2024



Source: FABS from CBUAE

All banks recorded a growth in net advances during 4Q24 expect AJMANBANK

AJMANBANK recorded a decline of 5.9% YOY and 3.3% QOQ decline in net advances to AED 13.0 Bn in 4Q24. UAB's net advances grew the most, 7.2% QOQ to AED 11.5 Bn in 4Q24, followed by ADIB with 5.5% QOQ increase to AED 142.6 Bn and MASQ with a 5.3% QOQ growth to AED 124.8 Bn. Additionally, CBI's net advances grew 5.2% QOQ to AED 13.6 Bn in 4Q24, whereas FAB's net advances grew marginally 0.2% QOQ to AED 528.9 Bn in 4Q24.

Net advances: UAE banks

(AED Mn)	4Q23	1Q24	2Q24	3Q24	4Q24	QOQ ch
CBI	12,608	12,192	12,510	12,911	13,583	5.2%
YOY change	-2.4%	0.3%	1.9%	8.4%	7.7%	
MASQ	110,355	110,484	113,827	118,534	124,758	5.3%
YOY change	22.2%	21.3%	19.9%	19.4%	13.1%	
SIB	33,030	33,364	35,199	36,551	37,687	3.1%
YOY change	7.7%	9.7%	11.5%	14.7%	14.1%	
AJMANBANK	13,776	13,113	13,906	13,404	12,959	-3.3%
YOY change	9.0%	-0.3%	1.3%	-8.4%	-5.9%	
RAKBANK	39,468	40,605	40,994	46,198	47,224	2.2%
YOY change	9.4%	11.4%	8.9%	19.5%	19.7%	
CBD	83,313	86,791	89,608	91,746	93,049	1.4%
YOY change	11.7%	13.4%	10.9%	10.7%	11.7%	
ADCB	301,995	318,159	332,158	344,014	350,638	1.9%
YOY change	16.8%	20.7%	22.1%	21.0%	16.1%	
ADIB	115,002	116,943	132,066	135,132	142,611	5.5%
YOY change	6.8%	9.0%	20.8%	20.0%	24.0%	
DIB	199,453	200,927	199,251	206,790	212,427	2.7%
YOY change	7.2%	8.6%	5.1%	3.9%	6.5%	

ENBD	445,105	458,633	477,132	493,843	501,627	1.6%
YOY change	6.8%	6.7%	8.5%	8.5%	12.7%	
UAB	9,357	9,534	10,435	10,754	11,526	7.2%
YOY change	23.1%	29.4%	37.6%	39.6%	23.2%	
FAB	483,954	508,341	513,154	527,978	528,897	0.2%
YOY change	5.3%	7.5%	6.3%	10.4%	9.3%	

Source: FABS from co data

ENBD recorded the highest growth in the advances market share in 4Q24

ENBD recorded the highest growth in the advances market share of 0.58 pp QOQ to 27.1% in 4Q24, followed by ADCB with 0.47% pp QOQ increase to 19.0% and ADIB with 0.45 pp QOQ growth to 7.7% during 4Q24. FAB recorded the highest advances market share of 28.6% closely followed by ENBD in 4Q24. Moreover, AJMANBANK's advances market share declined marginally 0.02 pp QOQ to 0.7% during 4Q24. UAB and CBI recorded the lowest advances market share growth in 4Q24.

Advances mkt share

	4Q23	1Q24	2Q24	3Q24	4Q24	QOQ: pp
CBI	0.7%	0.7%	0.7%	0.7%	0.7%	0.04%
MASQ	6.4%	6.2%	6.3%	6.4%	6.7%	0.37%
SIB	1.9%	1.9%	1.9%	2.0%	2.0%	0.07%
AJMANBANK	0.8%	0.7%	0.8%	0.7%	0.7%	-0.02%
RAKBANK	2.3%	2.3%	2.3%	2.5%	2.6%	0.07%
CBD	4.8%	4.9%	4.9%	4.9%	5.0%	0.10%
ADCB	17.4%	17.9%	18.3%	18.5%	19.0%	0.47%
ADIB	6.6%	6.6%	7.3%	7.3%	7.7%	0.45%
DIB	11.5%	11.3%	11.0%	11.1%	11.5%	0.37%
ENBD	25.6%	25.8%	26.3%	26.6%	27.1%	0.58%
UAB	0.5%	0.5%	0.6%	0.6%	0.6%	0.05%
FAB	27.9%	28.6%	28.3%	28.4%	28.6%	0.22%

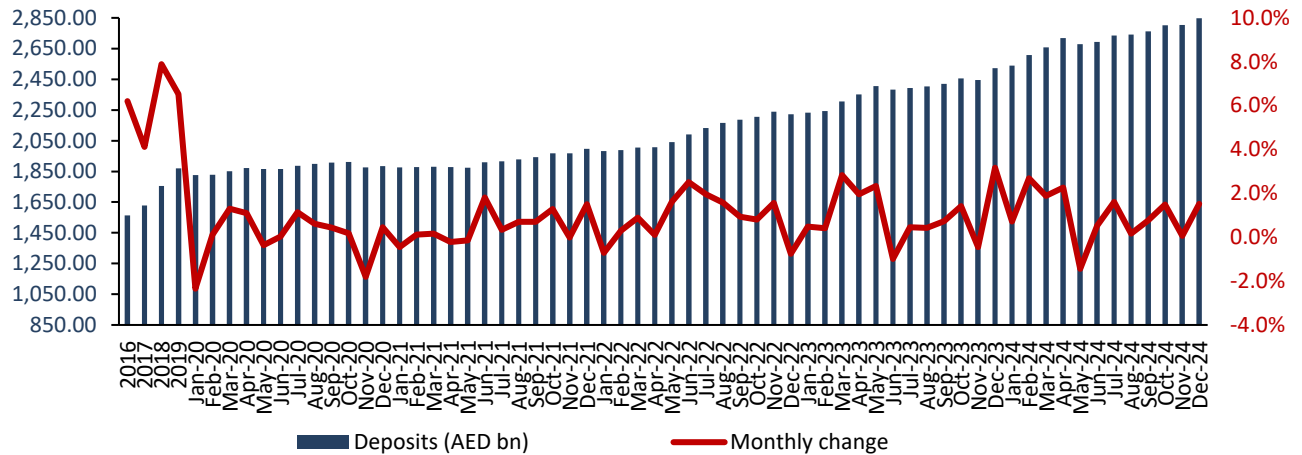
Source: FABS from co data

3. Customer Deposit

UAE banking system's customer deposits declined 1.5% MOM in December 2024

The UAE banking system's customer deposits declined 1.5% MOM to AED 2,847.0 Bn in December 2024.

UAE banking system customer deposits (AED bn) vs. Monthly change, 2016 – December 2024



Source: FABS from CBUAE

UAB recorded the highest growth in customer deposits in 4Q24

UAB reported the highest growth in customer deposits of 12.9% QOQ to AED 13.6 Bn in 4Q24 followed by SIB with 7.8% QOQ growth and DIB with a healthy growth of 4.9% QOQ. Among all the banks, AJMANBANK reported the highest decline in customer deposits recording a 6.5% QOQ reduction to AED 18.1 Bn in 4Q24. Similarly, CBD and FAB's customer deposits declined 1.1% and 4.5% QOQ to AED 97.6 Bn and AED 782.4 Bn, respectively, in 4Q24.

Customer deposits: UAE banks

(AED Mn)	4Q23	1Q24	2Q24	3Q24	4Q24	QOQ ch
CBI	12,608	12,687	14,225	15,191	15,430	1.6%
YOY change	3.3%	1.8%	24.6%	24.8%	22.4%	
MASQ	146,232	155,498	153,964	156,063	160,940	3.1%
YOY change	28.5%	29.4%	21.4%	17.5%	10.1%	
SIB	45,207	45,079	49,462	47,995	51,758	7.8%
YOY change	14.4%	7.6%	17.4%	6.1%	14.5%	
AJMANBANK	19,725	18,431	19,306	19,310	18,062	-6.5%
YOY change	20.8%	-4.4%	0.5%	-1.4%	-8.4%	
RAKBANK	50,395	55,394	58,472	57,266	59,650	4.2%
YOY change	12.3%	19.5%	19.4%	18.2%	18.4%	
CBD	88,287	90,342	99,831	98,682	97,563	-1.1%
YOY change	8.9%	4.8%	16.5%	14.2%	10.5%	
ADCB	362,905	383,695	389,961	406,742	421,060	3.5%
YOY change	17.5%	23.5%	23.4%	23.5%	16.0%	
ADIB	157,067	160,262	172,244	179,744	182,675	1.6%
YOY change	13.7%	13.1%	14.5%	18.6%	16.3%	
DIB	222,054	235,783	234,018	236,868	248,546	4.9%
YOY change	11.8%	18.9%	11.1%	7.2%	11.9%	

ENBD	584,561	610,371	624,417	644,812	666,777	3.4%
YOY change	16.2%	13.5%	12.3%	13.1%	14.1%	
UAB	10,238	10,656	12,129	12,031	13,577	12.9%
YOY change	19.5%	27.8%	44.2%	31.1%	32.6%	
FAB	759,863	803,261	765,702	819,572	782,379	-4.5%
YOY change	8.5%	2.9%	2.8%	4.4%	3.0%	

Source: FABS from co data

DIB recorded the highest growth in deposits market share on a QOQ basis in 4Q24

DIB's experienced highest growth in deposits market share of 0.15 pp QOQ to 8.7% in 4Q24. SIB recorded the second-highest growth rate in deposits market share of 0.08 pp QOQ to 1.8% followed by ENBD with 0.07 pp QOQ rise to 23.4% in 4Q24. FAB's deposit market share declined the most by 2.20 pp QOQ to 27.5% in 4Q24, however it still holds the highest market share amongst all the banks. CBD and AJMANBANK also witnessed a decline in deposits market share in 4Q24.

Deposits market share

	4Q23	1Q24	2Q24	3Q24	4Q24	QOQ: pp
CBI	0.5%	0.5%	0.5%	0.6%	0.5%	-0.01%
MASQ	5.8%	5.9%	5.7%	5.7%	5.7%	0.00%
SIB	1.8%	1.7%	1.8%	1.7%	1.8%	0.08%
AJMANBANK	0.8%	0.7%	0.7%	0.7%	0.6%	-0.06%
RAKBANK	2.0%	2.1%	2.2%	2.1%	2.1%	0.02%
CBD	3.5%	3.4%	3.7%	3.6%	3.4%	-0.15%
ADCB	14.4%	14.4%	14.5%	14.7%	14.8%	0.06%
ADIB	6.2%	6.0%	6.4%	6.5%	6.4%	-0.09%
DIB	8.8%	8.9%	8.7%	8.6%	8.7%	0.15%
ENBD	23.2%	23.0%	23.2%	23.4%	23.4%	0.07%
UAB	0.4%	0.4%	0.5%	0.4%	0.5%	0.04%
FAB	30.1%	30.2%	28.4%	29.7%	27.5%	-2.20%

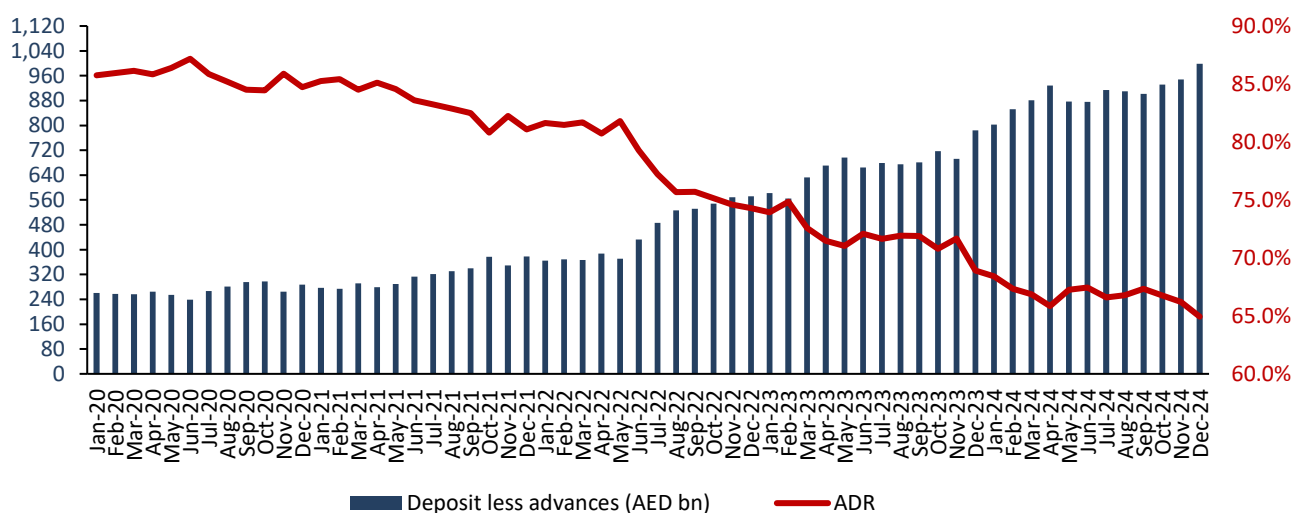
Source: FABS from co data

4. Liquidity

Liquidity in the UAE banking system

UAE banking system’s headline Advances to Deposits Ratio (ADR) declined 127 bps MOM to 64.9% in December 2024. The system’s liquidity increased from AED 947.7 Bn in November 2024 to AED 998.3 Bn in December 2024. 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 2024



Source: FABS from CBUAE

Top key liquidity metrics

We evaluate and rank the balance sheet liquidity of the UAE banks we cover using three variables. In 4Q24, six out of 11 UAE banks under our coverage witnessed a decline in the ADR ratio. FAB’s ADR ratio increased the most, 4.9% QOQ to 67.6% in 4Q24, followed by ADIB with 3.8% QOQ growth to 78.1%. On the other hand, UAB’s ADR ratio experienced the largest decline of 5.0% QOQ to 84.9%, followed by SIB with a 4.4% QOQ fall to 72.8% in 4Q24. Moreover, in terms of deposit surplus/deficit, all banks under our coverage recorded a deposit surplus in 4Q24. UAB recorded the highest growth in deposit surplus of 60.6% QOQ to AED 2.1 Bn in 4Q24, followed by SIB with 23.0% QOQ growth to AED 14.1 Bn. CBD witnessed the highest decline of 34.9% QOQ in deposit surplus to AED 4.5 Bn in 4Q24. In terms of percentage lent, RAKBANK experienced the highest QOQ decline of 2.9% in 4Q24, with 53.5% percentage lent in 4Q24. On the other hand, CBI’s percentage lent grew the most 5.7% QOQ to 65.0%, followed by ADIB with an increase of 4.0% QOQ to 63.1% in 4Q24. Five out of 12 Banks under our coverage witnessed a decline in the percentage lent on a QOQ basis during 4Q24.

ADR: UAE Banks

	4Q23	1Q24	2Q24	3Q24	4Q24	QOQ ch
CBI	100.0%	96.1%	87.9%	85.0%	88.0%	3.6%
MASQ	75.5%	71.1%	73.9%	76.0%	77.5%	2.1%
SIB	73.1%	74.0%	71.2%	76.2%	72.8%	-4.4%
AJMANBANK	69.8%	71.1%	72.0%	69.4%	71.8%	3.4%
RAKBANK	78.3%	73.3%	70.1%	80.7%	79.2%	-1.9%
CBD	94.4%	96.1%	89.8%	93.0%	95.4%	2.6%
ADCB	83.2%	82.9%	85.2%	84.6%	83.3%	-1.5%
ADIB	73.2%	73.0%	76.7%	75.2%	78.1%	3.8%
DIB	89.8%	85.2%	85.1%	87.3%	85.5%	-2.1%
ENBD	76.1%	75.1%	76.4%	76.6%	75.2%	-1.8%
UAB	91.4%	89.5%	86.0%	89.4%	84.9%	-5.0%
FAB	63.7%	63.3%	67.0%	64.4%	67.6%	4.9%

Source: FABS from co data

Deposit surplus/-deficit

AED Mn	4Q23	1Q24	2Q24	3Q24	4Q24	QOQ ch
CBI	-1	496	1,714	2,280	1,847	-19.0%
MASQ	35,877	45,014	40,137	37,528	36,181	-3.6%
SIB	12,177	11,714	14,263	11,445	14,071	23.0%
AJMANBANK	5,949	5,317	5,399	5,906	5,102	-13.6%
RAKBANK	10,928	14,789	17,479	11,069	12,426	12.3%
CBD	4,974	3,550	10,223	6,936	4,515	-34.9%
ADCB	60,910	65,537	57,802	62,728	70,422	12.3%
ADIB	42,065	43,320	40,177	44,612	40,064	-10.2%
DIB	22,601	34,856	34,766	30,078	36,119	20.1%
ENBD	139,456	151,738	147,285	150,969	165,150	9.4%
UAB	880	1,122	1,694	1,277	2,051	60.6%
FAB	275,909	294,920	252,548	291,594	253,482	-13.1%

Source: FABS from co data

Percentage lent

	4Q23	1Q24	2Q24	3Q24	4Q24	QOQ ch
CBI	66.5%	64.2%	62.6%	61.5%	65.0%	5.7%
MASQ	46.0%	44.3%	44.9%	46.6%	46.6%	0.1%
SIB	50.1%	47.6%	47.4%	48.9%	47.6%	-2.6%
AJMANBANK	55.2%	56.8%	57.4%	54.8%	56.7%	3.4%
RAKBANK	53.4%	51.7%	51.0%	55.1%	53.5%	-2.9%
CBD	64.6%	66.3%	63.4%	65.4%	66.4%	1.4%
ADCB	53.2%	53.5%	54.3%	53.9%	53.7%	-0.3%
ADIB	59.6%	60.1%	61.9%	60.7%	63.1%	4.0%
DIB	63.5%	61.4%	61.8%	62.8%	61.6%	-1.9%
ENBD	51.6%	50.8%	51.3%	51.7%	50.3%	-2.6%
UAB	53.0%	53.2%	52.7%	53.7%	53.7%	0.0%
FAB	41.4%	41.2%	43.7%	42.9%	43.6%	1.5%

Source: FABS from co data

5. Profitability

Seven out of 11 banks under our coverage recorded a decline in ROE on a QOQ basis in 4Q24

MASQ recorded the highest ROE of 27.8% in 4Q24 followed by ADIB and ENBD with an ROE of 25.2% and 20.7%, respectively, in 4Q24. AJMANBANK's ROE increased the most, with 1,430 bps QOQ growth to 13.8% in 4Q24, followed by UAB with 188 bps QOQ increased to 16.1% in 4Q24. SIB and DIB's also recorded a 124 bps QOQ and 57 bps QOQ growth in ROE to 15.0% and 19.8%, respectively, in 4Q24. CBI's ROE declined the most, 243 bps QOQ to 8.4% in 4Q24.

ROE: UAE Banks

	4Q23	1Q24	2Q24	3Q24	4Q24	QOQ ch: bps
CBI	6.9%	7.0%	6.9%	10.9%	8.4%	-243
MASQ	32.8%	35.7%	33.6%	29.7%	27.8%	-192
SIB	12.6%	13.3%	13.4%	13.7%	15.0%	124
AJMANBANK	-15.0%	-12.4%	-10.0%	-0.4%	13.8%	1,430
RAKBANK	18.5%	19.4%	19.6%	19.9%	18.8%	-115
CBD	19.9%	21.6%	21.3%	20.6%	20.1%	-47
ADCB	13.3%	13.8%	13.8%	14.0%	13.5%	-54
ADIB	24.5%	28.3%	28.0%	27.1%	25.2%	-182
DIB	18.4%	19.5%	19.0%	19.2%	19.8%	57
ENBD	22.7%	23.3%	22.9%	21.4%	20.7%	-75
UAB	15.8%	16.1%	15.9%	14.2%	16.1%	188
FAB	14.1%	14.2%	14.4%	14.0%	13.7%	-30

Source: FABS from co data

AJMANBANK's ROA turned positive in 4Q24

AJMANBANK's witnessed a positive ROA in 4Q24 for the first time since 3Q23. ADIB recorded the highest ROA of 2.8% in 4Q24, followed by RAKBANK at 2.6% and ENBD at 2.5% in 4Q24. MASQ witnessed the largest decline in ROA, with 202 bps QOQ fall in 4Q24, followed by CBI, with a decline of 30 bps QOQ in 4Q24. ADIB and RAKBANK also experienced a decline in ROA of 10 bps and 16 bps QOQ, respectively, in 4Q24.

ROA: UAE Banks

	4Q23	1Q24	2Q24	3Q24	4Q24	QOQ ch: bps
CBI	0.8%	0.8%	0.8%	1.3%	1.0%	-30
MASQ	3.9%	4.0%	3.9%	3.6%	1.6%	-202
SIB	1.4%	1.3%	1.4%	1.4%	1.4%	2
AJMANBANK	-1.7%	-1.4%	-1.2%	-0.1%	1.7%	173
RAKBANK	2.5%	2.6%	2.6%	2.7%	2.6%	-16
CBD	2.2%	2.2%	2.2%	2.2%	2.3%	4
ADCB	1.5%	1.5%	1.6%	1.6%	1.5%	-4
ADIB	2.8%	2.9%	2.8%	2.9%	2.8%	-10
DIB	2.3%	2.2%	2.3%	2.3%	2.4%	10
ENBD	2.7%	2.6%	2.6%	2.6%	2.5%	-9
UAB	1.6%	1.7%	1.6%	1.5%	1.5%	5
FAB	1.3%	1.3%	1.3%	1.3%	1.3%	-4

Source: FABS from co data

6. Efficiency

RAKBANK yet again records the highest NIMs in 4Q24

RAKBANK's NIMs stood highest at 4.3% in 4Q24, followed by MASQ and ENBD at 3.9% and 3.7%, respectively. DIB's NIMs grew the most by 38 bps QOQ to 3.2% in 4Q24, followed by ADCB, whose NIMs grew 16 bps QOQ to 2.4%. AJMANBANK' recorded the highest decline in NIMs of 71 bps QOQ to 1.6% in 4Q24. MASQ and RAKBANK also recorded a drop in NIMs of 27 bps and 22 bps QOQ, respectively, during 4Q24.

NIM: UAE Banks

	4Q23	1Q24	2Q24	3Q24	4Q24	QOQ ch: bps
CBI	1.9%	1.9%	2.0%	1.9%	2.0%	9
MASQ	4.6%	4.5%	4.2%	4.2%	3.9%	-27
SIB	2.1%	2.0%	1.9%	1.9%	2.0%	9
AJMANBANK	2.3%	2.2%	2.6%	2.3%	1.6%	-71
RAKBANK	5.0%	4.8%	4.6%	4.6%	4.3%	-22
CBD	3.2%	3.2%	3.1%	3.0%	3.0%	0
ADCB	2.7%	2.5%	2.4%	2.2%	2.4%	16
ADIB	3.6%	3.7%	3.4%	3.0%	3.1%	7
DIB	3.0%	2.8%	2.8%	2.8%	3.2%	38
ENBD	3.9%	3.5%	3.6%	3.8%	3.7%	-8
UAB	2.6%	3.1%	2.5%	2.4%	2.3%	-6
FAB	1.9%	1.9%	2.0%	1.9%	1.9%	4

Source: FABS from co data

AJMANBANK recorded the highest cost-to-income ratio during 4Q24

AJMANBANK recorded the highest cost-to-income ratio of 69.5% in 4Q24. On the other hand, DIB's cost-to-income ratio stood the lowest at 23.2%, closely followed by FAB and MASQ, with 25.6% and 26.7%, respectively, in 4Q24. DIB witnessed the highest decline in cost-to-income ratio by 549 bps QOQ in 4Q24, followed by ADCB with 354 bps QOQ fall and MASQ with 247 bps QOQ decline in 4Q24. AJMANBANK recorded the highest rise in cost-to-income ratio, from 52.7% in 3Q24 to 69.5% in 4Q24, followed by SIB with an increase 1,432 bps QOQ growth to 45.4% in 4Q24.

Cost to Income: UAE Banks

	4Q23	1Q24	2Q24	3Q24	4Q24	QOQ ch: bps
CBI	63.1%	71.5%	74.3%	38.9%	49.7%	1,081
MASQ	35.8%	26.7%	27.9%	29.2%	26.7%	-247
SIB	37.6%	34.5%	31.5%	31.1%	45.4%	1,432
AJMANBANK	60.7%	46.7%	41.2%	52.7%	69.5%	1,681
RAKBANK	36.1%	33.1%	34.1%	33.5%	40.1%	659
CBD	28.4%	23.0%	24.6%	25.7%	29.1%	339
ADCB	32.0%	30.9%	32.6%	32.2%	28.6%	-354
ADIB	33.7%	30.4%	26.9%	30.1%	31.1%	104
DIB	28.9%	28.3%	27.3%	28.7%	23.2%	-549
ENBD	32.4%	28.8%	28.4%	30.8%	36.4%	562
UAB	57.3%	47.5%	51.7%	49.6%	61.3%	1,177
FAB	27.4%	24.0%	24.8%	24.1%	25.6%	150

Source: FABS from co data

Four banks under our coverage recorded impairment reversal during 4Q24

MASQ, AJMANBANK, DIB and UAB recorded impairment reversals during 4Q24. CBD recorded the highest fall in COR of 63 bps QOQ to 0.3% in 4Q24, while its cost of risk remained lowest compared to other banks under our coverage. CBI experienced the highest growth of 377 bps QOQ recording the highest cost of risk of 4.0% in 4Q24. RAKBANK and SIB recorded the second and third-highest COR of 2.2% and 1.1%, respectively, in 4Q24.

Cost of risk: UAE Banks

	4Q23	1Q24	2Q24	3Q24	4Q24	QOQ ch: bps
CBI	0.5%	NM	NM	0.3%	4.0%	377
MASQ	NM	0.2%	NM	0.5%	NM	NM
SIB	0.6%	0.5%	0.2%	0.4%	1.1%	78
AJMANBANK	9.8%	NM	0.6%	0.2%	NM	NM
RAKBANK	2.5%	1.5%	1.9%	1.2%	2.2%	96
CBD	0.7%	1.2%	0.7%	0.9%	0.3%	-63
ADCB	1.1%	0.7%	0.5%	0.4%	0.8%	40
ADIB	0.6%	0.4%	0.9%	0.1%	0.5%	33
DIB	0.20%	0.4%	0.4%	NM	NM	NM
ENBD	1.6%	NM	NM	0.7%	1.1%	40
UAB	0.4%	0.4%	NM	NM	NM	NM
FAB	0.8%	0.8%	0.7%	0.6%	0.8%	21

Source: FABS from co data

AJMANBANK recorded the highest CAR, followed by DIB in 4Q24

AJMANBANK witnessed the highest CAR of 19.1% in 4Q24, followed by DIB at 18.3% and RAKBANK at 18.1%. Only two banks out of twelve witnessed a growth in CAR during 4Q24. CBI's CAR rose 190 bps QOQ in 4Q24, while DIB witnessed a 2 bps QOQ growth. On the other hand, MASQ recorded the highest decline in CAR of 228 bps QOQ to 17.5% in 4Q24. RAKBANK also experienced decline in CAR with 151 bps QOQ and UAB with 139 bps QOQ in 4Q24. Similarly, ADIB's CAR declined 136 bps QOQ to 16.2% in 4Q24.

CAR: UAE Banks

	4Q23	1Q24	2Q24	3Q24	4Q24	QOQ ch: bps
CBI	15.1%	14.8%	15.3%	15.8%	17.7%	190
MASQ	16.5%	17.7%	19.5%	19.8%	17.5%	-228
SIB	18.9%	17.7%	17.2%	17.7%	17.2%	-48
AJMANBANK	15.6%	16.6%	17.5%	19.5%	19.1%	-41
RAKBANK	17.8%	17.2%	18.0%	19.6%	18.1%	-151
CBD	15.9%	15.7%	16.1%	16.6%	15.6%	-99
ADCB	16.2%	16.3%	16.4%	16.7%	16.1%	-55
ADIB	16.8%	17.2%	17.2%	17.6%	16.2%	-136
DIB	17.3%	17.5%	18.1%	18.3%	18.3%	2
ENBD	17.6%	17.8%	18.0%	17.9%	17.1%	-82
UAB	19.0%	18.4%	18.0%	18.8%	17.4%	-139
FAB	17.4%	17.1%	17.4%	18.0%	17.5%	-50

Source: FABS from co data

Banking stock performance

Seven out of 13 UAE banks generated positive returns during 2025 on a YTD basis. The average return of the Banking sector in UAE outperformed the ADX, DSM, TASI, DFM, and Qatar Banking Sector. On the other hand, the UAE banking Sector generated a lower return compared to EGX30, KSA Banking sector, and Egypt Banking stocks under coverage. The UAE Banking Sector generated a positive average return of 2.3% and the KSA Banking Sector generated an average return of 7.7% on YTD basis as of 27 March 2025. Among the UAE Banks, ADIB recorded the highest return followed by RAKBANK, MASQ, UAB, BOS, ADCB, and DIB during the same period. While CBD, SIB, FAB, CBI, ENBD, and AJMANBANK generated negative returns during the period.

27 MENA bank stocks: YE 2024 to 27 March 2025, Ranked

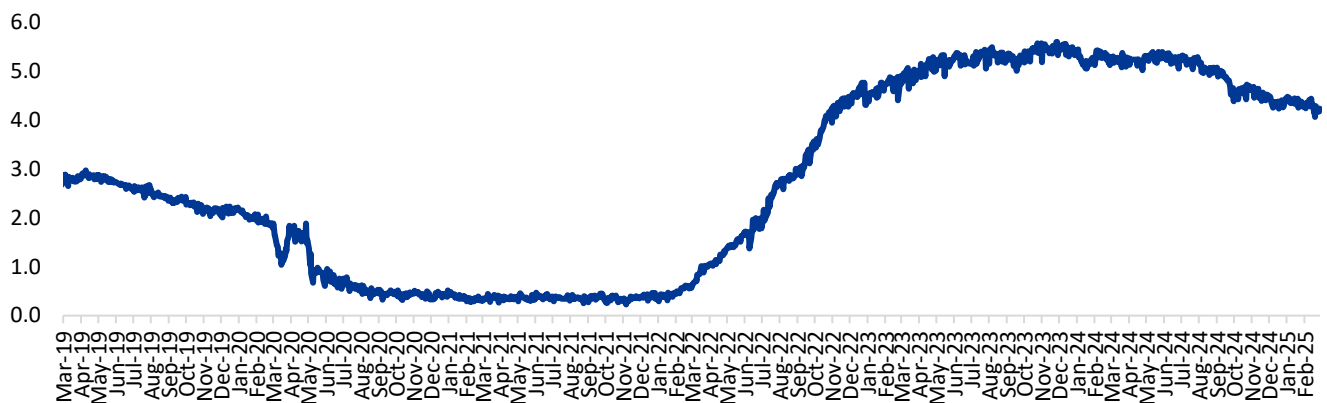
		UAE	KSA	Qatar	Egypt	Ranking
QIBK	-4.6%			-4.6%		25
MARK	-8.4%			-8.4%		30
CBD	-0.4%	-0.4%				17
MASQ	10.3%	10.3%				5
QNBK	-7.3%			-7.3%		28
UAB	5.8%	5.8%				10
SIB	-2.8%	-2.8%				21
CBQK	-3.3%			-3.3%		22
DSM	-3.9%					24
RJHI	7.8%		7.8%			7
TASI	-0.6%					19
ADI	-0.5%					18
ALINMA	5.5%		5.5%			11
ALBI	-6.3%		-6.3%			27
BSFR	16.8%		16.8%			2
RAKBANK	13.1%	13.1%				4
DHBK	-3.4%			-3.4%		23
COMI	4.3%				4.3%	13
FAB	-0.3%	-0.3%				16
EGX30	6.7%					9
BOS	5.1%	5.1%				12
NCB	7.6%		7.6%			8
DFMGI	-1.0%					20
ARNB	8.6%		8.6%			6
RIBL	13.6%		13.6%			3
CBI	-11.1%	-11.1%				31
ENBD	-5.6%	-5.6%				26
ADIB	17.7%	17.7%				1
DIB	1.7%	1.7%				15
AJMANBANK	-8.2%	-8.2%				29
ADCB	4.2%	4.2%				14
AVERAGE		2.3%	7.7%	-5.4%	4.3%	

FABS from Bloomberg

EIBOR

The US Federal Reserve last lowered policy rates by 25 basis points in December 2024, bringing them to a range of 4.25%–4.50%. In its March 2025 meeting, the Fed kept the benchmark rates unchanged and indicated to cut rates twice in 2025. Since the UAE’s currency is pegged to the US dollar, the central bank of UAE closely follows the Fed. The CBUAE also reduced its benchmark rates by 25 bps to 4.40% in December 2024. The 3-month EIBOR rates declined from 0.7% MOM to 4.24% on 28 February 2025. The decline in rates will reduce the interest burden on consumers and businesses and boost the loan growth in the forthcoming period.

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



Source: FABS from Bloomberg

Interest rate sensitivity (IRS) gap

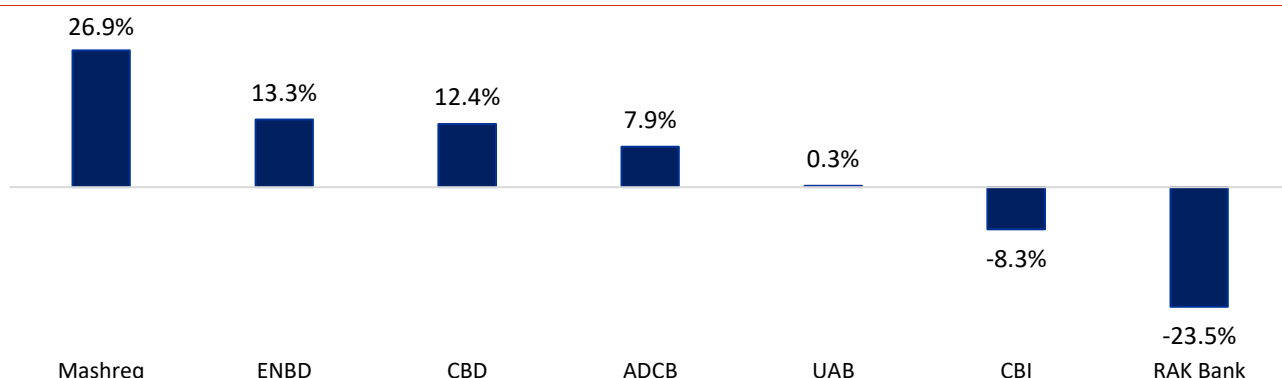
An interest rate gap measures a bank's exposure to interest rate risk. IRS gaps capture the difference in the value of assets and liabilities that re-price over certain periods. It is the gap between rate-sensitive assets and rate-sensitive liabilities. Fed started reducing benchmark interest rates in September 2024 with an interest rate cut of 50 bps followed by two 25 bps rate cuts in November 2024 and December 2024. As a result, the Central Bank of UAE also reduced benchmark interest rates in 2024.

Reduction of interest rates is expected to boost the loan growth in the UAE Banking System with a moderation in NIMs. Most of the UAE Banks carry a positive interest rate sensitivity gap due to which the asset yield will decline faster in the declining interest rate period compared to cost of funds. However, the banks focus on strengthening their non-core income to maintain margins in the declining interest rate period. We have categorized the banks under our coverage to determine the positive/ negative gap for each of them and to gauge which banks NIMs will benefit or worsen from a rate cut (data as per FY2024 annual reports).

RAK Bank and CBI will benefit the most amongst their peers since their cost of funds will reprice faster compared to their peers, while MASQ and ENBD will be affected the most since their proportion of assets is highest among the peers due for repricing during the six to 12-month period.

The above analysis is purely based on the interest rate risk currently faced by banks. It does not consider loan growth, ability to generate funds at lower cost, utilization of off-balance sheet items such as derivatives or significant change in risk management strategies.

Sensitivity Gap 6-12 months as % of total Assets



Source: FABS from Bloomberg

1Q25 preview: Emirates NBD (ENBD)

Lower non-core income and higher impairment charges to impact profitability

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 20.30	AED 25.00	+23.2%	BUY

1Q25 estimate

Emirates National Bank of Dubai (ENBD/the Bank) is expected to report a 24.3% YOY decline in net profit to AED 5,071 Mn in 1Q25, mainly attributable to an estimated decrease in non-funded income, increase in operating expenses, and income tax expense partially offset by projected increase in net funded income, lower hyperinflation adjustments and decline in share to NCI. ENBD's funded income is expected to grow 13.3% YOY to AED 19,584 Mn in 1Q25, owing to healthy growth anticipated in interest-earning assets. On the other hand, funded expense is estimated to increase 16.3% YOY to AED 11,487 Mn in 1Q25 due to an increase in interest-bearing liabilities. Thus, net funded income is estimated to grow 9.3% YOY to AED 8,098 Mn in 1Q25. The Bank's fee and commission income is estimated to increase 1.7% YOY to AED 1,681 Mn in 1Q25, while trading gains are anticipated to grow 5.6% YOY to AED 209 Mn in 1Q25. Other operating income is likely to decline 42.6% YOY to AED 804 Mn in 1Q25. Thus, total non-funded income is estimated to fall 17.1% YOY to AED 2,695 Mn in 1Q25. As a result, total operating income is expected to grow 1.2% YOY to AED 10,792 Mn in 1Q25. Furthermore, operating expenses are estimated to increase 5.5% YOY to AED 3,238 Mn in 1Q25. ENBD is predicted to incur impairment charges of AED 790 Mn in 1Q25, compared to impairment reversals of AED 866 Mn in 1Q24. Moreover, ENBD's tax expenses are expected to increase 17.8% YOY to AED 1,015 Mn in 1Q25. In addition, the Bank is expected to incur a hyperinflation adjustment of AED 675 Mn in 1Q25, compared to AED 881 Mn in 1Q24. The share to NCI is expected to decline from AED 14 Mn in 1Q24 to AED 4 Mn in 1Q25.

2025 Forecast

ENBD's net profit is expected to decline 8.5% YOY to AED 21,010 Mn in 2025, mainly attributed to the expected increase in operating expenses, significant rise in impairment charges, coupled with the anticipated increase in tax expenses, partially offset by a forecasted increase in net funded income, non-funded income, and lower hyperinflation adjustment. Funded income is estimated to decline 1.3% YOY to AED 77,088 Mn in 2025, primarily due to the estimated contraction in the asset yield. Whereas the Bank's funded expense is anticipated to decline 3.9% YOY to AED 43,942 Mn in 2025, driven by a decrease in the cost of funds. Thus, net funded income is likely to boost 2.3% YOY to AED 33,146 Mn in 2025. Non-funded income is anticipated to surge 1.1% YOY to AED 11,861 Mn in 2025 due to a forecasted increase in fee and commission income and trading gains, partially offset by a decline in other operating income. The Bank's fee and commission income is estimated to increase 3.0% YOY to AED 6,997 Mn in 2025, while trading gains are anticipated to grow 10.0% YOY to AED 922 Mn in 2025. Other operating income is likely to decline 4.0% YOY to AED 3,943 Mn in 2025. Furthermore, operating expenses are expected to grow 4.4% YOY to AED 14,357 Mn in 2025. ENBD is anticipated to record an impairment charge of AED 2,727 Mn in 2025 compared to AED 106 Mn in 2024. In addition, tax expense is estimated to increase 1.3% YOY to AED 4,188 Mn in 2025. The Bank is expected to report a hyperinflation adjustment of AED 2,700 Mn in 2025 compared to AED 3,136 Mn in 2024.

4Q24 Outturn

ENBD's funded income rose 24.2% YOY to AED 21,174 Mn in 4Q24 due to a healthy growth in the loan portfolio driven by record highest retail lending coupled with healthy growth in corporate lending supported by a buoyant economy & expansion in global reach. On the other hand, funded expenses rose significantly from AED 9,238 Mn in 4Q23 to AED 12,607 Mn in 4Q24 mainly due to higher cost of funds coupled with an increase in customer deposits. Thus, net funded income increased 9.6% YOY to AED 8,567 Mn in 4Q24 due to growth in interest-earning assets partially offset by higher cost of funds. Net interest margin fell from 3.8% in 3Q24 to 3.7% in 4Q24 due to flow through of rate cuts leading to lower asset yield partially offset by an expansion in margins at Denizbank. Fee and commission income rose 21.5% YOY to AED 1,648 Mn in 4Q24 owing to rise in local as well as

international retail card business, record highest investment banking income, and increased global markets product offering. ENBD recorded significant growth in trading gain which rose to AED 205 Mn in 4Q24 compared to AED 150 Mn in 4Q23. However, other operating income witnessed a substantial decline from AED 988 Mn in 4Q23 to AED 838 Mn in 4Q24 mainly due to an increase in swap-funding cost in Turkey and lower gains on sale of properties. The Bank continued to generate AED 1.0-1.2 Bn income per quarter from the client & trading flow income. Thus, non-funded income witnessed an increase of 7.9% YOY to AED 2,691 Mn in 4Q24. As a result, operating income rose by 9.2% YOY to AED 11,258 Mn in 4Q24. The Bank's operating expenses increased 22.7% YOY to AED 4,099 Mn in 4Q24 attributable to higher staff cost, seasonal marketing expenses, higher professional fees, and accelerated depreciation of systems being replaced as part of a technology upgrade. Thus, the cost-to-income ratio increased from 32.4% in 4Q23 to 36.4% in 4Q24. The Bank witnessed a significant decline in impairment charge from AED 1,946 Mn in 4Q23 to AED 1,450 Mn in 4Q24. The Bank recorded a tax expense of AED 988 Mn during 4Q24 compared to a tax credit of AED 72 Mn in 4Q23. In addition, the Bank's capital-neutral hyperinflation adjustment fell significantly from AED 1,067 Mn in 4Q23 to AED 731 Mn during 4Q24.

Target price and recommendation

We maintain our BUY rating on ENBD with a target price of AED 25.00. ENBD reported healthy growth in the net funded income, despite higher funding costs. The non funded income also witnessed healthy growth reflecting its ability to generate income from its core as well as non-core business. ENBD expects NIMs to fall slightly and remain in the 3.3-3.5% range as the full impact of last year's rate cuts takes effect in 2025. Denizbank's sensitivity to a 25-bps rate cut declined to AED 450 Mn for 2024, indicating the balance sheet is now less sensitive to interest rate changes compared to 2023. NIMs is expected to fall by 5 bps for every 25-bps rate cut. The Bank anticipates asset growth to offset the decline in margins. ENBD's guidance for 2025 loan growth is in the high single digits, primarily due to expected sovereign repayments, which have been significant, especially with Dubai repaying USD 14 Bn in 2024. Apart from this, the Bank is strengthening its wealth management capabilities, expanding in KSA and Abu Dhabi, and enhancing its analytics and technology. The bank aims to continue growing fee revenues, particularly in non-interest areas that aren't capital-intensive. The bank is strategically investing in key areas, particularly in Egypt. Moreover, it aims to implement cost control measures to offset the impact of rate cuts. As a result, it is aiming for a single digit increase in the opex on a YOY basis in 2025. The Bank's reported NPLs declined from 3.9% in 3Q24 to 3.3% in 4Q24 due to solid recoveries, writebacks, write-offs and repayments. Also, the reported NPL coverage ratio improved from 149% in 3Q24 to 156% in 4Q24. NPL ratio is expected to remain within the 3-4% range, marking the lowest level in more than ten years. There's an economic incentive to call and replace Tier 1 notes in March, as the reset margin would be higher than market rates. The Board proposed a cash dividend of AED 1 per share for 2024, amounting to AED 6,317 Mn. ENBD's capitalization stood strong with a CET 1 ratio of 14.7% and a CAR of 17.1% in 4Q24. Thus, considering the above-mentioned factors, we assign a BUY rating on the stock.

ENBD - Relative Valuation

(at CMP)	2020	2021	2022	2023	2024	2025F
PE	20.31	14.72	10.25	6.11	5.70	6.25
PB	1.73	1.72	1.53	1.27	1.10	0.97
Dividend Yield	2.0%	2.5%	3.0%	5.9%	4.9%	4.9%

FABS estimate & Co data

ENBD - P&L

AED mn	1Q24	4Q24	1Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Funded income	17,284	21,174	19,584	13.3%	-7.5%	78,132	77,088	-1.3%
Funded expense	-9,874	-12,607	-11,487	16.3%	-8.9%	-45,736	-43,942	-3.9%
Net funded income	7,410	8,567	8,098	9.3%	-5.5%	32,396	33,146	2.3%
Fees and commissions	1,653	1,648	1,681	1.7%	2.0%	6,793	6,997	3.0%
Trading gain/(loss)	198	205	209	5.6%	2.0%	838	922	10.0%
Other Operating Income	1,401	838	804	-42.6%	-4.0%	4,107	3,943	-4.0%
Non-funded income	3,252	2,691	2,695	-17.1%	0.1%	11,738	11,861	1.1%
Operating income	10,662	11,258	10,792	1.2%	-4.1%	44,134	45,007	2.0%
Operating expenses	-3,070	-4,099	-3,238	5.5%	-21.0%	-13,751	-14,357	4.4%
Pre-provision profit	7,592	7,159	7,555	-0.5%	5.5%	30,383	30,650	0.9%
Impairment	866	-1,450	-790	-191.3%	-45.5%	-106	-2,727	NM
PBT	8,458	5,709	6,764	-20.0%	18.5%	30,277	27,922	-7.8%
Tax	-861	-988	-1,015	17.8%	2.7%	-4,133	-4,188	1.3%
Net profit	7,597	4,721	5,749	-24.3%	21.8%	26,144	23,734	-9.2%
Hyperinflation	-881	-731	-675	-23.4%	-7.7%	-3,136	-2,700	-13.9%
Net Profit adj for hyperinflation	6,716	3,990	5,074	-24.4%	27.2%	23,008	21,034	-8.6%
NCI	-14	-7	-4	-75.0%	-50.0%	-35	-25	-30.0%
Net profit attributable	6,702	3,983	5,071	-24.3%	27.3%	22,973	21,010	-8.5%

FABS estimate & Co Data

Emirates NBD - P&L KPI

	1Q24	4Q24	1Q25F	YOY	QOQ	2024	2025F	Change
Net FI/OI	69.5%	76.1%	75.0%	553	-106	73.4%	73.6%	24
NIM	3.5%	3.7%	3.4%	-14	-33	3.7%	3.4%	-28
NIS	2.6%	2.7%	2.5%	-17	-20	2.7%	2.5%	-17
Fees & comms/OI	15.5%	14.6%	15.6%	7	94	15.4%	15.5%	15
Other non-funded/OI	13.1%	7.4%	7.5%	-569	1	9.3%	8.8%	-55
Trading/OI	1.9%	1.8%	1.9%	8	12	1.9%	2.0%	15
Cost to income (calculated)	28.8%	36.4%	30.0%	121	-641	31.2%	31.9%	74
Impairment/PPP	-11.4%	20.3%	10.5%	2,187	-979	0.3%	8.9%	855
Tax/PBT	10.2%	17.3%	15.0%	482	-231	13.7%	15.0%	135
NP/OI	62.9%	35.4%	47.0%	-1,587	1,161	52.1%	46.7%	-537
Loan-to-deposit (Headline)	75.1%	75.2%	75.0%	-14	-23	75.2%	76.0%	77
NPL - Reported	4.4%	3.3%	3.4%	-100	10	3.3%	3.3%	-8
NPL Coverage - Reported	153.0%	156.0%	150.0%	-300	-600	156.0%	162.0%	600
CET1	15.2%	14.7%	14.6%	-58	-3	14.7%	15.5%	83
Capital Adequacy	17.8%	17.1%	17.0%	-88	-13	17.1%	17.8%	68
ROAE	23.3%	20.7%	18.8%	-449	-181	20.7%	16.5%	-415
ROAA	2.6%	2.5%	2.2%	-41	-25	2.5%	2.0%	-43

FABS estimate & Co data

ENBD - BS Key items

AED mn	1Q24	2Q24	3Q24	4Q24	1Q25F	YOY
Net advances	458,633	477,132	493,843	501,627	517,257	12.8%
QOQ change	3.0%	4.0%	3.5%	1.6%	3.1%	
Total Assets	902,284	930,785	956,041	996,582	1,022,502	13.3%
QOQ change	4.6%	3.2%	2.7%	4.2%	2.6%	
Customer Deposits	610,371	624,417	644,812	666,777	689,675	13.0%
QOQ change	4.4%	2.3%	3.3%	3.4%	3.4%	
Total Equity	99,144	107,199	114,040	116,861	121,932	23.0%
QOQ change	-1.5%	8.1%	6.4%	2.5%	4.3%	

FABS estimate & Co data

1Q25 preview: Dubai Islamic Bank (DIB)

Strong core income expected to offset the rising impairments

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 7.21	AED 8.50	+17.9%	BUY

1Q25 estimate

Dubai Islamic Bank (DIB/the Bank) is forecasted to report a 23.3% YOY increase in net profit to AED 1,964 Mn in 1Q25, attributed to an expected increase in net funded and non-funded income, coupled with a projected decrease in non-controlling interest, partially offset by an anticipated increase in general expenses, impairment charges and corporate tax expenses. DIB's funded income is projected to grow 7.4% YOY to AED 5,107 Mn in 1Q25, mainly due to expected growth in advances and other interest-earnings assets. On the other hand, the funded expense is forecasted to decline 2.8% YOY to AED 2,537 Mn in 1Q25, attributed to the projected decrease in the cost of funds. Thus, net funded income will increase 19.6% YOY to AED 2,570 Mn in 1Q25. Fee and commission income is expected to decline 16.2% YOY to AED 405 Mn in 1Q25. Additionally, other non-funded income is expected to boost significantly from AED 367 Mn in 1Q24 to AED 549 Mn in 1Q25. As a result, DIB's non-funded income is expected to grow 12.2% YOY to AED 954 Mn in 1Q25. The Bank's total operating income is likely to increase 17.5% YOY to AED 3,524 Mn in 1Q25. DIB's general expenses are anticipated to increase 3.5% YOY to AED 878 Mn in 1Q25. Furthermore, the Bank's impairment charges are expected to increase 38.6% YOY to AED 414 Mn in 1Q25. The share of profit attributable to non-controlling interest holders is predicted to decline from AED 72 Mn in 1Q24 to AED 61 Mn in 1Q25. Tax charges are estimated to increase 11.5% YOY to AED 208 Mn in 1Q25.

2025 forecast

We expect DIB's net profit to decline 11.7% YOY to AED 7,008 Mn in 2025, mainly attributed to the expected increase in general expenses and significant rise in impairment charges partially offset by an anticipated rise in net funded income, non-funded income and decrease in tax expenses. The Bank's funded income is forecasted to grow 3.1% YOY to AED 20,058 Mn in 2025, attributed to healthy growth in interest-earning assets and net advances. Funded expense is expected to rise 0.9% YOY to AED 10,602 Mn in 2025. Thus, net funded income is anticipated to increase 5.7% YOY to AED 9,455 Mn in 2025. Fee and commission income is estimated to rise 6.0% YOY to AED 1,853 Mn in 2025. Moreover, other non-funded income is forecasted to decline 2.8% YOY to AED 2,079 Mn in 2025. Thus, non-funded income is expected to grow 1.2% YOY to AED 3,933 Mn in 2025. Total operating income is likely to grow 4.3% YOY to AED 13,388 Mn in 2025. General expense is expected to rise 3.4% YOY to AED 3,542 Mn in 2025. Additionally, impairment charges are projected to increase substantially from AED 407 Mn in 2024 to AED 1,876 Mn in 2025. The Bank's income tax charge is estimated to decline 11.8% YOY to AED 741 Mn in 2025. In addition, the share of profit attributable to non-controlling interest holders is expected to rise 4.5% YOY to AED 220 Mn in 2025.

4Q24 outturn

Funded income grew 8.5% YOY to AED 5,116 Mn in 4Q24, mainly due to an increase in interest earning assets coupled with an expansion in asset yield. Funded expenses rose from AED 2,477 Mn in 4Q23 to AED 2,595 Mn in 4Q24. Thus, net funded income increased 12.7% YOY to AED 2,522 Mn in 4Q24. NIMs increased 14 bps YOY and 38 bps QOQ to 3.2% in 4Q24 due to a fall in cost of funds and a rise in asset yield. The Bank's fees and commission income marginally increased 0.8% YOY to AED 506 Mn in 4Q24. Other non-funded income grew strongly from AED 378 Mn in 4Q23 to AED 723 Mn in 4Q24, attributed to an increase in share of associates profit, higher income from property under construction and investment properties and other operating income. Thus, non-funded income recorded a strong growth of 39.6% YOY to AED 1,230 Mn in 4Q24. As a result, operating income grew significantly 20.2% YOY to AED 3,751 Mn in 4Q24. General expenses declined 3.2% YOY to AED 871 Mn in 4Q24. Resultantly, the cost-to-income ratio declined 565 bps YOY and 549 bps QOQ to 23.2% in 4Q24. Furthermore, the Bank reported a higher impairment recovery of AED 123 Mn in 4Q24 compared to AED 13 Mn in 4Q23. Tax expenses grew from AED 44 Mn in 4Q23 to AED 287 Mn in 4Q24 owing to the introduction of UAE corporate tax. Share of profit attributable to non-controlling interest holders declined 3.8% YOY to AED 82 Mn in 4Q24.

Target price and recommendation

We revise our rating on DIB from ACCUMULATE to BUY with an unchanged target price of AED 8.50. The Bank's financial performance was driven by strong growth in net funded and non-funded income in 4Q24. DIB's NIMs are anticipated to be recorded in the range of 2.8-3.0% for 2025. Moreover, the Bank's loan portfolio is projected to grow 15.0% YOY in 2025, which is likely to benefit the funded income. DIB continues to grow its treasury portfolio to take advantage of opportunities available at a high-interest rate environment. DIB's cost-to-income ratio fell 565 bps YOY to 23.2% in 4Q24 due to a decline in operating expenses owing to the Bank's focus on automation and digitalization which is likely to benefit the profitability. Furthermore, the Bank's asset quality improved as the reported NPL ratio improved to 4.0% in 4Q24 compared to 4.3% in 3Q24, mainly due to the ongoing recoveries. Resolution of previous large corporate legacy cases along with settlements in several instances throughout the year significantly contributed to the improvement of NPLs. Meanwhile, the reported coverage ratio remained steady QOQ at 97% in 4Q24. The Bank proposed a cash dividend of AED 0.45 per share, equivalent to AED 3.3 Bn, resulting in a dividend yield of 6.2% in 2024. DIB's capital ratios remained healthy, with a capital adequacy ratio of 18.3% and a CET 1 ratio of 13.2% in 4Q24. Considering all these factors, we assign a BUY rating on the stock.

DIB - Relative Valuation

(at CMP)	2020	2021	2022	2023	2024	2025F
P/E	19.06	13.69	10.34	8.19	6.95	7.93
P/B	1.83	1.71	1.58	1.44	1.31	1.20
Dividend yield	2.8%	3.5%	4.2%	6.2%	6.2%	6.2%

FABS estimate

DIB - P&L

AED mn	1Q24	4Q24	1Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Funded income	4,757	5,116	5,107	7.4%	-0.2%	19,454	20,058	3.1%
Funded expense	-2,609	-2,595	-2,537	-2.8%	-2.2%	-10,505	-10,602	0.9%
Net funded income	2,148	2,522	2,570	19.6%	1.9%	8,949	9,455	5.7%
Fees & commissions	483	506	405	-16.2%	-20.0%	1,748	1,853	6.0%
Other non-funded income	367	723	549	49.7%	-24.1%	2,139	2,079	-2.8%
Non funded Income	850	1,230	954	12.2%	-22.4%	3,887	3,933	1.2%
Operating income	2,998	3,751	3,524	17.5%	-6.1%	12,837	13,388	4.3%
General expenses	-849	-871	-878	3.5%	0.9%	-3,425	-3,542	3.4%
Pre-provisioning profit	2,149	2,880	2,646	23.1%	-8.1%	9,412	9,846	4.6%
Impairment charges	-299	123	-414	38.6%	-436.8%	-407	-1,876	NM
Profit before tax	1,850	3,003	2,232	20.6%	-25.7%	9,005	7,970	-11.5%
Tax	-186	-287	-208	11.5%	-27.6%	-840	-741	-11.8%
Profit before NCI	1,664	2,717	2,024	21.6%	-25.5%	8,165	7,228	-11.5%
Non-controlling interests	-72	-82	-61	-15.2%	-26.2%	-231	-220	-4.5%
Profit for the period	1,593	2,634	1,964	23.3%	-25.5%	7,934	7,008	-11.7%

FABS estimate & Co Data

DIB - P&L KPI

	1Q24	4Q24	1Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Net FI/OI	71.7%	67.2%	72.9%	128	571	69.7%	70.6%	91
NIM	2.8%	3.2%	3.1%	29	-3	2.9%	2.7%	-16
NIS	2.3%	2.6%	0.0%	-230	-260	2.3%	2.1%	-20
Fees & commissions/OI	16.1%	13.5%	11.5%	-463	-200	13.6%	13.8%	22
Other non-funded/OI	12.2%	19.3%	15.6%	335	-371	16.7%	15.5%	-113
Cost to income	28.3%	23.2%	24.9%	-339	171	26.7%	26.5%	-22
Impairment/PPP	13.9%	-4.3%	15.6%	175	1,991	4.3%	19.1%	1,473
NCI/PBT	4.3%	3.0%	3.0%	-130	-3	2.8%	3.1%	22
NP/OI	53.1%	70.2%	55.7%	259	-1,451	61.8%	52.3%	-946
Cost of risk	0.4%	-0.2%	0.8%	35	98	0.2%	0.8%	61
Loan-to-deposit	85.2%	85.5%	89.5%	428	403	85.5%	88.5%	303
NPL Calculated	5.0%	4.0%	4.3%	-67	30	3.9%	3.5%	-43
Coverage - Calculated	93.0%	97.0%	80.0%	-1,300	-1,700	78.6%	80.0%	145
CET 1	13.1%	13.2%	15.2%	210	194	13.2%	12.9%	-36
Capital adequacy	17.5%	18.3%	20.2%	272	192	18.3%	17.4%	-93
ROAA	2.2%	2.4%	2.5%	24	6	2.4%	1.9%	-49
ROAE	19.5%	19.8%	20.7%	120	93	19.8%	15.8%	-393

FABS estimate & Co Data

DIB - key B/S items

AED mn	1Q24	2Q24	3Q24	4Q24	1Q25F	YOY Ch
Net financings	200,927	199,251	206,790	212,427	214,194	6.6%
<i>QOQ change</i>	0.7%	-0.8%	3.8%	2.7%	0.8%	
Total assets	327,314	322,651	329,169	344,687	345,528	5.6%
<i>QOQ change</i>	4.1%	-1.4%	2.0%	4.7%	0.2%	
Customer deposits	235,783	234,018	236,868	248,546	239,323	1.5%
<i>QOQ change</i>	6.2%	-0.7%	1.2%	4.9%	-3.7%	
Shareholders' fund	34,494	36,011	37,755	39,724	41,688	20.9%
<i>QOQ change</i>	-5.0%	4.4%	4.8%	5.2%	4.9%	

FABS estimate & Co Data

1Q25 preview: Abu Dhabi Islamic Bank (ADIB)

Lower net funded income and higher impairment charges to impact profitability

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 16.38	AED 17.00	+3.8%	HOLD

1Q25 estimate

Abu Dhabi Islamic Bank (ADIB/the bank) is expected to record a 5.3% YOY growth in net profit to AED 1,428 Mn in 1Q25, primarily driven by an anticipated increase in non-funded income and lower NCI. & zakat expenses partially offset by the marginal decline in net funded income, expected growth in operating expenses and financing impairments. ADIB's funded income, including income from Islamic financing, is expected to grow 10.4% YOY to AED 2,942 Mn in 1Q25, driven by expected growth in Islamic financing and other interest-earning assets. Similarly, the funded expense is anticipated to grow 28.5% YOY to AED 1,253 Mn in 1Q25 due to the expected rise in the cost of funds and increase in interest-earning liabilities. As a result, ADIB's net funded income is projected to decline marginally 0.1% YOY to AED 1,689 Mn in 1Q25. We expect NIMs to decline 57 bps YOY and 1 bps QOQ to 3.1% in 1Q25. Furthermore, the bank's non-funded income is anticipated to increase 25.2% YOY to AED 1,035 Mn in 1Q25 due to projected growth in fees and commission income and other non-funded income. As a result, the bank's operating income is projected to rise 8.2% YOY to AED 2,724 Mn in 1Q25. ADIB's operating expenses are anticipated to increase 6.9% YOY to AED 818 Mn in 1Q25. The cost-to-income ratio is expected to improve from 30.4% in 1Q24 to 30.1% in 1Q25. Impairment charges are anticipated to increase significantly from AED 109 Mn in 1Q24 to AED 198 Mn in 1Q25. In addition, the zakat expense and profit attributable to non-controlling interest holders is projected to decline 2.4% YOY to AED 279 Mn in 1Q25.

2025 forecast

ADIB's net profit is anticipated to grow marginally 0.9% YOY to AED 5,829 Mn in 2025, driven by the projected increase in non-funded income partially offset by an anticipated decline in net funded income, coupled with higher operating expenses, impairment charges and NCI & zakat expenses. Funded income, including income from Islamic financing, is expected to grow 3.9% YOY to AED 11,539 Mn in 2025, owing to an anticipated growth in Islamic financing and other interest-earning assets. Funded expense is projected to grow 10.6% YOY to AED 5,020 Mn in 2025. Thus, net funded income is forecasted to decline marginally 0.7% YOY to AED 6,519 Mn in 2025. Furthermore, non-funded income is anticipated to boost 11.6% YOY to AED 4,536 Mn in 2025 due to estimated growth in fees and commission income and other non-funded income. As a result, operating income is anticipated to rise 4.0% YOY to AED 11,055 Mn in 2025. The Bank's operating expenses are expected to rise 3.6% YOY to AED 3,258 Mn in 2025. However, we forecast the cost-to-income ratio to decline 11 bps YOY to 29.5% in 2025 in line with the Bank's guidance of below 30%. Impairments are forecasted to increase 33.8% YOY to AED 829 Mn in 2025. Zakat expenses and profit attributable to non-controlling interest holders is anticipated to increase 4.4% YOY to AED 1,139 Mn in 2025.

4Q24 outturn

ADIB's Islamic financing income grew 17.1% YOY to AED 2,367 Mn in 4Q24. Income from financial institutions fell 3.8% YOY to AED 523 Mn, driven by a substantial business volume in financing. Thus, total funded income rose 12.7% YOY to AED 2,890 Mn in 4Q24, driven by growth in interest-earning assets due to robust business volumes and an improved revenue mix partially offset by a decline in asset yield. Funded expenses rose 29.2% YOY to AED 1,227 Mn in 4Q24, mainly due to the significant rise in the cost of funds and interest-bearing liabilities. The cost of funds fell by 18 bps QOQ and grew by 20 bps YOY to 2.6% in 4Q24. Thus, net funded income grew 2.9% YOY to AED 1,663 Mn in 4Q24. However, NIMs fell 50 bps YOY but rose 7 bps QOQ to 3.1% in 4Q24. Fees and commission income fell 26.9% YOY to AED 422 Mn in 4Q24, while other non-funded income rose 35.8% YOY to AED 552 Mn. Thus, total non-funded income declined marginally 1.0% YOY to AED 974 Mn in 4Q24. Moreover, total operating income rose 1.4% YOY to AED 2,637 Mn in 4Q24. Furthermore, operating expenses fell 6.3% YOY to AED 821 Mn in 4Q24 owing to a reduction in G&A expenses and employee costs. However, calculated cost-to-income improved 257 bps YOY to 31.1% in 4Q24 attributable to improved operational efficiency due to digital initiatives and cost discipline. ADIB's impairments fell

significantly 9.3% YOY to AED 172 Mn in 4Q24 driven by strong recoveries. Additionally, zakat and NCI expenses more than doubled from AED 116 Mn in 3Q24 to AED 256 Mn in 4Q24 due to the introduction of the UAE corporate tax.

Target price and recommendation

We maintain our HOLD rating on Abu Dhabi Islamic Bank with a revised target price of AED 17.0. ADIB reported a marginal decline in profitability during 4Q24 mainly attributable decline in non-funded income. The Bank witnessed a solid growth in investments and net advances which drove the Company's core income despite a decline in asset yield. ADIB expects its gross financing to grow more than 10% YOY in 2025. ADIB's NIMs fell 50 bps YOY but grew 7 bps QOQ to 3.1% in 4Q24. The Bank anticipates NIMs to stay stable and shall experience a gradual decline after the interest rate cut. Meanwhile, competitive pressures will lead to some rate cuts in lending, but ADIB expects to offset this through higher volumes and strategic pricing. The Bank's interest rate sensitivity remained unchanged with AED 120 Mn impact on net income from a 50-bps change in net interest rates. Moreover, ADIB expects the non-funded income to play a crucial role in the Bank's growth in the declining rate scenario. Consequently, ADIB added 2,16,000 net customers in 2024, reflecting its strong ability to attract clients. Strong growth in the customer base is expected to drive the Bank's core and non-core income in the upcoming period. The Bank's total deposits grew 16.3% YOY to AED 182.7 Bn in 4Q24, with CASA deposits accounting for 61.0% of total deposits benefiting the NIMs. ADIB witnessed a strong improvement in asset quality as the reported NPL ratio declined from 4.4% in 3Q24 to 4.0% in 4Q24, at its lowest levels since 1Q17, driven by legacy portfolio management and better underwriting standards. The reported NPL Coverage ratio increased from 78.0% in 3Q24 to 81.5% in 4Q24, providing a strong cushion against potential bad loans. Meanwhile, the coverage ratio including collaterals improved from 154% in 3Q24 to 157% in 4Q24. As per our calculation, the cost of risk declined 16 bps YOY and rose 33 bps QOQ to 0.5% in 4Q24. ADIB expects to record a cost of risk of 0.4-0.6% for 2025. ADIB maintained healthy capitalization with a reported CET 1 ratio of 12.1% and a total capital adequacy ratio of 16.2% in 4Q24. Hence based on our analysis, we assign a HOLD rating on the stock.

ADIB - Relative valuation

(At CMP)	2020	2021	2022	2023	2024	2025F
P/E	45.04	28.67	17.91	12.76	10.97	10.86
P/B	4.13	3.77	3.36	2.92	3.00	2.34
Dividend yield	1.3%	1.9%	3.0%	4.4%	5.1%	5.1%

FABS Estimates & Co Data

ADIB - P&L

AED mn	1Q24	4Q24	1Q25F	YOY Ch	QOQ Ch	2023	2024	2025F	Change
Institutions	584	523	560	-4.1%	7.2%	1,702	2,168	2,313	6.7%
Islamic financings	2,081	2,367	2,381	14.4%	0.6%	7,520	8,939	9,227	3.2%
Funded income	2,666	2,890	2,942	10.4%	1.8%	9,221	11,107	11,539	3.9%
Funded expense	-975	-1,227	-1,253	28.5%	2.1%	-3,099	-4,541	-5,020	10.6%
Net funded income	1,690	1,663	1,689	-0.1%	1.5%	6,122	6,566	6,519	-0.7%
Fees and commissions	418	422	456	9.0%	8.0%	1,615	1,807	2,051	13.5%
Other non-funded income	409	552	580	41.7%	5.0%	1,556	2,259	2,484	10.0%
Non-Funded Income	827	974	1,035	25.2%	6.3%	3,172	4,066	4,536	11.6%
Operating income	2,517	2,637	2,724	8.2%	3.3%	9,294	10,632	11,055	4.0%
Operating expenses	-765	-821	-818	6.9%	-0.3%	-3,061	-3,145	-3,258	3.6%
Pre-provisioning income	1,752	1,817	1,905	8.8%	4.9%	6,232	7,487	7,797	4.1%
Financing impairment	-109	-172	-198	81.3%	15.2%	-760	-620	-829	33.8%
Profit before NCI	1,643	1,645	1,707	3.9%	3.8%	5,472	6,868	6,968	1.5%
NCI. & zakat	-286	-256	-279	-2.4%	8.9%	-472	-1,091	-1,139	4.4%
Net profit for period	1,357	1,389	1,428	5.3%	2.9%	5,000	5,777	5,829	0.9%

FABS estimate & Co Data

ADIB - KPI

	1Q24	4Q24	1Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Net FI/OI	67.1%	63.1%	62.0%	-515	-108	61.8%	59.0%	-279
NIM	3.7%	3.1%	3.1%	-57	-1	3.3%	2.9%	-41
NIS	3.4%	2.8%	2.8%	-59	0	3.0%	2.6%	-37
Fees & commissions/OI	16.6%	16.0%	16.7%	12	73	17.0%	18.6%	156
Other non-funded/OI	16.2%	20.9%	21.3%	503	35	21.2%	22.5%	123
Cost to income (calculated)	30.4%	31.1%	30.1%	-35	-107	29.6%	29.5%	-11
Impairment/PPP	6.2%	9.5%	10.4%	415	93	8.3%	10.6%	236
NP/OI	53.9%	52.7%	52.4%	-146	-22	54.3%	52.7%	-160
Cost of risk	0.4%	0.5%	0.6%	17	8	0.4%	0.6%	13
Loan-to-deposit	73.0%	78.1%	76.7%	368	-142	78.1%	76.7%	-139
NPL - Reported	5.5%	4.0%	3.9%	-158	-8	4.0%	3.8%	-23
Coverage excluding collateral	73.0%	81.5%	75.7%	270	-580	81.5%	77.2%	-429
CET1	12.6%	12.1%	12.6%	-6	48	12.1%	12.3%	25
Capital adequacy	17.2%	16.2%	16.6%	-54	40	16.2%	16.0%	-19
ROAE	28.3%	25.2%	25.9%	-238	63	25.2%	22.8%	-242
ROAA	2.9%	2.8%	2.7%	-14	-1	2.8%	2.5%	-30

FABS estimate & Co Data

ADIB - Key B/S items

AED mn	1Q24	2Q24	3Q24	4Q24	1Q25F	YOY Ch
Net advances	116,943	132,066	135,132	142,611	145,181	24.1%
QOQ change	1.7%	12.9%	2.3%	5.5%	1.8%	
Total assets	194,647	213,403	222,567	225,910	230,727	18.5%
QOQ change	0.9%	9.6%	4.3%	1.5%	2.1%	
Customer deposits	160,262	172,244	179,744	182,675	189,401	18.2%
QOQ change	2.0%	7.5%	4.4%	1.6%	3.7%	
Total shareholders' equity	18,458	19,855	21,378	22,591	24,020	30.1%
QOQ change	-9.4%	7.6%	7.7%	5.7%	6.3%	

FABS estimate & Co Data

1Q25 preview: National Bank of Ras Al Khaimah (RAKBANK)

Higher operating expenses and impairment charges to impact bottom-line

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 6.99	AED 7.15	+2.3%	HOLD

1Q25 estimates

National Bank of Ras Al-Khaimah (RAKBANK/the Bank) is expected to report a 9.5% YOY decline in net profit to AED 519 Mn in 1Q25. The decrease in net profit is primarily driven by anticipated increase in operating expenses, and projected growth in impairment allowance, partially offset by projected growth in net funded and non-funded income, coupled with a forecasted decline in income tax expenses. Interest Income, including income from Islamic financing, is projected to grow 9.9% YOY to AED 1,374 Mn in 1Q25 due to an anticipated increase in yield on Islamic finance and expected growth in interest-earnings assets. Interest expense is projected to increase 25.3% YOY to AED 464 Mn in 1Q25, driven by higher cost of funds and interest earning liabilities. As a result, net funded income is likely to boost 3.5% YOY to AED 910 Mn in 1Q25. Thus, we forecast the calculated NIMs to decline 57 bps YOY to 4.2% in 1Q25. Total non-funded income is anticipated to increase 4.1% YOY to AED 307 Mn in 1Q25, primarily due to an expected rise in net fees and commission income, foreign exchange gain investment and substantial higher other operating income, coupled with forecasted lower gross insurance underwriting losses, partially offset by forecasted decline in investment income. Hence, net operating income is projected to grow 3.6% YOY to AED 1,217 Mn in 1Q25. Operating expenses are expected to rise 8.1% YOY to AED 420 Mn in 1Q25. Moreover, we expect the cost-to-income ratio to surge 142 bps YOY to 34.5% in 1Q25 due to increased operating expenses. In addition, impairment expense is forecasted to increase substantially from AED 157 Mn in 1Q24 to AED 226 Mn in 1Q25. The Bank's tax expense is likely to decline 6.6% YOY to AED 51 Mn in 1Q25.

2025 forecast

RAKBANK's net profit is estimated to marginally increase 0.2% YOY to AED 2,076 Mn in 2025, owing to anticipated rise in net funded and non-funded income, offset by forecasted increase in operating expenses and higher impairment charges. Interest Income, including income from Islamic financing is likely to increase 2.7% YOY to AED 5,376 Mn in 2025 due to a projected expansion in assets yield and yield on Islamic Financing coupled with growth in interest earning assets. On the other hand, the Bank's funded expense is also expected to increase 2.2% YOY to AED 1,710 Mn in 2025, mainly due to the rise in interest earning liabilities. Resultantly, net funded income is expected to grow 2.9% YOY to AED 3,666 Mn in 2025. We expect NIMs to fall 27 bps YOY to 4.5% in 2025. Total non-funded income is expected to surge 9.3% YOY to AED 1,257 Mn in 2025, driven by a rise in net commission income, investment income, and other operating income, partially offset by declining in foreign exchange gain. As a result, net operating income is likely to increase 4.5% YOY to AED 4,923 Mn in 2025. Operating expenses are anticipated to rise 5.1% YOY to AED 1,742 Mn in 2025. Additionally, we forecast the cost-to-income ratio to increase marginally 20 bps to 35.4% in 2025. Impairments are forecasted to boost 15.4% YOY to AED 895 Mn in 2025. The tax expense is estimated to rise 1.6% YOY to AED 206 Mn in 2025.

4Q24 outturn

RAKBANK's interest income from conventional loans and investments grew 8.5% YOY to AED 1,164 Mn in 4Q24, whereas interest expense on conventional deposits and borrowings grew significantly from AED 293 Mn in 4Q23 to AED 386 Mn in 4Q24. Thus, net interest income from conventional loans and advances steadily declined 0.2% YOY to AED 778 Mn in 4Q24. Similarly, income from Islamic financing grew 17.9% YOY to AED 185 Mn in 4Q24, while Islamic financing expenses rose 7.3% YOY to AED 65 Mn in 4Q24. Resultantly, RAKBANK's funded income grew 9.7% YOY to AED 1,349 Mn in 4Q24. Funded expenses grew significantly from AED 353 Mn in 4Q23 to AED 451 Mn in 4Q24. As a result, net funded income rose 2.5% YOY to AED 899 Mn in 4Q24. However, NIMs declined 68 bps YOY and 22 bps QOQ to 4.3% in 4Q24. Net fee and commission income declined 6.2% YOY to AED 140 Mn in 4Q24. Foreign exchange income increased 9.3% YOY to AED 87 Mn in 4Q24. RAKBANK

recorded a loss from gross insurance underwriting of AED 14 Mn in 4Q24 as compared to a loss of AED 38 Mn in 4Q23. The Bank's investment income declined 13.3% YOY to AED 12 Mn in 4Q24. Other operating income grew 40.6% YOY to AED 36 Mn in 4Q24. As a result, total non-funded income grew 13.1% YOY to AED 262 Mn in 4Q24. Thus, net operating income grew 4.7% YOY to AED 1,160 Mn in 4Q24. Furthermore, operating expenses increased 16.5% YOY to AED 466 Mn in 4Q24, mainly due to staff and outsourcing costs, technology costs, and marketing expenses partially offset by a decrease in credit card expenses. The Group's Cost to income ratio increased from 36.1% in 4Q23 to 40.1% in 4Q24. RAKBANK's impairments increased 2.6% YOY to AED 270 Mn in 4Q24. The Bank recorded an income tax expense of AED 38 Mn in 4Q24 compared to AED 14 Mn in 4Q23, owing to the introduction of the UAE corporate tax.

Target price and recommendation

We maintain our HOLD rating on RAKBANK with an unchanged target price of AED 7.15. RAKBANK recorded strong growth in profit after tax of 16.2% YOY to AED 2,072 Mn and profit before tax and NCI of AED 2,278 Mn in 2024, 26.7% YOY with total customer loans & advances above AED 50 Bn. The Bank's net advances grew 19.7% YOY and 2.2% QOQ to 47.2 Bn in 4Q24, mainly due to growth across all the segments. The Bank's wholesale segment grew 35% YOY in FY2024, mainly driven by lending to corporate and financial institutions and strategically diversifying the portfolio mix. The business banking segment recorded growth of 7.5% YOY, with 9% YOY growth in SME loans and business loans growth. The gross retail banking segment grew 15.9% YOY to AED 23.3 Bn in 4Q24, primarily due to sales across products with increases in mortgage loan portfolio and credit. The Bank's customer deposits grew 18.4% YOY and 4.2% QOQ to 59.7 Bn in 4Q24. CASA deposits accounted for 62.7% of total deposits in 4Q24 as compared to 62.4% in 3Q24. NIMs of the Bank declined 68 bps YOY and 22 bps QOQ to 4.3% in 4Q24. Furthermore, the Bank's asset quality improved as the reported NPLs declined to 2.1% in 4Q24 compared to 2.2% in 3Q24. Calculated provision coverage ratio increased from 233.8% in 3Q24 to 253.2% in 4Q24. Capitalization lowered with a CET 1 ratio of 15.7% and a total CAR of 18.1% in 4Q24. RAKBANK also recorded a decline in return with a reported ROE of 12.7% and an ROA of 1.9% in 4Q24. As the ROE & ROA has declined along with increased operating expense and considering the above-mentioned factors, we recommend HOLD rating on the stock.

RAKBANK - Relative valuation

(at CMP)	2020	2021	2022	2023	2024	2025F
P/E (x)	27.91	18.60	12.01	7.88	6.78	6.77
P/B (x)	1.80	1.69	1.56	1.36	1.31	1.10
Dividend Yield	1.8%	2.7%	4.1%	4.4%	7.2%	7.2%

FABS Estimates & Co Data

RAKBANK P&L

AED mn	1Q24	4Q24	1Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Interest Income	1,250	1,349	1,374	9.9%	1.8%	5,234	5,376	2.7%
Interest expense	-370	-451	-464	25.3%	2.9%	-1,672	-1,710	2.2%
Net funded income	879	899	910	3.5%	1.3%	3,562	3,666	2.9%
Net fees and commissions	161	140	162	0.8%	16.0%	644	673	4.5%
Foreign exchange gain	85	87	86	1.0%	-2.0%	352	341	-3.0%
Gross insurance underwriting Profit	-14	-14	-8	-45.8%	-45.0%	-45	-29	-35.0%
Investment Income	43	12	27	-36.5%	NM	88	97	10.0%
Other operating income	20	36	39	98.1%	10.0%	112	176	57.0%
Total non-funded income	295	262	307	4.1%	17.4%	1,150	1,257	9.3%
Net operating income	1,174	1,160	1,217	3.6%	4.9%	4,713	4,923	4.5%
Operating expenses	-388	-466	-420	8.1%	-9.8%	-1,658	-1,742	5.1%
Pre-provision profit	786	694	797	1.4%	14.8%	3,054	3,181	4.1%
Impairment	-157	-270	-226	44.1%	-16.6%	-776	-895	15.4%
Profit before tax	629	424	572	-9.2%	34.8%	2,278	2,285	0.3%
Income tax expense	-55	-38	-51	-6.6%	36.0%	-202	-206	1.6%
Profit After tax & before NCI	574	386	520	-9.4%	34.7%	2,076	2,080	0.2%
Non-controlling interest	-1	-1	-1	NM	50.0%	-3	-3	0.3%
Net profit attributable	573	385	519	-9.5%	34.6%	2,072	2,076	0.2%

FABS estimate & Co Data

RAKBANK - KPI

	1Q24	4Q24	1Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Net FI/OI	74.9%	77.5%	74.8%	-12	-268	75.6%	74.5%	-112
NIM	4.8%	4.3%	4.2%	-57	-10	4.8%	4.5%	-27
NIS	4.5%	4.0%	3.8%	-64	-13	4.5%	3.8%	-72
Fees & comms/OI	13.7%	12.1%	13.3%	-38	127	13.7%	13.7%	0
Foreign exchange gain/OI	7.2%	7.5%	7.0%	-19	-50	7.5%	6.9%	-53
Other operating income/OI	1.7%	3.1%	3.2%	154	15	2.4%	3.6%	119
Invt Income/OI	3.7%	1.1%	2.3%	-143	118	1.9%	2.0%	10
Cost to income	33.1%	40.1%	34.5%	142	-564	35.2%	35.4%	20
Impairment/PPP	19.9%	38.9%	28.3%	838	-1,064	25.4%	28.2%	274
NP/OI	48.8%	33.2%	42.6%	-621	941	44.0%	42.2%	-180
Cost of risk	1.5%	2.2%	1.8%	31	-41	1.7%	1.7%	1
Loan-to-deposit	73.3%	79.2%	82.0%	870	283	79.2%	83.0%	383
NPL - calculated	2.7%	2.2%	2.2%	-49	-2	2.2%	2.2%	-10
NPL Coverage - calculated	220.9%	253.2%	254.0%	3,312	78	253.2%	255.0%	178
CET 1	16.1%	15.7%	15.7%	-41	3	15.7%	15.6%	-11
Capital adequacy	17.2%	18.1%	18.0%	85	-7	18.1%	17.8%	-33
ROAE	19.4%	18.8%	17.9%	-148	-87	18.8%	16.9%	-186
ROAA	2.6%	2.6%	2.4%	-19	-16	2.6%	2.3%	-29

FABS estimate & Co data

RAKBANK - Key B/S items

AED mn	1Q24	2Q24	3Q24	4Q24	1Q25F	YOY Ch
Net advances	40,605	40,994	46,198	47,224	48,419	19.2%
QOQ change	2.9%	1.0%	12.7%	2.2%	2.5%	
Total assets	78,589	80,408	83,891	88,325	89,927	14.4%
QOQ change	6.3%	2.3%	4.3%	5.3%	1.8%	
Customer deposits	55,394	58,472	57,266	59,650	59,047	6.6%
QOQ change	9.9%	5.6%	-2.1%	4.2%	-1.0%	
Total Equity	10,304	10,794	11,561	11,797	12,315	19.5%
QOQ change	-0.5%	4.7%	7.1%	2.0%	4.4%	

FABS estimate & Co data

1Q25 preview: Abu Dhabi Commercial Bank (ADCB)

Higher operating income to boost profitability

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 10.90	AED 13.75	+26.2%	BUY

1Q25 estimate

Abu Dhabi Commercial Bank's (ADCB/the Bank) net profit is forecasted to increase 7.9% YOY to AED 2,309 Mn in 1Q25, driven by an anticipated growth in net funded and non-funded income, decline in impairment charges, coupled with a forecasted decline in overseas tax expense, partially offset by projected increase in operating expenses. ADCB's funded income is expected to grow 7.7% YOY to AED 8,840 Mn in 1Q25 due to projected expansion in interest-earning assets partially by softer yield. Funded expense is also predicted to surge 7.7% YOY to AED 5,285 Mn in 1Q25, supported by an anticipated increase in interest-earning liabilities. Thus, net funded income is expected to boost 7.7% YOY to AED 3,555 Mn in 1Q25. Fee and commission income is forecasted to grow 11.0% YOY to AED 780 Mn in 1Q25, whereas other operating income is anticipated to decline marginally by 0.7% YOY to AED 578 Mn in 1Q25. Thus, non-funded income is estimated to grow 5.7% YOY to AED 1,358 Mn in 1Q25. As a result, total operating income is likely to rise 7.1% YOY to AED 4,913 Mn in 1Q25. Furthermore, operating expenses are projected to increase 14.4% YOY to AED 1,621 Mn in 1Q25. The Bank, impairments are predicted to decline 6.0% YOY to AED 696 Mn in 1Q25. ADCB's overseas tax expenses are expected to decrease 2.2% YOY to AED 286 Mn in 1Q25 supporting profitability.

2025 forecast

ADCB's net profit is expected to grow 1.9% YOY to AED 9,604 Mn in 2025, attributable to a forecasted increase in net funded, and non-funded, partially offset by a forecasted rise in operating expenses, impairment charges, coupled with an expected growth in overseas tax expense. Funded income is projected to grow 4.2% YOY to AED 35,152 Mn in 2025 due to expected growth in interest-earning assets partially offset by a decline in asset yield. On the other hand, the funded expense is expected to rise 3.8% YOY to AED 21,288 Mn in 2025, due to an increase in interest-earning liabilities. Thus, net funded income is estimated to grow 4.8% YOY to AED 13,864 Mn in 2025. Non-funded income is expected to grow 5.1% YOY to AED 6,571 Mn in 2025, driven by strong anticipated growth in fees and commission income. Fees and commission income is projected to grow 10.0% YOY to AED 3,411 Mn in 2025. Other operating income is expected to marginally grow 0.2% YOY to AED 3,160 Mn in 2025. As a result, operating income is estimated to grow 4.9% YOY to AED 20,435 Mn in 2025. Furthermore, operating expenses are expected to rise 8.4% YOY to AED 6,539 Mn in 2025. In addition, impairments are expected to increase 7.8% YOY to AED 3,099 Mn in 2025. ADCB's overseas tax expense is anticipated to grow 1.8% YOY to AED 1,188 Mn in 2025 in line with the growth in pre-tax profit.

4Q24 outturn

ADCB's funded income, including interest income and income from Islamic financing, grew 8.3% YOY to AED 8,723 Mn in 4Q24, driven by a strong growth in advances. However, funded expenses also rose 12.4% YOY to AED 5,218 Mn in 4Q24 due to an increase in the total deposits and cost of funds. Thus, net funded income grew 2.7% YOY to AED 3,505 Mn in 4Q24. NIMs declined 33 bps YOY due to higher interest in suspense release during 4Q23, however, increased 16 bps QOQ to 2.4% in 4Q24 due to a significant inflow of low-cost CASA deposits during 4Q24 and a decline in policy rates resulted in a lower cost of funds compared to 3Q24. ADCB's fee and commission income rose 25.1% YOY to AED 722 Mn in 4Q24 due to increase in card related fees, loan processing fees, asset management & investment services, trade finance commission, and account related fees. Likewise, other operating income grew 84.5% YOY from AED 672 Mn in 4Q23 to AED 1,240 Mn in 4Q24, mainly due to gains on the extinguishment of corporate loans. Thus, non-funded income grew 57.1% YOY to AED 1,962 Mn in 4Q24. As a result, total operating income increased 17.3% YOY to AED 5,467 Mn in 4Q24. Furthermore, operating expenses rose 5.0% YOY to AED 1,565 Mn in 4Q24 mainly due to continued broad based investment in the growth of the business in initiatives such as IT infrastructure, digitisation and sales. ADCB's cost-to-income ratio improved 336 bps YOY to 28.6% in 4Q24, driven by effective cost management and strong operating income. The Bank's impairments declined 12.2%

YOY to AED 1,020 Mn in 4Q24. Furthermore, overseas tax expense rose significantly to AED 311 Mn in 4Q24 compared to AED 47 Mn in 4Q23.

Target price and recommendation

We maintain our BUY rating on Abu Dhabi Commercial Bank (ADCB) with a target price of AED 13.75. The Bank outlined an ambitious growth strategy for the next five years, wherein it expects net profit to double within five years to AED 20 Bn growing at an annual growth rate of 20% from FY2024. It also expects the cost of risk to remain below 60 basis points in the forecasted period and generate an ROE of more than 15%. ADCB will adopt a progressive dividend policy and distribute a cumulative dividend of AED 25 Bn over the five years. The Bank expects to maintain its loan growth momentum in 2025 compared to the double-digit growth recorded in 2024 and 2023. Net advances expanded 16.1% YOY to AED 350.6 Bn in 2024 due to increased lending to GREs and other important sectors coupled with a decline in exposure to the real estate sector. International loans make up 21% of the bank's loan book, with the UAE remaining central to its strategy. ADCB expects to benefit from its operations in Saudi Arabia, which will commence in 2025, contributing to the growth of its loan portfolio outside the UAE. The bank's expansion strategy in Saudi Arabia will focus on top-tier corporate and government-related entities, with no plans to participate in the retail or SME markets. Over the next five years, ADCB plans to be more active in international wholesale funding markets to attract longer-duration liabilities, which will support its growth strategy. It expects the share of international loans to rise to 20-30% over the next five years. ADCB is focusing on rigorous cost discipline and efficiencies. As a result, the cost-to-income ratio improved by 137 bps YOY to 31.0% in 2024 and by 336 bps YOY and 354 bps QOQ to 28.6% in 4Q24. Additionally, the Bank aims to reduce the cost-to-income to below 30.0% over the next five years. We expect ADCB NIM is anticipated to be pressured due to the negative interest rate sensitivity gap in a declining interest rate scenario. However, the Bank plans to offset this through a growth in CASA deposits. ADCB is focusing on growing its low-cost CASA deposits, which is expected to remain a key priority over the next five years to support margin stability. This will lead to subdued profit growth in FY2025. The overall NPL ratios are among the lowest recorded in the last five years. It expects a continued recovery in 2025 and beyond. NPL ratio stood at 3.3% during 2024 compared to 4.1% in 2023 and 3.7% in 9M24. ADCB's capitalization stood strong with a CET 1 ratio of 12.6% and CAR of 16.1% in 2024. The board recommended a dividend of AED 0.59 per share for 2024, equivalent to AED 4.3 Bn, leading to a dividend yield of 5.4%. Thus, based on our analysis, we maintain our BUY rating on the stock.

ADCB - Relative Valuation

AED Mn	2020	2021	2022	2023	2024	2025F
PE	22.61	15.75	12.76	10.21	9.13	8.88
PB	1.58	1.50	1.44	1.28	1.19	1.10
Dividend Yield	2.4%	3.2%	1.6%	5.1%	5.4%	5.4%

FABS Estimates & Co Data

ADCB - P&L

AED mn	1Q24	4Q24	1Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Funded income	8,210	8,723	8,840	7.7%	1.3%	33,734	35,152	4.2%
Funded expense	-4,908	-5,218	-5,285	7.7%	1.3%	-20,508	-21,288	3.8%
Net funded income	3,301	3,505	3,555	7.7%	1.4%	13,226	13,864	4.8%
Fees & commissions	703	722	780	11.0%	8.0%	3,101	3,411	10.0%
Other operating income	582	1,240	578	-0.7%	-53.3%	3,153	3,160	0.2%
Non funded income	1,285	1,962	1,358	5.7%	-30.8%	6,254	6,571	5.1%
Operating income	4,586	5,467	4,913	7.1%	-10.1%	19,480	20,435	4.9%
Operating expenses	-1,417	-1,565	-1,621	14.4%	3.6%	-6,031	-6,539	8.4%
Pre-provision profit	3,169	3,902	3,292	3.9%	-15.6%	13,448	13,896	3.3%
Impairments	-741	-1,020	-696	-6.0%	-31.8%	-2,874	-3,099	7.8%
Operating profit	2,429	2,882	2,596	6.9%	-9.9%	10,574	10,797	2.1%
Share of profit of assoc.	2	1	0	NM	NM	11	0	NM
Net gain on disposal of subsidiary	0	0	0	NM	NM	0	0	NM
Profit before tax	2,431	2,884	2,596	6.8%	-10.0%	10,585	10,797	2.0%
Overseas tax expense	-292	-311	-286	-2.2%	-8.1%	-1,166	-1,188	1.8%
UAE Corporate tax	0	0	0	NM	NM	0	0	NM
Non-controlling interest	1	-1	-1	NM	44.0%	1	-5	NM
Profit for the period	2,140	2,572	2,309	7.9%	-10.2%	9,421	9,604	1.9%

FABS estimate & Co Data

ADCB - P&L KPI

	1Q24	4Q24	1Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Net FI/OI	72.0%	64.1%	72.4%	37	824	67.9%	67.8%	-5
NIM	2.5%	2.4%	2.4%	-13	-2	2.4%	2.3%	-14
NIS	2.0%	1.9%	1.9%	-8	0	1.9%	1.8%	-8
Fees & comms/OI	15.3%	13.2%	15.9%	55	266	15.9%	16.7%	77
Other non-funded/OI	12.7%	22.7%	11.8%	-93	-1,090	16.2%	15.5%	-72
Cost to income	30.9%	28.6%	33.0%	210	438	31.0%	32.0%	104
Impairment/PPP	23.4%	26.1%	21.1%	-223	-499	21.4%	22.3%	93
Tax/PBT	12.0%	10.8%	11.0%	-102	22	11.0%	11.0%	-2
NP/OI	46.7%	47.1%	47.0%	34	-5	48.4%	47.0%	-136
Cost of risk – calculated	0.7%	0.8%	0.6%	-11	-27	0.6%	0.6%	-2
Loan-to-deposit – calculated	84.9%	84.9%	85.0%	5	15	84.9%	86.0%	115
NPL - calculated	3.7%	3.3%	3.3%	-46	-2	3.3%	3.2%	-13
Coverage excluding collateral	108.5%	103.4%	104.0%	-452	60	103.4%	105.0%	160
CET 1	13.0%	12.6%	12.9%	-3	37	12.6%	13.0%	41
Capital adequacy	16.3%	16.1%	16.5%	19	32	16.1%	16.3%	20
ROAE	13.8%	13.5%	14.3%	43	76	14.6%	13.8%	-79
ROAA	1.5%	1.5%	1.5%	-2	-2	1.5%	1.4%	-12

FABS estimate & Co Data

ADCB- Key BS Items

AED mn	1Q24	2Q24	3Q24	4Q24	1Q25F	YOY Ch
Net advances	318,159	332,158	344,014	350,638	357,796	12.5%
QOQ change	5.4%	4.4%	3.6%	1.9%	2.0%	
Total assets	594,405	612,242	638,754	652,814	662,277	11.4%
QOQ change	4.8%	3.0%	4.3%	2.2%	1.4%	
Customer deposits	383,695	389,961	406,742	421,060	432,932	12.8%
QOQ change	5.7%	1.6%	4.3%	3.5%	2.8%	
Total shareholders' equity	68,681	70,707	73,692	75,567	73,557	7.1%
QOQ change	-3.6%	3.0%	4.2%	2.5%	-2.7%	

FABS estimate & Co Data

1Q25 preview: Mashreq Bank (MASQ)

Decline in total operating income to impact profitability

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 240.00	AED 270.00	+12.5%	ACCUMULATE

1Q25 estimate

We expect Mashreq Bank (MASQ/the Bank) to report a 1.0% YOY decline in the net profit to AED 1,987 Mn in 1Q25, primarily due to an expected growth in G&A expenses coupled with projected substantial increase in impairment charges, partially offset by an increase in net-funded and non-funded income and a decline in tax expense. MASQ's funded income, including income from Islamic financing, is expected to decline 1.6% YOY to AED 3,933 Mn in 1Q25, driven by a decrease in asset yield on Islamic assets and other asset yield. Funded expense is anticipated to decline 6.1% YOY to AED 1,741 Mn in 1Q25 due to a decrease in cost of funds. Resultantly, net funded income is projected to rise 2.2% YOY to AED 2,192 Mn in 1Q25. Total other operating income is anticipated to rise marginally by 0.3% YOY to AED 1,001 Mn in 1Q25, attributed increase in other operating income partially offset by expected decline in net fee and commission income, and income from investment securities. Resultantly, total operating income is estimated to rise marginally by 1.6% YOY to AED 3,193 Mn in 1Q25. General and administrative expenses are anticipated to surge 2.8% YOY to AED 862 Mn in 1Q25. As a result, we forecast the cost-to-income ratio to grow from 26.7% in 1Q24 to 27.0% in 1Q25. In addition, the Bank is expected to see a significant increase in impairment charge from AED 38 Mn in 1Q24 to AED 108 Mn in 1Q25. Furthermore, tax expense is anticipated to decline 10.6% YOY to AED 200 Mn in 1Q25. Share of profit attributable to non-controlling interest holders is expected to rise 5.0% YOY to AED 36 Mn in 1Q25.

2025 forecast

MASQ's net profit is expected to decline 12.4% YOY to AED 7,812 Mn in 2025, primarily due to anticipated decline in total other operating income, anticipated impairment charges compared to impairment reversal in 2024, coupled with forecasted increase in non-controlling interests, partially offset by expected increase in net funded income, decrease in G&A expenses and tax expenses. Funded income, including income from Islamic financing, is predicted to rise 1.4% YOY to AED 16,163 Mn in 2025, due to anticipated growth in Islamic and other interest earning assets. Funded expense is anticipated to fall 1.5% YOY to AED 7,438 Mn in 2025, supported by decrease in cost of funds. Thus, net funded income is projected to grow 4.0% YOY to AED 8,725 Mn in 2025. Total other operating income is expected to fall 18.8% YOY to AED 4,082 Mn in 2025, due to decline in investment securities and other operating income partially offset by increase in net fee and commission income. As a result, the Bank's total operating income is expected to decline 4.5% YOY to AED 12,807 Mn in 2025. In addition, G&A expenses are likely to decrease 5.7% YOY to AED 3,484 Mn in 2025. The Bank is expected to report impairment charges of AED 570 Mn in 2025, compared to a reversal of AED 166 Mn in 2024. Tax expense is anticipated to decline 9.3% YOY to AED 788 Mn in 2025. Additionally, share of profit attributable to non-controlling interest holders is expected to increase 53.0% YOY to AED 153 Mn in 2025.

4Q24 outturn

MASQ's interest income rose 0.9% YOY to AED 3,408 Mn in 4Q24, driven by robust growth in net advances and an increase in other interest-earnings assets. Income from Islamic financing grew 15.2% YOY to AED 438 Mn in 4Q24. On the other hand, funded expenses rose 7.4% YOY to AED 1,791 Mn in 4Q24. Thus, MASQ's net funded income fell marginally 1.7% YOY to AED 2,054 Mn in 4Q24. The Bank's net fee and commission income increased 26.7% YOY to AED 301 Mn in 4Q24. The Bank recorded an income from investment securities of AED 21 Mn in 4Q24, compared to AED 29 Mn in 4Q23. In addition, MASQ's other operating income grew from AED 541 Mn in 4Q23 to AED 1,941 Mn in 4Q24 due to the one-off capital gain from the sale of its stake in a subsidiary. Resultantly, total non-funded income grew from AED 807 Mn in 4Q23 to AED 2,263 Mn in 4Q24. Thus, total operating income rose 49.1% YOY to AED 4,317 Mn in 4Q24. Furthermore, G&A expenses increased 11.3% YOY to AED 1,155 Mn in 4Q24. However, the cost-to-income ratio declined from 35.8% in

4Q23 to 26.7% in 4Q24, owing to higher total operating income. The Bank reported an impairment reversal of AED 239 Mn in 4Q24 compared to a reversal of AED 1,027 Mn in 4Q23. Tax expense stood at AED 225 Mn in 4Q24 compared to AED 43 Mn in 4Q23. In addition, NCI rose from AED 22 Mn in 4Q23 to AED 34 Mn in 4Q24.

Target price and recommendation

We maintain our ACCUMULATE rating on MASQ with a target price of AED 270.0. MASQ recorded an increase in the Loan to deposit ratio from 76.0% in 3Q24 to 77.5% in 4Q24, likely to benefit the Bank's funded income. In the case of a change in interest rates by 50 bps, net interest income would change by 3.1%. The cost to income ratio fell from 30.9% in 2023 to 27.5% in 2024 reflecting continued progress in enhancing operational efficiency and driving digital transformation efforts. NIMs recorded a contraction of 68 bps YOY and 27 bps QOQ to 3.9% in 4Q24. Furthermore, asset quality improved as its reported NPL ratio fell from 1.5% in 3Q24 to 1.4% in 4Q24. Moreover, the Bank's stage 2 loans as a percentage of total gross loans declined from 7.6% in 3Q24 to 5.8% in 4Q24, indicating an improvement in asset quality. The provision coverage ratio remained steady at 117.6% in 4Q24 compared to the previous quarter, providing a cushion against potential bad loans. MASQ maintained a healthy capitalization with a CET1 ratio of 14.4% and a total CAR of 17.5% in 4Q24. The Liquid Assets Ratio was 34%, and the Liquidity Coverage Ratio was 150%, reflecting solid liquidity management. Moreover, the Bank also recorded a healthy ROAE of 27.8% and ROAA of 3.5% in 4Q24. The Board of Directors recommended a cash dividend of AED 21.1 per share for the year 2024 amounting to AED 4.2 Bn and a strong yield of 8.8%. Thus, considering the above-mentioned reasons, we assign an ACCUMULATE rating on the stock.

MASQ- Relative Valuation

(at CMP)	2020	2021	2022	2023	2024	2025F
P/B(x)	2.48	2.38	2.14	1.65	1.43	1.28
P/E(x)	NA	48.04	12.91	5.67	5.50	6.26
Dividend Yield	NA	0.4%	3.8%	7.7%	8.8%	8.0%

FABS estimate & Co Data

MASQ - P&L

AED mn	1Q24	4Q24	1Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Interest income	3,618	3,408	3,495	-3.4%	2.6%	14,271	14,481	1.5%
Income from Islamic financing	380	438	438	15.3%	0.2%	1,667	1,682	0.9%
Funded income	3,999	3,845	3,933	-1.6%	2.3%	15,938	16,163	1.4%
Funded expense	-1,855	-1,791	-1,741	-6.1%	-2.8%	-7,550	-7,438	-1.5%
Net funded income	2,144	2,054	2,192	2.2%	6.7%	8,388	8,725	4.0%
Net Fee and commission income	548	301	541	-1.3%	80.0%	1,465	1,538	5.0%
Inc. from investment securities	67	21	52	-22.9%	NM	229	210	-8.0%
Other operating income, net	382	1,941	408	6.8%	NM	3,335	2,334	-30.0%
Total other OI	997	2,263	1,001	0.3%	-55.8%	5,028	4,082	-18.8%
Total operating income	3,141	4,317	3,193	1.6%	-26.0%	13,416	12,807	-4.5%
General & admin. expenses	-839	-1,155	-862	2.8%	-25.3%	-3,696	-3,484	-5.7%
Pre provision profit	2,303	3,162	2,331	1.2%	-26.3%	9,720	9,324	-4.1%
Allowances for impairment, net	-38	239	-108	NM	NM	166	-570	NM
Overseas income tax expense	-224	-225	-200	-10.6%	-11.0%	-869	-788	-9.3%
Non-controlling interests	-34	-34	-36	5.0%	6.0%	-100	-153	53.0%
Net Profit	2,007	3,143	1,987	-1.0%	-36.8%	8,917	7,812	-12.4%

FABS estimate & Co Data

MASQ - KPI

	1Q24	4Q24	1Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Net FI/OI	68.3%	47.6%	68.7%	41	2,107	62.5%	72.0%	953
NIM	4.4%	3.9%	4.0%	-45	7	4.1%	3.9%	-18
NIS	4.5%	3.8%	3.9%	-65	3	4.1%	3.8%	-34
Fees & comms/OI	17.5%	7.0%	16.9%	-50	998	10.9%	12.6%	167
Trading/OI	2.1%	0.5%	1.6%	-52	114	1.7%	1.7%	2
Cost to income	26.7%	26.7%	27.0%	30	25	27.5%	26.8%	-75
Impairment/PPP	1.6%	-7.6%	4.6%	298	NM	-1.7%	6.4%	808
NP/OI	63.9%	72.8%	62.2%	-165	-1,056	66.5%	61.1%	-536
Cost of risk - Calculated	0.2%	-0.9%	0.4%	24	NM	-0.2%	0.5%	66
Loan-to-deposit	71.1%	77.5%	78.8%	776	129	77.5%	81.9%	435
NPL - Calculated	1.7%	1.7%	1.7%	0	-2	1.7%	1.6%	-7
Coverage - Calculated	154.3%	117.6%	113.5%	NM	-405	117.6%	112.8%	-475
CET1	14.9%	14.4%	15.1%	15	61	14.4%	15.2%	79
Capital Adequacy	17.7%	17.5%	18.0%	34	56	17.5%	18.1%	63
ROAE	35.7%	27.8%	27.4%	-825	-37	27.8%	20.6%	-722
ROAA	4.0%	3.5%	3.3%	-68	-21	3.5%	2.7%	-79

FABS estimate & Co Data

MASQ - key BS items

AED mn	1Q24	2Q24	3Q24	4Q24	1Q25F	YOY Ch
Net advances	110,484	113,827	118,534	124,758	127,756	15.6%
QOQ changes	0.1%	3.0%	4.1%	5.3%	2.4%	
Total assets	249,592	253,467	254,411	267,453	271,115	8.6%
QOQ changes	4.0%	1.6%	0.4%	5.1%	1.4%	
Customer deposits	155,498	153,964	156,063	160,940	162,105	4.2%
QOQ changes	6.3%	-1.0%	1.4%	3.1%	0.7%	
Total equity	28,473	32,252	34,272	36,713	38,700	35.9%
QOQ changes	-6.1%	13.3%	6.3%	7.1%	5.4%	

FABS estimate & Co Data

1Q25 preview: Sharjah Islamic Bank (SIB)

Higher funding cost to impact margin expansion

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 2.40	AED 2.60	+8.3%	HOLD

1Q25 estimate

Sharjah Islamic Bank (SIB/the Bank) is expected to report a 13.2% YOY growth in net profit to AED 294 Mn in 1Q25, mainly due to an anticipated increase funded and non-funded income, partially offset by an estimated rise in G&A expenses and higher impairment charges. Funded income is expected to rise 15.4% YOY to AED 990 Mn in 1Q25, driven by a predicted growth in interest-earning assets. On the other hand, funded expenses are expected to increase 18.1% YOY to AED 579 Mn in 1Q25, mainly due to the anticipated increase in interest-bearing liabilities. Hence, net funded income is projected to boost 11.7% YOY to AED 411 Mn in 1Q25. The Bank's net fee and commission income is expected to expand from AED 77 Mn in 1Q24 to AED 113 Mn in 1Q25. Foreign exchange income is expected to decline 47.8% YOY to AED 9 Mn in 1Q25, while investment income is forecasted to grow significantly from AED 8 Mn in 1Q24 to AED 23 Mn in 1Q25. SIB's other income is expected to fall 40.7% YOY to AED 20 Mn in 1Q25. Thus, total non-funded income is estimated to rise 20.6% YOY to AED 165 Mn in 1Q25. As a result, total operating income will likely increase 14.1% YOY to AED 576 Mn in 1Q25. Furthermore, SIB's G&A expenses are projected to increase 9.0% YOY to AED 190 Mn in 1Q25. We expect the cost-to-income ratio to decline 154 bps YOY to 33.0% in 1Q25, while provision expense is expected to increase 47.3% YOY to AED 66 Mn in 1Q25. The tax charge is expected to decline marginally 0.7% YOY to AED 26 Mn in 1Q25.

2025 Forecast

SIB's net profit is projected to grow 5.1% YOY to AED 1,101 Mn in 2025, owing to an expected increase in funded and non-funded income partially offset by anticipated increase in G&A expenses, higher impairments, and income tax expenses. Funded income is projected to grow 5.0% YOY to AED 3,911 Mn in 2025, supported by increase in interest-earning assets. On the other hand, the Bank's funded expense is expected to grow 3.6% YOY to AED 2,295 Mn in 2025, supported by an increase in interest-bearing liabilities. Funded expense also includes profit expense from Sukuks, which is projected to increase from AED 102 Mn in 2024 to AED 183 Mn in 2025. As a result, net funded income is projected to increase 7.1% YOY to AED 1,616 Mn in 2025. SIB's net fee and commission income is anticipated to increase from AED 400 Mn in 2024 to AED 465 Mn in 2025. Investment income is projected to increase 12.0% YOY to AED 95 Mn in 2025. Moreover, foreign exchange income is predicted to decline 5.0% YOY to AED 59 Mn in 2025. In addition, other income is estimated to decline 25.0% YOY to AED 92 Mn in 2025. Hence, total non-funded income is projected to increase 6.1% YOY to AED 712 Mn in 2025. As a result, total operating income is expected to rise 6.8% YOY to AED 2,329 Mn in 2025. G&A expenses are anticipated to increase 8.5% YOY to AED 845 Mn in 2025, while provisions are expected to surge 29.8% YOY to AED 273 Mn in 2025. SIB's tax expenses are anticipated to increase 7.9% YOY to AED 109 Mn in 2025.

4Q24 Outturn

SIB's funded income grew 17.4% YOY to AED 1,004 Mn in 4Q24 mainly driven by a solid growth in net advances partially offset by lower asset yield. On the other hand, funded expenses grew 45.8% YOY to AED 598 Mn in 4Q24 due to higher cost of funds and increase in customer deposits. Thus, the Bank's net funded income increased 10.4% YOY to AED 406 Mn in 4Q24. As per our calculation, SIB's NIMs declined 18 bps YOY to 2.0% in 4Q24. The Bank's net fee and commission income increased from AED 97 Mn in 4Q23 to AED 112 Mn in 4Q24. Investment income amounted to AED 22 Mn in 4Q24 compared to AED 40 Mn in 4Q23. Foreign exchange income fell significantly from AED 21 Mn in 4Q23 to AED 9 Mn in 4Q24. The Bank's other income fell from AED 37 Mn in 4Q23 to AED 18 Mn in 4Q24. Thus, SIB's non-funded income declined from AED 194 Mn in 4Q23 to AED 161 Mn in 4Q24. As a result, total operating income inched up 0.8% YOY to AED 567 Mn in 4Q24. SIB's operating expenses rose 16.3% YOY to AED 258 Mn in 4Q24. The Bank's cost-to-income ratio

increased from 39.4% in 4Q23 to 45.4% in 4Q24 owing to increase in operating expenses. Pre-provision profit of the bank fell 9.2% YOY to AED 309 Mn in 4Q24. Provisions increased significantly from AED 48 Mn in 4Q23 to AED 110 Mn in 4Q24. Revaluation loss on property fell from AED 218 Mn in 4Q23 to AED 43 Mn in 4Q24. The Bank recorded a tax expense of AED 11 Mn in 4Q24 compared to nil in 4Q23 owing to the introduction of the UAE corporate tax.

Target Price and recommendation

We maintain our HOLD rating on SIB with a target price of AED 2.60. SIB experienced healthy growth in net funded income, alongside stable NIMs, despite higher funding costs during 4Q24. NIMs improved 9 bps QOQ but fell 18 bps YOY to 2.0% in 4Q24. SIB's net profit sensitivity stood at AED 14.7 Mn in 2024 for every 50-bps movement in the interest rate. Hence, margins are expected to be less sensitive to interest rate changes, which is likely to benefit the Bank in a declining interest rate scenario. The bank's CASA deposits as a percentage of total deposits remained at the same level as 4Q23 at 42.2% in 4Q24. In addition, SIB's investment book, which majorly consists of long-term investments, is likely to benefit the Bank in a declining interest rate scenario. Moreover, higher investment in sukuk will also benefit the Bank. Furthermore, SIB's asset quality improved as the calculated NPL declined from 5.1% in 3Q24 to 4.8% in 4Q24, owing to strong recovery and an increase in overall investments in Islamic financing, reflecting the bank's ability to manage credit risks and mitigate potential losses. The proportion of stage 2 loans declined from 6.9% in 3Q24 to 5.3% in 4Q24, reflecting an improvement in the asset quality. The Provision coverage ratio stood at 89.9% in 4Q24, compared to 85.0% in 3Q24. SIB's loan to the government sector rose 16.7% YOY to AED 14.4 Bn in 2024, which is likely to benefit the Bank owing to the sector's low-risk credit profile. However, SIB's calculated cost-to-income ratio increased from 39.4% in 4Q23 to 45.4% in 4Q24, owing to higher operating expenses incurred by the bank in 4Q24. The bank also maintained a healthy capital adequacy ratio of 17.2% and a CET 1 ratio of 12.4% in 4Q24, indicating a strong financial position and adherence to regulatory requirements. SIB's board of directors recommended a dividend payment of 15 fils per share amounting to AED 458.7 Mn for 2024, resulting in a dividend yield of 6.3% in 2024. Thus, based on our analysis, we maintain our HOLD rating on the stock.

SIB - Relative valuation

(At CMP)	2020	2021	2022	2023	2024	2025F
PE (x)	19.13	15.11	13.89	10.36	8.12	7.69
PB (x)	1.34	1.33	1.34	1.23	1.20	1.10
Dividend Yield	3.2%	3.2%	4.0%	4.2%	6.3%	6.3%

FABS estimate & Co Data

Sharjah Islamic Bank

AED mm	1Q24	4Q24	1Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Income from fin. & leasing	858	1,004	990	15.4%	-1.4%	3,725	3,911	5.0%
Depositors' share of profit	-490	-598	-579	18.1%	-3.2%	-2,215	-2,295	3.6%
Net funded income	368	406	411	11.7%	1.3%	1,510	1,616	7.1%
Fees and commissions	102	136	139	35.3%	2.0%	500	574	15.0%
Fee and commission expense	-25	-24	-26	4.1%	8.7%	-99	-109	10.1%
Investment Income	8	22	23	188.0%	5.0%	85	95	12.0%
Foreign Exchange income	17	9	9	-47.8%	3.0%	63	59	-5.0%
Other Income	34	18	20	-40.7%	10.0%	123	92	-25.0%
Total non-funded income	137	161	165	20.6%	2.4%	671	712	6.1%
Total operating income	505	567	576	14.1%	1.6%	2,181	2,329	6.8%
General & admin. Expenses	-174	-258	-190	9.0%	-26.2%	-779	-845	8.5%
Pre provision profit	330	309	386	16.8%	24.8%	1,402	1,483	5.8%
Provisions	-45	-110	-66	47.3%	-39.6%	-210	-273	29.8%
Profit before tax	285	157	320	12.0%	103.9%	1,149	1,210	5.4%
Corporate tax	-26	-11	-26	-0.7%	124.5%	-101	-109	7.9%
Net profit	260	145	294	13.2%	102.3%	1,048	1,101	5.1%

FABS estimate & Co Data

SIB – KPI

	1Q24	4Q24	1Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Net FI/OI	72.9%	71.6%	71.4%	-154	-22	69.2%	69.4%	18
NIM	2.0%	2.0%	1.9%	-13	-6	1.9%	1.8%	-10
NIS	2.1%	2.1%	2.1%	-8	0	2.2%	2.3%	5
Fees & comms/OI	20.3%	24.0%	24.1%	377	9	22.9%	24.7%	177
Cost to income	34.5%	45.4%	33.0%	-154	-1,244	35.7%	36.3%	58
Provisions/PPP	13.6%	35.5%	17.2%	356	-1,831	15.0%	18.4%	340
NP/OI	51.4%	25.6%	51.0%	-39	2,541	48.0%	47.3%	-75
Cost of risk	0.5%	1.1%	0.7%	18	-43	0.6%	0.7%	13
Loan-to-deposit	74.0%	72.8%	72.7%	-128	-8	72.8%	72.7%	-8
NPL – Calculated	5.6%	4.8%	5.1%	-51	21	4.8%	5.0%	16
NPL Coverage – Calculated	83.0%	89.9%	85.0%	201	-490	89.9%	86.0%	-390
CET 1	12.6%	12.4%	12.4%	-20	1	12.4%	12.5%	7
Capital Adequacy	17.7%	17.2%	17.2%	-49	-3	17.1%	17.0%	-13
ROAE	13.1%	15.0%	15.3%	218	27	15.0%	14.9%	-9
ROAA	1.3%	1.4%	1.4%	11	0	1.4%	1.3%	-12

FABS estimate & Co Data

SIB – Key BS Items

AED mn	1Q24	2Q24	3Q24	4Q24	1Q25F	YOY Ch
Net advances	33,364	35,199	36,551	37,687	38,086	14.2%
QOQ change	1.0%	5.5%	3.8%	3.1%	1.1%	
Total assets	70,116	74,237	74,796	79,210	79,858	13.9%
QOQ change	6.4%	5.9%	0.8%	5.9%	0.8%	
Customer deposits	45,079	49,462	47,995	51,758	52,360	16.2%
QOQ change	-0.3%	9.7%	-3.0%	7.8%	1.2%	
Total equity	8,056	8,333	8,694	8,303	8,597	6.7%
QOQ change	-0.9%	3.4%	4.3%	-4.5%	3.5%	

FABS estimate & Co Data

1Q25 preview: Commercial Bank of Dubai (CBD)

Stable asset quality and lower impairments to strengthen earnings

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 7.15	AED 8.55	+19.6%	BUY

1Q25 Estimate

Commercial Bank of Dubai's (The Bank/ CBD) net profit is expected to grow 11.0% YOY to AED 778 Mn in 1Q25, mainly driven by projected growth in non-funded income coupled with a decline in impairments charges, partially offset by an anticipated increase in operating expenses, lower recoveries, higher impairment on AFS investment and tax charges. Funded income is anticipated to grow 2.6% YOY to AED 1,887 Mn in 1Q25, driven by expected growth in net advances and other interest-earning assets. Funded expense is expected to rise 4.9% YOY to AED 924 Mn in 1Q25 owing to increase in interest earning liabilities. Thus, net funded income is expected to grow marginally 0.4% YOY to AED 963 Mn in 1Q25. Trading income and fees & commission income is expected to grow 0.9% YOY and 3.5% YOY, respectively to AED 85 Mn and AED 287 Mn in 1Q25. Moreover, we expect the Bank to incur other non-funded income of AED 55 Mn in 1Q25, compared to AED 52 Mn in 1Q24. Thus, non-funded income is expected to rise 3.3% YOY to AED 427 Mn in 1Q25. Resultantly, total operating income is anticipated to grow 1.3% YOY to AED 1,390 Mn in 1Q25. CBD's G&A expenses are projected to increase 22.1% YOY to AED 370 Mn in 1Q25, while depreciation and amortization expense is estimated to rise 8.9% YOY to AED 13 Mn in 1Q25. Thus, the cost-to-income ratio is expected to grow from 23.0% in 1Q24 to 27.6% in 1Q25. Furthermore, the Bank's impairments are estimated to decline 50.3% YOY to AED 164 Mn in 1Q25. However, recoveries are projected to decline 37.2% YOY to AED 27 Mn in 1Q25. Additionally, the Bank is expected to incur impairment allowances on AFS investment amounting to AED 15 Mn in 1Q25, compared to AED 0.4 Mn in 1Q24. CBD is expected to incur a corporate tax charge of AED 77 Mn in 1Q25 compared to AED 69 Mn in 1Q24.

2025 Forecast

CBD's net profit is anticipated to grow 3.0% YOY to AED 3,120 Mn in 2025 due to an anticipated rise in net funded and non-funded income coupled with lower impairment charges partially offset by an increase in operating expenses, decline in recoveries, and higher impairment allowances on AFS investment. CBD's funded income is expected to grow 2.0% YOY to AED 7,696 Mn in 2025. Funded expenses is projected to rise 1.2% YOY to AED 3,789 Mn in 2025 due to the anticipated decline in cost of funds. Thus, net funded income is anticipated to grow 2.9% YOY to AED 3,908 Mn in 2025. The fee and commission income and trading income are projected to rise 9.0% YOY and 3.0% YOY to AED 1,215 Mn and AED 347 Mn, respectively in 2025. Other non-funded income is forecasted to rise 1.0% YOY to AED 243 Mn in 2025. Hence, non-funded income is expected to report a growth of 6.7% YOY to AED 1,805 Mn in 2025. As a result, total operating income is estimated to increase 4.0% YOY to AED 5,712 Mn in 2025. Furthermore, G&A expenses are anticipated to increase 9.0% YOY to AED 1,463 Mn in 2025 and D&A expenses are expected to decline 12.0% YOY to AED 54 Mn in 2025. Thus, we forecast the cost-to-income ratio to grow from 25.6% in 2024 to 26.6% in 2025. Impairments are projected to decline 19.9% YOY to AED 793 Mn in 2025. The Banks's recoveries are expected to decline from AED 257 Mn in 2024 to AED 103 Mn in 2025. Additionally, impairment allowances on AFS investment are expected to increase from AED 30 Mn in 2024 to AED 77 Mn in 2025. In addition, we expect the Bank's corporate tax to grow from AED 295 Mn in 2024 to AED 309 Mn in 2025.

4Q24 Outturn

CBD's funded income grew 4.5% YOY to AED 1,882 Mn in 4Q24, mainly due to growth in loan book and other interest-earning assets partially offset by a decline in asset yield. On the other hand, funded expenses grew 5.3% YOY to AED 933 Mn in 4Q24 owing to an increase in interest-bearing liabilities. Thus, net funded income rose 3.7% YOY to AED 950 Mn in 4Q24. CBD's fees and commission income grew 24.3% YOY to AED 265 Mn in 4Q24 owing to an increase in fees from syndication and higher transaction banking activity. Trading income grew marginally 3.2% YOY to AED 84 Mn in 4Q24. Other non-funded income grew from AED 11 Mn in 4Q23 to AED 28 Mn in 4Q24. Thus, CBD's total non-funded income rose 23.2% YOY to AED 377 Mn in 4Q24. Thus, CBD's total operating income rose 8.6% YOY to AED 1,326 Mn in 4Q24. Further, G&A expenses grew 10.0% YOY to AED 366 Mn in 4Q24 due to a rise in staff cost caused by increased regulatory control and governance coupled with higher other operating expenditures attributable to investments in technology, digitisation, inflationary, and regulatory compliance. As a result, total operating expenses rose 11.4% YOY to AED 386 Mn in 4Q24. Additionally, impairments on loans, advances and Islamic financing declined 59.9% YOY to AED 107 Mn in 4Q24. The recoveries on loans and advances and Islamic financing declined significantly from AED 102 Mn in 4Q23 to AED 44 Mn in 4Q24. In addition, the Bank incurred a corporate tax expense of AED 76 Mn in 4Q24, owing to the introduction of UAE corporate tax.

Target price and recommendation

We revise our rating on CBD from ACCUMULATE to BUY with a target price of AED 8.55. CBD recorded healthy growth in profitability, surpassing AED 3 Bn in net profit for the first time on the back of a solid increase in net funded and non-funded income along with growth in recoveries in 2024. The Bank's net advances grew 11.7% YOY to AED 93.0 Bn in 2024 and further provided loan guidance of mid to high single-digit percentage growth for FY2025. CBD's calculated NIM declined 21 bps YOY to 3.0% in 4Q24 and remained unchanged on QOQ basis. The Bank's deposits recorded a healthy growth of 10.5% YOY but declined 1.1% QOQ to AED 97.6 Bn, resulting in the headline loan-to-deposit ratio of 95.4% in 4Q24. Low-cost CASA deposits constituted 49% of the total customer deposit base while the balance is made up of time deposits. Cost-to-income ratio grew 73 bps YOY and 339 bps QOQ to 29.1% in 4Q24 due to investment in business growth and digitization coupled with higher staff costs due to regulation. The Bank expects the cost-to-income to be below 28.0% in 2025. Furthermore, the Bank's cost of risk declined 48 bps YOY and 63 bps QOQ to 0.3% in 4Q24, while CBD estimates its cost of risk to remain less than 65 bps in 2025. Additionally, CBD's asset quality improved significantly in 4Q24 with a reported NPL ratio of 4.4% compared to 5.0% in 3Q24. Moreover, the Bank reported coverage increased to 104.2% in 4Q24 from 96.6% in 3Q24. In addition, the Bank maintained a healthy capitalization with a CAR of 15.6% and CET 1 ratio of 12.4% well above the regulatory limits in 4Q24. Moreover, the Bank's board of directors proposed a dividend of AED 0.51 per share for 2024, amounting to AED 1,515 Mn, with a strong 2024 dividend yield of 7.1%. Thus, based on our analysis, we assign a BUY rating on the stock.

CBD - Relative valuation

(at CMP)	2020	2021	2022	2023	2024	2025F
P/E(x)	19.19	16.21	12.61	8.48	7.37	7.14
P/B(x)	2.10	1.88	1.83	1.57	1.40	1.27
Dividend Yield	2.6%	3.4%	3.4%	6.2%	7.1%	7.1%

FABS Estimates & Co Data

CBD - P&L

AED mn	1Q24	4Q24	1Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Funded income	1,840	1,882	1,887	2.6%	0.2%	7,544	7,696	2.0%
Funded expense	-880	-933	-924	4.9%	-0.9%	-3,745	-3,789	1.2%
Net funded income	959	950	963	0.4%	1.4%	3,799	3,908	2.9%
Fees and commissions	277	265	287	3.5%	8.0%	1,115	1,215	9.0%
Trading income	84	84	85	0.9%	1.3%	337	347	3.0%
Other non-funded income	52	28	55	6.6%	100.0%	240	243	1.0%
Total non-funded income	413	377	427	3.3%	13.2%	1,692	1,805	6.7%
Total operating income	1,372	1,326	1,390	1.3%	4.8%	5,491	5,712	4.0%
General and administrative expenses	-303	-366	-370	22.1%	1.0%	-1,342	-1,463	9.0%
Depreciation and amortization	-12	-20	-13	8.9%	-32.3%	-61	-54	-12.0%
Operating Expenses	-315	-386	-383	21.6%	-0.7%	-1,403	-1,517	8.1%
Pre provision profit	1,057	941	1,006	-4.8%	7.0%	4,087	4,195	2.6%
Impair allow. on loans & adv and Islamic fin	-330	-107	-164	-50.3%	53.2%	-990	-793	-19.9%
Recoveries	43	44	27	-37.2%	-38.3%	257	103	-59.9%
Impairment allowances on AFS investment	0	-2	-15	NM	NM	-30	-77	158.1%
Profit before tax	770	876	855	11.0%	-2.4%	3,325	3,429	3.1%
Corporate tax	-69	-76	-77	11.3%	0.6%	-295	-309	4.5%
Net Profit	701	799	778	11.0%	-2.7%	3,030	3,120	3.0%

FABS estimate & Co Data

CBD - KPI

	1Q24	4Q24	1Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Net FI/OI	69.9%	71.6%	69.3%	-62	-230	69.2%	68.4%	-78
NIM	3.2%	3.0%	2.9%	-31	-2	3.1%	2.90%	-18
NIS	2.8%	2.5%	2.5%	-30	0	2.6%	2.5%	-15
Fees & comms/OI	20.2%	20.0%	20.6%	44	62	20.3%	21.3%	97
Trading/OI	6.1%	6.3%	6.1%	-2	-21	6.1%	6.1%	-6
Cost to income	23.0%	29.1%	27.6%	461	-152	25.6%	26.6%	100
Impairment/PPP	27.2%	6.9%	15.1%	-1,210	817	18.6%	18.3%	-37
NP/OI	51.1%	60.3%	56.0%	490	-427	55.2%	54.6%	-56
Cost of Risk	1.2%	0.3%	0.7%	-59	39	0.7%	0.65%	-9
Loan-to-deposit - calculated	96.1%	95.4%	94.7%	-134	-64	95.4%	94.7%	-69
NPL - calculated	7.1%	5.4%	5.4%	-171	-7	5.4%	5.4%	-2
Coverage excl collateral - calculated	91.1%	98.5%	98.5%	737	1	98.5%	98.5%	1
CET1	12.4%	12.4%	12.8%	38	38	12.4%	12.8%	43
Capital adequacy	15.7%	15.6%	15.9%	22	32	15.6%	15.8%	24
ROAE	21.6%	20.1%	20.6%	-102	44	20.1%	18.6%	-148
ROAA	2.2%	2.3%	2.3%	5	2	2.5%	2.4%	-7

FABS estimate & Co Data

CBD - Key B/S items

AED mn	1Q24	2Q24	3Q24	4Q24	1Q25F	YOY Ch
Net advances	86,791	89,608	91,746	93,049	95,442	10.0%
QOQ change	4.2%	3.2%	2.4%	1.4%	2.6%	
Total assets	130,976	141,256	140,217	140,175	143,024	9.2%
QOQ change	1.5%	7.8%	-0.7%	0.0%	2.0%	
Customer deposits	90,342	99,831	98,682	97,563	100,751	11.5%
QOQ change	2.3%	10.5%	-1.2%	-1.1%	3.3%	
Total shareholders' equity	15,138	15,843	16,772	17,425	18,203	20.2%
QOQ change	-4.1%	4.7%	5.9%	3.9%	4.5%	

FABS estimate & Co Data

1Q25 preview: Ajman Bank (AJMANBANK)

Decrease in net funded income and higher operating expenses impacted profitability

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 1.58	AED 1.60	+1.3%	HOLD

1Q25 estimate

Ajman Bank's (AJMANBANK/the Bank) net profit is expected to decline by 24.7% YOY to AED 81 Mn in 1Q25, attributed to an anticipated impairment charges compared to impairment reversal in 1Q24, coupled with higher operating expenses partially offset by forecasted growth in net funded income and projected decline in tax expenses. The Bank's funded income is expected to decline 2.9% YOY to AED 300 Mn in 1Q25, due to a projected decline in average interest earning assets. Similarly, the funded expenses are anticipated to fall 10.1% YOY to AED 185 Mn in 1Q25, driven by forecasted decrease in cost of funds and expected decline in interest earning liabilities. As a result, net funded income is expected to grow 11.4% YOY to AED 115 Mn in 1Q25. Fees and commission income is projected to rise 3.0% YOY to AED 48 Mn in 1Q25, while income from investment securities is expected to fall 7.2% YOY to AED 42 Mn in 1Q25. Thus, we expect Bank's total non-funded income to decrease 2.0% YOY to AED 90 Mn in 1Q25. Hence, total operating income is also projected to grow 5.1% YOY to AED 205 Mn in 1Q25. Operating expenses are anticipated to rise 4.4% YOY to AED 95 Mn in 1Q25. Therefore, the Bank's cost-to-income ratio to marginally improve by 30 bps YOY to 46.4% in 1Q25. In addition, AJMANBANK is expected to see an impairment charges of AED 21 Mn in 1Q25 against impairment reversal of AED 13 Mn in 1Q24. Ajman Bank is projected to incur tax expense of AED 8 Mn in 1Q25 compared to AED 10 Mn in 1Q24 due to expected decline in profit before tax.

2025 forecast

Ajman Bank's net profit is expected to decline 19.9% YOY to AED 321 Mn in 2025, mainly driven by an anticipated impairment charges compared to impairment reversal in 2024, coupled with projected higher operating expenses, partially offset by increase in funded and non-funded income coupled with decrease in tax rate. The Bank's Funded income is anticipated to rise 2.2% YOY to AED 1,198 Mn in 2025, supported by decline in average interest earning assets. However, funded expense is expected to decrease 2.0% YOY to AED 750 Mn in 2025 owing to anticipated decline in average interest earning liabilities. Thus, net funded income is forecasted to grow 10.0% YOY to AED 448 Mn in 2025. NIM is expected to expand 31 bps YOY to 2.5% in 2025. Additionally, non-funded income is forecasted to increase 10.5% YOY to AED 363 Mn in 2025. Fees and commission income is estimated to rise 2.0% YOY to AED 195 Mn in 2025, while investment securities income is expected to surge 22.2% YOY to AED 169 Mn in 2025. Thus, total operating income is expected to rise 10.2% YOY to AED 812 Mn in 2025. Operating expense is expected to rise 5.1% YOY to AED 388 Mn in 2025. AJMANBANK is expected to exhibit impairment charges of AED 70 Mn in 2025, compared to impairment reversal of AED 73 Mn in 2024. In addition, the Bank's corporate tax is estimated to decline 18.9% YOY to AED 32 Mn in 2025.

4Q24 outturn

Ajman Bank's funded income declined 22.6% YOY to AED 257 Mn in 4Q24, mainly due to a decline in net advances and lower asset yield. Funded expenses declined 15.2% YOY to AED 182 Mn in 4Q24 due to a reduction in deposits. Thus, net funded income fell 36.1% YOY to AED 75 Mn in 4Q24. Moreover, fees and commission income declined 48.1% YOY to AED 24 Mn in 4Q24, whereas income from investment securities significantly fell from AED 79 Mn in 4Q23 to AED 22 Mn in 4Q24. Thus, total non-funded income grew 23.7% YOY to AED 45 Mn in 4Q24. Total operating income declined 21.8% YOY to AED 120 Mn in 4Q24. Furthermore, operating expenses fell 10.5% YOY to AED 84 Mn in 4Q24. However, the cost-to-income ratio increased from 60.7% in 4Q23 to 69.5% in 4Q24. Ajman Bank witnessed an impairment reversal of AED 90 Mn in 4Q24 from an impairment charge of AED 363 Mn in 4Q23. Income tax expense amounted to AED 16 Mn in 4Q24 compared to nil in 4Q23.

Target price and recommendation

We maintain our rating to HOLD on AJMANBANK with a target price of AED 1.60. AJMANBANK reported a significant growth in profitability owing to an impairment reversal in 4Q24. The Bank's Loan to Deposit ratio improved from 69.4% in 3Q24 to 71.8% in 4Q24. The bank continued to diversify its portfolio, reducing the risk-weighted real estate concentration by 7.3%, while boosting its exposure to high-quality assets across different sectors. NIMs fell 71 bps QOQ to 1.6% in 4Q24 due to the higher cost of funds. The Bank's cost-to-income ratio increased 878 bps YOY to 69.5% in 4Q24, mainly due to a decline in operating income. Calculated provision coverage ratio rose from 38.9% in 3Q24 to 53.6% in 4Q24. AJMANBANK's Tier 1 ratio stood at 18.0% and CAR stood at 19.1% in 4Q24. The Bank proposed a cash dividend of AED 0.0725 per share from 2024 amounting to AED 197 Mn with a dividend yield of 4.6%. Despite all the positive developments, such as a reduction in operating expenses and improvement in NPLs, the overall decline in core income and fee-based revenue highlights some significant challenges. The increase in the cost-to-income ratio further underlines the pressure on profitability in this quarter. The Bank trades at a 2025 P/B ratio of 1.5x as compared to its peer average of 1.2x, rendering the stock expensive. Hence, we assign HOLD rating on the stock.

Ajman Bank - Relative valuation

(At CMP)	2020	2021	2022	2023	2024	2025F
P/E (x)	72.46	33.31	23.88	NM	9.67	12.06
P/B (x)	1.55	1.47	1.54	1.61	1.38	1.33
Dividend Yield	NM	NM	NM	NM	4.6%	4.6%

FABS Estimates & Co Data
Ajman Bank - P&L

AED mn	1Q24	4Q24	1Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Funded income	309	257	300	-2.9%	17.0%	1,172	1,198	2.2%
Funded expenses	-205	-182	-185	-10.1%	1.7%	-765	-750	-2.0%
Net funded income	103	75	115	11.4%	54.1%	407	448	10.0%
Fees and commissions	46	24	48	3.0%	100.0%	191	195	2.0%
Income from Investment Securities	45	22	42	-7.2%	93.7%	138	169	22.2%
Share of result of associate	0	0	0	NM	NM	0	0	NM
Total non-funded income	91	45	90	-2.0%	97.0%	329	363	10.5%
Total operating income	195	120	205	5.1%	70.3%	736	812	10.2%
Operating expenses	-91	-84	-95	4.4%	13.8%	-370	-388	5.1%
Pre provision profit	104	37	110	5.7%	199.1%	367	423	15.5%
Impairment	13	90	-21	NM	NM	73	-70	NM
Profit before tax	117	127	89	-24.1%	-30.0%	440	353	-19.8%
Corporate tax	-10	-16	-8	-17.4%	-49.8%	-39	-32	-18.9%
Net profit	107	111	81	-24.7%	-27.2%	401	321	-19.9%

FABS estimate & Co Data
Ajman Bank - KPI

	1Q24	4Q24	1Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Net FI/OI	53.1%	62.2%	56.3%	319	-593	55.3%	55.2%	-10
NIM	2.2%	1.6%	2.6%	38	97	2.2%	2.5%	31
NIS	2.5%	1.8%	2.8%	31	102	2.4%	2.7%	30
Fees & comms/OI	23.8%	19.9%	23.3%	-49	347	25.9%	24.0%	-194
Invst Securities/OI	23.1%	17.9%	20.4%	-270	246	18.8%	20.8%	204
Cost to income	46.7%	69.5%	46.4%	-30	-2,307	50.2%	47.9%	-236
Impairment/PPP	-12.8%	-246.2%	19.0%	NM	NM	-20.0%	16.6%	NM
NP/OI	55.1%	92.4%	39.5%	NM	NM	54.4%	39.6%	-1,487
Cost of risk	-0.4%	-2.6%	0.2%	NM	NM	-0.5%	0.5%	NM
Loan-to-deposit	71.1%	71.8%	72.0%	85	25	71.8%	72.5%	75
NPL	16.6%	11.4%	11.2%	-545	-23	11.4%	10.5%	-93
Coverage excluding collateral	26.8%	53.6%	55.0%	2,819	135	53.6%	57.0%	335
Tier 1	15.5%	18.0%	18.5%	296	49	18.0%	18.3%	32
Capital adequacy	16.6%	19.1%	19.6%	294	48	19.1%	19.4%	29
ROAA	-1.4%	1.7%	1.6%	NM	-5	1.7%	1.4%	-29
ROAE	-12.4%	13.8%	12.6%	NM	-129	13.8%	10.1%	-373

FABS estimate & Co Data

Ajman Bank - Key B/S items

AED mn	1Q24	2Q24	3Q24	4Q24	1Q25F	YOY Ch
Net advances	13,113	13,906	13,404	12,959	13,085	-0.2%
QOQ change	-4.8%	6.1%	-3.6%	-3.3%	1.0%	
Total assets	23,070	24,235	24,440	22,854	23,034	-0.2%
QOQ change	-7.5%	5.0%	0.8%	-6.5%	0.8%	
Customer deposits	18,431	19,306	19,310	18,062	18,173	-1.4%
QOQ change	-6.6%	4.7%	0.0%	-6.5%	0.6%	
Total equity	2,766	2,881	3,025	3,112	3,193	15.4%
QOQ change	3.4%	4.2%	5.0%	2.9%	2.6%	

FABS estimate & Co Data

1Q25 preview: Commercial Bank International (CBI)

Strong core and non-core income to support the bottom-line

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 0.72	AED 0.85	+18.1%	BUY

1Q25 estimate

Commercial Bank International's (CBI/the Bank) net profit is expected to increase 2.0% YOY to AED 37 Mn in 1Q25, mainly due to anticipated growth in net funded, non-funded income, and decrease in tax expenses partially offset by an expected increase in operating expenses and higher impairment charges. Funded income is projected to fall 3.5% YOY to AED 233 Mn in 1Q25 due to an anticipated decline in asset yield. However, we expect strong growth in the income from Islamic financing from AED 19 Mn in 1Q24 to AED 38 Mn in 1Q25, owing to the anticipated expansion of interest-earning on Islamic financing assets. Funded expense is estimated to decline marginally 0.2% YOY to AED 178 Mn in 1Q25. Hence, net funded income is expected to grow 13.6% YOY to AED 94 Mn in 1Q25. Consequently, NIMs is projected to rise 11 bps YOY to 2.0% in 1Q25. Fees and commission income are expected to increase from AED 29 Mn in 1Q24 to AED 35 Mn in 1Q25. Other operating income is expected to rise from AED 9 Mn in 1Q24 to AED 17 Mn in 1Q25. CBI's total non-funded income is projected to grow from AED 38 Mn in 1Q24 to AED 53 Mn in 1Q25. As a result, total operating income is likely to grow 21.6% YOY to AED 146 Mn in 1Q25. Operating expenses are anticipated to rise 2.1% YOY to AED 88 Mn in 1Q25. However, we expect the Bank's cost-to-income ratio to fall from 71.5% in 1Q24 to 60.0% in 1Q25, owing to higher operating income. We forecast CBI to record an impairment charge of 18 Mn in 1Q25 compared to an impairment reversal of 6 Mn in 1Q24. In addition, the Bank's tax expense is expected to decline 4.2% YOY to AED 4 Mn in 1Q25.

2025 forecast

CBI's net profit is expected to decline 18.2% YOY to AED 165 Mn in 2025, mainly due to a projected decline in non-funded income, coupled with an anticipated increase in operating expenses partially offset by higher net funded income, lower impairments and a decline in income tax. Funded income is estimated to grow marginally 0.4% YOY to AED 983 Mn in 2025. Income from Islamic financing is expected to fall 0.5% YOY to AED 104 Mn in 2025. We forecast funded expenses to rise 4.5% YOY to AED 642 Mn in 2025. Thus, net funded income is expected to grow 29.3% YOY to AED 445 Mn in 2025. Consequently, NIMs is projected to grow 44 bps YOY to 2.4% in 2025. Fees and commission income are estimated to rise 6.0% YOY to AED 147 Mn in 2025, while the other operating income is anticipated to decline from AED 221 Mn in 2024 to AED 89 Mn in 2025. Hence, total non-funded income is projected to decline 34.6% YOY to AED 235 Mn in 2025. As a result, operating income is anticipated to decline 3.3% YOY to AED 680 Mn in 2025. Operating expenses are anticipated to grow marginally 8.0% YOY to AED 408 Mn in 2025. We expect the banks impairment charges to decline 13.6% YOY to AED 89 Mn in 2025. In addition, the Bank's tax expenses are expected to fall 20.7% to AED 16 Mn in 2025. CBI's non-controlling interest is expected to increase from AED 1 Mn in 2024 to AED 2 Mn in 2025.

4Q24 outturn

CBI's funded income grew 1.4% YOY to AED 240 Mn in 4Q24 owing to a healthy growth in net advances and other interest-earning assets. Moreover, income from Islamic financing and investment assets rose substantially from AED 23 Mn in 4Q23 to AED 34 Mn in 4Q24 attributable to an increase in Islamic financing and investment assets. However, funded expenses grew 2.2% YOY to AED 182 Mn in 4Q24 owing to higher customer deposits. CBI's cost of funds declined 50 bps QOQ and 42 bps YOY to 4.31% in 4Q24 owing to a decline in benchmark rates. Thus, net funded income rose 11.7% YOY to AED 91 Mn in 4Q24. NIMs rose marginally 4 bps YOY and 9 bps QOQ to 2.0% in 4Q24. Net fees and commission income fell slightly 5.5% YOY to AED 33 Mn in 4Q24. CBI recorded a strong increase in other operating income from AED 10 Mn in 4Q23 to AED 49 Mn in 4Q24. Thus, non-funded income grew from AED 46 Mn in 4Q23 to AED 83 Mn in 4Q24. Resultantly, total operating income grew from AED 127 Mn in 4Q23 to AED 174 Mn in 4Q24. Operating expenses grew 8.4% YOY to AED 87 Mn in 4Q24. Impairment charges increased substantially from AED 17 Mn in 4Q23 to AED

119 Mn in 4Q24. The Bank incurred a corporate tax of AED 3 Mn in 4Q24, owing to the introduction of UAE corporate tax.

Target Price and Rating

We maintain our BUY rating on CBI with a target price of AED 0.85. CBI demonstrated solid growth in the net funded income as well as non-funded income in 4Q24, reflecting its ability to generate solid returns from its core as well as non-core business. The Bank's net advances showed positive momentum, while the Loan to deposit ratio also improved from 85.0% in 3Q24 to 88.0% in 4Q24. The bank's Islamic financing and investment products witnessed a significant increase in 4Q24, resulting in a higher income from Islamic and financing assets. CBI's NIMs improved by 9 bps QOQ to 2.0% despite a decline in the benchmark rates. Going forward, the Bank's NIMs is expected to benefit in a declining interest rate scenario due to negative interest rate sensitivity. CBI has efficiently controlled operating expenses despite a significant increase in operating income. Furthermore, CBI's calculated NPL ratio declined from 17.1% in 3Q24 to 15.9% in 4Q24. Provision coverage rose from 34.9% in 3Q24 to 41.7% in 4Q24. Moreover, CBI held collateral worth AED 10.4 Bn, which will help in mitigating credit risk. CBI maintained a healthy capitalization with a CET 1 ratio of 13.8% and a total CAR of 17.7% in 4Q24. Hence, based on the above-mentioned factors, we assign a BUY rating on the stock.

CBI-Relative valuation

(At CMP)	2020	2021	2022	2023	2024	2025F
PE	NM	10.27	10.67	8.13	6.22	7.60
PB	0.63	0.60	0.59	0.55	0.51	0.47

FABS estimate & Co Data

CBI - P&L

AED Mn	1Q24	4Q24	1Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Funded income	241	240	233	-3.5%	-2.9%	978	983	0.4%
Inc from Islamic fin & invest assets	19	34	38	102.3%	14.4%	105	104	-0.5%
Funded expenses	-178	-182	-178	-0.2%	-2.6%	-614	-642	4.5%
Net funded income	82	91	94	13.6%	2.9%	344	445	29.3%
Fees and commissions	29	33	35	20.7%	6.0%	138	147	6.0%
Other operating income, net	9	49	17	100.0%	-64.5%	221	89	-60.0%
Total non-funded income	38	83	53	39.0%	-36.0%	360	235	-34.6%
Total operating income	120	174	146	21.6%	-15.6%	704	680	-3.3%
Operating expenses	-86	-87	-88	2.1%	1.2%	-378	-408	8.0%
Pre provision profit	34	87	59	70.5%	-32.5%	326	272	-16.5%
Impairment	6	-119	-18	NM	-85.3%	-103	-89	-13.6%
UAE corporate tax	-4	3	-4	-4.2%	NM	-21	-16	-20.7%
Non-controlling interests	0	0	0	NM	NM	1	2	195.9%
Net profit	37	-29	37	2.0%	NM	201	165	-18.2%

FABS estimate & Co Data

CBI - P&L KPI

	1Q24	4Q24	1Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Net FI/OI	68.4%	52.4%	63.9%	-451	1,151	48.9%	65.4%	1,653
NIM	1.9%	2.0%	2.0%	11	6	1.9%	2.4%	44
NIS	1.4%	1.6%	1.6%	20	2	1.5%	2.0%	53
Fees & comms/OI	24.3%	19.2%	24.1%	-17	492	19.7%	21.6%	190
Trading/OI	7.3%	28.4%	11.9%	468	-1,643	31.5%	13.0%	-1,844
Cost to income	71.5%	50.0%	60.0%	-1,147	996	53.7%	60.0%	633
Impairment/PPP	-17.7%	137.4%	30.0%	4,769	-10,744	31.6%	32.7%	111
NP/OI	30.4%	-16.4%	25.5%	-489	4,192	28.6%	24.2%	-438
Cost of risk	-0.2%	4.0%	0.6%	80	-342	0.9%	0.8%	-11
Loan-to-deposit	96.1%	88.0%	90.7%	-537	269	88.0%	89.8%	175
NPL - calculated	21.6%	15.9%	16.0%	-558	14	15.9%	16.0%	7
Coverage - calculated	29.3%	41.7%	42.0%	1,269	25	41.7%	42.0%	25
CET 1	11.0%	13.8%	14.2%	323	36	13.8%	14.2%	36
Capital Adequacy	14.8%	17.7%	18.1%	332	39	17.7%	17.9%	20
ROAE	7.0%	8.4%	8.4%	140	-7	8.4%	6.5%	-200
ROAA	0.8%	1.0%	1.0%	21	1	1.0%	0.8%	-24

FABS estimate & Co Data

CBI- Key BS Items

AED mn	1Q24	2Q24	3Q24	4Q24	1Q25F	YOY Ch
Net advances	12,192	12,510	12,911	13,583	13,492	10.7%
QOQ Change	-3.3%	2.6%	3.2%	5.2%	-0.7%	
Total assets	19,003	19,972	20,995	20,895	20,722	9.0%
QOQ Change	0.2%	5.1%	5.1%	-0.5%	-0.8%	
Customer deposits	12,687	14,225	15,191	15,430	14,872	17.2%
QOQ Change	0.6%	12.1%	6.8%	1.6%	-3.6%	
Total equity	2,789	2,821	2,970	2,929	2,966	6.4%
QOQ Change	1.3%	1.1%	5.3%	-1.4%	1.3%	

FABS estimate & Co Data

1Q25 preview: United Arab Bank (UAB)

Decline in net funded income to impact profitability

Current Price	12-m Target Price	Upside/Downside (%)	Rating
AED 1.45	AED 1.10	-24.1%	SELL

1Q25 Estimate

United Arab Bank (UAB/the Bank) is anticipated to report 10.9% YOY decline in net profit to AED 61 Mn in 1Q25, mainly due to an expected decrease in net funded income, and increase in impairment charges, partially offset by an estimated increase in non-funded income, decrease in operating expense, coupled with anticipated decline in income tax charges. Funded income is forecasted to decline 5.3% YOY to AED 288 Mn in 1Q25 due to an anticipated decrease in the yield on assets. On the other hand, funded expense is projected to rise marginally by 0.4% YOY to AED 173 Mn in 1Q25, due to rise in interest earning liabilities. Therefore, net funded income is expected to fall 12.7% YOY to AED 115 Mn in 1Q25. Furthermore, fee and commission income is anticipated to grow 16.2% YOY to AED 27 in 1Q25. Exchange income is projected to increase from AED 6 Mn in 1Q24 to AED 9 Mn in 1Q25. Other non-funded income is expected to increase from AED 2 Mn in 1Q24 to AED 4 Mn in 1Q25. Thus, total non-funded income is anticipated to grow 26.3% YOY to AED 40 Mn in 1Q25. As a result, total operating income is expected to fall 5.2% YOY to AED 155 Mn in 1Q25. The Bank's operating expenses is expected to decrease 2.3% YOY to AED 76 Mn in 1Q25. The cost-to-income ratio is expected to increase from 47.5% in 1Q24 to 49.0% in 1Q25. Additionally, impairment charges are anticipated to rise 13.0% YOY to AED 12 Mn in 1Q25. The Bank income tax expense is anticipated to decline 11.1% YOY to AED 6 Mn in 2025.

2025 Forecast

UAB's net profit is forecasted to decline 18.1% YOY to AED 246 Mn in 2025, attributed to an expected increase in operating expenses, and expected impairment charges recorded compared to impairment reversal in the previous year, partially offset by an increase in net funded income, non-funded income, coupled with anticipated decline in tax expense. The Bank's funded income is expected to grow 2.5% YOY to AED 1,222 Mn in 2025 due to anticipated surge in net advances and other interest-earnings assets. Funded expense is projected to grow marginally by 1.8% YOY to AED 739 Mn in 2025, attributed to anticipated rise in interest earning assets. Consequently, net funded income is projected to grow 3.5% YOY to AED 483 Mn in 2025. The Fees and commission income is expected to rise 20.0% YOY to AED 109 Mn in 2025. Exchange income is estimated to rise 2.0% YOY to AED 35 Mn in 2025. Moreover, the other non-funded income is projected to grow significantly from AED 14 Mn in 2024 to AED 28 Mn in 2025. Hence, total non-funded income is forecasted to rise 23.7% YOY to AED 172 Mn in 2025. Consequently, total operating income is anticipated to grow 8.1% YOY to AED 655 Mn in 2025. In addition, operating expenses are expected to increase 5.1% YOY to AED 334 Mn in 2025. Additionally, the Bank is expected to see an impairment charges of AED 50 Mn in 2025 compared to impairment reversal of AED 43 Mn in 2024. Furthermore, UAB's tax expenses in projected to decline 18.3% YOY to AED 24 Mn in 2025.

4Q24 Outrun

UAB's funded income grew 13.5% YOY to AED 290 Mn in 4Q24 driven by an increase in net advances and other interest earnings assets partially offset by a decline in asset yield. On the other hand, funded expenses grew 14.3% YOY to AED 178 Mn in 4Q24 due to high benchmark rates. Thus, net funded income grew 12.3% YOY to AED 113 Mn in 4Q24. UAB's NIMs declined 31 bps YOY and 6 bps QOQ to 2.3% in 4Q24. Fees & commission income rose 53.3% YOY to AED 26 Mn due to an increase in business volumes while exchange income grew 51.6% YOY to AED 12 Mn in 4Q24. The other non-funded income fell 27.1% YOY to AED 3 Mn in 4Q24. Thus, the Bank's total non-funded income increased 39.9% YOY to AED 41 Mn in 4Q24. Total operating income grew 18.5% YOY to AED 154 Mn in 4Q24. UAB's operating expenses increased significantly 26.9% YOY to AED 94 Mn in 4Q24 due to investments in products and systems. Resultantly, the cost-to-income ratio grew from 57.3% in 4Q23 to 61.3% in 4Q24. The Bank recorded a reversal in impairments of AED 38 Mn in 4Q24

compared to an impairment charge of AED 9 Mn in 4Q23. UAB incurred tax expenses of AED 9 Mn in 4Q24 due to the introduction of corporate tax in UAE.

Target Price and recommendation

We maintain our SELL rating on United Arab Bank (UAB) with a target price of AED 1.10. UAB's NIMs declined 31 bps YOY and 6 bps QOQ to 2.3% in 4Q24 owing to a decline in the asset yield coupled. The Bank's interest rate sensitivity for every 25-bps change stood at AED 1.6 Mn in 2024 compared to AED 2.3 Bn in 2023. UAB is likely to maintain this sensitivity going forward. UAB's profitability in 4Q24 was mainly driven by impairment reversal. Moreover, its cost to income ratio increased significantly from 57.3% in 4Q23 to 61.3% in 4Q24, reflecting its inability to control costs which is likely to impact the Bank's profitability in the long run. UAB's provision coverage fell from 125.2% in 3Q24 to 117.5% in 4Q24. Furthermore, the Bank recorded a CET 1 ratio of 12.7% and CAR of 17.4% in 4Q24. Although the bank witnessed a healthy growth in customer deposits, CASA deposits accounted for only 34.0% of total customer deposits. The majority share of time deposits indicates a costly funding base, which is likely to impact the Bank's NIMs. UAB's deposits grew more than the loan portfolio in 2024. As a result, the Bank's headline loan-to-deposit ratio declined from 89.4% in 3Q24 to 84.9% in 4Q24. Thus, considering these factors, we maintain our SELL rating on the stock.

UAB - Relative valuation

(At CMP)	2020	2021	2022	2023	2024	2025F
PE	NA	42.61	19.33	11.70	9.93	12.12
PB	2.06	1.98	1.99	1.72	1.49	1.33

FABS Estimates & Co Data

UAB - P&L

AED mn	1Q24	4Q24	1Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Interest income	305	290	288	-5.3%	-0.7%	1,193	1,222	2.5%
Interest expense	-172	-178	-173	0.4%	-2.5%	-726	-739	1.8%
Net interest income	132	113	115	-12.7%	2.2%	467	483	3.5%
Fees and commissions	23	26	27	16.2%	3.0%	91	109	20.0%
Exchange income	6	12	9	48.9%	-20.0%	34	35	2.0%
Other non-funded income	2	3	4	65.7%	10.0%	14	28	100.0%
Total non-funded income	31	41	40	26.3%	-3.0%	139	172	23.7%
Total operating income	163	154	155	-5.2%	0.8%	606	655	8.1%
General & admin. Expenses	-78	-94	-76	-2.3%	-19.4%	-318	-334	5.1%
Pre provision profit	86	59	79	-7.9%	32.9%	288	321	11.5%
Impairment	-11	38	-12	13.0%	NM	43	-50	NM
Profit before tax	75	98	67	-10.9%	-31.5%	331	271	-18.1%
Corporate tax	-7	-9	-6	-11.1%	-32.0%	-30	-24	-18.3%
Net profit	68	89	61	-10.9%	-31.4%	301	246	-18.1%

UAB - P&L KPI

	1Q24	4Q24	1Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Net FI/OI	80.8%	73.4%	74.4%	-639	100	77.0%	73.7%	-330
NIM	3.1%	2.3%	2.3%	-82	-1	2.5%	2.3%	-21
NIS	2.5%	1.8%	1.8%	-65	6	2.0%	1.8%	-15
Fees & comms/OI	14.0%	16.8%	17.1%	316	36	15.0%	16.6%	164
Exchange income/OI	3.8%	7.6%	6.0%	219	-157	5.7%	5.4%	-32
Cost to income	47.5%	61.3%	49.0%	148	-1,232	52.5%	51.0%	-147
Impairment/PPP	12.6%	-64.1%	15.4%	285	NM	-14.9%	15.6%	NM
NP/OI	41.8%	57.7%	39.3%	-250	-1,846	49.7%	37.6%	-1,207
Cost of risk - Calculated	0.4%	-1.3%	0.1%	-33	NM	-0.4%	0.4%	NM
Loan-to-deposit	89.5%	84.9%	78.1%	-1,139	-682	84.9%	86.0%	110
NPL	4.8%	3.9%	3.9%	-96	0	3.9%	3.7%	-15
Coverage excluding collateral	126.7%	117.7%	118.0%	-874	26	117.7%	124.0%	626
CET 1	13.1%	12.7%	12.4%	-71	-31	12.7%	13.7%	96
Capital adequacy	18.4%	17.4%	16.7%	-167	-68	17.4%	18.1%	64
ROAE	16.1%	16.1%	15.1%	-98	-95	16.1%	11.6%	-449
ROAA	1.7%	1.5%	1.5%	-18	-6	1.9%	1.3%	-64

FABS estimate & Co Data

UAB- Key BS Items

AED mn	1Q24	2Q24	3Q24	4Q24	1Q25F	YOY Ch.
Net advances	9,534	10,435	10,754	11,526	11,733	23.1%
<i>QOQ Change</i>	1.9%	9.4%	3.1%	7.2%	1.8%	
Total assets	17,907	19,813	20,016	21,461	21,659	21.0%
<i>QOQ Change</i>	1.5%	10.6%	1.0%	7.2%	0.9%	
Customer deposits	10,656	12,129	12,031	13,577	13,804	29.5%
<i>QOQ Change</i>	4.1%	13.8%	-0.8%	12.9%	1.7%	
Total equity	2,363	2,411	2,577	2,551	2,612	10.6%
<i>QOQ Change</i>	3.2%	2.0%	6.9%	-1.0%	2.4%	

FABS estimate & Co Data

FAB Securities Contacts:

Research Analysts

Ahmad Banihani +971-2 -6161629 ahmad.banihani@Bankfab.com
[FAB Research Portal](#)

Sales & Execution

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

Customer Service

Abu Dhabi Office +971-2 -6161600

DISCLAIMER

This report has been prepared by FAB Securities (FABS), which is authorized by the UAE Securities and Commodities Authority, licensing registration number 604002, and is a member of the Abu Dhabi Securities Exchange and Dubai Financial Market. The information, opinions and materials contained in this report are provided for information purposes only and are not to be used, construed, or considered as an offer or the solicitation of an offer or recommendation to sell or to buy or to subscribe for any investment security or other financial instrument. The information, opinions and material in this report have been obtained and derived from publicly available information and other sources considered reliable without being independently verified for their accuracy or completeness. FABS gives no representation or warranty, express or implied, as to the accuracy and completeness of information and opinions expressed in this report. Opinions expressed are current as of the original publication date appearing on the report only and the information, including the opinions contained herein, are subject to change without notice. FABS is under no obligation to update this report. The investments referred to in this report might not be suitable for all recipients. Recipients should not base their investment decisions on this report and should make their own investigations, and obtain independent advice, as appropriate. Any loss or other consequences arising from the uses of material contained in this report shall be the sole and exclusive responsibility of the recipient and FABS accepts no liability for any such loss or consequence. The value of any investment could fall as well as rise and the investor may receive less than the original amount invested. Some investments mentioned in this report might not be liquid investments, which could be difficult to realise in cash. Some investments discussed in this report could be characterised by high level of volatility, which might result in loss. FABS owns the intellectual property rights and any other material contained in this report. No part of this report may be reproduced, utilised or modified in any form either in whole or in part or by any electronic, mechanical or other means, now known or hereafter invented, including photocopying and recording, or stored in any retrieval system without the prior consent of FABS in writing. While utmost care has been taken to ensure that the information provided is accurate and correct, neither FABS, nor its employees shall, in any way, be responsible for the contents. By accepting this document, the recipient agrees he/she has read the above disclaimer and to be bound by the foregoing limitations/restrictions.