UAE
Banking Pulse

Q1 | 2023

الإمــــارات
THE EMIRATES

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FOREWORD

Alvarez & Marsal Middle East Limited (A&M) is delighted to publish the Q1'23 edition of the UAE Banking Pulse ("The Pulse – UAE"). In this quarterly series, we share results from our research examining the top ten largest listed UAE banks by assets and highlight key performance indicators of the sector. The Pulse aims to help banking executives and board members stay current on industry trends.

All the data used in this report has been obtained from publicly available sources and the methodology for the calculations is discussed in the glossary. Calculation of metrics has been updated, where required, to reflect appropriate comparative information.

The Q1'23 results witnessed a strong increase in profitability largely on the back of lower impairment charges and improved operating income. RoE and RoA improved significantly to **19.3%** and **2.2%** respectively, which are levels that we have not seen since at least 2019, when we commenced The Pulse.

Starting with this issue, we are adding further granularity to our analysis with a segment view of Loans & Assets (Slide 7), Deposit Mix (Slide 8) and a stage–wise breakdown of the lending book (Slide 16).

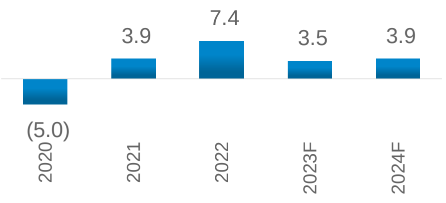
UAE's banking sector growth is expected to be moderately sluggish in 2023 as the credit demand may slow down due to further monetary tightening. Higher rates may lead to some deterioration in asset quality but banks are well positioned - liquidity, margins and capitalization - to meet any challenges that may emerge.

We hope you will find the Pulse useful and informative.

UAE macro & sector overview

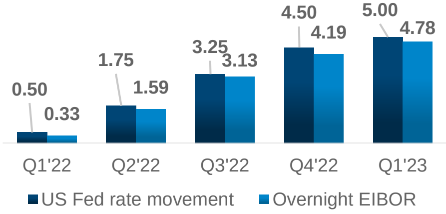
Macro overview

UAE GDP Growth Rate[1], %



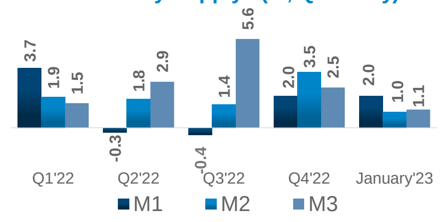
- ***In April'23, IMF revised its FY'23 GDP growth outlook downwards to 3.5% from 4.2%, due to OPEC oil production cuts; FY'24 was maintained at 3.9%***
- The UAE's average Q1'23 Purchasing Managers' Index (PMI) declined to 54.8 compared to 55.1 in Q4'22. The PMI data points towards the thriving labor market accelerated by increase in employment due to new order growth
- According to CBUAE, the Credit Sentiment Survey Q1'23 indicated positive sentiment about the state of the economy, with credit appetite and loan demand likely to remain steady

US Fed Funds Rate[2], EIBOR[3], %



- The US Fed announced a 75bps increase in rates (50bps in Q1'23 and 25bps on 4th May'23), taking the target fund rate to a range of 5.00-5.25% in order to curtail the inflation
- The UAE Central Bank moved in line with the US Fed, raising the base rate by a total of 50bps to 4.9% during Q1'23
- The overnight EIBOR increased by 59bps to 4.8% during the quarter

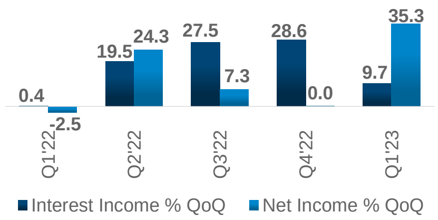
UAE Money Supply[3], (%, Quarterly)



- M2 money supply increased by 1.0% to AED 1,719.9bn during December'22-January'23, as the quasi monetary deposits increased marginally by 0.2% to AED 967.8bn in January'23
- M1 money supply increased by 2.0% to AED 752.1bn from December'22-January'23, owing to the increase in currency in circulation (+4.9%) and currency issued (+2.5%) during the same period
- M3 money supply increased by 1.1% to AED 2,124.0bn

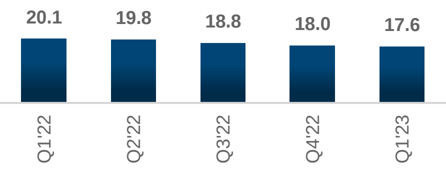
Banking overview Q1'23

UAE Banks' Profitability, %[4]



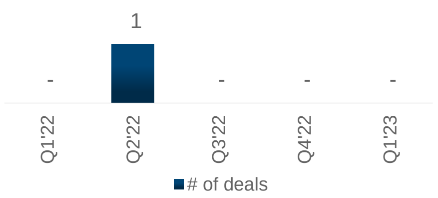
- Total Interest Income of top ten UAE banks grew by 9.7% QoQ in Q1'23, slower than the pervious quarter (+28.6% QoQ)
- The spread between annualized yield on credit and cost of funds stood at ~7.0% (+3bps QoQ) for Q1'23
- The aggregate net income increased significantly by 35.3% QoQ, majorly as a consequence of decline in impairments

Real Estate & Construction as % of Total Gross Loans[5]



- The UAE banks' exposure to the real estate and construction sector decreased by 40bps QoQ to 17.6%
- Strong performance in Dubai in Q1'23: ~7,600 units of apartments (+19% rental growth) and ~2,150 units of villas (+25% rental growth) delivered matching the volume registered in Q4'22
- Bank credit facilities in the mortgage segment grew by 8.5% YoY in Feb'23; primarily due to the rising cost of rents, which outpaced the cost of monthly mortgage repayments

UAE Banking M&A Deals



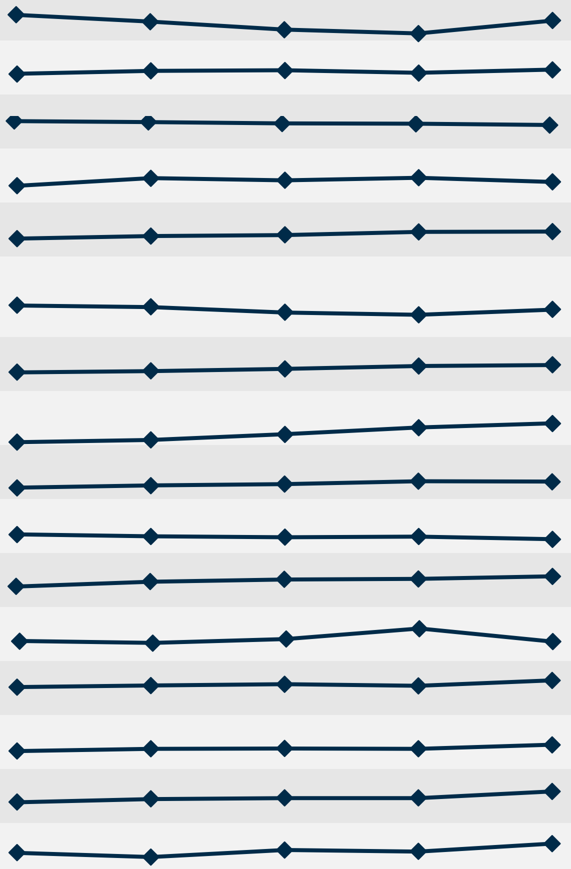
- Banking sector in the UAE did not witness any M&A deals in Q1'23
- In May'23, Oman's Bank Dhofar and Omnivest compete to bid for Ahli Bank
- FAB declared that there is currently no evaluation for the acquisition of Standard Chartered Bank

*[1] IMF, [2] US Board of Federal Reserve, [3] UAE Central Bank, [4] Bloomberg & A&M Analysis, [5] Based on data of 10 banks, weighted average exposure of all banks; for consistency purpose data for all banks is captured from IR presentations * Data for top ten UAE banks by asset size as of March 31st 2023*

Stable NIM, improving cost efficiencies and lower impairments led to increasing profitability

➡ Improved ⬌ Stable ➡ Worsened

	Metric	Q4’22		Q1’23	Q1’22	Q2’22	Q3’22	Q4’22	Q1’23
Size	Loans and Advances (L&A) Growth (QoQ)	0.2%	↑	2.0%					
	Deposits Growth (QoQ)	1.4%	↑	6.2%					
Liquidity	Loan-to-Deposit Ratio (LDR)	77.9%	↓	74.9%					
Income & Operating Efficiency	Operating Income Growth (QoQ)	15.0%	↓	3.8%					
	Operating Income / Assets	3.7%	↑	3.8%					
	Non-Interest Income (NII) / Operating Income	28.3%	↑	30.7%					
	Yield on Credit (YoC)	9.4%	↑	10.3%					
	Cost of Funds (CoF)	2.8%	↑	3.2%					
	Net Interest Margin (NIM)	2.8%	↔	2.8%					
	Cost-to-Income Ratio (C/I)	31.2%	↓	27.7%					
Risk	Coverage Ratio	103.9%	↑	107.1%					
	Cost of Risk (CoR)	1.4%	↓	0.8%					
Profitability	Return on Equity (RoE)	13.4%	↑	19.3%					
	Return on Assets (RoA)	1.7%	↑	2.2%					
	Return on Risk-Weighted Assets (RoRWA)	2.5%	↑	3.4%					
Capital	Capital Adequacy Ratio (CAR)	16.7%	↑	17.2%					



Key Trends of Q1’23

1. L&A increased +2.0% QoQ (prior quarter +0.2% QoQ). Similarly, growth in deposits accelerated to +6.2% QoQ (previous quarter +1.4% QoQ)
2. LDR decreased by 3.1% points to 74.9% in Q1’23 as growth in deposits outpaced L&A growth for the quarter
3. Operating income increased by 3.8% QoQ primarily led by non-core income (+12.5% QoQ); NII increased 0.4% QoQ
4. NIM remained stable at 2.8% for the quarter; YoC increased 81bps QoQ while CoF increased 48bps QoQ
5. Aggregate C/I ratio improved to 27.7% (+3.5% points QoQ) mainly due to decrease in operating expense (-7.9% points QoQ)
6. CoR improved by 61bps QoQ as the banks reported a significant drop in impairment charges (-42.6% QoQ)
7. Lower provisioning led to higher profitability as net income increased by 35.3% QoQ. RoE and RoA in turn improved to 19.3% (+5.9% points QoQ) and 2.2% (+0.5% QoQ)
8. RoRWA improved to 3.4% (+0.9% points QoQ). The capital adequacy ratio increased by 42bps QoQ to 17.2%

Note 1: QoQ stands for quarter over quarter
Note 2: Growth in loans & advances and deposits are presented QoQ instead of YoY
Note 3: Quarterly income was used in the calculation of operating income growth
Source: Financial statements, Investor presentations, A&M analysis

UAE banking industry developments

Key Sector Developments

New Entrants

- In March'23, the UAE banking regulator granted preliminary approval for a new digital bank Naqd Bank for its neo-bank operations along with Wio Bank, Zand Bank, Al Maryah Community Bank
  - Naqd Bank will offer solutions to support the long-term growth of companies and will also tap the UAE's entertainment, transportation and logistics and retail, apart from healthcare
  - Naqd Community Bank, backed by Royal Strategic Partners will further cater to the unbanked population, startups and SMEs in UAE

New Business Trends

- In March'23 the CBUAE launched its digital currency implementation strategy, which forms one of the key initiatives in its program to digitize the country's finance sector
- The CBUAE and Reserve Bank of India (RBI) signed a Memorandum of Understanding (MoU) that aims to enhance co-operation and jointly enable innovation in financial products and services under which they will jointly conduct pilot programs on Central Bank Digital Currencies (CBDCs)

New Investments

- Emirates International Investment Company increased its stake in ADIB by an additional 7.6% taking its total shareholding to ~47%
  - The acquisition of the stake in ADIB is in line with Mubadala's strategy (previous stake holder) to create long-term value by optimizing a global portfolio of investments across various sectors
- Asian Infrastructure Investment Bank (AIIB) has announced plans to establish its interim operational hub in the UAE at the Abu Dhabi Global Market
  - AIIB has 106 members and UAE joined as a founding and permanent member of AIIB in 2015
  - AIIB's total capital amounts to USD 100bn out of which UAE's contribution is USD 1.2bn

Key Sector Developments

New Emerging Technologies

- CBUAE has announced a plan to launch an Instant Payment Platform (IPP, a platform that enables instant transfers between bank accounts 24 / 7 / 365) in 2023 to facilitate financial transactions
- CBUAE has selected Clifford Chance, R3 and G42 Cloud as technology and legal partners to assist in implementing its CBDC strategy in multiple phases
  - The CBDC is titled as "The Digital Dhiram" which is issued and guaranteed by the central bank

Expected Challenges

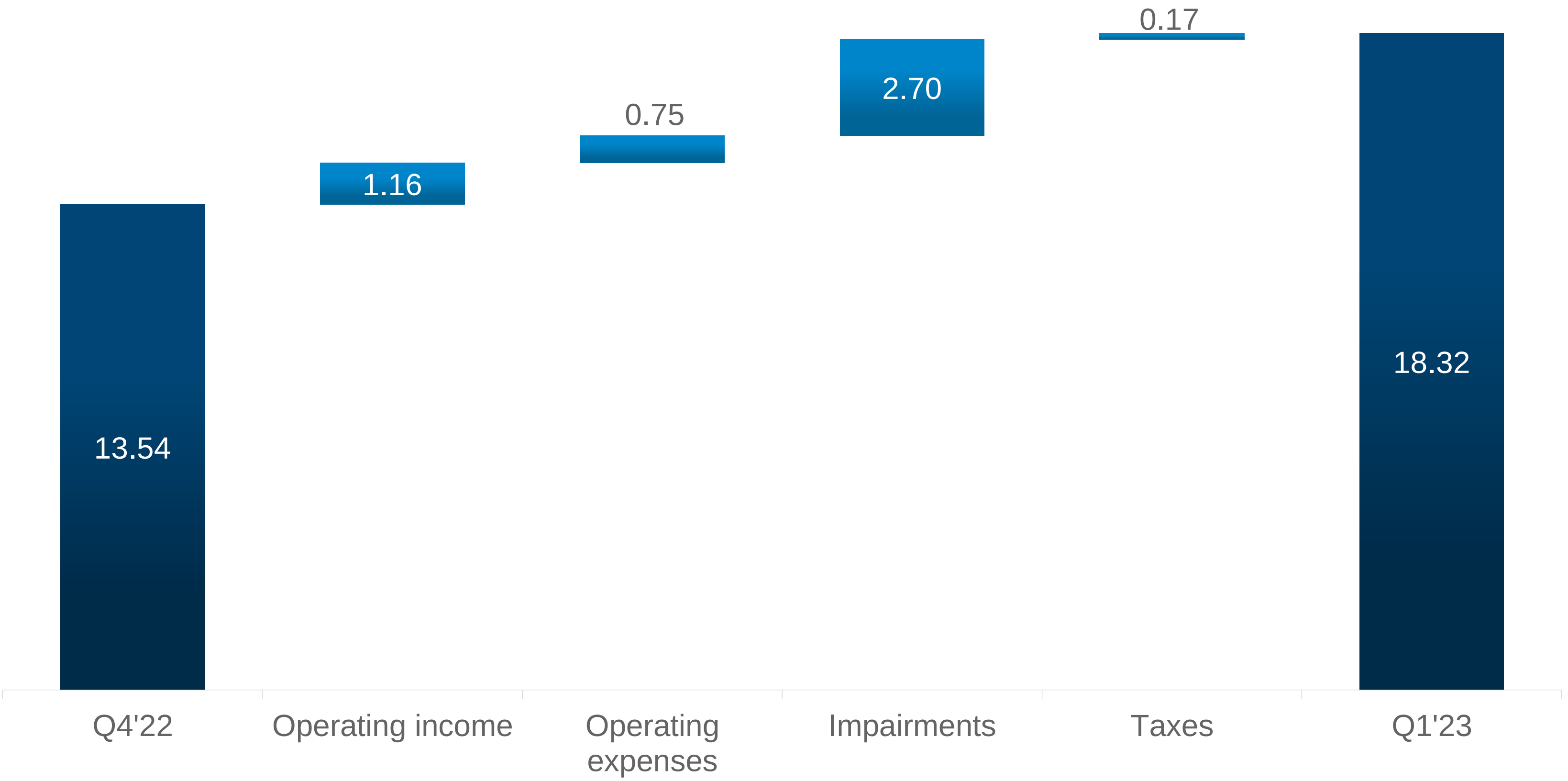
- During 2019-23, the Middle East saw a rise of 63% in the size of its organizations' compliance team. The total anticipated cost of financial crime compliance was USD 4.2bn in early 2022, with the UAE accounting for USD 1.7bn (40%)
  - In May'23, the CBUAE has imposed administrative sanctions on 8 banks operating in the UAE on failures to comply with the CBUAE's instructions on loans or credit facilities to unauthorized beneficiaries
  - According to Foreign Exchange and Remittance Group (FERG), UAE is expected to come out of the Financial Action Task Force (FATF) grey list at the next evaluation

New Regulations

- The UAE Central Bank has issued new guidelines for licensed financial institutions to combat money laundering and the financing of terrorism. The new guidelines focus on the use of digital identification systems by licensed financial institutions, or LFIs, to address customer due diligence obligations
- The Financial Services Regulatory Authority (FSRA) of the Abu Dhabi Global Market (ADGM) has issued its private credit fund rules to enable ADGM funds to originate and invest in private credit. This move could provide alternate sources of financing for corporates beyond the banking channels, especially for the SMEs

Profitability driven by cost efficiency and lower impairments

Net income bridge – AED Bn



KEY TAKEAWAYS

- The aggregate net income for UAE banks increased substantially by 35.3% QoQ to AED 18.3bn for Q1'23
- Net interest income (+0.4% QoQ) grew marginally for the quarter as it was undermined by higher funding cost (+21.1% QoQ)
  - CBUAE increased the policy rates by 75bps YTD (50bps in Q1'23 and 25bps in May'23)
  - Slower growth was due to decline in NII in ENBD (-7.1%), ADCB (-2.3%) and DIB (-2.6%) QoQ
- Increase in profitability was further supported by increase in non-interest income (+12.5% QoQ)
- Operating income increased by 3.8% QoQ; net income was majorly steered by decline in operating costs (-7.9% QoQ) and lower impairment charges (-42.6% QoQ)

Source: Financial statements, Investor presentations, A&M analysis

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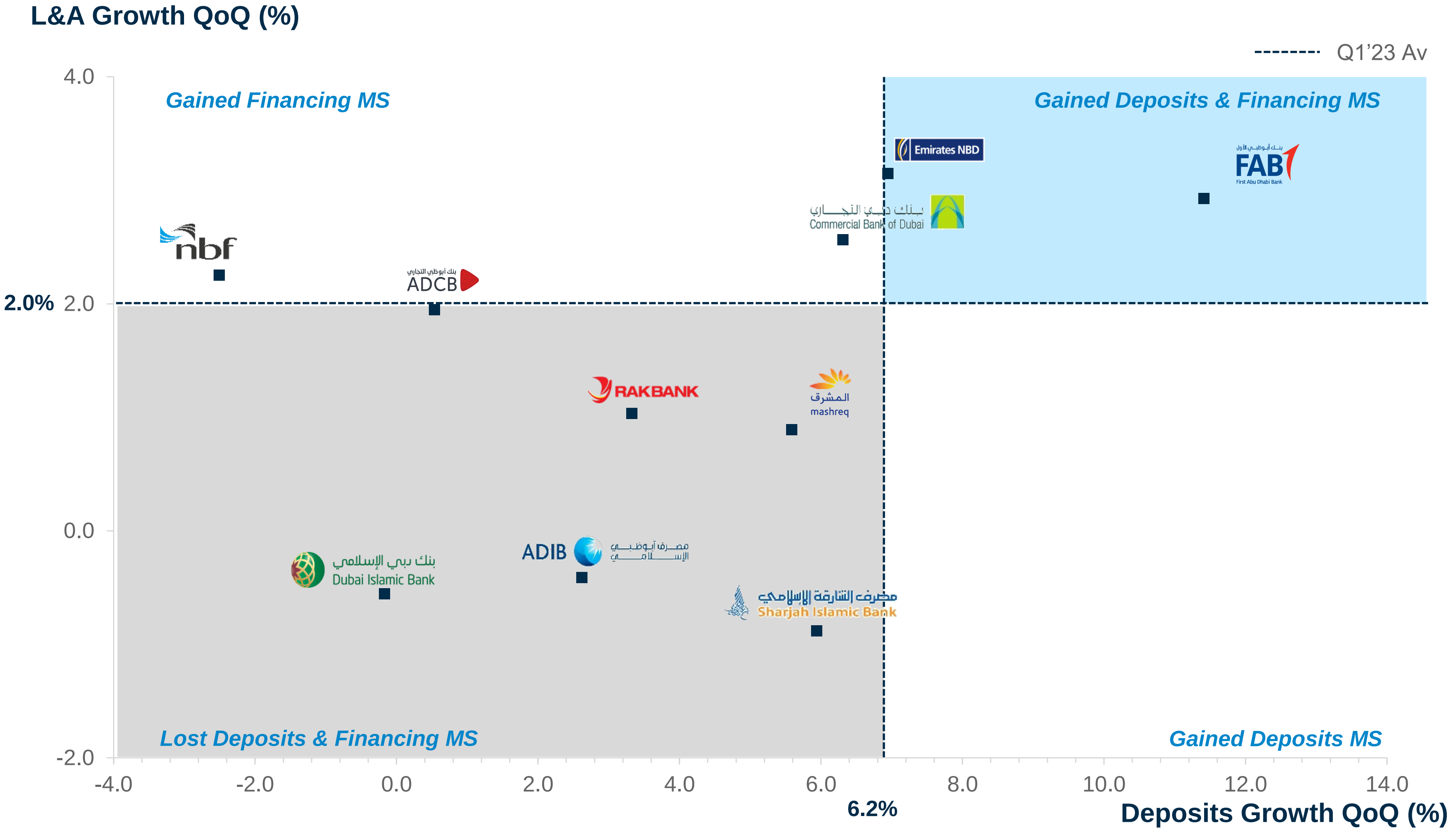
Banks witnessed revival in L&A and deposits growth amidst monetary tightening



Note: MS stands for market share
Source: Financial statements, Investor presentations, A&M analysis

KEY TAKEAWAYS

- Deposits grew by 6.2% QoQ faster than growth in L&A, that grew by 2.0% QoQ in Q1'23
- ENBD reported the highest increase in L&A (+3.1% QoQ) whereas FAB reported the highest increase in deposits by 11.4% QoQ
  - Retail loans in ENBD increased the highest (+6.3% QoQ)
  - In FAB, time deposits contributed to ~59% in Q1'23, up from ~57% in the previous quarter
- SIB reported the highest decline in L&A (-0.9% QoQ) and NBF reported the highest decline of 2.5% QoQ in deposits

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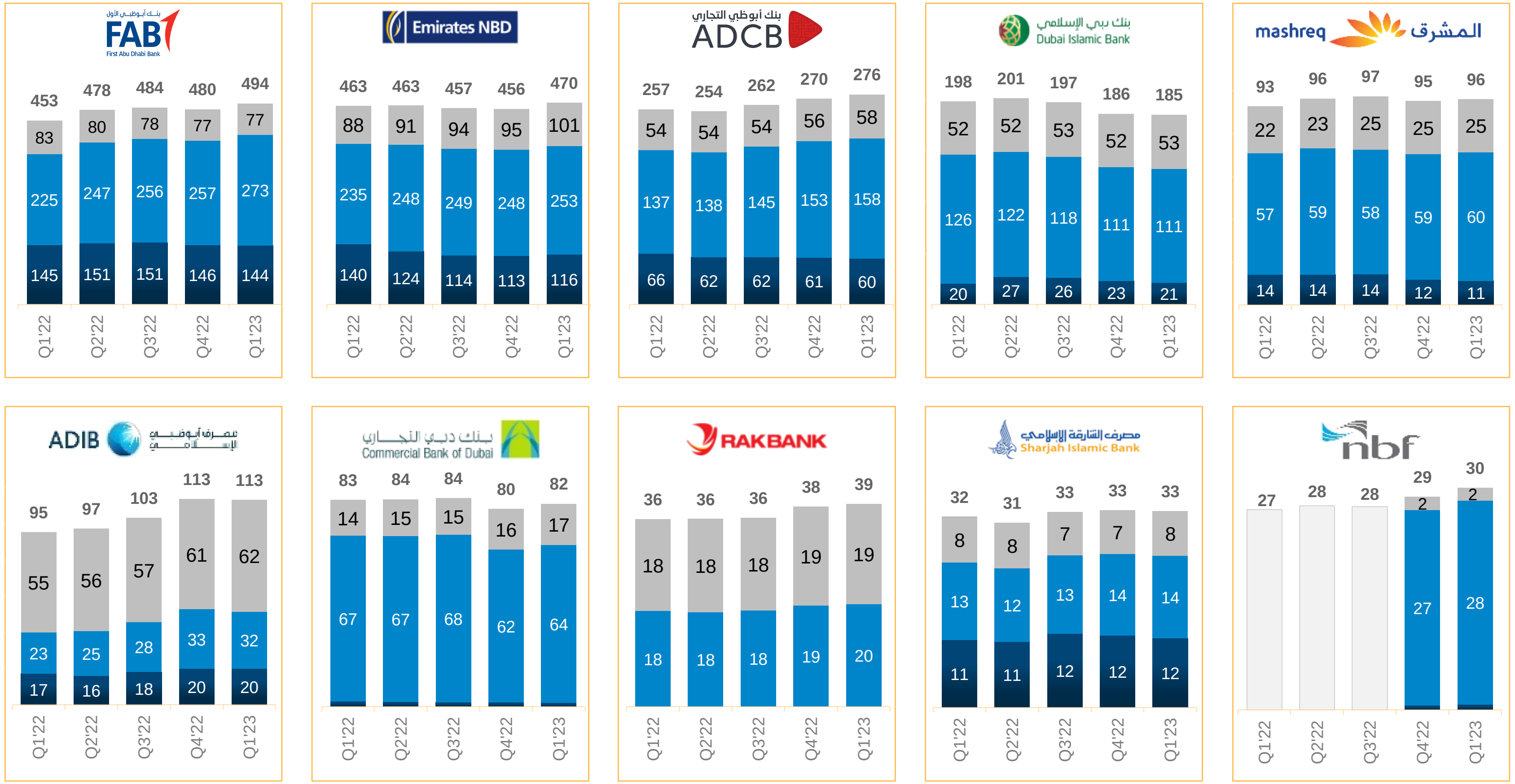
Corporate / wholesale lending drove the aggregate L&A across the board

Government · Corporate / Wholesale · Retail · Aggregate L&A

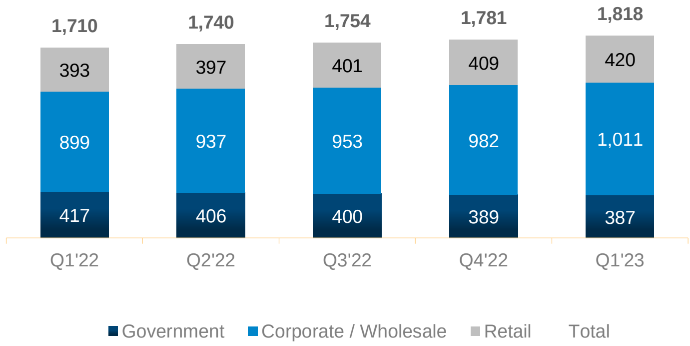
Loans and advances (AED bn)



KEY TAKEAWAYS

- Corporate / Wholesale lending reported the highest growth of +3.0% QoQ (accounted for ~55.6% of aggregate L&A) followed by retail loan (+2.6% QoQ); whereas government lending reported a decline (-0.6% QoQ)
- FAB led the growth in corporate / wholesale lending (+6.1% QoQ) whereas, ENBD led the retail lending with an increase of +6.3% QoQ

Aggregate Loans and Advances[3] (AED bn)



Note 1: Scaling and some numbers might not add up due to rounding off
Note 2: ADCB reported segment wise L&A mix on gross value and stage wises L&A mix on net value. DIB reported segment wise L&A mix on net value and stage wise L&A mix on gross value
Note 3: NBF has not disclosed segment wise breakup for previous quarters before Q4'22
Source: Financial statements, investor presentations, A&M analysis

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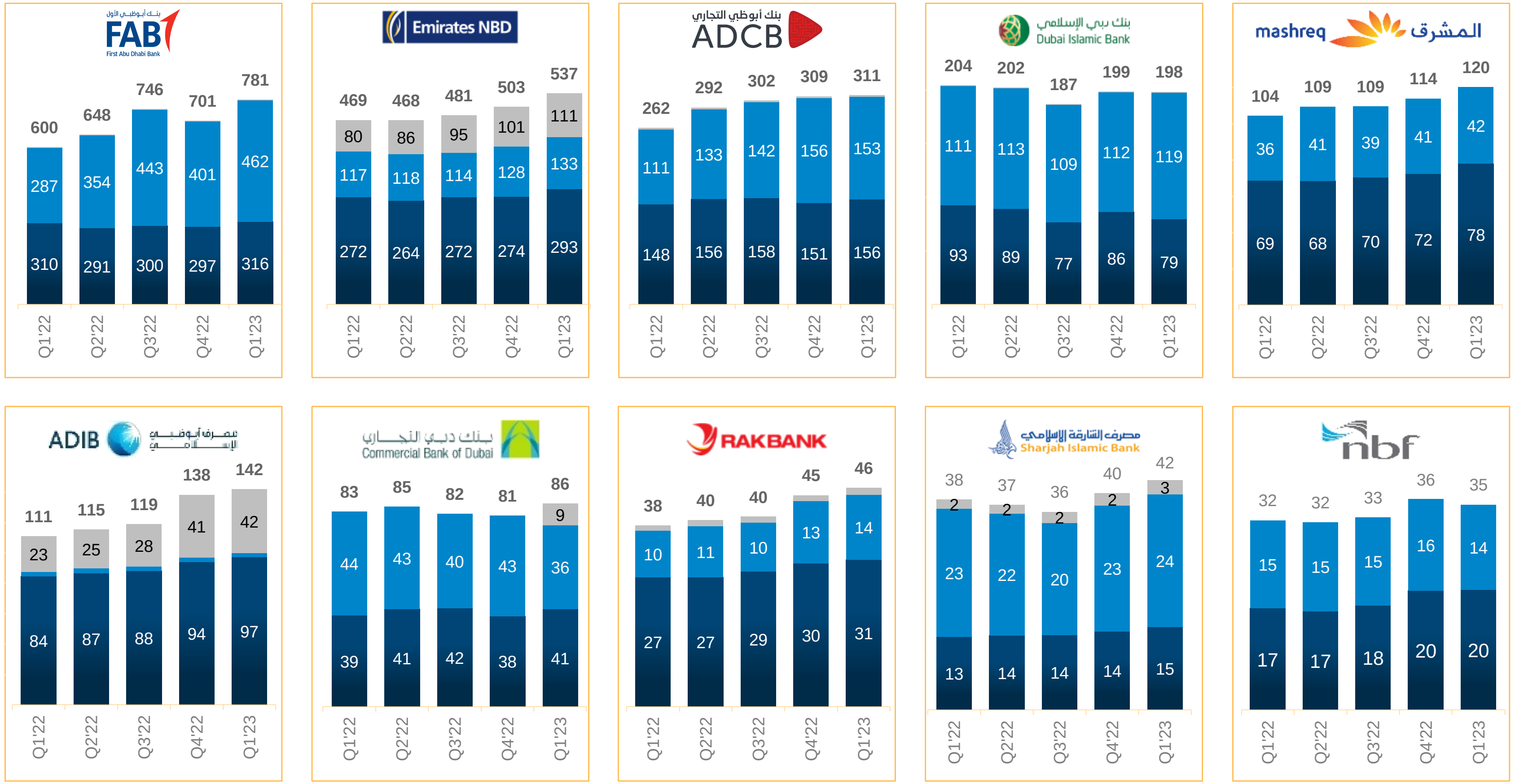
Aggregate deposits growth have been the highest since last four quarters

CASA   Time deposits   Others

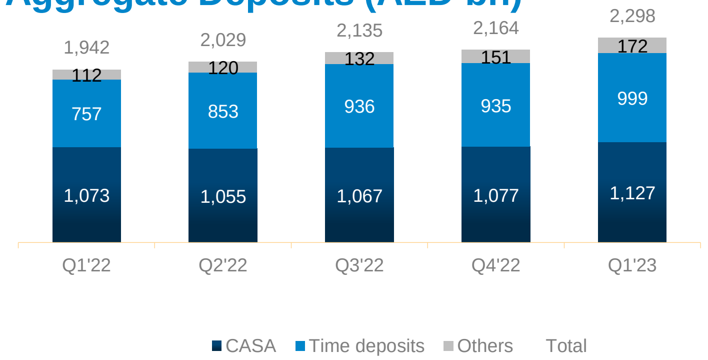
Deposits (AED bn)



KEY TAKEAWAYS

- Rising interest rate has resulted in growth of time deposit (+6.8% QoQ), which accounted for 43.5% in Q1'23 (up from 43.2% in Q4'22 and 39.0% in Q1'22)
  - FAB contributed around 34.0% of the total deposits and reported ~15.3% increase in time deposits
- However, CASA which accounted for 49% of deposits in Q1'23 has declined its share from 49.8% in Q4'22 and 55.2% in Q1'22

Aggregate Deposits (AED bn)



Note: Scaling and some numbers might not add up due to rounding off
Source: Financial statements, investor presentations, A&M analysis

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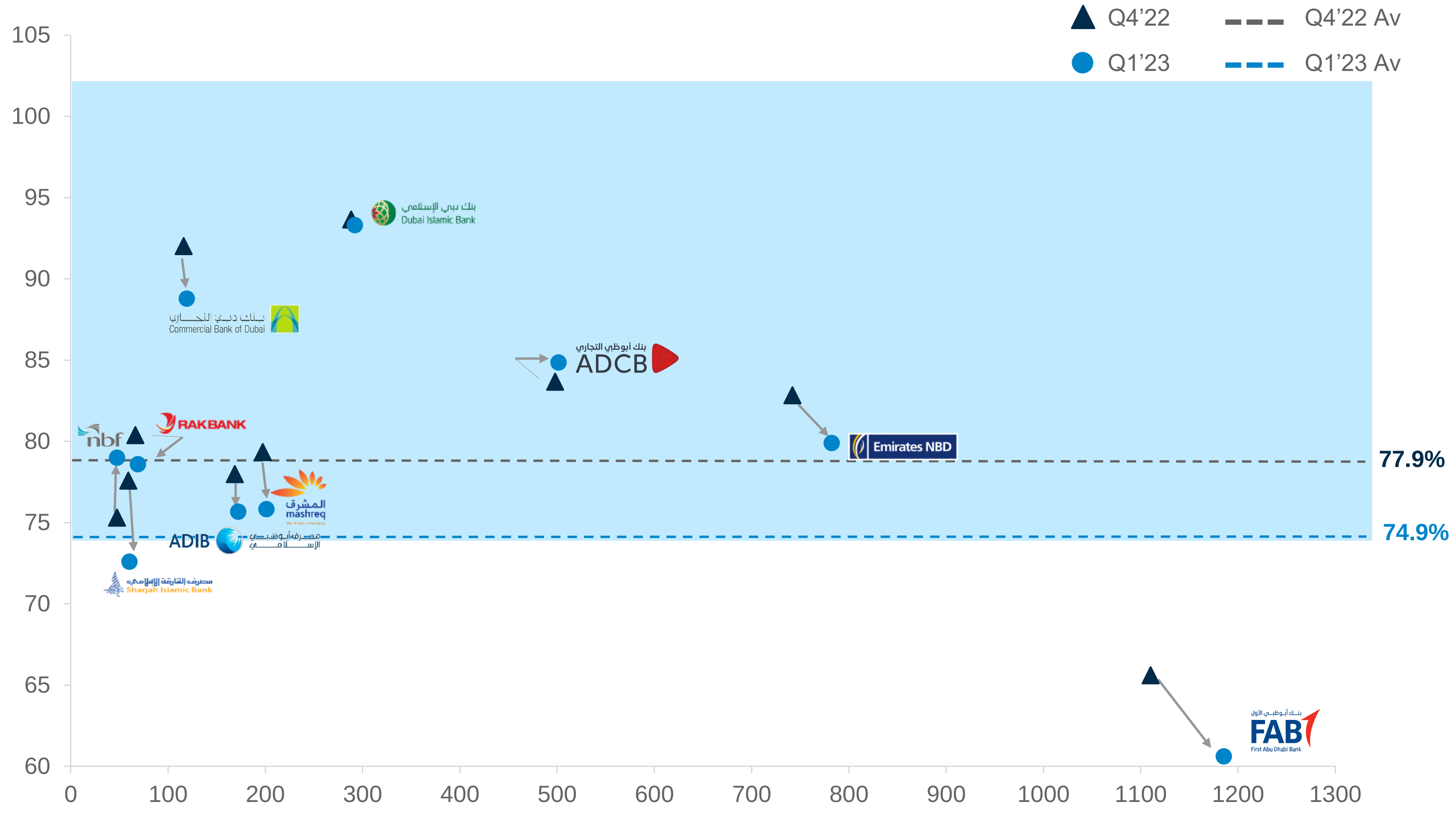
Deposits grew at a faster pace than L&A resulting in lower aggregate LDR

Loans to Deposits Ratio (%)



Note: The blue zone is an area of healthy liquidity
Source: Financial statements, A&M analysis

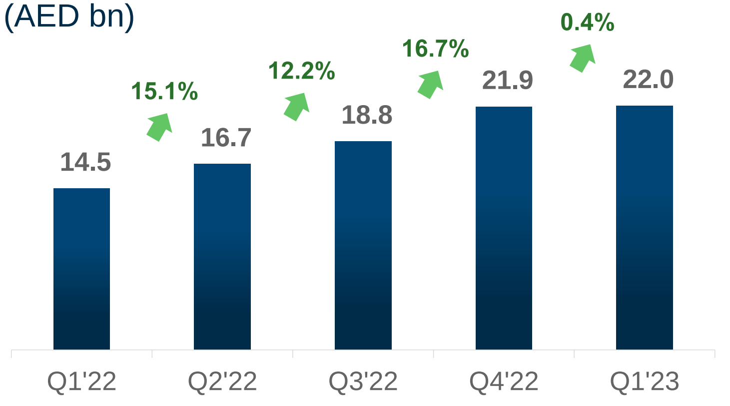
KEY TAKEAWAYS

- Aggregate LDR decreased at a faster rate by 3.1% points QoQ in Q1'23, than the previous quarter (-0.9% points QoQ)
  - This was due to L&A increasing at a slower pace of 2.0% QoQ than the deposits (+6.2% QoQ) in Q1'23
- LDR declined the most for FAB and SIB by 5.0% points QoQ to 60.6% and 72.6%, respectively in Q1'23
  - Saving account deposits (+17.8% QoQ) for FAB drove the decline in LDR
- Only ADCB and NBF reported an increase in LDR by 1.2% and 3.7% QoQ, respectively

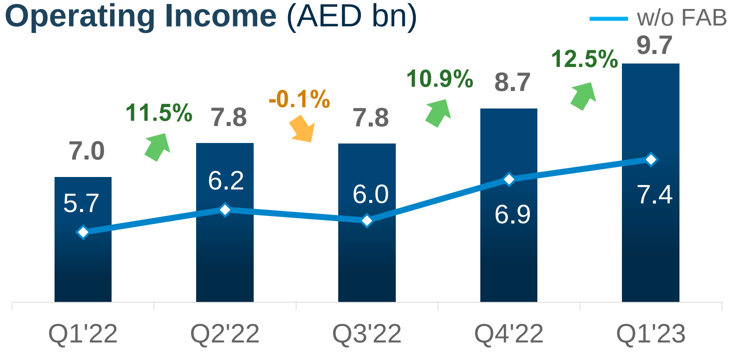
Non-core income was a major contributor for growth in operating income

Improved · Stable · Worsened

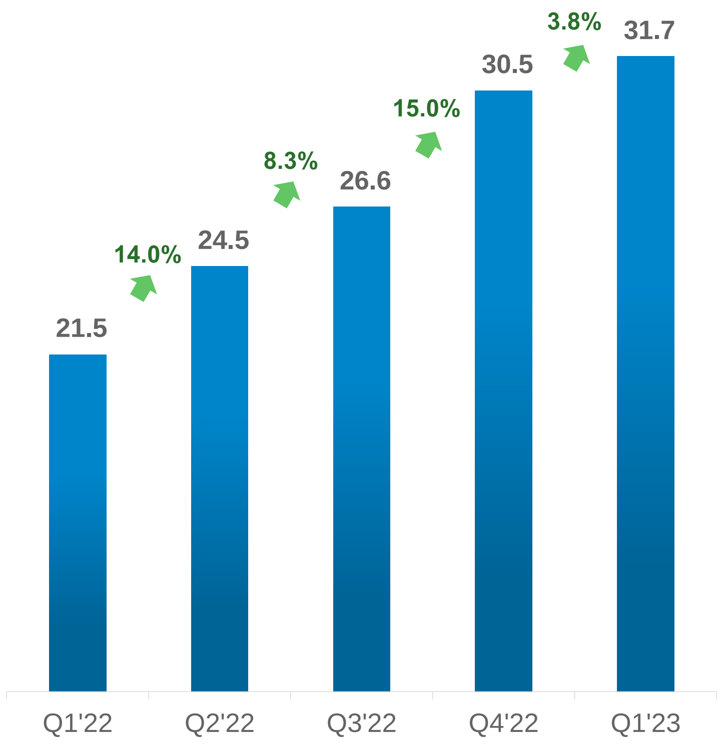
Quarterly NII
(AED bn)



Quarterly Net Fee Commission and Other Operating Income (AED bn)



Quarterly Operating Income
(AED Bn)

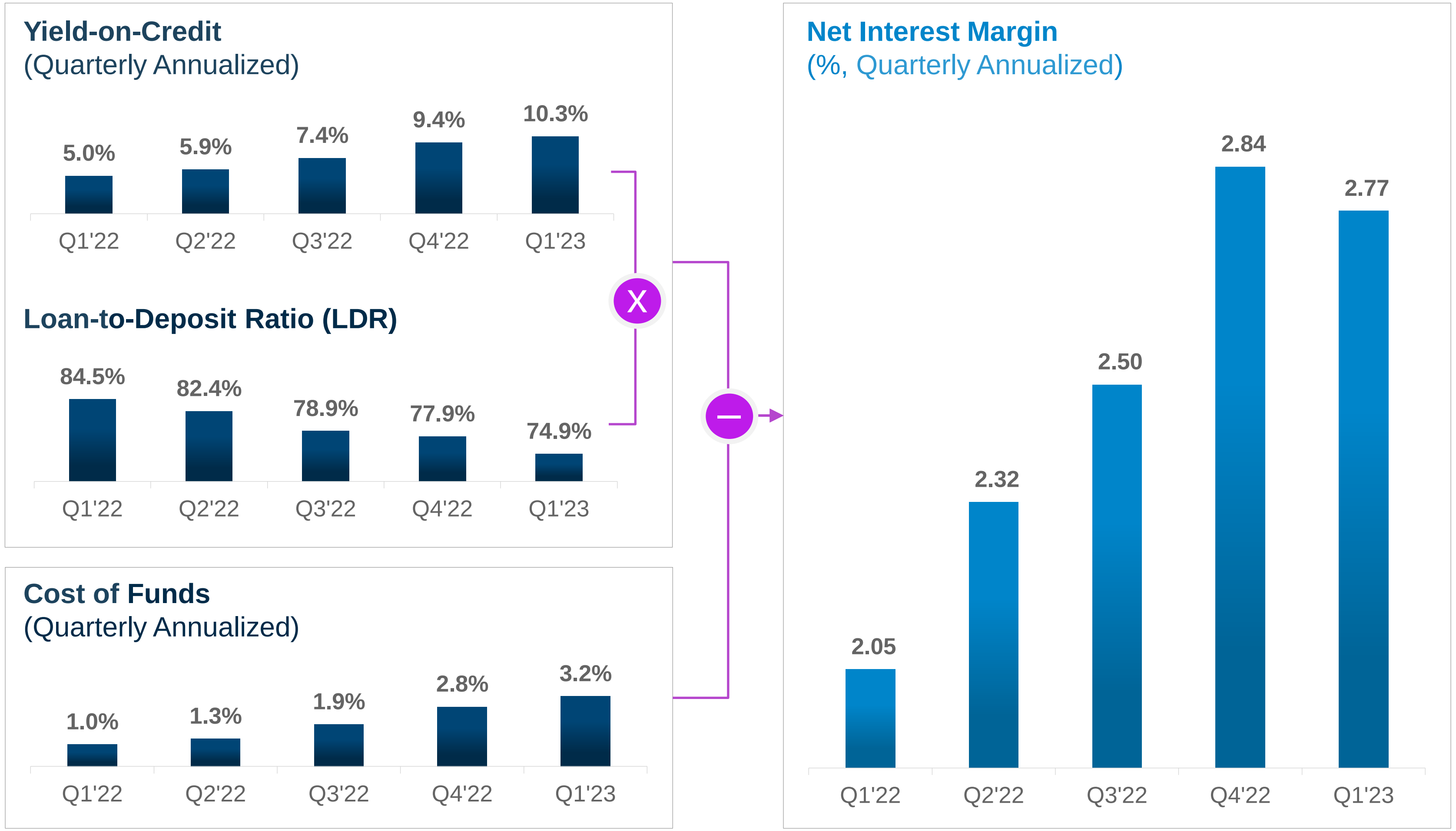


KEY TAKEAWAYS

- Operating income increased by 3.8% QoQ as non-interest income increased by 12.5% QoQ higher than NII growth of 0.4% QoQ
- FAB reported the highest increase in the operating income (+13.8% QoQ) as a result of surge in non-funded income
  - NII increased by 5.2% QoQ whereas non-funded income growth (+35.2% QoQ) led the overall operating income growth
- ADIB reported the largest decline in operating income (-12.2% QoQ) in Q1’23 due to decline in the non-funded income (-28.1% QoQ)

Note: Some numbers might not add up due to rounding off
Source: Financial statements, investor presentations, A&M analysis

NIM stable; favorable asset repricing offsets pressure from higher cost of funds



KEY TAKEAWAYS

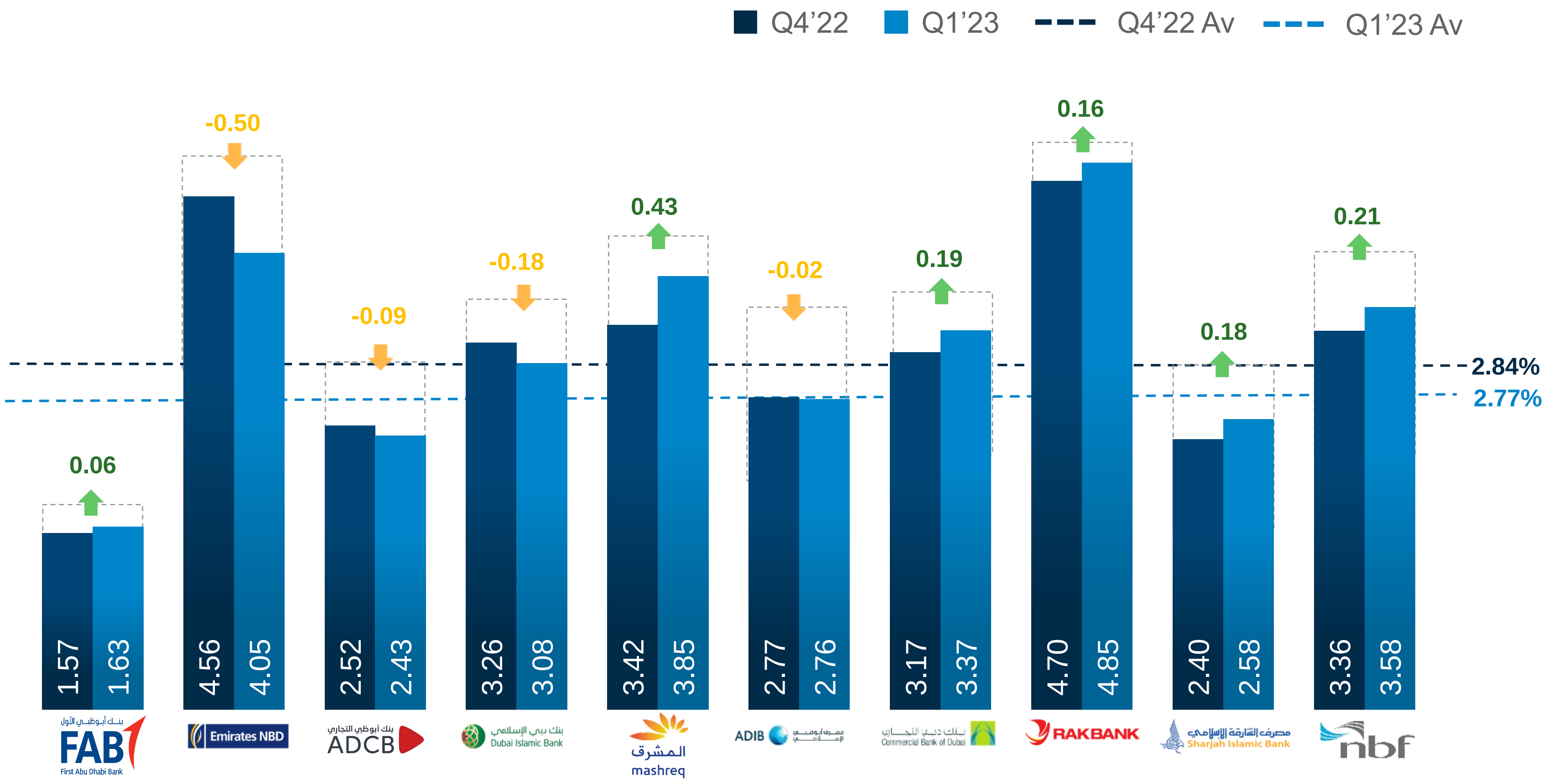
- Aggregate NIM were maintained at 2.8% for the quarter
- Yield on credit increased by 81bps QoQ to 10.3% where as cost of funds increased by 48bps QoQ to 3.2% in Q1'23
  - The spread between yield and cost of funds rose to 7.0% indicating the banks' ability to favorably reprice their assets and liabilities
  - EIBOR increased 58bps QoQ in Q1'23 which led to increase in funding cost across the board
  - Deposits grew 3x faster than L&A and as a result the total interest expense grew significantly (+21.1% QoQ)
  - NIM was on average stable for the quarter; decline was mainly an effect of lower LDR than the spread compression

Note: Relation between elements above represents a functionality and not necessarily an exact mathematical formula
Source: Financial statements, Investor presentations, A&M analysis

Mixed performance by banks on the margin front; ENBD saw NIM contraction due to higher funding costs

Improved Stable Worsened

Net Interest Margin (%, Quarterly)



Note: Some numbers might not add up due to rounding off
Source: Financial statements, investor presentations, A&M analysis

KEY TAKEAWAYS

- Banks on aggregate level reported stable NIM
- MASQ reported major expansion in NIM (+43bps QoQ) due to expansion in yield on credit (+2.0% QoQ) higher than cost of fund (+0.4% points QoQ) and significant decline in LDR (-3.5% QoQ)
- Amongst all the banks, ENBD witnessed the highest decline (-50bps QoQ); ex-DenizBank NIM expanded (+46bps)
  - Decline in NIM was mainly due to DenizBank NIM contraction of 440bps QoQ on the back of Turkish regulatory impact
  - In an effort to stabilize lira, the Turkish central bank has allowed banks to issue short-term maturities for FX-protected lira deposit accounts which is an additional pressure on banks in the rising interest rate scenario; resulting in severe pressure on NIM

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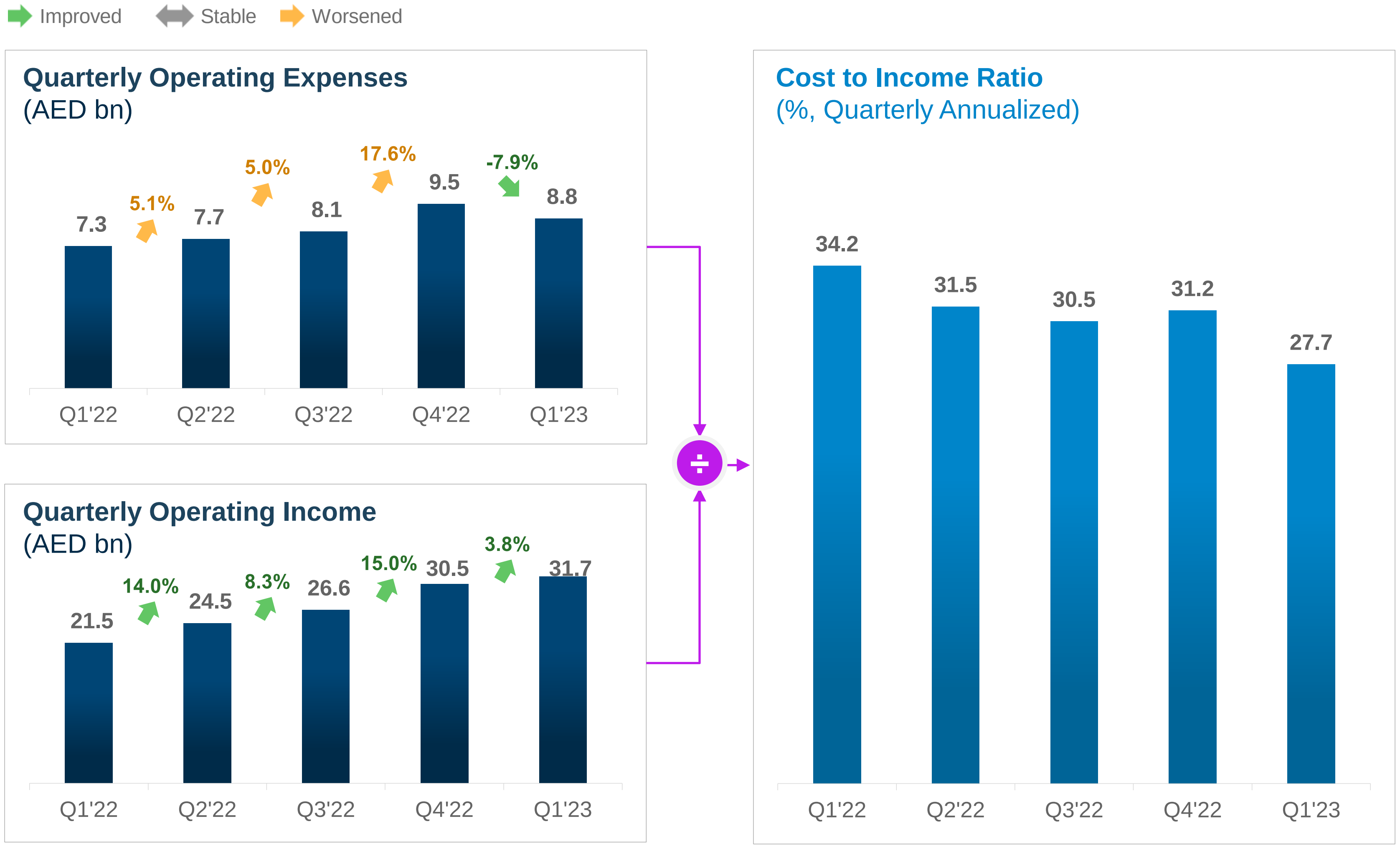
Cost efficiency improved at an aggregate level; C/I ratio < 30% for the first time since 2019



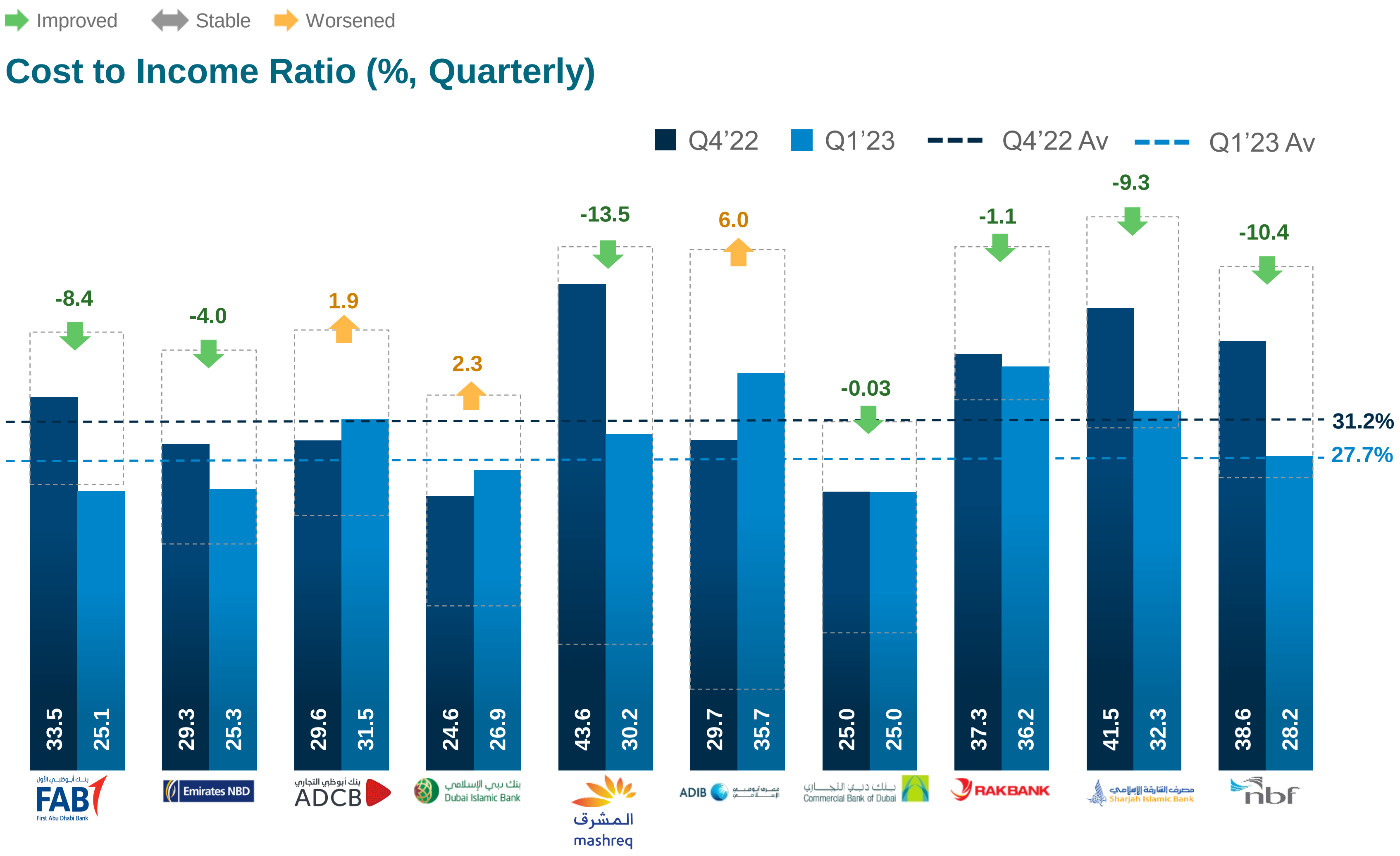
KEY TAKEAWAYS

- C/I ratio improved by 352bps QoQ to settle at 27.7% for Q1'23
  - Cost efficiencies improved as operating expense for top ten banks declined by 7.9% QoQ
- MASQ reported the highest improvement in C/I ratio (-13.5% points QoQ)
  - Operating expense for MASQ declined by 21.3% QoQ due to its digital strategies that improved customer deposits
- ADIB reported the highest decline in C/I ratio by 6.0% points QoQ

Note: Some numbers might not add up due to rounding off
Source: Financial statements, investor presentations, A&M analysis

Reduction in operating expenses and cost efficiency improvement seen in most banks

Cost to Income Ratio (%, Quarterly)



Note: Scaling and some numbers might not add up due to rounding off
Source: Financial statements, investor presentations, A&M analysis
**Comparison on QoQ basis*

KEY TAKEAWAYS

- ADIB reported significant deterioration of C/I ratio by 6% points QoQ
  - The bank reported higher operating expenses (+5.6% QoQ) was due to inflationary trends and strategic and transformation investment
- Three out of ten banks reported a deterioration in the operating efficiency
  - ADIB was followed by DIB (+2.3% points QoQ) and ADCB (+1.9% points QoQ)

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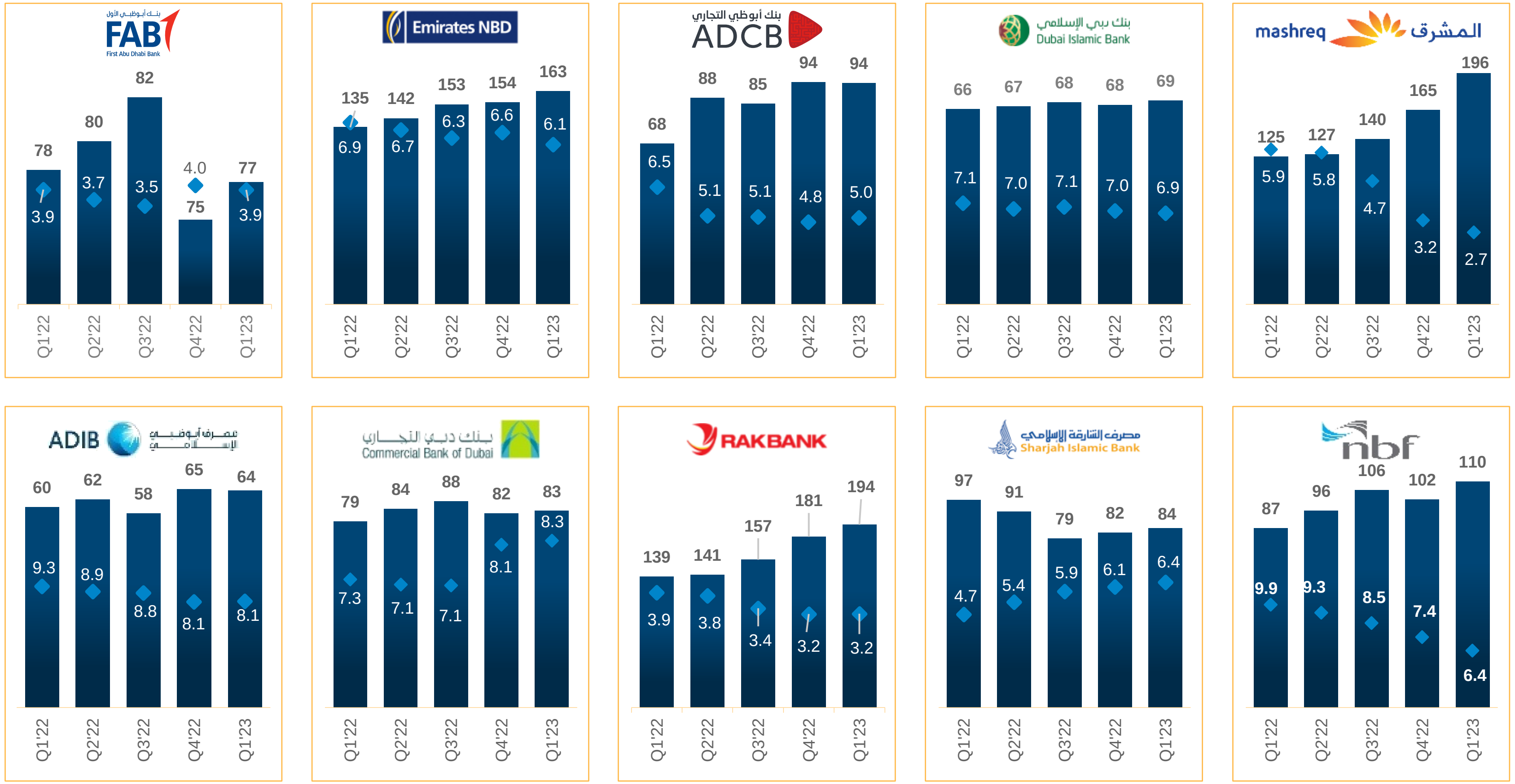
Asset quality improved during the quarter but expected to deteriorate as economy slows down

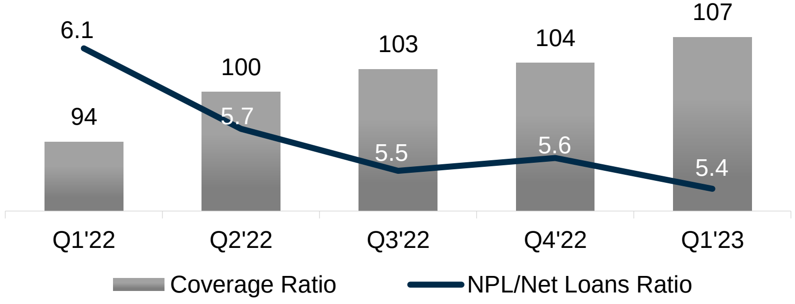
Coverage Ratio[1] and NPL / Net Loans Ratio (%, Quarterly)



KEY TAKEAWAYS

- Aggregate NPL / Net Loans ratio decreased to 5.4% while the coverage ratio increased 3.3% points QoQ to 107.1% in Q1’23
  - Eight of the ten banks reported an increase in the coverage ratio
- MASQ reported a substantial increase in the coverage ratio due to a decline in NPL by 13.8% QoQ and substantial rise in impairment charges (+254.4% QoQ) in Q1’23

Coverage Ratio and NPL ratio (Aggregate)

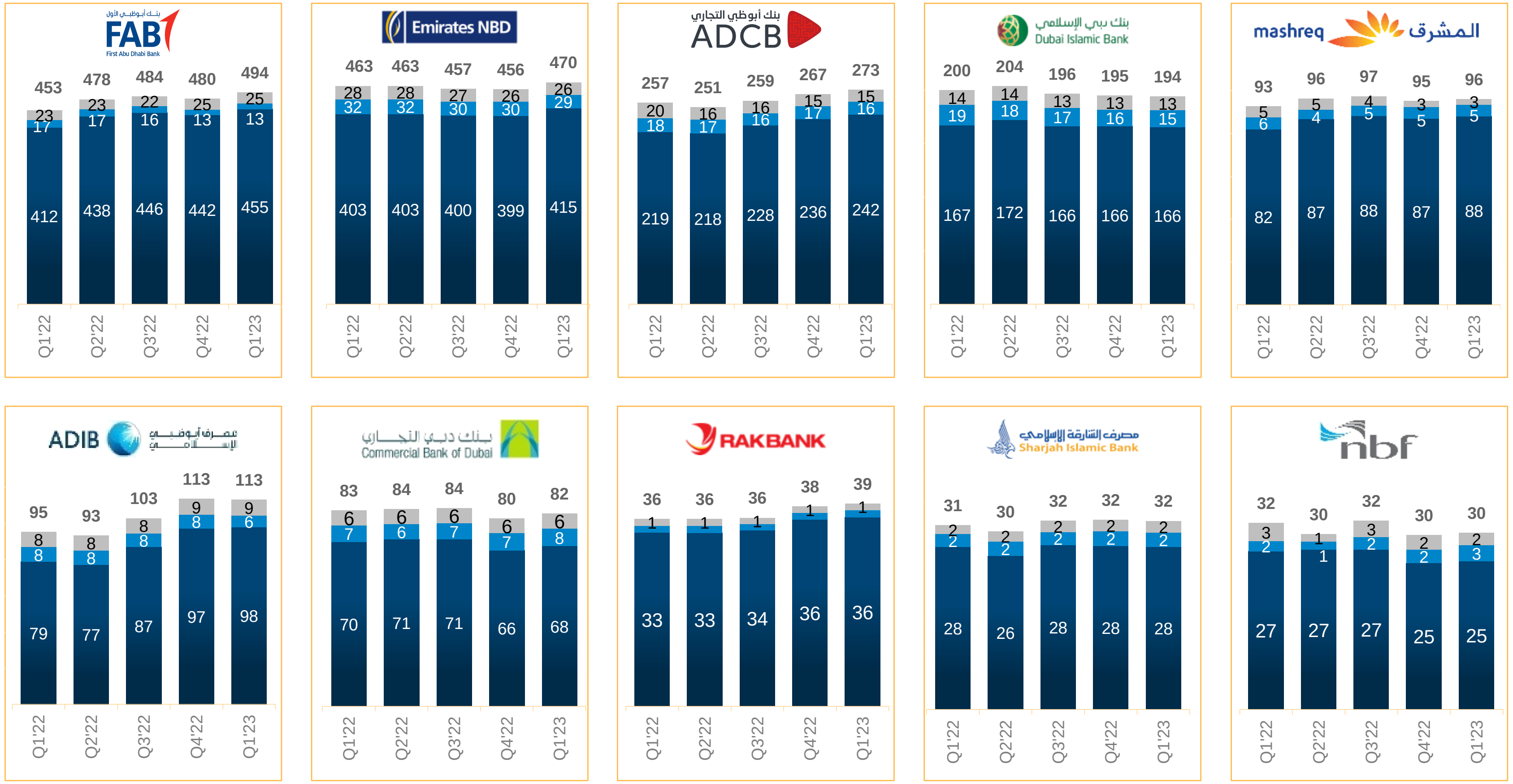


Note: Scaling and some numbers might not add up due to rounding off
Source: Financial statements, investor presentations, A&M analysis, [1] accumulated allowance for impairment / NPL

Stage 3 loans and advances are declining and well provided for most banks

Stage 1 Stage 2 Stage 3

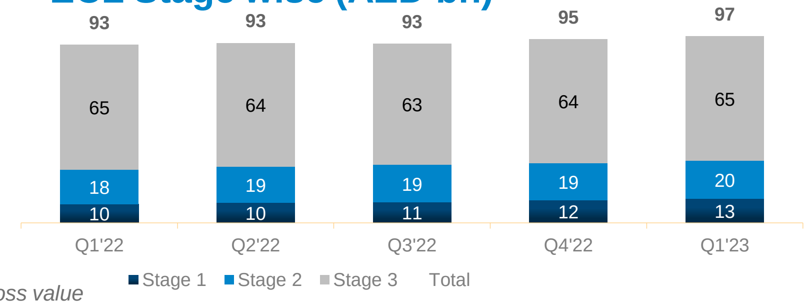
L&A Stage wise (AED bn)



KEY TAKEAWAYS

- Stage 1 loans constitution in L&A has increased to 88.9% in Q1'23 from 88.6% in Q4'22 and 87.2% in Q1'22
  - Indicates improving asset quality in the loan book
- Stage 3 loans have declined and are well provided for; 63% coverage by ECL allowance in Q1'23 (+3bps QoQ / +390 bps YoY)
- However, given the challenging economic environment and monetary policy tightening, stage 3 loans are expected to increase going forward

ECL Stage wise (AED bn)

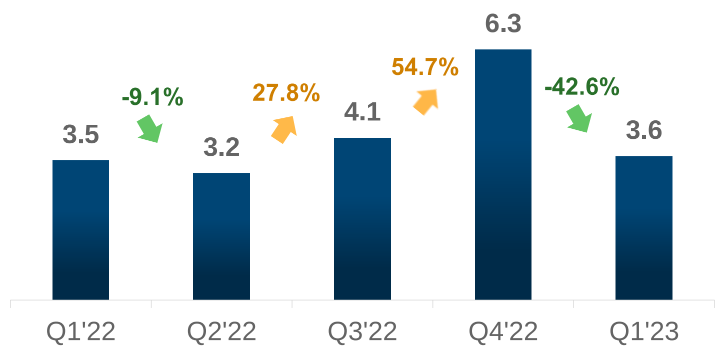


Note 1: Scaling and some numbers might not add up due to rounding off
Note 2: ADCB reported segment wise L&A mix on gross value and stage wises L&A mix on net value. DIB reported segment wise L&A mix on net value and stage wise L&A mix on gross value
Source: Financial statements, investor presentations, A&M analysis

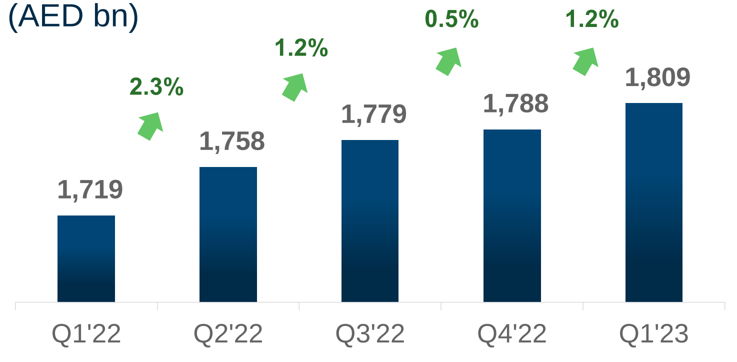
Cost of risk improved substantially on back of decline in impairment charges

Improved | Stable | Worsened

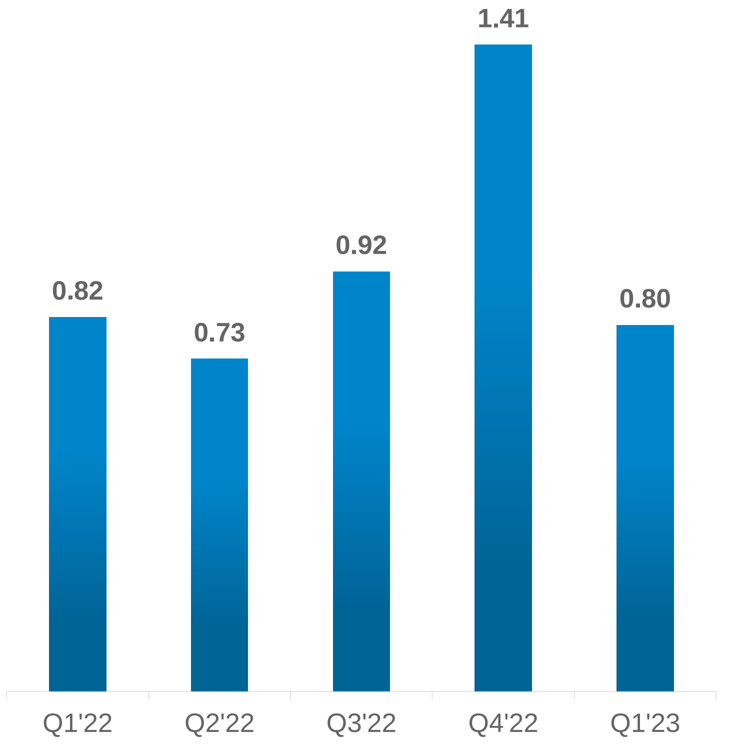
Quarterly Net Loan Loss Provisions
(AED bn)



Average Gross Loans
(AED bn)



Cost of Risk
(%, Quarterly Annualized)



KEY TAKEAWAYS

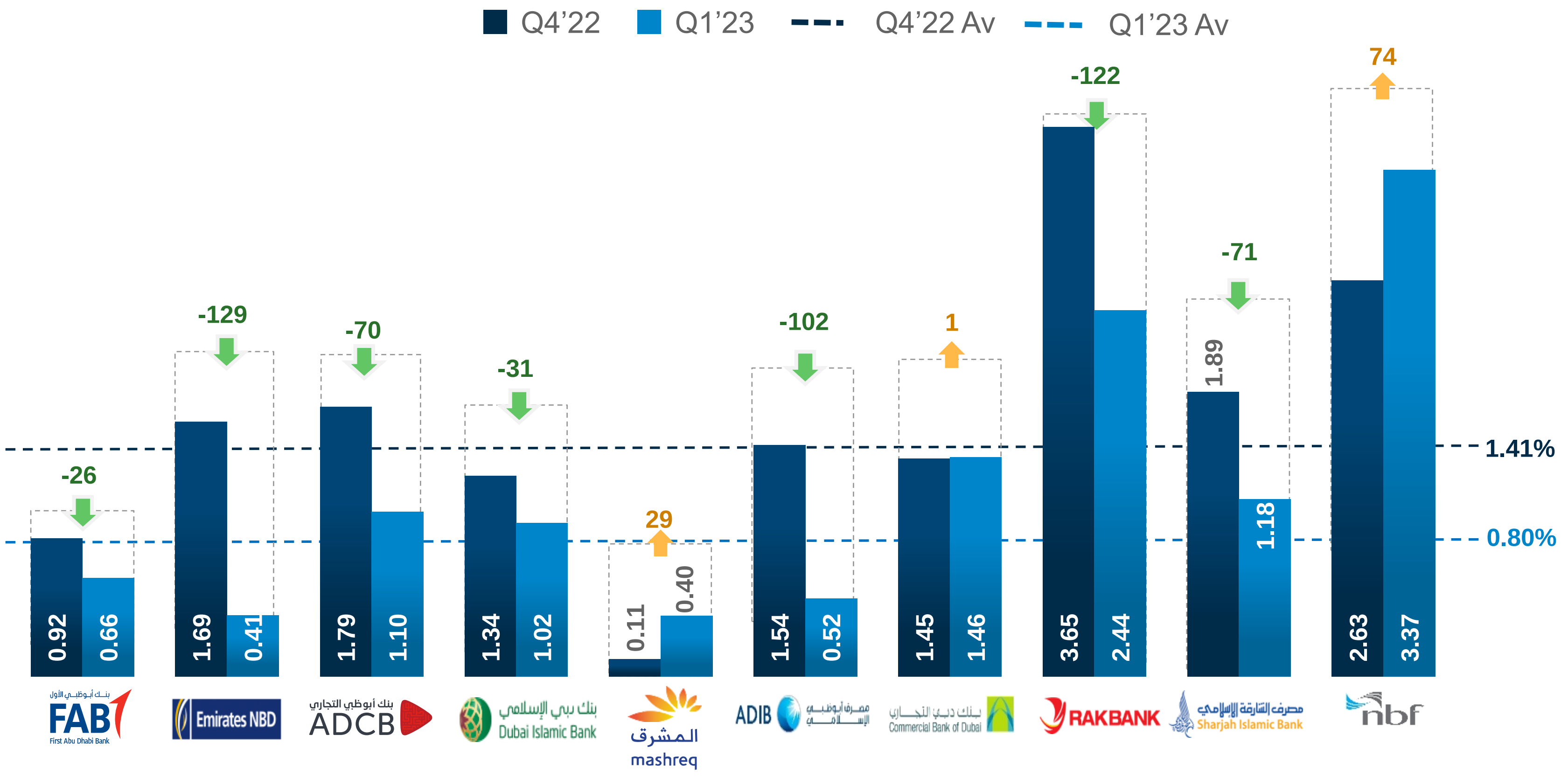
- Aggregate cost of risk improved by 61bps QoQ to 0.80% in Q1’23 from 1.41% in the previous quarter
  - This was due to a substantial decline in aggregate impairment charges (-42.6% QoQ) and NPL (-0.9% QoQ)
- NBF (+74bps QoQ), MASQ (+29bps QoQ) and CBD (+1bp QoQ) reported a deterioration in the cost of risk

Note: Scaling and some numbers might not add up due to rounding off
Source: Financial statements, investor presentations, A&M analysis

Seven out of ten banks reported an improvement in cost of risk

Improved Stable Worsened

Cost of Risk (bps) – Net of Reversals



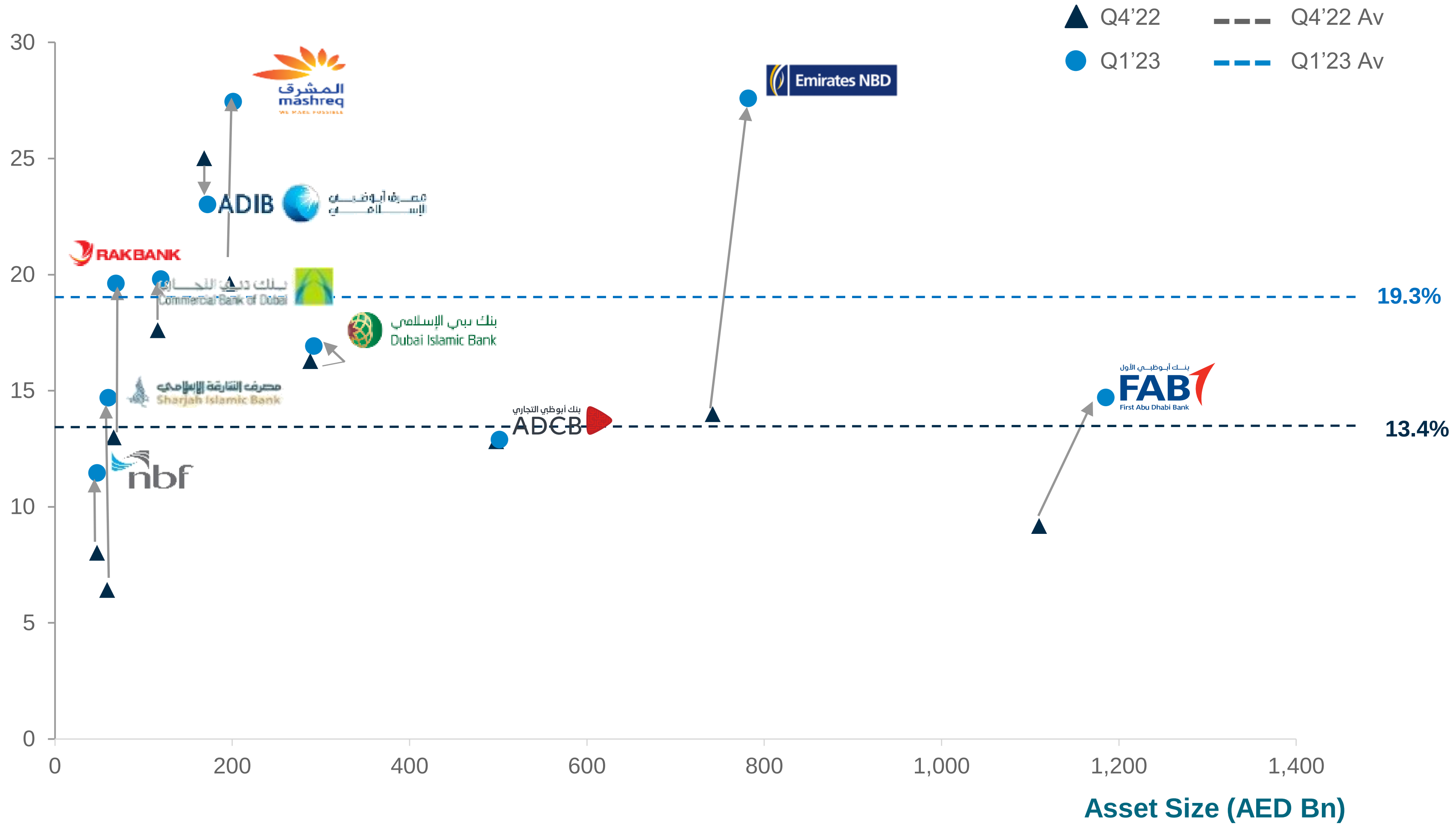
Note: Scaling and some numbers might not add up due to rounding off
Source: Financial statements, investor presentations, A&M analysis

KEY TAKEAWAYS

- ENBD reported the highest improvement in cost of risk (-129bps QoQ)
  - Due to highest decline of 75.5% QoQ in impairment charges in Q1'23
  - DenizBank contributed the most to this decline (-149.0% QoQ)
- ENDB was followed by RAK (-122bps QoQ) and ADIB (-102bps QoQ)
- All banks reported decline in impairment charges except MASQ (+254.4% QoQ) and NBF (+26.6% QoQ)

RoE for UAE banks at multi-year peak on back of improved profitability

Return on Equity (%)

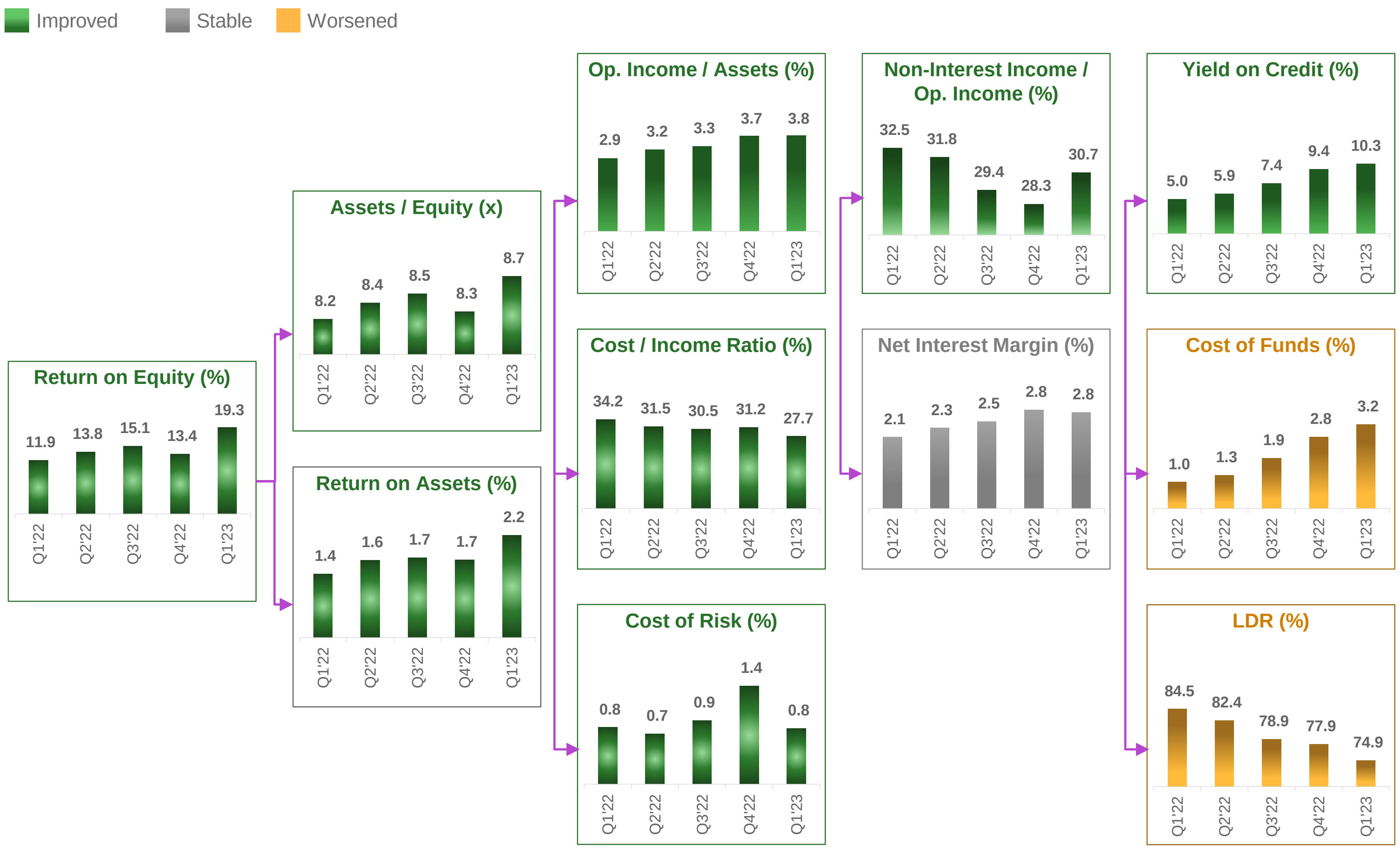


Source: Financial statements, Investor presentations, A&M analysis

KEY TAKEAWAYS

- Aggregate RoE improved by 5.9% points QoQ to 19.3% in Q1'23
- The net income increased by 35.3% QoQ;
  - Although CBUAE increased the benchmark rates, the aggregate NII for the top ten banks increased marginally at 0.4% QoQ
  - Substantial increase in net income was due to lower operating expenses (-7.9% QoQ) and lower impairment charges (-42.6% QoQ)
- ENBD reported the highest increase in RoE (+13.6% points QoQ) which was followed by SIB (+8.3% points QoQ)
- Only ADIB reported a decline in RoE by 2.0% QoQ

UAE banks are well positioned to face any upcoming challenges resulting from economic slowdown



KEY TAKEAWAYS

- Banks reported improved profitability due to enhanced cost efficiencies and lower impairment charges
  - RoE and RoA increased by 5.9% and 0.5% QoQ
- UAE's economic growth is expected to modestly slow down in 2023 as the OPEC agreed oil production cuts and deceleration in the non-oil sector due to higher interest rates
- The positive performance of some non-oil sectors, including tourism, hospitality and manufacturing will drive non-oil economic growth, albeit slower than last year
- The demand for credit is expected to show marginal reduction due to higher interest rates and modest economic slowdown
- Asset quality pressure is expected to rise; especially, from the SME segment. However, the impact on profitability is expected to be minimal, given the higher margins

Note: All the charts above are based on L3M numbers
Op Income stands for Operating Income
Scaling and some numbers might not add up due to rounding off
Source: Financial statements, Investor presentations, A&M analysis

GCC banking consolidation

GCC list of M&A transactions in banking sector since January 2019

Announcement Date	Target Company	Target Country	Acquirer Company	% Sought	Consideration (AED Mn)	Deal Status*
05-Jan-23	Abu Dhabi Islamic Bank (Egypt)	Egypt	Abu Dhabi Islamic Bank	2.4%	NA	Completed
18-June-22	HSBC Bank Oman	Oman	Sohar International Bank	100%	NA	Proposed
25-May-22	National Bank of Kuwait (Banking)	Jordan	Arab Jordan Investment Bank	100%	NA	Completed
20-Jan-21	Bank Audi SAE (Egypt)	Egypt	First Abu Dhabi Bank PJSC	100%	2,203	Completed
16-Sep-20	Ahli United Bank Egypt SAE	Egypt	Ahli United Bank BSC	14.35%	298	Pending
30-Jun-20	Al Khalij Commercial Bank PQSC	Qatar	Masraf Al Rayan QSC	100%	4,404	Completed
25-Jun-20	Samba Financial Group SJSC	Saudi Arabia	National Commercial Bank SJSC	100%	57,252	Completed
31-Dec-19	Alizz Islamic Bank SAOG	Oman	Oman Arab Bank SAOC	100%	NA	Completed
12-Sep-19	Ahli United Bank BSC	Bahrain	Kuwait Finance House KSCP	100%	21,431	Pending
15-Aug-19	Cqur Bank LLC	Qatar	VTB Bank PJSC	19%	NA	Completed
08-Aug-19	DenizBank AS	Turkey	Emirates NBD PJSC	0.15%	NA	Completed
20-Jun-19	Warba Bank KSCP	Kuwait	Kuwait & Middle East Financial Investment Co KSCP	75.70%	NA	Proposed
12-May-19	Gulf Bank KSCP	Kuwait	Alghanim Industries Ltd	16%	1,845	Completed
21-Apr-19	HSBC Saudi Arabia Ltd	Saudi Arabia	HSBC Holdings PLC	2%	31	Completed
10-Apr-19	Invest bank PSC	UAE	Emirate of Sharjah United Arab Emirates	50%	989	Completed
07-Apr-19	Noor Bank PJSC	UAE	Dubai Islamic Bank PJSC	100%	NA	Completed
03-Apr-19	Oman United Exchange Co	Oman	Private Investor	25%	NA	Completed

Source: Bloomberg
**Proposed Status: Board suggests shareholders to consider the acquisition*
**Pending Status: Acquisition has announced*
**Completed Status: Acquisition has completed*

Glossary
الإمـــارات
THE EMIRATES

Glossary

	Metric	Abbreviation	Definition
Size	Loans and Advances Growth		QoQ growth in EOP net loans and advances for the top 10
	Deposits Growth		QoQ growth in EOP customer deposits for the top 10
Liquidity	Loan-to-Deposit Ratio	LDR	(Net EOP loans and advances / EOP customer deposits) for the top 10
Income & Operating Efficiency	Operating Income Growth		QoQ growth in aggregate quarterly operating income generated by the top 10
	Operating Income / Assets		(Annualized quarterly operating income / quarterly average assets) for the top 10
	Non-Interest Income / Operating Income		(Quarterly non-interest income / quarterly operating income) for the top 10
	Net Interest Margin	NIM	(Aggregate annualized quarterly net interest income) / (quarterly average earning assets) for the top 10 Earnings assets are defined as total assets excluding goodwill, intangible assets, and property and equipment
	Yield on Credit	YoC	(Annualized quarterly gross interest income / quarterly average loans & advances) for the top 10
	Cost of Funds	CoF	(Annualized quarterly interest expense + annualized quarterly capital notes & tier I sukuk interest) / (quarterly average interest bearing liabilities + quarterly average capital notes & tier I sukuk interest) for the top 10
	Cost-to-Income Ratio	C/I	(Quarterly operating expenses / quarterly operating income) for the top 10
Risk	Coverage Ratio		(Loan loss reserves / non-performing loans) for the top 10
	Cost of Risk	CoR	(Annualized quarterly provision expenses net of recoveries / quarterly average gross loans) for the top 10
Profitability	Return on Equity	RoE	(Annualized quarterly net profit attributable to the equity holders of the banks – annualized quarterly capital notes & tier I sukuk interest) / (quarterly average equity excluding capital notes) for the top 10
	Return on Assets	RoA	(Annualized quarterly net profit / quarterly average assets) for the top 10
	Return on Risk-Weighted Assets	RoRWA	(Annualized quarterly net profit generated / quarterly average risk-weighted assets) for the top 10
Capital	Capital Adequacy Ratio	CAR	(EOP tier I capital + tier II capital) / (EOP risk-weighted assets) for the top 10

Note: LTM and EOP stand for last twelve months and end of period respectively

Glossary (continued)

Bank	Assets (AED Bn)*	Abbreviation	Logo
First Abu Dhabi Bank	1,185.3	FAB	
Emirates NBD	782.2	ENBD	
Abu Dhabi Commercial Bank	501.4	ADCB	
Dubai Islamic Bank	292.0	DIB	
Mashreq Bank	201.2	MASQ	
Abu Dhabi Islamic Bank	172.1	ADIB	
Commercial Bank of Dubai	119.3	CBD	
National Bank of Ras Al-Khaimah	68.9	RAK	
Sharjah Islamic Bank	60.2	SIB	
National Bank of Fujairah	47.5	NBF	

Note: Banks are sorted by assets size
**As on 31st March 2023*

Our Middle East financial services team

Asad Ahmed

Co-Author, Managing Director
Head of ME Financial Services

aahmed@alvarezandmarsal.com
M: +971 50 181 0047

Tariq Hameed

Co-Author, Managing Director
EMEA Financial Services

thameed@alvarezandmarsal.com
M: +971 55 842 6333
M: +44 776 960 520

Hazim Almegren

Managing Director
ME Financial Services

halmegren@alvarezandmarsal.com
M: +966 50 2263977

Marie Joe Bou Said

Senior Director
ME Financial Services

mbousaid@alvarezandmarsal.com
M: +971 56 546 1259

Dana Abdalhadi

Director
ME Financial Services

dabdalhadi@alvarezandmarsal.com
M: +971 56 546 1319

402069-21771