

UAE Banking Pulse

Q3 | 2024

Foreword

Alvarez & Marsal Middle East Limited (A&M) is delighted to publish – in our brand new format - the Q3'24 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.

In Q3'24, L&A grew moderately (+3.5% QoQ) and retail lending contributed the most to this growth with an increase of 4.9% QoQ. Deposits increased at a faster pace (+3.9% QoQ) mainly driven by higher time deposits (+5.6% QoQ). Consequently, LDR decreased by 0.3% points QoQ. The benchmark interest rates were cut by 50bps by CBUAE in Q3'24, however, NII grew by 1.5% QoQ. Higher non-interest income (+7.4% QoQ) supported total operating income (+3.5% QoQ). Profitability was affected by higher impairment charges (+124.9% QoQ) resulting in lower Net Income which declined 5.5% QoQ. As a result, RoE and RoA contracted 223bps and 16bps QoQ, respectively.

UAE banks may witness some loan restructuring or refinancing as the year progresses. CBUAE continues to anchor its benchmark rate to the US Fed and hence the monetary policy is expected to be expansionary. Oil economy continues to face challenges with price fluctuations and fallout of geopolitical developments in the region. Non-oil activities remain well supported by both private consumption and business investment.

We hope you will find the Pulse useful and informative.

Disclaimer:

The information contained in this document is of a general nature and has been obtained from publicly available information plus market insights. The information is not intended to address the specific circumstances of an individual or institution. There is no guarantee that the information is accurate at the date received by the recipient or that it will be accurate in the future. All parties should seek appropriate professional advice to analyse their particular situation before acting on any of the information contained herein

Macro overview

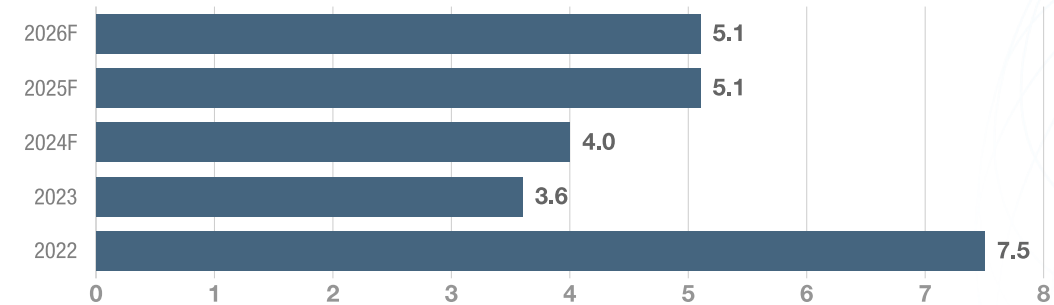
- In October'24, IMF revised its FY'24 GDP growth outlook upwards to 4.0% from 3.5% projected in April'24. FY'25 growth outlook is also revised upwards to 5.1% from 4.2%
- Strong growth is expected in non-oil sectors due to robust activity in the tourism, construction, manufacturing, and financial services along with steady crude prices sectors
- The UAE's average Q3'24 PMI further decreased to 53.9 compared to 55.1 in Q2'24. Business activity and new orders increased at a slower pace, while input costs rose at the fastest pace in a year

- The US fed rates were cut by 50bps QoQ to 4.75%-5.00% levels during the quarter and lowered further by 25 bps to 4.50%-4.75% in its November meeting. Fed is anticipated to lower interest rates to a range of 4.25%-4.50% by end of FY'24
- CBUAE also lowered its base rate in line with Fed to boost business conditions amid easing inflationary pressures. EIBOR decreased by 16bps to 4.8% during Q3'24

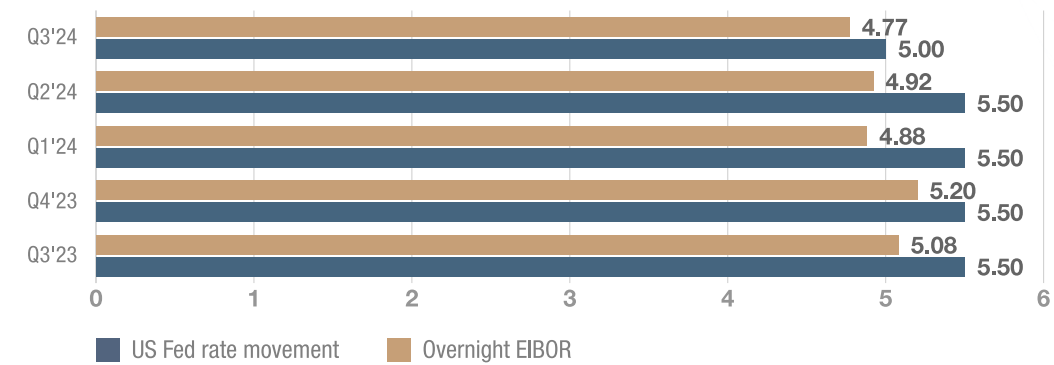
- M1 money supply increased by 0.6% to AED 889bn from Q2'24 to July'24. This was due to a 0.7% increase in monetary deposits to AED 762bn
- M2 money supply increased by 1.7% to AED 2.2tn from Q2'24 to July'24. The increase in the quasi monetary deposits (+2.4%) supported the M2 growth.
- M3 money supply increased by 1.7% to AED 2.7tn from Q2'24 to July '24

1 IMF, 2 US Board of Federal Reserve, 3 UAE Central Bank,

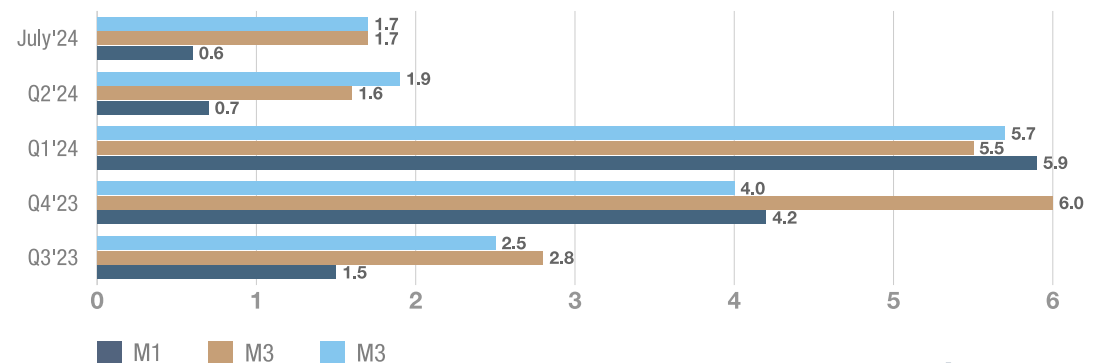
UAE GDP Growth Rate¹, %



US Fed Funds Rate², EIBOR³ %



UAE Money Supply³, (% Quarterly)





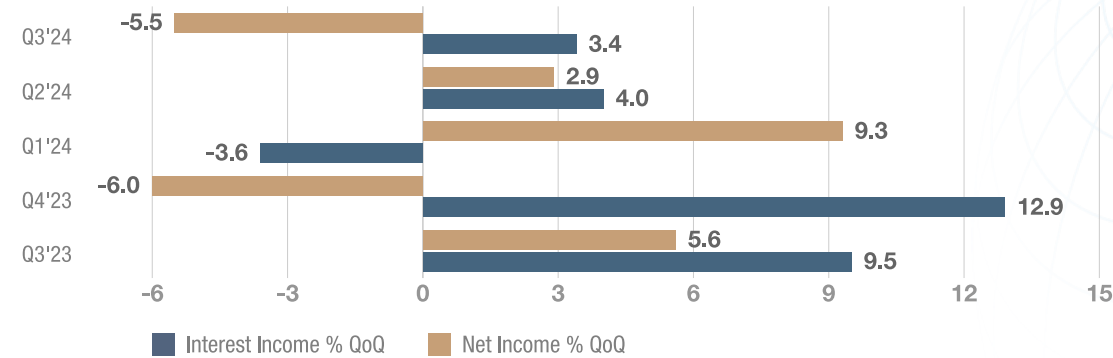
Banking overview Q3'24

- Total interest income of the top ten UAE banks increased by 3.4% QoQ in Q3'24
- The spread between annualized yield on credit and cost of funds decreased marginally to 7.6% (-12bps QoQ) for Q3'24
- However, the aggregate net income decreased by 5.5% QoQ, primarily due to surge in impairment charges (+124.9% QoQ)

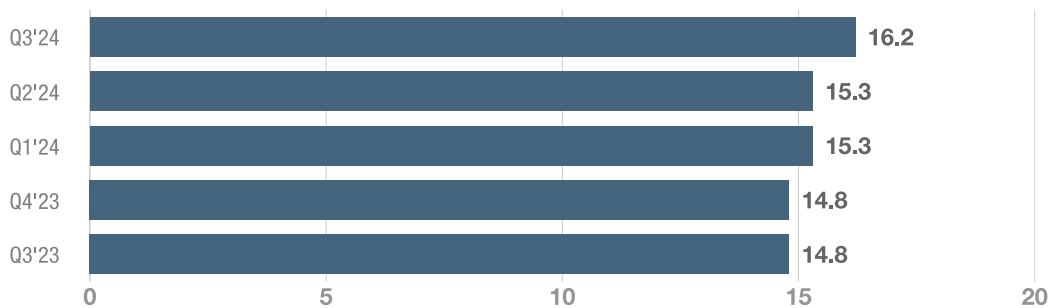
- The UAE banks' exposure to the real estate and construction sector remained stable at 14.8% in Q3'24
- Dubai's Real Estate Strategy 2033 aims to contribute AED 73bn to the UAE's GDP and to raise home ownership rates to ~33% in 2033
- The Strategy aims at growing real estate transactions by 70%, raising the market value to AED 1.0 trillion

- Banking sector in the UAE did not witness any completed or announced M&A deals in Q3'24
- ENBD is reportedly in advanced talks to acquire a stake in India based Yes Bank. Government-owned State Bank of India (SBI) intends to divest its 24% stake in Yes Bank for USD 2.2bn by the end of Q1'25.
- In a separate news development, ENBD is also reportedly in the race to acquire a stake in IDBI Bank, as part of Indian government's privatization initiative

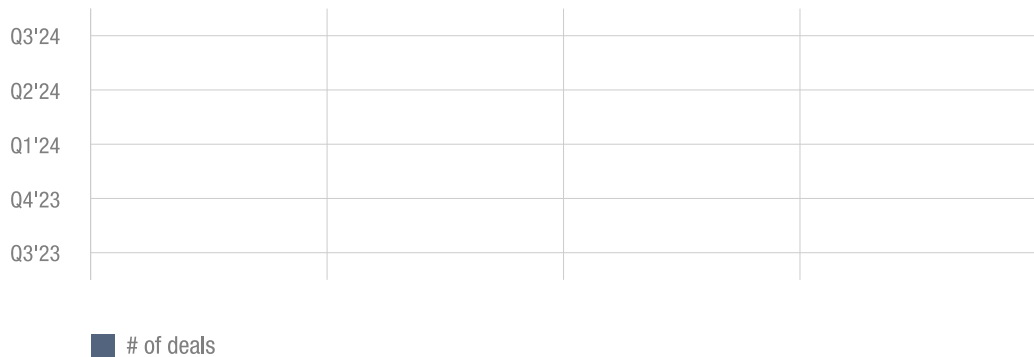
UAE Banks' Profitability, %¹



Real Estate & Construction as % of Total Gross Loans²



UAE Banking M&A Deals



¹ Bloomberg & A&M Analysis, ² 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 September 30th 2024

Balance sheet growth momentum continued for the UAE banks; Higher impairments impacted bank profitability

Key Trends of Q3'24

- 1

L&A increased by 3.5% QoQ (prior quarter +3.2% QoQ), Deposits grew 3.9% QoQ (previous quarter +0.4% QoQ)
- 2

LDR decreased by 0.3% points QoQ to 75.5% in Q3'24 as growth in deposits outpaced L&A
- 3

Operating income increased by 3.5% QoQ supported by Non-interest income (+7.4% QoQ) while NII growth was moderate at 1.5% QoQ.
- 4

Despite funding cost pressures (CoF increased by 13 bps QoQ), NIM remained stable at 2.6% for Q3'24
- 5

Aggregate C/I ratio worsened with an increase of 99bps to 29.0% as Opex increased at a faster pace (+7.1% QoQ) than growth in operating income (+3.5% QoQ)
- 6

CoR deteriorated by 30bps QoQ as the banks reported higher impairment charges (+124.9% QoQ)
- 7

Net income decreased by 5.5% QoQ resulting in a contraction of RoE by 2.2% points and RoA by 16bps points
- 8

RoRWA decreased by 31bps QoQ while the capital adequacy ratio increased by 37bps QoQ to 17.9%

	Metric	Q2'24	Q3'24	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24
Size	Loans and Advances (L&A) Growth (QoQ)	3.2%	↑ 3.5%					
	Deposits Growth (QoQ)	0.4%	↑ 3.9%					
Liquidity	Loan-to-Deposit Ratio (LDR)	75.8%	↓ 75.5%					
Income & Operating Efficiency	Operating Income Growth (QoQ)	0.4%	↑ 3.5%					
	Operating Income / Assets	3.7%	↑ 3.8%					
	Non-Interest Income (NII) / Operating Income	32.5%	↑ 33.8%					
	Yield on Credit (YoC)	12.3%	↔ 12.3%					
	Cost of Funds (CoF)	4.6%	↑ 4.7%					
	Net Interest Margin (NIM)	2.6%	↔ 2.6%					
	Cost-to-Income Ratio (C/I)	28.1%	↑ 29.0%					
Risk	Coverage Ratio	107.4%	↑ 109.6%					
	Cost of Risk (CoR)	0.3%	↑ 0.6%					
Profitability	Return on Equity (RoE)	20.8%	↓ 18.6%					
	Return on Assets (RoA)	2.2%	↓ 2.1%					
	Return on Risk-Weighted Assets (RoRWA)	3.5%	↓ 3.2%					
Capital	Capital Adequacy Ratio (CAR)	17.6%	↑ 17.9%					

↑ Improved ↔ Stable ↓ Worsened

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



- AED Stablecoin LLC has received approval from the CBUAE to issue AE Coin, a Dirham-backed stablecoin
- Ziina, a leading financial platform supporting consumers and entrepreneurs has secured the Stored Value Facility (SVF) license from the CBUAE
- Comera Pay has successfully obtained licenses under both Retail Payment Services Card Schemes Regulation (RPSCS) and Stored Value Facility Regulation (SVF) from the CBUAE

New Investments



- Tarabut, first and largest regulated open banking platform in the MENA, acquired London-based Vyne, a real-time account-to-account (A2A) payments platform, as Open Banking regulations evolve in UAE
- Arcapita, global alternative investment firm, and Dgpays, a financial infrastructure technology provider in the EMEA region, jointly announced an agreement to acquire a majority stake in Mashreq's NEOPAY at an enterprise value of USD 385mn

New Business Trends



- ADIB launches ADIB Ventures, as part of the bank's vision 2035 to create a robust ecosystem by connecting with emerging FinTech players and integrating advanced technologies and Gen AI to enhance the banking experience
- Emirates Development Bank launched AGRIX Accelerator program to equip farmers, agribusinesses and technology providers with specialized financial solutions and cutting-edge agri-tech tools
- Standard Chartered Bank has started offering digital asset custody services in the UAE

New Emerging Technologies



- MASQ launches NEO CORP in Bahrain, a corporate digital banking platform that provides access to payments, collections and EXIM trade services
- Mashreq NEO PAY has partnered with UAE fintech start-up, Qlub, enabling enhanced bill payment solutions (like pay, split bills, add tips) for customers at hospitality venues across UAE
- du Pay partnered with ENBD to elevate digital payment solutions for sending and receiving funds within the UAE directly through the du Pay application
- FAB pilots Programmable Payments through Onyx by J.P. Morgan, opening up the possibility of a dynamic and automated funding and settlement solutions

New Regulations



- The UAE has announced its new 2024-27 National Strategy for Anti-Money Laundering, Countering the Financing of Terrorism and Proliferation Financing (AML/CFT/CPF)
- The UAE Banks Federation (UBF) has partnered with the Institute of Chartered Accountants in England and Wales (ICAEW) to assist companies in navigating the rapidly evolving digital assets domain
- Dubai introduced new law on taxation of foreign banks under which profits arising to Licensed Branches operating in Dubai (but not in the DIFC) will be subject to both UAE Corporate Tax and tax under 2024 Law, not exceed 20%

Expected Challenges



- The US Fed interest rate cuts are expected to impact bank profitability, despite the likelihood of reduced borrowing costs and strengthening loan growth
- UAE banks management guidance indicate optimism on loan growth while taking a cautious stance on the asset quality front with impairment cost outlook mostly indicating a conservative stance

Source: ADIB website, CoinMarketCap, SME Street, WAM website, Reuters, BusinessWire, Mashreq website, AGBI, Fintech Futures, Emirates ENBD, FAB website, Simmons+Simmons, Middle East Economy

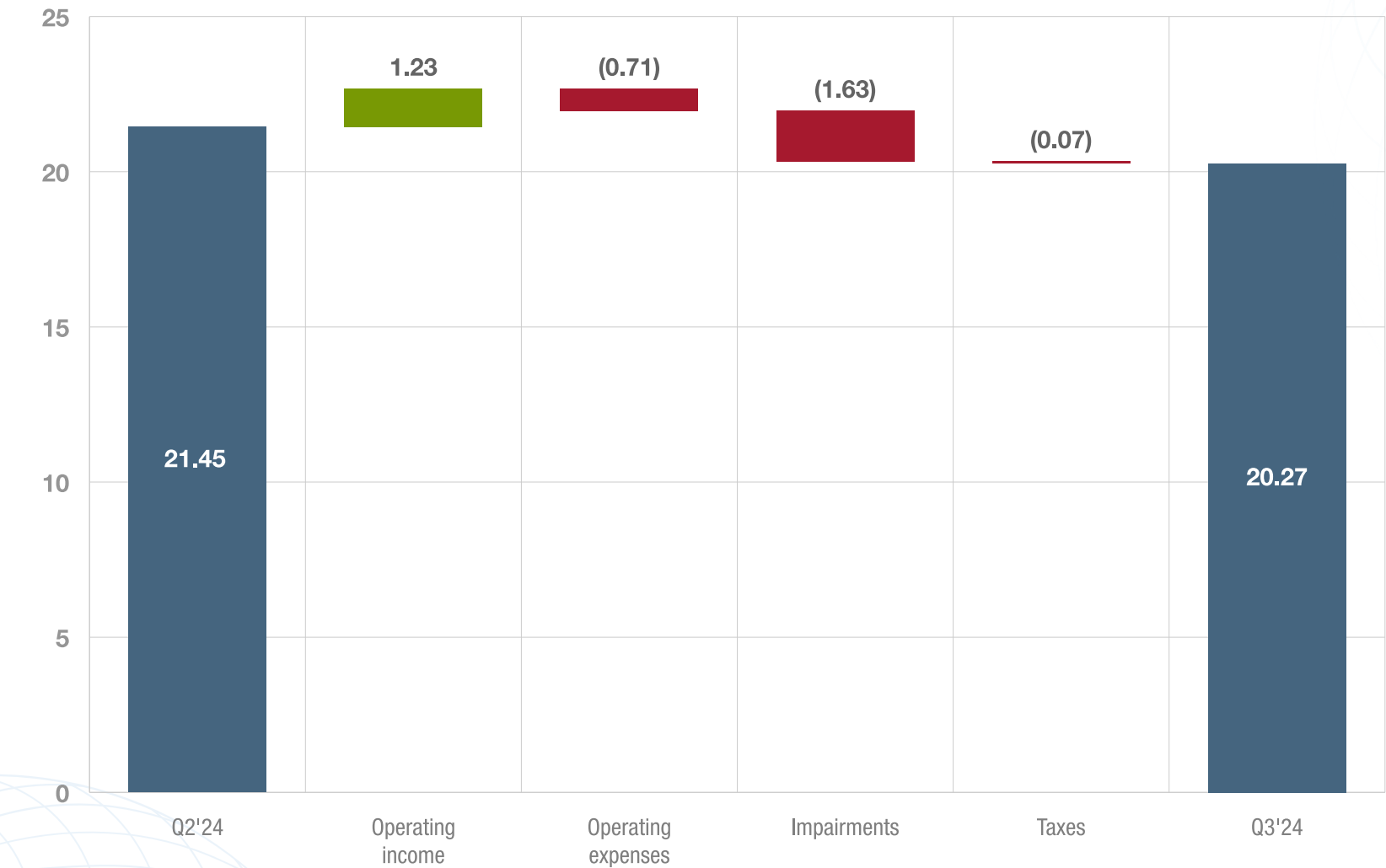
Net income declined primarily due to the substantial rise in impairment charges



Key takeaways

- The aggregate net income for the UAE banks declined by 5.5% QoQ to AED 20.3bn for Q3'24
- Net interest income increased marginally by 1.5% QoQ; this slow growth was a result of:
 - CBUAE cutting down the benchmark interest rate by 50bps for the quarter and decline in LDR
- Aggregate operating income increased by 3.5% QoQ primarily due to the 7.4% rise in fee / non-interest income
 - Aggregate non-interest income increased, primarily due to the substantial rise in fee / other operating income for FAB (+16.2% QoQ) and ENBD (+8.9% QoQ) and CBD (+30.7% QoQ)
- Overall, Net income declined by 5.5% QoQ majorly because of a surge in impairment charge by 124.9% QoQ

Net income bridge (AED Bn)



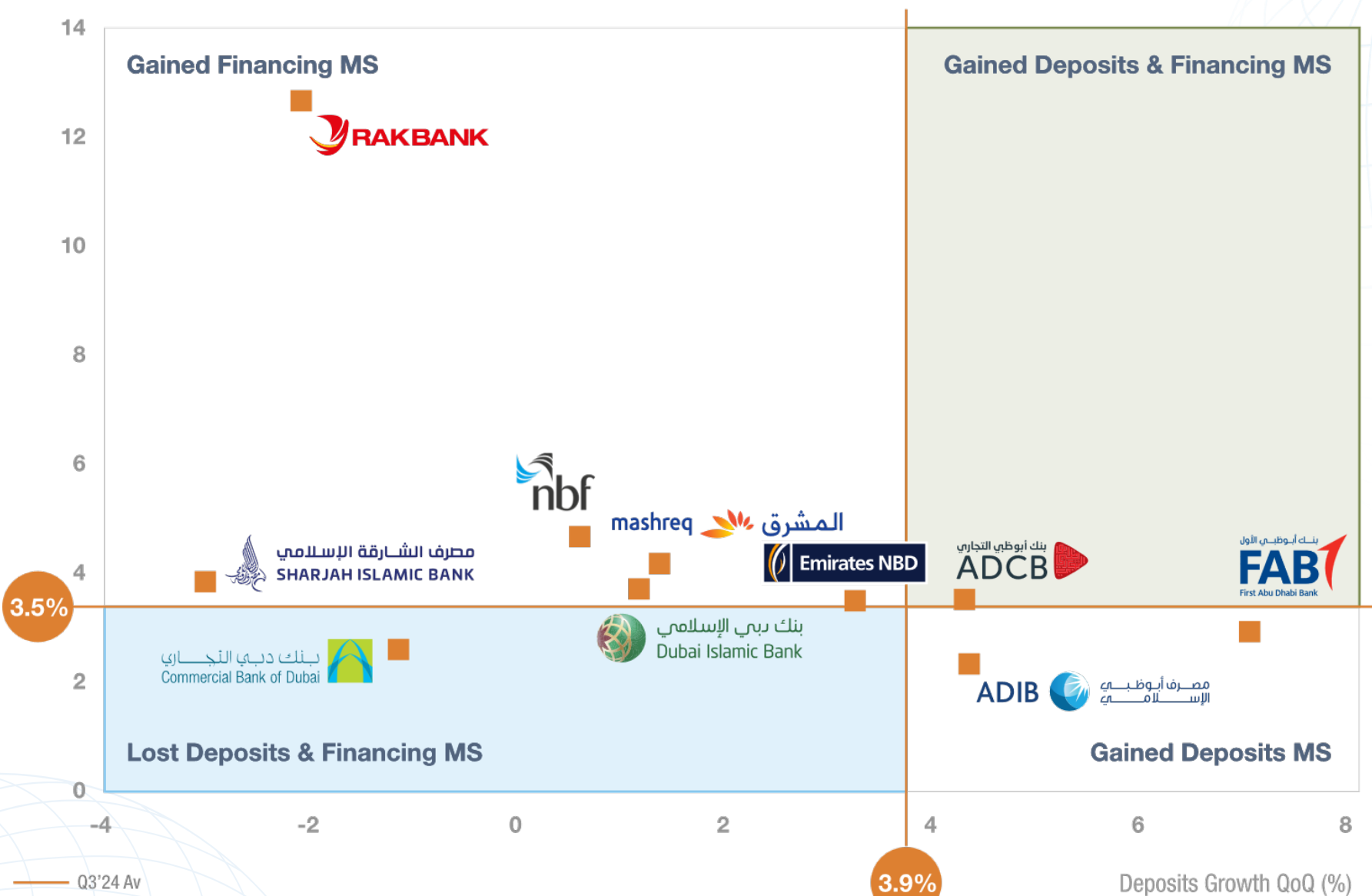
Deposit mobilization outpaced lending as customers took advantage of (precut) interest rate levels



Key takeaways

- L&A for aggregate UAE banks increased by 3.5% QoQ
 - RAK reported the highest increase by 12.7% QoQ, as corporate / wholesale segment lending grew by 14.2% QoQ
- Deposits continued to increase at a faster pace by 3.9% QoQ;
 - Customers responded well at the peak of the benchmark rates, before the rate cuts, as time deposits (the high-cost deposits) increased by 5.6% QoQ in Q3'24

L&A Growth QoQ (%)



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

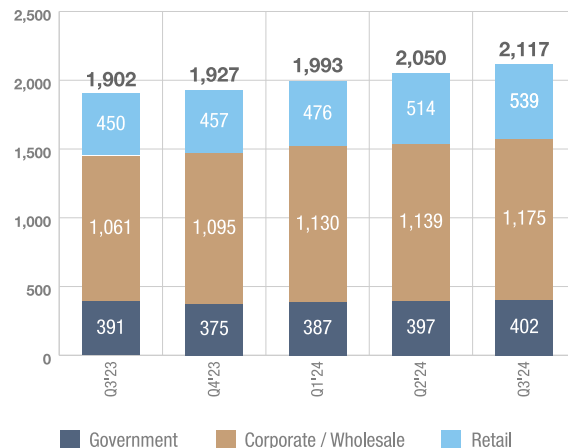
Corporate / Wholesale lending remained healthy while Retail loans continued to outpace on the back of peak rates



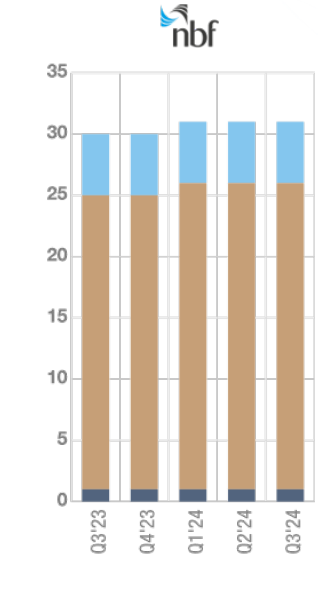
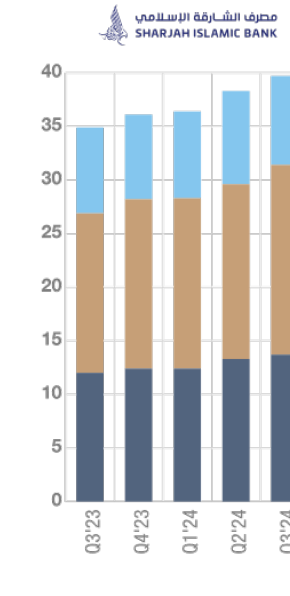
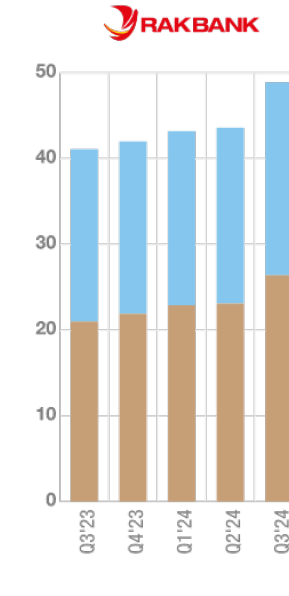
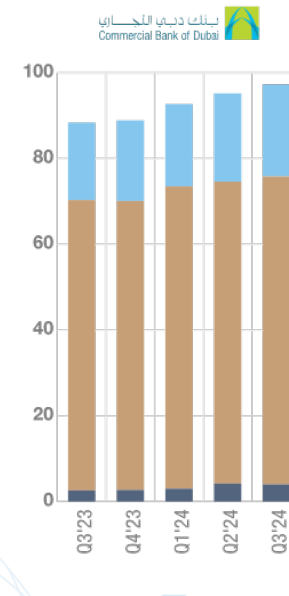
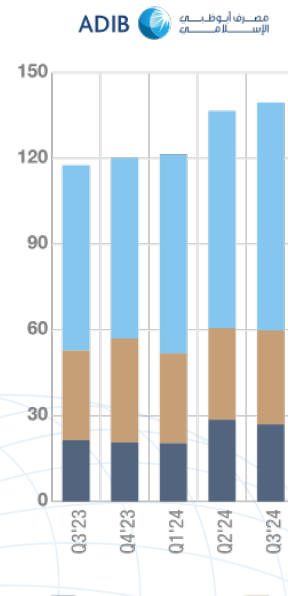
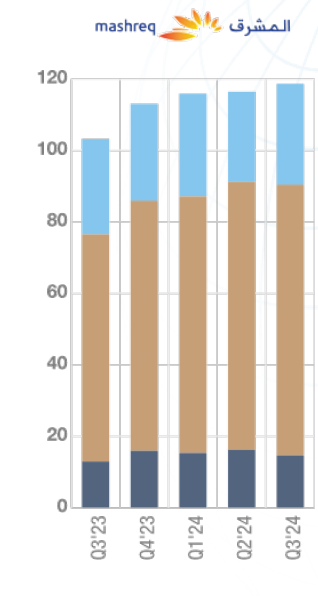
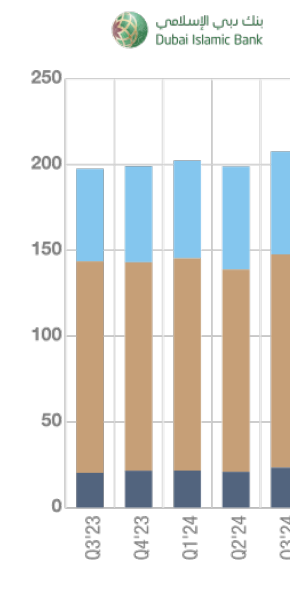
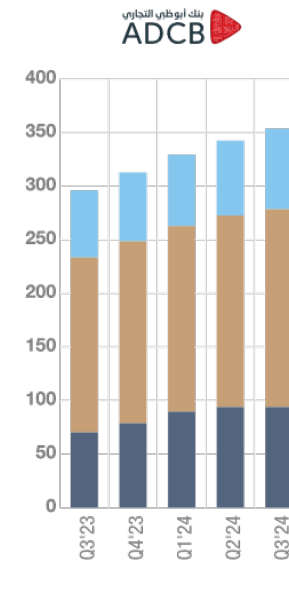
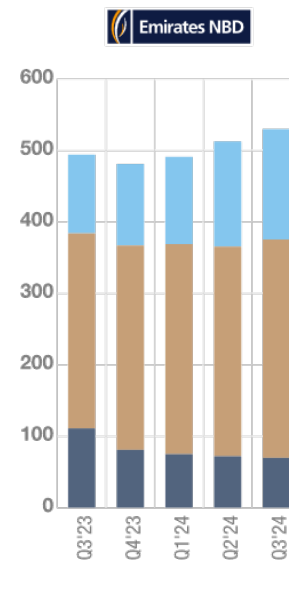
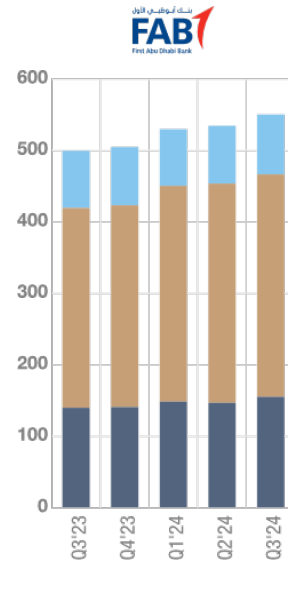
Key takeaways

- Growth in retail lending (+4.9% QoQ) outpaced the corporate / wholesale lending which increased by 3.2% QoQ (55.5% of loan book)
- ADCB (+7.9% QoQ) and ENBD (+4.9% QoQ) largely drove the retail segment lending growth
- ADCB's is leveraging its digital capabilities and attracted 210k new customers in Q3'24 with 84% onboarded through digital channels
- ENBD is witnessing strong momentum in KSA with 49% loan growth

Segment wise L&A (Aggregate AED bn)



Loans and advances (AED bn)



Legend: Government (dark blue), Corporate / Wholesale (brown), Retail (light blue)

Note 1: Scaling and some numbers might not add up due to rounding off. Note 2: 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

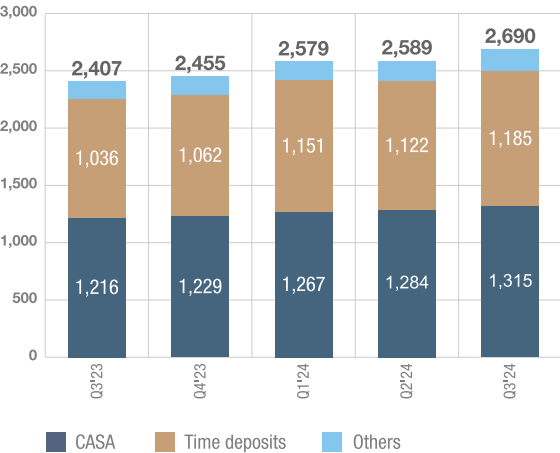
High-cost time deposits drive a marginal increase in CoF



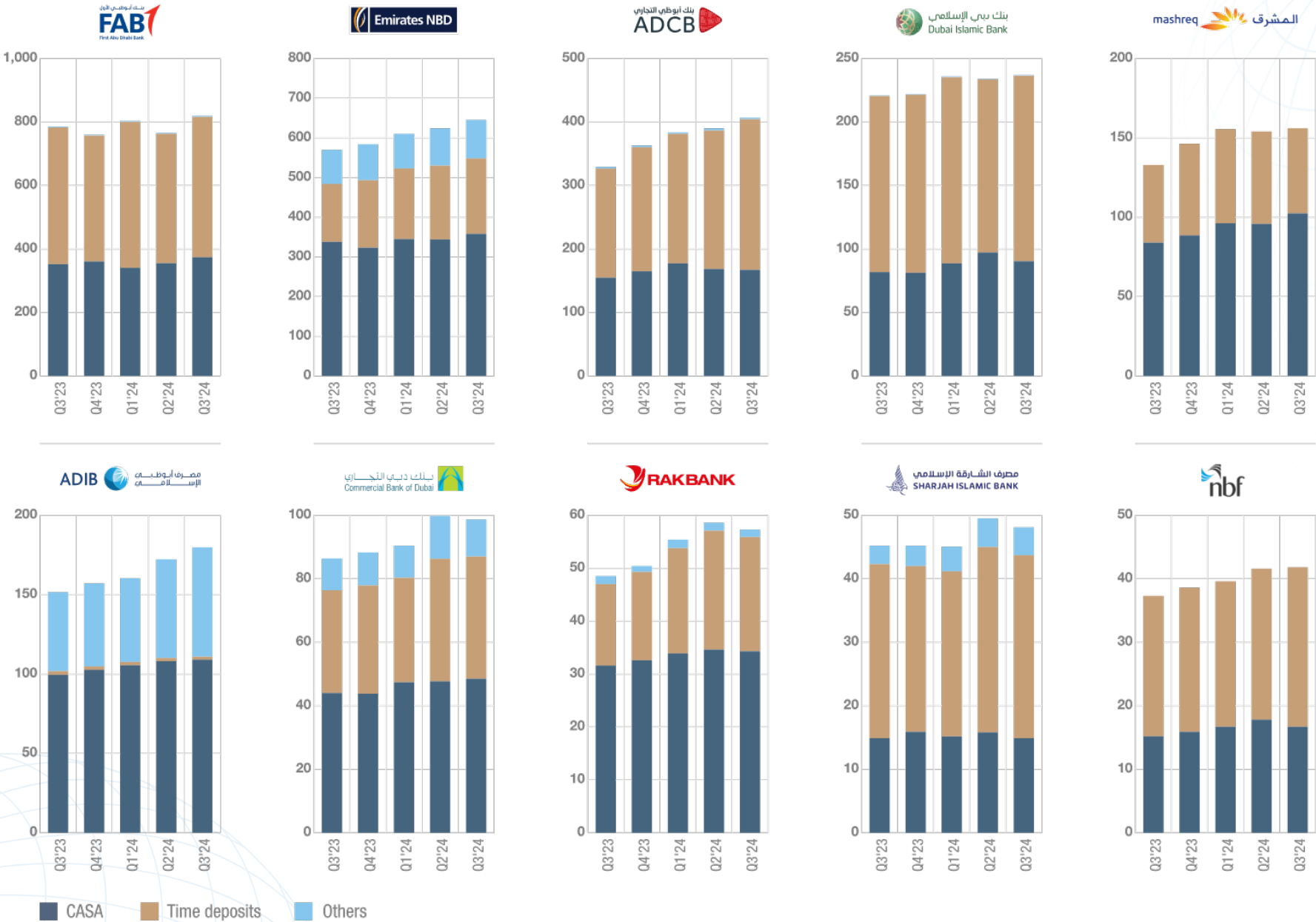
Key takeaways

- Time deposits increased by 5.6% QoQ and accounted for 44.1% of total deposits in Q3'24
 - Cost of borrowing for banks decreased marginally as EIBOR fell by 16bps QoQ
 - FAB and ADCB reported the highest QoQ growth in time deposits by 8.5% and 8.7%, respectively
- Low cost CASA deposits, representing 48.9% of total deposits, registered a modest growth of 2.4% QoQ

Deposits mix (Aggregate AED bn)



Customer deposits (AED bn)



Note 1: Scaling and some numbers might not add up due to rounding off
 Note 2: For ENBD, "Others" includes DenizBank; For ADIB, "Others" include Wakala deposits, Short Term Investment Accounts and Others
 Source: Financial statements, investor presentations, A&M analysis

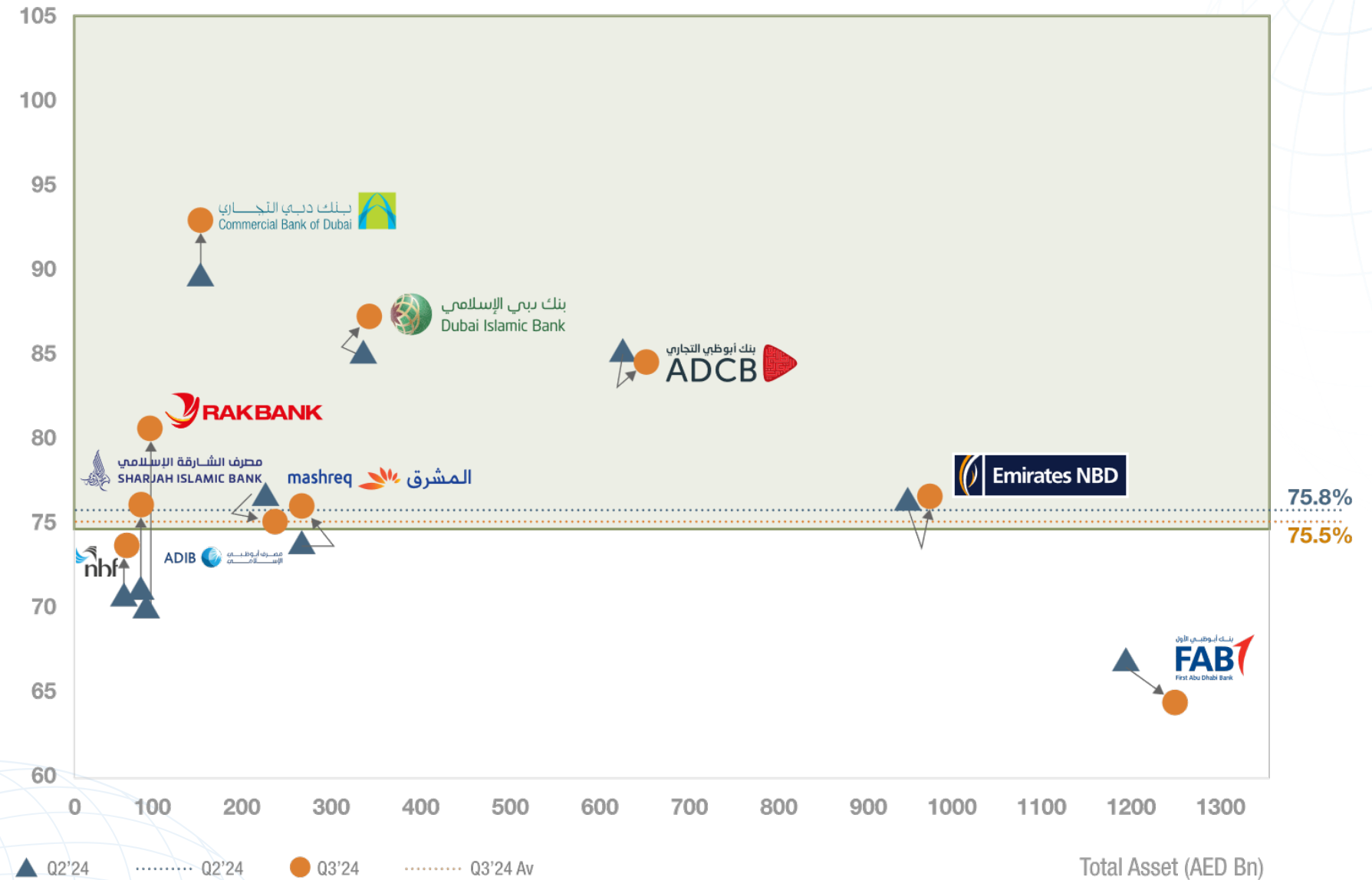
Aggregate LDR decreased as deposits mobilization outpaced lending primarily led by FAB



Key takeaways

- Aggregate LDR decreased marginally by 0.3% points QoQ in Q3'24, as deposits increased at a faster pace (+3.9% QoQ) than L&A (+3.5% QoQ)
- LDR decreased the highest for FAB by 2.6% points QoQ, driving the aggregate
 - For FAB, time deposits increased by 8.5% QoQ while CASA grew by 5.3% QoQ
 - Ex-FAB, the LDR for the UAE banks increased by 0.9% points
- RAK reported the highest increase in LDR by 10.6% points QoQ
 - RAK witness continued momentum across all lending segments while time deposits decreased by 4.0% QoQ

Loans to Deposits Ratio (%)



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

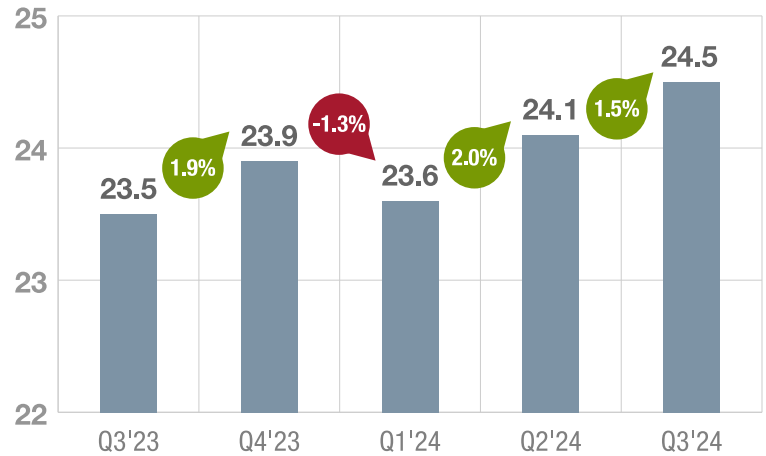
Total operating income increased largely on the back of fee and other income



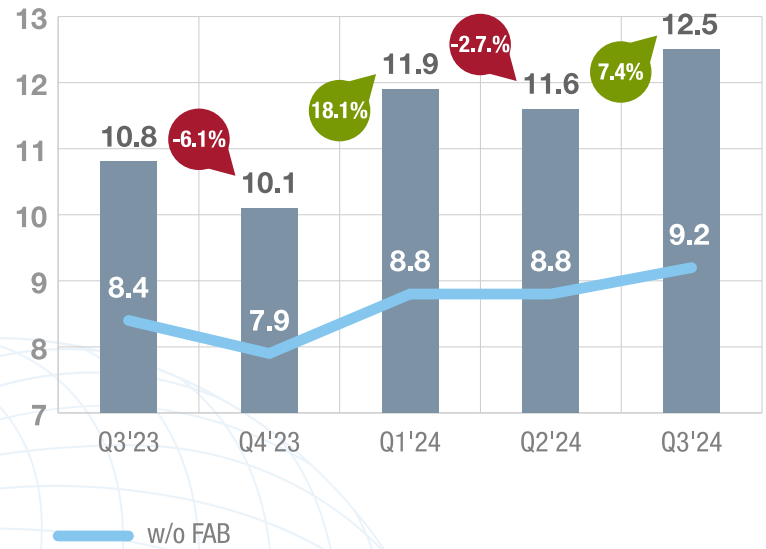
Key takeaways

- Operating income increased by 3.5% QoQ on the back of NII (+1.5% QoQ) and non-interest income increased (+7.4% QoQ).
- The aggregate non-interest income / total operating income ratio stood at 33.8% in Q3'24
 - FAB (+16.2% QoQ) and ENBD (+8.9%) contributed the most to the rise in non-interest income
 - For FAB, gain from investments (increased 5x) supported the non-interest income
 - Fee income for ENBD was supported by Increasing local & international retail card business, high investment banking activities and growth in customer lending
- SIB reported the highest increase in the operating income (+11.6% QoQ) due to surge in non-interest income (+30.8% QoQ)

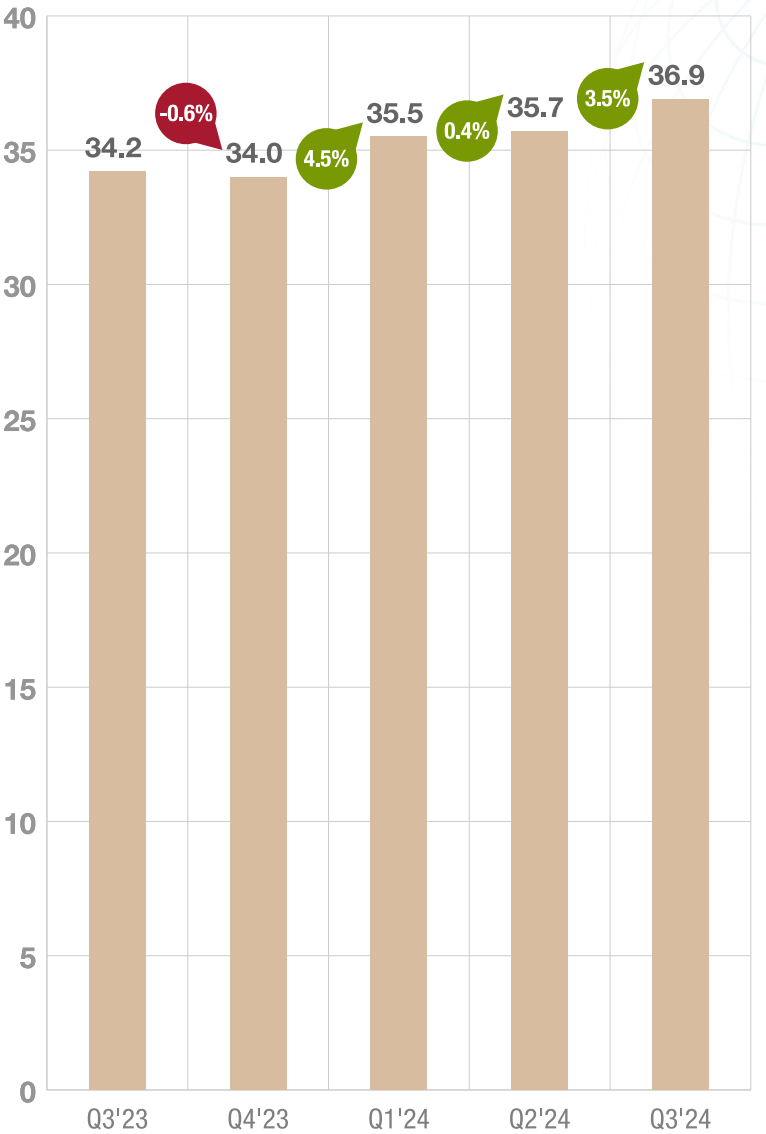
Quarterly NII
(AED bn)



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



Quarterly Operating Income
(AED bn)



Improved Stable Worsened

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

Despite rate cuts, NIM remained largely stable for the UAE banks

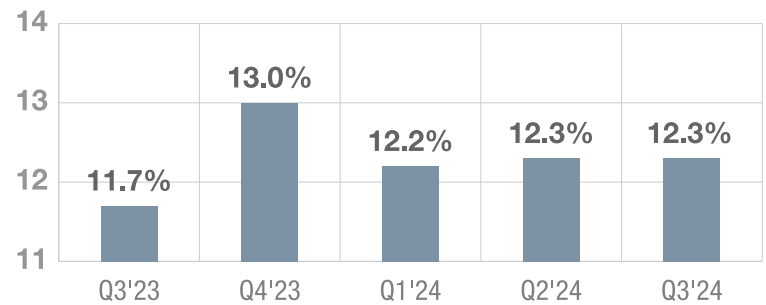


Key takeaways

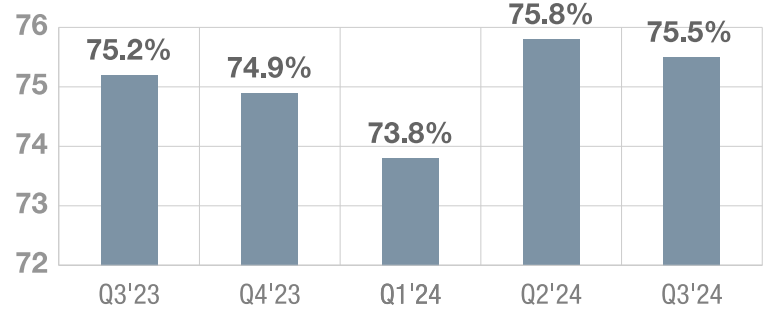
- Aggregate NIM was largely flat at 2.6% in Q3'24
- Yield on credit remained stable at 12.3%, however, cost of funds increased by 13bps QoQ to 4.7% in Q3'24
 - The spread between the yield and the cost of funds shrunk by 12bps QoQ
 - Faster growth in deposits as compared to L&A led the decrease in LDR
 - Forthcoming quarters are likely to face some pressure on margins

Yield-on-Credit

(Quarterly Annualized)

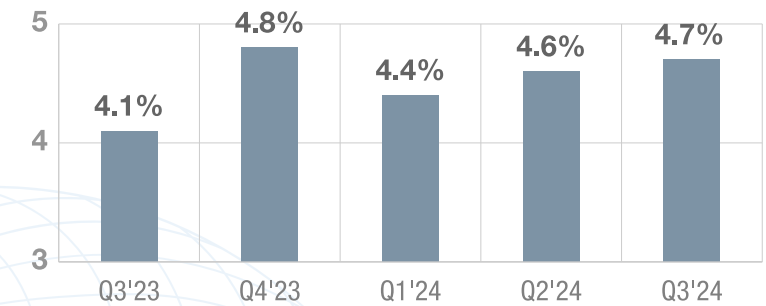


Loan-to-Deposit Ratio (LDR)



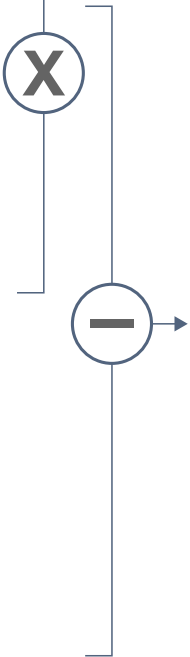
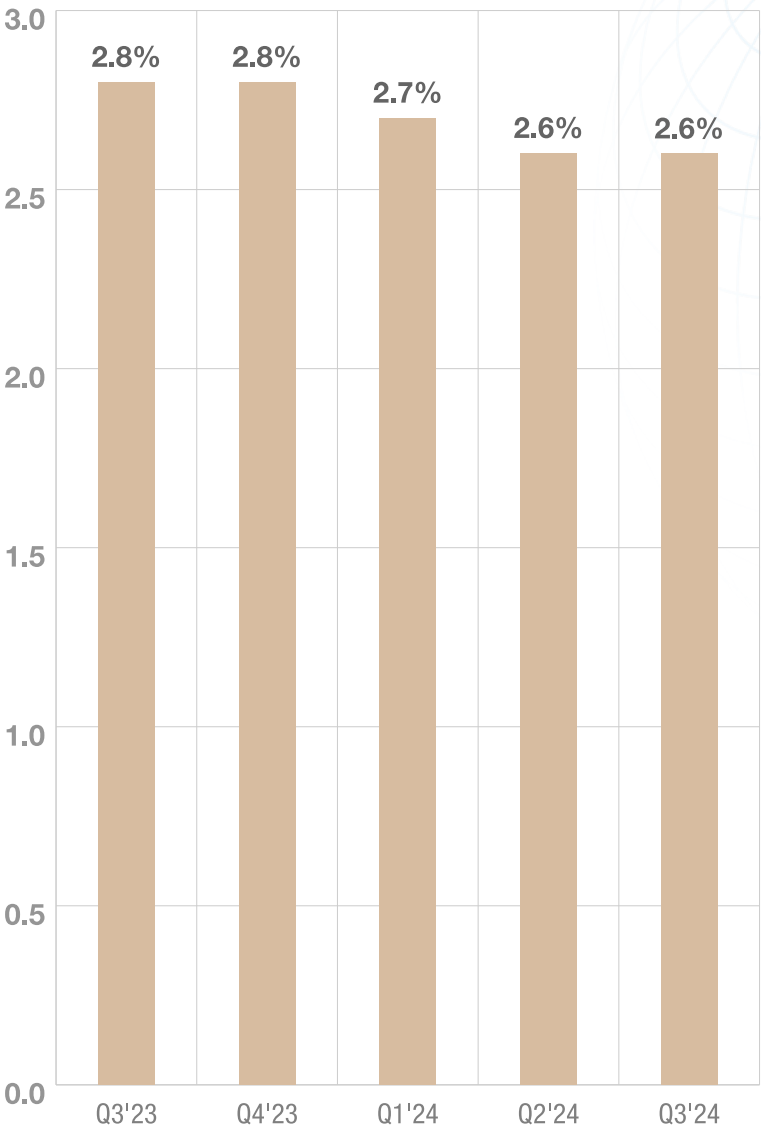
Cost of Funds

(Quarterly Annualized)



Net Interest Margin

(%, Quarterly Annualized)



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

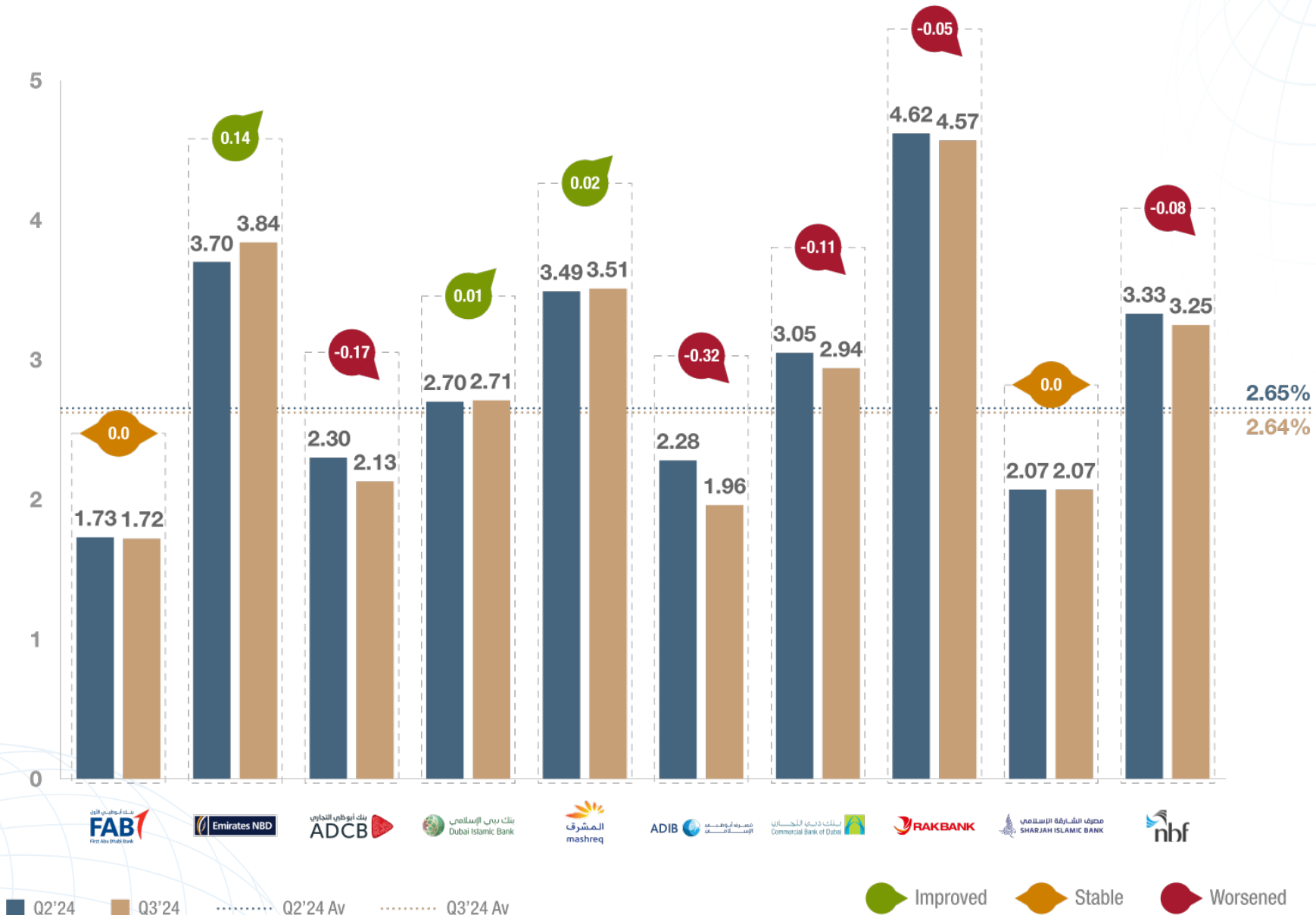
NIM was largely stable at aggregate level



Key takeaways

- On the aggregate level, banks reported stable NIM in Q3'24
- ADIB reported the highest contraction in NIM as the NII decreased by 8.0% QoQ
 - The bank's spread contracted 48bps on back of lower interest rates coupled with decline in LDR
- NIM for ENBD was supported by DenizBank (benefitting from loan repricing and stable funding costs) leading to the strong performance at group level by 14bps QoQ
- FAB and SIB reported stable NIM at 1.7% and 2.1%, respectively in Q3'24

Net Interest Margin (% Quarterly)



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

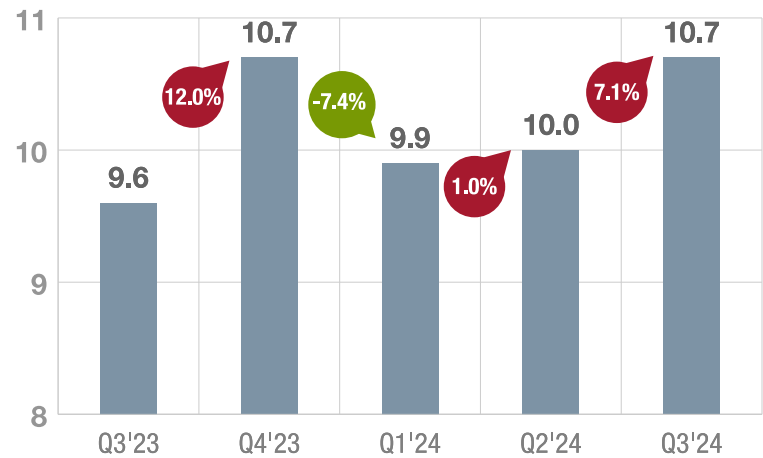
C/I ratio increased marginally for the quarter; however, still below 30%



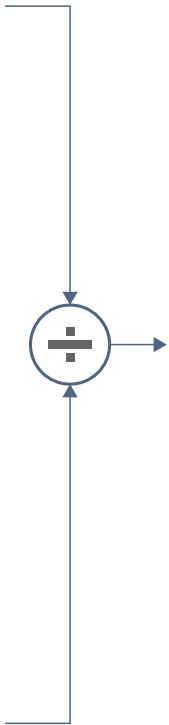
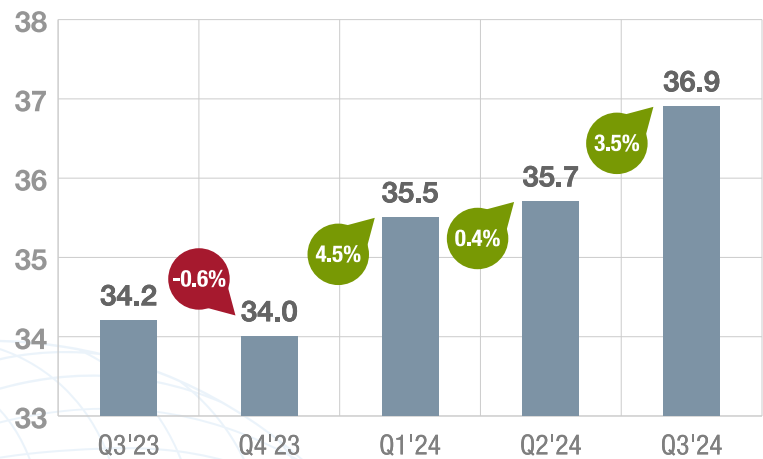
Key takeaways

- C/I ratio deteriorated by 99bps QoQ to 29.0% in Q3'24; still below ~30% level
 - Cost efficiencies deteriorated as aggregate total operating income (+3.5% QoQ) increased slower than the total operating expense (+7.1% QoQ) in Q3'24
- ENBD largely drove the increase in operational costs as it reported an increase of 16.4% QoQ in Q3'24
- FAB reported the highest improvement in the cost to income ratio with a decrease of 74bps QoQ

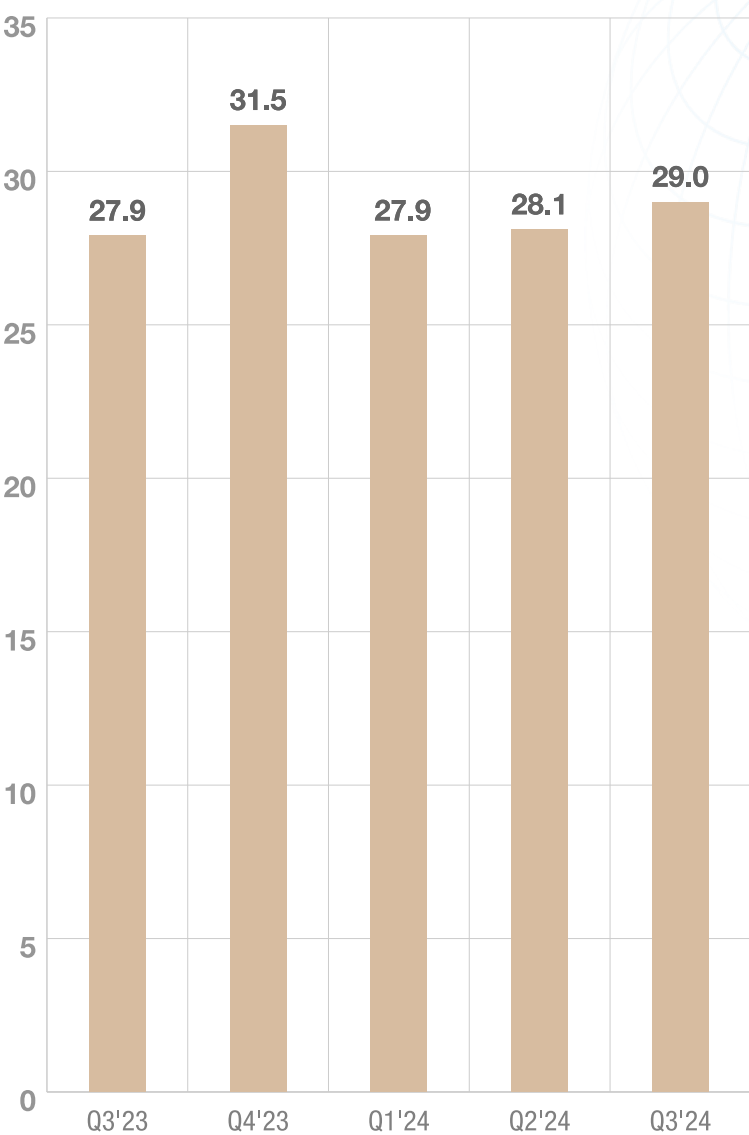
Quarterly Operating Expenses
(AED bn)



Quarterly Operating Income
(AED bn)



Cost to Income Ratio
(%, Quarterly Annualized)



Improved Stable Worsened

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

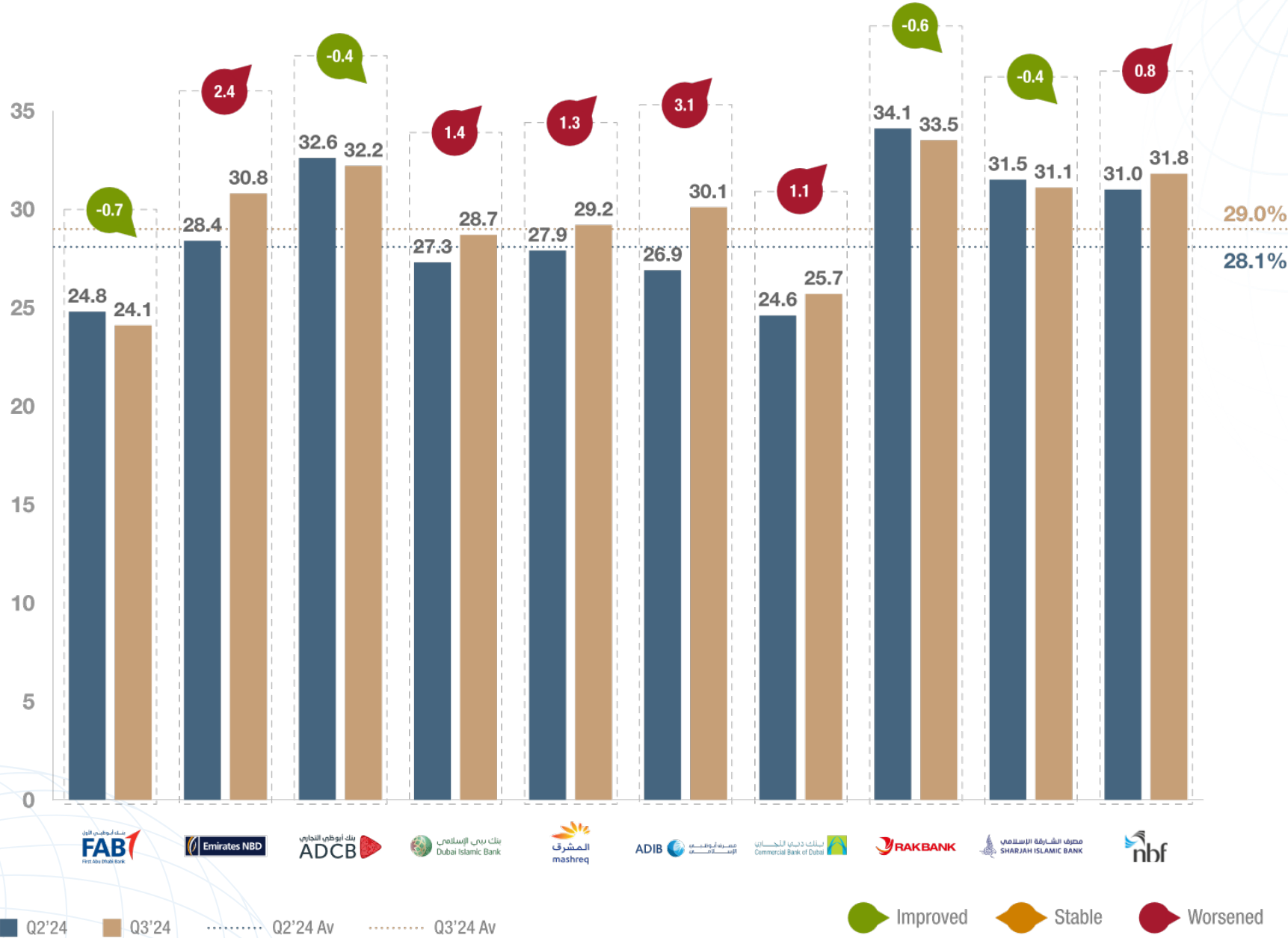
Six out of the top ten banks reported a deterioration of cost efficiency; this was largely led by ENBD and ADIB



Key takeaways

- Six out of the top ten banks reported deterioration in the cost efficiencies
 - Although ADIB reported the highest deterioration (+3.1% points QoQ), ENBD largely impacted the increase in aggregate operational costs with an increase of 16.4% QoQ
 - In ENBD, the increase in opex was a result of higher staff costs, accelerated depreciation of completed projects, seasonal marketing costs and increased professional fees
- FAB largely offset the impact of ENBD as the cost efficiency improved by 74bps QoQ; FAB continues its investment in technology and AI related initiatives

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

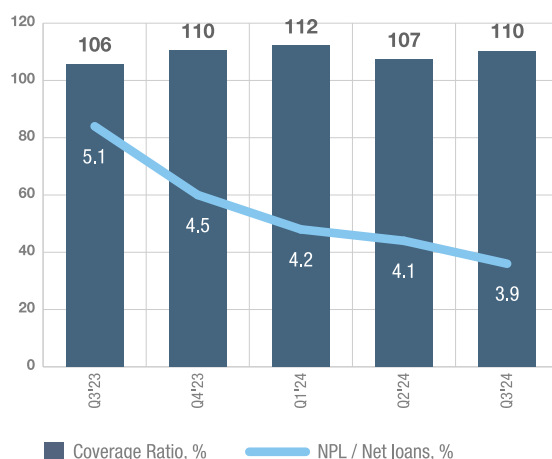
Banks display robust risk management as coverage ratio and asset quality improved



Key takeaways

- Aggregate NPL / Net Loans ratio improved by 0.2% points QoQ to 3.9%, while the coverage ratio increased by 2.2% points QoQ to 109.6% in Q3'24
 - MASQ reported a significant decline in coverage ratio by 25.0% points QoQ. as a result of higher Stage 3 bad loans
- Aggregate NPL / Net loans ratio continues to decline since the last seven consecutive quarters

Coverage Ratio and NPL ratio (Aggregate)



Coverage Ratio¹ and NPL / Net Loans Ratio (% , Quarterly)



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

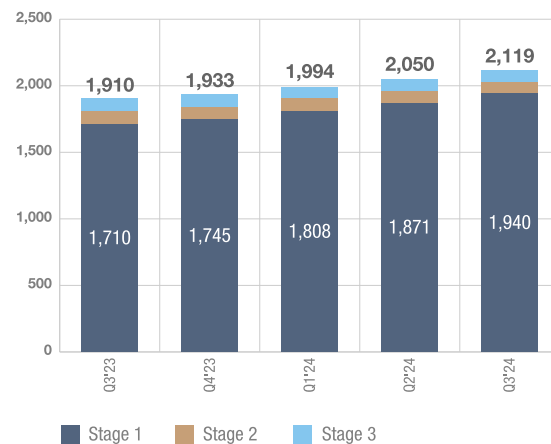
Stage 3 loans increase marginally and are adequate covered through the ECL allowance



Key takeaways

- Stage 1 loans constituted 91.6% (+33bps QoQ and +203bps YoY) of the total L&A, which indicated improving asset quality
- Stage 3 loans, however, increased marginally by 0.5% QoQ but are adequately provided for
 - Out of AED 90bn of total stage 3 loans, 57.9% are covered in ECL allowance
- Banks remain cautious as they report high impairment charges for the quarter
- Rate cuts should facilitate refinancing / loan restructuring and thereby improve the overall asset quality

ECL Stage wise (AED bn)



Stage wise L&A mix (AED bn)



Note 1: Scaling and some numbers might not add up due to rounding off
 Note 2: 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

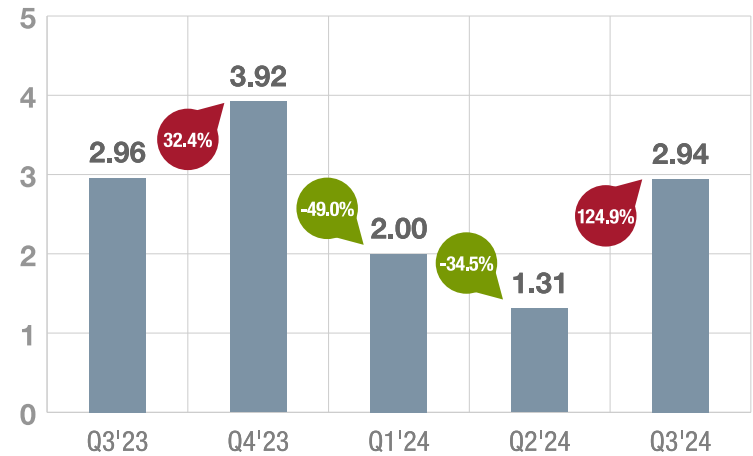
Banks practice caution as they report substantially high impairment charges for the quarter



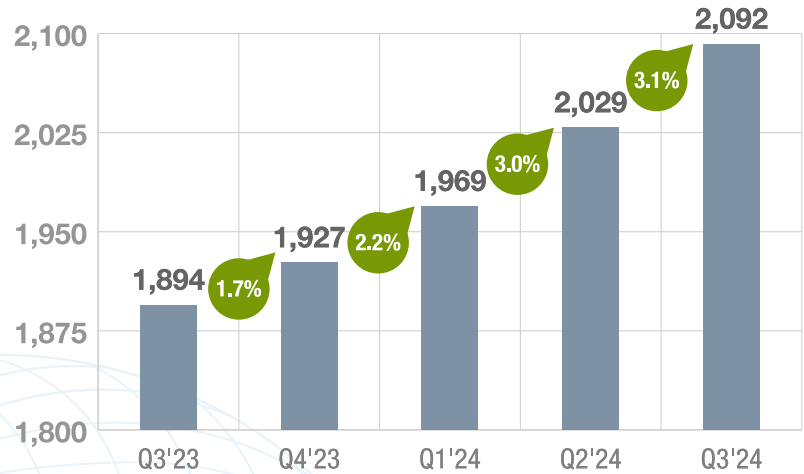
Key takeaways

- Aggregate cost of risk deteriorated by 30bps QoQ to 0.6% in Q3'24
 - This was due to a substantial increase in aggregate impairment charges (+124.9% QoQ) to AED 2.9bn in Q3'24
 - ENBD reported an impairment allowance credit of AED 1.3bn YTD on the back of cash repayments and recoveries; however, in Q3'24, the bank reported AED 0.9bn of impairment charges driving the aggregate for the quarter
- Banks maintain caution with respect to asset quality until the effect of monetary policy easing plays out

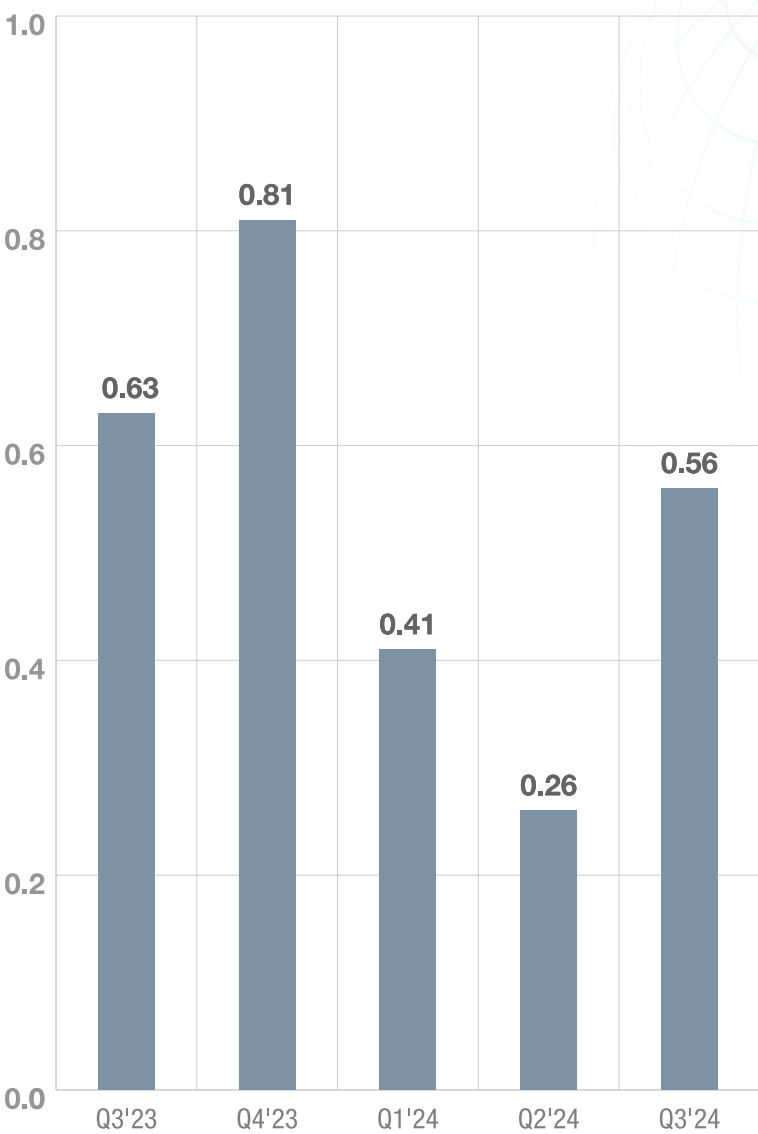
Quarterly Net Loan Loss Provisions
(AED bn)



Average Gross Loans
(AED bn)



Cost of Risk
(%, Quarterly Annualized)



Improved Stable Worsened

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

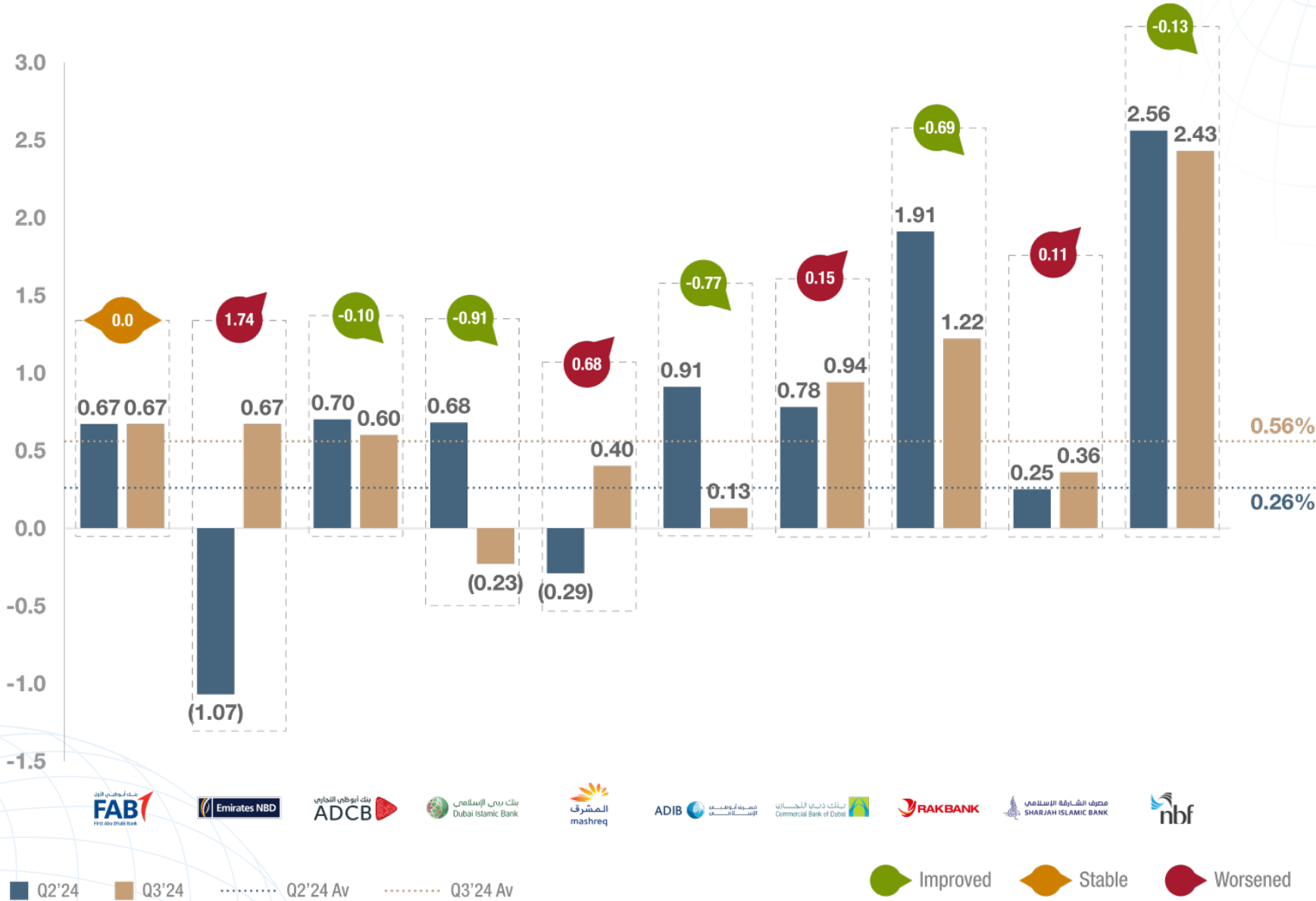
Aggregate cost of risk worsened; ENBD drove the aggregate and FAB's cost of risk remained stable



Key takeaways

- ENBD reported the highest deterioration in cost of risk with an increase of 174bps QoQ.
 - The bank had reported impairment reversal in the previous quarter, however, in Q3'24, ENBD booked impairment charges of AED 872mn leading to a drastic change in cost of risk
- FAB, on the contrary, reported a marginal 1.5% QoQ increase in the impairment charges and hence, the cost of risk remained stable for the quarter
- RAK reported the highest improvement in cost of risk by 69bps QoQ in Q3'24

Cost of Risk (%) – Net of Reversals



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

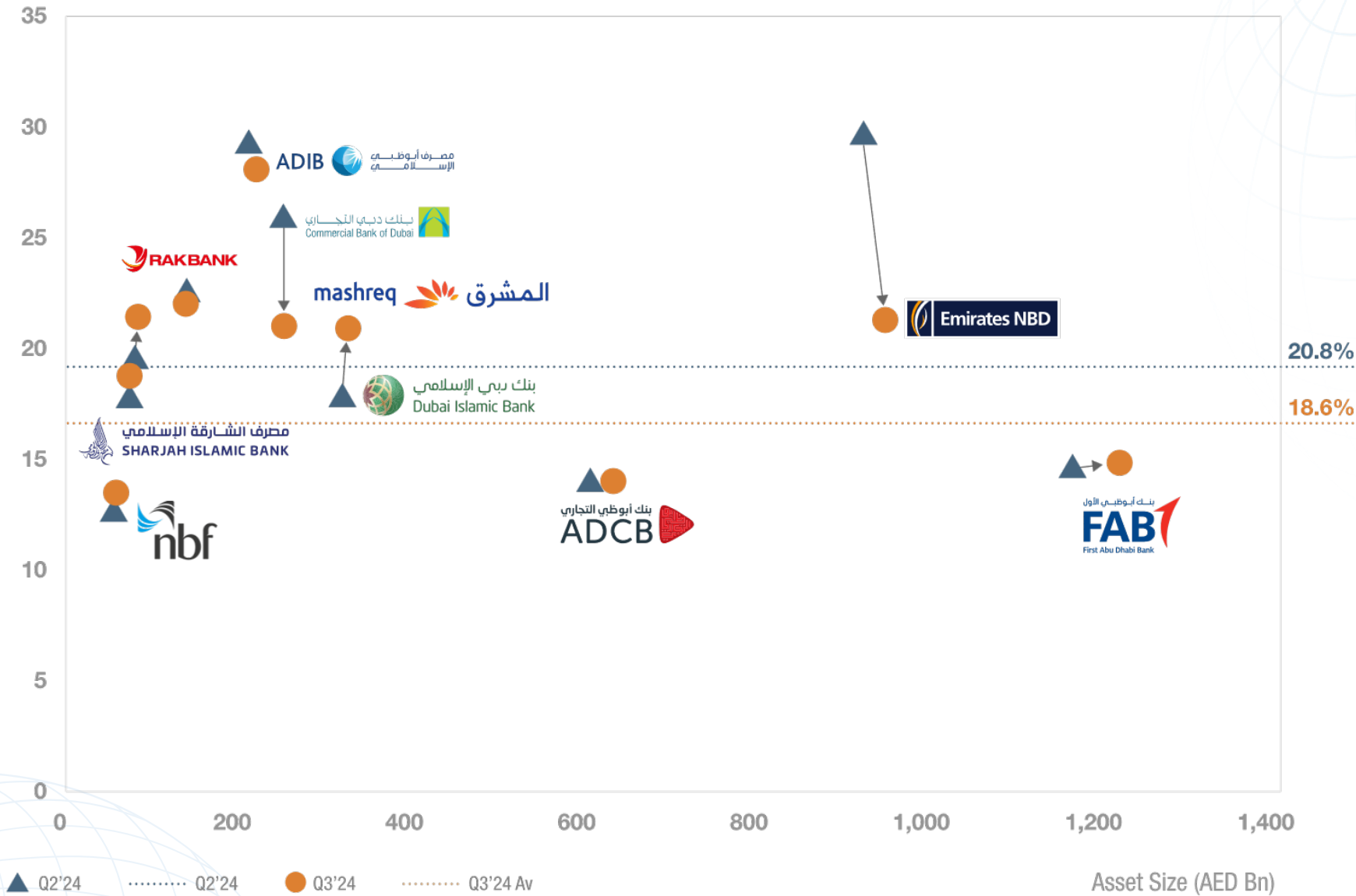
Profitability slowed down as the banks practiced caution and recorded high impairments



Key takeaways

- Aggregate RoE deteriorated by 2.2% points QoQ to 18.6% in Q3'24. This was due to a decline in net income by 5.5% QoQ;
 - CBUAE cut down the benchmark rates by 50bps QoQ to 4.9% in Q3'24. As a result, NII growth slowed down and was also undermined with a decline of LDR for the quarter
 - Aggregate cost efficiency also deteriorated for the quarter
- ENBD reported the highest contraction in RoE (down 8.4% points QoQ) while DIB reported the highest increase of 3.0% points QoQ

Return on Equity (%)



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

Given decline in NI, RoE declined as an aggregate for the sector.



Key takeaways

- UAE banking sector's profitability softened faltered partly due a conservative stance on impairment
 - RoE decreased significantly (-2.3% points QoQ) to reach 18.6% and RoA declined by 16bps to 2.1% in Q3'24 denoting a first decline in FY'24
- CBUAE revised its inflation forecast for the UAE from 2.3% to 2.2% for FY'24. Should disinflationary trends persist, inflation forecasts may be further revised downward
- Lending growth momentum is expected continue for the UAE banks with ENBD / ADCB revising their 2024 guidance to low-double digit growth (from high single digit growth)
- UAE banks remain well capitalized with aggregate CAR levels at 17.9% (+0.4% points QoQ)



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

Announcement Date	Target Company	Target Country	Acquirer Company	% Sought	Consideration (AED Mn)	Deal Status*
31-Jul-24	United Gulf Bank	Bahrain	Burgan Bank	100.0	NA	Pending
31-Jul-24	Gulf Bank KSCP	Kuwait	Boubyan Bank KSCP	100.0	NA	Proposed
26-Jun-24	United Gulf Bank BSC	Bahrain	Kuwait Finance House	100.0	2,673	Pending
12-Mar-24	Al Salam Bank Algeria	Algeria	Al Salam Bank BSC	13.6%	NA	Completed
27-Feb-24	United Bank Egypt	Egypt	Kuwait Finance House	100%	NA	Proposed
27-Feb-24	United Bank Egypt	Egypt	Qatar Islamic Bank SAQ	100%	NA	Proposed
27-Feb-23	Ahli United Bank	Kuwait	Kuwait Finance House	100%	5924	Completed
21-Jun-23	Al Salam Bank Algeria	Algeria	Al Salam Bank BSC	15.7%	NA	Completed
05-Jan-23	Abu Dhabi Islamic Bank (Egypt)	Egypt	Abu Dhabi Islamic Bank	2.4%	NA	Completed
20-Aug-23	HSBC Bank Oman	Oman	Sohar International Bank	100%	NA	Completed
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%	13,717	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 Financouse KSCP	100%	21,431	Pending
15-Aug-19	Cqur Bank LLC	Qatar	VTB Bank PJSC	19%	NA	Completed

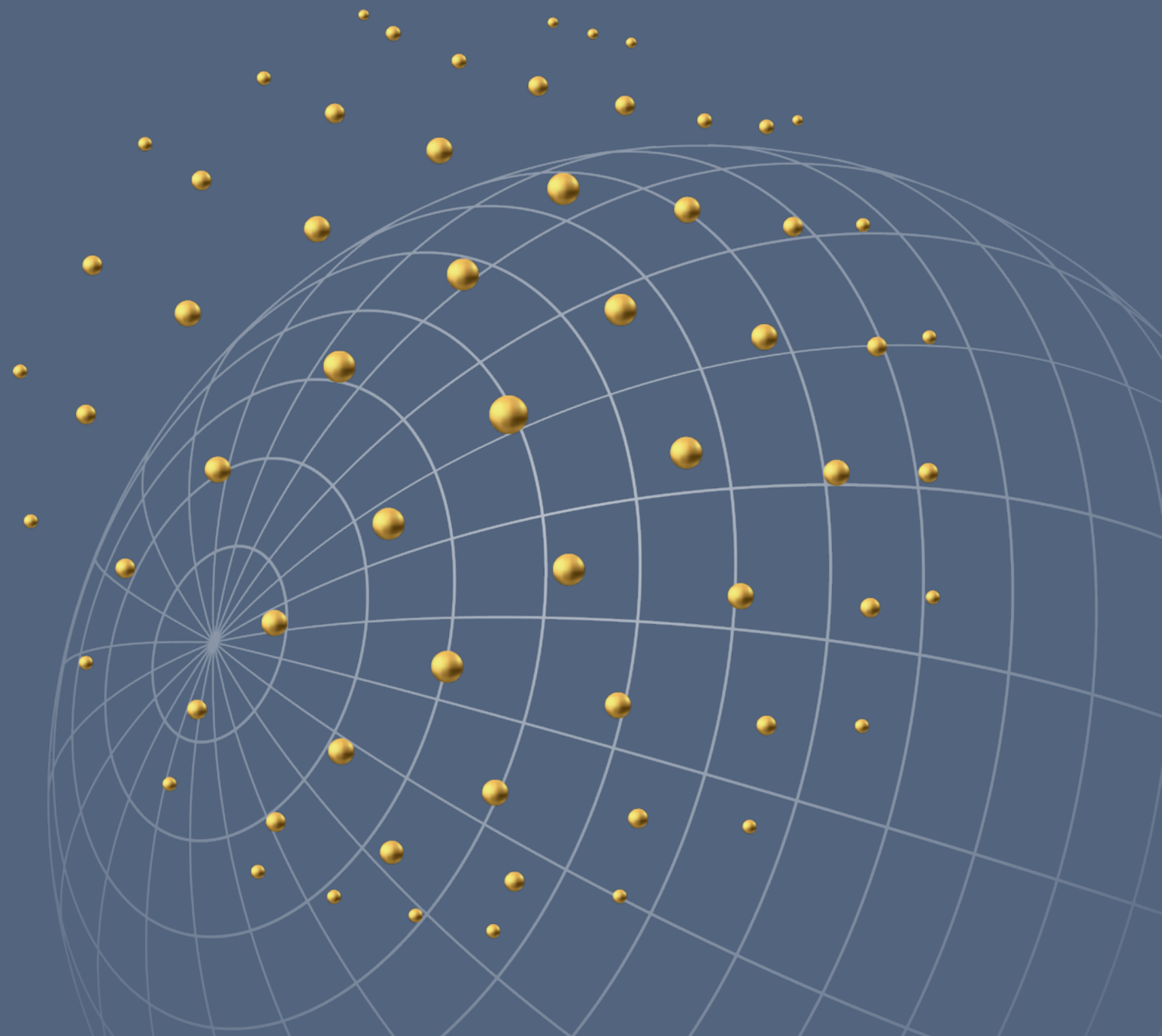
Source: Bloomberg

*Proposed Status: Board suggests shareholders to consider the acquisition

*Pending Status: Acquisition has announced *Completed Status: Acquisition has completed

*Notes: Proposed deal between Yapi ve Kredi Bankası and FAB was terminated in June 2024

Glossary



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)

<div>Bank</div> <div> بنك أبوظبي الأول FAB First Abu Dhabi Bank</div> <div>Assets (AED Bn)*</div> <div>1,229.6</div> <div>Abbreviation</div> <div>FAB</div>	<div>Bank</div> <div> Emirates NBD</div> <div>Assets (AED Bn)*</div> <div>956.0</div> <div>Abbreviation</div> <div>ENBD</div>	<div>Bank</div> <div> بنك أبوظبي التجاري ADCB</div> <div>Assets (AED Bn)*</div> <div>638.8</div> <div>Abbreviation</div> <div>ADCB</div>	<div>Bank</div> <div> بنك دبي الإسلامي Dubai Islamic Bank</div> <div>Assets (AED Bn)*</div> <div>329.2</div> <div>Abbreviation</div> <div>DIB</div>	<div>Bank</div> <div> المشرق mashreq</div> <div>Assets (AED Bn)*</div> <div>254.4</div> <div>Abbreviation</div> <div>MASQ</div>
<div>Bank</div> <div> بنك أبوظبي الإسلامي ADIB مصرف أبوظبي الإسلامي</div> <div>Assets (AED Bn)*</div> <div>222.6</div> <div>Abbreviation</div> <div>ADIB</div>	<div>Bank</div> <div> بنك دبي التجاري Commercial Bank of Dubai</div> <div>Assets (AED Bn)*</div> <div>140.2</div> <div>Abbreviation</div> <div>CBD</div>	<div>Bank</div> <div> RAKBANK</div> <div>Assets (AED Bn)*</div> <div>83.9</div> <div>Abbreviation</div> <div>RAK</div>	<div>Bank</div> <div> مصرف الشارقة الإسلامي SHARJAH ISLAMIC BANK</div> <div>Assets (AED Bn)*</div> <div>74.8</div> <div>Abbreviation</div> <div>SIB</div>	<div>Bank</div> <div> nbf</div> <div>Assets (AED Bn)*</div> <div>58.5</div> <div>Abbreviation</div> <div>NBF</div>

Note: Banks are sorted by assets size
*As on 30th September 2024

Section **New Entrants**

<div>Date</div> <div>10-Oct-24</div> <div>News</div> <div>ADIB launches ‘ADIB Ventures’ to drive fintech innovation</div> <div>Links</div> <div>Source</div>	<div>Date</div> <div>13-Oct-24</div> <div>News</div> <div>AED Stablecoin LLC has received approval from the CBUAE to issue AE Coin, a Dirham-backed stablecoin</div> <div>Links</div> <div>Source</div>	<div>Date</div> <div>3-Oct-24</div> <div>News</div> <div>Comera Pay has obtained licenses under both RPSCS and SVF from the CBUAE</div> <div>Links</div> <div>Source</div>	<div>Date</div> <div>8-Aug-24</div> <div>News</div> <div>Ziina has secured SVF licence from the CBUAE, enabling it to rapidly expand its range of specialized financial services</div> <div>Links</div> <div>Source</div>
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Section **New Business trends**

<div>Date</div> <div>9-Sept-24</div> <div>News</div> <div>Emirates Development Bank launched AGRIX Accelerator program to equip farmers, agribusinesses</div> <div>Links</div> <div>Source</div>	<div>Date</div> <div>13-Oct-24</div> <div>News</div> <div>Standard Chartered starts custody services for digital assets in the UAE</div> <div>Links</div> <div>Source</div>
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Section **New Investments**

<div>Date</div> <div>3-Sept-24</div> <div>News</div> <div>Tarabut acquired London-based Vyne, a real-time account-to-account (A2A) payments platform as Open Banking regulations evolve in UAE</div> <div>Links</div> <div>Source</div>	<div>Date</div> <div>23-Sept-24</div> <div>News</div> <div>Arcapita and DgPays consortium acquires majority stake in NEOPAY from Mashreq</div> <div>Links</div> <div>Source</div>	<div>Date</div> <div>14-Aug-24</div> <div>News</div> <div>ENBD is in advanced talks to acquire a majority stake in India’s Yes Bank as the state-owned State Bank of India (SBI) intends to divest its 24% stake</div> <div>Links</div> <div>Source</div>
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Section **New Emerging Technology**

Date

3-Sept-24

News

MASQ launches NEO CORP in Bahrain, a corporate digital banking platform designed to enhance customer experience

Links

[Source](#)

Date

18-Oct-24

News

MASQ NEO PAY partners with UAE fintech start-up Qlub to enhance payment options at hospitality outlets

Links

[Source](#)

Date

1-Oct-24

News

du Pay partners with ENBD to elevate digital payment solutions

Links

[Source](#)

Date

24-Sept-24

News

FAB pilots Programmable Payments through Onyx by J.P. Morgan

Links

[Source](#)

Section **New Regulations**

Date

4-Sept-24

News

UAE has announced its new 2024-27 National Strategy for Anti-Money Laundering, Countering the Financing of Terrorism and Proliferation Financing

Links

[Source](#)

Date

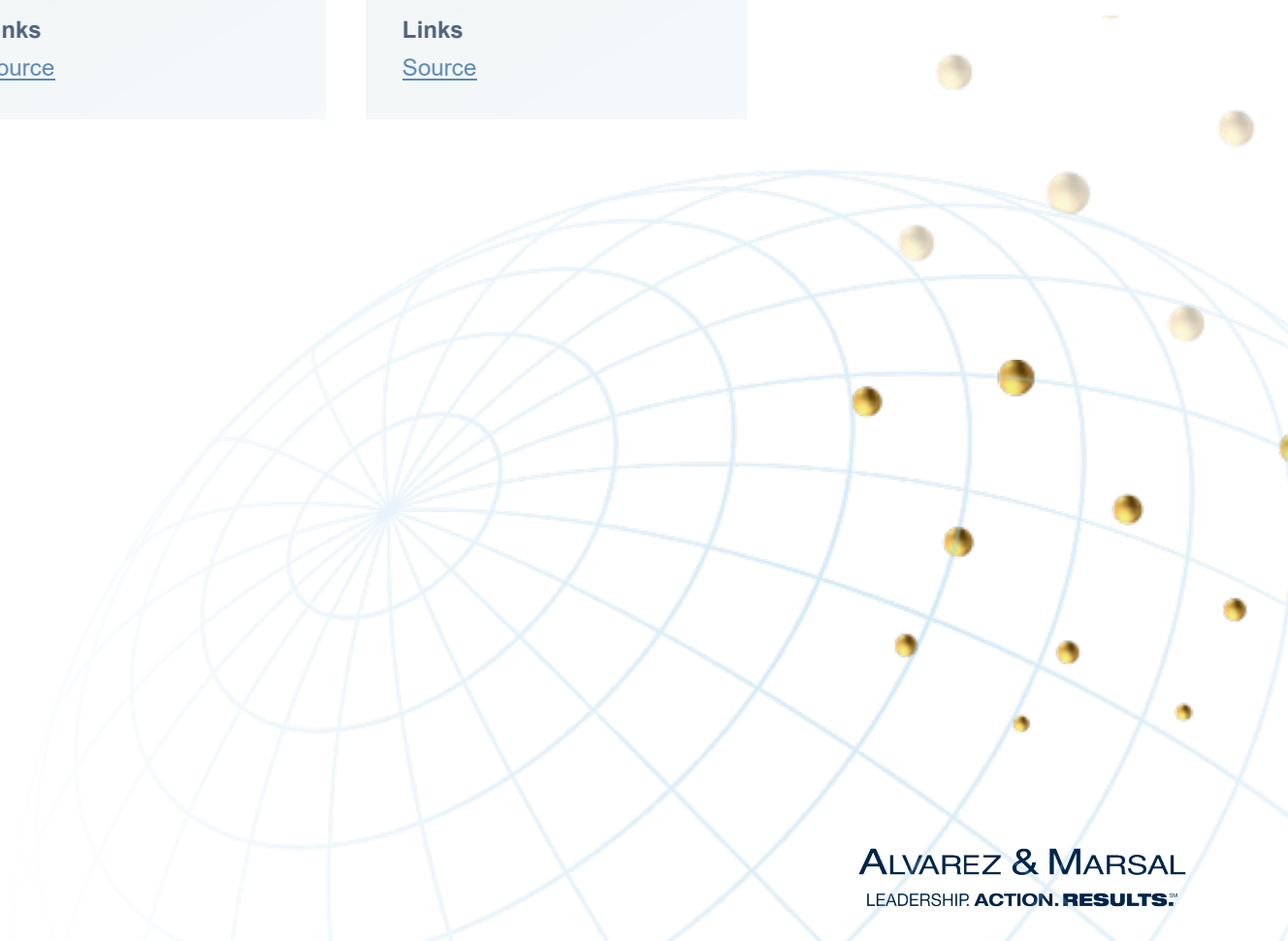
6-Aug-24

News

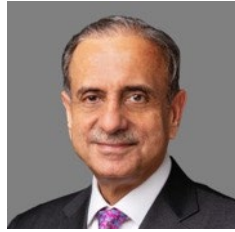
Dubai introduced new law on taxation of foreign banks

Links

[Source](#)



Our Middle East Financial Services Team



Asad Ahmed

Managing Director
ME Financial Services

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



Sam Gidoomal

Managing Director
ME Financial Services

sgidoomal@alvarezandmarsal.com
M: +971 50 298 4917



Tristan Brandt

Managing Director
ME Digital Financial Services

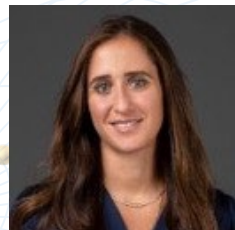
tristan.brandt@alvarezandmarsal.com
+971 56 688 3315



Ankit Uppal

Senior Director
ME Financial Services

auppal@alvarezandmarsal.com
M: +971 52 903 4576



Dana Abdalhadi

Senior Director
ME Financial Services

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



Tariq Hameed

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



Sara Grinstead

Managing Director
ME Digital Financial Services

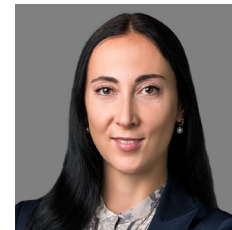
sgrinstead@alvarezandmarsal.com
+971 55 835 3377



Mohammed Jaffar

Senior Director
ME Financial Services

mjaffar@alvarezandmarsal.com
M: +971 54 307 3225



Aksinya Sorokina Kavanosyan

Director
ME Financial Services

akavanosyan@alvarezandmarsal.com
M: +971 54 586 6582



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