A&M | FINANCIAL SERVICES INDUSTRY GROUP

UAE Banking Pulse

Q1 | 2026

ALVAREZ & MARSAL
LEADERSHIP. ACTION. RESULTS.℠

UAE Banking: performance today, priorities for tomorrow

Alvarez & Marsal Middle East Limited (A&M) is delighted to publish the Q1 2026 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

Sam Gidoomal

Managing Director
Head of Middle East Financial Services

First and foremost, I hope this report finds our readers safe and well

UAE banks delivered a strong performance during Q1 2026, growing balance sheets, improving asset quality, and demonstrating resilient profitability. However, the geopolitical tensions that escalated toward the end of the quarter have increased concerns around provisioning and asset quality going into Q2 2026. We would expect to see some evidence of the impact of the disruption flowing through in Q2 and beyond

Focusing on Q1, banks' net loans portfolios grew by 5.8% QoQ, while deposits increased by 3.8% QoQ. Asset quality also improved, with the market mean NPL ratio declining to 2.3% and the coverage ratio rising to 110%, suggesting banks entered the subsequent period of geopolitical stress with strong provisioning buffers

Net income increased by 11.1% QoQ, driven by higher non-interest income and controlled operating costs, which helped improve RoE to 18.7% and RoA to 2.0%. That said, UAE banks have moved quickly to build additional provision buffers alongside the multiple supportive measures announced by the CBUAE in anticipation of higher system stress, the pace of which will play a key role in determining profitability in 2026

Key areas to watch in Q2 2026 include:

- **Lending momentum:** whether credit demand holds or softens as businesses and consumers adjust to the regional uncertainty
- **Liquidity conditions:** how banks manage funding pressure given potential deposit flow volatility during an extended period of uncertainty
- **Provisioning trajectory:** the pace and scale of impairment builds, and how far the CBUAE's resilience package, through liquidity support and reclassification flexibility, can limit the P&L impact

We hope this report will serve as a practical reference point for leadership teams as they navigate the uncertainty and strike an appropriate balance between prudence and continued growth, profitability, and transformation

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. The calculation of certain metrics has been updated, where required, to reflect appropriate comparative information. As a result, historical numbers may not match with those reported in previously published reports .

Key Takeaways

1

UAE GDP Growth Rate and PMI

- The IMF lowered its UAE GDP growth forecast for FY2026 to 3.1% in its April 2026 report, mainly due to the impact of the ongoing Middle East crisis
- Business activity also showed signs of slowing, with the UAE PMI remaining stable at 54.3 in Q1 2026. In May 2026, it declined to 52.6, as the war situation affected economic sentiment and activity
- In response, the CBUAE introduced a five-pillar resilience package backed by foreign exchange reserves to support financial stability and ensure banks continue lending to businesses and households despite the uncertain environment
- The Central Bank also announced that around AED 6.2bn in relief has already been extended to more than 65,000 customers through loan deferrals, fee waivers, and targeted support for priority sectors

2

Policy Rates

- The US Fed has maintained the benchmark Federal Funds Rate at 3.50%-3.75% following its April 29, 2026, meeting, shifting from an easing cycle to a hold stance due to inflation concerns arising from geopolitical tensions and higher energy prices
- The CBUAE mirrored the Fed's recent moves to maintain the Dirham's peg, holding the Base Rate at 3.65% on April 29, 2026
- Stable interest rates are expected to support banks' net interest margins and overall profitability while reducing the risk of sharp funding cost volatility during a period of heightened geopolitical uncertainty

3

Money Supply

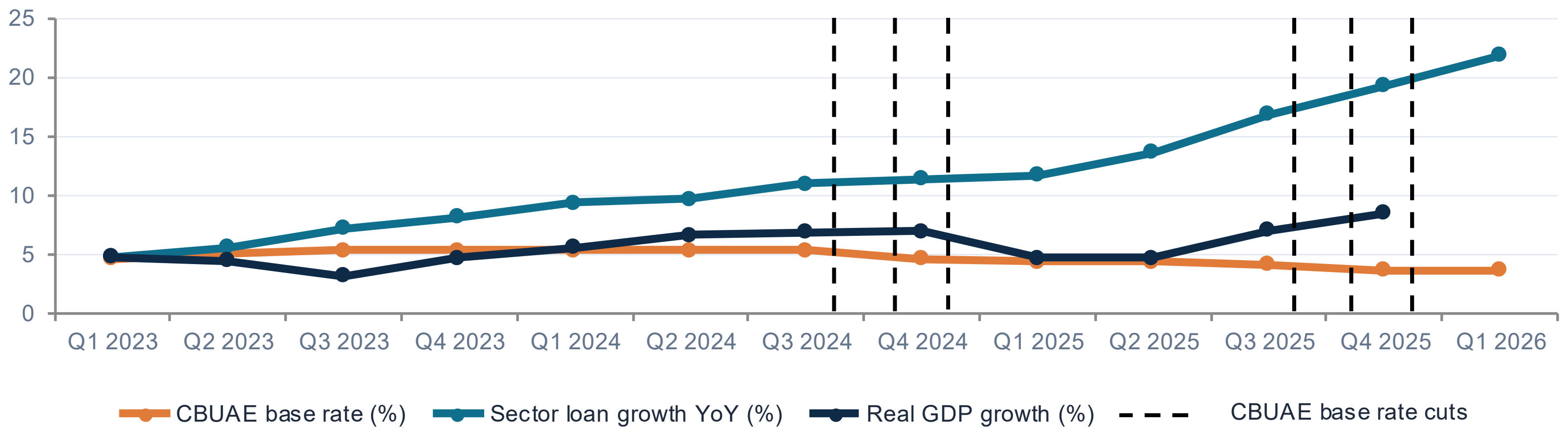
- M1 increased marginally by 0.3% QoQ to AED 1,072.7bn in Q1 2026, as monetary deposits (the largest component of M1) declined by 1.5% QoQ to AED 903.6bn partially offset by growth in other components
- M2 expanded by 4.2% QoQ to AED 2,869.3bn, supported by a 6.6% QoQ increase in quasi-monetary deposits to AED 1,796.6bn
- M3 increased by 4.6% QoQ to AED 3,406.8bn, supported by a robust 7.4% QoQ rise in government deposits to AED 537.5bn

UAE Macro Overview

UAE's resilience package and monetary policy shielding the economy amid geopolitical headwinds

5.8%	3.1%	3.65%	52.6
Real GDP growth 2025	Forecast GDP 2026	CBUAE base rate (Q1 2026)	May 2026 PMI

UAE Macro indicators



Implications

Slower economic growth and geopolitical uncertainty may moderate credit growth and increase asset quality risks for UAE banks, particularly in SME and trade finance segments. However, the CBUAE's resilience measures and stable interest rates are expected to support liquidity, maintain profitability, and cushion the sector against near-term stress

Sources: IMF, US Board of Federal Reserve, UAE Central Bank, UAE Stat

Key Takeaways

1 **Growth & Funding**

In Q1 2026, banks reported strong lending momentum, with deposit growth remaining broadly aligned, maintaining system-level balance. Although the LDR increased slightly, liquidity conditions remained comfortable, supported by the CBUAE's resilience measures

2 **Income & Efficiency**

On the earnings side, operating income growth was mainly driven by higher non-interest income, which helped offset relatively flat net interest income. At the same time, AI-led cost optimization initiatives helped control operating expenses and improved efficiency ratios

3 **Returns**

Banks' profitability remained resilient, with healthy RoE and RoA levels

4 **Risk**

Asset quality also improved during the quarter, with the NPL ratio continuing to improve and stronger coverage ratios providing additional protection against potential credit losses

5 **Capital & liquidity**

Capital levels remained well above regulatory requirements

Implications

Overall, the banks delivered a strong performance during the quarter. However, as the conflict situation escalated toward the end of the quarter, its financial impact is likely to become more visible in Q2 2026 and beyond

UAE Banking Sector overview

UAE banks reported robust quarterly performance amid late-quarter geopolitical tensions

	Metric	Q4 2025		Q1 2026	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
Growth and Funding	Net L&A Growth (QoQ)	4.2%	⬇	5.8%					
	Deposits Growth (QoQ)	2.8%	⬇	3.8%					
	Loan-to-Deposit Ratio (LDR)	78.9%	⬇	80.4%					
Income and Efficiency	Net Income Growth (QoQ)	-8.3%	⬇	11.1%					
	Cost of Funds (CoF)	3.7%	⬆	3.4%					
	Net Interest Margin (NIM)	2.47%	⬆	2.37%					
	Cost-to-Income Ratio (C/I)	29.0%	⬆	27.3%					
Returns	Return on Equity (RoE)	16.9%	⬇	18.7%					
	Return on Assets (RoA)	1.8%	⬇	2.0%					
	Return on Risk-Weighted Assets (RoRWA)	2.9%	⬇	3.1%					
Risk	Non-Performing Loans (NPL) %	2.4%	⬆	2.3%					
	Cost of Risk (CoR)	0.63%	⬆	0.56%					
	Coverage Ratio	108.0%	⬇	110.0%					
Capital & Liquidity	Capital Adequacy Ratio (CAR)	16.4%	⬆	16.2%					
	LCR[1]	147%	⬆	142%					
	ELAR[1]	16.3%	⬆	13.6%					

⬆ Improved ⬇ Worsened

Sources: Financial statements, Investor presentations, Pillar III disclosures, A&M analysis,
Note: [1]Under the applicable regulatory framework, Domestic Systemically Important Banks (D-SIBs), including FAB, ENBD, ADCB, DIB, and MASQ, report the Liquidity Coverage Ratio (LCR), while the remaining banks, including ADIB, CBD, RAK, SIB, and NBF, disclose the Eligible Liquidity Asset Ratio (ELAR)

ALVAREZ & MARSAL
LEADERSHIP. ACTION. RESULTS.

Key Sector Developments

UAE banking industry developments

Market Liquidity

- UAE banks operated with moderately high LDR ratios, although liquidity conditions remain stable, with no immediate funding pressure observed
- In response to geopolitical tensions, the CBUAE introduced temporary liquidity support measures, allowing access to reserve balances of up to 30% of cash reserve requirements
- The regulator also provided temporary relief on liquidity and net stable funding ratio requirements

Costs

- Ongoing cost optimization initiatives continued to improve operational efficiency across the sector
- AI adoption and digital transformation initiatives continued to drive efficiency gains, streamline operations, and enhance service delivery across the banking sector
- Major banks witnessed increased staff costs due to targeted hiring, technology investments, and the expansion of AI capabilities

Asset Quality

- Asset quality across the sector remained resilient, with several banks reporting historically low NPL ratios
- At the same time, heightened geopolitical tensions led banks to take a conservative stance by increasing precautionary provisioning, resulting in higher coverage ratios and pressure on CoR
- A slight uptick in Stage 3 loan balances across loan portfolios may indicate early signs of emerging credit stress

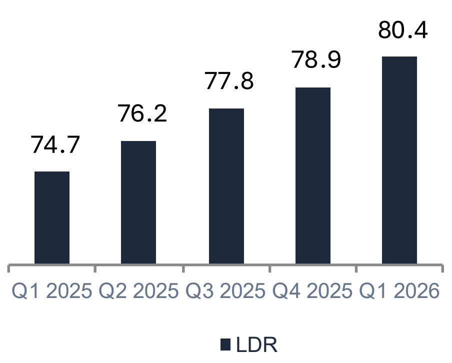
New Technologies

- UAE banks accelerated the shift from AI pilots to large-scale deployment, with FAB scaling Agentic AI across the organization and reporting productivity gains of up to 20%
- Banks continued investing in digital transformation, with ENBD deepening the integration of 187 APIs
- Banks expanded AI-driven customer engagement, with MASQ's AI chatbot resolving 89% of customer queries across 120 banking use cases without agent transfer

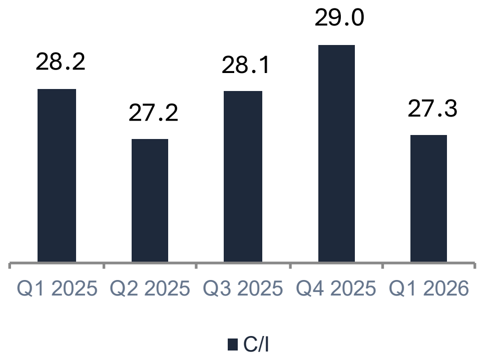
Expected Challenges

- Regional geopolitical tensions could weigh on lending growth and deposit inflows, with S&P warning that a severe escalation may trigger significant deposit outflows across GCC banking systems
- Asset quality may face pressure, with early signs reflected in a higher cost of risk and rising Stage 3 loans
- Scaling enterprise-wide AI adoption may require significant investment, potentially pressuring efficiency and profitability

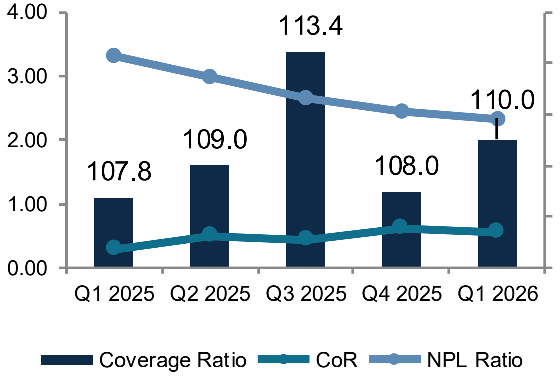
Loan-to-deposit ratio



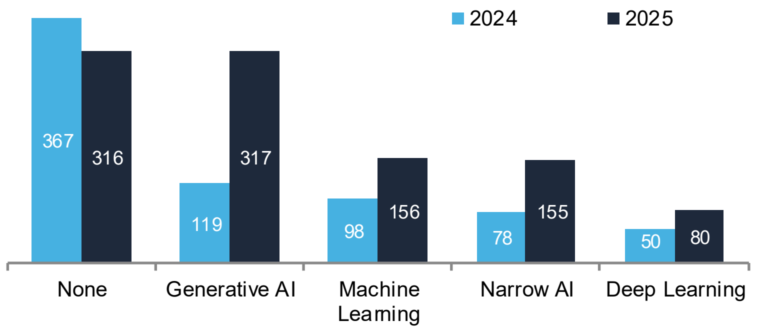
Cost-to-income ratio



Asset quality



AI adoption across DIFC firm[1]



Sources: Financial statements, Investor presentations, A&M Analysis, CBUAE, S&P, DFSA Artificial Intelligence Survey 2025

Note: 1The chart illustrates the number of firms operating within the Dubai International Financial Centre (DIFC) that have adopted AI in 2024 and 2025, based on findings from the Dubai Financial Services Authority (DFSA) Artificial Intelligence Survey 2025, published in November 2025

Peer archetypes

Scale leaders

FAB, ENBD

Strong lending momentum was observed across both banks, with FAB reporting solid cost efficiency, while ENBD maintained strong profitability and margins

Strong asset quality

ADCB, MASQ

Resilient asset quality across both banks, supported by low NPL ratios

Islamic universal

DIB, ADIB, SIB

Elevated C/I ratio indicated softer cost efficiency, while prudent provisioning supported a lower cost of risk

Mid-cap specialists[1]

CBD, RAK, NBF

RAK remained the strongest peer performer across growth, profitability, efficiency, asset quality, and capital, while CBD lagged its peers and NBF performed relatively better on margins and capital

UAE Banks – Relative Performance Analysis

Banks exhibited varying performance across key KPIs, with RAK and ENBD ranking favorably across multiple metrics, while CBD and NBF reported comparatively lower rankings in selected indicators

Banks	Loan Growth QoQ %	Deposit Growth QoQ %	NIM %	RoE %	C/I %	NPL %	CoR %	CAR %
FAB	8.3%	3.6%	1.65%	15.0%	22.6%	2.1%	0.67%	15.8%
ENBD	7.1%	5.6%	3.37%	21.8%	29.2%	2.3%	0.49%	16.4%
ADCB	4.9%	4.7%	2.00%	16.3%	25.6%	1.9%	0.60%	16.9%
DIB	3.3%	0.6%	2.26%	15.1%	28.2%	2.5%	0.62%	15.8%
MASQ	2.0%	2.6%	2.55%	20.2%	30.9%	1.2%	0.20%	15.8%
ADIB	6.9%	4.5%	2.10%	26.1%	29.6%	2.6%	0.33%	15.5%
CBD	1.0%	-1.5%	2.75%	19.1%	26.9%	4.2%	0.58%	15.5%
RAK	4.0%	5.5%	3.71%	27.8%	26.2%	1.9%	1.67%	18.7%
SIB	2.6%	10.3%	2.11%	18.7%	36.3%	4.0%	-0.07%	15.5%
NBF	-0.8%	-2.5%	3.01%	17.4%	29.3%	4.0%	1.21%	16.6%

Top 30% Middle Bottom 30%

Sources: Financial statements, Investor presentations, A&M Analysis
Note: 1Banks are categorized based on market capitalization. Banks having market capitalization above USD 10bn considered as large cap, between USD 2bn and USD 10bn considered as mid cap, and banks with market capitalization below USD 2bn considered as small cap.

Voice of the CEO (1/2)

Margin & funding outlook:

ENBD maintained its 2026 NIM guidance of 3.1–3.3%, with expectations of fewer interest rate cuts supporting margins and partly offset the impact of prolonged high rates in Turkey

DIB guided for a 2026 NIM of 2.3%, supported by stable deposit growth and an increasing share of low-cost CASA deposits

CBD expects NIMs in the range of 2.7–2.8%, driven by healthy net interest income growth and continued expansion in CASA balances

Loan growth ambition:

FAB has provided its 2026 guidance for loan growth in the low-to-mid teens, while ENBD has maintained its full-year guidance for gross loan growth in the mid-teens range

DIB is targeting around 10% growth in net financing assets and sukuk investments for FY2026, while ADIB has guided for gross financing growth of 12–14% in 2026

Asset quality view:

FAB provided CoR guidance at below 70bps, while ENBD guided for a CoR of 30–50bps and an NPL ratio of around 2.5%; management noted that the outlook may be re-assessed in Q2 2026 depending on geopolitical developments

ADCB expects CoR to remain below 60bps, while DIB guided for its NPL ratio to reach around 2.5% in FY2026

Capital deployment:

FAB optimized its capital structure through the call of a USD 750mn AT1 instrument

ADCB continues to invest in priority economic sectors while maintaining a strong CET1 ratio of 13.82%, supported by a five-year strategy targeting approximately AED 25bn in shareholder payouts

MASQ is focused on deploying capital efficiently following its USD 500mn AT1 issuance, supporting strong loan growth, high-quality investment assets, and ongoing platform transformation initiatives

Sources: Investor presentations, Earnings calls, Management discussion & analysis

Voice of the CEO (2/2)

Digital & AI transformation:

FAB achieved up to 20% efficiency gains through enterprise-wide Agentic AI deployment, while ENBD aims to become a data-first, digital-focused bank by scaling 50+ AI initiatives and integrating 187 APIs

ADCB is advancing its technology-driven transformation by expanding AI deployments across software engineering and management productivity tools

ADIB plans to embed GenAI and advanced analytics across its value chain under Vision 2035, enhancing personalization, and balancing digital and human-led service models

ESG & sustainable finance:

FAB continues progressing toward its AED 500bn sustainable and transition financing target for 2030, with AED 389bn already facilitated

ADIB aims to mobilize AED 60bn in sustainable finance by 2030 under Vision 2035, alongside setting financed emissions targets to strengthen its Islamic banking sustainability leadership

NBF's outlook includes integrating Climate Risk Regulations fully into its Enterprise Risk Framework and expanding sustainable finance limits beyond the current AED 3.88bn

Geographic expansion:

FAB is expanding its international presence through the conversion of its France operations into a subsidiary and the establishment of a representative office in Nigeria, strengthening cross-border business flows

ENBD continues to expand its regional footprint, with a focus on completing the RBL transaction in India and growing operations across Egypt, KSA, and Turkey

Regulatory & macro view:

FAB views the UAE Central Bank's proactive policy and relief measures as a structural advantage supporting sustainable performance across market cycles

NBF is developing Open Banking capabilities aligned with UAE Central Bank digital initiatives while enhancing authentication systems to meet evolving customer protection regulations

Key Takeaways

1 **Strong profitability**
In Q1 2026, net income increased by 11.1% QoQ, primarily supported by higher operating income (7.7% QoQ)

2 **Revenue diversification accelerated**
Non-interest income grew by 23.9% QoQ in Q1 2026, compared with a decline of 11.8% in the prior quarter, reflecting the sector's ability to generate earnings from multiple revenue streams

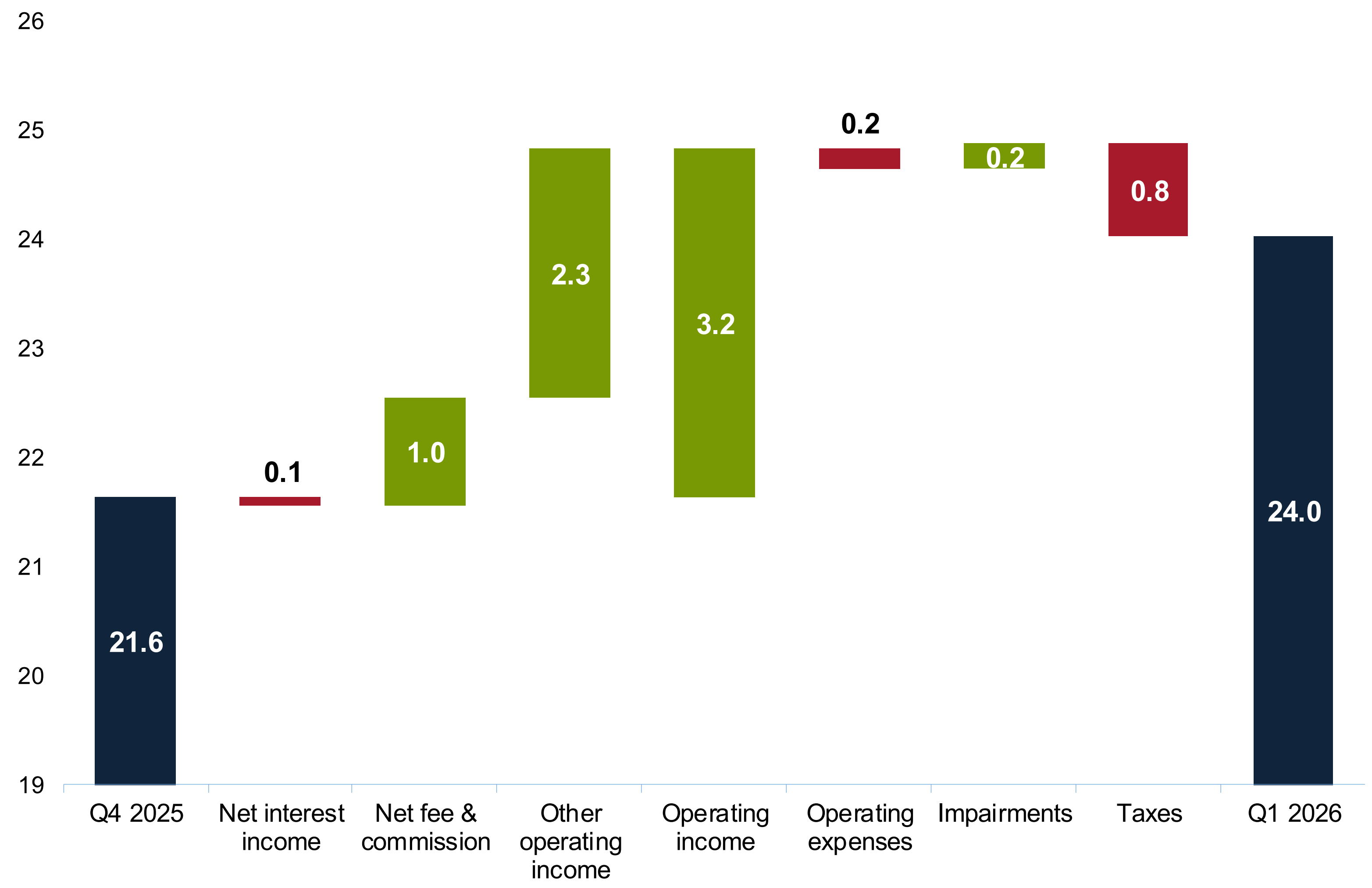
3 **Positive operating leverage**
Operating income increased by 7.7% QoQ, significantly outpacing the 1.6% QoQ increase in SG&A expenses, supporting stronger earnings growth

Implications

Revenue diversification and positive operating leverage are reducing the sector's dependence on net interest income, supporting a more resilient earnings profile amid a lower-rate environment

Income and Profitability (1/4)

Net Income Bridge (AED bn)



Sources: Financial statements, Investor presentations, A&M analysis
Note: Non-operating income change is not considered because of negligible change compared to other metrics

Key Takeaways

1 **Revenue diversification through non-interest income**

The share of non-interest income in operating income increased to 38.0% in Q1 2026 from 33.0% in the prior quarter, indicating a growing contribution from non-interest income sources

2 **Margin normalization continued**

Sector NIM declined to 2.37% in Q1 2026 from 2.47% in Q4 2025, as the decline in asset yields outpaced the moderation in funding costs following recent rate cuts

3 **Earnings resilience**

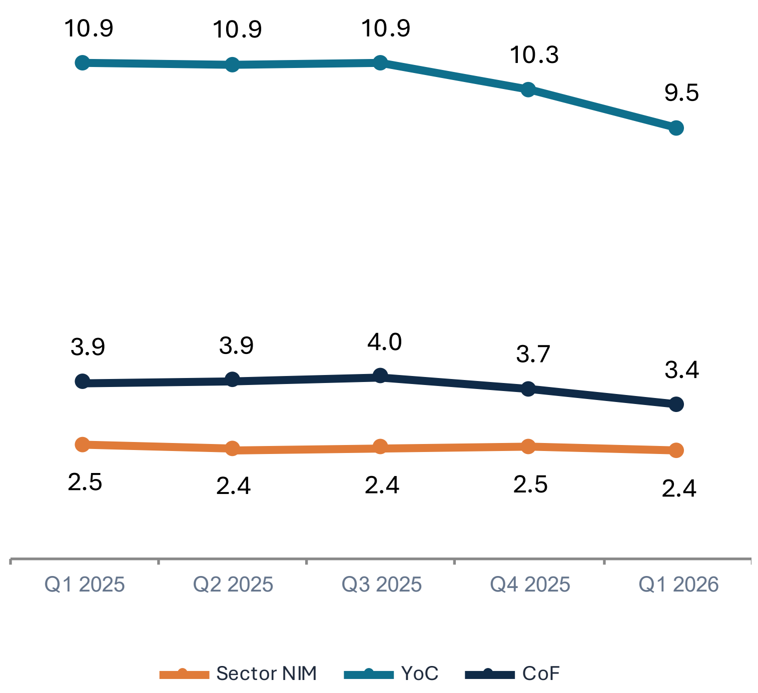
The quarter demonstrated the sector's ability to maintain earnings resilience through diversified revenue generation and disciplined cost management, with fees and trading income streams partially offsetting the impact of post-rate cut margin normalization

Implications

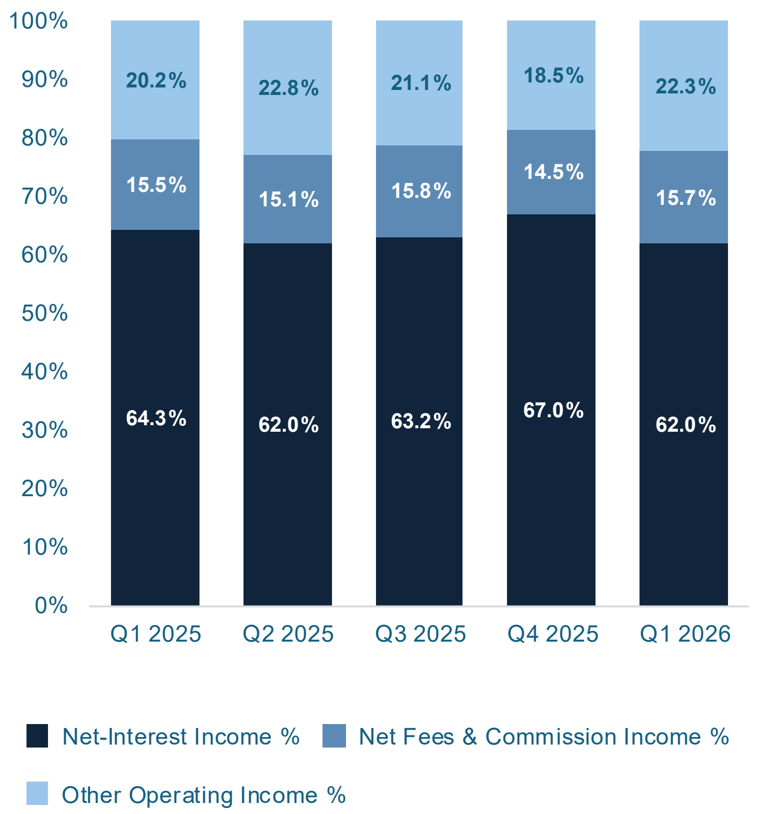
Diversified fee and trading income, along with disciplined cost management, continue to support profitability despite margin pressure from rate cuts; however, rising precautionary provisions may weigh on earnings growth if geopolitical uncertainty persists

Income and Profitability (2/4)

NIM trajectory (%)



UAE Banks Operating Income Mix[1]



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

ALVAREZ & MARSAL
LEADERSHIP. ACTION. RESULTS.

Key Takeaways

1 **Sector-wide NIM pressure**
Six of the top ten UAE banks reported a decline in NIM during the quarter, with ENBD and ADCB experiencing the largest impact among the top five banks

2 **Rate cut impact**
ENBD's NIM declined by 19bps QoQ to 3.37%, while ADCB's NIM fell by 14bps QoQ to 2.00%, mainly reflecting the impact of the three rate cuts implemented between Sep 2025 and Dec 2025

3 **CASA-led resilience**
Despite the lower rate environment, margins remained relatively resilient at both banks, supported by optimized funding costs supported and a higher CASA contribution within the deposit mix

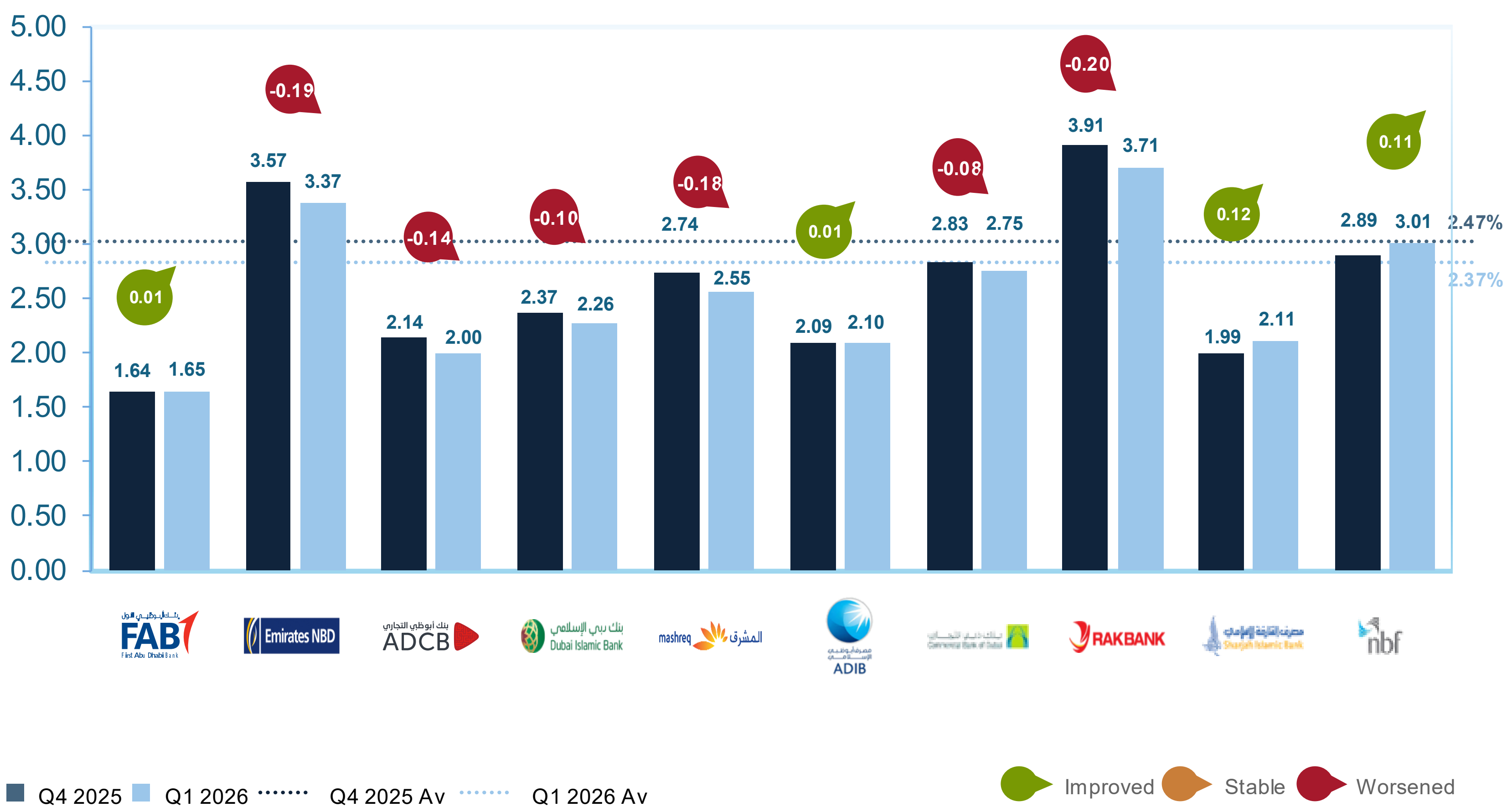
4 **FAB margin stability**
In contrast, FAB's NIM remained broadly stable at 1.65%, as the impact of rate cuts was offset by a reduction in lower-yielding assets and higher recoveries from interest-in-suspense accounts, which provided a temporary one-off benefit of around 7–8bps

Implications

Early signs of margin normalization are emerging as recent rate cuts pressure NIMs across major banks, though strong CASA franchises continue to support funding costs and cushion profitability. Larger banks with diversified income streams and balance sheet flexibility, such as FAB, remain relatively better positioned to navigate the lower-rate environment

Income and Profitability (3/4)

Net Interest Margin (%, Quarterly)



Note: Some numbers might not add up due to rounding
Sources: Financial statements, Investor presentations, A&M analysis

Key Takeaways

1 **Strong operating income**
In Q1 2026, operating income across UAE banks increased to AED 44.4bn, up 7.7% QoQ, supported by strong growth in non-interest income despite a slight decline in net interest income

2 **Non-interest income growth**
Fee and commission income rebounded strongly during the quarter (+16.5% QoQ), while other operating income also recorded healthy growth of 29.8% QoQ, reflecting improving revenue diversification across the sector

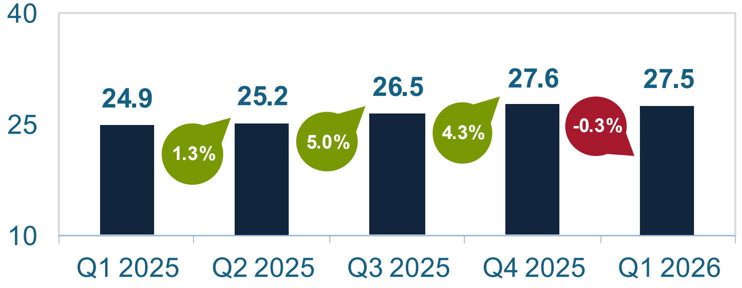
3 **Revenue diversification**
The quarter demonstrated banks' increasing ability to manage margin pressure through more balanced revenue streams, particularly among large banks such as ENBD, ADCB, and MASQ, which reported strong growth in non-interest income of 65.3%, 26.7%, and 23.3% QoQ, respectively

Implications

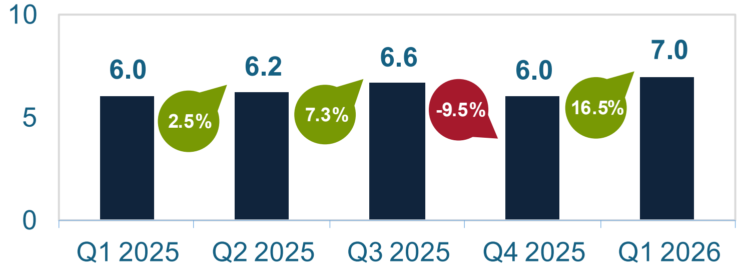
The rising contribution from fee-based and other non-interest income sources suggests that UAE banks are becoming less dependent on interest rate movements and through deliberate diversification, are gradually building more resilient business models

Income and Profitability (4/4)

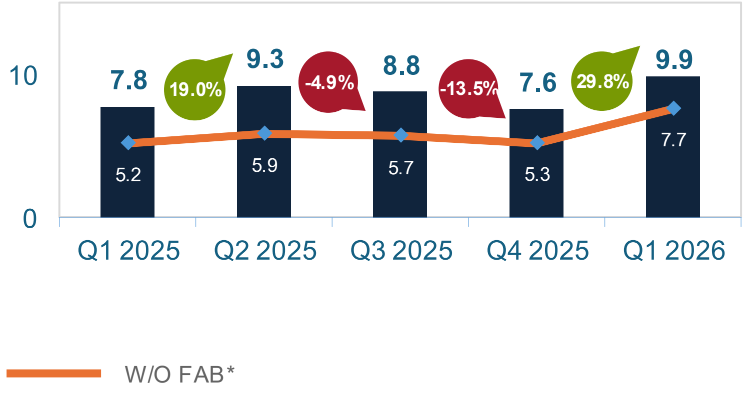
Net Interest Income (AED bn)



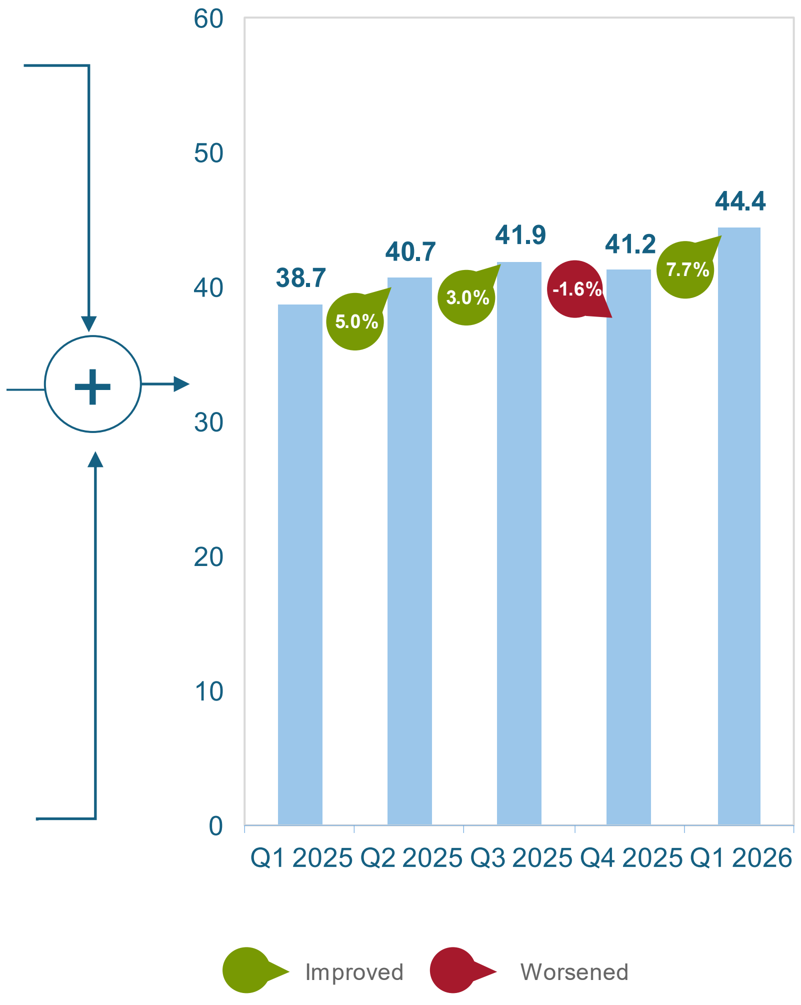
Fees & Commission Income (AED bn)



Other Operating Income (AED bn)



Operating Income (AED bn)



Note: Some numbers might not add up due to rounding
** Other operating income without FAB numbers are presented separately, as its large contribution to other operating income distorts the aggregate*
Sources: Financial statements, Investor presentations, A&M analysis

Key Takeaways

1 **Improved operating efficiency**
The aggregate cost-to-income ratio improved meaningfully, falling to 27.3% in Q1 2026 from 29.0% in Q4 2025, primarily driven by disciplined cost management and strong operating income

2 **Cost optimization benefits**
Operating expense growth was contained at 1.6% QoQ, highlighting the benefits of ongoing cost optimization initiatives and the increasing adoption of AI capabilities across the banks

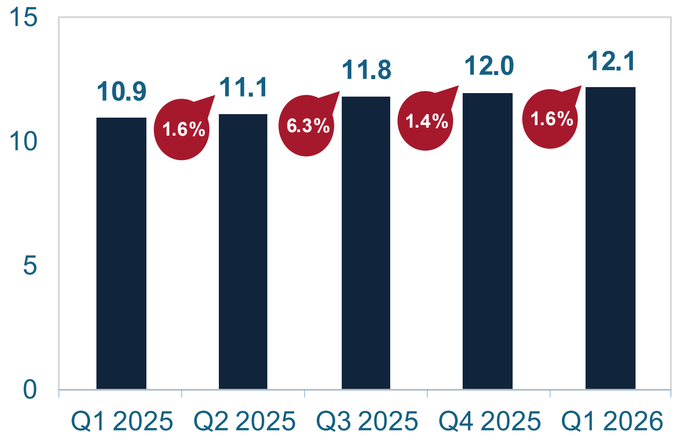
3 **Strong Revenue Growth**
Operating income grew by 7.7% QoQ, propelled by a 23.9% surge in non-interest income

Implications

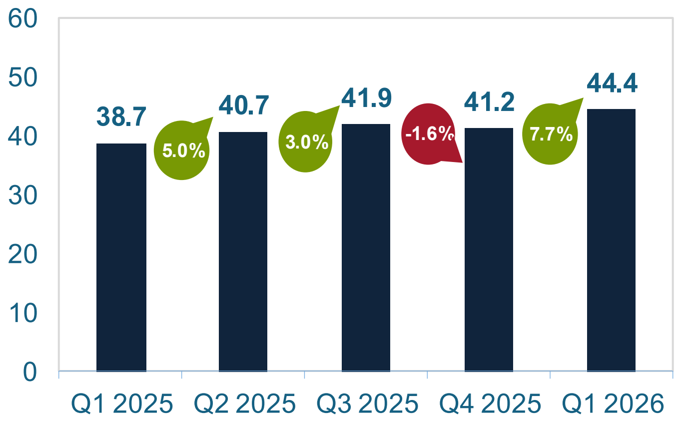
Cost discipline and technology-led productivity gains are supporting lower cost-to-income ratios despite ongoing investment in transformation initiatives

Cost and Efficiency (1/2)

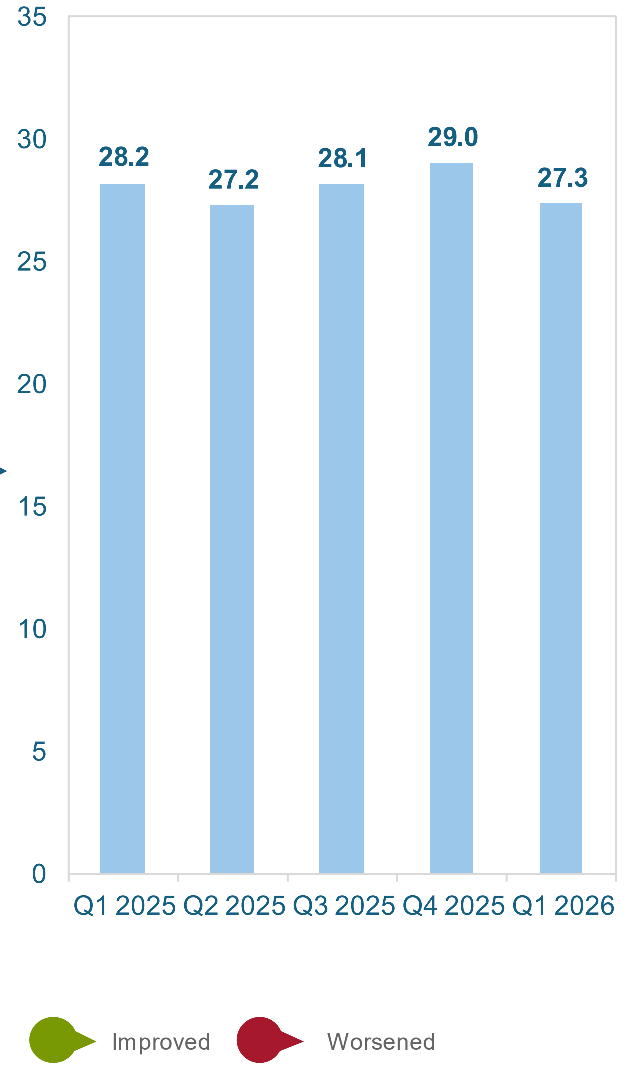
Operating Expense (AED bn)



Operating Income (AED bn)



Cost to Income Ratio (% Quarterly)



Note: Some numbers might not add up due to rounding
Sources: Financial statements, Investor presentations, A&M analysis

Key Takeaways

1 **Broad-based efficiency improvement**
Eight out of the ten banks reported improved operating efficiency, with ADCB and ENBD emerging as the strongest performers among the top five banks

2 **ADCB increased the use of AI within workflows**
ADCB's C/I ratio improved significantly by 4pp QoQ to 25.6%, as operating income grew by 6.6% QoQ while operating expenses declined by 7.7% QoQ. The decline in expenses was mainly driven by a 10.9% QoQ reduction in staff-related costs, reflecting the bank's increasing use of AI within employee workflows, which helped reduce headcount-related expenses

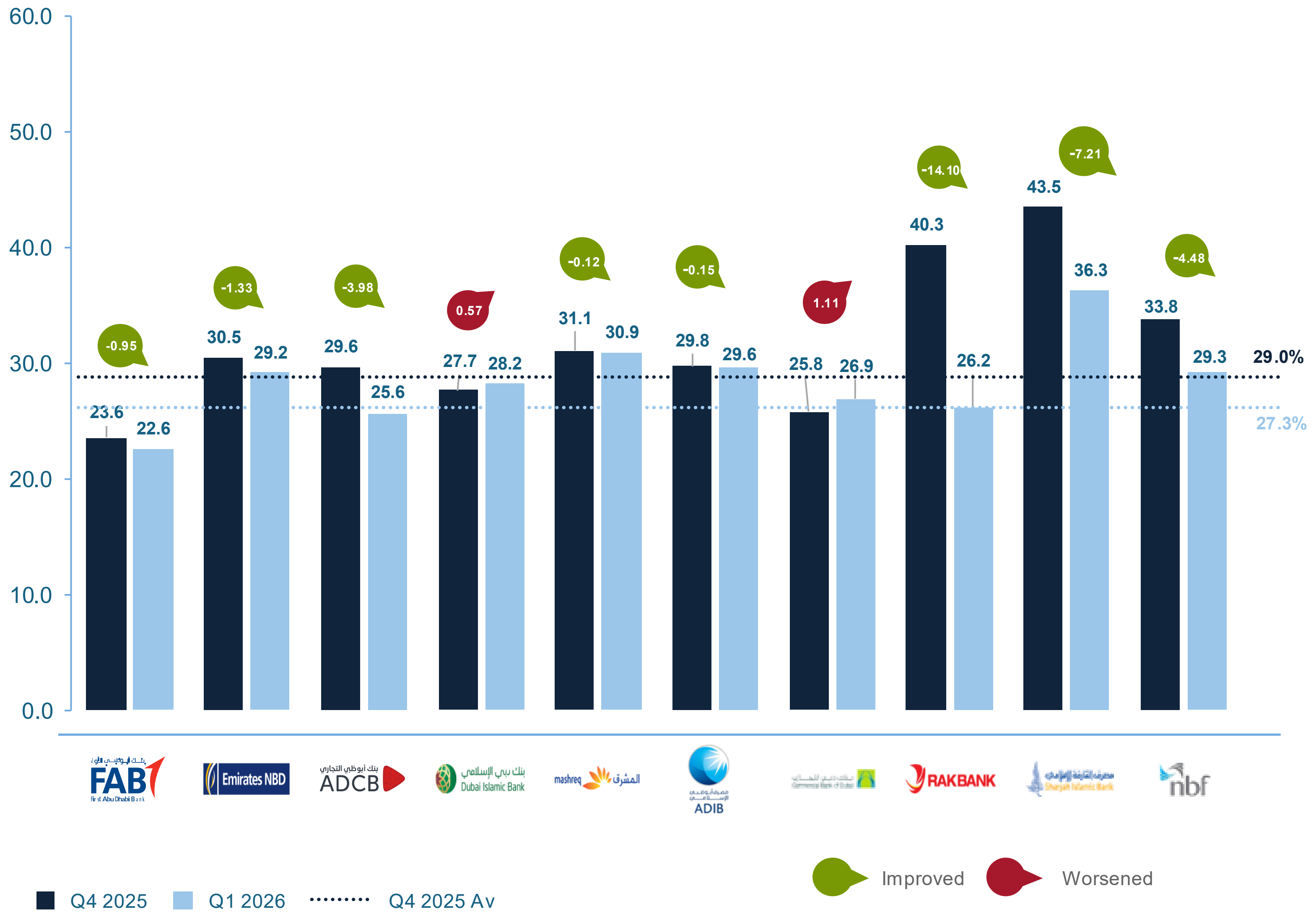
3 **ENBD reported strong non-interest income growth**
ENBD's C/I ratio improved by 1.3pp QoQ to 29.2%, supported by strong operating leverage. Operating income increased by 13.4% QoQ, driven by a 65.3% rise in non-interest fee income, while operating expenses grew by 8.5% QoQ. The growth in fee income was supported by strong asset growth and continued expansion of capital markets businesses, particularly wealth management and investment banking

Implications

Major banks such as ENBD and ADCB are increasingly benefiting from digital transformation, AI-led optimization initiatives, and strong non-interest income growth, which could help sustain profitability despite pressure on margins from lower interest rates

Cost and Efficiency (2/2)

Cost to Income Ratio (%, Quarterly)



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

Peer Archetypes

1 **Best of both**
RAK delivered one of the strongest combinations of margin profile and operating efficiency among peers, reporting a NIM of 3.71% and a C/I ratio of 26.2%

2 **Wide margins**
Alongside RAK, ENBD, and NBF reported relatively strong NIMs of 3.37% and 3.01%, respectively

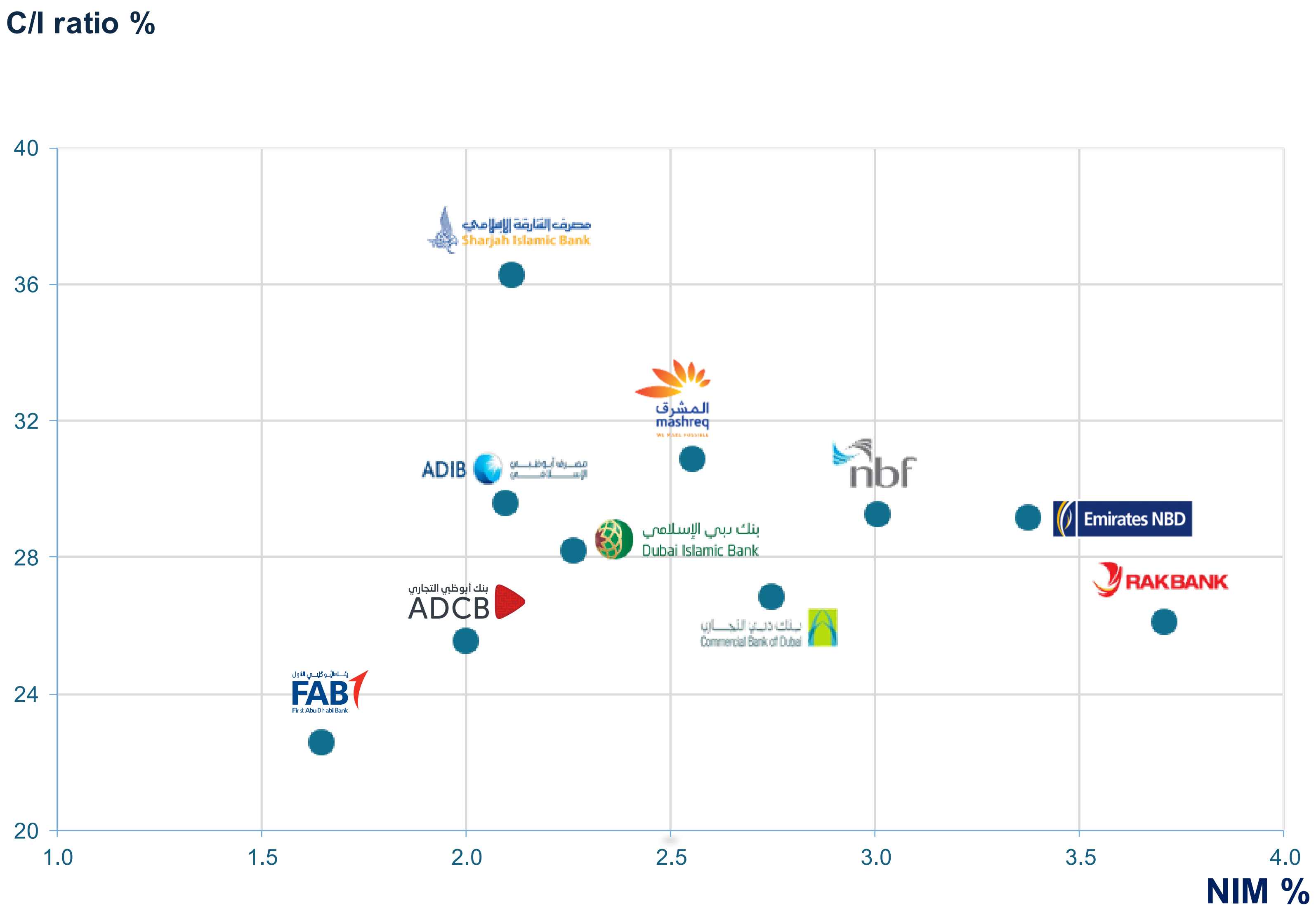
3 **Profitability and efficiency lag**
ADIB reported a comparatively lower NIM of 2.10% and a C/I ratio of 29.6%, lagging most peers on profitability and efficiency metrics

4 **Outliers to watch**
FAB reported the lowest NIM among peers at 1.65% but maintained the strongest operating efficiency with a C/I ratio of 22.6%, while SIB reported the weakest efficiency metrics with a C/I ratio of 36.3%

Implications

Peer performance highlights differing profitability models across the sector, with some banks relying on stronger margins while others benefit from superior cost efficiency, demonstrating that strong operating performance can be achieved through multiple business models

Margin economics vs operating efficiency



Sources: Financial Statements, Investor presentations, A&M Analysis

Key Takeaways

1 **Healthy credit growth**

UAE banks reported healthy gross loan growth, primarily driven by the corporate/wholesale lending, which expanded by 6.5% QoQ, while retail lending also remained supportive, growing by 3.6% QoQ

2 **Cautious lending approach**

However, as regional uncertainty increased toward the end of the quarter, banks began adopting a more cautious lending approach, with new credit approvals becoming more selective, particularly in sectors such as real estate, construction, manufacturing, hospitality, and logistics

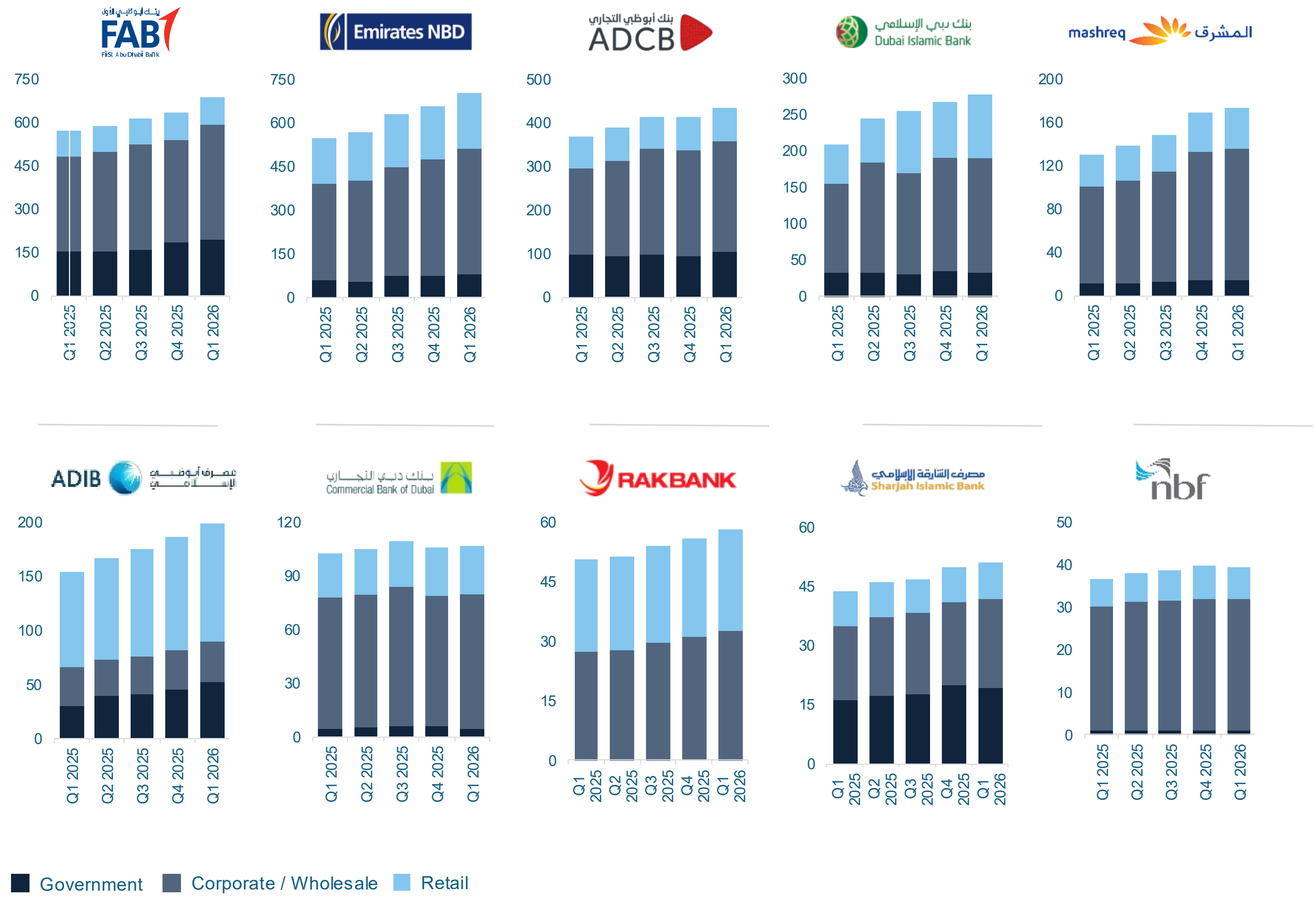
3 **Emerging corporate stress**

Consequently, the impact of the regional conflict is expected to become more evident in Q2 2026, particularly within the corporate banking segment

Implications

Rising regional uncertainty has led banks to adopt a more selective lending approach, particularly toward cyclical sectors, indicating a shift toward tighter risk management. Additionally, potential asset quality pressure could emerge in the corporate banking segment in the coming quarters

Gross Loans and Advances (AED bn)



Note 1: Scaling and some numbers might not add up due to rounding off.
Note 2: MASQ reported segment wise total L&A mix does not match with gross L&A, as gross L&A is adjusted with unearned income of Islamic financing.
Note 3: SIB reported segment wise total L&A mix does not match with gross L&A mix, as gross L&A is adjusted with differed profits.
Sources: Financial statements, Investor presentations, A&M analysis

Key Takeaways

1 **Strong deposit growth with a shift toward time deposits**

Customer deposits across banks increased by 3.8% QoQ, mainly driven by strong 7.4% QoQ growth in time deposits, while CASA deposits saw only a marginal rise of 0.9% QoQ, indicating customers' preference for higher-yielding deposit products

2 **Resilient growth amid geopolitical tensions**

Major banks in the UAE reported healthy deposit growth, with ENBD management highlighting that the momentum remained strong despite heightened regional geopolitical tensions

3 **Geopolitical caution**

Banks remained cautious about Q2 and Q3 2026 due to stretched geopolitical uncertainty, and management teams indicated that guidance could be revised depending on performance trends during the middle of the year

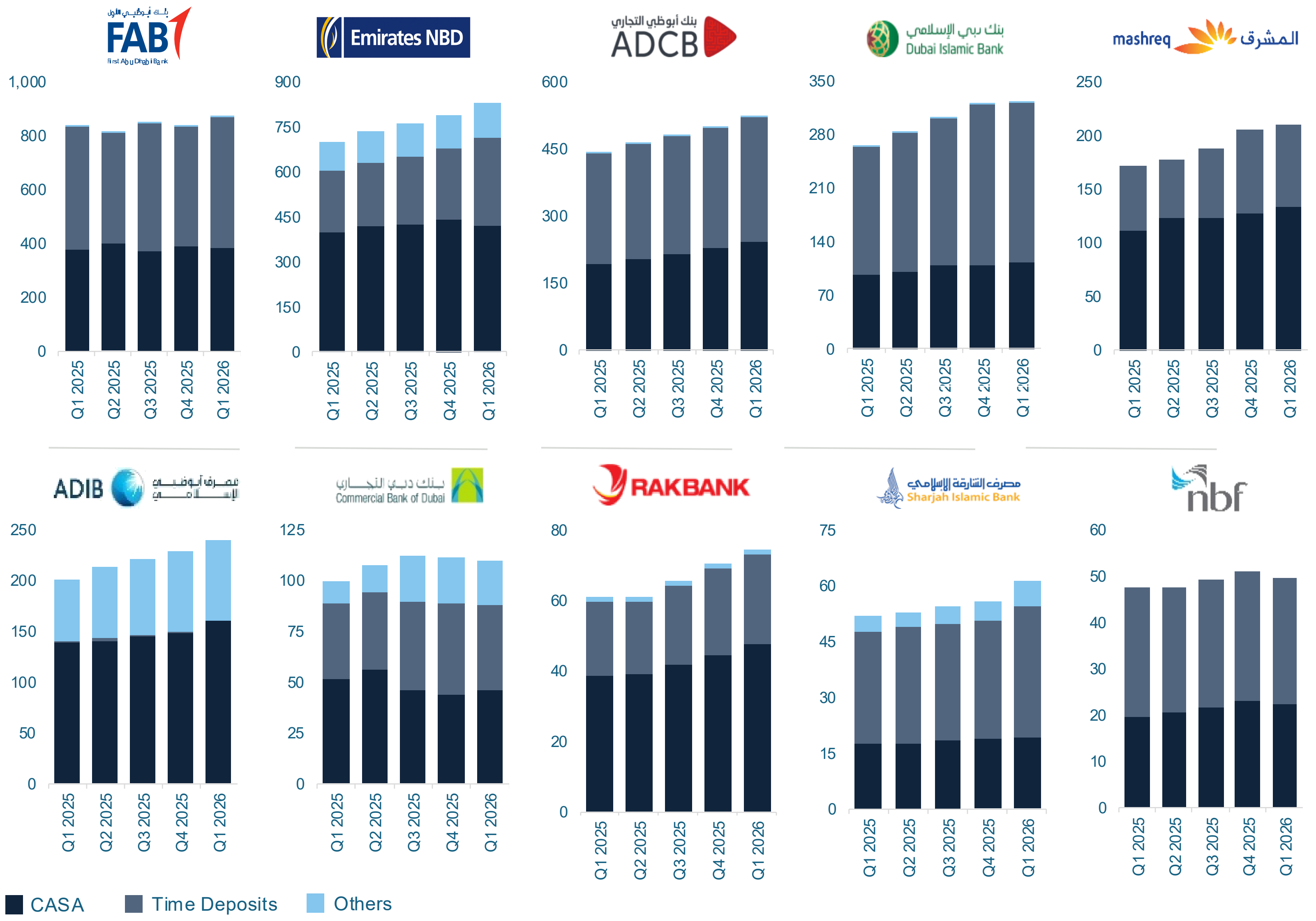
4 **Potential deposit outflow risk**

S&P Global Ratings also warned that, under a severe conflict scenario, the Gulf banking sector could face deposit outflows of up to USD 307bn. That said, the agency noted that there are currently no signs of major withdrawals from either foreign or domestic depositors

Implications

Banks witnessed resilient liquidity and deposit growth despite geopolitical uncertainty. However, the shift toward higher-cost time deposits may pressure funding costs and margins, while prolonged regional tensions could increase deposit volatility risks

Customer Deposits (AED bn)



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

Key Takeaways

1 **Higher loan-to-deposit ratio**

UAE banks' aggregate LDR ratio increased to 80.4% from 78.9% in the previous quarter, reflecting continued lending growth outpacing deposit expansion

2 **Regulatory Liquidity Support**

The CBUAE's temporary relaxation of liquidity requirements under its resilience package is expected to support further credit expansion, allowing banks to operate at moderately higher LDR levels without immediate regulatory pressure

3 **Healthy Funding Position**

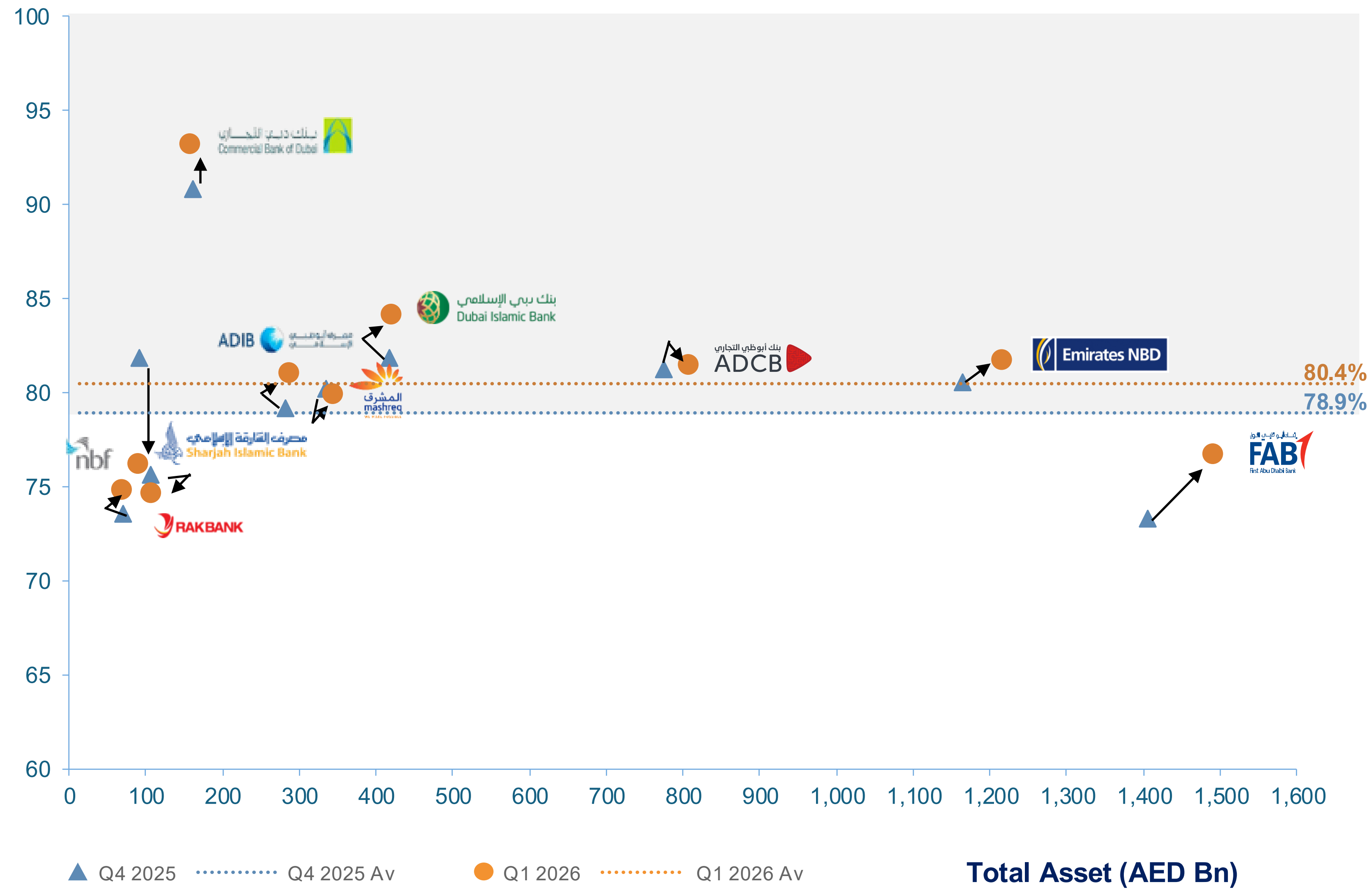
The top five UAE banks by asset size continued to operate at a healthy aggregate LDR of approximately 80%, indicating balanced loan growth and funding capacity

Implications

Banks witnessed gradual balance sheet expansion, with loan growth continuing to outpace deposit growth. Supportive liquidity measures from the CBUAE and healthy funding positions among large banks should help sustain credit growth without near-term liquidity stress

Loan to Deposits Ratio (%)

Loan-to-Deposit Ratio %



Note: The grey zone is an area of healthy liquidity
Sources: Financial statements, A&M analysis, CBUAE

Key Takeaways

1 Strong lending growth
Aggregate net loans and advances of UAE banks increased by 5.8% QoQ, with lending activity remaining resilient ahead of the rise in regional uncertainty toward the end of the quarter

2 Late-quarter volatility
Major banks reported healthy loan growth during the first two months of the quarter, while lending activity became more volatile in March following the escalation of geopolitical tensions toward the end of the quarter

3 Q2 risk visibility
Overall quarterly growth remained largely unaffected, although the impact of regional uncertainty is expected to become more visible in Q2 2026

4 Resilient deposit base
Customer deposits increased by 3.8% QoQ, reflecting stable funding conditions

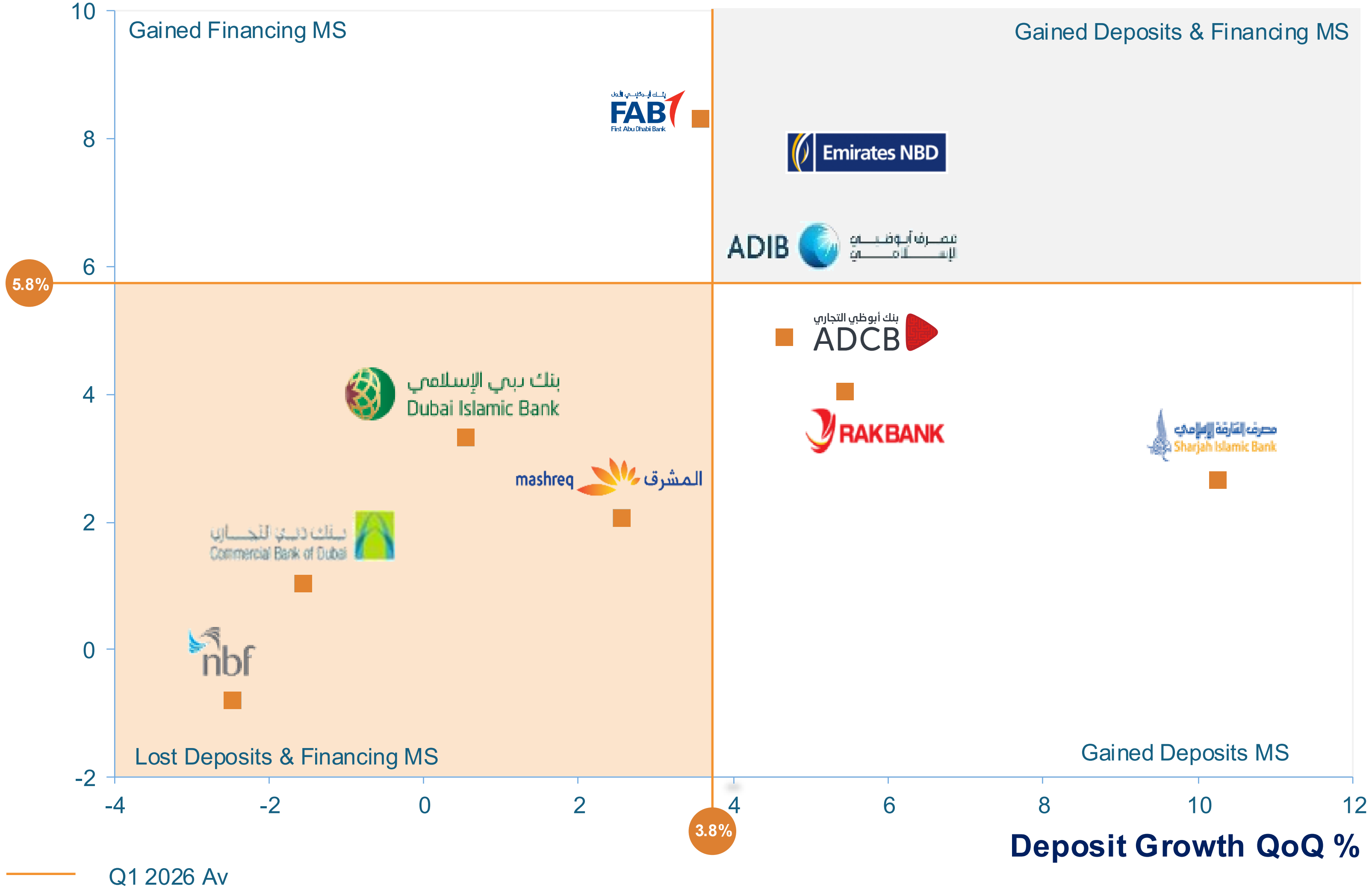
5 CBUAE liquidity support
In response to the region's geopolitical environment, the CBUAE introduced proactive resilience measures to support liquidity and encourage banks to continue lending to the economy

Implications

The impact of regional tensions on lending and deposit growth may become more visible in Q2 2026

Net L&A and Deposit Growth (%, Quarterly)

Net L&A Growth QoQ %



Note: MS refers to Market Share. A bank growing faster than the sector gains market share, while slower growth indicates a loss of market share

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

Key Takeaways

1 **Stage 3 loans bottoming out**

During the quarter, stage 3 loans bottomed out and started increasing although at a slower rate of 1.5% QoQ, however, their contribution reduced to 2.6% from 2.7% in the previous quarter, as stage 1 loans reported robust growth of 5.9%

2 **Higher provision buffer build-up**

Coverage ratio of banks improved by 2.05pp to 110.0%, indicating that the banks continue to build provisions against bad loans

3 **ENBD-driven CoR decline**

CoR improved to 0.56% in Q1 2026 from 0.63% in Q4 2025; however, the improvement was largely driven by ENBD recoveries. Excluding ENBD, credit costs rose and most banks reported a deterioration in asset quality metrics. ENBD's CoR reduced to 0.49% from 1.09% in the previous quarter, driven primarily by a surge in recoveries concentrated at the beginning of 2026, rather than by a structural improvement in book quality

Implications

Asset quality trends remain broadly stable, supported by strong growth in Stage 1 loans and higher provision buffers across banks. However, the gradual increase in Stage 3 balances and rising CoR levels across most banks indicate that underlying credit stress may begin to emerge over the coming quarters

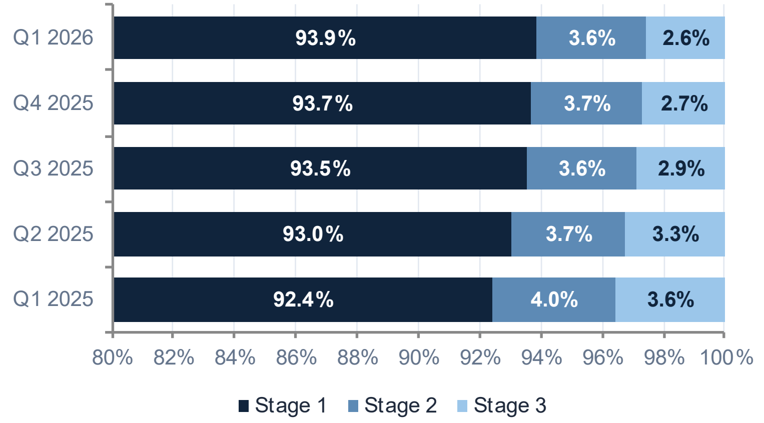
NPL and Coverage Ratio

2.3%
Sector NPL

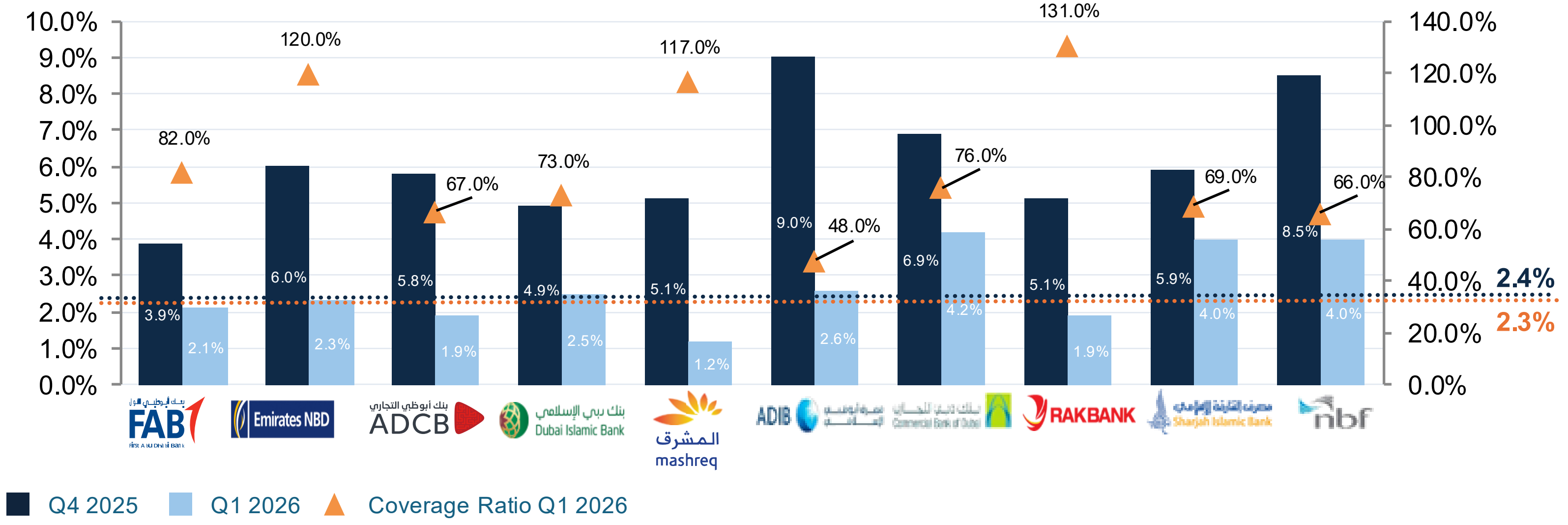
110.0%
Coverage ratio

0.56%
Sector CoR

Loan book IFRS 9 stage mix (% of gross loans)



NPL ratio by bank – Q4 2025 vs Q1 2026 (%)



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

Key Takeaways

1 **Improving asset quality metrics**
Aggregate coverage ratio strengthened to 110.0%, up from 108.0% in the prior quarter, while the NPL ratio improved to 2.3%, declining by 11bps QoQ

2 **Stronger underlying loan book**
The combination of a declining NPL ratio and a strengthening coverage ratio reflected an improving underlying book, even as external risks remain elevated

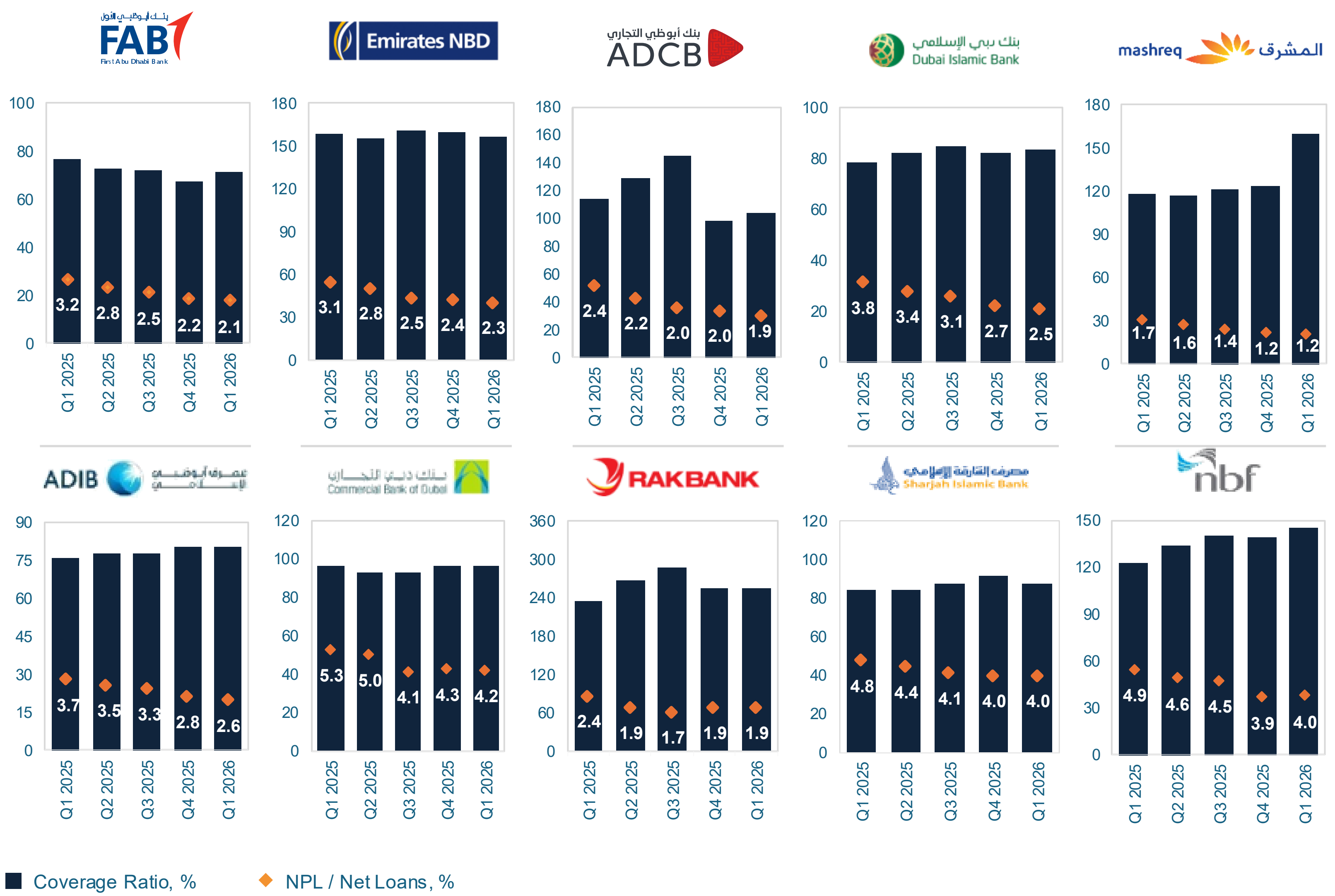
3 **Enhanced balance sheet protection**
With low NPLs, high coverage, and added flexibility from loan reclassification under the resilience package, banks entered the subsequent period of uncertainty from a well-provisioned position

4 **Higher shock absorption capacity**
Lower NPL ratios and robust provision coverage strengthen banks' resilience and ability to absorb potential credit shocks without a material impact on profitability, even in a stress scenario

Implications

Improving asset quality metrics, stronger provision buffers, and high coverage ratios indicate that banks are entering the current geopolitical uncertainty period from a relatively well-protected position. The combination of low NPLs and regulatory flexibility should help limit the impact of potential credit stress on profitability and strengthen the sector's ability to absorb near-term shocks

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



Note: Scaling and some numbers might not add up due to rounding
Sources: Financial statements, investor presentations, A&M analysis,
[1] Coverage Ratio is calculated as accumulated allowance for impairment divided by NPL

Key Takeaways

1 **Improving loan mix**

Stage 1 loans grew by 5.9% QoQ, lifting their share of the book to 93.9%, further improving the overall portfolio mix

2 **Contained risk exposure**

Stage 2 and Stage 3 loans grew at a relatively slower pace of 3.1% and 1.5% QoQ, respectively, yet their contribution to the book narrowed to 3.6% and 2.6%

3 **Early stress signals**

The growth in Stage 2 and Stage 3 balances, however, signals potential cash flow stress and warrants continued monitoring, particularly in more vulnerable segments of the economy

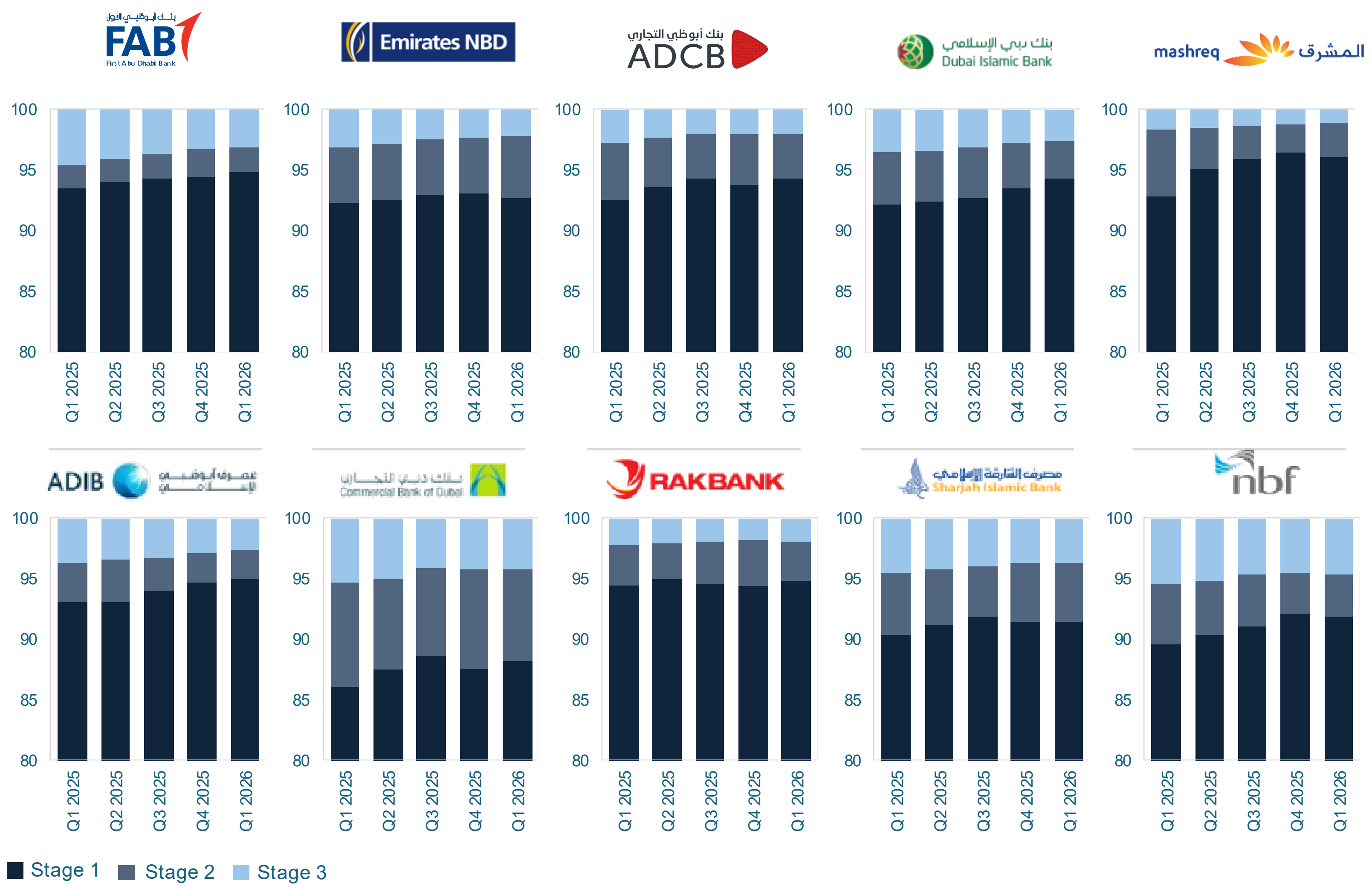
4 **Regulatory asset quality support**

The CBUAE's resilience package is expected to provide meaningful support, while its loan reclassification flexibility should help banks keep Stage 2 and Stage 3 exposures under control in the near term

Implications

Healthy growth in Stage 1 loans and a declining share of Stage 2 and Stage 3 exposures indicate resilient asset quality trends across banks. However, the gradual increase in stressed loan balances points to emerging pressure in the most vulnerable segments, while supportive measures from the CBUAE should help contain near-term asset quality deterioration

Stage Wise Gross L&A mix (AED bn)



Note 1: Scaling and some numbers might not add up due to rounding off
Note 2: ADCB reported stage wise L&A mix without including L&A at fair value through profit and loss
Sources: Financial statements, investor presentations, A&M analysis

Key Takeaways

1 **Headline CoR improvement**
Aggregate CoR improved, but the improvement was driven by ENBD recoveries. Excluding ENBD, credit costs rose and most banks deteriorated

2 **Lower impairment charges**
The improvement was driven by a 5.9% QoQ reduction in impairment charges, a positive directional move, but one that requires additional context

3 **ENBD recovery impact**
Sector CoR benefited from ENBD's strong recoveries during early 2026, masking underlying pressures across the broader banking sector. Excluding ENBD, sector CoR rose to 0.59% in Q1 2026 from 0.47% in Q4 2025, reflecting a modest increase in credit-cost pressure

4 **Rising credit caution**
A more telling signal: several banks have begun applying credit overlays, discretionary provisions built to buffer against regional volatility from the ongoing conflict, pointing to rising caution beneath the surface

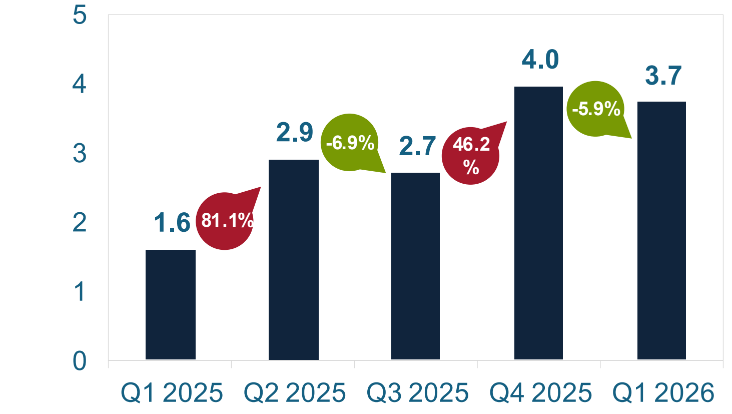
5 **CBUAE provisioning support**
However, the CBUAE's reclassification flexibility offers a structural cushion, reducing the risk of sudden, P&L-impacting impairment charges even if credit conditions deteriorate further

Implications

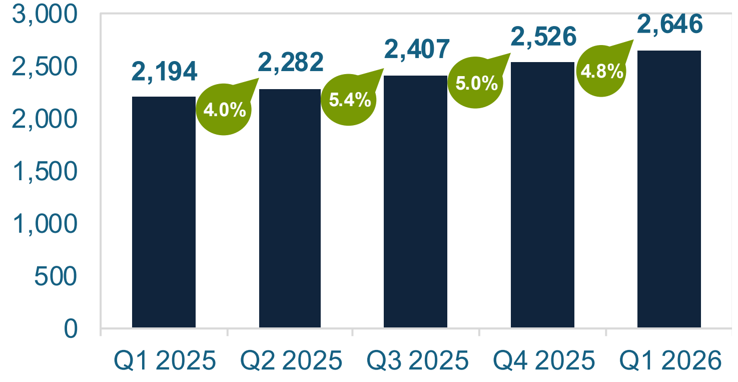
Increasing use of precautionary credit overlays reflects rising caution toward potential asset quality stress linked to ongoing regional uncertainty, while supportive measures from the CBUAE should help mitigate near-term provisioning volatility

Cost of Risk (1/2)

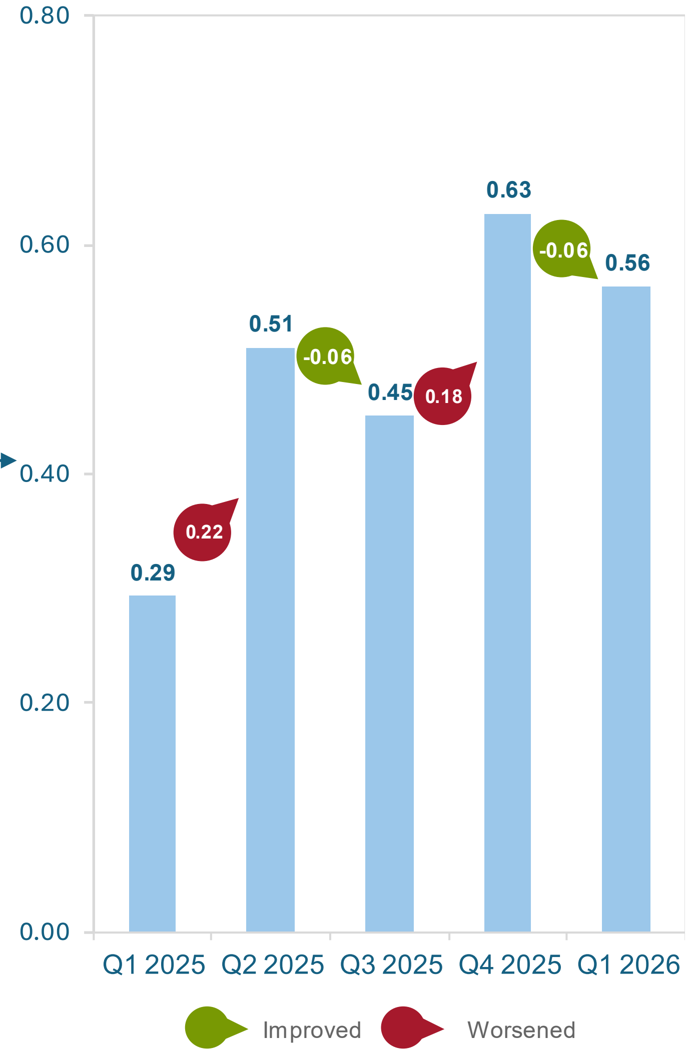
Net Loan Loss Provisions (AED bn)



Gross Loans** (AED bn)



Cost of Risk* (%)



Note: Some numbers might not add up due to rounding.
**CoR is calculated as annualized quarterly net loan loss provisions divided by the gross loans, where gross loans are calculated as average of the current and previous period*
*** Gross loans are calculated as average of the current and previous period*
Sources: Financial statements, investor presentations, A&M analysis

Key Takeaways

1 **Broad-based CoR pressure**

Five of the ten banks reported a deterioration in CoR during the quarter

2 **ENBD-led improvement**

ENBD was the only top-five bank to post an improvement and pull the aggregate lower, masking the broader weakness across the sector. Its CoR more than halved, falling to 0.49% in Q1 2026 (from 1.09% in Q4 2025), driven primarily by a surge in recoveries concentrated in January and February 2026, rather than by a structural improvement in book quality

3 **Recovery-driven decline**

Asset quality did improve further this quarter, contributing to lower impairment charges, but the recovery-led nature of the CoR move means its durability is uncertain

4 **Conditional CoR outlook**

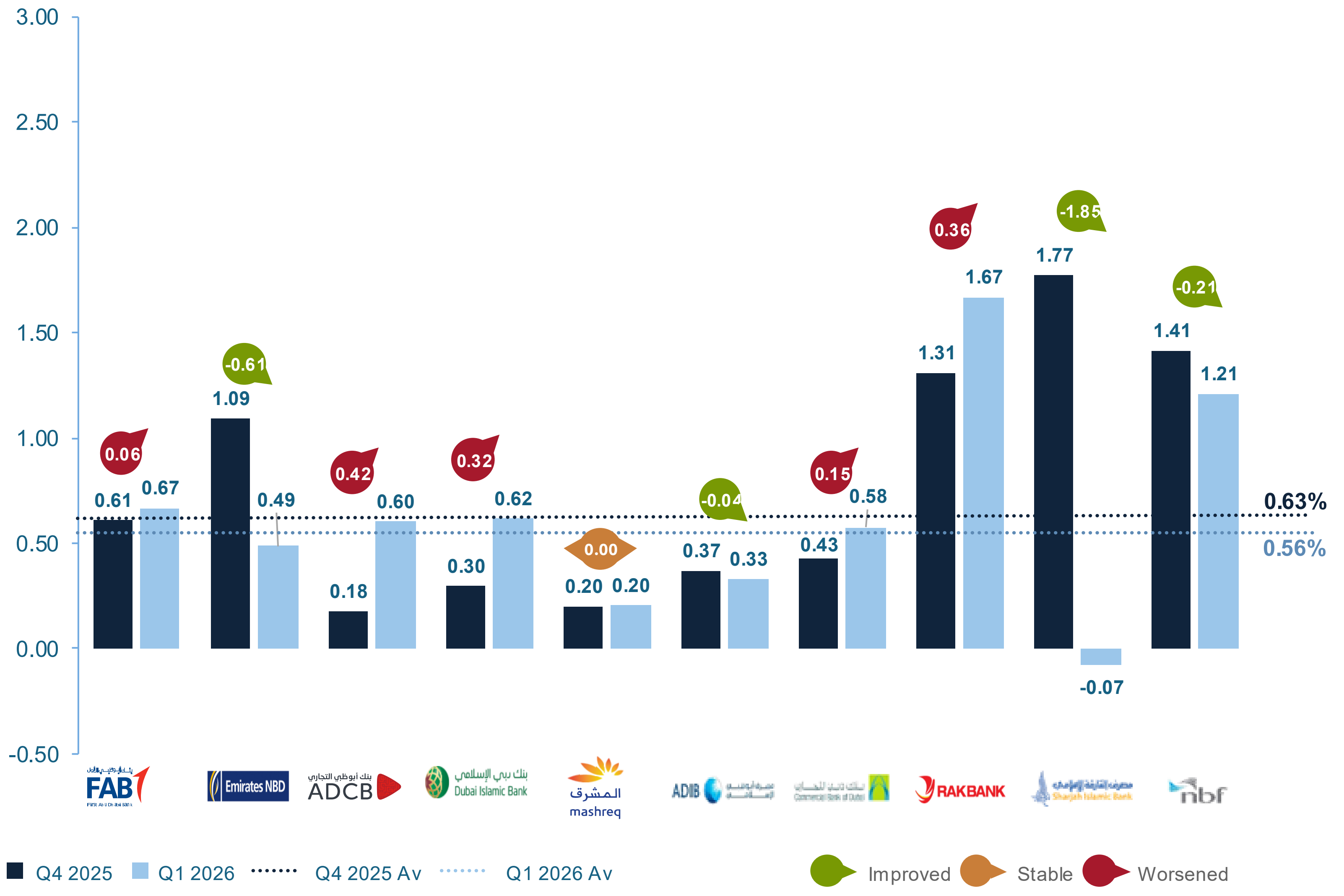
ENBD has guided for a CoR of 30-50bps in Q2 2026, though management has flagged this will be reassessed depending on how macroeconomic conditions evolve through the quarter

Implications

The decline was largely recovery-led rather than driven by structural asset quality improvement. The sustainability of lower provisioning levels remains dependent on macroeconomic and regional conditions

Cost of Risk (2/2)

Cost of Risk (%, Quarterly)



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

Peer Archetypes

1 **High growth and high return (top-right)**
ADIB, ENBD, and MASQ reported a strong combination of profitability and balance sheet expansion, with RoE reaching 26.1%, 21.8%, and 20.2%, respectively

2 **Low growth but high return (top-left)**
RAK reported the highest RoE among peers; however, asset growth remained comparatively moderate at 9.8% YoY

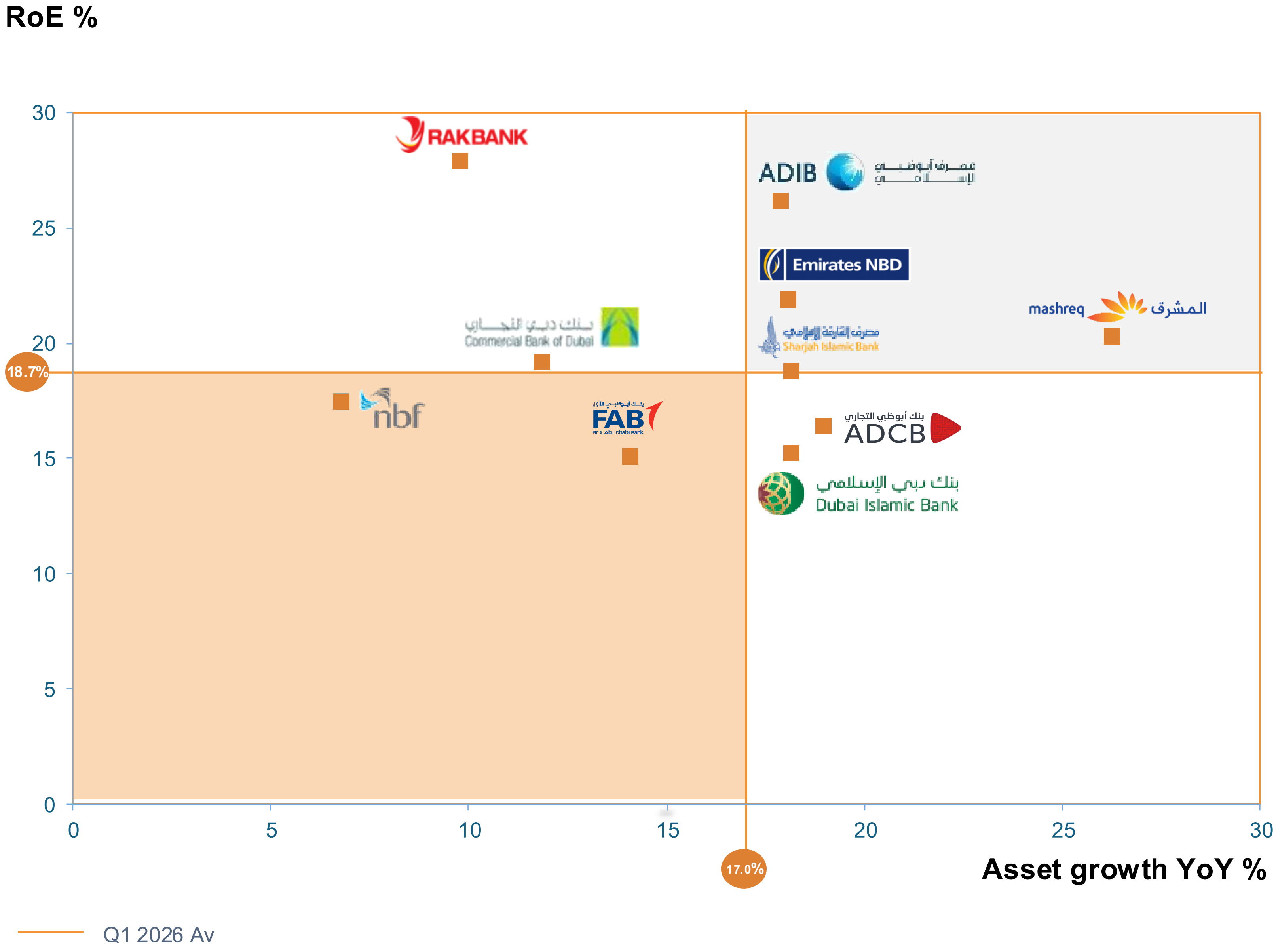
3 **High growth but lower-return (bottom-right)**
ADCB and DIB delivered healthy balance sheet expansion but reported relatively lower RoE levels of 16.3% and 15.1%, respectively

4 **Low growth and low return (bottom-left)**
NBF and FAB reported RoE of 17.4% and 15.0%, respectively, alongside asset growth of 6.8% and 14.1%, placing them in the lower-return quadrant relative to peers

Implications

Banks combining strong RoE with healthy asset expansion, such as ADIB and ENBD, appear better positioned to sustain long-term earnings momentum, while banks delivering growth with lower returns may face pressure on capital efficiency and shareholder value creation

Profitable growth: RoE vs Asset Growth



Note: MS refers to Market Share. A bank growing faster than the sector gains market share, while slower growth indicates a loss of market share
Sources: Financial statements, Investor presentations, A&M analysis

Key Takeaways

1 Resilient starting position

UAE banks entered the geopolitical stress period from a position of strength with resilient profitability, modest margin compression, partly offset by funding-cost discipline, though the provisioning trajectory over the coming quarters will be the key variable to watch

2 Stable margin support

On the income side, the CBUAE's decision to hold interest rates steady directly supports NIM and net interest income, while banks' continued push into non-interest fee income provides an additional buffer against potential margin compression

3 Defensive provisioning build-up

Banks have begun building additional impairment provisions proactively – an early but important signal that management teams are positioning defensively rather than waiting for credit stress to crystallize

4 Strong regulatory backstop

The CBUAE's liquidity support measures and reclassification flexibility provide a meaningful backstop, reducing the risk of sudden, P&L-impacting impairment charges even if the operating environment deteriorates further

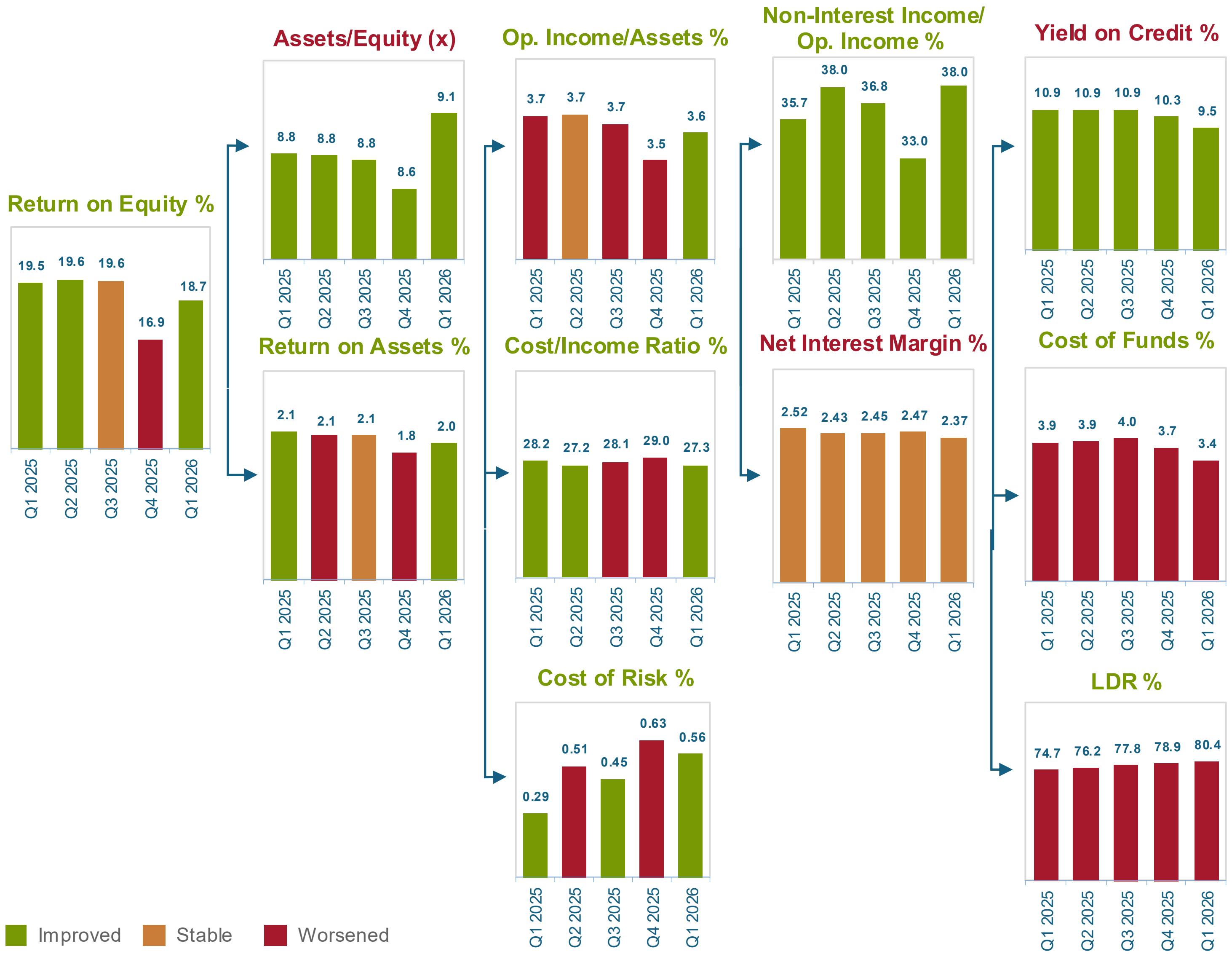
5 Provisioning as key watchpoint

The critical watchpoint from here is the pace and scale of provisioning builds i.e., how aggressively banks provision through this period will ultimately determine the depth of any profitability impact

Implications

The key variable for earnings going forward will be the pace of additional provisioning, as banks increasingly adopt a more defensive stance toward potential credit stress arising from regional uncertainty

RoE Composition



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

Key Takeaways

1 Liquidity buffers comfortable across regimes

D-SIBs reported an average LCR of 142% (vs. the regulatory minimum of 100%); legacy banks reported an average ELAR of 21% (vs. the regulatory minimum of 10%). All ten banks operated well above their respective regulatory floors

2 Mild LCR compression QoQ

Four of the five D-SIBs saw their LCR decline in Q1 2026 (sector average: 147% to 142%), reflecting balance-sheet growth outpacing high-quality liquid assets. MASQ was the only outlier, reporting a marginal increase

3 Funding structure is where banks differ

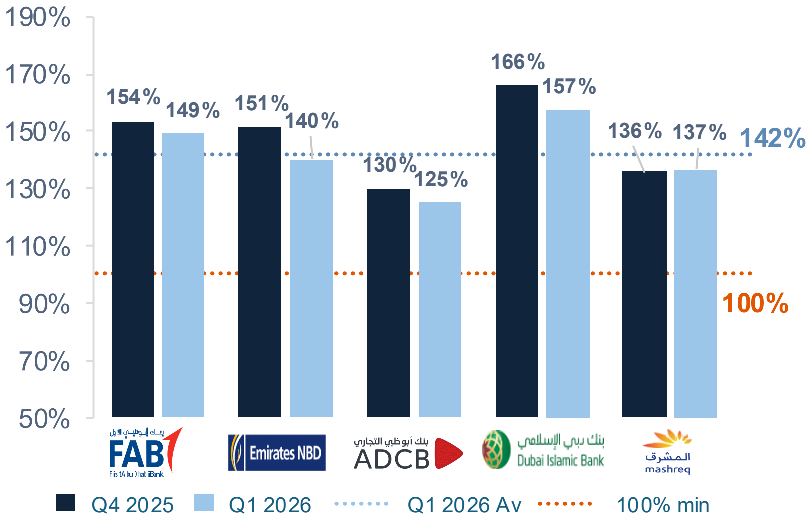
ADIB is the most deposit-led (84% of balance sheet); FAB and Mashreq carry the largest wholesale funding shares (23% and 19%, respectively). CASA depth also varies materially: ADIB, RAK and MASQ are CASA-heavy (56%, 44%, and 39%, respectively), while DIB and SIB rely more on time deposits (50% and 46% of balance sheet, respectively)

Implications

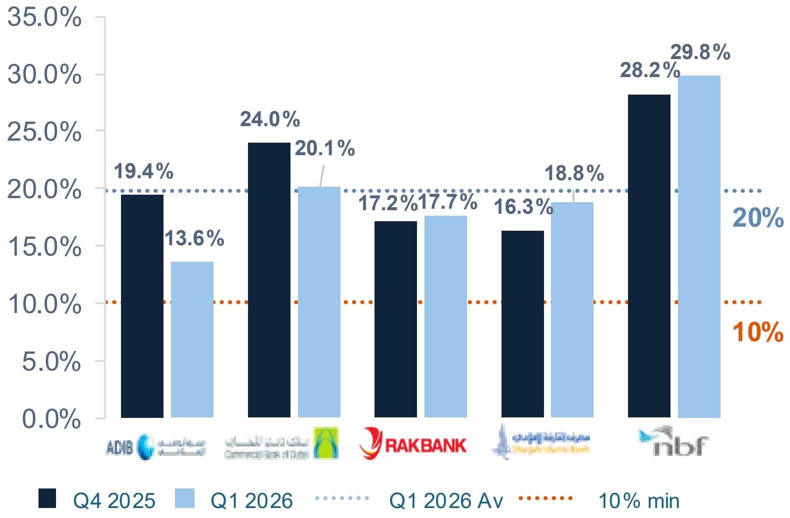
Regulatory liquidity remains sound across the sector. The point of differentiation is structural, with funding composition reflecting business-model choices, e.g. wholesale-active international banks versus retail-led domestic banks

Liquidity

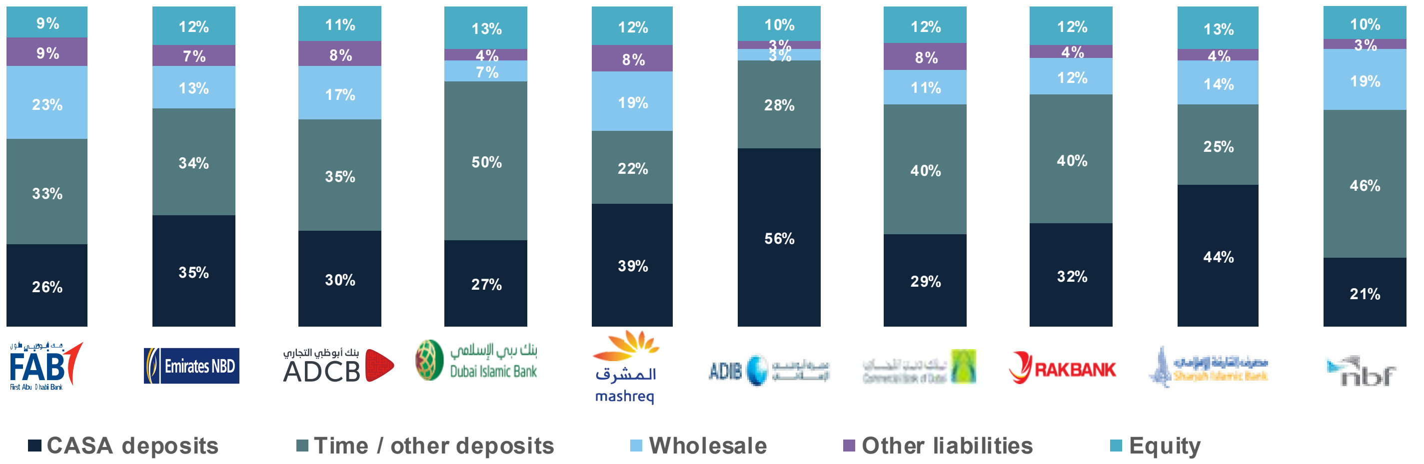
Liquidity Coverage Ratio (LCR)



Eligible Liquid Assets Ratio (ELAR)



Funding Structure



Sources: Financial statements and Pillar III Reports

Key Takeaways

1 **Stable capital base**

System CAR increased slightly to 16.4% in Q1 2026 (vs 16.2% in Q4 2025). All ten banks are comfortably above their respective CBUAE minimum capital requirements

2 **Tightly clustered ratios**

CAR ranged from 15.5% (SIB) to 18.7% (RAK Bank), reflecting capital convergence across the sector. RAK Bank and NBF stood out on the high side

3 **Idiosyncratic movements**

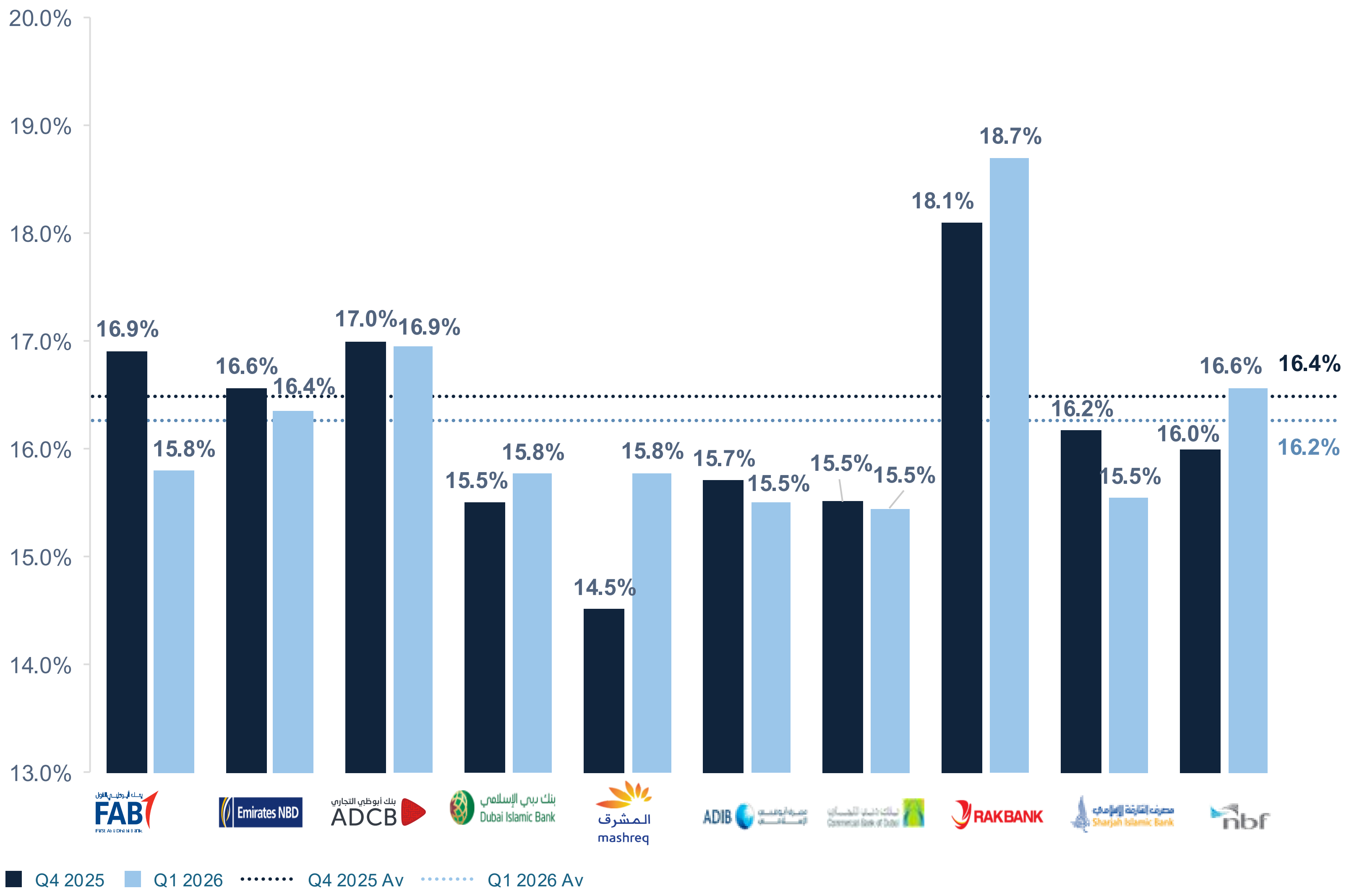
MASQ led the quarter with a +1.3pp CAR uplift driven by retained earnings accumulation. FAB saw the largest decline (-1.1pp) on RWA growth from balance-sheet expansion. Movements across other banks were modest (within ±0.7pp)

Implications

Capital levels are sound and broadly consistent across the sector. The CBUAE Financial Institution Resilience Package (announced on 18 March 2026) provides additional temporary buffer flexibility through the release of the CCB and CCyB, if needed

Capital

Capital Adequacy Ratio (% Quarterly)



Sources: Financial statements, investor presentations, A&M analysis

ALVAREZ & MARSAL
LEADERSHIP. ACTION. RESULTS.

Key Takeaways

Conflict-related uncertainty weighs on UAE bank share prices, while strong fundamentals remain supportive

1. UAE banks have delivered strong share price performance over the last three years, although near-term momentum has weakened, with the aggregate sector down c.15% over last 3 months and c.2% over last 6 months as geopolitical uncertainty weighed on market sentiment

2. The CBUAE's relief measures, together with banks' prudent provisioning in response to conflict-related uncertainty, are helping to preserve strong sector fundamentals. Q1 2026 performance remained supported by resilient profitability, continued lending momentum, healthy capital positions, and robust balance sheet buffers

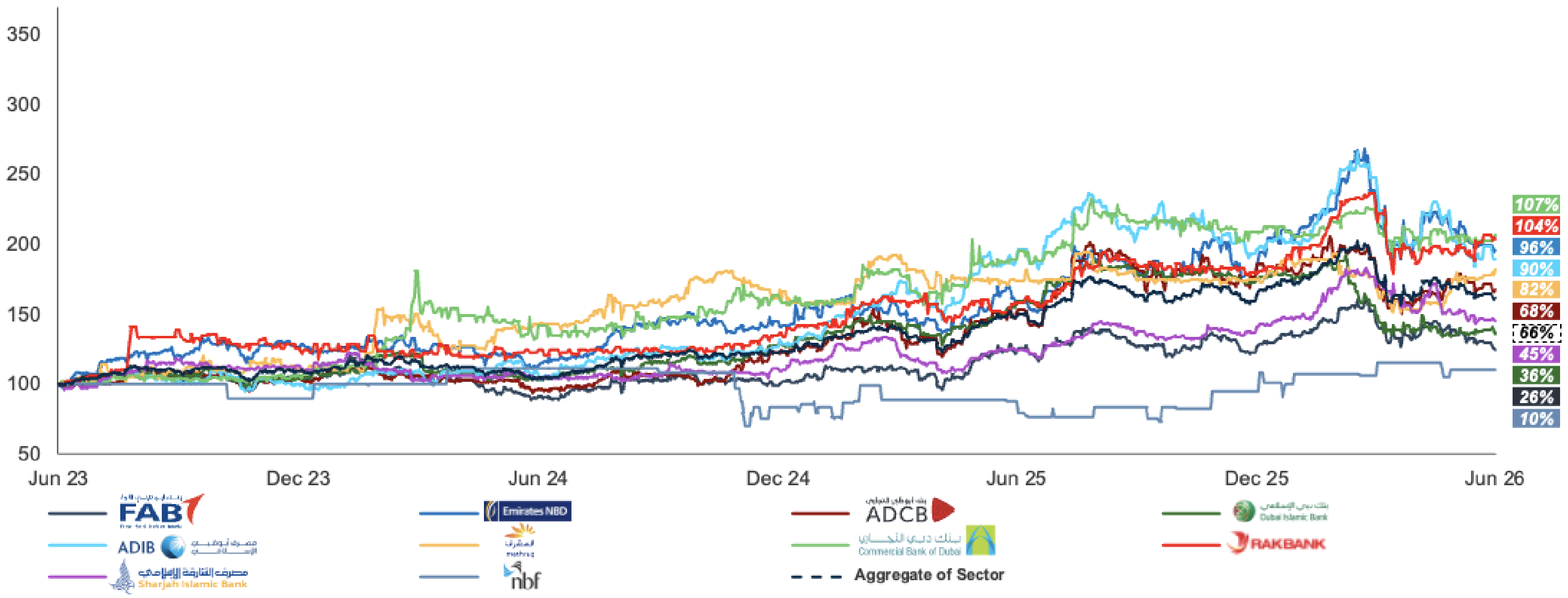
3. Management teams broadly maintained their full-year guidance; however, the market will likely look for further evidence in Q2 2026 that earnings resilience and recovery momentum remain intact

Implications

The recent pullback appears to be sentiment-driven rather than fundamentals-driven; a durable re-rating likely hinges on geopolitical de-escalation and continued delivery on earnings and asset quality

Share Price Evolution Across UAE Banks

L3Y Share Price Evolution (Rebased to 100)



	L3M	Q1	L6M	L1Y	L2Y	L3Y
First Abu Dhabi Bank	(17%)	(3%)	(1%)	2%	36%	26%
Emirates NBD	(18%)	(4%)	7%	22%	72%	96%
Abu Dhabi Commercial Bank	(12%)	(14%)	(9%)	11%	73%	68%
Dubai Islamic Bank	(13%)	(21%)	(23%)	(15%)	30%	36%
Abu Dhabi Islamic Bank	(24%)	(1%)	(4%)	(1%)	77%	90%
Mashreqbank	3%	(17%)	4%	5%	29%	82%
Commercial Bank of Dubai	(8%)	1%	(1%)	9%	45%	107%
National Bank of Ras Al-Khaimah	(14%)	(4%)	13%	28%	64%	104%
Sharjah Islamic Bank	(18%)	3%	3%	17%	39%	45%
National Bank of Fujairah	4%	8%	15%	25%	(1%)	10%
Aggregate UAE Banking Sector Market Cap	(15%)	(7%)	(2%)	8%	53%	61%
Simple Average based on each bank evolution	(12%)	(5%)	0%	10%	46%	66%

Sources: Factset as of 03/06/2026.

The recent pullback appears to be sentiment-driven rather than fundamentals-driven; a durable re-rating likely hinges on geopolitical de-escalation and continued delivery on earnings and asset quality

Key Takeaways

UAE bank valuations remain supported, with upside tied to earnings resilience and risk normalization

1. As of the end of Q1 2026, UAE banks traded at 7.9x P/E and 1.61x P/TBV. Despite episodic de-rating linked to geopolitical unrest, the sector remains attractively positioned, supported by resilient earnings, strong capital buffers, and healthy liquidity

2. Near-term multiple expansion is likely to remain capped, even amid ceasefire discussions, as investors await clearer evidence of CoR normalization, sustained loan growth, and continued momentum in non-interest income

3. Continued lending growth, solid deposit growth, diversified income streams, and disciplined cost management continue to underpin earnings resilience and strong return metrics

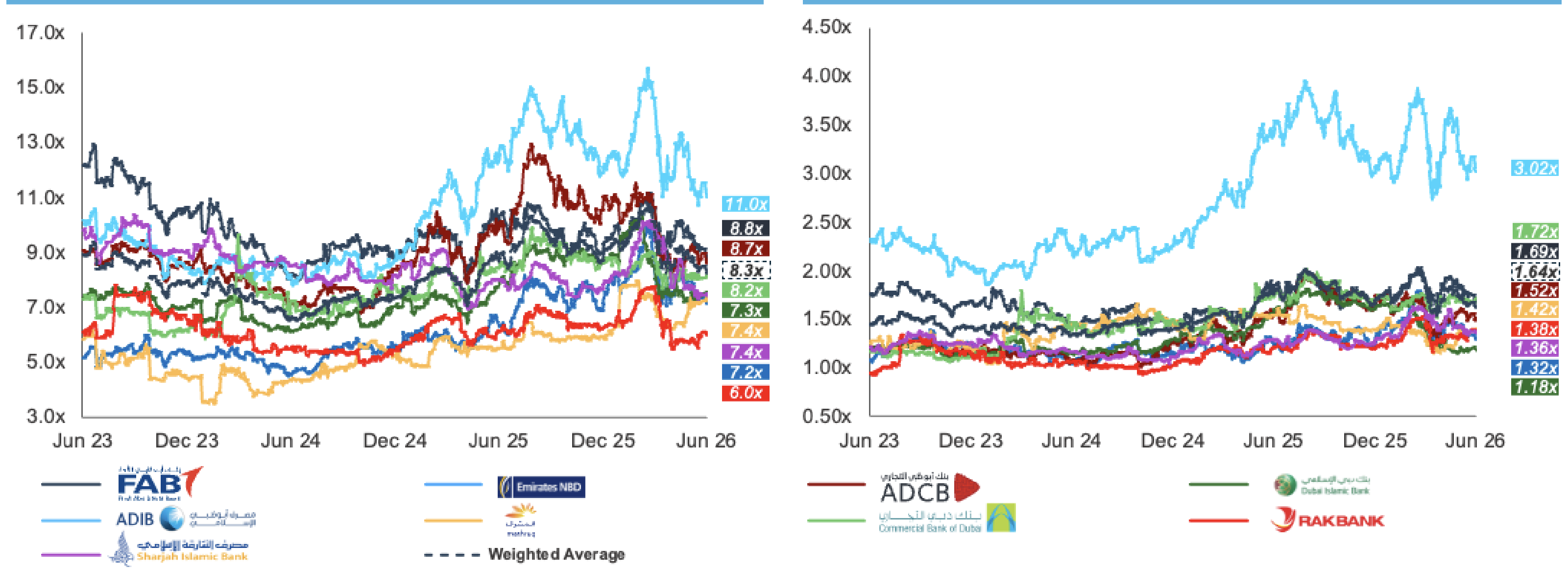
3. Capital strength and liquidity remain key valuation anchors, supported by retained earnings, healthy coverage levels, and CBUAE relief measures. These factors should help preserve valuation floors and support dividend visibility

Implications

Undemanding multiples leave room for re-rating as risks normalize, but near-term upside is likely to remain capped until investors gain clearer visibility on CoR normalization and sustained loan growth

Valuation Snapshot

LTM P/E and P/TBV Evolution for UAE Banks[1]



	Q1 – 31st March		3 Months Ago		6 Months Ago		1 Year Ago		2 Years Ago		3 Years Ago	
	P/E	P/TBV	P/E	P/TBV	P/E	P/TBV	P/E	P/TBV	P/E	P/TBV	P/E	P/TBV
FAB	9.2x	1.77x	10.6x	1.93x	9.3x	1.68x	10.2x	1.82x	8.3x	1.48x	12.1x	1.76x
Emirates NBD	7.1x	1.31x	8.9x	1.61x	7.1x	1.28x	6.3x	1.25x	4.6x	1.06x	5.2x	1.08x
ADCB	8.1x	1.41x	10.7x	1.65x	11.0x	1.75x	10.0x	1.57x	7.2x	1.09x	9.1x	1.22x
Dubai Islamic Bank	7.4x	1.20x	8.5x	1.41x	8.7x	1.63x	8.0x	1.61x	6.2x	1.16x	7.4x	1.19x
ADIB	11.6x	3.19x	14.6x	3.62x	12.1x	3.06x	12.6x	3.46x	8.1x	2.22x	10.2x	2.33x
Mashreq	6.2x	1.19x	7.3x	1.35x	5.9x	1.40x	5.5x	1.54x	4.3x	1.44x	5.8x	1.25x
Commercial Bank of Dubai	8.3x	1.74x	9.0x	1.76x	8.6x	1.71x	8.4x	1.75x	7.2x	1.48x	7.3x	1.16x
RAKBANK	5.6x	1.29x	7.8x	1.54x	6.3x	1.22x	6.2x	1.22x	5.6x	1.08x	6.1x	0.95x
Sharjah Islamic Bank	7.7x	1.42x	9.9x	1.59x	7.9x	1.29x	8.0x	1.29x	8.5x	1.16x	9.8x	1.22x
Weighted Average	**8.3x**	**1.66x**	**10.1x**	**1.90x**	**9.0x**	**1.71x**	**8.8x**	**1.78x**	**6.6x**	**1.36x**	**8.9x**	**1.46x**
Simple Average	**7.9x**	**1.61x**	**9.7x**	**1.83x**	**8.6x**	**1.67x**	**8.4x**	**1.72x**	**6.7x**	**1.35x**	**8.1x**	**1.35x**

Sources: A&M Analysis, FactSet as of 03/06/2026.
Note: 1. National Bank of Fujairah is excluded due to being an outlier.

Key Takeaways

1. **Profitability & Operating Efficiency Outperformance**
UAE banks reported a RoE of 18.7% and a C/I ratio of 27.3%, compared to 14.7% and 30.1%, respectively, for KSA banks

2. **Margin Leadership Remained with KSA Banks**
KSA banks led on margins, reporting a NIM of 2.84% compared to 2.37% for UAE banks

3. **Stronger Balance Sheet Expansion**
UAE banks also reported strong balance sheet growth with the loan book expanded by 23.2% YoY and deposit growth of 14.5% YoY, significantly ahead of KSA banks, which recorded growth of 7.7% and 8.7%, respectively

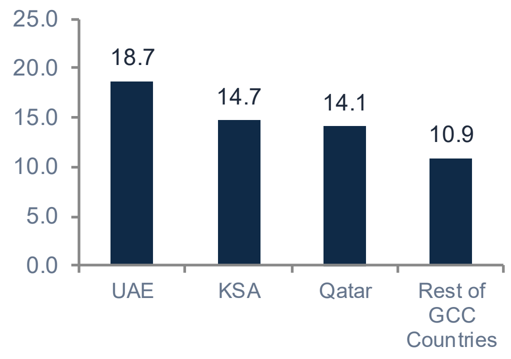
4. **Strong but Relatively Weaker Asset Quality**
Asset quality remained strong across both systems, with UAE banks reporting an NPL ratio of 2.3%, compared to 0.9% for KSA banks

Implications

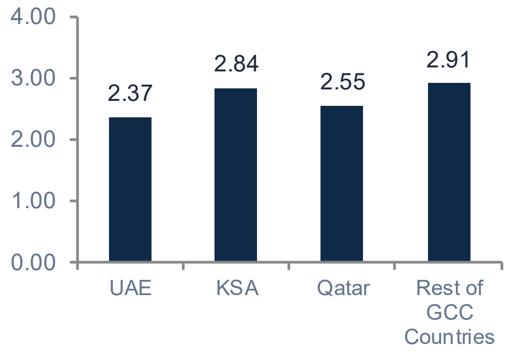
UAE banks appear better positioned for growth acceleration, while KSA banks remain relatively stronger from a balance sheet quality and margin stability perspective

GCC Peer Review

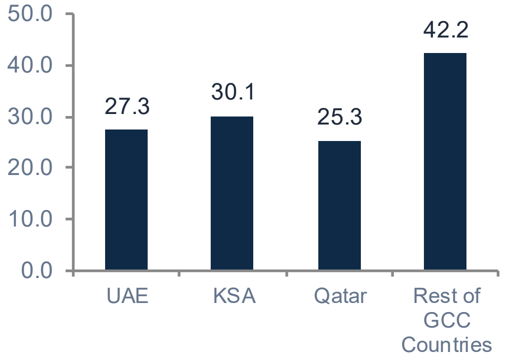
RoE (%)



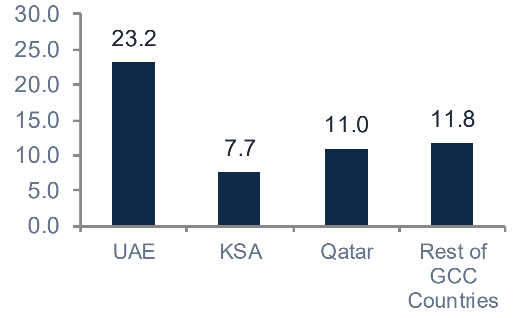
NIM (%)



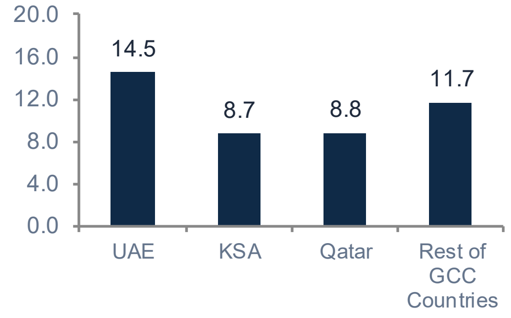
C/I ratio (%)



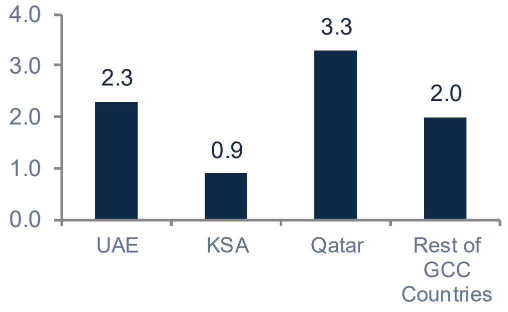
Loan growth (% YoY)



Deposit growth (% YoY)



NPL ratio (%)



Note: "Rest of GCC Countries" category comprises Oman, Bahrain, and Kuwait, with all metrics calculated as asset-weighted averages of the respective countries
Sources: Financial Statements, Bloomberg

Glossary

Glossary

	Metric	Abbreviation	Definition
Size	Loans and Advances Growth		QoQ growth in EOP net loans and advances for the top 1010
	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 tier 1 notes) 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
	Non-Performing Loans	NPL	(Non-performing loans / total gross loans and advances) 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
	Liquidity Coverage Ratio*	LCR	(High-quality liquid assets / total net cash outflows over the 30 calendar days)
	Eligible Liquid Asset Ratio	ELAR	(Eligible liquid assets / total liabilities)

Note: EOP stand for End of Period

Glossary

Bank	Assets (AED Bn)*	Abbreviation
First Abu Dhabi Bank	1,490.5	FAB
Emirates NBD	1,216.8	ENBD
ADCB	808.9	ADCB
Dubai Islamic Bank	419.9	DIB
mashreq	344.3	MASQ
ADIB	287.1	ADIB
Commercial Bank of Dubai	157.9	CBD
RAKBANK	107.3	RAK
Sharjah Islamic Bank	90.9	SIB
nbf	68.8	NBF

References / Sources

Reference	Data	Source
IMF	Gross Domestic Product (GDP) data - IMF	Source
Federal Competitiveness and Statistics Centre	UAE Quarterly GDP Growth Rate YoY – Constant Price	Source
US Federal Reserve	US Fed Rate Data	Source
Central Bank of UAE	CBUAE Base Rate	Source
	Money Supply	Source
	Financial institutions Resilience Package	Source
	Financial institutions Resilience Package (Outcome)	Source
S&P	S&P Global UAE Purchasing Manager Index (PMI)	Source
	Expected Challenges	Source
DFSA Artificial Intelligence Survey 2025	Number of firms operating within the Dubai International Financial Centre (DIFC) that have adopted AI in 2024 and 2025	Source
Other sources:	Financial Statements, Investor Presentations, Earnings Calls Transcripts, Management Discussion and Analysis (MD&A) Reports, Pillar III Disclosures, FactSet, Bloomberg, and A&M Analysis	

Note: EOP stand for End of Period

Our Middle East Financial Services Team

Sam Gidoomal
Managing Director
ME Financial Services

sgidoomal@alvarezandmarsal.com
+971 50 298 4917

Hazim Almegren
Managing Director
ME Financial Services

halmegren@alvarezandmarsal.com
+966 50 2263977

Zeeshan Mansoor
Managing Director
EMEA Financial Services

zeeshan.mansoor@alvarezandmarsal.com
+971 50 953 1765

Andy Reid
Managing Director
EMEA Financial Services
areid@alvarezandmarsal.com

Quentin Mulet-Marquis
Managing Director
M&A ME Financial Services

qmulet-marquis@alvarezandmarsal.com
+971 56 235 3867

Tristan Brandt
Managing Director
ME Digital Financial Services

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

Jeremie Benhaim
Senior Director
M&A ME Financial Services

jbenhaim@alvarezandmarsal.com
+971 56 526 7199

Ankit Uppal
Senior Director
ME Financial Services

auppal@alvarezandmarsal.com
+971 52 903 4576

Dana Abdalhadi
Senior Director
ME Financial Services

dabdalhadi@alvarezandmasal.com
+971 56 546 1319

Aksinya Sorokina Kavanosyan
Director
ME Financial Services

akavanosyan@alvarezandmarsal.com
+971 54 586 6582

ALVAREZ & MARSAL
LEADERSHIP. ACTION. RESULTS.

A&M | FINANCIAL SERVICES INDUSTRY GROUP

ALVAREZ & MARSAL

LEADERSHIP. ACTION. RESULTS.℠