

Emirates NBD PJSC

Initiation of Coverage

Sector - Banks

High-quality franchise, valuation support - Initiate with Outperform
Structurally Superior Funding - CASA Moat

Emirates NBD maintains one of the strongest funding profiles in the region, anchored by a consistently high CASA ratio that has exceeded 60% since early 2022. This structurally low-cost deposit base reinforces margin resilience through the rate cut cycle as CASA reprices (or behaves economically) like ultra-low cost funding that helps ENBD's cost of funds falling faster than its asset yields. ENBD's CASA was 65% (excluding Denizbank) compared to 58.5% for its peers as of Q3 2025. Importantly, CASA deposits have proven sticky as when outflows do occur, they tend to migrate internally into the bank's rapidly scaling wealth management platform, boosting AUM and expanding fee-earning capacity rather than leaving the franchise. This creates a durable funding moat that continues to differentiate ENBD from peers.

Strategic Shift Driving Higher Returns and Global Growth Momentum

ENBD's management showed strong foresight by proactively reducing reliance on sovereign lending as the Government of Dubai normalized its borrowing needs. Sovereign exposure has dropped sharply from 33% of the loan book in FY-2021 to just 7% by Q3-2025, freeing up capacity for higher-yielding segments. The bank redirected growth towards retail, SME, and Islamic financing, areas that offer better risk-adjusted returns and deeper revenue diversification. This strategic re-mix has been a major earnings driver, supporting a structurally higher RoRWA and enabling management to upgrade loan growth guidance to the low-20% range. Even when selective sovereign opportunities resurfaced in Q3-2025, ENBD remained disciplined, participating only where returns justified capital deployment.

At the same time, ENBD's international operations have moved from being a diversification tool to becoming a core engine of growth and profitability. Saudi Arabia is now a major contributor, accounting for over 20% of incremental loan growth through rapid branch expansion and strong involvement in Vision 2030 projects. DenizBank continues to perform well despite Turkey's regulatory and macro challenges, already contributing close to 30% of the group income.

Retail-Centric Model Driving Global Scale

Emirates NBD is currently executing a sophisticated strategic pivot that redefines its investment case from a pure-play regional corporate lender to an international retail powerhouse. Management has effectively recognized that while the UAE corporate book provides a stable, low-cost funding floor, the domestic market is saturated; consequently, the next decade of alpha will be driven by exporting their balance sheet to high-yield, consumer-centric emerging markets. This thesis is underpinned by a decisive capital reallocation strategy, most visibly the landmark ~AED 11 Bn acquisition of a controlling stake in RBL Bank to capture India's mass-consumption story that will contribute ~5%-6% to ENBD net income, alongside a forceful 38% YTD loan growth trajectory in Saudi Arabia that leverages their premium "Priority" banking model. ENBD is reportedly among the active contenders for Deutsche Bank's Indian retail and wealth management business. By prioritizing these high-ROE retail corridors over commoditized corporate lending, ENBD is aiming to reduce its reliance on sovereign deal flow and re-rate as a scalable, consumer-tech banking franchise.

Digital Scale Fuels Diversified Growth

Emirates NBD's 'X' and AI-led analytics platform is now a visible earnings driver across FX, trade, cards and SME products. Fee and non-funded income have grown nearly 20% YTD. At the same time, the franchise is delivering broad-based growth led by Saudi expansion and record profitability at Emirates Islamic. Wealth management continues to scale with its AUM now exceeding USD 50bn. Management has also enhanced asset yields by reallocating excess liquidity into higher-yielding investments. Digital origination is lowering acquisition and servicing costs through operating leverage. Collectively, they position ENBD as a multi-engine, digitally enabled franchise with embedded margin resilience and growth upside.

Key Financials - AED Mn	2023	2024	2025E	2026E	2027E
Net Special Commission Income	24,792	26,369	28,451	34,513	33,848
Fee Income	4,873	6,793	8,225	9,788	11,178
Net Income	12,387	15,172	16,198	17,248	18,029
EPS (AED)	3.32	3.56	4.12	4.68	5.43
DPS (AED)	1.20	1.00	1.47	1.91	2.20
P/TB (x)	1.0x	1.0x	1.4x	1.3x	1.2x
P/E (x)	5.2x	5.8x	6.8x	6.0x	5.2x
Dividend Yield (%)	6.9%	4.9%	5.2%	6.8%	7.9%

Source: Kamco Invest Research, Emirates NBD

Outperform

CMP 15-Dec-2025: AED 28.05

Target Price: AED 33.27

Upside: 18.6%



Price Perf:	1M	3M	12M
Absolute	9.6%	7.7%	37.5%
Relative	7.2%	6.0%	17.1%

Source: Kamco Invest Research, Refinitiv

Stock Data

Bloomberg Ticker	ENBD.DU
Last Price (AED)	28.05
MCap (AED Mn)	177,181
MCap (USD Mn)	48,247
Stock Performance - YTD	30.8%
P/TB - 2025E (x)	1.4
P/E - 2025E (x)	6.8
Dividend Yield - 2025E (%)	5.2
52-Week Range (AED)	18.25/28.5

Source: Kamco Invest Research, Refinitiv

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Valuation and Risks

Initiate with a TP of AED 33.27 and an ‘Outperform’ rating

We initiate coverage on Emirates NBD (ENBD) with an ‘Outperform’ rating, due to its dominant market position, resilient profitability, and a compelling valuation entry point. The improving macro backdrop in Turkey is becoming increasingly relevant to ENBD’s earnings profile through DenizBank, which not only operates at structurally higher margins than the domestic UAE business but also acts as a natural offset during periods of rate normalization in the UAE. As conditions in Turkey stabilize, the contribution from DenizBank is shifting from being viewed as a risk overhang to a source of earnings diversification and upside, strengthening group-level resilience.

This international re-rating is being reinforced by ENBD’s expansion into India (RBL Bank) and Egypt, both high-growth markets with improving credit penetration and structurally superior loan growth dynamics versus the UAE. With close to 35–40% of the loan book now outside the UAE, the group has effectively transformed into a geographically diversified franchise. The stock is beginning to reflect this evolution, with valuations no longer pricing ENBD as a purely UAE-centric bank but as a regional growth platform.

We expect ENBD to deliver high double-digit loan growth (~16–17%) in FY26 before settling into an 11–12% structural compounding phase, keeping it among the fastest-growing large-cap banks in the GCC. This reflects a deliberate shift from cyclical corporate lending toward structurally higher-growth retail, SME and Islamic segments as government repayments reduce reliance on bank funding. Management has consistently reinforced this pivot through recent commentary, upgrading guidance to the low-20% range and highlighting that incremental growth is now driven primarily by retail and SME. While UAE corporate drawdowns are moderating as sovereign and GRE cycles normalize, Saudi Arabia remains the standout growth engine, contributing over 20% of incremental lending on the back of Vision 2030 execution.

With the expected decline in interest rates, NIMs are likely to experience an initial moderation as the loan book gradually reprices to lower gross yields. Over the subsequent quarters, the reduction in cost of funds is expected to occur at a comparatively faster pace, supported by ENBD’s structurally strong CASA base and a continued shift in portfolio mix toward retail financing. These segments generally carry higher spreads and a greater proportion of fixed-yield assets, which tend to perform relatively better in a rate-cut environment.

We have applied a 15% discount to the median FY26E P/TB multiple to reflect residual macro risk in Turkey and the elevated execution complexity associated with ENBD’s multi-geography expansion. While operating conditions outside the UAE are improving, market confidence has not yet fully adjusted to the new risk profile, particularly around Turkey’s normalization path and the operational demands of scaling across India, Egypt and Saudi Arabia. This discount is designed to absorb near-term uncertainty from post-acquisition integration (including RBL Bank and most likely Banque du Caire), regulatory coordination across jurisdictions, and potential inorganic activity in India, rather than to signal any deterioration in underlying asset quality or earnings power. As integration progresses and macro visibility improves, the basis for this discount should unwind, positioning the stock for multiple re-rating as execution clarity replaces perceived risk.

We have applied residual income, dividend discount and public comparable (P/B) to value ENBD. However, we base our target price on the forward 2026E P/TB (price to tangible book value). Our target valuation, based on adjusted peer average 2026E P/TB of 1.6x, implies an 18.6% upside to the 15th of December 2025 closing share price, with a target price of AED 33.3.

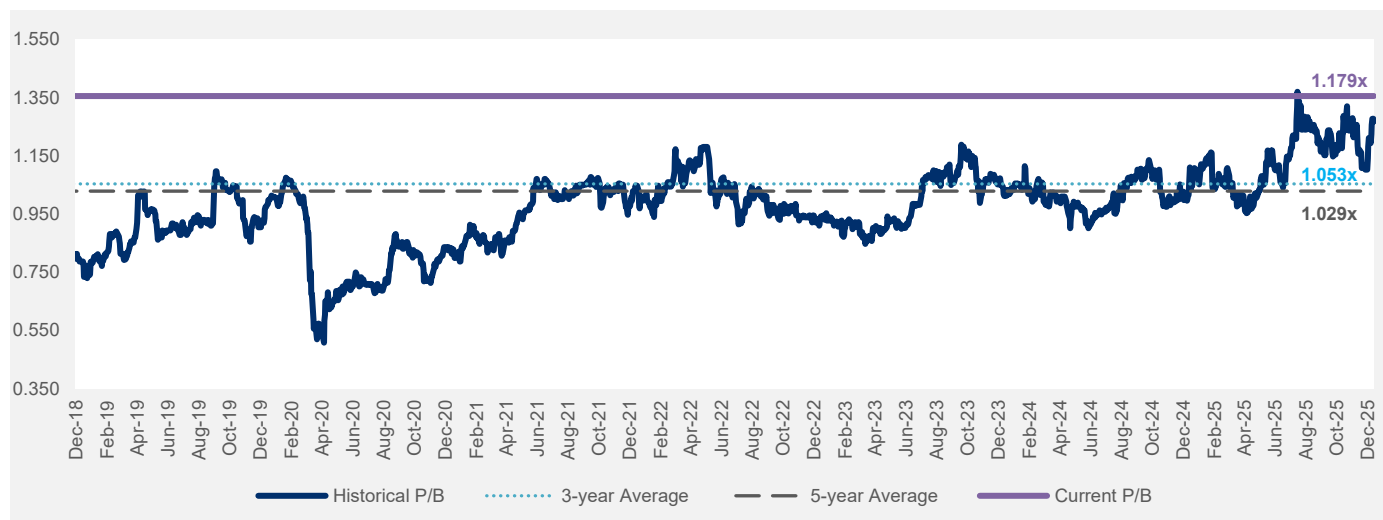
Valuation	AED Mn	Per Share
Price target based on:		
P/TB 2026E	209,957	33.3
Target Upside	%	18.6%

Other methods:

Residual Income Model	280,684	44.5
Dividend Discount Model - Perpetuity Growth	166,285	26.3

Source: Kamco Invest Research

ENBD Historical Price-to-Book Ratio



Source: KAMCO Invest Research, Refinitiv

Snapshot – Relative Valuation ¹

Company Name	Market Cap (AED Mn)	Price to Tangible Book		Price to Book		Dividend Yield		RoE	NIMs	Cost-to-Income
		LTM	FY-2026E	LTM	FY-2026E	FY-2025E	FY-2026E	(3-yr avg)	Q3 2025	Q3 2025
FAB Bank	185,385	1.8x	1.7x	1.3x	1.3x	5.1%	5.1%	14.1%	1.9%	24.1%
Emirates NBD	177,181	1.4x	1.4x	1.3x	1.2x	3.7%	3.8%	19.9%	3.2%	30.7%
ADCB	112,828	1.5x	1.6x	1.3x	1.3x	4.4%	4.7%	11.4%	2.4%	32.2%
Dubai Islamic Bank	69,077	1.7x	1.7x	1.4x	1.5x	4.8%	5.0%	18.1%	3.0%	28.1%
ADIB	75,255	3.2x	3.0x	2.6x	2.6x	4.3%	4.6%	23.9%	4.5%	29.1%
RAK Bank	15,766	1.2x	1.4x	1.1x	1.2x	6.9%	6.8%	19.1%	4.8%	33.5%
Average (ex-ENBD)	80,969	2.0x	1.9x	1.5x	1.6x	5.1%	5.2%	19.0%	3.5%	29.5%
Emirates NBD	181,016	1.5x	1.4x	1.4x	1.3x	5.2%	6.8%	19.9%	3.2%	30.7%

Source: KAMCO Invest Research, Company filings, Refinitiv.

*Excluded Mashreq Bank as P/TB 2026 forecasts were not available and Emirates Islamic Bank is suspended for trading.

¹ Based on closing share prices as of 15th December 2025 (Refinitiv), NIMs, Cost-to-Income as per company filings

For our residual income and dividend discount models, we use a cost of equity assumption of 11.8%, factoring in a 5-year market beta of 1.31, an equity risk premium of 5.9%, and a US 10-year government bond yield of 4.1%. For the dividend discount model, we use a perpetual growth rate of 3.5%.

Snapshot – Residual Income Model

Residual Income Model	Units	Projected				
		FY-2025	FY-2026	FY-2027	FY-2028	FY-2029
Long-Term Growth Rate	%					1.5%
Cost of Equity	%					11.8%
Residual Income	AED	1.83	2.19	2.55	2.63	2.58
Present Value (PV) of Residual Income	AED	1.81	2.01	2.10	1.94	1.69

Beginning Book Value Per Share (BVPS)	AED	18.5
Add: Present Value (PV) of Residual Income	AED	9.5
Terminal Value	AED	25.0
Add: Present Value (PV) of Terminal Value	AED	16.4
Equity Value Per Share	AED	44.5

Source: Kamco Invest Research

Snapshot – Dividend Discount Model

Dividend Discount Model	Units	Projected				
		FY-2025	FY-2026	FY-2027	FY-2028	FY-2029
Dividends Per Share (DPS) – Q3 FY 2025	AED	1.00				
Cost of Equity (Ke)	%	11.8%				
Dividend Growth Rate (g)	%	3.5%				
Dividend Per Share (DPS)	AED	1.47	1.91	2.20	2.41	2.57
Present Value (PV) of Dividend	AED	1.30	1.57	1.62	1.58	1.51

Share Price Calculation

PV of Sum of Dividends	AED	7.6
Year 5 Dividend × (1 + Growth Rate)	AED	2.7
Terminal Value	AED	31.9
PV of Terminal Value	AED	18.8
Value Per Share	AED	26.3

Source: Kamco Invest Research

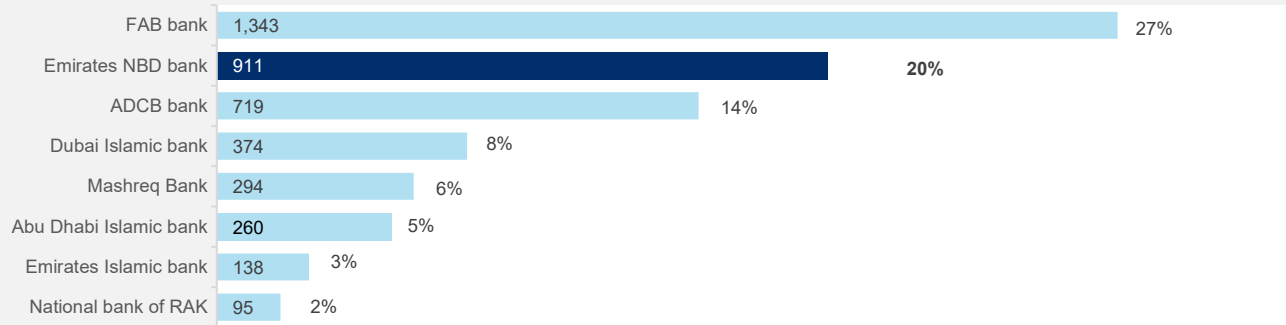
Downside risks to our valuation & forecasts include

- Slower than expected pick up in retail lending
- Subdued growth due to fluctuations in global oil prices and geopolitical tensions
- Bank's CASA ratio may not increase at the rate we expect, and resultantly NIMs could face downward pressure
- Continued hyperinflationary environment in Turkey
- Macro-economic shocks to non-UAE regions where the bank has a presence
- Integration challenges for non-UAE investments and acquisitions

ENBD in Charts

Emirates NBD is one of the largest banks by total assets and has a sizeable asset market share across all segments.....

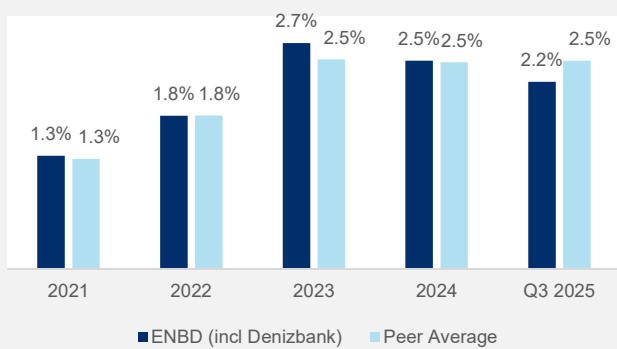
Total Assets (AED Bn) & Market Share (%) in Q3 2025 (excluding Deniz)



Source: Kamco Invest Research, CBUAE

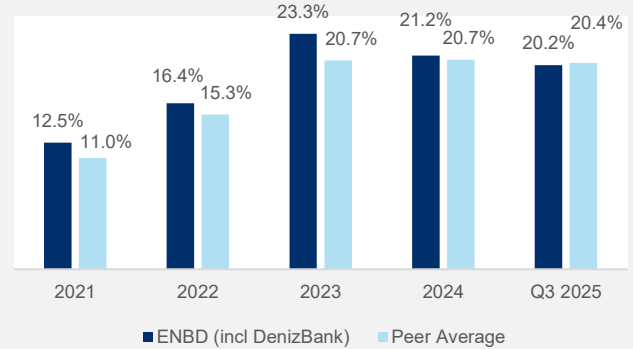
...While reporting a stable RoTE and ROA...

ROA vs Peer Average



Source: Kamco Invest Research, Refinitiv

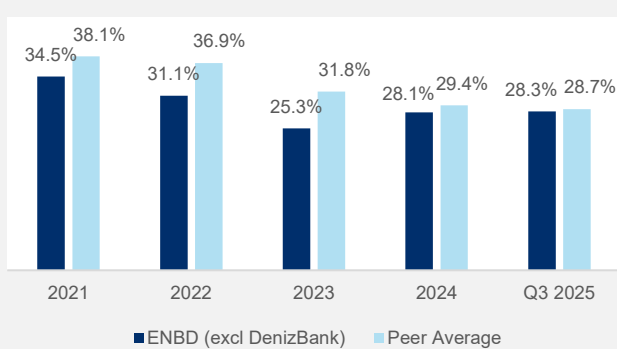
ROTE vs Peer Average



Source: Kamco Invest Research, Refinitiv

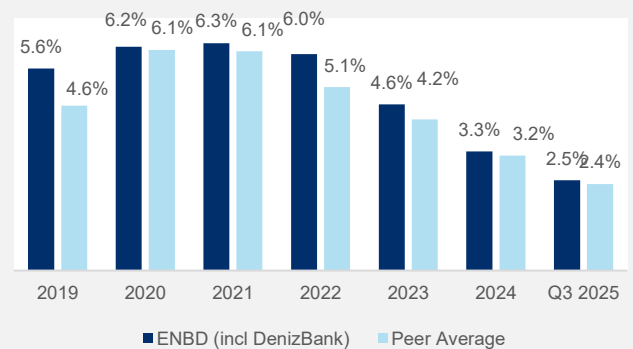
...While maintaining strong operational efficiency and prudent risk management...

Cost-to-Income Ratio: ENBD vs Peer Average



Source: Kamco Invest Research, Refinitiv

NPLs: ENBD vs Peer Average



Source: Kamco Invest Research, Refinitiv

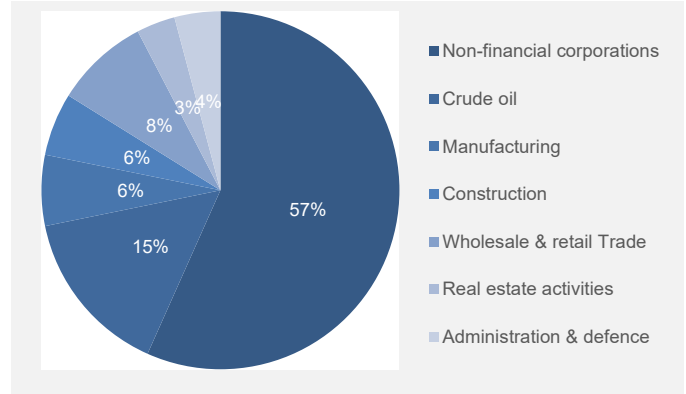
UAE Macroeconomic Overview

GDP Growth by Activities

Period	Finance	Real Estate	Construction	Wholesale & Retail trade
FY-2019	3%	-2%	4%	4%
FY-2020	-14%	-17%	-11%	-14%
FY-2021	4%	7%	2%	12%
FY-2022	15%	13%	8%	9%
FY-2023	10%	12%	11%	9%
Q1 2024	13%	7%	11%	6%
Q2 2024	10%	9%	9%	6%
Q3 2024	7%	10%	8%	5%
Q4 2024	9%	18%	12%	13%
Q1 2025	6%	12%	9%	8%

Source: UAE.Stat

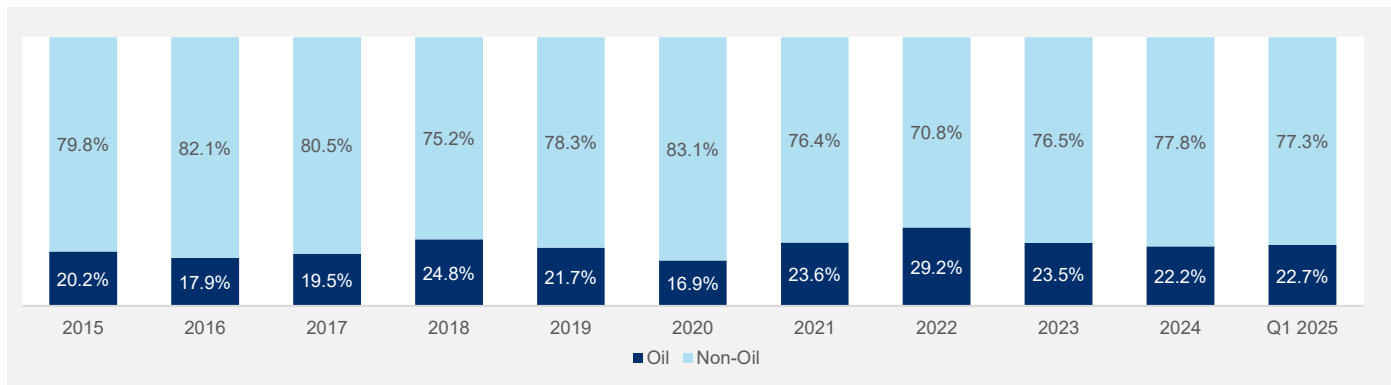
GDP Contribution by Activities (2024)



Source: UAE.Stat

The UAE economy has continued to expand at a healthy pace, underpinned by strong non-oil sector momentum, resilient domestic demand, and robust investment inflows linked to ongoing diversification efforts. In Q1 2025, real GDP grew by around 3.9% year-on-year, driven primarily by a 5.3% year-on-year rise in non-oil activity to AED 352 Bn, lifting its share of total output to 77.3%, while the oil sector remained broadly flat amid voluntary OPEC+ output cuts. As of 30th November 2025, OPEC+ agreed to leave oil output levels unchanged for the first quarter of 2026, a push to regain market share amid fears of a looming supply glut. Growth was supported by gains in trade, tourism, construction, and financial services, reflecting the country's strategic shift toward a more urban, investment-led economy.

UAE Oil vs Non-oil Activities



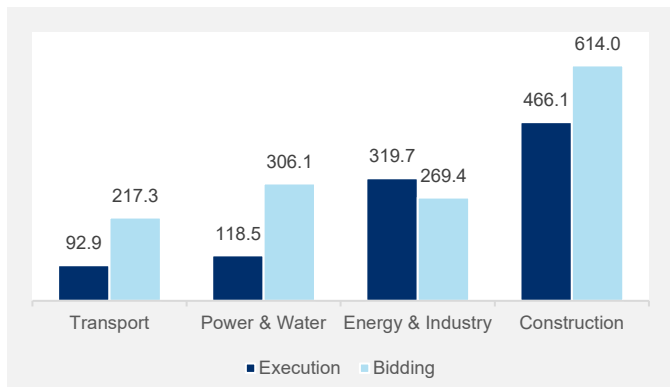
Source: UAE.Stat

From Hydrocarbon Cycles to Structural Growth

The UAE has evolved from a resource-led economy into one of GCC's most diversified and service-driven markets. Non-oil sectors now contribute around 75% of GDP (2024), led by real estate, tourism, logistics, and financial services, reflecting a deliberate strategy to convert hydrocarbon wealth into productive urban assets. Long-term frameworks such as Vision 2031 and the Dubai Urban Master Plan 2040, alongside reforms like freehold ownership, the Golden Visa, and REIT regulations, have strengthened investment depth. Supported by low inflation (2.8%) in FY-2024 and strong Tier 1 capital buffers (15%+), the UAE's macro-financial base remains resilient. Backed by sovereign funds managing over USD 1.3 Tn, the economy grew 4.0% in FY-2024 and is forecast to expand 4.4% in FY-2025 and 5.4% in FY-2026, sustaining its trajectory of diversified growth.

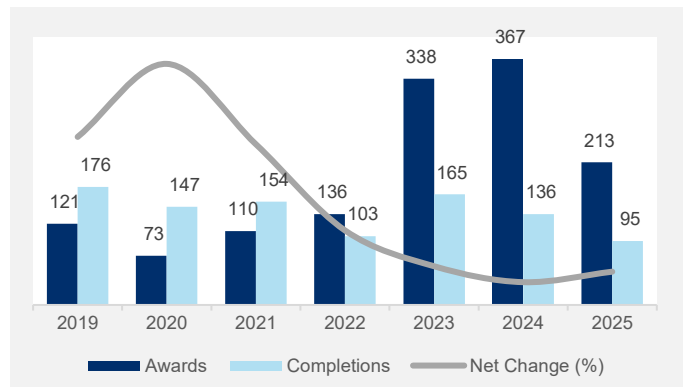
UAE Government Sovereign Capex Anchors Credit Momentum

Active Projects by Sector (AED Bn) (2025)



Source: MEED projects (FY-2025 year-to-date numbers)

Project Market Activity (AED Bn) (2025)



Source: MEED projects (FY-2025 year-to-date numbers)

The UAE's economic trajectory has evolved beyond post-pandemic recovery into a federally coordinated capital-expenditure strategy aimed at reinforcing the country's role as a global and digital hub. This integrated investment framework is now a key driver of asset formation and sustained credit growth across the banking system. According to MEED, the total value of active projects exceeds AED 1.4 Tn, led by construction (AED 614 Bn), energy and industry (AED 319.7 Bn), power and water (AED 306 Bn), and transport (AED 217 Bn). Notably, around AED 1.18 Tn of this pipeline remains in the bidding or pre-execution phase, providing near-term visibility for project-finance and contractor-lending opportunities. Large undertakings such as Etihad Rail, the Al Maktoum International Airport expansion, and national energy-network upgrades continue to anchor project momentum, with transport-related awards alone reaching nearly AED 57 Bn in FY-2024, underscoring the pace and scale of infrastructure execution underway across the UAE.

This capital formation cycle is creating a layered credit ecosystem that extends well beyond traditional infrastructure lending. On one hand, sovereign and quasi-sovereign project financing provides banks with low-risk, collateralized lending backed by predictable cash flows. On the other hand, the surge in contract awards fuels a second-order demand for working capital, trade finance, and supplier credit across the broader private-sector chain.

The government's fiscal modernization under the 2027–2029 budget cycle marks a significant shift from short-term spending plans to a strategic framework tied to "We the UAE 2031" and "UAE Centennial 2071." This reorientation channels spending into high-impact sectors such as transport, education, technology, and healthcare, ensuring that every dirham of federal expenditure contributes directly to long-term national productivity. Complementing this fiscal discipline is a structural leap in administrative efficiency through the integration of artificial intelligence and digital governance. The Ministry of Finance has reduced budget preparation steps from 50 to just 10 and shortened procurement cycles from 60 days to under six minutes. This transformation has drastically improved project execution timelines, reduced payment bottlenecks, and de-risked the working capital cycles for contractors and suppliers. For banks, this shift translates into faster disbursements, better recoverability, and enhanced liquidity predictability across sovereign and semi-government portfolios.

In essence, the UAE's capital spending strategy, supported by solid fiscal discipline and efficient project execution through digital systems has been a catalyst for short-term growth. It now serves as a long-term driver of lending and balance sheet growth for the country's banking sector.

Within this investment-led cycle, real estate has become the primary transmission channel through which infrastructure spending converts into private-sector activity. Transport networks, utilities and urban development programs are now directly translating into residential demand and commercial absorption, positioning property as the natural next beneficiary of the UAE's capital-expenditure engine and the logical bridge to the next leg of growth discussed below.

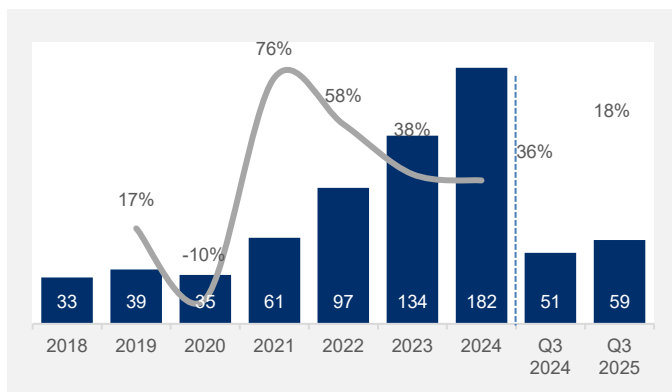
UAE Real Estate

The UAE's real estate growth stems from a long-term policy vision aligning urban planning, housing, and sustainability with economic diversification. Vision 2031 and the Dubai Urban Master Plan 2040 aim to double housing supply by 2040 while enhancing liveability and connectivity. Abu Dhabi's Vision 2030 reinforces this through mixed-use zones and industrial corridors like Khalifa Economic Zone, supporting non-oil expansion. Together, these frameworks have made real estate central to GDP diversification and a key growth engine for UAE banks.

Current dynamics & future outlook: Dubai

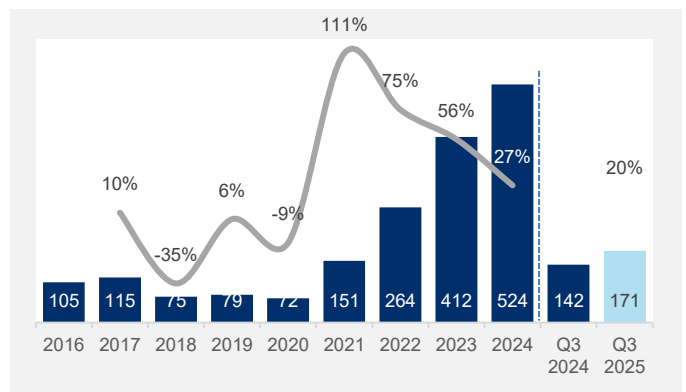
Dubai's residential market gained momentum in Q3 2025, defying expectations of a summer slowdown amid rising geopolitical tensions. Demand remains strong, supported by investor appetite and a solid development pipeline. Since 2020, the city has added around 30,000 new units annually, with supply set to accelerate to 320,000 units by 2029 (about 64,000 per year). While this signals confidence, it also raises concerns about rental market absorption and infrastructure readiness. Population growth continues to fuel housing demand but pressures affordability.

Dubai Real Estate Sales by Volume ('000)



Source: DXB Interact

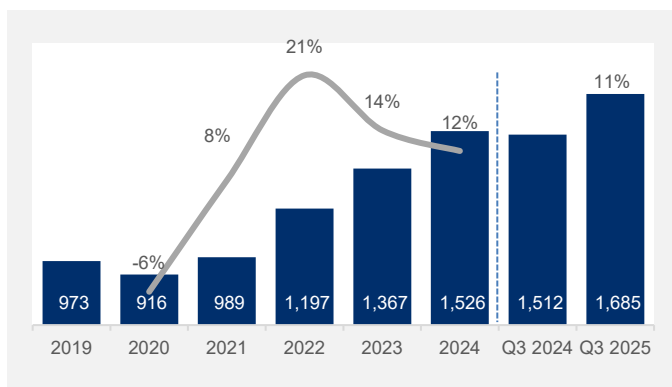
Dubai Real Estate Sales by Value (AED Bn)



Source: DXB Interact

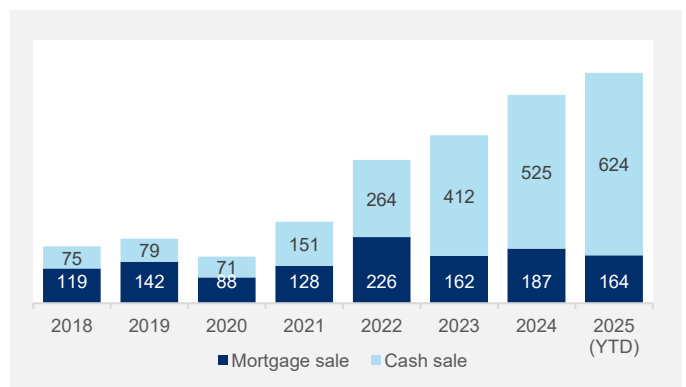
In Q3 2025, Dubai's real estate market recorded 59,400 transactions, up 11.2% q-o-q and 18% y-o-y, reflecting steady momentum. Transaction value reached AED 171 Bn, down 7.9% q-o-q but 20% higher y-o-y, indicating a shift toward smaller, affordable units as prices rise. The average price per sq. ft. rose to AED 1,685, up 4.7% q-o-q and 11% annually. This sharp increase, despite rental yield concerns, shows buyers becoming more selective and focusing on compact and mid-tier apartments that balance quality and affordability. Supporting this trend, cash transactions now dominate the market, accounting for a substantial 79% of total deals year-to-date in 2025, highlighting strong underlying liquidity and reduced reliance on leverage across the sector.

Dubai Property Rates (Price per sq.ft.)



Source: DXB Interact

Dubai's Mortgage Sales vs Cash Sales

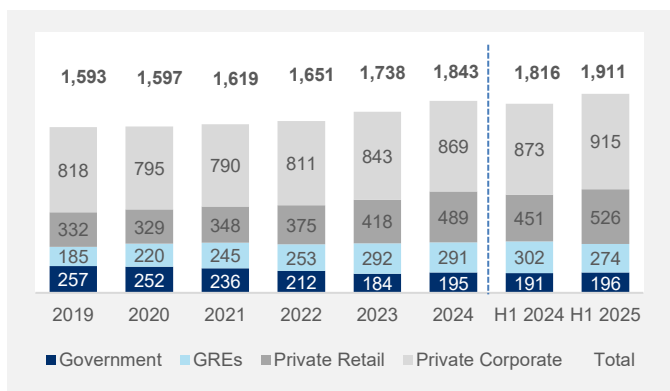


Source: DXB Interact

UAE Banking Sector

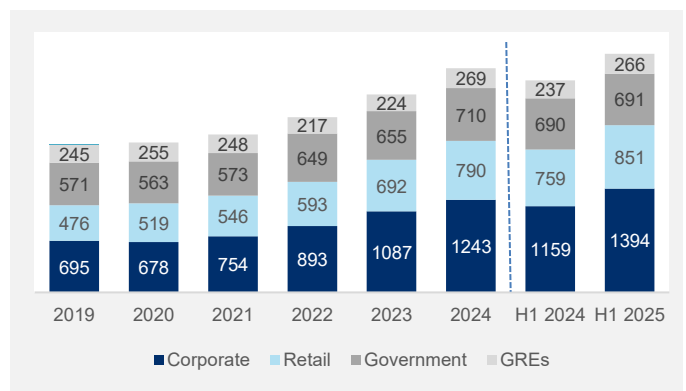
Since 2019, the UAE banking sector has undergone a clear structural shift toward a more diversified and private-sector-driven balance sheet. Total lending has expanded steadily, led by strong growth in private retail and corporate credit, reflecting buoyant economic activity, population inflows, and robust real estate and business formation while exposure to government and GREs has moderated as banks actively de-risk concentration. On the funding side, deposits have grown faster than loans, underpinned by a marked rise in sticky corporate and retail deposits rather than reliance on government liquidity, improving system LDRs and strengthening liquidity buffers. This transition signals a healthier and more resilient banking ecosystem, better aligned with UAE's non-oil diversification agenda and supportive of sustainable earnings and capital generation for the sector.

Banking System Loan Segmentation (AED Bn)



Source: CBUAE

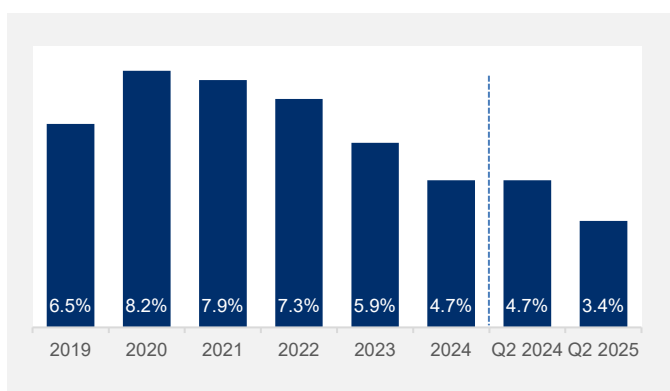
Banking System Deposit (by type) (AED Bn)



Source: CBUAE

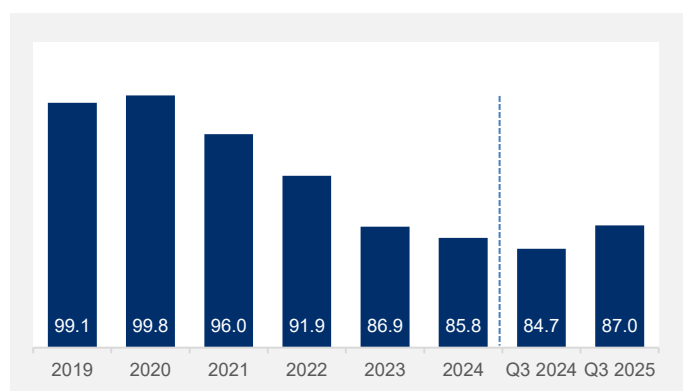
The UAE's banking system continued to expand, with total assets rising 15.4% year-on-year to AED 4,973 Bn by the end of Q2 2025. Credit lending increased by 11.1% year-on-year, driven by stronger private corporate lending (up 5%) and a sharp rise in retail lending (up 16.7%). Deposits also grew at a healthy pace of 13.1% year-on-year, led by resident retail and private corporate deposits, which rose 12.6% and 20.0% respectively, helping maintain favourable funding conditions. The banking system preserved strong financial health, with a solid capital adequacy ratio of 17.3%. As per CBUAE, the financial health of UAE banks remained strong with the non-core liabilities to core liabilities ratio stable at 21%, below the historical average of 24%. Asset quality improved with the NPL ratio down by falling to 3.4%. Additional indicators show that bank investments reached AED 774.3 Bn by end-April 2025, reflecting a 16.2% annual increase, and demand deposits alone exceeded AED 1.16 Tn by end of May, pointing to strong retail confidence and liquidity flows within the system.

Non-performing loans (NPL) ratio (%)



Source: CBUAE

Loan to deposit ratio (LDR)

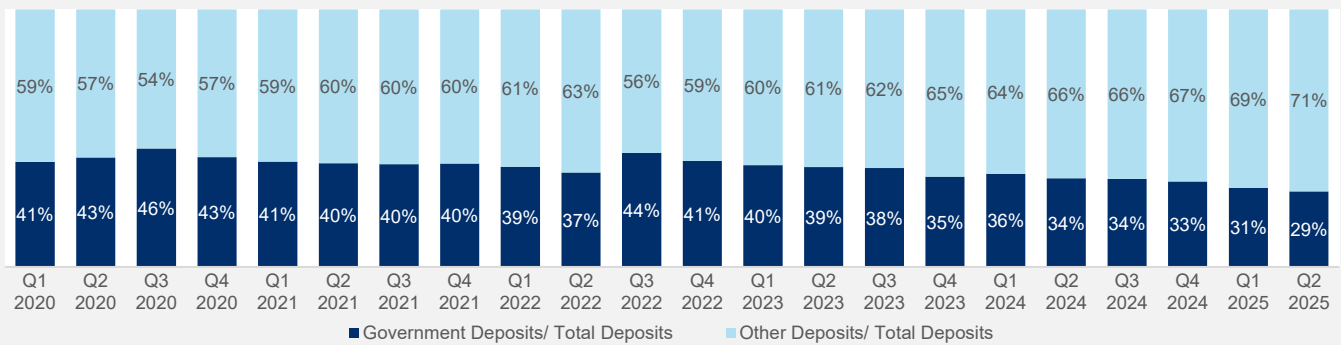


Source: CBUAE

At the same time, the UAE’s money supply continued to expand strongly, with M1 and M2 growing by over 16% year-on-year, indicating a steady increase in both current and term deposits. This expansion reflects a healthy flow of liquidity across the financial system, supported by strong domestic savings and consistent foreign capital inflows. As system liquidity improved to around AED 136 Bn following the normalization in loan-deposit ratios, overnight interbank rates remained tightly anchored to the CBUAE policy rate, underscoring the effectiveness of the central bank’s upgraded liquidity management framework in maintaining orderly short-term funding conditions.

Looking ahead, the UAE banking sector appears set for a period of steady, volume-driven growth through 2025–26. While some margin compression is expected as the global rate cycle shifts, this should be balanced by stronger loan growth and a more stable funding base. The combination of solid monetary expansion, improved liquidity management through the new Islamic facilities, and sustained foreign inflows reflects a more mature and resilient financial system, one that continues to support non-oil sector growth and broader economic diversification.

Government Deposits vs Other Deposits as a % of Total Deposits



Source: CBUAE August 2025 Bulletin

US FED Guidance

Liquidity effect

The Federal Reserve’s 25 bps rate cut to a range of 3.75% – 4.00%, along with its decision to end Quantitative Tightening (QT) from December 1, signals a cautious shift toward policy easing. QT refers to the Fed reducing its balance sheet by letting bonds mature without reinvestment, effectively withdrawing liquidity from the system. By halting this process and resuming full reinvestments, the Fed has stopped further liquidity withdrawal and stabilized system liquidity. This should ease global funding conditions, lower interbank rates, and boost dollar liquidity, a positive for GCC markets, where currencies are pegged to the U.S. dollar. For the UAE and Saudi Arabia, the move signals improved banking liquidity, reduced deposit competition, and lower funding costs heading into FY-2026.

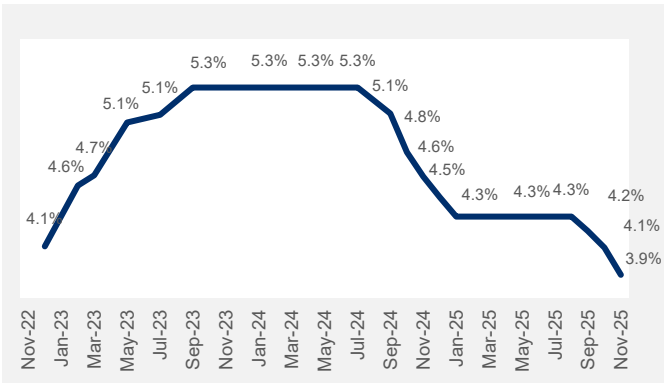
Immediate effect

Markets are likely to view the Fed’s latest move as a shift from inflation control toward supporting growth, signaling the start of a gradual easing cycle. U.S. Treasury yields are likely to face downward pressure as investors adjust to a slower rate path, supporting fixed-income assets and rate-sensitive sectors such as financials, real estate, and emerging-market debt. However, the Fed’s message remains cautious, highlighting ongoing inflation and labor market risks. This points to a measured pace of rate cuts, not an aggressive cycle. For investors, the key takeaway is that liquidity will improve before growth fully rebounds, creating a supportive environment for banks through FY-2025, as funding costs ease and credit activity strengthens.

Effective Fed Funds Rate and FOMC Projections

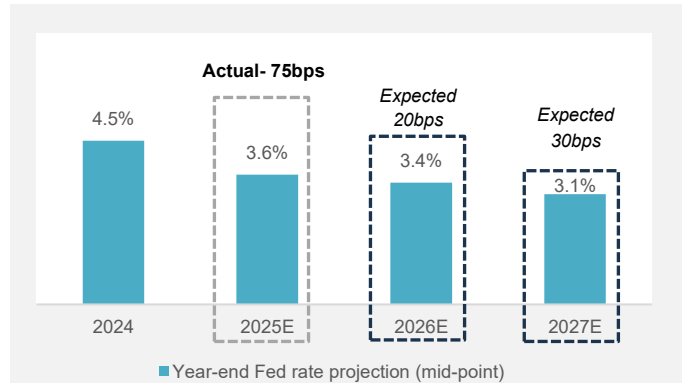
The Federal Open Market Committee’s (FOMC) December 2025 Summary of Economic Projections indicates a median outlook for the federal funds rate of around 3.6% by end-2025, easing gradually to ~3.4% in 2026 and ~3.1% by end-2027, with the longer-run neutral rate anchored near 3.0%. While inflation is projected to continue moderating toward the 2% target and unemployment is expected to remain broadly stable around ~4.5%, the Fed maintains a cautious approach to easing, signaling a measured and gradual rate-cut cycle rather than front-loaded reductions.

Effective Fed Funds Rates (Nov 2022 to Nov 2025)



Source: FRED

FOMC Projections

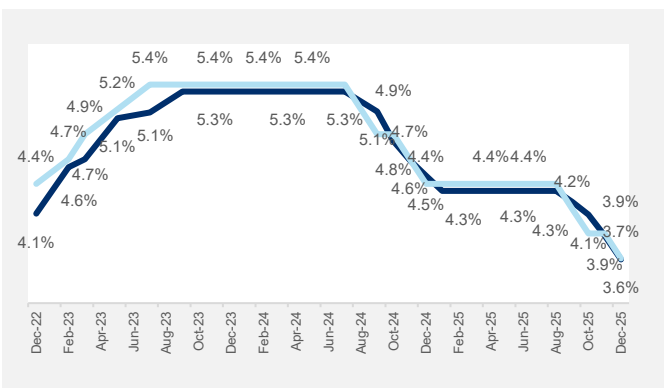


Source: Summary of Economic Projections (December 2025)

UAE EIBOR and SOFR

The narrowing EIBOR-SOFR spread signals improved liquidity in UAE banks due to increased government deposits: The UAE banking system is entering a more stable and policy-aligned phase, underpinned by tighter monetary transmission and abundant liquidity. The narrowing of the DONIA–Base Rate gap in Q2 2025 marks a key milestone in liquidity management. At the same time, the UAE’s money supply continued to expand strongly, with M1 and M2 growing by over 16% year-on-year, indicating a steady increase in both current and term deposits. This expansion reflects a healthy flow of liquidity across the financial system, supported by strong domestic savings and consistent foreign capital inflows. As system liquidity improved to around AED 136 Bn following the normalization in loan-deposit ratios, overnight interbank rates remained tightly anchored to the CBUAE policy rate, underscoring the effectiveness of the central bank’s upgraded liquidity management framework in maintaining orderly short-term funding conditions.

Fed Rate vs CBUAE Base Rate



Source: FRED

3M EIBOR-SOFR Spread



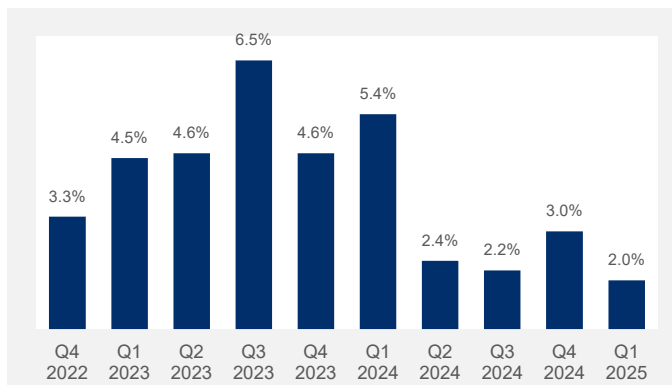
Source: Summary of Economic Projections (December 2025)

Turkey Macroeconomic Overview

Turkey remains in a high-inflation environment as of Q3 2025, with headline CPI at 33.29% YoY in September and core inflation at 32.54%. However, the direction of travel is clearly improving, with inflation having declined meaningfully from peak levels seen in 2024, supporting the case that the country has moved into a stabilization phase rather than a deterioration cycle. Economic growth has moderated but remains resilient, with softer domestic demand helping ease underlying inflation pressures while reducing external imbalances. The Central Bank of the Republic of Türkiye has adopted a more adaptive and market-responsive policy framework, balancing currency stability with targeted rate relief to support activity. Policy rates have now eased to 39.50% as of November 2025, creating a more supportive backdrop for credit expansion and banking system profitability. Overall, Turkey's macro environment is transitioning from volatility toward normalization, a development that is increasingly positive for asset quality, loan growth visibility, and earnings durability across the banking sector.

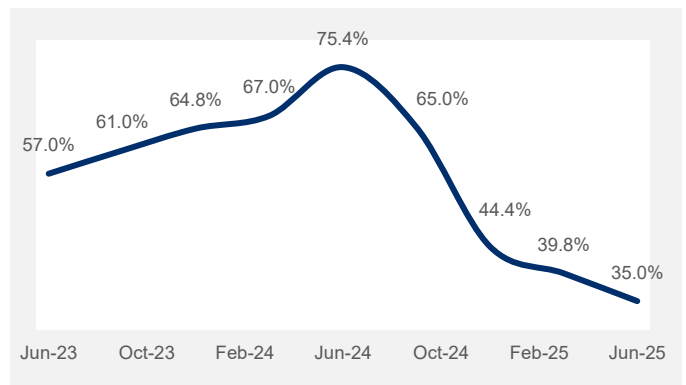
Turkey's macroeconomic environment has undergone a significant stabilization over the past year, as headline inflation has declined sharply from a peak of around 75% in Q2 2024 to approximately 35% by Q2 2025, reflecting the cumulative impact of tighter monetary policy, gradual fiscal consolidation, and improved FX market stability. This disinflation trend has coincided with a broad-based recovery in lending activity, with corporate loans expanding at a 42% CAGR and consumer loans at 46% over the same period, signalling both resilient domestic demand and renewed business confidence. On the fiscal side, Turkey's debt-to-GDP ratio improved markedly from 38.7% in FY-2020 to 24.3% in FY-2025, driven by strong nominal GDP growth, fiscal discipline, and a reduction in external borrowing needs. The normalization of policy rates has started to ease funding pressures on banks, with local deposit costs stabilizing and Lira liquidity improving.

Turkey's Quarterly GDP growth



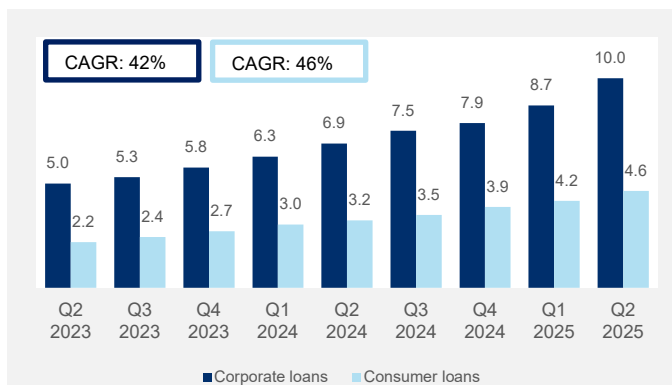
Source: BRSA

Inflation (%)



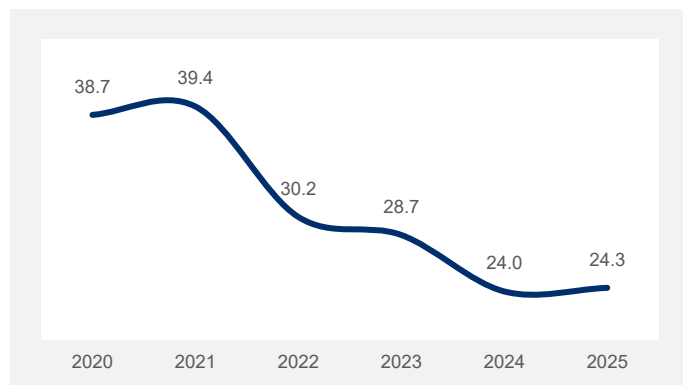
Source: TURKSTAT

Corporate and Consumer loan growth (Turkish Lira) (Bn)



Source: BRSA

Debt to GDP (%)



Source: TURKSTAT

Emirates NBD - Financial Overview

Segmental Overview

Particulars (AED Bn)	Retail			Corporate		
	9M 2024	9M 2025	YoY	9M 2024	9M 2025	YoY
Income	13,428	14,648	9%	6,169	6,912	12%
Expense	3,780	4,286	13%	579	664	15%
Profit before tax	8,079	9,019	12%	8,615	9,292	8%
Loans	140	178	27%	240	317	32%
Deposits	323	373	15%	224	281	25%

Source: Kamco Invest Research, ENBD Bank

Particulars (AED Bn)	Denizbank			Global Markets & Treasury		
	9M 2024	9M 2025	YoY	9M 2024	9M 2025	YoY
Income	7,899	9,986	26%	2,076	1,870	(10%)
Expense	3,138	3,757	20%	168	184	10%
Profit before tax	2,236	2,077	(7%)	1,866	1,656	(11%)
Loans	83	91	10%	-	-	-
Deposits	97	107	10%	-	-	-

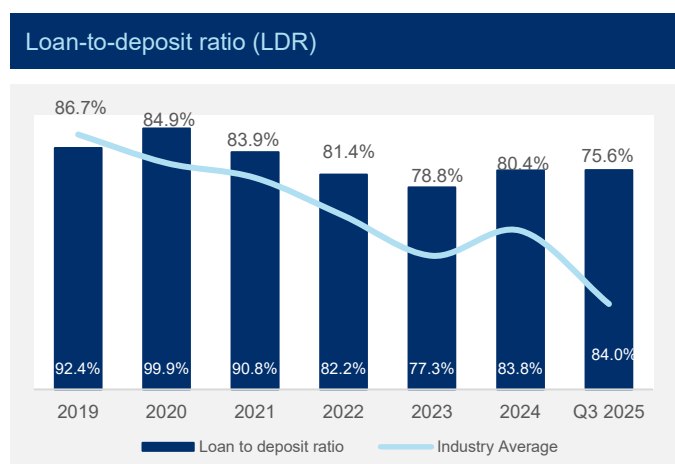
Source: Kamco Invest Research, ENBD Bank

The operating segments' income contributions are 44% retail, 21% corporate, 30% Denizbank and 5% global markets and treasury, respectively.

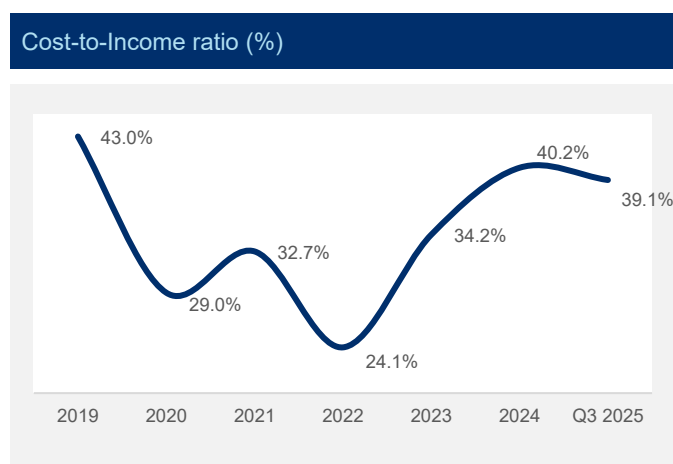
Denizbank- Turkey

Denizbank, a subsidiary of ENBD was acquired from Russia's Sberbank for approximately USD 3.2 Bn and the deal was completed in July 2019 after regulatory approvals.

DenizBank is ranked as the 9th largest bank in Turkey by total assets, with a market share of approximately 4.57 % of the banking market. It operates as a universal bank, covering retail banking (personal & private banking), corporate & commercial banking, SME and agricultural banking, treasury and financial-institution services. The Bank delivered AED 892 Mn profit as of 9M 2025, as operating profit increased 31% y-o-y, helping absorb higher provisioning. Loans grew by 29% and deposits increased by 28% in local currency with increased lending to manufacturing, trade and personal loans.



Source: The Banks Association of Turkiye



Source: Denizbank Investor Presentation

Banque du Caire (BdC) and RBL Bank stake acquisition

BdC: Emirates NBD (ENBD) is currently conducting due diligence on a potential acquisition of a significant stake in Banque du Caire (BdC), Egypt's sixth-largest bank by assets. The transaction, if finalized, would represent a strategically important expansion into one of MENA's most under-penetrated and high-growth banking markets. BdC's inclusion in Egypt's renewed privatization program marks a key milestone in the government's reform agenda to attract foreign investment and reduce public debt. The deal could reach completion within six weeks, a timeline that, if met, would make ENBD the first regional bank to capitalize on Egypt's current privatization cycle. The move also supports the IMF-backed USD 8 Bn economic stabilization plan and could provide ENBD with a scalable on-ground platform in Egypt, enhancing its long-term earnings diversification and cross-border network connectivity across the MENA region.

RBL: ENBD has agreed to invest approximately AED 11 Bn (USD 3 Bn) to acquire up to a 60 % stake in India's RBL Bank Limited via a preferential share issue, marking the largest foreign direct investment in the Indian financial-services sector to date. The deal also triggers a mandatory open offer for up to an additional ~26 % of RBL's shares, with conditions that foreign ownership remain within India's cap (~74 %) and other regulatory approvals pending. As per ENBD, RBL Bank is expected to be consolidated into ENBD by Q2 2026. Post consolidation, RBL will form ~2%-4% of ENBD's total loan book.

The proposed acquisition is expected to provide ENBD with a scaled entry into India's retail banking market, accelerating its expansion strategy and positioning the group to be capturing long-term growth opportunities without the gestation period of organic build-out. ENBD's overseas business contribution could rise to about 30% (from about 25% currently) after the acquisition. As per Fitch ratings, ENBD's operating environment is rated at 'bbb', which is slightly lower than the usual 'bbb+' level for UAE banks, largely because of its exposure to Turkiye, which represents about 16% of total assets and carries a weaker operating environment assessment of 'b+'. The planned consolidation of RBL is not expected to materially influence this rating since RBL would account for only around 6% of the group's assets and the operating environment score for India's banking sector is comparatively stronger at 'bb+'. The ~ AED 11 Bn capital boost strengthens RBL's balance sheet, supports a shift into higher-return assets, and improves margins and ROE potential. Consolidating ENBD's India operations should deliver cost and technology synergies while adding diversification. Execution and governance will be key, though the deal remains positioned to be earnings-accretive and enhance ENBD's international growth profile.

Particulars	RBL Bank (AED Bn)			Banque du Caire (AED Bn)		
	Q2 2024	Q2 2025	YoY	H1 2024	H1 2025	YoY
Income	6.68	6.41	-4%	1.22	1.94	60%
Expense	6.75	7.27	8%	0.39	0.51	32%
Profit before tax	3.77	3.01	-20%	0.44	0.58	31%
Loans	363.7	416.1	14%	17.6	18.9	8%
Deposits	446.8	482.9	8%	27.3	29.5	8%
NIMs		4.5%			7.4%	
Return on average equity (ROAE)		4.4%			31.9%	
NPL ratio		2.3%			4.6%	

Source: Kamco Invest Research, ENBD Bank

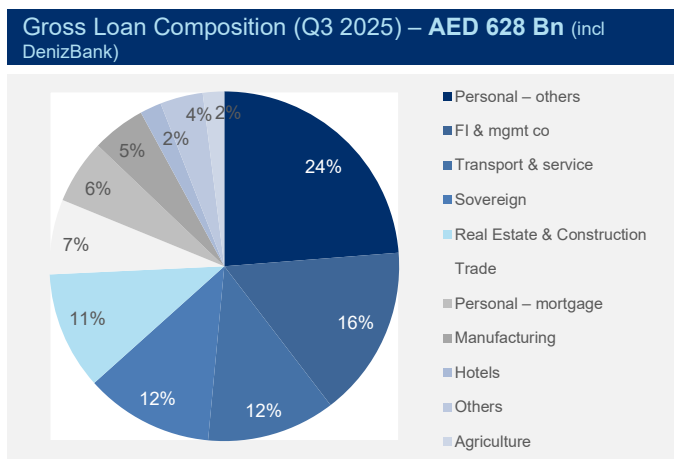
Emirates NBD - Financial Overview

Emirates is positioned for expansion with a corporate focus

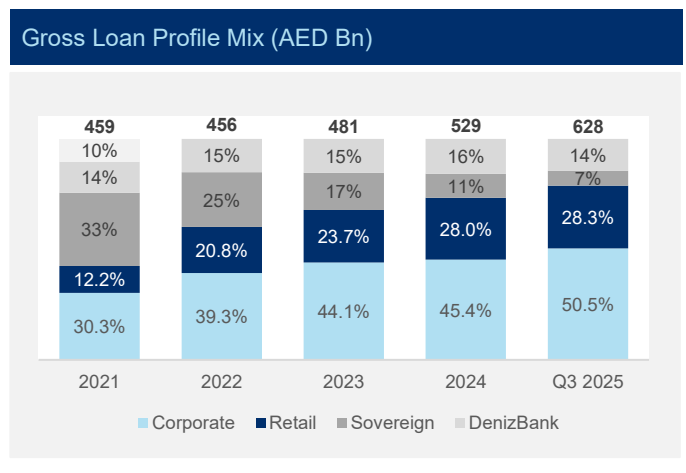
ENBD's loan portfolio outpaces industry growth coupled with an increase in market share:

ENBD's year-till-date (YTD) loan growth continued to outperform the industry by a wide margin, rising 19% compared to the sector's 7.6%. Corporate lending remained the key growth driver, expanding 32% YTD (gross loans basis) with AED 95 Bn in new originations. Retail lending also delivered a healthy AED 30 Bn (up 20% YTD) increase across products and geographies, while DenizBank's loan book grew 9% on a YTD basis, supported by manufacturing, trade, and personal lending segments. On the back of this strong Q3 2025 performance, management revised its full-year loan growth guidance to the *low-20%* range.

ENBD has maintained a steady loan portfolio, with corporate loans making up ~50% and retail loans ~28%, on average. Over time, retail lending has seen consistent growth as its share has increased from 12.2% in FY-2021 to 28.3% as on Q3 2025, while corporate loans have grown at a similar pace too. As UAE's non-oil GDP continues to rise and We the UAE 2031, Dubai Economic Agenda (D33) projects create new opportunities, ENBD is well-positioned to capitalize on this transition.



Source: ENBD



Source: ENBD

ENBD's corporate loan market share has increased from FY-2022 to Q3 2025 (2022-18.4%, Q2 25-23.5%). Between FY-2021 and Q3 2025, Emirates NBD strategically reduced its sovereign and GRE exposure from 33% to 7% of total loans, reallocating roughly AED 120–130 Bn of balance-sheet capacity toward higher-yielding corporate, retail, Islamic, and international lending. Over the same period, total loans expanded by more than 40%, while the Return on Risk-Weighted Assets (RoRWA) improved by about 70 bps and the cost-to-income ratio (ex-DenizBank) remained steady near 27% well below the sector average of ~28-30%.

This shift was underpinned by strong corporate and retail origination with some of the deals as under:

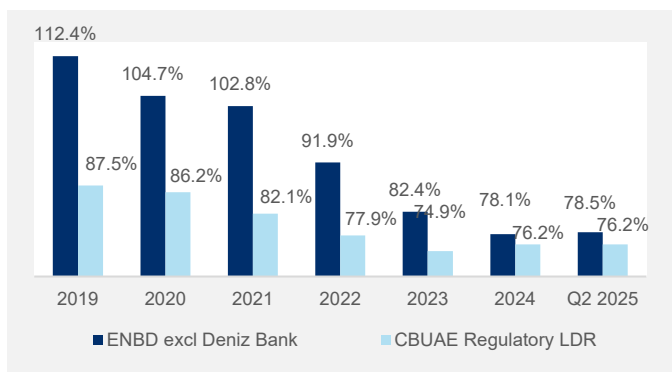
- ENBD provided financing and working-capital lines to key suppliers and EPC firms engaged in these federal projects like Etihad Rail and Al Maktoum Airport
- From 2023–2025, ENBD executed over USD 8 Bn in sustainable finance transactions, including ESG-linked working-capital facilities for Landmark Group and Chalhoub Group in Saudi Arabia.
- The bank strengthened its non-sovereign lending base through developer financing and escrow partnerships with the Dubai Land Department and RERA, enabling it to expand real-estate project lending beyond Dubai's traditional core market
- Corporate loans in Saudi Arabia grew 38% YTD as of Q3 2025, with ENBD now a lead arranger in several Vision 2030 infrastructure and sustainability programmes.

The outlook for 2025 for loan growth is revised upward from high single-digit in Q1 2025 to low 20% by ENBD's management. This positive outlook is driven by continued momentum in the corporate and retail segments, which are expected to remain the primary engines of loan growth. The bank's growing market share in the corporate sector from 21.7% in FY-2023 to 28.5% in Q2 2025 reflects this expansion.

ENBD's Loan-to-Deposit ratio (LDR) is above the industry average; but way below the regulatory limit, providing headroom for expansion: ENBD's LDR as on Q3 2025 was 78.5% below the industry average of 75.6%. The bank is well-positioned to expand its loan portfolio, benefiting from the anticipated growth in credit demand. This demand is aligned with the broader economic goals of UAE 2031 vision, which focuses on economic diversification and private sector development. Additionally, recent rate cuts aimed at stimulating credit activity are expected to enhance lending opportunities particularly in the retail, corporate and SME sectors.

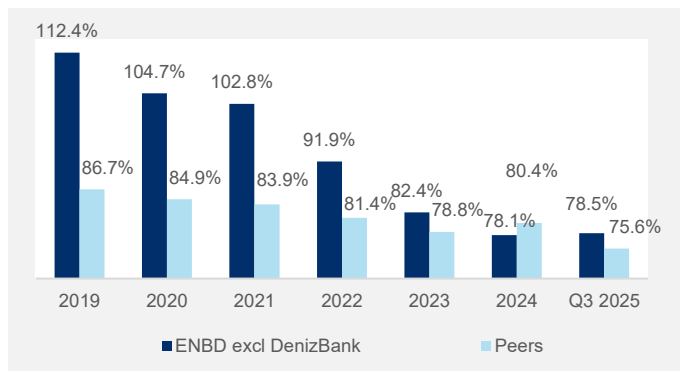
In our view, the bank's strong ability to attract deposits, particularly CASA, should further support lending headroom. We expect CASA to improve over the medium term as interest rates decline, supporting a more favourable funding mix. With a solid liquidity buffer in place, ENBD is well-positioned to accelerate loan growth while maintaining minimal incremental funding pressure.

Loan To Deposit Trend (LDR)



Source: Company Filings, CBUAE Stats

LDR: ENBD vs Peer Average

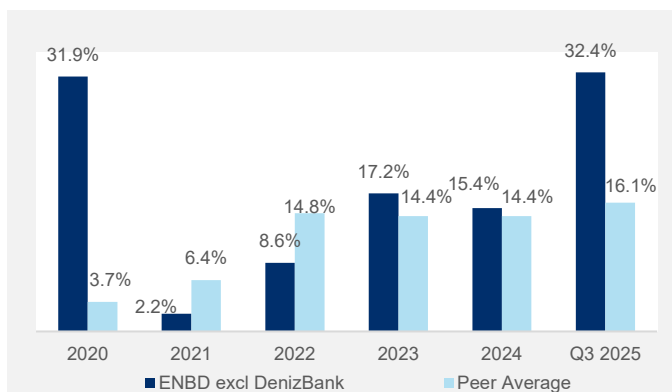


Source: Company Filings, CBUAE Stats

Deposit mix could tilt towards higher CASA deposits

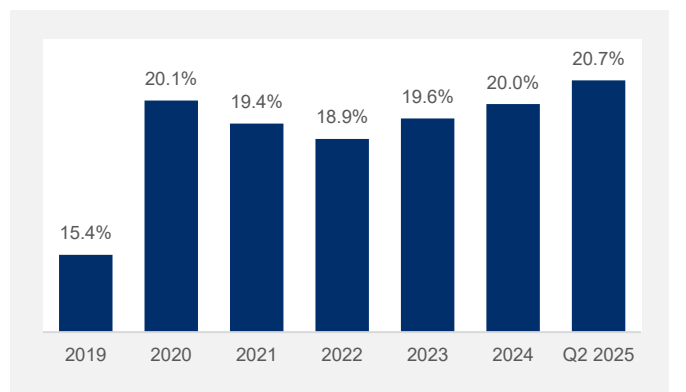
ENBD has consistently maintained a dominant deposit market share of around 28–30% of the UAE banking system, reflecting the strength of its franchise and funding platform. The bank continues to operate with a balanced deposit mix, preserving a high CASA base while also using time deposits selectively to lock in longer-tenor funding. While deposit growth of 14% YTD (Q3 2025) trails industry growth of 16%, this largely reflects conscious pricing discipline rather than share loss. Importantly, the cost of funding expected to decline through 2025–26 in line with Fed rate cuts, supporting NIMs.

Deposit Growth: ENBD vs Peer Average



Source: ENBD and Peers Financial Statements

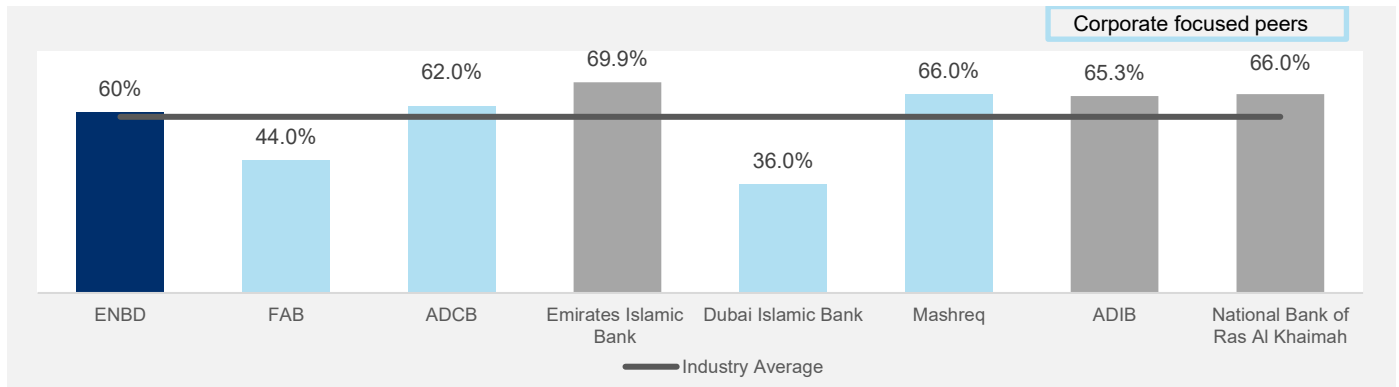
Deposit share of ENBD (excl Denizbank)



Source: ENBD Financial Statements, CBUAE Stats

CASA ratio in line with corporate-focused peers: As of Q3 2025, Emirates NBD's CASA ratio has been in the 55%-60% (including Denizbank) range since 2023 which is broadly in line with leading corporate-focused peers such as First Abu Dhabi Bank, Abu Dhabi Commercial Bank, and Mashreq Bank. Importantly, CASA balances have proven exceptionally sticky, with outflows typically migrating into ENBD's expanding wealth management platform, thereby generating incremental fee income rather than exiting the franchise. ENBD's low-cost, stable funding base is expected to provide pricing flexibility that should allow ENBD to remain competitive in corporate lending while safeguarding NIMs and supporting sustained profitability as rates normalize.

CASA Ratios: ENBD (incl Denizbank) vs Industry (Q3 2025)



Source: KAMCO Invest Research, Company filings

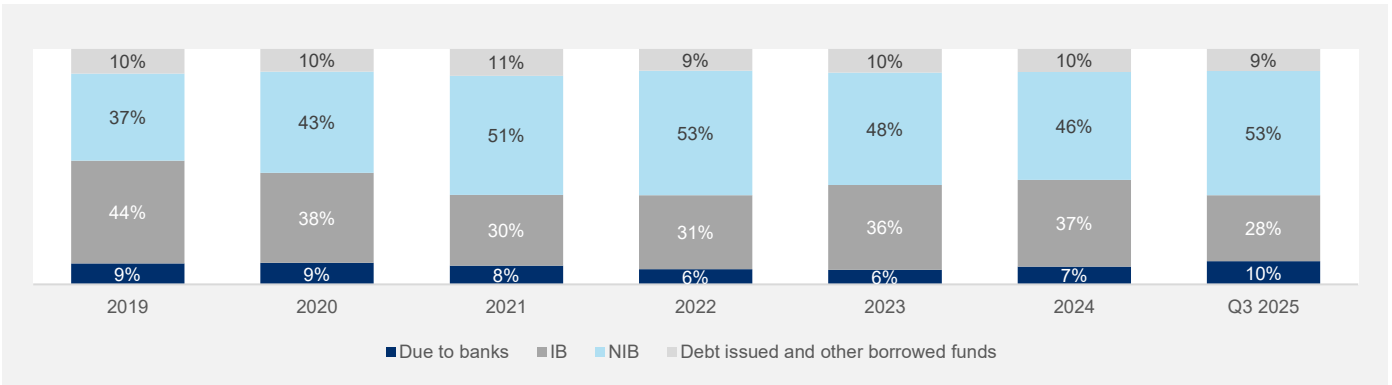
ENBD is well-positioned to capitalize on a declining interest rate environment for higher profitability

A possible shift in financing mix towards non-interest-bearing liabilities: ENBD's interest-bearing liabilities (IBL) have increased in line with repo rate hikes, reaching pre-2019 levels, while its CASA deposits have declined. The bank's interest-bearing liabilities (IBL) have closely followed the movements in the repo rate and the broader interest rate environment. From 2020 to mid-2022, the IBL mix ranged between 31% to 36%. However, following the repo rate increase from 1% in February 2022 to a peak of 6% in July 2023, deposits shifted towards higher-cost, interest-bearing (time) deposits. Reliance on interbank deposits has averaged between 9% to 10% till Q3 2025. As interest rates decline, the bank's mix is expected to shift back to CASA deposits and benefit from improved access to lower-cost interbank funding.

ENBD's cost of financing as per our calculations was ~7.3% in Q3 2025, which has been declining steadily from 8.9% in FY-2024. As the rate cut environment prevails, the bank is expected to shift towards non-IBL as higher non-IBL proves to be a strategic advantage to the bank due to the lower cost of financing as liquidity and convenience are preferred over lower yields.

We believe ENBD is strongly positioned to control and likely reduce its cost of financing through FY-2026, supported by a structural funding advantage and a favourable macro backdrop. As policy rates decline, ENBD's cost of funds should normalize faster than peers due to its higher CASA mix and lower dependence on expensive term funding. Management commentary across recent concalls reinforces this view, highlighting strong system liquidity, limited deposit-pricing competition, and a clear shift in balance-sheet growth toward retail, SME and Emirates Islamic, which deepens low-cost deposit pools and reduces dependence on expensive corporate or sovereign financing.

ENBD's Financing Mix (incl DenizBank)



Source: ENBD Investor Presentation

NIMs expected to stay resilient despite Fed interest rate cuts: ENBD's NIMs have consistently outperformed its peer average since 2022, benefiting from the interest rate hikes. Despite a rising share of retail lending, we do not expect material NIM pressure for ENBD through FY-2026– FY-2027, and instead see credible resilience supported by structural advantages. Unlike conventional assumptions that retail portfolios are predominantly long-dated fixed-rate exposures, ENBD's retail engine is led by short-tenor, variable-pricing categories such as cards, SME working capital, and Islamic profit-rate structures that typically reprice within 6–9 months

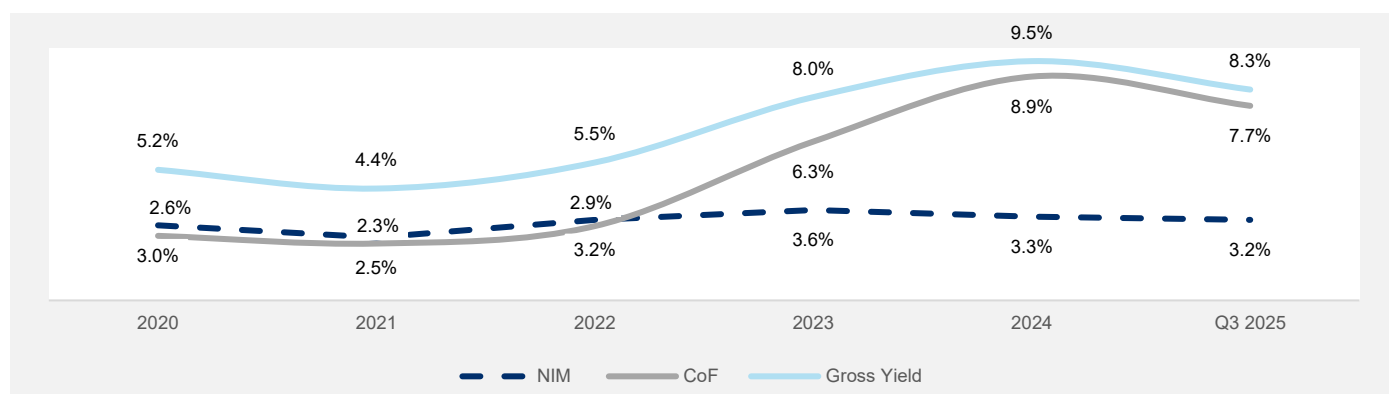
At the same time, ENBD's CASA base above 60% enables funding costs to decline faster than asset yields in a rate-cut environment, reinforcing margin protection. The bank's disclosed rate sensitivity ~AED 490 Mn net-interest income (NII) impact per 25 bps at group level and ~AED 570 Mn ex-Deniz demonstrates that cost-of-funds repricing benefits outweigh asset-yield compression. Further cushioning comes from higher-yielding international portfolios, including RBL Bank in India (4.5% – 5.5% NIM) and double-digit Saudi growth, as well as accelerating fee-income from merchant acquiring, FX, wealth management and ENBD X cross-sell. Therefore, the strategic pivot toward retail and Islamic financing is NIM-accretive on a risk-adjusted, ROE-optimizing basis, supporting earnings durability even through the expected global rate normalization cycle.

Looking ahead, earnings will increasingly be influenced by the pace of funding repricing relative to asset yields. In the UAE and KSA, improving liquidity and deposit growth are expected to ease funding costs into FY-2026, while loan yields should remain supported by retail demand, Islamic pricing structures and ongoing working-capital needs. India adds resilience through stable deposit pricing and a higher-yielding retail and MSME mix, delaying yield compression relative to funding relief. Turkey remains the key variable, although ongoing normalization in inflation and funding conditions is likely to support balance-sheet repricing over time. Overall, we expect funding costs to adjust faster than asset yields across core markets, supporting earnings normalization through the cycle.

In parallel, management has highlighted a continued shift in the investment book away from low-yield liquidity assets into better-yielding securities and structured placements, effectively lifting asset yields without adding balance-sheet risk. Another overlooked margin lever is operating leverage, as digital origination scales up, customer acquisition and servicing costs continue to fall, enabling the bank to absorb mild yield pressure without compromising profitability. Taken together, these structural levers such as capital discipline, product repricing power, asset mix optimization and efficiency gains place ENBD in a position where margins are not just defensively protected but retain genuine upside optionality as the rate cycle matures.

DenizBank and RBL Bank are structurally margin-accretive to ENBD they operate in a higher-rate regime and run on a different interest-rate cycle from the UAE, which means its margins typically expand when GCC margins compress, making it a natural hedge against group-level volatility and a stabilizer for net interest income. India adds a second layer of protection as it has higher structural lending yields and slower funding repricing ensuring that RBL's loan book support group margins even as rates fall.

ENBD: Net Interest Margins vs Cost of Funding vs Gross Yield



Assessing the Impact of Rate Cuts	2024	2025A	2026E
Fed rate cut guidance	100 bps	75 bps	20 bps
Impact on NIMs:			
Gross yields	9.50%	8.00%	7.67%
Cost of financing	8.90%	7.20%	6.30%
Net interest margin	3.30%	3.19%	3.40%

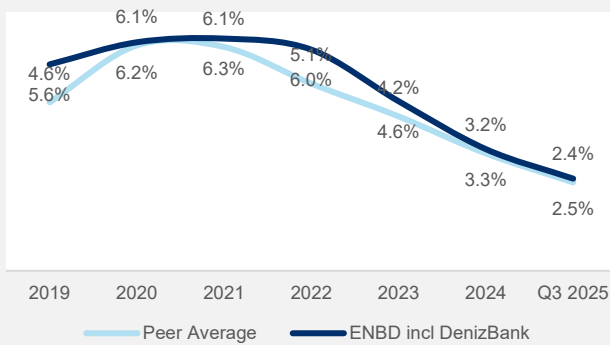
Source: Fed Reserve Economic Projections, KAMCO Invest Research

ENBD has maintained high asset quality with low NPLs and increasing NPL coverage: ENBD has made notable progress in strengthening its asset quality, with the non-performing loan (NPL) ratio improving to 2.5% in Q3 2025, down 140 bps year-on-year and 80 bps year-to-date. Management attributed this improvement to strong recoveries and a buoyant credit environment, which supported overall credit quality. With a coverage ratio of around 160%, the bank maintains ample provisioning buffers, allowing it to recognize recoveries and writebacks more confidently, further reinforcing the improvement in asset quality.

The bank has maintained an NPL coverage between 145%-160%, with 185% being the highest in Q3 FY-2025, surpassing the industry average of 136.8%.

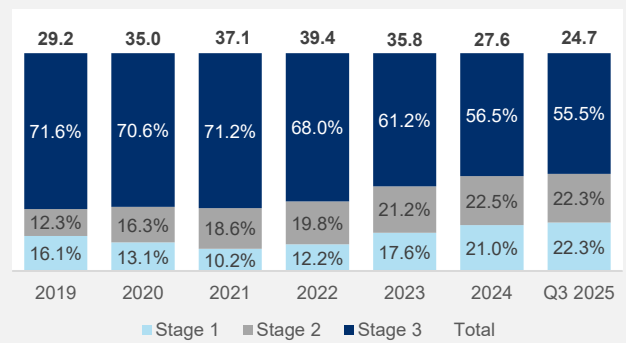
The decline in Stage 3 provisions (FY-2019: 71.6%, Q3 2025: 55.5%) points towards successful recoveries of impaired exposures and limited new defaults, aligning with management's Q3 2025 comments on strong recoveries and a supportive credit environment. The increase in Stage 1 and Stage 2 provisions shows that ENBD is building buffers on its expanding loan book, including exposures in Turkey and Saudi Arabia, even as overall asset quality improves. Taken together, this reflects a healthier and more forward-looking approach to risk management, with the bank staying cautious while continuing to strengthen its balance sheet.

NPL Ratio: ENBD vs Peer Average



Source: ENBD, Company Filings

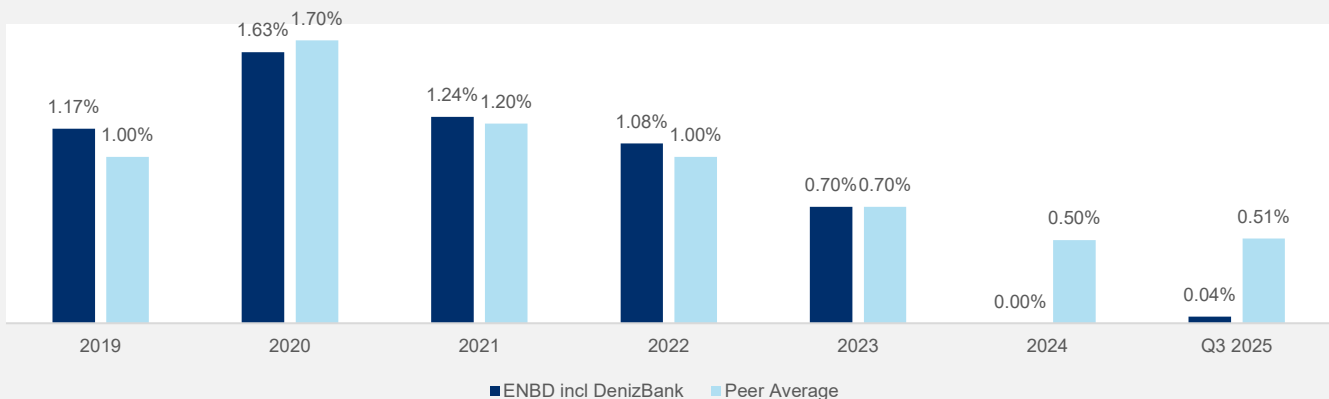
Distribution of Expected Credit Losses (ECL) across Stages



Source: ENBD

As of 9M 2025, the bank reported a cost of risk (CoR) of 0.04%, increasing by 4 bps on a YTD basis. This improvement reflects a combination of strong recoveries and limited new impairments. We believe the positive impairment line in Q3 shows that recoveries continued to exceed new provisions, highlighting a genuine improvement in credit quality rather than a one-off gain. Management has guided to a cost of risk of 20–40 bps over the medium term, which is broadly in line with our assumptions. For FY-2026, however, we build in a slightly higher range of 45–55 bps, reflecting expected portfolio seasoning and a cautious stance during the integration phase, rather than any fundamental change in asset quality.

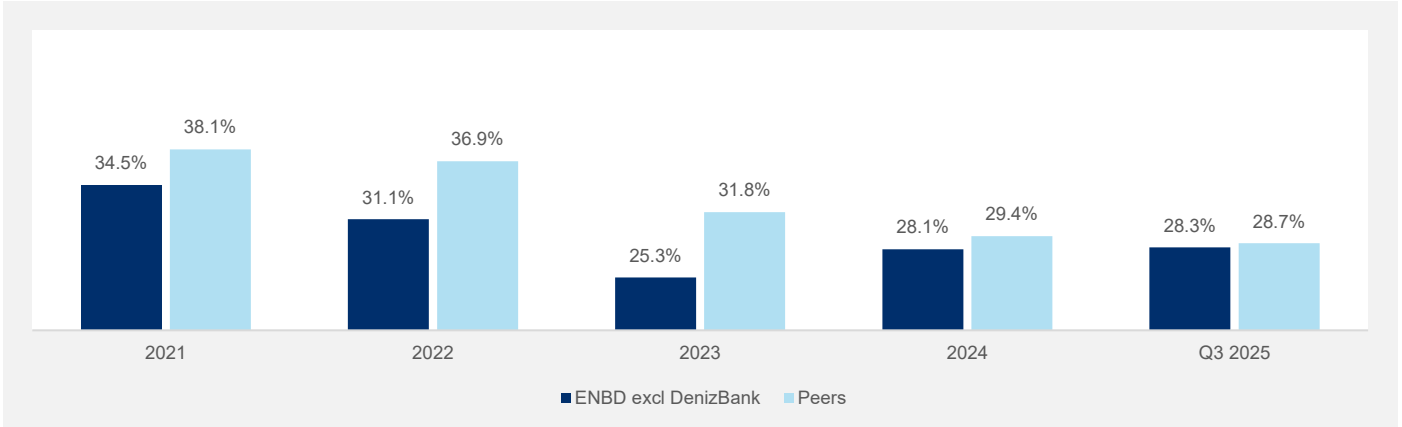
Cost of Risk: ENBD vs Peer Average*



Source: ENBD Corporate Presentation, Alvarez & Marsal report, *ENBD had recoveries in FY-2024

ENBD's cost-to-income ratio consistently outperformed the peer average: Emirates NBD's cost-to-income ratio has consistently remained around 25%–28% between 2023 and Q3 2025, below the UAE banking sector average. The improvement in cost-efficiency can be attributed to the bank's digital transformation through the ENBD X platform and AI-led analytics that have reduced manual processing and front-line friction costs. This structural cost discipline gives ENBD flexibility to continue investing in technology and cross-border scale while maintaining industry-leading efficiency and profitability metrics.

Cost-to-Income Ratio: ENBD vs Peer Average

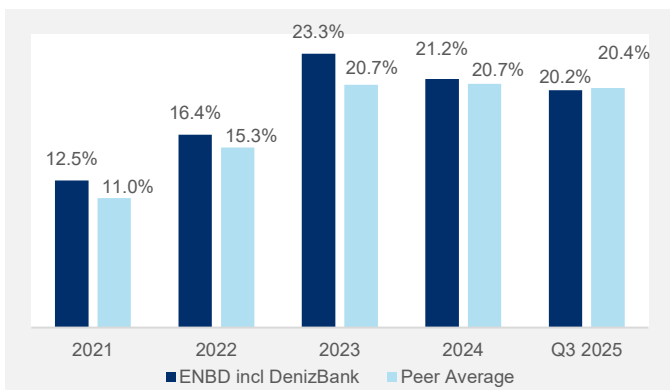


Source: ENBD, Peer Company filings

Lower P/TB valuation despite strong RoE: ENBD's RoE has consistently surpassed industry benchmarks, benefiting from an effective lending mix between corporate and retail segments. The bank could reprice its corporate loans upwards quicker amid the rising interest rate environment, resulting in higher NIMs compared to industry and retail-focused peers, everything else being equal (Q3 2025: Peer average 3.1% vs. ENBD 3.4%).

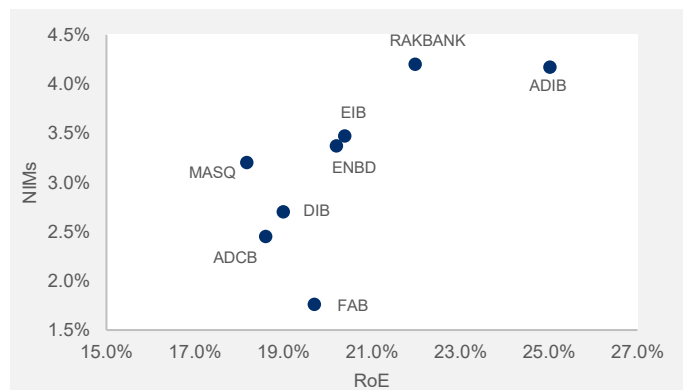
Since 2019, the bank's price to tangible book value (P/TB) has consistently remained below the peer average, while its RoE has been in line. Based on Q3 2025, ENBD is trading at a P/TB ratio of 1.23x and RoE of 20.2%, compared to peer averages of 1.81x and 20.4%, respectively.

Return on Equity (RoE): ENBD vs Peer Average



Source: ENBD, Peer company filings

NIMs vs RoE (Q3 2025) (including DenizBank)



Source: ENBD, Peer company filings

Guidance for FY-2025 and FY-2026: ENBD has upgraded its FY- 2025 loan-growth guidance to the low-20% range, in line with our expectations. For FY2026, we forecast loan growth of ~16%–17%, supported by the integration of RBL Bank and potential contribution from Banque du Caire, subject to regulatory approvals. Management continues to guide for retail-led growth, with retail expected to outpace corporate lending, a view we share. On liabilities, we expect deposits to grow ~15% in FY-2025, supported by the already-reported 14% YTD growth, followed by mid-to-high-teen growth in FY-2026, reflecting sustained system liquidity and balance-sheet expansion.

We forecast the loan-to-deposit ratio to remain comfortable at ~75%–78% through FY-2025 & FY-2026, reflecting a well-funded balance sheet despite elevated growth. Management has guided to a medium-term cost of risk of 20–40 bps, which we broadly align with, though we model a moderate rise to 45–55 bps in FY-2026 to reflect portfolio seasoning amidst expansion and overseas integration. Operating efficiency remains strong, with the cost-to-income ratio at 30.7% in Q3-2025, well below the management target range. Asset quality continues to improve, with impairments down sharply YoY on recoveries; we expect the NPL ratio to remain stable at ~2.6% for FY-2025 and then increase to 2.9% for FY-2026, due to the integration of RBL Bank and then plateauing gradually to 2.6%-2.4% in the later period.

We forecast FY-2025 NIMs at 3.20%–3.30%, in line with the lower end of management guidance, and expect FY-2026 NIMs to close within the bank's 3.3%–3.5% range as the impact of rate cuts in 2H-2025 remains modest and DenizBank margins continue to normalize. We build in an additional rate cut of 25 bps in December 2025 and 20 bps in March 2026. Importantly, DenizBank and RBL Bank are structurally margin-accretive to the group, as they operate in higher-rate environments and follow different interest-rate cycles from the UAE.

The company has delivered strong EPS growth, supported by solid operating fundamentals despite margin pressure following recent Fed rate cuts. Over 9M-2025, earnings have been meaningfully supported by robust fee income, including a strong 23% YoY increase in Q3-2025 alone. We therefore forecast mid-double-digit EPS growth across FY-2025 and FY-2026.

Emirates NBD Financials

Balance Sheet (AED Mn, unless stated otherwise)	2022	2023	2024	2025E	2026E	2027E
Assets						
Cash and balances with Central Bank	74,618	96,031	104,665	129,854	150,392	170,689
Due from banks and FIs	73,467	92,302	132,766	143,737	165,275	192,147
Investments	125,807	173,246	199,223	188,528	216,359	245,346
Other assets	32,552	36,674	35,256	40,962	42,656	43,792
Goodwill and other intangibles	5,779	5,683	5,626	5,623	13,082	13,082
Net loans	416,604	445,105	501,627	586,722	679,483	750,628
Total assets	741,962	862,773	996,582	1,114,109	1,359,757	1,513,557
Liabilities						
Due to banks and other FIs	37,279	40,321	55,487	67,473	81,538	90,075
Customers' deposits	502,953	584,561	666,777	763,850	884,657	1,004,053
Debt securities in issue	53,487	66,116	72,476	63,524	77,576	69,732
Other liabilities	42,236	48,662	58,723	61,765	69,026	74,446
Total liabilities	648,657	752,801	870,368	976,740	1,194,665	1,323,806
Shareholder's equity						
Share capital	6,317	6,317	6,317	6,317	6,317	6,317
Reserves	4,762	4,488	4,925	5,017	5,102	5,066
Retained earnings	62,346	79,373	93,736	103,976	121,772	142,627
Total shareholders' equity	84,071	100,671	116,861	128,011	146,093	166,506
Tier 1 sukuk	9,129	9,129	9,129	9,129	9,129	9,129
Total equity	93,306	109,972	126,214	137,369	165,092	189,751
Total liabilities & equity	741,962	862,773	996,582	1,114,109	1,359,757	1,513,557
Income Statement (AED Mn, unless stated otherwise)						
Special commission income	30,779	50,031	69,129	71,014	78,811	82,336
Special commission expense	(10,878)	(25,239)	(42,760)	(42,563)	(44,297)	(48,488)
Net special commission income	19,901	24,792	26,369	28,451	34,513	33,848
Fee and commission income	4,081	4,873	6,793	8,225	9,788	11,178
Total operating income, net	23,982	29,665	33,162	36,675	44,301	45,025
Operating expenses	(9,255)	(11,696)	(13,751)	(14,792)	(20,383)	(21,175)
Impairment charge for credit losses	(5,184)	(3,448)	(106)	(1,997)	(3,527)	(813)
Total operating charge incl impairments	(14,439)	(15,144)	(13,857)	(16,789)	(23,909)	(21,988)
Net operating income	9,543	14,521	19,305	19,886	20,392	23,037
Share in earnings of associates	0	0	0	0	0	0
Pre-tax income:	9,543	14,521	19,305	19,886	20,392	23,037
(-) Zakat	(1,964)	(2,134)	(4,133)	(3,688)	(3,144)	(5,008)
Net income to common:	7,579	12,387	15,172	16,198	17,248	18,029
Earnings per share (AED):	1.98	3.32	3.56	4.12	4.68	5.43

Source: Kamco Invest Research, Emirates NBD

Valuation & Financial Metrics	2022	2023	2024	2025E	2026E	2027E
Gross yield (%)	5.5%	8.0%	9.5%	8.0%	7.7%	7.0%
Cost of financing (%)	2.9%	6.3%	8.9%	7.2%	6.3%	6.7%
Net interest margin (%)	3.2%	3.6%	3.3%	3.2%	3.4%	2.9%
Cost of risk (%)	1.24%	0.77%	0.02%	0.34%	0.52%	0.11%
Cost to income ratio (%)	28.5%	27.2%	31.2%	29.3%	32.6%	32.7%
Dividend payout ratio (%)	30.3%	36.1%	28.1%	35.0%	40.0%	40.0%
Net loans/deposits (%)	82.8%	76.1%	75.2%	76.8%	76.8%	74.8%
Non-Performing Loan (NPL) ratio (%)	6.0%	4.6%	3.3%	2.6%	2.9%	2.6%
NPL coverage ratio (%)	145.0%	163.0%	156.0%	154.7%	157.9%	156.2%
Return on assets (RoA) (%)	1.8%	2.7%	2.9%	2.5%	2.4%	2.4%
Return on equity (RoE) (%)	16.4%	23.3%	21.2%	21.7%	21.3%	22.2%
Common Equity Tier 1 (CET1) ratio	15.4%	14.9%	14.7%	20.2%	20.7%	21.1%
Tier 1 capital ratio	17.2%	16.5%	16.0%	21.4%	21.7%	22.0%
Earnings per share (AED)	1.98	3.32	3.56	4.12	4.68	5.43
Dividend per share (AED)	0.60	1.20	1.00	1.47	1.91	2.20
Tangible Book value per share (AED)	13.32	15.95	18.52	19.39	21.08	24.31
P/TB (x)	0.9x	1.0x	1.0x	1.4x	1.3x	1.2x
P/E (x)	6.6x	5.2x	5.8x	6.8x	6.0x	5.2x
Dividend yield (%)	4.6%	6.9%	4.9%	5.2%	6.8%	7.9%

Source: Kamco Invest Research, Emirates NBD

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