UAE Banking Sector Intelligence

Strategic market-intelligence summary for the UAE banking industry - Full-Year 2025

FinQuest

Prepared by FinQuest | 48 Wall Street, Suite 1100, New York, NY 10005 | www.finquest-newyork.om

UAE Banking Sector Intelligence

Strategic Summary, Full-Year 2025

July 2026 | Strategic analysis report prepared by FinQuest | New York, U.S.A.

The UAE banking sector closed 2025 with exceptional balance-sheet growth, double-digit expansion in credit and deposits, strong profitability, and further improvement in asset quality. The opportunity for 2026 is to preserve this resilience while improving capital productivity, controlling concentration and cross-border risks, and accelerating digital and open-finance execution.

Total assets reached AED 5.34 trillion, gross credit AED 2.57 trillion, and deposits AED 3.31 trillion at year-end 2025. Capital and reserves rose to AED 598.3 billion, the capital adequacy ratio remained strong at 17.1%, and the gross non-performing loan ratio declined to 2.9%. Net income after tax reached approximately AED 90.8 billion.

This brief uses Central Bank of the UAE publications as its primary evidence base and translates the sector indicators into practical implications for capital and liquidity management, credit discipline, digital banking, payments modernization, operating efficiency, and cross-border risk governance.

NOTABLE FROM THE REPORT

AED 5.34tn	AED 3.31tn	17.1%	AED 90.8bn	2.9%
Sector assets	Total deposits	Capital adequacy ratio	Net income after tax	Gross NPL ratio
Q4 2025	Q4 2025	Q4 2025	2025	Q4 2025

The sector entered 2026 with strong capital, liquidity, profitability, and funding. The strategic task is to convert rapid growth into durable value through disciplined underwriting, scalable operating models, resilient digital infrastructure, and more sophisticated management of concentration and interconnected risk.

SCOPE OF THIS EDITION

This Full-Year 2025 Executive Report is designed as a concise market-intelligence summary for executives, boards, investors, and institutional stakeholders. It is not intended to replace a full banking-sector diagnostic, supervisory assessment, or analysis of any individual institution. Future editions may expand the framework to include detailed peer-group profitability, concentration by sector and borrower, fee-income composition, efficiency ratios, and cross-border funding and exposure measures.

Note: Figures sourced from Central Bank of the UAE publications have been rounded for executive presentation. Cover image: Abu Dhabi skyline, Wikimedia Commons, used under a Creative Commons license.

1. Executive overview

At the end of 2025, total assets of banks operating in the UAE reached approximately AED 5.34 trillion, compared with AED 4.56 trillion at year-end 2024 - an increase of AED 780.8 billion, or 17.1%. Assets grew in every quarter of 2025, confirming that the expansion was sustained rather than concentrated in a single reporting period.

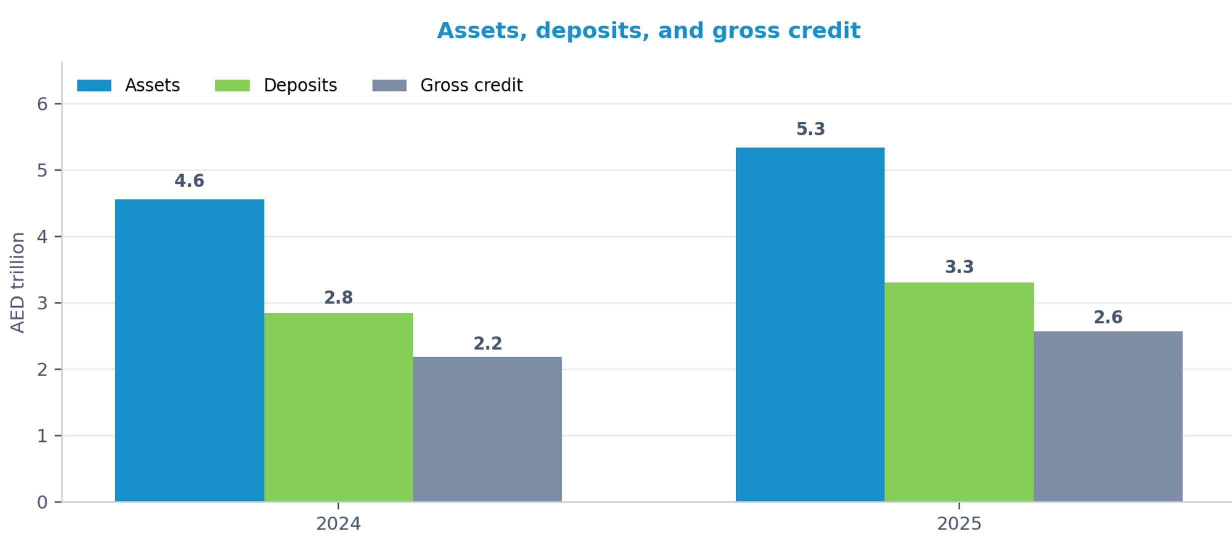
Gross credit increased to AED 2.57 trillion, up 17.9% year on year, while total resident and non-resident deposits reached AED 3.31 trillion, up 16.2%. The resulting system-level credit-to-deposit ratio remained below 80%, indicating a strong deposit-funded profile despite the accelerated pace of lending.

Capital and reserves reached AED 598.3 billion. The capital adequacy ratio stood at 17.1%, above the 13.0% minimum requirement, while the gross non-performing loan ratio declined from 4.1% at end-2024 to 2.9% at end-2025. Liquidity also remained strong, with a 150.4% liquidity coverage ratio and 111.7% net stable funding ratio.

The sector comprised 61 banks: 23 locally incorporated national banks and 38 foreign bank branches. This structure gives the UAE both substantial domestic scale and deep international connectivity, increasing the importance of group-wide risk governance, cross-border controls, and consistent supervisory data.

Exhibit 1

Assets, deposits, and credit recorded double-digit growth



Source: Central Bank of the UAE, Monetary, Banking & Financial Markets Developments, Q4 2025; FinQuest analysis.

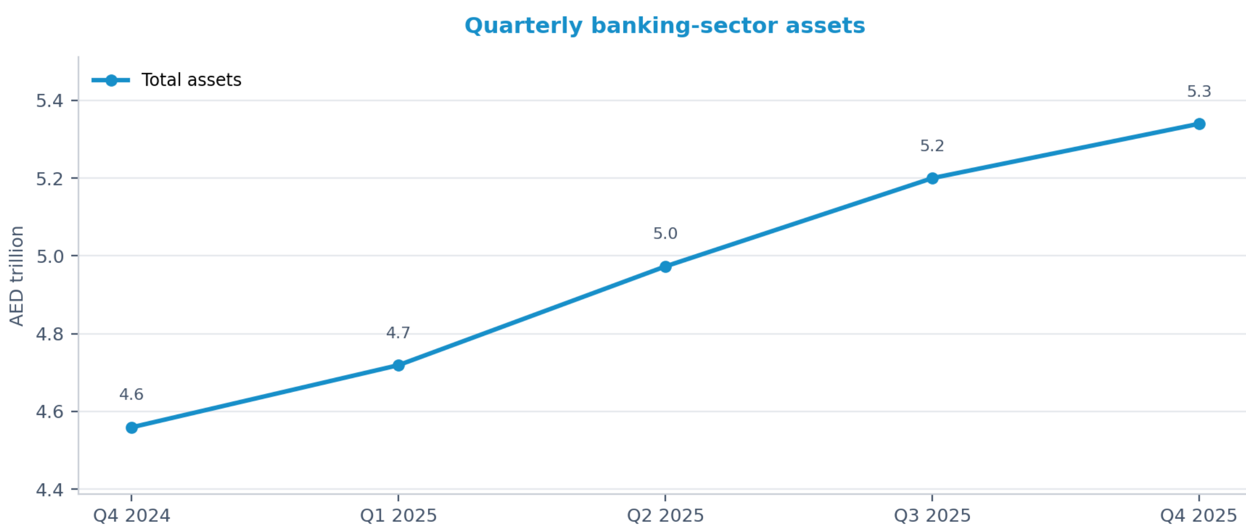
2. Sector scale, funding depth, and liquidity capacity

The clearest 2025 signal is the speed and breadth of balance-sheet expansion. Assets increased in each quarter, deposits grew across resident and non-resident segments, and credit accelerated across corporate and retail portfolios. The funding profile remains favorable, but rapid growth requires stronger behavioral deposit analytics, concentration monitoring, and forward-looking liquidity stress testing.

- **Funding strength should not be taken for granted.** Resident and non-resident deposits both expanded, but banks should track depositor concentration, rate sensitivity, currency and tenor mix, and potential correlations between corporate, government-related, and cross-border funding sources.
- **Liquidity should remain actively governed as credit accelerates.** The 150.4% liquidity coverage ratio and 111.7% net stable funding ratio provide strong buffers, but scenario analysis should reflect rapid loan growth, collateral needs, market disruption, and intragroup or cross-border liquidity constraints.

Exhibit 2

Banking-sector assets increased in every quarter of 2025



Source: Central Bank of the UAE quarterly monetary and banking reports, Q4 2024-Q4 2025; FinQuest analysis.

3. Profitability, cost discipline, and reinvestment capacity

Net income after tax reached approximately AED 90.8 billion in 2025, compared with AED 81.5 billion in 2024 and AED 73.7 billion in 2023. Return on assets stood at 2.2% and return on equity at 15.0%, while non-interest expenses represented 30.5% of gross income, indicating strong profitability and operating efficiency at the system level.

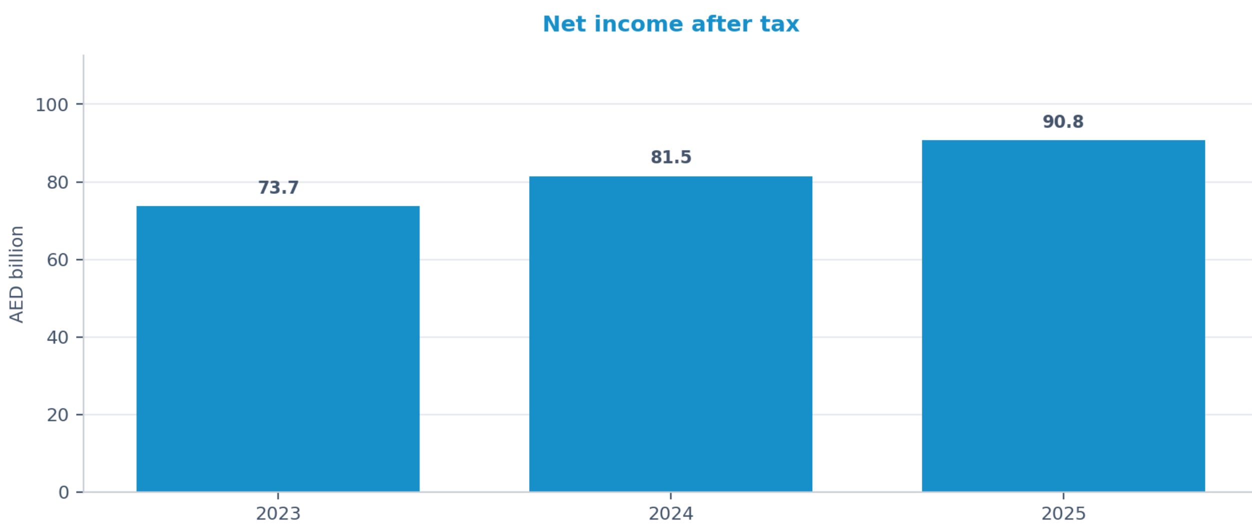
The sector has meaningful capacity to reinvest in digital platforms, data, cyber resilience, artificial intelligence, fraud and AML analytics, cloud governance, and management information. The key discipline is to link investment to measurable outcomes in customer acquisition, straight-through processing, risk reduction, service resilience, and unit cost.

Profitability should also be evaluated under alternative rate and liquidity scenarios. The dirham peg transmits U.S. monetary conditions, so banks should distinguish structural operating performance from margin effects associated with the rate cycle and maintain disciplined product and deposit pricing as rates normalize.

The operating-model implication is clear: strong earnings should fund scalable digital and control infrastructure. Technology investment should be governed through explicit value cases covering customer outcomes, straight-through processing, unit cost, risk reduction, data quality, and resilience.

Exhibit 3

Net income after tax continued to increase



Source: Central Bank of the UAE core financial soundness indicators, 2023-2025; FinQuest analysis.

4. Credit deployment and asset-quality discipline

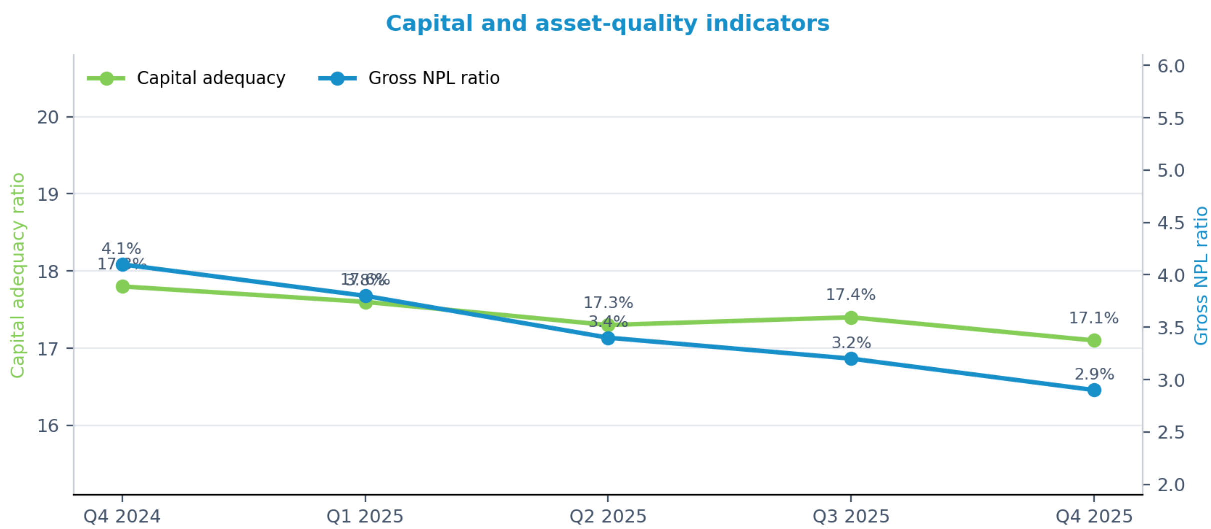
Gross credit reached AED 2.57 trillion at year-end 2025, a 17.9% annual increase. Growth was supported by a strong domestic economy and demand from corporate and retail borrowers. The aggregate credit-to-deposit ratio remained approximately 77.7%, indicating that lending growth was still supported by a deep deposit base.

Asset quality improved materially. The gross non-performing loan ratio declined to 2.9% from 4.1% a year earlier, while net NPLs remained substantially lower after provisioning. The priority is to preserve this improvement as credit expands by strengthening borrower cash-flow analysis, real-estate and large-exposure limits, early-warning monitoring, collateral governance, and cross-border risk assessment.

> **The constructive read is that the sector can sustain credit expansion, provided underwriting and concentration governance keep pace. Strong aggregate asset quality should be treated as a platform for disciplined growth, not as a reason to relax borrower, collateral, sector, or country-risk controls.**

Exhibit 4

Asset quality improved while capital remained strong



Source: Central Bank of the UAE core financial soundness indicators, Q4 2024-Q4 2025; FinQuest analysis.

5. Market structure, concentration, and international connectivity

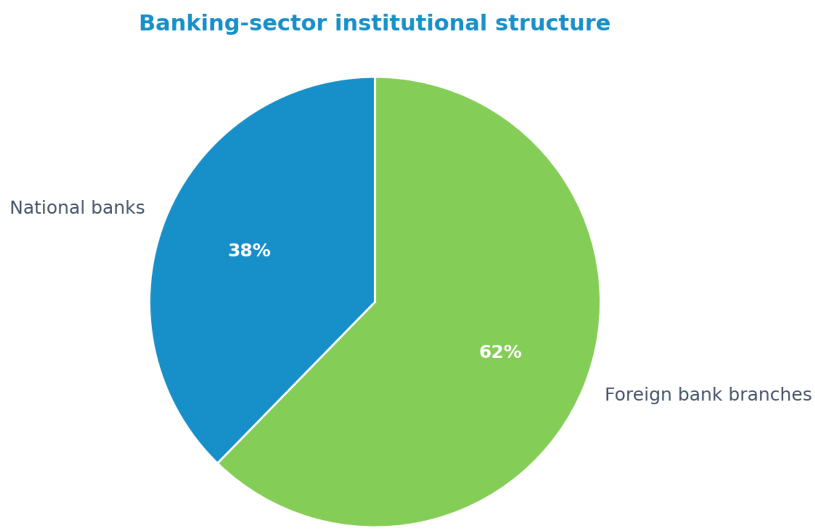
The UAE banking system combines 23 national banks with 38 foreign bank branches. Large domestic institutions benefit from strong franchises, technology budgets, government and corporate relationships, and regional reach. Foreign banks add international product capability, trade-finance connectivity, and access to global funding and clients.

This structure creates a sophisticated but interconnected market. Boards should treat sector, single-name, real-estate, government-related entity, country, and correspondent-bank exposures as integrated concentration risks. Competitive advantage will increasingly depend on whether banks can combine scale and international connectivity with efficient digital delivery and consistent controls.

Scale and international connectivity are powerful advantages, but they also increase interconnected risk. Winning institutions will combine balance-sheet strength with granular concentration data, consistent group controls, efficient digital channels, and rapid decision-making.

Exhibit 5

The market combines national banks and foreign branches



Source: Central Bank of the UAE, Quarterly Economic Review and banking-sector statistics, 2025; FinQuest analysis.

6. FinQuest view: 2026 priorities for banks

- ✓ **Preserve capital and liquidity quality through the growth cycle.** Use forward-looking capital plans, deposit analytics, liquidity stress tests, and funding diversification to ensure that rapid credit expansion does not dilute resilience.
- ✓ **Protect underwriting standards as credit grows.** Strengthen cash-flow analysis, real-estate and large-exposure limits, early-warning indicators, collateral governance, and recovery capability across fast-growing corporate and retail portfolios.
- ✓ **Manage concentration and cross-border risk as an integrated agenda.** Link single-name, sector, country, correspondent, government-related entity, and group exposures through consistent data, limits, stress testing, and board reporting.
- ✓ **Convert digital infrastructure into scalable operating value.** Use Open Finance, Aani, Jaywan, Digital Dirham readiness, automation, and AI to improve service and unit cost while strengthening cyber, fraud, AML, consent, and third-party controls.
- ✓ **Treat operating resilience and data as strategic assets.** Build tested service continuity, cloud and supplier governance, enterprise data standards, and decision-grade management information across increasingly interconnected banking platforms.

7. 2026 outlook

Full-year 2025 indicators support a strongly constructive outlook for 2026. The sector enters the year with high capital and liquidity buffers, rapidly expanding deposits and credit, improving asset quality, and substantial profitability. Continued non-oil economic activity, investment, trade, and population growth should support banking demand.

The strategic shift should be from growth execution toward growth quality: preserving underwriting standards, managing concentration and interconnected exposures, maintaining deposit and liquidity discipline, and converting digital investment into scalable customer and operating outcomes.

> **FinQuest perspective: the UAE banking sector enters 2026 with exceptional momentum, strong capital and liquidity, improving asset quality, and deep domestic and international franchises. The opportunity is to convert rapid growth into durable value through disciplined credit, integrated concentration governance, and scalable digital operating models.**

8. Country operating context

The banking sector benefits from the UAE's diversified and internationally connected economy, strong sovereign balance sheet, investment flows, and expanding non-hydrocarbon activity. The dirham's peg to the U.S. dollar provides monetary stability but also transmits U.S. interest-rate changes directly into domestic funding and asset pricing.

The regulatory framework continued to modernize in 2025. Federal Decree-Law No. 6 of 2025 strengthened the framework governing the Central Bank, financial institutions, and insurance activities, while supervisory priorities continued to emphasize capital, liquidity, consumer protection, governance, financial crime controls, and operational resilience.

Digital infrastructure is moving rapidly through the Digital Dirham program, Aani instant payments, the Jaywan domestic card scheme, and the Open Finance framework. These initiatives can increase competition and efficiency, but they also require strong API governance, cyber controls, third-party risk management, fraud prevention, and customer-consent discipline.

The country's economic diversification and digital infrastructure provide a strong foundation for banking growth. The strategic requirement is disciplined execution: capital and liquidity planning, cross-border risk controls, cyber resilience, customer protection, and measurable returns from technology investment.

9. Sources and use note

This report was prepared by FinQuest using publicly available data and publications issued by the Central Bank of the UAE and other institutional sources. Figures are rounded for executive readability and should be reconciled against the original releases before external publication, regulatory submission, or client-specific advisory use.

- Central Bank of the UAE, Monetary, Banking & Financial Markets Developments, Q4 2025.
- Central Bank of the UAE, Core Financial Soundness Indicators, Q4 2025.
- Central Bank of the UAE, Annual Report 2025.
- Central Bank of the UAE, Quarterly Economic Review, December 2025.
- Central Bank of the UAE, Financial Stability Report 2024.
- Central Bank of the UAE, Statistical Bulletin and Banking Operations Statistics, 2025.
- Central Bank of the UAE, Federal Decree-Law No. 6 of 2025 and supervisory rulebook.
- Central Bank of the UAE publications on Digital Dirham, Open Finance, Aani, and Jaywan.

This document is designed as a market-intelligence executive report. It is not a statutory audit, credit rating, legal opinion, tax opinion, regulatory filing, or investment recommendation. It should be tailored and reviewed before external publication or distribution to clients, banks, regulators, investors, or media outlets.