

## Abu Dhabi Islamic Bank (ADIB)

Current Price (AED)	Market Cap (AED/mm)	Shares Outstanding (mm)	52 Week High (AED)
16.90 (▲ +2.42%)	61,380.80	3,632.00	18.08
Month to Date (MTD%)	Quarter to Date (QTD%)	Year to Date (YTD%)	52 Week Low (AED)
+5.36%	+5.36%	+22.29%	10.58
Price-to-Earnings Ratio(x)	Price-to-Book Ratio (x)	Dividend Yield (12month)	Book Value (AED)
11.32	2.72	4.94	6.22

### Key Highlights:

#### Strong revenue growth, disciplined cost control, and improved asset quality support record profitability.

- Abu Dhabi Islamic Bank (ADIB) reported a Strong Financial Performance with Net profit after tax for 1Q25 was AED 1.7 Bn reflecting 18% increase compared to 1Q24 which beats our estimates of AED 1.43 Bn, driven by strong business volumes coupled with strength in fee-based businesses, higher Investment income and FX income, and improved non-performing asset ratios.
- ADIB recorded a net profit before tax of AED 1.9 Bn, reflecting an impressive 18% year-on-year (YoY) driven by expanding business volumes robust balance sheet growth, and sustained customer momentum while maintaining strong credit quality and cost discipline.
- EPS increased by 20% YoY to AED 0.417, aligning with the 18% YoY net profit after tax growth to AED 1.7 Bn, indicating strong shareholder value creation.
- Earnings were propelled by higher volumes in customers' financing, which drove the funded income up by 4% compared to 1Q24 to reach AED 1.75 Bn.
- The net profit margin (NPM) stood at 4.31%, contracting by only 36 basis points (bps) despite a 100-bps benchmark rate cut, reflecting ADIB's effective asset-liability management and low cost of funds.
- Non-funded income witnessed a notable rise of 35% YoY to AED 1.1 Bn compared to corresponding period last year, reflecting increased customer engagement and the strength of ADIB diversified income streams. The growth was driven by a 20% increase in investment income, 30% increase in fees and commissions from various products including card sales, and 170% increase in FX income.
- Total operating income rose 14% YoY to AED 2.9 Bn in 1Q25 marginally higher than our estimates by 5% YoY, supported by a 4% increase in Net funded income (AED 1.75 Bn) and a notable 35% YoY surge in non-funded income (AED 1.1 Bn), highlighting successful diversification and fee-based business strength.
- ADIB achieved a Return on Equity (ROE) of 29% (adjusted to 28.8% in detailed financials), underscoring its efficient capital utilization and profitability, positioning it as a leader within the banking sector.
- Operating expenses increased by 8% YoY to AED 830 Mn in 1Q25 due to investments in talent and technology, yet the cost-to-income ratio improved to 28.9% (down 1.5 percentage points YoY), showcasing disciplined cost management.
- The non-performing asset (NPA) ratio improved to 3.7% (down from 5.5% YoY), the lowest since Q4 2016, with a provision coverage ratio (including collaterals) rising to 161.3%, signalling robust risk management.

- Provisions for impairment declined 3% YoY to AED 106 Mn in 1Q25, with a cost of risk at 0.37%, well within guidance, further supporting the bank's strong credit portfolio.
- Total assets grew by 25% YoY to AED 244 Bn in 1Q25, fuelled by a 28% YoY increase in customer financing (AED 150.1 Bn) and a 25% YoY rise in deposits (AED 200 Bn), indicating strong market share gains and customer trust.
- Customer deposits amounted to AED 200 Bn as of 31 March 2025, up 25% from 31 March 2024 as CASA deposits increased by 12% to AED 139 Bn, comprising 69% of total customer deposits.
- The bank maintained a Common Equity Tier 1 ratio of 12.24% and a Capital Adequacy Ratio (CAR) of 16.23%, both above regulatory requirements, alongside a stable advances-to-stable-funding ratio of 78.9%.

## FAB Securities Contacts:

### Research Department:

Ahmad Banihani +971- -6161629 [ahmad.banihani@Bankfab.com](mailto:ahmad.banihani@Bankfab.com)  
[FAB Securities Research Portal](#)

### Sales & Execution

Trading Desk Abu Dhabi Head Office +971- -6161777  
+971- -5659593  
Institutional Desk +971- -5658395  
Sales and Marketing +971- -6161703  
Customer Service +971- -6161600 [Online Trading Link](#)

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