

Abu Dhabi Islamic Bank (ADIB)

Current Price (AED) 23.50 (▼-0.4%)	Market Cap (AED/mm) 85,715.20	Shares Outstanding (mm) 3,632.00	52 Week High (AED) 23.68
Month to Date (MTD%) 9.77%	Quarter to Date (QTD%) 9.77%	Year to Date (YTD%) 70.77%	52 Week Low (AED) 11.60
Price-to-Earnings Ratio(x) 9.25	Price-to-Book Ratio (x) 2.22	Dividend Yield (12month) 3.53	Book Value (AED) 6.22

Key Highlights:

Net profit growth is well supported by higher non-funded and funded income along with lower provisions

- ADIB reported Net profit to equity holders of AED 1.68 Bn in 2Q25, which was up by 12.3% YOY compared to 2Q24 (6.6% YOY higher than FABS estimates) driven by strong funded income growth supported by higher financing volumes and lower impairment charges. Meanwhile, there was a strong growth in non-funded income on a 1H25 basis with 15% YOY growth driven by higher fee-based income on the back of product sales across retail and corporate segments and higher FX income and investment income which supported the bottom-line growth.
- The Bank's Net funded income rose 14% YOY to AED 1.85 Bn in 2Q25 (8.9% YOY higher than FABS estimates) mainly due to higher volumes under retail financing portfolios. However, the Net Profit margin fell by 33bps YOY to 4.27% in 1H25 amid a 100bps benchmark rate cut and effective asset-liability management.
- ADIB's operating expenses before impairment charges increased 10% YOY to AED 842 Mn in 2Q25. This increase is evidence of ongoing talent investments and strategic actions to promote business expansion. Meanwhile, there was an improvement in efficiency ratios by 40bps YOY with cost to income standing at 28.2% in 1H25 led by increased income and consistent productivity management.
- The Banks's Impairment provisioning plunged by 24% YOY to AED 305 Mn in 1H25, leading to cost of risk of 0.44% with a contraction of 11bps YOY in 1H25.
- ADIB's asset quality improved with non-performing assets (NPA) ratio standing at 3.5% in 2Q25 which was in lowest level since 4Q16 driven by bank's legacy portfolio ongoing cleanup and strict underwriting guidelines, reflecting its achievement in booking good quality assets. Further, NPA coverage ratios with collaterals rose by 11.5 ppts to 160.8% in 1H25 with Banks's focus on maintaining prudent provisioning.
- Total assets increased significantly by 22% YOY to AED 260.3 Bn in 2Q25 supported by growth in investments and net customer financing with a 23% YOY standing at AED 162.7 Bn mainly due to rise in wholesale, retail and GREs financing segments mirroring its ability to achieve market share across different segments.
- Customer Deposits rose to AED 212.8 Bn in 2Q25, which was up significantly up by 24% YOY compared to 2Q24 on the back of 11% YOY growth in CASA deposits which now accounts for 66% of total deposits in 2Q25, mirroring ADIB's franchise strength and higher focus on retail segments.
- The Bank maintained a healthy liquidity position with Advance to stable funding ratio (ASFR) standing at 80.3% in 2Q25 compared to 79.5% in 2Q24 and recorded growth in profitability ratios with Return on Equity (RoE) standing at 29.8% as of 1H25. Further, ADIB remained well capitalised with CET 1 ratio at 12.69% and CAR at 16.56% as of 2Q25, well above the CBUAE requirement levels which was supported by strong earnings and ongoing enhancing initiatives.
- ADIB onboarded approx. 145K new customers during the 1H25 demonstrating ADIB's enduring dedication to its clients and ongoing efforts to provide exceptional customer service. Since, the digital customer acquisitions is gaining significant traction, ADIB's digital strategy remains a major growth engine.

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