

Abu Dhabi Commercial Bank (ADCB)

Current Price (AED)	Market Cap (AED/mm)	Shares Outstanding (mm)	52 Week High (AED)
11.40 (▼ 4.20)	83,447.40	7,319.95	12.60
Month to Date (MTD%)	Quarter to Date (QTD%)	Year to Date (YTD%)	52 Week Low (AED)
4.59%	4.59%	9.40%	7.61
Price-to-Earnings Ratio(x)	Price-to-Book Ratio (x)	Dividend Yield (12month)	Book Value (AED)
9.15	1.28	5.18	8.90

Key Highlights:

Diversified revenues, improved efficiencies, and a strengthened balance sheet supported the profitability

- ADCB reported a 20% year-on-year (YoY) increase in profit before tax to AED 2,907 Mn in 1Q25, marking the 15th consecutive quarter of growth. This consistent upward trend underscores the bank's ability to leverage a diversified income base and improved operational efficiencies. The net profit after tax rose 14% YoY to AED 2,446 Mn in 1Q25, despite a higher tax rate under the new UAE DMTT regime, this growth is driven by diversified income streams, improved cost discipline and lower provision.
- Operating income increased 9% YoY to AED 5,013 Mn in 1Q25, supported by a 3% YoY rise in net funded income of AED 3,394 Mn supported by loan growth and a notable 26% YoY surge in non-funded income of AED 1,619 Mn. The significant growth in non-funded income, driven by a 17% increase in fees and commissions and a 7% rise in trading income, highlights ADCB's success in expanding fee-based revenue streams. This diversification reduces reliance on interest income, enhancing earnings stability, especially in a context of declining benchmark rates (net interest margin dropped 22 bps YoY to 2.48% in 1Q25), highlighting strong top-line momentum.
- Operating expenses fell 6% quarter-on-quarter (QoQ) to AED 1,465 Mn in 1Q25, driven by cost discipline and automation initiatives, such as AI-enabled processing and digital customer onboarding. This efficiency gain, combined with a 12% YoY increase in operating profit before impairment charges of AED 3,548 Mn in 1Q25, positions ADCB favorably for sustained profitability, particularly as it invests in technology and talent to drive future growth. Thus, the cost-to-income ratio improved by 170 basis points YoY to 29.2% in 1Q25, reflecting disciplined cost management and enhanced operational efficiency.
- Total assets grew by 14% YoY in 1Q25 and 4% QoQ to AED 680 Bn, driven by a 13% YoY increase in net loans of AED 359 Bn in 1Q25 and a 15% YoY rise in customer deposits of AED 442 Bn in 1Q25. The 5% QoQ deposit growth (AED 21 Bn) and a 6% QoQ increase in current and savings account (CASA) deposits of AED 12 Bn to AED 198 Bn (CASA deposits contributing 45% of total deposits) indicate strong customer trust and a stable funding base. This growth, coupled with a loan-to-deposit ratio of 81.4%, suggests a balanced approach to lending and liquidity management.
- The non-performing loan (NPL) ratio improved significantly to 2.24% from 3.04% at year-end 2024 and 3.44% in 1Q24, reflecting enhanced credit risk management. The provision coverage ratio rose to 150.1% (260% including collateral) from 110.0% at year-end, indicating a robust buffer against potential credit losses. The cost of risk declined 18 bps YoY to 0.49% in 1Q25, aligning with guidance and reinforcing the bank's high asset quality, which supports long-term stability.

- ADCB maintains a strong capital adequacy ratio (CAR) of 16.07% and a Common Equity Tier 1 (CET1) ratio of 12.59% in 1Q25, both well above regulatory requirements, ensuring resilience against economic downturns. The liquidity coverage ratio (LCR) of 138.6% in 1Q25 exceeds the minimum threshold, providing ample liquidity to meet short-term obligations.
- ADCB Egypt reported a 74% YoY net profit increase to EGP 1,293 Mn in 1Q25, driven by 48% YoY loan growth and 33% YoY deposit growth, reflecting strong regional performance.
- This financial strength was affirmed by S&P Global Ratings' upgrade of ADCB's long-term credit rating to 'A+' in March 2025, placing it among the top three rated banks in the MENA region.
- The launch of a five-year strategy in January 2025 aims to double net profit to AED 20 Bn by 2030, focusing on digital innovation, customer experience, and sustainability. The introduction of Meedaf, a financial services venture, targets operational efficiency for banks across the UAE and GCC, potentially unlocking new revenue streams. Additionally, ADCB's inclusion in the FTSE4Good Index Series and a 17% YoY brand value increase to AED 12.3 Bn (ranked 102nd globally by Brand Finance) enhance its appeal to ESG-focused investors.
- The Retail Banking Group added 89,000 new customers (71% via digital channels), while digital transactions rose 26% YoY to over 73 Mn, representing 97% of retail transactions. Mobile banking subscriptions grew 20% YoY to 2.1 Mn, with active users up 21%. These metrics highlight ADCB's successful pivot to digital platforms, improving customer acquisition and operational scalability, which could further reduce costs and boost profitability over time.
- ADCB's consistent profit growth, strong balance sheet, and strategic focus on digitalization and sustainability make it an attractive investment in the UAE banking sector. The 'A+' credit rating and robust capital ratios provide a safety net for investors. while, declining net interest margins due to rate cuts, potential geopolitical or economic volatility in the MENA region, and execution risks tied to the ambitious five-year strategy could impact future performance.

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