

## Abu Dhabi Commercial Bank (ADCB)

Current Price (AED)	Market Cap (AED/mm)	Shares Outstanding (mm)	52 Week High (AED)
14.58 (▲+ 2.8%)	106,285.63	7,319.95	14.58
Month to Date (MTD%)	Quarter to Date (QTD%)	Year to Date (YTD%)	52 Week Low (AED)
7.72%	7.72%	39.35%	8.03
Price-to-Earnings Ratio(x)	Price-to-Book Ratio (x)	Dividend Yield (12month)	Book Value (AED)
11.33	1.57	4.06	9.22

### Key Highlights:

- Profit before tax increased 17% YoY and 4% QoQ to AED 3.035 Bn in 2Q25, and was AED 5.942 Bn in 1H25, up 18% YoY. Net profit after tax rose by 11% to AED 2.568 Bn in 2Q25 YoY and 5% higher than in 1Q25 QoQ, this growth was primarily fueled by a 12% YoY increase in net funded income and a 44% YoY surge in non-funded income, along with a slight 1% YoY drop in operating expenses, though partially counterbalanced by a 102% YoY rise in provisions. This represents a return on average equity of 14.9% in 2Q25.
- Net interest income of AED 3.654 Bn in 2Q25 increased 8% QoQ and 12% YoY, as expanded volumes helped mitigate the effects of three interest rate reductions since September. The net interest margin (NIM) stood at 2.49% in 2Q25, remaining flat from the prior quarter but down 14 basis points YoY due to the reduced interest rate landscape.
- Non-interest income remains a vital driver of the Bank's expansion, bolstered by stronger client ties and improved products. In 2Q25 non-interest income was AED 2.074 Bn, an increase of 44% YoY and 28%. Net fees and commission income saw strong growth of 15% YoY and 13% QoQ to AED 929 Mn. Net trading income jumped sharply by 82% YoY and 56% QoQ to AED 872 Mn, driven by greater gains from derivatives, forex, and securities trading. Other operating income in 2Q25 rose 83% YoY and 14% QoQ to AED 273 Mn.
- Operating income was AED 5.728 Bn in 2Q25, an increase of 22% YoY and 14% improvement. The Bank achieved a strong improvement in the cost to income ratio, hitting a record quarterly low of 26.4% in 2Q25, a drop of 620 basis points YoY and 280 basis points QoQ, thanks to elevated operating income, ongoing cost controls, and efficiencies from digital initiatives.
- ADCB's accelerated loan growth of 10% CAGR over the last five years has featured strong credit quality. The Bank maintains a disciplined approach to risk management and proactively aligns with the UAE Central Bank's new credit risk management standards.
- An impairment charge of AED 1.186 Bn was booked in 2Q25, mainly from older corporate exposures, while the Bank's annual and five-year cost-of-risk outlook stays steady at under 60 basis points. For the half-year, impairments totaled AED 1.832 Bn, compared to AED 1.329 Bn the previous year.
- Thanks to stronger revenue, the Bank could allocate more to provisions to bolster coverage, resulting in a deteriorated cost of risk at 125 basis points on loans in 2Q25 (69 basis points YoY), suggesting that reduced provisions in 2H25 will be essential to meet the full-year target of below 60 basis points.
- The balance sheet remains solid, with total assets increasing 17% YoY and 10% YTD to reach AED 719 Bn by the end of June.
- The Bank's solid market position fueled strong deposit growth, with customer deposits rising 19% YoY and 10% in 1H25 to AED 463 Bn as at the end of June. CASA deposits were up 21% YoY and increased 11% in 1H25, accounting for 50% of 1H25 deposit growth. CASA deposits comprised 45% of total deposits at June-end, an improvement from 44% at December-end.
- Net loans and advances to customers increased 14% YoY to AED 378 Bn as of 2Q25, with the Bank extending AED 72 Bn in new credit in 1H25 and receiving AED 43 Bn in repayments. Key sectors of significant credit growth included energy, trading, financial institutions, transport and communication. The portfolio remains well balanced, with government-related entities (GRES) comprising 24% of gross

loans, real estate investment representing 13%, financial institutions 10% and trading 9%, while personal loans accounted for 19%.

- Accelerated loan growth and diversification of the portfolio in the second quarter is reflected in the Bank's capital ratios, As of June 30, 2025, the Basel III capital adequacy ratio was 15.53%, and the Common Equity Tier 1 (CET1) ratio was 12.21%.
- The Non-performing loan (NPL) ratio continued to improve to 2.02% in 2Q25 end, from 2.24% as of 1Q25 end and 3.04% as of 4Q24 end. Provision coverage rose to 173.1% as of 2Q25, up from 150.1% in 1Q25.
- ADCB Egypt delivered sustained solid results in 2Q25, with net profit up 16% YoY to EGP 1.315 Bn, representing a return on equity of 36%. Net loans expanded 24% YTD and 53% YoY to EGP 65 Bn by June 2025. Total deposits grew 14% YTD and 34% YoY to EGP 133 Bn as of June 2025.
- ADCB has 5-year guidance:

5-year guidance	
Profitability	Double net profit to AED 20 billion within five years; c.20% annual growth rate
Cost of risk <sup>(1)</sup>	<60 bps
CET1 ratio	>12%
ROE	>15%
Dividend payout <sup>(2)</sup>	Progressive year-on-year increase in paid-out dividends, with targeted total dividend payout of c. AED 25 billion over five-year period

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