

ADCB: Record Profits, Historic Highs and the Price of Market Confidence

Note: My principal valuation consideration is the contribution of lower impairment charges to ADCB's recent earnings growth. These accounted for almost half of the increase in nine-month pre-tax profit and more than two-thirds of the third-quarter improvement. While the reduction reflects a genuine financial benefit, it should not be extrapolated as recurring operating earnings. The sustainability of the bank's valuation premium will increasingly depend on its ability to generate growth without relying on further material reductions in credit costs.

By Daniel Vnuk, univ. mag. oec., MBA | November 16, 2026

Abu Dhabi Commercial Bank (ADCB) has entered the final quarter of 2026 with record profitability, a rapidly expanding balance sheet and a market valuation that places it among the UAE's largest listed companies. The bank reported AED 11.670 billion (€2.80 billion) in profit before tax for the first nine months of 2026, an increase of 28.1% year-on-year. Total

assets approached AED 890 billion (€213.45 billion), supported by strong customer lending growth, expanding deposits and improving reported asset quality.

Investors have rewarded that performance. On 12 November 2026, ADCB shares reached an intraday high of AED 18.02 (€4.43), the highest price observed in the reviewed ten-year trading history. The shares closed at AED 17.80 (€4.37) that day. On 13 November 2026, ADCB shares closed at AED 17.70 (€4.36), implying a market capitalization of approximately AED 140.05 billion (€34.51 billion), based on the number of issued shares reported by the Abu Dhabi Securities Exchange. ADCB consequently ranked sixth among publicly listed UAE companies by market capitalization in the referenced market ranking.

The financial results provide a reasonable explanation for that confidence. ADCB has maintained one of the more efficient operating structures among major regional banks, reduced its non-performing loan ratio to 1.60% and generated a reported return on average equity of 16.2%. Its return on average tangible equity reached 17.9%. These are strong results for a banking group operating with a substantial corporate lending portfolio, growing international activities and increasing investment in technology.

The earnings composition, however, deserves closer attention. Of the AED 2.562 billion increase in nine-month pre-tax profit, equivalent to approximately €614 million at the September 2026 exchange rate, AED 1.274 billion (approximately €306 million on the same basis) came from lower impairment charges. The remainder was principally generated by higher operating profit before provisions. In effect, roughly half of the improvement came from operating performance and half from the reduced cost of credit losses.

That is an important distinction at a time when ADCB shares are trading at a substantial premium to ordinary shareholder equity. The market is paying for a bank that is expected to maintain strong returns while continuing to expand. Whether that valuation remains justified will depend increasingly on recurring earnings growth, lending margins, capital efficiency and the ability to preserve asset quality through a less favorable credit environment.

My assessment is that ADCB's financial performance provides a credible basis for its valuation premium. The bank has demonstrated improvements in profitability, operating efficiency and business scale. At the current market valuation, however, maintaining that premium will depend on the sustainability of earnings and the returns generated on additional capital deployed.

Financial Performance: Strong Operating Growth, with a Significant Contribution from Lower Credit Losses

ADCB's nine-month results show broad improvement across its principal income streams. Total operating income increased by 10.2% to AED 18.306 billion (€4.39 billion), supported by customer lending growth and a substantial increase in non-interest income.

Net interest and Islamic financing income increased by 4.5%, considerably less than the growth in customer loans. Higher lending volumes continued supporting interest income, but the benefit was partly offset by pressure on margins. The more substantial contribution came from non-interest activities, particularly fees and trading income.

Net fee and commission income increased by 23.9%, while net trading income rose by 38.9%. This diversification is welcome, although the sustainability of trading-related revenue should be assessed separately from recurring customer fees and lending income.

Operating expenses increased by 8.8%, below revenue growth, allowing operating profit before impairment charges to rise by 10.7%. ADCB therefore generated genuine operating leverage during the period, even before considering the improvement in credit costs.

The increase in ordinary shareholder earnings is particularly relevant to the bank's valuation. ADCB reported AED 10.297 billion (€2.47 billion) in profit attributable to the bank's equity holders. After deducting AED 487 million (€117 million) in capital-note coupons, earnings attributable to ordinary shareholders amounted to AED 9.810 billion (€2.35 billion). This distinction matters because valuation multiples based on ordinary equity should exclude earnings attributable to AT1 capital instruments.

ADCB: Nine-Month Financial Performance

Financial indicator	9M2025	9M2026	Change
Net interest and Islamic financing income	AED 10,855m (€2,517m)	AED 11,342m (€2,720m)	+4.5%
Net fee and commission income	AED 2,720m (€631m)	AED 3,370m (€808m)	+23.9%
Net trading income	AED 2,079m (€482m)	AED 2,888m (€693m)	+38.9%
Total operating income	AED 16,616m (€3.85bn)	AED 18,306m (€4.39bn)	+10.2%
Operating expenses	AED 4,599m (€1.07bn)	AED 5,006m (€1.20bn)	+8.8%
Operating profit before impairments	AED 12,017m (€2.79bn)	AED 13,300m (€3.19bn)	+10.7%
Impairment charges	AED 2,920m (€677m)	AED 1,646m (€395m)	-43.6%
Profit before tax	**AED 9,108m (€2.11bn)**	**AED 11,670m (€2.80bn)**	**+28.1%**
Net profit after tax	AED 8,104m (€1.88bn)	AED 10,296m (€2.47bn)	+27.0%
Ordinary attributable profit, after AT1 coupons	AED 7,574m (€1.76bn)	AED 9,810m (€2.35bn)	+29.5%
Cost-to-income ratio	27.7%	27.3%	-0.4 pp
Reported return on average equity	14.7%	16.2%	+1.5 pp

Sources: *ADCB Condensed Consolidated Interim Financial Information 9M2026; ADCB Third Quarter 2026 Earnings Presentation. Euro equivalents use reporting-date EUR/AED rates of 4.311882 (30 September 2025) and 4.169505 (30 September 2026), based on ECB-derived and archived CBUAE rates, respectively. Conversions are indicative; year-on-year changes are calculated in AED.*

Annualizing that amount produces approximately AED 13.080 billion (€3.14 billion). The calculation provides a useful indication of current earnings capacity, although nine-month performance should not be treated as a forecast of the full year.

ADCB's reported cost-to-income ratio of 27.3% reinforces the positive operating picture. Few banking businesses can sustain a cost structure at this level without disciplined expenditure management, substantial operating scale or both. The achievement is particularly relevant because the bank continues investing in digital infrastructure, artificial intelligence and the development of international business activities.

I would nevertheless distinguish operating efficiency from earnings quality. A low cost-to-income ratio strengthens a bank's capacity to absorb adverse developments, but it does not eliminate exposure to funding costs, credit losses or changes in revenue composition. Those risks become more relevant as the market assigns a higher value to each dirham of ordinary shareholder equity.

The Third Quarter: What Really Drove Profit Growth

The standalone third-quarter results provide a more revealing view of ADCB's recent earnings momentum. Operating income increased by 7.7% year-on-year, while operating expenses rose by 10.6%. Operating profit before impairment charges therefore increased by only 6.5%, considerably below the reported 28.3% growth in pre-tax profit.

ADCB: 3Q2025 vs. 3Q2026 Comparison

Financial indicator	3Q2025	3Q2026	Change
Operating income	AED 5,875m (€1,363m)	AED 6,325m (€1,517m)	+7.7%
Operating expenses	AED 1,624m (€377m)	AED 1,796m (€431m)	+10.6%
Operating profit before impairments	AED 4,251m (€986m)	AED 4,529m (€1,086m)	+6.5%
Impairment charges	AED 1,087m (€252m)	AED 472m (€113m)	–56.6%
Profit before tax	**AED 3,166m (€734m)**	**AED 4,063m (€974m)**	**+28.3%**
Net profit after tax	AED 3,090m (€717m)	AED 3,559m (€854m)	+15.2%
Cost-to-income ratio	27.6%	28.4%	+0.8 pp

Source: *ADCB Condensed Consolidated Interim Financial Information 9M2026. Euro equivalents use reporting-date EUR/AED rates of 4.311882 (30 September 2025) and 4.169505 (30 September 2026), based on ECB-derived and archived CBUAE rates, respectively. Conversions are indicative; year-on-year changes are calculated in AED.*

The increase in quarterly pre-tax profit amounted to AED 897 million. Of that, AED 615 million came from the reduction in impairment charges, representing approximately 68.6% of the improvement.

ADCB disclosed that third-quarter 2025 impairment expenses had been affected by additional provisions for a limited number of legacy corporate exposures. The subsequent decline in charges therefore reflects both improved reported credit performance and a more favorable comparison with the previous year.

From a credit risk perspective, the improvement should not be dismissed. Lower credit losses are a legitimate source of banking profitability, particularly when supported by better underwriting, recoveries and a reduction in problematic exposures. They also improve the bank's capacity to retain capital and finance new lending.

The reduction in impairment charges contributed materially to reported profitability. For assessing sustainable earnings, however, it is appropriate to distinguish improvements in underlying credit performance from the effect of the elevated provisioning charges recognized in the comparative period. The distinction is particularly important when projecting profitability beyond the current reporting year.

The quarterly tax comparison also affected net earnings growth. Income tax increased from AED 76 million (€18 million) in 3Q2025 to AED 504 million (€121 million) in 3Q2026. As a result, net profit after tax increased by 15.2%, considerably less than the 28.3% growth in pre-tax profit.

The quarterly results therefore support a more measured interpretation than the headline figures alone. ADCB is growing, but the acceleration in reported profitability has benefited considerably from credit-cost normalization.

Credit Quality: Better Reported Indicators, but the Provisioning Cycle Matters

The reduction in impairment charges coincided with further improvements in ADCB's reported asset-quality indicators.

At September 2026, the non-performing loan ratio stood at 1.60%, compared with 1.86% in September 2025 and 1.83% at year-end 2025. The bank's cost of risk declined to 36 basis points during the first nine months of 2026, compared with 73 basis points a year earlier.

These developments indicate a significantly more favorable credit environment for ADCB's reported loan portfolio. Lower impaired exposures, reduced provisioning requirements and continued lending growth have supported profitability while allowing the bank to preserve its capital ratios.

Provision coverage stood at 156.0% in September 2026, below 187.3% a year earlier but above the 146.4% reported at December 2025. More importantly, total impairment allowances increased from AED 8.499 billion (€1.97 billion) at year-end 2025 to AED 9.249 billion (€2.22 billion) in September 2026, despite lower impairment charges in the income statement. Gross Stage 2 customer loan exposures declined from AED 16.847 billion (€3.90 billion) to AED 13.455 billion (€3.23 billion) over the same period. These developments provide a more informative picture of the credit portfolio than the NPL ratio or income statement impairment charge alone.

ADCB also disclosed that it updated the macroeconomic inputs used in its expected credit loss models during the third quarter of 2026, in accordance with the CBUAE's Financial Institution Resilience Package 2.0. Management retained judgmental ECL overlays for geopolitical and other uncertainties not fully captured by the models and concluded that

the existing overlays remained appropriate at the reporting date. This is relevant when evaluating the fall in credit costs: the reported improvement should be considered alongside the bank's disclosed provisioning methodology, rather than interpreted in isolation.

The financial significance is readily apparent. In 9M2026, ADCB recognized AED 1.646 billion in impairment charges compared with AED 2.920 billion a year earlier. Had charges remained at the previous year's level, with other reported items unchanged, pre-tax profit would have been approximately AED 10.396 billion (€2.49 billion) rather than AED 11.670 billion. The corresponding year-on-year increase would have been around 14.1%, still strong, but only about half the reported growth rate.

This is a sensitivity calculation, not an estimate of normalized credit losses. The 2025 comparison includes specific legacy provisioning charges and should not automatically be regarded as a normal risk-cost environment.

In my assessment, ADCB's credit portfolio is performing well, with improving asset-quality indicators providing meaningful support to profitability. However, the contribution of lower credit losses to future earnings should be assessed against a more sustainable cost-of-risk assumption, rather than extrapolated from the favorable year-on-year comparison with 2025. This distinction is particularly relevant when assessing the earnings capacity underlying the bank's current market valuation.

The Audited 2025 Baseline: Balance-Sheet Growth and Capital Deployment

ADCB's audited consolidated financial statements for the year ended 31 December 2025 provide a useful reference for evaluating the scale of its expansion during 2026.

The bank reported FY2025 profit before tax of AED 12.843 billion (€2.98 billion) and net profit after tax of AED 11.445 billion (€2.65 billion). Total assets reached AED 773.654 billion (€179.29 billion), supported by an expanding customer franchise and continued lending growth.

By September 2026, total assets had increased to AED 889.991 billion (€213.45 billion), representing an expansion of approximately 15.0% within nine months. Customer deposits increased by 11.7%, while net customer loans grew by approximately 16.4% on the consistently presented comparative basis.

The consistently presented loan comparison requires a methodological adjustment. ADCB's original FY2025 audited balance sheet included AED 2.936 billion (€680 million) of customer loans measured at fair value through profit or loss within the reported loans and advances line. The corresponding September 2026 comparative presentation classified that amount within financial assets at fair value through profit or loss, reducing the displayed December 2025 loans comparator from AED 405.967 billion (€94.08 billion) to AED 403.031 billion (€93.40 billion).

ADCB: Balance Sheet and Capital Position

Indicator	31 December 2025, audited	30 September 2026, reviewed
Total assets	AED 773.654bn (€179.29bn)	AED 889.991bn (€213.45bn)
Net customer loans, consistently presented	AED 403.031bn (€93.40bn)	AED 468.987bn (€112.48bn)
Customer deposits	AED 499.775bn (€115.82bn)	AED 558.155bn (€133.87bn)
Equity attributable to bank equity holders, including capital notes	AED 88.737bn (€20.56bn)	AED 91.074bn (€21.84bn)
AT1 capital notes classified as IFRS equity	AED 8.755bn (€2.03bn)	AED 8.755bn (€2.10bn)
Ordinary shareholder equity, excluding AT1 capital notes	AED 79.982bn (€18.53bn)	AED 82.319bn (€19.74bn)
CET1 ratio	13.79%	13.79%
Total capital adequacy ratio	17.00%	16.54%
Liquidity coverage ratio	131.3%	116.8%
Non-performing loan ratio	1.83%	1.60%

Sources: *ADCB Audited Consolidated Financial Statements FY2025; ADCB Condensed Consolidated Interim Financial Information 9M2026; ADCB Earnings Presentation 3Q2026. Euro equivalents use reporting-date EUR/AED rates of 4.315188 (31 December 2025) and 4.169505 (30 September 2026). Conversions are indicative and rounded.*

The adjustment does not change total assets or underlying economics, but it matters when calculating comparable lending growth.

More broadly, ADCB's expansion has increased the amount of capital and funding required to support its balance sheet. Net customer loans grew faster than deposits during the first nine months, while the liquidity coverage ratio declined from 131.3% to 116.8%.

The bank remains well capitalized and liquid, but the trend deserves attention. Strong earnings generation allows ADCB to support balance-sheet growth while maintaining capital ratios, although the scope for simultaneous lending expansion, higher distributions and international investment is not unlimited.

The reported CET1 ratio remained unchanged at 13.79%, while the total capital adequacy ratio declined moderately to 16.54%. These levels provide a solid regulatory position, but future capital efficiency will increasingly depend on the risk-weighted asset intensity of new business and the amount of profit retained.

Interest Margins and the Limits of Balance-Sheet Expansion

ADCB's lending growth has been substantial, but the increase in net interest income has been comparatively modest. The reported net interest margin declined from 2.47% in 9M2025 to 2.22% in 9M2026. Higher lending volumes therefore did not translate into equivalent growth in interest earnings.

The risk-adjusted NIM moved in the opposite direction, improving from 1.78% to 1.89%, reflecting the substantial decline in credit impairment charges.

Both developments are financially relevant. A lower conventional NIM indicates pressure on the income generated by interest-earning assets, while the improvement in risk-adjusted NIM demonstrates how lower credit losses have supported the bank's net economic performance.

ADCB has partly compensated for margin pressure through loan growth and increased non-interest income. However, maintaining double-digit earnings growth will become more demanding if lending spreads remain under pressure and credit costs no longer decline at the same pace.

The bank's cost-to-income ratio remains highly competitive, although the increase to 28.4% in the third quarter, from 27.6% a year earlier, suggests that operating leverage should not be assumed to improve every quarter. Technology investment, personnel expenses and the expansion of international activities will continue requiring expenditure.

I consider ADCB's operating efficiency a genuine competitive advantage. It provides room to absorb changes in funding conditions and investment expenditure without materially weakening profitability. The challenge is to preserve that advantage while expanding the balance sheet and developing additional sources of recurring income.

A Historic Share-Price High: What Supports ADCB's Market Valuation?

ADCB's share-price performance has become a significant part of the bank's investment story. On 12 November 2026, the shares reached an intraday high of AED 18.02 (€4.43), the highest level in the reviewed ten-year trading series. The stock closed at AED 17.80 (€4.37), followed by a closing price of AED 17.70 (€4.36) on 13 November.

At the closing price of AED 17.70 on 13 November 2026, ADCB's market capitalization stood at approximately AED 140 billion (€34.5 billion), placing the bank sixth among UAE-listed companies in the referenced market ranking.

ADCB: Indicative Market Valuation at 13 November 2026

Valuation measure	Indicative value
Closing share price	AED 17.70 (€4.36)
Market capitalization	AED 140.05bn (€34.51bn)
Ordinary shareholder equity, September 2026	AED 82.319bn (€19.74bn)
Tangible ordinary shareholder equity	AED 74.576bn (€17.89bn)
Annualized attributable ordinary earnings	AED 13.080bn (€3.14bn)
P/B on ordinary shareholder equity	**1.70x**
P/TBV on tangible ordinary equity	**1.88x**
P/E on annualized 9M2026 ordinary earnings	**10.7x**
Indicative earnings yield	**9.3%**
Reported return on average equity	16.2%
Reported return on average tangible equity	17.9%

Sources: *ADCB financial disclosures; Abu Dhabi Securities Exchange; Investing.com; independent calculations. Market capitalization is calculated using the 13 November 2026 closing share price and 7,912,175,710 issued shares. The P/E ratio uses annualized nine-month ordinary attributable earnings and does not represent a forward earnings forecast. Share price and market capitalization are converted using the 13 November 2026 EUR/AED reference rate of 4.058459. September 2026 equity and annualized earnings figures use the reporting-date rate of 4.169505. Euro equivalents are indicative and rounded.*

The ordinary equity calculation excludes AED 8.755 billion of AT1 capital notes (€2.10 billion) classified within IFRS equity. After deducting AED 7.743 billion in intangible assets (€1.86 billion), tangible ordinary shareholder equity was approximately AED 74.576 billion (€17.89 billion).

At 1.70x ordinary equity, the market assigns ADCB a substantial premium to its accounting capital. That premium is understandable for a bank capable of generating a return on

average equity above 16%, maintaining a low cost-to-income ratio and expanding customer lending at a double-digit rate.

The current earnings multiple is less demanding than the P/B ratio might initially suggest. At approximately 10.7x annualized attributable earnings, ADCB is not priced as an exceptionally expensive growth company. Its valuation reflects the combination of a relatively high return on equity and an expectation that the earnings base can be maintained or expanded.

The issue is whether present profitability offers an adequate margin of safety if credit costs normalize or if higher balance-sheet growth requires additional capital retention.

That question can be examined more directly through the relationship between sustainable ROE, the cost of equity and long-term growth.

What Return and Growth Would Justify 1.70x Book Value?

ADCB's current market valuation can be tested using a simplified sustainable-growth relationship between price-to-book value, return on ordinary equity, cost of equity and long-term growth.

Under a stable-capital, constant-growth dividend framework, the relationship is:
P/B = (Sustainable ROE – g) / (Cost of Equity – g)

Here, g represents the sustainable growth rate in ordinary equity and distributable earnings, subject to an internally consistent earnings-retention and dividend policy. The model does not establish an independently determined fair value. It helps identify the profitability, growth and required-return assumptions that would support the market's existing valuation.

Using annualized 9M2026 attributable ordinary earnings of AED 13.080 billion (€3.14 billion) and a simple average of ordinary shareholder equity at December 2025 and

September 2026, ADCB generates an indicative ordinary ROE of approximately 16.1%. This is close to the bank's reported 16.2% return on average equity, although the calculations use different underlying averaging conventions.

Under the simplified valuation framework, assuming a 12% cost of equity and a sustainable ordinary ROE of 16.1%, a zero-growth scenario implies a P/B multiple of approximately 1.34x. The observed market multiple of around 1.70x would correspond to sustainable long-term growth of approximately 6.1%, assuming the model's capital retention and distribution conditions are satisfied. These are illustrative relationships rather than independent estimates of ADCB's fair value or future performance.

Illustrative P/B Sensitivity: Sustainable Growth and Cost of Equity

Assumed sustainable ordinary ROE: 16.1%

Assumed cost of equity	Zero growth	3% growth	5% growth	6% growth
11%	1.47x	1.64x	1.85x	2.02x
12%	**1.34x**	**1.46x**	**1.59x**	**1.69x**
13%	1.24x	1.31x	1.39x	1.45x

Source: *Independent calculations using the simplified sustainable-growth P/B relationship. The assumed costs of equity and growth rates are illustrative, not ADCB management guidance or an independent cost-of-capital estimate. Calculations use an indicative ordinary ROE of approximately 16.1%.*

The sensitivity illustrates why ADCB's market capitalization cannot be assessed solely from its latest earnings multiple.

At an 11% cost of equity, the observed P/B is broadly consistent with sustainable growth of approximately 3.7%. At a 12% cost of equity, required growth rises to approximately 6.1%. At 13%, it increases to around 8.5%.

The range is substantial because changes in the required return have a significant effect on a bank trading above book value. A one-percentage-point difference in the assumed

cost of equity can materially alter the growth expectations needed to justify the same market capitalization.

The 12% cost-of-equity scenario is not unreasonable as an illustrative hurdle rate, but it should not be mistaken for ADCB's independently estimated cost of equity. The bank's UAE operating environment, liquidity, ownership, capital strength, earnings profile and market risk premium would all affect the appropriate required return.

A second qualification concerns dividends. Maintaining 16.1% ROE and 6.1% sustainable growth in the simplified framework implies retention of approximately 38% of ordinary earnings, with the balance distributed to shareholders. On the current annualized earnings base, that would correspond to a materially higher annual distribution than the AED 4.985 billion (€1.16 billion) dividend paid in 2026 in respect of FY2025. Such a distribution is a model implication, not ADCB's announced dividend policy.

ADCB's actual capital allocation may differ. Management may choose to retain more capital to finance loan growth, invest internationally or maintain regulatory buffers. Higher retention can support growth, but the associated returns must be sufficient to justify the capital retained.

The market therefore appears to be pricing ADCB as a business capable of sustaining mid-teen ordinary equity returns while continuing to expand profitably. I regard that expectation as defensible, but not conservative.

The Credit-Cost Test: How Sensitive Is the Valuation to Lower Earnings?

The strongest challenge to ADCB's current valuation does not come from its operating expenses or a lack of growth opportunities. It comes from the possibility that recent credit costs are below the level that should be used when estimating sustainable profits.

Consider a simple adverse sensitivity. If ADCB's 9M2026 impairment charges of AED 1.646 billion (€395 million) were replaced by the nominal AED 2.920 billion (€700 million at the

September 2026 exchange rate) recorded in the comparative 2025 period, the additional pre-tax charge would amount to AED 1.274 billion (€306 million). Applying an illustrative 9% marginal tax effect and annualizing the resulting earnings reduction would lower ordinary attributable profit from AED 13.080 billion (€3.14 billion) to approximately AED 11.535 billion (€2.77 billion).

This would reduce indicative ordinary ROE from approximately 16.1% to 14.2%, using the same average capital base. At the existing market capitalization, the implied P/E would increase from 10.7x to approximately 12.1x.

ADCB: Illustrative Credit-Cost Sensitivity

Indicator	Reported 9M2026 run rate	Higher impairment scenario
Annualized ordinary attributable earnings	AED 13.08bn (€3.14bn)	AED 11.54bn (€2.77bn)
Indicative ordinary ROE	16.1%	14.2%
P/E at AED 140.05bn market capitalization	10.7x	12.1x
P/B supported at 12% cost of equity and 6% growth	1.69x	1.37x
Observed market P/B	1.70x	1.70x

Source: *Independent calculations. The higher impairment scenario applies the 9M2025 impairment charge to 9M2026 earnings, assumes a 9% marginal tax effect and annualizes the resulting earnings. The analysis holds ordinary equity, market capitalization and other operating factors constant. It is a stress sensitivity, not an estimate of normalized credit costs. Euro equivalents use the reporting-date EUR/AED rate of 4.169505 at 30 September 2026. Conversions are indicative and rounded.*

The result is revealing. Even a relatively modest reduction in sustainable ROE can have a disproportionately large effect on the theoretical valuation supported by a growth-based model.

The comparison does not imply that ADCB's impairment expenses should return to their 2025 level. That year included specific corporate provisioning charges, and the bank's subsequent asset-quality indicators have improved. Nevertheless, the sensitivity demonstrates how dependent a premium P/B valuation becomes on the sustainability of returns.

The sensitivity suggests that ADCB's current market valuation can be supported under assumptions of sustained ordinary equity returns near 16%, together with consistent earnings growth and the stated cost-of-equity assumptions. A hypothetical reduction in sustainable ROE towards 14% would produce a lower implied valuation under otherwise unchanged assumptions. The scenario illustrates valuation sensitivity rather than an expectation that ADCB's profitability will deteriorate.

For shareholders, that distinction matters more than the historical share-price record itself.

ADCB Compared with Other Major UAE Banks

A regional comparison provides additional context. ADCB's approximately 10.7x P/E is not particularly demanding relative to several other major UAE-listed banks, although business models, accounting treatments and international exposure differ.

The comparison places ADCB broadly within the regional valuation range rather than at an exceptional premium on earnings. That supports the argument that investors are rewarding demonstrated profitability rather than pricing the bank entirely on future expectations.

Selected UAE Banks: Market Earnings Multiples

Bank	Indicative P/E (TTM)
Emirates NBD	9.6x
ADCB	**10.7x**
First Abu Dhabi Bank	11.1x
Abu Dhabi Islamic Bank	12.9x

Source: *Stock Analysis.com, market data as at 13 November 2026. P/E multiples reflect the provider's trailing twelve-month earnings methodology and have not been adjusted for differences in AT1 treatment, non-recurring items or consolidation. ADCB's independently calculated P/E, based on annualized 9M2026 ordinary attributable earnings, is also approximately 10.7x.*

However, P/E alone is an incomplete measure of bank valuation. A bank with stronger returns on tangible equity can justify a higher P/B multiple because each unit of ordinary equity generates more profit. Conversely, a lower P/E may reflect greater earnings volatility, weaker asset quality or higher capital requirements.

First Abu Dhabi Bank, for example, reported a return on tangible equity of 18.6% for 9M2026, compared with ADCB's 17.9%. The difference is not large, although the two groups differ in scale, business mix and international operations. Emirates NBD has a larger and more geographically diversified balance sheet, including exposures outside the GCC, while Abu Dhabi Islamic Bank operates under a different banking model with its own profitability and funding characteristics.

The peer multiples provide a useful regional reference, although differences in earnings composition, capital instruments, international exposure and reporting methodologies limit direct comparability. ADCB's earnings multiple appears reasonable against its regional peers. The more demanding assumption is that the bank can sustain the profitability required to support a P/B premium approaching 70%.

Kazakhstan: Strategic Expansion Beyond the UAE

On 13 November 2026, ADCB announced that its wholly owned subsidiary, Abu Dhabi Commercial Bank (Kazakhstan) JSC, had obtained a universal banking license from Kazakhstan's Agency for Regulation and Development of the Financial Market.

The license permits the bank to provide both conventional and Islamic corporate banking services, expanding its existing activities in Kazakhstan, where ADCB has been active in

Islamic corporate banking since 2024. ADCB's international activities already extend beyond Kazakhstan. The Group operates an established banking subsidiary in Egypt and has announced plans to expand its corporate banking presence in Saudi Arabia. At September 2026, approximately 29% of its gross loan portfolio was attributed to exposures outside the UAE, indicating that cross-border lending is already a material part of the business. The Kazakhstan license therefore builds on an existing international strategy rather than marking the beginning of the bank's expansion beyond its domestic market.

The strategic rationale is consistent with ADCB's ambition to develop a broader international corporate banking franchise. Kazakhstan provides access to Central Asian commercial relationships and offers opportunities to support clients conducting business between the UAE, the Middle East and Central Asia.

From a corporate banking perspective, the opportunity extends beyond conventional lending. Trade finance, guarantees, treasury services, structured finance and cross-border corporate relationships could become increasingly relevant as bilateral investment and commercial activity develop.

The economic case, however, should be assessed on the capital and risk infrastructure required to support the new business. A universal banking license creates regulatory permissions; it does not establish profitable market penetration.

The development of ADCB's corporate banking operations in Kazakhstan will require a risk management framework aligned with the local regulatory, legal and commercial environment, including appropriate credit underwriting, collateral assessment, currency risk management and recovery procedures. Differences in currency exposure, legal enforcement, collateral realization and sector concentration may materially affect recoveries in the event of borrower distress.

These considerations are particularly relevant for a UAE banking group entering a market with a different legal, economic and regulatory environment. Building a profitable

international franchise requires more than transferring an established domestic credit model into a new jurisdiction.

I see the Kazakhstan development as a credible long-term initiative, particularly if ADCB can build around existing UAE corporate relationships and trade flows. Its immediate contribution to consolidated earnings is likely to be limited, while the ultimate return will depend on the scale and quality of business acquired.

ADCB's financial capacity provides room to pursue such opportunities. The long-term financial contribution of the Kazakhstan expansion will depend on maintaining disciplined capital allocation, sound credit underwriting and acceptable risk-adjusted returns as the new business develops.

What Will Determine ADCB's Next Phase of Profitability?

ADCB's next challenge is to demonstrate how much of its continued expansion can translate into sustainable returns for ordinary shareholders. The five-year strategy launched in 2025 targets a doubling of net profit to AED 20 billion (approximately €4.80 billion at the September 2026 exchange rate). The bank has made substantial progress, but the composition of future earnings will matter as much as the achievement of the headline target.

The first test will be the ability to grow recurring operating income despite pressure on lending margins. Strong fee income provides an additional source of profitability, while trading-related earnings may be less predictable. The second will be credit performance. With impairment charges already considerably below their comparative 2025 level, further profit growth cannot be assumed to benefit from an equivalent reduction in credit costs. The development of Stage 2 exposures, new lending quality and sector concentrations will become increasingly important as the portfolio expands.

Capital allocation brings these considerations together. Domestic lending, shareholder distributions and international expansion compete for financial and regulatory resources.

For a bank trading at approximately 1.70x ordinary book value, growth creates shareholder value only when the returns generated on additional capital justify the capital committed. That relationship, rather than balance-sheet expansion alone, should remain central to the assessment of ADCB's future performance.

Conclusion:

ADCB Has Earned Its Valuation Premium, but Expectations Are Rising

ADCB's results for the first nine months of 2026 reflect the strength of an increasingly valuable banking franchise. The bank has expanded its balance sheet, maintained a highly efficient operating structure, improved reported asset quality and delivered record profits. Its share-price performance and position among the UAE's largest listed companies are supported by tangible improvements in financial performance.

In my assessment, ADCB has earned its valuation premium. An ordinary P/B multiple of approximately 1.70x and an earnings multiple of around 10.7x are broadly defensible for a bank generating ordinary equity returns near 16%, supported by strong operating efficiency, lending growth and a solid capital position. Regional peer valuations provide additional context, suggesting that ADCB is not exceptionally expensive on an earnings basis. The more demanding question is whether current profitability can be sustained.

My principal valuation consideration is the contribution of lower credit impairment charges to ADCB's recent earnings growth. These accounted for almost half of the increase in nine-month pre-tax profit and more than two-thirds of the third-quarter improvement. The reduction represents a genuine financial benefit, but it should not be confused with an equivalent increase in recurring operating earnings. Sustaining the present valuation premium will require continued earnings growth without relying on further substantial reductions in credit costs.

The valuation analysis illustrates the importance of that distinction. At an illustrative 12% cost of equity, sustaining an ordinary ROE of approximately 16.1% would require long-term growth of around 6% to support the current P/B multiple. A decline in sustainable ROE

towards 14% would materially weaken the valuation justified under the same assumptions. The market is therefore assigning considerable value not only to ADCB's current earnings capacity, but also to its ability to maintain strong returns as the business expands.

The universal banking license in Kazakhstan adds a credible opportunity to develop ADCB's international corporate banking franchise. Nevertheless, I would not attribute a material additional valuation premium to this development at present. Its economic contribution remains to be demonstrated through profitable business growth, disciplined credit underwriting and acceptable risk-adjusted returns on the capital committed.

My conclusion is that ADCB is neither an obviously overvalued bank nor a neglected investment opportunity at its present market capitalization. It is a well-performing institution whose share price already reflects substantial confidence in its future profitability. Having earned its valuation premium, ADCB must now demonstrate that it can sustain it. The next stage of shareholder value creation will depend less on further reductions in credit losses and more on the bank's ability to convert lending growth, recurring revenues and disciplined capital allocation into durable earnings.

Daniel Vnuk, univ.mag.oec., MBA
Corporate Credit Risk | Restructuring | Special Assets | Distressed Assets
Restructuring.Insights
E: dvnuk@restructuring-insights.com
W: www.restructuring-insights.com
LinkedIn: linkedin.com/in/dvnuk

About the Author



Daniel Vnuk, univ.mag.oec., MBA has over 18 years of professional experience in banking and financial management, specializing in corporate credit risk, special asset management, restructuring, recovery and portfolio resolution across Central and Southeastern Europe.

He began his career as a licensed tax auditor at the Croatian Ministry of Finance before moving into banking. His career includes Risk Management and Restructuring Advisory positions at Hypo Alpe-Adria-Bank (later Addiko Bank) and HETA Asset Resolution, Austria's state-owned company responsible for the wind-down of the former Hypo banking group's non-performing and non-core assets. His experience spans the management of large corporate credit exposures, complex restructuring and recovery transactions, and the resolution and disposal of distressed banking portfolios, including sale of non-performing loan portfolios.

He earned his Master's degree in Finance from the University of Zagreb, Faculty of Economics and Business, and holds an MBA from Cotrugli Business School. He has also completed professional development programes at the International Monetary Fund (IMF), Frankfurt School of Finance & Management and Bocconi University.

As the author of Restructuring.Insights, he publishes independent analysis of European banking markets, financial institutions, banking sector consolidation and corporate restructuring, drawing on his practical experience in credit risk management and distressed asset resolution.

Sources and References

Primary Sources

1. **Abu Dhabi Commercial Bank PJSC (ADCB).** Condensed Consolidated Interim Financial Information, Nine Months Ended 30 September 2026. Consolidated financial position, income statement, impairment allowances, capital notes, shareholders' equity, earnings per share and comparative financial results. https://www.adcb.com/en/multimedia/pdfs/2026/october/FinancialStatements-Q3-2026.pdf

2. **Abu Dhabi Commercial Bank PJSC (ADCB).** Third Quarter 2026 Earnings Presentation, October 2026. Operating performance, net interest margin, profitability, cost-to-income ratio, credit risk, asset quality, capital adequacy and management commentary. https://www.adcb.com/en/multimedia/pdfs/2026/october/Earnings-Presentation-Q3-2026.pdf

3. **Abu Dhabi Commercial Bank PJSC (ADCB).** Audited Consolidated Financial Statements for the Year Ended 31 December 2025. Audited financial position, annual profitability, accounting policies, loan classifications, capital structure and comparative disclosures. https://www.adcb.com/en/multimedia/pdfs/2026/january/FinancialStatements-FY-2025.pdf

4. **Abu Dhabi Commercial Bank PJSC (ADCB).** Universal Banking Licence in Kazakhstan, 13 November 2026. Official announcement concerning the expansion of ADCB Kazakhstan's licensed banking activities and the development of the Group's international operations. https://www.adcb.com/en/about-us/media-centre/news/2026/november/universal-banking-license-kazakhstan

5. **Abu Dhabi Securities Exchange (ADX).** Abu Dhabi Commercial Bank Company Profile. Official listing information, share capital and issued shares used in the independent calculation of market capitalization. https://www.adx.ae/en/main-market/company-profile/overview?symbols=ADCB

6. **Central Bank of the United Arab Emirates (CBUAE).** Official Foreign Exchange Reference Rates. AED exchange-rate data used, where available, for indicative conversions of reported financial figures and market valuations into euros. https://centralbank.ae/en/forex-eibor/exchange-rates/

7. **European Central Bank (ECB).** Euro Foreign Exchange Reference Rates. Historical EUR/USD reference rates used, where applicable, to derive indicative EUR/AED conversion rates based on the official USD/AED exchange-rate relationship. https://www.ecb.europa.eu/stats/policy_and_exchange_rates/euro_reference_exchange_rates/html/index.en.html

Market and comparative sources

8. **Stock Analysis.** Abu Dhabi Commercial Bank Market Capitalization. Historical market capitalization, valuation data and comparative ranking among listed UAE companies. https://stockanalysis.com/quote/adx/ADCB/market-cap/

9. **MarketScreener.** Abu Dhabi Commercial Bank Historical Share Prices. Historical trading data, share-price performance and price extremes used to assess the bank's market performance. https://ae.marketscreener.com/quote/stock/ABU-DHABI-COMMERCIAL-BANK-9059322/quotes/

10. **Investing.com.** Abu Dhabi Commercial Bank Historical Prices. Daily trading data, including share-price observations for 12 and 13 November 2026. https://www.investing.com/equities/ad-commercial-historical-data

11. **Stock Analysis. First Abu Dhabi Bank PJSC (FAB).** Market valuation data and trailing twelve-month earnings multiples used in the regional banking peer comparison. https://stockanalysis.com/quote/adx/FAB/

12. **Stock Analysis. Emirates NBD Bank PJSC.** Market valuation data and trailing twelve-month earnings multiples used in the regional banking peer comparison. https://stockanalysis.com/quote/dfm/EMIRATESNBD/

13. **Stock Analysis. Abu Dhabi Islamic Bank PJSC (ADIB).** Market valuation data and trailing twelve-month earnings multiples used in the regional banking peer comparison. https://stockanalysis.com/quote/adx/ADIB/

14. **First Abu Dhabi Bank PJSC (FAB).** Nine-Month 2026 Financial Results. Consolidated financial performance, profitability and return on tangible equity used as a supplementary reference in assessing ADCB's profitability relative to regional peers. https://www.bankfab.com/en-ae/about-fab/group/in-the-media/fab-9m-2026-financial-results

15. **Abu Dhabi Commercial Bank PJSC (ADCB).** ADCB Broadens Its Regional Presence Through Strategic Expansion into the Kingdom of Saudi Arabia, 17 January 2024. Official announcement concerning the proposed establishment of a corporate banking branch in Riyadh and the bank's wider regional expansion strategy. https://www.adcb.com/en/about-us/media-centre/news/2024/january/strategic-expansion-kingdom-of-saudi-arabia

Valuation and Currency Methodology

All financial figures are based on publicly available disclosures unless expressly identified as independent calculations or illustrative scenarios. The financial analysis uses ADCB's audited consolidated financial statements for the year ended 31 December 2025 and reviewed, unaudited interim financial information for the nine months ended 30 September 2026.

Amounts originally denominated in UAE dirhams are converted into euros for analytical comparison. The September 2026 calculations use the archived Central Bank of the UAE EUR/AED rate of EUR 1 = AED 4.169505, reproduced in a secondary historical-rate source. The directly verified CBUAE rate of EUR 1 = AED 4.058459 is used for the 13 November 2026 share price and market capitalization. For dates where the original CBUAE daily record could not be independently confirmed, indicative EUR/AED rates are derived from the relevant ECB EUR/USD reference rate and the UAE dirham's official USD exchange-rate relationship. Such derived rates are identified in the analysis and should not be interpreted as independently verified historical CBUAE quotations.

The corresponding historical rates used are EUR 1 = AED 4.311882 at 30 September 2025, EUR 1 = AED 4.315188 at 31 December 2025 and EUR 1 = AED 4.069497 at 12 November 2026. Period-end exchange rates are used for financial statement comparisons, while the resulting euro equivalents of income statement amounts represent indicative conversions rather than accounting translations based on period-average exchange rates. Original AED amounts remain authoritative.

The financial assessments and valuation sensitivities presented in this article are based on publicly disclosed information and independently derived calculations. They represent the author's professional interpretation of reported financial results and market data, rather than findings concerning the conduct, regulatory compliance or integrity of ADCB, its management or shareholders. Hypothetical scenarios are intended to illustrate financial sensitivities and should not be interpreted as predictions of future outcomes.

For the market valuation, ordinary shareholder equity excludes AED 8.755 billion of Additional Tier 1 capital notes (€2.10 billion) classified within IFRS equity. Earnings attributable to ordinary shareholders are calculated after deducting the corresponding capital-note coupons. Annualized attributable earnings of AED 13.080 billion (€3.14 billion) are derived from reported 9M2026 ordinary earnings of AED 9.810 billion multiplied by 4/3. This provides an indicative earnings run rate and does not constitute a forecast.

The simplified P/B valuation uses the relationship P/B = (sustainable ROE – g) / (cost of equity – g), derived from a constant-growth dividend framework. It assumes a stable long-term return on equity, internally consistent earnings retention and distributions, and a sustainable growth rate below the cost of equity. The assumed cost-of-equity and growth scenarios are illustrative and should not be interpreted as independently determined fair values, ADCB management forecasts or recommendations concerning the bank's securities.

The credit-cost sensitivity applies the prior-year nine-month impairment charge to the 2026 earnings base, assumes a 9% marginal tax effect and annualizes the resulting ordinary earnings. It holds other financial variables unchanged and does not estimate expected future credit losses. The prior-year impairment charge included specific corporate provisioning items and is not presented as a normalized long-term loss assumption.

Peer valuation multiples are drawn from a single market-data provider for consistency, but are subject to differences in accounting, earnings composition, consolidation, capital instruments and business models. ADCB's indicative market capitalization is independently calculated using the closing share price of AED 17.70 on 13 November 2026 and the reported total issued share capital. It may differ from historical market capitalization figures published by third-party data providers due to differences in share-count conventions, pricing inputs or data revisions.

The reported historical share-price maximum of AED 18.02 on 12 November 2026 is supported by the reviewed ten-year trading series. A claim of an absolute record since the

bank's original listing would require a fully reconciled, corporate-action-adjusted historical series.

Disclaimer

This article has been prepared exclusively for informational, educational, analytical and professional discussion purposes. It represents the author's independent financial and strategic assessment based on publicly available information, including published financial statements, investor presentations, earnings releases, regulatory announcements, market data and other corporate disclosures available as of 14 November 2026.

The views, interpretations, assessments and conclusions expressed herein are solely those of the author. Neither the author nor Restructuring.Insights is affiliated with, employed by, engaged by, sponsored by or otherwise professionally or commercially associated with Abu Dhabi Commercial Bank PJSC (ADCB) or its subsidiaries. This publication has not been commissioned, financed, reviewed, approved or endorsed by ADCB. As at the publication date, neither the author nor Restructuring.Insights holds any direct or indirect financial interest in ADCB securities. Nothing expressed herein represents the official position or opinion of ADCB, its management, shareholders, any regulatory or supervisory authority, or any other institution mentioned in this publication. References to ADCB's name, corporate identity and trademarks are made solely for identification and editorial purposes and do not imply any affiliation or endorsement.

Financial information has been obtained from sources considered relevant and credible but has not been independently audited or verified by the author. Although reasonable care has been taken in presenting and interpreting the available information, no representation or warranty, express or implied, is made regarding its completeness, accuracy or continued validity. Readers should refer to the original disclosures for the applicable accounting policies, reporting definitions, consolidation perimeters and explanatory notes.

Certain financial ratios, earnings comparisons, credit-cost sensitivities, capital calculations and valuation multiples have been independently derived from published information.

These calculations rely on identified assumptions and may differ from the methodologies, adjustments or conclusions adopted by ADCB or third-party market-data providers. Illustrative estimates of sustainable profitability, cost of equity, valuation multiples and potential changes in impairment charges should not be interpreted as formal regulatory capital assessments, independently established valuations or forecasts of future financial performance. Comparisons with other financial institutions are subject to differences in business models, accounting treatment, capital structures and earnings composition.

The analysis of ADCB's earnings composition, credit risk, capital position, market valuation and strategic developments is financial and economic in nature. It makes no allegation of misconduct, regulatory non-compliance or improper conduct by ADCB, its management, shareholders or supervisory authorities. The author's assessments and illustrative scenarios reflect independent professional judgement under the stated assumptions and do not constitute findings concerning the integrity or conduct of any institution or individual.

Assessments of ADCB's future profitability, credit performance, market valuation and international expansion necessarily involve assumptions and uncertainties. Actual outcomes may differ materially from the illustrative scenarios presented due to changes in economic conditions, interest rates, credit quality, regulatory requirements, financial markets and other factors beyond the author's knowledge or control. Events occurring after the stated information cut-off date may alter the circumstances examined, and the author undertakes no obligation to update or revise the analysis.

Nothing in this publication constitutes investment research issued by a regulated financial institution, an independent valuation or fairness opinion, or personalized investment, financial, accounting, regulatory or legal advice. It does not represent an offer, solicitation or recommendation to purchase, sell, hold or otherwise transact in any security or financial instrument, nor does it create an advisory or professional relationship with any reader.

The value of securities and other financial instruments may rise or fall, and investors may lose part or all of their invested capital. Historical financial performance, market valuations

and illustrative scenarios should not be regarded as reliable indicators or guarantees of future investment returns.

To the fullest extent permitted by applicable law, neither the author nor Restructuring.Insights accepts liability for investment or commercial losses arising from decisions made in reliance on this publication. Readers remain responsible for conducting their own due diligence, independently assessing the information and assumptions presented, and obtaining advice from appropriately qualified professionals before making investment, commercial or other decisions. The limitations and qualifications contained in this disclaimer form an integral part of the publication and should be considered together with the financial analysis and conclusions presented.

© 2026 Restructuring.Insights. All rights reserved. The original analysis, commentary and independently prepared materials published herein may not be reproduced, republished or commercially distributed without prior written permission, except as permitted by applicable law. Third-party trademarks, financial disclosures and source materials remain the property of their respective owners.