

 Early Warning System

**MIGA-15200**  
ADCB Egypt Capital Optimization



## Quick Facts

<b>Countries</b>	Egypt
<b>Financial Institutions</b>	Multilateral Investment Guarantee Agency (MIGA)
<b>Status</b>	Proposed
<b>Bank Risk Rating</b>	B
<b>Voting Date</b>	2024-10-26
<b>Borrower</b>	Abu Dhabi Commercial Bank PJSC
<b>Sectors</b>	Agriculture and Forestry, Construction, Energy, Finance, Industry and Trade
<b>Investment Type(s)</b>	Guarantee
<b>Investment Amount (USD)</b>	\$ 237.50 million



## Project Description

As stated by MIGA, this summary covers equity investments by Abu Dhabi Commercial Bank PJSC (ADCB or the Group), in its subsidiary in Egypt, Abu Dhabi Commercial Bank - EGYPT S.A.E (ADCB-E or the Subsidiary). The investor has applied for a MIGA guarantee of up to USD237.5 million for capital optimization cover for a period of up to 3 years.

As of December 2023, ADCB-E's portfolio included the following business segments: corporate loans, 51% (long-term - 9.4% and short-term - 41.7%); trade finance, 25.4%; retail/consumers loans, 16.5%; financial institutions - 3.7%; and small and medium enterprise loans, 3.3%. The main sectors financed include construction and building, financial services, chemicals, agriculture and forestry, real estate, food and beverage, and wholesale and retail trade. ADCB-E has no exposure to activities on the MIGA Exclusion List or coal-related projects. The bank has exposure to oil and gas activities - most of the transactions are short-term transactions.

For the proposed guarantee, ADCB-E will be required to report annually to MIGA regarding the bank's portfolio, the implementation of the E&S procedures as well as labor practices.

The aim of MIGA's proposed guarantees is to help ADCB reduce the risk of some of its assets in Egypt, which would lead to a reduction in the group's risk-weighted assets (RWA) on a consolidated basis. The RWA capacity that is freed up is expected to be used by ADCB to support the growth of its lending operations in Egypt, as possible, where the lending gap is large. The proposed Project is therefore expected to increase on a best effort basis access to finance businesses, including micro, small and medium enterprises (MSMEs), operating in Egypt while encouraging climate-related lending consistent with ADCB-E's strategy.

The project is expected to support ADCB's overall business strategy in Egypt. MIGA's guarantee allows ADCB to achieve RWA relief at the group consolidated level and provide the enabling conditions to the parent bank to pass the benefits of this support to its operating subsidiary, as possible. As reserves, held at each respective central bank, attract lower risk weights because of MIGA, assets in Egypt can be deployed more productively, thereby either accelerating the pace of leveraging (i.e. expansion of loans to customers) or slowing down the pace of deleveraging (i.e. retention of loans to customers), according to market conditions and ADCB risk policies prevailing at that time.



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## Early Warning System Project Analysis

As stated by MIGA, ADCB Egypt provides retail, small and medium enterprise, and corporate finance services to clients in Egypt. The MIGA guarantee will support key segments within the bank's lending activities. ADCB-E's portfolio is considered medium risk as the sectors financed and types of transactions have limited environmental and social (E&S) risks and impacts, or impacts that are few in number, site-specific, largely reversible and can be readily addressed through mitigation sectors. Long-term corporate loans to clients in potentially high-risk sectors is limited. This project has thus been categorized as FI-2 in accordance with MIGA's Policy on Environmental and Social Sustainability (2013).



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## Investment Description

- Multilateral Investment Guarantee Agency (MIGA)

## Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- [Abu Dhabi Commercial Bank - EGYPT S.A.E.](#) (Financial Intermediary) **is owned by** [Abu Dhabi Commercial Bank PJSC \(ADCB\)](#) (Parent Company)



## Private Actors Description

As stated by MIGA, the ADCB Group is one of the UAE's leading financial institutions, based in Abu Dhabi, UAE. Serving around 2 million customers with a wide range of market-leading products and services, the ADCB Group's core businesses are Retail Banking, Corporate & Investment Banking and Treasury & Investments. With a host of award-winning digital solutions and market firsts, the ADCB Group is driving digital innovation in the financial services industry, helping provide the highest levels of service and convenience to its customers and partners. The ADCB Group operates major financial and non-financial subsidiaries. These subsidiaries include Al Hilal Bank, providing Islamic banking services for retail customers, and ADCB Egypt, providing both corporate and retail banking services. The ADCB Group is 60.69% owned by the Government of Abu Dhabi through Mubadala Investment Company through its wholly owned subsidiary One Hundred and Fourteenth Investment Company - Sole Proprietorship LLC and trades on the Abu Dhabi Securities Exchange (ADX) under the ticker "ADCB". Further information on the ADCB Group can be found at [www.adcb.com](http://www.adcb.com)

ADCB-E, a 100% subsidiary of the ADCB Group since 2019, offers a universal range of products and services, catering to both retail and corporate clients, across 50 branches.



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Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
Mubadala Investment Co PJSC	Parent Company	Finance	owns	Abu Dhabi Commercial Bank PJSC (ADCB)	Parent Company	Finance

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## Contact Information

*No project contacts provided at the time of disclosure.*

## ACCESS TO INFORMATION

You can submit a request for information disclosure at: [https://www.miga.org/contact/access\\_to\\_information](https://www.miga.org/contact/access_to_information)

You can also request general information about MIGA and for information on guarantees by emailing:  
[migainquiry@worldbank.org](mailto:migainquiry@worldbank.org)

## ACCOUNTABILITY MECHANISM OF IFC/MIGA

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at [CAO@worldbankgroup.org](mailto:CAO@worldbankgroup.org). You can learn more about the CAO and how to file a complaint at <http://www.cao-ombudsman.org>