

Board of Directors' Report

Regarding the proposed capital increase through rights issue

Executive summary

On 8 September 2025, the Board of Directors of Abu Dhabi Commercial Bank PJSC approved a strategic rights issue to raise up to AED 6.1 billion, to accelerate the pace of the Bank's organic growth and deliver substantial long-term value for shareholders.

This strategic initiative serves the interests of the Bank and its shareholders by enhancing capacity to achieve significant asset growth, whilst remaining ahead of evolving regulatory requirements as the Bank continues to focus on delivering strong and sustainable returns.

Rationale for the capital increase

ADCB has significantly scaled its operations and profitability since 2020. Total assets have increased by 77% in the last five years, surpassing the AED 700 billion milestone as at June 2025. In the first half of 2025, ADCB exceeded internal targets, marking its 16th consecutive quarter of profit-before-tax growth. The rights issue will build on this momentum as the Bank advances its ambitious strategy to double net profit to AED 20 billion within five years, while delivering an annual return on equity above 15% each year.

In recognition of the Bank's rapid growth and stature among the country's largest financial institutions, higher capital buffers have recently been introduced for ADCB as a Domestic Systemically Important Bank (D-SIB). These increased capital buffers will become effective for the Bank from June 2026. The rights issue will lift CAR and CET ratios by c.120 bps from June 2025 levels and ensure ADCB remains well-capitalised ahead of the new requirements, while continuing to pursue accelerated growth in a disciplined manner.

Enhancing long-term shareholder value

Over the past 12 months, the Bank has delivered a total shareholder return (TSR) exceeding 75% while remaining firmly focused on building long-term value for its shareholders. The rights issue will allow shareholders to participate in the Bank's growth strategy as it scales and further enhances profitability. At the same time, ADCB reaffirms its dividend guidance of c. AED 25 billion in distributions over the next five years – a 50% uplift over the previous 5-year period – underscoring its commitment to deliver consistent and attractive shareholder returns.

Details of the proposed rights issue

The proposed rights issue will increase ADCB's issued capital from AED 7,319,947,010 up to AED 7,912,175,710 through the issuance of up to 592,228,700 new shares. Subject to obtaining all necessary regulatory and shareholder approvals, the new shares will be issued at an issue price of AED 10.3 per new share, reflecting the nominal value of AED 1.00 per new share and a share premium of AED 9.3 per new share. This represents a discount of 30% to the closing share price of ADCB's shares on the Abu Dhabi Securities Exchange as of 4 September 2025.


Use of proceeds

ADCB intends to use the net proceeds raised from the rights issue to (i) strengthen the capital ratios of the Bank; (ii) continue investing in the business; and (iii) support the growth of lending of the Bank.

Board recommendation

The Board of Directors unanimously recommends shareholder approval of the proposed rights issue. This initiative is a pivotal step in ADCB's strategic roadmap for sustained growth and long-term-value creation for shareholders, while remaining ahead of regulatory requirements.

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Board of Directors

Abu Dhabi Commercial Bank PJSC