

United Arab Bank P.J.S.C.

Review report and condensed interim financial statements

For the three months period ended 31 March 2025

United Arab Bank P.J.S.C.

**Review report and condensed interim financial statements
For the three months period ended 31 March 2025**

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Review report on condensed interim financial information to the Board of Directors of United Arab Bank P.J.S.C

Introduction

We have reviewed the accompanying condensed interim statement of financial position of United Arab Bank P.J.S.C (the "Bank") as at 31 March 2025 and the related condensed interim statements of income, comprehensive income, cash flows and changes in equity for the three month period then ended and other explanatory notes. The Directors are responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of the condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34").

PricewaterhouseCoopers Limited Partnership – SHJ. BR
28 April 2025

Jigesh Ashokkumar Shah
Registered Auditor Number 5621
Place: Sharjah, United Arab Emirates

United Arab Bank P.J.S.C.

INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

		<i>Unaudited 31 March 2025 AED'000</i>	<i>Audited 31 December 2024 AED'000</i>
	<i>Notes</i>		
Assets			
Cash and balances with UAE Central Bank	5	2,472,847	2,225,224
Due from banks, net	6	661,859	585,146
Loans and advances and Islamic financing receivables, net	7	12,471,928	11,526,357
Investments and Islamic instruments, net	8	6,808,357	6,004,981
Property, equipment and capital work-in-progress		213,226	204,207
Customer Acceptances		399,731	422,990
Other assets, net	9	400,948	492,575
TOTAL ASSETS		23,428,896	21,461,480
Liabilities and Equity			
Liabilities			
Due to banks	10	4,216,442	3,596,354
Customer deposits and Islamic customer deposits	11	14,942,007	13,577,035
Medium term borrowings	12	734,600	734,600
Customer Acceptances		399,731	422,990
Other liabilities	13	476,695	579,016
Total liabilities		20,769,475	18,909,995
Shareholders' equity			
Share capital	14	2,062,550	2,062,550
Treasury shares		(2,840)	(3,008)
Tier 1 instrument	14	550,875	550,875
Special reserve		78,118	78,118
Statutory reserve		107,042	107,042
General reserve		9,311	9,311
Cumulative changes in fair value	14	(80,986)	(98,231)
Accumulated losses		(64,649)	(155,172)
Total equity		2,659,421	2,551,485
TOTAL LIABILITIES AND EQUITY		23,428,896	21,461,480

This condensed interim financial information was approved by the Board of Directors on 28 April 2025 and signed on its behalf by:


 HH Sheikh Mohammed Bin Faisal Bin Sultan Al Qassimi
 Chairman


 Shirish Bhide
 Chief Executive Officer

The notes on pages 7 to 24 form an integral part of the condensed interim financial information. The independent auditors' report on review of the Bank's condensed interim financial information is set out on page 1.

United Arab Bank P.J.S.C.

INTERIM STATEMENT OF INCOME

For the three months period ended 31 March 2025

		<i>Three months period ended 31 March (Unaudited)</i>	
		<i>2025</i>	<i>2024</i>
		<i>AED'000</i>	<i>AED'000</i>
Interest income		256,292	276,574
Income from Islamic financing receivables		33,868	27,954
Total interest income and income from Islamic financing products		290,160	304,528
Interest expense		(148,263)	(144,376)
Distribution to Islamic depositors		(24,659)	(28,120)
Total interest expense and distribution to depositors		(172,922)	(172,496)
Net interest income and income from Islamic financing products net of distribution to depositors		117,238	132,032
Net fees and commission income		25,068	22,868
Foreign exchange income		10,821	6,278
Other operating income		12,257	2,280
Total operating income		165,384	163,458
Employee benefit expenses		(55,103)	(50,255)
Depreciation and amortization		(5,352)	(5,446)
Other operating expenses		(27,176)	(21,969)
Total operating expenses		(87,631)	(77,670)
Operating profit before impairment loss		77,753	85,788
Net impairment reversal/(loss)	15	33,910	(10,779)
Net profit for the period before tax		111,663	75,009
Tax expense	16	(10,099)	(6,763)
Net profit for the period		101,564	68,246
Earnings per share (basic and diluted in AED)	4	0.05	0.03

United Arab Bank P.J.S.C.

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the three months period ended 31 March 2025

	<i>Three months period ended 31 March (Unaudited)</i>	
	<i>2025</i>	<i>2024</i>
	<i>AED'000</i>	<i>AED'000</i>
Net profit for the period	101,564	68,246
Other comprehensive income		
Items that may be reclassified to the income statement:		
FVOCI investments:		
Net change in fair value	37,898	10,577
Reclassified to the income statement	(5,000)	7,567
Net change in allowance for expected credit loss	(13,948)	-
Cash flow hedge:		
Effective portion of changes in fair value	-	409
Total items that may be reclassified to the income statement	18,950	18,553
Related tax on other comprehensive income	(1,705)	-
Other comprehensive income for the period	17,245	18,553
Total comprehensive income for the period	118,809	86,799

INTERIM STATEMENT OF CASH FLOWS

For the three months period ended 31 March 2025

		<i>Three months period ended 31 March (unaudited)</i>	
		<i>2025</i>	<i>2024</i>
		<i>AED'000</i>	<i>AED'000</i>
Operating activities			
Net profit for the period		101,564	68,246
Adjustments for:			
Depreciation		5,352	5,446
Gain on sale of assets acquired in settlement of debt		(15,320)	-
Tax expense	16	10,099	6,763
Amortization of commission paid on medium term borrowing		459	459
Net impairment losses		(17,657)	10,779
Amortisation of premium paid on investments		814	942
Gain on sale of property and equipment		(13)	-
Net fair value (gain)/loss on disposal of investments and Islamic instruments		(26)	14
Operating cash flows before movements in working capital		85,272	92,649
Changes in operating assets and liabilities:			
Loans and advances and Islamic financing receivables		(930,241)	(222,998)
Balances with the UAE Central Bank maturing after three months		(244,546)	(23,285)
Other assets		99,926	(65,077)
Due from banks maturing after three months		(16,251)	(9,293)
Due to banks maturing after three months		1,117,760	(189,248)
Customer deposits and Islamic customer deposits		1,364,972	418,435
Other liabilities		(150,993)	133,710
Net cash generated from operating activities		1,325,899	134,893
Investing activities			
Purchase of property, equipment and capital work-in-progress		(13,550)	(7,282)
Purchase of investments		(1,019,942)	(198,864)
Proceeds from redemption / sale of investments		239,729	19,203
Proceeds from sale of assets acquired in settlement of debt		29,000	-
Proceeds from sale of property and equipment		13	-
Net cash used in investing activities		(764,750)	(186,943)
Financing activities			
Rights issue cost		(32)	-
Net purchase of treasury shares		260	(2,545)
Coupon paid on Tier 1 instrument		-	(22,200)
Net cash from/ (used in) financing activities		228	(24,745)
Net increase/(decrease) in cash and cash equivalents		561,377	(76,795)
Cash and cash equivalents at 1 January		12,573	1,182,622
Cash and cash equivalents at 31 March		573,950	1,105,827

Cash and cash equivalents comprise the following statement of financial position amounts with original maturities of three months or less:

Cash and balances with UAE Central Bank	1,536,282	1,245,174
Due from other banks	645,776	552,809
Due to banks	(1,608,108)	(692,156)
	573,950	1,105,827

United Arab Bank P.J.S.C.

INTERIM STATEMENT OF CHANGES IN EQUITY

For the three months period ended 31 March 2025

	<i>Share capital AED'000</i>	<i>Tier 1 instrument AED'000</i>	<i>Special reserve AED'000</i>	<i>Statutory reserve AED'000</i>	<i>General reserve AED'000</i>	<i>Treasury shares AED'000</i>	<i>Cumulative changes in fair value AED'000</i>	<i>Accumulated losses AED'000</i>	<i>Total AED'000</i>
At 1 January 2025	2,062,550	550,875	78,118	107,042	9,311	(3,008)	(98,231)	(155,172)	2,551,485
Net profit for the period	-	-	-	-	-	-	-	101,564	101,564
Other comprehensive income for the period	-	-	-	-	-	-	17,245	-	17,245
Total comprehensive income for the period	-	-	-	-	-	-	17,245	101,564	118,809
Coupon on Tier 1 instrument	-	-	-	-	-	-	-	(11,101)	(11,101)
Rights issue costs (Note 14)	-	-	-	-	-	-	-	(32)	(32)
Treasury shares acquired	-	-	-	-	-	168	-	92	260
At 31 March 2025 (unaudited)	2,062,550	550,875	78,118	107,042	9,311	(2,840)	(80,986)	(64,649)	2,659,421
At 1 January 2024	2,062,550	550,875	48,022	76,946	9,311	(3,885)	(119,170)	(334,904)	2,289,745
Net profit for the period	-	-	-	-	-	-	-	68,246	68,246
Other comprehensive income for the period	-	-	-	-	-	-	18,553	-	18,553
Total comprehensive income for the period	-	-	-	-	-	-	18,553	68,246	86,799
Coupon on Tier 1 instrument	-	-	-	-	-	-	-	(11,101)	(11,101)
Treasury shares acquired	-	-	-	-	-	(2,545)	-	(4)	(2,549)
At 31 March 2024 (unaudited)	2,062,550	550,875	48,022	76,946	9,311	(6,430)	(100,617)	(277,763)	2,362,894

The notes on pages 7 to 24 form an integral part of the condensed interim financial information. The independent auditors' report on review of the Bank's condensed interim financial information is set out on page 1.

1 LEGAL STATUS AND ACTIVITIES

United Arab Bank P.J.S.C. (the “Bank”) was incorporated in 1975 as a Private Joint Stock Company in the Emirate of Sharjah. The legal form of the Bank was converted to a public company with limited liability in 1982 by a decree of His Highness the Ruler of Sharjah and has been registered as a Public Joint Stock Company under the UAE Commercial Companies Law No. (8) of 1984 (as amended). The Bank’s registered office is located in the Emirate of Sharjah, United Arab Emirates. The address of the registered office is PO Box 25022, Sharjah, United Arab Emirates.

The Bank carries out the business of commercial banking through its offices and branches in the United Arab Emirates. The Bank also carries out Islamic banking operations through Islamic banking windows at selected branches.

The condensed interim financial statements of the Bank have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), interpretations issued by International Financial Reporting Interpretations Committee (IFRIC) and applicable requirements of laws of the United Arab Emirates.

2. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

2.1 Changes in accounting policies

The accounting policies adopted in the preparation of the condensed interim financial information are consistent with those followed in the preparation of the Bank’s annual financial information for the year ended 31 December 2024. The Bank has not early adopted any new standards, interpretations or amendments that have been issued but are not yet effective in these condensed interim financial statements. Other amendments and interpretations apply for the first time in 2025, but do not have an impact on the Bank’s condensed interim financial statements.

Standards, amendments and interpretations that are effective for the Bank’s accounting period beginning on 1 January 2025

The following amendments to existing standards have been applied by the Bank in preparation of these condensed interim financial statements. The adoption of these new standards does not have significant impact on the condensed interim financial statements.

Description	Effective from
Lack of Exchangeability (amendments to IAS 21)	1 January 2025
Standard Issued but not yet Effective	

The new and amended standards and interpretations that are issued but not yet effective, up to the date of issuance of the Bank’s interim condensed consolidated financial statements are described below.

Description	Effective from
Classification and measurement of Financial Instruments	
(Amendments to IFRS 9 and IFRS 7)	1 January 2026
Presentation and disclosures in financial statements (IFRS 18)	1 January 2027

The Bank is currently evaluating these amendments. The Bank will adopt it when the amendment becomes effective.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2025

2. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS (continued)

2.2 Key accounting estimates and judgments

The preparation of the condensed interim financial statements requires management to make estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty, and actual results may therefore differ resulting in future changes in these estimates. In preparing this condensed interim financial information, significant judgments made by management in applying the Bank's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the audited financial statements as at and for the year ended 31 December 2024.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

3.1 Basis of preparation

The condensed interim financial information of the Bank has been prepared in accordance with the IFRS Accounting Standards, International Accounting Standard (IAS) 34: Interim Financial Reporting as issued by International Accounting Standard Board (IASB).

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements prepared in accordance with IFRS Accounting Standards and should be read in conjunction with the Bank's audited financial statements as at and for the year ended 31 December 2024. In addition, results for the three months period ended 31 March 2025 are not necessarily indicative of the results that may be expected for the full financial year ending 31 December 2025.

In preparing this condensed interim financial information, significant judgments made by the management in applying the Bank's accounting policies and the key sources of estimation were the same as those that were applied to the financial statements as at and for the year ended 31 December 2024 as explained in Note 2.2.

3.2 Material accounting policies

The accounting policies applied by the Bank in the preparation of the condensed interim financial statements are consistent with those applied by the Bank in the annual audited financial statements for the year ended 31 December 2024, except for changes in accounting policies explained in Note 2.1.

4 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the number of ordinary shares outstanding during the period. The calculations are as follows:

	<i>Unaudited three months period ended 31 March</i>	
	<i>2025</i>	<i>2024</i>
	<i>AED'000</i>	<i>AED'000</i>
Net profit for the period	101,564	68,246
Number of ordinary shares:		
Number of shares of AED 1 each outstanding for the period	2,060,557,249	2,057,619,460
Basic earnings per share	AED 0.05	AED 0.03

The diluted earnings per share are the same as basic earnings per share as the Bank has not issued any instruments which would have a dilutive impact on earnings per share if or when exercised.

United Arab Bank P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2025

5 CASH AND BALANCES WITH THE UAE CENTRAL BANK

	<i>Unaudited</i> 31 March 2025 AED'000	<i>Audited</i> 31 December 2024 AED'000
Cash on hand	44,060	48,684
Balances and statutory reserve requirements with UAE Central Bank*	2,028,787	226,540
Overnight Deposit Facility and Certificate of Deposits	400,000	1,950,000
	2,472,847	2,225,224

* The statutory reserve requirements which are kept with the UAE Central Bank are not available to finance the day to day operations of the Bank. The level of statutory reserve required changes periodically in accordance with the requirements of the Central Banks' directives.

The UAE Central Bank balances are high grade in nature. Cash and balances with UAE Central Bank is classified under stage 1 as per IFRS 9. However, these are low credit risk and therefore expected credit losses is considered to be immaterial and no provision has been recognised.

6 DUE FROM BANKS

	<i>Unaudited</i> 31 March 2025 AED'000	<i>Audited</i> 31 December 2024 AED'000
Demand deposits	662,246	285,368
Term deposits	-	300,000
Less: expected credit loss	(387)	(222)
	661,859	585,146

Due from banks includes AED 644,368 thousand (31 December 2024: AED 273,551 thousand) placed with foreign banks outside the UAE. AED 16,471 thousand (31 December 2024: AED 220 thousand) is held with other banks as margin for derivative transactions. Due from Banks is classified under stage 1 as per IFRS 9.

7 LOANS AND ADVANCES AND ISLAMIC FINANCING RECEIVABLES

	<i>Unaudited</i> 31 March 2025 AED'000	<i>Audited</i> 31 December 2024 AED'000
The composition of the loans and advances portfolio is as follows:		
(a) By type:		
Overdrafts	1,102,334	1,186,866
Term loans (medium and short term) *	10,993,850	10,029,966
Loans against trust receipts	618,155	597,788
Bills discounted	121,916	126,188
Other cash advances	19,920	20,133
Bills drawn under letters of credit	133,189	113,187
Gross amount of loans and advances and Islamic financing receivables	12,989,364	12,074,128
Less: provision for impairment on loans and advances and Islamic financing receivables	(517,436)	(547,771)
Net loans and advances and Islamic financing receivables	12,471,928	11,526,357

* Includes retail loans of AED 2,407,762 thousand (31 December 2024: AED 2,069,674 thousand)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2025

7 LOANS AND ADVANCES AND ISLAMIC FINANCING RECEIVABLES (continued)

(b) By economic sector:

	<i>Unaudited</i> <i>31 March</i> <i>2025</i>	<i>Audited</i> <i>31 December</i> <i>2024</i>
Real estate	1,919,292	1,958,608
Personal – retail mortgage	1,880,200	1,603,185
Government and public sector	693,588	743,584
Trade	856,553	987,882
Personal loans (retail and business)	902,227	849,273
Manufacturing	919,228	719,214
Construction	160,405	150,265
Services	1,858,940	1,797,360
Financial institutions	3,328,385	2,766,930
Transport and communication	423,978	427,433
Others	46,568	70,394
Gross loans and advances and Islamic financing receivables	<u>12,989,364</u>	<u>12,074,128</u>

Islamic financing gross receivables amount to AED 1,568,917 thousand (31 December 2024: AED 1,261,475 thousand) recognized through the Bank's Shari'a - compliant Islamic window.

Movement in the gross balances of loans and advances and Islamic financing receivables

	<i>Stage 1</i> <i>AED'000</i>	<i>Stage 2</i> <i>AED'000</i>	<i>Stage 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Gross carrying amount as at 31 December 2024	11,392,369	216,525	465,234	12,074,128
<i>Changes due to financial assets recognized in the opening balance that have</i>				
Transferred from Stage 1	(28,354)	26,643	1,711	-
Transferred from Stage 2	10,514	(15,114)	4,600	-
Transferred from Stage 3	-	1,566	(1,566)	-
Net of new assets originated or repaid	969,478	(24,099)	(15,134)	930,245
Write-offs	-	-	(15,009)	(15,009)
As at 31 March 2025	<u>12,344,007</u>	<u>205,521</u>	<u>439,836</u>	<u>12,989,364</u>
	<i>Stage 1</i> <i>AED'000</i>	<i>Stage 2</i> <i>AED'000</i>	<i>Stage 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Gross carrying amount as at 31 December 2023	9,044,063	471,210	496,662	10,011,935
<i>Changes due to financial assets recognized in the opening balance that have</i>				
Transferred from Stage 1	(15,317)	11,215	4,102	-
Transferred from Stage 2	63,020	(175,336)	112,316	-
Transferred from Stage 3	1	2,663	(2,664)	-
Net of new assets originated or repaid	2,300,602	(93,227)	(79,263)	2,128,112
Write-offs	-	-	(65,919)	(65,919)
As at 31 December 2024	<u>11,392,369</u>	<u>216,525</u>	<u>465,234</u>	<u>12,074,128</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2025

7 LOANS AND ADVANCES AND ISLAMIC FINANCING RECEIVABLES (continued)

Movement in provision for impairment of loans and advances:

	<i>Stage 1</i> <i>AED'000</i>	<i>Stage 2</i> <i>AED'000</i>	<i>Stage 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Balance as at 31 December 2024	102,087	117,510	328,174	547,771
<i>Changes due to provisions recognized in the opening balance that have:</i>				
Transferred from 12 month ECL	(11,695)	10,445	1,250	-
Transferred from lifetime ECL not credit impaired	522	(1,506)	984	-
Transferred from lifetime ECL credit-impaired	-	1,553	(1,553)	-
Transferred to ECL on commitments and contingent liabilities	-	-	-	-
Net impairment (release)/charge to income statement (Note 15)	20,116	(27,025)	(8,417)	(15,326)
Release to income statement	-	-	-	-
Write-offs	-	-	(15,009)	(15,009)
As at 31 March 2025	111,030	100,977	305,429	517,436
	<i>Stage 1</i> <i>AED'000</i>	<i>Stage 2</i> <i>AED'000</i>	<i>Stage 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Balance as at 31 December 2023	130,431	169,779	354,432	654,642
<i>Changes due to provisions recognized in the opening balance that have:</i>				
Transferred from 12 month ECL	(21,824)	7,336	14,488	-
Transferred from lifetime ECL not credit-impaired	8,991	(49,938)	40,947	-
Transferred from lifetime ECL credit-impaired	-	637	(637)	-
Transferred to ECL on commitments and contingent liabilities	(10,395)	-	4,780	(5,615)
Net impairment (release)/charge to income statement	(5,116)	(10,304)	3,487	(11,933)
Release to income statement	-	-	(23,404)	(23,404)
Write-offs	-	-	(65,919)	(65,919)
As at 31 December 2024	102,087	117,510	328,174	547,771

United Arab Bank P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2025

8 INVESTMENTS AND ISLAMIC INSTRUMENTS

	<i>Unaudited</i> 31 March 2025			<i>Audited</i> 31 December 2024		
	<i>Quoted</i> <i>AED'000</i>	<i>Unquoted</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>	<i>Quoted</i> <i>AED'000</i>	<i>Unquoted</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Debt:						
FVOCI						
Local	1,882,878	-	1,882,878	2,057,585	-	2,057,585
Overseas	2,299,139	-	2,299,139	2,244,046	-	2,244,046
Amortised cost						
Local	938,641	-	938,641	569,585	-	569,585
Overseas	1,702,964	-	1,702,964	1,135,082	-	1,135,082
Total debt securities	6,823,622	-	6,823,622	6,006,298	-	6,006,298
Equity:						
FVOCI						
Local	-	849	849	-	849	849
Overseas	-	76	76	-	76	76
Total equities	-	925	925	-	925	925
Total investments	6,823,622	925	6,824,547	6,006,298	925	6,007,223
Expected credit loss and reserve			(16,190)			(2,242)
Net investments			6,808,357			6,004,981

The Bank holds a stage 1 ECL allowance on its investment securities classified under FVOCI amounting to AED 15,312 thousand as at 31 March 2025 (31 December 2024: AED 29,260 thousand).

Included in the above are investment securities amounting to AED 1,960,191 thousand (31 December 2024: 1,460,843 thousand) secured under repurchase agreement with the lenders. The Banks holds an ECL allowance of AED 3,717 thousand (31 December 2024: AED 2,447 thousand) on these investment securities secured under repurchase agreements.

Investments and Islamic instruments are classified under stage 1 as per IFRS 9.

United Arab Bank P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2025

9 OTHER ASSETS

	<i>Unaudited</i> <i>31 March</i> <i>2025</i> <i>AED'000</i>	<i>Audited</i> <i>31 December</i> <i>2024</i> <i>AED'000</i>
Interest receivable	184,137	157,968
Positive fair value of derivatives (Note 21)	34,777	51,268
Prepayments and other assets	140,812	225,125
Right-of-use assets	5,182	8,494
Assets repossessed in settlement of debts, net (refer below)	36,040	49,720
	400,948	492,575

During the period, the Bank recognised a gain of AED 15,320 thousand (2024: AED Nil) on its properties which had a net carrying value of AED 13,680 thousand (2024: AED 13,680 thousand) at the time of sale.

10 DUE TO BANKS

	<i>Unaudited</i> <i>31 March</i> <i>2025</i> <i>AED'000</i>	<i>Audited</i> <i>31 December</i> <i>2024</i> <i>AED'000</i>
Demand deposits	28,574	42,129
Term deposits	4,187,868	3,554,225
	4,216,442	3,596,354

Term deposits include borrowings through repurchase agreements of AED 1,755,844 thousand (31 December 2024: AED 1,234,446 thousand). Demand deposits include AED 20,235 thousand (31 December 2024: AED 35,623 thousand) held as margin for derivative transactions.

11 CUSTOMER DEPOSITS AND ISLAMIC CUSTOMER DEPOSITS

	<i>Unaudited</i> <i>31 March</i> <i>2025</i> <i>AED'000</i>	<i>Audited</i> <i>31 December</i> <i>2024</i> <i>AED'000</i>
Term deposits	9,602,376	9,014,789
Current accounts	5,166,235	4,384,780
Call and savings accounts	173,396	177,466
	14,942,007	13,577,035

Customer' deposits include Islamic customer deposits amounting to AED 2,014,027 thousand (31 December 2024: AED 2,091,426 thousand) undertaken through the Bank's Shari'a - compliant Islamic window.

12 MEDIUM TERM BORROWINGS

The Bank has arranged a term loan facility amounting to AED 734,600 thousand during 2023. The facility carries a floating interest rate, being margin over EIBOR and is repayable in full in December 2025.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2025

13 OTHER LIABILITIES

	<i>Unaudited</i> 31 March 2025 AED'000	<i>Audited</i> 31 December 2024 AED'000
Interest payable	175,466	166,380
Negative fair value of derivatives (Note 21)	7,965	12,149
ECL on off-balance sheet exposures (Note 17)	97,658	100,150
Staff related provisions	22,712	21,697
Accrued expenses	19,820	50,729
Un-presented cheques	42,980	54,313
Lease liability	4,068	7,180
Corporate tax liability	39,910	29,811
Deferred tax liability	3,776	2,071
Others	62,340	134,536
	476,695	579,016

14 SHARE CAPITAL AND RESERVES

a) Share capital

The authorised paid up share capital of the Bank is 2,750,067,532 (2024: 2,750,067,532) shares of AED 1 each. The issued and fully paid up share capital of the Bank comprises 2,062,550,649 (2024: 2,062,550,649) shares of AED 1 each.

In the Annual General Meeting held on 6 March 2025, the shareholders approved the increase of the paid up share capital from 2,062,550,649 up to 3,093,825,974 by issuing 1,031,275,325 shares through rights issuance at nominal value of AED 1 per share. The transaction costs incurred towards the rights issuance are accounted for as a deduction from equity.

b) Tier 1 instrument

On 30 March 2023, the Bank has issued a perpetual, non-callable 5.5 years Tier 1 Instrument ("instrument") of USD 150,000 thousand (AED 550,875 thousand) which qualifies to be included as regulatory Tier 1 capital. The instrument constitutes direct, unsecured, non-convertible and sub-ordinated obligations of the Bank. Under the terms and conditions of the issue, the Bank may elect not to pay a coupon and has the option to call back the Instrument at the contractual reset date subject to Central Bank of UAE approval.

c) Cumulative changes in fair value

Cumulative changes in fair value reserve includes the net change in fair value of FVOCI assets, deferred tax liability and the net change in allowance for expected credit loss. This reserve has a balance of negative AED 80,986 thousand as of 31 March 2025 (2024: negative AED 98,231 thousand).

United Arab Bank P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2025

15 NET IMPAIRMENT LOSSES

Provision for credit losses recognized in the condensed interim statement of income is as follows:

	<i>Three months period ended 31 March (Unaudited)</i>	
	<i>2025</i>	<i>2024</i>
	<i>AED'000</i>	<i>AED'000</i>
Net impairment of financial assets on:		
Loans and advances and Islamic financing receivables (Note 7)	15,326	(17,098)
Contingent liabilities (Note 17)	2,492	(2,869)
Due from banks	(165)	21
Recovery on bad debts written-off	16,257	11,667
Impairment on non-financial assets	-	(2,500)
Net impairment reversal/(loss)	33,910	(10,779)

16 TAX EXPENSE

The Bank calculates the period income tax expense using the tax rate that would be applicable to the expected total earnings. The major components of income tax expense in the condensed interim financial statement of profit or loss are:

	<i>Three months period ended 31 March (Unaudited)</i>	
	<i>2025</i>	<i>2024</i>
	<i>AED'000</i>	<i>AED'000</i>
Tax expense for the period:		
Statement of profit or loss:		
Current tax charge	10,099	6,763
Statement of other comprehensive income:		
Deferred tax on items that may be reclassified to income statement	1,705	-

Reconciliation of Bank's tax on profit based on accounting and profit as per tax law is as follows:

	<i>Three months period ended 31 March (Unaudited)</i>	
	<i>2025</i>	<i>2024</i>
	<i>AED'000</i>	<i>AED'000</i>
Net profit before tax	111,663	75,009
Effect of corporate income tax @ 9%	10,050	6,751
Tax effects of:		
Expense not deductible for tax purposes	83	12
Effect of standard exemption	(34)	-
Income tax expense	10,099	6,763

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2025

17 COMMITMENTS AND CONTINGENT LIABILITIES

Contingent liabilities represent credit related commitments under letters of credit and guarantees that are designed to meet the requirements of the Bank's customers towards third parties. Commitments represent credit facilities that are undrawn as on the date of the condensed interim statement of financial position. The Bank has the following gross credit related commitments:

	<i>Unaudited</i> <i>31 March</i> <i>2025</i> <i>AED'000</i>	<i>Audited</i> <i>31 December</i> <i>2024</i> <i>AED'000</i>
<i>Contingent liabilities</i>		
Letters of credit	573,027	378,897
Guarantees	2,356,634	2,259,152
	2,929,661	2,638,049
<i>Commitments</i>		
Undrawn loan commitments	1,994,897	1,930,278

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2025

17 COMMITMENTS AND CONTINGENT LIABILITIES (continued)

Movement in the gross balance of contingent liabilities

	<i>Stage 1</i> <i>AED'000</i>	<i>Stage 2</i> <i>AED'000</i>	<i>Stage 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Gross carrying amount				
As at 31 December 2024	2,425,790	107,092	105,167	2,638,049
<i>Changes due to financial assets recognized in the opening balance that have:</i>				
Transferred from Stage 1	(50)	50	-	-
Transferred from Stage 2	18,942	(19,166)	224	-
Transferred from Stage 3	-	-	-	-
Net of originated / (expired) during the period	288,925	2,917	(230)	291,612
As at 31 March 2025	2,733,607	90,893	105,161	2,929,661

	<i>Stage 1</i> <i>AED'000</i>	<i>Stage 2</i> <i>AED'000</i>	<i>Stage 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Gross carrying amount				
As at 31 December 2023	1,858,206	199,480	134,645	2,192,331
<i>Changes due to financial assets recognized in the opening balance that have:</i>				
Transferred from Stage 1	(30,985)	30,852	133	-
Transferred from Stage 2	44,681	(56,721)	12,040	-
Transferred from Stage 3	-	-	-	-
Net of originated / (expired) during the period	553,888	(66,519)	(41,651)	445,718
As at 31 December 2024	2,425,790	107,092	105,167	2,638,049

Movement in the provision for impairment of commitments and contingent liabilities

	<i>Stage 1</i> <i>AED'000</i>	<i>Stage 2</i> <i>AED'000</i>	<i>Stage 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Balance as at 31 December 2024	3,100	16,564	80,486	100,150
<i>Changes due to provisions recognized in the opening balance that have:</i>				
Transferred from 12 month ECL	-	-	-	-
Transferred from lifetime ECL not credit impaired	650	(795)	145	-
Transferred from lifetime ECL credit impaired	-	-	-	-
Transferred from ECL on loans and advances	-	-	-	-
Net impairment (release)/charge to income statement (Note 15)	214	(6,068)	3,362	(2,492)
As at 31 March 2025	3,964	9,701	83,993	97,658

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2025

17 COMMITMENTS AND CONTINGENT LIABILITIES (continued)

Movement in the provision for impairment of commitments and contingent liabilities (continued)

	Stage 1 AED '000	Stage 2 AED '000	Stage 3 AED '000	Total AED '000
Balance as at 31 December 2023	4,394	16,667	68,605	89,666
<i>Changes due to provisions recognized in the opening balance that have:</i>				
Transferred from 12 month ECL	(823)	823	-	-
Transferred from lifetime ECL not credit impaired	60	(4,908)	4,848	-
Transferred from lifetime ECL credit impaired	-	-	-	-
Transferred from ECL on loans and advances	-	1,745	3,870	5,615
Net impairment (release)/charge to income statement	(530)	2,237	3,162	4,869
As at 31 December 2024	3,101	16,564	80,485	100,150

In the normal course of business, certain litigations were filed by or against the Bank. However, based on management's assessment, none of the litigations have a material impact on Bank's financial results.

The bank seeks to comply with all applicable laws and regulations by which it is governed and is not aware of any material fines or penalties that warrant disclosure in the financial statements.

18 SEGMENTAL INFORMATION

For the purposes of reporting to the chief operating decision makers, the Bank is organized into three segments:

Wholesale banking	-	principally handling loans and other credit facilities and deposit and current accounts for corporate and institutional customers.
Retail banking	-	principally handling individual customers' deposits, and providing consumer type loans, overdrafts, credit card facilities and funds transfer facilities as well as Islamic banking services
Treasury and capital markets	-	principally managing the Bank's portfolio of investments and interbank treasury operations including transactions for foreign exchange, derivatives, margin FX and hedging strategies

United Arab Bank P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2025

18 SEGMENTAL INFORMATION (continued)

Segmental information for the three months period ended 31 March 2025 is as follows:

	<i>Wholesale banking AED'000</i>	<i>Retail banking AED'000</i>	<i>Treasury and capital markets AED'000</i>	<i>Total AED'000</i>
Net interest income and income from Islamic products net of distribution to depositors	67,273	9,661	40,304	117,238
Other operating income	34,341	8,511	5,294	48,146
Operating expenses	(47,554)	(17,142)	(22,935)	(87,631)
Net impairment losses	29,619	4,456	(165)	33,910
Net profit for the period before tax	83,679	5,486	22,498	111,663
Capital expenditure - Property and equipment	7,026	1,548	4,976	13,550
As at 31 March 2025				
Segment assets	12,147,828	2,677,195	8,603,873	23,428,896
Segment liabilities	13,538,237	3,397,299	3,833,939	20,769,475

Segmental information for the three months period ended 31 March 2024 was as follows:

	<i>Wholesale banking AED'000</i>	<i>Retail banking AED'000</i>	<i>Treasury and capital markets AED'000</i>	<i>Total AED'000</i>
Net interest income and income from Islamic products net of distribution to depositors	83,791	11,590	36,651	132,032
Other operating income	23,718	1,900	5,808	31,426
Operating expenses	(43,690)	(14,300)	(19,680)	(77,670)
Net impairment losses	(10,513)	563	(829)	(10,779)
Net profit for the period before tax	53,306	(247)	21,950	75,009
Capital expenditure - Property and equipment	3,717	461	3,104	7,282
As at 31 December 2024				
Segment assets	11,529,908	2,302,775	7,628,797	21,461,480
Segment liabilities	12,697,027	2,964,978	3,247,990	18,909,995

The Bank operates in only one geographic area, the Middle East. Accordingly, no further geographical analysis of operating income, net profit and net assets is given.

United Arab Bank P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2025

19 RELATED PARTY TRANSACTIONS

The Bank carries out transactions in the ordinary course of business with related parties, defined as shareholders who have a significant equity interest in the Bank, Directors of the Bank, key management personnel of the Bank and companies over which such shareholders and Directors exercise control or significant influence either directly or indirectly.

The significant balances outstanding are as follows:

	<i>Unaudited</i> <i>31 March</i> <i>2025</i> <i>AED'000</i>	<i>Audited</i> <i>31 December</i> <i>2024</i> <i>AED'000</i>
<u><i>Shareholders:</i></u>		
Due from banks	529	132
Due to banks	8,120	6,159
Commitments and contingencies	6,000	6,000
Tier 1 Instrument	550,875	550,875
Accrued coupon on Tier 1 instrument	22,202	11,101
	<i>Unaudited</i> <i>31 March</i> <i>2025</i> <i>AED'000</i>	<i>Audited</i> <i>31 December</i> <i>2024</i> <i>AED'000</i>
<u><i>Directors:</i></u>		
Loans and advances	1,344	7,494
Customer deposits	82,162	12,369
Commitments and contingencies	45	45
<u><i>Other related entities of shareholders and Directors:</i></u>		
Loans and advances	25,590	64,307
Due from banks	-	8
Due to banks	43	46
Customer deposits	251,965	262,856
Commitments and contingencies	13,163	30,578
	<i>Unaudited</i> <i>31 March</i> <i>2025</i> <i>AED'000</i>	<i>Audited</i> <i>31 December</i> <i>2024</i> <i>AED'000</i>
<u><i>Key management personnel of the Bank:</i></u>		
Loans and advances	13,125	11,909
Customers' deposits	9,354	7,272
<u><i>Shareholders, Directors, their related entities and key management personnel:</i></u>		
Accrued interest income	20	592
Accrued interest expense	2,400	2,433

United Arab Bank P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2025

19 RELATED PARTY TRANSACTIONS (continued)

The significant balances outstanding are as follows: (continued)

The income, expenses, purchase and sale of investments in respect of related parties during the period included in the interim statement of income are as follows:

	<i>Unaudited three months period ended 31 March</i>	
	<i>2025</i>	<i>2024</i>
	<i>AED'000</i>	<i>AED'000</i>
<i>Shareholders, Directors and their related entities</i>		
Interest income	552	1,733
Interest expense	983	1,085
Professional fees	10	-
Coupon paid on Tier 1 instrument	-	22,200
	<i>Unaudited three months period ended 31 March</i>	
	<i>2025</i>	<i>2024</i>
	<i>AED'000</i>	<i>AED'000</i>
<i>Key management personnel</i>		
Number of key management personnel	13	12
Salaries and other short term benefits	7,202	6,305
Employees' end of service benefits	206	194
Total compensation to key management personnel	7,408	6,499
Interest income	132	79
Interest expense	52	46
	<i>Unaudited three months period ended 31 March</i>	
	<i>2025</i>	<i>2024</i>
	<i>AED'000</i>	<i>AED'000</i>
<i>Shareholders, Directors and their related entities, Key management personnel</i>		
Expected credit loss – (release)/charge to income statement	(316)	157

Terms and conditions of transactions with related parties

The above mentioned outstanding balances and transactions arose from the ordinary course of business and have been conducted on an arm's length. The interest charged to, and by, related parties is at normal commercial rates.

The Bank has leased office space in various premises owned by a related party. The property leases and associated expenses for the three month's period ended 31 March 2025 amounted to AED 386 thousand (31 March 2024: AED 386 thousand). The property rentals are negotiated each year at market rates.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2025

20 FAIR VALUES OF FINANCIAL INSTRUMENTS

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 - quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2 - other techniques for which all inputs have a significant effect on the recorded fair value that are observable, either directly or indirectly; and

Level 3 - techniques that use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Financial instruments recorded at fair value

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>	<i>Total AED'000</i>
31 March 2025				
Investments	4,182,017	-	925	4,182,942
Derivative assets	-	34,777	-	34,777
	4,182,017	34,777	925	4,217,719
Derivative liabilities	-	7,965	-	7,965
31 December 2024				
Investments	4,301,631	-	925	4,302,556
Derivative assets	-	51,268	-	51,268
	4,301,631	51,268	925	4,353,824
Derivative liabilities	-	12,149	-	12,149

There was no other movement between the levels of financial instruments during the year (2024: Nil).

The basis for determining the fair value of the financial instruments in the table above is explained in the financial statements for the year ended 31 December 2024.

Financial instruments not recorded at fair value

The fair values of financial instruments not recorded at fair value includes cash and balances with the UAE Central Bank, due from banks, loans and advances and Islamic financing receivables , investments held at amortised cost, customer acceptances, other assets (excluding derivative assets), property, equipment and capital work in progress due to banks, customer deposits and Islamic customer deposits, medium term borrowings and other liabilities (excluding derivative liabilities) that are categorised as level two based on market observable inputs. The fair values of financial instruments not recorded at fair value are not materially different to their carrying values.

Financial instruments carried at amortised cost

The fair value of the quoted debt instruments at amortised cost as at 31 March 2025 amounted to AED 2,657,174 thousand (31 December 2024: AED 1,705,409 thousand). The fair value determination of the quoted debt instruments will fall under level 1 category wherein fair value is determined based on inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

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For the three months period ended 31 March 2025

21 DERIVATIVES

Derivatives held for risk management

The tables below show the fair values of derivative financial instruments for risk management and hedging purposes, recorded as Other Assets and Other Liabilities, together with their notional amounts. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the period end and are neither indicative of the market risk nor credit risk.

31 March 2025

	<i>Positive fair value</i> <i>AED'000</i>	<i>Negative fair value</i> <i>AED'000</i>	<i>Notional amount</i> <i>AED'000</i>	<i>Notional amounts by term to maturity</i>			
				<i>Within 3 months</i>	<i>3-12 months</i>	<i>1-5 years</i>	<i>Over 5 years</i>
				<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Forward contracts	4,072	(6,584)	3,179,831	2,329,899	499,999	349,933	-
Interest rate swaps	1,380	(1,381)	625,000	-	-	625,000	-
	5,452	(7,965)	3,804,831	2,329,899	499,999	974,933	-

31 December 2024

	<i>Positive fair value</i> <i>AED'000</i>	<i>Negative fair value</i> <i>AED'000</i>	<i>Notional amount</i> <i>AED'000</i>	<i>Notional amounts by term to maturity</i>			
				<i>Within 3 months</i>	<i>3-12 months</i>	<i>1-5 years</i>	<i>Over 5 years</i>
				<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Forward contracts	8,442	(10,793)	2,645,007	2,614,924	30,083	-	-
Interest rate swaps	1,355	(1,356)	630,000	-	-	630,000	-
	9,797	(12,149)	3,275,007	2,614,924	30,083	630,000	-

As at 31 March 2025, the Bank held the following interest rate swaps as hedging instruments in fair value hedges of interest rate risk, along with amounts relating to hedged items:

	<i>Positive fair value</i> <i>AED'000</i>	<i>Negative fair value</i> <i>AED'000</i>	<i>Notional amount</i> <i>AED'000</i>	<i>Notional amounts by term to maturity</i>			
				<i>Within 3 months</i>	<i>3-12 months</i>	<i>1-5 years</i>	<i>Over 5 years</i>
				<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
31 March 2025							
Hedge of investments	29,325	-	961,616	36,725	36,725	888,166	-
31 December 2024							
Hedge of investments	41,471	-	1,150,476	187,121	73,450	889,905	-

The carrying amount of the hedged items are included in the line item 'Investments' on the statement of financial position with the notional amount totaling to AED 944,999 thousand (31 December 2024: AED 1,124,058 thousand). These hedged items comprise of debt instruments which are held as FVOCI.

The Bank has recognised the following gains relating to hedge ineffectiveness calculated as follows:

	31 March 2025		31 March 2024	
	<i>Change in value</i> <i>AED'000</i>	<i>Effectiveness recognised in profit and loss</i> <i>AED'000</i>	<i>Change in value</i> <i>AED'000</i>	<i>Effectiveness recognised in profit and loss</i> <i>AED'000</i>
On hedging instruments	(12,146)	(7,146)	8,972	1,405
On hedged items	5,000	-	(7,567)	-

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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22 CAPITAL ADEQUACY RATIO

	<i>Unaudited</i> <i>31 March</i> <i>2025</i>	<i>Audited</i> <i>31 December</i> <i>2024</i>
Common equity Tier 1 capital ratio	12.6%	12.7%
Tier 1 capital ratio	15.9%	16.2%
Capital adequacy ratio	17.1%	17.4%

23 COMPARATIVE FIGURES

Certain comparative figures have been reclassified where appropriate to conform to the presentation and accounting policies adopted in these financial statements.

24 SUBSEQUENT EVENTS

There have been no events subsequent to the statement of financial position date that would significantly affect the amounts reported in this condensed interim financial information as at and for the three-month period ended 31 March 2025.