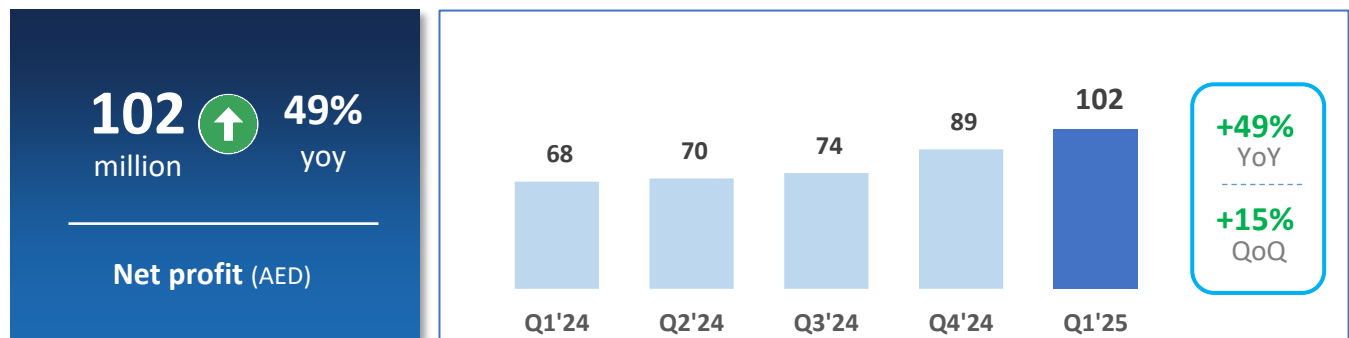


UAB's Net Profit rises 49% YoY to AED 102 Million

UAE, 28 April 2025: United Arab Bank (UAB) recorded a growth of 49% year-on-year in net profits to AED 102 million for the quarter ended 31 March 2025, driven by improved operating performance and strong recoveries leading to lower net impairment charges. This is the highest quarterly profit recorded in the last decade demonstrating the relentless and diligent execution of the Bank's strategy.

Key highlights (Q1 2025)



Total Income (AED) – Q1 2025

165 million, +1% yoy

NIM

2.47%

CoR

(110) bps

RoSE

20.0%

- Net profit reported at AED 102 million for Q1 2025, up by 49% year-on-year (yoy) as compared to AED 68 million for Q1 2024, and up 15% sequentially (vs Q4 2024). This resulted in an EPS of AED 0.05 per share for Q1 2025 compared to AED 0.03 per share in the prior year comparative period.
- Total income was higher by 1% yoy to AED 165 million, led by higher non-interest income, offsetting the decline in net interest income.
- The Bank continues to benefit from the persistent recovery efforts in a challenging macroeconomic environment, with net reversal in impairment charges of AED 34 million in Q1 2025 as compared to net impairment charges of AED 11 million in Q1 2024.
- Return on shareholders' equity (RoSE) improved to 20.0% for Q1 2025.

Total Assets (AED) – March 2025	Gross NPL ratio	Provision Coverage	ASRR	CAR
23 billion, +31% yoy	3.4%	118%	74%	17.1%

- Total assets increased by 31% yoy to AED 23.4 billion at end-March 2025, led by similar growth in loans, advances and Islamic financing and investments of 31% yoy and 29% yoy, respectively, while customer deposits increased by 40% yoy.
- Asset quality metrics improved further with Gross NPL ratio declining to 3.4% with adequate coverage maintained at 118%.
- Advances to stable resources ratio (ASRR) at 74% and eligible liquid asset ratio (ELAR) at 18%, both, remain comfortably above regulatory thresholds.
- Capital position remains robust with CET1 of 12.6% and total capital adequacy ratio (CAR) at 17.1%.
- During the quarter, Fitch upgraded the Bank's viability rating to 'bb-' from 'b+' and reaffirmed its long-term issuer ratings at 'BBB+' with a stable outlook. Ratings from Moody's (Baa3/Positive) and Capital Intelligence (BBB+/Stable) remain intact.

Shirish Bhide, Chief Executive Officer of United Arab Bank, commented:

"UAB has started 2025 on a very strong note and our first quarter results continue to reflect the sound growth strategy we have put in place. We have been able to achieve above average growth in assets and profits, while maintaining sound levels of capital and liquidity. We have also continued to focus on developing and providing innovative products and services that meet our growing customer aspirations in the Wholesale and Retail segments. With our recently approved plans to increase the Bank's capital (CET1) through a Rights Issue of up to AED 1.032 billion, we can now continue to confidently execute our medium-term strategy of generating sustainable growth and shareholder value. We thank our loyal customers, shareholders and the Regulator for their support in this journey."



Financial Summary

Income statement highlights (AED Million)	Q1'25	Q1'24	%chg vs Q1'24	Q4'24	%chg vs Q4'24
Net Interest Income	117	132	(11)	113	4
Non-Interest Income	48	31	53	41	18
Total Income	165	163	1	154	8
Operating Expenses	(88)	(78)	13	(94)	(7)
Operating Profit	78	86	(9)	59	31
Net Impairment reversal / (loss)	34	(11)	(415)	38	(11)
Net Profit before tax	112	75	49	98	14
Taxes	(10)	(7)	49	(9)	14
Net Profit after tax	102	68	49	89	15
Key Ratios (%)	Q1'25	Q1'24	chg vs Q1'24	Q4'24	chg vs Q4'24
Net Interest Margin (NIM)	2.47	3.35	(0.9)	2.47	-
Cost-Income ratio	53	48	5.5	61	(8.3)
Cost of Risk (CoR)	(1.10)	0.33	(1.4)	(1.42)	0.3
Return on Shareholders' Equity (RoSE)	20.0	15.5	4.6	17.5	2.5
Return on Assets (RoA)	1.8	1.5	0.3	1.7	0.1
Balance sheet highlights (AED Billion)	Mar-25	Mar-24	%chg vs Mar'24	Dec-24	%chg vs Dec'24
Total Assets	23.4	17.9	31	21.5	9
Loans, advances & Islamic financing	12.5	9.5	31	11.5	8
Investments	6.8	5.3	29	6.0	13
Customers' deposits	14.9	10.7	40	13.6	10
of which CASA deposits	5.3	3.7	45	4.6	17
Total Equity (incl AT1)	2.7	2.4	13	2.6	4
Key Ratios (%)	Mar-25	Mar-24	chg vs Mar'24	Dec-24	chg vs Dec'24
Gross Non-performing loans ratio (NPL)	3.4	4.8	(1.4)	3.9	(0.5)
Provision coverage	118	127	(9.1)	118	(0.1)
Provision coverage (incl collaterals)	175	194	(18.4)	172	3.6
Advances to Stable Resources ratio (ASRR)	74	76	(2.1)	76	(1.8)
Eligible Liquid Assets ratio (ELAR)	18	16	2.3	17	1.0
CASA%	36	34	1.3	34	2.1
Common Equity Tier 1 (CET1) ratio	12.6	13.1	(0.6)	12.7	(0.1)
Tier 1 ratio	15.9	17.2	(1.3)	16.2	(0.4)
Capital Adequacy ratio (CAR)	17.1	18.4	(1.3)	17.4	(0.4)

Notes:

- Comparative figures have been reclassified where appropriate to conform to the presentation
- Ratios for the quarter are annualised, where applicable
- Rounding differences may appear in the tables across the document

Financial overview

Balance sheet growth partially offsets the impact of decline in interest rates, while growth in non-interest income contributed to improved operating income

(AED Million)	Q1'25	Q1'24	chg vs Q1'24	Q4'24	chg vs Q4'24
Net Interest Income	117	132	(11)	113	4
Non-Interest Income	48	31	53	41	18
Net fees & commission income	25	23	10	26	(3)
Foreign exchange income	11	6	72	12	(7)
Other operating income	12	2	438	3	257
Total operating income	165	163	1	154	8

- **Operating income** in Q1 2025 increased to AED 165 million, up 1% yoy and 8% sequentially, led by higher non-interest income.
- **Net interest income** (NII) declined 11% yoy primarily due to the adverse impact of interest rate cuts (aggregating 1%) in the second half of 2024, although partially offset by the strong growth in the loans and investments portfolio. Consequently, net interest margin (NIM) also declined to 2.47% for the first quarter of 2025 as compared to 3.35% for Q1 2024 and 2.74% for FY 2024, driven by a smaller decline in funding costs vis-a-vis asset yields.
- Core non-interest income, that is, **fees and commissions** income as well as **FX (foreign exchange)** income were higher by 10% yoy and 72% yoy, respectively, as the Bank continues to enhance its products proposition and increase cross-sell efforts. Non-interest income also benefitted from gain on sale of properties during the quarter.
- Operating expenses were higher by 13% yoy in line with the business growth, ongoing investment across people, products and systems to strengthen the foundation for future growth as well as non-discretionary regulatory driven expenses.
- The Bank continues to benefit from the persistent recovery efforts in a challenging macroeconomic environment, with **net reversal in impairment charges** of AED 34 million in Q1 2025 as compared to net impairment charges of AED 11 million in Q1 2024. Annualised cost of risk (CoR) on loans and advances, hence, was -110bps. Managing risk prudently and maintaining focus on quality of assets, remains a key imperative, even as the Bank continues to grow the balance sheet.

Solid execution of a robust lending pipeline, along with ample liquidity drives balance sheet growth

- **Total assets** increased 31% yoy and 9% in the quarter to AED 23.4 billion, driven by increase in loans and investments book.
- **Investments** portfolio grew 29% yoy and 13% during the quarter to AED 6.8 billion, as liquid resources were deployed efficiently and prudently in quality assets to support yield enhancement.
- **Net loans, advances and Islamic financing** continued their strong growth, increasing by 31% yoy and 8% during the quarter to AED 12.5 billion. The growth during the quarter was primarily driven by retail mortgages, clients in financial institutions and manufacturing sectors. The Bank remains confident on executing its robust pipeline to deliver a sector-leading loan growth for the year, amidst global uncertainties around economic growth.
- **Customer deposits** at AED 14.9 billion, grew by 10% in the first quarter of 2025, registering a growth of 40% yoy. Innovative campaigns, new-to-bank customers and convenient digital banking channels drove a 45% yoy increase in CASA (current and savings accounts) to AED 5.3 billion, representing 36% of total deposits.
- **Liquidity and funding** remain solid and well within regulatory requirements, with eligible liquid asset ratio (ELAR) at 18% and advances to stable resources ratio (ASRR) at 74%. The Bank remains focused on rationalizing and optimizing its funding costs through a judicious mix of deposits from customers, short- and medium-term borrowings, in line with asset growth.
- **Gross NPL ratio** at 3.4% improved further from 3.9% at the end of FY 2024 and from over 4.8% a year ago. The ratio compares favourably and is amongst the lowest across the top banks in UAE. **Provision coverage** remains adequate at 118% (175% including collaterals) as at end of Q1 2025.
- **Total Equity** at AED 2.7 billion, including USD 150 million AT1, improved by 13% yoy, primarily led by growth in profits. **Capital position** remains adequate with CET1, Tier1 and CAR ratio at 12.6%, 15.9% and 17.1% as compared to 12.7%, 16.2% and 17.4% at the end of FY 2024, and remains above minimum regulatory requirements.
- **Annualised return on shareholders' equity** improved to 20.0% and **return on assets** was 1.8% for Q1 2025 as compared to 15.5% and 1.5%, respectively for Q1 2024.
- **UAB is rated investment-grade** by Moody's (Baa3/P-3/Positive), Fitch (BBB+/F2/Stable) and Capital Intelligence (BBB+/A2/Stable). The ratings were reaffirmed by these agencies during the quarter.

Abdul Haleem Sheikh

Chief Financial Officer

About United Arab Bank P.J.S.C.

United Arab Bank P.J.S.C. (UAB) was established in 1975 in the Emirate of Sharjah as a joint venture between key UAE and international Investors, and its shares are publicly traded on the Abu Dhabi Securities Exchange (ADX).

UAB offers a wide range of Wholesale Banking, Retail Banking, Treasury & Financial Markets, as well as Shari'ah compliant products, services and flexible solutions, to meet the ever-evolving needs of our clients and the markets. Today, UAB is recognized as one of the few home-grown banks in the UAE, striving to enhance the lives of people by humanizing banking through impeccable service and tailored financial support.

UAB is rated investment grade, both, by Moody's (Baa3/P-3/Positive) and Fitch (BBB+/F2/Stable).

Additional information may be found at www.uab.ae

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