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UNITED ARAB BANK

GROWTH & RESILIENCE

First Quarter 2025 Earnings presentation

28 April 2025

Q1'25 performance sets the foundation for a solid 2025 ahead



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Q1'25 earnings growth led by
increase in assets and strong recoveries


Net Profit **₹102mn** **+49%**
yoy

- Growth in non-interest income offsets decline in NII due to adverse impact of interest rate cuts last year
- Solid execution of a robust lending pipeline coupled with strong liquidity drives asset growth
- Asset resolution and recovery efforts lead to net reversal in impairment charges for the 4th quarter in a row

**Delivering
sustainable
returns**



Return on
Shareholders' Equity

20%

Return on Assets

1.8%



Strong asset growth

Total Assets **₹23bn** **+31%**
yoy

Loans, advances &
Islamic financing

₹12.5bn

+31% yoy

Customer Deposits
(incl Islamic deposits)

₹14.9bn

+40% yoy



**Further improvement in
asset quality**

Gross NPL
ratio **3.4%** **FY'24**
3.9%

Provision coverage

118%

(incl collaterals: 175%)

Cost of Risk

-110bps

(Q1'24: 33bps)



Solid capital position

Capital
Adequacy
Ratio **17.1%** **FY'24**
17.4%

CET1 ratio

12.6%

(FY'24: 12.7%)

Total Equity (incl AT1)

₹2.7bn

+13% yoy



**Robust liquidity &
funding metrics**

ELAR

18%

FY'24:
17%

ASRR

74%

FY'24:
76%

Loans/
Deposits

83%

FY'24:
85%

Growth in profits driven by core income and strong recoveries



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Q1'25 net profit growth driven by improved operating performance ...

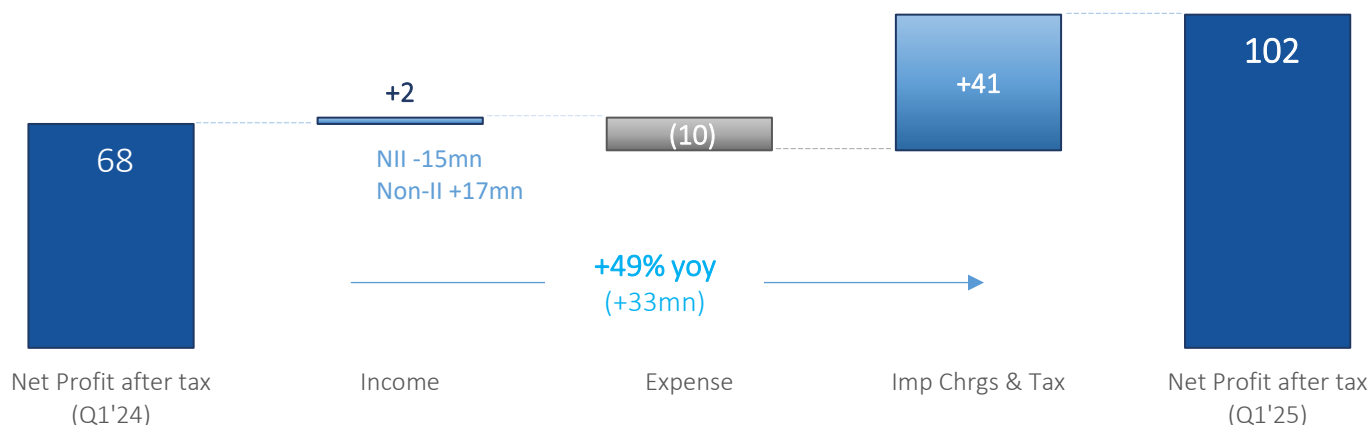
- Operating income in Q1'25, +1% yoy
- NII -11% yoy in Q1'25, due to adverse impact from interest rate cuts in H2'24, although partially offset by strong growth in loans and investments portfolio
- Income from fees and commissions and FX (foreign exchange) increased by 10% yoy and 72% yoy, respectively, on enhanced products proposition and cross-sell. Non-interest income also benefitted from gain on sale of properties during the quarter

... and strong recoveries leading to a net reversal in impairment charges

- Persistent recovery efforts led to a net reversal in impairment charges in Q1'25, translating into a cost of risk of -110bps
- Expenses increased by 13% yoy, in line with growth in business activity
- Taxes of AED 10 million were accrued in Q1'25

Q1'25 Net profit (before tax) bridge

AED Mn



Income statement highlights (AED Million)

	Q1'25	%chg vs Q1'24	%chg vs Q4'24
Net Interest Income	117	(11)	4
Non-Interest Income	48	53	18
Total Income	165	1	8
Operating Expenses	(88)	13	(7)
Operating Profit	78	(9)	31
Impairment reversal/(loss)	34	(415)	(11)
Net Profit before tax	112	49	14
Taxes	(10)	49	14
Net Profit after tax	102	49	15

Key Ratios ¹ (%)

	Q1'25	Q1'24	Q4'24
Net Interest Margin (NIM)	2.47	3.35	2.47
Cost-Income ratio	53	48	61
Cost of Risk (CoR)	(1.10)	0.33	(1.42)
Return on Shareholders' Equity (RoSE)	20.0	15.5	17.5
Return on Assets (RoA)	1.8	1.5	1.7

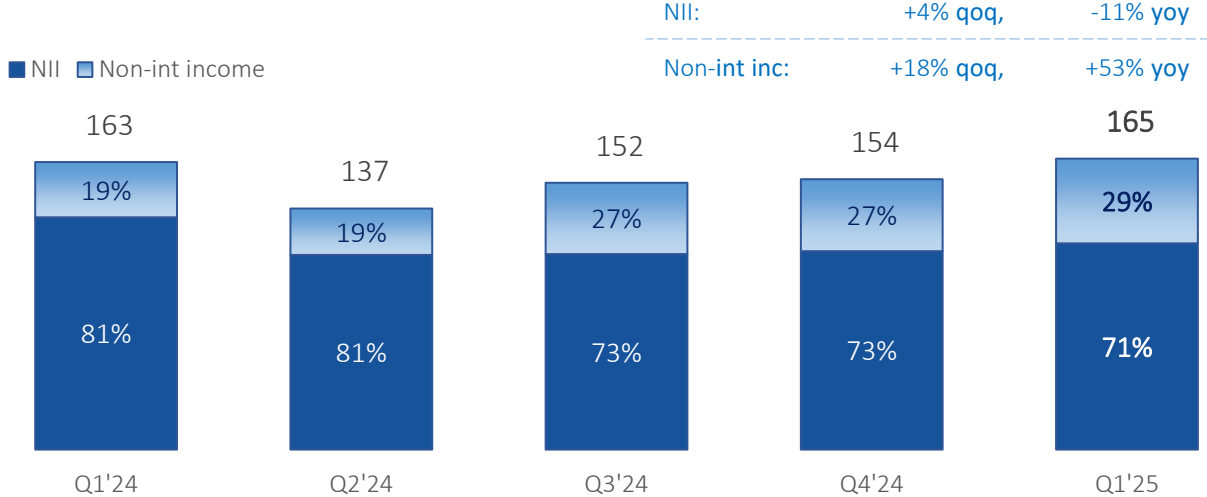
¹ Ratios are annualised, where relevant

Operating income growth led by higher non-interest income; NII impacted by interest rate cuts in H2'24, although partially offset by asset growth

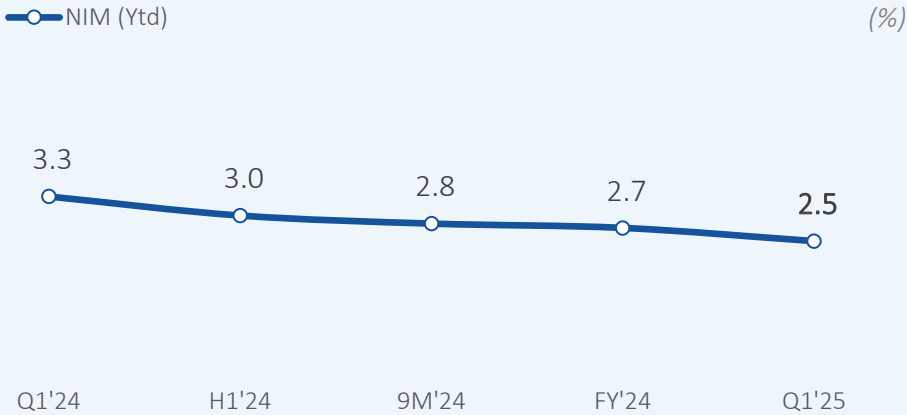


Operating income: Increase in non-interest income offsets the decline in NII

AED Mn

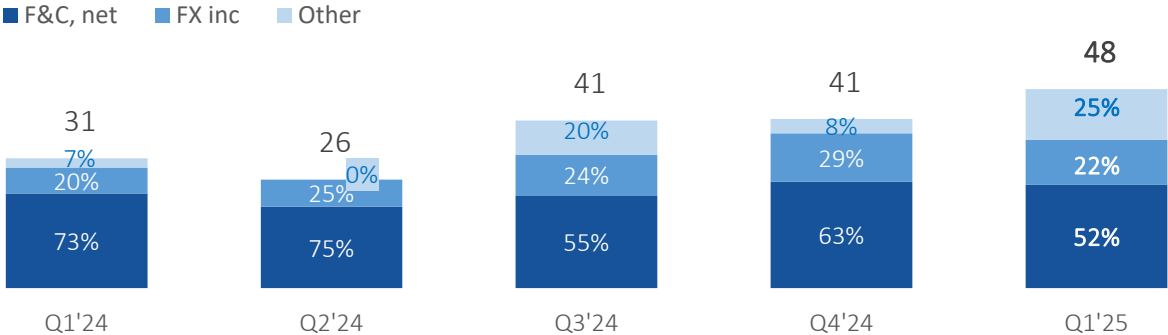


Q1'25 NIM lower by 88bps yoy and 26bps qoq due to adverse impact of rate cuts in H2'24



Non-interest income growth driven by higher F&C, FX income and gain on sale of properties

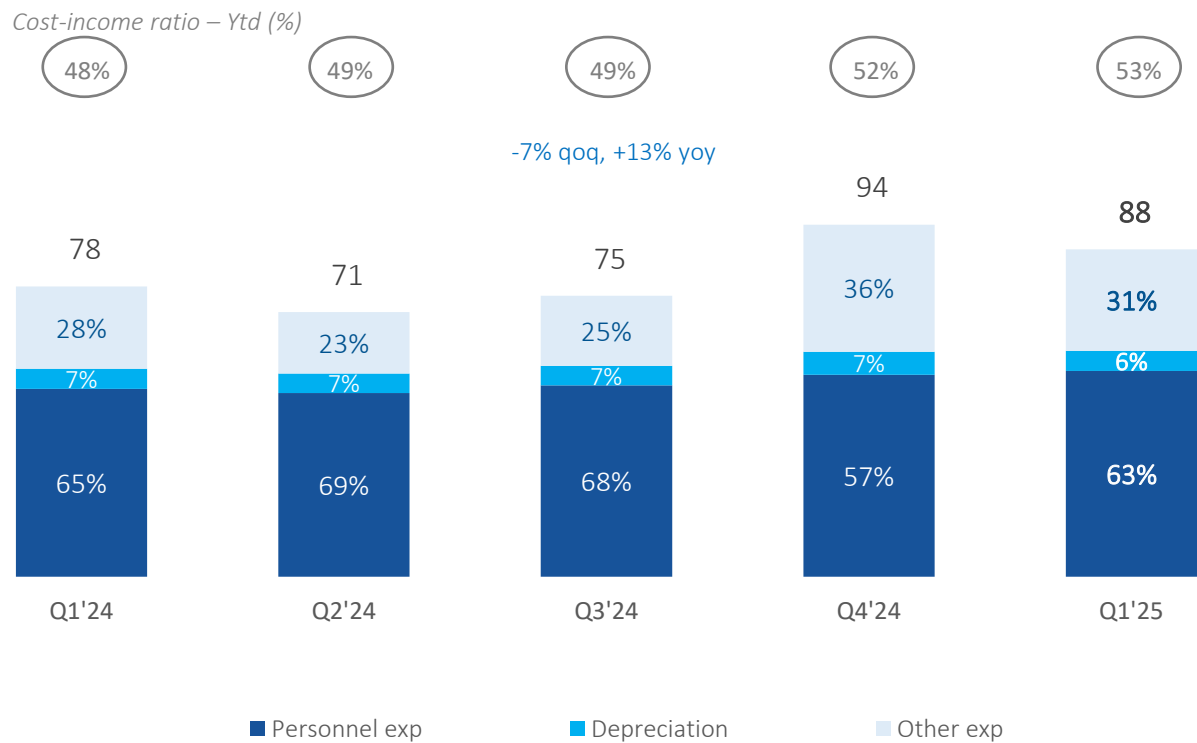
AED Mn



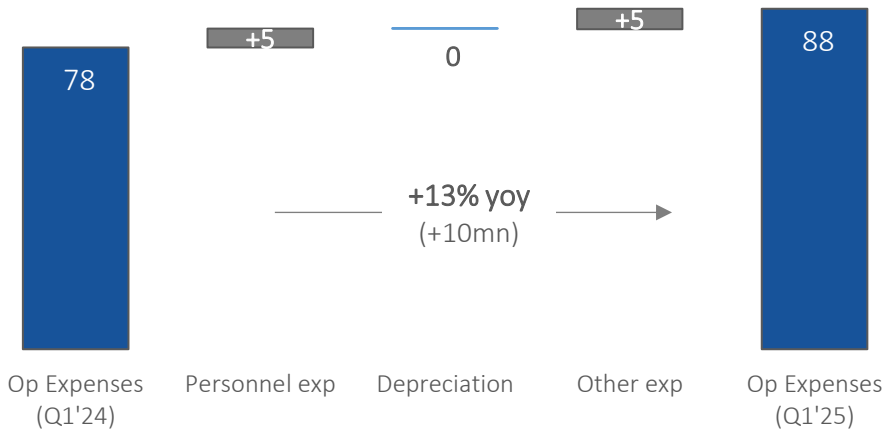
Growth in expenses in line with business growth including investments in technology infrastructure as well as non-discretionary regulatory expenses

Efficiently managing expenses and investing across people, products, processes and systems, in line with the medium-term growth strategy

Operating expenses by type (AED Mn) & Cost-income ratio (%)



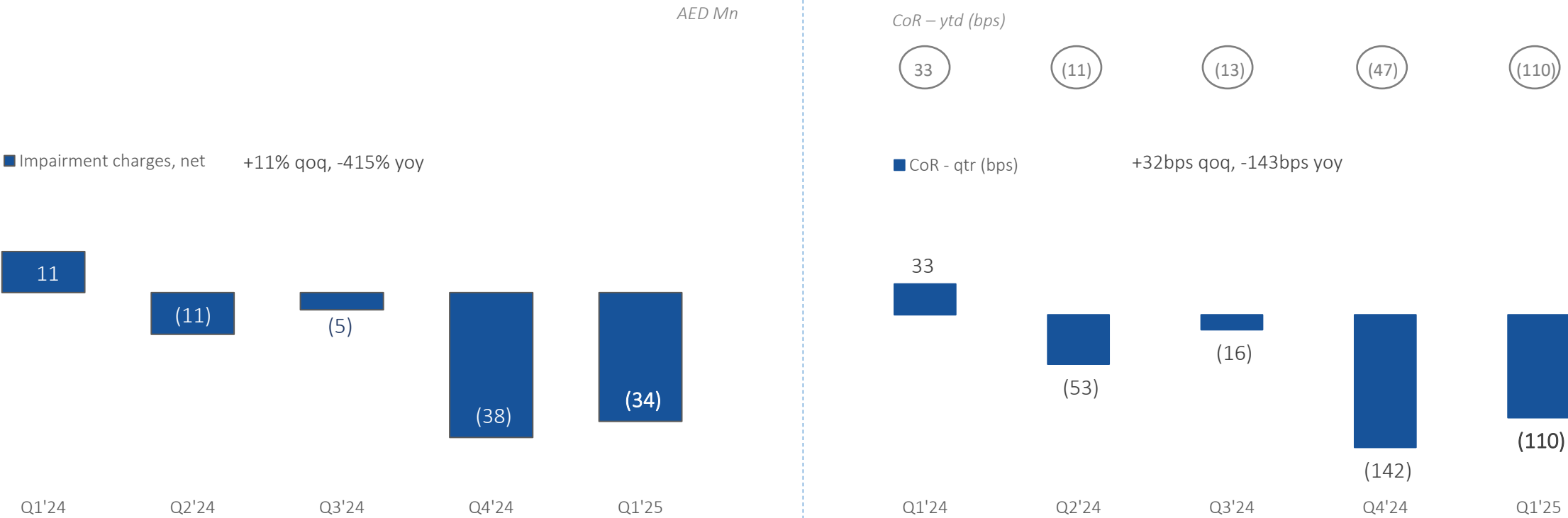
Operating expenses Q1'25 bridge (AED Mn)



Asset resolution and strong recoveries lead to a net negative cost of risk for the 4th consecutive quarter



Firmly focused on ensuring asset quality and implementation of prudent risk management practices, amid strong business growth



1 NPLs and Gross Loans are net of Interest in suspense
2 CoR – annualised, calculated as net impairment charges on gross loans and advances as a percentage of gross loans and advances

Solid execution of a robust lending pipeline coupled with strong liquidity drives asset growth



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Balance Sheet highlights

(AED Billion)

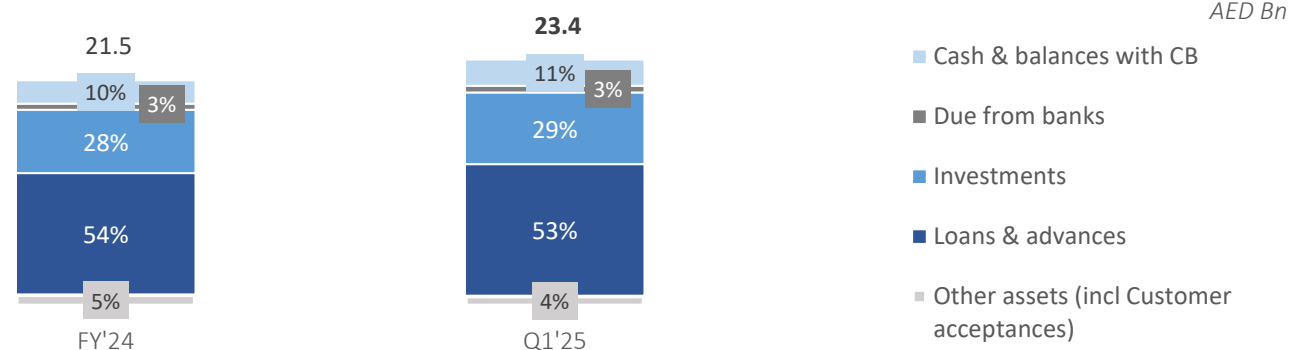
	Mar-25	%chg vs Dec'24	%chg vs Mar'24
Total Assets	23.4	9	31
Loans and advances	12.5	8	31
Investments	6.8	13	29
Customers' deposits	14.9	10	40
<i>of which CASA deposits</i>	5.3	17	45
Total Equity (incl AT1)	2.7	4	13

Key ratios (%)

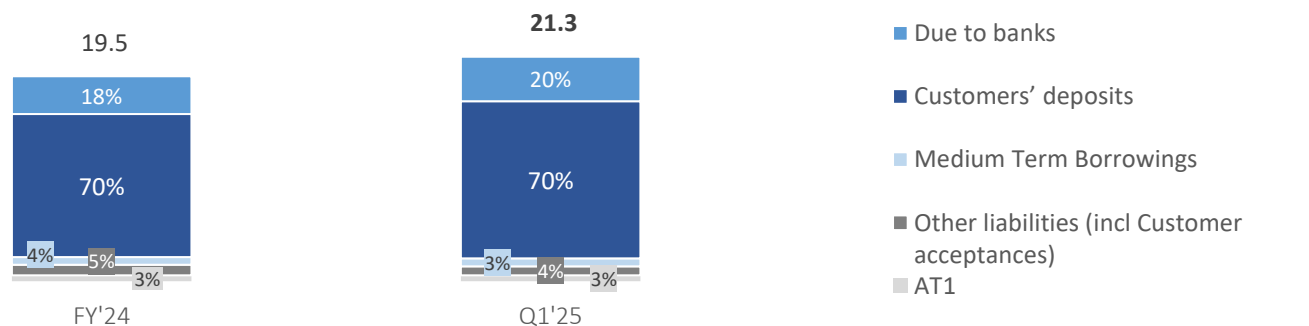
	Mar-25	Dec-24	Mar-24
Gross NPL ratio	3.4	3.9	4.8
Provision coverage	118	118	127
Provision coverage (incl collaterals)	175	172	194
Advances to Stable Resources ratio (ASRR)	74	76	76
Eligible Liquid Assets ratio (ELAR)	18	17	16
CASA%	36	34	34
CET1 ratio	12.6	12.7	13.1
Tier1 ratio	15.9	16.2	17.2
CAR%	17.1	17.4	18.4

Robust foundation with a solid capital position and adequate liquidity; business pipeline remains strong as we diligently execute and fulfill our customers' borrowing needs

Assets primarily deployed across loans and high-quality investments ...

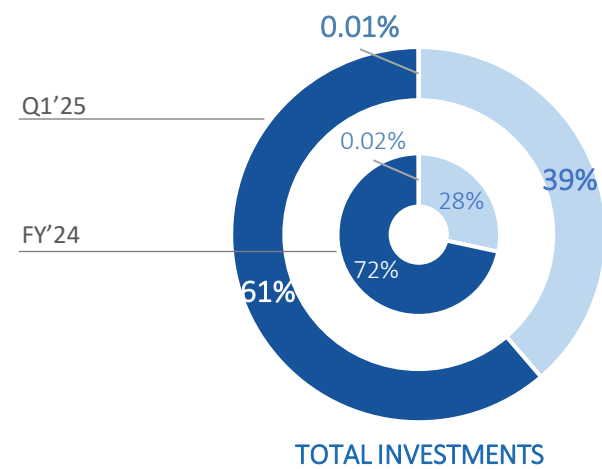


... funded by customer deposits as the major source



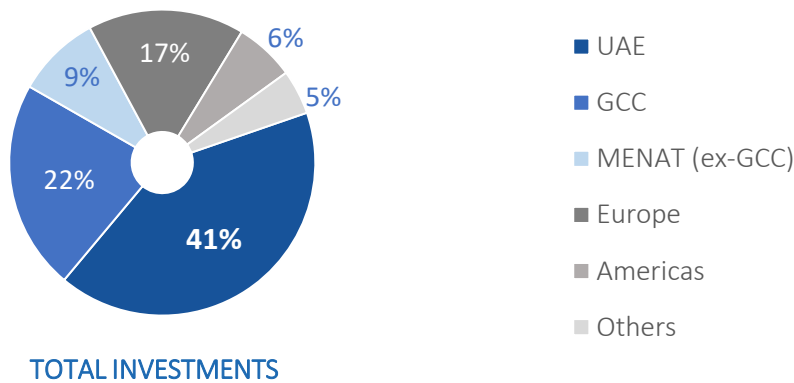
Quality investment portfolio mandated to meet liquidity requirements and enhance yield

Investments book primarily consist of debt instruments

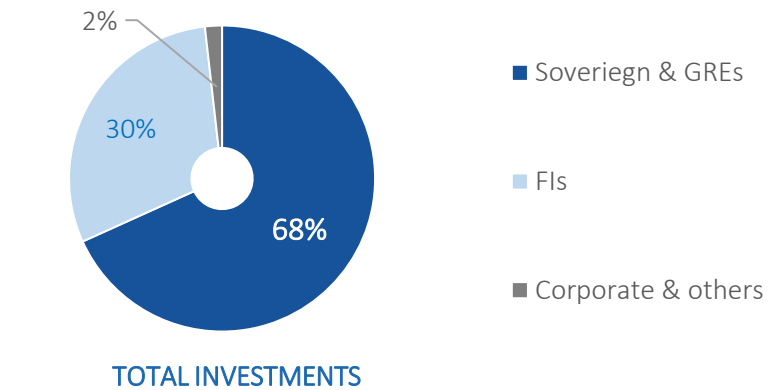


	AED Bn	FY'24	Q1'25
Debt - Amortised cost		1.7	2.6
Debt - FVOCI		4.3	4.2
Equity - FVOCI		0.001	0.001
		6.0	6.8

41% of exposure to UAE, 72% to MENAT (incl GCC and UAE)



Major exposure comprises of sovereign and GRE counterparts



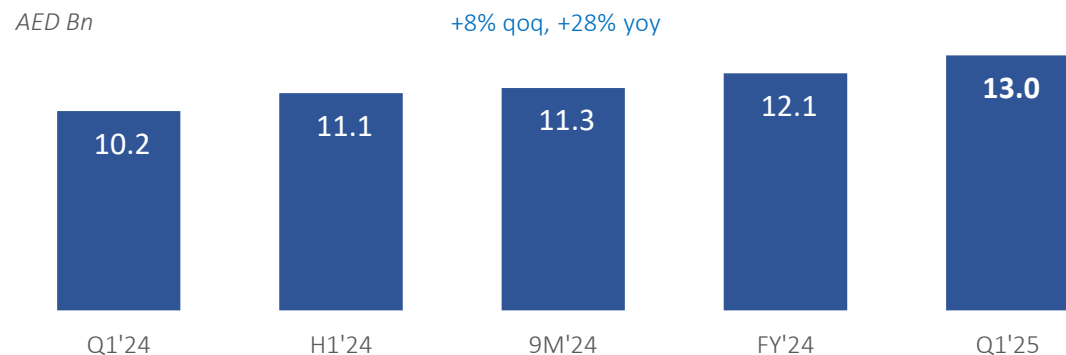
1 Composition of investments is based on the market value of the underlying investments

Growth in loans driven by, both, corporate and retail customers; business pipeline remains robust with proficient execution



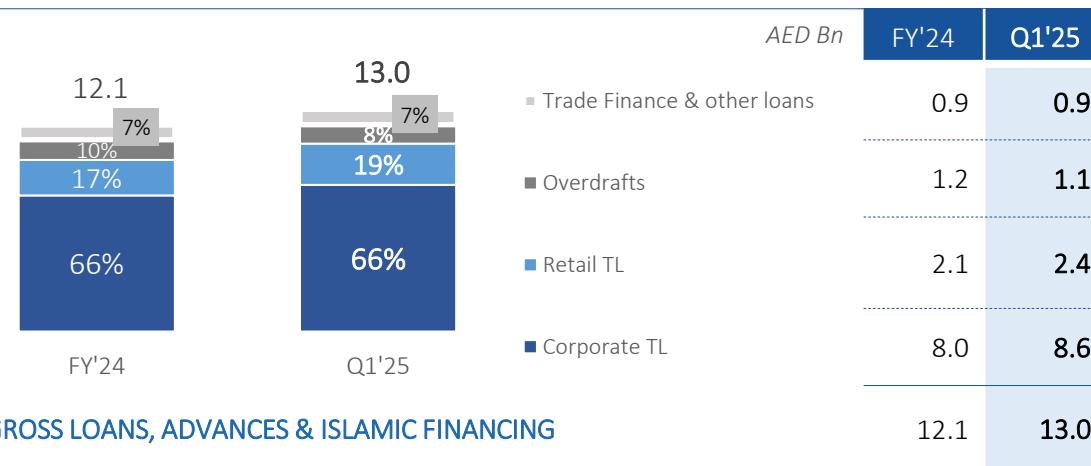
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Gross loans grew by 8% in Q1'25 and 28% yoy; business pipeline remains robust



GROSS LOANS, ADVANCES & ISLAMIC FINANCING

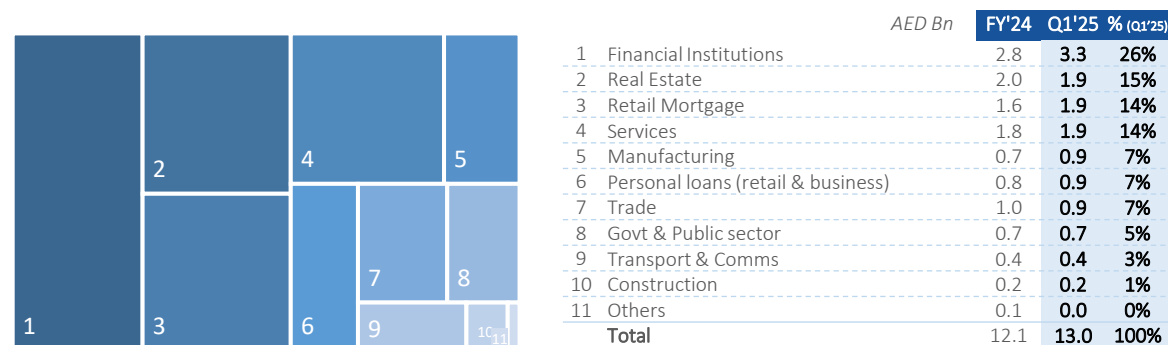
Growth in loans led by corporate (+8%) and retail term loans (+16%)



GROSS LOANS, ADVANCES & ISLAMIC FINANCING

- Islamic financing represents 12.1% of total gross loan book (FY'24: 10.4%)

Diversified loan book across economic sectors



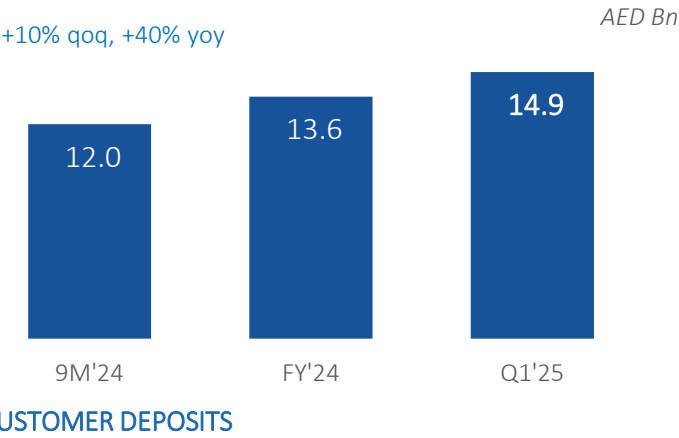
GROSS LOANS, ADVANCES & ISLAMIC FINANCING by ECONOMIC SECTOR

Customer deposits, incl CASA, witnesses strong growth; liquidity metrics remain robust

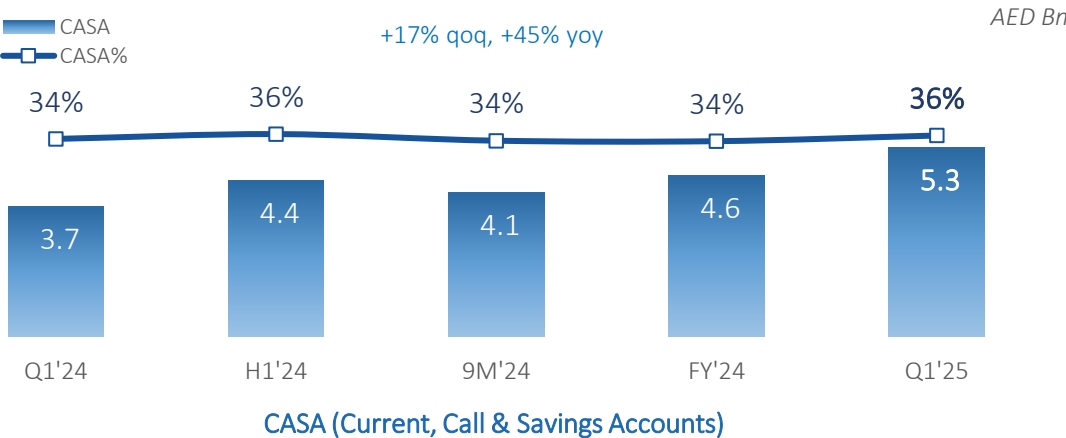


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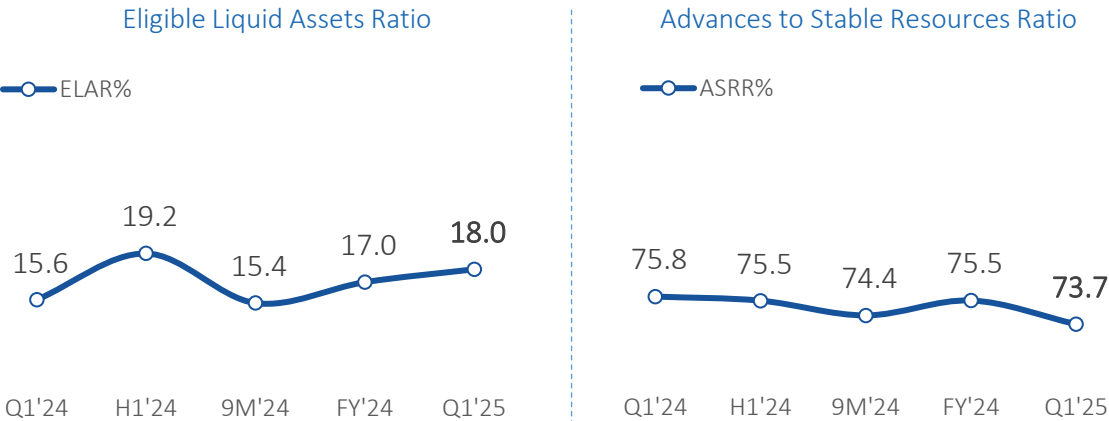
Strong growth in customer deposits



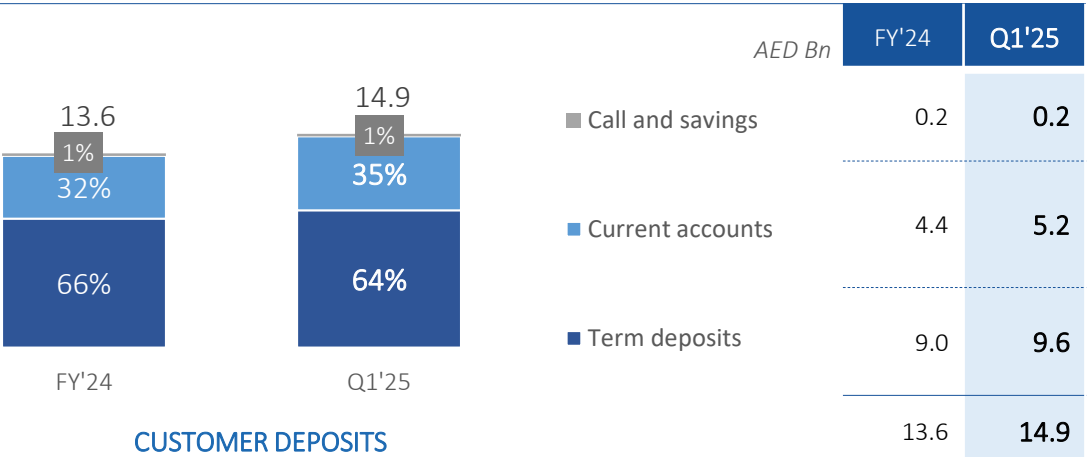
Efforts ongoing to increase CASA contribution in order to support funding costs optimisation



Regulatory liquidity ratios well within regulatory thresholds



Customer deposits by type

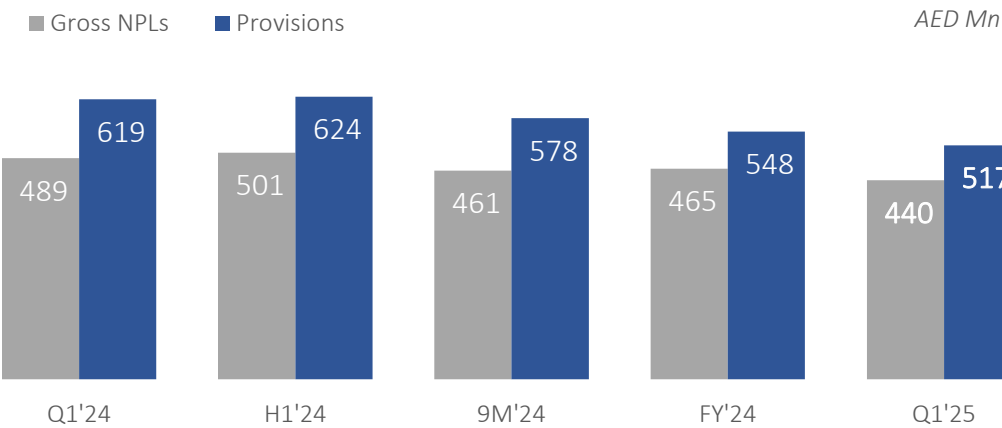
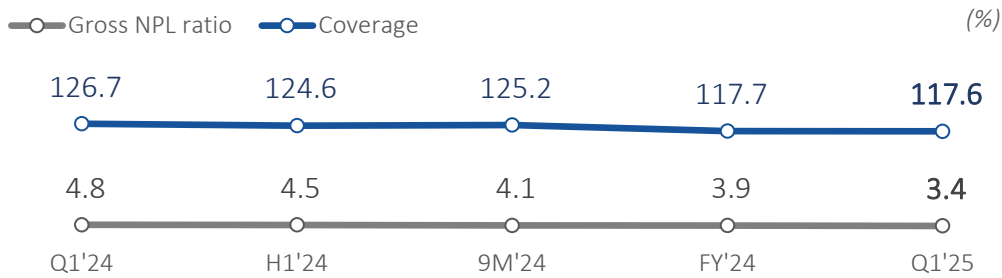


Gross NPL ratio further improves to 3.4% from 3.9% at end-FY'24 and 4.8% a year ago, while provision coverage remains adequate across the portfolio

Committed to ensuring adherence to prudent risk practices with proactive portfolio management being a key focus area

Significant improvement in Gross NPL ratio coupled with adequate provision coverage

Provision coverage including collaterals is at 175% as of Mar-25



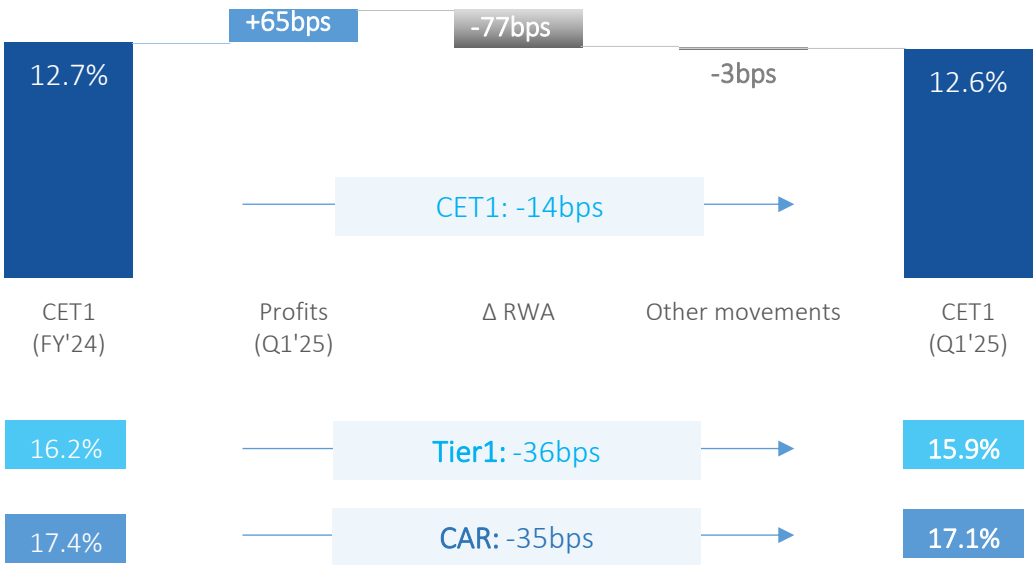
95% of loans are in Stage 1

AED Bn	FY'24			Q1'25		
	Exposure	ECL	Provision Coverage	Exposure	ECL	Provision Coverage
Stage 1	11.4	0.1	0.9%	12.3	0.1	0.9%
Stage 2	0.2	0.1	54%	0.2	0.1	49%
Stage 3	0.5	0.3	71%	0.4	0.3	69%
GROSS LOANS	12.1	0.5		13.0	0.5	

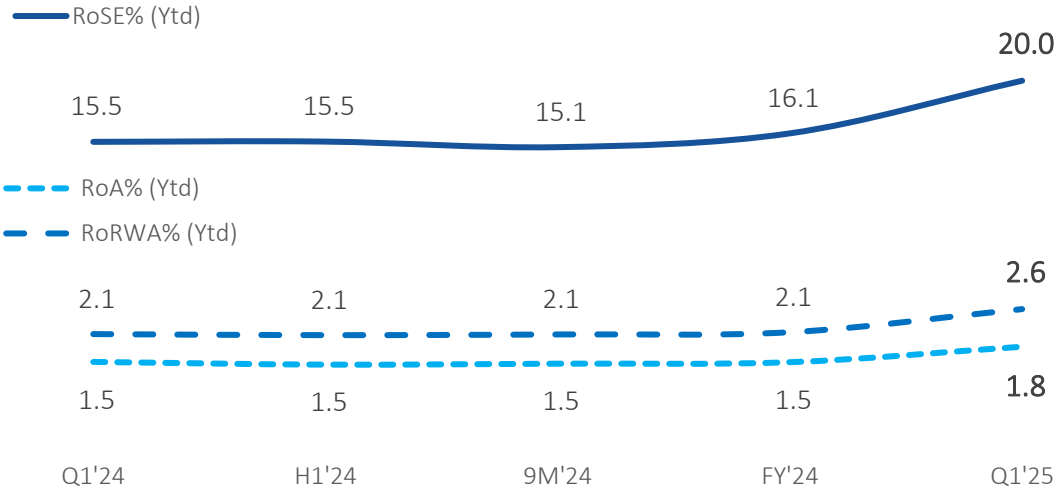
1 Gross NPLs and Gross Loans are net of Interest in suspense

Robust capital position and improved shareholder returns; upcoming rights issue will boost capital for further growth and enhance resilience to unforeseen macroeconomic shocks

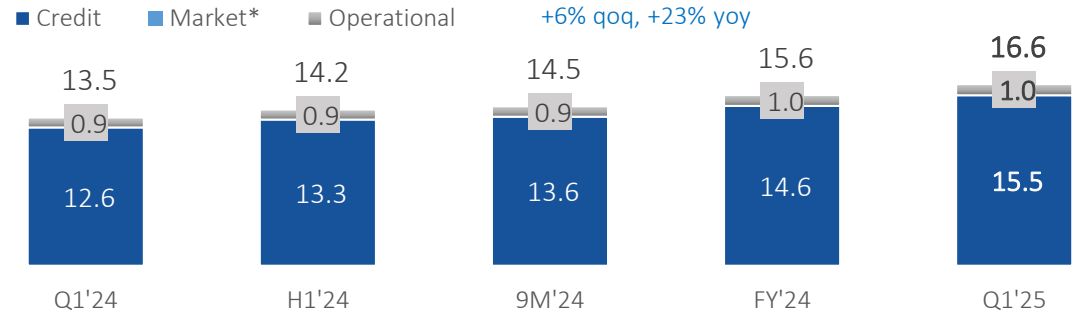
Deploying capital towards balance sheet growth (RWA) to enhance organic capital generation capacity



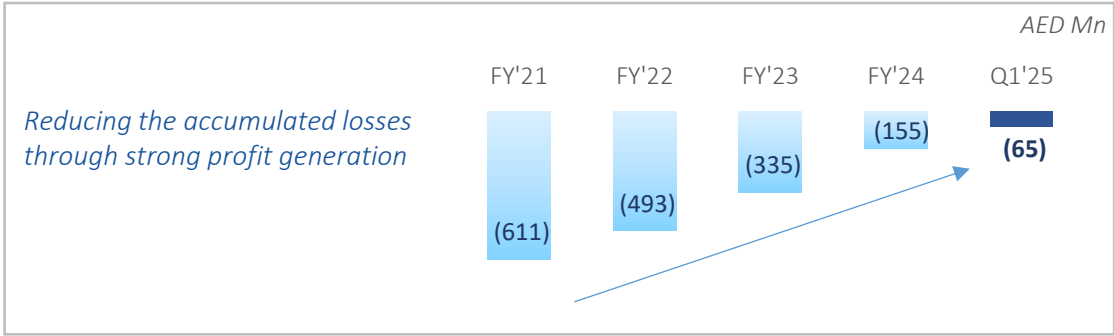
Improved shareholder returns



Risk-weighted assets



* Market RWA are negligible (below AED 15Mn) across the periods and hence not visible on the chart



Firmly focused on the next phase of growth maintaining a robust foundation



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We remain **cautiously optimistic** on the outlook for FY 2025:

- positive GDP growth¹, further picking up pace ahead, with strong contribution from non-oil sectors
- although, geopolitical risks, 'tariff wars' and potential slowdown globally may impact growth sentiment and momentum
- uncertainty on the interest rate path and stability of crude oil prices
- vigilant towards any signs of turnaround in the economic cycle (impact from tariff wars, interest rates, real estate activity)



Build upon the robust foundation established

- maintain our focus on quality of assets
- ensure adequate buffers and liquidity
- ensure capital position remains solid



Mature as an agile & customer-centric organisation

- deliver relevant products and services
- improve client connectivity
- constantly look to enhance customer experience through technology and improved services



Focus on delivering sustainable returns

- capitalise on positive GDP growth in UAE and strong client demand
- enhance contribution of non-interest income and other high-growth segments
- deliver superior and sustainable returns to our shareholders



Well-positioned to transform progress into momentum ahead ...

¹ UAE real GDP growth forecast: UAE CB - 4.7% for 2025, 5.7% for 2026, IMF - 4.0% for 2025, 5.0% for 2026

Appendix

Summary financials – Income statement and related ratios



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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

Summary financials – Balance sheet and related ratios



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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
<i>of which CASA deposits</i>	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)

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