



البنك العربي المتحد
UNITED ARAB BANK

Focused on sustainable growth,
leveraging a robust foundation

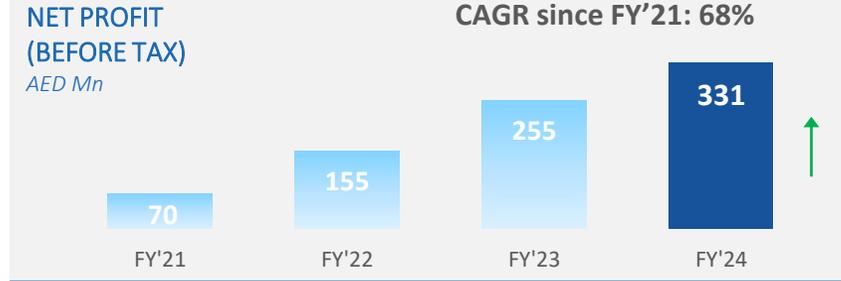
Financial Year 2024
Earnings presentation

4 February 2025

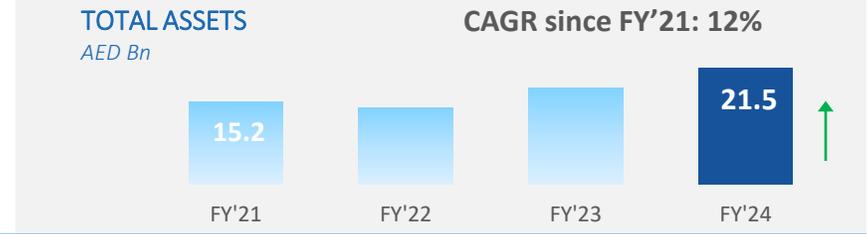
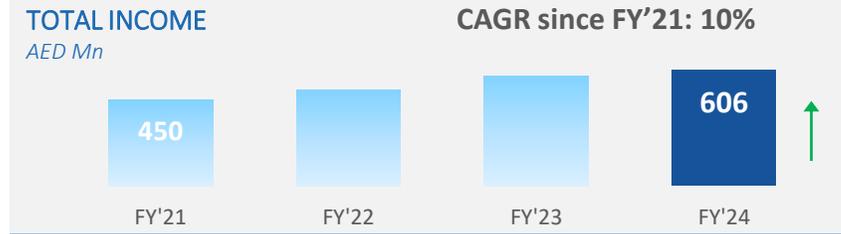
UAB's turnaround strategy has delivered a strong foundation ensuring sustainable growth and stability ahead (1/2)



Net profit (before tax) records 3-year CAGR of 68% with significant improvement in shareholder returns ...

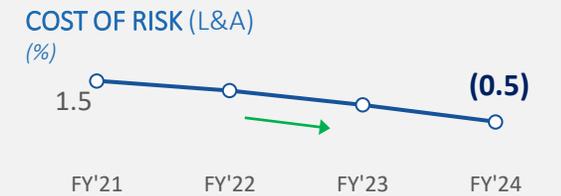
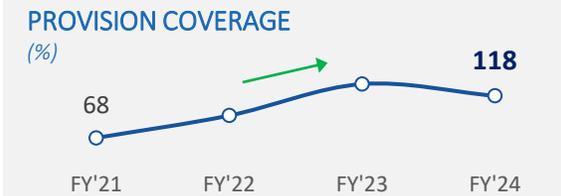


... driven by growth in core income and assets,



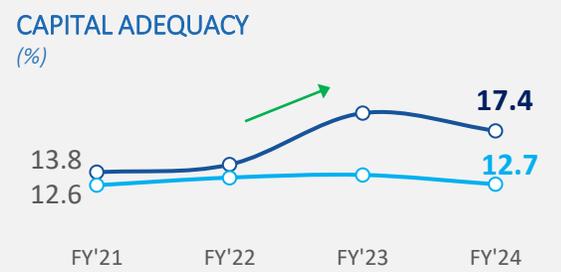
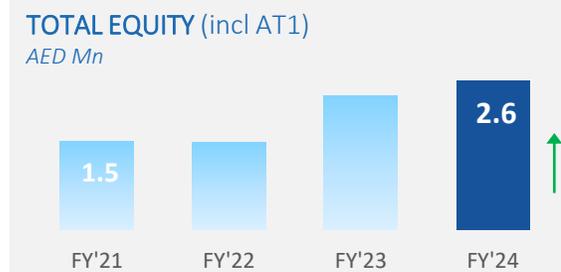
... with a remarkable turnaround in asset quality metrics,

Gross NPL ratio favourably compares among the top UAE banks



and an enhanced capital position

Retained earnings projected to turn positive in 2nd half of 2025



UAB's turnaround strategy has delivered a strong foundation ensuring sustainable growth and stability ahead (2/2)



- ✓ **Operating models redefined** to align with strategic growth goals
- ✓ Implemented **comprehensive oversight** on business and (*right*) decision-making across Board and Management-levels
- ✓ **Bolstered our operational resilience** through implementation of new systems & technologies to enhance our architecture, monitoring and controls
- ✓ Onboarded new clients coupled with new product launches across business segments, including green sustainable finance products, helping to raise new CASA deposits and improving client connectivity
- ✓ Setup a new Customer Contact Centre to deliver on our promise of client centricity and 24x7 availability
- ✓ **Promoted a performance-oriented culture** with a focus on strong ethics, doing the right thing and implementing a balanced scorecard across the organization
- ✓ Investment-grade credit ratings from Moody's (upgraded to Baa3/Positive) and Fitch (BBB+/Stable) – improvement in ratings is a testament of the progress made by the Bank

Transformation efforts ongoing in alignment with the strategic imperatives

Strong business momentum drives double-digit growth in balance sheet and profitability



<p>FY'24 earnings up driven by NII and asset growth</p>	<p>AED 21 BILLION +22% yoy Total Assets</p>	<p>Healthy asset quality metrics see further improvement</p>	<p>CAR CET1 17.4% 12.7%</p>	<p>Delivering sustainable returns to shareholders</p>
<p>AED 331 MILLION +30% yoy Net Profit (before tax)</p> <p><i>Net profit after tax up 18% to AED 301Mn</i></p> <p>Led by growth in net interest income +18% yoy</p> <p>CoR (cost of risk¹) declined to (47)bps in FY'24 on strong recoveries and positive macroeconomic environment (FY'23: charge of 36bps)</p>	<p>Growth driven by customer-centric focus and robust demand</p> <p>Net loans at AED 11.5 Bn +23% yoy</p> <p>Solid growth in customer deposits +33% yoy (including CASA, up 22% yoy)</p>	<p>3.9% Gross NPL ratio compares favourably amongst top UAE banks (FY'23: 5.0%)</p> <p>Provision coverage remains adequate 118% (FY'23: 132%) (172% incl collaterals)</p> <p>Diversified loan book across economic sectors and geographically across UAE</p>	<p>Robust capital, liquidity & funding</p> <p>ASRR ELAR 76% 17%</p> <p>Well within regulatory thresholds</p> <p>Loans-to-Deposits 85% (FY'23: 91%)</p>	<p>16.1% Return on Shareholders' Equity</p> <p>Return on Assets 1.5%</p> <p>Investment-grade credit ratings Moody's (Baa3/Positive) <i>upgraded in Sep'24</i> Fitch (BBB+/Stable) <i>ratings affirmed</i></p>

¹ Cost of risk on loans, advances & Islamic financing

Growth in profits driven by core income and strong recoveries



FY'24 net profit growth primarily driven by higher core income across businesses ...

- Operating income in FY'24, +5% yoy, primarily led by higher NII
- NII +18% yoy in FY'24, driven by strong asset growth and higher interest rates vs FY'23
- Cross-sell and customer focused initiatives drive fees & commissions and FX income higher by +18% and +24% yoy, respectively; Absence of non-recurring income from gains on sale of properties realised in FY'23 drove the decline in total non-interest income in FY'24

... complemented by strong recoveries and positive macroeconomic environment

- Strong recoveries and a positive macroeconomic environment led to a net reversal in impairment charges in FY'24, translating into a cost of risk of -47bps
- Expenses increased by 12% yoy, in line with growth in business activity
- Taxes of AED 30 million were accrued in FY'24 (completion of 1st financial year post implementation of corporate taxes)



Income statement highlights (AED Million)

	FY'24	%chg vs FY'23	Q4'24	%chg vs Q3'24	%chg vs Q4'23
Net Interest Income	467	18	113	1	12
Non-Interest Income	139	(23)	41	1	40
Total Income	606	5	154	1	19
Operating Expenses	(318)	12	(94)	25	27
Operating Profit	288	(1)	59	(22)	7
Impairment reversal/(loss)	43	(218)	38	741	(518)
Net Profit before tax	331	30	98	20	111
Taxes	(30)	na	(9)	21	na
Net Profit after tax	301	18	89	20	92

Key Ratios ¹ (%)

	FY'24	chg vs FY'23	Q4'24	chg vs Q3'24	chg vs Q4'23
Net Interest Margin (NIM)	2.73	(0.3)	2.47	(0.0)	(0.3)
Cost-Income ratio	52	3.1	61	11.8	4.1
Cost of Risk (CoR)	(0.47)	(0.8)	(1.42)	(1.3)	(1.8)
Return on Shareholders' Equity (RoSE)	16.1	0.3	17.5	2.4	6.6
Return on Assets (RoA)	1.5	(0.1)	1.7	0.2	0.6

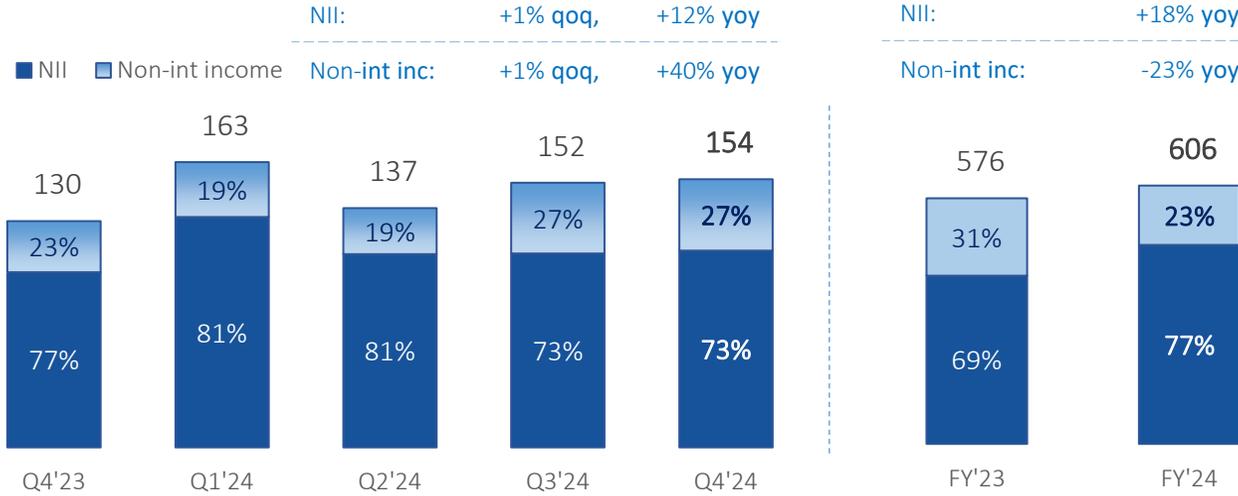
¹ Ratios are annualised, where relevant

Strong asset growth coupled with higher interest rates drove NII and total operating income higher



Operating income: NII recorded double-digit growth in FY'24 yoy

AED Mn

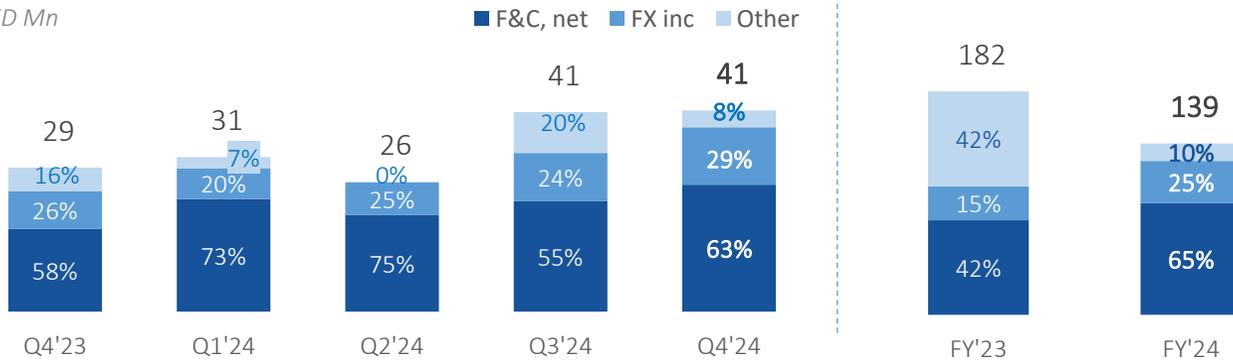


NIM declined 33bps yoy due to margin compression



Strong growth in core fees and commissions and FX income partially offsets absence of gains from sale of properties realised in FY'23

AED Mn

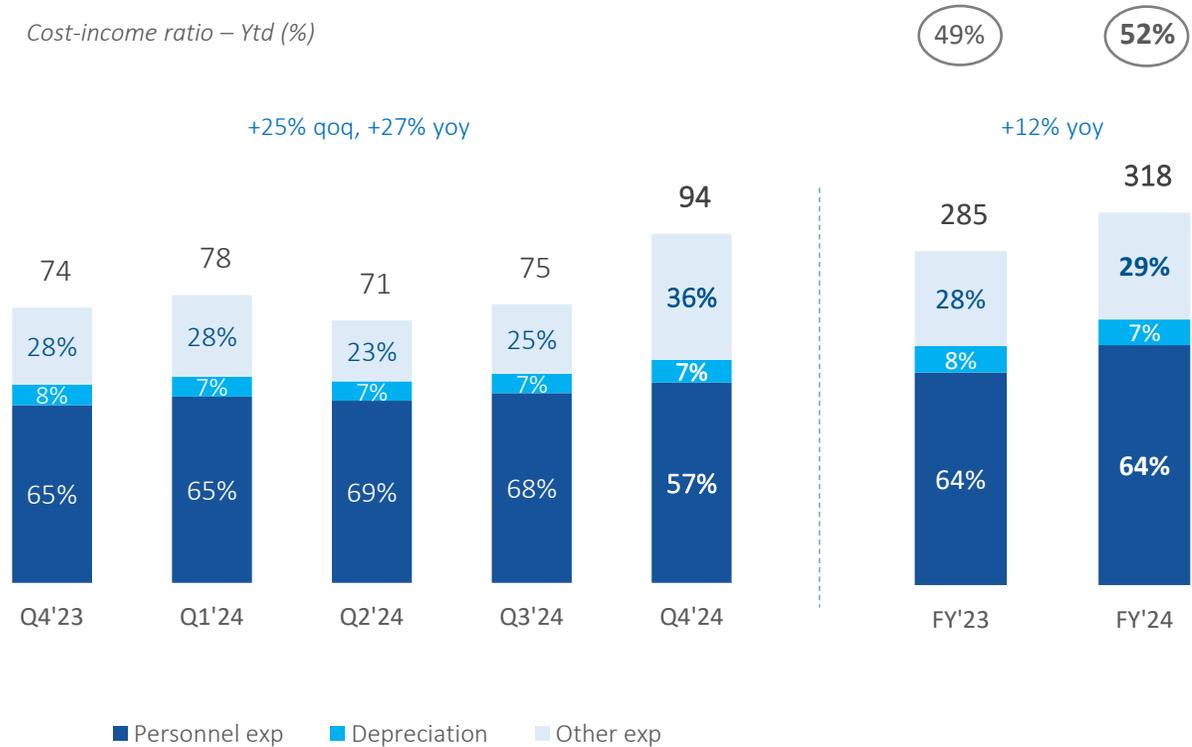


Expense growth reflects investment in human capital and technology, strengthening our foundation for future growth and enhancing efficiency

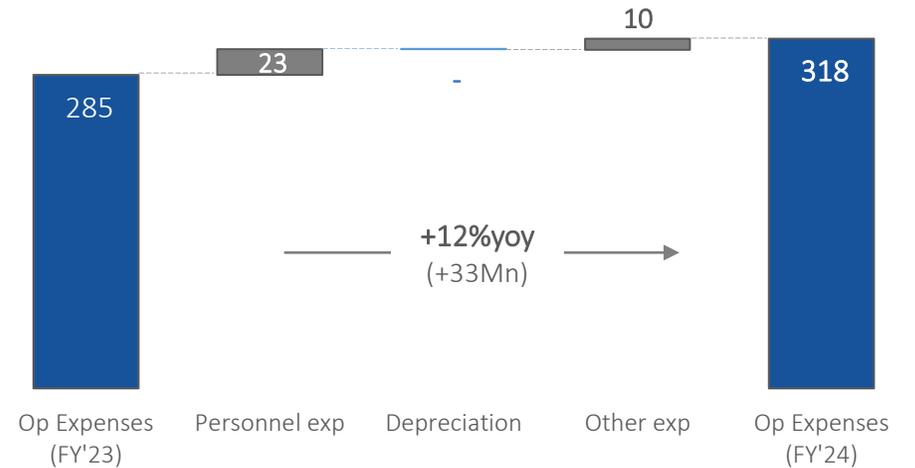


Disciplined expense management and investing across people, products, processes and systems, in line with the medium-term growth strategy

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



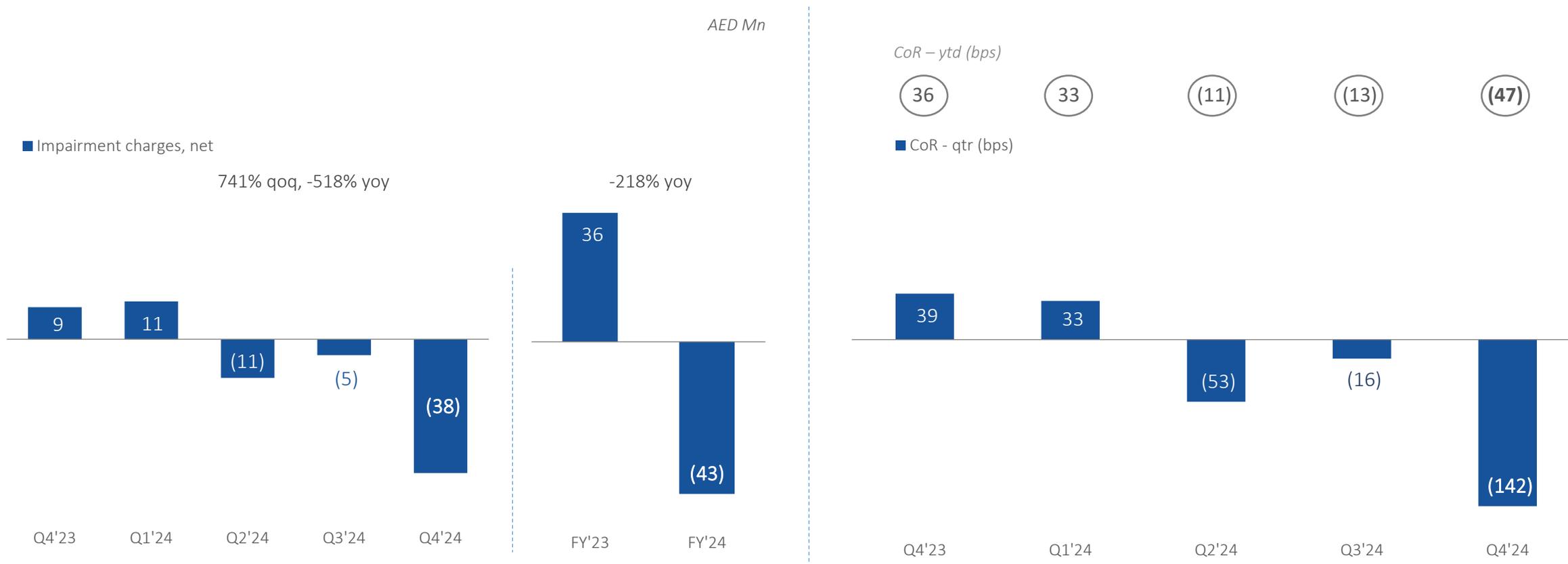
Operating expenses FY'24 bridge (AED Mn)



Strong recoveries and positive macroeconomic environment drives impairment reversals and negative cost of risk



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



1 CoR – annualised, calculated as net impairment charges on loans and advances as a percentage of gross loans and advances

Onboarding of new clients, strong customer-driven demand and healthy liquidity in the markets drive all-round growth in balance sheet



Balance Sheet highlights

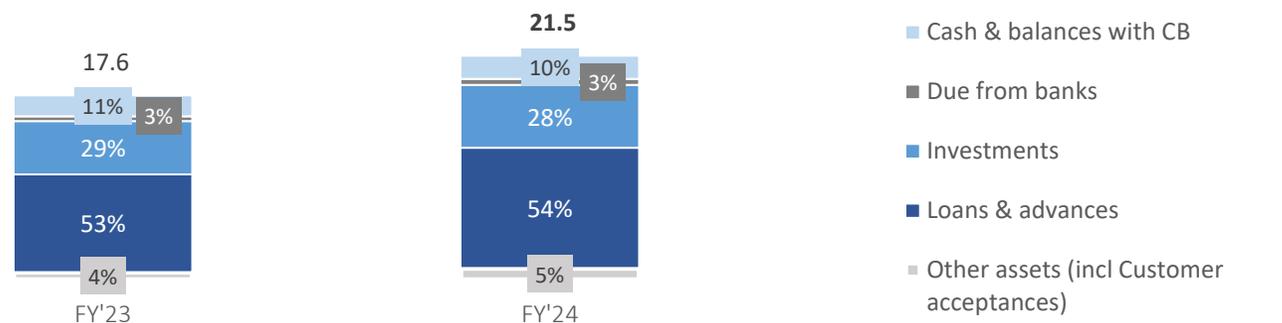
(AED Billion)	Dec-24	%chg vs Sep'24	%chg vs Dec'23
Total Assets	21.5	7	22
Loans and advances	11.5	7	23
Investments	6.0	6	18
Customers' deposits	13.6	13	33
<i>of which CASA deposits</i>	4.6	12	22
Total Equity (incl AT1)	2.6	(1)	11

Key ratios (%)

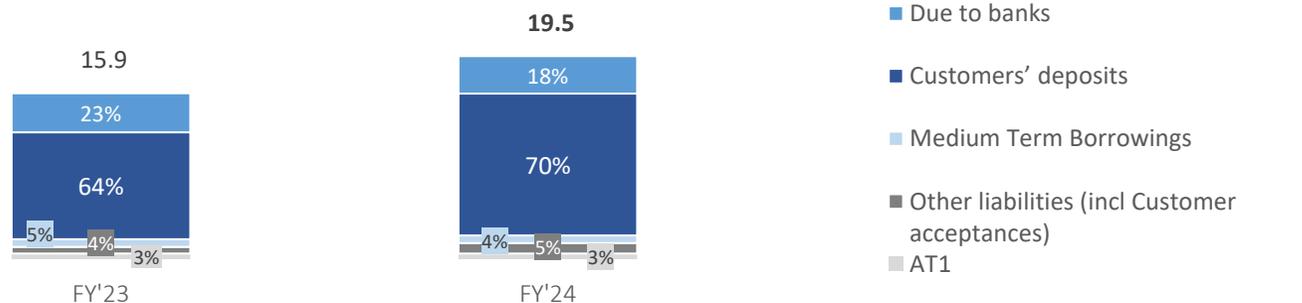
	Dec-24	Sep-24	Dec-23
Gross NPL ratio	3.9	4.1	5.0
Provision coverage	118	125	132
Provision coverage (incl collaterals)	172	188	200
Advances to Stable Resources ratio (ASRR)	76	74	76
Eligible Liquid Assets ratio (ELAR)	17	15	20
CASA%	34	34	37
CET1 ratio	12.7	13.8	13.5
Tier1 ratio	16.2	17.6	17.8
CAR%	17.4	18.8	19.0

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 ...



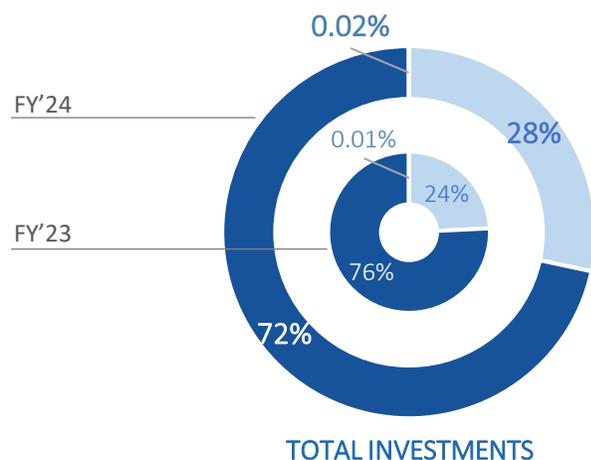
... funded by customer deposits as the major source



Quality investment portfolio mandated to meet liquidity requirements and enhance yield

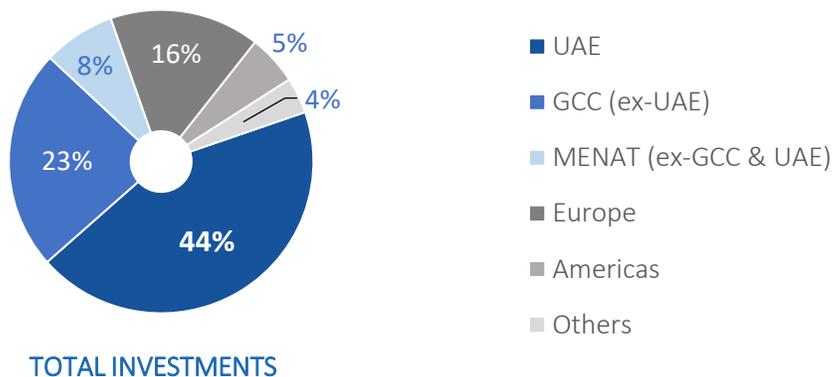


Investments book primarily consist of debt instruments

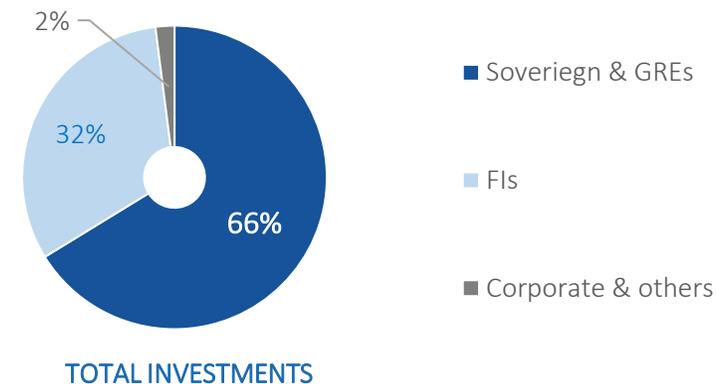


	AED Bn	FY'23	FY'24
Debt - Amortised cost		1.2	1.7
Debt - FVOCI		3.9	4.3
Equity - FVOCI		0.001	0.001
Total		5.1	6.0

44% of exposure to UAE, 75% to MENAT (incl GCC and UAE)



Major exposure to sovereign and GREs

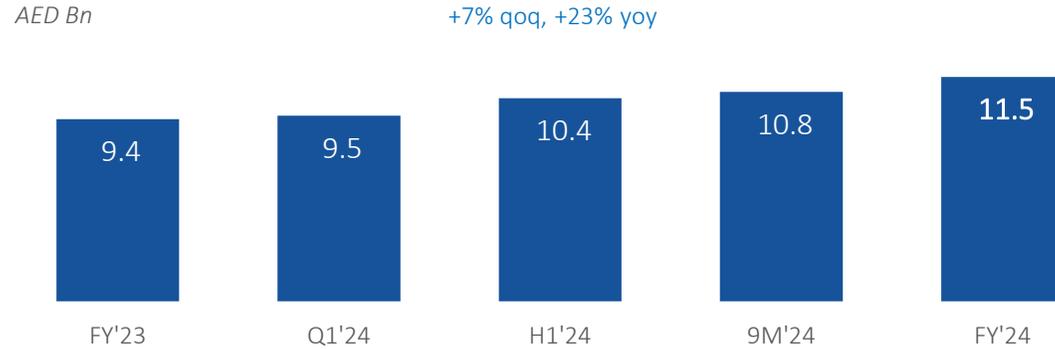


1 Composition of investments is based on the market value of the underlying investments

Growth in loans primarily driven by retail mortgages, wholesale lending mainly to FI's, real estate, transport & communications sector; business pipeline remains robust with proficient execution

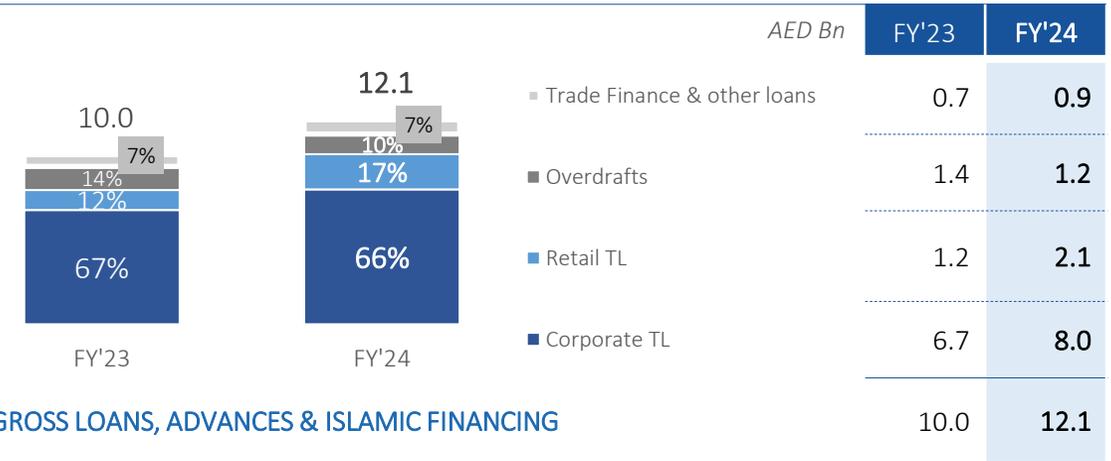


Lending grew by 7% in Q4'24 and 23% ytd; business pipeline remains robust



LOANS, ADVANCES & ISLAMIC FINANCING (NET)

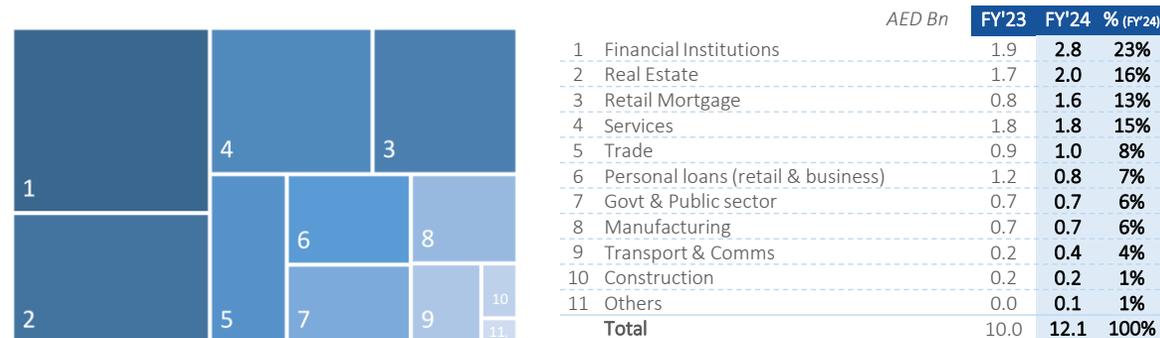
Growth in loans in FY'24 was almost equally led by corporates and retail customers



GROSS LOANS, ADVANCES & ISLAMIC FINANCING

- Islamic financing represents 10.4% of total gross loan book (FY'23: 8.0%)

Diversified loan book across economic sectors



GROSS LOANS, ADVANCES & ISLAMIC FINANCING by ECONOMIC SECTOR

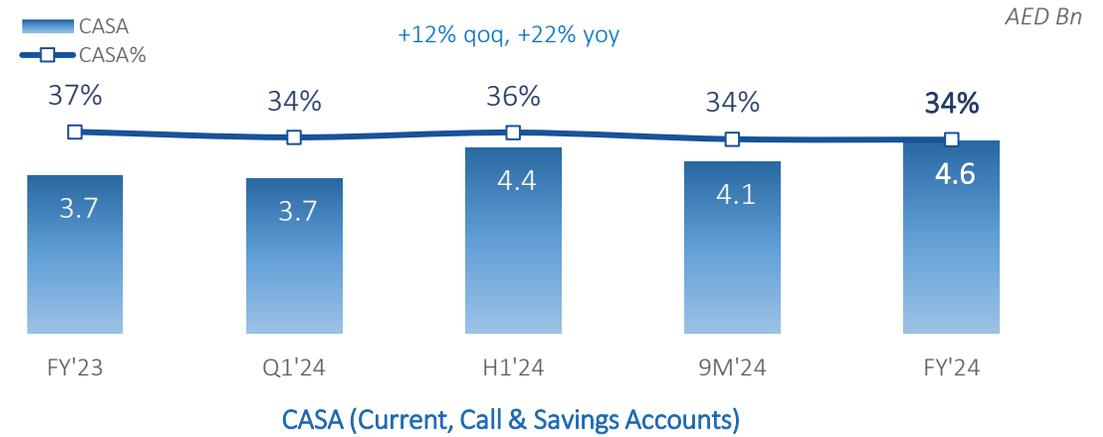
Solid growth in customer deposits, as liquidity metrics remain robust



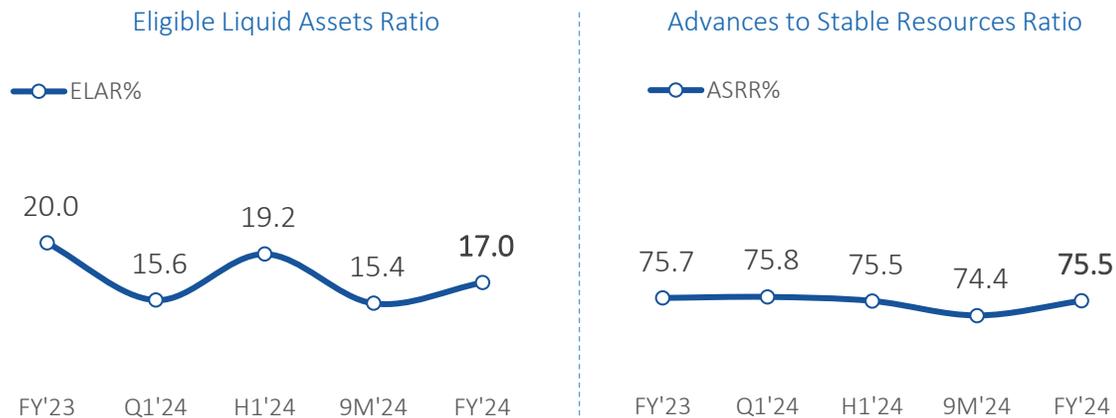
Solid growth in customer deposits



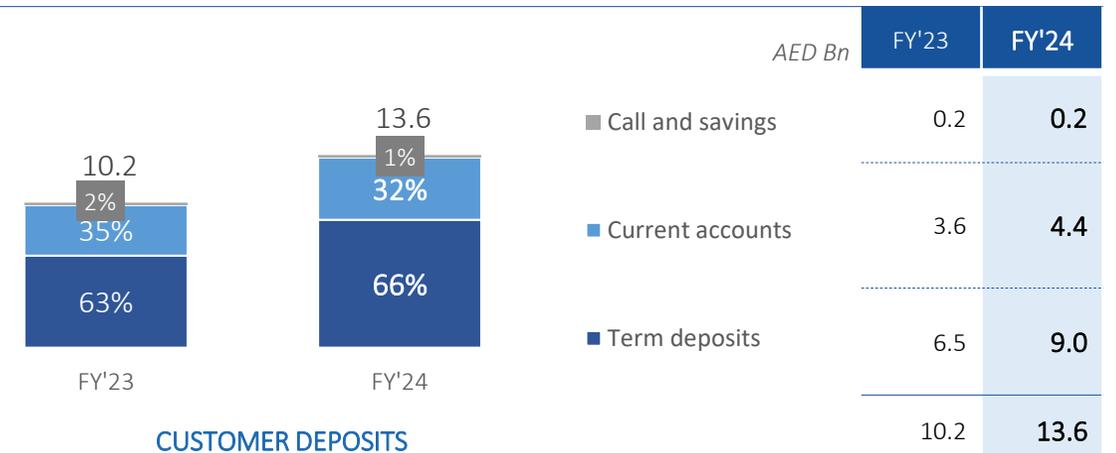
Efforts ongoing to increase CASA contribution in order to support funding costs optimisation



Regulatory liquidity ratios well within regulatory thresholds



Customer deposits by type



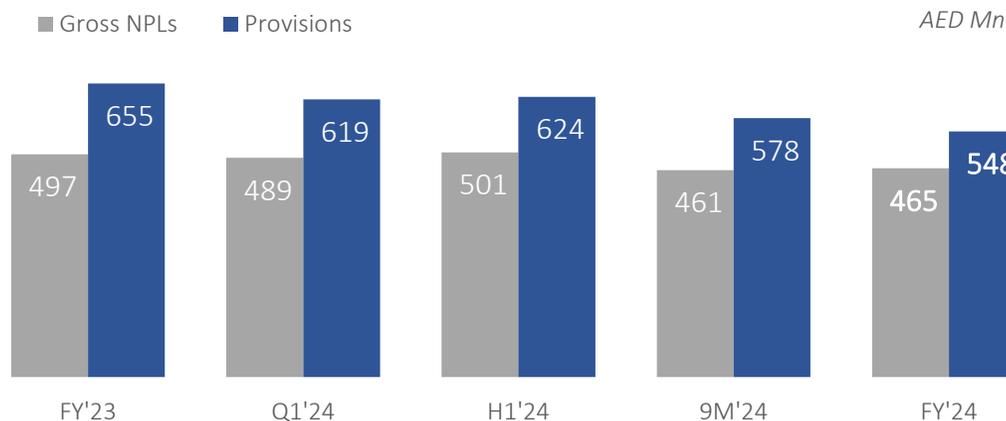
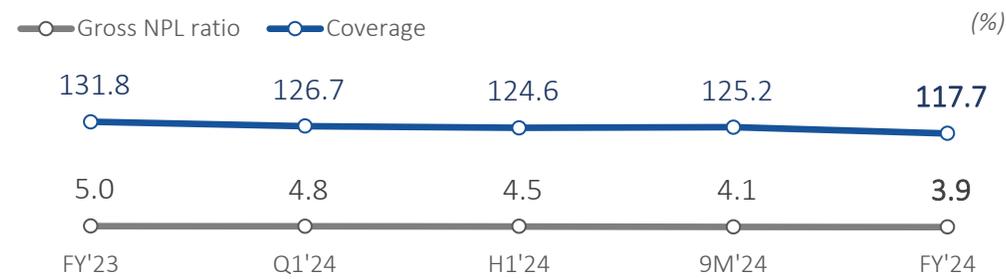
Gross NPL ratio improved to 3.9% from 5.0% at end-FY'23, while provision coverage remains adequate across the portfolio



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 172% as of Dec-24



94% of loans are in Stage 1

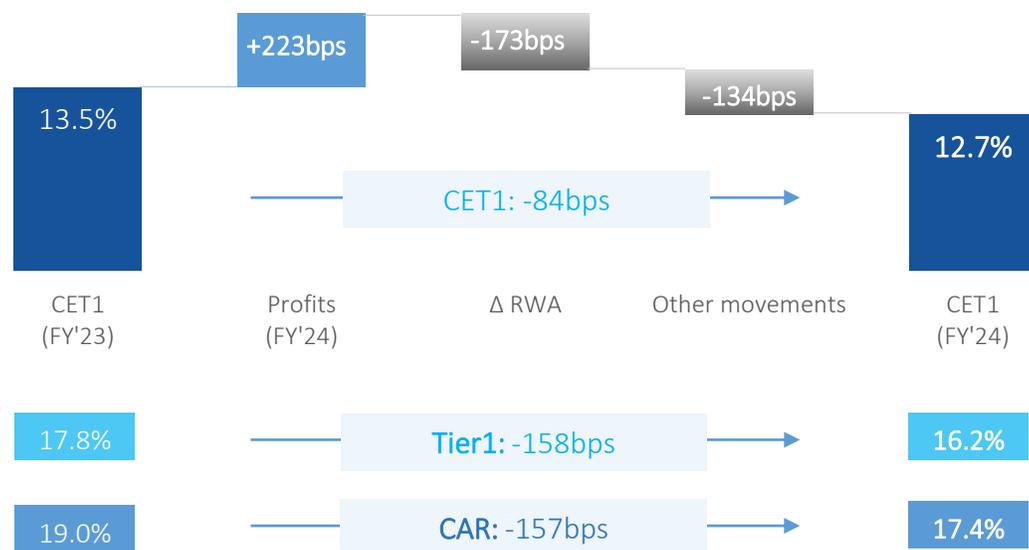
AED Bn	FY'23			FY'24		
	Exposure	ECL	Provision Coverage	Exposure	ECL	Provision Coverage
Stage 1	9.0	0.1	1.4%	11.4	0.1	0.9%
Stage 2	0.5	0.2	36%	0.2	0.1	54%
Stage 3	0.5	0.4	71%	0.5	0.3	71%
GROSS LOANS	10.0	0.7		12.1	0.5	

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

Robust capital position and improved shareholder returns

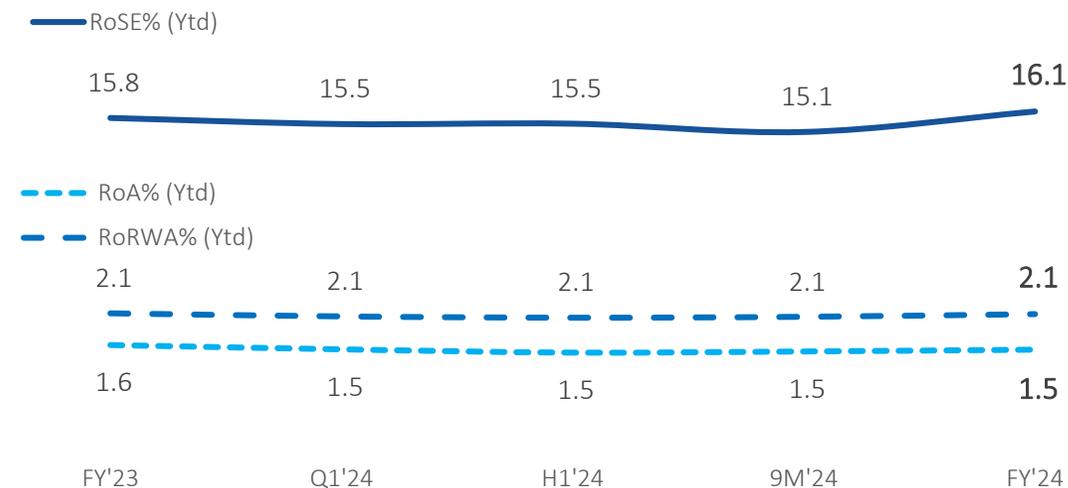


Deploying capital towards balance sheet growth (RWA) to enhance organic capital generation capacity

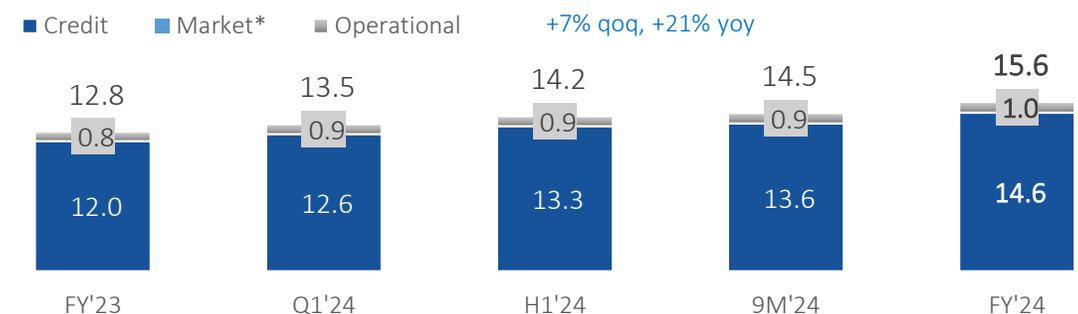


* Post allocation to statutory and special reserves

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 over the next few quarters:

- positive GDP growth¹, further picking up pace ahead, with strong contribution from non-oil sectors
- although, geopolitical risks, probable 'trade wars' and additional tariffs 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 higher 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 - 4.0% for 2024, 4.5% for 2025, IMF - 4.0% for 2024, 4.0% for 2025

Appendix

Summary financials – Income statement and related ratios



Income statement highlights (AED Million)	FY'24	FY'23	%chg vs FY'23	Q4'24	Q3'24	%chg vs Q3'24	Q4'23	%chg vs Q4'23
Net Interest Income	467	395	18	113	111	1	100	12
Non-Interest Income	139	182	(23)	41	41	1	29	40
Total Income	606	576	5	154	152	1	130	19
Operating Expenses	(318)	(285)	12	(94)	(75)	25	(74)	27
Operating Profit	288	292	(1)	59	77	(22)	55	7
Net Impairment reversal / (loss)	43	(36)	(218)	38	5	741	(9)	(518)
Net Profit before tax	331	255	30	98	81	20	46	111
Taxes	(30)	-	na	(9)	(7)	21	-	na
Net Profit after tax	301	255	18	89	74	20	46	92

Key Ratios (%)	FY'24	FY'23	chg vs FY'23	Q4'24	Q3'24	chg vs Q3'24	Q4'23	chg vs Q4'23
Net Interest Margin (NIM)	2.73	3.06	(0.3)	2.47	2.52	(0.0)	2.80	(0.3)
Cost-Income ratio	52	49	3.1	61	50	11.8	57	4.1
Cost of Risk (CoR)	(0.47)	0.36	(0.8)	(1.42)	(0.16)	(1.3)	0.39	(1.8)
Return on Shareholders' Equity (RoSE)	16.1	15.8	0.3	17.5	15.1	2.4	10.9	6.6
Return on Assets (RoA)	1.5	1.6	(0.1)	1.7	1.5	0.2	1.1	0.6

Summary financials – Balance sheet and related ratios



Balance sheet highlights (AED Billion)	Dec-24	Dec-23	%chg vs Dec'23	Sep-24	%chg vs Sep'24
Total Assets	21.5	17.6	22	20.0	7
Loans, advances & Islamic financing	11.5	9.4	23	10.8	7
Investments	6.0	5.1	18	5.7	6
Customers' deposits	13.6	10.2	33	12.0	13
<i>of which CASA deposits</i>	4.6	3.7	22	4.1	12
Total Equity (incl AT1)	2.6	2.3	11	2.6	(1)

Key Ratios (%)	Dec-24	Dec-23	chg vs Dec'23	Sep-24	chg vs Sep'24
Gross Non-performing loans ratio (NPL)	3.9	5.0	(1.1)	4.1	(0.2)
Provision coverage	118	132	(14.1)	125	(7.5)
Provision coverage (incl collaterals)	172	200	(28.6)	188	(16.0)
Advances to Stable Resources ratio (ASRR)	76	76	(0.2)	74	1.1
Eligible Liquid Assets ratio (ELAR)	17	20	(3.1)	15	1.6
CASA%	34	37	(2.9)	34	(0.2)
Common Equity Tier 1 (CET1) ratio	12.7	13.5	(0.8)	13.8	(1.1)
Tier 1 ratio	16.2	17.8	(1.6)	17.6	(1.3)
Capital Adequacy ratio (CAR)	17.4	19.0	(1.6)	18.8	(1.3)

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