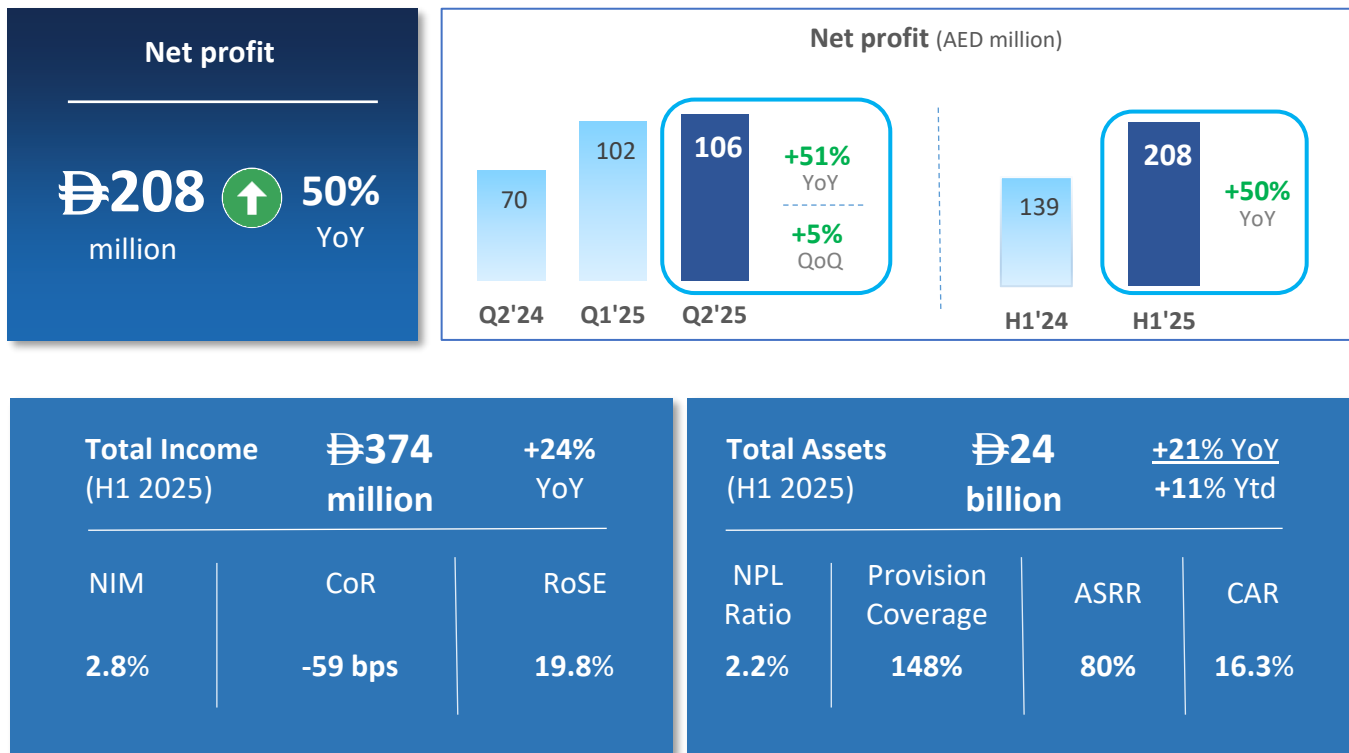


## UAB reports 50% increase in Net profit for the First Half of 2025

*Business momentum continues to remain robust witnessing continued strong growth*

**17 July 2025:** United Arab Bank (UAB) reported a strong set of financial results for the first half of 2025, with double-digit growth in assets and net profit reflecting continued momentum in business performance and effective strategic execution. These results also mark a significant milestone, as retained earnings turned positive wiping off past accumulated losses, driven by the renewed focus and leadership of the current senior management team.

### Key highlights (H1 2025)



- Net profit reported at AED 208 million for H1 2025, up by 50% year-on-year as compared to AED 139 million for H1 2024.
- Net profit for the quarter (Q2 2025) was recorded at AED 106 million, up 5% sequentially (vs Q1 2025) and 51% year-on-year.
- EPS increased to AED 0.10 per share for the half-year period in 2025 as compared to AED 0.07 per share in H1 2024.
- Total income increased by 24% year-on-year to AED 374 million for H1 2025 compared to AED 300 million for H1 2024 driven by higher non-interest and net interest income, up 70% and 13%, respectively.

- Disciplined expense management and higher income led to an improvement in cost to income ratio to 47.4% in H1 2025 from 49.4% in the prior comparative period.
- Strong recoveries in the first quarter (Q1 2025) led to a net reversal in impairment charges of AED 32 million for H1 2025 as compared to net reversal in impairment charges of AED 0.2 million in H1 2024. This translates into an annualised cost of risk (CoR) on loans and advances at -59bps.
- Annualised return on shareholders' equity (RoSE) was 19.8% in H1 2025.
- Total assets reached AED 23.9 billion in H1 2025, up 21% year-on-year and 11% year-to-date.
- Healthy growth in loans, advances and Islamic financing of 29% year-on-year and 16% year-to-date, was well supported by increase in customer deposits of 29% year-on-year and 15% year-to-date, respectively.
- Asset quality metrics maintained their improvement streak with NPL ratio now dropping below 3% to 2.2%, and provision coverage increased to 148%.
- Liquidity and funding metrics also remain healthy with advances to stable resources ratio (ASRR) at 80% and eligible liquid asset ratio (ELAR) at 17%, both comfortably above regulatory thresholds.
- Capital position remains robust with CET1 of 12.1% and total capital adequacy ratio (CAR) at 16.3%.
- During the first half, both, Fitch and Capital Intelligence upgraded the viability ratings (VR) and core financial strength (CFS) ratings, respectively by one notch, reflecting the continued improvement in the bank's asset quality, liquidity and profitability metrics. UAB's investment-grade credit ratings of 'BBB+' were affirmed by Fitch and Capital Intelligence with a 'Stable' outlook, while Moody's ratings of 'Baa3' was also affirmed with a continued 'Positive' outlook.
- United Arab Bank is in the process of enhancing its capital by up to AED 1.03 billion through a Rights Issue offered to existing shareholders. This capital injection will increase the total share capital by up to AED 3.09 billion, subject to completion of the process and necessary regulatory approvals, strengthening the Bank's capital adequacy, and enhance its resilience to any adverse macro-financial shocks, while enabling future asset growth towards achieving its strategic and financial goals.



H.H. Sheikh Mohammed bin Faisal bin Sultan Al Qassimi, Chairman of the Board of Directors of United Arab Bank, said:

*“The Bank’s exceptional financial performance in the first half of 2025 underscores the effectiveness of our strategic vision and the strength of our governance framework.*

*Looking ahead, we are unwavering in our commitment to advancing the UAE’s economic agenda while creating enduring value for all stakeholders. We will continue to lead with discipline, resilience, and an uncompromising focus on innovation, digital transformation, and operational excellence.”*



Shirish Bhide, Chief Executive Officer of UAB, said:

*“Our first-half results reflect robust operational performance and the growing impact of our transformation agenda. The strong growth in profitability and total assets highlights the success of our strategic execution and our unwavering focus on customer value, efficiency, and prudent risk-taking.”*

*He added: “As we move forward, we will continue to scale our digital capabilities, introduce innovative products, and further strengthen our control environment—while keeping the customer at the center of everything we do.”*

## Financial Summary

| <b>Income statement highlights</b> (AED Million) | <b>H1'25</b> | H1'24 | %chg<br>vs H1'24 | <b>Q2'25</b> | Q1'25 | %chg<br>vs Q1'25 | <b>Q2'24</b> | %chg<br>vs Q2'24 |
|--|--------------|-------|------------------|--------------|-------|------------------|--------------|------------------|
| Net Interest Income                              | 275          | 243   | 13               | 158          | 117   | 35               | 111          | 43               |
| Non-Interest Income                              | 98           | 58    | 70               | 50           | 48    | 4                | 26           | 90               |
| <b>Total Income</b>                              | <b>374</b>   | 300   | 24               | <b>208</b>   | 165   | 26               | 137          | 52               |
| Operating Expenses                               | (177)        | (148) | 19               | (89)         | (88)  | 2                | (71)         | 26               |
| <b>Operating Profit</b>                          | <b>197</b>   | 152   | 29               | <b>119</b>   | 78    | 53               | 66           | 79               |
| Net Impairment reversal / (loss)                 | 32           | 0     | nr               | (2)          | 34    | nr               | 11           | nr               |
| <b>Net Profit before tax</b>                     | <b>228</b>   | 152   | 50               | <b>117</b>   | 112   | 5                | 77           | 51               |
| Taxes  | (21)         | (14)  | 51               | (11)         | (10)  | 4                | (7)          | na               |
| <b>Net Profit after tax</b>                      | <b>208</b>   | 139   | 50               | <b>106</b>   | 102   | 5                | 70           | 51               |

| <b>Key Ratios (%)</b>                 | <b>H1'25</b> | H1'24  | chg<br>vs H1'24 | <b>Q2'25</b> | Q1'25  | chg<br>vs Q1'25 | <b>Q2'24</b> | chg<br>vs Q2'24 |
|---------------------------------------|--------------|--------|-----------------|--------------|--------|-----------------|--------------|-----------------|
| Net Interest Margin (NIM)             | 2.79         | 2.97   | (0.2)           | 3.09         | 2.47   | 0.6             | 2.62         | 0.5             |
| Cost-Income ratio                     | 47.4         | 49.4   | (2.0)           | 42.9         | 53.0   | (10.0)          | 51.7         | (8.7)           |
| Cost of Risk (CoR)                    | (0.59)       | (0.11) | (0.5)           | (0.11)       | (1.10) | 1.0             | (0.53)       | 0.4             |
| Return on Shareholders' Equity (RoSE) | 19.8         | 15.5   | 4.3             | 19.6         | 20.0   | (0.4)           | 15.4         | 4.2             |
| Return on Assets (RoA)                | 1.8          | 1.5    | 0.4             | 1.8          | 1.8    | (0.0)           | 1.5          | 0.3             |

| <b>Balance sheet highlights</b> (AED Billion) | <b>Jun-25</b> | Jun-24 | %chg<br>vs Jun'24 | <b>Mar-25</b> | %chg<br>vs Mar'25 | <b>Dec-24</b> | %chg<br>vs Dec'24 |
|---|---------------|--------|-------------------|---------------|-------------------|---------------|-------------------|
| Total Assets                                  | 23.9          | 19.8   | 21                | 23.4          | 2                 | 21.5          | 11                |
| Loans, advances & Islamic financing           | 13.4          | 10.4   | 29                | 12.5          | 8                 | 11.5          | 16                |
| Investments                                   | 6.6           | 5.2    | 27                | 6.8           | (3)               | 6.0           | 10                |
| Customers' deposits                           | 15.6          | 12.1   | 29                | 14.9          | 4                 | 13.6          | 15                |
| of which CASA deposits                        | 5.7           | 4.4    | 29                | 5.3           | 7                 | 4.6           | 25                |
| Total Equity (incl AT1)                       | 2.8           | 2.4    | 15                | 2.7           | 5                 | 2.6           | 9                 |

| <b>Key Ratios (%)</b>                     | <b>Jun-25</b> | Jun-24 | chg<br>vs Jun'24 | <b>Mar-25</b> | chg<br>vs Mar'25 | <b>Dec-24</b> | chg<br>vs Dec'24 |
|---|---------------|--------|------------------|---------------|------------------|---------------|------------------|
| Gross Non-performing loans ratio (NPL)    | 2.2           | 4.5    | (2.4)            | 3.4           | (1.2)            | 3.9           | (1.7)            |
| Provision coverage                        | 148           | 125    | 23.4             | 118           | 30.3             | 118           | 30.2             |
| Provision coverage (incl collaterals)     | 204           | 190    | 13.4             | 175           | 28.6             | 172           | 32.2             |
| Advances to Stable Resources ratio (ASRR) | 80            | 75     | 4.1              | 74            | 5.9              | 76            | 4.1              |
| Eligible Liquid Assets ratio (ELAR)       | 17            | 19     | (2.4)            | 18            | (1.2)            | 17            | (0.2)            |
| CASA%                                     | 36            | 36     | 0.2              | 36            | 0.7              | 34            | 2.9              |
| Common Equity Tier 1 (CET1) ratio         | 12.1          | 13.0   | (0.9)            | 12.6          | (0.5)            | 12.7          | (0.6)            |
| Tier 1 ratio                              | 15.1          | 16.8   | (1.7)            | 15.9          | (0.7)            | 16.2          | (1.1)            |
| Capital Adequacy ratio (CAR)              | 16.3          | 18.0   | (1.7)            | 17.1          | (0.7)            | 17.4          | (1.1)            |

### 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

### Robust momentum in business performance, strong recoveries and disciplined expense management drive double-digit growth in profits

| (AED Million)                 | H1'25      | H1'24      | chg<br>vs H1'24 | Q2'25      | Q1'25      | chg<br>vs Q1'25 | Q2'24      | chg<br>vs Q2'24 |
|-------------------------------|------------|------------|-----------------|------------|------------|-----------------|------------|-----------------|
| Net Interest Income           | 275        | 243        | 13              | 158        | 117        | 35              | 111        | 43              |
| Non-Interest Income           | 98         | 58         | 70              | 50         | 48         | 4               | 26         | 90              |
| Net fees & commission income  | 51         | 43         | 21              | 26         | 25         | 5               | 20         | 34              |
| Foreign exchange income       | 22         | 13         | 70              | 11         | 11         | 2               | 7          | 68              |
| Other operating income        | 25         | 2          | 945             | 13         | 12         | 5               | 0          | 9,914           |
| <b>Total operating income</b> | <b>374</b> | <b>300</b> | <b>24</b>       | <b>208</b> | <b>165</b> | <b>26</b>       | <b>137</b> | <b>52</b>       |

- **Operating income** in H1'25 increased to AED 374 million, up 24% year-on-year (yoy), driven by higher non-interest and net interest income, up 70% and 13%, respectively.
- **Net interest income** (NII) was higher by 13% yoy, on the back of loan growth in H1 2025 as well as improvement in asset yields. Balance sheet continues to be managed efficiently with effective deployment of liquidity in high-quality liquid assets to enhance yields. Net interest margin (NIM) was 2.8% in H1'25, up by 6 basis points (bps) year-to-date (ytd) primarily due to higher asset yields, in addition to the impact of a one-time adjustment to net interest income prompted by implementation of Credit Risk Management Standards issued by the CBUAE.
- **Non-interest income** was significantly higher by 70% yoy in H1 2025 driven by the Bank's strategic focus to enhance cross-sell and FX income, gains realised on the investment book and property-related gains in Q1 2025.
- In line with the transformative growth journey, the Bank continues to invest across people, products and systems, while remaining disciplined in its discretionary spending. **Operating expenses** grew 19% yoy in H1 2025 reflecting these investments as well as non-discretionary regulatory driven expenses. Cost-to-income ratio, nevertheless, improved to 47.4% in H1 2025 from 49.4% in the comparative prior year period on higher growth in operating income.
- While a net impairment charge of AED 2 million was taken in Q2 2025, strong recoveries realised throughout the first half of 2025 led to a net reversal in impairment charges of AED 32 million. This translated into an annualised cost of risk (on loans and advances) of -59bps for H1 2025. The Bank continues to prudently manage risk and maintain focus on asset quality, even as it witnesses strong asset growth.

## Driving sustainable and profitable growth through relevant offerings and an enhanced client experience

- **Total assets** increased 21% yoy and 11% ytd to AED 23.9 billion, driven by increase in lending book and high-quality investments.
- **Investments** portfolio grew 27% yoy and 10% ytd to AED 6.6 billion, as liquidity was efficiently deployed in high-quality assets to support yield enhancement.
- Proficient execution of a robust lending pipeline continues to drive growth in **net loans, advances and Islamic financing**. Lending increased by 29% yoy and 16% ytd to AED 13.4 billion. Gross Islamic financing portfolio (across wholesale and retail banking) grew by 64% ytd, increasing its share of total lending to 14.9% from 10.4% at the beginning of the year. While large corporates, government-related entities, and FI (financial institution) clients drove the growth in wholesale banking, strong double-digit increases in retail mortgages and personal loans continues to drive growth in the retail banking segment.
- **Customer deposits** grew 29% yoy and 15% ytd to AED 15.6 billion, matching the growth in lending. Strategic initiatives across Cash Management, Corporate Finance and Retail Banking are driven towards enhancing CASA, optimise funding costs and building a solid deposit base to drive sustainable asset growth. CASA deposits increased by 25% ytd to AED 5.7 billion, representing 36% of total deposits.
- **Liquidity and funding** metrics remain solid and well within regulatory requirements, with eligible liquid asset ratio (ELAR) at 17% and advances to stable resources ratio (ASRR) at 80%. The Bank remains focused on rationalising and optimising its funding costs through a judicious mix of deposits from customers, short- and medium-term borrowings, in line with asset growth.
- The Bank's prudent risk management practices, proactive portfolio management and unrelenting recovery efforts to resolve problem loans, have delivered remarkable improvement in the **asset quality** metrics over the last three years. **Gross NPL ratio** now stands below 3% at 2.2%, with an adequate **provision coverage** of 148% (204% including collaterals) as of June-2025, as compared to 3.9% at end-December 2024 and 11.6% as at end-December 2021.
- **Total Equity** at AED 2.8 billion, including USD 150 million AT1 issued in March 2023, increased by 15% yoy and 9% ytd. **Capital ratios** remain comfortably above minimum regulatory requirements with CET1, Tier1 and CAR ratio at 12.1%, 15.1% and 16.3% as compared to 12.7%, 16.2% and 17.4% at the beginning of the year. The Bank is currently in the process to strengthen its capital position further and enhance its resilience to any adverse macro-financial shocks, while enabling future asset growth towards achieving its strategic and financial goals.
- Annualised return on shareholders' equity was 19.8% and return on assets was 1.8% for H1 2025.

- 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 year.



**Abdul Haleem Sheikh**

Chief Financial Officer

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### 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 recognised as one of the few home-grown banks in the UAE, striving to enhance the lives of people by humanising banking through impeccable service and tailored financial support.

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

Additional information may be found at [www.uab.ae](http://www.uab.ae)

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