



البنك العربي المتحد
UNITED ARAB BANK

Strong start to the year

Q1'24 Earnings presentation

25 April 2024

A strong start to the year

Well positioned to continue on our transformative growth journey



Strong double-digit growth in net profits

68
AED MN
+25% yoy / +47% qoq

Driven by growth in net interest income
+44% yoy / +32% qoq

Disciplined expense management delivered positive JAWS **+15% yoy** and improved cost-to-income ratio **47.5%** (Q1'23: 53.4%)

17.9
AED BN
Total Assets

Accelerating asset growth on the back of strong pipeline

Loan demand remains solid
+24% yoy / +2% ytd

Healthy growth in customer deposits
+28% yoy / +4% ytd
CASA ratio - **34%**

Maintaining focus on asset quality

4.8%
Further improvement in NPLs ratio
(Q1'23: 7.8%)

Complemented by strong cash coverage
127% (Q1'23: 107%)
(194% incl collaterals)

Prudent risk management enables CoR (cost of risk) to remain well within guidance at **33bps**

CAR | CET1
18.4% | **13.1%**

Robust capital, liquidity & funding

ASRR | ELAR
76% | **16%**
Well within regulatory thresholds

Loans-to-Deposits
89%
(Q1'23: 88%)

Enhancing shareholder returns

15.4%
Return on Shareholders' Equity
(Q1'23: 14.7%)

Return on Assets
1.5%
(Q1'23: 1.6%)

Committed to deliver sustainable returns to shareholders

Growth in profitability driven primarily by higher net interest income and disciplined expense management



Net profit growth primarily driven by higher net interest income ...

- Operating income in Q1'24, +33% yoy and 26% qoq, primarily led by higher NII
- NII +44% yoy in Q1'24, driven by higher interest rates, double-digit asset growth and efficiency in managing funding costs
- Non-interest income +2% in Q1'24, led by higher fees & commissions +12% yoy

... complemented by prudent risk management and positive operating leverage

- Costs increased by 18% yoy and 5% qoq, in line with growth in business activity; CI ratio improved to 48% from 53% in the prior comparative period
- Net Impairment charges were AED 11 million translating into an annualised cost of risk of 33bps, well within the guidance for the year
- Taxes of AED 7 million were accrued in Q1'24 (applicable starting this year)

Q1'24 Net profit bridge

AED Mn



Income statement highlights (AED Million)

	Q1'24	%chg vs Q4'23	%chg vs Q1'23
Net Interest Income	132	32	44
Non-Interest Income	31	7	2
Total Income	163	26	33
Operating Expenses	(78)	5	18
Operating Profit	86	55	50
Impairment charges, net	(11)	18	348
Taxes	(7)	na	na
Net Profit	68	47	25
Key Ratios (%)	Q1'24	%chg vs Q4'23	%chg vs Q1'23
Net Interest Margin (NIM)	3.35	0.55	0.25
Cost-Income ratio	47.5	(9.7)	(5.9)
Cost of Risk (CoR)	0.33	(0.1)	0.4
Return on Shareholders' Equity (RoSE)	15.4	4.6	0.7
Return on Assets (RoA)	1.5	0.4	(0.0)

Operating income growth primarily led by NII benefitting from higher interest rates, significant asset growth yoy and funding costs efficiency

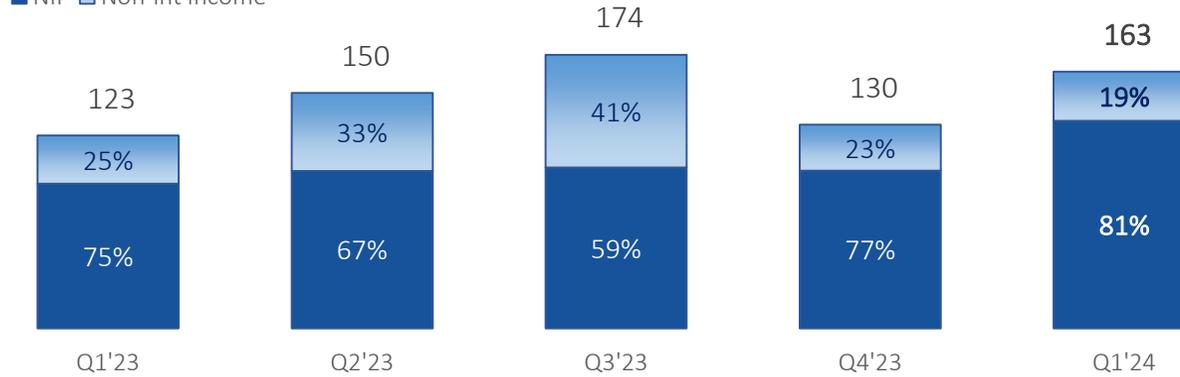


Operating income: NII recorded double-digit growth

AED Mn

NII:	+32% qoq,	+44% yoy
Non-int inc:	+7% qoq,	+2% yoy

■ NII ■ Non-int income



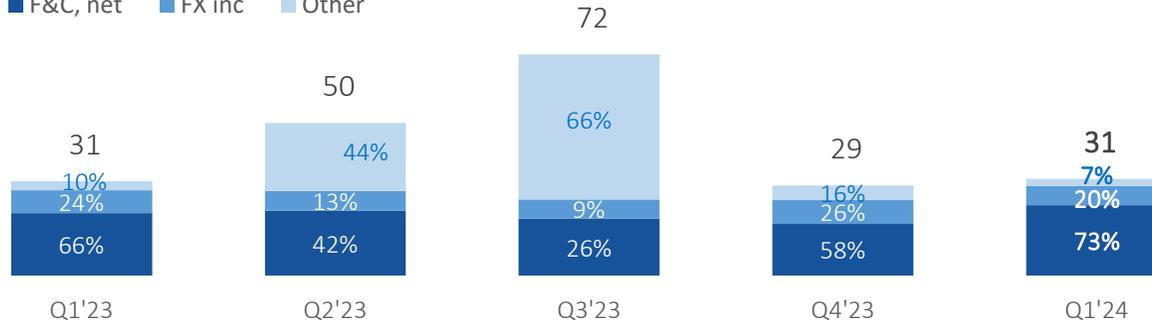
Higher interest rates and efficient management of funding costs led to 25bps yoy and 29bps qoq improvement in NIM in Q1'24



Non-interest income increased +2% yoy driven by higher F&C +12%

AED Mn

■ F&C, net ■ FX inc ■ Other



Higher expenses reflect business growth and continued investments, whilst maintaining discipline and enhancing efficiency

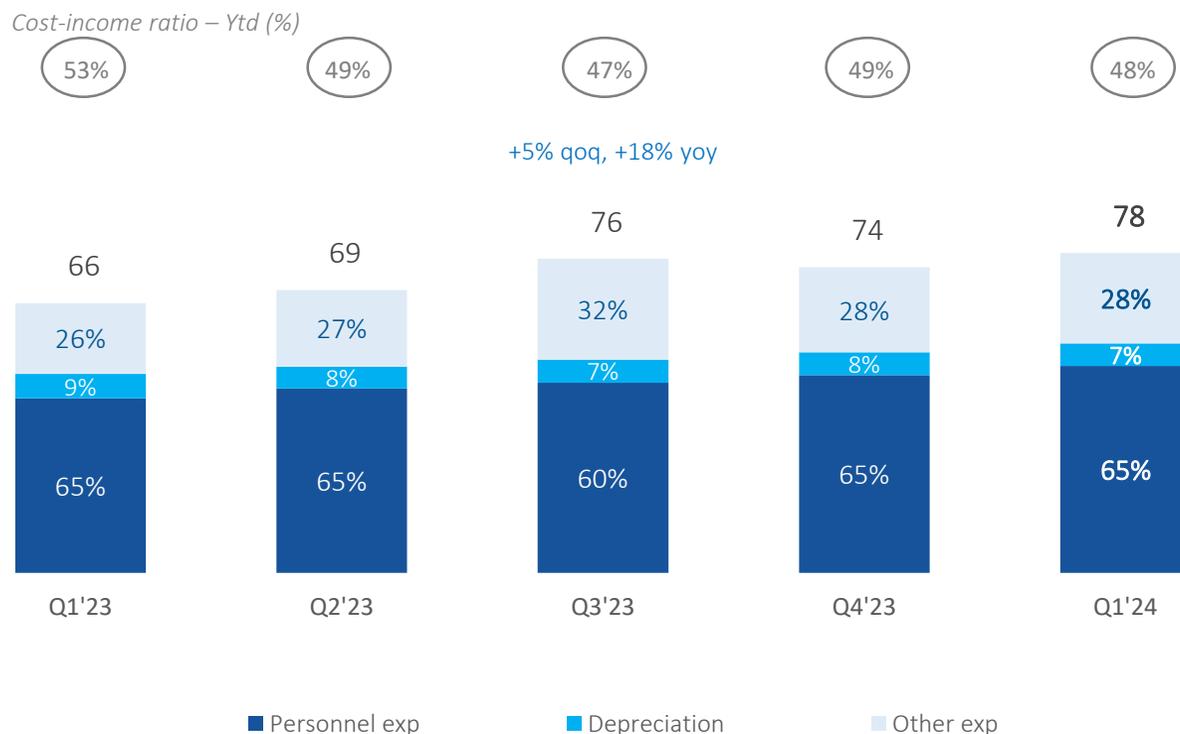


Efficiently managing expenses and investing across people, products, processes and systems, in line with the medium-term growth strategy

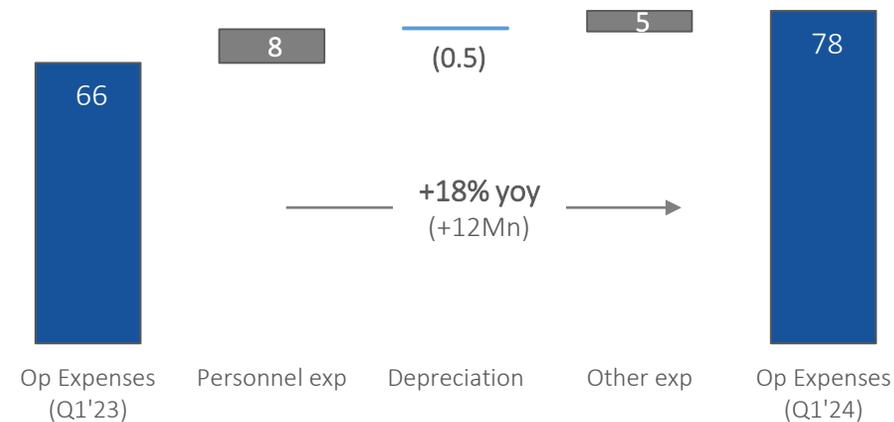
Delivering positive operating leverage (JAWS¹)

+15% yoy / +31% qoq

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



Operating expenses Q1'24 bridge (AED Mn)

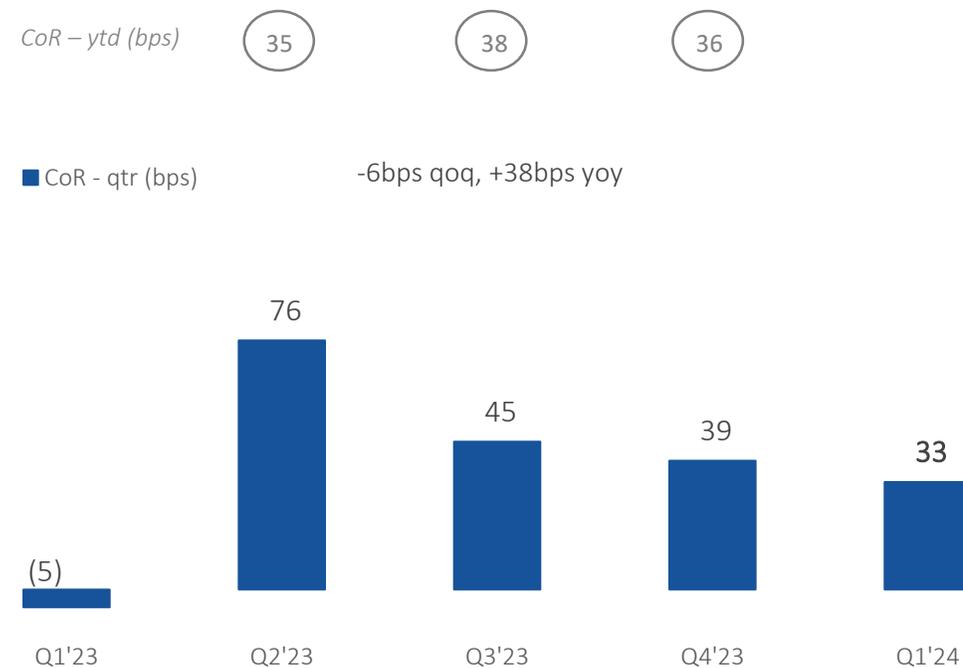
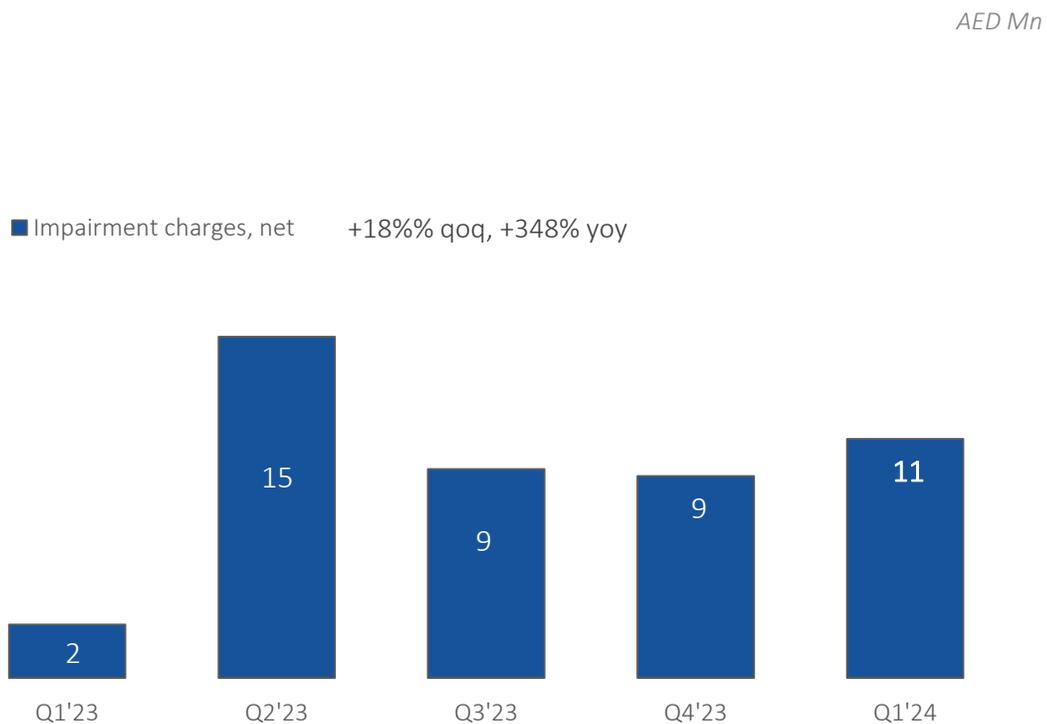


¹ JAWS is defined as difference of growth in operating income versus operating expense

Prudent risk management keeps cost of risk well within guidance for the year



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

Balance sheet remains solid with healthy growth in customer deposits

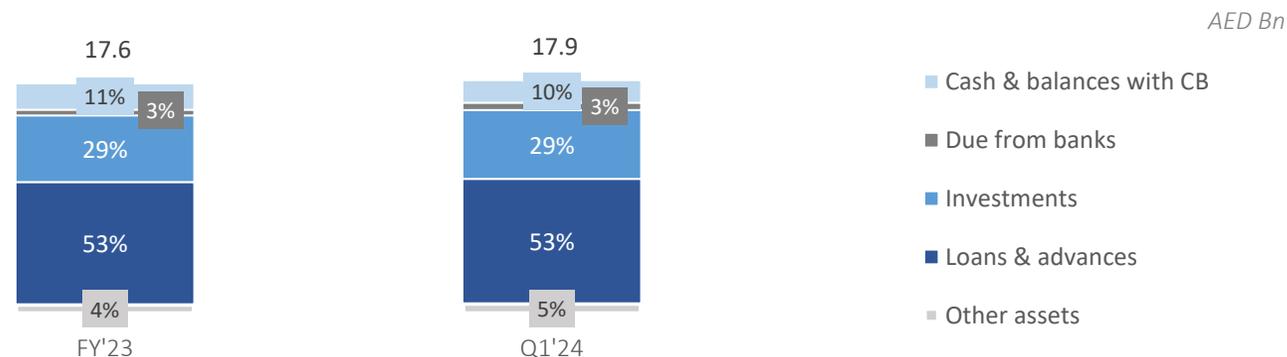


Balance Sheet highlights (AED Billion)	Q1'24	%chg vs FY'23	%chg vs Q1'23
Total Assets	17.9	1	24
Loans and advances	9.5	2	29
Investments	5.3	4	36
Customers' deposits	10.7	4	28
<i>of which CASA deposits</i>	3.7	(2)	25
Total Equity (incl AT1)	2.4	3	14

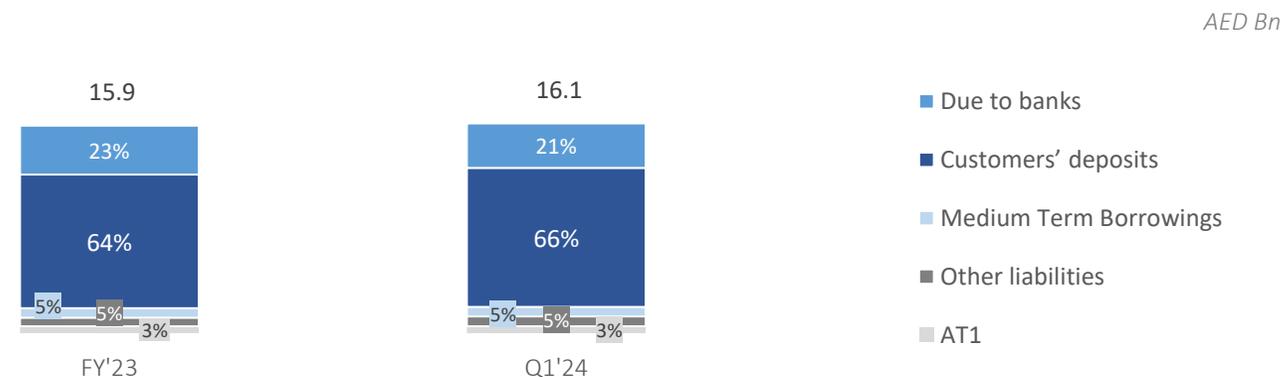
Key ratios (%)	Q1'24	FY'23	Q1'23
NPL ratio	4.8	5.0	7.8
Provision coverage	127	132	102
Provision coverage (incl collaterals)	194	200	175
Advances to Stable Resources ratio (ASRR)	76	76	80
Eligible Liquid Assets ratio (ELAR)	16	20	21
CASA%	34	37	35
CET1 ratio	13.1	13.5	13.3
Tier1 ratio	17.2	17.8	18.1
CAR%	18.4	19.0	19.3

Robust foundation with a solid capital position and adequate liquidity; business pipeline remains strong and is expected to convert, translating into robust top-line loan growth ahead

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



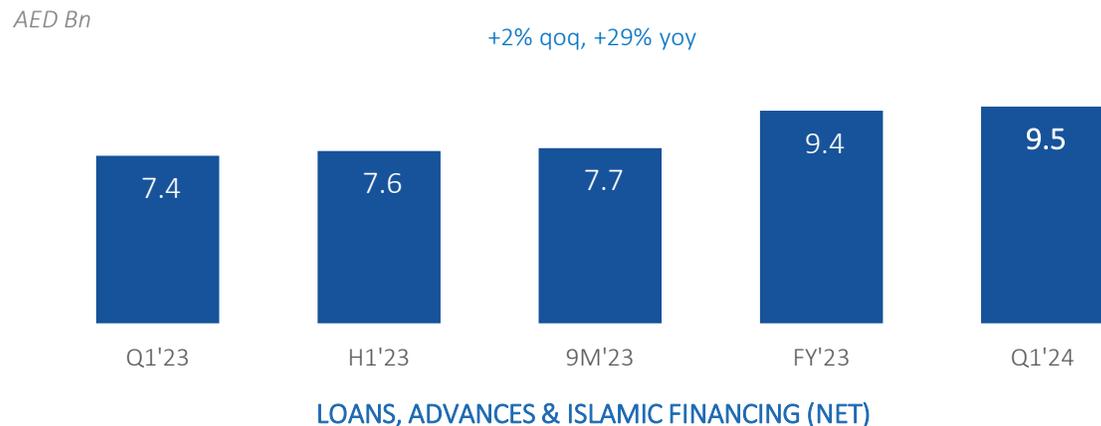
... funded by customer deposits as the major source



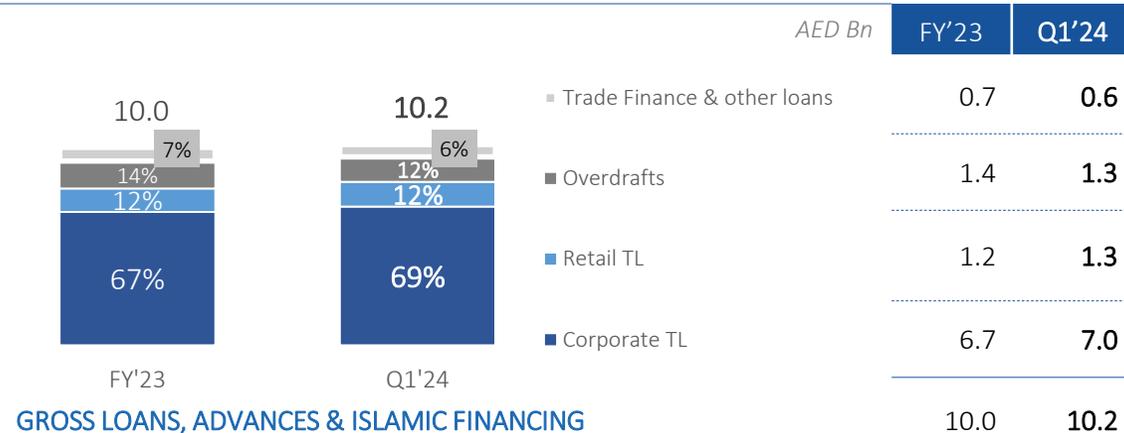
Lending growth led by corporate clients, with retail lending showing positive momentum; client demand remains robust



Lending grew by 2% in Q1'24; client demand remains robust

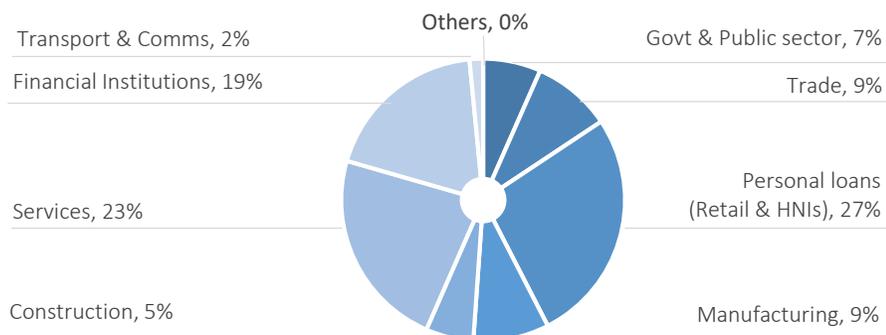


Growth in loans was corporate-led, while retail showed positive momentum



- Islamic financing now represents 7.0% of total loan book (FY'23: 8.0%)

Diversified loan book across economic sectors



¹ Gross Loans by economic sector as of December 2023 (AED 10.0Bn)

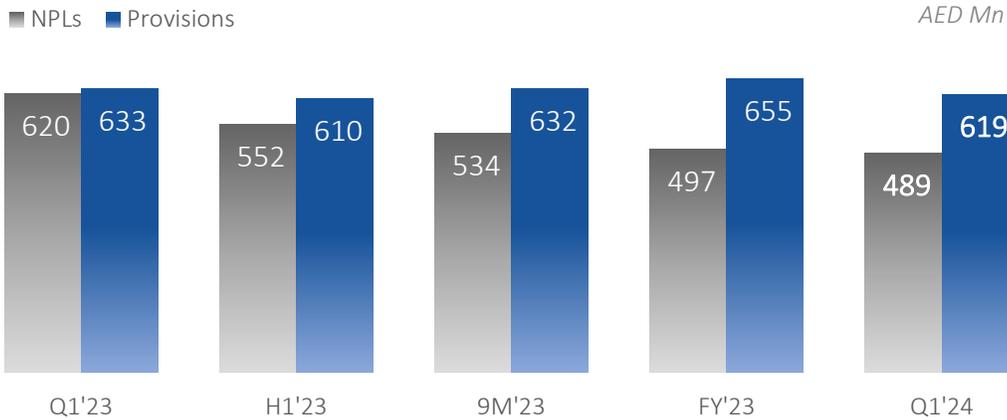
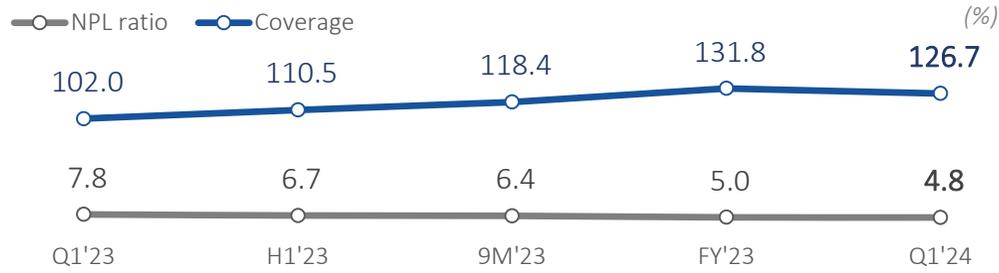
Asset quality metrics continue to improve further, while coverage remains adequate across the portfolio



Continue to prudently manage risk and maintain focus on improving and preserving good asset quality

... with decline in non-performing loans and enhanced coverage

Coverage including collaterals is at 194% as of Mar'24



91% of loans are in Stage 1

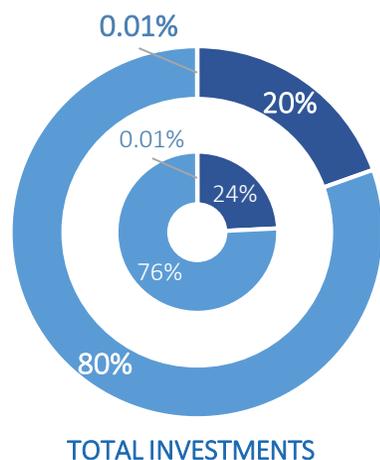
AED Bn	FY'23			Q1'24		
	Exposure	ECL	Coverage	Exposure	ECL	Coverage
Stage 1	9.0	0.1	1.4%	9.2	0.1	1.1%
Stage 2	0.5	0.2	36%	0.5	0.2	41%
Stage 3	0.5	0.4	71%	0.5	0.3	68%
GROSS LOANS	10.0	0.7		10.2	0.6	

1 NPLs and Gross Loans are net of Interest in suspense

Quality investment portfolio mandated to meet liquidity requirements and enhance yield

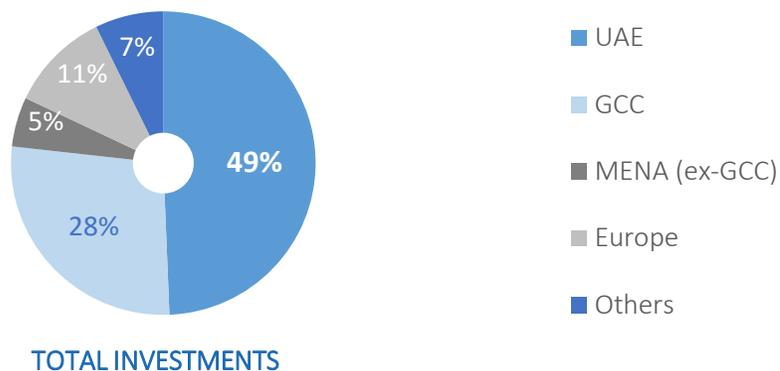


Investments book primarily consist of debt instruments, majority marked-to-market

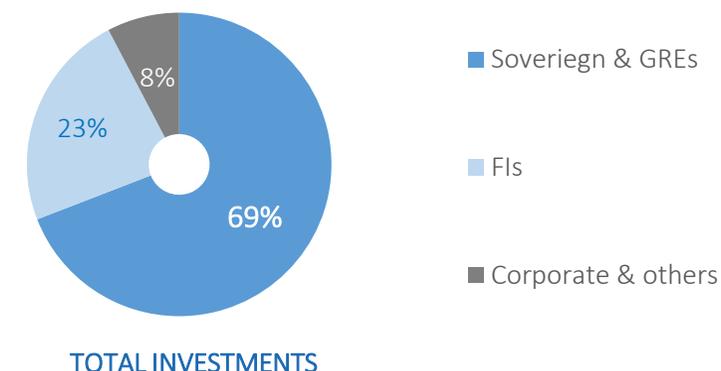


	AED Bn	
	FY'23	Q1'24
■ Debt - Amortised cost	1.2	1.0
■ Debt - FVOCI	3.9	4.2
■ Equity - FVOCI	0.001	0.001
	5.1	5.3

49% of exposure to UAE, 82% to MENA (incl GCC and UAE)



Major exposure to sovereign and GREs



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

Healthy growth in customer deposits and robust liquidity metrics



Healthy growth in customer deposits

+4% qoq, +28% yoy

AED Bn



CUSTOMER DEPOSITS

Healthy CASA deposits growth on the back of various initiatives

-2% qoq, +25% yoy

AED Bn



CASA (Current, Call & Savings Accounts)

Regulatory liquidity ratios well within regulatory thresholds

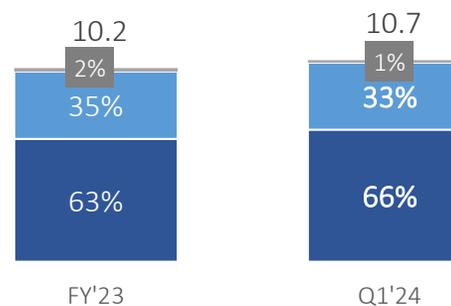
Eligible Liquid Assets Ratio

Advances to Stable Resources Ratio



Customer deposits by type

AED Bn



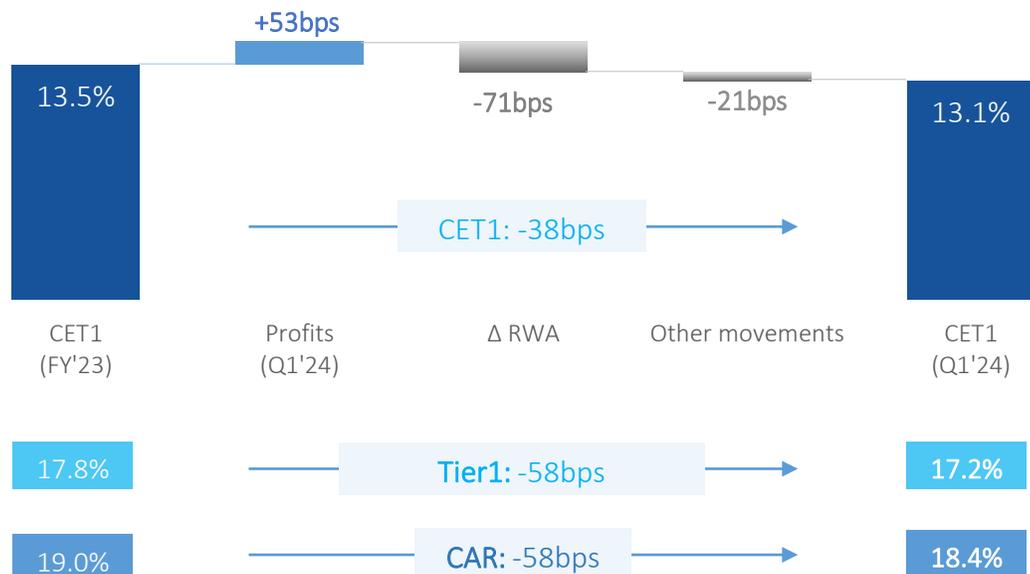
CUSTOMER DEPOSITS

	FY'23	Q1'24
Call and savings	0.2	0.1
Current accounts	3.6	3.5
Term deposits	6.5	7.0
Total	10.2	10.7

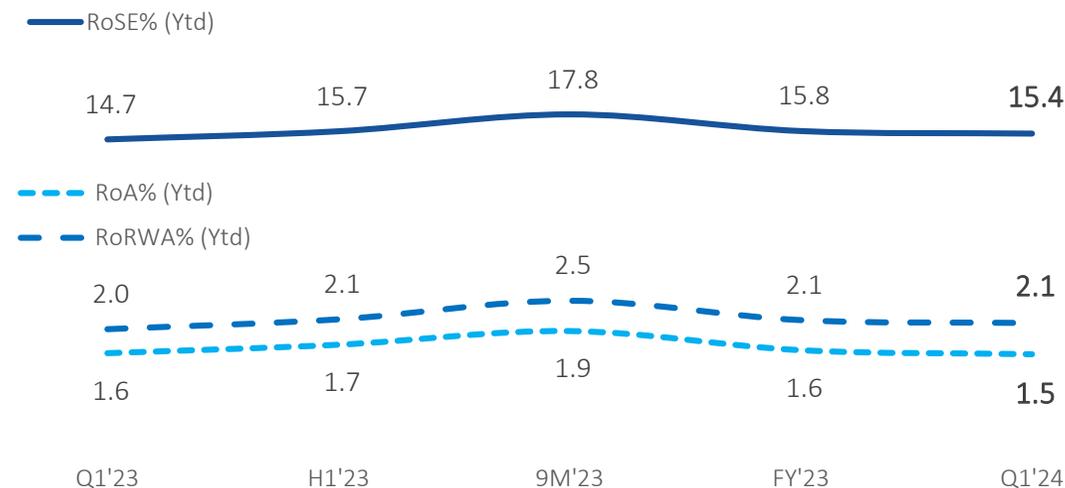
Robust capital position and steady shareholder returns



Strong earnings contribute to organic capital generation



Steady shareholder returns



* Post allocation to statutory and special reserves

Risk-weighted assets



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

We remain agile and steadfast in executing on our new strategy



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We remain **cautiously optimistic** on the macroeconomic outlook:

- positive GDP growth, further picking up pace in 2024¹, with strong contribution from non-oil sectors
- potential impact of existing high interest rates on client demand and their creditworthiness
- expected decline in interest rates to impact NIMs
- geopolitical risks may impact growth sentiment and momentum



Continue to strengthen our foundation

- maintaining our focus on quality of assets
- ensuring adequate buffers and liquidity
- preserving a solid capital position



Transform into an agile & customer-centric institution

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



Focused on delivering sustainable returns

- capitalise on positive GDP growth in UAE and strong client demand
- further enhance contribution of core businesses
- deliver superior and sustainable returns to our shareholders



Well-positioned for the growth ahead

¹ UAE real GDP growth forecast for 2024 – UAE CB 4.2%, IMF 3.5%

Appendix

Summary financials – Income statement and Balance sheet



Income statement highlights (AED Million)	Q1'24	Q4'23	Q1'23	%chg vs Q4'23	%chg vs Q1'23
Net Interest Income	132	100	92	32	44
Non-Interest Income	31	29	31	7	2
Total Income	163	130	123	26	33
Operating Expenses	(78)	(74)	(66)	5	18
Operating Profit	86	55	57	55	50
Net impairment loss	(11)	(9)	(2)	18	348
Taxes	(7)	-	-	na	na
Net Profit	68	46	55	47	25

Balance sheet highlights (AED Billion)	Mar-24	Dec-23	Mar-23	%chg vs Dec'23	%chg vs Mar'23
Total Assets	17.9	17.6	14.4	1	24
Loans, advances & Islamic financing	9.5	9.4	7.4	2	29
Investments	5.3	5.1	3.9	4	36
Customers' deposits	10.7	10.2	8.3	4	28
<i>of which CASA deposits</i>	3.7	3.7	2.9	(2)	25
Total Equity (incl AT1)	2.4	2.3	2.1	3	14

Summary financials – Key ratios



Key Ratios (%)	Q1'24	Q4'23	Q1'23	%chg vs Q4'23	%chg vs Q1'23
Net Interest Margin (NIM)	3.35	2.80	3.10	0.55	0.25
Cost-Income ratio	47.5	57.3	53.4	(9.7)	(5.9)
Cost of Risk (CoR)	0.33	0.39	(0.05)	(0.1)	0.4
Return on Shareholders' Equity (RoSE)	15.4	10.9	14.7	4.6	0.7
Return on Assets (RoA)	1.5	1.1	1.6	0.4	(0.0)
Non-performing loans ratio (NPL)	4.8	5.0	7.8	(0.1)	(2.9)
Provision coverage	127	132	102	(5.1)	24.7
Provision coverage (incl collaterals)	194	200	175	(6.6)	18.7
Advances to Stable Resources ratio (ASRR)	76	76	80	0.1	(4.4)
Eligible Liquid Assets ratio (ELAR)	16	20	21	(4.4)	(5.3)
CASA%	34	37	35	(2.1)	(0.7)
Common Equity Tier 1 (CET1) ratio	13.1	13.5	13.3	(0.4)	(0.2)
Tier 1 ratio	17.2	17.8	18.1	(0.6)	(0.9)
Capital Adequacy ratio (CAR)	18.4	19.0	19.3	(0.6)	(0.9)

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