

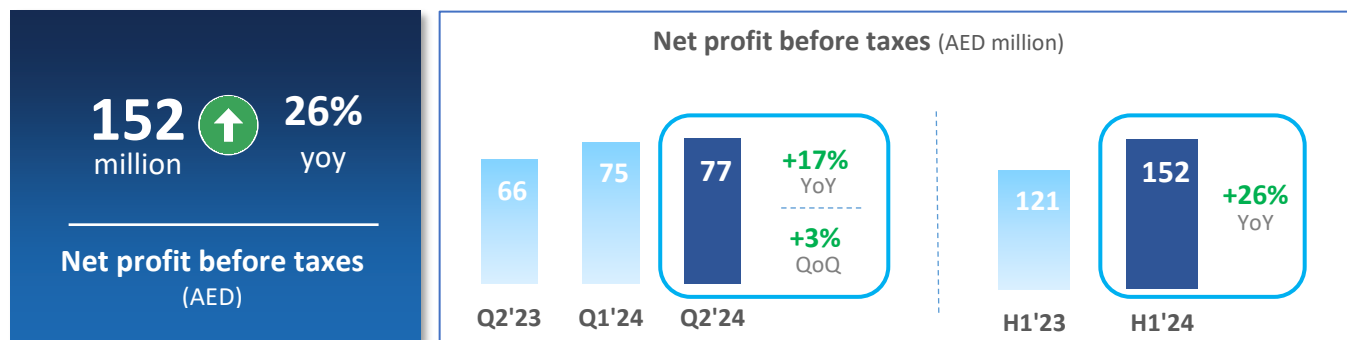
UAB reports Financial Results for the First Half of 2024

Net profit before taxes up 26% YoY in H1 2024 and 17% YoY in 2nd quarter

Assets reach AED 20 billion driven by strong loan growth of 12% YTD

25 July 2024: United Arab Bank (UAB) reported financial results for the first half of 2024 continuing to demonstrate the strong business momentum and diligent execution of our strategy with double-digit growth in assets and net profits year-on-year. The Bank continues to adeptly manage both opportunities and challenges as it steadily advances on its path of transformative growth.

Key highlights (H1 2024)



- Net profit (before tax) reported at AED 152 million for H1 2024, up by 26% yoy as compared to AED 121 million for H1 2023. Profit after taxes at AED 139 million were higher by 15% yoy.
- Net profit before taxes for Q2 2024 were AED 77 million, up by 17% yoy and 3% sequentially.
- EPS increased to AED 0.07 per share for the half-year period in 2024 as compared to AED 0.06 per share in H1 2023.

Total Income (AED) – H1 2024	NIM	CoR	RoSE
300 million, +10% yoy	3.0%	-11 bps	15.5%

- Total income increased by 10% yoy to AED 300 million for H1 2024 compared to AED 273 million for H1 2023 driven by higher net interest income which increased by 26% yoy.
- Strong recoveries in the second quarter (Q2 2024) led to a net reversal in impairment charges of AED (0.2) million for H1 2024 as compared to net impairment charges of AED 18 million in H1 2023. This translates into an annualised cost of risk (CoR) on loans and advances at -11bps.
- Annualised return on shareholders' equity (RoSE) was 15.5% in H1 2024.

Total Assets (AED) – H1 2024	NPL ratio	Provision Coverage	ASRR	CAR
20 billion, +12% ytd	4.5%	125%	75%	18.0%

- Total assets reached AED 19.8 billion in H1 2024, up 12% ytd as customer-led demand drove strong growth in lending, complemented by net inflows of 18% ytd in customer deposits.
- Asset quality metrics improved further with NPL ratio declining to 4.5% with an adequate provision coverage maintained at 125%.
- Healthy liquidity and funding profile with advances to stable resources ratio (ASRR) at 75% and eligible liquid asset ratio (ELAR) at 19%, both comfortably above regulatory thresholds.
- Capital position remains robust with CET1 of 13.0% and total capital adequacy ratio (CAR) at 18.0%.
- BBB+/Ba1 credit ratings affirmed by Fitch and Moody’s, with the outlook of ‘Stable’ and ‘Positive’ respectively. UAB’s credit rating was upgraded by Capital Intelligence to BBB+ from BBB.



Commenting on the Bank's performance, HH Sheikh Mohammed bin Faisal bin Sultan Al Qassimi, Chairman of the Board of Directors of United Arab Bank, said: “UAB’s strong performance in the first half of 2024 reflects the successful implementation of our growth strategy and reinforces our commitment to delivering sustainable value to our shareholders. We are confident that our prudent business model shall continue to deliver a solid performance and deal with the opportunities and challenges that will present themselves.”

He added: “As we move ahead into the second half of the year, we remain committed to enhancing our customers’ banking experience and contributing to the growth and prosperity of the UAE’s economy.”



Shirish Bhide, Chief Executive Officer of UAB, commented: “Our customer-centric approach and sustainable growth model has led to a 15% increase in net profit and a 12% growth in total assets. Our positive performance is a testament to the successful execution of our strategic priorities and a clear evidence of the success of the many initiatives that have been implemented at the Bank. Going forward, we will continue investing in our growth strategy and digital capabilities, while equally focusing on developing innovative products and services that meet our customers’ aspirations whilst upholding the highest standards of compliance and internal controls.”

Financial Summary

Income statement highlights (AED Million)	H1'24	H1'23	%chg vs H1'23	Q2'24	Q1'24	%chg vs Q1'24	Q2'23	%chg vs Q2'23
	Net Interest Income	243	192	26	111	132	(16)	100
Non-Interest Income	58	80	(28)	26	31	(16)	50	(47)
Total Income	300	273	10	137	163	(16)	150	(9)
Operating Expenses	(148)	(134)	11	(71)	(78)	(9)	(69)	3
Operating Profit	152	138	10	66	86	(23)	81	(18)
Net Impairment loss	0	(18)	(101)	11	(11)	(202)	(15)	(171)
Profit before taxes	152	121	26	77	75	3	66	17
Taxes	(14)	-	na	(7)	(7)	2	-	na
Net Profit	139	121	15	70	68	3	66	7

Balance sheet highlights (AED Billion)	Jun-24	Dec-23	%chg vs Dec'23	Mar-24	%chg vs Mar'24	Jun-23	%chg vs Jun'23
	Total Assets	19.8	17.6	12	17.9	11	14.4
Loans, advances & Islamic financing	10.4	9.4	12	9.5	9	7.6	38
Investments	5.2	5.1	2	5.3	(2)	4.2	24
Customers' deposits	12.1	10.2	18	10.7	14	8.4	44
of which CASA deposits	4.4	3.7	18	3.7	20	3.3	35
Total Equity (incl AT1)	2.4	2.3	5	2.4	2	2.1	13

Key Ratios (%)	H1'24	H1'23	chg vs H1'23	Q2'24	Q1'24	chg vs Q1'24	Q2'23	chg vs Q2'23
	Net Interest Margin (NIM)	2.97	3.16	(0.2)	2.62	3.35	(0.7)	3.22
Cost-Income ratio	49.4	49.3	0.2	51.7	47.5	4.2	45.8	5.8
Cost of Risk (CoR)	(0.11)	0.35	(0.5)	(0.53)	0.33	(0.9)	0.76	(1.3)
Return on Shareholders' Equity (RoSE)	15.5	15.7	(0.3)	15.4	15.4	(0.1)	17.0	(1.6)
Return on Assets (RoA)	1.5	1.7	(0.2)	1.5	1.5	(0.0)	1.8	(0.3)
Non-performing loans ratio (NPL)	4.5	6.7	(2.2)	4.5	4.8	(0.3)	6.7	(2.2)
Provision coverage	125	110	14.1	125	127	(2.2)	110	14.1
Provision coverage (incl collaterals)	190	175	15.7	190	194	(3.2)	175	15.7
Advances to Stable Resources ratio (ASRR)	75	82	(6.2)	75	76	(0.3)	82	(6.2)
Eligible Liquid Assets ratio (ELAR)	19	18	0.8	19	16	3.5	18	0.8
CASA%	36	39	(2.6)	36	34	1.8	39	(2.6)
Common Equity Tier 1 (CET1) ratio	13.0	13.7	(0.7)	13.0	13.1	(0.2)	13.7	(0.7)
Tier 1 ratio	16.8	18.5	(1.6)	16.8	17.2	(0.4)	18.5	(1.6)
Capital Adequacy ratio (CAR)	18.0	19.6	(1.6)	18.0	18.4	(0.4)	19.6	(1.6)

Notes:

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

Financial overview

Profit growth driven by positive business momentum, strong recoveries and disciplined expense management

(AED Million)	H1'24	H1'23	%chg vs H1'23	Q2'24	Q1'24	%chg vs Q1'24	Q2'23	%chg vs Q2'23
Net Interest Income	243	192	26	111	132	(16)	100	10
Non-Interest Income	58	80	(28)	26	31	(16)	50	(47)
Net fees & commission income	43	41	3	20	23	(14)	21	(7)
Foreign exchange income	13	14	(8)	7	6	5	6	1
Other operating income	2	25	(90)	0	2	(94)	22	(99)
Total operating income	300	273	10	137	163	(16)	150	(9)

- **Operating income** in H1'24 increased to AED 300 million, up 10% year-on-year (yoy), primarily driven by higher net interest income.
- **Net interest income** (NII) was higher by 26% yoy, led by strong growth in lending and from benefits of higher interest rates as compared to prior year period. 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 3.0% in H1'24, lower by 19 basis points (bps) yoy and 9 bps ytd due to margin compression.
- **Non-interest income** was lower by 28% yoy primarily due to non-recurrence of one-off income realised in H1 2023 from sale of fixed assets. Core fees and commissions income, nevertheless, was higher by 3% yoy on increase in lending volumes.
- In line with the transformative growth journey, the Bank continues to invest across people, products and systems, albeit efficiently managing its spending as evidenced by the cost-income ratio which largely remained stable at 49.4%, despite a 11% yoy increase in **operating expenses**.
- Strong recoveries in the second quarter (Q2 2024) and adequate provision coverage across the portfolio led to a net reversal in **impairment charges** of AED (0.2) million for H1 2024 as compared to net impairment charges of AED 18 million in H1 2023. This translated into an annualised cost of risk (on loans and advances) of -11bps in comparison to 35bps for the corresponding prior year period. The bank continues to prudently manage risk and maintain focus on asset quality, even as it witnesses strong asset growth.
- With effective implementation in UAE beginning this year, AED 14 million have been taken as accruals for **corporate taxes** in H1 2024.

Customer-led demand drives strong growth in loans, while focus on client experience and initiatives to increase CASA lead to robust inflows in customer deposits

- **Total assets** increased 12% ytd and 37% yoy to AED 19.8 billion, driven by increase in lending book and high-quality investments.
- **Investments** portfolio grew 2% ytd and 24% yoy to AED 5.2 billion, as liquidity was deployed efficiently to support yield enhancement.
- **Net loans, advances and Islamic financing** crossed AED 10 billion, as customer-led demand drives lending growth of 12% ytd and 38% yoy. Growth outlook remains positive for the second half of the year with a robust business pipeline in place coupled with proficient execution.
- In line with our vision to be the banker of choice for our customers, our relentless focus on enhancing customer experience and implementation of various initiatives to enhance CASA, supported robust inflows in **customer deposits** growing strongly by 18% ytd and 44% yoy to AED 12.1 billion. CASA deposits increased by 18% ytd to AED 4.4 billion, representing 36% of total deposits.
- **Liquidity and funding** remains solid and well within regulatory requirements, with eligible liquid asset ratio (ELAR) at 19% and advances to stable resources ratio (ASRR) at 75%. Liabilities include a 2-year dual tranche AED 735 million medium term borrowing successfully raised at market competitive rates towards the end of last year, strengthening the balance sheet and enhancing the bank's ability to support its customers' needs.
- The Bank remains fully committed to ensuring adherence to prudent risk practices with proactive portfolio management being a key focus area, as evidenced from the significant improvement seen across **asset quality metrics**. **NPL ratio** has improved significantly to 4.5% from 11.6% at the end of December 2021, while **provision coverage** has improved to 125% (190% including collaterals) as of June-2024 from 68% as of December 2021.
- **Total Equity** at AED 2.4 billion, including USD 150 million AT1 issued in March 2023, improved by 5% ytd and 13% yoy. **Capital position** remained robust with CET1, Tier1 and CAR ratio at 13.0%, 16.8% and 18.0% as compared to 13.5%, 17.8% and 19.0% at the beginning of the year, and remains above minimum regulatory requirements.
- Annualised return on shareholders' equity was 15.5% and return on assets was 1.5% for H1'24.

Abdulahleem Sheikh

Chief Financial Officer

Awards and Accolades



UAE Domestic Online Banking
Initiative of the Year
United Arab Bank



United Arab Bank (UAB) won the Asian Banking & Finance Wholesale Banking Award for “UAE Domestic Online Banking Initiative of the Year” for its innovative UAB Trade Online Banking Platform. The platform allows clients to manage their financial affairs, offering unparalleled convenience and security and a wide range of exceptional features and products.

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 Investors and Société Générale, 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 humanising banking through impeccable service and tailored financial support.

Additional information may be found at www.uab.ae

For further information, please contact:

Investor Relations, Strategy & ESG

Abhishek Kumat

Direct Line: +971 6 5075784

Mobile: +971 50 6614913

Email: ir@uab.ae

Marketing & Corporate Communications Department

Sirine El Merhebi

Direct Line: +971 6 5075415

Mobile: +971 55 6072929

Email: Sirine.elmerhebi@uab.ae