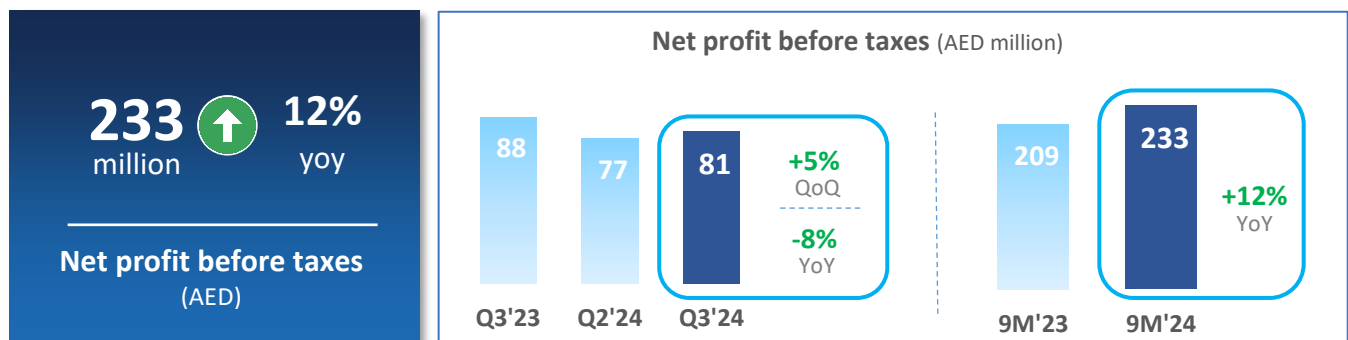


UAB reports Financial Results for the First Nine Months of 2024

Net profit before taxes up 12% YoY in 9M 2024

20 October 2024: United Arab Bank's (UAB) financial results for the first nine months of 2024 continue to affirm the diligent execution of the bank's strategy driven on the back of a competitive, yet positive operating environment and relentless focus on delivering best-in-class customer service. The Bank continues to prioritize growth across all target segments aligned with its strategy, embedding prudent risk management practices and disciplined cost management to deliver sustainable growth.

Key highlights (9M 2024)



- Net profit (before taxes) reported at AED 233 million for 9M 2024, up by 12% yoy as compared to AED 209 million for 9M 2023. Profit after taxes at AED 212 million were higher by 2% yoy.
- Net profit before taxes for Q3 2024 were AED 81 million, up by 5% sequentially.

Total Income (AED) – 9M 2024	NIM	CoR	RoSE
452 million, +1% yoy	2.8%	-13 bps	15.1%

- Net interest income increased by 20% yoy to AED 354 million for 9M 2024 compared to AED 295 million for 9M 2023 leading to higher total income of AED 452 million, up by 1% yoy.
- Strong recoveries led to a net reversal in impairment charges of AED 5 million for 9M 2024 as compared to net impairment charges of AED 27 million in 9M 2023.
- Annualised return on shareholders' equity (RoSE) was 15.1% in 9M 2024.

Total Assets (AED) – 9M 2024	NPL ratio	Provision Coverage	ASRR	CAR
20 billion, +13% ytd	4.1%	125%	74%	18.8%

- Total assets were AED 20.0 billion at end-September 2024, up 13% ytd led by growth in loans, advances and Islamic financing of 15% ytd.
- Asset quality metrics improved further with NPL ratio declining to 4.1% with an adequate provision coverage maintained at 125%.
- Healthy liquidity and funding profile with advances to stable resources ratio (ASRR) at 74% and eligible liquid asset ratio (ELAR) at 15%, both comfortably above regulatory thresholds.
- Capital position remains robust with CET1 of 13.8% and total capital adequacy ratio (CAR) at 18.8%.
- UAB’s credit rating was upgraded by Moody’s to investment grade (Baa3/P-3), with the outlook remaining on ‘Positive’.

Shirish Bhide, Chief Executive Officer of UAB, commented: "UAB’s performance in the first nine months of 2024 demonstrates the successful implementation of our strategy for sustainable growth. This achievement reflects our commitment to delivering long-term value to our shareholders and customers. The recent upgrade in our credit rating by Moody’s highlights the improvement in our governance related practices and risk mitigating measures coupled with improved profitability metrics."



He added: "Going forward, we will continue to invest in innovation and digital capabilities that enhance customer experience, drive efficiency, and support our long-term growth objectives."

Financial Summary

Income statement highlights (AED Million)	9M'24	9M'23	%chg vs 9M'23	Q3'24	Q2'24	%chg vs Q2'24	Q3'23	%chg vs Q3'23
Net Interest Income	354	295	20	111	111	0	102	9
Non-Interest Income	98	152	(35)	41	26	54	72	(44)
Total Income	452	447	1	152	137	11	174	(13)
Operating Expenses	(224)	(211)	6	(75)	(71)	6	(76)	(2)
Operating Profit	229	236	(3)	77	66	16	98	(22)
Net Impairment loss	5	(27)	(117)	5	11	(59)	(9)	(148)
Profit before taxes	233	209	12	81	77	5	88	(8)
Taxes	(21)	-	na	(7)	(7)	5	-	na
Net Profit	212	209	2	74	70	5	88	(17)

Key Ratios (%)	9M'24	9M'23	chg vs 9M'23	Q3'24	Q2'24	chg vs Q2'24	Q3'23	chg vs Q3'23
Net Interest Margin (NIM)	2.82	3.16	(0.3)	2.52	2.62	(0.1)	3.17	(0.6)
Cost-Income ratio	49	47	2.3	50	52	(2.1)	44	5.8
Cost of Risk (CoR)	(0.13)	0.38	(0.5)	(0.16)	(0.53)	0.4	0.45	(0.6)
Return on Shareholders' Equity (RoSE)	15.1	17.8	(2.8)	15.1	15.4	(0.3)	21.8	(6.7)
Return on Assets (RoA)	1.5	1.9	(0.4)	1.5	1.5	(0.0)	2.4	(0.9)

Balance sheet highlights (AED Billion)	Sep-24	Dec-23	%chg vs Dec'23	Jun-24	%chg vs Jun'24	Sep-23	%chg vs Sep'23
Total Assets	20.0	17.6	13	19.8	1	14.7	36
Loans, advances & Islamic financing	10.8	9.4	15	10.4	3	7.7	40
Investments	5.7	5.1	12	5.2	9	4.7	22
Customers' deposits	12.0	10.2	18	12.1	(1)	9.2	31
of which CASA deposits	4.1	3.7	9	4.4	(8)	3.3	21
Total Equity (incl AT1)	2.6	2.3	13	2.4	7	2.2	19

Key Ratios (%)	Sep-24	Dec-23	%chg vs Dec'23	Jun-24	%chg vs Jun'24	Sep-23	%chg vs Sep'23
Non-performing loans ratio (NPL)	4.1	5.0	(0.9)	4.5	(0.5)	6.4	(2.3)
Provision coverage	125	132	(6.6)	125	0.6	118	6.8
Provision coverage (incl collaterals)	188	200	(12.6)	190	(2.8)	195	(7.9)
Advances to Stable Resources ratio (ASRR)	74	76	(1.4)	75	(1.1)	73	0.9
Eligible Liquid Assets ratio (ELAR)	15	20	(4.7)	19	(3.8)	18	(2.5)
CASA%	34	37	(2.8)	36	(2.5)	36	(2.7)
Common Equity Tier 1 (CET1) ratio	13.8	13.5	0.3	13.0	0.8	13.9	(0.1)
Tier 1 ratio	17.6	17.8	(0.2)	16.8	0.8	18.6	(1.0)
Capital Adequacy ratio (CAR)	18.8	19.0	(0.2)	18.0	0.8	19.8	(1.0)

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

Improved profitability driven by growth in core business, strong recoveries and disciplined expense management

(AED Million)	9M'24	9M'23	chg vs 9M'23	Q3'24	Q2'24	chg vs Q2'24	Q3'23	chg vs Q3'23
Net Interest Income	354	295	20	111	111	0	102	9
Non-Interest Income	98	152	(35)	41	26	54	72	(44)
Net fees & commission income	65	60	8	22	20	14	19	21
Foreign exchange income	23	20	13	10	7	50	6	59
Other operating income	11	72	(85)	8	0	6,308	47	(82)
Total operating income	452	447	1	152	137	11	174	(13)

- **Operating income** in 9M 2024 increased to AED 452 million, up 1% year-on-year (yoy), primarily driven by higher net interest income.
- **Net interest income** (NII) was higher by 20% 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 2.82% in 9M 2024 as compared to 3.06% in FY 2023.
- **Non-interest income** declined in 9M 2024 primarily due to absence of gains from sale of fixed assets realised in 9M 2023. Fees and commissions income as well as FX income increased by 8% yoy and 13% yoy, respectively led by higher business volumes.
- 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%, despite a 6% yoy increase in **operating expenses**.
- Continuing with the trend witnessed in previous quarter (Q2 2024), the third quarter also witnessed strong recoveries, leading to a **net reversal in impairment charges** of AED 5 million for 9M 2024 as compared to net impairment charges of AED 27 million in 9M 2023. This translates into an annualised cost of risk (CoR) on loans and advances at -13bps. The bank continues to prudently manage risk and maintain focus on asset quality, even as it continues to grow the balance sheet.
- With effective implementation in UAE beginning this year, AED 21 million have been taken as accruals for **corporate taxes** in 9M 2024.

Ratings upgrade by Moody's highlights the improvement in our governance related practices, risk mitigating measures coupled with improved profitability metrics, as the bank continues to grow responsibly to deliver sustainable shareholder returns

- **Total assets** increased 13% ytd and 36% yoy to AED 20.0 billion, driven by increase in lending book and high-quality investments.
- **Investments** portfolio grew 12% ytd and 22% yoy to AED 5.7 billion, as liquidity was deployed efficiently to support yield enhancement.
- **Net loans, advances and Islamic financing** increased to AED 10.8 billion, registering a sector leading growth of 15% ytd and 40% yoy. Growth outlook remains positive for the remainder of the year with a strong business pipeline in place.
- **Customer deposits** were AED 12.0 billion, up 18% ytd and 31% yoy. CASA deposits are up by 9% ytd to AED 4.1 billion, representing 34% of total deposits.
- **Liquidity and funding** remains solid and well within regulatory requirements, with eligible liquid asset ratio (ELAR) at 15% and advances to stable resources ratio (ASRR) at 74%. 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.
- Asset quality metrics further improved with **NPL ratio** reducing to 4.1% from 4.5% in the previous quarter and 5.1% at the end of December 2023, while **provision coverage** remains adequate at 125% (188% including collaterals) as of September-end 2024.
- The Bank's efforts towards strengthening its financial position and the successful execution of its growth plan over the past several quarters led to an **upgrade in the credit ratings to an investment grade level (Baa3) by Moody's**. The positive outlook, initiated in September 2023, was also maintained post the ratings upgrade, underlying Moody's expectation for UAB's asset quality to remain sound, capital buffers to remain solid and profitability to continue to improve. UAB is now rated Baa3/P-3/Positive by Moody's and BBB+/F2/Stable by Fitch.
- **Total Equity** at AED 2.6 billion, including USD 150 million AT1 issued in March 2023, improved by 13% ytd and 19% yoy, led by growth in profits and significant improvement in fair value reserves. **Capital position** remained robust with CET1, Tier1 and CAR ratio at 13.8%, 17.6% and 18.8% 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 15.1% and return on assets was 1.5% for 9M 2024.

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

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