



MANAGEMENT DISCUSSION & ANALYSIS

YTD Sep'22

Key Highlights – YTD Sep'2022

UAB Reports Financial Results for YTD Sep 2022

UAB reported YTD Sep'2022 Net Profit of **AED 119.1 Mn** as compared to Net Profit of **AED 44.7 Mn** in YTD Sep' 2021 (**↑ 166%**), simultaneously Q3'2022 Net profit of **AED 35.8 Mn** has recorded a increase of **101%** when compared to net profit recorded in Q3 2021 of **AED 17.8 Mn**

YoY Net Interest Income higher by 4%

from 215m in YTD Sep 2021 to 224m in YTD
Sep 2022

Operating Profit higher by 7% (YoY)

from 156m in YTD Sep 2021 to 167m in YTD
Sep 2022

Adequate Liquidity profile Maintained

(ASR 88%, ELAR 17%)

Loan : Deposit Ratio

managed to 84%

YoY Income higher by 4%

from 337m in YTD Sep 2021 to 351m in
YTD Sep 2022

57% YoY reduction in Provisions

Cost of Risk reduced from 1.1% in Q3'21
to 0.1% in Q3'22, also reduced from FY 21
ratio of 1.6%

CAR at 13.5%

CET 1 at 12.3%

Above currently applicable regulatory
requirements

Management Discussion & Analysis – YTD Sep'22

Financial Performance Summary

United Arab Bank P.J.S.C ("UAB" or "the Bank") announces its Financial Results for the nine months period ending 30th September 2022. Strong performance continues during the year and is evidenced across the period with the Bank reporting a Net Profit of **AED 119.1m** for Q3 YTD 2022 compared to a Net Profit of **AED 44.7m** in Q3 YTD 2021 (**↑ 166%**), similarly Net profit for Q3 2022 has increased by **101%** in comparison to Q3 2021. The growth in net profit is a result of improved operating performance and lower expected credit losses as a result of prudent approach to risk management which resulted in lower cost of risk.

UAB's financial performance was aided by a significant progress within the 'core' businesses recording a **7%** increase in Operating Profit compared to Q3 YTD 2021. Total Income increased by **4%** comparing to same period in 2021.

The Balance Sheet has been significantly strengthened with a focus on quality assets which resulted in recording **57%** reduction in Provisions compared to the Q3 YTD 2021. These results provide further evidence that the Bank is well positioned to set sail on its growth journey.

These positive results provide tangible evidence that the Bank's low risk and efficient UAE focused business model is appropriate and our turnaround strategy is delivering positive results.

The Bank's distribution network comprises of 6 full fledged commercial branches and 17 ATMs providing full banking services to our customers.

Moody's Rating

Bank Deposits- Long Term

Ba1

Outlook

Stable

Fitch Rating

Long Term IDR

BBB+

Outlook

Stable

Financial Performance – YTD Sep'22

AED millions

Income Statement	2022- Actuals				2021 - Actuals						Variance	
	YTD'22	Q3	Q2	Q1	FY'21	Q4	YTD'21	Q3	Q2	Q1	QoQ%	YoY%
Net Interest Income	224.2	83.2	74.0	66.9	277.8	62.8	215.0	71.7	79.1	64.1	12%	4%
Non-Interest Income	126.8	25.0	51.8	50.0	171.8	50.3	121.5	28.4	24.9	68.2	-52%	4%
Total Operating Income	351.0	108.2	125.9	116.9	449.6	113.1	336.5	100.2	104.0	132.3	-14%	4%
Operating Expenses	(183.9)	(67.9)	(57.6)	(58.5)	(243.7)	(63.4)	(180.3)	(60.6)	(60.1)	(59.6)	-18%	-2%
Profit before Impairment Loss	167.0	40.4	68.3	58.4	205.9	49.7	156.2	39.6	43.9	72.7	-41%	7%
Net Impairment Loss	(48.0)	(4.6)	(15.4)	(28.0)	(135.7)	(24.2)	(111.5)	(21.8)	(27.2)	(62.5)	70%	57%
Net Profit	119.1	35.8	52.9	30.4	70.2	25.5	44.7	17.8	16.7	10.2	-32%	166%

Balance Sheet	2022- Actuals			2021- Actuals				Variance	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	QoQ%	YoY%
Loans and Advances	7,788	8,374	7,884	8,213	8,035	8,035	8,501	-7%	-3%
Investment Securities	3,435	3,425	3,808	3,530	3,582	3,402	3,299	0%	-4%
Other Assets	2,843	2,949	2,328	3,436	2,649	3,112	2,620	-4%	7%
Total Assets	14,066	14,748	14,021	15,180	14,267	14,549	14,419	-5%	-1%
Customer Deposits	9,241	10,517	10,120	10,406	10,328	10,639	10,839	-12%	-11%
Due to Banks	2,512	1,911	1,582	2,411	1,702	1,544	1,373	31%	48%
Other Liabilities	930	919	818	851	737	869	772	1%	26%
Total Liabilities	12,683	13,347	12,520	13,668	12,768	13,052	12,984	-5%	-1%
Shareholders' Equity	1,383	1,402	1,501	1,512	1,499	1,497	1,435	-1%	-8%
Total Liabilities & Shareholders' Funds	14,066	14,748	14,021	15,180	14,267	14,549	14,419	-5%	-1%

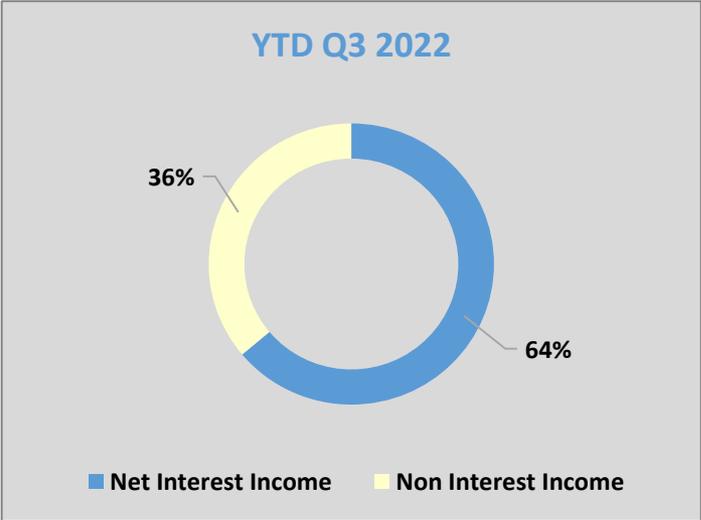
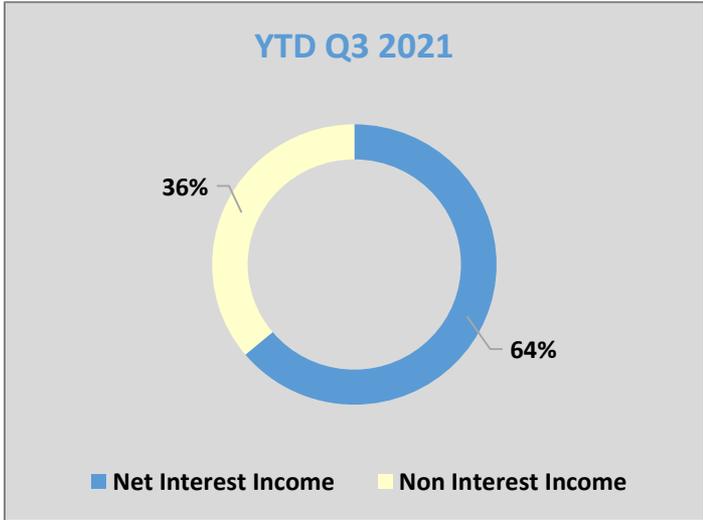


Key Ratios – YTD Sep'22

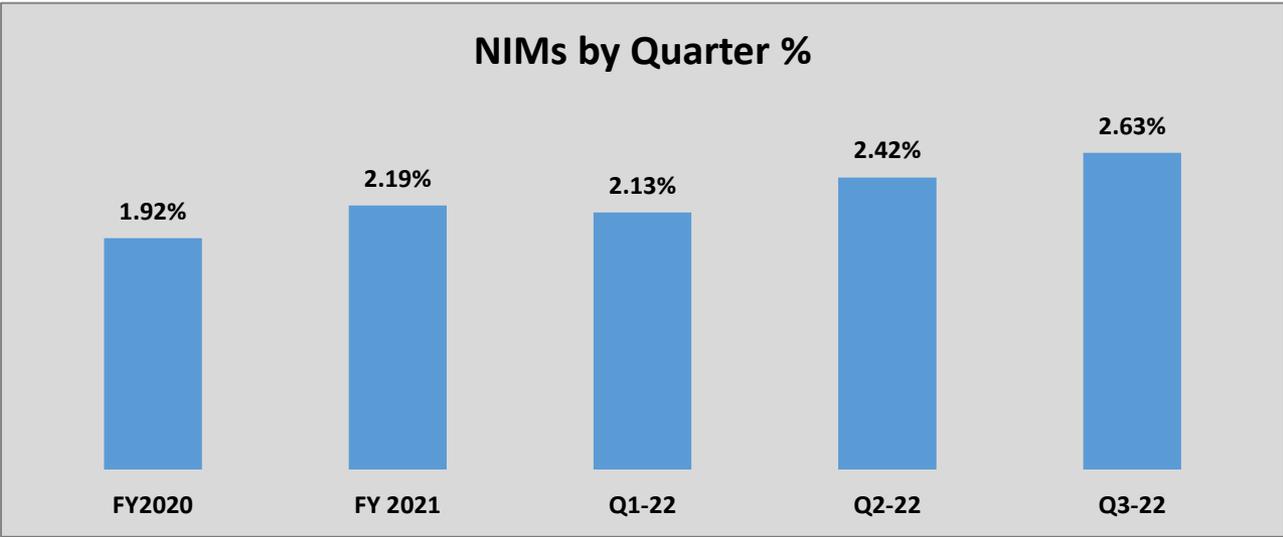
Key Ratios	2022					2021				Variance	
	YTD'22	Q3	Q2	Q1	FY'21	Q4	Q3	Q2	Q1	QoQ%	Vs FY'21
Regulatory											
Capital Adequacy	13.5%	13.5%	13.2%	14.3%	13.8%	13.8%	13.6%	13.4%	14.2%	0.4%	-0.3%
Tier 1	12.3%	12.3%	12.0%	13.1%	12.6%	12.6%	12.5%	12.3%	13.0%	0.4%	-0.3%
CET 1	12.3%	12.3%	12.0%	13.1%	12.6%	12.6%	12.5%	12.3%	13.0%	0.4%	-0.3%
Advances to Stable Resources	88%	88%	83%	80%	81%	81%	77%	76%	79%	5%	7%
Eligible Liquid Assets	17%	17%	15%	16%	19%	19%	15%	17%	15%	2%	-2%
Performance											
Cost : Income Ratio	52%	63%	46%	50%	54%	56%	60%	58%	45%	17%	-2%
NPL's : Gross Loans	10.3%	10.3%	10.0%	11.4%	11.6%	11.6%	14.4%	15.7%	11.2%	0.3%	-1.3%
Provision Coverage	81%	81%	77%	70%	68%	68%	81%	81%	106%	4%	13%
Provision Coverage(Including Collaterals)	123%	123%	136%	129%	124%	124%	123%	98%	134%	-13%	-1%
Loans : Deposits Ratio	84%	84%	80%	78%	79%	79%	78%	76%	78%	5%	5%
Return on Average Equity	11.0%	9.8%	15.0%	8.2%	4.7%	6.8%	4.8%	4.6%	2.9%	-5.2%	6.3%
Return on Average Assets	1.1%	1.0%	1.5%	0.8%	0.5%	0.7%	0.5%	0.5%	0.3%	-0.5%	0.6%
Cost of Risk	0.8%	0.1%	0.8%	1.4%	1.6%	1.2%	1.1%	1.3%	2.9%	-0.7%	-0.8%
CASA %	31%	31%	31%	30%	30%	30%	27%	29%	27%	0%	1%

Income Statement Review

Total Income

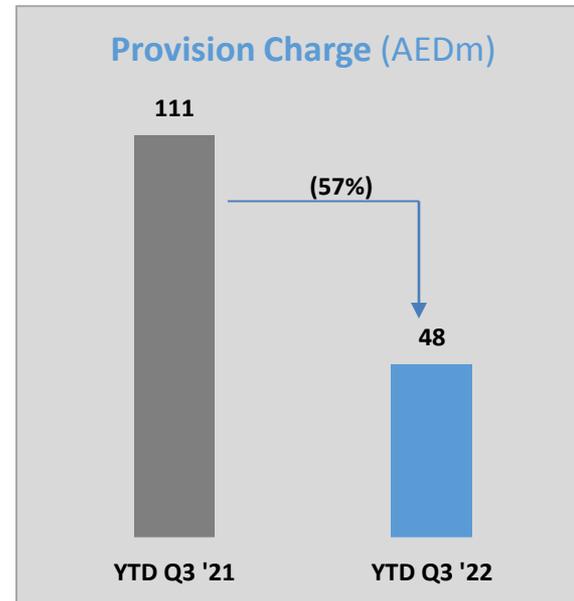
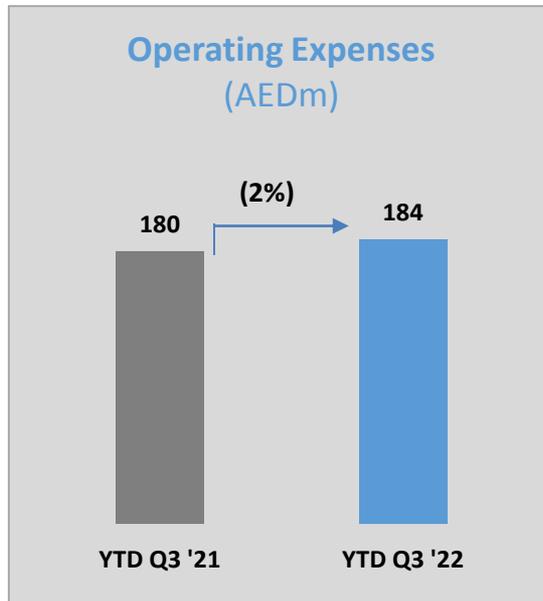


Total Income for YTD Q3 2022 was **AED 351m**, increased 4% (YoY)



The **NIMs** have increased in Q3'22 as the bank benefits from the higher interest rate environment

Income Statement Review (cont.)

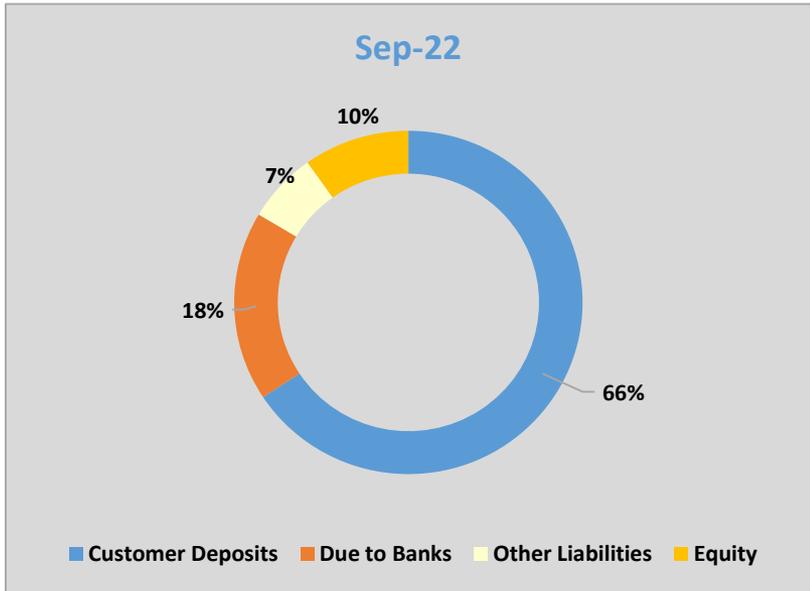
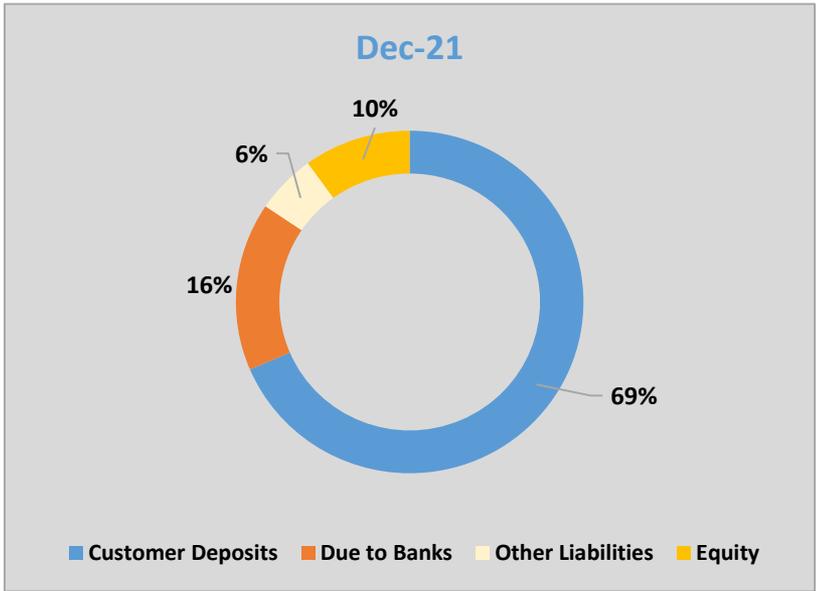


Operating Expenses for YTD Q3 2022 were AED 184m, representing a marginal increase of only 2% against YTD Q3 2021 despite inflationary pressures, as the Bank continues to monitor & rationalize its cost base through optimization of staff costs and avoiding non essential general and administrative expenditure .

Net Impairment Loss dropped (57%) vs. YTD Q3 2021 on a total portfolio basis, as the bank focuses on higher quality assets and on its remediation efforts and recoveries.

Balance Sheet Review

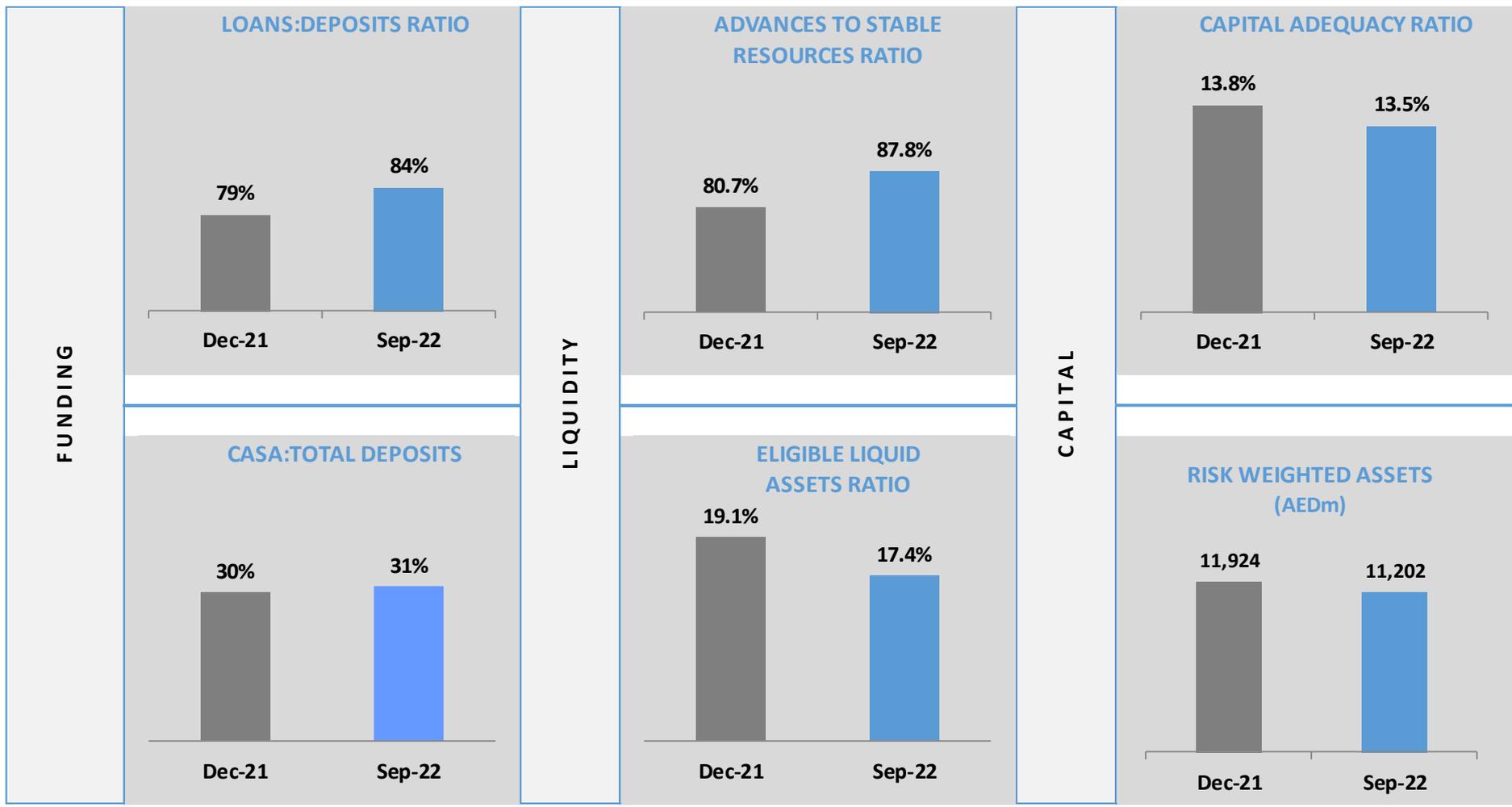
Total Funding



Customer Deposits have and will continue to represent the Bank’s key source of funds contributing 66% of total funding compared to 69% in Dec’21.

CASA Deposits continue to grow and are now 31% of total deposits which is higher than Dec’21, as the Bank continues to deploy various initiatives to efficiently manage the cost of funds.

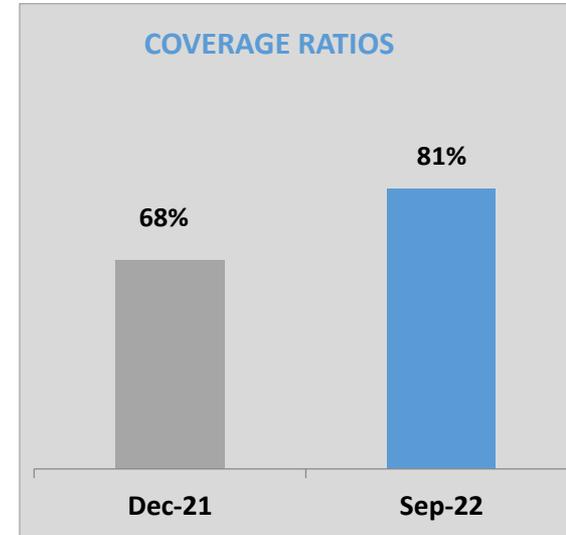
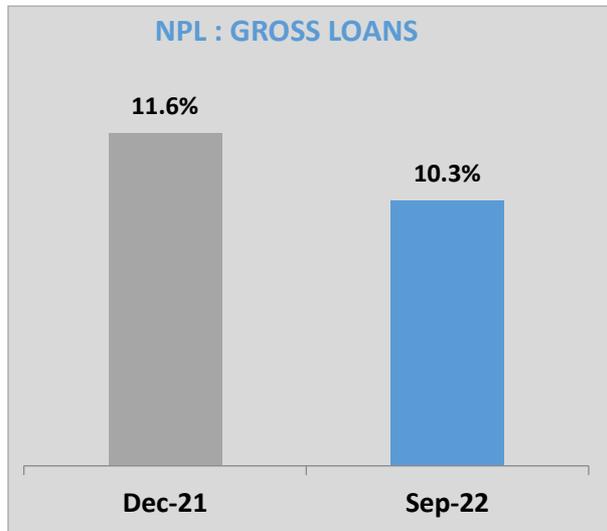
Liquidity Metrics and Capital Ratios



Loan : Deposit Ratio of 84% underpins a robust liquidity profile, whilst **CASA** composition at 31% supports reduction in cost of funds

Satisfactory **Liquidity base** substantiated by both ASR / ELAR Ratios managed well above CB UAE thresholds

Overall Capital adequacy of 13.5% position with a Common Equity Tier1 (CET1) ratio of 12.3%, ahead of currently applicable regulatory requirements



UAB continues with its decisive and prudent provisioning approach, and to proactively manage problem loans which has resulted in a reduction in NPL ratio of 10.3% in Sep 2022 compared to 11.6% in Dec 2021. The Provision Coverage ratio increased by 13% to 81% as at Sep 2022 compared to 68% in Dec 2021. The Provision Coverage Ratio (including collaterals) as on Sep 2022 stands at 123%.