

# UAB®

البنك العربي المتحد  
UNITED ARAB BANK



عاماً متحدون  
years united

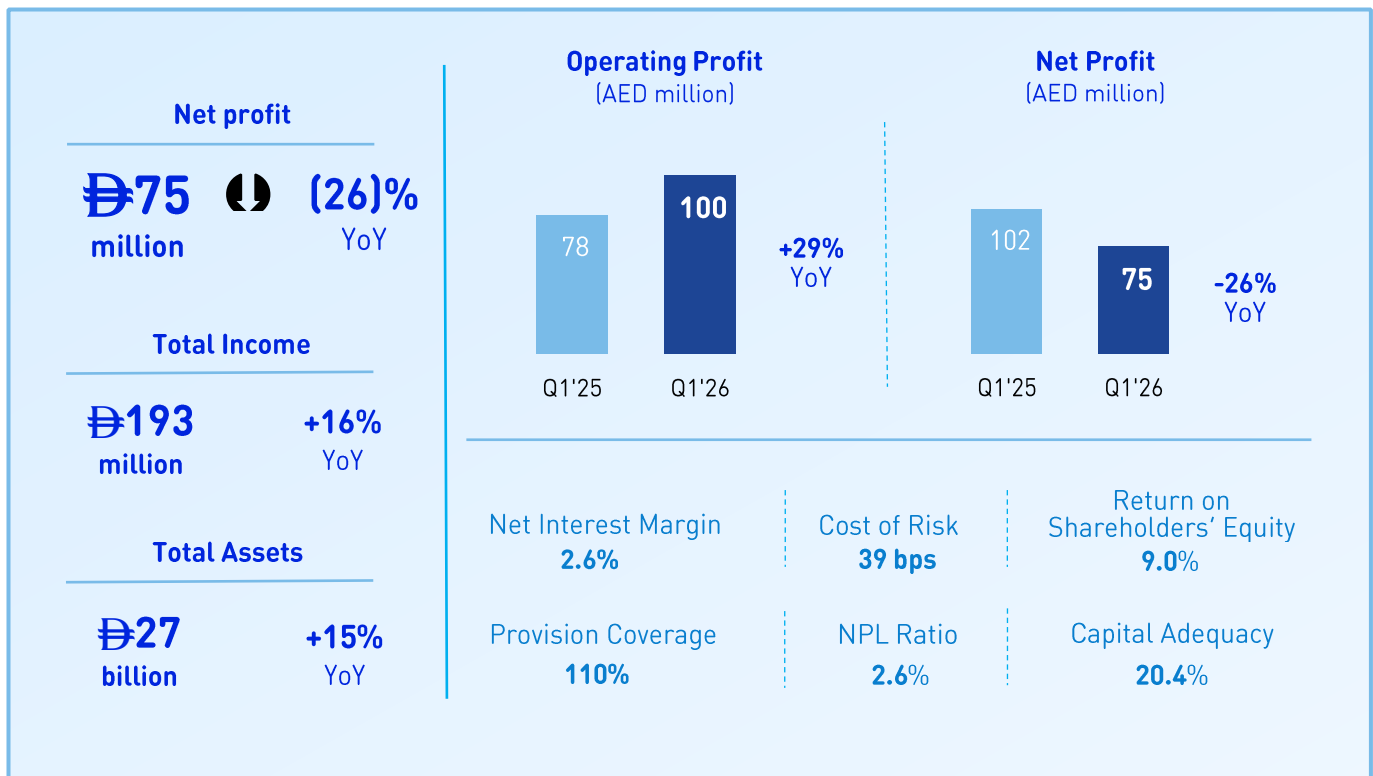
## Management Discussion & Analysis for the First Quarter ended 31 March 2026

## UAB reports Net profit of AED 75 million for the first quarter of 2026

**22 April 2026:** United Arab Bank PJSC (UAB or “the Bank”) has reported a net profit of AED 75 million for the first quarter ended 31 March 2026 driven by operating profit growth of 29% year-on-year. These results are a testament to the strong foundation of the Bank and the ongoing diligent execution of strategy during challenging period impacted by high volatility and uncertainty globally due to the regional geopolitical situation.

UAB remains firmly committed to maintain a resilient credit profile, underpinned by a strong capital base and solid liquidity position. The Bank continues to prioritise prudent risk management and disciplined cost control as core elements of its strategic imperatives, supporting stable performance and long-term growth.

### Key highlights (Q1 2026):



- Net profit reported at AED 75 million for the first quarter ended 31 March 2026, as compared to AED 102 million for comparative prior year period.
- Total operating income grew by 16% year-on-year to AED 193 million for Q1 2026 compared to AED 165 million for Q1 2025 driven by higher net interest income (up 34% year-on-year).
- Growth in operating income combined with disciplined expense management resulted in strong operating profit growth of 29% year-on-year.
- Net impairment charges of AED 18 million were taken during Q1 2026 as compared to a net reversal of AED 34 million in the Q1 2025, which was driven by one-off recoveries and writebacks included in prior year period.
- Annualised return on shareholders' equity (RoSE) was 9.0% for Q1 2026.
- Total assets were recorded at AED 27 billion at end-March 2026, up 15% year-on-year.
- Loans, advances and Islamic financing, and investments grew by 21% and 22% respectively, while customer deposits increased by 11% year-on-year.
- Asset quality metrics remained healthy with an NPL ratio of 2.6% and provision coverage of 110%.
- Capital adequacy ratio remains robust at 20.4% and well above regulatory requirements.
- Liquidity and funding metrics also remain healthy with advances to stable resources ratio (ASRR) at 73% and eligible liquid asset ratio (ELAR) at 16%, both comfortably above regulatory thresholds.
- UAB's credit ratings were affirmed by Fitch at 'BBB+' with a 'Stable' outlook during the quarter. The Bank also enjoys Moody's investment-grade ratings of Baa2 with a 'Stable' outlook.



Shirish Bhide, Chief Executive Officer of UAB, commented:

"UAB has delivered a solid set of results in the first quarter of 2026, demonstrating the strength and resilience of our business model. In a quarter that saw a difficult period for the region, UAB delivered robust top-line and operating profit growth, vis-à-vis the same period in 2025. This impressive growth reflects the business momentum we have built and our disciplined approach to risk management and expense control.

Our total assets have continued their strong upward trajectory year-on-year, underpinned by healthy growth across loans, advances, Islamic financing, and investments. These results are a testament to the trust our customers continue to place in us and the dedication of our team in delivering on our commitments. UAB remains firmly committed to always maintaining a resilient credit profile with a strong capital position and sound liquidity.

In line with our commitment to being closer to our customers and communities, we added a new branch in the Festival City Mall in Dubai and will soon be opening another branch in Abu Dhabi. This careful expansion enhances our physical presence and customer touchpoints across the UAE, complementing our digital capabilities and reinforcing our promise to deliver accessible, convenient, and personalised banking experiences to our customers.

We continue to operate from a position of financial strength and optimism, inspired by the visionary leadership of the UAE and the nation's unwavering commitment to building a prosperous and dynamic economy. We are proud to be part of this remarkable journey and remain deeply confident in the long-term opportunities in the country and wider region."

## Financial Summary

Income statement highlights (AED Million)	Q1'26	Q1'25	%chg vs Q1'25	Q4'25	%chg vs Q4'25
Net Interest Income	157	117	34	151	4
Non-Interest Income	35	48	(27)	65	(45)
<b>Total Income</b>	<b>193</b>	165	16	216	(11)
Operating Expenses	(92)	(88)	5	(97)	(5)
<b>Operating Profit</b>	<b>100</b>	78	29	119	(16)
Net Impairment (loss) / reversal	(18)	34	nr	16	nr
<b>Net Profit before tax</b>	<b>82</b>	112	(26)	135	(39)
Taxes	(7)	(10)	(27)	(13)	(42)
<b>Net Profit after tax</b>	<b>75</b>	102	(26)	122	(39)

Key Ratios (%)	Q1'26	Q1'25	chg vs Q1'25	Q4'25	chg vs Q4'25
Net Interest Margin (NIM)	2.62	2.49	0.1	2.60	0.0
Cost-Income ratio	47.9	53.0	(5.1)	44.9	3.0
Cost of Risk (CoR)	0.39	(1.10)	nr	(0.54)	nr
Return on Shareholders' Equity (RoSE)	9.0	20.0	(11.1)	14.1	(5.1)
Return on Assets (RoA)	1.1	1.8	(0.7)	1.9	(0.8)

Balance sheet highlights (AED Billion)	Mar-26	Mar-25	%chg vs Mar'25	Dec-25	%chg vs Dec'25
Total Assets	26.9	23.4	15	27.0	(0)
Loans, advances & Islamic financing	15.1	12.5	21	14.6	4
Investments	8.3	6.8	22	7.9	5
Customers' deposits	16.7	14.9	11	17.8	(6)
of which CASA deposits	6.2	5.3	15	6.5	(5)
Total Equity (incl AT1)	3.8	2.7	44	4.0	(5)

Key Ratios (%)	Mar-26	Mar-25	chg vs Mar'25	Dec-25	chg vs Dec'25
Gross Non-performing loans ratio (NPL)	2.6	3.4	(0.8)	2.8	(0.2)
Provision coverage	110	140	(29.4)	107	3.4
Provision coverage (incl collaterals)	186	197	(11.1)	183	2.9
Advances to Stable Resources ratio (ASRR)	73	74	(0.2)	70	3.7
Eligible Liquid Assets ratio (ELAR)	16	18	(1.9)	17	(1.3)
CASA%	37	36	1.2	36	0.6
Common Equity Tier 1 (CET1) ratio	16.4	12.6	3.8	17.4	(1.0)
Tier 1 ratio	19.2	15.9	3.3	20.3	(1.1)
Capital Adequacy ratio (CAR)	20.4	17.1	3.3	21.5	(1.2)

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

**Operating profit growth of 29% year-on-year driven by higher net interest income, partially offset by one-off property-related and other gains included during last year**

(AED Million)	Q1'26	Q1'25	chg vs Q1'25	Q4'25	chg vs Q4'25
Net Interest Income	157	117	34	151	4
Non-Interest Income	35	48	(27)	65	(45)
Net fees & commission income	20	25	(19)	28	(27)
Foreign exchange income	14	11	26	11	23
Other operating income	1	12	(89)	26	(95)
<b>Total operating income</b>	<b>193</b>	165	16	216	(11)

- **Operating income** in Q1 2026 increased to AED 193 million, up 16% year-on-year (YoY), driven by higher net interest income.
- **Net interest income** (NII) grew by 34% YoY, driven by continued growth in lending and investment book. Balance sheet remains efficiently managed with effective liquidity management by deploying across high-quality assets to enhance yields. Net interest margin (NIM) at 2.6% in Q1 2026 was higher than Q1 2025.
- **Non-interest income** declined year-on-year primarily due to absence of one-off gains realised on sale of property in Q1 2025.
- Disciplined cost management limited the growth in **operating expenses** to 5% YoY in Q1 2026, even as the Bank continues to invest in the business growth across people, products, processes and systems. Cost-to-income ratio improved to 48% in Q1 2026 from 53% in the comparative prior year period.
- As a result of the significant reduction in non-performing loans after multiple successful resolutions in FY 2025 and prior years, recoveries and writebacks (of provisions) were expected to decline along with gradual normalisation in cost of risk. Accordingly, Q1 2026 saw impairment charges of AED 18 million being taken as compared to net reversals of AED 34 million in the prior year period. Annualised cost of risk (on loans and advances) for Q1 2026 was 39bps. The Bank continues to prudently manage risk, maintain focus on asset quality and remains vigilant to any signs of stress building up as a result of the ongoing geopolitical crisis.

## Balance sheet growth continues to be driven by customer-led demand supported by robust capitalisation, sound liquidity and funding position

- **Total assets** increased by 15% year-on-year (YoY) to AED 26.9 billion, driven by increase in lending book and high-quality investments.
- **Investments** portfolio grew 22% YoY to AED 8.3 billion, as liquidity was efficiently deployed in high-quality assets to support yield enhancement.
- **Net loans, advances and Islamic financing** increased by 21% YoY and 4% year-to-date to AED 15.1 billion. Year-to-date growth in lending was primarily led by FI (financial institution) clients and corporates in trading sector.
- **Customer deposits** grew by 11% YoY to AED 16.7 billion driven by strategic initiatives across corporate and personal banking segments towards enhancing CASA, optimising funding costs and building a solid deposit base to drive sustainable asset growth. CASA deposits increased by 15% YoY to AED 6.2 billion, and represent 37% of total deposits.
- **Liquidity and funding** metrics remain strong and well within regulatory requirements, with eligible liquid asset ratio (ELAR) at 16% and advances to stable resources ratio (ASRR) at 73%. The Bank remains focused on optimising its funding costs through a judicious mix of deposits from customers, short- and medium-term borrowings, in line with asset growth.
- **Asset quality** metrics remain healthy with **gross NPL ratio** at 2.6% and **provision coverage** of 110% (186% including collaterals) as of March-end 2026, as compared to 3.4% and 140% at March-end 2025, respectively.
- **Total Equity** increased by 44% YoY to AED 3.8 billion, boosted by the successful completion of a AED 1.03 billion capital raise via a rights issue in Q3 2025. Cash dividends of AED 109 million for the financial year ended 31 December 2025 were declared and paid during the first quarter. **Capital adequacy ratios** remain robust with CET1, Tier1 and CAR ratio at 16.4%, 19.2% and 20.4% respectively as of March-end 2026, compared to 12.6%, 15.9% and 17.1% at March-end 2025. The Bank's strong capital ratios provide resilience and strong loss-absorption capacity to any adverse macro-financial shocks.
- Annualised return on shareholders' equity was 9.0% and return on assets was 1.1% for Q1 2026.
- UAB remains investment-grade rated with a 'Stable' outlook by Moody's (Baa2/P-2/Stable), Fitch (BBB+/F2/Stable) and Capital Intelligence (BBB+/A2/Stable).

**Abdul Haleem Sheikh**  
Chief Financial Officer

## 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 Corporate Banking, Personal Banking, Treasury & Capital 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 (Baa2/P-2/Stable) and Fitch (BBB+/F2/Stable).

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

*For further information, please contact:*

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