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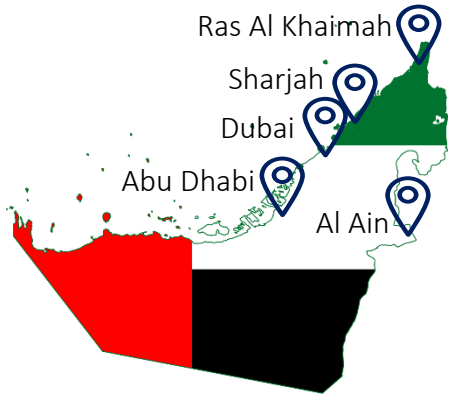
UNITED ARAB BANK

UAB Corporate Profile

September 2024

United Arab Bank : Your Trusted Banking Partner

- **Incorporated in 1975** in the Emirate of Sharjah as a JV between UAE investors and Société Générale (SG)
- **Commercial Bank (QSC) is the major shareholder** holding 40% (acquired in Dec'07)
- **Network coverage across UAE** with 6 branches/ offices, 22 ATMs/CCDMs



Mission, vision and our core values

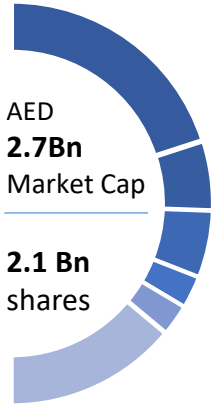
Trusted and **Stalwart** partner committed to building **sustainable** and **long-term partnerships** with all stakeholders

Core Values

- **Integrity**
- **Customer Focus**
- **Competency**
- **Consistency**
- **Courteousness**

Well-supported by top shareholders*

- Listed on Abu Dhabi Securities Exchange (ADX)



40.00%	The Commercial Bank (P.S.Q.C.)
11.13%	Sh Faisal Sultan Salem Al Qassimi
10.79%	Al Majid Investment Company (L.L.C)
5.20%	Sh Sultan Saqr Sultan Salem Al Qassimi
5.07%	Al Wathba National Insurance Company
27.84%	Others

** As of 30 June 2024*

Positive trends in credit ratings

Moody's **Baa3** — **Positive outlook**

"The positive outlook on the long-term deposit ratings of UAB was maintained and reflects our view that the bank's improvements in the financial fundamentals, in particular stronger profitability metrics, are expected to continue."

Fitch **BBB+** — **Stable outlook**

"The bank's risk appetite has improved in recent years, following underwriting standards tightening and problem loans clean up evidenced by improved impaired loans coverage and moderated cost of risk."

Board of Directors: Prominent and diversely skilled members

H.E. Sheikh Mohammed Bin Faisal Al Qassimi
Chairman
Board Member since 2011
Directorship & senior positions: Manafa LLC, Hospitality Management Holding LLC, Marketing Projunction LLC, Italian Chamber of Commerce (UAE & GCC)

Mr. Omar Hussain Alfardan
Vice Chairman of UAB
Board Member since 2007
- Chairman - Alternatif Bank (Turkey)
- Managing Director – CBQ
- President and CEO – Alfardan Group and its subsidiaries

H.E. Sheikh Abdullah Bin Ali Bin Jabor Al Thani
Director
Board Member since 2008
- Chairman - CBQ
- Deputy Chairman – NBO (Oman)
- Owner – Vista Trading Company, Qatar

Ms. Najla Al Midfa
Director
Board Member since 2012
- CEO – Sharjah Entrepreneurship Council (Sheraa)
- Board Member – Endeavour (UAE)
- Vice Chairperson – Young Arab Leaders

Mr. Ahmed Mohamad Bakheet Khalfan
Director
Board Member since 1995
- Former DGM – Emirates Industrial Bank
- Former chairman – Emirates Modern Poultry
- Former vice chairman – Emirates Rawabi

Mr. Joseph Abraham
Director
Board Member since 2017
- Group CEO – CBQ
- Vice Chairman - Alternatif Bank (Turkey)
- Director – NBO, Oman

Mr. Fahad Abdulrahman Badar
Director
Board Member since 2016
- EGM, International Banking – CBQ
- Board Member – NBO, Oman

H.E. Dr. Mohamed Omar Abdulla
Director (Independent)
Board Member since 2023
- Former UAE Ambassador to Singapore
- Advisor to Chairman – Dept of Economic Development
- Director General - Abu Dhabi Chamber of Commerce & Industry

Ms. Asma Alqaseer
Director (Independent)
Board Member since 2023
- Beyond View – A San Francisco based software company
- Prior appointments include Sallis, SocGen, EIA, BNP Paribas & Twofour54

Mr. Nureddin S. Sehweil
Director (Independent)
Board Member since 2023
- President & CEO – Uni-Arab Group
- Board member – Sprint Oil & Gas, various JVs of New Line Oil & Gas, Aqua Treat Water Technology

Mr. Khalid Al Huraimel
Director (Independent)
Board Member since 2024
- GCEO & Vice Chairman – BEEAH
- Chairman – Emirates Waste to Energy Company, re.life, ION & Evoteq
- Board Member – Sharjah Research, Technology & Innovation Park, & Wekaya

UAB's Senior Management has decades of expertise in the banking industry

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(read info in bracket as Dt of joining, Years of experience)

Shirish Bhide
Chief Executive Officer
(Jun-22, 31y)

Abdulhaleem Sheikh
Chief Financial Officer
(Jan-22, 31y)

Nael Mourad
Head of Wholesale Banking
(Aug-22, 34y)

Emre Yalcin
Head of Retail Banking
(Oct-22, 21y)

Carla Ajaka
Head of Treasury & Financial Markets
(Aug-20, 21y)

Mohamed El Desouky
Head of Islamic Banking
(May-18, 21y)

Hind Al Attar
Chief Human Capital Officer
(Jun-22, 19y)

Abdullah AlTaee
Chief Operating Officer
Interim Chief Information Officer
(Dec-22, 17y)

S.V. Padmanabhan
Chief Information Officer
(Aug-24, 30y)

Bhaskar Sen
Chief Risk Officer
(Aug-22, 23y)

Biju Nair
Chief Audit Executive
(Aug-22, 26y)

Zsombor Brommer
Chief Compliance Officer
(Sep-22, 21y)

Naraynan Santhanam
Chief Credit Officer
(Dec-22, 31y)

Fadi Mudarres
Chief Legal Officer
(Sep-24, 25y)

Our strategic imperatives

Firmly marching ahead on our transformative growth journey

UAB's transformation journey is progressing well

Operating models redefined to align with strategic growth goals

Implemented **comprehensive oversight** on business and (*right*) decision-making across Board and Management-levels

Bolstered our operational resilience through implementation of new systems & technologies to enhance our architecture, monitoring and controls

Promoted a performance-oriented culture with a focus on strong ethics, doing the right thing and implementing a balanced scorecard across the organization, along with clearly defined benefits and rewards policies

Achieved **significant improvements in asset quality**, contributing to our better credit profile and outlook

Successfully raised and **improved our capital position**

Ensured a **robust liquidity position** with access to **diversified sources of funding** at all time

Diligently and responsibly **executed our business strategy** to **reignite UAB's growth journey** with an optimized level of risk to **generate and deliver sustainable returns to our shareholders**

Ensuring sustainable growth and stability through ongoing transformation efforts

Strong asset growth and recoveries propel H1 2024 profits

Earnings momentum maintained in H1'24

AED **152** MILLION

+26% yoy

Net Profits (before taxes)

Led by growth in net interest income **+26%** yoy

Strong recoveries drives significant decline in net impairment charges **-101% yoy**

AED **20** BILLION

+12% ytd / **+37%** yoy

Total Assets

Customer-driven asset growth with robust pipeline ahead

Net loans cross AED 10 Bn **+12%** ytd / **+38%** yoy

Solid growth in customer deposits **+18%** ytd / **+44%** yoy

CASA ratio - **36%**

Preserving and improving our asset quality remains a key focus area

4.5%

NPL ratio significantly improved since 2021 (from 11.6% in FY'21)

Complemented by adequate provision coverage **125%** (H1'23: 110%) (190% incl collaterals)

Annualised CoR (cost of risk[1]) declined to **-11bps** in H1'24 on the back of strong recoveries and existing adequate provision coverage

CAR **18.0%** | CET1 **13.0%**

Robust capital, liquidity & funding

ASRR **75%** | ELAR **19%**

Well within regulatory thresholds

Loans-to-Deposits **86%** (FY'23: 91%)

Delivering sustainable returns to shareholders

15.5%

Return on Shareholders' Equity (H1'23: 15.7%)

Return on Assets **1.5%** (H1'23: 1.7%)

A key imperative of our strategy is to ensure our growth is achieved in a responsible and sustainable manner

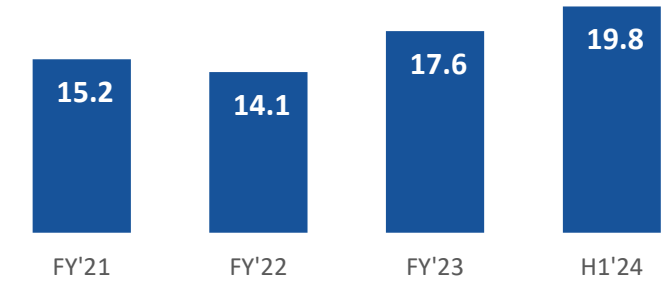
1 Cost of risk on loans, advances & Islamic financing

Strong execution of the turnaround strategy drives impressive asset growth supported by a diversified funding mix, …

All figures in AED Billion

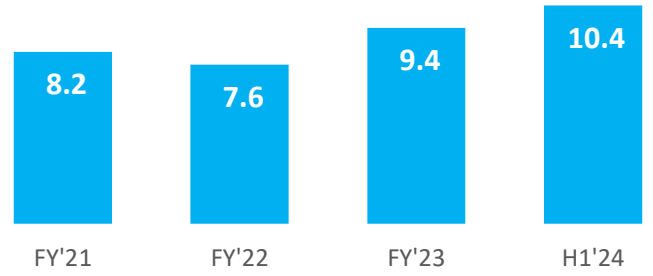
TOTAL ASSETS

CAGR since FY'21: 11%



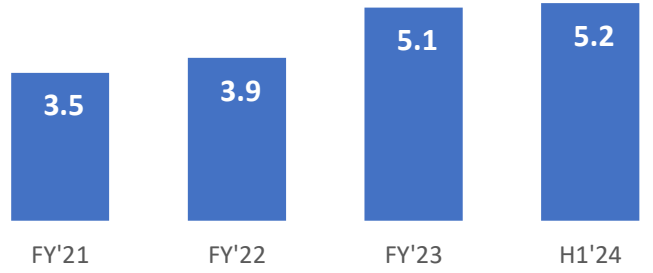
LOANS, ADVANCES & ISLAMIC FINANCING (net)

CAGR since FY'21: 10%



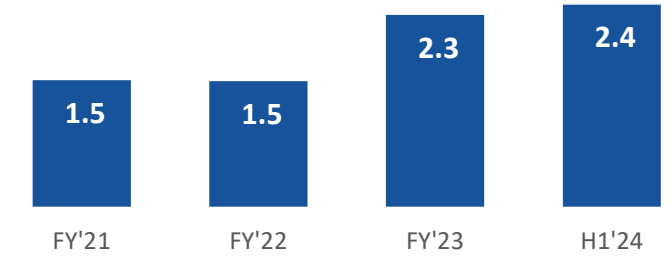
INVESTMENTS

CAGR since FY'21: 17%



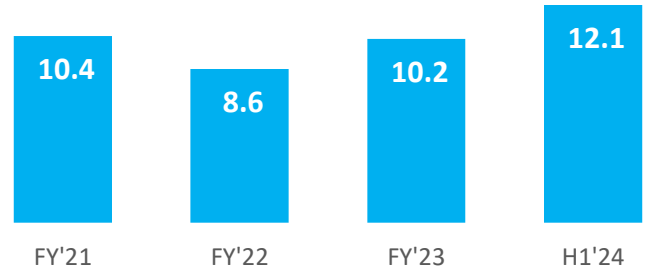
TOTAL EQUITY (incl AT1)

CAGR since FY'21: 21%



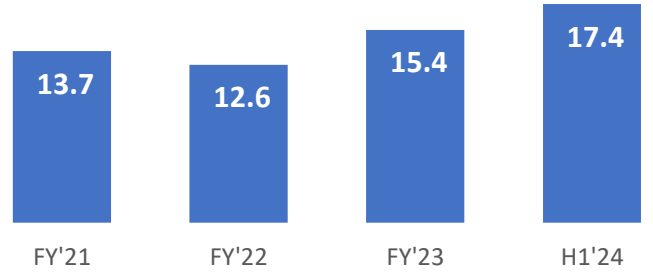
CUSTOMERS' DEPOSITS

CAGR since FY'21: 6%



TOTAL LIABILITIES

CAGR since FY'21: 10%

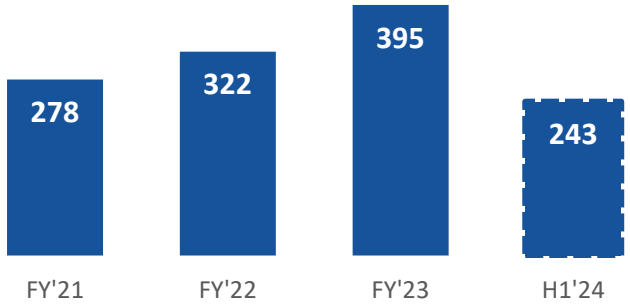


... delivering double-digit growth in income and profits,

All figures in AED Million

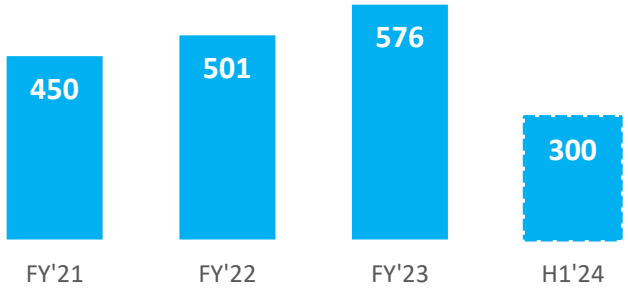
NET INTEREST INCOME

CAGR since FY'21: 20%



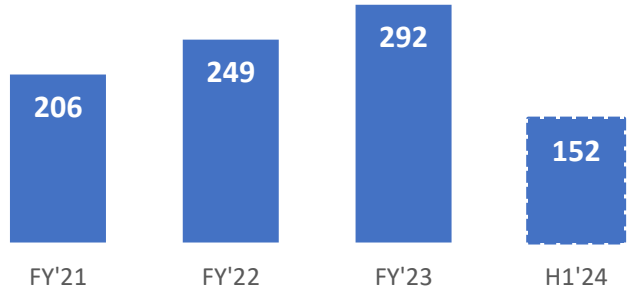
TOTAL INCOME

CAGR since FY'21: 10%



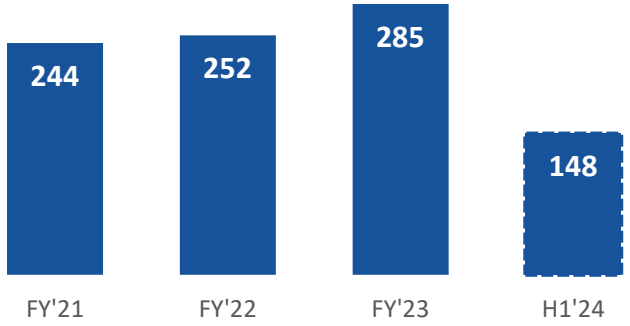
OPERATING PROFIT

CAGR since FY'21: 14%



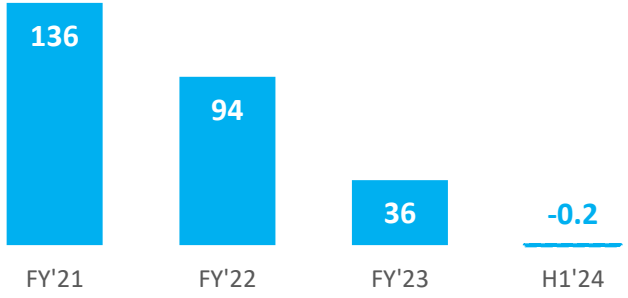
OPERATING EXPENSES

CAGR since FY'21: 7%



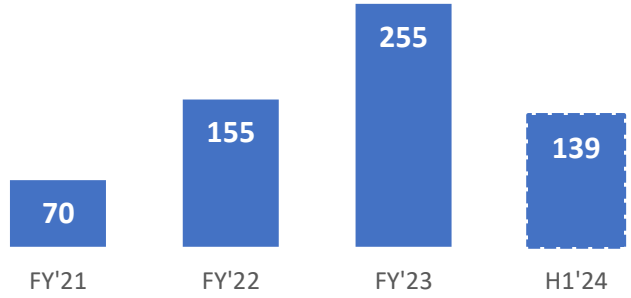
NET IMPAIRMENT CHARGES

CAGR since FY'21: *nr*



NET PROFIT (AFTER TAXES)

CAGR since FY'21: 58%



Note: H1'24 figures have been annualized for CAGR computation; nr – not relevant

… and consistently improving key performance indicators

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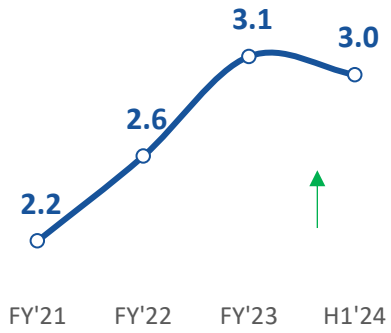
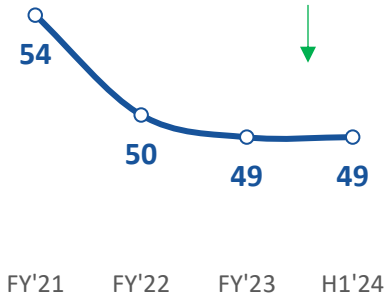
All figures in percentage (%)

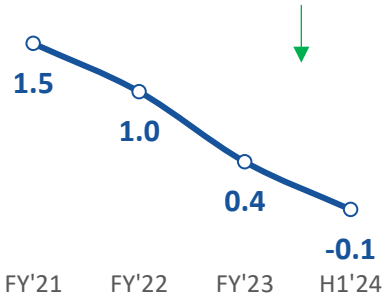
NET INTEREST MARGIN



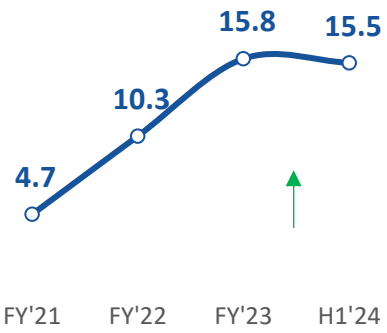
COST-INCOME RATIO



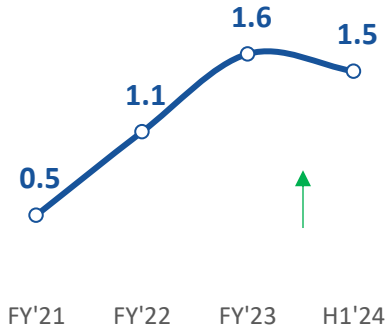
COST OF RISK



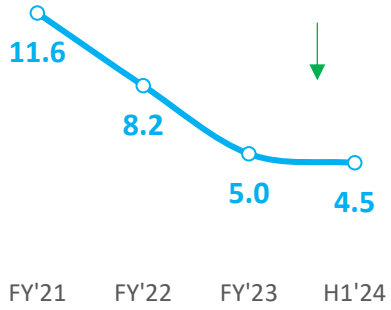
RETURN ON SHAREHOLDERS' EQUITY



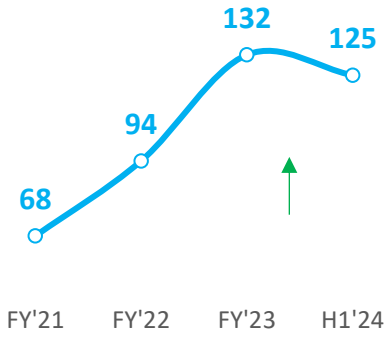
RETURN ON ASSETS



NPL RATIO

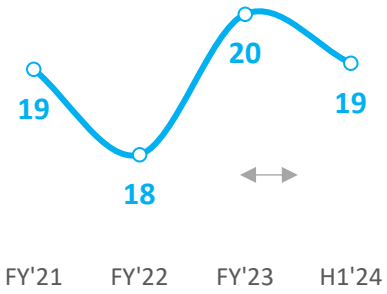


COVERAGE



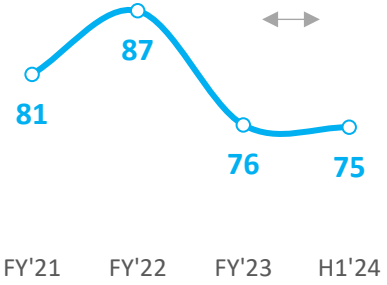
ELAR

Regulatory minimum – 10%



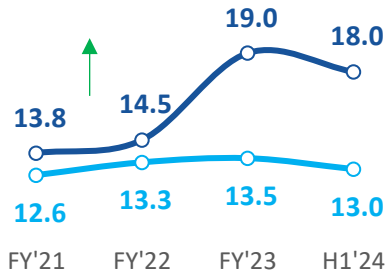
ASRR

Regulatory threshold – 100%



CAPITAL ADEQUACY

Regulatory minimum:
CET1 – 9.5%, CAR – 13%



Note: H1'24 ratios have been annualised, where relevant

Appendix – Summary Financials

Summary financials – Income statement and Balance sheet

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	*10*
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	*37*
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*

Summary financials – Key ratios

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	*(0.6)*
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)*

Balance sheet – Annual trend

Balance Sheet			
(AED'000)	**2021**	**2022**	**2023**
Cash & Balances with Central Bank	2,009,565	1,207,589	2,001,080
Due from banks	378,735	302,772	456,567
Loans & Advances	8,213,350	7,604,300	9,357,293
Investments	3,530,217	3,887,476	5,089,861
Property and Equipment	303,271	295,696	181,351
Other Assets	744,904	782,589	561,696
Total Assets	**15,180,042**	**14,080,422**	**17,647,848**
Due to banks	2,410,988	3,272,443	3,729,435
Customer deposits	10,406,425	8,568,587	10,237,502
Other liabilities	850,737	740,056	734,600
Shareholders Equity	1,511,892	1,499,336	2,289,745
Total Equity and Liabilities	**15,180,042**	**14,080,422**	**17,647,848**

Income statement – Annual trend

Income Statement			
(AED'000)	**2021**	**2022**	**2023**
Interest income and profits on Islamic instruments	478,115	584,484	921,610
Interest expense and distribution of profits	(200,305)	(262,917)	(526,672)
Net interest income	**277,810**	**321,567**	**394,938**
Net fee and commission income	47,063	67,160	76,751
Foreign exchange income	18,822	19,328	27,822
Other operating income	105,938	92,732	76,948
Total operating income	**449,633**	**500,787**	**576,459**
Employee benfit expenses	(140,552)	(146,165)	(181,327)
Depreciation	(24,901)	(23,324)	(22,479)
Other operating expenses	(78,262)	(82,315)	(80,995)
Total operating expenses	**(243,715)**	**(251,804)**	**(284,801)**
Income before impairment losses	**205,918**	**248,983**	**291,658**
Net impairment losses	(135,727)	(94,262)	(36,349)
Net income (loss) for the year	**70,191**	**154,721**	**255,309**
Earnings per share (AED)	**0.03**	**0.08**	**0.12**

Disclaimer

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