



البنك العربي المتحد
UNITED ARAB BANK



ANNUAL REPORT 2023

Your trusted Partner in UAE **Since 1975**



**His Highness
Sheikh Mohamed bin Zayed
Al Nahyan**

President of the United Arab Emirates
and Ruler of Abu Dhabi



**His Highness
Sheikh Mohammed bin Rashid
Al Maktoum**

Vice-President and Prime Minister
of the United Arab Emirates and Ruler of Dubai



**His Highness
Dr. Sheikh Sultan bin Mohammed
Al Qassimi**

Supreme Council Member
and Ruler of Sharjah

Delivering Growth

Responsibly & Sustainably

United Arab Bank (UAB) is staying the course in its quest for growth, making sure to do so responsibly and sustainably. It aims to sustain its upward growth trajectory in the upcoming years, driven by its strategic approach, innovative financial products and services, and continuous efforts to deliver exceptional customer service. The bank offers a range of products to meet the needs of growing customer base and continually develop new portfolios to expand its footprint in the region. It is dedicated to providing excellent and lasting returns to its shareholders, all while helping its stakeholders reach their goals.

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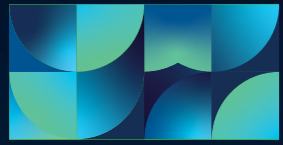
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About UAB

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 humanizing banking through impeccable service and tailored financial support.

Additional information may be found at www.uab.ae



Vision

United Arab Bank will be the trusted partner and the UAE bank of choice for our customers, shareholders, and employees, leading the way to greater financial prosperity while remaining committed to the highest integrity standards.


Mission

United Arab Bank is committed to build sustainable long-term partnerships with our key stakeholders, offering a superior customer experience, creating shareholder value, and adopting an innovative banking approach while remaining loyal to our nation's heritage and contributing to the overall development of the UAE.

 **Our Customers:** Committed to consistently deliver a superior customer experience and adopt an innovative banking approach, sharing in the success of our customers.

 **Our People:** Committed to help our people grow within a high performance culture that attracts, develops, and rewards talent and contribution.

 **Our Community:** Committed to contribute to our community and to make a difference.

 **Our Shareholders:** Committed to create consistent long-term shareholder value and ensure sustainable growth.

 **Our Regulators:** Committed to apply the highest standards of corporate governance and work ethics.


Values

 **Integrity** in conducting our business and managing stakeholder relationships.

 **Customer Focus** in orienting our activities to achieve optimum customer satisfaction.

 **Competence** to deliver enhanced levels of performance.

 **Consistency** in maintaining the commitments and standards that we set.

 **Courteousness** as the primary benchmark for our behavior and conduct.

UAB at a Glance

Network coverage across UAE with 6 branches/offices and 21 ATMs/CDMs



Positive trends in Credit Ratings

FitchRatings

Rating:
BBB+

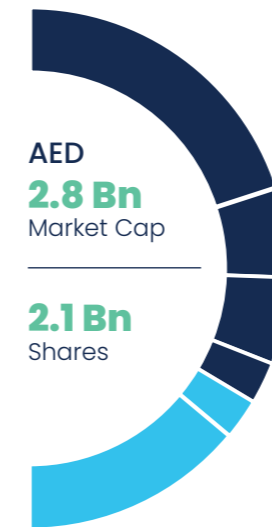
Outlook:
Stable

MOODY'S

Rating:
Ba1

Outlook:
Positive

Well supported by top shareholders*



40.00%	The Commercial Bank (P.S.Q.C.)
11.13%	Sh Faisal Sultan Salem Al Qassimi
10.79%	Al Majid Investment Company (LLC)
5.20%	Sh Sultan Saqr Sultan Salem Al Qassimi
5.04%	Al Wathba National Insurance Company

Listed on Abu Dhabi Securities Exchange (ADX)
* as of 31 December 2023

Prominent and diversely skilled Board of Directors

- Board comprises of 11 members. All members are non-executive.
- 2 female directors representing 18% on the Board



- 4 independent directors representing 36% on the Board

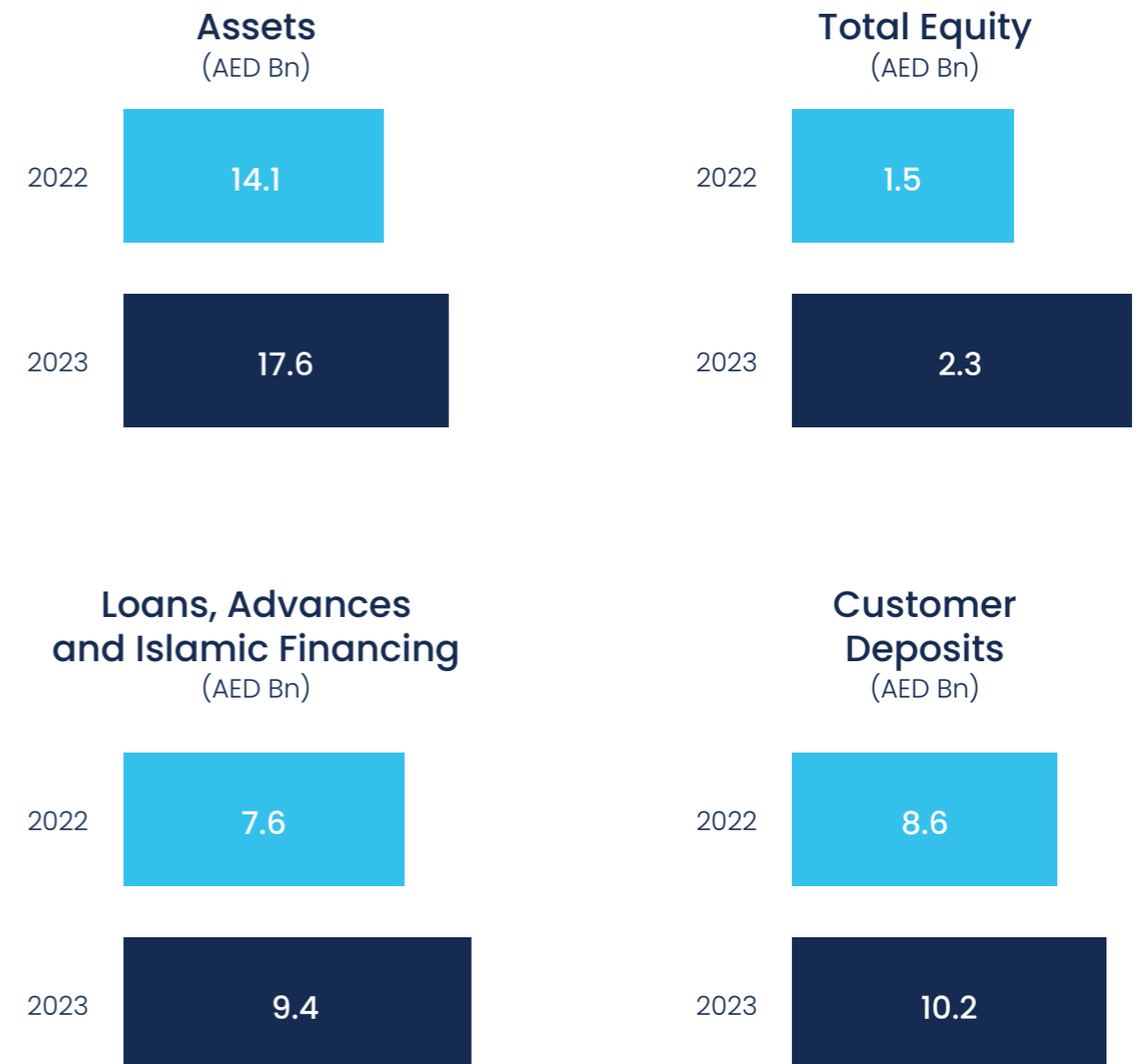
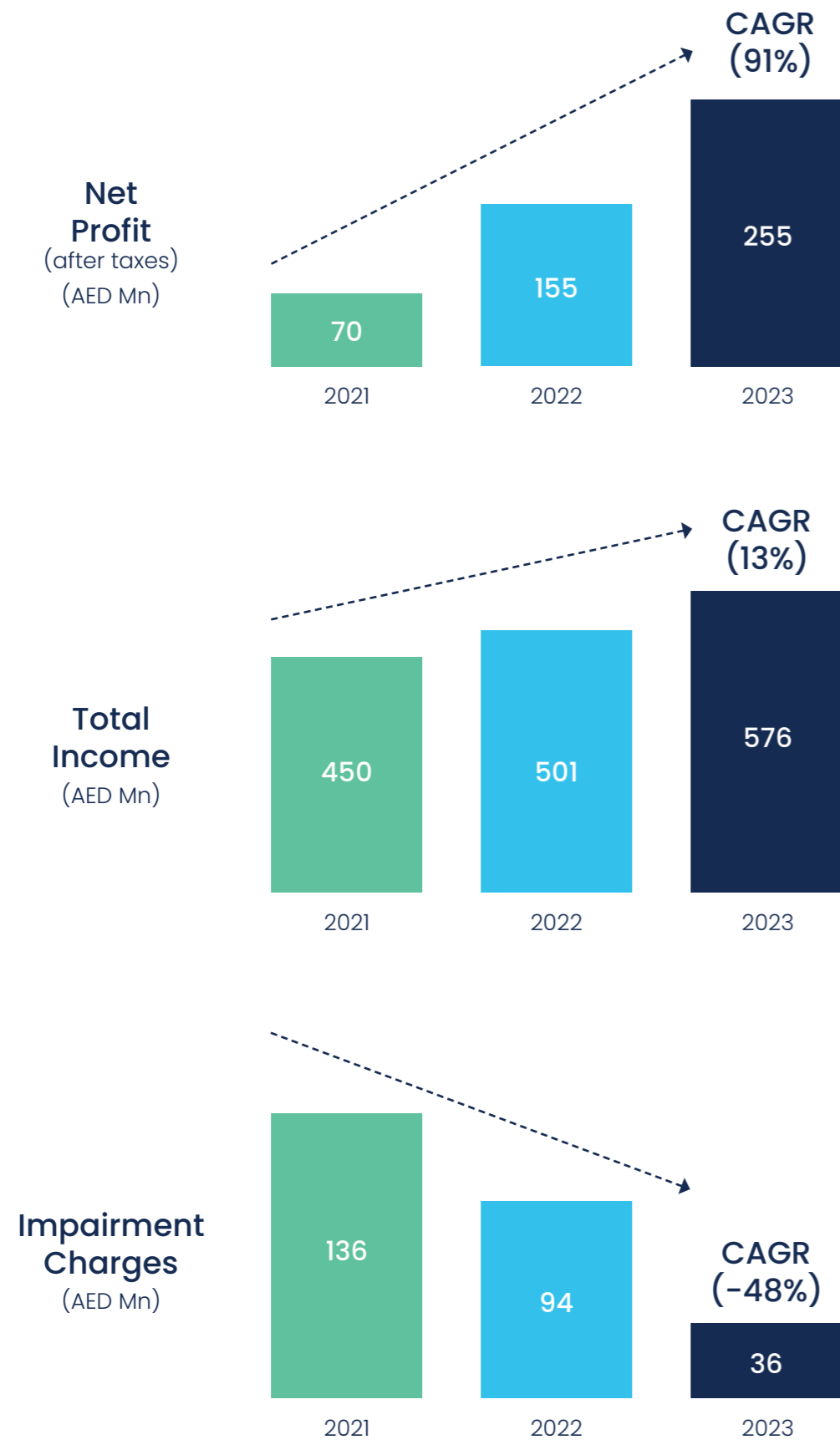


- The Board collectively possesses professional knowledge, business expertise, industry knowledge, diversity and financial awareness to carry out its oversight responsibilities

Highly qualified senior management team with decades of expertise in the banking industry

- 13 members in the senior management team with an average 25 years of experience, across industries – primarily banking and FI, and across geographies – regional and international

Delivering on our turnaround strategy set into motion in 2022



Return on Shareholders' Equity

FY'23
15.7%
(FY'22: 10.3%)

Capital Adequacy Ratio

FY'23
19.0%
(FY'22: 14.5%)

Cost of Risk

FY'23
0.39%
(FY'22: 1.14%)

Non-Performing Loans Ratio

FY'23
5.0%
(FY'22: 8.2%)

Provision Coverage

FY'23
132%
(FY'22: 94%)



Board of Directors



H.E. Sheikh Faisal bin Sultan bin Salem Al Qassimi
Chairman & Founder of UAB



Mr. Omar Hussain Alfardan
Vice Chairman of UAB



Mr. Joseph Abraham
Director



Mr. Fahad AbdulRahman Badar
Director



H.E. Sheikh Abdullah bin Ali bin Jabor Al Thani
Director



H.E. Sheikh Mohammed bin Faisal Al Qassimi
Director



H.E. Dr. Mohamed Omar Abdulla
Director



Ms. Asma Alqaseer
Director



Ms. Najla Ahmed Al Midfa
Director



Mr. Ahmed Mohamad Bakheet Khalfan
Director



Mr. Nureddin S. Sehweil
Director

Executive Management



Shirish Bhide
Chief Executive Officer



Abdul Haleem Sheikh
Chief Financial Officer



Hind Al Attar
Chief Human Capital Officer



Abdullah AlTae
Chief Operating Officer



Nael Mourad
Head of Wholesale Banking



Emre Yalcin
Head of Retail Banking



Biju Nair
Chief Audit Executive



Zsombor Brommer
Chief Compliance Officer



Bhaskar Sen
Chief Risk Officer



Carla Ajaka
Head of Treasury and Capital Markets



Narayanan Santhanam
Chief Credit Officer



Ayman Al Qudsi
Chief Information Officer



Mohamed El Desouky
Head of Islamic Banking

Shareholders' Information

21 January 1975 Date of incorporation	21 March 2005 Listing date
Abu Dhabi Securities Exchange (ADX) Exchange	UAB Symbol
AEU000601010 ISIN	2,062,550,649 Number of shares issued
AED 1.35 Closing price as of 31 December 2023	AED 2.8 billion (USD 758 million) Market cap as of 31 December 2023
0.85 (Dec-2023) Tangible Book Value	0.12 (FY'23) Tangible Earnings per share (AED)
1.6x Tangible Price to Book	11.3x Tangible Price to Earnings

Financial Calendar

24 January 2023	Extraordinary General Assembly Meeting
6 March 2023	General Assembly Meeting
18 April 2023	Q1 2023 results
24 July 2023	Q2 2023 results
24 October 2023	Q3 2023 results
8 February 2024	Q4 2023 results

UAB Shareholders meet at least once a year during the Annual General Assembly (AGA), the supreme governance body of the Bank. The Articles of Association provides the statutory framework for the calling and the conduct of the AGA.

Major shareholders

Shareholders owning more than 5% of the outstanding shares

Name	Number of shares held	Shares (%)
The Commercial Bank (P.S.Q.C)	825,020,255	40.00%
Sheikh Faisal Sultan Salem Al Qassimi	229,515,634	11.13%
Al Majid Investment Company (LLC)	222,454,095	10.79%
Sheikh Sultan Saqr Sultan Salem Al Qassimi	107,192,034	5.20%
Al Wathba National Insurance Company	104,207,500	5.05%

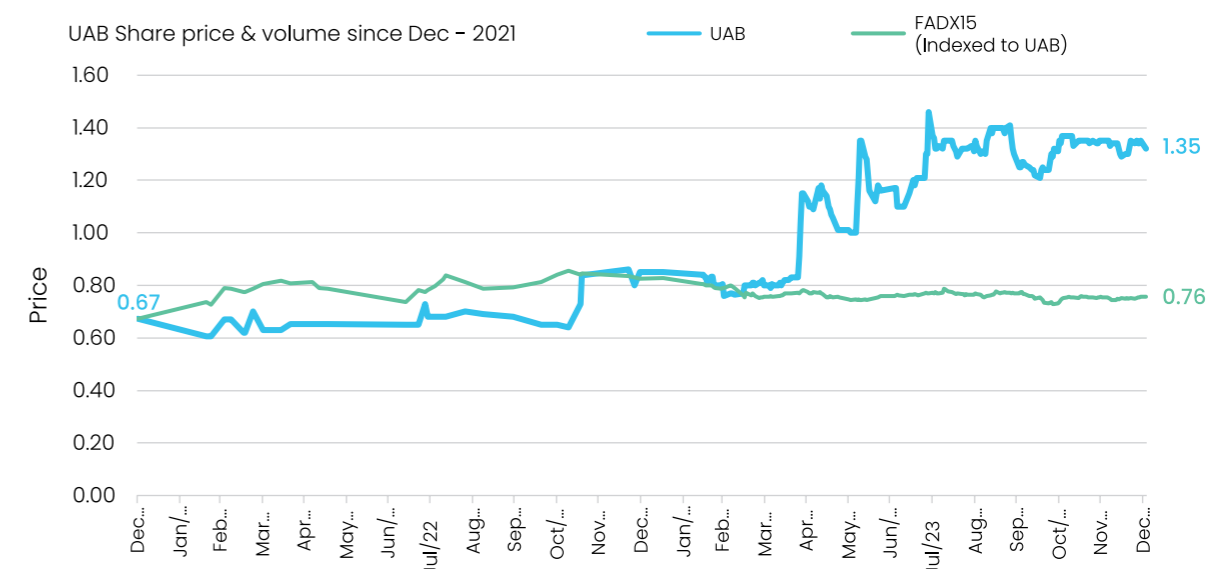
Shareholders by Nationality

Country/Region	Shares (%)
UAE	55.81%
GCC	43.86%
Arabs (ex-GCC)	0.25%
Others	0.08%

Shareholders by Investor Category

Investor category	Shares (%)
Corporate	68.44%
Individual	31.56%

Share price performance



(in AED)	31 Dec 2021	31 Dec 2022	31 Dec 2023	2-year CAGR%
UAB	0.67	0.85	1.35	42%
ADX (indexed to UAB share price as of 31 Dec 2021)	0.67	0.82	0.76	6%

Year in Review (2023)

UAB joins e&enterprise fintech blockchain platform UAE Trade Connect



February 2023

UAB partners with Edenred UAE



March 2023

UAB successfully completes issuance of USD 150 Million Additional Tier 1 (AT1) capital notes

USD 150 Mn
Additional Tier 1 (AT1)

March 2023

Fitch Upgrades United Arab Bank's VR to 'b+' and affirms IDR at 'BBB+', outlook stable

FitchRatings

April 2023

UAB participates in Ru'ya Careers UAE Redefined 2023



September 2023

Moody's upgrades UAB's outlook from 'stable' to 'positive'

MOODY'S

September 2023

Strategic partnership with Moody's analytics

MOODY'S

September 2023

UAB participates in the inaugural ETHRAA Career Fair



May 2023

United Arab Bank participates in the 25th National Career Exhibition



October 2023

UAB introduced Green Home and Green Auto Finance solutions

Plant a tree or mangrove

With each Green Home or Auto Finance!

November 2023

UAB celebrated the Flag Day and UAE's 52nd National Day



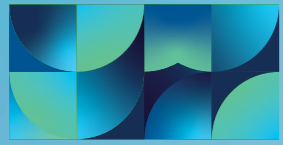
November/December 2023

UAB successfully concludes AED 735 Million, 2-year Dual Tranche Club Term Loan facility

AED 735 Mn

2-year Dual Tranche Club Term Loan

December 2023



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Chairman's Message



H.E. Sheikh Faisal bin Sultan bin Salem Al Qassimi
Chairman & Founder of UAB

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present to you the annual report and audited financial statements of the United Arab Bank for the fiscal year ending 31 December, 2023.

United Arab Bank achieved another year of exceptional growth with an increase in net profit at 65% to reach AED 255 million. This strong performance is attributed to the effective implementation of the new strategy, improvement in operational performance, efficient cost management, a prudent approach to risk management, and significant growth in assets.

We are pleased that the progress achieved by the Bank has been appreciated by prominent credit rating agencies, as Moody's raised the future outlook for the United Arab Bank from stable to positive. Fitch Agency also affirmed the bank's long-term credit rating at BBB+ along with confirming the stable future outlook. It also raised the bank's viability rating (VR) to b+. The upgrade in ratings are considered as a clear indication of the strength of the bank's business and improvement in asset quality.

UAE hosted the World Climate Conference "COP 28" between 30 November and 12 December of 2023 in which it succeeded to bring the world together, unifying the efforts to reach to an international consensus that put the world on the correct climate action path, after reaching the historic "UAE Agreement" that contributes to reducing risks faced by countries most vulnerable to the repercussions of climate change, in order to achieve a balance between the requirements of development and climate action. Through the sustainable green financing products we launched, we are pleased to provide support to our clients who take environmental protection into consideration in their choices as well as supporting the UAE government's Net Zero by

2050 strategic initiative. The bank will continue to offer special advantages regarding loans and mortgages related to residential properties and environmentally friendly vehicles.

In 2023, the UAE economy succeeded in achieving strong growth, as the innovative and diverse initiatives launched by the country played a pivotal role in pushing the wheel of comprehensive economic development towards further growth enhanced by the supportive legislative and regulatory measures, exerting ongoing efforts to develop economic sectors and improve the business environment. As a reflection of these achievements, the country's non-oil GDP at constant prices recorded a remarkable growth rate of 5.9% for the first nine months of 2023, compared to the same period in 2022, while the country ranked first in the world in more than 215 development, economic and human indicators in international reports. On the other hand, inflation in the UAE remained under control at 3% on average in 2023, decreasing from 4.8% in 2022.

We look to the future with confidence and optimism, as the strength of the management team, enhanced capital and good levels of liquidity make us confident in our ability to enhance our market share through the regular implementation of our strategic and financial plans. We will move forward with our strategic and financial plans, which will contribute to the advancement of the bank, and we expect that this will have a positive impact on our growth and profits in the future.

I extend my sincere thanks to my fellow members of the Board of Directors, the executive management team and all the employees and workers of the bank for their dedicated efforts and active contribution to the success we have achieved during the past year. I would also like to thank all of our shareholders and valued customers for their continuous support and trust in us, as their commitment and loyalty played a



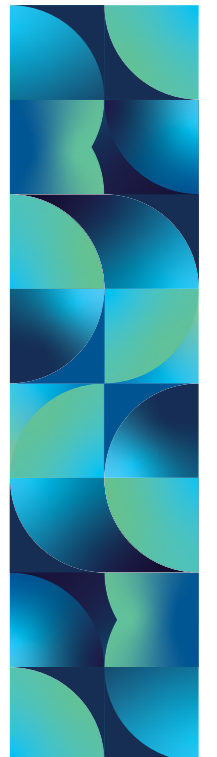
United Arab Bank achieved another year of exceptional growth with an increase in net profit at 65% to reach AED 255 million.

major role in our progress on all fronts. I would also like to thank the Central Bank of the UAE and all the regulatory and supervisory bodies, to which the bank is subject, for their continuous support to us.

In conclusion, and on behalf of the Board of Directors, we extend our sincere thanks and great gratitude to The President, His Highness Sheikh Mohamed bin Zayed Al Nahyan, for his leadership, vision and support. We also would like to express our sincere thanks to His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice-President and Prime Minister of the UAE and Ruler of Dubai; and His Highness Sheikh Dr. Sultan bin Mohammed Al Qassimi, Supreme Council Member and Ruler of Sharjah; for their support and guidance.

God is the Arbiter of success.

Faisal bin Sultan bin Salem Al Qassimi
Chairman of the Board of Directors



CEO's Message



Shirish Bhide
Chief Executive Officer

Dear Shareholders,

United Arab Bank (The Bank) has delivered a resilient performance for the year 2023 amid a challenging economic environment and geopolitical events in the region. The Bank's strong financial performance is a testament to our steadfast focus on operational excellence and risk management as we continued to invest in technology and digital transformation to enhance the customer experience and improve operational efficiency. These strategic investments and customer-centric approach have allowed us to adapt quickly to the changing landscape and deliver on our promise of providing secure and convenient banking services to our valued clients.

We are proud of significant progress achieved on multiple fronts, but we also acknowledge the challenges that lie ahead. The need for sustainable solutions is more urgent than ever, which is why we're constantly innovating and setting ambitious goals.

We have strengthened our balance sheet, increased our client base and enhanced our offerings as well as continued to significantly invest in our people. We believe these initiatives will not only enable us to achieve our strategic and financial objectives, but put us on the right path to build a successful and sustainable bank in the years to come.

Our turnaround strategy, set into motion in mid-2022, has yielded positive results and this is reflected in strong double-digit growth in net profit and assets over the past two years. The Bank has delivered net profit of AED 255 million, growing by 65% in 2023 as compared to 2022. Our customer-centric approach and prudent policies led to a 15% increase in revenues and a 25% growth in assets, stemming from strong business demand and momentum. We expect this strong momentum to continue in 2024.

As far as the result of our ongoing focus on maintaining asset quality is concerned, we recorded significant improvement in the non-performing loans (NPLs) ratio to 5.0% last year from 8.2% in 2022 and 11.6% in 2021, reducing it by more than half in the past two years. In addition, the Bank successfully launched new products across business segments, including green sustainable finance products during COP28. We also saw a healthy increase in CASA deposits and improved client connectivity.

Our commitment to elevate customer satisfaction was demonstrated by the establishment of a new Customer Contact Centre to provide 24x7 availability. The Bank continues to relentlessly focus on delivering relevant products and services to its customers, and using time-tested technology and service to constantly enhance their banking experience. Our efforts are always focused on making banking simpler and more convenient for our customers, and this ethos remains at the heart of every product and service proposition of ours.

UAB's credit ratings were reaffirmed by the two major prominent rating agencies – Fitch and Moody's indicating a clear testament of the progress the Bank has made over the past year in addressing the legacy concerns and laying a strong foundation for growth ahead. UAB remains on track to achieve its strategic and financial objectives over the medium term and is now capable of dynamically adapting itself to the ever-changing environment thanks to a resilient balance sheet, strong capital, liquidity and earnings momentum. Having laid the right foundations with a robust governance structure in place, we are ready to accelerate our growth and deliver superior returns for our shareholders on a sustainable basis.



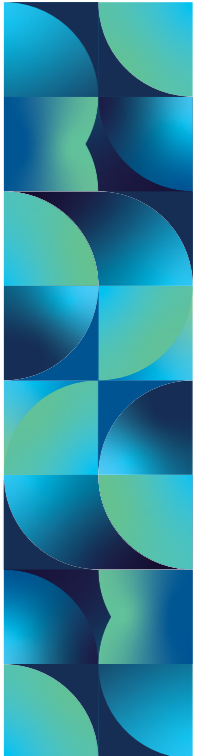
We have strengthened our balance sheet, increased our client base and enhanced our offerings as well as continued to significantly invest in our people. We believe these initiatives will not only enable us to achieve our strategic and financial objectives, but put us on the right path to build a successful and sustainable bank in the years to come.

I thank our Chairman, Vice Chairman, and members of the Board, for their stewardship and guidance which are an essential pillar to the ongoing success of UAB. I also express my gratitude to our employees for their hard work and dedication.

Finally, we would like to thank the Central Bank and the Government of the UAE for their endless support and direction, for which we are very grateful.

Sincerely,

Shirish Bhide
Chief Executive Officer
United Arab Bank



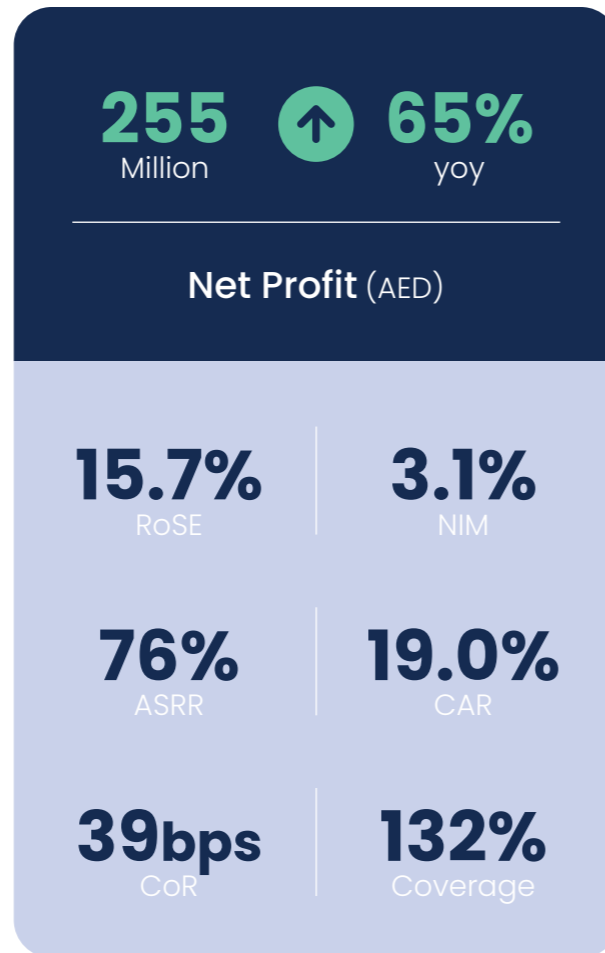
CFO's Financial Review



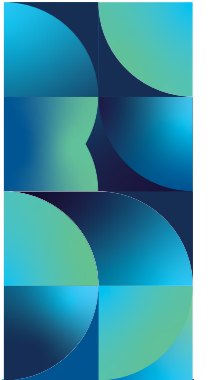
Abdul Haleem Sheikh
Chief Financial Officer

Growth in profitability driven by strong top-line growth and prudent risk management

- Total operating income grew 15% year-on-year in FY'23, primarily driven by 23% growth in net interest income (NII) on the back of higher interest rates, double-digit asset growth and efficiency in managing funding costs. Net interest margin expanded by 47 basis points (bps) from 2.59% in FY'22 to 3.06% in FY'23.
- Net fees and commissions income (F&C) increased by 14% year-on-year and FX income grew 44% on higher volumes. Overall, non-interest income was up 1% year-on-year, as lower gains on sale of fixed assets in FY'23 were offset by higher F&C and FX income.
- Operating costs were up by 13% year-on-year in line with business growth, with the cost-income ratio improving slightly to 49% from 50% in the prior year period. The bank continues to efficiently manage its expenses and invest across people, products and systems, in line with its growth aspirations.
- Net Impairment charges significantly declined by 61% year-on-year to AED 36 million for FY'23, translating into a cost of risk of 39bps as compared to 114bps in the prior year. This is attributable to the firm focus on ensuring asset quality and implementation of prudent risk management practices, amid strong business growth.



The Bank delivered a robust growth of 65% year-on-year in net profit for the financial year ended 31 December 2023, led by higher core income, prudent risk management and double-digit growth in assets, demonstrating continued execution of the turnaround strategy.



Firmly focused on efficient balance sheet deployment and improving asset quality, amid strong loan growth momentum

- Total assets witnessed a strong growth of 25% in FY'23, particularly in the last quarter, to reach AED 17.6 billion, driven by a 23% increase in net loans, advances and Islamic financing to AED 9.4 billion as well as increase in the investments portfolio by 31% to AED 5.1 billion. Demand for loans was led by services, manufacturing and construction sectors.
- Supporting the asset growth, customer deposits increased an impressive 19% in FY'23, driven by higher CASA (deposits) in Transaction Banking as well as other business segments. CASA (deposits) grew 22% year-on-year and now represents 37% of total deposits.
- The bank successfully raised a 2-year dual tranche AED 735 million medium term borrowing at market competitive rates, strengthening the balance sheet and enhancing its ability to support its clients. The successful closing was a reflection of the market's confidence in UAB's growth strategy and financial strength. Overall, liquidity and funding remains adequate and well within regulatory requirements, with eligible liquid asset ratio (ELAR) at 20% and advances to stable resources ratio (ASRR) at 76%.
- Asset quality metrics improved significantly with the non-performing loans ratio declining to an 8-year low of 5.0% at the end of FY'23 from 8.4% a year ago and 11.6% at the end of FY'21. Provision coverage for NPLs was also further enhanced from 94% in FY'22 to 132% (200% including collaterals). This improvement across key asset quality metrics is a result of firm focus on improving and maintaining a quality portfolio.

- Total Equity at AED 2.3 billion includes ATI issuance of USD 150 million in March 2023. Capital adequacy ratios are well above regulatory requirements with Tier-1 ratio at 17.8% and total CAR ratio at 19.0% at the end of December 2023, increasing from 13.3% and 14.5% respectively, a year ago.
- Return on shareholders' equity (RoSE) in FY'23 improved to 15.7% from 10.3% in FY'22, driven by strong growth in profitability, while return on assets (RoA) improved to 1.6% in FY'23 from 1.1% in FY'22.

The Bank remains steadfast in its approach to pursue growth in a responsible and sustainable manner, whilst improving and maintaining a quality portfolio and ensuring a strong foundation built on robust capital, liquidity and funding position. The Bank is committed to deliver superior and sustainable returns to its shareholders, while supporting its various stakeholders in achieving their goals.

Risk Management

Embedding risk management culture across the organisation

The Bank recognises the importance of effective risk management in achieving its strategic goals and maintaining its stability and resilience. Risk is inherent in all of the Bank's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to their responsibilities.

Risk Management covers all risks including strategic, capital, credit, market & liquidity, operational, fraud, information technology and information security, model risk, ESG & climate risk, reputation risk, compliance risk, outsourcing risk etc., and processes from origination and assessment of risks to ongoing monitoring, control, review, maintenance and reporting of risks. It also covers roles and responsibilities of Board and Management level committees, sub-committees and authorities and processes relating to risk management, internal controls, compliance and internal audit functions.

The Bank's Risk Management Strategy includes comprehensive Enterprise-wide Risk and Compliance Risk Frameworks, which are fully aligned with our Bank's Vision to drive consistent value for all stakeholders. The key strategic imperatives that drive Bank's vision include the following:

- **Sound Fundamentals and Strong Risk Bearing Capacity:** Maintaining strong financial and operational fundamentals serves as a foundation for effective risk management and supports risk bearing capacity.
- **Strategic Alignment and Enduring Partnership with Business Lines:** A risk management approach that is strategically aligned with business goals ensures a close partnership between risk management and business units to effectively manage risks.
- **Prudent Deployment of Capital, Liquidity and Provisioning:** Efficient deployment of capital, liquidity, and provisioning supports sustainable growth and minimises risks.



Risk Management continued



- **Comprehensive and Integrated Corporate & Risk Governance Framework:** A robust corporate and risk governance framework ensures effective risk management, independent oversight, and accountability.
- **Resilient Risk Infrastructure and Strong Risk Culture:** A strong risk infrastructure and culture promotes transparency, accountability, and a proactive approach to risk management.

The Bank places a strong emphasis on the following key imperatives to ensure sound risk management practices:

1. Strong Governance

The Bank has a strong governance framework in place to ensure that its risk management framework is effective and that risks are managed in a controlled and transparent manner. This includes committees at Board and Management levels, clear policies and procedures, regular reporting and monitoring, and independent oversight from internal and external stakeholders.

a. Corporate Governance Framework

Corporate governance is a framework of rules, processes, policies and practices by which an organization is managed and controlled by its Board of Directors (BoD) and Senior Management. Implementation and maintenance of good corporate governance helps robust decision-making and improves Strategy, Performance, Compliance and Accountability supported by ongoing monitoring and assessment. Sound corporate governance plays a fundamental role in the culture and business practices of the Bank. The Bank's corporate governance framework relates to the way the business activities of the Bank are directed and managed considering all stakeholders and role of the bank in the community. The Bank has a well-considered and established corporate governance framework which facilitates effective decision making and builds a strong relationship with stakeholders through a transparent structure that supports high quality disclosures.

b. Risk Management Framework (Three Lines of Defence)

The Bank's risk management framework is built on three lines of defence, which work together to ensure that risks are effectively identified, assessed, monitored, and controlled:

- The First line of defence is the business unit, which is responsible for identifying, assessing, and managing risks in its day-to-day activities.

- The Second line of defence provides oversight and support to the business units in managing risks.
- The Third line of defence is the internal audit function, which independently assesses the effectiveness of the Bank's risk management framework and provides recommendations for improvement.

As part of the three lines of defence, the Board and Management committees are further supplemented by functions who are responsible for day-to-day monitoring of risks.

c. Roles of Board and the Executive Management

The Board of Directors defines the risk tolerance of the Bank, its primary business activities and its overall strategy and plan. The roles of Board and the Executive Management are detailed below:

i. Board Level Committees

The Board of Directors are ultimately responsible for identifying and controlling risks; however, there are separate board sub-committees responsible for managing and monitoring risks, namely Board Credit Committee (BCC), Governance and Remuneration Committee (GRC), Board Risk & Compliance Committee (BRCC), Board Audit Committee (BAC). Joint meetings between BAC and BRCC are also held regularly in accordance with the Central Bank of the UAE (CBUAE) guidelines to ensure effective coordination and collaboration between the two committees in managing risks. This joint meeting enhances the overall risk management framework by providing a platform for robust discussions and effective decision-making in matters relating to risk management.

ii. Management Level Committees

The Board level committees are further supplemented by key management committees to ensure comprehensive risk management and governance. These committees include Management Committee (MANCOM), Asset Liability Committee (ALCO), Credit Portfolio Committee (CPC), Credit Committee (CC), Risk Committee (RC), Compliance Committee, Business Technology Steering Committee (BTSC), Human Capital Committee (HCC), and the Charity Committee. The Bank also has various management subcommittees to assist management committees and senior management in discharging their duties and responsibilities. For more details on the Board-level, Management-level committees and sub-committees, please refer to the Corporate Governance section in this report.

2. Risk Measurement and Reporting Systems

Monitoring and controlling risks is primarily performed based on limits established by the Bank. These limits reflect both the business strategy and market environment of the Bank as well as the level of risk that the Bank is willing to accept, with additional emphasis on selected industries. In addition, the Bank monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Information compiled from all the businesses is examined and processed in order to identify, analyse and control at an early stage. The Board receives a comprehensive credit risk report once a quarter which is designed to provide all the necessary information to assess and conclude on the credit related risks of the Bank. The report includes aggregate credit exposure, hold limit exceptions, liquidity ratios and risk profile changes.

Senior management assesses the appropriateness of the allowance for credit losses on a quarterly basis.

For all levels throughout the Bank, specifically tailored risk reports are prepared and distributed in order to ensure all business divisions have access to extensive, necessary and up-to-date information.

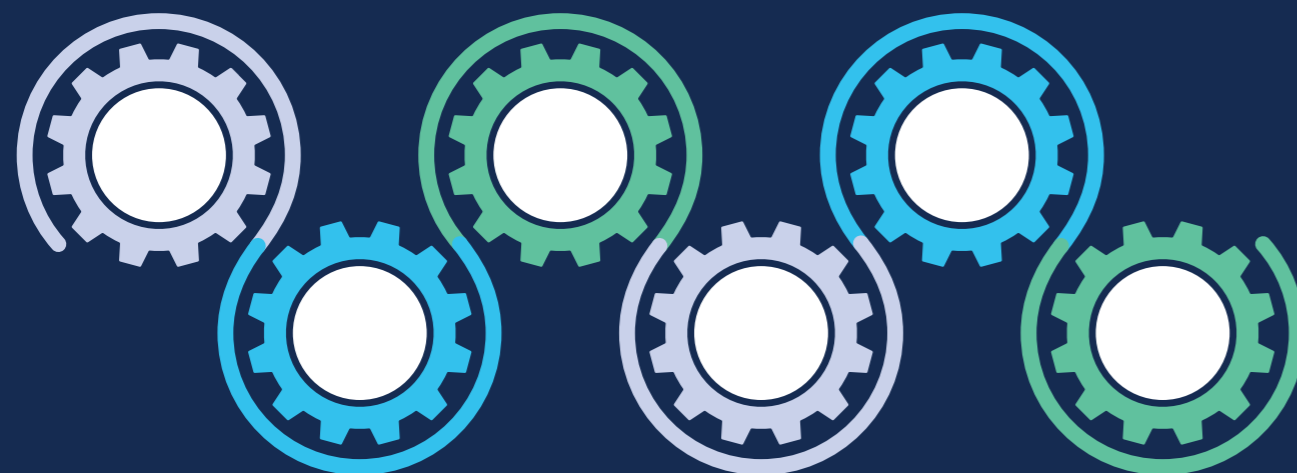
Regular briefings are given to the Chief Executive Officer, Risk Committee and all other relevant members of management on all aspects of risk taken by the Bank including the utilisation of limits, proprietary investments and liquidity, plus any other risk developments.

3. Risk Mitigation

The Bank has implemented a comprehensive risk mitigation framework that aims to minimise the impact of potential risks on its operations, financial performance, and reputation. This includes identifying and evaluating risk, implementing risk mitigation strategies, and regularly monitoring the effectiveness of these strategies. The Bank actively uses collateral to reduce its credit risks. Also, as part of its overall risk management, the Bank uses derivatives and other instruments to manage exposures resulting from changes in interest rates and foreign currencies.

4. Robust Business Continuity Framework

The Bank's well-structured Business Continuity Framework and Policy, along with our comprehensive Crisis Management Framework and supplementary emergency plans and incident response protocols, provide a strong foundation of organisational resilience against major disruptions or unexpected events, such as the recent COVID-19 pandemic. These frameworks and procedures are subjected to regular testing, with a minimum frequency of annual assessments, to guarantee their effectiveness and readiness in such scenarios.



5. Risk Appetite Framework

Bank has established a risk appetite framework to ensure that its risk-taking activities are aligned with its strategic goals and risk tolerance. The framework includes clear definitions of the Bank's risk appetite and limits for various types of risks, as well as regular monitoring and reporting to ensure that these limits are not exceeded.

6. Sustainability and ESG-Risk Framework

UAB is committed to incorporating sustainability considerations into its risk management framework, including environmental, social, and governance (ESG) risks.

Aligned with the CBUAE regulation Principles for the Effective Management of Climate-related Financial Risks, Bank is actively enhancing its financial risk practices to encompass ESG factors. The Bank is in the advanced stages of finalizing an ESG risk framework, which includes the development of an ESG risk rating and scorecard. This initiative represents a significant step toward quantifying and managing ESG risks systematically across the bank's operations.

In addition, Bank has proactively engaged in climate stress testing, submitting its impact assessment and finalizing a climate stress testing methodology as part of the Financial Stability Unit (FSU) stress testing requirements set by the CBUAE. This process involves assessing the Bank's resilience to various climate-related scenarios, ensuring that the Bank is well-prepared for potential ESG-related challenges.

Bank plans to further enhance its ESG risk management capabilities. This will include continuous refinement of the ESG risk framework and integration of ESG considerations into the bank's overall risk assessment and decision-making processes. As Bank develops a comprehensive understanding of its ESG risk profile, the Bank will evaluate the inclusion of ESG risks in its Pillar 2 capital loss considerations. This approach underscores Bank's commitment to aligning its risk management practices with global best practices and regulatory expectations regarding ESG risks.

The Bank is in the process of establishing a Sustainability Committee (SC), slated to begin operations in 2024. The SC aims to guide and oversee our sustainability efforts, ensuring they are in line with our corporate values and objectives.



Compliance

The Bank is committed to ensure full compliance with regulations issued by the Central Bank of the UAE and applicable regulations of the Securities and Commodities Authority of the UAE too, in line with our long-standing approach to fair treatment of customers and transparency to protect the integrity of the market.

We understand the regulatory risk implications associated with non-adherence to the local and applicable global laws and regulations, and we continuously look for ways to improve our policies and procedures, processes and ways of working, enhance the overall compliance culture in the Bank.

As an independent second line of defense function, Compliance helps to protect the Bank by establishing a control environment that mitigates key risks. Specifically, Compliance provides regulatory guidance and operates a risk-based program designed to prevent, detect, and address breaches and potential violations of applicable laws, rules, regulations, policies, and procedures.

Compliance function is also responsible to assess and mitigate the risk of the Bank being used to facilitate any financial crime activities.

One of the key responsibilities of the Compliance function is to provide consultative and advisory support and enable oversight to the Senior Management towards effectively mitigating and managing the compliance risks faced by the Bank.

Independence of the Compliance function is ensured at all times, along with unrestricted access to all necessary data, information and systems across the Bank. The Chief Compliance Officer who reports into the CEO, has direct access to the Board. Compliance also maintains an efficient oversight, monitoring and reporting structure that enables prompt escalation, follow-up and resolution of issues.

With significant continuing regulatory changes and developments, the criticality of the Compliance function and the need for an effective Compliance framework within a financial institution is unprecedented.

The vulnerability of financial institutions has significantly increased with extra-territorial enforcement of overseas regulatory bodies creating a more complex environment. Consequently, the need for Senior Management to fully understand and effectively mitigate evolving Compliance risks is of paramount importance. United Arab Bank remains fully cognizant as well as vigilant towards such local and international risks vis-à-vis our banking activities and services. The Board and the Senior Management continuously promote and uphold a strong Compliance culture across the Bank while setting the desired "Tone from the Top". As a result, we continue to undertake the required actions to maintain an environment that is conducive towards employee empowerment and transparency in relation to effective risk management across the entire Bank.

UAB's approach is centered on the foundation that our employees understand their duties, take full responsibility and accountability for compliance with all regulations to protect our customers and our reputation. In that sense, we provide adequate training and awareness to our employees on different areas on a regular basis.

As part of the commitment to strengthen the Bank's Corporate Governance, the Bank enhanced its governance framework by reviewing the Bank's policies and procedures and introducing new ones to ensure full coverage of the regulatory requirements set up by the Central Bank of the UAE.



Compliance continued

Risk Management and Compliance functions' related Policies and Procedures were revamped as well as documents related to Conduct risk such as the Code of Conduct, the Conflict of Interest Policy, the Personal Trading and Insider Information Policy, and the Anti-bribery and Corruption Policy. Financial Crime Compliance and FATCA & CRS related documents were also reviewed and updated during the year.

In 2023, the Bank significantly invested in people and technology within the Risk and Compliance functions. The Compliance function was strengthened, by creating a dedicated Regulatory Compliance & Assurance team, as well as segregating the position of Money Laundering Reporting Officer from the Chief Compliance Officer role. These initiatives further strengthened robustness of our overall Compliance risk management culture and ensures that the Bank adapt Global best practices.

The Bank has enhanced its risk management framework and has zero appetite for negligent non-compliance, including financial crime, corruption and internal fraud. There is also zero tolerance for activities and behaviors that are against the Code of Conduct.

UAB was subject to multiple reviews by the Central Bank of the UAE in 2023 that assessed the Bank's policies, processes and procedures on a variety

of themes. These reviews included the Corporate Governance; FATCA & CRS; AML-CFT; Pillar 1 & Pillar 2; Stress Testing, Large Exposure; Liquidity; and the follow-up review of the 2021 Baseline Examination.

Under the guidance of the Board, the Bank has taken the necessary actions to continue strengthening its governance model, its control environment and the implementation of operational best practices. As the Management is committed to address observations and recommendations made by the Central Bank of the UAE, significant enhancement of existing frameworks and controls were achieved.

The Chief Compliance Officer ensures a regular and comprehensive update to the Executive Management and to the Board on all Compliance related matters, including but not limited to activities related to the Annual Compliance Plan, regulatory developments, reviews and examinations performed by the Central Bank of the UAE, as well as tasks and initiatives to ensure compliance with newly issued regulations and addressing any potential gaps that may arise in regards to existing regulations.

At an industry level, UAB continues to play an active role with regards to collaboration with the UAE Banks Federation (UBF) as a member bank and membership of important advisory committees of the UBF, working on important initiatives, proposals and priorities.



Legal

The Legal team provides legal support to the Bank's departments and senior management, with its key objective is to give advice and guidance on various legal issues. The Legal team acts as the Bank's legal counsel and has the following priorities:

- Advise the Bank's stakeholders on effective solutions for current and anticipated material concerning legal and regulatory issues.
- Ensure major corporate actions, transactions and projects are managed in an efficient manner and are in line with applicable laws and regulations, in order to minimize the Bank's legal and regulatory risks.
- Draft, review and update the standard documentation, templates and relevant general terms and conditions of Bank's products.
- Initiate new legal cases and follow up on the cases filed by or against the Bank before competent courts.
- Review all contracts and agreements in which the Bank is or will become party to.



Internal Audit

Internal Audit Department (IAD) is an independent function in the Bank that represents Third Line of Defence. IAD's primary objective is to provide the Board of Directors and Executive Management with reasonable assurance on the adequacy of internal controls, the organisation's governance, effectiveness of risk management and compliance with policies, procedures and regulatory requirements.

To ensure independence, the Chief Audit Executive reports to the Chairman of the Board Audit Committee and is accountable for setting and reinforcing IAD's strategic direction, while ensuring that IAD has the necessary independence and authority to exercise judgement, express opinions and make recommendations. IAD continues to be free from interference by any element in the Bank, including in matters of audit selection, scope, procedures, frequency, timing or report content.

Internal Audit activities are governed by Board approved Internal Audit Charter that sets out the mandate, approach, authority and responsibility of IAD within the Bank. The Charter is compiled by taking into consideration the Internal Audit Guidelines, Regulations and Standards issued by the Institute of Internal Auditors (IIA), the Information Systems Audit and Control Association (ISACA), and the Central Bank of the United Arab Emirates (CBUAE).

The scope of IAD activities covers, but is not restricted to, inspections of evidence to provide independent assessments on the adequacy and effectiveness of risk management, control and governance processes within the Bank. In order to achieve this, a methodological risk assessment of the Bank and its activities is conducted at least once every year to formulate the risk based annual Audit Plan.

The organizational risks are reviewed on a periodic basis to ensure that the audit plan continues to address key risks on a timely basis. Audits are executed in accordance with the Plan to form an opinion on the overall control environment. There is no aspect of the organisation which IAD is restricted from looking at as it delivers on its mandate.

Internal Audit uses data analytics tools to assess the control effectiveness as part of its audits. In addition, audit methodologies like Agile Auditing and Continuous Auditing are adapted in order to bring efficiency and effectiveness to the audit deliverables.

Internal Audit function is staffed with a team of auditors who collectively possess the required skills to audit all areas of the Bank.



Our People

UAB is committed to attracting and retaining top talents. The Bank recognises that its employees are key to its success and works to create a supportive and engaging work environment that fosters growth and career development.

UAB invests in its employees through training and development programmes, flexible work arrangements, and competitive compensation packages. The Bank also prioritises creating a diverse and inclusive workplace, where all employees feel valued and respected.

In addition to its internal initiatives, UAB is also actively involved in the wider community, supporting initiatives that promote education and career development. The Bank also collaborates with local universities to offer internship and job opportunities to students, helping to develop the next generation of leaders in the region.

UAB's commitment to attracting and retaining top talent is a key factor in its long-term sustainability and success. The Bank will continue to invest in its employees and create a positive workplace culture, in order to attract and retain the best talent in the industry. Below are some key initiatives that Bank has undertaken in this regard.

Reward & Recognition

UAB continuously observes the achievements of its employees and recognises their contribution to the Bank's success. To recognise our high-achieving employees, the Bank allocates AED 200,000 for its Reward and Recognition initiatives annually such as the Employee of the Quarter Award, Sheikh Faisal Award, and Best Branch Award.



Driving People Development

UAB Human Capital Management (HCM) training team oversees defining the competencies development framework every year, in line with the strategic priorities and values in UAB's Annual Business and Strategic Plan. This framework helps the team in designing guidelines for all parties involved in the process (coach, mentor, supervisor, assessor, and learning and development).

Individual development plans are established based on the framework and the standards against which the employee will be assessed. These are identified through a multi-source mechanism that captures the learning and development needs that are shared by a group of employees. Our performance review process is the main tool used to recognize and plan learning and development. The HCM training team will review the plans, expectations, and results with senior management while direct managers are in charge of ensuring that individuals' training requirements are met.

To ensure the effectiveness of our training, we perform a pre and post-assessment for technical skills programmes, extract a report, determine the effectiveness of the training, and define improvements if needed. Further, we collect feedback from participants to evaluate their satisfaction and analyse how the training is helping with their career advancement path. Various assessment methods are used such as exercises, role play, and case studies.

Our People continued

In 2023, the Bank conducted 10 training programs for the senior management on:

- Regulatory programs on compliance (AML/CTF, Sanctions)
- Data Leakage Policy
- Security Awareness
- Operational Risk Management
- Fraud Risk Management
- Legal Awareness Program
- Corporate Tax

LEARNING & DEVELOPMENT PROGRAMMES		
Programme	Description	Number of Beneficiaries
LinkedIn Learning	Behavioral & Technical Programs	165 staff attended 367 programs
Third-party Training	Technical & Behavioral Program, Conferences/ workshops/seminars	42 staff attended 36 programs
EIBFS Training Programmes	Technical & Behavioral Program, Pathway Programs	338 staff attended 208 programs
UAB Programmes (Regulatory + Soft skills)	Regulatory Required Programs, Technical Awareness, Behavioral Training	491 staff attended 40 programs

Diversity, Inclusion, and Emiratisation

UAB believes that diversity and inclusion spur innovation and foster a dynamic work culture where people can learn from each other and thrive on their differences. Our efforts to create a more diverse and inclusive culture are reflected in an increase of 15% in our female employees and 29% in UAE National employees.

Gender Equality

As we continue promoting diversity and inclusion within our Bank, we focus on increasing female employee participation and development to occupy leadership positions in the Bank.

In line with the UAE Central Bank Corporate Governance Regulations and Standards, UAB is working on improving the gender balance by developing a conscious hiring process based on our gender balance goals. Accordingly in 2023, and in line with the percentage in 2022 as well, 40% of our newly hired employees were females. Additionally, female employees are provided with an average of one day more training hours than male employees and our median male compensation to median female compensation was further reduced to 104% compared to 120% in 2022 and 126% in 2021.



Emiratization

United Arab Bank envisions a future where UAE nationals are well represented at all levels of the bank's workforce, from entry level positions to senior management roles. UAB recognize its responsibility to employee UAE nationals in various roles. Therefore, UAB aims to ensure success for UAE Nationals wishing to pursue a career in the financial services industry. The biggest resource of the nation is the growing youth who will eventually be the future leaders of this fine country. It is our core belief that the development of UAE national talent will accelerate growth and ensure continued achievements.

Our ultimate goal is to identify, assess, develop and provide opportunities to those UAE Nationals who exhibit outstanding talent through our Emiratization program. It is vitally important to the success of the United Arab Bank to have the pipeline of future leaders from the region, which can be developed through our extensive training and development programs.

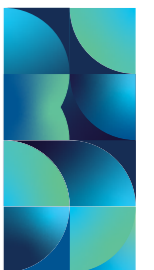
Besides meeting the regulatory requirements, the emphasis is on offering career advancement opportunities to UAE nationals. Efforts are made to ensure that UAE Nationals are given every possible opportunity for career progression and filling management positions in the business.

Our nationalisation rate increased in 2023 to 26% from 23% in 2022. The latter was achieved by having a strategic focus on recruiting and retaining national talents through the following efforts:

- The Bank aims to attract UAE National talents from reputable educational institutions as high potential candidates by participation at local career fairs and job fairs, and collaboration with different universities and colleges to build our employer brand and showcase our culture and values.
- Participation on Nafis program and availing the advantages of Nafis program, such as, benefiting financially by receiving percentage of pension employer contribution which support Emiratization initiatives in the bank.
- Giving priority to UAE nationals for internal vacancies as part of developing their overall domain skills that is essential for future leadership roles.



- Placing Emiratization as a key pillar in the people quadrant of the senior management Balanced Scorecard.
- Investing in the training and development programs to support the growth and career advancement of UAE National employees, including induction programs, on the job training, mentorship, leadership development, job rotation and career pathing.
- Creating a culture of inclusion and engagement that makes UAE National employees feel valued and connected to the organization through regular communication from senior leadership, opportunities for employees to provide feedback and suggestions, being engaged in Emiratization events and activities such as, career fair, national day, and HCM events.
- Offering competitive compensation and benefits by offering competitive compensation packages that align with the market and providing additional benefits to attract and retain UAE National employees. Benefits may include health insurance, education allowances, study and exam leaves.
- Emphasizing a culture of work-life balance to support the wellbeing and retention of UAE National employees through flexible work arrangements, remote work options, and promoting the importance of taking regular breaks and vacations.
- Fresh Graduate Management Trainee Program, a program designed to equip newly qualified graduates in relevant disciplines with the skills that will prepare them for seamless integration into a managerial role. The Program's ultimate goal is to identify, assess, develop and provide opportunities to the UAE National graduates who exhibit outstanding talent through Management Trainee Program to be the future leaders in the banking sector. The program is structured to train graduates for a period of 8 to 12 months which offers various specialization and professional certification. Post the training completion they will be absorbed into their respective banking functions.



Our People continued

Furthermore, to support the advancement of their careers in the Bank, we offer a variety of training programmes dedicated to Emirati employees and customised to their career development needs.

TRAINING PROGRAMMES FOR EMIRATI EMPLOYEES				
Programme	Description & Activities conducted under the program in 2023	Number of Benefited Nationals		
		2021	2022	2023
Leadership	Leadership and Management Skills Program	22	21	21
Technical Skills	Operational Risk Awareness, Fraud Risk Awareness, Retail SOP, Credit Audit, Security Awareness	63	66	66
Product Knowledge	Card Products, Retail Products, Bancassurance products, Islamic Trade Products, WB products	40	48	48
Regulatory Programs	AML Awareness, KYC updates, AML Audit Program, Compliance Training, Trade Based Money Laundering, Sanction Awareness	48	64	64
Behavioral Skills	Presentation skills, Negotiation skills, handling difficult conversation, Art of cross selling, code of conduct, Seven tools of Quality,	61	72	72
Fresh Graduate Program	Certified Banking Operations CBO, Specialization Pathway boot camps, International Professional Certification	0	17	34
Certification Program	CAMS, CFE, Certificate in: Audit, Quality & innovation, Trade Finance, Business Communication, Islamic Banking, Fintech, Risk Management	0	6	19



Our People continued

Workplace Health and Safety

Helping our employees maintain and lead healthy lives is important for our Bank as we believe their well-being directly impacts their productivity and success. In line with the latter, UAB conducts different initiatives to raise awareness about critical health issues such as Breast Cancer and engages its employees in different physical activities where they can bring their families to spend quality time together and bond with others.

In 2023, we delivered the following initiatives:

Breast Cancer Awareness 2023

UAB conducted breast cancer awareness sessions for all UAB female employees, discussing healthy nutrition, lifestyle, and how to regularly check on their health. These sessions were conducted in collaboration with NMC Healthcare.

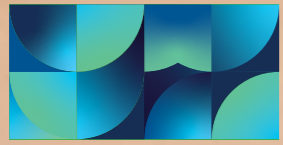


UAB Fitness Challenge 2023

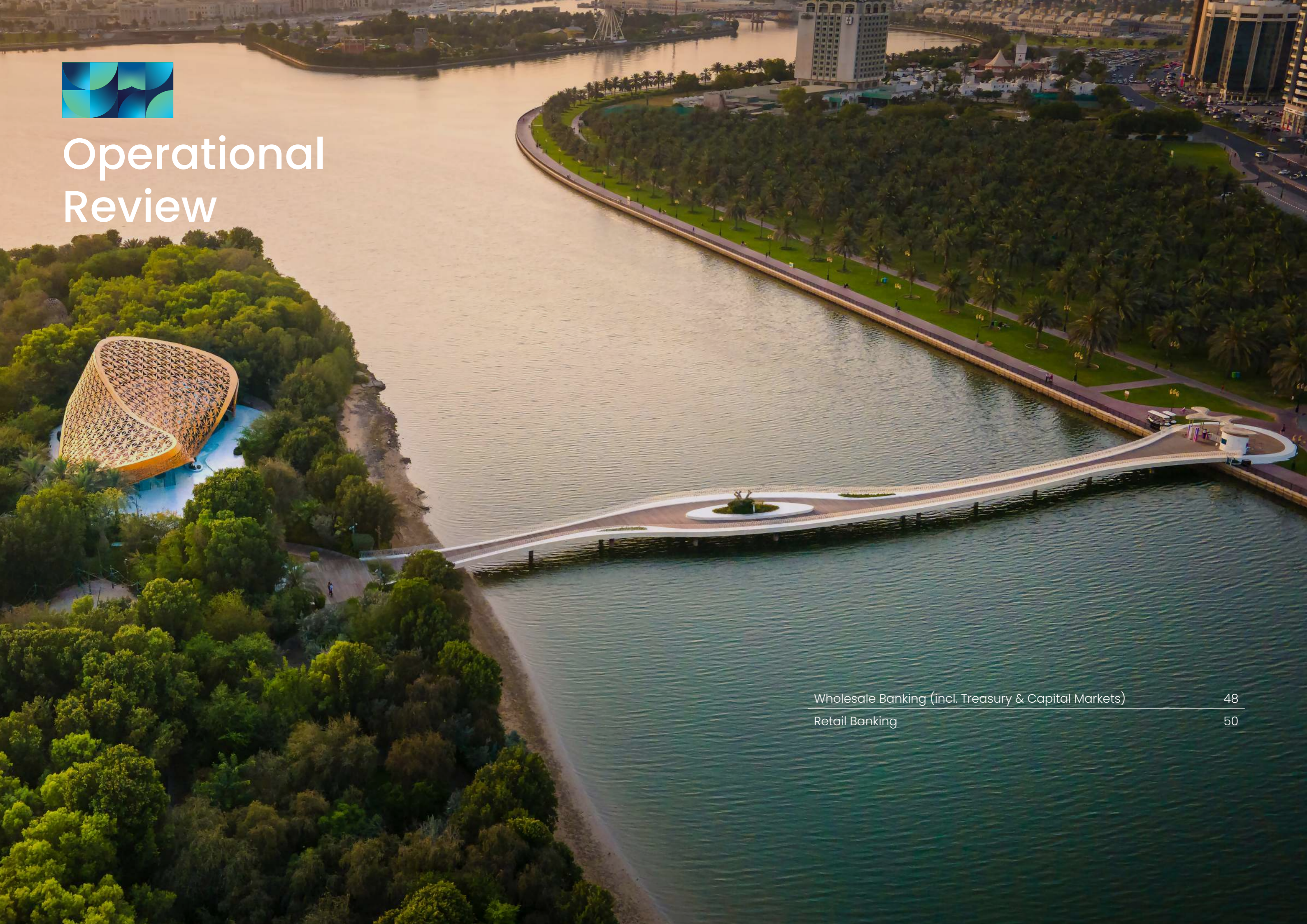
In line with the Sheikh Mohammed initiative Dubai Fitness Challenge in November, UAB conducted a fitness challenge for all employees and their families, started with a 10km run with UAE CEO, followed by physical activities and games led by 6 professional fitness instructors and ended the day with healthy snacks.



In conclusion, UAB remains committed to fostering a healthy and supportive work environment for our employees. By prioritizing initiatives like Breast Cancer Awareness and the UAB Fitness Challenge, we not only promote physical health but also strengthen our community and enhance team spirit. We will continue to invest in our employees' well-being, recognizing that their health is integral to our collective success. Together, we aim to create a workplace where everyone can thrive, both personally and professionally.



Operational Review



Wholesale Banking (incl. Treasury & Capital Markets)

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Retail Banking

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Wholesale Banking (including Treasury & Capital Markets)

UAB's Wholesale Banking remains the key driver of its financial success, leading in assets, liabilities, and profitability. The vision is to be the first-choice bank for corporate clients, fostering strong relationships with large and prominent family offices, local corporates, multinationals, governmental organizations, and financial institutions. Through dedicated teams across Abu Dhabi, Dubai, Sharjah, and Northern Emirates, Wholesale Banking provides bespoke financial advice and solutions supported by Treasury & Capital Markets (TCM), Transaction Banking, and Islamic Banking specialists.

Wholesale Banking product suite includes short-term working capital solutions, overdrafts, term loans, project and structured finance, commercial mortgages, syndications, trade finance, cash management services, and treasury services, delivered seamlessly through online and in-person channels.

TCM complements the Wholesale Banking business by offering its clients foreign exchange and risk management solutions to corporate clients. It also manages the Bank's fixed income investment portfolio, generating a secondary stream of interest income as well as all liquidity and interest rate exposures.

In 2023, Wholesale Banking achieved AED 504 million in revenues and AED 242 million in net profit, leading UAB's financial performance. Operating income increased by 23%, driven by a 39% growth in net interest income. Strong client demand led to a 19% growth in the loan book across various sectors, including services, financial institutions, manufacturing, and construction. Enhanced client connectivity and improved product propositions resulted in a 30% increase in CASA and other deposits. A landmark medium-term borrowing deal was executed, with participation from several leading UAE banks, thereby extending the Bank's liability maturity profile and diversifying funding sources.

The 'WB Go-To Operating Model' was launched in 2023, streamlining operations, increasing cross-sell opportunities, and enhancing profitability. New products in Cash Management and Trade & Supply-chain finance were introduced, including host-to-host, remote cheque printing, real estate and insurance escrow services, FCC upgrade, and *haifin* (formerly, UAE Trade Connect) connectivity. Corporate Finance was established to provide syndication loan facilities, and a Business Management Unit was formed for strategic planning and performance management.

During the year, TCM achieved robust growth in foreign exchange volumes, driven by a collaborative effort with the Wholesale Banking team and the implementation of enhanced customer outreach initiatives. The fixed income business also witnessed a significant expansion in portfolio size, as TCM strategically deployed the Bank's liquidity into high-quality assets, while enhancing yields.

Digital and sustainability initiatives included increasing the adoption of digital channels through campaigns and new features on the revamped corporate mobile app. Wholesale Banking focused on ESG-linked loan facilities, sustainable bonds, and green bonds, with investments reaching AED 516 million by the end of 2023.

Wholesale Banking received the Asian Banking & Finance Wholesale Banking Award for "UAE Domestic Online Banking Initiative of the Year" for the innovative UAB Trade Online Banking Platform, offering unparalleled convenience, security, and a wide range of features.

Looking ahead, priorities for 2024 and beyond include increasing cross-sell to existing customers, focusing on FX and Treasury products, and promoting UAB@Work to corporate clients. The goal is to deepen relationships with Transaction Banking clients, increase CASA and non-interest income, and enhance product offerings, including Islamic products. Wholesale Banking is committed to improving service levels and turnaround times through process simplification and digitalization to grow market share and client wallet share.

With a strategic focus on targeted business segments, innovative products, and strong customer relationships, Wholesale Banking continues to drive UAB's financial success and support the UAE economy.



Retail Banking

Retail Banking at UAB is driven by its vision to be the preferred bank for families, guided by the principles of simplicity, convenience, transparency and sustainable growth. It aims to offer exceptional customer experiences across all channels with enhanced digital capabilities, focusing on select high-impact products and propositions to meet customer needs effectively.

The year 2023 was transformative for Retail Banking at UAB, marked by strategic initiatives aimed at redefining its operational framework, enhancing service delivery and digital capabilities. Significant efforts included the implementation of CRM (customer relationship management) systems, the establishment of a robust customer data warehouse, enhancements in governance frameworks, and the revitalization of online and offline banking channels. Notably, UAB introduced its inaugural suite of green sustainable financing products, underlining its commitment to innovation and customer-centric solutions.

In 2023, despite challenges such as reduced net interest income and increased operational costs, Retail Banking demonstrated resilience. Towards the year-end, there was a significant increase in lending activities, effectively mitigating the impact of contractual maturities and early repayments. At the same time, customer deposits grew by 19%, reflecting successful initiatives aimed at enhancing savings among retail customers. Retail Banking achieved AED 73 million in revenues and AED 13 million in profits in 2023, marked by a substantial 98% increase in fee and commission income primarily driven on the back of new loan products and rationalisation of existing products.

Throughout the year, Retail Banking focused on strengthening its operational foundations, with a strong emphasis on stringent CBUAE regulations, regulatory compliance and operational efficiency improvements. The launch of an E-KYC portal streamlined customer-related KYC processes, making them more convenient and compliant. The deployment of a new Data Warehouse and CRM framework provided valuable insights to sales teams, enabling strategic decision-making and enhancing customer engagement strategies. Branch enhancements aimed at creating customer-friendly environments were complemented by newly developed digital experiences at UAB ATMs. Three main global mobile payment services have been introduced for UAB Credit and Debit cards with the aim to enhance digital adoption and customer engagement.

Strategic partnerships with TPSA (third-party sales agents) and mortgage brokers expanded Retail Banking's sales force, supported by revamped sales support structures and incentivization programs. In line with global sustainability efforts, Retail Banking introduced two green financing products – Green Home and Green Auto Finance – offering preferential rates to environmentally conscious borrowers. The establishment of a 24x7 Customer Contact Centre exemplified UAB's commitment to enhancing customer satisfaction, leading to a significant 30% decrease in overall complaint volumes compared to the previous year.

Moving forward, Retail Banking aims to elevate customer engagement through enhanced physical branch layouts and advanced digital capabilities. Key strategic initiatives include scaling up mortgage, personal loan, and liability generation channels to meet evolving customer demands along with launching an enhanced UAB mobile banking app for a superior digital experience. Expansion of the UAB@Work program will drive customer retention and acquisition among corporate clients, offering tailored banking solutions for employees. Strategic investments in premium banking propositions will cater to the complex financial needs of affluent customers, promoting financial literacy and personalized wealth management solutions. Retail Banking is committed to solidifying its position in the competitive UAE banking landscape, ensuring sustainable growth and long-term profitability.





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Introduction

Sound Corporate Governance plays a fundamental role in the culture and business practices of UAB. The Bank's Corporate Governance framework relates to the way the business and activities of the Bank are directed and managed taking into account all stakeholders and the role of the Bank in the community we have served since 1975.



UAB's Corporate Governance Framework

Adopting the applicable regulatory requirements and following the best practices in corporate governance are the key elements of United Arab Bank's sustained track record of healthy financial and operational performance. It is the cornerstone of our Bank's growth strategy and ambition for the future. It ensures that our organisation follows the processes and relevant controls, and monitoring is embedded, and that we have an adequate oversight. UAB is committed to continuously reviewing and enhancing our corporate governance approach to ensure we remain at the forefront of best practice, adapting to changes as per the regulatory expectations and the market that we serve.

Our focus in 2023 was on assuring that the Corporate Governance Framework and policies were reviewed and revamped. This initiative was supported by providing continuous education and training too. The Board and Board Committee charters were updated and standardised ensuring alignment with the Bank's new Management Committee structure as well as current best practices (for example the enhanced focus on sustainability).

The Governance Framework ensures adequate Board oversight over the risks inherent to our business. It focuses on the separation of the Board of Directors, the Executive Management's duties and responsibilities, the effectiveness of the Board and Management Committees, role of the external and internal auditors, and the transparency, accuracy and timely disclosure of information. In addition, it aids cooperation with supervisory and regulatory authorities to ensure full compliance with applicable regulations.

UAB has a strong Board with extensive corporate leadership experience, diverse skill sets, a disciplined approach to governance and a deep understanding of the market and banking industry. The Bank also benefits from an experienced and committed Executive Management team, with a strong track record of operational excellence and embedding a compliance culture across the organisation.

We understand this approach reinforces the trust and confidence in our shareholders, customers, partners and the community we serve.



Transparency and Disclosure

As part of our efforts to continuously enhance disclosures and transparency, the delivery of accurate and timely information to our stakeholders represents a key priority of the Bank. Information about the Bank is distributed through a number of channels including media, press releases and other various avenues.

A dedicated Head of Investor Relations has been appointed this year, in addition to all material disclosures being made available on the Bank's website (www.uab.ae) through which financial and non-financial reports are cascaded.

Financial reports include published annual reports and financial statements, both, in English and Arabic. Other important documents and information to shareholders such as the Articles of Association, shareholder structure, share price performance and latest credit ratings are also available on the Bank's website.



Role of the Board of Directors

The Board of Directors are empowered, under the Bank's Articles of Association, with the widest powers necessary to carry out the activities and functions required to fulfill the objectives of the Bank and is the principal decision-making forum.

The Board responsibilities outlined in the Board Charter include establishing the Bank's strategy, annual budget, organisation structure and ensuring that the Bank manages risk effectively through approving and monitoring the Bank's risk appetite and risk strategy.

Adopting the Bank's Corporate Governance framework and corporate value falls within the responsibilities of the Board to help ensure the implementation of solid internal controls and disclosures, the establishment of adequate policies and procedures necessary for the Bank's sound operations and compliance with applicable regulatory and statutory requirements at all times. The Terms of Reference of the Board of Directors and all Board Committees set out their respective process, duties and responsibilities. Moreover, the Board is responsible for providing oversight and effective challenge to senior management across a range of matters including its execution of the agreed strategy and risk management. The Board is also responsible for Board and executive management succession planning.



UAB's Board of Directors



H.E. Sheikh Faisal bin Sultan bin Salem Al Qassimi

Chairman, Non-executive

First elected to the Board: 1975; Re-elected to the Board: in 2021 for a term of 3 years

Founder of United Arab Bank, H.E. Sheikh Faisal bin Sultan bin Salem Al Qassimi has served as the Chairman of the Board of Directors since the Bank's inception in 1975 and has since then remained the largest single individual shareholder of the Bank.

Beyond his instrumental role at UAB, H.E. Sheikh Faisal is currently the Chairman of the Board of Directors of a number of private companies. He also formerly served as the Chairman of the Board of Arab Organisation of Industries and Establishment.

H.E. served in the UAE Armed Forces in different capacities prior to retiring at the rank of Major General including Under Secretary of the Ministry of Defense, Chief of Staff, and Chairman of the Court of Crown Prince at the time – H.H. Sheikh Khalifa bin Zayed Al Nahyan.

H.E. Sheikh Faisal bin Sultan bin Salem Al Qassimi graduated from the Jordanian Officer Cadet School and Mons Officer Cadet School in UK.

External Board Appointments:

- Chairman – GIBCA Group of Companies
- Chairman – Faisal Holding LLC
- Chairman – Grand Stores
- Chairman – Hospitality Management Holdings LLC



Mr. Omar Hussain Alfardan

Vice Chairman, Non-executive

Chairman – Board Governance and Remuneration Committee

First elected to the Board: 2007; Re-elected to the Board: in 2021 for a term of 3 years

Mr. Alfardan is serving as Vice Chairman of the Board of Directors and represents The Commercial Bank (P.S.Q.C.), the largest corporate shareholder of United Arab Bank.

Mr. Alfardan holds a Bachelor's Degree in Business Administration and a Master's Degree in Finance from Webster University in Geneva, Switzerland.

External Board Appointments:

- Chairman of the Board of Directors at Alternatif Bank in Turkey
- Managing Director – The Commercial Bank (P.S.Q.C.)
- President and CEO – Alfardan Group and its subsidiaries (Automotive, Property, Hospitality, Jewelry, Investment, Marine Services and Medical sector)
- Board Member – Qatar Red Crescent
- Advisory Board Member – Qatar Financial Centre Authority
- Managing Director at Marsa Arabia
- Member of the Board of Trustees of Hamad bin Khalifa University
- Founder and Board Member of Family Business Council Gulf
- Vice Chairman of the Gulf Qatari Classic Cars Association
- Member of the Qatari Businessmen Association

UAB's Board of Directors continued



H.E. Sheikh Abdullah bin Ali bin Jabor Al Thani

Director, Non-executive

Chairman – Board Risk and Compliance Committee (until 21 Aug 2023)

Re-elected to the Board in 2021 for a term of 3 years

Sheikh Abdullah has served on the Board of Directors of United Arab Bank since February 2008 as a representative of The Commercial Bank (P.S.Q.C.), the largest corporate shareholder of UAB. He was re-appointed in 2011, 2015 and 2018 by the Annual General Assembly.

He holds a BA in Social Science from Qatar University.

External Board Appointments:

- Chairman – The Commercial Bank (P.S.Q.C.)
- Deputy Chairman – National Bank of Oman

Other External Appointments:

- Owner – Vista Trading Company, Qatar
- Partner – Integrated Intelligence Services, Qatar



H.E. Sheikh Mohammed bin Faisal Al Qassimi

Director, Non-executive

Chairman – Board Credit Committee

Member – Board Governance and Remuneration Committee

First elected to the Board: 2011; Re-elected to the Board: in 2021 for a term of 3 years

H.E. Sheikh Mohammed bin Faisal Al Qassimi is the founder of MANAFA LLC, a holding company with diversified activities in the fields of hospitality, real estate, private equity and Equity investment.

H.E. Sheikh Mohammed bin Faisal Al Qassimi holds key directorships and senior positions at various business groups and associations including the Italian Chamber of Commerce in the UAE and the GCC and Faisal Holding Co LLC.

H.E. Sheikh Mohammed bin Faisal Al Qassimi graduated from Webster University in Business Administration and Accounting.

H.E. Sheikh Mohammed is a member of CMA and the Society of Technical Analysts of UK.



UAB's Board of Directors continued



Ms. Najla Al Midfa

Director, Independent

Chairperson – Board Audit Committee

Member – Board Governance and Remuneration Committee

First elected to the Board: 2012; Re-elected to the Board: in 2021 for a term of 3 years

Najla Ahmed Al-Midfa is the Chief Executive Officer of the Sharjah Entrepreneurship Center (Sheraa), a government-supported entity launched in 2016, with a mandate to build the entrepreneurial ecosystem in Sharjah, and support entrepreneurs as they build and grow innovative startups that will contribute positively to the region's economy.

Launched in January 2016, under the chairmanship of HE Sheikha Bodour bint Sultan Al Qasimi, Sheraa has become the foundation of Sharjah's startup ecosystem. Having helped conceive the vision for Sheraa, Najla has been involved from inception: forming a prominent advisory board, building a high performing team, and structuring partnerships with key corporates and government entities in the ecosystem to support startups. Today, Sheraa has a loyal community of over seven thousand entrepreneurs and ecosystem players, and offers a full-stack program ranging from ideation and incubation through to acceleration and growth. To date, over 300 ideas have been validated and over 70 startups have graduated from Sheraa's programs. Having raised over \$14m in seed investment, these startups continue to generate over \$19m in recurring sales. The first Sheraa Hub was inaugurated at the American University of Sharjah (AUS), and the second hub at the University of Sharjah (UOS) was inaugurated in September 2018.

In 2017, Najla spearheaded the creation of the annual Sharjah Entrepreneurship Festival (SharjahEF). The event brings together over 2,000 entrepreneurs, investors, mentors, and ecosystem supporters to celebrate the power of entrepreneurship and inspire further innovation.

Najla is also founder of Khayarat, a platform that empowers young, high-potential Emiratis to make informed career choices, and enables them to succeed in the private sector. With a community of over one thousand young Emiratis, and over 70 placements in leading international private sector companies, the platform is influencing the next generation of Emiratis to raise their ambitions and fulfill their potential.

In her previous role as Senior Manager at Khalifa Fund for Enterprise Development, Najla led a team of business counselors through the due diligence process of selecting ventures for financing. She also set up and operated the Northern Emirate branch of Khalifa Fund, covering Ajman, Dubai, and Sharjah.

Prior to joining Khalifa Fund, Najla was a senior associate at McKinsey and Company's New York office, primarily serving clients across the financial institutions sector. Her experience also includes roles within PricewaterhouseCoopers and Shell.

She is Vice-Chairperson of Young Arab Leaders, and a fellow of the Aspen Institute's Middle East Leadership Initiative. Najla holds an MBA from Stanford University.



UAB's Board of Directors continued



Mr. Ahmed Mohamad Bakheet Khalfan

Director, Non-executive

Member – Board Credit Committee

Member – Board Governance and Remuneration Committee

Member – Board Risk and Compliance Committee (until 6 Jun 2023)

First elected to the Board: 1995; Re-elected to the Board: in 2021 for a term of 3 years

Mr. Khalfan previously served as the Deputy General Manager of Emirates Industrial Bank and was Chairman of the Board of Directors of Emirates Modern Poultry Company and Vice Chairman of Emirates Rawabi. He also served as Board Member for various companies in the UAE including ALICO, Gulf Glass, and Takaful Re.

Mr. Khalfan graduated with a Bachelor of Science in Economics with honor from the North Eastern University, Boston.



Mr. Joseph Abraham

Director, Non-executive

Member – Board Governance and Remuneration Committee

Member – Board Audit Committee

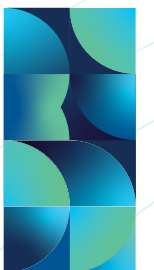
First elected to the Board: 2017; Re-elected to the Board: in 2021 for a term of 3 years

Mr. Abraham has extensive banking experience across both developed and emerging markets. Before joining Commercial Bank in June 2016, he was CEO of ANZ Indonesia (Australia and New Zealand Banking Group) based in Jakarta, a position he served in from 2008 to 2016.

Mr. Abraham has an MBA from the Graduate School of Business, Stanford University, California and has worked in Indonesia, Singapore, Hong Kong, Ghana, UK and India in various country and regional banking roles with a successful track record covering general management, corporate banking, strategy, product management as well as acquisitions and integrations.

External Board Appointments:

- Group Chief Executive Officer of The Commercial Bank (P.S.Q.C)
- Vice Chairman of the Board of Alternatif Bank, Turkey
- Director, National Bank of Oman



UAB's Board of Directors continued



Mr. Fahad Abdulrahman Badar

Director, Non-executive

Member - Board Credit Committee

Member - Board Risk and Compliance Committee

First elected to the Board: 2016; Re-elected to the Board: in 2021 for a term of 3 years

Mr. Fahad Badar is a member of the Bank's Board of Directors and joined in July 2016. Mr. Badar's career at The Commercial Bank (P.S.Q.C.) spans over 18 years. Prior to his current role as Executive General Manager, International Banking, Mr. Badar held a number of key roles in the International Banking, the Government and Public Sector Relations and the Wholesale Banking Divisions.

Mr. Badar holds an MBA from Durham University, United Kingdom and a Bachelors of Arts degree in Banking & Finance from the University of Wales.

External Board Appointments:

- Executive General Manager, International Banking - The Commercial Bank (P.S.Q.C.)
- Board Member - National Bank of Oman (NBO), Oman



H.E. Dr. Mohamed Omar Abdulla

Director, Non-executive

Chairman - Board Risk & Compliance committee (BRCC)

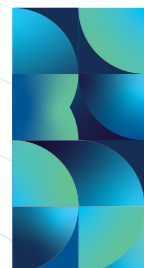
First elected to the Board: 2023 for a term of 3 years

H.E. Dr. Mohamed Omar Abdulla is a highly respected industry veteran who has held key positions with government authorities in Abu Dhabi, UAE, and serves as a board member for various organisations.

With over four decades of experience and expertise in areas such as economic development, human resources, and banking, H.E. Dr. Mohamed Omar Abdulla is well-known in government, diplomatic, and corporate circles.

He previously served as the UAE Ambassador to Singapore, where he played a crucial role in promoting bilateral relations between the two countries. Prior to that, he served the Abu Dhabi Department of Economic Development, the Abu Dhabi Chamber of Commerce and Industry, the National Bank of Abu Dhabi, and the National Drilling Company.

H.E. Dr. Mohamed Omar Abdulla holds a Doctorate in Philosophy from the University of Northampton in the UK. He also co-authored the book "Smart Transformation: A Roadmap for World Class Government" in March 2011.



UAB's Board of Directors continued



Ms. Asma Alqaseer

Director, Non-executive

Member - Board Audit Committee

Elected to the Board in 2023 for a term of 3 years

Ms. Asma Alqaseer is an accomplished Emirati professional with extensive experience in investments, tech startups, portfolio management, and fund management. She excels in spearheading projects that require strategic partnerships and investments in the technology sector.

Ms. Alqaseer specialises in portfolio management, deal structuring and execution, macro analysis, investor relations, fund management, leadership, and strategic mentorship. She possesses exceptional research and analytical capabilities and has cultivated an extensive network of entrepreneurs and investors across the region.

Ms. Alqaseer served leading institutions in different capacities prior to joining UAB. She represented Sallis, Société Générale, Emirates Investment Authority, BNP Paribas, and Twofour54.

Ms. Asma Alqaseer holds a degree in Business Administration with a major in Management and a minor in Psychology from the American University of Sharjah.

Other External Appointments:

- Beyond View - A San Francisco based software company



Mr. Nureddin S. Sehweil

Director, Non-executive

Member - Board Credit Committee

Member - Board Risk and Compliance Committee

Elected to the Board in 2023 for a term of 3 years

Nureddin Sehweil serves as the President and Chief Executive Officer of Uni-Arab Group and its subsidiaries and partnerships in the Oil and Gas Engineering, Services and Supplies. He also serves as a board member of several companies, including Sprint Oil & Gas, New Line Oil & Gas Services, New Line & Soosan ENS, New Line & Orbitech Technical Support Services, New Line & Orion Nuclear E&C and Aqua Treat Water Technology. Technical experience extends more than 48 years in the E&P areas. He started his oil & gas career with Mobil Oil Corporation and Consolidated Natural Gas in the Gulf of Mexico area and has experience of over 10 years in the Nuclear Power generation business and Water Technology. Served on the Board of Dana Gas and a member of the Audit & Compliance Committee, the Corporate Governance, Remuneration & Nominations Committee and the Reserves Committee.

Served on the Board of Gulf Navigation and a member of the Investment Committee, the Corporate Governance Committee and the Audit & Compliance Committee. Nureddin Sehweil holds a BSC Degree in Petroleum Engineering & Economics from Louisiana State University, USA.



Directors Obligations and Duties

Board Members commit to the following obligations in carrying out their duties as Directors of the Board, in accordance with the highest Corporate Governance standards:

- In line with the Bank's Articles of Association, the directors shall assume the necessary powers, responsibilities and authorities for management of the Bank. The exercising of Directors duties and responsibilities is subject to integrity, honesty, credibility, loyalty and prioritisation of the Bank's and its shareholders' interests as well as the keenness to comply in content and form with all regulations governing authorised person's business.
- Protect shareholder rights and achieve rewarding and regular return. A Board director represents all shareholders; he shall undertake any action to secure the Bank's interests in general, but not his personal interests or the interests of the group he represents or the person who voted in favor of his appointment on the Board of Directors.
- Observe and comply in form and spirit with all rules and regulations, legislations and guidelines organising the business in the United Arab Emirates.
- Observe confidentiality, conflict of interest and transparency requirements when assuming their responsibilities as Directors.
- Not being convicted of any crime or felony or a crime involving moral turpitude.
- Disclose any direct or indirect interests that they may have in connection with the Bank and which could conflict with the proper performance of their duties; and
- To manage the bank with full faith, honesty and loyalty and devote the time to attend regularly and participating effectively in Board & Committee meetings and general meetings of the shareholders.

Board Composition and Nomination

The Board is composed of 11 non-executive¹ Board members. 3 new members were elected in 2023 ensuring regulatory compliance with the applicable regulations.

Existing members were re-elected at the Annual General Assembly in April 2021. Members are eligible for re-election.

4 members represent The Commercial Bank, being the major shareholder, with the remaining representing the private sector and minority shareholders.

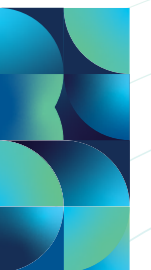
The Board collectively possesses professional knowledge, business expertise, industry knowledge, diversity and financial awareness to carry out its oversight responsibilities. All Board members are in regular attendance of the meetings.

Board of Directors' Transactions in the Bank's Securities

The following table shows the shares of the Bank held by the members of the Board during 2023:

Director Name	Shares held as at Dec 31 2023	Total sale transactions	Total purchase transactions
H.E. Sheikh Faisal bin Sultan bin Salem Al Qassimi	229,515,634	-	-
Mr. Omar Hussain Alfardan	-	-	-
HE Sheikh Abdullah bin Ali bin Jabor Al Thani	-	-	-
HE Sheikh Mohammed bin Faisal Al Qassimi	1,621,533	-	-
Mr. Ahmed Mohamad Bakheet Khalfan	-	-	-
Ms. Najla Al Midfa	4,543,059	-	-
Mr. Fahad Abdulrahman Badar	-	-	-
Mr. Joseph Abraham	-	-	-
H.E. Dr. Mohamed Omar Abdulla	-	-	-
Ms. Asma Alqaseer	-	-	-
Mr. Nureddin S. Sehweil	-	-	-

¹ A non-executive director is a member of a company's board of directors who does not hold an executive office. Non-executive directors act as independent advisors and are not responsible for the daily operations of the company.

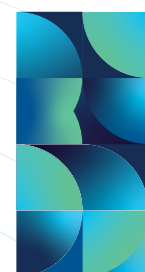


Board of Directors' Remuneration

- The Board of Directors were paid a remuneration of AED 6.0 million for 2022
- The Board of Directors were paid a total of AED 790,000 as an allowance for attending the Board committees in 2022
- The Board of Directors will be paid a remuneration of AED 10.7 million for 2023 subject to AGM approval (as per the below table)
- The Board of Directors will be paid a total of AED 1.2 million as an allowance for attending the Board committees in 2023 subject to AGM approval (as per the below table)

Board Member	Committee	Director's Remuneration (AED '000)	Attendance Fees (AED '000)	Attendance (%)
H.E. Sheikh Faisal bin Sultan bin Salem Al Qassimi	BOD	1,159	-	100%
Mr. Omar Hussain Alfardan	GRC	1,159	60	100%
HE Sheikh Abdullah bin Ali bin Jabor Al Thani	BRCC	1,159	30	73%
HE Sheikh Mohammed bin Faisal Al Qassimi	BCC, GRC	1,159	210	93%
Mr. Ahmed Mohamad Bakheet Khalfan	BCC, GRC, BRCC	1,159	280	88%
Ms. Najla Al Midfa	BAC, GRC	1,159	130	94%
Mr. Fahad Abdulrahman Badar	BCC, BRCC	1,159	240	100%
Mr. Joseph Abraham	BAC, GRC	1,159	140	100%
H.E. Dr. Mohamed Omar Abdulla*	BRCC	483	30	100%
Ms. Asma Alqaseer*	BAC	483	50	100%
Mr. Nureddin S. Sehweil*	BCC, BRCC	483	60	89%
Total		10,721	1,230	

* Director's remuneration pro-rated based on joining dates of August 2023.



Board Activities in 2023

The Board of Directors met 6 times in 2023 and received information in between meetings on regular basis from the Board and Management Committees in relation to the Bank's business developments.

2023 Board Meetings Calendar

09th February 2023	Board of Directors meeting to discuss and approve FY 2022 financial results
18th April 2023	Board meeting to discuss and approve 1st Quarter financial results
24th July 2023	Board meeting to discuss and approve 2nd Quarter financial results
13th September 2023	Board meeting to review, discuss and approve various routine and business matters on the agenda
24th October 2023	Board meeting to discuss and approve 3rd Quarter financial results
14th December 2023	Board meeting to review, discuss and approve various routine and business matters on the agenda

2023 Board Membership and Number of Meetings Held

Board Member	BOD	GRC	BAC	BCC	BRCC
H.E. Sheikh Faisal bin Sultan bin Salem Al Qassimi	C				
Mr. Omar Hussain Alfardan	VC	C			
HE Sheikh Abdullah bin Ali bin Jabor Al Thani	M				
HE Sheikh Mohammed bin Faisal Al Qassimi	M	M		C	
Mr. Ahmed Mohamad Bakheet Khalfan	M	M		M	M
Ms. Najla Al Midfa	M	M	C		
Mr. Fahad Abdulrahman Badar	M			M	M
Mr. Joseph Abraham	M	M	M		
H.E. Dr. Mohamed Omar Abdulla	M				C
Ms. Asma Alqaseer	M		M		
Mr. Nureddin S. Sehweil	M			M	M
Number of Meetings in 2023	6	6	6	17	5

- During 2023, there were two (2) Joint BAC-BRCC meetings and four (4) Internal Shari'ah Supervision Committee meetings held

C: Chairman, VC: Vice Chairman M: Member, BOD: Board of Directors, GRC: Board Governance & Remuneration Committee, BAC: Board Audit Committee, BCC: Board Credit Committee, BRCC: Board Risk & Compliance Committee

Summary of Board Resolutions by Circulation in 2023

There were no Board resolutions taken up for review or approval by circulation in 2023.

Board Committees

The Board of Directors established Board Committees to assist the Board in carrying out its duties and obligations and offer a more detailed review of important areas of business and control.

Board Governance & Remuneration Committee (GRC)

Board Governance & Remuneration Committee (GRC) The GRC acts on behalf of the Board on all matters related to governance, remuneration, nomination and strategic plans, except for those powers and actions that are restricted to the Board on the basis of legal provisions or the Articles.

The GRC is responsible for supporting the Board in overseeing the remuneration scheme, in order to ensure that the subject remuneration is appropriate and consistent with the Bank's culture, long-term business and risk appetite, performance and control environment as well as with any legal or regulatory requirements.

GRC shall provide recommendations to the Board for new Board and Senior Management members. GRC will also provide support and directions to the Board in terms of strategic and budgetary initiatives, plans and decisions.

GRC is required to meet at least four (4) times a year. The committee held six (6) meetings in 2023.

Committee members:

- Mr. Omar Alfardan - Chairman
- Sh. Mohammed bin Faisal Al Qassimi - Member
- Mr. Ahmed Khalfan - Member
- Mr. Joseph Abraham - Member
- Ms. Najla Al Midfa - Member

Board Audit Committee (BAC)

The Board Audit Committee (BAC) is responsible for monitoring, reviewing and reporting to the Board on the formal arrangements relating to the financial and narrative reporting of the Bank, internal controls, compliance, internal and external audit processes.

The internal audit function has a direct reporting line to the BAC.

BAC is required to meet at least four (4) times a year. The committee held six (6) meetings in 2023.

Committee members:

- Ms. Najla Al Midfa - Chairperson
- Mr. Joseph Abraham - Member
- Ms. Asma Alqaseer - Member

Board Committees continued

Board Credit Committee (BCC)

The Board Credit Committee (BCC) has the responsibility to establish credit strategy and monitor the overall credit process within the Bank for maintaining a diversified portfolio, avoiding undesired risk concentrations, improving the overall asset quality of the portfolio, and complying with Credit Policy and regulatory guidelines.

BCC held seventeen (17) meetings in 2023.

Committee members:

- Sh. Mohammed bin Faisal Al Qassimi - Chairman
- Mr. Ahmed Khalfan - Member
- Mr. Fahad Abdulrahman Badar - Member
- Mr. Nureddin Sehweil - Member

Board Risk & Compliance Committee (BRCC)

The Board Risk & Compliance Committee (BRCC) has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, and policies for enhancing the Bank's risk and compliance management framework to best practices standards. This includes, but is not limited to, ensuring effective control structures and the monitoring of aggregate risk exposures (including but not limited to credit, market, liquidity, operational, and legal). Additionally, the BRCC is accountable for fostering a culture of compliance, including financial crime compliance matters and overseeing adherence to relevant regulatory requirements, ethical standards, and internal policies.

BRCC is required to meet at least four (4) times a year. The committee held five (5) meetings in 2023.

Committee members:

- H.E. Dr. Mohamed Omar Abdulla - Chairman
- Mr. Fahad Abdulrahman Badar - Member
- Mr. Nureddin Sehweil - Member

Joint Board Audit and Board Risk & Compliance Committee

Additionally, joint meetings between the Board Audit Committee (BAC) and the Board Risk & Compliance Committee (BRCC) is held regularly in accordance with the Central Bank of the UAE (CBUAE) guidelines to ensure effective coordination and collaboration between the two committees in managing risks. This joint meeting enhances the overall risk management framework by providing a platform for robust discussions and effective decision-making in matters relating to risk management.

There were two (2) such joint meetings held in 2023.

Related Party Transactions During 2023

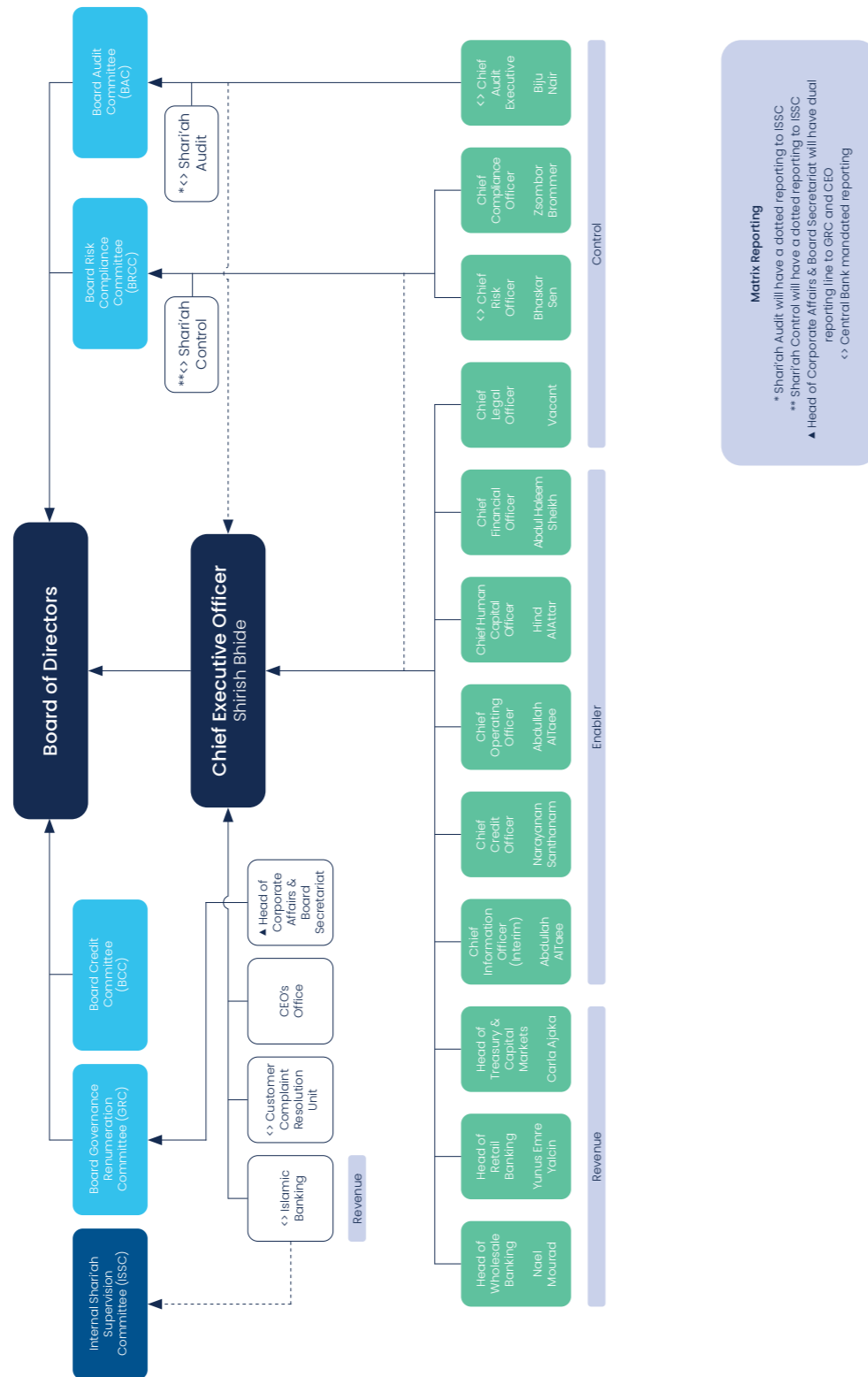
UAB consistently discloses the related party transactions in the financial statements which are audited/reviewed by external auditors. The management reviews the related party transactions as and when the deals are conducted.

The Bank discloses the transactions and dealings with the related parties according to the relevant accounting standards and are verified by our external auditors through their quarterly reviews and audits.

During the year 2023, the Bank has issued Tier 1 Instrument of USD 150 million (AED 551 Million) to "The Commercial Bank (P.S.Q.C.)" which amounts to more than 5% of the Bank's capital. Other than issuance of Tier 1 Instrument, there are no other transactions with related party which amounts to more than 5% of the Bank's capital.

Related party disclosures for the year 2023 are available in the audited financial statements.

UAB's Organisation Structure



Senior Management, and their Compensation

Total compensation includes salaries and other short-term benefits as well as employees' end of service benefits accrued:

Position	Total Compensation in AED '000
Chief Executive Officer	22,009
Head of Wholesale Banking	
Chief Financial Officer	
Chief Risk Officer	
Chief Information Officer	
Head of Financial Markets	
Chief Human Capital Officer	
Chief Audit Executive	
Chief Compliance Officer	
Head of Retail Banking	
Chief Credit Officer	
Chief Operating Officer	
Head of Islamic Banking	

Management Committees & Management Sub-committees

The Board level committees are further supplemented by key management committees to ensure comprehensive risk management and governance. The Bank has 8 Management Committees that report regularly to the Board, or the relevant Board committee as follows:

Management Committee (MANCOM)

Management Committee (ManCom) assists the Board, Board committees and CEO in fulfilling its responsibilities towards setting and execution of overall strategy of the Bank and ensuring that the Bank's values are embedded in its day-to-day activities to ensure sustained growth, profitability and commensurate returns for its stakeholders.

Management Committees & Management Sub-committees

continued

Asset and Liability Committee (ALCO)

Asset Liability Committee (ALCO) assists the Board in fulfilling its responsibility towards ensuring a strong and stable balance sheet and to oversee Bank's Asset and Liability Management (ALM) strategies. The objective of ALCO will also be to maintain vigilant oversight of liquidity risk and interest rate risk with the primary goal of achieving optimal return while ensuring adequate levels of liquidity within an effective risk control framework.

Credit Portfolio Committee (CPC)

The Credit Portfolio Committee (CPC) is responsible for developing and establishing credit strategy, credit policies, setting risk acceptance criteria for underwriting and monitoring the portfolio to ensure it remains within acceptable risk levels and address any emerging credit issues or trends. The CPC works in conjunction with and assists the Board and BCC to manage credit strategy, policies, and procedures.

Credit Committee (CC)

The Credit Committee (CC) is responsible for making credit-related decisions. The CC is charged with:

- Reviewing and approving loan proposals, taking into account factors such as the borrower's creditworthiness, repayment capacity, and collateral.
- Ensuring compliance with credit policies and procedures as part of ongoing underwriting process.

Risk Committee (RC)

The Risk Committee (RC) assists the Board and Board Risk and Compliance Committee (BRCC) towards ensuring a sound risk profile of the Bank and instilling a culture of risk optimised decision making through implementation of comprehensive and integrated risk framework, embedding a strong internal control mechanism and ensuring compliance with all applicable regulatory requirements (including Higher Shari'ah Authority regulations).

Compliance Committee

The Compliance Committee assists the Board and the BRCC towards ensuring a strong compliance culture and adherence to all applicable compliance requirements.

Business Technology Steering Committee (BTSC)

The Business Technology Steering Committee (BTSC) assists the Board in fulfilling its responsibilities pertaining to outlining and execution of overall IT strategy and managing IT related and projects, related budgets, expenditures and service operation status.

Human Capital Committee (HCC)

The Human Capital Committee (HCC) assists the Governance and Remuneration Committee (GRC) in fulfilling its responsibilities relating to the outline and monitor matters related to the Bank's people strategy which includes Emiratisation strategy, performance and rewards, talent acquisition, management and succession planning, learning & development, HCM policies & procedures, people risk, corporate governance and statutory matters etc.

Charity Committee

The Charity Committee assists the Board and Internal Shari'ah Supervisory Control (ISSC) in fulfilling its responsibilities in managing activities pertaining to Charity.

Management Committees & Management Sub-committees

continued

Management Sub-committees

UAB has the following management sub-committees to assist management committees and senior management in discharging their duties and responsibilities:

Client Experience Forum (CEF)

The Customer Experience Forum (CEF) supports the ManCom towards ensuring achievement of Bank's desired customer experience levels and fulfilment of related regulatory norms. The CEF is responsible for:

- Overseeing the bank's customer service policies and procedures, including the measurement and monitoring of customer satisfaction levels.
- Monitoring customer feedback and using this information to make recommendations for improvements to the bank's products and services.
- Ensuring that the bank's customer service standards are met and addressing any customer complaints in a timely and effective manner.

Investment Committee (IMCO)

The Investment Committee (IMCO) supports the Asset Liability Committee (ALCO) and is responsible for overseeing Bank's investment strategy and execution. The IMCO is charged with:

- Reviewing and approving investment proposals, ensuring that they align with the bank's overall investment strategy and risk tolerance.
- Monitoring the performance of the bank's investments, including returns, market conditions, and economic indicators.
- Ensuring that the bank's investment policies and procedures are in compliance with all applicable regulations and are regularly updated to reflect changes in the market or regulatory environment.
- Overseeing the management of investment risks, including interest rate, credit, and market risks, and ensuring that the bank's investment portfolio is well-diversified.

ERM Committee (ERMC)

The ERM Committee (ERMC) supports the Risk Committee (RC) by implementing and overseeing the bank's enterprise risk management framework. The ERMC is charged with:

- Overseeing the bank's risk management framework, including the identification, assessment, and management of risks across the bank.
- Reviewing and approving risk limits for various types of risks, including credit, capital, market & liquidity, strategic & reputational risk etc.
- Monitoring the bank's risk exposure and ensuring that it remains within acceptable levels, taking into account economic conditions, market trends, and internal controls.
- Ensuring that the bank's risk management policies and procedures are in compliance with all applicable regulations and are regularly updated to reflect changes in the market or regulatory environment.

Provisioning Committee (PC)

The Provisioning Committee supports the Risk Committee (RC) and Credit Portfolio Committee (CPC) by reviewing and approving the provisions based on SICR criteria, transition of ratings, necessary overlays and over-rides, macro-economic variables as per IFRS 9 etc. in compliance with regulatory guidelines and credit/IFRS 9 policy. The Provisioning Committee also recommends the accounts proposed for write off as applicable, in compliance with regulatory guidelines and credit policy.

Management Committees & Management Sub-committees continued

Operational Risk Management Committee (ORMC)

The Operational Risk Management Committee (ORMC) supports the Risk Committee (RC) and assists the RC in fulfilling its objectives of overseeing Bank's operational and fraud risk management strategy, initiatives, profile and ensuring sound business continuity. The ORMC is responsible for:

- Monitoring operational and fraud risks to ensure they are within acceptable levels.
- Overseeing the implementation of operational and fraud risk management policies and procedures.
- Ensuring that operational and fraud risks are identified and addressed in a timely manner.
- Ensuring that Bank's business continuity strategy and plans are conducted in an effective manner.

IT Risk and Information Security Committee

The IT Risk and Information Security Committee supports the Risk Committee (RC) and assists the RC towards ensuring that Bank's information technology systems and data are secure. This includes:

- Overseeing the bank's information security policies and procedures to ensure they are effective.
- Monitoring cyber threats and ensuring the bank's systems are protected against them.
- Ensuring that the bank's information technology systems are secure and operate effectively.

Model Risk Management Committee (MRMC)

The Model Risk Management Committee supports the Risk Committee (RC) and assists the RC in overseeing Bank's model risk management framework. This includes:

- Responsible for defining and implementing the Model Risk Management framework for the bank.
- Review and approve the methodology, processes and governance framework for the development, implementation, use and maintenance of models.
- Ensure models are developed, validated and used in compliance with the regulatory and internal standards.
- Monitor and report on the effectiveness of model risk management and provide recommendations for improvement.

Disciplinary Committee (DC)

The Disciplinary Committee (DC) supports the Human Capital Committee (HCC) towards dealing with employee misconduct and violations of Bank's policies and procedures. The DC reviews the investigation findings, evaluates employee misconduct and approves commensurate disciplinary action as per HR policy. The DC ensures that the disciplinary process is fair, transparent, and consistent and provides guidance and support to the HCM department on disciplinary matters. The DC ensures that the Bank's disciplinary policies and procedures are followed and that employees are held accountable for their actions.

External Auditors

Name of audit firm for the period (January 1, 2023 – December 31, 2023)	Ernst & Young (EY)
Audit Partner	Ben Wareing
Number of years served as an external auditor for the Bank	5
Total fees for auditing and reviewing the financial statements of 2023	AED 865,463 consists of: <ul style="list-style-type: none"> Q1 2023 – 143,325/- Q2 2023 – 143,325/- Q3 2023 – 143,325/- YE 2023 – 435,488/-
Fees and costs of services other than auditing and reviewing the financial statements for 2023	AED 188,441 for: <ul style="list-style-type: none"> Arabic translation of financial statements – 21,000/- Annual BRF review as per UAE Central Bank regulations – 26,250/- Pillar 3 review as per UAE Central Bank regulations – 52,500/- Tier 1 Issuance – 69,410/- AUP for Unclaimed Dividend – 19,281/-
Any other services	Nil

* All fees are inclusive of VAT, Technology fees and OPE



Internal Control Structure

The Bank recognises the importance of effective risk management in achieving its strategic goals and maintaining its stability and resilience. Risk is inherent in all of the Bank's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to their responsibilities.

Risk Management covers all risks including strategic, capital, credit, market & liquidity, operational, fraud, information technology and information security, model risk, ESG & climate risk, reputation risk, compliance risk, outsourcing risk etc., and processes from origination and assessment of risks to ongoing monitoring, control, review, maintenance and reporting of risks. It also covers roles and responsibilities of Board and Management level committees, sub-committees and authorities and processes relating to risk management, internal controls, compliance and internal audit functions.

The Bank's Risk Management Strategy includes comprehensive Enterprise-wide Risk and Compliance Risk Frameworks, which are fully aligned with our Bank's Vision to drive consistent value for all stakeholders. The key strategic imperatives that drive Bank's vision include the following:

- Sound Fundamentals and Strong Risk Bearing Capacity: Maintaining strong financial and operational fundamentals serves as a foundation for effective risk management and supports risk bearing capacity.
- Strategic Alignment and Enduring Partnership with Business Lines: A risk management approach that is strategically aligned with business goals ensures a close partnership between risk management and business units to effectively manage risks.
- Prudent Deployment of Capital, Liquidity and Provisioning: Efficient deployment of capital, liquidity, and provisioning supports sustainable growth and minimises risks.
- Comprehensive and Integrated Corporate & Risk Governance Framework: A robust corporate and risk governance framework ensures effective risk management, independent oversight, and accountability.
- Resilient Risk Infrastructure and Strong Risk Culture: A strong risk infrastructure and culture promotes transparency, accountability, and a proactive approach to risk management.

The Bank places a strong emphasis on the following key imperatives to ensure sound risk management practices:

1. Strong Governance

The Bank has a strong governance framework in place to ensure that its risk management framework is effective and that risks are managed in a controlled and transparent manner. This includes committees at Board and Management levels, clear policies and procedures, regular reporting and monitoring, and independent oversight from internal and external stakeholders.

1.1 Corporate Governance Framework

Corporate governance is a framework of rules, processes, policies and practices by which an organisation is managed and controlled by its Board of Directors and Senior Management. Implementation and maintenance of good corporate governance helps robust decision-making and improves strategy, performance, compliance and accountability supported by ongoing monitoring and assessment. Sound corporate governance plays a fundamental role in the culture and business practices of the Bank. The Bank's corporate governance framework relates to the way the business activities of the Bank are directed and managed considering all stakeholders and role of the Bank in the community. The Bank has a well-considered and established corporate governance framework which facilitates effective decision making and builds a strong relationship with stakeholders through a transparent structure that supports high quality disclosures.

Internal Control Structure continued

1.2 Risk Management Framework (Three Lines of Defence)

The Bank's risk management framework is built on three lines of defence, which work together to ensure that risks are effectively identified, assessed, monitored, and controlled:

- The First line of defence is the business unit, which is responsible for identifying, assessing, and managing risks in its day-to-day activities.
- The Second line of defence provides oversight and support to the business units in managing risks.
- The Third line of defence is the internal audit function, which independently assesses the effectiveness of the Bank's risk management framework and provides recommendations for improvement.

As part of the three lines of defence, the Board and Management committees are further supplemented by functions who are responsible for day-to-day monitoring of risks.

1.2.1 First Line of Defence

The first line of defence is responsible for identifying risks as part of their day-to-day business operations. This includes assessing the risks associated with each of the bank's business lines and implementing policies and procedures to manage those risks.

1.2.2 Second Line of Defence

1.2.2.1 Finance Department

Finance Department's key responsibilities as part of Second Line of Defence include monitoring and controlling financial risks, ensuring regulatory compliance, and facilitating effective risk reporting. The finance function supports a strong risk management culture within the organisation by proactively identifying, measuring, and managing risks.

1.2.2.2 Credit Department

The Credit Department is responsible for spearheading overall credit strategy of the bank, reviewing and approving credit proposals, ensuring compliance with credit policies and procedures, and providing assistance in ongoing monitoring of credit risk.

1.2.2.3 Risk Management Department

The Risk Management Department is responsible for implementing and maintaining risk related procedures to ensure an independent control process. It works closely with the First Line to support their activities, while safeguarding the risk profile of the Bank. It institutes prudent risk monitoring and control mechanisms (processes and systems) to ensure compliance of individual risk assets and portfolios to agreed terms and policy parameters.

1.2.2.4 Compliance Department

The Compliance Department is responsible for implementing and maintaining financial crime compliance, regulatory compliance and compliance assurance related policies and procedures to ensure an independent oversight, monitoring and control processes are embedded. It works closely with all three lines of defence to support their activities, while safeguarding the compliance profile of the Bank. It institutes prudent compliance monitoring and control mechanisms (processes and systems) to ensure compliance with the applicable laws and regulations and Global best practices.

1.2.3 Third Line of Defence – Internal Audit

Risk management processes throughout the Bank are audited annually by the internal audit function that examines both the adequacy of, and the Bank's compliance with, its procedures. Internal Audit discusses the results of all assessments with management and reports its findings and recommendations to the Board Audit Committee.

From 2019 till 2023, UAE Central Bank has issued a number of standards and regulations on the various elements of overall Risk Management, Consumer Protection Regulation, Anti-Money Laundering, Capital adequacy and Capital Management Framework. The standards and regulations including but not limited to financial reporting, external audit, internal controls, compliance & internal audit, operational, country and transfer risk, market risk and interest rate and rate of return risk have been affected in 2019. The Bank had taken measures to adhere to the aforementioned standards and regulations to ensure compliance from the effective implementation date.

1.3 Roles of Board and the Executive Management

The Board of Directors defines the risk tolerance of the Bank, its primary business activities and its overall strategy and plan. The roles of Board and the Executive Management are detailed below:

1.3.1 Board Level Committees

The Board of Directors are ultimately responsible for identifying and controlling risks; however, there are separate board sub-committees responsible for managing and monitoring risks namely Board Credit Committee (BCC), Governance and Remuneration Committee (GRC), Board Risk and Compliance Committee (BRCC) and Board Audit Committee (BAC). Additionally, joint meetings between BAC and BRCC also are undertaken to ensure effective coordination and collaboration between the two committees in managing risks. Please refer to the prior sections for more details on their roles and responsibilities.

1.3.2 Internal Shari'ah Supervision Committee (ISSC)

The ISSC is the central independent committee which is responsible for the overall monitoring of and compliance by the Islamic Financial Institution with Islamic Shari'ah and resolutions, fatwas, regulations and standards issued by HSA. The ISSC, accordingly, is responsible for supervising and approving all businesses, activities, products, services, contracts, documents and codes of conduct of the Bank pertaining to Islamic activities. ISSC must monitor, through internal Shari'ah control division or section and internal Shari'ah audit, the Bank's compliance with Islamic Shari'ah.

1.3.3 Management Level Committees

The Board level committees are further supplemented by key management committees to ensure comprehensive risk management and governance. These committees include Management Committee (MANCOM), Asset Liability Committee (ALCO), Credit Portfolio Committee (CPC), Credit Committee (CC), Risk Committee (RC), Compliance Committee, Business Technology Steering Committee (BTSC), Human Capital Committee (HCC) and the Charity Committee (as described in the previous section)

1.3.4 Management Sub-Committees

Management sub-committees assist management committees and senior management in discharging their duties and responsibilities and include Client Experience Forum (CEF), Investment Committee (IMCO), ERM Committee (ERMC), Provisioning Committee (PC), Operational Risk Management Committee (ORMC), IT Risk and Information Security Committee, Model Risk Management Committee (MRMC) and the Disciplinary Committee (DC) (as described in the previous section)

2. Risk Measurement and Reporting Systems

Monitoring and controlling risks is primarily performed based on limits established by the Bank. These limits reflect both the business strategy and market environment of the Bank as well as the level of risk that the Bank is willing to accept, with additional emphasis on selected industries. In addition, the Bank monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Information compiled from all the businesses is examined and processed in order to identify, analyse and control at an early stage. The Board receives a comprehensive credit risk report once a quarter which is designed to provide all the necessary information to assess and conclude on the credit related risks of the Bank. The report includes aggregate credit exposure, hold limit exceptions, liquidity ratios and risk profile changes. Senior management assesses the appropriateness of the allowance for credit losses on a quarterly basis.

For all levels throughout the Bank, specifically tailored risk reports are prepared and distributed in order to ensure all business divisions have access to extensive, necessary and up-to-date information.

Regular briefings are given to the Chief Executive Officer, Risk Committee and all other relevant members of management on all aspects of risk taken by the Bank including the utilisation of limits, proprietary investments and liquidity, plus any other risk developments.

3. Risk Mitigation

The Bank has implemented a comprehensive risk mitigation framework that aims to minimise the impact of potential risks on its operations, financial performance, and reputation. This includes identifying and evaluating risk, implementing risk mitigation strategies, and regularly monitoring the effectiveness of these strategies.

The Bank actively uses collateral to reduce its credit risks. Also, as part of its overall risk management, the Bank uses derivatives and other instruments to manage exposures resulting from changes in interest rates and foreign currencies.

4. Robust Business Continuity Framework:

The Bank's well-structured Business Continuity Framework and Policy, along with our comprehensive Crisis Management Framework and supplementary emergency plans and incident response protocols, provide a strong foundation of organisational resilience against major disruptions or unexpected events, such as the recent COVID-19 pandemic. These frameworks and procedures are subjected to regular testing, with a minimum frequency of annual assessments, to guarantee their effectiveness and readiness in such scenarios.

5. Compliance

United Arab Bank is committed to ensure full compliance with regulations issued by the Central Bank of the UAE and applicable regulations of the Securities and Commodities Authority of the UAE too, in line with our long-standing approach to fair treatment of customers and transparency to protect the integrity of the market.

We understand the regulatory risk implications associated with non-adherence to the local and applicable global laws and regulations, and we continuously look for ways to improve our policies and procedures, processes and ways of working, enhance the overall compliance culture in the Bank.

As an independent second line of defense function, Compliance helps to protect the Bank by establishing a control environment that mitigates key risks. Specifically, Compliance provides regulatory guidance and operates a risk-based program designed to prevent, detect, and address breaches and potential violations of applicable laws, rules, regulations, policies, and procedures.

Internal Control Structure continued

Compliance function is also responsible to assess and mitigate the risk of the Bank being used to facilitate any financial crime activities.

One of the key responsibilities of the Compliance function is to provide consultative and advisory support and enable oversight to the Senior Management towards effectively mitigating and managing the compliance risks faced by the Bank.

Independence of the Compliance function is ensured at all times, along with unrestricted access to all necessary data, information and systems across the Bank. The Chief Compliance Officer who reports into the CEO, has direct access to the Board. Compliance also maintains an efficient oversight, monitoring and reporting structure that enables prompt escalation, follow-up and resolution of issues.

With significant continuing regulatory changes and developments, the criticality of the Compliance function and the need for an effective Compliance framework within a financial institution is unprecedented. The vulnerability of financial institutions has significantly increased with extra-territorial enforcement of overseas regulatory bodies creating a more complex environment. Consequently, the need for Senior Management to fully understand and effectively mitigate evolving Compliance risks is of paramount importance. United Arab Bank remains fully cognisant as well as vigilant towards such local and international risks vis-à-vis our banking activities and services.

The Board and the Senior Management continuously promote and uphold a strong Compliance culture across the Bank while setting the desired "Tone from the Top". As a result, we continue to undertake the required actions to maintain an environment that is conducive towards employee empowerment and transparency in relation to effective risk management across the entire Bank.

UAB's approach is centered on the foundation that our employees understand their duties, take full responsibility and accountability for compliance with all regulations to protect our customers and our reputation. In that sense, we provide adequate training and awareness to our employees on different areas on a regular basis.

As part of the commitment to strengthen the Bank's Corporate Governance, United Arab Bank enhanced its governance framework by reviewing the Bank's policies and procedures and introducing new ones to ensure full coverage of the regulatory requirements set up by the Central Bank of the UAE.

Risk Management and Compliance functions' related Policies and Procedures were revamped as well as documents related to Conduct risk such as the Code of Conduct, the Conflict of Interest Policy, the Personal Trading and Insider Information Policy, and the Anti-bribery and Corruption Policy.

Financial Crime Compliance and FATCA & CRS related documents were also reviewed and updated during the year.

In 2023, the Bank significantly invested in people and technology within the Risk and Compliance functions. The Compliance function was strengthened, by creating a dedicated Regulatory Compliance & Assurance team, as well as segregating the position of Money Laundering Reporting Officer from the Chief Compliance Officer role. These initiatives further strengthened robustness of our overall Compliance risk management culture and ensures that the Bank adapt Global best practices.

The Bank has enhanced its risk management framework and has zero appetite for negligent non-compliance, including financial crime, corruption and internal fraud. There is also zero tolerance for activities and behaviors that are against the Code of Conduct.

UAB was subject to multiple reviews by the Central Bank of the UAE in 2023 that assessed the Bank's policies, processes and procedures on a variety of themes. These reviews included the Corporate Governance; FATCA & CRS; AML-CFT; Pillar 1 & Pillar 2; Stress Testing, Large Exposure; Liquidity, and the follow-up review of the 2021 Baseline Examination.

Internal Control Structure continued

Under the guidance of the Board, the Bank has taken the necessary actions to continue strengthening its governance model, its control environment and the implementation of operational best practices. As the Management is committed to address observations and recommendations made by the Central Bank of the UAE, significant enhancement of existing frameworks and controls were achieved.

The Chief Compliance Officer ensures a regular and comprehensive update to the Executive Management and to the Board on all Compliance related matters, including but not limited to activities related to the Annual Compliance Plan, regulatory developments, reviews and examinations performed by the Central Bank of the UAE, as well as tasks and initiatives to ensure compliance with newly issued regulations and addressing any potential gaps that may arise in regards to existing regulations.

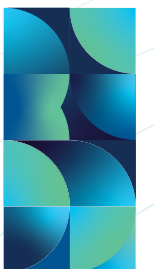
At an industry level, United Arab Bank continues to play an active role with regards to collaboration with the UAE Banks Federation (UBF) as a member bank and membership of important advisory committees of the UBF, working on important initiatives, proposals and priorities.

Details of Violations in 2023

The Bank is committed to comply with all applicable laws and regulations and has a strong governance in place to identify, manage and address any regulatory breach, violation or instance of non-compliance. UAB was not subject to any penalties in 2023.

Details of the Contributions for the Community in 2023

UAB has made social contributions of AED 136 thousand in projects directed to foster culture, arts, youth empowerment, and for people with disabilities.



Share Price Information & Shareholding Details

UAB's share price on ADX at the end of each month during the year 2023 and performance versus ADX FTSE15 & ADX Financials Index:

Year	Month	High	Low	Close	Value (AED '000)	Volume ('000)	#Trades	Change (AED)	% Change (UAB)	% Change (ADX FTSE15)	% Change (ADX Financials)
2023	Jan	0.85	0.85	0.79	12	15	2	-	-	(3.9)	(8.1)
2023	Feb	0.80	0.84	0.79	2,681	3,274	56	(0.05)	(5.4)	0.3	0.9
2023	Mar	0.80	0.82	0.76	1,389	1,755	52	(0.00)	(0.5)	(4.2)	(3.1)
2023	Apr	1.15	1.22	0.79	3,027	3,075	167	0.35	43.8	3.8	3.0
2023	May	1.01	1.23	1.01	1,752	1,533	96	(0.14)	(12.2)	(3.9)	(3.3)
2023	June	1.16	1.39	1.00	5,267	4,459	152	0.15	14.9	1.5	1.5
2023	July	1.37	1.49	1.09	11,427	8,655	147	0.21	18.1	2.5	2.7
2023	Aug	1.35	1.37	1.29	2,796	2,098	98	(0.02)	(1.5)	0.2	1.4
2023	Sep	1.30	1.41	1.21	10,184	7,592	202	(0.05)	(3.7)	(0.3)	(1.0)
2023	Oct	1.35	1.35	1.21	3,667	2,870	78	0.05	3.8	(4.5)	(2.5)
2023	Nov	1.35	1.37	1.33	2,924	2,157	67	-	-	2.3	1.3
2023	Dec	1.35	1.35	1.29	1,078	810	37	-	-	0.2	0.4

UAB's shareholding distribution by Citizenship as at 31 December 2023

Shares category	Company	Individual	Grand Total
UAE	505,889,817	645,203,769	1,151,093,586
GCC	904,678,049	1,451	904,679,500
Foreign	1,028,895	5,748,668	6,777,563
Grand Total	1,411,596,761	650,953,888	2,062,550,649

UAB's major shareholders as at 31 December 2023

Investor Name (English)	Investor Name (Arabic)	# of shares owned	Holding percentage (%)
The Commercial Bank (P.S.Q.C)	البنك التجاري (ش.م.ع.ق)	825,020,255	40.00%
Sheikh Faisal Sultan Salem Al Qassimi	الشيخ فيصل سلطان سالم القاسمي	229,515,634	11.13%
Al Majid Investment Company (LLC)	شركة الماجد للاستثمارات (ذ.م.م)	222,454,095	10.79%
Sheikh Sultan Saqr Sultan Salem Al Qassimi	الشيخ سلطان صقر سلطان سالم القاسمي	107,192,034	5.20%
Al Wathba National Insurance Company	شركة الوثبة الوطنية للتأمين (ش.م.ع)	104,207,500	5.05%

Share Price Information & Shareholding Details continued

UAB's distribution of shareholding as at 31 December 2023

# of shares held	Count	Total shares	% of Total issued shares
5,000,000 or more	35	1,980,189,003	96.01%
500,000 to less than 5,000,000	45	72,506,288	3.52%
50,000 to less than 500,000	49	8,657,927	0.42%
Less than 50,000	96	1,197,431	0.06%
Total	225	2,062,550,649	100.00%

UAB has a dedicated Investor Relations section on its corporate website which makes available the following information for all existing and potential investors:

- Material disclosures
- Interim and annual financial reports
- Presentations, management discussion and analysis reports
- Updated Credit ratings
- Sustainability reports

Investor Relations contact details:

Mr. Abhishek Kumat

Head of Investor Relations, Strategy & ESG

Direct telephone: **+971-6-5075784**

Mobile number: **+971-50-6614913**

Email: **ir@uab.ae**

Statement of Special Resolutions Presented in 2023 AGM and the Related Action Points

- A. At the General Assembly held on 24th January 2023, following agenda items were approved by a Special resolution by the shareholders:
1. To consider and approve the issuance of non-convertible Additional Tier 1 instruments (ATI) up to an amount of USD 150 million (or equivalent thereof in other currencies)
 2. To authorise the Board of Directors of the Bank to take all necessary actions
 3. To authorise the Board of Directors of the Bank to negotiate any agreement, power of attorney, deed, certificate and/or other document required to be executed and delivered in connection with the issuance of the ATI
 4. To authorise the Board of Directors of the Bank to negotiate, sign and dispatch, on behalf of the Bank, of all other documents and notices required to be signed or dispatched by the Bank in connection with the issuance of the ATI

Statement of Special Resolutions Presented in 2023 AGM and the Related Action Points continued

- B. At the General Assembly Meeting held on 16th March 2023, following agenda item was approved by a Special resolution by the shareholders:

Discussing and the approval on the establishment of a medium-term bonds program (that are convertible into shares) for the issue of bond of debt instruments, launched in the local or international markets with a maximum limit of USD 500 million or its equivalent in other currencies; such as a special or public launch in international stock exchange market. The program should be accomplished within one year from the date of holding the annual General Assembly meeting. In this regard. The Board of Directors shall be authorised to take a decision on the methods of this issue, and on the amendment of any document relevant to the program, according to the method to be determined by the Board of Directors. Provided the amount of any issue pursuant to this program shall be compatible with all laws and requirements adopted by the Securities & Commodities Authority and the Central Bank of the UAE.

Company Secretariat Details

Name: **Ms. Sereen Makahleh**

Date of joining: **03 Jan 2016**

Details of Major Events and Disclosures in 2023

- Appointment of 3 new Board members to UAB's Board of Directors in 2023
- Appointment of Al Ramz Capital as Liquidity Provider for UAB's shares (February 2023)
- Issuance of USD 150 million of Additional Tier 1 capital (March 2023)
- Fitch Ratings upgraded UAB's viability ratings (VR) to 'b+' (April 2023)
- Moody's Ratings upgraded UAB's outlook to 'positive' from 'stable' (Sep 2023)
- Issuance of AED 735 million, 2-year Dual Tranche Club Term Loan facility (December 2023)

Details of Transactions Conducted with Related Parties in 2023 of 5% or More of the Bank's Capital

During the year 2023, the Bank has issued Tier 1 Instrument of USD 150 million (AED 551 Million) to "The Commercial Bank (P.S.Q.C.)" which amounts to more than 5% of the Bank's capital. Other than issuance of Tier 1 Instrument, there are no other transactions with related party which amounts to more than 5% of the Bank's capital.

Emiratisation

- Year 2020 – 20.8%
- Year 2021 – 18.7%
- Year 2022 – 23.3%
- Year 2023 – 26.3%

Details of Projects and Initiatives in 2023

Technology continues to be the key enabler, improving digital experience for customers remains a strategic priority for UAB. 2023 theme was around four key driver categories namely – Customer, Efficiency, Revenue, Security and Regulatory.


SI No	Project Name	Description
1	Tokenisation Project – Apple Pay, Google Pay and Samsung Pay	UAB implemented tokenisation project for its customers. This project aims to introduce secure tokenisation processes for Apple Pay, Google Pay & Samsung pay transactions, enhancing payment security and providing a seamless payment experience for our customers.
2	Queue Management System	Implementation of a queuing system in place in order to have a better customer experience while simultaneously decreasing TAT for branches' staff. It will also allow Branch Management to assess the performing branches and categorise each branches performance & services more efficiently & accurately.
3	SCDM Real time integration	Integration of SCDMs provided by Transguard with the bank's core banking system for real-time update of credits and account position for Wholesale Banking Clients.
4	Soft token implementation for corporate customers	UAB is working towards a strategy to transform its existing landscape and move towards digital solution by providing its customers with all market standard facilities which will ease their operations as well as provide more control and transparency. As part of this initiative, UAB rolled out a project to enhance its current capability of second factor authorisation by adding soft token (via mobile app), which will enable the corporate users to authorise the transaction even while on the go.
5	Remote Cheque Printing	UAB rolled out the RCP (Remote Cheque Printing) project which enables corporate customers to print the Cheques online at their premise or at Bank premise on behalf of the corporate. With Cheques being the preferred payment instrument in UAE there is a market need to enable bulk Cheque printing through digital channels. The solution provides the capability to print the Cheques with user- defined layouts. RCP solution will help to streamline the Cheque printing process thereby avoiding human errors and reducing human efforts while issuing a Cheque and also enhances the overall fraud protection.
6	Go AML Project	GoAML is a software developed by the United Nations Office on Drugs and Crime (UNODC) for use by FIUs to counter Terrorist Financing and Money Laundering. The software is being used by approximately 50 FIUs globally and many more are adopting the program. The GoAML web application is a secure web-based interface between FIUs and their reporting entities. Bank will use GO AML application to generate following reports (STR/SAR/AIF/ECDD) through the application and manual process of generating these reports are involved cumbersome manual activity switching between application to collected the required information for reporting. This will replace the existing manual, and often inefficient, processes that banks use to report GO AML today.

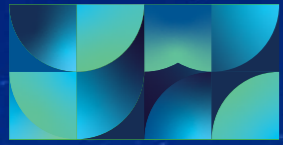
Details of Projects and Initiatives in 2023 continued

SI No	Project Name	Description
7	Fraud Monitoring System	<p>As part of the subject CBUAE Consumer Protection Regulations, UAB rolled out a Fraud Monitoring System to monitor and respond to external fraud activities to commensurate with the type of risk associated with the Financial Product or Service and the frequency of Consumer transactions.</p> <p>Fraud Monitoring system under Outsourcing to Network International was rolled out for the following channels:</p> <ol style="list-style-type: none"> 1. Mobile Banking 2. Online Banking 3. ATMs 4. UAB Business Online
8	UTC Platform Integration	The UAE Trade Connect (UTC) is the first of its kind block chain trade finance platform built for banks in the UAE. UAB has integrated with UTC platform to protect the bank from the potential fraud of double financing.
9	CreditLens upgrade to latest version	UAB upgraded the current version of Moodys Credit Lens to incorporate latest version of security and service packs to keep system up to date, also allow us to benefit from new features and functionality that has been incorporated in the latest product versions.
10	Enterprise Content Management System (ECM)	UAB rolled out the Enterprise Content Management System (ECM) project is to Implement a state-of-the-art ECM (Enterprise Content Management) solution to accomplish digital (paperless) process, efficient operational environment and centralised document repository. As part of this project BPM (Business Process Management System) and Ti Plus (Trade Innovation) system has been migrated to ECM based centralised repository.
11	Single Sign on Solution (SSO) Pilot Phase	UAB rolled out a single sign on solution – Imprivata SSO for its staff. "Imprivata One Sign" offers a practical and affordable way to achieve regulatory compliance while also eliminating password management problems, improving security, reducing IT help desk costs, and improving user productivity. UAB benefits through centralised password administration, lower help-desk costs, increased user productivity and satisfaction, and ability to demonstrate compliance.
12	Card Domestic Scheme	UAE Central Bank initiative and mandated across all the banks within UAE, to redirect all debit card POS transaction through UAESWITCH network instead of VISA and MasterCard network. As a result, we integrated our debit Card system with the new CB CDS (Card Domestic Scheme) system and accepts new POS transactions through UAESWITCH network.
13	Financial Statement Automation Project – New Balance Sheet and Income Statement Reports Generation	<p>UAB rolled out the Financial statement automation project. Automation of below segments are completed as part of this project.</p> <ul style="list-style-type: none"> • Reporting lines segmentations and further classifications to a more structured Balance Sheet and PL report • Automate the classification of mismatched accounts

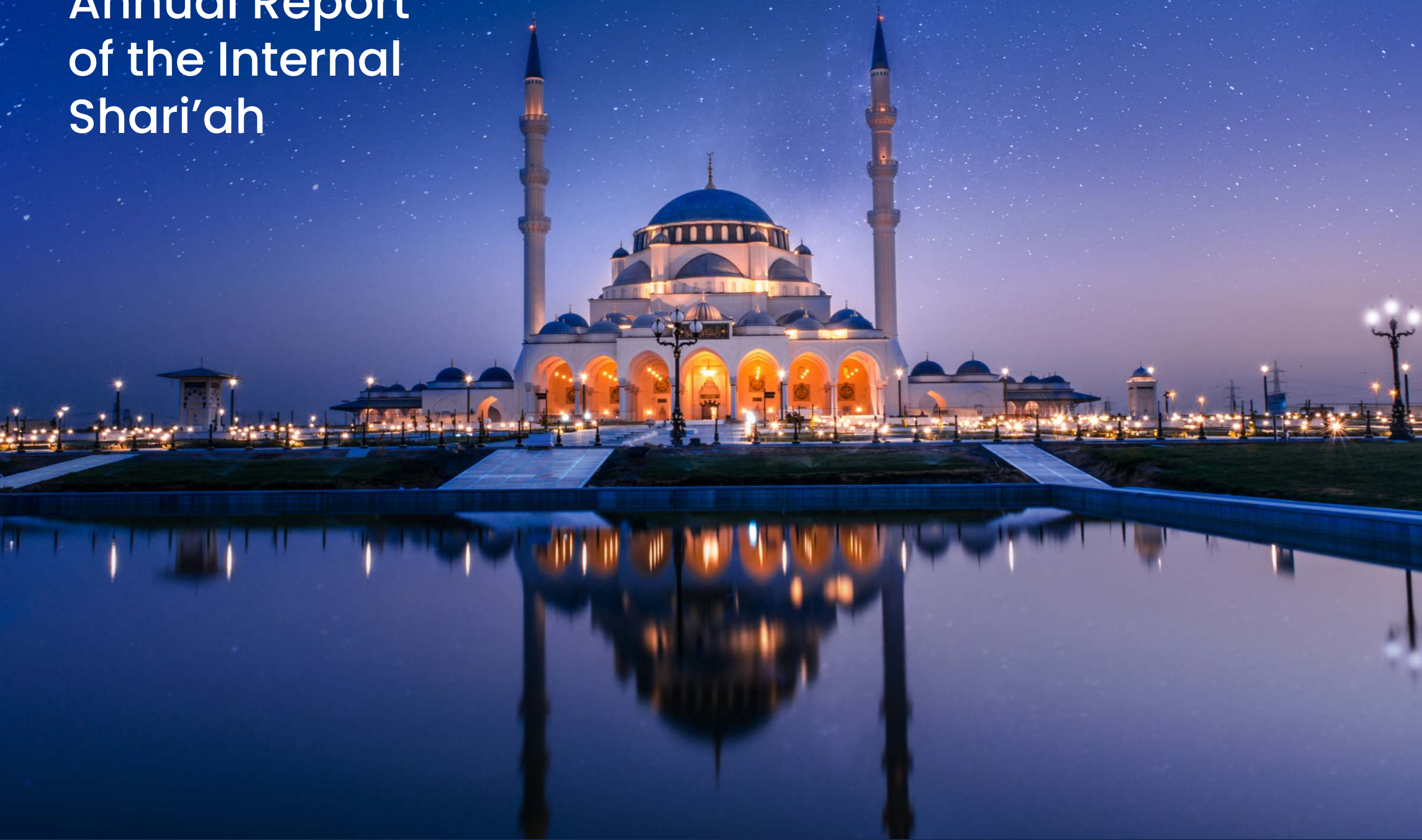
Details of Projects and Initiatives in 2023 continued

SI No	Project Name	Description
14	Data Warehouse Engine Replacement – Greenplum	Greenplum is a new Data warehouse Project which is replacing the current Data warehouse NETEZZA which is End of Life, All data on the old data warehouse will be migrated into the new data warehouse Greenplum.
15	Credit Decision Engine	Automated the manual work done by credit team to build a new decision engine, which will perform (Dedupe/Black list/Employer Check/and the rules defined by credit department)
16	Network Campus Replacement including the WIFI network	Campus Network Switch and Wi-Fi upgrade project to replace obsolete end of life network infrastructure.
17	HSM Replacement	HSM (Hardware Security Module) are hardened, tamper resistant hardware devices that secure cryptographic processes by generating, protecting and managing keys used for encrypting and decrypting data. Our IVR and HPS systems use HSM for pin validation. A project to replace the obsolete End of Life HSM device was successfully completed.
18	Enterprise IBM Storage replacement	Replacement of obsolete and End of Life IBM V7000 storage with FS7300.
19	Annual DR Failover Test –2023	A full site DR test was conducted successfully demonstrating UAB's capabilities to continue serving its customers without disruption during adverse unforeseen events.
20	New HPS Version upgrade from V 3.2 to V 3.5	Version upgrade of HPS PowerCARD from Version V3.2 to V3.5.
21	SWIFT Upgrade and CSP Certification	Technical upgrade with Swift Mandatory changes and Swift CSP Certification was successfully completed.

Chairman of the Board	Audit Committee Chairman	Board Governance & Remuneration Committee Chairman
		
Date: 5 March 2024	Date: 5 March 2024	Date: 5 March 2024



Annual Report of the Internal Shari'ah



Annual Report of the Internal Shari'ah Supervision Committee of United Arab Bank

Issued on: 14 February 2024

To: Shareholders of United Arab Bank (the Institution)

After greetings,

Pursuant to requirements stipulated in the relevant laws, regulations and standards (the Regulatory Requirements), the Internal Shari'ah Supervision Committee of the Institution (ISSC) presents to you the ISSC's Annual Report regarding Shari'ah-compliant businesses and operations of the Institution for the financial year ending on 31 December 2023 (Financial Year).

1. Responsibility of the ISSC

In accordance with the Regulatory Requirements and the ISSC's charter, the ISSC's responsibility is stipulated as to:

- a. undertake Shari'ah supervision of all businesses, activities, products, services, contracts, documents and business charters of the Institution; and the Institution's policies, accounting standards, operations and activities in general, memorandum of association, charter, financial statements, allocation of expenditures and costs, and distribution of profits between holders of investment accounts and shareholders (Institution's Activities) and issue Shari'ah resolutions in this regard, and
- b. determine Shari'ah parameters necessary for the Institution's Activities, and the Institution's compliance with Shari'ah within the framework of the rules, principles, and standards set by the Higher Shari'ah Authority (HSA) to ascertain compliance of the Institution with Shari'ah.

The senior management is responsible for compliance of the Institution with Islamic Shari'ah in accordance with the HSA's resolutions, fatwas, and opinions, and the ISSC's resolutions within the framework of the rules, principles, and standards set by the HSA (Compliance with Islamic Shari'ah) in all Institution's Activities, and the Board bears the ultimate responsibility in this regard.

2. Shari'ah Standards

In accordance with the HSA's resolution (No. 18/3/2018), and with effect from 01/09/2018, the ISSC has abided by the Shari'ah Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as minimum Shari'ah requirements, in all fatwas, approvals, endorsements and recommendations, relating to the Institution's Activities without exception.

3. Duties Fulfilled by the ISSC During the Financial Year

The ISSC conducted Shari'ah supervision of the Institution's Activities by reviewing those Activities, and monitoring them through Internal Audit Department in accordance with the ISSC's authorities and responsibilities, and pursuant to the Regulatory Requirements in this regard. The ISSC's activities included the following:

- a. Convening four (4) meetings during the year.
- b. Issuing fatwas, resolutions and opinions on matters presented to the ISSC in relation to the Institution's Activities.
- c. Monitoring compliance of policies, procedures, accounting standards, product structures, contracts, documentation, business charters, and other documentation submitted by the Institution to the ISSC for approval.
- d. Ascertaining the level of compliance of allocation of expenditures and costs, and distribution of profits between investment accounts holders and shareholders with parameters set by the ISSC.

- e. Supervision through Internal Audit Department of the Institution's Activities including supervision of executed transactions and adopted procedures on the basis of samples selected from executed transactions, and reviewing reports submitted in this regard.
- f. Providing guidance to relevant parties in the Institution – to rectify (where possible) incidents cited in the reports prepared by Internal Audit Department and issuing of resolutions to set aside revenue derived from transactions in which non-compliances were identified for such revenue to be disposed towards charitable purposes.
- g. Approving corrective and preventive measures related to identified incidents to preclude their reoccurrence in the future.
- h. Communicating with the Board and its subcommittees, and the senior management of the Institution (as needed) concerning the Institution's compliance with Shari'ah.

The ISSC sought to obtain all information and interpretations deemed necessary in order to reach a reasonable degree of certainty that the Institution is compliant with Shari'ah.

4. Independence of the ISSC

The ISSC acknowledges that it has carried out all of its duties independently and with the support and cooperation of the senior management and the Board of the Institution. The ISSC received the required assistance to access all documents and data, and to discuss all amendments and Shari'ah requirements.

5. The ISSC's Opinion on the Shari'ah Compliance Status of the Institution

Premised on information and explanations that were provided to us with the aim of ascertaining compliance with Shari'ah, the ISSC has concluded with a reasonable level of confidence, that the Institution's Activities are in compliance with Shari'ah, except for the incidents of non-compliance observed, as highlighted in the relevant reports. The ISSC also provided directions to take appropriate measure in this regard.

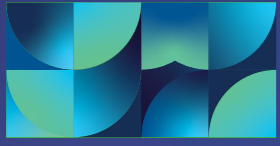
The ISSC formed its opinion, as outlined above, exclusively on the basis of information perused by the ISSC during the financial year.

Signatures of members of the Internal Shari'ah Supervision Committee of the United Arab Bank:

Sheikh Dr. Ahmad Abdelaziz AlHaddad
Chairman

Sheikh Dr. Aziz Farhan AlEnezi
Member

Sheikh Moosa Tariq Khoory
Executive Member



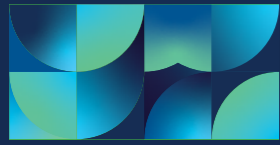
Financial Summary



Balance Sheet				
(AED'000)	2020	2021	2022	2023
Cash & Balances with Central Bank	1,406,322	2,009,565	1,207,589	2,001,080
Due from banks	296,525	378,735	302,772	456,567
Loans & Advances	9,013,639	8,213,350	7,604,300	9,357,293
Investments	3,281,726	3,530,217	3,887,476	5,089,861
Property and Equipment	327,790	303,271	295,696	181,351
Other Assets	523,147	744,904	782,589	561,696
Total Assets	14,849,149	15,180,042	14,080,422	17,647,848
Due to banks	1,233,470	2,410,988	3,272,443	3,729,435
Customer deposits	11,246,835	10,406,425	8,568,587	10,237,502
Medium-term borrowings	-	-	-	734,600
Other liabilities	914,301	850,737	740,056	656,566
Shareholders' Equity	1,454,543	1,511,892	1,499,336	2,289,745
Total Equity and Liabilities	14,849,149	15,180,042	14,080,422	17,647,848

Income Statement				
(AED'000)	2020	2021	2022	2023
Interest income and profits on Islamic instruments	641,929	478,115	584,484	921,610
Interest expense and distribution of profits	(348,520)	(200,305)	(262,917)	(526,672)
Net interest income	293,409	277,810	321,567	394,938
Net fee and commission income	42,309	47,063	67,160	76,751
Foreign exchange income	16,949	18,822	19,328	27,822
Other operating income	50,196	105,938	92,732	76,948
Total operating income	402,863	449,633	500,787	576,459
Employee benefit expenses	(150,093)	(140,552)	(146,165)	(181,327)
Depreciation	(27,943)	(24,901)	(23,324)	(22,479)
Other operating expenses	(83,999)	(78,262)	(82,315)	(80,995)
Total operating expenses	(262,035)	(243,715)	(251,804)	(284,801)
Income before impairment losses	140,828	205,918	248,983	291,658
Net impairment losses	(808,123)	(135,727)	(94,262)	(36,349)
Net income (loss) for the year	(667,295)	70,191	154,721	255,309
Earnings per share (AED)	(0.32)	0.03	0.08	0.12

Key Ratios				
Percent (%)	2020	2021	2022	2023
Net Interest Margin (NIM)	1.9	2.2	2.6	3.1
Cost-Income ratio	65.0	54.2	50.3	49.4
Cost of Risk (CoR)	6.46	1.58	1.14	0.39
Return on Shareholders' Equity (RoSE)	-36.9	4.7	10.3	15.8
Return on Assets (RoA)	-3.84	0.5	1.1	1.6
Non-performing loans ratio (NPL)	15.7	11.6	8.2	5.0
Provision coverage	98.7	67.7	94.3	131.8
Provision coverage (incl collaterals)	118.2	127.3	162.8	200.1
Advances to Stable Resources ratio (ASRR)	80.5	80.7	86.9	75.7
Eligible Liquid Assets ratio (ELAR)	16.4	19.1	17.6	20.0
CASA%	25.7	29.8	36.0	36.5
Common Equity Tier 1 (CET1) ratio	12.5	12.6	13.3	13.5
Tier 1 ratio	12.5	12.6	13.3	17.8
Capital Adequacy ratio (CAR)	13.7	13.8	14.5	19.0



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Integrated Reports (incl. Corporate Governance Reports)

<https://www.uab.ae/Discover-Us/Corporate-Governance/Corporate-Governance>



UAB Financial Reports

<https://www.uab.ae/Investor-Relations/Financial-Information/Financial-Highlights>

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& +971 2 613 0267

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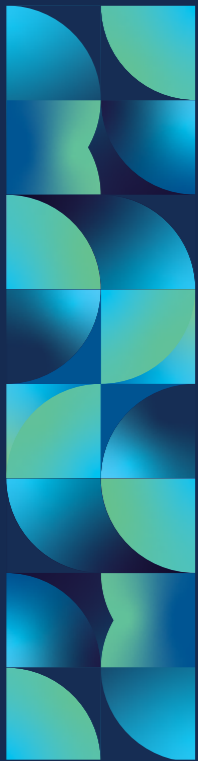
To report a lost or stolen Credit Card: **800 474**

Corporate Banking Email: **ccsu@uab.ae**

For Reporting suspicious UAB Email or
Website Activation and Support: **abuse@uab.ae/09fraud@uab.ae**

For RSA Token Activation and Support: **RSAActivation@uab.ae**

For Investor Relations: **ir@uab.ae**



Our success depends on the loyalty of our customers by providing innovative offers that meet their desires and reflect our commitment to the UAE community.

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United Arab Bank (P.J.S.C) is licensed by the Central Bank of the UAE.