UAB

Management Discussion & Analysis for the First Half ended 30 June 2026

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years united

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UAB reports Net profit of AED 201 million for the first half of 2026

22 July 2026: United Arab Bank PJSC (UAB or "the Bank") has reported a net profit of AED 201 million for the first half ended 30 June 2026 driven by operating income growth of 13% year-on-year. Net profit for the second quarter increased by 68% sequentially to AED 126 million. In a challenging and volatile operating environment shaped by the ongoing geopolitical uncertainty, the Bank has delivered a resilient financial performance through disciplined execution of its strategic priorities, with a continued focus on growing the non-interest income and increasing the contribution of CASA deposits.

Supported by a solid credit profile, robust capital and liquidity buffers, prudent risk management and disciplined cost control, the Bank remains well positioned to deliver sustainable long-term value.

Key highlights (H1 2026):

Net profit

AED 201 million (3)% YoY

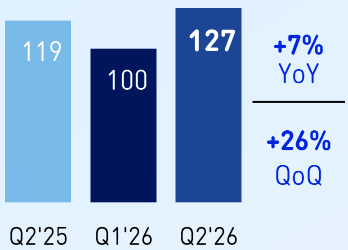
Total Income

AED 421 million +13% YoY

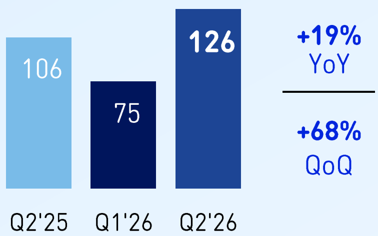
Total Assets

AED 28 billion +16% YoY

Operating Profit
(AED million)



Net Profit
(AED million)



Net Interest Margin **2.6%**	Cost of Risk **3 bps**	Return on Shareholders' Equity **11.6%**
Provision Coverage **101%**	NPL Ratio **2.7%**	Capital Adequacy **21.1%**

- Net profit reported at AED 201 million for the first half (H1 2026) ended 30 June 2026, as compared to AED 208 million for same period last year. Net profit for the second quarter (Q2 2026) recorded an impressive growth of 68% sequentially and 19% year-on-year to AED 126 million.
- Total operating income grew by 13% year-on-year to AED 421 million for H1 2026 compared to AED 374 million for H1 2025 driven by higher net interest income (up 15% year-on-year) and growth in assets.
- Growth in operating income combined with disciplined expense management resulted in operating profit growth of 16% year-on-year.
- Net impairment charges of AED 6 million were taken during H1 2026 as compared to a net reversal of AED (32) million in the H1 2025, which was driven by one-off recoveries and writebacks included in prior year period.
- Annualised return on shareholders' equity (RoSE) was 11.6% for H1 2026.
- Total assets were recorded at AED 28 billion at end-June 2026, up 16% year-on-year.
- Loans, advances and Islamic financing, and investments grew by 14% and 25% respectively, while customer deposits increased by 16% year-on-year maintaining strong growth momentum. CASA deposits grew by 27% and now represents 40% of total deposits.
- Asset quality metrics remained healthy with an NPL ratio of 2.7% and provision coverage of 101%.
- Capital adequacy ratio remains robust at 21.1% and well above regulatory requirements.
- Liquidity and funding metrics also remain healthy with advances to stable resources ratio (ASRR) at 73% and eligible liquid asset ratio (ELAR) at 17%, both comfortably above regulatory thresholds.
- During the year, UAB's investment-grade credit ratings ('BBB+' by Fitch, 'Baa2' by Moody's) were affirmed with a 'Stable' outlook.

HH Sheikh Mohammed bin Faisal bin Sultan Al Qassimi, Chairman of the Board of Directors of United Arab Bank, said:

"The first half of 2026 represents an important milestone in UAB's continued evolution. Building on the foundations established in 2024, we accelerated the execution of our comprehensive strategic transformation programme in 2025, strengthening our capital position, enhancing governance and advancing digital transformation.

The results reported today demonstrate that these ongoing strategic investments are beginning to translate into strong operating performance and sustainable business momentum. They further reflect the strength and resilience of our business model in navigating an external environment shaped by market volatility, geopolitical uncertainty and evolving regional challenges.

The UAE continues to strengthen its position as one of the world's most competitive economies, supported by an ambitious development vision focused on economic diversification and innovation, and creating new opportunities for businesses, entrepreneurs and investors.

As a national financial institution, our responsibility is to deploy our capabilities and resources effectively and responsibly to support economic activity, enable enterprises, and contribute to the resilience of the national economy, further reinforcing our role as a strategic banking partner for our clients.

The affirmation of our investment-grade ratings by Moody's and Fitch represents independent recognition of the progress we have achieved, reflecting the credibility UAB has earned and the robust foundations upon which we continue to build. Looking ahead, our ambition extends beyond financial performance.

We remain committed to building a more agile, innovative and sustainable banking institution, founded on trust and enabled by technology. As we continue this journey, we will create greater value for our clients, contribute to the UAE's economic growth and prosperity, and deliver long-term value for our shareholders."

Shirish Bhide, Chief Executive Officer of UAB, said:

"Our performance during the first half of 2026 demonstrates that the investments made across the Bank are translating into tangible business momentum. Growth in operating income, continued expansion across lending, deposits and our investment portfolio, together with healthy asset quality and capital levels, reflect the effectiveness of our execution and the relevance of our proposition across corporate, commercial and personal banking.

Building on the transformation journey started during 2025, we continue to improve the way clients engage with UAB through enhanced digital capabilities, modern payment solutions and technology-led innovation and partnerships. These investments are simplifying banking, improving responsiveness and enabling our relationship teams to deliver more relevant and personalised financial solutions across every client segment.

As we look ahead, we will continue expanding our digital capabilities, broadening our product offering, deepening strategic partnerships and supporting businesses and families across the UAE. Despite the current geopolitical context, our objective remains clear: to translate innovation into better client experiences, stronger long-term relationships and enduring value for our shareholders."

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Financial Summary

Income statement highlights (AED Million)	**H1'26**	H1'25	%chg vs H1'25	**Q2'26**	Q2'25	%chg vs Q2'25	Q1'26	%chg vs Q1'26
Net Interest Income	317	275	*15*	159	158	*1*	157	*1*
Non-Interest Income	104	98	*6*	69	50	*37*	35	*95*
Total Income	**421**	374	*13*	**228**	208	*10*	193	*18*
Operating Expenses	(194)	(177)	*9*	(101)	(89)	*14*	(92)	*10*
Operating Profit	**227**	197	*16*	**127**	119	*7*	100	*26*
Net Impairment (loss) / reversal	(6)	32	*nr*	12	(2)	*nr*	(18)	*nr*
Net Profit before tax	221	228	*(3)*	138	117	*19*	82	*68*
Taxes	(20)	(21)	*(4)*	(12)	(11)	*18*	(7)	*69*
Net Profit after tax	**201**	208	*(3)*	**126**	106	*19*	75	*68*

Key Ratios (%)	**H1'26**	H1'25	chg vs H1'25	**Q2'26**	Q2'25	chg vs Q2'25	Q1'26	chg vs Q1'26
Net Interest Margin (NIM)	**2.59**	2.81	*(0.2)*	**2.56**	3.10	*(0.5)*	2.62	*(0.1)*
Cost-Income ratio	**46.0**	47.4	*(1.3)*	**44.5**	42.9	*1.5*	47.9	*(3.4)*
Cost of Risk (CoR)	**0.03**	(0.59)	*nr*	**(0.31)**	(0.11)	*(0.2)*	0.39	*nr*
Return on Shareholders' Equity (RoSE)	**11.6**	19.8	*(8.2)*	**14.9**	19.6	*(4.7)*	9.0	*5.9*
Return on Assets (RoA)	**1.5**	1.8	*(0.4)*	**1.8**	1.8	*0.1*	1.1	*0.7*

Balance sheet highlights (AED Billion)	**Jun-26**	Jun-25	%chg vs Jun'25	Dec-25	%chg vs Dec'25	Mar-26	%chg vs Mar'26
Total Assets	**27.7**	23.9	*16*	27.0	*3*	26.9	*3*
Loans, advances & Islamic financing	**15.3**	13.4	*14*	14.6	*5*	15.1	*2*
Investments	**8.3**	6.6	*25*	7.9	*5*	8.3	*0*
Customers' deposits	**18.2**	15.6	*16*	17.8	*2*	16.7	*9*
of which CASA deposits	**7.2**	5.7	*27*	6.5	*11*	6.2	*17*
Total Equity (incl AT1)	**4.0**	2.8	*45*	4.0	*0*	3.8	*5*

Key Ratios (%)	**Jun-26**	Jun-25	chg vs Jun'25	Dec-25	chg vs Dec'25	Mar-26	chg vs Mar'26
Gross Non-performing loans ratio (NPL)	**2.7**	2.2	*0.6*	2.8	*(0.1)*	2.6	*0.1*
Provision coverage	**101**	183	*(82.1)*	107	*(5.8)*	110	*(9.2)*
Provision coverage (incl collaterals)	**177**	239	*(61.7)*	183	*(5.9)*	186	*(8.8)*
Advances to Stable Resources ratio (ASRR)	**73**	80	*(7.0)*	70	*2.8*	73	*(0.9)*
Eligible Liquid Assets ratio (ELAR)	**17**	17	*0.7*	17	*0.1*	16	*1.3*
CASA%	**40**	36	*3.3*	36	*3.4*	37	*2.8*
Common Equity Tier 1 (CET1) ratio	**17.2**	12.1	*5.1*	17.4	*(0.2)*	16.4	*0.8*
Tier 1 ratio	**20.0**	15.1	*4.8*	20.3	*(0.4)*	19.2	*0.8*
Capital Adequacy ratio (CAR)	**21.1**	16.3	*4.8*	21.5	*(0.4)*	20.4	*0.8*

Notes:
1. Comparative figures have been reclassified where appropriate to conform to the presentation
2. Ratios for the quarter are annualised, where applicable
3. Rounding differences may appear in the tables across the document

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Financial overview

Operating profit growth of 16% year-on-year driven by higher net interest income, and positive growth in non-interest income led by higher foreign exchange income

(AED Million)	**H1'26**	H1'25	%chg vs H1'25	**Q2'26**	Q2'25	%chg vs Q2'25	Q1'26	%chg vs Q1'26
Net Interest Income	317	275	*15*	159	158	*1*	157	*1*
Non-Interest Income	104	98	*6*	69	50	*37*	35	*95*
Net fees & commission income	47	51	*(8)*	27	26	*2*	20	*32*
Foreign exchange income	28	22	*28*	14	11	*30*	14	*5*
Other operating income	29	25	*16*	28	13	*115*	1	*1,913*
Total operating income	**421**	374	*13*	**228**	208	*10*	193	*18*

- **Operating income** in H1 2026 increased to AED 421 million, up 13% year-on-year (YoY), led primarily by higher net interest income.

- **Net interest income** (NII) grew by 15% YoY, driven by continued growth in lending and investment book. Balance sheet remains efficiently managed with effective liquidity management by deploying across high-quality liquid assets to enhance yields. Net interest margin (NIM) at 2.6% in H1 2026 was slightly lower than 2.8% in H1 2025.

- **Non-interest income** grew by 6% YoY in H1 2026, led by higher foreign exchange income (+28% YoY).

- Growth in **operating expenses** of 9% YoY remained in line with overall business growth in H1 2026, as the Bank continues to invest across its people, products, processes and systems. Cost-to-income ratio improved to 46% in H1 2026 from 47% in the comparative prior year period.

- Net impairment charges of AED 6 million were taken in H1 2026 as compared to net reversals of AED (32) million in the prior year period. In Q2 2026, a net reversal of AED (12) million was recorded led by successful resolution of a few delinquent loans. Annualised cost of risk (on loans and advances) for H1 2026, hence, was recorded at 3bps. The Bank continues to prudently manage risk, maintain focus on asset quality and remains vigilant to any signs of stress building up as a result of the ongoing geopolitical crisis.

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Prudently managing balance sheet growth whilst ensuring adequate liquidity buffers and a robust capital position

- **Total assets** increased by 16% year-on-year (YoY) to AED 27.7 billion, driven by increase in lending book and high-quality liquid investments.

- **Investments** portfolio grew 25% YoY to AED 8.3 billion, as liquidity was efficiently deployed in high-quality assets to support yield enhancement.

- **Net loans, advances and Islamic financing** increased by 14% YoY and 5% year-to-date to AED 15.3 billion. Year-to-date growth in lending was primarily led by FI (financial institution) clients and local corporates.

- **Customer deposits** grew by 16% YoY to AED 18.2 billion driven by strategic initiatives across corporate and personal banking segments towards enhancing CASA, optimising funding costs and building a solid deposit base to drive sustainable asset growth. In a volatile operating environment with potential flight risk to deposits, the Bank witnessed a solid growth of 27% YoY to AED 7.2 billion in its CASA deposits, and which now represent 40% of total deposits.

- **Liquidity and funding** metrics remain strong and well within regulatory requirements, with eligible liquid asset ratio (ELAR) at 17% and advances to stable resources ratio (ASRR) at 73%. The Bank remains focused on optimising its funding costs through a judicious mix of deposits from customers, short- and medium-term borrowings, in line with asset growth.

- **Asset quality** metrics remain healthy with **gross NPL ratio** at 2.7% and **provision coverage** of 101% (177% including collaterals) as of June-end 2026, as compared to 2.8% and 107% at December-end 2025, respectively.

- **Total Equity** increased by 45% YoY to AED 4.0 billion, boosted by the successful completion of a AED 1.03 billion capital raise via a rights issue in Q3 2025. **Capital adequacy ratios** remain robust with CET1, Tier1 and CAR ratio at 17.2%, 20.0% and 21.1% respectively as of June-end 2026, compared to 12.1%, 15.1% and 16.3% at June-end 2025. The Bank's strong capital ratios provide resilience and strong loss-absorption capacity to any adverse macro-financial shocks.

- Annualised return on shareholders' equity was 11.6% and return on assets was 1.5% for H1 2026.

- UAB's investment-grade ratings with a 'Stable' outlook have been affirmed by Moody's (Baa2/P-2/Stable), Fitch (BBB+/F2/Stable) and Capital Intelligence (BBB+/A2/Stable).

Abdul Haleem Sheikh
Chief Financial Officer

About United Arab Bank P.J.S.C.

United Arab Bank P.J.S.C. (UAB) was established in 1975 in the Emirate of Sharjah as a joint venture between key UAE and international Investors, and its shares are publicly traded on the Abu Dhabi Securities Exchange (ADX).

UAB offers a wide range of Corporate Banking, Personal Banking, Treasury & Capital Markets, as well as Shari'ah compliant products, services and flexible solutions, to meet the ever-evolving needs of our clients and the markets. Today, UAB is recognised as one of the few home-grown banks in the UAE, striving to enhance the lives of people by humanising banking through impeccable service and tailored financial support.

UAB is rated investment grade, both, by Moody's (Baa2/P-2/Stable) and Fitch (BBB+/F2/Stable).

Additional information may be found at www.uab.ae

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