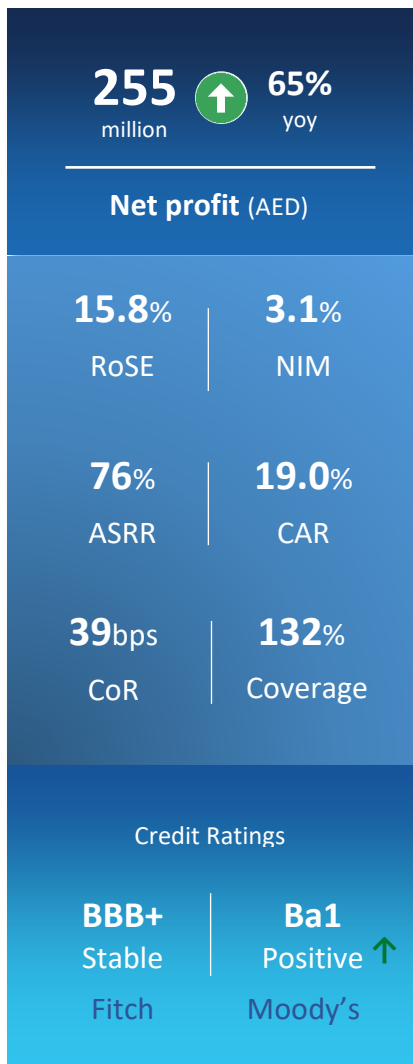


UAB delivers 65% growth in FY'23 net profits

Strong business momentum with double-digit growth in assets

8 February 2024: United Arab Bank (UAB) has delivered a robust growth of 65% year-on-year in net profits 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.



Key highlights (FY'23)

- Net profit of AED 255 million, up 65% yoy resulting in an EPS of AED 0.12 per share
- Total income increased by 15% yoy to AED 576 million driven by higher net interest income with NIM enhanced to 3.1%
- Return on shareholders' equity (RoSE) has improved to 15.8% as compared to 10.3% for FY'22
- Further improvement in asset quality metrics with NPL ratio significantly reduced to 5.0% compared to 8.2% a year ago, whilst coverage improved to 132%; cost of risk also significantly declined to 39bps from 114bps in the corresponding prior year period
- Double-digit growth (+25%) in assets to AED 17.6 billion was led by 23% increase in loans, advances and Islamic financing and 31% growth in the investments portfolio, supported by 19% growth in customer deposits; strong business momentum witnessed in the 4th quarter positions the bank well to benefit going ahead in 2024
- Capital position remains robust with CET1 of 13.5% and total capital adequacy ratio (CAR) at 19.0%
- BBB+/Ba1 credit ratings affirmed by Fitch and Moody's, respectively, with the latter upgrading the outlook to 'Positive'



Commenting on the Bank's financial results, **H.E. Sheikh Faisal bin Sultan bin Salem Al Qassimi, Chairman of the Board of Directors, UAB**, said:

"I am delighted to announce that we have recorded **another year of remarkable growth in net profits**, driven by **relentless and disciplined execution** of the new strategy. We remain focused on capitalising on the sound foundation that has now been built, with future **growth pursued in a responsible and a sustainable** manner. We also remain committed to supporting the growth ambitions of the country, whilst **delivering superior returns** to our shareholders. On behalf of the Board and the management, I would like to convey my gratitude to the visionary leaders of UAE, our valued customers, regulators, partners and shareholders, for their continued support and trust in UAB."



Shirish Bhide, CEO of UAB, emphasised the bank's commitment to excellence, further affirmed by the significant growth in revenues and profits achieved in 2023:

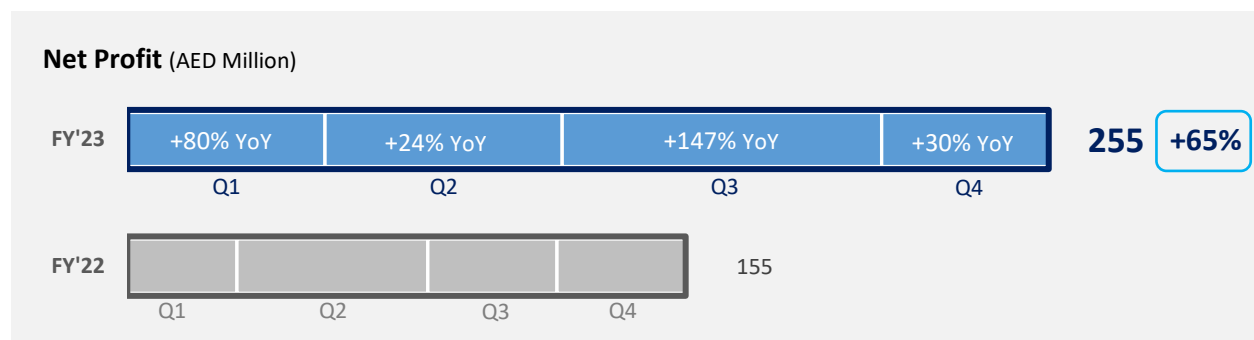
"Our **customer-centric approach and prudent policies** led to a 15% increase in revenues and a 65% surge in profits. The bank also delivered **double-digit growth in assets**, stemming from strong business demand and momentum. We expect this **strong momentum to continue in 2024.**"

The CEO also highlighted the bank's **ongoing focus on maintaining asset quality**. "UAB has significantly improved its asset quality, having **more than halved the NPL ratio** to 5.0% in 2023 from 11.6% just two years ago."

"The **balance sheet was further strengthened** by raising USD 150 million of Additional Tier 1 capital and a two-year AED 735 million medium term borrowing at market competitive rates. In addition to onboarding new clients and launching new products across business segments, including green sustainable finance products during COP28, UAB also saw an increase in CASA deposits and **improved client connectivity**. The bank's commitment to **elevate customer satisfaction** was demonstrated by the establishment of a new Customer Contact Centre to provide 24x7 availability."

He added: "Looking to the future, we are **confident we can deliver on our strategy** by building on the significant progress we have attained over the past year with the **constant support of our loyal customers and employees**. Our relentless focus remains on **delivering relevant products and services** to our customers, and **using technology and service** to constantly enhance their banking experience."

Double-digit YoY growth in profits across all quarters, leading to +65% growth for the full year



Financial Summary

Income statement highlights (AED Million)	FY'23	FY'22	%chg vs FY'22	Q4'23	Q3'23	Q4'22	%chg vs Q3'23	%chg vs Q4'22
Net Interest Income	395	322	23	100	102	97	(2)	3
Non-Interest Income	182	179	1	29	72	52	(59)	(44)
Total Income	576	501	15	130	174	150	(26)	(13)
Operating Expenses	(285)	(252)	13	(74)	(76)	(68)	(3)	9
Operating Profit	292	249	17	55	98	82	(43)	(32)
Net impairment loss	(36)	(94)	(61)	(9)	(9)	(46)	(3)	(80)
Net Profit	255	155	65	46	88	36	(48)	30

Balance sheet highlights (AED Billion)	Dec-23	Sep-23	Dec-22	%chg vs Sep'23	%chg vs Dec'22
Total Assets	17.6	14.7	14.1	20	25
Loans, advances & Islamic financing	9.4	7.7	7.6	21	23
Investments	5.1	4.7	3.9	9	31
Customers' deposits	10.2	9.2	8.6	12	19
of which CASA deposits	3.7	3.3	3.1	12	22
Total Equity (incl AT1)	2.3	2.2	1.5	6	53

Key Ratios (%)	FY'23	FY'22	%chg vs FY'22	Q4'23	Q3'23	Q4'22	%chg vs Q3'23	%chg vs Q4'23
Net Interest Margin (NIM)	3.06	2.59	0.5	2.80	3.17	3.19	(0.4)	(0.4)
Cost-Income ratio	49.4	50.3	(0.9)	57.3	43.8	45.3	13.5	12.0
Cost of Risk (CoR)	0.39	1.14	(0.8)	0.42	0.49	2.28	(0.1)	(1.9)
Return on Shareholders' Equity (RoSE)	15.8	10.3	5.5	10.9	21.8	9.8	(10.9)	1.1
Return on Assets (RoA)	1.6	1.1	0.6	1.1	2.4	1.0	(1.3)	0.1
Non-performing loans ratio (NPL)	5.0	8.2	(3.2)	5.0	6.4	8.2	(1.4)	(3.2)
Provision coverage	132	94	37.5	132	118	94	13.4	37.5
Provision coverage (incl collaterals)	200	163	37.3	200	195	163	4.7	37.3
Advances to Stable Resources ratio (ASRR)	76	87	(11.2)	76	73	87	2.3	(11.2)
Eligible Liquid Assets ratio (ELAR)	20	18	2.5	20	18	18	2.1	2.5
CASA%	37	36	0.7	37	36	36	0.0	0.7
Common Equity Tier 1 (CET1) ratio	13.5	13.3	0.2	13.5	13.9	13.3	(0.3)	0.2
Tier 1 ratio	17.8	13.3	4.5	17.8	18.6	13.3	(0.8)	4.5
Capital Adequacy ratio (CAR)	19.0	14.5	4.5	19.0	19.8	14.5	(0.8)	4.5

Notes:

- Comparative figures have been reclassified where appropriate to conform to the presentation
- Ratios for the quarter are annualised, where applicable
- Rounding differences may appear in the tables across the document

Financial overview

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

(AED Million)	FY'23	FY'22	%chg vs FY'22	Q4'23	Q3'23	Q4'22	%chg vs Q3'23	%chg vs Q4'22
Net Interest Income	395	322	23	100	102	97	(2)	3
Non-Interest Income	182	179	1	29	72	52	(59)	(44)
Net fees & commission income	77	67	14	17	19	13	(9)	29
Foreign exchange income	28	19	44	8	6	5	24	63
Other operating income	77	93	(17)	5	47	35	(90)	(86)
Total operating income	576	501	15	130	174	150	(26)	(13)

- **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.

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 AT1 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 15.8% 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.



Abdulhaleem Sheikh
Chief Financial Officer

Awards and Accolades



UAE Domestic Online Banking
Initiative of the Year
United Arab Bank



United Arab Bank (UAB) won the Asian Banking & Finance Wholesale Banking Award for “UAE Domestic Online Banking Initiative of the Year” for its innovative UAB Trade Online Banking Platform. The platform allows clients to manage their financial affairs, offering unparalleled convenience and security and a wide range of exceptional features and products.

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

United Arab Bank, P.J.S.C. (UAB) was incorporated on the 21st of January 1975 as a joint venture between UAE investors and the French international financial conglomerate, Société Générale (SG). Today, the bank is considered among the longest-standing and most innovative banking and financial services providers in the United Arab Emirates.

Headquartered in Sharjah, UAB operates through 6 branches, 18 ATMs, and 12 cash and cheque deposit machines across the UAE offering retail and corporate banking services. The Bank succeeded to establish itself as a partner of choice for corporate clientele with a comprehensive suite of Wholesale Banking services supported by Trade Finance, Retail Banking, and Financial Markets services, in addition to Islamic Banking solutions.

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