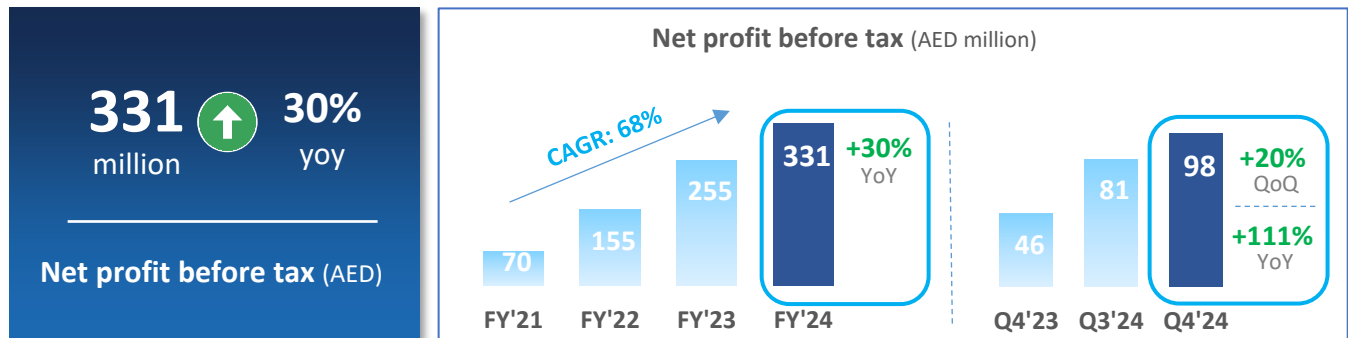


UAB's Net Profit (before tax) rises 30% YoY to AED 331 Million

Turnaround strategy delivers 3-year CAGR of 68% in Net Profit (before tax)

Sharjah, 4 February 2025: United Arab Bank (UAB) recorded net profit (after tax) exceeding AED 300 million, highest since 2014, for the financial year ended 31 December 2024, driven by strong business momentum, prudent risk management and diligent execution on our turnaround strategy.

Key highlights (FY 2024)



- Net profit (before tax) reported at AED 331 million for FY 2024, up by 30% yoy as compared to AED 255 million for FY 2023. Net profit (after tax) at AED 301 million also increased by 18% yoy.
- Net profit (before tax) for Q4 2024 were AED 98 million, up by 20% sequentially and 111% yoy.

Total Income (AED) – FY 2024	NIM	CoR	RoSE
606 million, +5% yoy	2.7%	-47 bps	16.1%

- Net interest income increased by 18% yoy to AED 467 million for FY 2024 compared to AED 395 million for FY 2023 leading to higher total income of AED 606 million, up by 5% yoy.
- Recovery efforts throughout 2024 led to a net reversal in impairment charges of AED 43 million for the year as compared to net impairment charges of AED 36 million in the prior year period.
- Return on shareholders' equity (RoSE) was 16.1% in FY 2024.

Total Assets (AED) – FY 2024	Gross NPL ratio	Provision Coverage	ASRR	CAR
21 billion, +22% yoy	3.9%	118%	76%	17.4%

- Total assets increased by 22% yoy to AED 21.5 billion at end-December 2024, led by growth in loans, advances and Islamic financing of 23% yoy, while customer deposits increased by 33% yoy.
- Healthy asset quality metrics with Gross NPL ratio declining to 3.9% with adequate coverage of 118%.
- Advances to stable resources ratio (ASRR) at 76% and eligible liquid asset ratio (ELAR) at 17%, both, remain comfortably above regulatory thresholds.
- Capital position remains robust with CET1 of 12.7% and total capital adequacy ratio (CAR) at 17.4%.
- UAB has investment grade ratings from both, Fitch (BBB+) and Moody's (Baa3), after being upgraded by the latter in September 2024, with the outlook maintained on 'Positive'.

Commenting on the Bank's performance, H.H. Sheikh Mohammed bin Faisal bin Sultan Al Qassimi, Chairman of the Board of Directors of United Arab Bank, said:

"We take immense pride in the Bank's outstanding financial performance in 2024. UAB's strong performance is a testament to the success of our growth strategy, resilience in our core business and reinforces our unwavering commitment to delivering long-term value to our shareholders. Our relentless focus on digitization and transformative innovation is reshaping the future of banking, enhancing our digital capabilities and operational excellence, and driving continuous progress in efficiency and customer value."



His Highness added, "As we move forward, we are fully committed to elevating our customers' banking experience and playing a pivotal role in the continued growth and prosperity of the UAE's economy. I extend my sincere gratitude to the Board of Directors, senior management, and all our employees for their unwavering dedication and exceptional performance which have been driving our success."

Shirish Bhide, Chief Executive Officer of United Arab Bank, commented:

"Our achievements in 2024 reflect the remarkable progress made over the past three years, driven by our customer-centric approach and the successful execution of our sustainable growth model. Our strategy and effective operational management have been pivotal in achieving growth across all businesses. Additionally, the upgrade of UAB's deposit ratings to 'Baa3' with a continued 'Positive' outlook by Moody's is a testament to our sound financial management and tireless efforts towards strengthening the bank's financial position.



As we continue to navigate forward, we remain fully committed to delivering sustainable value to our customers, shareholders, and the community we serve."

Financial Summary

Income statement highlights (AED Million)	FY'24	FY'23	%chg vs FY'23	Q4'24	Q3'24	%chg vs Q3'24	Q4'23	%chg vs Q4'23
Net Interest Income	467	395	18	113	111	1	100	12
Non-Interest Income	139	182	(23)	41	41	1	29	40
Total Income	606	576	5	154	152	1	130	19
Operating Expenses	(318)	(285)	12	(94)	(75)	25	(74)	27
Operating Profit	288	292	(1)	59	77	(22)	55	7
Net Impairment reversal / (loss)	43	(36)	(218)	38	5	741	(9)	(518)
Net Profit before tax	331	255	30	98	81	20	46	111
Taxes	(30)	-	na	(9)	(7)	21	-	na
Net Profit after tax	301	255	18	89	74	20	46	92
Key Ratios (%)	FY'24	FY'23	chg vs FY'23	Q4'24	Q3'24	chg vs Q3'24	Q4'23	chg vs Q4'23
Net Interest Margin (NIM)	2.73	3.06	(0.3)	2.47	2.52	(0.0)	2.80	(0.3)
Cost-Income ratio	52	49	3.1	61	50	11.8	57	4.1
Cost of Risk (CoR)	(0.47)	0.36	(0.8)	(1.42)	(0.16)	(1.3)	0.39	(1.8)
Return on Shareholders' Equity (RoSE)	16.1	15.8	0.3	17.5	15.1	2.4	10.9	6.6
Return on Assets (RoA)	1.5	1.6	(0.1)	1.7	1.5	0.2	1.1	0.6
Balance sheet highlights (AED Billion)	Dec-24	Dec-23	%chg vs Dec'23	Sep-24		%chg vs Sep'24		
Total Assets	21.5	17.6	22	20.0		7		
Loans, advances & Islamic financing	11.5	9.4	23	10.8		7		
Investments	6.0	5.1	18	5.7		6		
Customers' deposits	13.6	10.2	33	12.0		13		
of which CASA deposits	4.6	3.7	22	4.1		12		
Total Equity (incl AT1)	2.6	2.3	11	2.6		(1)		
Key Ratios (%)	Dec-24	Dec-23	chg vs Dec'23	Sep-24		chg vs Sep'24		
Gross Non-performing loans ratio (NPL)	3.9	5.0	(1.1)	4.1		(0.2)		
Provision coverage	118	132	(14.1)	125		(7.5)		
Provision coverage (incl collaterals)	172	200	(28.6)	188		(16.0)		
Advances to Stable Resources ratio (ASRR)	76	76	(0.2)	74		1.1		
Eligible Liquid Assets ratio (ELAR)	17	20	(3.1)	15		1.6		
CASA%	34	37	(2.9)	34		(0.2)		
Common Equity Tier 1 (CET1) ratio	12.7	13.5	(0.8)	13.8		(1.1)		
Tier 1 ratio	16.2	17.8	(1.6)	17.6		(1.3)		
Capital Adequacy ratio (CAR)	17.4	19.0	(1.6)	18.8		(1.3)		

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 operating income driven primarily by increase in core business income; strong recoveries complement core income growth leading to robust profitability

(AED Million)	FY'24	FY'23	chg vs FY'23	Q4'24	Q3'24	chg vs Q3'24	Q4'23	chg vs Q4'23
Net Interest Income	467	395	18	113	111	1	100	12
Non-Interest Income	139	182	(23)	41	41	1	29	40
Net fees & commission income	91	77	18	26	22	15	17	53
Foreign exchange income	34	28	24	12	10	19	8	52
Other operating income	14	77	(82)	3	8	(58)	5	(27)
Total operating income	606	576	5	154	152	1	130	19

- **Operating income** in FY 2024 increased to AED 606 million, up 5% year-on-year (yoy), primarily driven by higher net interest income.
- **Net interest income** (NII) maintained its double-digit growth throughout the year, increasing by 20% yoy, led by strong growth in lending, and benefitting from higher interest rates, as compared to prior year period, in line with the market. Balance sheet continues to be managed efficiently with effective deployment of liquidity in high-quality liquid assets to enhance yields. Net interest margin (NIM) was 2.73% for FY 2024 as compared to 3.06% for FY 2023, declining slightly year-on-year primarily due to higher funding costs.
- Core non-interest income in the form of **fees and commissions** income as well as **FX (foreign exchange)** income were higher by 18% yoy and 24% yoy, respectively, as our focus on customer-centricity and cross-sell led to increased business volumes. Absence of non-recurring income from gains on sale of fixed assets realised in FY 2023 drove the decline in total **non-interest income** in FY 2024.
- With significant investments across people, products and systems, as we strengthen our foundation for future growth, **operating expenses** rose by 12% yoy, translating into a cost-income ratio of 52% for FY 2024.
- Throughout the year, positive macroeconomic conditions and efforts towards resolving impaired loans, have led to strong recoveries and provision writebacks, leading to a **net reversal in impairment charges** of AED 43 million for FY 2024 as compared to net impairment charges of AED 36 million in FY 2023. Annualised cost of risk (CoR) on loans and advances, hence, was -47bps. The bank continues to prudently manage risk and maintain focus on asset quality, even as it continues to grow the balance sheet.
- AED 30 million have been taken as accruals for **corporate taxes** in FY 2024 - the Bank's completion of first financial year post-implementation of corporate taxation in UAE.

Onboarding of new clients, strong customer-driven demand and healthy liquidity in the markets drive all-round growth in balance sheet

- **Total assets** increased 22% yoy to AED 21.5 billion, driven by increase in loans and investments book.
- **Investments** portfolio grew 18% yoy to AED 6.0 billion, as liquid resources were deployed efficiently to support yield enhancement amidst prudent ALM (asset-liability management) practices.
- **Net loans, advances and Islamic financing** increased to AED 11.5 billion, up 7% in the fourth quarter to register a sector leading growth of 23% yoy for FY 2024. The growth was primarily driven by retail mortgages, clients in financial institutions and, transport & communications sector. Growth outlook continues to remain robust across all business segments on strong customer demand and an existing healthy business pipeline.
- **Customer deposits** at AED 13.6 billion, grew by 13% in the fourth quarter, resulting in a strong growth of 33% for FY 2024. Innovative campaigns, new-to-bank customers and convenient digital banking channels drove a 22% yoy increase in CASA (current and savings accounts) to AED 4.6 billion, representing 34% of total deposits.
- **Liquidity and funding** remain solid and well within regulatory requirements, with eligible liquid asset ratio (ELAR) at 17% and advances to stable resources ratio (ASRR) at 76%. The Bank remains focused on rationalizing and optimizing its funding costs through a judicious mix of deposits from customers, short- and medium-term borrowings, in line with asset growth.
- One of the prominent indicators of the success of our turnaround strategy is the remarkable improvement achieved in our asset quality metrics. Our **Gross NPL ratio** at 3.9% compares favourably amongst the top banks in UAE, and has improved from 11.6% at the beginning of FY 2022. **Provision coverage** remains adequate at 118% (172% including collaterals) as of December-end 2024.
- **Total Equity** at AED 2.6 billion, including USD 150 million AT1 issued in March 2023, improved by 11% yoy, primarily led by growth in profits. **Capital position** remains robust with CET1, Tier1 and CAR ratio at 12.7%, 16.2% and 17.4% as compared to 13.5%, 17.8% and 19.0% at the beginning of the year, and remains above minimum regulatory requirements.
- **Return on shareholders' equity** was 16.1% and **return on assets** was 1.5% for FY 2024 as compared to 15.8% and 1.6%, respectively for FY 2023.
- **UAB is currently rated investment-grade** at Baa3/P-3/Positive by Moody's and BBB+/F2/Stable by Fitch. The ratings were affirmed by Fitch and upgraded one-notch by Moody's earlier this year in recognition of the Bank's efforts towards strengthening its financial position and the successful execution of its turnaround strategy.



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 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.

UAB is rated investment grade, both, by Moody's (Baa3/P-3/Positive) and Fitch (BBB+/F2/Stable).

Additional information may be found at www.uab.ae

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