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The United Bank announces its intention to float on the Egyptian Exchange

27th October 2024 | Cairo, Egypt

The United Bank S.A.E. ("UB", the "Bank" or the "Issuer"), a fast-growing Egyptian bank offering conventional and Islamic services, announces today, its intention to proceed with an initial public offering (the "IPO" or the "Offering") and list its shares on the Egyptian Exchange (the "EGX").

The Offering is expected to consist of a secondary sale of shares by the Central Bank of Egypt (the "Selling Shareholder") of up to 330,000,000 ordinary shares on the EGX, representing up to 30% of the Bank's share capital.

The Offering will include:

- (i) A placement to certain institutional investors in Egypt and elsewhere (the "Institutional Offering"); and
- (ii) A retail offering to retail investors in Egypt (the "Retail Offering").

Both the Institutional Offering and Retail Offering will be offered at the same price per share (the "Offer Price").

The Bank is currently in the process of obtaining the required approvals with regards to the Offering, including approvals from the Financial Regulatory Authority ("FRA") and the EGX. Completion of the Offering is expected to take place in Q4 2024, subject to market conditions and obtaining the relevant regulatory approvals.

The Bank has engaged CI Capital Investment Banking S.A.E ("CI Capital") to act as Sole Global Coordinator and Sole Bookrunner for the Offering. Helmy, Hamza & Partners, the Cairo office of Baker McKenzie, has been appointed as counsel to the Issuer.

Commenting on the Offering, the Bank's Managing Director and Chief Executive Officer, Ashraf Elkady, said: "United Bank's operating model since establishment has remained aligned with the Bank's strategic framework to deliver a wide range of conventional and Islamic products with top quality services to clients, operate through clear, well-established governance and control frameworks, create long-term value to shareholders, while continuing to adopt sustainable business practices. Today, United Bank is well positioned for growth and success, capitalizing on the Bank's fortress balance sheet, comprehensive set of conventional and Islamic products, services and solid, modern infrastructure in place - all led by a seasoned management team, supported by dynamic and motivated caliber.

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We look forward to our next phase as a publicly listed Bank to continue to serve our clients and scale our operations, leveraging sector opportunities including digitization and financial inclusion.”

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About The United Bank

The United Bank is a well-established and strategically positioned bank, with award-winning recognition. The Bank boasts a unique product mix, having an at-scale, comprehensive suite of conventional and Islamic offerings to serve clients of all types and all segments, through its dynamic business model and commitment to fully integrating state-of-the-art technology into its services and products. As one of only 14 banks to hold an Islamic banking license, the Bank is able to provide its customers with a diversified Islamic product offering across all of its physical branches and digital distribution networks.

The Bank has a highly selective branch network of 68 branches, each strategically located across 15 governorates, in addition to 225 ATMs, supported by a well-seasoned workforce comprising of c. 1,750 employees.

The United Bank currently has one strategic subsidiary, United Finance (“UF” of the “Subsidiary”), in which the Bank holds a stake of 87.5%. United Finance is a fast-growing NBFi player holding three operating licenses issued by the FRA: (i) financial lease, (ii) factoring; and (iii) mortgage financing, in addition to (iv) operating lease.

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Key Investment Highlights

Opportune Access to the Diversified Egyptian Economy, Undergoing Various Reforms and Offering Strong Growth Prospects

Egypt boasts the largest population in the MENA region and is positioned amongst the largest MENA economies, with healthy growth figures, leveraging a diversified economy. Egypt's economy is supported by multiple FX inflows, along with decelerating inflation and rebounding consumption patterns. This is further backed by strong macroeconomic reforms and key government initiatives, positioning Egypt as a key investment hub.

Exposure to a Well-regulated, Resilient and Growing Banking Sector

Egypt's robust banking sector has consistently exhibited growth despite macroeconomic challenges (c. 20% CAGR in deposits between 2010-2023) and is supported by a strong regulatory framework, further enhancing the sector's ability to withstand global and local shocks. The banking sector is supported by fundamental catalysts driving growth including increasing banking penetration, digitalization trends, coupled with robust government initiatives to enhance financial inclusion.

Uniquely Having an At-Scale, Comprehensive Suite of Conventional and Islamic Offerings to Serve Clients of All Types and All Segments

The United Bank currently offers a wide range of products catering to all market segments, thereby representing a unique competitive advantage over peers.

Corporate: The corporate division offers a wide range of lending and banking services to multinationals, local large corporates, SMEs, microfinance companies, FIs and NBFIs. The Bank has more than 12,550 corporate clients. As of H1 2024, corporate deposits and gross loans amounted to EGP 21.7bn and EGP 21.1bn respectively.

Retail: The retail division serves a diverse retail client base of more than 509 thousand clients through a holistic and competitive suite of retail products. As of H1 2024, retail deposits and gross loans amounted to EGP 33.1bn and EGP 9.0bn respectively.

Islamic Banking: United Bank is a top ranked Islamic Bank in Egypt (ranks 2nd among the dual licensed banks as of H1 2024). As part of corporate and retail, Islamic deposits and gross loans amounted to EGP 12.9bn and EGP 5.4bn respectively as of H1 2024.

NBFI: United Finance (in which the Bank has an 87.5% stake) is a fast-growing NBFI player holding three operating licenses issued by the FRA: (i) financial lease, (ii) factoring; and (iii) mortgage financing, in addition to (iv) operating lease. As of H1 2024, UF has a net portfolio of EGP 1,943mn (net of c. EGP 617mn in securitized portfolio), split across its leasing, mortgage and factoring lines of business, representing 72%, 21% and 7% respectively. UF serves a wide array of clients including corporates, individuals and SMEs.

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Investments: The investment scope spans across its NBFIs arm - United Finance, direct investments, funds, and subscriptions in securitizations and corporate bonds. The Bank's division has a portfolio fair value of EGP 2.7bn vs. an acquisition cost of EGP 0.4bn and corporate bonds of EGP 0.55bn as of H1 2024.

Treasury: The division offers a variety of treasury products and services to customers in addition to managing the Bank's liquidity and ALM, contributing the Bank's overall NIM reaching 6.5% as of H1 2024. As of H1 2024, the Bank has EGP 24bn in sovereign bills and bonds.

Available through Wide, Effective and Easy to Access Physical and Digital Distribution Channels

UB has developed a strong distribution network combining physical locations with a well-established digital ecosystem. The Bank currently has a unique footprint, with 68 branches being present in 15 governorates, all of which are authorized to conduct Islamic and conventional banking services. The Bank currently has 225 ATMs spanning across 23 governorates across Egypt. UB's digital network has seen the Bank extend its reach and has exhibited fast growing subscription and volume levels through its online, mobile, and phone banking as well as Instapay and the UB digital wallet.

Run by an Independent and Seasoned Management Team who Have Steered the Bank Through a Successful Transformation

UB's dedicated and experienced management team has expertly navigated the Bank through a successful transformation, implementing key reforms in policies, procedures and frameworks, restructuring IT and HR and enhancing asset quality.

Select turnaround figures below:

	2006	H1 2024		2006	H1 2024
NPLs	6	0.6	Total Deposits	10	55
Total Loans	7	29	Total Equity	(4)	13
Total Assets	14	107	Net Income	(4.4)	1.7

Robust Governance, Risk Discipline and Strong Frameworks Contributing to a High-Quality Loan Book and Streamlined Operations

As an entity owned by the Central Bank of Egypt, UB is deeply committed to regulatory compliance, ensuring the highest corporate governance standards and regulatory framework across all operations. As part of UB's policies and practices, the Bank has best in class internal policies, committees governed by industry veterans and adequate internal audit environment and risk management

Modern, Secure and Easy to Integrate Digital Infrastructure to Generate Scale and Efficiency

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UB relies on advanced technology infrastructure to serve clients ensuring operational efficiencies and solid customer experience. Notably, the Bank has continued to invest in its IT infrastructure and digital channels to enable the Bank to scale, extend reach and automate business processes, further supported by a best-in-class core system, a robust network of partners across security, governance, control, payments, among others.

Compelling Financial Performance Underpinned by Sound Loan Book Growth, Supported by Strong Capitalization and Leading to Enhanced Profitability

United Bank has a strong balance sheet and has exhibited robust trends across its various financial indicators to support the Bank through its next phase of growth. The Bank has delivered solid assets and loan portfolio growth over FY 2021 - H1 2024, growing the asset base from EGP 72.0bn to reach EGP 106.5bn during the period, in addition to growing its gross loan portfolio with a 20% CAGR between 2021 and H1 2024, reaching EGP 29.3bn. Attributable shareholders' equity as of H1 2024 amounted to EGP 12.7bn

The Bank boasts solid book quality relative to peers, with an NPL ratio of 1.7% and NPL coverage reaching 183.7% in H1 2024. Further, UB has a strong capital and funding position, with the Bank's CAR standing at 17.2% as at H1 2024 (19.15% including interim profits).

Furthermore, the Bank enjoys a favorable funding mix (60% of deposits are retail-based), which results in favorable deposit diversification and stability, evident through the Bank's NSFR ratio, which stands higher than sector average at 217.3% vs. 215.2% for the latter as of end of FY 2023. Coupled with its solid Islamic banking foothold, the Bank's favorable deposit composition results in competitive cost of funding dynamics that would further support profitability and facilitate business growth. As of H1 2024, the Bank has a NIM of 6.5% and has achieved a net profit of EGP 1.2bn

Strong Broad-based Capabilities Today with a Well-defined Strategy to Pursue Sustainable and Solid Growth

The Bank enjoys nationwide recognition, along with comprehensive conventional and Islamic offerings, robust IT infrastructure and digital channels, solid frameworks and ESG efforts in addition to a skilled workforce, enabling the Bank to deliver on its growth strategy that remains closely aligned with market opportunities, such as digitization and financial inclusion. The Bank aims to achieve its clear and well-defined growth strategy through the following key pillars:

- i. Grow the client base through enhanced customer experience and holistic product offering on both Islamic and conventional fronts
- ii. Strengthen relationships through a broad coverage model across key client segments to optimize profitability
- iii. Continued product innovation to meet clients' distinct needs

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- iv. Continue to engage in project finance, with a focus on sustainable and green finance
- v. Expanding non-interest based business while fostering cross-selling avenues
- vi. Maintaining diversification across deposits and loans, while preserving loan quality
- vii. Capitalize on digital channels and modern infrastructure to grow reach and accessibility and enhance customer experience
- viii. Continue to deploy and allocate resources in a dynamic and disciplined manner
- ix. Continue to operate in a solid risk and controls environment
- x. Maintain a skilled and motivated workforce

Financial Highlights

The Bank has shown strong financial performance over the years, recording a net interest income CAGR of 34% between 2021 and H1 2024, with a NIM of 6.5% for H1 2024. As of H1 2024, the United Bank boasts an equity base (attributable to shareholders) of EGP 12.7bn, delivering an RoAE of 19.7%, with the Bank's total assets reaching EGP 106.5bn, delivering an adjusted RoAA of 3.2%.

The following table represents the Bank's financial highlights. Data is in EGP million, unless otherwise stated.

<i>Income Statement Highlights</i>	H1 2024	<i>Financial Position Highlights</i>	H1 2024
Net Interest Income	2,225	Total Assets	106,543
Net Interest Margin	6.5%	Total Deposits	54,768
Total Banking Income	2,655	Total Gross Loans	29,363
Attributable Net Income	1,228	Att. Shareholders' Equity	12,695

- Ends -

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The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed by any person for any purpose on the information contained in this announcement or its accuracy, fairness or completeness.

The announcement is for informational purposes only and is not a prospectus or a public subscription notice and does not constitute or form a part of any offer of securities for sale or a solicitation of any offer to buy securities in any jurisdiction.

Any offer to acquire shares in the Bank ("Shares") pursuant to the proposed Offering will be made, and any investor in the Offering should make his investment, solely on the basis of the information that is contained in the public subscription notice expected to be published by the Bank after ratification by the FRA in due course (the "PSN"). The PSN has not yet been ratified or approved by the FRA. The information in this announcement is qualified in its entirety by the information expected to be set out in the PSN and is subject to change. The Bank expressly does not undertake to update the information in this announcement. Before purchasing any Shares, persons viewing this announcement should ensure that they fully read, understand and accept the risks which will be set out in the PSN, if and when it is published. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy or completeness.

In Egypt, the Institutional Offering, when effected, will only be addressed to, and directed at "qualified individual investors", "public entities" or "qualified financial institutions" as defined in the FRA Board decisions number 48 for the year 2019 and 7 for the year 2020. Prior to the approval of the PSN by the FRA, no information, which is normally included in public subscription notices or other promotional activities relating to the Offering may be released or conducted. However, following the submission of the PSN to the FRA for approval, advertisements, circulars, letters and other information related to the Bank's general business activities and the Offering may be released or distributed, provided that, in all cases it is clearly indicated that the FRA has not yet approved the PSN. This document does not constitute a public offering or a private placement of securities of any offer, which requires a license from the FRA. Investors in Egypt should only refer to and make purchases based solely in reliance on the PSN to be reviewed and approved by the FRA.

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The securities referred to herein have not been and will not be registered under the Securities Act, and may not be offered or sold in the United States (as such term is defined in Regulation S under the Securities Act) unless the securities are registered under the

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Forward-Looking Statements

This announcement contains statements about future events and expectations that are forward-looking within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. Such estimates and forward-looking statements are based on current expectations and projections of future events and trends, which affect or may affect the Bank. Words such as "believe," "anticipate," "plan," "expect," "target," "estimate," "project," "predict," "forecast," "guideline," "should," "aim," "continue," "could," "guidance," "may," "potential" and "will," as well as similar expressions and the negative of such expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying these statements. These forward-looking statements are subject to numerous risks and uncertainties and there are important factors that could cause actual results to differ materially from those in forward-looking statements, certain of which are beyond the control of the Bank. No person has any responsibility to update or revise any forward-looking statement based on the occurrence of future events, the receipt of new information, or otherwise.