



البنك العربي المتحد
UNITED ARAB BANK

PRESS RELEASE

Financial Results – Q1 2017 UAB Reports Financial Results for the Three Months to 31 March 2017

Q1 2017 Highlights

- Net Profit of AED28m
- Loans : Deposits ratio improved to 85%
- Solid liquidity profile maintained with UAB comfortably above regulatory requirements
- Capital Adequacy Ratio stable at 13.2%
- 'Non-core' portfolio managed down to less than 4% of Total Loans

Sharjah, UAE, 16th April 2017 - United Arab Bank P.J.S.C ("UAB" or "the Bank") reports its Financial Results for the Three Months to 31st March 2017.

UAB reported a Net Profit of **AED28m** for Q1 2017 aided by more than 50% reduction in Provision for Credit losses given further contraction in high risk 'Non-Core' portfolio (which now constitute less than 4% of Total Loans).

Last 18 months represented a period of transition for UAB as the Bank embarked on its journey to become a safer, stronger and sustainable Bank. As part of this strategy, the Bank set out its priorities: strengthen its core businesses; run down non-core portfolios; streamline the cost base; and steadily improve its key banking fundamentals. Against each of these objectives UAB has continued to record tangible progress in Q1 2017.

The Board and Management Team remain fully committed to completing the transformation which will ultimately provide the platform for UAB to generate sustainable returns for its shareholders across the medium term.

Sheikh Faisal Bin Sultan Bin Salem Al Qassimi, Chairman of the Board of Directors, said, "The operating performance for Q1 2017 demonstrates tangible progress against our transformation strategy.

The challenges which the Bank has now largely overcome were significant, yet the decisive actions taken will see UAB well placed to deliver shareholder value in the medium term.

We remain committed to completing our strategy and believe that our low risk business model will make UAB a safer, stronger and sustainable Bank and ensure it continues to play a key role in supporting the broader UAE economy."



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Samer Tamimi, Acting Chief Executive Officer, commented, “2017 represents the final stage of UAB’s transformation journey as the cost of risk begins to normalize, the Bank effectively completes the exit of its residual higher risk non-core portfolio and core business units begin to grow. To that effect the first quarter delivered tangible progress against these milestones.

The Bank’s NPL ratio of 5.9% is supported by legacy ‘non-core’ SME exposures reducing to less than 4% of Total Loans, with the Provision coverage standing at 117%.”

Financial Review

The Bank has continued to record significant progress in proactively deleveraging its ‘non-core’ higher risk portfolios. In the first 3 months of 2017 these ‘non-core’ portfolios reduced by a further 14% vs. 31st December 2016, whilst in total they have been managed down 77% since Q3 2015. As at 31st March 2017, ‘non-core’ high risk assets constitute less than 4% of Total Loans. Across 2017, this will remain a significant element of the Bank’s transformation with the recycled Risk Weighted Assets used to unlock the full earning power of the Bank (as evidenced by asset growth recorded in the core business for the second consecutive quarter).

We have streamlined our cost base, capturing savings across the core areas of people, platform, process and property, to deliver 24% Y-o-Y reduction in 2016 with the Management Team confident that further ‘double digit’ savings will be delivered in 2017 aided by the ongoing branch rationalization program.

UAB’s decisive and prudent approach to provisioning and its commitment to maintaining its Provision Coverage at or above 100% is again demonstrated with the ratio standing at 117% as at 31st March 2017 whilst the Bank’s NPL Ratio as at Q1 2017 (5.9%) is broadly in line with both FY 2016 position and the wider peer group average.

The Bank’s liquidity profile remains strong as evidenced by an improved Loan to Deposit Ratio of 85% compared to 101% in prior year. Customer Deposits (being 82% of Total Liabilities) have and will continue to represent the Bank’s key source of funds.

The importance UAB places on maintaining a robust liquidity profile is demonstrated by its consistent approach in managing both its Advances to Stable Resources and Eligible Liquid Asset Ratios comfortably above CB UAE thresholds. Combined with Capital Adequacy, Funding and Liquidity represent the fundamentals of a solid Bank and are therefore placed at the center of our transformation strategy.

OUTLOOK

Mr. Tamimi concluded, “We strongly believe that our safe, low risk business model is the right one, and our strategic progress and improving financial performance position us well for future success.”



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The Bank is rated Baa2 by Moody's with 'Stable' Outlook.

About UAB:

United Arab Bank was incorporated in 1975 as a private joint stock company in the Emirate of Sharjah, United Arab Emirates. The legal form of the Bank was converted to a public joint stock company pursuant to Emiri Decree No. 17/82 issued by His Highness the Ruler of the Emirate of Sharjah on 29th July 1982. On 21st March 2005, the Bank's issued share capital was listed on the Abu Dhabi Securities Exchange.

UAB offers its customers a comprehensive suite of Corporate and Institutional Banking services supported by Trade Finance, Retail Banking and Treasury services, in addition to Islamic Banking solutions, thus positioning the Bank as the partner of choice among major corporate clientele segments.

In December 2007, UAB became part of a banking alliance upon the acquisition of 40% interest by The Commercial Bank, Qatar's largest private sector bank. UAB's strong financial performance in subsequent years is indicative of the benefits gleaned from its strategic alliance with the Qatari Bank. The Commercial Bank has similar alliances with National Bank of Oman (NBO) and Alternatifbank in Turkey, thus providing a solid platform for all three banks to grow strongly as we move forward.

The Bank is rated Baa2 by Moody's with Stable Outlook.

To know more about UAB, please visit our corporate webpage at: www.uab.ae

For further information, please contact:

Hani El Abid
Corporate Communications
Direct Line: +971 6 5075439
hani.elabid@uab.ae