



البنك العربي المتحد
UNITED ARAB BANK

PRESS RELEASE

NET PROFIT OF AED328m for the six months ended 30 June 2014

Highlights vs. June 2013

- Operating Profit up 43% to AED475m
- Total Income up 41% to AED676m
- Customer Loans and Advances increased by 35% to AED17.9bn
- Customer Deposits recorded growth of 49% to AED18.6bn

Sharjah, July 20, 2014 - United Arab Bank P.J.S.C ("UAB" or "the Bank") announces its Financial Results for the six months ended 30 June 2014.

UAB, recently recognized as the fastest growing bank in the region, announces a net profit of AED328m for the first six months of the year, an increase of 26% over H1 2013.

Sheikh Faisal Bin Sultan Bin Salem Al Qassimi, Chairman of the Board of Directors said, "I am pleased with the strong performance generated by United Arab Bank this first half of 2014. The Bank continues to deliver exceptional performance and sustained growth, offering true value to our customers, shareholders and partners. It has maintained an impressive pace of growth in a highly competitive market, once again positioning itself as the fastest growing bank in the Middle East. We are well placed to take advantage of future growth opportunities across the Emirates and continue to benefit tremendously from the solid platform created by the banking alliance that we share with The Commercial Bank of Qatar (CBQ), National Bank of Oman (NBO) and Alternatifbank in Turkey."

Mr Paul Trowbridge, Chief Executive Officer commented on the Bank's half year results, "It is my pleasure to report a strong set of half-yearly financial results. Our exceptional growth over the same period in 2013 is testament to the effectiveness of our customer-centric strategy. The improving business mix and efficiency of our funding have led to a significant increase in Loans & Advances and Customer Deposits. These increased volumes are a direct result of our proactive enhancements and continued efforts to identify and develop new income drivers. With this outstanding performance, we are set to take advantage of the positive economic outlook for the UAE and the region".

"Our emphasis on providing premium services, offering innovative solutions and 'best in class' products gives both our new and existing customers the best possible banking experience. We will continue to showcase our award-winning services to a wide range of customers and strengthen our foothold in the UAE, with branches in key locations to be accessible to all."

Superior Performance

The Bank generated Operating Profit of AED475m, a 43% uplift over prior year. Total Income increased at an equally significant rate of 41% to AED676m, with solid performance across both Net Interest Income and Non-Interest Income, up 40% and 46% respectively versus H1 2013.

Non-Interest Income, a general benchmark indicating the depth of customer relationships, expanded strongly in the first half to AED183m, driven primarily by Other Operating Income (AED80m) and Net Fees & Commissions

(AED61m). With Non-Interest Income representing 27% of Total Income in H1 2014, our strategic emphasis on building and developing customer relationships continues to reap rewards.

Operating Expenses for the first six months were AED201m versus AED146m for the same period in 2013, and remain in line with management expectations. Our ongoing network expansion programme continued across Q2, with the Bank now benefiting from 27 fully operational branches across the Emirates, with other locations planned in the second half of 2014.

Nevertheless, despite UAB's sustained investment to improve the overall customer experience and developing infrastructure to support future growth, the Bank's Cost : Income Ratio improved to 29.7%.

Provision charges in H1 2014 were AED147m, compared to AED72m for the same period in 2013. The accelerated booking of General Provisions will ensure full and early satisfaction of central bank requirements. In parallel, the Bank continues to take a cautious and proactive approach to risk management, with our track record of growing our asset portfolio whilst maintaining quality evidenced by our sector leading Non-performing Loan Ratio (1.50%) and Coverage Ratio (134%) as at 30 June 2014.

Total Loans & Advances improved by 35% to AED17.9bn versus H1 2013, with growth across all business units. Similarly, Customer Deposits increased by an outstanding 49% in the same period to stand at AED18.6bn, further reinforcing the depth of our customer relationships and ongoing sustainability of UAB's growth strategy.

AWARDS & RECENT DEVELOPMENTS

▪ Q1 2014 Recap

February - launched an **Online Trade Portal** to transform the ease and speed with which Corporate and SME customers can complete an array of trade finance transactions; Yusra Abdul Ghaffar (Senior Vice President – Retail Banking) named '**Distinguished Woman in the Banking and Finance Sector**' by the Emirates Institute for Banking and Financial Studies.

March - received 2 prestigious awards from Banker Middle East magazine: '**Best Customer Loyalty Program**' for 2nd consecutive year; '**Best Premium Card**' for UAB's VISA Infinite product; UAB extended its financial aid to **Al Thiqah Club for the Handicapped**, and **Sharjah City for Humanitarian Services**, two organisations that provide invaluable support for people with special needs across the UAE.

▪ Q2 Achievements

April - announced UAB's agreement to become the **sole official banking partner** for April and October 2014 editions of '**GITEX Shopper**', the region's largest and much anticipated consumer electronics platform.

June - UAB reaffirmed its market leading position by being recognised as both the '**Fastest Growing Bank in the UAE**' and '**Fastest Growing Bank in the Middle East**' at CPI Financials Banker Middle East Industry Awards for 2014.

June - signed an exclusive **5 year agreement** with global insurer **Zurich** to market and cross-sell their general insurance products to our customers across the UAE.

June - announced the completion of a 3 year syndicated Murabaha facility worth US\$100m with four banks based in the UAE, Bahrain, and Kuwait, with the facility marking the first Islamic syndication completed by UAB and the first syndicated Murabaha raised in the UAE.

CONCLUSION

Mr Trowbridge concluded, "Over recent years we have reshaped, simplified and strengthened the business to create a risk-efficient Retail and Commercial bank that is focused on our customers and supporting the wider UAE economy. Our growth has and will continue to be accomplished by preserving the strength of our asset portfolio, investing in our employees and most importantly building long-term relationships with our customers. In this way UAB aims to continue delivering true value to its shareholders."

The Bank is rated by Moody's as Baa1 with a stable outlook.

-Ends-

About UAB:

United Arab Bank P.J.S.C ("UAB" or "the bank") was established in 1975 as a joint venture between UAE investors and Societe Generale. As at 30 June 2014, the bank is operating with a network of 27 branches and offices spread across the UAE with its headquarters in Sharjah. UAB offers a range of financial services in both Corporate and Retail and is acknowledged as a leading solutions provider to the growing commercial and industrial base across the seven Emirates.

Through the provision of a comprehensive range of Corporate Banking, Retail Banking, Trade Finance, SME Banking and Treasury services, UAB is the Bank of choice among major corporate clientele segments in the UAE. With the launch of its 'Sadara' premium banking service, Islamic Banking Services and 'UAB Rewards' loyalty programme, the Bank has grown its retail customer base, aiming to expand further. All these initiatives and a consistent year on year performance have positioned UAB as one of the fastest growing banks in the region.

The bank is ranked 23rd amongst the top listed companies in the UAE and is one of the top 50 banks in the GCC in terms of market capitalization. UAB announced a record net profit of AED552m for the year ended 31 December 2013, an increase of 35% over 2012 and the highest annual net profit ever reported by UAB. For the first half of 2014, UAB announced half-yearly net profits of AED328m, an increase of 26% over the same period in 2013.

In December 2007, UAB became part of a GCC regional banking alliance upon the acquisition of 40% interest by The Commercial Bank of Qatar (CBQ), Qatar's largest private sector bank. United Arab Bank's strong financial performance in subsequent years is indicative of the benefits gleaned from its strategic alliance with the Qatari Bank.

The Commercial Bank of Qatar 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.

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