



The Chairman

DIRECTORS REPORT – YEAR ENDED 31 DECEMBER 2014

On behalf of the Board of Directors of United Arab Bank, I would like to present our Annual Report for the year ended 31 December 2014.

Although market conditions remained challenging, the economic recovery continues to take shape, supported by both continued public sector borrowing, particularly in Abu Dhabi, and strong growth in Dubai's more diversified private sector, specifically in the core segments of trade, transport and tourism.

Given the improving economic environment UAB was well placed to capture the benefits through its UAE focused business model, with Net Profit up 10% on prior year to AED 605mn. Across the 12 month period, all business units generated sustainable Balance Sheet growth. Customer Loans and Advances increased 17% to AED17.9bn, whilst Customer Deposits reported an even more significant uplift of 24% to AED18.7bn.

In 2014 our credit portfolios continued to perform favourably compared to the banking sector as a whole, whilst we maintained our risk profile at acceptable and appropriate levels. Although the bank has taken great strides in growing its asset portfolios in recent years, focus on Balance Sheet optimisation for sustainable returns will be our key objective as we move forward. Accordingly we will continue to review and improve our risk management techniques in line with best practice.

With the support and guidance of our alliance partner, The Commercial Bank of Qatar, we are following a simple business model focused on becoming the best bank for our retail and commercial customers, helping the UAE prosper and delivering value for our shareholders.

The Board of Directors recommends the following appropriations of profit for the year ended 31 December 2014, subject to the approval of the Central Bank:

	(AED'000)
Opening Balance in Retained Earnings at 1 January	737,494
Profit for the year	605,408
Transfers from Revaluation Reserve	2,659
Dividend distributed relating to 2013	(298,920)
Balance available for appropriation	1,046,641
Proposed Appropriation of Profit	
Transfer to Special Reserve	(60,541)
Transfer to Statutory Reserve	(60,541)
Directors' Remuneration	(10,800)
Closing Balance in Retained Earnings at 31 December	914,759

After the proposed appropriation of profit, and subject to the General Assembly's approval, total Shareholders' Funds will increase to AED2.912bn at 31 December 2014 compared with AED2.482bn at the end of 2013. The Directors propose that a cash dividend of 10% of the Paid up Capital is paid in 2015 amounting to AED114.6mn, along with a scrip dividend of 20% of the Paid up Capital amounting to AED229.2mn, subject to the approval of the UAE Central Bank and the General Assembly.

I would like to extend my thanks to our Board of Directors, whose dedication and guidance underpins our continued success. On behalf of the Board of Directors, I would like to express our gratitude and appreciation to the UAE Government for its ongoing support of the financial and banking sectors. We also wish to highlight our appreciation to the UAE Central Bank, and all our regulators, for their continuous and valuable support. And last but not least, we would like to thank The Commercial Bank of Qatar for their ongoing guidance and strategic partnership. UAB looks forward to further success as we move into 2015.

Faisal Bin Sultan Bin Salem Al Qassimi
Chairman
21 January 2015