



البنك العربي المتحد
UNITED ARAB BANK

PRESS RELEASE

Financial Results – FY 2016 UAB Reports Financial Results for the Twelve Months to 31 December 2016

FY 2016 Highlights

- Total Operating Income of AED861m
- Net Profit before Provisions of AED489m
- Solid liquidity profile with UAB comfortably above regulatory requirements
- Loans : Deposits ratio improved to 86% vs. 93% in FY 2015
- 73% reduction in 'Non-core' portfolio
- Robust cost management with a 24% saving recorded against prior year
- UAB is in final stages of capital injection which will improve CAR above 14%

Sharjah, UAE, 20th February 2017 - United Arab Bank P.J.S.C ("UAB" or "the Bank") reports its Financial Results for the Twelve Months to 31st December 2016.

UAB reported a Net Profit before Provisions of **AED489m** in 2016 aided by savings in Operating Expenses of **24%** against prior year and an Operating Income of **AED861m**. Notably, 2016 was a year of transition for UAB as the Bank embarked on its journey to become a safer, stronger and sustainable Bank. Central to this Transformation Strategy were four key pillars: pro-actively deleverage higher risk non-core portfolios; reduce costs; enhance the Bank's risk and control frameworks; and strengthen key banking fundamentals.

With the continuing support of UAB's Board and alliance partner (The Commercial Bank), the Management Team remain fully committed in completing the Transformation Strategy and ultimately generate sustainable returns for shareholders over the medium term.

Sheikh Faisal Bin Sultan Bin Salem Al Qassimi, Chairman of the Board of Directors, said, "Whilst the last 18 months have clearly been a challenging period for the Bank much has been achieved. We have substantially strengthened our Balance Sheet, focused on our core activities, de-risked the business and captured material cost savings through the successful execution of our strategy.

The Board and I are confident that our business plan is appropriate given the economic environment and we are cautiously optimistic as we move into 2017 to conclude our transformation plan."

Samer Tamimi, Acting Chief Executive Officer, commented: "I would like to thank the Board for their support as the Bank continues along its transformation path. Since taking up the post in Q4 2015 we have had to complete a number of actions to address legacy issues necessary to restore UAB to sustainable profitability. In addition, the Bank is in the final stages of its application to increase its capital in order to support future business plans and provide an adequate risk buffer given forthcoming regulatory changes.



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As we move forward, we will continue our focus on improving the core business whilst taking into consideration the increasingly competitive environment and other headwinds faced by all Banks. This only reinforces the need to continue our unrelenting focus on completing our transformation strategy.”

Financial Review

The Bank has continued to record significant progress in proactively deleveraging its ‘non-core’ higher risk portfolios. During 2016, these have been managed down **62%** vs. 31st December 2015, whilst overall they have reduced by **73%** since 30th September 2015. Consequently, Total Income reduced to **AED861m** in 2016, down from AED1,196m in FY 2015, although Non-Interest Income streams comprised **26%** of Total Income vs. **17%** in 2015.

We have streamlined our cost base, capturing savings across the core areas of people, platform, process and property, to deliver a **24%** year-on-year saving.

The Bank’s liquidity profile remains strong as evidenced by a robust Loan to Deposit Ratio of **86%** compared to **93%** in prior year. Customer Deposits (being **81%** of Total Liabilities) have and will continue to represent the Bank’s key source of funds.

The Bank’s Provisions for Credit Losses of **AED1,011m** include a material one-time charge necessary to address legacy issues; consequently, UAB’s full year financial results have been impacted with the Bank reporting a Net Loss of **AED523m**.

OUTLOOK

Mr. Tamimi concluded, ‘In 2017 UAB is committed to following through its Transformation Strategy with the ongoing support and assistance of our alliance partner, The Commercial Bank. UAB has been able to navigate through this challenging period and moving forward we will continue to focus on core business activities to deliver value for our shareholders.’

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.



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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.

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

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