



HEAD OFFICE

**DIRECTORS REPORT**

المكتب الرئيسي

**Year ended 31 December 2013**

On behalf of the Board of Directors of United Arab Bank, it gives me great satisfaction to present the Annual Report for the year ended 31 December 2013.

2013 delivered signs of much needed recovery following a prolonged period of global economic uncertainty that originated with the financial crisis of 2008. Locally, the UAE's Gross Domestic Product (GDP) continued to rise, while Dubai's successful EXPO 2020 bid reflects a growing sense of optimism for the medium term.

Given this improving economic backdrop, the bank continued its upward trajectory and further capitalised on the solid platform laid down in recent years. With the guidance of its Alliance partner, Commercial Bank of Qatar, UAB's customer centric strategy delivered growth across all business units and again helped UAB capture market share. This was achieved by extending our products and services and broadening our delivery channels, as well as maintaining a prudent approach to risk management and improving operational efficiency.

The continuation of our growth strategy allowed UAB to report record financial results for the year ended 31 December 2013. Net Profits of AED552m represents an increase of 35% over 2012, with Operating Profit before Loan Loss Provisions of AED721m, a similarly impressive 36% uplift on prior year.

Across the 12 month period, all business units, Corporate, Retail and SME, contributed to significant Balance Sheet growth. Customer Loans & Advances increased by 40% to AED15.29bn, whilst Customer Deposits generated equally impressive performance, up 49% to AED15.03bn. This growth ensures the bank will continue to benefit from a solid and sustainable platform to support future expansion plans moving forward.

With such strong performance in 2013, the bank is well placed to confidently move into 2014, where we anticipate continued business growth across all segments whilst continuing to introduce and implement best practice risk management techniques. The Board of Directors proposes the following appropriations of profit for the year ended 31 December 2013, subject to the approval of the Central Bank:



(AED'000)

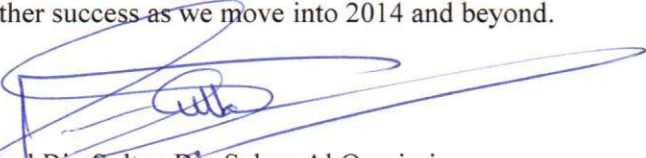
<b>Opening Balance in Retained Earnings at 1 January</b>	<b>545,155</b>
Profit for the year	552,479
Transfers from Revaluation Reserve	10,256
Dividend paid relating to 2012	(249,100)
<b>Balance available for appropriation</b>	<b>858,790</b>

**Proposed Appropriation of Profit**

Transfer to Special Reserve	(55,248)
Transfer to Statutory Reserve	(55,248)
Directors' Remuneration	(10,800)
<b>Closing Balance in Retained Earnings at 31 December</b>	<b>737,494</b>

After the proposed appropriation of profit, and subject to the General Assembly's approval, total Shareholders' Funds will increase to AED2.482bn at 31 December 2013 compared with AED2.248bn at the end of 2012. The Directors propose that a cash dividend of 20% of the Paid up Capital is paid in 2014 amounting to AED199.3m along with a scrip dividend of 10% of the Paid up Capital, subject to the approval of the UAE Central Bank and the General Assembly.

2013 has been a truly outstanding year for the bank. On behalf of the Board of Directors, my sincere appreciation goes to our valued shareholders and customers and to all members of management and staff for their professionalism and commitment. We also wish to acknowledge and thank the Commercial Bank of Qatar for their continued partnership and strategic guidance. We would also like to express a special thanks to the UAE Government for its ongoing support of the financial and banking sectors in the UAE. And last but not least, we would like to highlight our appreciation to the UAE Central Bank and to all our regulators for their continuous and beneficial support. UAB looks forward to further success as we move into 2014 and beyond.

  
Faisal Bin Sultan Bin Salem Al Qassimi

Chairman

22 January 2014