



## Detailed analysis of accumulated losses

<b>Date:</b>	09 February 2023
<b>Listed Company Name:</b>	United Arab Bank PJSC ("UAB")
<b>Define the period of the financial statements:</b>	For the year ended 31 December 2022
<b>Accumulated losses:</b>	AED 492,810 thousand
<b>Accumulated losses to capital ratio:</b>	23.9%
<b>The main reasons leading to these accumulated losses and their history:</b>	<p>The unfavorable credit events that occurred in 2020; along with the adverse impact on computation of Expected Credit Losses ("ECL") in accordance with IFRS 9 methodology on account of the COVID-19 pandemic and the clean-up of legacy issues have resulted in a necessity to recognize higher impairment losses on the Bank's loans and advances portfolio which significantly impacted UAB's FY 2020 results.</p> <p>All of this combined, led to the Bank recognizing a net loss of AED 667,257 thousand for FY 2020 driving the Banks's accumulated losses.</p> <p>However, this has been partially offset by AED 174,447 thousand on account of profits generated for the FY 2022 &amp; 2021 (after appropriation to statutory reserve and special reserve from the Net Profit of AED 70,191 thousand reported in FY 2021 &amp; AED 154,721 thousand reported in FY 2022 totaling to AED 224,912 thousand).</p> <p>As a result, the accumulated losses have reduced to AED 492,810 thousand as of 31 December 2022.</p>
<b>Measure to be taken to address accumulated losses:</b>	<p>UAB Net profit has increased by 120% driven by increase in its total operating income by 11% for FY 2022 as compared to FY 2021 as the successful execution of its Transformation Strategy paved the way for a return to sustainable profitability.</p> <p>Provision charges have significantly reduced by 31% in FY 2022 as compared to FY 2021 and are expected to continue to improve with new portfolio underwriting in higher quality assets.</p> <p>The Bank will focus on growing revenues and thereby its profitability across its Wholesale Banking, Retail Banking and Financial Markets businesses whilst moving towards a more agile operating model incorporating digital solutions and capabilities, thereby positioning itself as the partner of choice among all its chosen client segments.</p>

**Shirish Bhide**  
Chief Executive Officer

