**Date: 26.02.2020**

**Directors Report – Year ended 31 December 2019**

On behalf of the Board of Directors of United Arab Bank (UAB), I am privileged to present to the shareholders of the Bank our Annual Report for the year ended 31st December 2019.

Much has been achieved in the last 12 months. We have substantially strengthened our Balance Sheet, focusing on our core businesses and undertaken cost optimization as we continue to position the Bank for future growth.

In 2019, the Bank has recognized total provisions of AED701m which include significant charges necessary to address legacy issues; consequently, UAB’s full year financial results have been impacted with the Bank reporting a Net Loss of AED471m.

The Board and Management Team remain fully committed to the Bank and ultimately generate sustainable returns on a consistent basis for shareholders over the medium term.

The Board of Directors recommend the following appropriations for the year ended 31 December 2019:

|  |  |  |
| --- | --- | --- |
|   | **2018** | **2019** |
|  | **AED’000** | **AED’000** |
| **Opening balance in Accumulated Losses at 1 January** | **(153,940)** | **(426,926)** |
| Impact of adopting IFRS 9 at 1 January 2018 | (330,119) | N/a |
| Restated balance in Accumulated Losses at 1 January | (484,059) | (426,926) |
| Profit / (Loss) for the year | 77,227 | (470,753) |
| Transfers from revaluation reserve | 39 | 38 |
| Rights issue cost | (2,216) | (222) |
| Loss on sale of equity reclassified from changes in fair value | (2,471) | 0 |
|   |  |  |
| Balance available for appropriation | **(411,480)** | **(897,863)** |
|   |  |  |
| Transfer to Special Reserve | (7,723) | 0 |
| Transfer to Statutory Reserve | (7,723) | 0 |
| Director's remuneration | 0 | 0 |
|   |  |  |
| **Closing balance in Accumulated Losses at 31 December** | **(426,926)** | **(897,863)** |

After the proposed appropriations, and subject to the General Assembly’s approval, total Shareholders’ funds will decrease to AED2,160m at 31 December 2019 compared to AED2,529m at the end of 2018. The Directors’ propose no dividend distribution for the year 2019.

To the best of our knowledge, the financial information included in the report fairly presents in all material respects the financial condition, results of operation and cash flows of the Bank as of, and for, the periods presented in the accompanied financial statements for the year ended 31 December 2019.

On behalf of the Board of Directors whose unwavering commitment and guidance remain invaluable, my sincere appreciation goes to our valued customers and shareholders for their patronage, the top management and the employees for their commitment and dedication, and to the Central Bank of UAE for regulating and supporting the UAE banking sector.

In conclusion, we wish to express our appreciation to the President of the United Arab Emirates, His Highness Sheikh Khalifa Bin Zayed Al Nahyan for his leadership, vision and support. We also wish to thank His Highness Sheikh Mohammed Bin Rashid Al Maktoum, UAE Vice President, Prime Minister and Ruler of Dubai, His Highness Sheikh General Sheikh Mohammed Bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces and His Highness Sheikh Dr. Sultan Bin Mohammed Al Qassimi, Ruler of Sharjah for their support and guidance.

**Faisal Bin Sultan Bin Salem Al Qassimi**

Chairman