

**NATIONAL BANK OF  
UMM AL-QAIWAIN (PSC)  
AND SUBSIDIARY**

**Review report and condensed consolidated interim  
financial statements**

**For the period ended 31 March 2024**

# **National Bank of Umm Al-Qaiwain (PSC) and Subsidiary**

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## **Review report and condensed consolidated interim financial statements**

**For the three months period ended 31 March 2024 (Unaudited)**

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## **REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF NATIONAL BANK OF UMM AL-QAIWAIN PSC AND SUBSIDIARY**

### **Introduction**

We have reviewed the accompanying condensed consolidated interim financial statements of National Bank of Umm Al-Qaiwain PSC (the “Bank”) and its subsidiary (collectively referred to as the “Group”), which comprise the consolidated interim statement of financial position as at 31 March 2024 and the related consolidated interim income statement, consolidated interim statement of comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34.

For Ernst & Young



Signed by:  
Anthony O’Sullivan  
Partner  
Registration No: 687

17 April 2024

Sharjah, United Arab Emirates

National Bank of Umm Al-Qaiwain (PSC) and Subsidiary  
 CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION  
 As at 31 March 2024 (Unaudited)

	Notes	31 March 2024 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
<b>ASSETS</b>			
Cash and balances with the U.A.E. Central Bank	4	2,125,557	2,210,574
Due from other banks	5	4,024,541	3,672,158
Loans and advances and Islamic financing receivables	6	6,778,412	6,990,754
Investments	7	1,447,692	1,442,883
Customers' acceptances		167,858	186,860
Property and equipment		71,653	71,468
Other assets	8	213,369	202,462
<b>TOTAL ASSETS</b>		<b>14,829,082</b>	<b>14,777,159</b>
<b>LIABILITIES</b>			
Due to other banks	9	282	259
Customers' deposits and Islamic customer deposits	10	8,852,211	8,729,229
Customers' acceptances		167,858	186,860
Other liabilities	11	266,631	219,870
<b>TOTAL LIABILITIES</b>		<b>9,286,982</b>	<b>9,136,218</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	12	2,000,000	2,000,000
Statutory reserve		1,019,266	1,019,266
General reserve		6,440	6,440
Impairment reserve -general	14	72,601	74,797
Cumulative change in fair values		400,784	388,254
Retained earnings		2,043,009	2,152,184
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>5,542,100</b>	<b>5,640,941</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>14,829,082</b>	<b>14,777,159</b>



Rashid Bin Saud Al Mualla  
Chairman



Adnan Al Awadhi  
Chief Executive Officer

The attached notes 1 to 25 form an integral part of these condensed consolidated interim financial statements.  
 The independent auditor's report on review of the condensed consolidated interim financial statements is set out on page 3.

National Bank of Umm Al-Qaiwain (PSC) and Subsidiary

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the three months period ended 31 March 2024 (Unaudited)

	<i>Notes</i>	<i>Three months period ended 31 March (Unaudited)</i>	
		<i>2024 AED '000</i>	<i>2023 AED '000</i>
Interest income		229,786	165,796
Income from Islamic financing products		2,854	3,784
<b>Total interest income and income from Islamic financing products</b>		<b>232,640</b>	<b>169,580</b>
Interest expense		(56,834)	(30,768)
Distribution to depositors – Islamic products		(15)	(156)
<b>Net interest income and income from Islamic products net of distribution to depositors</b>		<b>175,791</b>	<b>138,656</b>
Net fees and commission income		6,761	8,146
Other operating income		62,895	8,658
<b>Gross income</b>		<b>245,447</b>	<b>155,460</b>
Operating expenses		(41,981)	(38,866)
Investment gains		44,801	34,058
<b>Operating income</b>		<b>248,267</b>	<b>150,652</b>
Net impairment losses	16	(59,812)	(11,494)
<b>Profit before tax</b>		<b>188,455</b>	<b>139,158</b>
Income tax expenses		(12,720)	-
<b>Profit for the period</b>		<b>175,735</b>	<b>139,158</b>
<b>Basic and diluted earnings per share (AED)</b>	17	<b>0.09</b>	<b>0.07</b>

The attached notes 1 to 25 form an integral part of these condensed consolidated interim financial statements.

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National Bank of Umm Al-Qaiwain (PSC) and Subsidiary

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the three months period ended 31 March 2024 (Unaudited)

	<i>Notes</i>	<i>Three months period ended 31 March (Unaudited)</i>	
		<i>2024 AED '000</i>	<i>2023 AED '000</i>
<b>PROFIT FOR THE PERIOD</b>		<b>175,735</b>	139,158
Other comprehensive income			
<i>Items that will not be reclassified subsequently to income statement</i>			
Net fair value gain/(loss) on investment securities carried at FVTOCI - equity		<b>25,424</b>	(51,835)
Other comprehensive income/(loss) for the period		<b>25,424</b>	(51,835)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>201,159</b>	87,323

The attached notes 1 to 25 form an integral part of these condensed consolidated interim financial statements.  
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National Bank of Umm Al-Qaiwain (PSC) and Subsidiary

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the three months period ended 31 March 2024 (Unaudited)

	<i>Share change in capital AED '000</i>	<i>Statutory reserve AED '000</i>	<i>General reserve AED '000</i>	<i>Impairment Reserve - general AED '000</i>	<i>Cumulative change in fair values AED '000</i>	<i>Retained earnings AED '000</i>	<i>Total AED '000</i>
Balance as at 1 January 2024 (audited)	2,000,000	1,019,266	6,440	74,797	388,254	2,152,184	5,640,941
Profit for the period	-	-	-	-	-	175,735	175,735
Other comprehensive income for the period	-	-	-	-	25,424	-	25,424
Total comprehensive income for the period	-	-	-	-	25,424	175,735	201,159
Reversal of provision under U.A.E Central Bank requirement over IFRS 9 requirement	-	-	-	(2,196)	-	2,196	-
Sale of FVOCI equity	-	-	-	-	(12,894)	12,894	-
Dividend paid (Note 13)	-	-	-	-	-	(300,000)	(300,000)
<b>Balance as at 31 March 2024 (unaudited)</b>	<b>2,000,000</b>	<b>1,019,266</b>	<b>6,440</b>	<b>72,601</b>	<b>400,784</b>	<b>2,043,009</b>	<b>5,542,100</b>

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National Bank of Umm Al-Qaiwain (PSC) and Subsidiary

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (continued)

For the three months period ended 31 March 2024 (Unaudited)

	<i>Share capital AED '000</i>	<i>Statutory reserve AED '000</i>	<i>General reserve AED '000</i>	<i>Impairment reserve - general AED '000</i>	<i>Cumulative change in fair values AED '000</i>	<i>Retained earnings AED '000</i>	<i>Total AED '000</i>
Balance as at 1 January 2023 (audited)	2,000,000	1,019,266	6,440	34,586	383,710	1,883,018	5,327,020
Profit for the period	-	-	-	-	-	139,158	139,158
Other comprehensive loss for the period	-	-	-	-	(51,835)	-	(51,835)
Total comprehensive (loss)/income for the period	-	-	-	-	(51,835)	139,158	87,323
Additional provision under U.A.E Central Bank requirement over IFRS 9 requirement	-	-	-	36,080	-	(36,080)	-
Dividend paid (Note 13)	-	-	-	-	-	(200,000)	(200,000)
Balance as at 31 March 2023 (unaudited)	<u>2,000,000</u>	<u>1,019,266</u>	<u>6,440</u>	<u>70,666</u>	<u>331,875</u>	<u>1,786,096</u>	<u>5,214,343</u>

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# National Bank of Umm Al-Qaiwain (PSC) and Subsidiary

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the three months period ended 31 March 2024 (Unaudited)

		<i>Three months period ended 31 March (Unaudited)</i>	
		2024	2023
		AED '000	AED '000
	Notes		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the period		175,735	139,158
Adjustments for:			
Provision for expected credit losses	16	56,157	11,494
Depreciation of property and equipment		3,744	3,211
Depreciation of right of use asset		432	432
Provision for impairment of assets acquired in settlement of debt	16	3,655	-
Provision for employee end of service benefits		581	436
Decrease in fair value of investment in securities at FVTPL		2,997	603
Premium amortised on investment securities		(682)	(264)
Dividend income	22	(47,234)	(34,397)
Profit on disposal of property and equipment		(58)	(11)
Gain on disposal of assets acquired in settlement of debt		(1,348)	-
Share of loss/(profit) from an associate		120	(2)
Finance cost on lease liability		10	18
		<u>194,109</u>	<u>120,678</u>
Operating cash flows before movements in working capital			
Increase in deposits with original maturity greater than 3 months		(595,026)	(146,920)
(Increase)/Decrease in statutory deposit with CBUAE		(15,652)	27,218
Payment of employee end of service benefits		(330)	(309)
Proceeds from disposal of assets acquired in settlement of debt		2,600	-
Decrease in loans and advances and Islamic financing receivables		154,315	48,624
Increase in other assets		9,260	(97,666)
Increase in customers' deposits		122,982	320,327
Increase in other liabilities		49,478	160,429
		<u>(78,264)</u>	<u>432,381</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(4,377)	(3,997)
Proceeds from disposal of property and equipment		76	11
Purchase of investment securities		(17,499)	(54,131)
Proceed from maturity and disposal of investment securities		35,637	84,479
Dividend received from investment securities		22,162	12,685
		<u>35,999</u>	<u>39,047</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid	13	(300,000)	(200,000)
Lease payments		(452)	(58)
		<u>(300,452)</u>	<u>(200,058)</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(342,717)</b>	<b>271,370</b>
Cash and cash equivalents at the beginning of the period		<u>3,927,853</u>	<u>3,999,860</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>3,585,136</b>	<b>4,271,230</b>
	18	<u><u>3,585,136</u></u>	<u><u>4,271,230</u></u>

The attached notes 1 to 25 form an integral part of these condensed consolidated interim financial statements.

The independent auditor's report on review of the condensed consolidated interim financial statements is set out on page 3.

# National Bank of Umm Al-Qaiwain (PSC) and Subsidiary

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2024 (Unaudited)

### 1 GENERAL INFORMATION

National Bank of Umm Al-Qaiwain (PSC) (the “Bank”) is a Public Shareholding Company incorporated in the Emirate of Umm Al-Qaiwain (“UAQ”) in the United Arab Emirates (“U.A.E.”) by Amiri Decree Number (1) on 5 January 1982, issued by His Highness, the Ruler of Umm Al-Qaiwain, and commenced its operations with effect from 1 August 1982. National Bank of Umm Al-Qaiwain (PSC), and its subsidiary, Twin Towns Marketing Management L.L.C. are together referred to as the “Group”. The address of the Bank’s registered Head Office is P.O. Box 800, Umm Al-Qaiwain, United Arab Emirates.

The Bank is engaged in providing retail and corporate banking services through a network of 11 branches in the U.A.E. The Group carries out Islamic banking operations through Islamic banking window established in 2005 across all its branch network.

The condensed consolidated interim financial statements of the Group for the three months period ended 31 March 2024 were authorised and approved for issue by the Board of Directors on 17 April 2024 by circulation.

### 2 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, except for those stated below. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2024, but do not have any material impacts on the interim condensed consolidated financial statements of the Group.

#### 2.1 Taxation

Income tax expense comprises of current and deferred tax. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime is effective for accounting periods beginning on or after 1 June 2023 and the law is now considered to be substantively enacted from the perspective of IAS 12 – Income taxes. As the Group’s accounting year ends on 31 December, the first tax period is 1 January 2024 to 31 December 2024, with the first return to be filed on or before 30 September 2025. A rate of 9% will apply to taxable income exceeding AED 375,000, a rate of 0% will apply to taxable income not exceeding this threshold.

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date. Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income respectively and not in the statement of income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is recognised in respect of temporary differences at the reporting date between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Based on the assessment conducted by the Group, it has been determined that there are no deferred tax implications as at the reporting date.

## 2 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS (continued)

### 2.2 Standards issued but not yet effective

The new and amended standards and interpretations that are issued but not yet effective, up to the date of issuance of the Group's interim condensed consolidated financial statements are described below.

#### i. Lack of Exchangeability (Amendments to IAS 21) – 1 January 2025

The amendments to IAS 21 specify how to assess whether a currency is exchangeable and how to determine the exchange rate when it is not. Applying the amendments, a currency is not exchangeable into the other currency if an entity can only obtain no more than an insignificant amount of the other currency at the measurement date for a specified purpose. When a currency is not exchangeable at the measurement date, an entity is required to estimate the spot exchange as the rate that would have applied to an orderly exchange transaction and the measurement date between market participants under prevailing economic conditions. In that case, an entity is required to disclose information that enable users of its financial statements to evaluate how the currency's lack of exchangeability affect, or is expected to affect, the entity's financial performance, financial position, and cash flows.

The Group is currently evaluating these amendments. The Group will adopt it when the amendment becomes effective.

### 2.3 Key accounting estimates and judgments

The preparation of the condensed consolidated interim financial information requires management to make estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty, and actual results may therefore differ resulting in future changes in these estimates. In preparing the condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended 31 December 2023.

## 3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

### 3.1 BASIS OF PREPARATION

These condensed consolidated interim financial statements are prepared in accordance with International Accounting Standard No. 34 - *Interim Financial Reporting* issued by the International Accounting Standard Board and also comply with the applicable requirements of the laws in the U.A.E.

The condensed consolidated interim financial statements are prepared in accordance with the historical cost basis, except for the revaluation of certain financial instruments.

The condensed consolidated interim financial statements are presented in U.A.E. Dirhams (AED) as that is the functional currency in which the majority of the Group's transactions are denominated. All financial information presented in AED has been rounded off to the nearest thousand, unless otherwise stated.

These condensed consolidated interim financial statements do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group's annual audited consolidated financial statements as at and for the year ended 31 December 2023. In addition, results for the three months period ended 31 March 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

### 3.2 BASIS OF CONSOLIDATION

The condensed consolidated interim financial statements comprise the financial statements of the Bank and of the subsidiary as disclosed in Note 1. The financial year end for the subsidiary is the same as that of the Bank.

### 3.3 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies applied by the Group in the preparation of the condensed consolidated interim financial statements are consistent with those applied by the Group in the annual consolidated financial statements for the year ended 31 December 2023, except for changes in accounting policies explained in Note 2.1.

## National Bank of Umm Al-Qaiwain (PSC) and Subsidiary

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2024 (Unaudited)

#### 4 CASH AND BALANCES WITH CENTRAL BANK OF THE UAE

	<i>31 March 2024 AED'000 (Unaudited)</i>	<i>31 December 2023 AED'000 (Audited)</i>
<b>Balances with U.A.E. Central Bank:</b>		
Current account	27,582	36,376
Statutory cash reserve deposit	498,578	482,924
Monetary Bills	1,073,618	832,422
Overnight deposits	400,000	780,000
	<u>1,999,778</u>	<u>2,131,722</u>
Cash in hand	125,779	78,852
	<u>2,125,557</u>	<u>2,210,574</u>

The statutory deposit with the U.A.E. Central Bank is not available to finance the day to day operations of the Group.

#### 5 DUE FROM OTHER BANKS

	<i>31 March 2024 AED'000 (Unaudited)</i>	<i>31 December 2023 AED'000 (Audited)</i>
Term deposits	2,555,154	2,650,039
Demand deposits	20,349	27,915
Loans to financial institutions	1,450,835	995,383
	<u>4,026,338</u>	<u>3,673,337</u>
<b>Total due from other banks</b>	<b>4,026,338</b>	<b>3,673,337</b>
Provision for expected credit loss	(1,797)	(1,179)
	<u>4,024,541</u>	<u>3,672,158</u>
<b>Net due from other banks</b>	<b>4,024,541</b>	<b>3,672,158</b>
	<u>4,026,338</u>	<u>3,673,337</u>
<b>Gross amounts due from other banks by geographical area</b>		
Within U.A.E.	2,136,432	1,830,960
Within GCC	478,502	423,240
Other countries	1,411,404	1,419,137
	<u>4,026,338</u>	<u>3,673,337</u>

All amounts due from other banks were classified as Stage 1 (31 December 2023: Stage 1) with corresponding ECL of AED 1,797 thousand (31 December 2023: AED 1,179 thousand). There was no inter-stage movement in gross balances due from other banks during the period (31 December 2023: no inter-stage movement).

National Bank of Umm Al-Qaiwain (PSC) and Subsidiary

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2024 (Unaudited)

**6 LOANS AND ADVANCES AND ISLAMIC FINANCING RECEIVABLES**

	<i>31 March 2024 AED'000 (Unaudited)</i>	<i>31 December 2023 AED'000 (Audited)</i>
Loans	5,415,716	5,598,324
Overdrafts	694,164	775,728
Loans against trust receipts	181,846	146,736
Islamic financing products	136,275	145,100
Syndicated Loans	451,457	432,883
Other	61,721	73,793
<b>Total loans and advances and Islamic financing receivables</b>	<b>6,941,179</b>	<b>7,172,564</b>
Provision for expected credit loss	(162,767)	(181,810)
<b>Net loans and advances and Islamic financing receivables</b>	<b>6,778,412</b>	<b>6,990,754</b>

	<i>31 March 2024 AED'000 (Unaudited)</i>	<i>31 December 2023 AED'00 (Audited)</i>
<b>Gross loans and advances and Islamic financing receivables by economic sector</b>		
Real estate and construction	3,037,626	3,103,965
Services and other	1,329,627	1,492,048
Wholesale and retail trade	1,075,309	1,092,595
Manufacturing	389,226	385,689
Personal loans and other	399,969	408,287
Financial institutions	211,834	205,849
Transport and communication	206,851	211,240
Government	290,737	272,891
	<b>6,941,179</b>	<b>7,172,564</b>

**Movement in the gross balances of loans and advances and Islamic financing receivables**

	<i>Stage 1 AED'000</i>	<i>Stage 2 AED'000</i>	<i>Stage 3 AED'000</i>	<i>Total AED'000</i>
Gross carrying amount as at 31 December 2023	6,023,514	660,706	488,344	7,172,564
New assets originated or purchased	107,407	-	-	107,407
Assets derecognised or repaid	(243,399)	(12,920)	(5,403)	(261,722)
Transfer to Stage 1	5,836	(5,836)	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	(28)	-	28	-
Write off	-	-	(77,070)	(77,070)
<b>As at 31 March 2024 (unaudited)</b>	<b>5,893,330</b>	<b>641,950</b>	<b>405,899</b>	<b>6,941,179</b>

National Bank of Umm Al-Qaiwain (PSC) and Subsidiary

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2024 (Unaudited)

**6 LOANS AND ADVANCES AND ISLAMIC FINANCING RECEIVABLES (continued)**

**Movement in the gross balances of loans and advances and Islamic financing receivables (continued)**

	<i>Stage 1</i> <i>AED'000</i>	<i>Stage 2</i> <i>AED'000</i>	<i>Stage 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Gross carrying amount as at 31 December 2022	5,461,704	495,712	622,672	6,580,088
New assets originated or purchased	1,367,986	8,721	-	1,376,707
Assets derecognised or repaid	(387,274)	(61,664)	(73,115)	(522,053)
Transfer to Stage 1	30,891	(30,891)	-	-
Transfer to Stage 2	(361,077)	397,300	(36,223)	-
Transfer to Stage 3	(88,716)	(148,472)	237,188	-
Write off	-	-	(262,178)	(262,178)
<b>As at 31 December 2023</b>	<b>6,023,514</b>	<b>660,706</b>	<b>488,344</b>	<b>7,172,564</b>

**Movement in the provision for expected credit loss of loans and advances and Islamic financing receivables:**

	<i>Stage 1</i> <i>AED'000</i>	<i>Stage 2</i> <i>AED'000</i>	<i>Stage 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
ECL allowances as at 31 December 2023	<b>47,727</b>	<b>33,347</b>	<b>100,736</b>	<b>181,810</b>
Net impairment charged during the period	(58)	5,753	53,871	59,566
Recoveries	-	-	(1,539)	(1,539)
Transfer to Stage 2	57	(57)	-	-
Written off	-	-	(77,070)	(77,070)
<b>Closing Balance as at 31 March 2024 (unaudited)</b>	<b>47,726</b>	<b>39,043</b>	<b>75,998</b>	<b>162,767</b>

	<i>Stage 1</i> <i>AED'000</i>	<i>Stage 2</i> <i>AED'000</i>	<i>Stage 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
ECL allowances as at 31 December 2022	41,744	68,820	223,281	333,845
Net impairment charged during the period	7,834	211	127,978	136,023
Recoveries	-	-	(25,880)	(25,880)
Transfer to Stage 1	2,221	(2,221)	-	-
Transfer to Stage 2	(4,072)	4,072	-	-
Transfer to Stage 3	-	(37,535)	37,535	-
Written off	-	-	(262,178)	(262,178)
Closing Balance as at 31 December 2023	47,727	33,347	100,736	181,810

## National Bank of Umm Al-Qaiwain (PSC) and Subsidiary

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2024 (Unaudited)

#### 6 LOANS AND ADVANCES AND ISLAMIC FINANCING RECEIVABLES (continued)

Grading of loans and advances and Islamic financing receivables along with stages:

	<i>31 March 2024 (unaudited)</i>			
	<i>Stage 1</i> <i>AED'000</i>	<i>Stage 2</i> <i>AED'000</i>	<i>Stage 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Performing (Grades 1-8)	5,893,330	97	-	5,893,427
Performing Watchlist (9-12)	-	641,853	-	641,853
Sub Standard (Grade 13)	-	-	95,260	95,260
Doubtful (Grade 14)	-	-	49,581	49,581
Loss (Grades 15)	-	-	261,058	261,058
	<u>5,893,330</u>	<u>641,950</u>	<u>405,899</u>	<u>6,941,179</u>
Total gross carrying amount	5,893,330	641,950	405,899	6,941,179
Expected credit loss	(47,726)	(39,043)	(75,998)	(162,767)
	<u>5,845,604</u>	<u>602,907</u>	<u>329,901</u>	<u>6,778,412</u>
Carrying amount	<u>5,845,604</u>	<u>602,907</u>	<u>329,901</u>	<u>6,778,412</u>
	<i>31 December 2023 (Audited)</i>			
	<i>Stage 1</i> <i>AED'000</i>	<i>Stage 2</i> <i>AED'000</i>	<i>Stage 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Performing (Grades 1-8)	6,023,514	5,830	-	6,029,344
Performing Watchlist (9-12)	-	654,876	-	654,876
Sub Standard (Grade 13)	-	-	98,899	98,899
Doubtful (Grade 14)	-	-	150,715	150,715
Loss (Grades 15)	-	-	238,730	238,730
	<u>6,023,514</u>	<u>660,706</u>	<u>488,344</u>	<u>7,172,564</u>
Total gross carrying amount	6,023,514	660,706	488,344	7,172,564
Expected credit loss	(47,727)	(33,347)	(100,736)	(181,810)
	<u>5,975,787</u>	<u>627,359</u>	<u>387,608</u>	<u>6,990,754</u>
Carrying amount	<u>5,975,787</u>	<u>627,359</u>	<u>387,608</u>	<u>6,990,754</u>

The non-performing loans as at 31 March 2024 amounted to AED 405,899 thousand (31 December 2023: AED 488,344 thousand) which is well covered by collateral of AED 1,133,426 thousand (31 December 2023: AED 1,177,955 thousand) and impairment of AED 162,767 thousand (31 December 2023: AED 181,810 thousand) aggregating to AED 1,296,193 thousand (31 December 2023: AED 1,359,765 thousand) which is 3.19 times (31 December 2023: 2.78 times) of the non-performing loans.

#### 7 INVESTMENTS

Investment securities comprise the following:

	<i>31 March</i> <i>2024</i> <i>AED'000</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2023</i> <i>AED'000</i> <i>(Audited)</i>
<b>Securities at FVTPL</b>		
Quoted equity securities	20,699	23,780
Discretionary funds managed by third parties – quoted equity securities	215	211
	<u>20,914</u>	<u>23,991</u>

## National Bank of Umm Al-Qaiwain (PSC) and Subsidiary

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2024 (Unaudited)

#### 7 INVESTMENTS (continued)

	<i>31 March 2024 AED'000 (Unaudited)</i>	<i>31 December 2023 AED'000 (Audited)</i>
<b>Securities at FVTOCI</b>		
Quoted equity securities	899,747	912,772
Unquoted equity securities	45,176	42,232
	<u>944,923</u>	<u>955,004</u>
<b>Securities at amortised cost</b>		
Quoted debt instruments	482,008	463,879
<b>Total investment securities</b>	<b>1,447,845</b>	1,442,874
Provision for expected credit loss	(453)	(411)
<b>Net investment securities</b>	<b>1,447,392</b>	1,442,463
Investment in associate	300	420
<b>Net investments</b>	<b>1,447,692</b>	<b>1,442,883</b>
<b>Gross investment securities by geographical area</b>		
	<i>31 March 2024 AED'000 (Unaudited)</i>	<i>31 December 2023 AED'000 (Audited)</i>
Within U.A.E.	1,235,606	1,199,960
Within GCC	168,256	201,875
Other countries	43,983	41,039
	<u>1,447,845</u>	<u>1,442,874</u>

All debt investments are classified as Stage 1 (31 December 2023: Stage 1) with corresponding ECL of AED 453 thousand (31 December 2023: AED 411 thousand).

Quoted debt securities aggregating AED 482,008 thousand (31 December 2023: AED 463,879 thousand) represent the Group's investments in bonds and notes which are quoted on recognized exchanges and prices of which are available on internationally recognized platforms of Reuters and Bloomberg and are liquid in normal market conditions.

#### 8 OTHER ASSETS

	<i>31 March 2024 AED'000 (Unaudited)</i>	<i>31 December 2023 AED'000 (Audited)</i>
Assets acquired in settlement of debt*	73,897	78,804
Interest receivable	73,078	55,422
Prepayments and deposits	33,505	58,191
Others	32,889	10,045
	<u>213,369</u>	<u>202,462</u>

\* The Group has recorded an impairment on its assets acquired in settlement of debt amounting to AED 3,655 thousand during period ended 31 March 2024 (31 December 2023: AED 850 thousand).



## National Bank of Umm Al-Qaiwain (PSC) and Subsidiary

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2024 (Unaudited)

#### 9 DUE TO OTHER BANKS

	<i>31 March 2024 AED'000 (Unaudited)</i>	<i>31 December 2023 AED'000 (Audited)</i>
Demand deposits	<b>282</b>	259
	<b>282</b>	259

#### By geographical area

	<i>31 March 2024 AED'000 (Unaudited)</i>	<i>31 December 2023 AED'000 (Audited)</i>
Other countries outside U.A.E.	<b>282</b>	259
	<b>282</b>	259

#### 10 CUSTOMERS' DEPOSITS AND ISLAMIC CUSTOMER'S DEPOSITS

	<i>31 March 2024 AED'000 (Unaudited)</i>	<i>31 December 2023 AED'000 (Audited)</i>
Time deposits	<b>5,534,053</b>	5,524,965
Current accounts	<b>3,048,387</b>	2,923,100
Savings deposits	<b>161,611</b>	163,277
Islamic customers' deposits	<b>60,129</b>	62,635
Margin deposits	<b>48,031</b>	55,252
	<b>8,852,211</b>	8,729,229

#### 11 OTHER LIABILITIES

	<i>31 March 2024 AED'000 (Unaudited)</i>	<i>31 December 2023 AED'000 (Audited)</i>
Accounts payable	<b>27,582</b>	29,147
Interest payable	<b>94,733</b>	79,546
Provision for employees' end of service benefits	<b>21,649</b>	21,398
Other staff benefits	<b>2,783</b>	1,096
Dividend payable	<b>8,723</b>	8,723
Provision for expected credit loss on acceptance	<b>195</b>	331
Provision for expected credit loss on commitments and contingencies (Note 15)	<b>3,988</b>	6,382
Cheques on selves	<b>62,545</b>	50,445
Lease Liability	<b>1,900</b>	1,948
Provision for income tax	<b>12,720</b>	-
Other	<b>29,813</b>	20,854
	<b>266,631</b>	219,870

## National Bank of Umm Al-Qaiwain (PSC) and Subsidiary

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2024 (Unaudited)

#### 12 SHARE CAPITAL

	<i>31 March 2024 AED'000 (Unaudited)</i>	<i>31 December 2023 AED'000 (Audited)</i>
Issued and fully paid:		
2,000 million ordinary shares of AED 1 each (2023- 2,000 million ordinary shares of AED 1 each)	<u>2,000,000</u>	<u>2,000,000</u>

#### 13 DIVIDENDS

At the Annual General Meeting held on 11 March 2024, the Shareholders approved dividend of 15% amounting to AED 300 million for the year ended 31 December 2023 (2022: AED 200 million).

#### 14 GENERAL RESERVE

The Group maintains a general reserve and the contributions to this reserve are made at the discretion of the Directors. This reserve may be utilised for any purpose to be determined by a resolution of the shareholders of the Group at an Ordinary General Meeting.

##### Impairment Reserve under the CBUAE

The CBUAE issued its IFRS 9 guidance on 30 April 2018 via notice no. CBUAE/BSD/2018/458 addressing various implementation challenges and practical implications for banks adopting IFRS 9 in the UAE (the "Guidance"). Pursuant to clause 6.4 of the guidance, the reconciliation between general and specific provision under circular 28/2010 of CBUAE and IFRS 9 is as follows:

	<i>31 March 2024 AED '000 (Unaudited)</i>	<i>31 December 2023 AED '000 (Audited)</i>
<b>Impairment Reserve: General</b>		
General Provisions under Circular 28/2010 of CBUAE	159,370	155,871
Less: Stage 1 & Stage 2 provisions under IFRS 9*	<u>(86,769)</u>	<u>(81,074)</u>
<b>Impairment Reserve: General</b>	<u>72,601</u>	<u>74,797</u>
	<i>31 March 2024 AED '000 (Unaudited)</i>	<i>31 December 2023 AED '000 (Audited)</i>
<b>Impairment Reserve: Specific</b>		
Specific Provisions under Circular 28/2010 of CBUAE	75,998	100,736
Less: Stage 3 provisions under IFRS 9	<u>(75,998)</u>	<u>(100,736)</u>
<b>Impairment Reserve: Specific</b>	<u>-</u>	<u>-</u>

\* Contains stage 1 and stage 2 provisions for loans and advances and Islamic receivables only.

# National Bank of Umm Al-Qaiwain (PSC) and Subsidiary

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2024 (Unaudited)

### 15 COMMITMENTS AND CONTINGENCIES

a) The contractual amounts of the Group's commitments and contingencies are as follows:

	<i>31 March 2024 AED '000 (Unaudited)</i>	<i>31 December 2023 AED '000 (Audited)</i>
Guarantees	<b>1,594,690</b>	1,602,730
Letters of credit	<b>86,105</b>	102,471
	<b>1,680,795</b>	1,705,201
Commitments to extend credit	<b>1,334,695</b>	1,035,117
Other	<b>21,612</b>	21,480
	<b>3,037,102</b>	2,761,798

#### Gross commitments and contingent liabilities by geographical area

	<i>31 March 2024 AED '000 (Unaudited)</i>	<i>31 December 2023 AED '000 (Audited)</i>
Within the U.A.E.	<b>2,954,062</b>	2,658,634
Outside the U.A.E.	<b>83,040</b>	103,164
	<b>3,037,102</b>	2,761,798

#### Movement in the gross balance of commitment and contingencies

	<i>Stage 1 AED'000</i>	<i>Stage 2 AED'000</i>	<i>Stage 3 AED'000</i>	<i>Total AED'000</i>
Gross carrying amount - 1 January 2023	<b>1,632,332</b>	<b>1,724</b>	<b>71,145</b>	<b>1,705,201</b>
Increase in commitments	<b>107,750</b>	-	-	<b>107,750</b>
Decrease in commitments	<b>(130,592)</b>	<b>(1,165)</b>	<b>(399)</b>	<b>(132,156)</b>
Transferred from Stage 1	-	-	-	-
Transferred from Stage 2	-	-	-	-
Transferred from Stage 3	<b>(535)</b>	-	<b>535</b>	-
<b>Gross carrying amount – 31 March 2024</b>	<b>1,608,955</b>	<b>559</b>	<b>71,281</b>	<b>1,680,795</b>

	<i>Stage 1 AED'000</i>	<i>Stage 2 AED'000</i>	<i>Stage 3 AED'000</i>	<i>Total AED'000</i>
Gross carrying amount - 1 January 2023	1,623,772	17,043	41,529	1,682,344
Increase in commitments	354,779	1,461	935	357,175
Decrease in commitments	(326,003)	(6,710)	(1,605)	(334,318)
Transferred from Stage 1	74	-	(74)	-
Transferred from Stage 2	(406)	406	-	-
Transferred from Stage 3	(19,884)	(10,476)	30,360	-
<b>Gross carrying amount – 31 December 2023</b>	<b>1,632,332</b>	<b>1,724</b>	<b>71,145</b>	<b>1,705,201</b>

National Bank of Umm Al-Qaiwain (PSC) and Subsidiary

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2024 (Unaudited)

**15 COMMITMENTS AND CONTINGENCIES (continued)**

**Movement in the expected credit loss of commitment and contingencies:**

	<i>Stage 1</i> <i>AED'000</i>	<i>Stage 2</i> <i>AED'000</i>	<i>Stage 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
ECL allowances as at 31 December 2023	6,382	-	-	6,382
Increase in commitments	800	-	535	1,335
Decrease in commitments	(3,673)	-	(56)	(3,729)
Transfer to Stage 3	(1)	-	1	-
<b>Closing balance as at 31 March 2024</b>	<b>3,508</b>	<b>-</b>	<b>480</b>	<b>3,988</b>

  

	<i>Stage 1</i> <i>AED'000</i>	<i>Stage 2</i> <i>AED'000</i>	<i>Stage 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
ECL allowances as at 31 December 2022	2,413	98	-	2,511
Increase in commitments	4,819	-	-	4,819
Decrease in commitments	(815)	(63)	(70)	(948)
Transfer to Stage 3	(35)	(35)	70	-
<b>Closing balance as at 31 December 2023</b>	<b>6,382</b>	<b>-</b>	<b>-</b>	<b>6,382</b>

The provision for ECL against the off-balance sheet exposures disclosed above, amounting to AED 3,988 thousand, (2023: AED 6,382 thousand) is classified under other liabilities.

**Grading of commitment and contingencies along with stages:**

	<i>31 March 2024 (Unaudited)</i>			
	<i>Stage 1</i> <i>AED'000</i>	<i>Stage 2</i> <i>AED'000</i>	<i>Stage 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Performing (Grades 1-8)	1,608,956	-	-	1,608,956
Performing watch list (Grades 9-12)	-	559	-	559
Sub Standard (Grade 13)	-	-	20,716	20,716
Doubtful (Grade 14)	-	-	1,164	1,164
Loss (Grades 15)	-	-	49,400	49,400
<b>Total gross carrying amount</b>	<b>1,608,956</b>	<b>559</b>	<b>71,280</b>	<b>1,680,795</b>
Expected credit loss	(3,508)	-	(480)	(3,988)
<b>Carrying amount</b>	<b>1,605,448</b>	<b>559</b>	<b>70,800</b>	<b>1,676,807</b>

## National Bank of Umm Al-Qaiwain (PSC) and Subsidiary

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2024 (Unaudited)

#### 15 COMMITMENTS AND CONTINGENCIES (continued)

##### Grading of commitment and contingencies along with stages: (continued)

	<i>31 December 2023 (Audited)</i>			
	<i>Stage 1</i> <i>AED'000</i>	<i>Stage 2</i> <i>AED'000</i>	<i>Stage 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Performing (Grades 1-8)	1,632,332	1,461	-	1,633,793
Performing watch list (Grades 9-12)	-	263	-	263
Sub Standard (Grade 13)	-	-	19,825	19,825
Doubtful (Grade 14)	-	-	8,777	8,777
Loss (Grades 15)	-	-	42,543	42,543
Total gross carrying amount	1,632,332	1,724	71,145	1,705,201
Expected credit loss	(6,382)	-	-	(6,382)
Carrying amount	1,625,950	1,724	71,145	1,698,819

At 31 March 2024, the Group has capital commitments of AED 4,151 thousand (31 December 2023: AED 5,865 thousand).

#### 16 NET IMPAIRMENT LOSSES

	<i>Three months period ended</i> <i>31 March (Unaudited)</i>	
	<i>2024</i> <i>AED '000</i>	<i>2023</i> <i>AED '000</i>
Loans and advances and Islamic financing receivables	58,027	10,053
Due from other banks	618	132
Investment securities	42	380
Acceptances and off-balance sheet items	(2,530)	929
Impairment of asset acquired in settlement of debt	3,655	-
	59,812	11,494

#### 17 BASIC AND DILUTED EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the profit attributable to shareholders by the average number of ordinary shares in issue during the year.

	<i>Three months period ended</i> <i>31 March (unaudited)</i>	
	<i>2024</i> <i>AED'000</i>	<i>2023</i> <i>AED'000</i>
Profit for the period (in AED '000)	175,735	139,158
Weighted average number of shares ('000)	2,000,000	2,000,000
Basic and diluted earnings per share (in AED)	0.09	0.07

There were no potential dilutive shares as at 31 March 2024 and 31 March 2023.

## National Bank of Umm Al-Qaiwain (PSC) and Subsidiary

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2024 (Unaudited)

#### 18 CASH AND CASH EQUIVALENTS

	<i>31 March (Unaudited)</i>	
	<i>2024</i> <i>AED'000</i>	<i>2023</i> <i>AED'000</i>
Cash and balances with the Central bank of the UAE (Note 4)	<b>2,125,557</b>	3,005,375
Due from other banks (Note 5)	<b>4,026,338</b>	3,089,676
	<b>6,151,895</b>	6,095,051
Statutory deposit (Note 4)	<b>(498,578)</b>	(275,214)
Due from other banks with original maturity greater than three months	<b>(2,067,899)</b>	(1,318,607)
Due to other banks (Note 9)	<b>(282)</b>	(230,000)
	<b>3,585,136</b>	4,271,230

#### 19 RELATED PARTY TRANSACTIONS

The Group carries out transactions in the ordinary course of business with related parties, defined as shareholders who have a significant equity interest in the Group, all Directors of the Group and companies in which such shareholders and Directors have significant interest and key management personnel of the Group.

During the period, the Group entered into the following significant transactions with related parties in the ordinary course of business.

	<i>Three months period ended</i> <i>31 March (unaudited)</i>	
	<i>2024</i> <i>AED'000</i>	<i>2023</i> <i>AED'000</i>
Interest income	<b>14</b>	533
Interest expense	<b>36,714</b>	20,313
Other income	<b>5</b>	193
Directors' fees	<b>750</b>	750
<b>Remuneration of key management personnel</b>	<b>1,170</b>	1,224
	<b>2024</b> <b>AED'000</b>	<b>2023</b> <b>AED'000</b>
Salaries and other short-term benefits	<b>1,125</b>	1,199
Employee end of service benefits	<b>45</b>	25

The Group has entered into transactions with related parties which were made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with third parties.

Outstanding balances at the end of reporting date from transactions with related parties are as follows

	<i>31 March</i> <i>2024</i> <i>AED '000</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2023</i> <i>AED '000</i> <i>(Audited)</i>
Loans and advances and Islamic financing receivables	<b>4,852</b>	4,766
Customer deposits and Islamic customer deposits	<b>4,156,371</b>	4,090,250
Irrevocable commitments and contingent liabilities	<b>5,797</b>	2,677

## National Bank of Umm Al-Qaiwain (PSC) and Subsidiary

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2024 (Unaudited)

#### 19 RELATED PARTY TRANSACTIONS (continued)

	<i>31 March 2024 AED '000 (Unaudited)</i>	<i>31 December 2023 AED '000 (Audited)</i>
<b>Key Management</b>		
Loans and advances and Islamic financing receivables	<b>197</b>	240
Customer deposits and Islamic customer deposits	<b>519</b>	550

The loans and advances and Islamic financing receivables given to related parties have been secured against collateral amounting to AED 72,295 thousand (2023: AED 72,295 thousand). All loans and advances to related parties are classified as Stage 1 (31 December 2023: Stage 1) with corresponding ECL of AED 38 thousand (31 December 2023: AED 44 thousand).

#### 20 BUSINESS SEGMENTS

The Group is organised into two main business segments:

Retail and corporate banking - wherein retail banking comprises private customer current accounts, savings accounts, deposits, credit and debit cards, customer loans and mortgages. Corporate banking involves transactions with corporate bodies including government and public bodies and comprises loans, advances, deposits and trade finance transactions.

Treasury and investments - incorporating the activities of the dealing room, related money market, foreign exchange transactions with other banks and financial institutions including the U.A.E. Central Bank and operations by the Bank's Head Office as a whole, none of which mutually constitute a separately reportable segment.

Others- Other consists of assets, liabilities, income and expenses attributable to either head office or not directly related to business segments.

Transactions between the business segments are on normal commercial terms and conditions. There are no material items of income and expense arising between the business segments. Segment assets and liabilities comprise operating assets and liabilities, being the majority of the condensed consolidated statement of financial position items.

##### Primary segment information

<b>Three months period ended 31 March 2024 (Unaudited)</b>	<i>Retail and corporate banking AED'000</i>	<i>Treasury and investments AED'000</i>	<i>Others AED'000</i>	<i>Total AED'000</i>
Net interest income and income from Islamic products net of distribution to depositors	<b>87,730</b>	<b>88,061</b>	-	<b>175,791</b>
Net fees and commission income	<b>7,000</b>	-	<b>(239)</b>	<b>6,761</b>
Other operating income	<b>5</b>	<b>1,419</b>	<b>61,471</b>	<b>62,895</b>
<b>Gross income</b>	<b>94,735</b>	<b>89,480</b>	<b>61,232</b>	<b>245,447</b>
Operating expenses	<b>(12,176)</b>	<b>(598)</b>	<b>(29,207)</b>	<b>(41,981)</b>
Investment gains	-	<b>44,921</b>	<b>(120)</b>	<b>44,801</b>
Provision for impairment on financial assets and non-financial assets	<b>(54,969)</b>	<b>(708)</b>	<b>(4,135)</b>	<b>(59,812)</b>
Income tax expense	-	-	<b>(12,720)</b>	<b>(12,720)</b>
<b>Segment result</b>	<b>27,590</b>	<b>133,095</b>	<b>15,050</b>	<b>175,735</b>
<b>Segment assets</b>	<b>6,930,126</b>	<b>7,062,656</b>	<b>836,300</b>	<b>14,829,082</b>
<b>Segment liabilities and equity</b>	<b>9,020,070</b>	<b>282</b>	<b>5,808,730</b>	<b>14,829,082</b>

## National Bank of Umm Al-Qaiwain (PSC) and Subsidiary

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2024 (Unaudited)

#### 20 BUSINESS SEGMENTS (continued)

Three months period ended 31 March 2023 (Unaudited)	<i>Retail and corporate banking</i> AED'000	<i>Treasury and investments</i> AED'000	<i>Others</i> AED'000	<i>Total</i> AED'000
Net interest income and income from Islamic products net of distribution to depositors	72,063	66,593	-	138,656
Net fees and commission income	8,010	-	136	8,146
Other operating income	86	1,569	7,003	8,658
<b>Gross income</b>	<u>80,159</u>	<u>68,162</u>	<u>7,139</u>	<u>155,460</u>
Operating expenses	(10,062)	(569)	(28,235)	(38,866)
Investment gains	-	34,056	2	34,058
Provision for impairment on financial assets	(11,783)	289	-	(11,494)
<b>Segment result</b>	<u>58,314</u>	<u>101,938</u>	<u>(21,094)</u>	<u>139,158</u>
<b>As at 31 March 2023 (Unaudited)</b>				
<b>Segment assets</b>	<u>6,300,508</u>	<u>7,121,775</u>	<u>751,032</u>	<u>14,173,315</u>
<b>Segment liabilities and equity</b>	<u>8,386,420</u>	<u>230,000</u>	<u>5,556,895</u>	<u>14,173,315</u>

#### 21 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

##### *Fair value of financial instruments measured at amortised cost*

The fair value of the quoted debt instruments at amortised cost at 31 December 2023 amounted to AED 479,007 thousand (31 December 2023: AED 460,336 thousand). The fair value determination of the quoted debt instruments will fall under level 1 category wherein fair value is determined based on inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Except as detailed above, the management considers that the carrying amounts of financial assets and liabilities measured at amortised cost in the consolidated financial statements approximate their fair values.

##### *Valuation techniques and assumptions applied for the purposes of measuring fair value*

The fair values of financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used for the year ended 31 December 2023.



# National Bank of Umm Al-Qaiwain (PSC) and Subsidiary

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2024 (Unaudited)

### 21 FAIR VALUE MEASUREMENTS (continued)

*Fair value of the Group's financial assets that are measured at fair value on recurring basis*

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined

Financial assets	Fair value as at		Fair value hierarchy
	31 March 2024 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)	
<b>Financial assets at FVTPL</b>			
Quoted equity Securities	20,699	23,780	Level 1
Discretionary funds managed by third parties – quoted equity securities	215	211	Level 1
<b>Financial assets at FVTOCI</b>			
Quoted equity securities	899,747	912,772	Level 1
Unquoted equity securities	45,176	42,232	Level 3
Positive fair value of Derivative	-	76	Level 2
Negative fair value of Derivative	132	1	Level 2

There were no transfers between each of level during the year. There are no financial liabilities which should be categorised under any of the level in table above.

### 22. SEASONALITY OF RESULTS

Investment income includes dividend income of AED 47,234 thousand for the three months period ended 31 March 2024 (31 March 2023: AED 34,397 thousand), which is of a seasonal nature.

### 23 DERIVATIVES

	31 March 2024 (Unaudited)			31 December 2023 (Audited)		
	Positive fair value AED'000	Negative fair value AED'000	Notional amount AED'000	Positive fair value AED 000	Negative fair value AED 000	Notional amount AED 000
Foreign currency forward contracts	-	132	19,383	76	1	11,442
Total	-	132	19,383	76	1	11,442

### 24 CAPITAL ADEQUACY RATIOS

Capital element	Basel III Minimum requirement	As at 31 March 2024	As at 31 December 2023
Common equity tier 1 ratio	7.0%	42.60%	41.64%
Tier 1 capital ratio	8.5%	42.60%	41.64%
Capital adequacy ratio	10.5%	43.73%	42.76%

### 25 COMPARATIVE FIGURES

Certain comparative figures have been reclassified where appropriate to conform to the presentation and accounting policies adopted in these condensed consolidated interim financial statements.