

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

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

**For the three months period ended 31 March 2023**

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

## **Review report and condensed consolidated interim financial statements For the three months period ended 31 March 2023**

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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 2023 and the related consolidated interim income statement, comprehensive income and changes in equity and 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

18 April 2023

Sharjah, United Arab Emirates

National Bank of Umm Al-Qaiwain (PSC) and Subsidiary  
CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION  
As at 31 March 2023 (Unaudited)

	Notes	31 March 2023 AED '000 (Unaudited)	31 December 2022 AED '000 (Audited)
<b>ASSETS</b>			
Cash and balances with Central Bank of the UAE	4	3,005,375	1,724,400
Due from other banks	5	3,088,439	3,748,482
Loans and advances and Islamic financing receivables	6	6,187,566	6,246,243
Investment securities	7	1,254,429	1,337,332
Customers' acceptances		204,117	235,009
Investment in an associate		707	705
Property and equipment		74,179	73,826
Other assets	8	358,503	239,125
<b>TOTAL ASSETS</b>		<b>14,173,315</b>	<b>13,605,122</b>
<b>LIABILITIES</b>			
Due to other banks	9	230,000	8
Customers' deposits and Islamic customers' deposits	10	8,182,303	7,861,976
Customers' acceptances		204,117	235,009
Other liabilities	11	342,552	181,109
<b>TOTAL LIABILITIES</b>		<b>8,958,972</b>	<b>8,278,102</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	24	70,666	34,586
Cumulative change in fair values		331,875	383,710
Retained earnings		1,786,096	1,883,018
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>5,214,343</b>	<b>5,327,020</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>14,173,315</b>	<b>13,605,122</b>

  
Nasser Rashid AbdulAziz AlMoalla  
Vice Chairman and  
Chairman of Executive Committee

  
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 1.

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

## CONSOLIDATED INTERIM INCOME STATEMENT

For the three months period ended 31 March 2023 (Unaudited)

	<i>Notes</i>	<i>Three months period ended 31 March (Unaudited)</i>	
		<i>2023 AED '000</i>	<i>2022 AED '000</i>
Interest income		165,796	71,967
Income from Islamic financing products		3,784	5,796
<b>Total interest income and income from Islamic financing products</b>		<b>169,580</b>	<b>77,763</b>
Interest expense		(30,768)	(10,944)
Distribution to depositors – Islamic products		(156)	(83)
<b>Net interest income and income from Islamic products net of distribution to depositors</b>		<b>138,656</b>	<b>66,736</b>
Net fees and commission income		8,146	10,702
Other operating income		8,658	23,648
<b>GROSS INCOME</b>		<b>155,460</b>	<b>101,086</b>
Operating expenses		(38,866)	(35,683)
Investment gains		34,056	30,494
<b>OPERATING INCOME</b>		<b>150,650</b>	<b>95,897</b>
Share of results from an associate		2	58
<b>PROFIT FOR THE PERIOD BEFORE IMPAIRMENT</b>		<b>150,652</b>	<b>95,955</b>
Net impairment (losses)/reversal	14	(11,494)	616
<b>PROFIT FOR THE PERIOD</b>		<b>139,158</b>	<b>96,571</b>
<b>Basic and diluted earnings per share (AED)</b>	15	<b>0.07</b>	<b>0.05</b>

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

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CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the three months period ended 31 March 2023 (Unaudited)

	<i>Three months period ended 31 March (Unaudited)</i>	
	<i>2023 AED '000</i>	<i>2022 AED '000</i>
<b>PROFIT FOR THE PERIOD</b>	<b>139,158</b>	96,571
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Net fair value (loss)/gain on investment securities carried at FVTOCI - equity	<u>(51,835)</u>	<u>180,827</u>
Other comprehensive (loss)/income for the period	<u>(51,835)</u>	<u>180,827</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b><u>87,323</u></b>	<b><u>277,398</u></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

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the three months period ended 31 March 2023 (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 16)	-	-	-	-	-	(200,000)	(200,000)
<b>Balance as at 31 March 2023 (unaudited)</b>	<b>2,000,000</b>	<b>1,019,266</b>	<b>6,440</b>	<b>70,666</b>	<b>331,875</b>	<b>1,786,096</b>	<b>5,214,343</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

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (continued)

For the three months period ended 31 March 2023 (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 2022 (audited)	1,848,000	1,019,266	6,440	35,911	372,617	1,768,501	5,050,735
Profit for the period	-	-	-	-	-	96,571	96,571
Other comprehensive income for the period	-	-	-	-	180,827	-	180,827
Total comprehensive income for the period	-	-	-	-	180,827	96,571	277,398
Additional provision under U.A.E Central Bank requirement over IFRS 9 requirement	-	-	-	2,264	-	(2,264)	-
Dividend paid (Note 16)	-	-	-	-	-	(147,840)	(147,840)
Sale of FVOCI equity	-	-	-	-	(30,866)	30,866	-
<b>Balance as at 31 March 2022 (unaudited)</b>	<b>1,848,000</b>	<b>1,019,266</b>	<b>6,440</b>	<b>38,175</b>	<b>522,578</b>	<b>1,745,834</b>	<b>5,180,293</b>

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

## CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the three months period ended 31 March 2023 (Unaudited)

		<i>Three months period ended 31 March (Unaudited)</i>	
	<i>Notes</i>	<i>2023 AED '000</i>	<i>2022 AED '000</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the period		<b>139,158</b>	96,571
Adjustments for:			
Provision/(Reversal) for expected credit losses	14	<b>11,494</b>	(616)
Depreciation of property and equipment		<b>3,211</b>	4,385
Depreciation of right of use asset		<b>432</b>	432
Provision for employee end of service benefits		<b>436</b>	375
Decrease in fair value of investment in securities at FVTPL		<b>603</b>	869
(Discount)/premium amortised on investment securities		<b>(264)</b>	754
Dividend income	21	<b>(34,397)</b>	(32,117)
Profit on disposal of property and equipment		<b>(11)</b>	-
Share of profit from an associate		<b>(2)</b>	(58)
Finance cost on lease liability		<b>18</b>	26
Operating cash flows before movements in working capital		<b>120,678</b>	70,621
(Increase)/Decrease in deposits with original maturity greater than 3 months		<b>(146,920)</b>	81,626
Decrease in statutory deposit with CBUAE		<b>27,218</b>	8,290
Payment of employee end of service benefits		<b>(309)</b>	(138)
Decrease/(Increase) in loans and advances and Islamic financing receivables		<b>48,624</b>	(47,853)
(Increase)/Decrease in other assets		<b>(97,666)</b>	11,678
Increase/(Decrease) in customers' deposits		<b>320,327</b>	(20,105)
Increase in other liabilities		<b>160,429</b>	47,372
<b>Net cash generated from operating activities</b>		<b>432,381</b>	151,491
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment		<b>(3,997)</b>	(1,036)
Proceeds from disposal of property and equipment		<b>11</b>	14
Purchase of investment securities		<b>(54,131)</b>	-
Proceed from maturity and disposal of investment securities		<b>84,479</b>	61,603
Dividend received from investment securities		<b>12,685</b>	14,832
<b>Net cash generated from investing activities</b>		<b>39,047</b>	75,413
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid	16	<b>(200,000)</b>	(147,840)
Lease payments		<b>(58)</b>	(452)
<b>Net cash used in financing activities</b>		<b>(200,058)</b>	(148,292)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>271,370</b>	78,612
Cash and cash equivalents at the beginning of the period		<b>3,999,860</b>	3,628,046
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	17	<b>4,271,230</b>	3,706,658

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 1.

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

At 31 March 2023 (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 2023 were authorised and approved for issue by the Board of Directors on 18 April 2023 by circulation.

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

#### 2.1 CHANGES IN ACCOUNTING POLICIES

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 2022, except for the adoption of new standards effective as of 1 January 2023. 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 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group.

#### Standards, amendments and interpretations that are effective for the Group’s accounting period beginning on 1 January 2023

The following amendments to existing standards have been applied by the Group in preparation of these condensed consolidated interim financial statements. The adoption of these new standards does not have significant impact on the interim condensed consolidated financial statements

Description	Effective from
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2023
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	1 January 2023
Definition of Accounting Estimate (Amendments to IAS 8)	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023

#### Standard 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 disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Description	Effective from
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Deferred indefinitely

There are no other applicable new standards and amendments to published standards or IFRS IC interpretations that have been issued but are not effective for the first time for the Group’s financial year beginning on 1 January 2023 that would be expected to have a material impact on the Group’s consolidated financial statements.

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

### 2.1 CHANGES IN ACCOUNTING POLICIES (continued)

#### 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 information as at and for the year ended 31 December 2022.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 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 2022. In addition, results for the three months period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

#### Implementation of UAE Corporation Tax law and application of IAS 12 Income Taxes

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 from 1 June 2023 and accordingly, it has an income tax related impact on the financial statements for accounting periods beginning on or after 1 June 2023.

The Cabinet of Ministers Decision No. 116 of 2022 specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted from the perspective of IAS 12 – Income Taxes. A rate of 9% will apply to taxable income exceeding AED 375,000 and a rate of 0% will apply to taxable income not exceeding AED 375,000 and a rate of 0% on qualifying income of free zone entities.

The Group will be subject to taxation commencing 1 January 2024. Based on the above, the Group assessed the deferred tax implication and concluded it is not expected to be significant as of and for the three months period ended 31 March 2023. As certain other cabinet decisions are pending as on the date of these interim condensed consolidated financial statements, the Group will continue to assess the impact of these pending cabinet decisions on deferred taxes as and when finalized and published.

### 3.2 BASIS OF CONSOLIDATION

These condensed consolidated interim financial statements incorporate the financial statements of the Bank and entity controlled by the Bank. Control is achieved when the Bank:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns

The condensed consolidated interim financial statements comprise the financial statements of the Bank and of the subsidiary as disclosed in the annual audited financial statements for the year ended 31 December 2022. The financial year end for the subsidiary is the same as that of the Bank.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.3 SIGNIFICANT ACCOUNTING POLICIES**

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 2022, except for changes in accounting policies explained in Note 2.1.

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

	<i>31 March 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
<b>Balances with CBUAE</b>		
Current account	53,927	31,544
Statutory cash reserve deposit	275,214	302,432
Monetary Bills	896,088	698,596
Overnight deposits	1,700,000	600,000
	<u>2,925,229</u>	<u>1,632,572</u>
Cash in hand	80,146	91,828
	<u>3,005,375</u>	<u>1,724,400</u>

The statutory deposit with the CBUAE is not available to finance the day to day operations of the Group.

**5 DUE FROM OTHER BANKS**

	<i>31 March 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
Term deposits	1,747,942	2,470,010
Demand deposits	23,127	90,938
Loans to financial institutions	1,318,607	1,188,639
	<u>3,089,676</u>	<u>3,749,587</u>
Provision for expected credit loss	(1,237)	(1,105)
<b>Net due from other banks</b>	<u>3,088,439</u>	<u>3,748,482</u>
	<i>31 March 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
<b>Gross amounts due from other banks by geographical area</b>		
Within U.A.E.	1,986,687	2,396,550
Within GCC	401,840	312,043
Other countries	701,149	1,040,994
	<u>3,089,676</u>	<u>3,749,587</u>

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

At 31 March 2023 (Unaudited)

### 5 DUE FROM OTHER BANKS (continued)

All amounts due from other banks were classified as Stage 1 (31 December 2022: Stage 1) with corresponding ECL of AED 1.24 million (31 December 2022: AED 1.11 million). There was no inter-stage movement in gross balances due from other banks during the period (31 December 2022: no inter-stage movement)

### 6 LOANS AND ADVANCES AND ISLAMIC FINANCING RECEIVABLES

	<i>31 March 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
Loans	5,029,611	4,966,284
Overdrafts	796,057	959,543
Loans against trust receipts	224,708	210,252
Islamic financing products	168,812	175,641
Syndicated Loans	122,483	181,814
Other	48,555	86,554
<b>Total loans and advances and Islamic financing receivables</b>	<b>6,390,226</b>	<b>6,580,088</b>
Provision for expected credit loss	(202,660)	(333,845)
<b>Net loans and advances and Islamic financing receivables</b>	<b>6,187,566</b>	<b>6,246,243</b>
	<i>31 March 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'00 (Audited)</i>
<b>Gross loans and advances and Islamic financing receivables by economic sector</b>		
Real estate and construction	2,528,039	2,502,906
Services and other	1,596,299	1,443,118
Wholesale and retail trade	923,067	1,039,454
Manufacturing	409,816	419,617
Personal loans and other	369,349	379,038
Financial institutions	203,185	449,492
Transport and communication	182,438	164,384
Government	177,782	181,814
Agriculture and allied activities	251	265
	<b>6,390,226</b>	<b>6,580,088</b>

All loans and advances and Islamic financing receivables are from customers within U.A.E.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

At 31 March 2023 (Unaudited)

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

**Movement in the gross balances 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>
Gross carrying amount as at 31 December 2022	5,461,704	495,712	622,672	6,580,088
New assets originated or purchased	257,258	-	-	257,258
Assets derecognised or repaid	(216,668)	(27,026)	(62,188)	(305,882)
Transfer to Stage 1	17,125	(17,125)	-	-
Transfer to Stage 2	(7,839)	7,839	-	-
Transfer to Stage 3	-	(98,051)	98,051	-
Write off	-	-	(141,238)	(141,238)
<b>As at 31 March 2023 (unaudited)</b>	<b>5,511,580</b>	<b>361,349</b>	<b>517,297</b>	<b>6,390,226</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>
Gross carrying amount as at 31 December 2021	5,874,153	424,223	591,737	6,890,113
New assets originated or purchased	1,061,215	-	-	1,061,215
Assets derecognised or repaid	(1,352,185)	(16,408)	34,153	(1,334,440)
Transfer to Stage 1	31,853	(31,853)	-	-
Transfer to Stage 2	(140,502)	149,596	(9,094)	-
Transfer to Stage 3	(12,830)	(29,846)	42,676	-
Write off	-	-	(36,800)	(36,800)
<b>As at 31 December 2022</b>	<b>5,461,704</b>	<b>495,712</b>	<b>622,672</b>	<b>6,580,088</b>

**Movement in the provision for impairment 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 2022	41,744	68,820	223,281	333,845
Net impairment charged during the period	(1,882)	(917)	13,408	10,609
Transfer to Stage 1	367	(367)	-	-
Transfer to Stage 2	(91)	91	-	-
Transfer to Stage 3	-	(35,678)	35,678	-
Recoveries	-	-	(556)	(556)
Written off	-	-	(141,238)	(141,238)
<b>As at 31 March 2023 (unaudited)</b>	<b>40,138</b>	<b>31,949</b>	<b>130,573</b>	<b>202,660</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 2021	79,297	36,241	186,021	301,559
Net impairment charged during the period	(36,643)	32,071	81,450	76,878
Recoveries	-	-	(7,792)	(7,792)
Transfer to Stage 1	2,353	(2,353)	-	-
Transfer to Stage 2	(3,077)	3,077	-	-
Transfer to Stage 3	(186)	(216)	402	-
Written off	-	-	(36,800)	(36,800)
<b>Closing Balance as at 31 December 2022</b>	<b>41,744</b>	<b>68,820</b>	<b>223,281</b>	<b>333,845</b>

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

At 31 March 2023 (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 2023 (Unaudited)</i>			
	<i>Stage 1 AED'000</i>	<i>Stage 2 AED'000</i>	<i>Stage 3 AED'000</i>	<i>Total AED'000</i>
Performing (Grades 1-8)	5,511,580	28,685	-	5,540,265
Performing Watchlist (9-12)	-	332,664	-	332,664
Sub Standard (Grade 13)	-	-	214,071	214,071
Doubtful (Grade 14)	-	-	294,455	294,455
Loss (Grades 15)	-	-	8,771	8,771
Total gross carrying amount	5,511,580	361,349	517,297	6,390,226
Expected credit loss	(40,138)	(31,949)	(130,573)	(202,660)
Carrying amount	5,471,442	329,400	386,724	6,187,566

	<i>31 December 2022 (Audited)</i>			
	<i>Stage 1 AED'000</i>	<i>Stage 2 AED'000</i>	<i>Stage 3 AED'000</i>	<i>Total AED'000</i>
Performing (Grades 1-8)	5,461,704	317,446	-	5,779,150
Performing Watchlist (9-12)	-	178,266	-	178,266
Sub Standard (Grade 13)	-	-	120,012	120,012
Doubtful (Grade 14)	-	-	294,867	294,867
Loss (Grades 15)	-	-	207,793	207,793
Total gross carrying amount	5,461,704	495,712	622,672	6,580,088
Expected credit loss	(41,744)	(68,820)	(223,281)	(333,845)
Carrying amount	5,419,960	426,892	399,391	6,246,243

The non-performing loans as at 31 March 2023 amounted to AED 517.30 million (31 December 2022: AED 622.67 million) which is well covered by securities of AED 890.10 million (31 December 2022: AED 916.86 million) and impairment provision of AED 130.57 million (31 December 2022: AED 223.28 million) aggregating to AED 1,020.68 million (31 December 2022: AED 1,140.14 million) which is 1.97 times (31 December 2022: 1.83 times) of the non-performing loans.

### 7 INVESTMENT SECURITIES

Investment securities comprise the following:

	<i>31 March 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
<b>Securities at FVTPL</b>		
Quoted equity securities	15,306	15,980
Discretionary funds managed by third parties – quoted equity securities	201	209
	15,507	16,189

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

At 31 March 2023 (Unaudited)

### 7 INVESTMENT SECURITIES (continued)

	<i>31 March 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
<b>Securities at FVTOCI</b>		
Quoted equity securities	903,435	955,192
Unquoted equity securities	1,193	1,193
	<u>904,628</u>	<u>956,385</u>
<b>Securities at amortised cost</b>		
Quoted debt instruments	335,109	365,193
	<u>335,109</u>	<u>365,193</u>
<b>Total investment securities</b>	<b>1,255,244</b>	<b>1,337,767</b>
Provision for expected credit loss	(815)	(435)
	<u>1,254,429</u>	<u>1,337,332</u>
<b>Net investment securities</b>	<b>1,254,429</b>	<b>1,337,332</b>
	<u>1,254,429</u>	<u>1,337,332</u>
	<i>31 March 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
<b>Gross investment securities by geographical area</b>		
Within U.A.E.	996,887	1,055,793
Within GCC	223,313	249,098
Other countries	35,044	32,876
	<u>1,255,244</u>	<u>1,337,767</u>

All debt investment are classified as Stage 1 (31 December 2022: Stage 1) with corresponding ECL of AED 0.82 million (31 December 2022: AED 0.44 million). There was no inter-stage movement in investment securities during the period (31 December 2022: no inter-stage movement).

### 8 OTHER ASSETS

	<i>31 March 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
Inventory- property acquired in settlement of debt *	189,154	155,523
Interest receivable	37,010	40,619
Prepayments and deposits	34,485	32,625
Others	97,854	10,358
	<u>358,503</u>	<u>239,125</u>

\*Inventory represents property acquired in settlement of debt. The Group has recorded an impairment on its inventory amounting to Nil for 3 months period ended 31 March 2023 (31 December 2022: AED 1.04 million).



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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

At 31 March 2023 (Unaudited)

### 9. DUE TO OTHER BANKS

	<i>31 March 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
Other borrowing	230,000	-
Demand deposits	-	8
	<u>230,000</u>	<u>8</u>
<b>By geographical area</b>		
Other countries outside the U.A.E.	50,000	8
Within UAE	180,000	-
	<u>230,000</u>	<u>8</u>

### 10 CUSTOMERS' DEPOSITS AND ISLAMIC CUSTOMERS' DEPOSITS

	<i>31 March 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
Time deposits	4,905,132	4,815,695
Current accounts	2,981,719	2,773,345
Savings deposits	185,977	163,351
Islamic customers' deposits	60,802	70,530
Margin deposits	48,673	39,055
	<u>8,182,303</u>	<u>7,861,976</u>

All customers' deposits and Islamic customers' deposits are from customers within U.A.E.

### 11 OTHER LIABILITIES

	<i>31 March 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
Accounts payable	29,467	31,198
Interest payable	50,742	30,296
Provision for employees' end of service benefits	19,445	19,318
Other staff benefits	2,406	1,375
Dividend payable	10,619	10,619
Provision for expected credit loss on acceptance	194	204
Provision for expected credit loss on commitments and contingencies (Note 13)	3,450	2,511
Cheques on Selves	200,468	62,284
Lease Liability	3,649	3,689
Other	22,112	19,615
	<u>342,552</u>	<u>181,109</u>

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

At 31 March 2023 (Unaudited)

### 12 SHARE CAPITAL

	<b>31 March 2023 AED'000 (Unaudited)</b>	<b>31 December 2022 AED'000 (Audited)</b>
Issued and fully paid:		
2,000 million ordinary shares of AED 1 each	<b>2,000,000</b>	<b>2,000,000</b>

### 13 COMMITMENTS AND CONTINGENT LIABILITIES

	<b>31 March 2023 AED'000 (Unaudited)</b>	<b>31 December 2022 AED'000 (Audited)</b>
Guarantees	<b>1,581,813</b>	1,580,423
Letters of credit	<b>75,097</b>	101,921
Commitments to extend credit	<b>1,079,841</b>	1,123,445
Other	<b>61,436</b>	449,622
	<b>2,798,187</b>	<b>3,255,411</b>

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

Within the U.A.E.	<b>2,758,968</b>	3,193,566
Outside the U.A.E.	<b>39,219</b>	61,845
	<b>2,798,187</b>	<b>3,255,411</b>

#### Movement in the gross balance and corresponding ECL allowances of commitments and contingent liabilities

	<b>Stage 1 AED'000</b>	<b>Stage 2 AED'000</b>	<b>Stage 3 AED'000</b>	<b>Total AED'000</b>
Gross carrying amount - 1 January 2022	<b>1,623,772</b>	<b>17,043</b>	<b>41,529</b>	<b>1,682,344</b>
New assets originated or purchased	<b>152,685</b>	<b>914</b>	-	<b>153,599</b>
Assets derecognised or repaid (excluding write offs)	<b>(176,528)</b>	<b>(2,505)</b>	-	<b>(179,033)</b>
Transferred to Stage 2	<b>2,364</b>	<b>(2,290)</b>	<b>(74)</b>	-
Transferred to Stage 3	-	<b>(11,752)</b>	<b>11,752</b>	-
<b>Gross carrying amount – 31 March 2023 (unaudited)</b>	<b>1,602,293</b>	<b>1,410</b>	<b>53,207</b>	<b>1,656,910</b>
	<b>Stage 1 AED'000</b>	<b>Stage 2 AED'000</b>	<b>Stage 3 AED'000</b>	<b>Total AED'000</b>
Gross carrying amount - 1 January 2022	1,896,963	3,867	49,748	1,950,578
New assets originated or purchased	254,668	3,042	-	257,710
Assets derecognised or repaid (excluding write offs)	(515,624)	(1,820)	(8,500)	(525,944)
Transferred to Stage 1	1,270	(1,270)	-	-
Transferred to Stage 2	(13,505)	13,505	-	-
Transferred to Stage 3	-	(281)	281	-
<b>Gross carrying amount – 31 December 2022</b>	<b>1,623,772</b>	<b>17,043</b>	<b>41,529</b>	<b>1,682,344</b>

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

At 31 March 2023 (Unaudited)

### 13 COMMITMENTS AND CONTINGENT LIABILITIES (continued)

#### Movement in the provision for impairment of commitments and contingent liabilities

	<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 - 1 January 2023	2,413	98	-	2,511
New assets originated or purchased	935	1	-	936
Assets derecognised or repaid (excluding write offs)	21	1	(19)	3
Transfer to Stage 2	7	(7)	-	-
Transfer to Stage 3	-	(19)	19	-
<b>As at 31 March 2023 (unaudited)</b>	<b>3,376</b>	<b>74</b>	<b>-</b>	<b>3,450</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 - 1 January 2022	6,334	7	-	6,341
New assets originated or purchased	808	58	-	866
Assets derecognised or repaid (excluding write offs)	(4,654)	(39)	(3)	(4,696)
Transfer to Stage 2	(75)	75	-	-
Transfer to Stage 3	-	(3)	3	-
Closing balance as at 31 December 2022	2,413	98	-	2,511

#### Grading of commitments and contingent liabilities along with stages:

<i>31 March 2023 (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)	1,602,293	914	-	1,603,207
Performing watch list (Grades 9-12)	-	496	-	496
Sub Standard (Grade 13)	-	-	12,318	12,318
Doubtful (Grade 14)	-	-	1,445	1,445
Loss (Grades 15)	-	-	39,444	39,444
Total gross carrying amount	1,602,293	1,410	53,207	1,656,910
Expected credit loss (Note 11)	(3,376)	(74)	-	(3,450)
<b>Carrying amount</b>	<b>1,598,917</b>	<b>1,337</b>	<b>53,206</b>	<b>1,653,460</b>

<i>31 December 2022 (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)	1,623,772	16,547	74	1,640,393
Performing watch list (Grades 9-12)	-	496	-	496
Sub Standard (Grade 13)	-	-	566	566
Doubtful (Grade 14)	-	-	1,445	1,445
Loss (Grades 15)	-	-	39,444	39,444
Total gross carrying amount	1,623,772	17,043	41,529	1,682,344
Expected credit loss	(2,413)	(98)	-	(2,511)
<b>Carrying amount</b>	<b>1,621,359</b>	<b>16,945</b>	<b>41,529</b>	<b>1,679,833</b>

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

At 31 March 2023 (Unaudited)

### 13 COMMITMENTS AND CONTINGENT LIABILITIES (continued)

At 31 March 2023, the group has capital commitments of AED 1.67 million (31 December 2022: AED 3.49 million). The provision for expected credit loss against the off-balance sheet items disclosed above amounting to AED 3.45 million (31 December 2022: AED 2.51 million) is classified under other liabilities (Note 11).

### 14. Net Impairment Losses

	<i>Three months period ended 31 March (Unaudited)</i>	
	<i>2023 AED '000</i>	<i>2022 AED '000</i>
Loans and advances and Islamic financing receivables	10,053	486
Due from other banks	132	72
Investment securities	380	(921)
Acceptances and off-balance sheet items	929	(253)
	<u>11,494</u>	<u>(616)</u>

### 15 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 31 March (unaudited)</i>	
	<i>2023</i>	<i>2022</i>
Profit for the period (in AED '000)	<u>139,158</u>	<u>96,571</u>
Weighted average number of shares ('000)	<u>2,000,000</u>	<u>1,848,000</u>
Basic and diluted earnings per share (in AED)	<u>0.07</u>	<u>0.05</u>

There were no potential dilutive shares as at 31 March 2023 and 31 March 2022.

### 16 DIVIDENDS

At the Annual General Meeting held on 09 March 2023, the Shareholders approved dividend of 10% amounting to AED 200 million for the year ended 31 December 2022 (2021: AED 147.8 million).

### 17 CASH AND CASH EQUIVALENTS

	<i>31 March (Unaudited)</i>	
	<i>2023 AED '000</i>	<i>2022 AED '000</i>
Cash and balances with the Central bank of the UAE (Note 4)	3,005,375	1,725,255
Due from other banks (Note 5)	3,089,676	3,140,159
	<u>6,095,051</u>	<u>4,865,414</u>
Statutory deposit (Note 4)	(275,214)	(337,345)
Due from other banks with original maturity greater than three months (Note 5)	(1,318,607)	(821,339)
Due to other banks (Note 9)	(230,000)	(72)
	<u>4,271,230</u>	<u>3,706,658</u>

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

At 31 March 2023 (Unaudited)

### 18 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 a 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 31 March (unaudited)</i>	
	<i>2023 AED'000</i>	<i>2022 AED'000</i>
Interest income	533	600
Interest expense	20,313	6,333
Other income	193	8
Directors' fees	750	750

#### Remuneration of key management personnel

	<i>2023 AED'000</i>	<i>2022 AED'000</i>
Salaries and other short-term benefits	1,199	1,237
Employee end of service benefits	25	24

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 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
Loans and advances and Islamic financing receivables	9,136	67,192
Customer deposits and Islamic customer deposits	3,473,880	3,394,210
Irrevocable commitments and contingent liabilities	2,496	121,611

#### Key Management

Loans and advances and Islamic financing receivables	355	628
Customer deposits and Islamic customer deposits	606	1,225

The loans and advances and Islamic financing receivables given to related parties have been secured against collateral amounting to AED 72.30 million (2022: AED 72.30 million). All loans and advances to related parties are classified as Stage 1 (31 December 2022: Stage 1) with corresponding ECL of AED 0.41 million (31 December 2022: AED 0.84 million).

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

At 31 March 2023 (Unaudited)

### 19 BUSINESS SEGMENTS

The Group is organised into three 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 CBUAE and operations by the Bank's Head Office as a whole, none of which mutually constitute a separately reportable segment.

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

	<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>
<b>Three months period ended</b>				
<b>31 March 2023 (Unaudited)</b>				
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>	<b>80,159</b>	<b>68,162</b>	<b>7,139</b>	<b>155,460</b>
Operating expenses	(10,062)	(569)	(28,235)	(38,866)
Investment gains	-	34,056	-	34,056
Provision for impairment on financial assets	(11,783)	289	-	(11,494)
Share of profits from an associate	-	-	2	2
<b>Segment result</b>	<b>58,314</b>	<b>101,938</b>	<b>(21,094)</b>	<b>139,158</b>
<b>As at 31 March 2023 (Unaudited)</b>				
<b>Segment assets</b>	<b>6,300,508</b>	<b>7,121,775</b>	<b>751,032</b>	<b>14,173,315</b>
<b>Segment liabilities and equity</b>	<b>8,386,420</b>	<b>230,000</b>	<b>5,556,895</b>	<b>14,173,315</b>

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

At 31 March 2023 (Unaudited)

### 19 BUSINESS SEGMENTS (continued)

	<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>
Three months period ended 31 March 2022 (Unaudited)				
Net interest income and income from Islamic products net of distribution to depositors	59,422	7,314	-	66,736
Net fees and commission income	10,702	-	-	10,702
Other operating income	-	1,947	21,701	23,648
Gross income	70,124	9,261	21,701	101,086
Operating expenses	(9,200)	(654)	(25,829)	(35,683)
Investment gains	-	30,494	-	30,494
Provision for impairment on financial assets	(233)	849	-	616
Share of profits from an associate	-	-	58	58
Segment result	60,691	39,950	(4,070)	96,571
As at 31 March 2022 (Unaudited)				
Segment assets	6,778,366	5,777,145	747,168	13,302,679
Segment liabilities and equity	7,851,536	50,072	5,401,071	13,302,679

### 20 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 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 carried at amortised cost*

The fair value of the quoted debt instruments at 31 March 2023 amounted to AED 330.89 million (31 December 2022: AED 359.88 million). 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. Management believes that fair value of other financial instruments carried at amortized cost, are not materially different from their carrying values at the end of the reporting period.

**20 FAIR VALUE MEASUREMENTS (continued)***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 in the audited annual consolidated financial statements for the year ended 31 December 2022. The quoted securities are valued using the prices from active market. The unquoted securities are valued using P/E multiples.

*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**

	<i>Fair value as at</i>		<i>Fair value hierarchy</i>
	<i>31 March 2023 AED '000 (Unaudited)</i>	<i>31 December 2022 AED '000 (Audited)</i>	
<b>Financial assets at FVTPL</b>			
Quoted equity Securities	15,306	15,980	Level 1
Discretionary Funds managed by third parties – quoted equity securities	201	209	Level 1
<b>Financial assets at FVTOCI</b>			
Quoted equity securities	868,391	988,068	Level 1
Unquoted equity securities	36,237	34,069	Level 3
Positive fair value of Derivative	7	745	Level 2
Negative fair value of Derivative	21	45	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 above table.

**21. SEASONALITY OF RESULTS**

Investment income includes dividend income of AED 34.40 million for the three months period ended 31 March 2023 (31 March 2022: AED 32.12 million), which is of a seasonal nature.

**22 CAPITAL ADEQUACY RATIOS**

Capital element	Basel III Minimum requirement	As at 31 March 2023	As at 31 December 2022
Common equity tier 1 ratio	7.0%	45.53%	43.13%
Tier 1 capital ratio	8.5%	45.53%	43.13%
Capital adequacy ratio	10.5%	46.66%	44.27%



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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

At 31 March 2023 (Unaudited)

### 23 DERIVATIVES

	<i>31 March 2023 (Unaudited)</i>			<i>31 December 2022 (Audited)</i>		
	<i>Positive fair value AED'000</i>	<i>Negative fair value AED'000</i>	<i>Notional amount AED'000</i>	<i>Positive fair value AED 000</i>	<i>Negative fair value AED 000</i>	<i>Notional amount AED 000</i>
Foreign currency forward contracts	7	21	28,647	745	45	427,095
Total	7	21	28,647	745	45	427,095

### 24 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 2023 AED '000 (Unaudited)</i>	<i>31 December 2022 AED '000 (Audited)</i>
<b>Impairment Reserve: General</b>		
General Provisions under Circular 28/2010 of CBUAE	142,753	145,150
Less: Stage 1 & Stage 2 provisions under IFRS 9*	(72,087)	(110,564)
<b>Impairment Reserve: General</b>	<b>70,666</b>	<b>34,586</b>
<b>Impairment Reserve: Specific</b>		
Specific Provisions under Circular 28/2010 of CBUAE	130,573	223,281
Less: Stage 3 provisions under IFRS 9	(130,573)	(223,281)
<b>Impairment Reserve: Specific</b>	<b>-</b>	<b>-</b>

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

### 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.