

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

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

For the three- month period ended 31 March 2025

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

Review report and interim condensed consolidated financial information

For the three- month period ended 31 March 2025 (Unaudited)

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The Board of Directors
National Bank of Umm Al-Qaiwain (PSC)
Dubai
United Arab Emirates

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of **National Bank of Umm Al-Qaiwain (PSC)** (the “Bank”) as of 31 March 2025, and the related income statement, and the related statements of comprehensive income, changes in equity and cash flows for the three months period then ended, and material accounting policy information and other explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on this interim financial information 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.

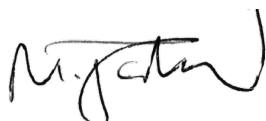
Conclusion

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

Other matter

The financial statements of the Bank for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those statements on 6 February 2025. The interim financial information for the period ended 31 March 2024 was reviewed by another auditor who expressed an unmodified conclusion on that information on 17 April 2024.

Deloitte & Touche (M.E.)



Mohammad Jallad
Registration No.: 1164
28 April 2025
Dubai
United Arab Emirates

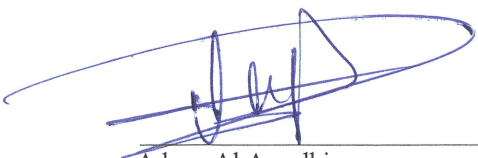
National Bank of Umm Al-Qaiwain (PSC) and Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025 (Unaudited)

		31 March 2025 AED '000 (Unaudited)	31 December 2024 AED '000 (Audited)
	<i>Notes</i>		
ASSETS			
Cash and balances with the Central Bank of the U.A.E	4	3,033,667	2,590,559
Due from other banks	5	4,653,210	5,294,105
Loans and advances and Islamic financing receivables	6	8,216,562	7,775,670
Investment Securities	7	2,160,747	1,738,624
Customers' acceptances		229,365	195,937
Investment in an associate		72	252
Property and equipment		71,690	72,322
Other assets	8	276,882	212,991
TOTAL ASSETS		18,642,195	17,880,460
LIABILITIES			
Due to other banks	9	49,416	-
Customers' deposits and Islamic customers' deposits	10	12,162,188	11,405,816
Customers' acceptances		229,365	195,937
Other liabilities	11	322,360	292,772
TOTAL LIABILITIES		12,763,329	11,894,525
SHAREHOLDERS' EQUITY			
Share capital	12	2,000,000	2,000,000
Statutory reserve		1,019,266	1,019,266
General reserve	14	6,440	6,440
Impairment reserve -general	15	89,766	81,486
Cumulative change in fair values		582,312	515,167
Retained earnings		2,181,082	2,363,576
TOTAL SHAREHOLDERS' EQUITY		5,878,866	5,985,935
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		18,642,195	17,880,460


Nasser Rashid AbdulAziz AlMoalla
Vice Chairman and Chairman of Executive Committee


Adnan Al Awadhi
Chief Executive Officer

The attached notes 1 to 26 form an integral part of these interim condensed consolidated financial information.
The independent auditor's report on review of the interim condensed consolidated financial information is set out on page 3.

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

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the three- month period ended 31 March 2025 (Unaudited)

	<i>Notes</i>	<i>Three months period ended 31 March (Unaudited)</i>	
		<i>2025 AED '000</i>	<i>2024 AED '000</i>
Interest income		220,370	229,786
Income from Islamic financing products		2,041	2,854
Total interest income and income from Islamic financing products		222,411	232,640
Interest expense		(75,071)	(56,834)
Distribution to depositors – Islamic products		(24)	(15)
Net interest income and income from Islamic products net of distribution to depositors		147,316	175,791
Net fees and commission income		7,485	6,761
Other operating income		23,796	62,895
Gross income		178,597	245,447
Operating expenses		(45,506)	(41,981)
Investment gains		59,443	44,921
Operating income		192,534	248,387
Share of loss from an associate		(185)	(120)
Profit for the period before impairment		192,349	248,267
Net impairment reversal/(losses)	17	6,171	(59,812)
Profit before tax		198,520	188,455
Income tax expenses	18	(12,734)	(12,720)
Profit for the period		185,786	175,735
Basic and diluted earnings per share (AED)	19	0.09	0.09

The attached notes 1 to 26 form an integral part of these interim condensed consolidated financial information.

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three month period ended 31 March 2025 (Unaudited)

	<i>Three months period ended 31 March (Unaudited)</i>	
	2025 AED '000	2024 AED '000
Profit for the period	185,786	175,735
Other comprehensive income:		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Net fair value gain on investment securities carried at FVOCI – equity	67,615	25,424
Share of OCI from an associate	5	-
Related tax on other comprehensive income	(475)	-
Other comprehensive income for the period	67,145	25,424
Total comprehensive income for the period	252,931	201,159

The attached notes 1 to 26 form an integral part of these interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three- month period ended 31 March 2025 (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 2025 (audited)	2,000,000	1,019,266	6,440	81,486	515,167	2,363,576	5,985,935
Profit for the period	-	-	-	-	-	185,786	185,786
Other comprehensive income for the period	-	-	-	-	67,145	-	67,145
Total comprehensive income for the period	-	-	-	-	67,145	185,786	252,931
Additional provision under U.A.E Central Bank requirement over IFRS 9 requirement (Note 15)	-	-	-	8,280	-	(8,280)	-
Dividend paid (Note 13)	-	-	-	-	-	(360,000)	(360,000)
Balance as at 31 March 2025 (unaudited)	2,000,000	1,019,266	6,440	89,766	582,312	2,181,082	5,878,866

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three- month period ended 31 March 2025 (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 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
Additional 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)
Balance as at 31 March 2024 (unaudited)	2,000,000	1,019,266	6,440	72,601	400,784	2,043,009	5,542,100

The attached notes 1 to 26 form an integral part of these interim condensed consolidated financial information.

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three- month period ended 31 March 2025 (Unaudited)

		<i>Three months period ended 31 March (Unaudited)</i>	
	<i>Notes</i>	<i>2025 AED '000</i>	<i>2024 AED '000</i>
Cash flows from operating activities			
Profit before tax		198,520	188,455
Adjustments for:			
(Reversal)/Provision for expected credit losses	17	(6,171)	56,157
Provision for Impairment of assets acquired in settlement of debt	17	-	3,655
Depreciation of property and equipment		2,404	3,744
Depreciation of right of use asset		395	432
Provision for employee end of service benefits		540	581
(Increase)/Decrease in fair value of investment in securities		(1,301)	2,997
Discount amortized on investment securities		(501)	(682)
Dividend income	24	(58,141)	(47,234)
Loss/(Gain) on disposal of property and equipment		47	(58)
Gain on disposal of assets acquired in settlement of debt		-	(1,348)
Share of loss from an associate		185	120
Finance cost on lease liability		15	10
Operating cash flows before changes in operating assets and liabilities		135,992	206,829
Increase in due from banks with original maturity greater than 3 months		(1,059,661)	(595,026)
Increase in statutory deposit with Central Bank of the U.A.E.		(176,968)	(15,652)
(Increase)/Decrease in loans and advances and Islamic finance receivables		(434,464)	154,315
Payment of employee end of service benefits		(686)	(330)
Proceeds from disposal of assets acquired in settlement of debt		-	2,600
(Increase)/Decrease in other assets		(16,474)	9,260
Increase in customers' deposits		756,372	122,982
Increase in other liabilities		17,338	36,758
Net cash used in operating activities		(778,551)	(78,264)
Cash flows from investing activities			
Purchase of property and equipment		(2,217)	(4,377)
Proceeds from disposal of property and equipment		-	76
Purchase of investment securities		(444,599)	(17,499)
Proceeds from maturity and disposal of investment securities		91,978	35,637
Dividend received from investment securities		10,724	22,162
Net cash (used in)/generated from investing activities		(344,114)	35,999
Cash flows from financing activities			
Dividends paid	13	(360,000)	(300,000)
Lease payments		(407)	(452)
Net cash flows used in financing activities		(360,407)	(300,452)
Net decrease in cash and cash equivalents		(1,483,072)	(342,717)
Cash and cash equivalents at the beginning of the period		5,302,881	3,927,853
Cash and cash equivalents at the end of the period	20	3,819,809	3,585,136

The attached notes 1 to 26 form an integral part of these interim condensed consolidated financial information.

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three- month period ended 31 March 2025 (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 10 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 interim condensed consolidated financial information of the Group for the three months period ended 31 March 2025 were authorised and approved for issue by way of a resolution passed by the Board of Directors on 28 April 2025.

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

2.1 BASIS OF PREPARATION

These interim condensed consolidated financial information 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. including UAE Federal law No. 32 of 2021 and decretal Federal Law No. 14 of 2018.

The interim condensed consolidated financial information are prepared in accordance with the historical cost basis, except for the revaluation of certain financial instruments which are measured at fair value. Historical cost is generally based on fair value of the consideration given in exchange for assets.

The interim condensed consolidated financial information 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 interim condensed consolidated financial information do not include all the information and disclosures 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 2024. In addition, results for the interim period ended 31 March 2025 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

2.2 BASIS OF CONSOLIDATION

The interim condensed consolidated financial information 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 using consistent accounting policies.

All significant inter-group balances income and expense items are eliminated on consolidation.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies applied by the Group in the preparation of the interim condensed consolidated financial information are consistent with those applied by the Group in the annual consolidated financial statements for the year ended 31 December 2024, except for changes in accounting policies explained in Note 3.

2.4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the interim condensed consolidated 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 interim condensed consolidated financial information, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended 31 December 2024.

3 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, 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 2025, but do not have any material impacts on the interim condensed consolidated financial information of the Group.

3.1 APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

3.1.1 New and revised IFRS Accounting Standards applied with no material effect on the condensed consolidated financial statements

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2025, have been adopted in these condensed consolidated interim financial information. The application of these revised IFRS has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates relating to Lack of Exchangeability

Other than the above, there are no other significant IFRS Accounting Standards and amendments that were effective for the first time for the financial year beginning on or after 1 January 2025.

3.1.2 New and revised IFRS Accounting Standards in issue but not yet effective

The Group has not early adopted the following new and revised standards that have been issued but are not yet effective. The management is in the process of assessing the impact of the new requirements.

<u>New and revised IFRS</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments Disclosures</i> regarding the classification and measurement of financial instruments	1 January 2026
The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9.	
IFRS 18 Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendment to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i> relating to treatment of sale or contribution of assets from investors	Effective date deferred indefinitely.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's condensed consolidated interim financial information for the period of initial application and adoption of these new standards, interpretations and amendments may have no material impact on the condensed consolidated interim financial information of the Group in the period of initial application.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three- month period ended 31 March 2025 (Unaudited)

4 CASH AND BALANCES WITH CENTRAL BANK OF THE U.A.E

	31 March 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Balances with Central Bank of the U.A.E.:		
Current account	26,081	59,354
Statutory cash reserve deposit*	932,007	755,039
Monetary Bills **	983,738	714,703
Overnight deposits	990,000	975,000
	2,931,826	2,504,096
Cash in hand	101,841	86,463
	3,033,667	2,590,559

All the balances are classified as Stage 1 as at 31 March 2025 (31 December 2024: Stage 1).

* The statutory deposit with the Central Bank of the U.A.E is not available to finance the day-to-day operations of the Group and is excluded from cash and cash equivalents in Note 20.

** As at 31 March 2025, certain securities with an aggregate value of AED 49,487 thousand (fair value of AED 49,466 thousand) were collateralised as at that date against the repurchase agreements with banks of AED 49,610 thousand. (31 December 2024-NIL).

5 DUE FROM OTHER BANKS

	31 March 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Term deposits	2,917,693	3,675,609
Current accounts	25,232	26,824
Loans to banks	1,714,504	1,595,131
Total due from other banks	4,657,429	5,297,564
Provision for expected credit loss	(4,219)	(3,459)
Net due from other banks	4,653,210	5,294,105

	31 March 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Gross amounts due from other banks by geographical area		
Within U.A.E.	1,389,725	2,301,907
Within GCC	1,787,023	1,761,810
Other countries	1,480,681	1,233,847
	4,657,429	5,297,564

All amounts due from other banks were classified as Stage 1 (31 December 2024: Stage 1) with corresponding ECL of AED 4,219 thousand (31 December 2024: AED 3,459 thousand). There was no inter-stage movement in gross balances due from other banks during the period (31 December 2024: no inter-stage movement).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three- month period ended 31 March 2025 (Unaudited)

6 LOANS AND ADVANCES AND ISLAMIC FINANCING RECEIVABLES

	<i>31 March 2025 AED'000 (Unaudited)</i>	<i>31 December 2024 AED'000 (Audited)</i>
Loans	6,342,387	6,181,071
Overdrafts	889,590	787,151
Islamic Financing Products	96,275	112,909
Loans against trust receipts	343,575	346,104
Syndicated Loans	681,596	501,978
Other	41,443	31,372
Total loans and advances and Islamic financing receivables	8,394,866	7,960,585
Provision for expected credit loss	(178,304)	(184,915)
Net loans and advances and Islamic financing receivables	8,216,562	7,775,670
	<i>31 March 2025 AED'000 (Unaudited)</i>	<i>31 December 2024 AED'000 (Audited)</i>
Gross loans and advances and Islamic financing receivables by economic sector		
Real estate	2,843,686	2,830,709
Wholesale and retail trade	1,308,495	1,502,640
Financial institutions	779,316	775,838
Individual loans for business	678,531	740,173
Manufacturing	587,242	490,493
Personal loans and other	372,909	375,831
Transport and communication	347,005	340,628
Government	697,964	147,373
Construction	58,786	49,219
Other services	720,932	707,681
	8,394,866	7,960,585

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 2024	7,010,314	629,909	320,362	7,960,585
New assets originated	923,361	6,953	-	930,314
Assets derecognised/repaid	(452,401)	(37,222)	(6,227)	(495,850)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(2,626)	2,626	-	-
Transfer to Stage 3	-	-	-	-
Write off	-	-	(183)	(183)
As at 31 March 2025 (Unaudited)	7,478,648	602,266	313,952	8,394,866

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three- month period ended 31 March 2025 (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 2023	6,023,514	660,706	488,344	7,172,564
New assets originated	3,003,323	117,625	1,017	3,121,965
Assets derecognised /repaid	(1,985,189)	(148,739)	(117,479)	(2,251,407)
Transfer to Stage 1	3,465	(3,465)	-	-
Transfer to Stage 2	(21,996)	21,996	-	-
Transfer to Stage 3	(12,803)	(18,214)	31,017	-
Write off	-	-	(82,537)	(82,537)
As at 31 December 2024	<u>7,010,314</u>	<u>629,909</u>	<u>320,362</u>	<u>7,960,585</u>

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 2024	41,275	45,283	98,357	184,915
Net impairment charged during the period	(3,406)	(2,107)	1,379	(4,134)
Recoveries	-	-	(2,294)	(2,294)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(6)	6	-	-
Transfer to Stage 3	-	(144)	144	-
Written off	-	-	(183)	(183)
As at 31 March 2025 (Unaudited)	<u>37,863</u>	<u>43,038</u>	<u>97,403</u>	<u>178,304</u>

	<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	47,727	33,347	100,736	181,810
Net impairment charged during the period	(5,876)	11,762	87,288	93,174
Recoveries	-	-	(7,532)	(7,532)
Transfer to Stage 1	59	(59)	-	-
Transfer to Stage 2	(582)	582	-	-
Transfer to Stage 3	(53)	(349)	402	-
Written off	-	-	(82,537)	(82,537)
As at 31 December 2024	<u>41,275</u>	<u>45,283</u>	<u>98,357</u>	<u>184,915</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three- month period ended 31 March 2025 (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 2025 (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 1-9)	7,478,648	11,168	-	7,489,816
Performing Watchlist (10-12)	-	591,098	-	591,098
Sub Standard (Grade 13)	-	-	51,233	51,233
Doubtful (Grade 14)	-	-	45,873	45,873
Loss (Grades 15)	-	-	216,846	216,846
Total gross carrying amount	7,478,648	602,266	313,952	8,394,866
Expected credit loss	(37,863)	(43,038)	(97,403)	(178,304)
Carrying amount	7,440,785	559,228	216,549	8,216,562

	<i>31 December 2024 (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 1-9)	7,010,314	4,772	-	7,015,086
Performing Watchlist (10-12)	-	625,137	-	625,137
Sub Standard (Grade 13)	-	-	56,973	56,973
Doubtful (Grade 14)	-	-	45,901	45,901
Loss (Grades 15)	-	-	217,488	217,488
Total gross carrying amount	7,010,314	629,909	320,362	7,960,585
Expected credit loss	(41,275)	(45,283)	(98,357)	(184,915)
Carrying amount	6,969,039	584,626	222,005	7,775,670

The stage 3 loans as at 31 March 2025 amounted to AED 313,952 thousand (31 December 2024: AED 320,362 thousand) which is covered by collateral of AED 853,569 thousand (31 December 2024: AED 1,008,027 thousand) and provision for expected credit loss of AED 97,403 thousand (31 December 2024: AED 98,357 thousand) aggregating to AED 950,972 thousand (31 December 2024: AED 1,106,384 thousand) which is 3.03 times (31 December 2024: 3.45 times) of the stage 3 loans.

7 INVESTMENT SECURITIES

	<i>31 March 2025</i>	<i>31 December 2024</i>
	<i>AED'000 (Unaudited)</i>	<i>AED'000 (Audited)</i>
Securities at FVTPL		
Quoted equity securities	25,522	24,366
Discretionary funds managed by third parties – quoted equity securities	238	247
	25,760	24,613

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7 INVESTMENTS (continued)

	31 March 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Securities at FVOCI		
Quoted equity securities	1,065,979	1,003,809
Unquoted equity securities	56,330	50,886
	1,122,309	1,054,695
Securities at amortised cost		
Quoted debt instruments	1,014,828	661,553
Total investment securities	2,162,897	1,740,861
Provision for expected credit loss	(2,150)	(2,237)
Net investment securities	2,160,747	1,738,624

Gross investment securities by geographical area

	31 March 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Within U.A.E.	1,584,570	1,485,641
Within GCC	523,188	205,527
Other countries	55,139	49,693
	2,162,897	1,740,861

All debt investments are classified as Stage 1 (31 December 2024: Stage 1) with corresponding ECL of AED 2,150 thousand (31 December 2024: AED 2,237 thousand). There was no inter-stage movement in gross balances during the period (31 December 2024: no inter-stage movement).

Quoted debt securities aggregating AED 1,014,828 thousand (31 December 2024: AED 661,553 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.

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8 OTHER ASSETS

	31 March 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Assets acquired in settlement of debt*	65,126	65,126
Interest receivable	79,898	91,108
Prepayments and deposits	8,709	8,858
Cash in transit	47,495	28,610
Commission receivable	4,971	4,971
Sundry assets	70,683	14,318
	276,882	212,991

* The Group has recorded an impairment on its assets acquired in settlement of debt amounting to AED NIL during period ended 31 March 2025 (31 December 2024: AED 9,918 thousand).

9 DUE TO OTHER BANKS

	31 March 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Demand deposits	6	-
Repurchase Agreements*	49,410	-
	49,416	-

* This represents short-term borrowing from a bank with maturity on 07 April 2025.

By geographical area

	31 March 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Within U.A.E.	49,410	-
Other countries	6	-
	49,416	-

10 CUSTOMERS' DEPOSITS AND ISLAMIC CUSTOMERS DEPOSITS

	31 March 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Time deposits	5,860,074	5,669,693
Current accounts	5,019,336	4,190,182
Call deposits	1,021,852	1,271,658
Savings deposits	153,020	158,306
Islamic customers' deposits	66,117	73,392
Margin deposits	41,789	42,585
	12,162,188	11,405,816

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11 OTHER LIABILITIES

	31 March 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Interest payable	131,557	97,926
Cheques on selves	41,635	44,982
Provision for Income tax	57,759	45,025
Accounts payable	14,246	28,063
Provision for employees' end of service benefits	24,322	24,469
Other staff benefits payable	3,346	1,915
Provision for expected credit loss on commitments and contingencies (Note 16)	10,798	11,146
Provision for expected credit loss on acceptance	162	230
Dividend payable	8,723	8,723
Lease liability	2,378	2,536
Deferred tax liability	1,213	738
Other	26,221	27,019
	322,360	292,772

12 SHARE CAPITAL

	31 March 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Issued and fully paid: 2,000 million ordinary shares of AED 1 each (2024: 2,000 million ordinary shares of AED 1 each)	2,000,000	2,000,000

13 DIVIDENDS

At the Annual General Meeting held on 10 March 2025, the Shareholders approved dividend of 18% amounting to AED 360 million for the year ended 31 December 2024 (2023: dividend of 15% amounting to AED 300 million which was subsequently paid during 2024), which was paid during the current period.

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.

15 IMPAIRMENT RESERVE- GENERAL

The Central Bank issued the new Credit Risk Management Regulation and accompanying Standards, Circular No. 3/2024 dated 25 July 2024, which apply to all financial institutions licensed by the Central Bank that provide credit facilities. As per the clause 9.21 (b) and 9.26 of this circular, the reconciliation between prescribed minimum provision and provision computed under accounting standards are as follows:

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15 IMPAIRMENT RESERVE- GENERAL (Continued)

	<i>31 March 2025 AED '000 (Unaudited)</i>	<i>31 December 2024 AED '000 (Audited)</i>
Impairment Reserve: General		
General Provisions under Circular No.3/2024 of CBUAE	187,609	184,786
Less: Stage 1 & Stage 2 provisions under IFRS 9	(97,843)	(103,300)
Impairment Reserve: General*	89,766	81,486
	<i>31 March 2025 AED '000 (Unaudited)</i>	<i>31 December 2024 AED '000 (Audited)</i>
Impairment Reserve: Specific		
Specific Provisions under Circular No.3/2024 of CBUAE	97,403	98,357
Less: Stage 3 provisions under IFRS 9	(97,403)	(98,357)
Impairment Reserve: Specific	-	-

* The amount is transferred to a dedicated non-distributable impairment reserve - general as an appropriation from the retained earnings.

16 COMMITMENTS AND CONTINGENCIES

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

	<i>31 March 2025 AED '000 (Unaudited)</i>	<i>31 December 2024 AED '000 (Audited)</i>
Guarantees	1,511,717	1,510,937
Letters of credit	191,327	130,530
	1,703,044	1,641,467
Commitments to extend credit*	1,128,427	1,200,050
	2,831,471	2,841,517

*ECL for commitments to extend credit as at 31 March 2025 amounts to AED 3,373 thousand (31 December 2024: AED 4,495 thousand) out of which AED 1,186 thousand (31 December 2024: AED 1,910 thousand) pertains to loans and advances and AED 2,187 thousand (31 December 2024: AED 2,585 thousand) pertains to contingencies and commitments.

Gross commitments and contingent liabilities by geographical area

	<i>31 March 2025 AED '000 (Unaudited)</i>	<i>31 December 2024 AED '000 (Audited)</i>
Within the U.A.E.	2,691,091	2,710,381
Outside the U.A.E.	140,380	131,136
	2,831,471	2,841,517

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16 COMMITMENTS AND CONTINGENCIES (continued)

Movement in the gross balance 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>
Gross carrying amount as at 1 January 2025	1,589,266	6,412	45,789	1,641,467
Increase in commitments	226,187	22		226,209
Decrease in commitments	(160,614)	(2,070)	(1,948)	(164,632)
Transferred to Stage 2	-	-	-	-
Transferred to Stage 3	-	-	-	-
As at 31 March 2025	1,654,839	4,364	43,841	1,703,044

	<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 1 January 2024	1,632,332	1,724	71,145	1,705,201
Increase in commitments	316,660	-	-	316,660
Decrease in commitments	(358,341)	(1,174)	(20,879)	(380,394)
Transferred to Stage 2	(1,000)	5,862	(4,862)	-
Transferred to Stage 3	(385)	-	385	-
As at 31 December 2024	1,589,266	6,412	45,789	1,641,467

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 1 January 2025	10,740	76	330	11,146
Increase in commitments	792	-	55	847
Decrease in commitments	(1,162)	(33)	-	(1,195)
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
As at 31 March 2025	10,370	43	385	10,798

	<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 1 January 2024	6,382	-	-	6,382
Increase in commitments	10,023	52	363	10,438
Decrease in commitments	(5,663)	23	-	(5,640)
Transfer to Stage 2	(1)	1	-	-
Transfer to Stage 3	(1)	-	1	-
Write off	-	-	(34)	(34)
As at 31 December 2024	10,740	76	330	11,146

The provision for ECL against the off-balance sheet exposures disclosed above, amounting to AED 10,798 thousand, (31 December 2024: AED 11,146 thousand) is classified under other liabilities.

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16 COMMITMENTS AND CONTINGENCIES (continued)

Grading of commitment and contingencies along with stages:

	<i>31 March 2025 (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 1-9)	1,654,839	2,813	-	1,657,652
Performing watch list (Grades 10-12)	-	1,551	-	1,551
Sub Standard (Grade 13)	-	-	591	591
Doubtful (Grade 14)	-	-	3	3
Loss (Grades 15)	-	-	43,247	43,247
Total gross carrying amount	1,654,839	4,364	43,841	1,703,044
Expected credit loss	(10,370)	(43)	(385)	(10,798)
Carrying amount	1,644,469	4,321	43,456	1,692,246

	<i>31 December 2024 (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 1-9)	1,589,266	5,861	-	1,595,127
Performing watch list (Grades 10-12)	-	551	-	551
Sub Standard (Grade 13)	-	-	1,840	1,840
Loss (Grades 15)	-	-	43,949	43,949
Total gross carrying amount	1,589,266	6,412	45,789	1,641,467
Expected credit loss	(10,740)	(76)	(330)	(11,146)
Carrying amount	1,578,526	6,336	45,459	1,630,321

b) Capital Commitments

At 31 March 2025, the Group has capital commitments of AED 5,396 thousand (31 December 2024: AED 5,865 thousand).

17 NET IMPAIRMENT (REVERSAL)/LOSSES

	<i>Three months period ended 31 March (Unaudited)</i>	
	<i>2025 AED '000</i>	<i>2024 AED '000</i>
Loans and advances and Islamic financing receivables	(6,428)	58,027
Due from other banks	760	618
Investment securities	(87)	42
Acceptances and off-balance sheet items	(416)	(2,530)
Impairment of asset acquired in settlement of debt	-	3,655
	(6,171)	59,812

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18 INCOME TAX EXPENSE

The components of income tax expense are, as follows:

	<i>Three months period ended 31 March (Unaudited)</i>	
	<i>2025 AED '000</i>	<i>2024 AED '000</i>
Interim condensed consolidated income statement		
Current tax charge	12,734	12,720
Interim condensed consolidated statement of comprehensive income		
Deferred tax charge on unrealized gain on revaluation of FVOCI equity	475	-
Effective tax rate	6.41%	6.75%

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance (“MoF”) released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law (“CT Law”) to enact a new CT regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after 1 June 2023. As the Group’s accounting year ends on 31 December, the first tax return will be filed on or before 30 September 2025. The taxable income of the entities that are in scope for UAE CT purposes will be subject to the rate of 9% corporate tax.

Current and deferred tax liabilities are recorded under other liabilities.

19 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>2025 AED '000</i>	<i>2024 AED '000</i>
Profit for the period (in AED '000)	185,786	175,735
Weighted average number of shares ('000)	2,000,000	2,000,000
Basic and diluted earnings per share (in AED)	0.09	0.09

There were no potential dilutive shares as at 31 March 2025 and 31 March 2024.

20 CASH AND CASH EQUIVALENTS

	<i>31 March (Unaudited)</i>	
	<i>2025 AED '000</i>	<i>2024 AED '000</i>
Cash and balances with the Central bank of the UAE (Note 4)	3,033,667	2,125,557
Due from other banks (Note 5)	4,657,429	4,026,338
	7,691,096	6,151,895
Statutory deposit (Note 4)	(932,007)	(498,578)
Due from other banks with original maturity greater than three months	(2,889,864)	(2,067,899)
Due to other banks (Note 9)	(49,416)	(282)
	3,819,809	3,585,136

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21 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 31 March(unaudited)</i>	
	<i>2025 AED'000</i>	<i>2024 AED'000</i>
Interest income	67	14
Interest expense	44,509	36,714
Other income	38	5
Directors' fees	750	750
Remuneration of key management personnel	1,480	1,170
	<i>2025 AED'000</i>	<i>2024 AED'000</i>
Salaries and other short-term benefits	1,430	1,125
Employee end of service benefits	50	45

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 2025 AED '000 (Unaudited)</i>	<i>31 December 2024 AED '000 (Audited)</i>
Loans and advances and Islamic financing receivables	15,864	9,524
Customer deposits and Islamic customer deposits	5,230,654	5,062,956
Irrevocable commitments and contingent liabilities	100,155	106,849

Key Management Personnel

Loans and advances and Islamic financing receivables	241	60
Customer deposits and Islamic customer deposits	1,121	651

The loans and advances and Islamic financing receivables given to related parties have been secured against collateral amounting to AED 72,678 thousand (2024: AED 72,295 thousand). All loans and advances to related parties are classified as Stage 1 (31 December 2024: Stage 1) with corresponding ECL of AED 233 thousand (31 December 2024: AED 384 thousand). There was no inter-stage movement in gross balances during the period (31 December 2024: no inter-stage movement)

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22 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

Period ended 31 March 2025 (Unaudited)	<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	50,415	96,916	(15)	147,316
Net fees and commission income	6,422	643	420	7,485
Other operating income	20,376	1,306	2,114	23,796
Gross income	77,213	98,865	2,519	178,597
Operating expenses	(11,385)	(598)	(33,523)	(45,506)
Investment gains	-	59,443	-	59,443
Share of loss from an associate	-	-	(185)	(185)
Net impairment reversal	5,803	368	-	6,171
Income tax expense	-	-	(12,734)	(12,734)
Segment result	71,631	158,078	(43,923)	185,786
As at 31 March 2025 (Unaudited)				
Segment assets	8,565,715	9,727,836	348,644	18,642,195
Segment liabilities and equity	11,699,192	49,416	6,893,587	18,642,195

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22 BUSINESS SEGMENTS (continued)

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

23 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 March 2025 amounted to AED 1,020,072 thousand (31 December 2024: AED 659,789 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.

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23 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 for the year ended 31 December 2024.

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 2025 AED '000 (Unaudited)	31 December 2024 AED '000 (Audited)	
Financial assets at FVTPL			
Quoted equity Securities	25,522	24,366	Level 1
Discretionary funds managed by third parties - quoted equity securities	238	247	Level 1
Financial assets at FVOCI			
Quoted equity securities	1,065,979	1,003,809	Level 1
Unquoted equity securities	1,193	1,193	Level 3
Unquoted equity securities	55,137	49,693	Level 2
Positive fair value of derivative	20	16	Level 2
Negative fair value of derivative	-	1	Level 2

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

Management considers that the carrying amounts of financial assets and liabilities recognised in the interim condensed consolidated financial information do not materially differ from their fair values.

24 SEASONALITY OF RESULTS

Investment gains includes dividend income of AED 58,141 thousand for the three months period ended 31 March 2025 (31 March 2024: AED 47,234 thousand), which is of a seasonal nature.

25 DERIVATIVES

	31 March 2025 (Unaudited)			31 December 2024 (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	20	-	11,763	16	1	14,467
Total	20	-	11,763	16	1	14,467

26 CAPITAL ADEQUACY RATIOS

Capital element	Basel III Minimum Requirement	As at 31 March 2025	As at 31 December 2024
Common equity tier 1 ratio	7.0%	35.83%	35.11%
Tier 1 capital ratio	8.5%	35.83%	35.11%
Capital adequacy ratio	10.5%	36.95%	36.23%