Public

Basel III - Pillar 3 Disclosures
30 Sep 2026

National Bank of Umm Al Qaiwain

.

Contents

1. General Information: 3
2. Executive Summary: 3
2.1. Purpose 3
2.2. Overview of Basel III Requirements 3
2.3. Capital Management 4
3. Overview of risk management and RWA 5
3.1. Template KM1: Key metrics (at consolidated group level) 5
3.2. Template OV1: Overview of RWA 7
4. Leverage ratio 8
4.1. Template LR1: Summary comparison of accounting assets vs leverage ratio exposure 8
4.2. Template LR2: Leverage ratio common disclosure template 9
5. Liquidity Risk Management 10
5.1. Template LIQ1: Liquidity Coverage Ratio (LCR) 10
5.2. Template LIQ2: Net Stable Funding Ratio (NSFR) 10
5.3. Template ELAR: Eligible Liquid Assets Ratio 11
5.4. Template ASRR: Advances to Stables Resource Ratio 12

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 AlQaiwain, United Arab Emirates.

The Bank is engaged in providing retail and wholesale banking services through a network of 9 branches in the U.A.E.

2. Executive Summary:

The Central Bank of the UAE published notice number CBUAE/BSD/N/2021/5508 on 30 November 2021 regarding Pillar 3 disclosures. These disclosures have been prepared in accordance with these guidelines.

2.1. Purpose

The purpose of this report is to enable market participants to access key information relating to Bank's regulatory capital and risk exposures to increase transparency among the readers of this report. Further increase confidence over the bank stability.

2.2. Overview of Basel III Requirements

The Bank complies with Basel 3 standards and guidelines, which have been implemented in the UAE through notice reference CBUAE/BSD/N/2022/5280 dated 30 December 2022.

For Pillar 1, Bank has adopted the Standardized Approach for Credit Risk, the Standardized Approach for Market Risk and the Basic Indicator Approach for determining the capital requirements for Operational Risk.

Pillar 2 covers additional risk areas such as concentration risk, FIRB vs standardized approach risk, IRRBB risk, Liquidity risk, IT/outsourcing/fraud risk, business & strategic risk, reputational/legal/compliance risk, model risk, Market & Operational risk (additional Pillar 2), conduct risk, climate risk. The risk and capital assessment of these other areas are commonly referred to as "Internal Capital Adequacy Assessment Process (ICAAP)". Under the ICAAP report, the Bank assesses the above-mentioned risks (where applicable) and measures that after combining pillar 1 and pillar 2 risk the Bank can withstand the regulatory and internal capital requirements. The Bank submits the ICAAP report to CBUAE on an annual basis.

Pillar 3 focuses on Market Discipline and complements the minimum capital requirements (Pillar 1) and the supervisory review process (Pillar 2). The CBUAE supports enhanced market discipline by developing a set of disclosure requirements which will allow market participants to assess key pieces of information on the scope of application, capital, risk exposure, risk assessment process and hence capital adequacy. This report has been prepared in line with the same objective.

2.3. Capital Management

Bank's capital management policy is to maintain a strong capital base to support the development and growth of business. Current and future capital requirements are determined based on loan growth expectations for each business unit, expected growth in off-balance sheet facilities, future sources and uses of funds and the Bank's future dividend policy. The Bank also ensures compliance with externally imposed capital requirement norms, strong credit ratings and healthy capital ratios to support its business and to maximize shareholders' value. During the year the Bank complied fully with all external imposed capital requirements. The U.A.E. Central Bank requires the banks in U.A.E. to maintain a ratio of total regulatory capital to the risk weighted assets at or above the agreed minimum of 10.5% (excl. buffers).

3. *Overview of risk management and RWA*

3.1. *Template KM1: Key metrics (at consolidated group level)*

	Key metrics (at consolidated group level)	a	b	c	d	e
	In AED'000	T 30 Sep 26	T-1 30 Jun 26	T-2 31 Mar 26	T-3 31 Dec 25	T-4 30 Sep 25
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	5,007,012	4,978,235	4,861,530	4,865,474	5,195,769
1a	Fully loaded ECL accounting model	5,007,012	4,978,235	4,861,530	4,865,474	5,195,769
2	Tier 1	5,007,012	4,978,235	4,861,530	4,865,474	5,195,769
2a	Fully loaded ECL accounting model Tier 1	5,007,012	4,978,235	4,861,530	4,865,474	5,195,769
3	Total capital	5,109,131	5,075,349	4,958,698	4,953,987	5,245,052
3a	Fully loaded ECL accounting model total capital	5,109,131	5,075,349	4,958,698	4,953,987	5,245,052
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	17,178,703	16,623,118	16,109,455	16,152,683	15,540,336
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	29.15%	29.95%	30.18%	30.12%	33.43%
5a	Fully loaded ECL accounting model CET1 (%)	29.15%	29.95%	30.18%	30.12%	33.43%
6	Tier 1 ratio (%)	29.15%	29.95%	30.18%	30.12%	33.43%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	29.15%	29.95%	30.18%	30.12%	33.43%
7	Total capital ratio (%)	29.74%	30.53%	30.78%	30.67%	33.75%
7a	Fully loaded ECL accounting model total capital ratio (%)	29.74%	30.53%	30.78%	30.67%	33.75%
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%) (0.50% from 1st Jan 2025 Transition Period, effective from 1st Jan 2026)	0.00%#	0.00%#	0.00%#	0.50%	0.50%
10	Bank D-SIB additional requirements (%)	0.00%	0.00%	0.00%	0.00%	0.00%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	2.50%	2.50%	2.50%	3.00%	3.00%
12	CET1 available after meeting the bank's minimum capital requirements (%)	18.65%	19.45%	19.68%	19.62%	22.93%
	Leverage Ratio					
13	Leverage ratio exposure measure	26,216,383	25,136,069	24,346,427	23,977,483	23,039,086
14	Leverage ratio (%) (row 2/row 13)	19.10%	19.81%	19.97%	20.29%	22.55%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	19.10%	19.81%	19.97%	20.29%	22.55%

	Key metrics (at consolidated group level)	a	b	c	d	e
	In AED'000	T 30 Sep 26	T-1 30 Jun 26	T-2 31 Mar 26	T-3 31 Dec 25	T-4 30 Sep 25
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	**19.10%**	**19.81%**	**19.97%**	**20.29%**	**22.55%**
	Liquidity Coverage Ratio					
15	Total HQLA	NA	NA	NA	NA	NA
16	Total net cash outflow	NA	NA	NA	NA	NA
17	LCR ratio (%)	NA	NA	NA	NA	NA
	Net Stable Funding Ratio					
18	Total available stable funding	NA	NA	NA	NA	NA
19	Total required stable funding	NA	NA	NA	NA	NA
20	NSFR ratio (%)	NA	NA	NA	NA	NA
	ELAR					
21	Total HQLA	2,970,334	3,474,684	3,551,906	3,811,289	3,548,981
22	Total liabilities	18,092,354	17,485,880	16,532,632	15,879,428	14,675,779
23	**Eligible Liquid Assets Ratio (ELAR) (%)**	**16.42%**	**19.87%**	**21.48%**	**24.00%**	**24.18%**
	ASRR					
24	Total available stable funding	23,088,764	21,571,175	20,515,397	20,496,095	19,584,943
25	Total Advances	14,746,587	12,643,024	13,202,356	14,166,585	12,652,006
26	**Advances to Stable Resources Ratio (%)**	**63.87%**	**58.61%**	**64.35%**	**69.12%**	**64.60%**

#CBUAE releases CCyB requirement from 0.50% to 0% effective from 17-03-2026 until further notice.

- Total RWA increased by AED 1,638 mio on YoY basis and AED 556 mio on QoQ basis, due to increase in overall asset size.
- Capital Adequacy Ratio (CAR) ratio declined by 401 bps on YoY b basis, due to increase in total assets and decrease in capital. Even though capital improved on a QoQ basis due to retained profits and an increase in OCI reserves, the higher growth in assets resulted in a decline in the CAR by 79 bps on QoQ basis.
- Leverage ratio(LR) declined by 345 bps on YOY basis due to increase in exposure and reduction in Tier I capital. Even though Tier 1 capital improved on a QoQ basis due to retained profits and an increase in OCI reserves, the higher growth in exposure has resulted in a decline in LR by 71 bps on QoQ basis.
- The increase in deposit balances, together with reduction in the HQLA portfolio, contributed to a quarter-on-quarter decline in the average ELAR. On a year-on-year basis, deposit growth similarly supported a reduction in the average ELAR ratio
- Increase in ASRR by 526 bps on QoQ is mainly due to increase in advances during the period. On YoY basis, ASRR reduced by 73 bps, due to proportionate increase in stable funding is more as compared to Advances.

Note: LCR &` NSFR as NA (not applicable) as these applies to D-SIB.

3.2. *Template OV1: Overview of RWA*

		a	b	c
		RWA		Minimum capital requirements
	In AED'000	T 30 Sep 2026	T-1 30 Jun 2026	T 30 Sep 2026
1	Credit risk (excluding counterparty credit risk)	15,668,228	15,089,634	1,645,164
2	Of which: standardised approach (SA)	15,668,228	15,089,634	1,645,164
3	Of which: foundation internal ratings-based (F-IRB) approach	0	0	0
4	Of which: supervisory slotting approach	0	0	0
5	Of which: advanced internal ratings-based (A-IRB) approach	0	0	0
6	Counterparty credit risk (CCR)	57	71	6
7	Of which: standardised approach for counterparty credit risk	57	71	6
8	Of which: Internal Model Method (IMM)	0	0	0
9	Of which: other CCR	0	0	0
10	Credit valuation adjustment (CVA)	57	71	6
11	Equity positions under the simple risk weight approach	0	0	0
12	Equity investments in funds - look-through approach	0	0	0
13	Equity investments in funds - mandate-based approach	0	0	0
14	Equity investments in funds - fall-back approach	0	0	0
15	Settlement risk	0	0	0
16	Securitisation exposures in the banking book	0	0	0
17	Of which: securitisation internal ratings-based approach (SEC-IRBA)	0	0	0
18	Of which: securitisation external ratings-based approach (SEC-ERBA)	0	0	0
19	Of which: securitisation standardised approach (SEC-SA)	0	0	0
20	Market risk	20,672	22,156	2,180
21	Of which: standardised approach (SA)	20,672	22,156	2,180
22	Of which: internal models approach (IMA)	0	0	0
23	Operational risk	1,489,599	1,511,185	156,408
24	Amounts below thresholds for deduction (subject to 250% risk weight)	0	0	0
25	Floor adjustment	0	0	0
26	**Total (1+6+10+11+12+13+14+15+16+20+23)**	**17,178,703**	**16,623,118**	**1,803,764**

- Credit RWA increased by AED 579 mio on QoQ basis mainly due to increase in advances.
- Market-risk weighted assets slightly reduced on QoQ basis due to decrease in eligible equity exposure.
- Operational risk-weighted assets reduced on QoQ basis due to decrease in 3 years average income

4. Leverage ratio

4.1. Template LR1: Summary comparison of accounting assets vs leverage ratio exposure

In AED'000	a T 30 Sep 2026	b T-1 30 Jun 2026
Total consolidated assets as per published financial statements	25,131,334	24,095,320
Adjustments for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(992,204)	(861,138)
Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	0	0
Adjustments for temporary exemption of central bank reserves (if applicable)	0	0
Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	0	0
Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	0	0
Adjustments for eligible cash pooling transactions	0	0
Adjustments for derivative financial instruments	286	357
Adjustment for securities financing transactions (ie repos and similar secured lending)	0	0
Adjustments for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	2,304,251	2,084,384
Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	0	0
Other adjustments	(227,285)	(182,854)
Leverage ratio exposure measure	**26,216,383**	**25,136,069**

Major difference between consolidated assets as per financial statements and Leverage ratio exposure measure is due to:

- Under exposure measure, investments and other intangible assets, that are deducted from the bank's capital in accordance with Capital supply standard should be deducted from the leverage ratio exposure measure. This adjustment will lead to reduction in exposure.
- Adjustments related to derivative financial instruments -it is the difference between the accounting value of the derivatives recognized as assets and the leverage ratio exposure value.
- Adjustment for Off Balance sheet items - Credit equivalent amount of off-balance sheet items determined by applying the relevant credit conversion factors to the nominal value of the off-balance sheet item. This will increase the exposure measure.
- Other adjustments – Acceptances are reported as funded portions as per the financial statements, however, the same was already considered under off balance sheet for exposure measure, hence it has resulted in decrease in exposure.

4.2. *Template LR2: Leverage ratio common disclosure template*

		a	b
	In AED'000	T 30 Sep 2026	T-1 30 Jun 2026
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	25,011,643	24,016,579
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	0	0
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	0	0
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	0	0
5	(Specific and general provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital)	(107,594)	(104,113)
6	(Asset amounts deducted in determining Tier 1 capital)	(992,204)	(861,138)
7	**Total on-bs exposure (excluding derivatives and SFTs) (sum of rows 1 to 6)**	**23,911,845**	**23,051,328**
Derivative exposures			
8	Replacement cost associated with *all* derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	0	38
9	Add-on amounts for PFE associated with *all* derivatives transactions	205	217
10	(Exempted CCP leg of client-cleared trade exposures)	0	0
11	Adjusted effective notional amount of written credit derivatives	0	0
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0	0
13	**Total derivative exposures (sum of rows 8 to 12), (8 + 9)*1.4**	**286**	**357**
Securities financing transactions			
14	Gross SFT *assets* (with no recognition of netting), after adjusting for sale accounting transactions	0	0
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0	0
16	CCR exposure for SFT assets	0	0
17	Agent transaction exposures	0	0
18	**Total securities financing transaction exposures (sum of rows 14 to 17)**	0	0
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	3,660,741	3,223,296
20	(Adjustments for conversion to credit equivalent amounts)	(1,343,145)	(1,127,539)
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	(13,346)	(11,373)
22	**Off-balance sheet items (sum of rows 19 to 21)**	2,304,251	2,084,384
Capital and total exposures			
23	**Tier 1 capital**	5,007,012	4,978,235
24	**Total exposures (sum of rows 7, 13, 18 and 22)**	26,216,383	25,136,069
Leverage ratio			
25	**Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)**	19.10%	19.81%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	19.10%	19.81%
26	CBUAE minimum leverage ratio requirement	3.00%	3.00%
27	**Applicable leverage buffers**	0.00%	0.00%

Leverage ratio declined by 71 bps on QoQ basis, as the growth in exposure dominated the increase in Tier 1 Capital.

5. Liquidity Risk Management

Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately. To guard against this risk, management endeavors to diversify funding sources on a continuous basis and manage assets with liquidity in mind. The day-to-day funds management is done at Treasury to maintain satisfactory liquid assets. The liquidity position is monitored and reported to top management daily. The Bank's Assets and Liabilities Committee (ALCO) has put in place the policies to manage liquidity risk and monitor the position regularly.

As part of the ICAAP, the Bank assesses the impact on capital adequacy of liquidity risk by carrying out stress testing.

Liquidity risk is measured in the Bank using a flow approach and stock approach. Flow approach involves comprehensive tracking of cash flow mismatches. The stock approach involves measurement of critical ratios in respect of liquidity risk. For measuring and managing net funding requirements, the use of maturity ladder and calculations of cumulative surplus or deficit of funds at selected maturity dates are adopted as standard tools.

As per CBUAE guidelines, Bank has adopted the Basel III framework on liquidity standards and ensures daily monitoring of Eligible Liquid Assets Ratio (ELAR) and Advances to Stable Resources Ratio (ASRR).

The Bank has a liquidity stress testing framework guided by the CBUAE liquidity framework. Liquidity stress testing are conducted under different scenarios at monthly intervals to assess the impact on liquidity to withstand stressed conditions.
The bank has a Board approved Contingency Funding Plan (CFP) guided by the regulatory stipulation that sets out the strategies for addressing liquidity shortfalls in critical stress situations

5.1. Template LIQ1: Liquidity Coverage Ratio (LCR)

This is not applicable to the Bank as our bank is not a D-SIB Bank.

5.2. Template LIQ2: Net Stable Funding Ratio (NSFR)

This is not applicable to the Bank as our bank is not a D-SIB Bank.

5.3. *Template ELAR: Eligible Liquid Assets Ratio*

The following table presents the ELAR ratio of the Bank for 30.09.2026, based on simple averages of daily observations over the previous quarter (i.e. the average calculated over a period of 90 days) in AED. The table also presents the breakdown of the Bank's available high-quality liquid assets (HQLA), as measured and defined according to the CBUAE Liquidity Regulations.

	In AED'000	30 Sep 2026		30 Jun 2026	
1	**High-Quality Liquid Assets**	**Nominal amount**	**Eligible Liquid Asset**	**Nominal amount**	**Eligible Liquid Asset**
1.1	Physical cash in hand at the bank + balances with the CBUAE	2,653,247		3,184,061	
1.2	UAE Federal Government Bonds and Sukuks	0		0	
	Sub Total (1.1 to 1.2)	2,653,247	2,653,247	3,184,061	3,184,061
1.3	UAE local governments publicly traded debt securities	317,087		290,624	
1.4	UAE Public sector publicly traded debt securities	0		0	
	Sub Total (1.3 to 1.4)	317,087	317,087	290,624	290,624
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	0	0	0	0
1.6	**Total**	**2,970,334**	**2,970,334**	**3,474,684**	**3,474,684**
2	Total liabilities		18,092,354		17,485,880
3	**Eligible Liquid Assets Ratio (ELAR) (1/2)**		**16.42%**		**19.87%**

The increase in deposit balances, together with reduction in the HQLA portfolio, contributed to a quarter-on-quarter decline in the average ELAR.

5.4. *Template ASRR: Advances to Stables Resource Ratio*

The table below provides the breakdown of the Bank's Advances to Stable Resource Ratio (ASRR) as per the UAECB Liquidity Regulations.

			30 Sep 2026	30 Jun 2026
		Items	Amount (AED'000)	Amount (AED'000)
1		**Computation of Advances**		
	1.1	Net Lending (gross loans minus (Stage 3 for Loans and Advances (Principal) + Provision for Interest & Fees past due more than 90 days and Legacy Interest in Suspense))	9,532,164	8,573,272
	1.2	Lending to non-banking financial institutions	101,318	220,507
	1.3	Financial Guarantees & Stand-by LC Issued	315,888	316,216
	1.4	Financial Guarantees & Stand -by LCs Received	0	0
	1.5	Interbank Placements with a remaining life of more than 3 months	4,797,217	3,533,209
	1.6	**Total Advances**	**14,746,587**	**12,643,024**
2		**Calculation of Net Stable Resources**		
	2.1	Total own funds + general provisions	6,758,618	6,523,616
		Deduct:		
	2.1.1	Goodwill and other intangible assets	0	0
	2.1.2	Fixed Assets	101,115	101,077
	2.1.3	Funds allocated to branches abroad	0	0
	2.1.4	Treasury shares held / No INPUT required here	0	0
	2.1.5	Unquoted Investments	58,709	55,037
	2.1.6	Investment in subsidiaries, associates and affiliates	0	0
	2.1.7	**Total deduction**	**159,824**	**156,114**
	2.2	**Net Free Capital Funds**	**6,598,794**	**6,367,502**
	2.3	**Other stable resources:**		
	2.3.1	Funds from the head office	0	0
	2.3.2	Interbank deposits with remaining life of more than 6 months	0	0
	2.3.3	Refinancing of Housing Loans	0	0
	2.3.4 (a)	Borrowing from non-Banking Financial Institutions remaining life of more than 6 months	67,485	56,141
	2.3.4 (b)	85% of the rest of NBFI Deposits	43,584	51,159
	2.3.5 (a)	Customer Deposits with remaining life of more than 6 months	8,258,524	4,253,991
	2.3.5 (b)	85% of the rest of Customer Deposits	8,120,377	10,842,382
	2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	0	0
	2.3.7	Head Office loans towards meeting Large Exposure Funding	0	0
	2.3.8	**Total other stable resources**	**16,489,970**	**15,203,673**
	2.4	**Total Stable Resources (2.2+2.3.8)**	**23,088,764**	**21,571,175**
3		**Advances TO STABLE RESOURCES RATIO (1.6/ 2.4*100)**	**63.87%**	**58.61%**

Increase in ASRR by 526 bps on QoQ is mainly due to increase in advances during the period.

--- End of Report --