

Basel III - Pillar 3 Disclosures

31 Mar 2025

National Bank of Umm Al Qaiwain



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1. General Information:

National Bank of Umm Al-Qaiwain (PSC) (the “Bank”) is a Public Shareholding Company (ADX listed) incorporated in the Emirate of Umm Al-Qaiwain (“UAQ”) in the United Arab Emirates (“U.A.E.”) by Amiri Decree Number (1) on January 5, 1982, issued by His Highness, the Ruler of Umm Al-Qaiwain, and commenced its operations with effect from August 1, 1982. The Group comprises National Bank of Umm Al-Qaiwain (PSC), UAQ and its subsidiary Twin Towns Marketing Management LLC (100% ownership), Dubai. The Bank is engaged in providing products and services to customers in Retail, Corporate, Small and Medium Enterprise, Treasury and Trade finance in both conventional and Islamic banking. The Group carries out Islamic banking operations through an Islamic banking window established in 2005 across all networks. During the year 2022, the Bank has decided to run down of Islamic window and to continue with the existing Islamic portfolio only. As per the run-down plan approved by the Internal Shari’ah Supervision Committee, this is expected to be completed by year 2025.

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 and confidence about Bank’s exposure to risk and the overall adequacy of its regulatory capital.

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 I) and the supervisory review process (Pillar II). 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)

		a	b	c	d	e
		T	T-1	T-2	T-3	T-4
In AED'000		31 Mar 25	31 Dec 24	30 Sep 24	30 Jun 24	31 Mar 24
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	4,982,397	4,815,819	5,122,376	5,043,184	5,000,734
1a	Fully loaded ECL accounting model	4,982,397	4,815,819	5,122,376	5,043,184	5,000,734
2	Tier 1	4,982,397	4,815,819	5,122,376	5,043,184	5,000,734
2a	Fully loaded ECL accounting model Tier 1	4,982,397	4,815,819	5,122,376	5,043,184	5,000,734
3	Total capital	5,138,738	4,969,807	5,264,796	5,179,859	5,133,542
3a	Fully loaded ECL accounting model total capital	5,138,738	4,969,807	5,264,796	5,179,859	5,133,542
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	13,907,433	13,716,857	12,507,417	12,045,498	11,738,403
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	35.83%	35.11%	40.95%	41.87%	42.60%
5a	Fully loaded ECL accounting model CET1 (%)	35.83%	35.11%	40.95%	41.87%	42.60%
6	Tier 1 ratio (%)	35.83%	35.11%	40.95%	41.87%	42.60%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	35.83%	35.11%	40.95%	41.87%	42.60%
7	Total capital ratio (%)	36.95%	36.23%	42.09%	43.00%	43.73%
7a	Fully loaded ECL accounting model total capital ratio (%)	36.95%	36.23%	42.09%	43.00%	43.73%
	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 1 st Jan 2025 Transition Period, effective from 1 st Jan 2026)	0.50%	0.00%	0.00%	0.00%	0.00%
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)	3.00%	2.50%	2.50%	2.50%	2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	25.33%	24.61%	30.45%	31.37%	32.10%

In AED'000		a	b	c	d	e
		T	T-1	T-2	T-3	T-4
		31 Mar 25	31 Dec 24	30 Sep 24	30 Jun 24	31 Mar 24
	Leverage Ratio					
13	Leverage ratio exposure measure	20,018,020	19,315,771	18,355,618	17,402,303	16,713,676
14	Leverage ratio (%) (row 2/row 13)	24.89%	24.93%	27.91%	28.98%	29.92%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	24.89%	24.93%	27.91%	28.98%	29.92%
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	24.89%	24.93%	27.91%	28.98%	29.92%
	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	3,869,684	3,036,134	3,479,550	3,274,076	2,951,743
22	Total liabilities	12,055,939	10,555,919	10,525,234	10,304,529	9,175,339
23	Eligible Liquid Assets Ratio (ELAR) (%)	32.10%	28.76%	33.06%	31.77%	32.17%
	ASRR					
24	Total available stable funding	16,488,245	16,132,005	14,966,621	13,948,893	12,294,750
25	Total Advances	11,482,042	9,986,656	9,908,111	9,929,942	7,847,539
26	Advances to Stable Resources Ratio (%)	69.64%	61.91%	66.20%	71.19%	63.83%

The CAR ratio declined by 6.78% in Q1'25 vs Q1'24 due to an increase in the size of the lending book. However, there was no major increase in the CAR (change 0.72%) from Q1'25 vs Q4'24.

Note: LCR & NSFR as NA as these applies to DSIB.

3.2. Template OV1: Overview of RWA

		a	b	c
		RWA		Minimum capital requirements
In AED'000		T 31 Mar 2025	T-1 31 Dec 2024	T 31 Mar 2025
1	Credit risk (excluding counterparty credit risk)	12,507,015	12,318,875	1,313,237
2	Of which: standardised approach (SA)*	12,507,015	12,318,875	1,313,237
3	Of which: foundation internal ratings-based (F-IRB) approach			
4	Of which: supervisory slotting approach			
5	Of which: advanced internal ratings-based (A-IRB) approach			
6	Counterparty credit risk (CCR)	120	95	13
7	Of which: standardised approach for counterparty credit risk	120	95	13
8	Of which: Internal Model Method (IMM)			
9	Of which: other CCR			
10	Credit valuation adjustment (CVA)	120	95	13
11	Equity positions under the simple risk weight approach			
12	Equity investments in funds - look-through approach	-	-	-
13	Equity investments in funds - mandate-based approach	-	-	-
14	Equity investments in funds - fall-back approach	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in the banking book	-	-	-
17	Of which: securitisation internal ratings-based approach (SEC-IRBA)			
18	Of which: securitisation external ratings-based approach (SEC-ERBA)	-	-	-
19	Of which: securitisation standardised approach (SEC-SA)	-	-	-
20	Market risk	53,992	51,606	5,669
21	Of which: standardised approach (SA)	53,992	51,606	5,669
22	Of which: internal models approach (IMA)			
23	Operational risk	1,346,186	1,346,186	141,350
24	Amounts below thresholds for deduction (subject to 250% risk weight)			
25	Floor adjustment			
26	Total (1+6+10+11+12+13+14+15+16+20+23)	13,907,433	13,716,857	1,460,280

- CRWAs increased by AED 188 mio due to loan book growth and investments.
- Market-risk weighted assets increased due to FX and Equity positions.
- There is no change in the operational risk weighted assets.

*In Dec'24 column (b), CRWAs figures updated as per template, however there is no change in the total RWAs.

4. Leverage ratio

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

In AED'000	a 31 Mar 2025
Total consolidated assets as per published financial statements	18,642,195
Adjustments for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(486,431)
Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-
Adjustments for temporary exemption of central bank reserves (if applicable)	-
Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	-
Adjustments for eligible cash pooling transactions	-
Adjustments for derivative financial instruments	600
Adjustment for securities financing transactions (ie repos and similar secured lending)	590
Adjustments for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	2,042,451
Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-
Other adjustments	(181,383)
Leverage ratio exposure measure	20,018,020

4.2. Template LR2: Leverage ratio common disclosure template

		a	b
In AED'000		T 31 Mar 2025	T-1 31 Dec 2024
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	18,411,401	17,733,308
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	-	-
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	-	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(Specific and general provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	(486,431)	(445,289)
7	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)	17,924,970	17,288,019
Derivative exposures			
8	Replacement cost associated with <i>all</i> derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	20	16
9	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	408	324
10	(Exempted CCP leg of client-cleared trade exposures)		
11	Adjusted effective notional amount of written credit derivatives		
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)		
13	Total derivative exposures (sum of rows 8 to 12), (8 + 9)*1.4	600	476
Securities financing transactions			
14	Gross SFT <i>assets</i> (with no recognition of netting), after adjusting for sale accounting transactions	49,410	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	CCR exposure for SFT assets	590	-
17	Agent transaction exposures	-	-
18	Total securities financing transaction exposures (sum of rows 14 to 17)	50,000	-
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	3,060,834	3,037,455
20	(Adjustments for conversion to credit equivalent amounts)	(1,007,425)	(998,803)
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	(10,959)	(11,377)
22	Off-balance sheet items (sum of rows 19 to 21)	2,042,451	2,027,275

		a	b
In AED'000		T 31 Mar 2025	T-1 31 Dec 2024
Capital and total exposures			
23	Tier 1 capital	4,982,397	4,815,819
24	Total exposures (sum of rows 7, 13, 18 and 22)	20,018,020	19,315,771
Leverage ratio			
25	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	24.89%	24.93%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	24.89%	24.93%
26	CBUAE minimum leverage ratio requirement	3.00%	3.00%
27	Applicable leverage buffers	0.00%	0.00%

There is no material change in the leverage ratio.

5. Liquidity Risk Management

5.1. Template LIQ1: Liquidity Coverage Ratio (LCR)

It's applicable only to the big banks of UAE.

5.2. Template ELAR: Eligible Liquid Assets Ratio

		31-Mar-25	In AED'000
1	High Quality Liquid Assets	Nominal amount	Eligible Liquid Asset
1.1	Physical cash in hand at the bank + balances with the CBUAE	3,789,652	
1.2	UAE Federal Government Bonds and Sukuks	25,006	
	Sub Total (1.1 to 1.2)	3,814,658	3,814,658
1.3	UAE local governments publicly traded debt securities	55,026	
1.4	UAE Public sector publicly traded debt securities	0	
	Sub Total (1.3 to 1.4)	55,026	55,026
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks		0
1.6	Total	3,869,684	3,869,684
2	Total liabilities		12,055,939
3	Eligible Liquid Assets Ratio (ELAR)		32.10%

5.3. **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 CBUAE Liquidity Regulations.

			31-Mar-2025
		Items	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))	8,075,642
	1.2	Lending to non-banking financial institutions	221,821
	1.3	Financial Guarantees & Stand-by LC Issued	294,715
	1.4	Financial Guarantees & Stand -by LCs Received	0
	1.5	Interbank Placements with a remaining life of more than 3 months	2,889,864
	1.6	Total Advances	11,482,042
2		Calculation of Net Stable Resources	
	2.1	Total own funds + general provisions	5,976,708
		Deduct:	
	2.1.1	Goodwill and other intangible assets	0
	2.1.2	Fixed Assets	136,820
	2.1.3	Funds allocated to branches abroad	0
	2.1.4	Treasury shares held / No INPUT required here	0
	2.1.5	Unquoted Investments	56,330
	2.1.6	Investment in subsidiaries, associates and affiliates	72
	2.1.7	Total deduction	193,222
	2.2	Net Free Capital Funds	5,783,486
	2.3	Other stable resources:	
	2.3.1	Funds from the head office	0
	2.3.2	Interbank deposits with remaining life of more than 6 months	0
	2.3.3	Refinancing of Housing Loans	0
	2.3.4 (a)	Borrowing from non-Banking Financial Institutions remaining life of more than 6 months	15,686
	2.3.4 (b)	85% of the rest of NBFIs Deposits	110,918
	2.3.5 (a)	Customer Deposits with remaining life of more than 6 months	2,430,310
	2.3.5 (b)	85% of the rest of Customer Deposits	8,147,845
	2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	0
	2.3.7	Head Office loans towards meeting Large Exposure Funding	0
	2.3.8	Total other stable resources	10,704,759
	2.4	Total Stable Resources (2.2+2.3.8)	16,488,245
3		Advances TO STABLE RESOURCES RATIO (1.6/ 2.4*100)	69.64