

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

**Review report and interim condensed consolidated
financial information
for the six-month period ended 30 June 2025**

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

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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”) and its subsidiary (collectively referred as the “Group”) as of 30 June 2025, and the related interim condensed consolidated income statement, interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six 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 30 June 2024 was reviewed by another auditor who expressed an unmodified conclusion on that information on 15 July 2024.

Deloitte & Touche (M.E.)



Mohammed Jallad
Registration No.: 1164
14 July 2025
Dubai
United Arab Emirates

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

**Interim condensed consolidated statement of financial position
as at 30 June 2025 (Unaudited)**

		30 June 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
	Notes		
ASSETS			
Cash and balances with the Central Bank of the U.A.E	4	2,805,709	2,590,559
Due from other banks	5	5,903,397	5,294,105
Loans and advances and Islamic financing receivables	6	8,357,594	7,775,670
Investment securities	7	2,489,268	1,738,624
Customers' acceptances		219,708	195,937
Investment in an associate		-	252
Property and equipment		73,679	72,322
Other assets	8	310,576	212,991
Total assets		20,159,931	17,880,460
LIABILITIES			
Customers' deposits and Islamic customers' deposits	9	13,319,242	11,405,816
Customers' acceptances		219,708	195,937
Other liabilities	10	387,484	292,772
Total liabilities		13,926,434	11,894,525
SHAREHOLDERS' EQUITY			
Share capital	11	2,000,000	2,000,000
Statutory reserve		1,019,266	1,019,266
General reserve	13	6,440	6,440
Impairment reserve -general	14	108,276	81,486
Cumulative change in fair values		807,819	515,167
Retained earnings		2,291,696	2,363,576
Total shareholders' equity		6,233,497	5,985,935
Total liabilities and shareholders' equity		20,159,931	17,880,460

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Nasser Rashid AbdulAziz AlMoalla
Vice Chairman and Chairman of Executive Committee

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Adnan Al Awadhi
Chief Executive Officer

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

Condensed consolidated interim income statement For the six months period ended 30 June 2025 (Unaudited)

		Three months period ended 30 June (Unaudited)		Six months period ended 30 June (Unaudited)	
	Notes	2025 AED '000	2024 AED '000	2025 AED '000	2024 AED '000
Interest income	16	229,673	218,490	450,043	448,276
Income from Islamic financing products		750	2,993	2,791	5,847
Total interest income and income from Islamic financing products		230,423	221,483	452,834	454,123
Interest expense	16	(68,314)	(60,564)	(143,385)	(117,398)
Distribution to depositors – Islamic products		(32)	(12)	(56)	(27)
Net interest income and income from Islamic products net of distribution to depositors		162,077	160,907	309,393	336,698
Net fees and commission income		8,609	7,907	16,094	14,668
Other operating income	17	91,098	11,094	114,894	73,989
Gross Income		261,784	179,908	440,381	425,355
Operating expenses		(47,294)	(43,095)	(92,800)	(85,076)
Investment gains		51	6,070	59,494	50,702
Operating Income		214,541	142,883	407,075	390,981
Share of (loss)/profit from an associate		(72)	(120)	(257)	49
Profit for the period before impairment		214,469	142,763	406,818	391,030
Net impairment losses	18	(74,118)	(22,922)	(67,947)	(82,734)
Profit before tax		140,351	119,841	338,871	308,296
Income tax expense	19	(12,375)	(10,211)	(25,109)	(22,931)
Profit for the period		127,976	109,630	313,762	285,365
Basic and diluted earnings per share (AED)	20	0.06	0.05	0.16	0.14

The accompanying notes form an integral part of these interim condensed consolidated financial information. (3)

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

Interim condensed consolidated statement of comprehensive income for the six-month period ended 30 June 2025 (Unaudited)

	Three months period ended 30 June (Unaudited)		Six months period ended 30 June (Unaudited)	
	2025 AED '000	2024 AED '000	2025 AED '000	2024 AED '000
Profit for the period	127,976	109,630	313,762	285,365
Other comprehensive income				
<i>Items that will not be reclassified subsequently to income statement</i>				
Net fair value gain/(loss) on investment securities carried at FVTOCI - equity	226,636	(19,517)	294,251	5,907
Share of OCI from an associate	-	-	5	-
Related tax income/(expense) on other comprehensive income	19	-	(456)	-
Other comprehensive income/(loss) for the period	226,655	(19,517)	293,800	5,907
Total Comprehensive income for the period	354,631	90,113	607,562	291,272

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

Interim condensed consolidated statement of changes in equity for the six-month period ended 30 June 2025 (Unaudited)

	Share capital AED'000	Statutory reserve AED'000	General reserve AED'000	Impairment reserve - general AED'000	Cumulative change in fair value AED'000	Retained earnings AED'000	Total AED'000
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	-	-	-	-	-	285,365	285,365
Other comprehensive income for the period	-	-	-	-	5,907	-	5,907
Total comprehensive income for the period	-	-	-	-	5907	285,365	291,272
Reversal of provision under U.A.E							
Central Bank requirement over IFRS 9 requirement	-	-	-	(1,284)	-	1,284	-
Sale of FVOCI equity	-	-	-	-	(12,636)	12,636	-
Dividend paid	-	-	-	-	-	(300,000)	(300,000)
Balance as at 30 June 2024 (unaudited)	2,000,000	1,019,266	6,440	73,513	381,525	2,151,469	5,632,213
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	-	-	-	-	-	313,762	313,762
Other comprehensive income for the period	-	-	-	-	293,800	-	293,800
Total comprehensive income for the period	-	-	-	-	293,800	313,762	607,562
Additional provision under U.A.E Central Bank requirement over IFRS 9 requirement (Note 14)	-	-	-	26,790	-	(26,790)	-
Sale of FVOCI equity	-	-	-	-	(1,148)	1,148	-
Dividend paid (Note 12)	-	-	-	-	-	(360,000)	(360,000)
Balance as at 30 June 2025 (unaudited)	2,000,000	1,019,266	6,440	108,276	807,819	2,291,696	6,233,497

The accompanying notes form an integral part of these interim condensed consolidated financial information.

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

Interim condensed consolidated statement of cash flows for the six-month period ended 30 June 2025 (Unaudited)

	Notes	Six-month period ended 30 June 2025 AED '000 (Unaudited)	Six-month period ended 30 June 2024 AED'000 (Unaudited)
Cash flows from operating activities			
Profit before tax		338,871	308,296
Adjustments for:			
Provision for expected credit losses	18	67,947	72,380
Provision for Impairment of assets acquired in settlement of debt	18	-	10,354
Depreciation of property and equipment		4,885	6,299
Depreciation of right of use asset		806	864
Provision for employee end of service benefits		1,111	1,078
Decrease in fair value of investment in securities		1,970	4,139
Discount amortized on investment securities		(769)	(1,390)
Dividend income	25	(61,468)	(53,436)
Loss/(gain) on disposal of property and equipment		58	(3,849)
Gain on disposal of assets acquired in settlement of debt		(3,850)	(2,745)
Share of loss/(profit) from an associate		257	(49)
Finance cost on lease liability		31	19
Operating cash flows before changes in operating assets and liabilities		349,849	341,960
Increase in due from banks with original maturity greater than 3 months		(710,288)	(706,265)
Increase in statutory deposit with Central Bank of the U.A.E.		(309,442)	(180,839)
Increase in loans and advances and Islamic finance receivables		(651,758)	(447,495)
Payment of employee end of service benefits		(1,225)	(399)
Proceeds from disposal of assets acquired in settlement of debt		15,250	5,250
Increase in other assets		(108,985)	(8,880)
Increase in customers' deposits		1,913,426	709,456
Increase in other liabilities		70,275	66,170
Net cash generated from/(used in) operating activities		567,102	(221,042)
Cash flows from investing activities			
Purchase of property and equipment		(7,109)	(9,632)
Proceeds from disposal of property and equipment		-	17,516
Purchase of investment securities		(630,571)	(109,032)
Proceeds from maturity and disposal of investment securities		173,282	41,436
Dividend received from investment securities		61,468	53,436
Net cash used in investing activities		(402,930)	(6,276)
Cash flows from financing activities			
Dividends paid	12	(360,000)	(300,000)
Lease payments		(795)	(905)
Net cash flows used in financing activities		(360,795)	(300,905)
Net decrease in cash and cash equivalents		(196,623)	(528,223)
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	21	5,106,258	3,399,630

The accompanying notes form an integral part of these interim condensed consolidated financial information. (6)

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

Notes to the interim condensed consolidated financial information for the six-month period ended 30 Jun 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 six months period ended 30 June 2025 were authorised and approved for issue by the Board of Directors on 14 July 2025 by circulation.

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 30 June 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.

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

Notes to the interim condensed consolidated financial information for the six-month period ended 30 June 2025 (Unaudited)

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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 information

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 <i>Presentation and Disclosures in Financial Statements</i>	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 six-month period ended 30 June 2025 (Unaudited)

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

	30 June 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
<i>Balances with Central Bank of the U.A.E.:</i>		
Current account	19,586	59,354
Statutory cash reserve deposit*	1,064,481	755,039
Monetary Bills	48,654	714,703
Overnight deposits	1,580,000	975,000
	<hr/>	<hr/>
	2,712,721	2,504,096
Cash in hand	92,988	86,463
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	2,805,709	2,590,559
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All the balances are classified as Stage 1 as at 30 June 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 21.

5. DUE FROM OTHER BANKS

	30 June 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Term deposits	4,158,103	3,675,609
Current accounts	29,678	26,824
Loan to banks	1,717,740	1,595,131
	<hr/>	<hr/>
Total due from other banks	5,905,521	5,297,564
Provision for expected credit loss	(2,124)	(3,459)
	<hr/>	<hr/>
Net due from other banks	5,903,397	5,294,105
	<hr/>	<hr/>
Gross amounts due from other banks by geographical area:		
Within U.A.E.	2,207,740	2,301,907
Within GCC	2,685,880	1,761,810
Other countries	1,011,901	1,233,847
	<hr/>	<hr/>
	5,905,521	5,297,564
	<hr/>	<hr/>

As at 30 June 2025, AED 5,832,061 thousand of amounts due from other banks were classified as stage 1 and AED 73,460 thousand were classified as Stage 2 (As at 31 December 2024, AED 5,297,654 thousand as Stage 1) with corresponding ECL of AED 2,124 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 six-month period ended 30 June 2025 (Unaudited)

6. LOANS AND ADVANCES AND ISLAMIC FINANCING RECEIVABLES

	30 June 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Loans	6,603,821	6,181,071
Overdrafts	873,882	787,151
Islamic Financing Products	84,447	112,909
Loans against trust receipts	338,804	346,104
Syndicated Loans	527,570	501,978
Other	54,008	31,372
Total loans and advances and Islamic financing receivables	8,482,532	7,960,585
Provision for expected credit loss	(124,938)	(184,915)
Net loans and advances and Islamic financing receivables	8,357,594	7,775,670

Gross loans and advances and Islamic financing receivables by economic sector:

	30 June 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Real estate	2,962,585	2,830,709
Wholesale and retail trade	1,344,892	1,502,640
Financial institutions	946,384	775,838
Individual loans for business	619,519	740,173
Manufacturing	521,086	490,493
Personal loans and other	356,612	375,831
Transport and communication	273,958	340,628
Government	697,949	147,373
Construction	60,388	49,219
Other services	699,159	707,681
	8,482,532	7,960,585

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

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Gross carrying amount:				
As at 1 January 2025	7,010,314	629,909	320,362	7,960,585
New assets originated	1,817,954	15,821	-	1,833,775
Assets derecognised/repaid	(1,123,971)	(55,988)	(2,058)	(1,182,017)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(15,740)	19,326	(3,586)	-
Transfer to Stage 3	(284)	-	284	-
Write off	-	-	(129,811)	(129,811)
As at 30 June 2025 (Unaudited)	7,688,273	609,068	185,191	8,482,532

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

Notes to the interim condensed consolidated financial information for the six-month period ended 30 June 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)

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Gross carrying amount:				
As at 1 January 2024	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 (Audited)	<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:

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
ECL allowances				
As at 1 January 2025	41,275	45,283	98,357	184,915
Net impairment charged during the period	(3,058)	(5,448)	80,761	72,255
Recoveries	-	-	(2,421)	(2,421)
Transfer to Stage 2	(3,529)	3,529	-	-
Transfer to Stage 3	(23)	-	23	-
Write off	-	-	(129,811)	(129,811)
As at 30 June 2025 (Unaudited)	<u>34,665</u>	<u>43,364</u>	<u>46,909</u>	<u>124,938</u>

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
ECL allowances				
As at 1 January 2024	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	-
Write off	-	-	(82,537)	(82,537)
As at 31 December 2024 (Audited)	<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 six-month period ended 30 June 2025 (Unaudited)

6. LOANS AND ADVANCES AND ISLAMIC FINANCING RECEIVABLES (CONTINUED)

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

	30 June 2025 (Unaudited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Performing (Grades 1-9)	7,688,273	6,641	-	7,694,914
Performing Watchlist (10-12)	-	602,427	-	602,427
Sub Standard (Grade 13)	-	-	24,382	24,382
Doubtful (Grade 14)	-	-	50,650	50,650
Loss (Grades 15)	-	-	110,159	110,159
Total gross carrying amount	7,688,273	609,068	185,191	8,482,532
Expected credit loss	(34,665)	(43,364)	(46,909)	(124,938)
Carrying amount	7,653,608	565,704	138,282	8,357,594

	31 December 2024 (Audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
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 30 June 2025 amounted to AED 185,191 thousand (31 December 2024: AED 320,362 thousand) which is covered by collateral of AED 569,540 thousand (31 December 2024: AED 1,008,027 thousand) and provision for expected credit loss of AED 46,909 thousand (31 December 2024: AED 98,357 thousand) aggregating to AED 616,449 thousand (31 December 2024: AED 1,106,384 thousand) which is 3.33 times (31 December 2024: 3.45 times) of the stage 3 loans.

7. INVESTMENT SECURITIES

	30 June 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Securities at FVTPL:		
Quoted equity securities	22,238	24,366
Discretionary funds managed by third parties - quoted equity securities	249	247
	22,487	24,613

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7. INVESTMENT SECURITIES (CONTINUED)

	30 June 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Securities at FVOCI:		
Quoted equity securities	1,291,604	1,003,809
Unquoted equity securities	56,134	50,886
	1,347,738	1,054,695
Securities at amortised cost:		
Quoted debt instruments	1,120,974	661,553
Total investment securities	2,491,199	1,740,861
Provision for expected credit loss	(1,931)	(2,237)
Net investment securities	2,489,268	1,738,624
Gross investment securities by geographical area:		
	30 June 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Within U.A.E.	1,763,811	1,485,641
Within GCC	672,446	205,527
Other countries	54,942	49,693
	2,491,199	1,740,861

All debt investments are classified as Stage 1 (31 December 2024: Stage 1) with corresponding ECL of AED 1,931 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 1,120,974 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.

8. OTHER ASSETS

	30 June 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Assets acquired in settlement of debt*	63,382	65,126
Interest receivable	87,677	91,108
Prepayments and deposits	6,378	8,858
Cash in transit	48,051	28,610
Commission receivable	4,687	4,971
Sundry assets**	100,401	14,318
	310,576	212,991

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8. OTHER ASSETS (CONTINUED)

*The Group has recorded an impairment on its assets acquired in settlement of debt amounting to AED NIL during period ended 30 June 2025 (31 December 2024: AED 9,918 thousand).

** Sundry assets include receivable of AED 78,000 thousand from court on account of sale of mortgaged asset.

9. CUSTOMERS' DEPOSITS AND ISLAMIC CUSTOMERS DEPOSITS

	30 June 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Time deposits	6,417,238	5,669,693
Current accounts	5,449,140	4,190,182
Call deposits	1,183,436	1,271,658
Savings deposits	160,642	158,306
Islamic customers' deposits	63,605	73,392
Margin deposits	45,181	42,585
	13,319,242	11,405,816

10. OTHER LIABILITIES

	30 June 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Interest payable	134,650	97,926
Cheques on selves	80,786	44,982
Provision for Income tax	70,134	45,025
Accounts payable	23,759	28,063
Provision for employees' end of service benefits	24,354	24,469
Other staff benefits payable	5,216	1,915
Provision for expected credit loss on commitments and contingencies (Note 15)	10,898	11,146
Provision for expected credit loss on acceptance	232	230
Dividend payable	8,723	8,723
Lease liability	2,012	2,536
Deferred tax liability	1,194	738
Other	25,526	27,019
	387,484	292,772

11. SHARE CAPITAL

	30 June 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

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12. 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.

13. 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.

14. 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:

	30 June 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Impairment reserve: General		
General provisions under circular No. 3/2024 of CBUAE	201,105	184,786
Less: Stage 1 & Stage 2 provisions under IFRS 9	(92,829)	(103,300)
Impairment Reserve: General*	108,276	81,486

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

15. COMMITMENTS AND CONTINGENCIES

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

	30 June 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Guarantees	1,500,014	1,510,937
Letters of credit	103,114	130,530
	1,603,128	1,641,467
Commitments to extend credit*	1,314,259	1,200,050
	2,917,387	2,841,517

*ECL for commitments to extend credit as at 30 June 2025 amounts to AED 3,455 thousand (31 December 2024: AED 4,495 thousand) out of which AED 1,181 thousand (31 December 2024: AED 1,910 thousand) pertains to loans and advances and AED 2,274 thousand (31 December 2024: AED 2,585 thousand) pertains to contingencies and commitments.

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

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15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Gross commitments and contingent liabilities by geographical area:

	30 June 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Within U.A.E.	2,786,085	2,710,381
Outside U.A.E.	131,302	131,136
	2,917,387	2,841,517

Movement in the gross balance of commitment and contingencies (excluding commitments to extend credit):

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Gross carrying amount:				
As at 1 January 2025	1,589,266	6,412	45,789	1,641,467
Increase in commitments	204,211	-	-	204,211
Decrease in commitments	(237,626)	(3,654)	(1,270)	(242,550)
Transferred to Stage 2	(458)	458	-	-
Transferred to Stage 3	(3)	-	3	-
As at 30 June 2025 (Unaudited)	1,555,390	3,216	44,522	1,603,128

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
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 (Audited)	1,589,266	6,412	45,789	1,641,467

Movement in the expected credit loss of commitment and contingencies:

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
ECL allowances as at 1 January 2025	10,740	76	330	11,146
Increase in commitments	1,147	3	55	1,205
Decrease in commitments	(1,415)	(38)	-	(1,453)
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
As at 30 June 2025 (Unaudited)	10,472	41	385	10,898

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Notes to the interim condensed consolidated financial information for the six-month period ended 30 June 2025 (Unaudited)

15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Movement in the expected credit loss of commitment and contingencies (continued):

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
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 (Audited)	10,740	76	330	11,146

The provision for ECL against the off-balance sheet exposures disclosed above, amounting to AED 10,898 thousand, (31 December 2024: AED 11,146 thousand) is classified under other liabilities.

Grading of commitment and contingencies along with stages:

30 June 2025 (Unaudited)				
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Performing (Grades 1-9)	1,555,390	1,645	-	1,557,035
Performing Watchlist (10-12)	-	1,571	-	1,571
Sub Standard (Grade 13)	-	-	1,271	1,271
Doubtful (Grade 14)	-	-	3	3
Loss (Grades 15)	-	-	43,248	43,248
Total gross carrying amount	1,555,390	3,216	44,522	1,603,128
Expected credit loss	(10,472)	(41)	(385)	(10,898)
Carrying amount	1,544,918	3,175	44,137	1,592,230

31 December 2024 (Audited)				
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Performing (Grades 1-9)	1,589,266	5,861	-	1,595,127
Performing Watchlist (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 30 June 2025, the Group has capital commitments of AED 7,701 thousand (31 December 2024: AED 5,865 thousand).

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Notes to the interim condensed consolidated financial information for the six-month period ended 30 June 2025 (Unaudited)

16. INTEREST INCOME AND EXPENSE

	Period ended 30 June 2025 AED'000 (Unaudited)	Period ended 30 June 2024 AED'000 (Unaudited)
Interest Income		
Loans and advances	239,438	265,682
Deposits with the Central Bank of the U.A.E.	56,767	64,689
Due from other banks	131,155	107,506
Investment in debt securities	22,683	10,399
	<u>450,043</u>	<u>448,276</u>
Interest Expense		
Financial liabilities at amortised cost		
Customers' deposits	143,181	117,289
Interest expense other financial and non-financial liabilities	204	109
	<u>143,385</u>	<u>117,398</u>

17. OTHER OPERATING INCOME

	Period ended 30 June 2025 AED'000 (Unaudited)	Period ended 30 June 2024 AED'000 (Unaudited)
Recoveries from written off customers	102,804	57,400
Rental income	4,234	4,997
Foreign exchange income, net	3,120	2,524
Others	4,736	9,068
	<u>114,894</u>	<u>73,989</u>

18. NET IMPAIRMENT LOSSES

	Period ended 30 June 2025 AED'000 (Unaudited)	Period ended 30 June 2024 AED'000 (Unaudited)
Loans and advances and Islamic financing receivables	69,834	71,529
Due from other banks	(1,335)	1,928
Investment securities	(306)	4
Acceptances and off-balance sheet items	(246)	(1,081)
Impairment of asset acquired in settlement of debt	-	10,354
	<u>67,947</u>	<u>82,734</u>

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

Notes to the interim condensed consolidated financial information for the six-month period ended 30 June 2025 (Unaudited)

19. INCOME TAX EXPENSE

The components of income tax expense are, as follows:

	Period ended 30 June 2025 AED'000 (Unaudited)	Period ended 30 June 2024 AED'000 (Unaudited)
Interim condensed consolidated income statement		
Current tax charge	25,109	22,931
Interim condensed consolidated statement of comprehensive income		
Deferred tax charge on unrealized gain on revaluation of FVOCI equity	456	-
Effective tax rate	7.41%	7.44%

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.

20. 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:

	Period ended 30 June 2025 AED'000 (Unaudited)	Period ended 30 June 2024 AED'000 (Unaudited)
Profit for the period (in AED '000)	313,762	285,365
Weighted average number of shares ('000)	2,000,000	2,000,000
Basic and diluted earnings per share (in AED)	0.16	0.14

There were no potential dilutive shares as at 30 June 2025 and 30 June 2024.

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21. CASH AND CASH EQUIVALENTS

	Period ended 30 June 2025 AED'000 (Unaudited)	Period ended 30 June 2024 AED'000 (Unaudited)
Cash and balances with the Central bank of the UAE (Note 4)	2,805,709	3,101,313
Due from other banks (Note 5)	5,905,521	3,141,218
	8,711,230	6,242,531
Statutory deposit (Note 4)	(1,064,481)	(663,763)
Due from other banks with original maturity greater than three months	(2,540,491)	(2,179,138)
	5,106,258	3,399,630

22. 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.

	Period ended 30 June 2025 AED'000 (Unaudited)	Period ended 30 June 2024 AED'000 (Unaudited)
Transactions during the period		
Interest income	234	27
Interest expense	90,764	74,669
Other income	61	15
Directors' Fees and key management personnel's remuneration	4,496	3,975

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.

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Notes to the interim condensed consolidated financial information for the six-month period ended 30 June 2025 (Unaudited)

22. RELATED PARTY TRANSACTIONS (CONTINUED)

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

	30 June 2025 AED'000 (Unaudited)	31 December 2024 AED'000 (Audited)
Balances with major shareholders		
Loans and advances	-	345
Deposits	5,655,162	4,887,348
Irrevocable commitments and contingent liabilities	3,302	3,022
Balances with directors and related companies		
Loans and advances	9,232	9,119
Deposits	150,647	174,958
Irrevocable commitments and contingent liabilities	102,563	103,827
Balances with key management personnel		
Loans and advances	209	60
Deposits	886	651

All loans and advances to related parties are classified as Stage 1 (31 December 2024: Stage 1) with corresponding ECL of AED 241 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).

23. 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.

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23. BUSINESS SEGMENTS(Continued)

Primary segment information:

Period ended 30 June 2025 (Unaudited)	Retail and corporate banking AED'000	Treasury and investments AED'000	Other AED'000	Total AED'000
Net interest income and income from Islamic products net of distribution to depositors	107,366	202,058	(31)	309,393
Net fees and commission income	14,686	643	765	16,094
Other operating income	107,365	2,859	4,670	114,894
Gross income	229,417	205,560	5,404	440,381
Operating expenses	(23,767)	(1,595)	(67,438)	(92,800)
Investment gains	-	59,494	-	59,494
Share of loss from an associate	-	-	(257)	(257)
Net impairment losses	(68,481)	534	-	(67,947)
Income tax expense	-	-	(25,109)	(25,109)
Segment result	137,169	263,993	(87,400)	313,762
As at 30 June 2025 (Unaudited)				
Segment assets	8,826,258	10,949,419	384,254	20,159,931
Segment liabilities and equity	12,854,197	-	7,305,734	20,159,931
Period ended 30 June 2024 (Unaudited)	Retail and corporate banking AED'000	Treasury and investments AED'000	Other AED'000	Total AED'000
Net interest income and income from Islamic products net of distribution to depositors	157,207	179,491	-	336,698
Net fees and commission income	16,796	-	(2,128)	14,668
Other operating income	108	2,663	71,218	73,989
Gross income	174,111	182,154	69,090	425,355
Operating expenses	(23,116)	(1,121)	(60,839)	(85,076)
Investment gains	-	50,702	-	50,702
Share of profit from an associate	-	-	49	49
Net impairment losses	(70,925)	(1,455)	(10,354)	(82,734)
Income tax expense	-	-	(22,931)	(22,931)
Segment result	80,070	230,280	(24,985)	285,365
As at 30 June 2024 (Unaudited)				
Segment assets	7,689,657	7,623,422	259,368	15,572,447
Segment liabilities and equity	9,632,549	-	5,939,898	15,572,447

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24. 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 30 June 2025 amounted to AED 1,133,839 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.

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:

	Fair value as at 30 June 2025 AED '000 (Unaudited)	31 December 2024 AED '000 (Audited)	Fair value hierarchy
Financial assets			
Financial assets at FVTPL			
Quoted equity Securities	22,238	24,366	Level 1
Discretionary funds managed by third parties – quoted equity securities	249	247	Level 1
Financial assets at FVOCI			
Quoted equity securities	1,291,604	1,003,809	Level 1
Unquoted equity securities	1,193	1,193	Level 3
Unquoted equity securities	54,941	49,693	Level 2
Positive fair value of derivative	744	16	Level 2
Negative fair value of derivative	-	1	Level 2

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24. FAIR VALUE MEASUREMENTS (CONTINUED)

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.

25. SEASONALITY OF RESULTS

Investment gains includes dividend income of AED 61,468 thousand for the six months period ended 30 June 2025 (30 June 2024: AED 53,436 thousand), which is of a seasonal nature.

26. DERIVATIVES

	30 June 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	744	-	16,552	16	1	14,467
Total	744	-	16,552	16	1	14,467

27. CAPITAL ADEQUACY RATIOS

Capital element	Basel III Minimum Requirement	As at 30 June 2025	As at 31 December 2024
Common equity tier 1 ratio	7.0%	33.46%	35.11%
Tier 1 capital ratio	8.5%	33.46%	35.11%
Capital adequacy ratio	10.5%	34.58%	36.23%