

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

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

**For the period ended 30 September 2022**

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

**Review report and condensed consolidated interim financial statements  
For the nine months period ended 30 September 2022**

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## **REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF NATIONAL BANK OF UMM AL-QAIWAIN PSC AND SUBSIDIARY**

### **Introduction**

We have reviewed the accompanying condensed consolidated interim financial statements of National Bank of Umm Al-Qaiwain PSC (the “Bank”) and its subsidiary (collectively referred to as the “Group”), which comprise the consolidated interim statement of financial position as at 30 September 2022 and the related consolidated interim statements of income and comprehensive income for the three month and nine month periods then ended and consolidated interim statement of cash flows and changes in equity for the nine-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

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

Ernst & Young



Signed by:  
Anthony O’ Sullivan  
Partner  
Registration No. 687

23 October 2022


Sharjah, United Arab Emirates


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

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 September 2022 (Unaudited)

	Notes	30 September 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
<b>ASSETS</b>			
Cash and balances with the U.A.E. Central Bank	4	1,537,181	1,451,384
Due from other banks	5	3,669,686	3,422,563
Loans and advances and Islamic financing receivables	6	6,258,119	6,588,554
Investment securities	7	1,338,439	1,132,621
Customers' acceptances		259,657	217,528
Investment in an associate		754	744
Property and equipment		77,859	85,528
Other assets	8	228,052	243,103
<b>TOTAL ASSETS</b>		<b>13,369,747</b>	<b>13,142,025</b>
<b>LIABILITIES</b>			
Customers' deposits and Islamic customers' deposits	9	7,698,629	7,700,120
Customers' acceptances		259,657	217,528
Other liabilities	10	183,875	173,642
<b>TOTAL LIABILITIES</b>		<b>8,142,161</b>	<b>8,091,290</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	11	2,000,000	1,848,000
Statutory reserve		1,019,266	1,019,266
General reserve		6,440	6,440
Impairment Reserve	23	44,064	35,911
Cumulative change in fair values		388,864	372,617
Retained earnings		1,768,952	1,768,501
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>5,227,586</b>	<b>5,050,735</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>13,369,747</b>	<b>13,142,025</b>

  
 Nasser Bin Rashid Al Moalla  
 Vice Chairman and  
 Chairman of Executive Committee

  
 Adnan Al Awadhi  
 Chief Executive Officer

The attached notes 1 to 24 form an integral part of these condensed consolidated interim financial statements.  
 The independent auditor's report on review of the condensed consolidated interim financial statements is set out on page 1.

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

**CONSOLIDATED INTERIM INCOME STATEMENT**

For the nine months period ended 30 September 2022 (Unaudited)

	<i>Notes</i>	<i>Three months period ended 30 September (Unaudited)</i>		<i>Nine months period ended 30 September (Unaudited)</i>	
		<i>2022 AED '000</i>	<i>2021 AED '000</i>	<i>2022 AED '000</i>	<i>2021 AED '000</i>
Interest income		<b>109,972</b>	74,025	<b>263,033</b>	225,172
Income from Islamic financing products		<b>17,196</b>	7,835	<b>35,407</b>	22,599
<b>Total interest income and income from Islamic financing products</b>		<b>127,168</b>	81,860	<b>298,440</b>	247,771
Interest expense		<b>(14,860)</b>	(12,357)	<b>(37,041)</b>	(37,809)
Distribution to depositors – Islamic products		<b>(60)</b>	(78)	<b>(209)</b>	(254)
<b>Net interest income and income from Islamic products net of distribution to depositors</b>		<b>112,248</b>	69,425	<b>261,190</b>	209,708
Net fees and commission income		<b>8,102</b>	8,247	<b>29,050</b>	32,094
Other operating income		<b>16,671</b>	16,491	<b>54,549</b>	34,655
<b>GROSS INCOME</b>		<b>137,021</b>	94,163	<b>344,789</b>	276,457
Operating expenses		<b>(40,224)</b>	(34,944)	<b>(111,542)</b>	(99,938)
Investment gains		<b>799</b>	430	<b>35,658</b>	33,919
<b>OPERATING INCOME</b>		<b>97,596</b>	59,649	<b>268,905</b>	210,438
Share of results from an associate		<b>(48)</b>	(430)	<b>60</b>	(176)
<b>PROFIT FOR THE PERIOD BEFORE IMPAIRMENT</b>		<b>97,548</b>	59,219	<b>268,965</b>	210,262
Net impairment losses	13	<b>(2,916)</b>	3,977	<b>(9,037)</b>	(15,586)
<b>PROFIT FOR THE PERIOD</b>		<b>94,632</b>	63,196	<b>259,928</b>	194,676
<b>Basic and diluted earnings per share (AED)</b>	14	<b>0.05</b>	0.03	<b>0.14</b>	0.10

The attached notes 1 to 24 form an integral part of these condensed consolidated interim financial statements.  
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National Bank of Umm Al-Qaiwain (PSC) and Subsidiary

**CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME**

For the nine months period ended 30 September 2022 (Unaudited)

	<i>Three months period ended 30 September (Unaudited)</i>		<i>Nine months period ended 30 September (Unaudited)</i>	
	<i>2022 AED '000</i>	<i>2021 AED '000</i>	<i>2022 AED '000</i>	<i>2021 AED '000</i>
<b>PROFIT FOR THE PERIOD</b>	<b>94,632</b>	63,196	<b>259,928</b>	194,676
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 FVTOCI - equity	<b>22,195</b>	27,419	<b>64,763</b>	162,613
Other comprehensive income for the period	<b>22,195</b>	27,419	<b>64,763</b>	162,613
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>116,827</b>	90,615	<b>324,691</b>	357,289

The attached notes 1 to 24 form an integral part of these condensed consolidated interim financial statements.  
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National Bank of Umm Al-Qaiwain (PSC) and Subsidiary

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the nine months period ended 30 September 2022 (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 at 1 January 2022 (unaudited)	<b>1,848,000</b>	<b>1,019,266</b>	<b>6,440</b>	<b>35,911</b>	<b>372,617</b>	<b>1,768,501</b>	<b>5,050,735</b>
Profit for the period	-	-	-	-	-	<b>259,928</b>	<b>259,928</b>
Other comprehensive income for the period	-	-	-	-	<b>64,763</b>	-	<b>64,763</b>
Total comprehensive income for the period	-	-	-	-	<b>64,763</b>	<b>259,928</b>	<b>324,691</b>
Additional provision under U.A.E Central Bank requirement over IFRS 9 requirement (Note 24)	-	-	-	<b>8,153</b>	-	<b>(8,153)</b>	-
Sale of FVOCI equity	-	-	-	-	<b>(48,516)</b>	<b>48,516</b>	-
Dividend paid (see Note 15)	-	-	-	-	-	<b>(147,840)</b>	<b>(147,840)</b>
Bonus shares issued (see Note 11)	<b>152,000</b>	-	-	-	-	<b>(152,000)</b>	-
<b>Balance at 30 September 2022 (unaudited)</b>	<b>2,000,000</b>	<b>1,019,266</b>	<b>6,440</b>	<b>44,064</b>	<b>388,864</b>	<b>1,768,952</b>	<b>5,227,586</b>
Balance at 1 January 2021 (unaudited)	1,848,000	1,019,266	6,440	-	135,632	1,688,084	4,697,422
Profit for the period	-	-	-	-	-	194,676	194,676
Other comprehensive income for the period	-	-	-	-	162,613	-	162,613
Total comprehensive income for the period	-	-	-	-	162,613	194,676	357,289
Shortfall of impairment reserve under CBUAE requirement	-	-	-	11,822	-	(11,822)	-
Dividend paid (see Note 15)	-	-	-	-	-	(147,840)	(147,840)
Balance at 30 September 2021 (unaudited)	1,848,000	1,019,266	6,440	11,822	298,245	1,723,098	4,906,871

The attached notes 1 to 24 form an integral part of these condensed consolidated interim financial statements.

The independent auditor's report on review of the condensed consolidated interim financial statements is set out on page 1.

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

## CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the nine months period ended 30 September 2022 (Unaudited)

		<i>Nine months period ended 30 September (Unaudited)</i>	
		<b>2022</b>	<b>2021</b>
		<b>AED '000</b>	<b>AED '000</b>
	<i>Notes</i>		
<b>Cash flows from operating activities</b>			
Profit for the period		<b>259,928</b>	194,676
Adjustments for:			
Provision for expected credit losses	13	<b>9,037</b>	12,783
Depreciation of property and equipment		<b>12,434</b>	11,440
Depreciation of right of use asset		<b>1,296</b>	1,136
Provision for employee end of service benefits		<b>2,015</b>	1,067
Provision for impairment of inventory	13	<b>-</b>	2,803
Increase/(Decrease) in fair value of investment in securities at FVTPL		<b>(1,675)</b>	1,465
Discount amortised on investment securities		<b>1,560</b>	312
Dividend income	20	<b>(35,543)</b>	(35,696)
Gain on disposal of property and equipment		<b>(8)</b>	(19)
Share of results from an associate		<b>(60)</b>	176
Finance cost on lease liability		<b>77</b>	87
		<hr/>	<hr/>
Operating cash flows before movements in working capital		<b>249,061</b>	190,230
(Increase) / decrease in due from other banks with original maturity greater than 3 months		<b>(268,722)</b>	237,285
Decrease/ (increase) in statutory deposit with CBUAE		<b>11,153</b>	(21,001)
Decrease in loans and advances and Islamic financing receivables		<b>321,232</b>	611,967
Decrease in other assets		<b>15,052</b>	14,447
Payment of employee end of service benefits		<b>(793)</b>	(3,525)
Decrease in customers' deposits and Islamic customers' deposits		<b>(1,491)</b>	(355,872)
Increase/(Decrease) in other liabilities		<b>9,229</b>	(71,657)
		<hr/>	<hr/>
<b>Net cash generated from operating activities</b>		<b>334,721</b>	601,874
<b>Cash flows from investing activities</b>			
Purchase of property and equipment		<b>(4,894)</b>	(8,880)
Proceeds from disposal of property and equipment		<b>22</b>	383
Purchase of investment securities		<b>(264,778)</b>	(72,491)
Proceeds from sale and maturity of investment securities		<b>124,269</b>	165,285
Dividend received from investment securities	20	<b>35,543</b>	35,696
Dividend received from investment in an associate		<b>50</b>	49
		<hr/>	<hr/>
<b>Net cash (used in)/ generated from investing activities</b>		<b>(109,788)</b>	120,042
<b>Cash flows from financing activity</b>			
Dividend paid	15	<b>(147,840)</b>	(147,840)
Lease payments		<b>(1,354)</b>	(1,352)
		<hr/>	<hr/>
<b>Net cash used in financing activity</b>		<b>(149,194)</b>	(149,192)
		<hr/>	<hr/>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>75,739</b>	572,724
Cash and cash equivalents at the beginning of the period		<b>3,628,046</b>	3,308,809
		<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	16	<b>3,703,785</b>	3,881,533
		<hr/> <hr/>	<hr/> <hr/>

The attached notes 1 to 24 form an integral part of these condensed consolidated interim financial statements.

The independent auditor's report on review of the condensed consolidated interim financial statements is set out on page 1.



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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months period ended 30 September 2022 (Unaudited)

### 1 GENERAL INFORMATION

National Bank of Umm Al-Qaiwain (PSC) (the “Bank”) is a Public Shareholding Company incorporated in the Emirate of Umm Al-Qaiwain (“UAQ”) in the United Arab Emirates (“U.A.E.”) by Amiri Decree Number (1) on 5 January 1982, issued by His Highness, the Ruler of Umm Al-Qaiwain, and commenced its operations with effect from 1 August 1982. National Bank of Umm Al-Qaiwain (PSC), and its subsidiary, Twin Towns Marketing Management L.L.C. are together referred to as the “Group”. The address of the Bank’s registered Head Office is P.O. Box 800, Umm Al-Qaiwain, United Arab Emirates.

The Bank is engaged in providing retail and corporate banking services through a network of 11 branches in the U.A.E. The Group carries out Islamic banking operations through an Islamic banking window established in 2005 across its branch network.

The condensed consolidated interim financial statements of the Group for the nine months period ended 30 September 2022 were authorised and approved for issue by the Board of Directors on 23 October 2022.

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

#### 2.1 Changes in accounting policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### **Standards, amendments and interpretations that are effective for the Group’s accounting period beginning on 1 January 2022**

The Group has consistently applied the accounting policies as applied in the annual consolidated financial statements for the year ended 31 December 2021, except for effect of the Inter Bank Offer Rate (“IBOR”) transition as mentioned below.

The Group’s financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2021.

The following amendments to existing standards have been applied by the Group in preparation of these interim condensed consolidated financial statements. The adoption of the below did not result in changes to previously reported net profit or equity of the Group.

<b>Description</b>	<b>Effective from</b>
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2022

#### **Standard Issued but not yet Effective**

IFRS 17 Insurance Contracts is effective from 1 January 2023. The Group is currently evaluating the impact of this new standard. The Group will adopt this new standard on the effective date.

#### **Interest Rate Benchmark Reform - Phase 2 amendments**

Effective from 1 January 2022, Interest Rate Benchmark Reform - Phase 2 amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities and hedge accounting.

The amendments require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability. In addition, it provides certain exceptions to hedge accounting requirements.

## 2 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

### 2.1 CHANGES IN ACCOUNTING POLICIES (continued)

#### Interest Rate Benchmark Reform - Phase 2 amendments (continued)

The Group is in discussion with counterparties in relation to exposure to non-derivative financial assets and liabilities linked to Inter Bank Offered Rate maturing beyond the year 2022. Management believes that the amendments are not expected to have a material on the Group's condensed consolidated interim financial information.

#### Key accounting estimates and judgments

The preparation of the condensed consolidated interim financial information requires management to make estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty, and actual results may therefore differ resulting in future changes in these estimates. In preparing the condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the audited consolidated financial information as at and for the year ended 31 December 2021.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 BASIS OF PREPARATION

These condensed consolidated interim financial statements are prepared in accordance with International Accounting Standard No. 34 - *Interim Financial Reporting* issued by the International Accounting Standard Board and also comply with the applicable requirements of the laws in the U.A.E.

The condensed consolidated interim financial statements are prepared in accordance with the historical cost basis, except for the revaluation of certain financial instruments.

The condensed consolidated interim financial statements are presented in U.A.E. Dirhams (AED) as that is the functional currency in which the majority of the Group's transactions are denominated. All financial information presented in AED has been rounded off to the nearest thousand, unless otherwise stated.

These condensed consolidated interim financial statements do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group's annual audited consolidated financial statements as at and for the year ended 31 December 2021. In addition, results for the nine months period ended 30 September 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

### 3.2 BASIS OF CONSOLIDATION

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

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

The condensed consolidated interim financial statements comprise the financial statements of the Bank and of the subsidiary as disclosed in the annual audited financial statements for the year ended 31 December 2021. The financial statements of the subsidiary are prepared for the same reporting period as that of the Bank.

### 3.3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in the preparation of the condensed consolidated interim financial statements are consistent with those applied by the Group in the annual consolidated financial statements for the year ended 31 December 2021, except for changes in accounting policies explained in Note 2.1.

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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months period ended 30 September 2022 (Unaudited)

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

	<i>30 September 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
Balances with the CBUAE		
Current account	84,682	34,104
Statutory cash reserve deposit	334,482	345,635
Monetary Bills	499,849	349,957
Overnight deposits	525,000	625,000
	<u>1,444,013</u>	<u>1,354,696</u>
Cash in hand	93,168	96,688
	<u>1,537,181</u>	<u>1,451,384</u>

The statutory deposit with the U.A.E. Central Bank is not available to finance the day to day operations of the Bank.

#### 5 DUE FROM OTHER BANKS

	<i>30 September 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
Term deposits	2,458,230	2,642,634
Demand deposits	25,905	29,663
Loans to financial institutions	1,188,639	752,965
	<u>3,672,774</u>	<u>3,425,262</u>
<b>Total due from other banks</b>	<b>3,672,774</b>	<b>3,425,262</b>
Provision for expected credit loss	(3,088)	(2,699)
	<u>3,669,686</u>	<u>3,422,563</u>
<b>Net due from other banks</b>	<b>3,669,686</b>	<b>3,422,563</b>
<b>Gross amounts due from other banks by geographical area</b>		
Within U.A.E.	2,572,094	2,756,497
Within GCC	157,281	180,675
Other countries	943,399	488,090
	<u>3,672,774</u>	<u>3,425,262</u>

All amounts due from other banks were classified as Stage 1 as at 30 September 2022 (31 December 2021: Stage1) with corresponding ECL of AED 3.1 million as at 30 September 2022 (31 December 2021: AED 2.7 million). There was no inter-stage movement in gross balances due from other banks during the period ended 30 September 2022 (31 December 2021: no inter-stage movement).

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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months period ended 30 September 2022 (Unaudited)

#### 6 LOANS AND ADVANCES AND ISLAMIC FINANCING RECEIVABLES

	<i>30 September 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
Loans	<b>5,090,972</b>	5,663,834
Overdrafts	<b>899,443</b>	853,482
Islamic financing products	<b>188,186</b>	195,095
Loans against trust receipts	<b>143,933</b>	129,420
Syndicated Loans	<b>181,814</b>	-
Other	<b>78,133</b>	48,282
	<hr/>	<hr/>
<b>Total loans and advances and Islamic financing receivables</b>	<b>6,582,481</b>	6,890,113
Provision for expected credit loss	<b>(324,362)</b>	(301,559)
	<hr/>	<hr/>
<b>Net loans and advances and Islamic financing receivables</b>	<b>6,258,119</b>	6,588,554
	<hr/> <hr/>	<hr/> <hr/>
	<i>30 September 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
<b>Gross loans and advances and Islamic financing receivables by economic sector</b>		
Wholesale and retail trade	<b>880,046</b>	876,137
Real estate and construction	<b>2,856,850</b>	3,369,736
Personal loans and other	<b>395,364</b>	404,080
Manufacturing	<b>423,918</b>	411,704
Agriculture and allied activities	<b>1,456</b>	1,175
Transport and communication	<b>170,304</b>	164,120
Financial institutions	<b>520,503</b>	332,896
Services and other	<b>1,334,040</b>	1,330,265
	<hr/>	<hr/>
	<b>6,582,481</b>	6,890,113
	<hr/> <hr/>	<hr/> <hr/>

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months period ended 30 September 2022 (Unaudited)

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

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

	<i>Stage 1</i> <i>AED'000</i>	<i>Stage 2</i> <i>AED'000</i>	<i>Stage 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Gross carrying amount as at 31 December 2021	5,874,153	424,223	591,737	6,890,113
New assets originated or purchased	757,965	-	46,903	804,868
Assets derecognized or repaid	(1,053,333)	(12,838)	(12,928)	(1,079,099)
Transfer to Stage 1	1,609	(1,609)	-	-
Transfer to Stage 2	(74,915)	74,915	-	-
Transfer to Stage 3	(6,390)	-	6,390	-
Write off	-	-	(33,401)	(33,401)
<b>As at 30 September 2022 (unaudited)</b>	<b>5,499,089</b>	<b>484,691</b>	<b>598,701</b>	<b>6,582,481</b>
	<i>Stage 1</i> <i>AED'000</i>	<i>Stage 2</i> <i>AED'000</i>	<i>Stage 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Gross carrying amount as at 31 December 2020	6,813,529	382,877	795,427	7,991,833
New assets originated or purchased	374,306	364	-	374,670
Assets derecognized or repaid	(1,034,295)	(199,009)	(211,725)	(1,445,029)
Transfer to Stage 1	5,689	(5,689)	-	-
Transfer to Stage 2	(254,256)	260,675	(6,419)	-
Transfer to Stage 3	(30,820)	(14,995)	45,815	-
Write off	-	-	(31,361)	(31,361)
<b>As at 31 December 2021 (audited)</b>	<b>5,874,153</b>	<b>424,223</b>	<b>591,737</b>	<b>6,890,113</b>

**Movement in the provision for impairment of loans and advances and Islamic financing receivables:**

	<i>Stage 1</i> <i>AED'000</i>	<i>Stage 2</i> <i>AED'000</i>	<i>Stage 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
ECL allowances as at 31 December 2021	79,297	36,241	186,021	301,559
New assets originated or purchased	8,729	981	72,421	82,131
Assets derecognized or repaid	(19,528)	(2,324)	(79)	(21,931)
Recoveries	-	-	(3,996)	(3,996)
Transfer to Stage 1	40	(40)	-	-
Transfer to Stage 2	(1,411)	1,411	-	-
Transfer to Stage 3	(79)	-	79	-
Written off	-	-	(33,401)	(33,401)
<b>Closing Balance as at 30 September 2022 (unaudited)</b>	<b>67,048</b>	<b>36,269</b>	<b>221,045</b>	<b>324,362</b>
	<i>Stage 1</i> <i>AED'000</i>	<i>Stage 2</i> <i>AED'000</i>	<i>Stage 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
ECL allowances as at 31 December 2020	112,318	39,523	200,336	352,177
Net impairment charged during the period	(28,834)	(6,289)	26,246	(8,877)
Recoveries	-	-	(5,380)	(5,380)
Transfer to Stage 1	223	(223)	-	-
Transfer to Stage 2	(4,028)	4,028	-	-
Transfer to Stage 3	(382)	(798)	1,180	-
Written off	-	-	(36,361)	(36,361)
<b>Closing Balance as at 31 December 2021 (audited)</b>	<b>79,297</b>	<b>36,241</b>	<b>186,021</b>	<b>301,559</b>

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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months period ended 30 September 2022 (Unaudited)

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

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

	<i>30 September 2022 (Unaudited)</i>			
	<i>Stage 1</i> <i>AED'000</i>	<i>Stage 2</i> <i>AED'000</i>	<i>Stage 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Performing (Grades 1-8)	5,499,089	313,366	-	5,812,455
Performing watchlist (9-12)	-	171,325	-	171,325
Sub Standard (Grade 13)	-	-	100,532	100,532
Doubtful (Grade 14)	-	-	292,537	292,537
Loss (Grades 15)	-	-	205,632	205,632
Total gross carrying amount	5,499,089	484,691	598,701	6,582,481
Expected credit loss	(67,048)	(36,269)	(221,045)	(324,362)
<b>Carrying amount</b>	<b>5,432,041</b>	<b>448,422</b>	<b>377,656</b>	<b>6,258,119</b>

	<i>31 December 2021</i>			
	<i>Stage 1</i> <i>AED'000</i>	<i>Stage 2</i> <i>AED'000</i>	<i>Stage 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Performing (Grades 1-8)	5,874,153	231,097	-	6,105,250
Performing Watchlist (9-12)	-	193,126	-	193,126
Sub Standard (Grade 13)	-	-	110,608	110,608
Doubtful (Grade 14)	-	-	448,187	448,187
Loss (Grades 15)	-	-	32,942	32,942
Total gross carrying amount	5,874,153	424,223	591,737	6,890,113
Expected credit loss	(79,297)	(36,241)	(186,021)	(301,559)
Carrying amount	5,794,856	387,982	405,716	6,588,554

The non-performing loans as at 30 September 2022 amounted to AED 598.70 million (31 December 2021: AED 591.74 million) which is well covered by securities of AED 943.66 million (31 December 2021: AED 989.22 million) and impairment provision of AED 221.05 million (31 December 2021: AED 186.02 million) aggregating to AED 1,164.71 million (31 December 2021: AED 1,175.24 million) which is 1.95 times (31 December 2021: 1.99 times) of the non-performing loans.

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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months period ended 30 September 2022 (Unaudited)

#### 7 INVESTMENT SECURITIES

Investment securities comprise the following:

	<i>30 September 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
<b>Securities at FVTPL</b>		
Quoted equity securities	13,086	16,366
Discretionary funds managed by third parties – quoted equity securities	244	250
	<u>13,330</u>	<u>16,616</u>
<b>Securities at FVTOCI</b>		
Quoted equity securities	960,395	996,581
Unquoted equity securities	1,191	1,194
	<u>961,586</u>	<u>997,775</u>
<b>Securities at amortised cost</b>		
Quoted debt instruments	365,316	120,457
<b>Total investment securities</b>	1,340,232	1,134,848
Provision for expected credit loss	(1,793)	(2,227)
<b>Net investment securities</b>	<u>1,338,439</u>	<u>1,132,621</u>
<b>Gross investment securities by geographical area</b>		
Within U.A.E.	1,059,618	933,928
Within GCC	252,236	166,536
Other countries	28,378	34,384
	<u>1,340,232</u>	<u>1,134,848</u>

All debt investment are classified as Stage 1 as at 30 September 2022 (31 December 2021: Stage 1) with corresponding ECL of AED 1.79 million as at 30 September 2022 (31 December 2021: AED 2.23 million). There was no inter-stage movement in investment securities during the period ended 30 September 2022 (31 December 2021: no inter-stage movement).

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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months period ended 30 September 2022 (Unaudited)

#### 8 OTHER ASSETS

	<i>30 September 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
Inventory-property acquired in settlement of debt*	<b>156,565</b>	178,362
Interest receivable	<b>32,514</b>	32,620
Prepayments and deposits	<b>35,679</b>	28,004
Others	<b>3,294</b>	4,117
	<b><u>228,052</u></b>	<u>243,103</u>

\*Inventory represents property acquired in the settlement of debt. The group has recorded an impairment on its inventory amounting to AED NIL during period ended 30 September 2022 (31 December 2021: AED 3.74 million).

#### 9 CUSTOMERS' DEPOSITS AND ISLAMIC CUSTOMERS' DEPOSITS

	<i>30 September 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
Time deposits	<b>4,788,358</b>	4,499,220
Current accounts	<b>2,642,929</b>	2,891,856
Savings deposits	<b>165,584</b>	171,459
Islamic customers' deposits	<b>70,162</b>	84,721
Margin deposits	<b>31,596</b>	52,864
	<b><u>7,698,629</u></b>	<u>7,700,120</u>

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



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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months period ended 30 September 2022 (Unaudited)

### 10 OTHER LIABILITIES

	<i>30 September 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
Accounts payable	37,199	26,625
Interest payable	23,726	12,514
Provision for employees' end of service benefits	20,095	18,873
Other staff benefits	3,177	1,284
Dividend payable	10,619	10,619
Provision for expected credit loss on acceptance	414	394
Provision for expected credit loss on commitments and contingencies (Note 12)	6,201	6,341
Cheques on Selves	60,195	74,049
Lease Liability	5,137	5,235
Other	17,112	17,708
	<u>183,875</u>	<u>173,642</u>

### 11 SHARE CAPITAL

	<i>30 September 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
Issued and fully paid:		
2,000 million ordinary shares of AED 1 each (2021-1,848 million ordinary shares of AED 1 each)	<u>2,000,000</u>	<u>1,848,000</u>

Pursuant to the requirements of the UAE Central Bank notice number CBUAE/BSD/N/2021/2200 dated 25 April 2021 with regard to the "Minimum Capital for Bank Regulation" and following the approval by shareholders at general meeting in 20 June 2022, the bank's paid up capital was increased to AED 2 billion by way of issuing AED 152 million bonus shares from retained earnings.

### 12 COMMITMENTS AND CONTINGENT LIABILITIES

	<i>30 September 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
Guarantees	1,610,249	1,805,349
Letters of credit	154,348	145,229
	<u>1,764,597</u>	<u>1,950,578</u>
Commitments to extend credit	1,170,293	1,131,723
Other	371,833	451,615
	<u>3,306,723</u>	<u>3,533,916</u>
<b>Gross commitments and contingent liabilities by geographical area</b>		
Within U.A.E.	3,233,862	3,454,044
Outside U.A.E.	72,861	79,872
	<u>3,306,723</u>	<u>3,533,916</u>

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months period ended 30 September 2022 (Unaudited)

12 COMMITMENTS AND CONTINGENT LIABILITIES (continued)

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

	<i>Stage 1</i> <i>AED'000</i>	<i>Stage 2</i> <i>AED'000</i>	<i>Stage 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Gross carrying amount as at 31 December 2021	1,896,963	3,867	49,748	1,950,578
New assets originated or purchased	276,648	111	-	276,759
Assets derecognised or repaid (excluding write offs)	(462,740)	-	-	(462,740)
Transfer to Stage 2	(2,376)	2,376	-	-
<b>As at 30 September 2022 (unaudited)</b>	<b>1,708,495</b>	<b>6,354</b>	<b>49,748</b>	<b>1,764,597</b>

	<i>Stage 1</i> <i>AED'000</i>	<i>Stage 2</i> <i>AED'000</i>	<i>Stage 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Gross carrying amount - 1 January 2021	2,382,539	2,251	49,674	2,434,464
New assets originated or purchased	274,469	-	-	274,469
Assets derecognised or repaid (excluding write offs)	(758,355)	-	-	(758,355)
Transfer to Stage 2	(1,616)	1,616	-	-
Transfer to Stage 3	(74)	-	74	-
<b>As at 31 December 2021 (audited)</b>	<b>1,896,963</b>	<b>3,867</b>	<b>49,748</b>	<b>1,950,578</b>

Movement in the provision for impairment of commitments and contingent liabilities

	<i>Stage 1</i> <i>AED'000</i>	<i>Stage 2</i> <i>AED'000</i>	<i>Stage 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
ECL allowances as at 31 December 2021	6,334	7	-	6,341
New assets originated or purchased	2,211	100	-	2,311
Assets derecognised or repaid (excluding write offs)	(2,439)	(12)	-	(2,451)
Transferred to stage 2	(28)	28	-	-
<b>Closing balance as at 30 September 2022 (unaudited)</b>	<b>6,078</b>	<b>123</b>	<b>-</b>	<b>6,201</b>

	<i>Stage 1</i> <i>AED'000</i>	<i>Stage 2</i> <i>AED'000</i>	<i>Stage 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
ECL allowances as at 31 December 2020	7,171	6	-	7,177
New assets originated or purchased	3,629	-	-	3,629
Assets derecognised or repaid (excluding write offs)	(4,466)	1	-	(4,465)
<b>Closing balance as at 31 December 2021 (audited)</b>	<b>6,334</b>	<b>7</b>	<b>-</b>	<b>6,341</b>

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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months period ended 30 September 2022 (Unaudited)

#### 12 COMMITMENTS AND CONTINGENT LIABILITIES (continued)

Grading of commitments and contingent liabilities along with stages:

	<i>30 September 2022 (Unaudited)</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Performing (Grades 1-8)	1,708,495	3,757	-	1,712,252
Performing (Grades 9-12)	-	2,597	-	2,597
Sub Standard (Grade 13)	-	-	359	359
Doubtful (Grade 14)	-	-	10,765	10,765
Loss (Grades 15)	-	-	38,624	38,624
	<hr/>	<hr/>	<hr/>	<hr/>
Total gross carrying amount	1,708,495	6,354	49,748	1,764,597
Expected credit loss (Note 11)	(6,078)	(123)	-	(6,201)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Carrying amount</b>	<b>1,702,417</b>	<b>6,231</b>	<b>49,748</b>	<b>1,758,396</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	<i>31 December 2021</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Performing (Grades 1-8)	1,896,963	1,271	-	1,898,234
Performing watch list (Grades 9-12)	-	2,596	-	2,596
Sub Standard (Grade 13)	-	-	359	359
Doubtful (Grade 14)	-	-	10,765	10,765
Loss (Grades 15)	-	-	38,624	38,624
	<hr/>	<hr/>	<hr/>	<hr/>
Total gross carrying amount	1,896,963	3,867	49,748	1,950,578
Expected credit loss	(6,334)	(7)	-	(6,341)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Carrying amount</b>	<b>1,890,629</b>	<b>3,860</b>	<b>49,748</b>	<b>1,944,237</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

At 30 September 2022, the group has capital commitments of AED 4.46 million (31 December 2021: AED 3.04 million).

#### 13 NET IMPAIRMENT LOSSES

	<i>Nine months period ended</i>	
	<i>30 September (unaudited)</i>	
	<i>2022</i>	<i>2021</i>
	<i>AED'000</i>	<i>AED'000</i>
Loans and advances and Islamic financing receivables	<b>9,203</b>	6,323
Due from other banks	<b>388</b>	3,383
Investment securities	<b>(434)</b>	441
Customers' acceptances	<b>20</b>	75
Commitments and contingencies	<b>(140)</b>	2,561
Property Valuation – Impairment	<b>-</b>	2,803
	<hr/>	<hr/>
<b>Total impairment charged</b>	<b>9,037</b>	15,586
	<hr/> <hr/>	<hr/> <hr/>

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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months period ended 30 September 2022 (Unaudited)

#### 14 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 30 September (Unaudited)</i>		<i>Nine months period ended 30 September (Unaudited)</i>	
	<i>2022 AED '000</i>	<i>2021 AED '000</i>	<i>2022 AED '000</i>	<i>2021 AED '000</i>
Profit for the period (in AED '000)	<b>94,632</b>	63,196	<b>259,928</b>	194,676
Weighted average number of shares ('000)	<b>1,899,780</b>	1,899,780	<b>1,899,780</b>	1,899,780
Basic earnings per share (in AED)	<b>0.05</b>	0.03	<b>0.14</b>	0.10

Weighted average number of shares for the comparative period is adjusted for the bonus shares issued during the current period.

There were no potential dilutive shares as at 30 September 2022 and 30 September 2021.

#### 15 DIVIDENDS

At the Annual General Meeting held on 14 March 2022, the Shareholders approved dividend of 8% amounting to AED 147.84 million in respect of the year ended 31 December 2021 (2020: AED 147.84 million).

#### 16 CASH AND CASH EQUIVALENTS

	<i>30 September (Unaudited)</i>	
	<i>2022 AED'000</i>	<i>2021 AED'000</i>
Cash and balances with the U.A.E. Central Bank (Note 4)	<b>1,537,181</b>	1,567,947
Due from other banks (Note 5)	<b>3,672,774</b>	3,189,806
Statutory deposit (Note 4)	<b>(334,482)</b>	(332,915)
Due from other banks with original maturity greater than three months	<b>(1,171,688)</b>	(403,000)
Due to other banks	-	(140,305)
	<b>3,703,785</b>	3,881,533

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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months period ended 30 September 2022 (Unaudited)

#### 17 RELATED PARTY TRANSACTIONS

The Group carries out transactions in the ordinary course of business with related parties, defined as shareholders who have a significant equity interest in the Group, all Directors of the Group and companies in which such shareholders and Directors have a significant interest and key management personnel of the Group.

During the period, the Group entered into the following significant transactions with related parties in the ordinary course of business.

	<i>Nine months period ended 30 September (unaudited)</i>	
	<i>2022</i>	<i>2021</i>
	<i>AED'000</i>	<i>AED'000</i>
Interest income	<b>1,983</b>	1,499
Interest expense	<b>22,835</b>	21,459
Other income	<b>33</b>	76
Other operating loss	<b>(906)</b>	-
Directors' fees	<b>2,250</b>	2,250

#### Remuneration of key management personnel

	<i>2022</i>	<i>2021</i>
	<i>AED'000</i>	<i>AED'000</i>
Salaries and other short term benefits	<b>3,722</b>	3,965
End of service benefits	<b>209</b>	85

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

	<i>30 September 2022</i>	<i>31 December 2021</i>
	<i>AED'000</i>	<i>AED'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Loans and advances and Islamic financing receivables	<b>84,193</b>	82,996
Customer deposits and Islamic customer deposits	<b>2,815,283</b>	2,750,770
Irrevocable commitments and contingent liabilities	<b>136,816</b>	205,706
	<i>30 September 2022</i>	<i>31 December 2021</i>
	<i>AED'000</i>	<i>AED'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
<b>Key Management</b>		
Loans and advances and Islamic financing receivables	<b>675</b>	-
Customer deposits and Islamic customer deposits	<b>1,203</b>	822

The loans and advances and Islamic financing receivables given to related parties have been secured against collateral amounting to AED 76.9 million (31 December 2021: AED 61.15 million). All loans and advances to related parties are classified as Stage 1 (31 December 2021: Stage 1) with corresponding ECL of AED 1.80 million. (31 December 2021: AED 1.91 million).

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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months period ended 30 September 2022 (Unaudited)

#### 18 BUSINESS SEGMENTS

The Group is organised into three main business segments:

Retail and corporate banking - wherein retail banking comprises private customer current accounts, savings accounts, deposits, credit and debit cards, customer loans and mortgages. Corporate banking involves transactions with corporate bodies including government and public bodies and comprises loans, advances, deposits and trade finance transactions.

Treasury and investments - incorporating the activities of the dealing room, related money market, foreign exchange transactions with other banks and financial institutions including 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.

Transactions between the business segments are on normal commercial terms and conditions. There are no material items of income and expense arising between the business segments. Segment assets and liabilities comprise operating assets and liabilities, being the majority of the condensed consolidated statement of financial position items.

#### Primary segment information

	<i>Retail and corporate banking AED' 000</i>	<i>Treasury and investments AED' 000</i>	<i>Others AED' 000</i>	<i>Total AED' 000</i>
<b>Nine months period ended</b>				
<b>30 September 2022 (Unaudited)</b>				
Net interest income and income from Islamic products net of distribution to depositors	204,580	56,610	-	261,190
Non- Interest income (Net)	29,123	4,084	50,392	83,599
<b>Gross income</b>	<b>233,703</b>	<b>60,694</b>	<b>50,392</b>	<b>344,789</b>
Operating expenses	(27,981)	(1,592)	(81,969)	(111,542)
Investment gains	-	35,658	-	35,658
Provision for impairment on financial assets	(9,083)	46	-	(9,037)
Share of results from an associate	-	-	60	60
<b>Segment result</b>	<b>196,639</b>	<b>94,806</b>	<b>(31,517)</b>	<b>259,928</b>
<b>As at 30 September 2022 (Unaudited)</b>				
<b>Segment assets</b>	<b>6,363,749</b>	<b>6,304,952</b>	<b>701,046</b>	<b>13,369,747</b>
<b>Segment liabilities and equity</b>	<b>7,958,294</b>	<b>-</b>	<b>5,411,453</b>	<b>13,369,747</b>

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

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months period ended 30 September 2022 (Unaudited)

#### 18 BUSINESS SEGMENTS (continued)

##### Primary segment information (continued)

	<i>Retail and corporate banking AED' 000</i>	<i>Treasury and investments AED' 000</i>	<i>Others AED' 000</i>	<i>Total AED' 000</i>
Nine months period ended 30 September 2021 (Unaudited)				
Net interest income and income from Islamic products net of distribution to depositors	199,897	9,811	-	209,708
Non- Interest income (Net)	32,267	2,851	31,631	66,749
Gross income	232,164	12,662	31,631	276,457
Operating expenses	(25,947)	(1,912)	(72,079)	(99,938)
Investment gains	-	33,919	-	33,919
Provision for impairment on financial assets	(8,959)	(3,824)	(2,803)	(15,586)
Share of results from an associate	-	-	(176)	(176)
Segment result	197,258	40,845	(43,427)	194,676
As at 30 September 2021 (Unaudited)				
Segment assets	7,236,830	5,351,282	715,630	13,303,742
Segment liabilities and equity	8,052,340	150,560	5,100,842	13,303,742

#### 19 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Group a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months period ended 30 September 2022 (Unaudited)

### 19 FAIR VALUE MEASUREMENTS (continued)

#### *Fair value of financial instruments carried at amortised cost*

The fair value of the quoted debt instruments at 30 September 2022 amounted to AED 359.04 million (31 December 2021: AED 120.28 million). The fair value determination of the quoted debt instruments will fall under level 1 category wherein fair value is determined based on inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Management believes that fair value of other financial instruments carried at amortized cost, are not materially different from their carrying values at the end of the reporting period.

#### *Valuation techniques and assumptions applied for the purposes of measuring fair value*

The fair values of financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used in the audited annual consolidated financial statements for the year ended 31 December 2021. The quoted securities are valued using the prices from active market. The unquoted securities are valued using P/E multiples.

#### *Fair value of the Group's financial assets that are measured at fair value on recurring basis*

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined;

	<i>Fair value as at</i>		<i>Fair value hierarchy</i>
	<i>30 September 2022 (unaudited) AED '000</i>	<i>31 December 2021 (audited) AED '000</i>	
<b>Financial assets</b>			
<b>Financial assets at FVTPL</b>			
Quoted equity Securities	<b>13,086</b>	16,366	Level 1
Discretionary funds managed by third parties – quoted equity securities	<b>244</b>	250	Level 1
<b>Financial assets at FVTOCI</b>			
Quoted equity securities	<b>932,018</b>	962,197	Level 1
Unquoted equity securities	<b>29,568</b>	34,384	Level 3
Positive fair value of Derivative	<b>651</b>	63	Level 2
Negative fair value of Derivative	<b>652</b>	288	Level 2

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

### 20 SEASONALITY OF RESULTS

Investment income includes dividend income of AED 35.54 million for the nine months period ended 30 September 2022 (30 September 2021: AED 35.70 million), which is of a seasonal nature.

### 21 CAPITAL ADEQUACY RATIOS

<i>Capital element</i>	<i>Basel III Minimum requirement</i>	<i>As at 30 September 2022</i>	<i>As at 31 December 2021</i>
Common equity tier 1 ratio	9.5%	42.96%	43.53%
Tier 1 capital ratio	11.00%	42.96%	43.53%
Capital adequacy ratio	13.00%	44.09%	44.66%



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

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For the nine months period ended 30 September 2022 (Unaudited)

#### 22 DERIVATIVES

	<i>30 September 2022 (Unaudited)</i>			<i>31 December 2021 (Audited)</i>		
	<i>Positive fair value AED'000</i>	<i>Negative fair value AED'000</i>	<i>Notional amount AED'000</i>	<i>Positive fair value AED 000</i>	<i>Negative fair value AED 000</i>	<i>Notional amount AED 000</i>
	Foreign currency forward contracts	<b>651</b>	<b>652</b>	<b>361,807</b>	63	288
<b>Total</b>	<b>651</b>	<b>652</b>	<b>361,807</b>	63	288	428,900

#### 23 GENERAL RESERVE

The Group maintains a general reserve and the contributions to this reserve are made at the discretion of the Directors. This reserve may be utilised for any purpose to be determined by a resolution of the shareholders of the Group at an Ordinary General Meeting.

##### Impairment Reserve under the CBUAE

The CBUAE issued its IFRS 9 guidance on 30 April 2018 via notice no. CBUAE/BSD/2018/458 addressing various implementation challenges and practical implications for banks adopting IFRS 9 in the UAE (the "Guidance"). Pursuant to clause 6.4 of the guidance, the reconciliation between general and specific provision under circular 28/2010 of CBUAE and IFRS 9 is as follows:

	<i>30 September 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
<b>Impairment Reserve: General</b>		
General Provisions under Circular 28/2010 of CBUAE	<b>147,381</b>	151,449
Less: Stage 1 & Stage 2 provisions under IFRS 9	<b>(103,317)</b>	(115,538)
<b>Impairment Reserve: General*</b>	<b>44,064</b>	35,911
<b>Impairment Reserve: Specific</b>		
Specific Provisions under Circular 28/2010 of CBUAE	<b>221,045</b>	186,021
Less: Stage 3 provisions under IFRS 9	<b>(221,045)</b>	(186,021)
<b>Impairment Reserve: Specific*</b>	-	-

\* In the case where provisions under IFRS 9 exceed provisions under CBUAE, no amount shall be transferred to the impairment reserve.

#### 24 COMPARATIVE FIGURES

Certain comparative figures have been reclassified where appropriate to conform to the presentation and accounting policies adopted in these condensed consolidated interim financial statements.