

**National Bank of Fujairah PJSC**  
**Condensed consolidated interim financial information**  
**For the nine month period ended**  
**30 September 2024**

**Condensed consolidated interim financial information**  
**For the nine month period ended 30 September 2024**

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## Review report on condensed consolidated interim financial information to the Board of Directors of National Bank of Fujairah PJSC

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### Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of National Bank of Fujairah PJSC (the "Bank") and its subsidiaries (together referred to as the 'Group') as at 30 September 2024 and the related condensed consolidated interim statements of income and comprehensive income for the three-month and nine-month periods then ended and the condensed consolidated statements of cash flows and changes in equity for the nine-month period then ended and other explanatory notes. The Directors are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

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### 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 the condensed consolidated 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.

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### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers Limited Partnership Dubai Branch  
29 October 2024

A handwritten signature in blue ink, appearing to read 'Rami Sarhan', is written over a horizontal line.

Rami Sarhan  
Registered Auditor Number 1152  
Place: Dubai, United Arab Emirates

**National Bank of Fujairah PJSC**  
**Condensed consolidated interim statement of financial position**  
*As at 30 September 2024*

	<i>Notes</i>	<b>30 September 2024 AED'000 Unaudited</b>	<b>31 December 2023 AED'000 Audited</b>
<b>Assets</b>			
Cash and balances with the Central Bank of the UAE	5	14,204,237	11,456,782
Due from banks and financial institutions	6	1,986,623	2,101,500
Investments and Islamic instruments - fair value	7	3,203,146	3,030,451
Investments and Islamic instruments - amortised cost	7	6,069,312	5,112,153
Loans and advances and Islamic financing receivables	8	30,829,825	27,903,695
Acceptances		1,041,117	1,074,657
Other assets		618,137	523,006
Property and equipment		394,025	372,859
Intangibles		182,760	144,713
<b>Total assets</b>		<b><u>58,529,182</u></b>	<b><u>51,719,816</u></b>
<b>Liabilities</b>			
Due to banks	11	1,299,521	1,137,077
Customer deposits and Islamic customer deposits	12	41,845,952	38,572,006
Repurchase agreements	11	3,830,718	2,501,332
Term borrowings	11	716,235	550,950
Acceptances		1,045,275	1,076,470
Other liabilities		1,743,519	1,315,375
<b>Total liabilities</b>		<b><u>50,481,220</u></b>	<b><u>45,153,210</u></b>
<b>Equity</b>			
Share capital	13.1	2,226,000	2,120,000
Statutory reserve		1,054,121	1,054,121
Special reserve		679,967	679,967
Fair value reserve		81,964	14,408
Cash flow hedge reserve		3,170	(1,230)
Proposed cash dividends	13.2	-	212,000
Proposed bonus issue	13.2	-	106,000
Retained earnings		1,707,115	1,095,790
Tier 1 capital securities	14	2,295,625	1,285,550
<b>Total equity attributable to equity and securities holders of the Group</b>		<b><u>8,047,962</u></b>	<b><u>6,566,606</u></b>
<b>Total liabilities and equity</b>		<b><u>58,529,182</u></b>	<b><u>51,719,816</u></b>

This condensed consolidated interim financial information was approved by the Board of Directors on 29 October 2024 and was signed on its behalf by:

  
**Anan Anwar**  
**Chief Executive Officer**

  
**Brian Mulholland**  
**Chief Financial Officer**

The notes on pages 7 to 40 form an integral part of the condensed consolidated interim financial information. The independent auditor's review report of the condensed consolidated interim financial information is set out on page 1.

# National Bank of Fujairah PJSC

## Condensed consolidated interim statement of income – (Unaudited)

For the nine month period ended 30 September 2024

		Three month period ended 30 September 2024	Three month period ended 30 September 2023	Nine month period ended 30 September 2024	Nine month period ended 30 September 2023
	Notes	AED'000	AED'000	AED'000	AED'000
Interest income and income from Islamic financing and investment activities		849,975	764,275	2,473,910	2,130,680
Interest expense and distribution to Islamic depositors		(404,134)	(331,492)	(1,145,614)	(872,800)
<b>Net interest income and net income from Islamic financing and investment activities</b>		<b>445,841</b>	<b>432,783</b>	<b>1,328,296</b>	<b>1,257,880</b>
Fees and commission income		122,401	105,637	358,571	328,871
Fees and commission expense		(13,976)	(13,244)	(36,984)	(40,416)
<b>Net fees and commission income</b>		<b>108,425</b>	<b>92,393</b>	<b>321,587</b>	<b>288,455</b>
Foreign exchange and derivatives income		48,463	39,791	139,137	119,326
Income / (loss) from investments and Islamic instruments		975	684	2,382	(1,952)
Other operating income		19,870	7,040	36,520	21,971
<b>Operating income</b>		<b>623,574</b>	<b>572,691</b>	<b>1,827,922</b>	<b>1,685,680</b>
<b>Operating expenses</b>					
Employee benefits expense		(114,957)	(105,197)	(332,453)	(299,301)
Depreciation and amortization		(12,489)	(8,652)	(32,524)	(24,364)
Other operating expenses		(71,135)	(63,362)	(192,184)	(181,248)
<b>Total operating expenses</b>		<b>(198,581)</b>	<b>(177,211)</b>	<b>(557,161)</b>	<b>(504,913)</b>
<b>Operating profit before impairment losses and tax</b>		<b>424,993</b>	<b>395,480</b>	<b>1,270,761</b>	<b>1,180,767</b>
Net impairment losses	15	(194,859)	(214,452)	(555,712)	(667,598)
<b>Profit for the period before tax</b>		<b>230,134</b>	<b>181,028</b>	<b>715,049</b>	<b>513,169</b>
Tax	21	(20,862)	-	(64,624)	-
<b>Profit for the period after tax</b>		<b>209,272</b>	<b>181,028</b>	<b>650,425</b>	<b>513,169</b>
<b>Earnings per share (basic and diluted)</b>	16	<b>AED 0.093</b>	<b>AED 0.081</b>	<b>AED 0.274</b>	<b>AED 0.214</b>

The notes on pages 7 to 40 form an integral part of the condensed consolidated interim financial information. The independent auditor's review report of the condensed consolidated interim financial information is set out on page 1.

# National Bank of Fujairah PJSC

## Condensed consolidated interim statement of comprehensive income – (Unaudited)

For the nine month period ended 30 September 2024

	Three month period ended 30 September 2024 AED'000	Three month period ended 30 September 2023 AED'000	Nine month period ended 30 September 2024 AED'000	Nine month period ended 30 September 2023 AED'000
<b>Profit for the period after tax</b>	<u>209,272</u>	<u>181,028</u>	<u>650,425</u>	<u>513,169</u>
<b>Other comprehensive income:</b>				
<b>Items that will not be reclassified subsequently to the statement of income:</b>				
Movement in fair value reserve (equity instruments):				
Net change in fair value	-	(644)	(2,004)	(315)
Tax	-	-	180	-
<b>Other comprehensive income of the items that will not be reclassified subsequently to the statement of income</b>	<u>-</u>	<u>(644)</u>	<u>(1,824)</u>	<u>(315)</u>
<b>Items that may be reclassified subsequently to statement of income:</b>				
Movement in fair value reserve (debt instruments):				
-Net change in fair value	81,992	(9,246)	79,810	(4,448)
-Net change in allowances for impairment	3,484	(1,128)	176	(1,365)
-Net amount transferred to the statement of income	(1,194)	(1,478)	(3,055)	1,103
Net change in fair value on cash flow hedges	8,708	-	4,400	-
Tax	(8,600)	-	(7,551)	-
<b>Other comprehensive income of the items that may be reclassified subsequently to statement of income</b>	<u>84,390</u>	<u>(11,852)</u>	<u>73,780</u>	<u>(4,710)</u>
<b>Other comprehensive income / (loss) for the period</b>	<u>84,390</u>	<u>(12,496)</u>	<u>71,956</u>	<u>(5,025)</u>
<b>Total comprehensive income for the period</b>	<u><u>293,662</u></u>	<u><u>168,532</u></u>	<u><u>722,381</u></u>	<u><u>508,144</u></u>

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# National Bank of Fujairah PJSC

## Condensed consolidated interim statement of cash flows – (Unaudited)

For the nine month period ended 30 September 2024

	Notes	Nine month period ended 30 September 2024 AED'000	Nine month period ended 30 September 2023 AED'000
<b>Operating activities</b>			
<b>Profit for the period after tax</b>		<b>650,425</b>	<b>513,169</b>
Adjustments for:			
Depreciation and amortization		32,524	24,364
Provision for employee end of service and other long term benefits		18,091	16,356
Net impairment losses	15	555,712	667,598
Net fair value (gains) / losses on disposal of investments and Islamic instruments		(3,303)	917
Net changes in fair value of investments		921	1,035
<b>Cash flow from operating activities before changes in operating assets and liabilities and payment of employee end of service and other long term benefits</b>		<b>1,254,370</b>	<b>1,223,439</b>
Payment of employee end of service and other long term benefits		(10,699)	(10,197)
Change in due from the Central Bank of the UAE		(2,706,621)	(1,503,210)
Change in due from banks and financial institutions		(418,453)	(142,660)
Change in loans and advances and Islamic financing receivables		(3,488,932)	(1,493,742)
Change in acceptances and other assets		(63,936)	99,219
Change in due to banks		162,444	(122,577)
Change in repurchase agreements		1,329,386	344,855
Change in customer deposits and Islamic customer deposits		3,273,946	1,481,905
Change in acceptances and other liabilities		385,216	257,909
<b>Net cash (used in) / generated from operating activities</b>		<b>(283,279)</b>	<b>134,941</b>
<b>Investing activities</b>			
Purchase of property, equipment and intangibles		(77,527)	(89,183)
Purchase of investments and Islamic instruments		(1,819,962)	(2,516,011)
Proceeds from sale and maturity of investments and Islamic instruments		765,437	1,442,472
<b>Net cash used in investing activities</b>		<b>(1,132,052)</b>	<b>(1,162,722)</b>
<b>Financing activities</b>			
Cash dividends paid		(212,000)	-
Proceeds from term borrowings		348,935	367,300
Repayment of term borrowings		(183,650)	(440,760)
Tier 1 capital securities coupon paid		(40,340)	(37,763)
Issue of Additional Tier 1 (AT1) capital securities	14	1,010,075	-
Tier 1 capital securities issuance cost		(734)	-
<b>Net cash generated from / (used in) financing activities</b>		<b>922,286</b>	<b>(111,223)</b>
<b>Net change in cash and cash equivalents</b>		<b>(493,045)</b>	<b>(1,139,004)</b>
Cash and cash equivalents at beginning of the period		2,532,848	4,274,798
<b>Cash and cash equivalents at end of the period</b>	19	<b>2,039,803</b>	<b>3,135,794</b>

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# National Bank of Fujairah PJSC

## Condensed consolidated interim statement of changes in equity – (Unaudited)

For the nine month period ended 30 September 2024

AED'000	Share capital	Statutory reserve	Special reserve	Fair value reserve	Cash flow hedge reserve	Proposed dividends	Impairment reserve	Retained earnings	Tier 1 capital securities	Total
<b>At 1 January 2023</b>	<b>2,000,000</b>	<b>981,616</b>	<b>607,462</b>	<b>(52,192)</b>	-	<b>120,000</b>	<b>168,201</b>	<b>739,827</b>	<b>1,285,550</b>	<b>5,850,464</b>
Profit for the period	-	-	-	-	-	-	-	513,169	-	513,169
Other comprehensive loss for the period	-	-	-	(5,025)	-	-	-	1,231	-	(3,794)
<b>Total comprehensive (loss) / income for the period</b>	-	-	-	<b>(5,025)</b>	-	-	-	<b>514,400</b>	-	<b>509,375</b>
Excess provisions under the Central Bank of the UAE requirements over IFRS 9	-	-	-	-	-	-	(85,564)	85,564	-	-
Tier 1 capital securities coupon paid	-	-	-	-	-	-	-	(37,763)	-	(37,763)
2022 bonus shares issued	120,000	-	-	-	-	(120,000)	-	-	-	-
<b>At 30 September 2023</b>	<b>2,120,000</b>	<b>981,616</b>	<b>607,462</b>	<b>(57,217)</b>	-	-	<b>82,637</b>	<b>1,302,028</b>	<b>1,285,550</b>	<b>6,322,076</b>
<b>At 1 January 2024</b>	<b>2,120,000</b>	<b>1,054,121</b>	<b>679,967</b>	<b>14,408</b>	<b>(1,230)</b>	<b>318,000</b>	-	<b>1,095,790</b>	<b>1,285,550</b>	<b>6,566,606</b>
Profit for the period after tax	-	-	-	-	-	-	-	650,425	-	650,425
Other comprehensive income for the period	-	-	-	67,556	4,400	-	-	1,974	-	73,930
<b>Total comprehensive income for the period</b>	-	-	-	<b>67,556</b>	<b>4,400</b>	-	-	<b>652,399</b>	-	<b>724,355</b>
Issuance of Additional Tier 1 (AT1) capital securities (note 14)	-	-	-	-	-	-	-	-	1,010,075	1,010,075
Tier 1 capital securities issuance cost	-	-	-	-	-	-	-	(734)	-	(734)
Tier 1 capital securities coupon paid	-	-	-	-	-	-	-	(40,340)	-	(40,340)
2023 cash dividends paid	-	-	-	-	-	(212,000)	-	-	-	(212,000)
2023 bonus shares issued	106,000	-	-	-	-	(106,000)	-	-	-	-
<b>At 30 September 2024</b>	<b>2,226,000</b>	<b>1,054,121</b>	<b>679,967</b>	<b>81,964</b>	<b>3,170</b>	-	-	<b>1,707,115</b>	<b>2,295,625</b>	<b>8,047,962</b>

The notes on pages 7 to 40 form an integral part of the condensed consolidated interim financial information.

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

# National Bank of Fujairah PJSC

## Notes to the condensed consolidated interim financial information

*For the nine month period ended 30 September 2024*

### 1. Legal status and activities

National Bank of Fujairah (the Bank) is a Public Joint Stock Company registered under the laws of the United Arab Emirates. The Bank operates under a banking license issued on 29 August 1984 by the Central Bank of the United Arab Emirates (Central Bank of the UAE or CBUAE) and commenced operations on 20 September 1984. The shares of the Bank were listed on Abu Dhabi Securities Exchange (ADX) on 23 October 2005. The Bank's key shareholders include the Department of Industry and Economy – Government of Fujairah, Easa Saleh Al Gurg LLC and Investment Corporation of Dubai.

The principal activity of the Bank is commercial banking which is carried out from its network of fourteen branches, across the UAE in emirates of Fujairah, Abu Dhabi, Dubai and Sharjah.

The Bank has two fully owned subsidiary companies:

- NBF Financial Services FZC was established in December 2004 with limited liability status in the Fujairah Free Trade Zone to provide support services to the Bank.
- NBF Markets (Cayman) Limited is registered in the Cayman Islands as an exempted company limited by shares under the Companies Law (revised) of the Cayman Islands and regulated by the Cayman Island Government General Registry. The Company was established on 31 January 2017 to provide support services to the Bank to enter into foreign exchange and derivative transactions with financial institutions / counterparties under the terms and conditions of International Swaps and Derivatives Association (ISDA).

The condensed consolidated interim financial information for the nine month period ended 30 September 2024 comprise the Bank and its subsidiaries (together referred to as 'the Group').

The registered address of the Group is Hamad Bin Abdullah Street, P. O. Box 887, Fujairah, United Arab Emirates.

### 2. Basis of preparation

#### Statement of compliance

The condensed consolidated interim financial information has been prepared in accordance with IFRS Accounting Standards, International Accounting Standard (IAS) 34: Interim Financial Reporting as issued by International Accounting Standard Board (IASB).

This condensed consolidated interim financial information does not include all the information and disclosures required for full annual consolidated financial statements prepared in accordance with IFRS Accounting Standards and should be read in conjunction with the Group's consolidated financial statements as at and for the year ended 31 December 2023.

In preparing this condensed consolidated interim financial information, significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2023 except for the new judgements and estimates explained in Note 3.

# National Bank of Fujairah PJSC

## Notes to the condensed consolidated interim financial information

For the nine month period ended 30 September 2024 (continued)

### 3. Material accounting policies

#### Changes in accounting policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the new applicable standards and amendments to the published standards effective as of 01 January 2024.

#### New and revised IFRS adopted in the condensed consolidated interim financial information

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

<b>Descriptions</b>	<b>Effective from</b>
• Amendments to IFRS 16 – Lease liability in a sale and leaseback	1 January 2024
• Amendment to IAS 1 – Non-current liabilities with covenants	1 January 2024
• Amendment to IAS 7 and IFRS 7 – Supplier finance arrangements	1 January 2024
• Amendments to IAS 21 – Lack of Exchangeability	1 January 2024

#### Standards, amendments and interpretations issued but not yet effective and not early adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted them in preparing these condensed consolidated interim financial information. The Group is constantly assessing the impact of these standards, interpretations and amendments on the future financial statements and intends to adopt these, if applicable, when they become effective.

# National Bank of Fujairah PJSC

## Notes to the condensed consolidated interim financial information

*For the nine month period ended 30 September 2024 (continued)*

### 4. Financial risk management

The Group's financial risk management objectives, policies and procedures are consistent with those disclosed in the audited consolidated financial statements as at and for the year ended 31 December 2023.

#### (a) Fair value measurement principles

Fair value is defined as 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.

When available, the fair value of a financial instrument is based on quoted market prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. If a quoted market price is not available or if a market for a financial instrument is not active, the fair value is determined by using valuation techniques. Valuation techniques include net present value techniques, discounted cash flow methods, comparison to similar instruments for which market observable prices exist. For investments under management with external fund managers, fair value is provided by the external fund managers, and is determined based on the market value of underlying investments of each fund. In all other cases, the instruments are measured at acquisition cost, including transaction cost, less impairment losses, if any.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate at the date of the condensed consolidated interim statement of financial position for an instrument with similar terms and conditions.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group and the counterparty, where appropriate. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the Group believes a third-party market participant would take them into account in pricing a transaction.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Group would receive or pay to terminate the contract at the date of the consolidated interim statement of financial position, taking into account current market conditions and the current creditworthiness of the counterparty.

# National Bank of Fujairah PJSC

## Notes to the condensed consolidated interim financial information

For the nine month period ended 30 September 2024 (continued)

### 4. Financial risk management (continued)

#### (b) Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, group, pricing service or regulatory agency, and those prices represent actual and regularly recurring market transactions on an arm's length basis.
- Level 2: Valuation techniques based on observable input, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Pursuant to disclosure requirements of IFRS 7 Financial Instruments: Disclosures, the Group has disclosed the relevant information in the table below:

#### Fair value measurement – fair value hierarchy:

##### 30 September 2024 (Unaudited)

AED'000	Notional	Level 1	Level 2	Level 3
Investments and Islamic instruments				
Debt securities / Islamic sukuku	2,585,242	2,585,242	-	-
Other investments	625,240	623,515	1,725	-
Forward foreign exchange contracts	21,827,821	-	1,062	-
Currency options	2,253,522	-	(7)	-
Interest rate derivatives	2,930,016	-	8,837	-
Commodity derivatives	654,891	-	(2,069)	-

##### 31 December 2023 (Audited)

AED'000	Notional	Level 1	Level 2	Level 3
Investments and Islamic instruments				
Debt securities / Islamic sukuku	2,416,329	2,416,329	-	-
Other investments	621,634	619,708	1,926	-
Forward foreign exchange contracts	15,524,317	-	29,642	-
Currency options	2,686,291	-	-	-
Interest rate derivatives	2,779,644	-	6,810	-
Commodity derivatives	858,908	-	3,008	-

# National Bank of Fujairah PJSC

## Notes to the condensed consolidated interim financial information

For the nine month period ended 30 September 2024 (continued)

### 4. Financial risk management (continued)

#### (b) Fair value hierarchy (continued)

##### Fair value measurement – fair value hierarchy (continued)

	Fair value (FV) hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to FV
Debt securities / Islamic sukuks and Other investments	Level 1	Quoted bid prices in active market	None	Not applicable
Other investments	Level 2	Quoted prices in secondary market	None	Not applicable
Derivatives	Level 2	Observable inputs either directly (i.e. as prices) or indirectly (i.e. derived from prices).	None	Not applicable

During the period, there were no transfers between Level 1 and Level 2. Further, there has been no change in the valuation techniques in relation to valuation of financial instruments. Please refer note 4 for details.

#### (c) Fair values of derivative financial instruments

The positive and negative fair values of derivative financial instruments, entered into by the Group, at the reporting date are as below:

AED'000	30 September 2024 (Unaudited)				31 December 2023 (Audited)			
	Notional	Positive fair value	Negative fair value	Net	Notional	Positive fair value	Negative fair value	Net
<b>Derivatives</b>								
Forward foreign exchange contracts	21,827,821	105,430	104,368	1,062	15,524,317	63,611	33,969	29,642
Currency options	2,253,522	10,833	10,840	(7)	2,686,291	4,027	4,027	-
Interest rate derivatives	2,930,016	29,780	20,943	8,837	2,779,644	44,385	37,575	6,810
Commodity derivatives	654,891	14,991	17,060	(2,069)	858,908	10,014	7,006	3,008
	<b>27,666,250</b>	<b>161,034</b>	<b>153,211</b>	<b>7,823</b>	<b>21,849,160</b>	<b>122,037</b>	<b>82,577</b>	<b>39,460</b>

# National Bank of Fujairah PJSC

## Notes to the condensed consolidated interim financial information

For the nine month period ended 30 September 2024 (continued)

### 4. Financial risk management (continued)

#### (d) Assets and liabilities

*Classification and measurement*

The fair values and carrying values of the assets and liabilities (financial and non-financial) are shown below:

30 September 2024 (Unaudited)	At fair value through profit or loss	At fair value through other comprehensive income	Amortised cost	Total
<b>AED'000</b>				
<b>Assets</b>				
Cash and balances with the Central Bank of the UAE	-	-	14,204,237	14,204,237
Due from banks and financial institutions	-	-	1,986,623	1,986,623
Investments and Islamic instruments	645	3,202,501	6,069,312	9,272,458
Loans and advances and Islamic financing receivables	-	-	30,829,825	30,829,825
Acceptances and other assets	-	-	1,659,254	1,659,254
Property and equipment and intangibles	-	-	576,785	576,785
<b>Total assets</b>	<b>645</b>	<b>3,202,501</b>	<b>55,326,036</b>	<b>58,529,182</b>
<b>Liabilities</b>				
Due to banks	-	-	1,299,521	1,299,521
Customer deposits and Islamic customer deposits	-	-	41,845,952	41,845,952
Repurchase agreements	-	-	3,830,718	3,830,718
Term borrowings	-	-	716,235	716,235
Acceptances and other liabilities	-	-	2,788,794	2,788,794
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>50,481,220</b>	<b>50,481,220</b>

# National Bank of Fujairah PJSC

## Notes to the condensed consolidated interim financial information

For the nine month period ended 30 September 2024 (continued)

### 4. Financial risk management (continued)

#### (d) Assets and liabilities (continued)

31 December 2023 (Audited) AED'000	At fair value through profit or loss	At fair value through other comprehensive income	Amortised cost	Total
<b>Assets</b>				
Cash and balances with the Central Bank of the UAE	-	-	11,456,782	11,456,782
Due from banks and financial institutions	-	-	2,101,500	2,101,500
Investments and Islamic instruments	19,211	3,011,240	5,112,153	8,142,604
Loans and advances and Islamic financing receivables	-	-	27,903,695	27,903,695
Acceptances and other assets	-	-	1,597,663	1,597,663
Property and equipment and intangibles	-	-	517,572	517,572
<b>Total assets</b>	<b>19,211</b>	<b>3,011,240</b>	<b>48,689,365</b>	<b>51,719,816</b>
<b>Liabilities</b>				
Due to banks	-	-	1,137,077	1,137,077
Customer deposits and Islamic customer deposits	-	-	38,572,006	38,572,006
Repurchase agreements	-	-	2,501,332	2,501,332
Term borrowings	-	-	550,950	550,950
Acceptances and other liabilities	-	-	2,391,845	2,391,845
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>45,153,210</b>	<b>45,153,210</b>

Fair value of investments and Islamic instruments measured at amortised cost amounted to [AED 6,090.2 million](#) (31 December 2023: AED 4,992.4 million). Management considers that the carrying amounts of all other assets and liabilities measured at amortised cost in this condensed consolidated interim financial information approximate their fair values.

The Group performed a detailed analysis of its business models for managing financial assets and analysis of their cash flow characteristics.

#### (e) Market risk

##### Derivative financial instruments

In the ordinary course of business, the Group enters into various types of derivative transactions that are affected by variables in the underlying instruments.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- (i) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying');

# National Bank of Fujairah PJSC

## Notes to the condensed consolidated interim financial information

For the nine month period ended 30 September 2024 (continued)

### 4. Financial risk management (continued)

#### (e) Market risk (continued)

##### Derivative financial instruments (continued)

- (ii) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- (iii) it is settled at a future date.

Derivative financial instruments which the Group enters into includes forward foreign exchange contracts, interest rate derivatives, commodity derivatives and currency options.

The Group uses derivative financial instruments for hedging purposes as part of its asset and liability management activities in order to reduce its own exposure to fluctuations in interest rates.

The Group uses interest rate swaps to hedge interest rate risks. In all such cases, the hedging relationship and objectives including details of the hedged item and hedging instrument are formally documented and the transactions are accounted for based on the type of hedge.

The Group's exposure to interest rate swaps designated in hedge accounting relationships represents an amount of AED 508.7 million (31 December 2023: AED 210.8 million). The objective of the majority of these hedges is to reduce fluctuations from interest rate risk and is consistent with the overall interest rate risk management strategy of the Bank.

The following table shows the positive (assets) and negative (liabilities) fair values of derivative financial instruments:

Hedging instrument	Assets	Liabilities	Notional
<b>30 September 2024 (Unaudited)</b>			
<b>AED'000</b>			
<b>Derivatives held as cash flow hedges</b>			
Interest rate swaps	3,170	-	508,663
<b>Total derivative financial instruments</b>	<b>3,170</b>	<b>-</b>	<b>508,663</b>
<b>Hedging instrument</b>			
<b>31 December 2023 (Audited)</b>			
<b>AED'000</b>			
<b>Derivatives held as cash flow hedges</b>			
Interest rate swaps	-	1,230	210,835
<b>Total derivative financial instruments</b>	<b>-</b>	<b>1,230</b>	<b>210,835</b>

# National Bank of Fujairah PJSC

## Notes to the condensed consolidated interim financial information

For the nine month period ended 30 September 2024 (continued)

### 5. Cash and balances with the Central Bank of the UAE

	30 September 2024 AED'000 Unaudited	31 December 2023 AED'000 Audited
Cash on hand	398,450	341,873
Certificates of Deposit (CDs) with the Central Bank of the UAE	10,632,610	9,034,676
Regulatory cash reserve deposit	3,173,177	2,080,233
	<u>14,204,237</u>	<u>11,456,782</u>

### 6. Due from banks and financial institutions

	30 September 2024 AED'000 Unaudited	31 December 2023 AED'000 Audited
<b>6.1 By type</b>		
Placements	467,300	741,235
Current accounts / term deposits	592,997	944,766
Bills discounted	930,278	420,000
	<u>1,990,575</u>	<u>2,106,001</u>
Less: Allowances for impairment (ECL) (note 10)	(3,952)	(4,501)
	<u>1,986,623</u>	<u>2,101,500</u>

Placements include a Wakala placement amounting to **AED 100.0 million** (31 December 2023: AED 98.5 million) undertaken through a Shari'ah - compliant Islamic window, NBF Islamic.

Current accounts / term deposits include cash collateral of **AED 22.6 million** (31 December 2023: AED 36.4 million) in respect of negative fair value of derivatives, in accordance with the agreements with interbank counterparties.

Bills discounted represent bank risk discounting portfolio to support customers' trade business.

### 6.2 By currency

	30 September 2024 AED'000 Unaudited	31 December 2023 AED'000 Audited
AED	295,084	220,544
USD	1,429,909	1,600,693
EUR	46,001	43,624
GBP	4,477	8,399
XAU	8,979	25,010
Others	206,125	207,731
	<u>1,990,575</u>	<u>2,106,001</u>
Less: Allowances for impairment (ECL) (note 10)	(3,952)	(4,501)
	<u>1,986,623</u>	<u>2,101,500</u>

# National Bank of Fujairah PJSC

## Notes to the condensed consolidated interim financial information

For the nine month period ended 30 September 2024 (continued)

### 6. Due from banks and financial institutions (continued)

#### 6.3 By geographical area

	<b>30 September 2024 AED'000 Unaudited</b>	<b>31 December 2023 AED'000 Audited</b>
UAE	301,363	215,745
GCC	583,137	675,128
Europe	138,499	454,826
Americas	165,923	577,221
Others	801,653	183,081
	<b>1,990,575</b>	<b>2,106,001</b>
Less: Allowances for impairment (ECL) (note 10)	(3,952)	(4,501)
	<b>1,986,623</b>	<b>2,101,500</b>

The dispersion of due from banks and financial institutions portfolio based on the redistribution of risk is set out below:

	<b>30 September 2024 AED'000 Unaudited</b>	<b>31 December 2023 AED'000 Audited</b>
UAE	364,393	203,893
GCC	553,701	655,792
Europe	477,298	804,553
Americas	159,119	198,443
Others	436,064	243,320
	<b>1,990,575</b>	<b>2,106,001</b>
Less: Allowances for impairment (ECL) (note 10)	(3,952)	(4,501)
	<b>1,986,623</b>	<b>2,101,500</b>

# National Bank of Fujairah PJSC

## Notes to the condensed consolidated interim financial information

For the nine month period ended 30 September 2024 (continued)

### 6. Due from banks and financial institutions (continued)

#### 6.4 Based on external credit ratings

	30 September 2024 AED'000 Unaudited	31 December 2023 AED'000 Audited
AA	21,294	627
AA-	28,915	33,578
A+	163,985	35,930
A	642,452	1,197,784
BBB+	547,000	593,770
BBB	8,020	3,981
BBB- and below	578,909	240,331
	<u>1,990,575</u>	<u>2,106,001</u>
Less: Allowances for impairment (ECL) (note 10)	(3,952)	(4,501)
	<u>1,986,623</u>	<u>2,101,500</u>

#### 6.5 Due from banks and financial institutions stage-wise analysis

The following table contains an analysis of the credit risk exposure of due from banks and financial institutions. The gross carrying amount of due from banks and financial institutions, including accrued interest / profit, represents the Group's maximum exposure to credit risk on these assets:

AED'000	30 September 2024 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
Outstanding balance	2,010,961	-	-	2,010,961
Allowances for impairment (ECL) (note 10)	(3,952)	-	-	(3,952)
<b>Carrying amount</b>	<u>2,007,009</u>	-	-	<u>2,007,009</u>

AED'000	31 December 2023 (Audited)			
	Stage 1	Stage 2	Stage 3	Total
Outstanding balance	2,130,149	-	-	2,130,149
Allowances for impairment (ECL) (note 10)	(4,501)	-	-	(4,501)
<b>Carrying amount</b>	<u>2,125,648</u>	-	-	<u>2,125,648</u>

Due from banks and financial institutions were in stage 1 throughout the period. Accordingly, there have been no significant movements between stages in respect of these financial assets.

# National Bank of Fujairah PJSC

## Notes to the condensed consolidated interim financial information

For the nine month period ended 30 September 2024 (continued)

### 7. Investments and Islamic instruments

	30 September 2024 AED'000 Unaudited	31 December 2023 AED'000 Audited
<b>Investments at fair value through profit or loss (FVTPL) (note 7.1)</b>	<b>645</b>	<b>19,211</b>
<b>Investments at fair value through other comprehensive income (FVOCI)</b>		
Debt securities / Islamic sukuks (note 7.2)	2,585,242	2,416,329
Other investments / Islamic instruments (note 7.3)	624,595	602,423
	<u>3,209,837</u>	<u>3,018,752</u>
<b>Investments measured at amortised cost</b>		
Debt securities / Islamic sukuks (note 7.2)	6,081,636	5,125,292
	<u>9,292,118</u>	<u>8,163,255</u>
Less: Allowances for impairment (ECL) (note 10)	(19,660)	(20,651)
	<u>9,272,458</u>	<u>8,142,604</u>

7.1 Investments at FVTPL include various funds whose fair values are based on the net asset values provided by the fund managers.

7.2 Debt securities aggregating **AED 8,476.8 million** (31 December 2023: AED 7,426.2 million) 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. The debt securities portfolio includes floating rate securities amounting to **AED 247.7 million** (31 December 2023: AED 363.5 million).

Debt securities portfolio include Islamic sukuks amounting to **AED 1,038.3 million** (31 December 2023: AED 802.0 million).

Debt securities portfolio include additional tier 1 perpetual bonds of **AED 175.0 million** (31 December 2023: AED 115.4 million).

7.3 Other investments include various funds whose fair values are based on the net asset values provided by the fund managers, amounting to **AED 623.5 million** (31 December 2023: AED 601.3 million). No shares were purchased by the Bank during the period (31 December 2023: nil).

7.4 The dispersion of the investment portfolio is set out below:

	30 September 2024 AED'000 Unaudited	31 December 2023 AED'000 Audited
Government	2,927,719	2,504,677
Banks and financial institutions	5,739,160	5,036,943
Others	625,239	621,635
	<u>9,292,118</u>	<u>8,163,255</u>
Less: Allowances for impairment (ECL) (note 10)	(19,660)	(20,651)
	<u>9,272,458</u>	<u>8,142,604</u>

# National Bank of Fujairah PJSC

## Notes to the condensed consolidated interim financial information

For the nine month period ended 30 September 2024 (continued)

### 7. Investments and Islamic instruments (continued)

#### 7.5 By geographical area

	<b>30 September 2024 AED'000 Unaudited</b>	<b>31 December 2023 AED'000 Audited</b>
UAE	2,063,421	1,775,655
GCC	696,716	428,432
Europe	2,928,518	2,792,769
Americas	2,548,320	2,155,824
Others	1,055,143	1,010,575
	<b>9,292,118</b>	<b>8,163,255</b>
Less: Allowances for impairment (ECL) (note 10)	(19,660)	(20,651)
	<b>9,272,458</b>	<b>8,142,604</b>

The dispersion of investment portfolio based on the redistribution of risk is set out below:

	<b>30 September 2024 AED'000 Unaudited</b>	<b>31 December 2023 AED'000 Audited</b>
UAE	2,460,263	2,054,099
GCC	998,199	620,675
Europe	2,752,323	2,546,534
Americas	1,690,253	1,523,438
Others	1,391,080	1,418,509
	<b>9,292,118</b>	<b>8,163,255</b>
Less: Allowances for impairment (ECL) (note 10)	(19,660)	(20,651)
	<b>9,272,458</b>	<b>8,142,604</b>

Others include investments in multilateral development banks amounting to AED 331.4 million (31 December 2023: AED 403.4 million).

# National Bank of Fujairah PJSC

## Notes to the condensed consolidated interim financial information

For the nine month period ended 30 September 2024 (continued)

### 7. Investments and Islamic instruments (continued)

#### 7.6 By currency

	<b>30 September 2024 AED'000 Unaudited</b>	<b>31 December 2023 AED'000 Audited</b>
AED	233,353	260,957
USD	8,917,372	7,752,690
EUR	100,611	97,490
SGD	15,093	-
JPY	25,689	52,118
	<b>9,292,118</b>	<b>8,163,255</b>
Less: Allowances for impairment (ECL) (note 10)	(19,660)	(20,651)
	<b>9,272,458</b>	<b>8,142,604</b>

#### 7.7 Based on external credit ratings

<b>30 September 2024 (Unaudited) AED'000</b>	<b>Debt securities / Islamic sukus</b>	<b>Other investments</b>	<b>Total</b>
AAA	86,091	-	86,091
AA	1,701,209	-	1,701,209
AA-	566,402	-	566,402
A+	602,397	119,091	721,488
A	361,227	504,425	865,652
A-	2,294,497	-	2,294,497
BBB+	2,359,085	-	2,359,085
BBB	397,317	-	397,317
BBB- and below	298,653	1,724	300,377
Less: Allowances for impairment (ECL) (note 10)	(17,532)	(2,128)	(19,660)
	<b>8,649,346</b>	<b>623,112</b>	<b>9,272,458</b>

# National Bank of Fujairah PJSC

## Notes to the condensed consolidated interim financial information

For the nine month period ended 30 September 2024 (continued)

### 7. Investments and Islamic instruments (continued)

#### 7.7 Based on external credit ratings (continued)

31 December 2023 (Audited) AED'000	Debt securities / Islamic sukuku	Other investments	Total
AAA	70,884	-	70,884
AA	1,021,790	-	1,021,790
AA-	973,026	-	973,026
A+	201,283	113,476	314,759
A	637,739	482,374	1,120,113
A-	1,880,907	-	1,880,907
BBB+	2,080,158	-	2,080,158
BBB	416,574	-	416,574
BBB- and below	259,260	25,784	285,044
Less: Allowances for impairment (ECL) (note 10)	(18,303)	(2,348)	(20,651)
	<b>7,523,318</b>	<b>619,286</b>	<b>8,142,604</b>

BBB- and below rating investments include unrated issuances by Government related entities.

#### 7.8 Debt investments and Islamic instruments stage-wise analysis

The following table contains an analysis of the credit risk exposure of debt investments and Islamic instruments. The gross carrying amount of debt investments and Islamic instruments, including accrued interest / profit, represents the Group's maximum exposure to credit risk on these assets:

30 September 2024 (Unaudited) AED'000	Stage 1	Stage 2	Stage 3	Total
Outstanding balance	9,290,394	-	-	9,290,394
Allowances for impairment (ECL) (note 10)	(19,660)	-	-	(19,660)
<b>DCarrying amount</b>	<b>9,270,734</b>	<b>-</b>	<b>-</b>	<b>9,270,734</b>
31 December 2023 (Audited) AED'000	Stage 1	Stage 2	Stage 3	Total
Outstanding balance	8,137,470	-	-	8,137,470
Allowances for impairment (ECL) (note 10)	(20,651)	-	-	(20,651)
<b>Carrying amount</b>	<b>8,116,819</b>	<b>-</b>	<b>-</b>	<b>8,116,819</b>

Debt investments and Islamic instruments are in stage 1 throughout the period. Accordingly, there have been no significant movements between stages in respect of these financial assets.

# National Bank of Fujairah PJSC

## Notes to the condensed consolidated interim financial information

For the nine month period ended 30 September 2024 (continued)

### 8. Loans and advances and Islamic financing receivables

	30 September 2024 AED'000 Unaudited	31 December 2023 AED'000 Audited
<b>8.1 By type</b>		
Overdrafts	1,847,814	1,988,396
Term loans	24,689,649	21,003,661
Loans against trust receipts	4,244,869	4,039,170
Bills discounted	1,756,336	2,195,592
Bills drawn under letters of credit	293,602	409,931
<b>Gross loans and advances and Islamic financing receivables</b>	<b>32,832,270</b>	<b>29,636,750</b>
Allowances for impairment losses (ECL) (note 10)	(2,002,445)	(1,733,055)
<b>Net loans and advances and Islamic financing receivables</b>	<b>30,829,825</b>	<b>27,903,695</b>

8.2 Loans and advances and Islamic financing receivables include Murabaha Tawarruq and Ijara financing activities amounting to **AED 4,673.2 million** (31 December 2023: AED 3,993.7 million) provided through a Shari'ah compliant Islamic window, NBF Islamic.

### 8.3 Loans and advances and Islamic financing receivables stage-wise analysis

The following table contains an analysis of the credit risk exposure of loans and advances and Islamic financing receivables. The gross carrying amount of loans and advances and Islamic financing receivables, including accrued interest / profit, represents the Group's maximum exposure to credit risk on these assets:

30 September 2024 (Unaudited) AED'000	Stage 1	Stage 2	Stage 3	Total
Outstanding balance	29,335,217	2,025,251	1,928,702	33,289,170
Allowances for impairment (ECL) (note 10)	(182,558)	(557,175)	(1,262,712)	(2,002,445)
<b>Carrying amount</b>	<b>29,152,659</b>	<b>1,468,076</b>	<b>665,990</b>	<b>31,286,725</b>
31 December 2023 (Audited) AED'000	Stage 1	Stage 2	Stage 3	Total
Outstanding balance	26,259,891	2,207,549	1,679,876	30,147,316
Allowances for impairment (ECL) (note 10)	(188,434)	(458,984)	(1,085,637)	(1,733,055)
<b>Carrying amount</b>	<b>26,071,457</b>	<b>1,748,565</b>	<b>594,239</b>	<b>28,414,261</b>

# National Bank of Fujairah PJSC

## Notes to the condensed consolidated interim financial information

For the nine month period ended 30 September 2024 (continued)

### 8. Loans and advances and Islamic financing receivables (continued)

#### 8.4 Movement in the gross balance of loans and advances and Islamic financing receivables

<b>Outstanding balance (Unaudited) AED'000</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Gross carrying amount - 31 December 2023</b>	<b>26,259,891</b>	<b>2,207,549</b>	<b>1,679,876</b>	<b>30,147,316</b>
Transferred from Stage 1	(434,231)	322,608	111,623	-
Transferred from Stage 2	64,227	(256,304)	192,077	-
Transferred from Stage 3	-	960	(960)	-
Originated / (derecognized) during the period	3,445,330	(249,562)	239,495	3,435,263
Written-off during the period	-	-	(293,409)	(293,409)
<b>Gross carrying amount – 30 September 2024</b>	<b>29,335,217</b>	<b>2,025,251</b>	<b>1,928,702</b>	<b>33,289,170</b>

<b>Outstanding balance (Audited) AED'000</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Gross carrying amount – 31 December 2022</b>	<b>24,863,960</b>	<b>2,317,638</b>	<b>2,430,987</b>	<b>29,612,585</b>
Transferred from Stage 1	(561,449)	348,752	212,697	-
Transferred from Stage 2	176,792	(519,264)	342,472	-
Transferred from Stage 3	-	126,212	(126,212)	-
Originated / (derecognized) during the year	1,780,588	(65,789)	(212,496)	1,502,303
Written-off during the year	-	-	(967,572)	(967,572)
<b>Gross carrying amount - 31 December 2023</b>	<b>26,259,891</b>	<b>2,207,549</b>	<b>1,679,876</b>	<b>30,147,316</b>

# National Bank of Fujairah PJSC

## Notes to the condensed consolidated interim financial information

For the nine month period ended 30 September 2024 (continued)

### 8. Loans and advances and Islamic financing receivables (continued)

#### 8.5 Movement in the provision for impairment of loans and advances and Islamic financing receivables

ECL (Unaudited) AED'000	Stage 1	Stage 2	Stage 3	Total
<b>ECL allowance - 31 December 2023</b>	<b>188,434</b>	<b>458,984</b>	<b>1,085,637</b>	<b>1,733,055</b>
Transferred from Stage 1	(6,489)	18,987	58,675	71,173
Transferred from Stage 2	877	(29,785)	95,972	67,064
Transferred from Stage 3	-	84	(562)	(478)
Originated / (derecognized) during the period including changes in PDs / LGDs / EADs	(264)	108,905	316,399	425,040
<b>Net allowance for impairment losses</b>	<b>(5,876)</b>	<b>98,191</b>	<b>470,484</b>	<b>562,799</b>
Written-off during the period	-	-	(293,409)	(293,409)
<b>ECL allowance – 30 September 2024</b>	<b>182,558</b>	<b>557,175</b>	<b>1,262,712</b>	<b>2,002,445</b>

ECL (Audited) AED'000	Stage 1	Stage 2	Stage 3	Total
<b>ECL allowance - 31 December 2022</b>	<b>233,100</b>	<b>440,294</b>	<b>1,348,841</b>	<b>2,022,235</b>
Transferred from Stage 1	(13,117)	27,782	123,126	137,791
Transferred from Stage 2	2,968	(45,215)	163,678	121,431
Transferred from Stage 3	-	480	(18,920)	(18,440)
Originated / (derecognized) during the year including changes in PDs / LGDs / EADs	(34,517)	35,643	436,484	437,610
<b>Net allowance for impairment losses</b>	<b>(44,666)</b>	<b>18,690</b>	<b>704,368</b>	<b>678,392</b>
Written-off during the year	-	-	(967,572)	(967,572)
<b>ECL allowance - 31 December 2023</b>	<b>188,434</b>	<b>458,984</b>	<b>1,085,637</b>	<b>1,733,055</b>

#### 8.6 Risk mitigation, credit quality, collateral and credit enhancements

In line with Basel and IFRS 9 standards, the Credit Risk Management Framework (“CRMF”) outlines the basis pertaining to the eligibility, valuation, roles & responsibilities of various departments and overall management of collateral in order to adopt effective credit risk mitigation mechanism and maximize the use of eligible collateral.

The eligible collateral under IFRS 9 helps in arriving at EAD and LGD for Expected Credit Loss (ECL) calculations. As for measuring ECL, the expected cash shortfalls will reflect via LGD the cash flows expected from collateral realization provided the same are as per contractual terms.

The Group manages credit exposure by obtaining security where appropriate, and in certain cases, the Group may also close out transactions or assign them to other counterparties to mitigate credit risk.

# National Bank of Fujairah PJSC

## Notes to the condensed consolidated interim financial information

For the nine month period ended 30 September 2024 (continued)

### 8. Loans and advances and Islamic financing receivables (continued)

#### 8.6 Risk mitigation, credit quality, collateral and credit enhancements (continued)

The amount and type of collateral depends on assessments of the credit risk of the counterparty. The types of collateral mainly include cash, guarantees, stand-by letter of credit (bank guarantee), pledge over listed shares and mortgage and liens over properties or other securities over assets. Pledged interests over vehicles, ships and equipment are also obtained. Collateral generally is not held against non-trading investments and due from banks and financial institutions.

Management monitors the market value of collateral, and wherever necessary the Group requests additional collateral in accordance with the underlying agreement, and considers collateral obtained during its review of the adequacy of the allowance for impairment losses.

Estimates of fair value are generally assessed on a periodic basis in accordance with the respective credit policies.

The credit quality of the loans and advances and Islamic financing receivables is managed by the Group using internal credit ratings comprising 22 grades. The risk rating system is used as a credit risk management tool whereby any risks taken on the Group's books are rated against a set of predetermined standards which are in line with the Central Bank of the UAE guidelines.

The Group's Credit Risk Rating Methodology reflects its assessment of the probability of default of individual counterparties mapped to the ratings specified by the External Credit Assessment Institutions (ECAIs). The mapping is based on a statistical model which takes into consideration the industry weights, country specific factors and the sensitivity of the counter party to systematic risk. Risk classification distribution by risk grades is presented below:

#### Risk grades of gross loans and advances and Islamic financing receivables

AED'000	30 September 2024 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
<b>RR 1-19</b>				
Grade RR 1 – 17: Performing	29,100,635	360,330	-	29,460,965
Grade RR 18 – 19: Watchlist	-	1,624,586	-	1,624,586
<b>Total – RR 1-19</b>	<b>29,100,635</b>	<b>1,984,916</b>	<b>-</b>	<b>31,085,551</b>
<b>RR 20-22: Non-performing</b>	<b>-</b>	<b>-</b>	<b>1,746,719</b>	<b>1,746,719</b>
<b>Total</b>	<b>29,100,635</b>	<b>1,984,916</b>	<b>1,746,719</b>	<b>32,832,270</b>
AED'000	31 December 2023 (Audited)			
	Stage 1	Stage 2	Stage 3	Total
<b>RR 1-19</b>				
Grade RR 1 – 17: Performing	26,031,660	287,247	-	26,318,907
Grade RR 18 – 19: Watchlist	-	1,875,998	-	1,875,998
<b>Total – RR 1-19</b>	<b>26,031,660</b>	<b>2,163,245</b>	<b>-</b>	<b>28,194,905</b>
<b>RR 20-22: Non-performing</b>	<b>-</b>	<b>-</b>	<b>1,441,845</b>	<b>1,441,845</b>
<b>Total</b>	<b>26,031,660</b>	<b>2,163,245</b>	<b>1,441,845</b>	<b>29,636,750</b>

# National Bank of Fujairah PJSC

## Notes to the condensed consolidated interim financial information

For the nine month period ended 30 September 2024 (continued)

### 9. Contingent liabilities and commitments

Contingent liabilities represent credit related commitments under letters of credit and guarantees which are designed to meet the requirements of the Group's customers towards third parties. Commitments represent credit facilities and other capital expenditure commitments of the Group which are undrawn at the date of consolidated interim statement of financial position. All credit related commitments are unconditionally cancellable / revocable at the discretion of the Group except for the amounts mentioned in the following table:

	30 September 2024 AED'000 Unaudited	31 December 2023 AED'000 Audited
<b>Contingent liabilities:</b>		
– Letters of credit covering movement of goods	1,698,244	1,527,712
– Financial guarantees and other direct credit substitutes	842,834	928,336
– Bid bonds, performance bonds and other transaction related contingencies	6,149,593	4,870,723
	<u>8,690,671</u>	<u>7,326,771</u>
<b>Commitments:</b>		
– Undrawn irrevocable commitments – credit related	290,675	238,903
– Commitments for future expenditure	162,066	125,649
	<u>452,741</u>	<u>364,552</u>
	<u>9,143,412</u>	<u>7,691,323</u>

The total undrawn commitments which are revocable at the discretion of the Bank amount to [AED 17,037.0 million](#) (31 December 2023: AED 16,413.8 million). Many of the contingent liabilities and commitments will expire without being funded in whole or in part. Therefore, the amounts do not necessarily represent expected future cash flows.

# National Bank of Fujairah PJSC

## Notes to the condensed consolidated interim financial information

For the nine month period ended 30 September 2024 (continued)

### 9. Contingent liabilities and commitments (continued)

#### 9.1 Off balance sheet exposures stage-wise analysis

The following table contains an analysis of the credit risk of relevant off balance sheet exposures and the related ECL. The gross carrying amount of off balance sheet exposures below represents the Group's maximum exposure to credit risk on these assets:

	30 September 2024 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
<b>AED'000</b>				
Outstanding balance	8,117,407	161,226	160,799	8,439,432
Allowances for impairment (ECL) (note 10)	(21,332)	(2,690)	(108,642)	(132,664)
<b>Carrying amount</b>	<b>8,096,075</b>	<b>158,536</b>	<b>52,157</b>	<b>8,306,768</b>

	31 December 2023 (Audited)			
	Stage 1	Stage 2	Stage 3	Total
<b>AED'000</b>				
Outstanding balance	6,690,731	226,462	163,555	7,080,748
Allowances for impairment (ECL) (note 10)	(19,986)	(2,943)	(117,630)	(140,559)
<b>Carrying amount</b>	<b>6,670,745</b>	<b>223,519</b>	<b>45,925</b>	<b>6,940,189</b>

#### 9.2 Movement in the gross balance of off-balance sheet exposures

Outstanding balance (Unaudited)	Stage 1	Stage 2	Stage 3	Total
<b>AED'000</b>				
<b>Gross carrying amount - 31 December 2023</b>	<b>6,690,731</b>	<b>226,462</b>	<b>163,555</b>	<b>7,080,748</b>
Transferred from Stage 1	(12,195)	10,520	1,675	-
Transferred from Stage 2	12,889	(17,669)	4,780	-
Transferred from Stage 3	-	-	-	-
Originated / (expired) during the period	1,425,982	(58,087)	(9,211)	1,358,684
Written-off during the period	-	-	-	-
<b>Gross carrying amount - 30 September 2024</b>	<b>8,117,407</b>	<b>161,226</b>	<b>160,799</b>	<b>8,439,432</b>
<b>Outstanding balance (Audited)</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>AED'000</b>				
<b>Gross carrying amount - 31 December 2022</b>	<b>5,820,222</b>	<b>186,595</b>	<b>154,197</b>	<b>6,161,014</b>
Transferred from Stage 1	(137,818)	119,756	18,062	-
Transferred from Stage 2	6,929	(53,317)	46,388	-
Transferred from Stage 3	-	-	-	-
Originated / (expired) during the year	1,001,398	(26,572)	(55,092)	919,734
Written-off during the year	-	-	-	-
<b>Gross carrying amount - 31 December 2023</b>	<b>6,690,731</b>	<b>226,462</b>	<b>163,555</b>	<b>7,080,748</b>

# National Bank of Fujairah PJSC

## Notes to the condensed consolidated interim financial information

For the nine month period ended 30 September 2024 (continued)

### 9. Contingent liabilities and commitments (continued)

#### 9.3 Movement in the provision for impairment of off-balance sheet exposures

ECL – AED '000 (Unaudited)	Stage 1	Stage 2	Stage 3	Total
<b>ECL allowances - 31 December 2023</b>	<b>19,986</b>	<b>2,943</b>	<b>117,630</b>	<b>140,559</b>
Transferred from Stage 1	(128)	171	1,125	1,168
Transferred from Stage 2	24	(182)	3,935	3,777
Transferred from Stage 3	-	-	-	-
Originated / expired during the period including changes in PDs / LGDs / EADs	1,450	(242)	(14,048)	(12,840)
<b>Net allowance for impairment losses</b>	<b>1,346</b>	<b>(253)</b>	<b>(8,988)</b>	<b>(7,895)</b>
Written-off during the period	-	-	-	-
<b>ECL allowances - 30 September 2024</b>	<b>21,332</b>	<b>2,690</b>	<b>108,642</b>	<b>132,664</b>

ECL – AED '000 (Audited)	Stage 1	Stage 2	Stage 3	Total
<b>ECL allowances - 31 December 2022</b>	<b>19,364</b>	<b>5,684</b>	<b>75,561</b>	<b>100,609</b>
Transferred from Stage 1	(673)	1,079	14,753	15,159
Transferred from Stage 2	47	(402)	29,534	29,179
Transferred from Stage 3	-	-	-	-
Originated / expired during the year including changes in PDs / LGDs / EADs	1,248	(3,418)	(2,218)	(4,388)
<b>Net allowance for impairment losses</b>	<b>622</b>	<b>(2,741)</b>	<b>42,069</b>	<b>39,950</b>
Written-off during the year	-	-	-	-
<b>ECL allowances – 31 December 2023</b>	<b>19,986</b>	<b>2,943</b>	<b>117,630</b>	<b>140,559</b>

The provision for ECL against the off-balance sheet exposures disclosed above is classified under other liabilities.

# National Bank of Fujairah PJSC

## Notes to the condensed consolidated interim financial information

For the nine month period ended 30 September 2024 (continued)

### 10. Stage-wise ECL and movement in the impairment reserve

The analysis of ECL by stage for loans and advances and Islamic financing receivables, due from banks and financial institutions, debt investments and Islamic instruments, acceptances and other assets and off-balance sheet items is as follows:

AED' 000		30 September 2024 (Unaudited)					
	Loans and advances and Islamic financing receivables	Due from banks and financial institutions	Investments and Islamic instruments	Acceptances and other assets	Off-balance sheet exposures	Total	ECL rate
Stage 3	1,262,712	-	-	13,429	108,642	1,384,783	65.8%
Stage 2	557,175	-	-	28	2,690	559,893	25.6%
Stage 1	182,558	3,952	19,660	1,503	21,332	229,005	0.5%
	<b>739,733</b>	<b>3,952</b>	<b>19,660</b>	<b>1,531</b>	<b>24,022</b>	<b>788,898</b>	
<b>Total ECL</b>	<b>2,002,445</b>	<b>3,952</b>	<b>19,660</b>	<b>14,960</b>	<b>132,664</b>	<b>2,173,681</b>	<b>4.0%</b>
<b>ECL rate</b>	<b>6.0%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>1.4%</b>	<b>1.6%</b>		

AED' 000		31 December 2023 (Audited)					
	Loans and advances and Islamic financing receivables	Due from banks and financial institutions	Investments and Islamic instruments	Acceptances and other assets	Off-balance sheet exposures	Total	ECL rate
Stage 3	1,085,637	-	-	10,800	117,630	1,214,067	65.5%
Stage 2	458,984	-	-	39	2,943	461,966	18.9%
Stage 1	188,434	4,501	20,651	1,774	19,986	235,346	0.5%
	<b>647,418</b>	<b>4,501</b>	<b>20,651</b>	<b>1,813</b>	<b>22,929</b>	<b>697,312</b>	
<b>Total ECL</b>	<b>1,733,055</b>	<b>4,501</b>	<b>20,651</b>	<b>12,613</b>	<b>140,559</b>	<b>1,911,379</b>	<b>3.9%</b>
<b>ECL rate</b>	<b>5.7%</b>	<b>0.2%</b>	<b>0.3%</b>	<b>1.2%</b>	<b>2.0%</b>		

# National Bank of Fujairah PJSC

## Notes to the condensed consolidated interim financial information

For the nine month period ended 30 September 2024 (continued)

### 11. Due to banks, repurchase agreements and term borrowings

	<b>30 September 2024 AED'000 Unaudited</b>	<b>31 December 2023 AED'000 Audited</b>
<i>By type:</i>		
Due to banks (note 11.2)	1,299,521	1,137,077
Repurchase agreements	3,830,718	2,501,332
Term borrowings (note 11.1)	716,235	550,950
	<u><b>5,846,474</b></u>	<u><b>4,189,359</b></u>
<i>By geographical area:</i>		
UAE	3,013,556	1,575,064
GCC	-	276,999
Europe	2,569,085	1,863,795
Americas	-	18,832
Others	263,833	454,669
	<u><b>5,846,474</b></u>	<u><b>4,189,359</b></u>

As at 30 September 2024, due to banks include cash collateral of **AED 141.1 million** (31 December 2023: AED 60.9 million), in respect of positive fair value of derivatives, in accordance with the agreements with the interbank counterparties.

Due to banks include a Wakala borrowing amounting to **AED 183.7 million** (31 December 2023: 100.0 million) undertaken through a Shari'ah - compliant Islamic window, NBF Islamic.

The investment securities under repo agreements amounted to **AED 4,243.4 million** (31 December 2023: AED 2,752.1 million).

#### 11.1 Term borrowings comprise of several bilateral borrowings obtained from other banks and financial institutions as follows:

<i>Loan no.</i>	<i>Year obtained</i>	<i>Maturity</i>	<i>Interest rate</i>	<b>30 September 2024 AED'000 Unaudited</b>	<b>31 December 2023 AED'000 Audited</b>
1	2023	Sep-26	SOFR + Margin	183,650	183,650
2	2023	Dec-28	SOFR + Margin	183,650	183,650
3	2024	May-26	SOFR + Margin	183,650	-
4	2024	May-26	SOFR + Margin	91,825	-
5	2024	Sep-26	SOFR + Margin	73,460	-
6	2023	Aug-27	SOFR + Margin*	-	183,650
				<u><b>716,235</b></u>	<u><b>550,950</b></u>

\* Bilateral loan no.6, amounting to AED 183.7 million, was settled during May 2024.

#### 11.2 Due to banks include gold related borrowings amounting to **AED 309.8 million** (31 December 2023: AED 378.8 million) utilized to finance gold loans extended to customers on a matched basis.

# National Bank of Fujairah PJSC

## Notes to the condensed consolidated interim financial information

For the nine month period ended 30 September 2024 (continued)

### 12. Customer deposits and Islamic customer deposits

	30 September 2024 AED'000 Unaudited	31 December 2023 AED'000 Audited
<i>By type:</i>		
Demand and margin deposits	16,165,213	15,190,315
Saving deposits	573,536	711,494
Fixed term and notice deposits	25,107,203	22,670,197
	<u>41,845,952</u>	<u>38,572,006</u>
<i>By geographical area:</i>		
UAE	39,028,665	36,593,397
GCC	1,078,829	696,037
Europe	1,187,911	1,098,081
Americas	381,072	100,945
Others	169,475	83,546
	<u>41,845,952</u>	<u>38,572,006</u>

#### 12.1 Islamic customer deposits undertaken through a Shari'ah - compliant Islamic window, NBF Islamic.

	30 September 2024 AED'000 Unaudited	31 December 2023 AED'000 Audited
<i>By type:</i>		
Qard Islamic current accounts	601,679	574,066
Murabaha deposits	721,315	509,363
Wakala deposits	3,173,011	3,364,384
Mudaraba deposits	50,110	47,667
	<u>4,546,115</u>	<u>4,495,480</u>

### 13. Shareholders' equity

#### 13.1 Share capital

	30 September 2024 AED'000 Unaudited	31 December 2023 AED'000 Audited
<i>Authorised, issued and fully paid:</i>		
2,226,000,000 shares of AED 1 each (2023: 2,120,000,000 shares of AED 1 each)	<u>2,226,000</u>	<u>2,120,000</u>

# National Bank of Fujairah PJSC

## Notes to the condensed consolidated interim financial information

For the nine month period ended 30 September 2024 (continued)

### 13. Shareholders' equity (continued)

#### 13.2 Proposed cash dividends and bonus issue

The Board of Directors proposed a distribution of bonus shares of 5.0% of share capital and cash dividend of 10.0% of share capital for the year ended 31 December 2023. The distribution was approved by the shareholders at the Annual General Assembly Meeting held in March 2024.

### 14. Tier 1 capital securities

In October 2019, the Bank issued US\$ 350 million (AED 1.286 billion) regulatory Additional Tier 1 (AT1) capital securities which have been classified as equity in accordance with IAS 32: Financial Instruments – Classification. These securities are perpetual, sub-ordinated and unsecured. The Bank can elect not to pay a coupon at its own discretion and has an option to call back the securities in addition to allowing the Bank to write-down (in whole or in part) any amounts due to the holders in the event of non-viability with the approval of the CBUAE. The transaction costs relating to the issuance were accounted for as a deduction from equity.

On 16 September 2024, following the approval of NBF's shareholders, through a special resolution at the General Assembly Meeting (GAM) held on 26 June 2024, and the necessary regulatory approvals, NBF successfully issued AT1 capital securities, amounting to US\$ 275 million (AED 1.01 billion) as part of strengthening of its capital structure supporting its business and operational strategy and refinancing of the afore-mentioned existing AT1 capital securities of US\$ 350 million (AED 1.286 billion). These securities have been classified as equity in accordance with IAS 32: Financial Instruments – Classification and are perpetual, sub-ordinated and unsecured. The Bank can elect not to pay a coupon at its own discretion and has an option to call back the securities in addition to allowing the Bank to write-down (in whole or in part) any amounts due to the holders in the event of non-viability with the approval of the CBUAE. The transaction costs relating to the issuance were accounted for as a deduction from equity. This new issuance has been privately placed with the Government of Fujairah. The capital instruments allow for the mandatory conversion into ordinary shares, at a ratio of AED 2.85:1, within two years of this issuance.

The US\$ 350 million (AED 1.286 billion) AT1 capital securities were called on 16 September 2024 and settled on the first call date i.e., October 2024 post the quarter-end. From total capital adequacy ratio perspective (refer note 18), it stood at 21.3% primarily on account of the new issuance. Had this settlement been undertaken within September 2024, the total capital adequacy ratio would have still been strong at 18.0%.

### 15. Net impairment losses

	30 September 2024 AED'000 Unaudited	30 September 2023 AED'000 Unaudited
Loans and advances and Islamic financing receivables, acceptances, other assets and off balance sheet items	557,252	671,451
Due from banks and financial institutions	(549)	758
Investments and Islamic instruments	(991)	(4,611)
	<u>555,712</u>	<u>667,598</u>

# National Bank of Fujairah PJSC

## Notes to the condensed consolidated interim financial information

For the nine month period ended 30 September 2024 (continued)

### 16. Earnings per share

The calculation of earnings per share for the nine month period ended 30 September 2024 is based on net profit of AED 609.4 million after deduction of AED 41.1 million of additional Tier 1 capital securities coupon payment and issuance cost (30 September 2023: AED 475.4 million after deduction of AED 37.8 million of additional Tier 1 capital securities coupon payment) divided by the weighted average number of shares of 2,226 million (30 September 2023: 2,226 million shares after adjusting for bonus shares) outstanding during the period.

The calculation of earnings per share for the three month period ended 30 September 2024 is based on net profit of AED 206.0 million after deduction of AED 3.3 million of additional Tier 1 capital securities coupon payment and issuance cost (30 September 2023: net profit of AED 181.0 million), divided by the weighted average number of shares of 2,226 million (30 September 2023: 2,226 million shares after adjusting for bonus shares) outstanding during the period.

### 17. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In the case of the Group, related parties, as defined in the International Accounting Standard No. 24, include major shareholders of the Group, directors and officers of the Group and companies of which they are principal owners and key management personnel. Banking transactions are entered into with related parties on agreed terms and conditions approved by the Board of Directors. The significant transactions and balances included in the condensed consolidated interim financial information, which predominantly relate to Directors and shareholders of the Group, are as follows:

	30 September 2024 AED'000 Unaudited	31 December 2023 AED'000 Audited
<b>Statement of financial position items</b>		
Loans and advances and Islamic financing receivables	3,559,865	3,583,682
Customer deposits and Islamic customer deposits	10,471,343	9,948,263
Investments and Islamic instruments	93,261	136,332
Acceptances	29,191	34,780
Tier 1 capital securities	1,307,588	293,840
<b>Contingent liabilities</b>		
Letters of credit	94,321	115,179
Financial guarantees and other direct credit substitutes	35,812	36,870
Transaction related contingencies	608,152	596,391
Commitments for future expenditure	13,519	8,978

# National Bank of Fujairah PJSC

## Notes to the condensed consolidated interim financial information

For the nine month period ended 30 September 2024 (continued)

### 17. Related parties (continued)

	30 September 2024 AED'000 Unaudited	30 September 2023 AED'000 Unaudited
<b>Statement of changes in equity items</b>		
Tier 1 capital securities coupon paid	11,316	8,632
<b>Statement of income items</b>		
Interest income and income from Islamic financing and investment activities	154,029	127,867
Interest expense and distribution to Islamic depositors	368,302	306,084
Other income	9,252	9,894
Operating expenses	30,204	25,630
<b>Key management compensation</b>		
Salaries and other short-term benefits	20,328	21,902
Employee end of service benefits	729	832

Stage 3 ECL, amounting to **AED 179.8 million**, has been recognized pertinent to related parties (31 December 2023: nil). Further, stage 1 and 2 ECL amounted to **AED 13.3 million** (31 December 2023: 15.9 million).

The loans and advances and Islamic financing receivables given to related parties have been secured against collateral amounting to **AED 2,240.3 million** (31 December 2023: AED 2,220.2 million).

During the period, capital expenditure transactions with related parties amounted to **AED 2.4 million** (31 December 2023: AED 3.2 million).

# National Bank of Fujairah PJSC

## Notes to the condensed consolidated interim financial information

For the nine month period ended 30 September 2024 (continued)

### 18. Capital adequacy ratio

The Bank's risk weighted assets (RWA) are weighted on the basis of relative credit, market, and operational risks. Credit risk includes both on and off-balance sheet risks. In accordance with the Basel III Compliance – Standardized Approach, the Bank is following the standardized measurement approach for credit, market and operational risk, under the existing Pillar 1 of Basel III requirements with the addition of the respective changes pertinent to capital supply.

The quantitative requirements, based on the regulations / guidelines, have been detailed below:

- i. Total regulatory capital (net of regulatory adjustments) – at least 10.5% of risk weighted assets (RWAs) – comprises of two tiers:
  - a. Tier 1 capital – at least 8.5% of RWA, composed of:
    - Common equity Tier 1 (CET1) – at least 7.0% of RWA; and
    - Additional Tier 1 (AT1)

Common equity Tier 1 (CET1) includes ordinary share capital, statutory reserve, special reserve, retained earnings and fair value reserves relating to unrealized gains on investments classified as FVOCI / available-for-sale with a hair-cut of 55%; and Additional Tier 1 (AT1) comprises of Tier 1 capital securities.
  - b. Tier 2 capital  
It includes collective impairment provision and sub-ordinated facilities. Collective impairment provision, including impairment reserve general, shall not exceed 1.25% of total credit risk weighted assets.
- ii. Banks must maintain a Capital Conservation Buffer (CCB) of 2.5% of RWAs in the form of CET1 capital. CBUAE may also require banks to implement Countercyclical Buffer (CCyB), to protect the banks from periods of excess aggregate credit growth. CCyB must be met by using CET1 capital and the level may vary between 0 - 2.5% of RWAs.

#### Minimum transitional arrangements as per the Central Bank of the UAE

Capital element	Basel III 2024	Basel III 2023
Minimum common equity tier 1 ratio	7.0%	7.0%
Minimum tier 1 capital ratio	8.5%	8.5%
Minimum capital adequacy ratio	10.5%	10.5%
Capital conservation buffer	2.5%	2.5%

# National Bank of Fujairah PJSC

## Notes to the condensed consolidated interim financial information

For the nine month period ended 30 September 2024 2024 (continued)

### 18. Capital adequacy ratio (continued)

AED'000	30 September 2024 Unaudited	31 December 2023 Audited
<b>CET1 capital</b>		
Share capital	2,226,000	2,120,000
Statutory reserve	1,054,121	1,054,121
Special reserve	679,967	679,967
Retained earnings	1,707,115	1,201,790
IFRS 9 transitional arrangement – ECL (stage 1 and 2) impact	65,099	84,406
Accumulated other comprehensive income	38,310	5,930
Regulatory deductions - intangibles	(182,760)	(144,713)
<b>CET1 total</b>	<b>5,587,852</b>	<b>5,001,501</b>
<b>Additional Tier 1 (AT1) Capital</b>		
Tier 1 capital securities (note 14)	2,295,625	1,285,550
<b>Total Tier 1</b>	<b>7,883,477</b>	<b>6,287,051</b>
<b>Tier 2 Capital</b>		
Collective impairment provision	438,961	396,045
<b>Total Tier 2</b>	<b>438,961</b>	<b>396,045</b>
<b>Total capital base (a)</b>	<b>8,322,438</b>	<b>6,683,096</b>
<b>Risk weighted assets</b>		
<b>Credit risk</b>	35,116,904	31,683,618
<b>Market risk</b>	18,525	64,748
<b>Operational risk</b>	4,014,101	3,504,166
<b>Total risk weighted assets (b)</b>	<b>39,149,530</b>	<b>35,252,532</b>
<b>Capital adequacy ratio (a) / (b)</b>	<b>21.3%</b>	<b>19.0%</b>
<b>Tier 1 ratio</b>	<b>20.1%</b>	<b>17.8%</b>
<b>Common equity Tier 1 ratio (CET 1)</b>	<b>14.3%</b>	<b>14.2%</b>

Please refer note 14 - 'Tier 1 capital securities' for the computation of the capital adequacy ratio, had the settlement of AT1 capital securities of US\$ 350 million (AED 1.286 billion) been undertaken within September 2024.

# National Bank of Fujairah PJSC

## Notes to the condensed consolidated interim financial information

For the nine month period ended 30 September 2024 (continued)

### 19. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances from the date of acquisition:

	<b>30 September 2024</b>	<b>30 September 2023</b>
	<b>AED'000</b>	<b>AED'000</b>
	<b>Unaudited</b>	<b>Unaudited</b>
Cash on hand	398,450	316,569
Balances with the Central Bank of the UAE	1,084,257	1,650,000
Due from banks with less than three months maturity	557,096	1,169,225
	<u>2,039,803</u>	<u>3,135,794</u>

Balances with the Central Bank of the UAE include certificates of deposit with less than three month maturity.

Based on residual maturities, cash on hand, balances with the Central Bank of the UAE and due from banks amounting to **AED 5,532.8 million** are maturing within three months from 30 September 2024 (AED 5,377.6 million had maturity within three months from 30 September 2023).

### 20. Segmental reporting

The Group uses business segments for presenting its segment information in line with the Group's management and internal reporting structure. The Group's operations are confined mainly in the UAE.

Business segments pay and receive interest, to and from Treasury on an arm's length basis to reflect allocation of capital and funding costs.

#### Business segments

The Group conducts its activity through the following clearly defined business segments:

#### Corporate and Institutional banking

##### *Corporate and Institutional segments*

The segment offers a range of products and services including credit and trade finance products, and services to large and medium sized corporate customers through separate units and to financial institutions, and accepts deposits.

##### *Business banking segment*

The segment offers a range of products and services including credit and trade finance products, and services to small and medium sized customers through separate units, and accepts deposits. The segment also offers transactional services to small and medium sized businesses.

# National Bank of Fujairah PJSC

## Notes to the condensed consolidated interim financial information

For the nine month period ended 30 September 2024 (continued)

### 20. Segmental reporting (continued)

#### Retail banking

The segment offers a range of products and services to individuals and high net worth individuals including personal and mortgage loans, credit cards, other transactions and balances, and accepts their deposits.

#### Treasury, Asset and Liability Management (ALM) and others

The segment undertakes the Group's asset and liability management centrally and is responsible for optimum utilization of resources in productive assets and management of exchange and interest positions within the limits and guidelines set by management and approved by the Board.

Treasury also offers various foreign exchange and derivative products to customers and is entrusted with the responsibility of managing the Group's investment portfolio together with the Investment Management Unit under the guidance from the Investment Committee and Asset and Liability Committee. The Group's capital and investment in subsidiaries is recognised under this segment.

The Group has central shared services which include Operations, Risk Management, Human Resources, Finance, Information systems and Technology, Product Development, Legal, Credit and Internal Audit. The shared services costs are allocated to business segments based on transaction and relevant drivers.

The segment analysis based on business segments is as follows:

Nine month period ended 30 September 2024 AED'000 (Unaudited)	Corporate and institutional segments	Business banking segment	Retail banking	Treasury, ALM and others	Consolidated
Net interest income and net income from Islamic financing and investment activities	522,035	454,210	142,648	209,403	1,328,296
Non-interest income	161,873	175,996	19,439	142,318	499,626
<b>Operating income</b>	<b>683,908</b>	<b>630,206</b>	<b>162,087</b>	<b>351,721</b>	<b>1,827,922</b>
Operating expenses	(188,163)	(237,684)	(96,474)	(34,840)	(557,161)
<b>Operating profit before impairment losses and tax</b>	<b>495,745</b>	<b>392,522</b>	<b>65,613</b>	<b>316,881</b>	<b>1,270,761</b>
Net impairment losses	(476,259)	(62,315)	(20,154)	3,016	(555,712)
<b>Profit for the period before tax</b>	<b>19,486</b>	<b>330,207</b>	<b>45,459</b>	<b>319,897</b>	<b>715,049</b>
Tax	(1,761)	(29,843)	(4,108)	(28,912)	(64,624)
<b>Profit for the period after tax</b>	<b>17,725</b>	<b>300,364</b>	<b>41,351</b>	<b>290,985</b>	<b>650,425</b>
<b>30 September 2024 (Unaudited)</b>					
Segment assets	19,641,934	8,502,603	4,978,167	25,406,478	58,529,182
Segment liabilities	27,542,757	11,995,956	5,023,525	5,918,982	50,481,220
Capital expenditure	-	-	-	-	77,527

# National Bank of Fujairah PJSC

## Notes to the condensed consolidated interim financial information

For the nine month period ended 30 September 2024 (continued)

### 20. Segmental reporting (continued)

Nine month period ended 30 September 2023 AED'000 (Unaudited)	Corporate and institutional segments	Business banking segment	Retail banking	Treasury, ALM and others	Consolidated
Net interest income and net income from Islamic financing and investment activities	511,496	396,420	124,746	225,218	<b>1,257,880</b>
Non-interest income	149,673	147,215	10,799	120,113	<b>427,800</b>
<b>Operating income</b>	<b>661,169</b>	<b>543,635</b>	<b>135,545</b>	<b>345,331</b>	<b>1,685,680</b>
Operating expenses	(177,907)	(212,681)	(79,899)	(34,426)	<b>(504,913)</b>
<b>Operating profit before impairment losses and tax</b>	<b>483,262</b>	<b>330,954</b>	<b>55,646</b>	<b>310,905</b>	<b>1,180,767</b>
Net impairment losses	(602,120)	(36,953)	(25,691)	(2,834)	<b>(667,598)</b>
<b>Profit / (loss) for the period before tax</b>	<b>(118,858)</b>	<b>294,001</b>	<b>29,955</b>	<b>308,071</b>	<b>513,169</b>
Tax	-	-	-	-	-
<b>Profit / (loss) for the period after tax</b>	<b>(118,858)</b>	<b>294,001</b>	<b>29,955</b>	<b>308,071</b>	<b>513,169</b>
<b>31 December 2023 (Audited)</b>					
Segment assets	17,536,343	7,719,715	4,472,140	21,991,618	<b>51,719,816</b>
Segment liabilities	25,485,993	11,141,104	4,611,928	3,914,185	<b>45,153,210</b>
Capital expenditure	-	-	-	106,686	<b>106,686</b>

# National Bank of Fujairah PJSC

## Notes to the condensed consolidated interim financial information

*For the nine month period ended 30 September 2024 (continued)*

### 21. Tax

#### **Implementation of UAE Corporation Tax Law and application of IAS 12 Income Taxes**

On 09 December 2022, UAE Federal Decree Law No. 47 of 2022 was published setting in place a general corporate income tax for the first time. The taxable income threshold, of upto AED 375,000 will be taxed at 0% and beyond AED 375,000 will be taxed at 9%, will apply as clarified via Cabinet Decision No. 116 of 2022 published on 16 January 2023; and at this point the tax law was considered enacted and substantively enacted for accounting purposes. The UAE Tax Law has confirmed the application of the Corporate Tax ('CT') to tax periods commencing on or after 01 June 2023. Therefore, NBF's effective date of applying the CT regime is the current financial year commencing from 01 January 2024. The Bank's registration was concluded and the certificate of registration was issued by the Federal Tax Authority (FTA) in May 2024. Current taxes are now payable for the year starting 01 January 2024 potentially leading to a corresponding impact on deferred tax liabilities and assets; where the carrying amount differs from the tax base.

Based on the review and assessment, a deferred tax liability has been recognized, amounting to **AED 7.6 million** as at 30 September 2024, arising from items that may be reclassified subsequently to the statement of income, from other comprehensive income perspective. Further, the current tax impact has been calculated considering the potential adjustments which has resulted in an effective tax rate of **9.04%**.

### 22. Subsequent events

There have been no events subsequent to the statement of financial position date that would significantly affect the amounts reported in the condensed consolidated interim financial information as at and for the nine-month period ended 30 September 2024; other than the settlement of the US\$ 350 million (AED 1.286 billion) AT1 capital securities in October 2024 post the quarter-end. Please refer note 14 - 'Tier 1 capital securities' for details.