

National Bank of Fujairah PJSC
Condensed consolidated interim financial information
For the three month period ended
31 March 2026

Condensed consolidated interim financial information
For the three month period ended 31 March 2026

Contents	Page
Independent auditor's review report on condensed consolidated interim financial information to the Board of Directors of National Bank of Fujairah PJSC	1-2
Condensed consolidated interim statement of financial position	3
Condensed consolidated interim statement of income (Unaudited)	4
Condensed consolidated interim statement of comprehensive income (Unaudited)	5
Condensed consolidated interim statement of cash flows (Unaudited)	6-7
Condensed consolidated interim statement of changes in equity (Unaudited)	8
Notes to the condensed consolidated interim financial information	9-47



Review report on condensed consolidated interim financial information

To the Board of Directors of National Bank of Fujairah PJSC

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 31 March 2026 and the related condensed consolidated interim statements of income and comprehensive income, cash flows and changes in equity for the three-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.

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.



Review report on condensed consolidated interim financial information (continued)

To the Board of Directors of National Bank of Fujairah PJSC

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 April 2026

A handwritten signature in blue ink, appearing to read 'S. Scoular'.

Stuart Alexander Scoular

Registered Auditor Number: 5563

Place: Dubai, United Arab Emirates


National Bank of Fujairah PJSC

Condensed consolidated interim statement of financial position

As at 31 March 2026

	<i>Notes</i>	31 March 2026 AED'000 Unaudited	31 December 2025 AED'000 Audited
Assets			
Cash and balances with the Central Bank of the UAE	5	8,567,994	9,332,525
Due from banks and financial institutions	6	2,134,547	1,420,745
Investments and Islamic instruments - fair value	7	11,512,628	11,864,529
Investments and Islamic instruments - amortised cost	7	6,627,003	6,667,038
Loans and advances and Islamic financing receivables	8	37,159,408	37,466,935
Acceptances		1,350,555	1,415,268
Other assets		888,737	605,716
Property and equipment		261,547	263,808
Intangibles		342,652	337,324
Total assets		68,845,071	69,373,888
Liabilities			
Due to banks	11	1,586,298	1,893,359
Customer deposits and Islamic customer deposits	12	49,724,803	50,981,399
Repurchase agreements	11	5,464,097	4,723,661
Term borrowings	11	1,065,170	899,885
Acceptances		1,352,933	1,420,716
Other liabilities		1,627,398	1,704,957
Total liabilities		60,820,699	61,623,977
Equity			
Share capital	13.1	2,580,412	2,580,412
Statutory reserve		1,709,784	1,709,784
Special reserve		885,493	885,493
Fair value reserve		36,706	105,252
Cash flow hedge reserve		4,501	3,833
Proposed cash dividends	13.2	516,082	516,082
Retained earnings		2,291,394	1,949,055
Total equity attributable to equity holders of the Group		8,024,372	7,749,911
Total liabilities and equity		68,845,071	69,373,888

This condensed consolidated interim financial information was approved and authorized for issue by the Board of Directors on 29 April 2026 and was signed on its behalf by:


 Adnan Anwar
 Chief Executive Officer


 Brian Mulholland
 Chief Financial Officer

The notes on pages 9 to 47 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 pages 1 and 2.

National Bank of Fujairah PJSC

Condensed consolidated interim statement of income – (Unaudited)

For the three month period ended 31 March 2026

		Three month period ended 31 March 2026 AED'000	Three month period ended 31 March 2025 AED'000
	<i>Notes</i>		
Interest income and income from Islamic financing and investment activities		841,798	836,064
Interest expense and distribution to Islamic depositors		<u>(343,045)</u>	<u>(381,493)</u>
Net interest income and net income from Islamic financing and investment activities		498,753	454,571
Fees and commission income		142,261	144,865
Fees and commission expense		<u>(18,813)</u>	<u>(12,111)</u>
Net fees and commission income		123,448	132,754
Foreign exchange and derivatives income		56,587	60,999
Income from investments and Islamic instruments		4,708	2,433
Other operating income		<u>17,565</u>	<u>24,772</u>
Operating income		<u>701,061</u>	<u>675,529</u>
Operating expenses			
Employee benefit expense		(111,800)	(105,033)
Depreciation and amortisation		(19,383)	(12,491)
Other operating expenses		<u>(74,102)</u>	<u>(55,456)</u>
Total operating expenses		<u>(205,285)</u>	<u>(172,980)</u>
Operating profit before impairment losses and tax		<u>495,776</u>	<u>502,549</u>
Net impairment losses	14	<u>(119,527)</u>	<u>(165,302)</u>
Profit for the period before tax		<u>376,249</u>	<u>337,247</u>
Tax	20	<u>(33,910)</u>	<u>(30,433)</u>
Profit for the period after tax		<u>342,339</u>	<u>306,814</u>
Earnings per share (basic and diluted)	15	AED 0.133	AED 0.119

The notes on pages 9 to 47 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 pages 1 and 2.

National Bank of Fujairah PJSC

Condensed consolidated interim statement of comprehensive income – (Unaudited)

For the three month period ended 31 March 2026

	Three month period ended 31 March 2026 AED'000	Three month period ended 31 March 2025 AED'000
Profit for the period after tax	<u>342,339</u>	<u>306,814</u>
Other comprehensive income / (loss) :		
Items that will not be reclassified subsequently to the statement of income:		
Movement in fair value reserve (equity instruments):		
Net change in fair value	7,369	-
Tax	41	(180)
Other comprehensive income / (loss) of the items that will not be reclassified subsequently to the statement of income	<u>7,410</u>	<u>(180)</u>
Items that may be reclassified subsequently to statement of income:		
Movement in fair value reserve (debt instruments):		
-Net change in fair value	(78,410)	29,615
-Net change in allowances for impairment	182	(996)
-Net amount transferred to the statement of income	(4,498)	(2,210)
Net change in fair value on cash flow hedges	668	1,282
Deferred tax	6,770	(2,490)
Other comprehensive (loss) / income of the items that may be reclassified subsequently to statement of income	<u>(75,288)</u>	<u>25,201</u>
Other comprehensive (loss) / income for the period	<u>(67,878)</u>	<u>25,021</u>
Total comprehensive income for the period	<u>274,461</u>	<u>331,835</u>

The notes on pages 9 to 47 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 pages 1 and 2.

National Bank of Fujairah PJSC

Condensed consolidated interim statement of cash flows – (Unaudited)

For the three month period ended 31 March 2026

	<i>Notes</i>	Three month period ended 31 March 2026 AED'000	Restated* Three month period ended 31 March 2025 AED'000
Operating activities			
Profit for the period before tax		376,249	337,247
Adjustments for:			
Depreciation and amortization		19,383	12,491
Provision for employee end of service and other long term benefits		5,360	4,994
Gain on disposal of property, equipment and intangibles		-	(161)
Net impairment losses	14	119,527	165,302
Tax	20	(33,910)	(30,433)
Net fair value gain on disposal of investments and Islamic instruments		(5,046)	(2,304)
Net changes in fair value of investments		338	(129)
Cash flow from operating activities before changes in operating assets and liabilities and payment of employee end of service and other long term benefits		481,901	487,007
Payment of employee end of service and other long term benefits		(5,596)	(7,491)
Change in due from the Central Bank of the UAE		(200,000)	(900,000)
Change in investments and Islamic instruments from CBUAE M-Bills		643,669	(1,892,197)
Change in due from banks and financial institutions		(31,909)	(231,702)
Change in loans and advances and Islamic financing receivables		189,294	(1,948,731)
Change in acceptances and other assets		(215,255)	(83,631)
Change in due to banks		(307,061)	747,390
Change in repurchase agreements		740,436	1,106,496
Change in customer deposits and Islamic customer deposits		(1,256,596)	1,819,630
Change in acceptances and other liabilities		(147,353)	(111,899)
Net cash used in operating activities		(108,470)	(1,015,128)
Investing activities			
Purchase of property, equipment and intangibles		(18,792)	(26,618)
Proceeds from sale of property, plant and equipment and intangibles		-	161
Purchase of investments and Islamic instruments		(1,072,911)	(1,387,445)
Proceeds from sale and maturity of investments and Islamic instruments		758,225	662,309
Net cash used in investing activities		(333,478)	(751,593)
Financing activities			
Cash dividends paid		-	(387,062)
Proceeds from term borrowings		165,285	91,825
Net cash generated from / (used in) financing activities		165,285	(295,237)

National Bank of Fujairah PJSC

Condensed consolidated interim statement of cash flows – (Unaudited)

For the three month period ended 31 March 2026

Net change in cash and cash equivalents		(276,663)	(2,061,958)
Cash and cash equivalents at end of the period		<u>6,487,414</u>	<u>6,997,007</u>
Cash and cash equivalents at end of the period	18	<u>6,210,751</u>	<u>4,935,049</u>
Interest / profit income received		846,717	806,017
Interest / profit expense paid		377,104	394,809

*For further details, refer note 23 – Comparative figures of this condensed consolidated interim financial information.

The notes on pages 9 to 47 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 pages 1 and 2.

National Bank of Fujairah PJSC

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

For the three month period ended 31 March 2026

AED'000	Share capital	Statutory reserve	Special reserve	Fair value reserve	Cash flow hedge reserve	Proposed dividends	Retained earnings	Total
At 1 January 2026	2,580,412	1,709,784	885,493	105,252	3,833	516,082	1,949,055	7,749,911
Profit for the period after tax	-	-	-	-	-	-	342,339	342,339
Other comprehensive income for the period	-	-	-	(68,546)	668	-	-	(67,878)
Total comprehensive income for the period	-	-	-	(68,546)	668	-	342,339	274,461
At 31 March 2026	2,580,412	1,709,784	885,493	36,706	4,501	516,082	2,291,394	8,024,372
At 1 January 2025	2,580,412	1,709,784	764,977	32,567	565	387,062	1,380,308	6,855,675
Profit for the period after tax	-	-	-	-	-	-	306,814	306,814
Other comprehensive income for the period	-	-	-	23,739	1,282	-	180	25,201
Total comprehensive income for the period	-	-	-	23,739	1,282	-	306,994	332,015
2024 cash dividends	-	-	-	-	-	(387,062)	-	(387,062)
At 31 March 2025	2,580,412	1,709,784	764,977	56,306	1,847	-	1,687,302	6,800,628

The notes on pages 9 to 47 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 pages 1 and 2.

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the three month period ended 31 March 2026

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 shareholders who hold 5% or more of the Bank's share capital as at 31 March 2026 were:

Name	The percentage of shares owned from the Bank's capital
Department of Industry and Economy - Government of Fujairah	50.33%
Easa Saleh Al Gurg LLC	18.54%
Investment Corporation of Dubai	7.54%
Fujairah Investment Company	5.04%

The Bank is controlled by the Department of Industry and Economy - Government of Fujairah by majority of voting rights.

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

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 three month period ended 31 March 2026 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 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 2025.

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the three month period ended 31 March 2026 (continued)

2. Basis of preparation (continued)

Statement of compliance (continued)

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 2025 except the details explained in Note 22.

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 2025. The Group has not early adopted any new standards, interpretations or amendments that have been issued but are not yet effective in this condensed consolidated interim financial information. Other amendments and interpretations apply for the first time in 2026, but do not have a material impact on the Group's condensed consolidated interim financial information.

Standards, amendments and interpretations that are effective for the Group's accounting period beginning on 1 January 2026

The following amendments to existing standards have been applied by the Group in preparation of this condensed consolidated interim financial information. The adoption of these new standards does not have a significant impact on the condensed consolidated interim financial information.

Description	Effective from
Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	1 January 2026

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

The new and amended standards and interpretations that are issued but not yet effective, up to the date of issuance of the Group's condensed consolidated interim financial information are described below.

Description	Effective from
Presentation and Disclosures in Financial Statements (IFRS 18)	1 January 2027

The Group is currently evaluating these amendments and will adopt it when they become effective.

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the three month period ended 31 March 2026 (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 2025.

(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. For other investments, a reasonable estimate of the fair value is determined by reference to the price of recent market transactions involving similar investments, or based on the expected discounted cash flows.

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 three month period ended 31 March 2026 (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 13 Fair Value Measurement, the Group has disclosed the relevant information in the table below:

Fair value measurement – fair value hierarchy:

31 March 2026 (Unaudited) AED'000	Notional	Carrying value	Level 1	Level 2	Level 3
Investments and Islamic instruments					
Debt securities / Islamic sukus	-	11,086,639	11,086,639	-	-
Other investments	-	427,310	427,217	93	-
Forward foreign exchange contracts	43,080,136	24,254	-	24,254	-
Currency options	1,691,903	-	-	-	-
Interest rate derivatives	1,958,309	(4,963)	-	(4,963)	-
Commodity derivatives	1,008,557	(12,225)	-	(12,225)	-
31 December 2025 (Audited) AED'000	Notional	Carrying value	Level 1	Level 2	Level 3
Investments and Islamic instruments					
Debt securities / Islamic sukus	-	11,446,430	11,446,430	-	-
Other investments	-	419,602	419,472	130	-
Forward foreign exchange contracts	28,541,334	152	-	152	-
Currency options	1,812,611	-	-	-	-
Interest rate derivatives	2,145,829	(5,683)	-	(5,683)	-
Commodity derivatives	673,539	(2,588)	-	(2,588)	-

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the three month period ended 31 March 2026 (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.

(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	31 March 2026 (Unaudited)				31 December 2025 (Audited)			
	Notional	Positive fair value	Negative fair value	Net	Notional	Positive fair value	Negative fair value	Net
Derivatives								
Forward foreign exchange contracts	43,080,136	102,773	78,519	24,254	28,541,334	93,245	93,093	152
Currency options	1,691,903	23,581	23,581	-	1,812,611	19,100	19,100	-
Interest rate derivatives	1,958,309	7,355	12,318	(4,963)	2,145,829	9,388	15,071	(5,683)
Commodity derivatives	1,008,557	36,969	49,194	(12,225)	673,539	4,881	7,469	(2,588)
Total	47,738,905	170,678	163,612	7,066	33,173,313	126,614	134,733	(8,119)

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the three month period ended 31 March 2026 (continued)

4. Financial risk management (continued)

(d) Assets and liabilities

Classification and measurement

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

31 March 2026 (Unaudited)	At fair value through profit or loss	At fair value through other comprehensive income	Amortised cost / carrying value	Total
AED'000				
Assets				
Cash and balances with the Central Bank of the UAE	-	-	8,567,994	8,567,994
Due from banks and financial institutions	-	-	2,134,547	2,134,547
Investments and Islamic instruments	3,667	11,508,961	6,627,003	18,139,631
Loans and advances and Islamic financing receivables	-	-	37,159,408	37,159,408
Acceptances and other assets	-	-	2,239,292	2,239,292
Property and equipment and intangibles	-	-	604,199	604,199
Total assets	3,667	11,508,959	57,332,445	68,845,071
Liabilities				
Due to banks	-	-	1,586,298	1,586,298
Customer deposits and Islamic customer deposits	-	-	49,724,803	49,724,803
Repurchase agreements	-	-	5,464,097	5,464,097
Term borrowings	-	-	1,065,170	1,065,170
Acceptances and other liabilities	-	-	2,980,331	2,980,331
Total liabilities	-	-	60,820,699	60,820,699

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the three month period ended 31 March 2026 (continued)

4. Financial risk management (continued)

(d) Assets and liabilities (continued)

31 December 2025 (Audited) AED'000	At fair value through profit or loss	At fair value through other comprehensive income	Amortised cost / carrying value	Total
Assets				
Cash and balances with the Central Bank of the UAE	-	-	9,332,525	9,332,525
Due from banks and financial institutions	-	-	1,420,745	1,420,745
Investments and Islamic instruments	130	11,864,399	6,667,038	18,531,567
Loans and advances and Islamic financing receivables	-	-	37,466,935	37,466,935
Acceptances and other assets	-	-	2,020,984	2,020,984
Property and equipment and intangibles	-	-	601,132	601,132
Total assets	130	11,864,399	57,509,359	69,373,888
Liabilities				
Due to banks	-	-	1,893,359	1,893,359
Customer deposits and Islamic customer deposits	-	-	50,981,399	50,981,399
Repurchase agreements	-	-	4,723,661	4,723,661
Term borrowings	-	-	899,885	899,885
Acceptances and other liabilities	-	-	3,125,673	3,125,673
Total liabilities	-	-	61,623,977	61,623,977

Fair value of investments and Islamic instruments measured at amortised cost amounted to [AED 6,574.8 million](#) (31 December 2025: AED 6,710.8 million).

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 three month period ended 31 March 2026 (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 319.9 million** (31 December 2025: AED 518.9 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 NBF.

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

Hedging instrument	Assets	Liabilities	Notional
31 March 2026 (Unaudited)			
AED'000			
Derivatives held as cash flow hedges			
Interest rate swaps	4,501	-	319,894
Total derivative financial instruments	4,501	-	319,894
Hedging instrument			
31 December 2025 (Audited)			
AED'000			
Derivatives held as cash flow hedges			
Interest rate swaps	3,858	25	518,886
Total derivative financial instruments	3,858	25	518,886

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the three month period ended 31 March 2026 (continued)

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

	31 March 2026 AED'000 Unaudited	31 December 2025 AED'000 Audited
Cash on hand	453,267	1,415,644
Certificates of Deposit (CDs) with the Central Bank of the UAE	4,450,000	4,450,000
Regulatory cash reserve deposit	3,664,727	3,466,881
	<u>8,567,994</u>	<u>9,332,525</u>

6. Due from banks and financial institutions

	31 March 2026 AED'000 Unaudited	31 December 2025 AED'000 Audited
6.1 By type :		
Placements	220,380	73,460
Current accounts / term deposits	872,377	467,330
Bills discounted	1,050,605	882,796
	<u>2,143,362</u>	<u>1,423,586</u>
Less: Allowances for impairment (ECL) (note 10)	(8,815)	(2,841)
	<u>2,134,547</u>	<u>1,420,745</u>

Current accounts / term deposits include cash collateral of **AED 45.1 million** (31 December 2025: AED 22.1 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 :

	31 March 2026 AED'000 Unaudited	31 December 2025 AED'000 Audited
AED	366,885	292,148
USD	1,280,493	901,446
EUR	80,671	74,773
GBP	8,937	7,368
XAU	125,324	6,215
Others	281,052	141,636
	<u>2,143,362</u>	<u>1,423,586</u>
Less: Allowances for impairment (ECL) (note 10)	(8,815)	(2,841)
	<u>2,134,547</u>	<u>1,420,745</u>

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the three month period ended 31 March 2026 (continued)

6. Due from banks and financial institutions (continued)

6.3 By geographical area :

	31 March 2026 AED'000 Unaudited	31 December 2025 AED'000 Audited
UAE	300,957	288,839
GCC	404,832	286,266
Europe	367,377	229,128
Americas	364,861	201,358
Others	705,335	417,995
	<u>2,143,362</u>	<u>1,423,586</u>
Less: Allowances for impairment (ECL) (note 10)	<u>(8,815)</u>	<u>(2,841)</u>
	<u>2,134,547</u>	<u>1,420,745</u>

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

	31 March 2026 AED'000 Unaudited	31 December 2025 AED'000 Audited
UAE	300,957	288,839
GCC	397,756	281,766
Europe	547,577	204,983
Americas	197,480	97,485
Others	699,592	550,513
	<u>2,143,362</u>	<u>1,423,586</u>
Less: Allowances for impairment (ECL) (note 10)	<u>(8,815)</u>	<u>(2,841)</u>
	<u>2,134,547</u>	<u>1,420,745</u>

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the three month period ended 31 March 2026 (continued)

6. Due from banks and financial institutions (continued)

6.4 Based on external credit ratings :

	31 March 2026	31 December 2025
	AED'000	AED'000
	Unaudited	Audited
AA	16,494	46,908
AA-	47,868	146,231
A+	339,643	39,288
A	610,440	419,839
BBB+	327,669	277,925
BBB	23,372	11,652
BBB- and below	777,876	481,743
	2,143,362	1,423,586
Less: Allowances for impairment (ECL) (note 10)	(8,815)	(2,841)
	2,134,547	1,420,745

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:

	31 March 2026 (Unaudited)			
AED'000	Stage 1	Stage 2	Stage 3	Total
Outstanding balance	2,143,986	-	-	2,143,986
Allowances for impairment (ECL) (note 10)	(8,815)	-	-	(8,815)
Carrying amount	2,135,171	-	-	2,135,171

	31 December 2025 (Audited)			
AED'000	Stage 1	Stage 2	Stage 3	Total
Outstanding balance	1,427,813	-	-	1,427,813
Allowances for impairment (ECL) (note 10)	(2,841)	-	-	(2,841)
Carrying amount	1,424,972	-	-	1,424,972

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 three month period ended 31 March 2026 (continued)

7. Investments and Islamic instruments

	31 March 2026 AED'000 Unaudited	31 December 2025 AED'000 Audited
Investments at fair value through profit or loss (FVTPL)		
Held for Trading		
Debt securities / Islamic sukuks (note 7.1, 7.2)	3,574	-
Investments designated as measured at FVTPL		
Other Investments (note 7.1)	93	130
	<u>3,667</u>	<u>130</u>
Investments at fair value through other comprehensive income (FVOCI)		
Debt securities / Islamic sukuks (note 7.2)	11,083,065	11,446,430
Other investments / Islamic instruments (note 7.3)	427,217	419,472
	<u>11,510,282</u>	<u>11,865,902</u>
Less: Allowances for impairment (ECL) (note 10)	(1,321)	(1,503)
Investments at fair value through other comprehensive income (FVOCI)	<u>11,508,961</u>	<u>11,864,399</u>
Investments - fair value	<u>11,512,628</u>	<u>11,864,529</u>
Investments measured at amortised cost		
Debt securities / Islamic sukuks (note 7.2)	6,629,326	6,669,396
Less: Allowances for impairment (ECL) (note 10)	(2,323)	(2,358)
Investments measured at amortised cost	<u>6,627,003</u>	<u>6,667,038</u>
	<u>18,139,631</u>	<u>18,531,567</u>

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

7.2 Debt securities aggregating **AED 10,316.4 million** (31 December 2025: AED 10,072.6 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 nil** (31 December 2025: AED nil).

Debt securities portfolio include Islamic sukuks amounting to **AED 1,282.9 million** (31 December 2025: AED 1,287.1 million).

Debt securities portfolio include CBUAE M-bills amounting to **AED 7,399.6 million** (31 December 2025: AED 8,043.2 million).

7.3 Other investments include debt investments managed by external asset managers at the discretion of the Group, amounting to **AED 215.0 million** (31 December 2025: AED 216.4 million) and additional tier 1 perpetual securities of **AED 212.2 million** (31 December 2025: AED 203.1 million). No shares were purchased by the Bank during the period (31 December 2025: nil).

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the three month period ended 31 March 2026 (continued)

7. Investments and Islamic instruments (continued)

7.4 The dispersion of the investment portfolio is as follows:

	31 March 2026 AED'000 Unaudited	31 December 2025 AED'000 Audited
Government	10,424,908	11,092,691
Banks and financial institutions	7,503,287	7,226,244
Others	215,080	216,493
	<u>18,143,275</u>	<u>18,535,428</u>
Less: Allowances for impairment (ECL) (note 10)	<u>(3,644)</u>	<u>(3,861)</u>
	<u>18,139,631</u>	<u>18,531,567</u>

7.5 By geographical area :

	31 March 2026 AED'000 Unaudited	31 December 2025 AED'000 Audited
UAE	9,989,686	10,385,986
GCC	954,521	1,085,954
Europe	3,468,635	3,269,537
Americas	2,600,985	2,652,580
Others	1,129,448	1,141,371
	<u>18,143,275</u>	<u>18,535,428</u>
Less: Allowances for impairment (ECL) (note 10)	<u>(3,644)</u>	<u>(3,861)</u>
	<u>18,139,631</u>	<u>18,531,567</u>

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

	31 March 2026 AED'000 Unaudited	31 December 2025 AED'000 Audited
UAE	10,446,312	10,844,779
GCC	1,460,975	1,634,645
Europe	3,379,139	3,179,588
Americas	1,623,108	1,600,821
Others	1,233,741	1,275,595
	<u>18,143,275</u>	<u>18,535,428</u>
Less: Allowances for impairment (ECL) (note 10)	<u>(3,644)</u>	<u>(3,861)</u>
	<u>18,139,631</u>	<u>18,531,567</u>

Others include investments in multilateral development banks amounting to AED 104.2 million (31 December 2025: AED 134.1 million).

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the three month period ended 31 March 2026 (continued)

7. Investments and Islamic instruments (continued)

7.6 By currency :

	31 March 2026 AED'000 Unaudited	31 December 2025 AED'000 Audited
AED	7,514,740	8,158,438
USD	10,479,038	10,196,152
EUR	96,761	98,062
GBP	52,736	54,254
SGD	-	28,522
	<u>18,143,275</u>	<u>18,535,428</u>
Less: Allowances for impairment (ECL) (note 10)	<u>(3,644)</u>	<u>(3,861)</u>
	<u><u>18,139,631</u></u>	<u><u>18,531,567</u></u>

7.7 Based on external credit rating :

31 March 2026 (Unaudited) AED'000	Debt securities / Islamic sukus	Other investments	Total
AAA	89,395	-	89,395
AA	1,546,196	-	1,546,196
AA-	8,067,975	-	8,067,975
A+	1,047,445	4,353	1,051,798
A	970,406	225,873	1,196,279
A-	2,992,109	72,661	3,064,770
BBB+	2,415,927	-	2,415,927
BBB	437,951	-	437,951
BBB- and below	148,561	124,423	272,984
Less: Allowances for impairment (ECL) (note 10)	<u>(3,642)</u>	<u>(2)</u>	<u>(3,644)</u>
	<u><u>17,712,323</u></u>	<u><u>427,308</u></u>	<u><u>18,139,631</u></u>

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the three month period ended 31 March 2026 (continued)

7. Investments and Islamic instruments (continued)

7.7 Based on external credit rating (continued)

31 December 2025 (Audited) AED'000	Debt securities / Islamic sukuk	Other investments	Total
AAA	89,819	-	89,819
AA	1,531,685	-	1,531,685
AA-	8,661,031	-	8,661,031
A+	1,070,657	41,835	1,112,492
A	832,084	216,362	1,048,446
A-	2,857,639	36,127	2,893,766
BBB+	2,481,590	-	2,481,590
BBB	390,212	-	390,212
BBB- and below	201,109	125,278	326,387
Less: Allowances for impairment (ECL) (note 10)	(3,810)	(51)	(3,861)
	<u>18,112,016</u>	<u>419,551</u>	<u>18,531,567</u>

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 of relevant debt investments and Islamic instruments and the related ECL. 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:

31 March 2026 (Unaudited) AED'000	Stage 1	Stage 2	Stage 3	Total
Outstanding balance	10,527,828	-	-	10,527,828
Allowances for impairment (ECL) (note 10)	(3,644)	-	-	(3,644)
Carrying amount	<u>10,524,184</u>	-	-	<u>10,524,184</u>
31 December 2025 (Audited) AED'000	Stage 1	Stage 2	Stage 3	Total
Outstanding balance	10,492,077	-	-	10,492,077
Allowances for impairment (ECL) (note 10)	(3,861)	-	-	(3,861)
Carrying amount	<u>10,488,216</u>	-	-	<u>10,488,216</u>

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.

In addition to the above, the net carrying value of CBUAE M-bills amounted to **AED 7.4 billion** (31 December 2025: AED 8.0 billion).

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the three month period ended 31 March 2026 (continued)

8. Loans and advances and Islamic financing receivables

	31 March 2026 AED'000 Unaudited	31 December 2025 AED'000 Audited
8.1 By type		
Overdrafts	1,628,428	1,703,940
Term loans	30,410,829	30,803,394
Loans against trust receipts	4,998,743	4,832,154
Bills discounted	2,093,798	1,986,887
Bills drawn under letters of credit	311,741	315,085
Gross loans and advances and Islamic financing receivables	39,443,539	39,641,460
Allowances for impairment losses (ECL) (note 10)	(2,284,131)	(2,174,525)
Net loans and advances and Islamic financing receivables	37,159,408	37,466,935

8.2 Loans and advances and Islamic financing receivables include Murabaha Tawarruq and Ijara financing activities amounting to **AED 5,834.9 million** (31 December 2025: AED 5,887.2 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 receivables. The gross carrying amount of loans and advances and Islamic receivables, including accrued interest / profit, represents the Group's maximum exposure to credit risk on these assets:

31 March 2026 (Unaudited) AED'000	Stage 1	Stage 2	Stage 3	Total
Outstanding balance	36,714,997	1,404,361	1,850,919	39,970,277
Allowances for impairment (ECL) (note 10)	(327,079)	(498,205)	(1,458,847)	(2,284,131)
Carrying amount	36,387,918	906,156	392,072	37,686,146
31 December 2025 (Audited) AED'000	Stage 1	Stage 2	Stage 3	Total
Outstanding balance	37,019,766	1,326,145	1,814,562	40,160,473
Allowances for impairment (ECL) (note 10)	(295,080)	(409,174)	(1,470,271)	(2,174,525)
Carrying amount	36,724,686	916,971	344,291	37,985,948

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the three month period ended 31 March 2026 (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

Outstanding balance (Unaudited) AED'000	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - 31 December 2025	37,019,766	1,326,145	1,814,562	40,160,473
Transferred from Stage 1	(115,527)	111,333	4,194	-
Transferred from Stage 2	22,092	(45,081)	22,989	-
Transferred from Stage 3	-	378	(378)	-
Other changes in underlying portfolios during the period	(211,334)	11,586	18,179	(181,569)
Written-off during the period	-	-	(8,627)	(8,627)
Gross carrying amount – 31 March 2026	36,714,997	1,404,361	1,850,919	39,970,277

Outstanding balance (Audited) AED'000	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount – 31 December 2024	31,203,824	1,807,164	1,976,030	34,987,018
Transferred from Stage 1	(305,862)	254,470	51,392	-
Transferred from Stage 2	387,885	(615,709)	227,824	-
Transferred from Stage 3	-	318	(318)	-
Other changes in underlying portfolios during the year	5,733,919	(120,098)	53,858	5,667,679
Written-off during the year	-	-	(494,224)	(494,224)
Gross carrying amount - 31 December 2025	37,019,766	1,326,145	1,814,562	40,160,473

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the three month period ended 31 March 2026 (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
ECL allowance - 31 December 2025	295,080	409,174	1,470,271	2,174,525
Transferred from Stage 1	(648)	1,501	2,983	3,836
Transferred from Stage 2	565	(1,804)	11,804	10,565
Transferred from Stage 3	-	32	(319)	(287)
Originated / (derecognized) during the period including changes in PDs / LGDs / EADs	32,082	89,302	(17,265)	104,119
Net allowance for impairment losses	31,999	89,031	(2,797)	118,233
Written-off during the period	-	-	(8,627)	(8,627)
ECL allowance – 31 March 2026	327,079	498,205	1,458,847	2,284,131

ECL (Audited) AED'000	Stage 1	Stage 2	Stage 3	Total
ECL allowance - 31 December 2024	248,990	336,035	1,525,015	2,110,040
Transferred from Stage 1	(5,195)	13,848	29,329	37,982
Transferred from Stage 2	5,181	(62,341)	155,004	97,844
Transferred from Stage 3	-	17	(313)	(296)
Originated / (derecognized) during the year including changes in PDs / LGDs / EADs	46,104	121,615	255,460	423,179
Net allowance for impairment losses	46,090	73,139	439,480	558,709
Written-off during the year	-	-	(494,224)	(494,224)
ECL allowance - 31 December 2025	295,080	409,174	1,470,271	2,174,525

8.6 Risk mitigation, collateral and credit enhancements

In line with Basel, IFRS 9 standards and the CRMS issued by the Central Bank of the UAE (CBUAE), the CRFP 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 the Group may also close out transactions, facilitate a secondary market sale or reduce exposures as appropriate to mitigate credit risk.

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the three month period ended 31 March 2026 (continued)

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

8.6 Risk mitigation, 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 real estate or movable and immovable assets; vehicles, ships and equipment. 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 updated and 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	31 March 2026 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
RR 1-19				
Grade RR 1 – 17: Performing	36,482,325	197,813	-	36,680,138
Grade RR 18 – 19: Watchlist	-	1,190,656	-	1,190,656
Total – RR 1-19	36,482,325	1,388,469	-	37,870,794
RR 20-22: Non-performing	-	-	1,572,745	1,572,745
Total	36,482,325	1,388,469	1,572,745	39,443,539

AED'000	31 December 2025 (Audited)			
	Stage 1	Stage 2	Stage 3	Total
RR 1-19				
Grade RR 1 – 17: Performing	36,763,702	302,541	-	37,066,243
Grade RR 18 – 19: Watchlist	-	1,011,163	-	1,011,163
Total – RR 1-19	36,763,702	1,313,704	-	38,077,406
RR 20-22: Non-performing	-	-	1,564,054	1,564,054
Total	36,763,702	1,313,704	1,564,054	39,641,460

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the three month period ended 31 March 2026 (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:

	31 March 2026 AED'000 Unaudited	31 December 2025 AED'000 Audited
Contingent liabilities:		
– Letters of credit covering movement of goods	1,375,399	1,487,525
– Financial guarantees and other direct credit substitutes	1,076,079	1,119,487
– Bid bonds, performance bonds and other transaction related contingencies	7,802,981	7,764,417
	<u>10,254,459</u>	<u>10,371,429</u>
Commitments:		
– Undrawn irrevocable commitments – credit related	478,372	521,946
– Commitments for future expenditure	292,932	228,788
	<u>771,304</u>	<u>750,734</u>
	<u>11,025,763</u>	<u>11,122,163</u>

The total undrawn commitments which are revocable at the discretion of the Bank amount to **AED 20,523.7 million** (31 December 2025: AED 17,655.6 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 three month period ended 31 March 2026 (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:

	31 March 2026 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
AED'000				
Outstanding balance	9,700,349	116,091	161,202	9,977,642
Allowances for impairment (ECL) (note 10)	(40,573)	(5,513)	(119,906)	(165,992)
Carrying amount	9,659,776	110,578	41,296	9,811,650

	31 December 2025 (Audited)			
	Stage 1	Stage 2	Stage 3	Total
AED'000				
Outstanding balance	9,753,305	143,891	168,635	10,065,831
Allowances for impairment (ECL) (note 10)	(33,967)	(6,597)	(126,838)	(167,402)
Carrying amount	9,719,338	137,294	41,797	9,898,429

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

Outstanding balance (Unaudited)	Stage 1	Stage 2	Stage 3	Total
AED'000				
Gross carrying amount - 31 December 2025	9,753,305	143,891	168,635	10,065,831
Transferred from Stage 1	(293)	293	-	-
Transferred from Stage 2	2,437	(2,437)	-	-
Transferred from Stage 3	-	-	-	-
Originated / (expired) during the period	(55,100)	(25,656)	(7,433)	(88,189)
Written-off during the period	-	-	-	-
Gross carrying amount - 31 March 2026	9,700,349	116,091	161,202	9,977,642
Outstanding balance (Audited)	Stage 1	Stage 2	Stage 3	Total
AED'000				
Gross carrying amount - 31 December 2024	8,506,912	173,075	167,799	8,847,786
Transferred from Stage 1	(47,756)	40,744	7,012	-
Transferred from Stage 2	9,656	(13,918)	4,262	-
Transferred from Stage 3	-	1,090	(1,090)	-
Originated / (expired) during the year	1,284,493	(57,100)	(9,348)	1,218,045
Written-off during the year	-	-	-	-
Gross carrying amount - 31 December 2025	9,753,305	143,891	168,635	10,065,831

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the three month period ended 31 March 2026 (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
ECL allowances - 31 December 2025	33,967	6,597	126,838	167,402
Transferred from Stage 1	(7)	92	-	85
Transferred from Stage 2	-	-	-	-
Transferred from Stage 3	-	-	-	-
Originated / expired during the period including changes in PDs / LGDs / EADs	6,613	(1,176)	(6,932)	(1,495)
Net allowance for impairment losses	6,606	(1,084)	(6,932)	(1,410)
Written-off during the period	-	-	-	-
ECL allowances - 31 March 2026	40,573	5,513	119,906	165,992

ECL – AED '000 (Audited)	Stage 1	Stage 2	Stage 3	Total
ECL allowances - 31 December 2024	28,118	5,281	121,166	154,565
Transferred from Stage 1	(287)	504	6,642	6,859
Transferred from Stage 2	102	(68)	3,783	3,817
Transferred from Stage 3	-	-	(836)	(836)
Originated / expired during the year including changes in PDs / LGDs / EADs	6,034	880	(3,917)	2,997
Net allowance for impairment losses	5,849	1,316	5,672	12,837
Written-off during the year	-	-	-	-
ECL allowances – 31 December 2025	33,967	6,597	126,838	167,402

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 three month period ended 31 March 2026 (continued)

10. Stage-wise ECL

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		31 March 2026 (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	1,458,847	-	-	10,800	119,906	1,589,553	78.6%	
Stage 2	498,205	-	-	333	5,513	504,051	31.8%	
Stage 1	327,079	8,815	3,644	2,045	40,573	382,156	0.6%	
	825,284	8,815	3,644	2,378	46,086	886,207		
Total ECL	2,284,131	8,815	3,644	13,178	165,992	2,475,760	3.9%	
ECL rate	5.7%	0.4%	0.03%	1.0%	1.7%			

AED' 000		31 December 2025 (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	1,470,271	-	-	12,095	126,838	1,609,204	80.6%	
Stage 2	409,174	-	-	2,298	6,597	418,069	26.3%	
Stage 1	295,080	2,841	3,861	1,855	33,967	337,604	0.6%	
	704,254	2,841	3,861	4,153	40,564	755,673		
Total ECL	2,174,525	2,841	3,861	16,248	167,402	2,364,877	3.7%	
ECL rate	5.4%	0.2%	0.04%	1.1%	1.7%			

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the three month period ended 31 March 2026 (continued)

11. Due to banks, repurchase agreements and term borrowings

	31 March 2026 AED'000 Unaudited	31 December 2025 AED'000 Audited
<i>By type:</i>		
Due to banks	1,586,298	1,893,359
Repurchase agreements	5,464,097	4,723,661
Term borrowings (note 11.1)	1,065,170	899,885
	<u>8,115,565</u>	<u>7,516,905</u>
<i>By geographical area:</i>		
UAE	2,193,898	2,357,800
GCC	109,095	100,000
Europe	4,303,759	3,820,173
Americas	165,285	53,771
Others	1,343,528	1,185,161
	<u>8,115,565</u>	<u>7,516,905</u>

As at 31 March 2026, due to banks include cash collateral of **AED 43.7 million** (31 December 2025: AED 118.8 million), in respect of positive fair value of derivatives, in accordance with the agreements with the interbank counterparties.

Due to banks include Wakala borrowings amounting to **AED 522.7 million** (31 December 2025: 183.7 million) undertaken through a Shari'ah - compliant Islamic window, NBF Islamic.

The investment securities under repurchase agreements amounted to **AED 5,922.5 million** (31 December 2025: AED 5,247.2 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>	31 March 2026 AED'000 Unaudited	31 December 2025 AED'000 Audited
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	183,650
4	2024	May-26	SOFR + Margin	91,825	91,825
5	2024	Sep-26	SOFR + Margin	73,460	73,460
6	2024	Dec-27	SOFR + Margin	91,825	91,825
7	2025	Mar-27	SOFR + Margin	91,825	91,825
8	2026	Mar-27	SOFR + Margin	165,285	-
				<u>1,065,170</u>	<u>899,885</u>

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the three month period ended 31 March 2026 (continued)

12. Customer deposits and Islamic customer deposits

	31 March 2026 AED'000 Unaudited	31 December 2025 AED'000 Audited
<i>By type:</i>		
Demand and margin deposits	21,120,339	21,944,448
Saving deposits	1,082,046	1,156,148
Fixed term and notice deposits	27,522,418	27,880,803
	<u>49,724,803</u>	<u>50,981,399</u>
<i>By geographical area:</i>		
UAE	47,709,781	47,589,601
GCC	260,859	1,122,498
Europe	1,034,746	1,268,394
Americas	324,034	598,701
Others	395,383	402,205
	<u>49,724,803</u>	<u>50,981,399</u>

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

	31 March 2026 AED'000 Unaudited	31 December 2025 AED'000 Audited
<i>By type:</i>		
Qard Islamic current accounts	1,073,127	876,538
Murabaha deposits	221,064	1,036,064
Wakala deposits	3,272,636	2,844,856
Mudaraba deposits	42,889	70,315
	<u>4,609,716</u>	<u>4,827,773</u>

13. Shareholders' equity

13.1 Share capital

	31 March 2026 AED'000 Unaudited	31 December 2025 AED'000 Audited
<i>Authorised, issued and fully paid:</i>		
2,580,412,281 shares of AED 1 each (2025: 2,580,412,281 shares of AED 1 each)	<u>2,580,412</u>	<u>2,580,412</u>

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the three month period ended 31 March 2026 (continued)

13. Shareholders' equity (continued)

13.2 Proposed cash dividends

The Board of Directors proposed a distribution of profits 20% (2024: 15%) of share capital in the form of cash dividends for the year ended 31 December 2025. Accordingly, cash dividend per share amounted to AED 0.20 (2024: AED 0.15). This distribution was approved by the shareholders at the Annual General Assembly Meeting held in March 2026 and paid during April 2026.

14. Net impairment losses

	31 March 2026 AED'000 Unaudited	31 March 2025 AED'000 Unaudited
Loans and advances and Islamic financing receivables, acceptances, other assets and off balance sheet items	113,770	163,350
Due from banks and financial institutions	5,974	(153)
Investments and Islamic instruments	(217)	2,105
	<u>119,527</u>	<u>165,302</u>

15. Earnings per share

The calculation of earnings per share for the three month period ended 31 March 2026 is based on net profit after tax of AED 342.3 million (31 March 2025: AED 306.8 million) divided by the weighted average number of shares of 2,580.4 million (31 March 2025: 2,580.4 million shares) outstanding during the period.

16. 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. 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:

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the three month period ended 31 March 2026 (continued)

16. Related parties (continued)

	31 March 2026 AED'000 Unaudited	31 December 2025 AED'000 Audited
Statement of financial position items		
Loans and advances and Islamic financing receivables	2,744,571	2,576,543
Customer deposits and Islamic customer deposits	10,963,082	10,283,225
Investments and Islamic instruments	239,110	213,034
Acceptances	22,969	42,584
Contingent liabilities		
Letters of credit	80,865	70,702
Financial guarantees and other direct credit substitutes	46,953	42,950
Transaction related contingencies	808,691	835,710
Commitments for future expenditure	144,372	123,510
	31 March 2026 AED'000 Unaudited	31 March 2025 AED'000 Unaudited
Statement of income items		
Interest income and income from Islamic financing and investment activities	33,628	53,927
Interest expense and distribution to Islamic depositors	92,937	113,091
Other income	3,388	5,343
Operating expenses	12,031	7,085
Key management compensation		
Salaries and other short-term benefits	10,689	11,775
Employee end of service benefits	204	238

Stage 3 ECL, amounting to **AED 282.8 million**, has been recognized pertinent to related parties (31 December 2025: 282.8 million). Further, stage 1 and 2 ECL amounted to **AED 14.2 million** (31 December 2025: 13.0 million).

The loans and advances and Islamic financing receivables given to related parties have been secured against collateral amounting to **AED 2,847.4 million** (31 December 2025: AED 2,154.1 million).

During the period, capital expenditure transactions with related parties amounted to **AED 0.1 million** (31 December 2025: AED 17.6 million).

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the three month period ended 31 March 2026 (continued)

16. Related parties (continued)

Further, segregation of balances with related parties at the reporting date are shown below:

	31 March 2026 AED'000 Unaudited	31 December 2025 AED'000 Audited
Major shareholders and their related entities		
Loans and advances and Islamic financing receivables	1,254,561	1,154,264
Customer deposits and Islamic customer deposits	10,591,615	8,478,255
Investments and Islamic instruments	239,110	213,034
Acceptances	15,939	38,990
Letters of credit	61,142	46,354
Financial guarantees and other direct credit substitutes	46,509	42,506
Transaction related contingencies	516,624	540,603
Commitments for future expenditure	144,372	123,510
Exposure to directors and their related entities		
Loans and advances and Islamic financing receivables	147,432	139,424
Customer deposits and Islamic customer deposits	50,996	155,535
Transaction related contingencies	4,305	2,445
Key management personnel and their related parties		
Loans and advances and Islamic financing receivables	62,994	64,776
Customer deposits and Islamic customer deposits	34,617	38,958
Others		
Loans and advances and Islamic financing receivables	1,279,584	1,218,079
Customer deposits and Islamic customer deposits	285,854	1,610,477
Acceptances	7,030	3,594
Letters of credit	19,723	24,348
Financial guarantees and other direct credit substitutes	444	444
Transaction related contingencies	287,762	292,662

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the three month period ended 31 March 2026 (continued)

17. 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 (RWA) – 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 RWA 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 RWA.

Minimum transitional arrangements as per the Central Bank of the UAE

Capital element	Basel III 2026	Basel III 2025
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 three month period ended 31 March 2026 (continued)

17. Capital adequacy ratio (continued)

AED'000	31 March 2026 Unaudited	31 December 2025 Audited
CET1 capital		
Share capital	2,580,412	2,580,412
Statutory reserve	1,709,784	1,709,784
Special reserve	885,493	885,493
Retained earnings	2,291,394	1,949,055
Accumulated other comprehensive income	18,543	49,088
Regulatory deductions – intangibles	(342,652)	(337,324)
CET1 total	7,142,974	6,836,508
Additional Tier 1 (AT1) Capital		
AT1 capital securities	-	-
Total Tier 1	7,142,974	6,836,508
Tier 2 Capital		
Collective impairment provision	515,951	514,027
Total Tier 2	515,951	514,027
Total capital base (a)	7,658,925	7,350,535
 <i>Risk weighted assets</i>		
AED'000		
Credit risk	41,276,085	41,122,170
Market risk	113,321	65,065
Operational risk	4,841,258	4,747,192
Total risk weighted assets (b)	46,230,664	45,934,427
Capital adequacy ratio (a) / (b)	16.6%	16.0%
Tier 1 ratio	15.5%	14.9%
Common equity Tier 1 ratio (CET 1)	15.5%	14.9%

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the three month period ended 31 March 2026 (continued)

18. 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:

	31 March 2026 AED'000 Unaudited	Restated* 31 March 2025 AED'000 Unaudited
Cash on hand	453,267	546,003
Balances with the Central Bank of the UAE	1,000,000	-
Due from banks with less than three months maturity	1,092,757	968,335
Regulatory cash reserve deposit	<u>3,664,727</u>	<u>3,420,711</u>
	<u>6,210,751</u>	<u>4,935,049</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 11,689.1 million** are maturing within three months from 31 March 2026 (AED 9,294.4 million had maturity within three months from 31 March 2025).

19. 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 three month period ended 31 March 2026 (continued)

19. 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:

Three month period ended 31 March 2026 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	163,678	180,649	51,097	103,329	498,753
Non-interest income	44,908	85,648	4,040	67,712	202,308
Operating income	208,586	266,297	55,137	171,041	701,061
Operating expenses	(62,971)	(93,134)	(33,711)	(15,469)	(205,285)
Operating profit before impairment losses and tax	145,615	173,163	21,426	155,572	495,776
Net impairment losses	(79,360)	(26,071)	(14,586)	490	(119,527)
Profit for the period before tax	66,255	147,092	6,840	156,062	376,249
Tax	(5,971)	(13,257)	(616)	(14,066)	(33,910)
Profit for the period after tax	60,284	133,835	6,224	141,996	342,339
31 March 2026 (Unaudited)					
Segment assets	22,080,996	10,692,340	7,098,036	28,973,699	68,845,071
Segment liabilities	30,561,939	16,800,576	5,462,834	7,995,350	60,820,699
Capital expenditure	-	-	-	18,792	18,792

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the three month period ended 31 March 2026 (continued)

19. Segmental reporting (continued)

Three month period ended 31 March 2025 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	171,839	157,463	46,616	78,653	454,571
Non-interest income	73,208	72,393	11,163	64,194	220,958
Operating income	245,047	229,856	57,779	142,847	675,529
Operating expenses	(56,688)	(76,247)	(29,759)	(10,286)	(172,980)
Operating profit before impairment losses and tax	188,359	153,609	28,020	132,561	502,549
Net impairment losses	(52,758)	(100,170)	(10,539)	(1,835)	(165,302)
Profit for the period before tax	135,601	53,439	17,481	130,726	337,247
Tax	(12,237)	(4,822)	(1,577)	(11,797)	(30,433)
Profit for the period after tax	123,364	48,617	15,904	118,929	306,814
31 December 2025 (Audited)					
Segment assets	22,614,102	10,276,983	7,145,500	29,337,303	69,373,888
Segment liabilities	31,714,288	16,740,403	5,797,180	7,372,106	61,623,977
Capital expenditure	-	-	-	91,474	91,474

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the three month period ended 31 March 2026 (continued)

20. Tax

UAE Corporation Tax Law and application of IAS 12 Income Taxes

On 9 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 UAE Tax Law has confirmed the application of the Corporate Tax ('CT') to tax periods commencing on or after 1 June 2023. Since the Group is expected to pay tax in accordance with the provision of the UAE CT Law on its operational results with effect from 1 January 2024, current taxes have been accounted for in the consolidated financial statements for the period beginning from 1 January 2024.

Similar to previous year, the Group considered the application of IAS 12 and any requirements for the measurement and recognition of deferred taxes for the period ended 31 March 2026. Based on the review and assessment, a deferred tax liability has been recognized, amounting to AED 1.2 million as at 31 March 2026 (31 December 2025: AED 8 million), arising from items that may be reclassified subsequently to the statement of income, from other comprehensive income perspective. Further, NBF Group is effectively managed and controlled in the UAE, therefore, NBF Group is out of scope of the UAE Domestic Minimum Top-Up Tax (DMTT) rules. Accordingly, the current tax impact has been calculated considering the potential adjustments which has resulted in an effective tax rate of 9.01% per annum: the details of which have been presented below.

Amount recognised in the condensed consolidated statement of income

The components of corporate income tax expense for the period ended 31 March 2026 are as follows:

	31 March 2026 AED'000 Unaudited	31 March 2025 AED'000 Unaudited
Current corporate income tax		
Current corporate income tax charge	33,910	30,433
Adjustments in respect of current corporate income tax of previous year	<u>-</u>	<u>-</u>
Corporate income tax expense reported in the consolidated interim statement of income	<u>33,910</u>	<u>30,433</u>

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the three month period ended 31 March 2026 (continued)

20. Tax (continued)

Amount recognized in the consolidated statement of other comprehensive income

	31 March 2026 AED'000 Unaudited	31 March 2025 AED'000 Unaudited
Tax related to items that will not be reclassified subsequently to the statement of income	41	(180)
Deferred tax related to items that may be reclassified subsequently to the statement of income	<u>6,770</u>	<u>(2,490)</u>
Tax reflected in the consolidated statement of other comprehensive income	<u>6,811</u>	<u>(2,670)</u>

Tax reconciliation

	31 March 2026 AED'000 Unaudited	31 March 2025 AED'000 Unaudited
Accounting profit for the period before tax	376,249	337,247
At United Arab Emirates' statutory corporate income tax rate of 9%	33,862	30,352
Tax amount of the adjustments related to non-deductible expenses	82	115
Effect of standard tax exemptions	<u>(34)</u>	<u>(34)</u>
Corporate income tax expense	<u>33,910</u>	<u>30,433</u>
Corporate income tax expense reported in the consolidated statement of income	<u>33,910</u>	<u>30,433</u>
Effective tax rate	<u>9.01%</u>	<u>9.02%</u>

Movement in current and deferred tax liability recognized in other liabilities

	31 March 2026 AED'000 Unaudited	31 December 2025 AED'000 Audited
Deferred tax liability		
Balance at the beginning of the year	7,963	2,815
Movement during the period / year	<u>(6,770)</u>	<u>5,148</u>
Balance at the end of the period / year	<u>1,193</u>	<u>7,963</u>

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the three month period ended 31 March 2026 (continued)

20. Tax (continued)

Movement in current and deferred tax liability recognized in other liabilities (continued)

	31 March 2026 AED'000 Unaudited	31 December 2025 AED'000 Audited
Current tax liability		
Balance at the beginning of the period / year	120,568	84,541
Current tax charge during the period / year	33,910	119,840
Adjustments in respect of items that will not be reclassified subsequently to the statement of income	(41)	728
Tax paid	-	(84,541)
Balance at the end of the period / year	154,437	120,568

21. 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 three-month period ended 31 March 2026.

22. Impact of geopolitical conflict

Early March 2026 saw unprecedented geopolitical tensions with an escalating regional conflict sending shockwaves through the global economy disrupting energy exports, shipping routes and supply chains; with oil prices reaching exceptionally high levels exhibiting the largest supply disruption in modern energy history. This was amplified by cyber incidents, inflationary pressures, volatile commodity prices and an operating environment characterized by uncertainty. The CB UAE announced support measures to facilitate the UAE banking sector's key role in supporting its customers and the UAE economy.

Since the onset of the regional conflict, NBF has enacted its Business Continuity Planning ('BCP') and has successfully taken a number of measures ranging from remote working and use of digital solutions ensuring continuity of customer services to precautionary measures safeguarding health and safety of all stakeholders; whilst leaving large part of the branches open. NBF continues to closely monitor regional and market developments and remains aligned with the guidance of the relevant UAE authorities. Enhanced vigilance across technology, cybersecurity, and operational resilience protocols remain in place to safeguard systems and customer interests. NBF has been proactively managing its liquidity and further strengthened its position to navigate through these uncertain times with resilience. As at 31 March 2026, NBF's advances to deposits ratio stood at 74.7%, lending to stable resources ratio ('LSRR') at 67.8% and eligible liquid assets ratio ('ELAR') at 28.5%, well within CB UAE's minimum requirements.

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the three month period ended 31 March 2026 (continued)

22. Impact of geopolitical conflict (continued)

The Management Risk Committee ('MRC'), Distressed Asset Committee ('DAC') and Central Credit Committee ('CCC') of the Group ensures governance over all critical decisions and requirements of the IFRS 9 standard and the related guidance and notices issued by the Regulator are complied and monitored with the appropriate involvement of key stakeholders including Finance, Risk, Credit and the Business divisions. These include key technical accounting and risk methodology decisions, management overlays, inputs and assumptions used for the determination of ECL and macro-economic factors consideration. Execution of principal decisions and results of reviews and monitoring are presented to the Board Audit Committee, Board Risk and Sustainability Committee and the Board, as NBF is committed to upholding the highest corporate governance standards.

Pursuant to the Standards and Guidance issued by the CBUAE during March 2026 via the financial institution resilience package detailing the terms and conditions for the available measures to pre-empt temporary impacts on the UAE's banking sector and economy, due to the exceptional nature of current circumstances, NBF granted repayment holiday to some of its impacted customers; where the bank has offered payment deferral relief to selected customers in this context. Management at the time of assessing significant increase in credit risk have factored in the past and expected future performance of the customers benefitting from payment deferrals.

On account of the uncertainties caused by the on-going geopolitical conflicts NBF prudently updated the inputs and assumptions used for the determination of ECL. NBF has considered the impact of higher volatility in the forward-looking macro-economic factors, when determining the severity and likelihood of economic scenarios for ECL determination. Forecast for macroeconomic variables has been modified as well as the assigned probabilities for downside scenario increased to 40% from 30% as at 31 December 2025 and reduced the upside scenario to 20% from 30% as at 31 December 2025. The Group has considered the potential impacts of the current market volatility in determination of the reported amounts of the Group's financial and non-financial assets, and these are considered to represent management's best assessment based on observable information.

Markets, however, remain volatile and the impacts remain sensitive to market fluctuations and the Group will continue to monitor and reflect appropriately in ECL calculations. Therefore, actual results may be different to the forecast. Scenarios will be re-assessed as the conditions develop, and the Group will continue to re-assess its position and the related impact on a regular basis. With the heightened geopolitical concerns and the related shocks being experienced throughout the world economies, NBF on an on-going basis reviews prudently the staging decisions to ensure accurate reflection of the Group's assessment of these aspects at the reporting date.

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the three month period ended 31 March 2026 (continued)

23. Comparative figures

Reclassification of “Cash reserve with the Central Bank of the UAE” from operating activities to Cash and Cash Equivalents (adjustment 1)

In prior periods, the Group had classified changes in “cash reserve with the Central Bank of the UAE” within “Net cash generated from operating activities”. According to the Central Bank of the UAE regulations, the Group is allowed to draw on the cash reserve with the Central Bank of the UAE on any day up to 100%, while ensuring that, on average, it meets the reserve requirements over a 14-day reserve maintenance period. According to IAS 7 – Statement of cash flows, cash comprises cash on hand and demand deposits.

The Group has reassessed the nature of “cash reserve with the Central Bank of the UAE” and concluded that the balance is available on demand and meets the definition of cash as set out under IAS 7, and therefore should be classified as cash and cash equivalents in the condensed consolidated interim statement of cash flows for the period ended 31 March 2025. As such, the comparative figures in the condensed consolidated interim statement of cash flows for the period ended 31 March 2025 have been restated in accordance with IAS 1 ‘Presentation of financial statements’ in order to conform with the presentation for the current period.

CBUAE Monetary Bills (adjustment 2)

In prior years, CBUAE Monetary Bills (M-Bills) were presented under “Cash and balances with the Central Bank of the UAE” in the consolidated statement of financial position. The M-Bills are investment securities with contractual maturities ranging from 1 to 12 months and are measured at fair value through other comprehensive income.

In the Group’s view, such presentation is more relevant for the readers of the consolidated statement of financial position as M-Bills are held for liquidity management purposes and are now classified with investments with similar nature and measurement basis. As a result of this restatement, the condensed consolidated interim statement of cashflows of the Group for the period ended 31 March 2025 has been restated and cashflows arising from “Change in investments and Islamic instruments from CBUAE M-Bills” for the period ended 31 March 2025 amounting to **AED 1,892.2 million** is presented as a separate line item within operating activities in the condensed consolidated interim statement of cashflows of the Group, which is consistent with the nature and the function of these investments. There is no overall impact on the operating activities within the consolidated statement of cash flows as a result of this restatement.

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the three month period ended 31 March 2026 (continued)

23. Comparative figures (continued)

CBUAE Monetary Bills (adjustment 2) (continued)

The impact of the restatements on the condensed consolidated interim statement of cash flows for the period ended 31 March 2025 is as follows.

	31 March 2025		
	As previously reported AED'000	Impact of restatements AED'000	Restated AED'000
<i>Operating activities</i>			
Change in due from the Central Bank of the UAE (<i>adjustment 1 and 2*</i>)	(3,445,660)	2,545,660	(900,000)
Change in investments and Islamic instruments from CBUAE M-bills (<i>adjustment 2</i>)	-	(1,892,197)	(1,892,197)
Net cash used in operating activities	(1,668,591)	653,463	(1,015,128)
Net change in cash and cash equivalents	(2,715,421)	653,463	(2,061,958)
Cash and cash equivalents at beginning of the year	4,229,759	2,767,248	6,997,007
Cash and cash equivalents at end of the period	1,514,338	3,420,711	4,935,049

**Adjustment 1 amounted to AED 653.5 million.*