



بنك الإمارات الوطني
National Bank of



Investor Presentation

For the Period Ended 31 December 2023

DISCLAIMER



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OVERVIEW OF NBF



National Bank of Fujairah PJSC Overview

Establishment	<ul style="list-style-type: none"> National Bank of Fujairah PJSC ("NBF" or the "Bank") was established in Fujairah, UAE in 1982 by a decree issued by the Ruler of Fujairah, H.H. Sheikh Hamad bin Mohammed Al Sharqi. The bank had commenced full operations in 1984 and we are celebrating our 40th anniversary of operations this year. NBF shares were listed on Abu Dhabi Securities Exchange on 23 October 2005. The Bank has 802 full-time employees from 35 different nationalities, 45% of whom were female as at 31 December 2023.
Operations	<ul style="list-style-type: none"> NBF serves approximately 12K corporate customers and 30K individuals via 14 branches and 52 ATM/CDM units in the UAE.
Business Segments	<ul style="list-style-type: none"> The Bank operates via five main segments, namely (i) Corporate and Institutional Banking (36%), (ii) Business Banking (30%) (iii) Treasury, Investments, Asset and Liability Management ("ALM") (20%), (iv) Retail Banking (7%) and (v) *Islamic Banking (7%).
Business Strategy	<ul style="list-style-type: none"> The Bank's strategy focuses on creating longstanding client relationships built upon trust while focusing on ensuring clients are able to optimise commercial opportunities in order to achieve sustainable growth.

Credit Ratings

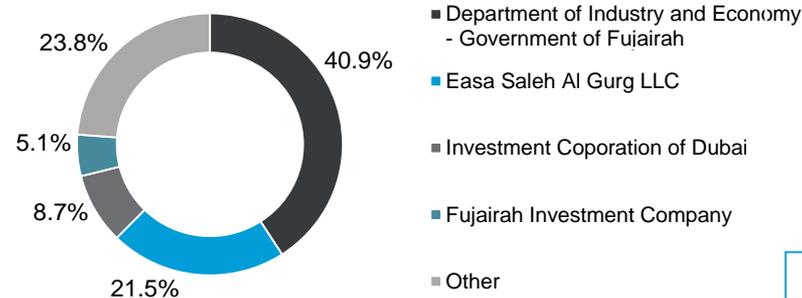
Rating Agency	Date	Long Term Rating	Outlook
	December 2023	Baa1	Stable
	June 2023	BBB+	Stable
	August 2023	A-	Stable

Financial Highlights

AED Mn	FY2020	FY2021	FY2022	FY2023
Total Assets	39,872	42,946	47,624	51,720
Loans & Advances	24,844	25,620	26,915	27,904
Customer Deposits	29,766	32,199	35,736	38,572
Total Equity	5,672	5,676	5,850	6,567
NPL Ratio	10.1%	9.8%	6.9%	4.9%
Provisions Coverage Ratio	91.8%	87.0%	110.0%	120.2%
Loan to Deposit Ratio	83.5%	79.6%	75.3%	72.3%
Net Interest Margin	2.3%	2.4%	2.7%	3.3%
Operating Income	1,386	1,442	1,815	2,283
Net Profit	-475	115	340	725
Tier 1 Ratio	18.1%	18.0%	17.4%	17.8%
Capital Adequacy	19.2%	19.1%	18.6%	19.0%

Ownership Structure

- NBF enjoys a close relationship with its major shareholders.
- The Government of Fujairah holds 46.8% of NBF's share capital, collectively through the Department of Industry and Economy – Government of Fujairah (40.9%), Fujairah Natural Resources Corporation (4.3%) and Fujairah Investment Establishment Limited (1.6%).
- The Government of Dubai controls another 8.7% of NBF's share capital through Investment Corporation of Dubai.



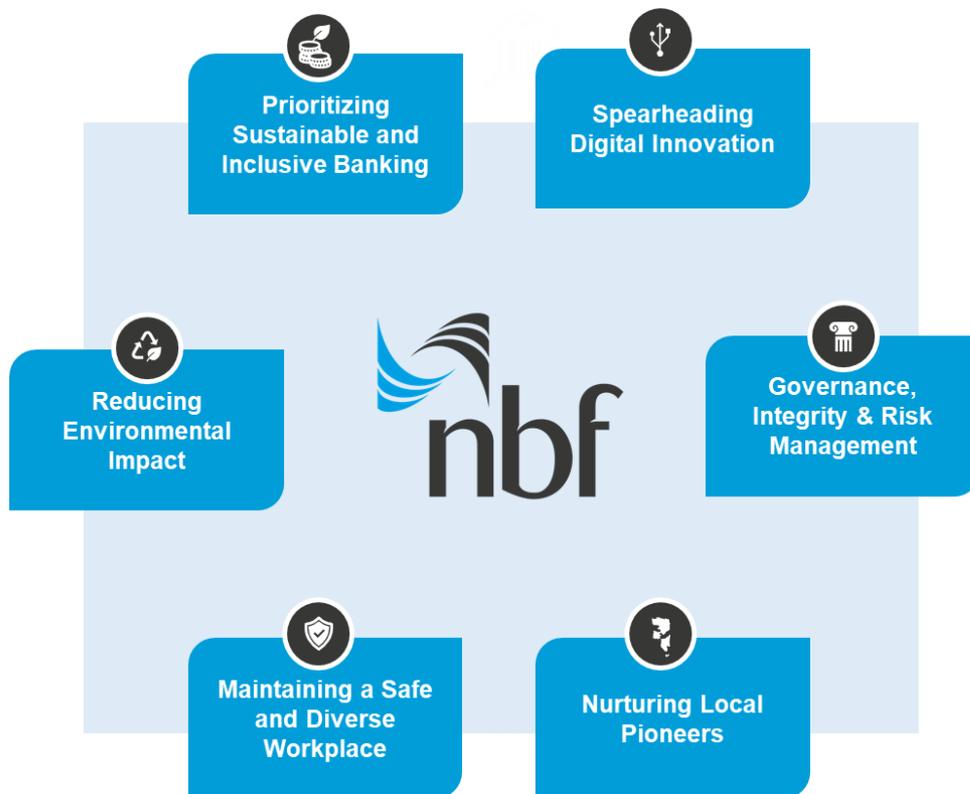
* Islamic Banking spread across all business segments with income contribution mix as: Corporate and Institutional Banking 3%, Business Banking 1%, Retail Banking 2% and Treasury, Investment, ALM 1%.

EXTERNAL RECOGNITION & AWARDS



- **Best Commercial Bank UAE - MEA Finance Industry Awards 2023**
- **Best SME Bank - MEA Finance Industry Awards 2023**
- **Best Trade Finance Provider - MEA Finance Industry Awards 2023**
- **Best Change Management Initiative - CIPD Middle East People Awards 2023**
- **Most Innovative Trading Platform - MEA Finance Banking Technology Awards 2023**
- **Best Innovation in Trade Finance - MEA Finance Banking Technology Awards 2023**
- **Best Islamic Window UAE - International Finance Awards 2023**
- **Best Fraud & Risk Management Solutions Award- Banking AI and Analytics Summit & Awards 2023**

OUR SUSTAINABILITY PILLARS



*To know more about our sustainability efforts, please visit nbf.ae to read the consolidated 'NBF ESG Report 2022'.

KEY UPDATES 2023

ESG Update

Board Risk and Sustainability Committee to provide oversight and governance to the implementation of NBF's Sustainability strategy.

NBF was a part of the UAE Banks Federation's pledge of AED 1 trillion of Sustainable Finance by 2023, made during COP 28.

NBF has launched the 'Living Business' program to partner with its customers on their Sustainability journey.

Supplier Code of conduct and Sustainability Due Diligence for rolled out for key suppliers.

Sustainable Finance

NBF continues its focus on Socially important sectors with assets of AED 7.54 Billion (SME Finance), AED 210 Million (Health) and AED 411 Million (Education).

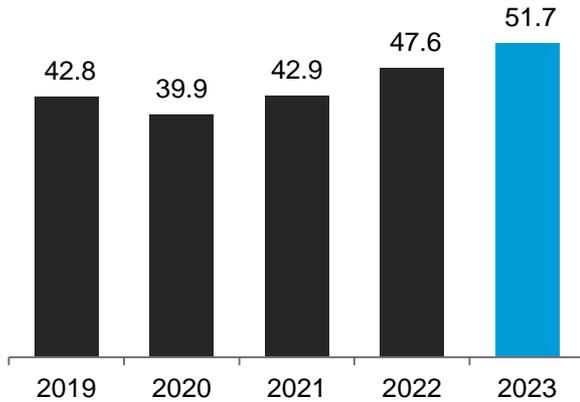
NBF has grown its ESG Investments to AED 500 Million.

Sustainability integration into credit assessment platform rolled out for Corporate Banking.

KEY FINANCIALS AT A GLANCE

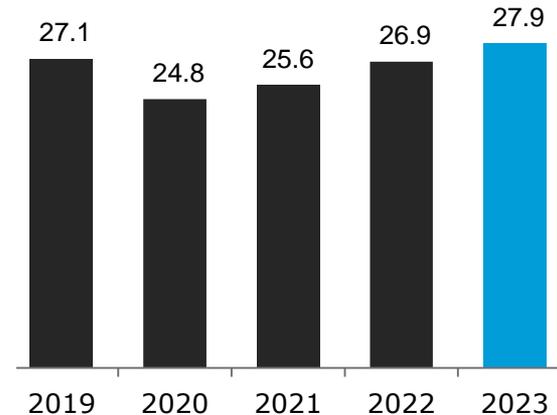
Assets

AED Billion



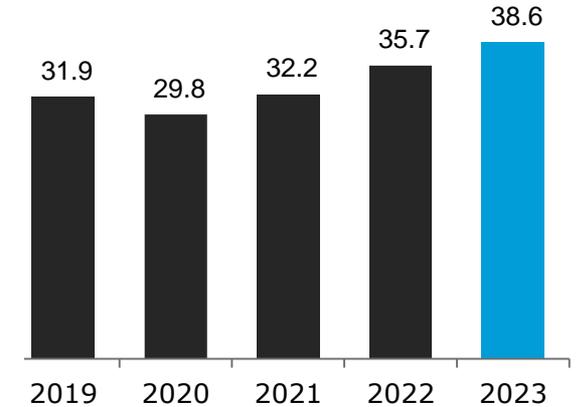
Loans & Advances

AED Billion



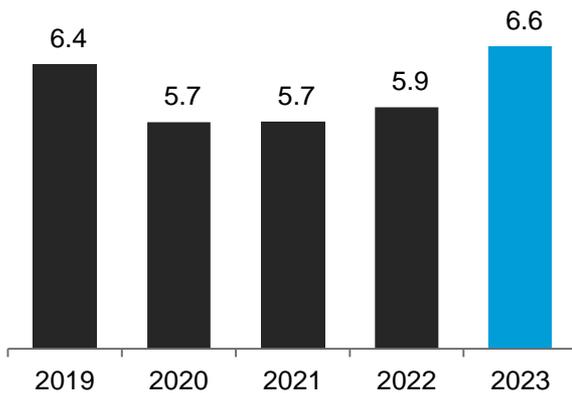
Customer Deposits

AED Billion



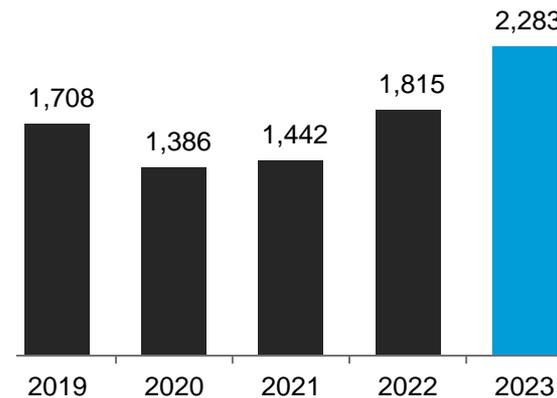
Shareholders' Equity

AED Billion



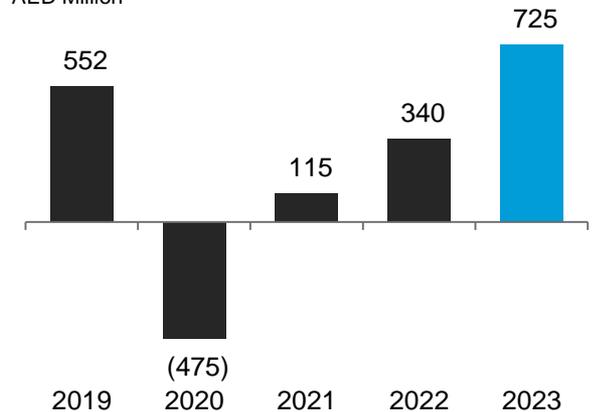
Operating Income

AED Million



Net Profit

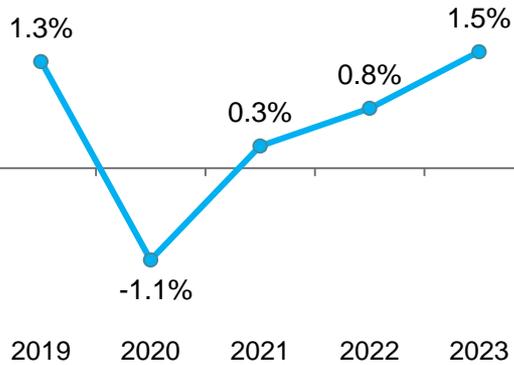
AED Million



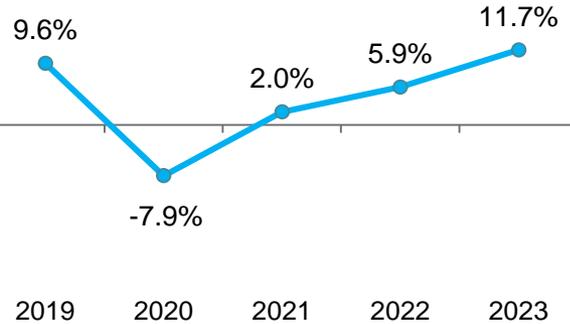
KEY PERFORMANCE INDICATORS AT A GLANCE



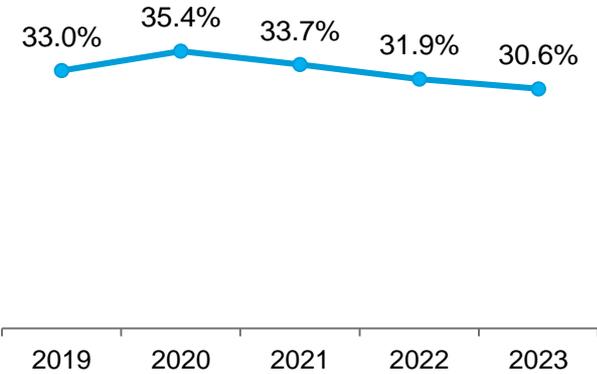
ROAA



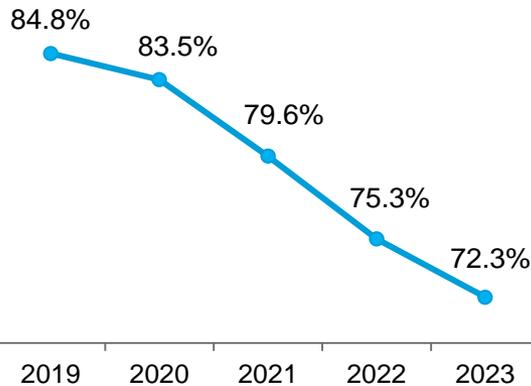
ROAE



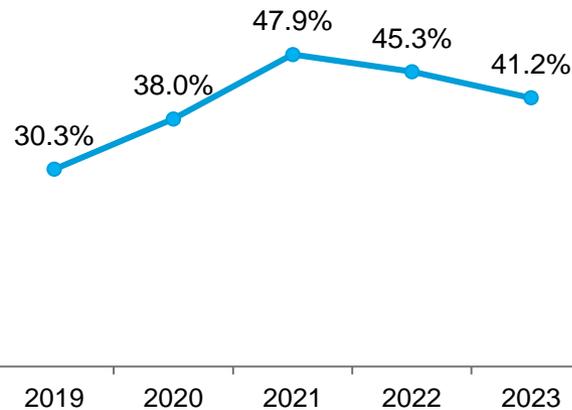
Cost to Income Ratio



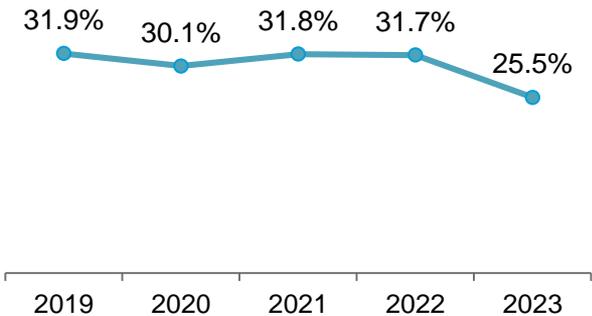
Pure AD



CASA Mix



Non-Funding Income to Total Income

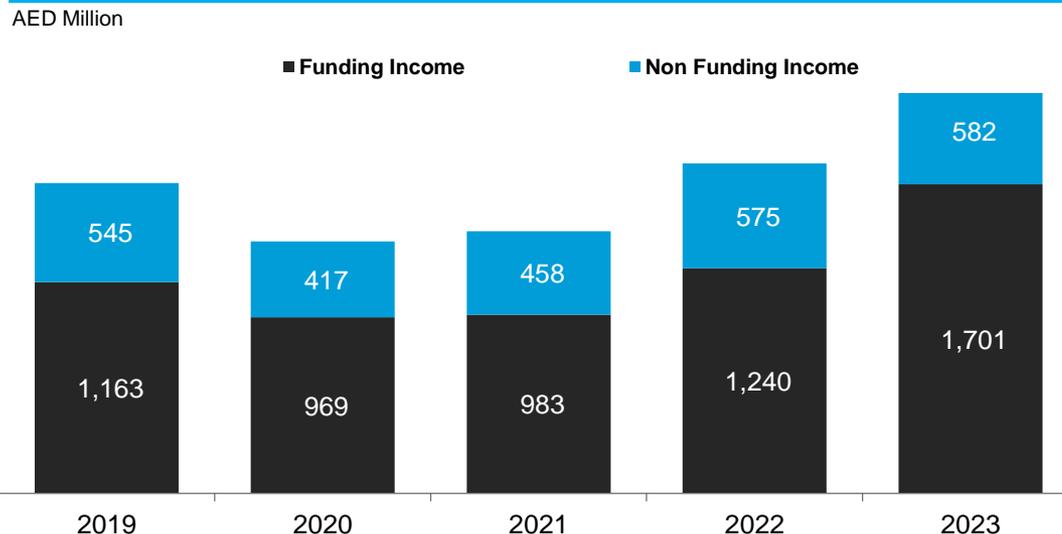


The mix of non-funding income to total income shows a drop in 2023, however, in absolute terms our non-funding income grew by 1.3% in 2023 compared to 2022.

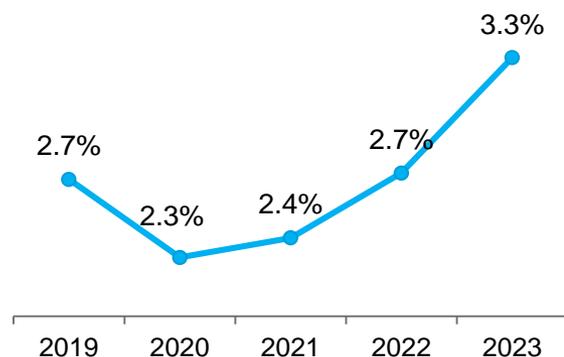
Key Highlights

- NBF recorded year-on-year growth of 113.0% to close the year at a record net profit of AED 725.1 million compared to AED 340.4 million in 2022. This exhibits the high level of resilience in the bank's core business, selective business growth, high interest rate environment, effective investment portfolio and margin management, an improvement in the impairment provisions and careful management of costs. Helped by an improvement of AED 66.6 million in investments designated as fair value through other comprehensive income (FVOCI), NBF's total comprehensive income for the year was AED 790.4 million up 223.8% compared to AED 244.1 million in 2022.
- NBF's cost to income ratio improved to 30.6% as compared to 2022 of 31.9%, remaining in the mid-industry range reflecting on-going cost discipline.
- Net interest margin improved to 3.3% in 2023 demonstrating NBF's effective ALM strategies in the high interest rates environment.

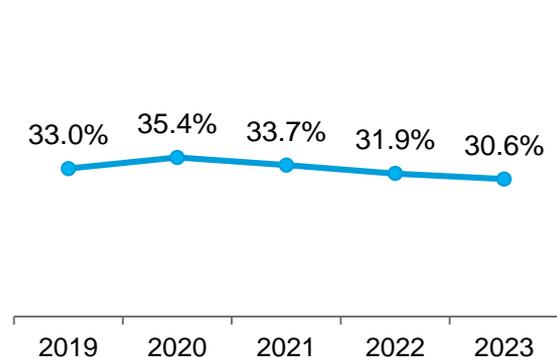
Operating Income Composition



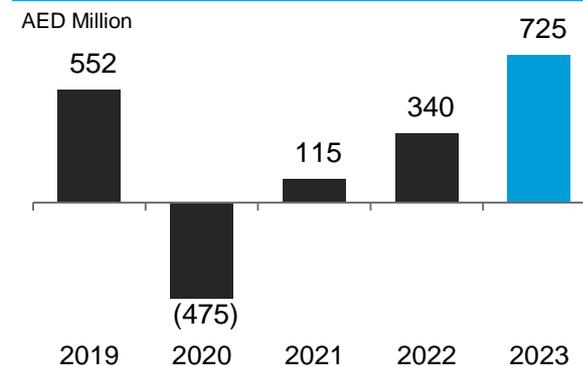
Net Interest Margin



Cost to Income Ratio



Net Profit

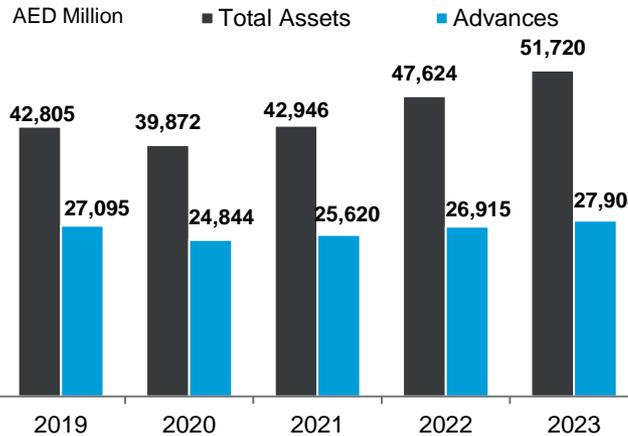


ASSETS COMPOSITION

Key Highlights

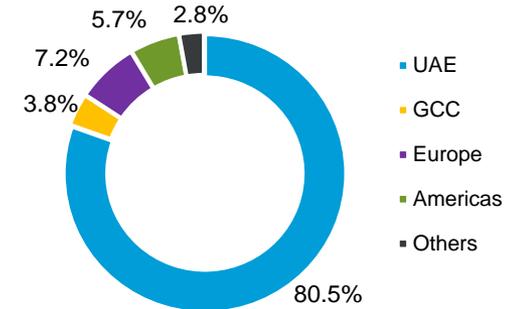
- Total assets increased by 8.6% to reach AED 51.7 billion compared to AED 47.6 billion at 2022 year-end.
- Loans and advances grew by 3.7% from year end 2022.
- The majority of the Bank's assets are loans and advances and Islamic financing receivables (54%), followed by cash and balances with the UAE Central Bank (22%) and Investments and Islamic instruments (16%).
- Despite facing volatile market conditions, geo-political disruptions, the fear of a bank crisis emerging in the US and Europe, the Bank has recorded a commendable performance in comparison with benchmarks, and carefully grew its debt Investments by AED 1,793m.
- NBF maintains a portfolio of high quality liquid assets (HQLA), along with cash reserves and other investment grade marketable securities.

Assets and Advances



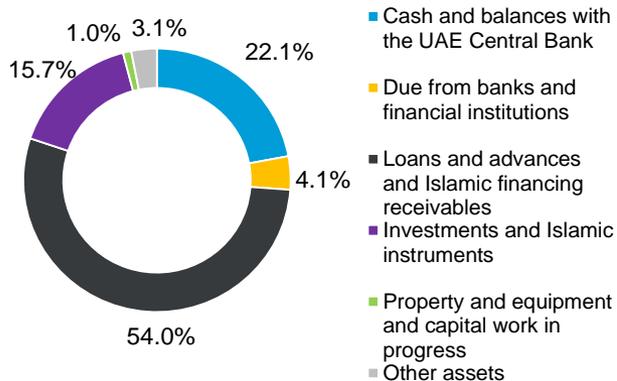
Breakdown of Assets by Geographical Distribution

31 December 2023



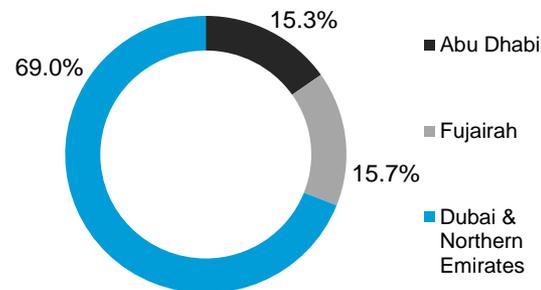
Breakdown of Assets by Type

31 December 2023



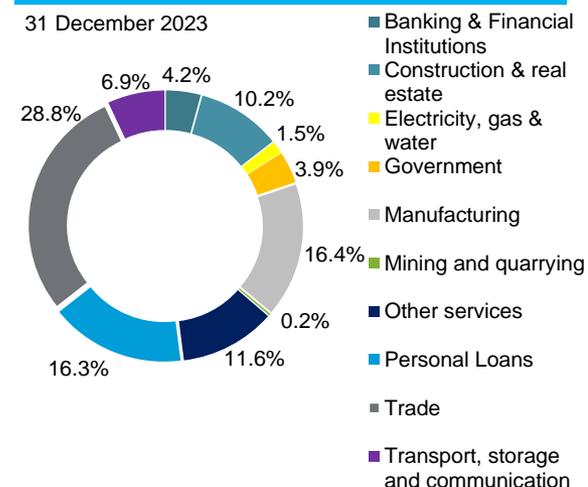
Breakdown of Advances by Emirates

31 December 2023



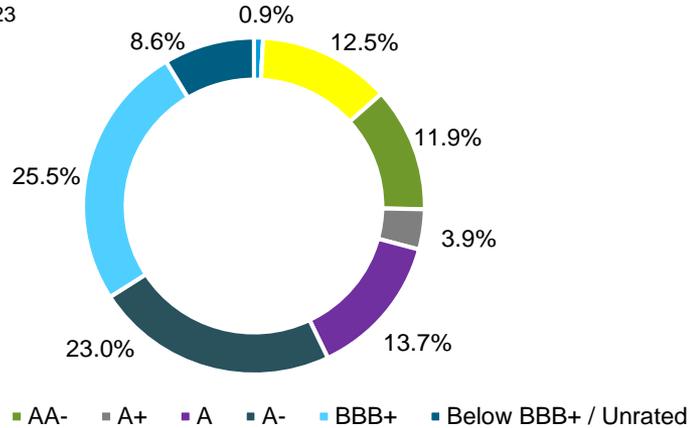
Breakdown of Advances by Sector

31 December 2023



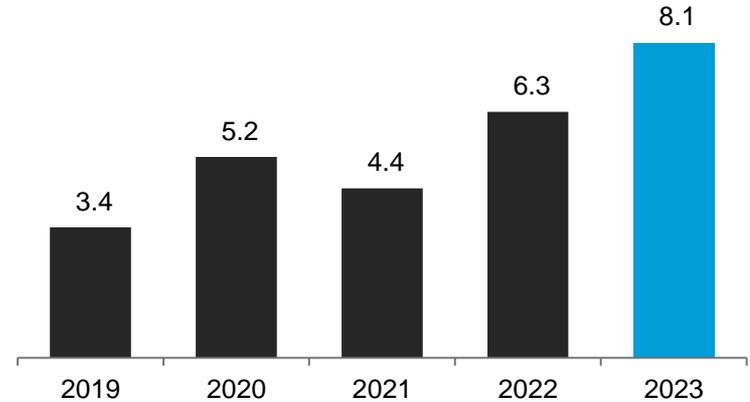
Investments and Islamic Instruments by Ratings*

31 December 2023



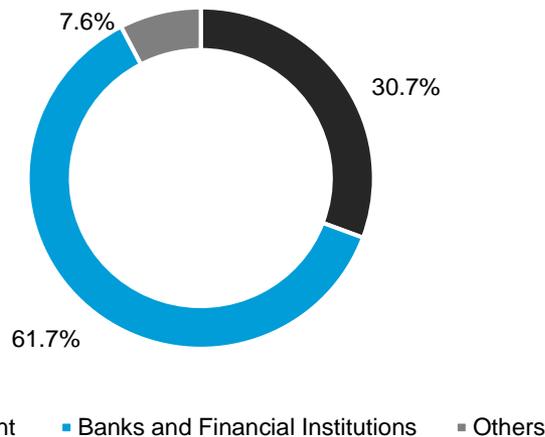
Investments and Islamic Instruments

AED Billion



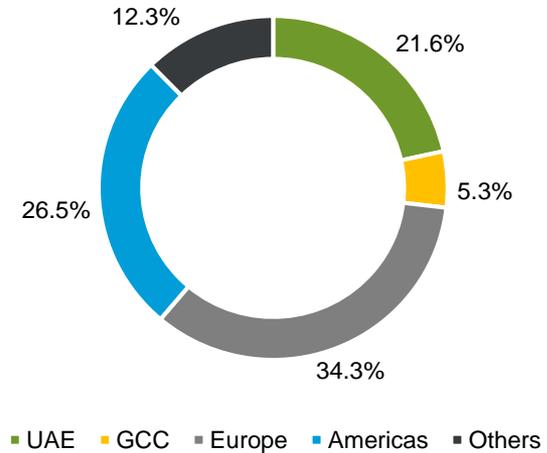
Investments and Islamic Instruments by Type

31 December 2023



Investments and Islamic Instruments by Geography

31 December 2023



*Investments below BBB+ or unrated largely include supranational issuers, governments and unrated issuances by the investment grade counterparties.
 * 100 % of Investments and Islamic Instruments portfolio included in Stage 1.

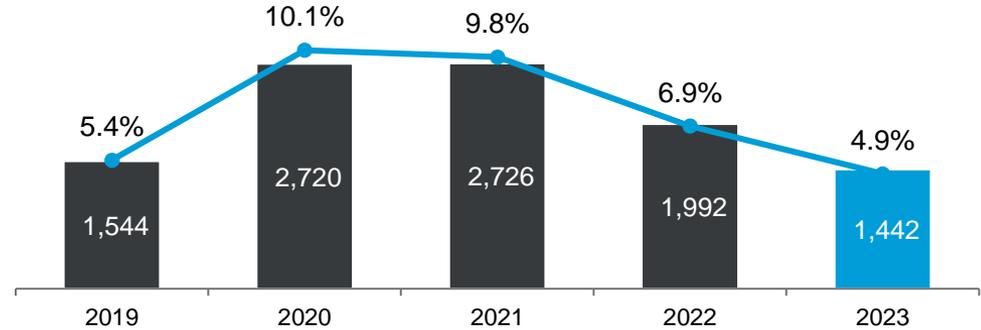
Key Highlights

NBF's asset quality indicators continue to reflect an improving trend. NBF's strengthening and management of credit underwriting standards and risk appetite to reflect the dynamic operating environment, continue to have a positive impact on credit quality.

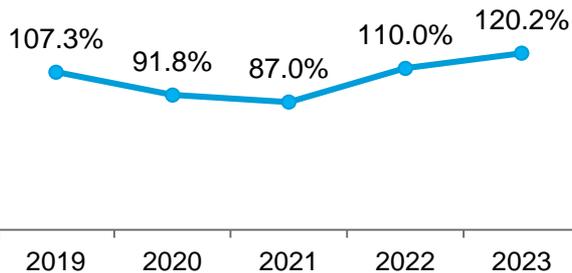
- NPL ratio improved further from 6.9% at year end to 4.9%. Provisions coverage ratio has increased from 110.0% in 2022 to 120.2% in 2023 taking into consideration the new credit risk standards being introduced by the Central Bank of the UAE and the risk of recessionary trends. Provision coverage ratio net of collateral is 160.5% in 2023 compared to 154.6% in 2022.
- Aggregate Stage 2 and Stage 3 Loans and Advances (including Acceptances) decreased from 15.4% at year end 2022 to 12.5% in 2023.

Non-Performing Loans & NPL Ratio

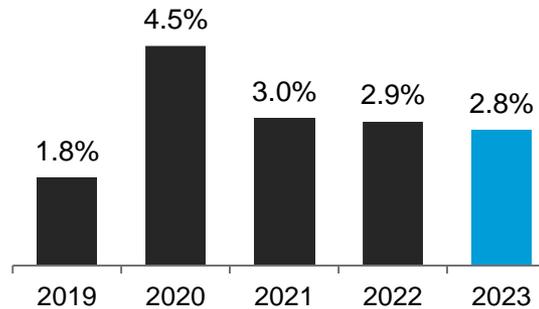
AED Million



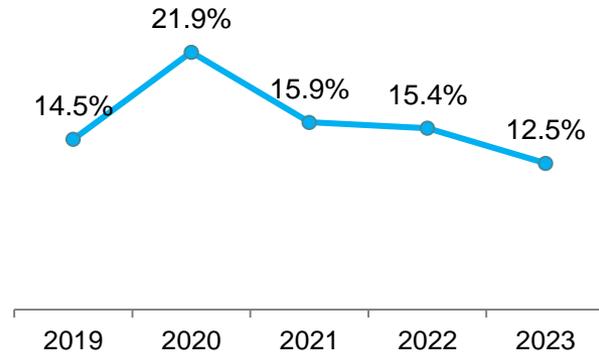
Coverage ratio



Cost of Risk



Stage 2 and Stage 3 Mix*



*Stage 2 and Stage 3 Mix includes Loans and Advances including Acceptances.

Key Highlights

- Given the liquidity in the market, NBF continues to maintain robust liquidity levels and maintains prudent and high quality of liquidity commensurate to its liquidity risk profile.

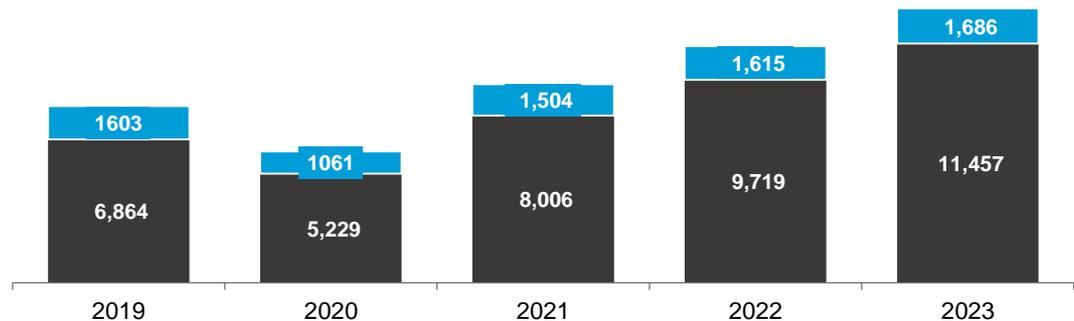
	2021	2022	2023
Pure AD Ratio	79.6%	75.3%	72.3%
Eligible Liquid Asset Ratio	26.2%	24.9%	28.3%
Lending to Stable Resources Ratio	76.5%	72.1%	67.4%

- NBF is fully compliant with guidelines set by the Central Bank of the UAE and the Bank complies with Basel III requirements.

Liquid Assets

AED Million

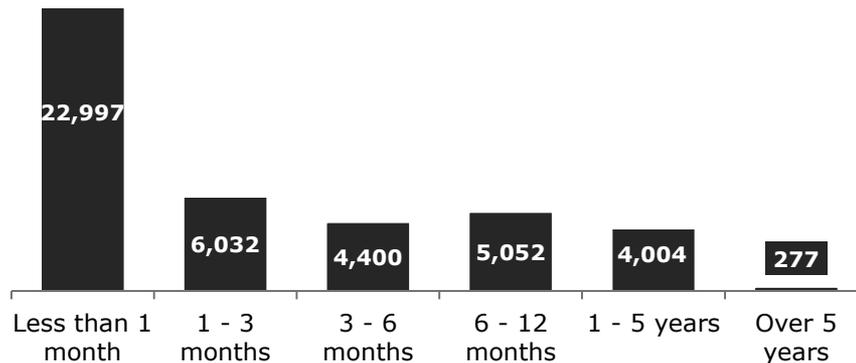
■ Cash and balances with the UAE Central Bank ■ Due from banks and financial institutions*



* Placements and current accounts / term deposits

Contractual Funding Maturity Profile

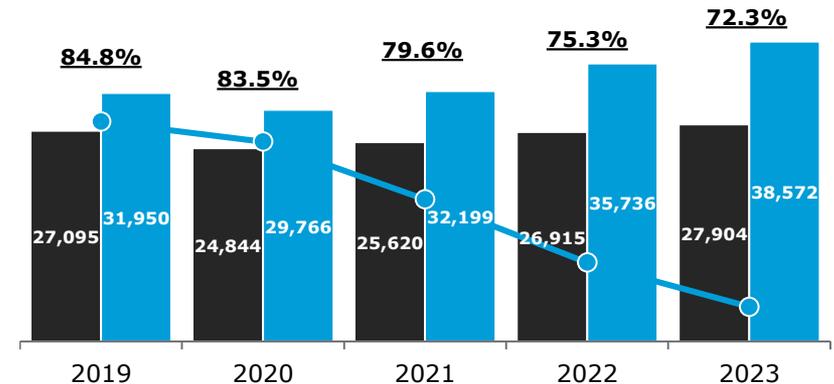
31 December 2023, AED Million



Net Loan to Deposit Ratio (%)

AED Million

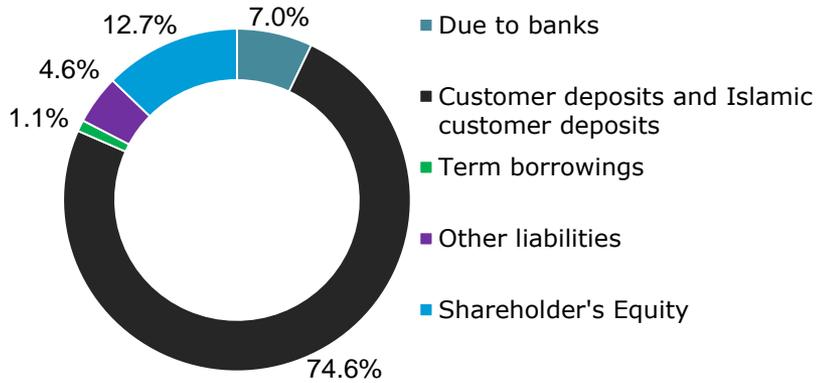
■ Net Loans ■ Deposits ● LD %



* CASA Balances have been prudently included in the Less than 1 month bucket. NBF's core behavioral CASA balances at 99% and 95% confidence level are 49.7% and 63.0% respectively.

Funding Mix

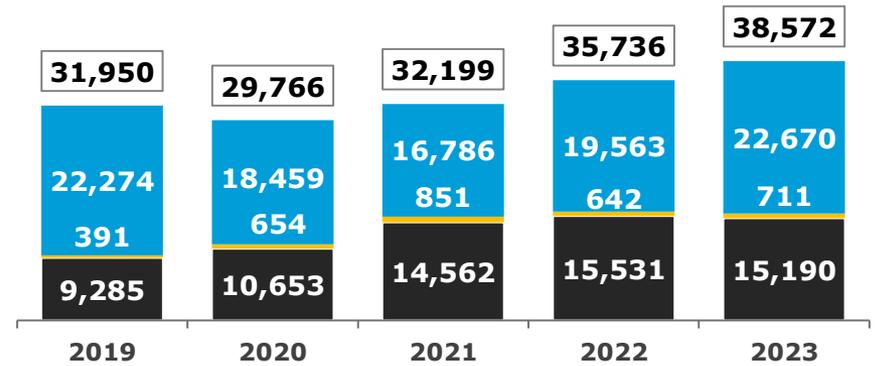
31 December 2023



Customer Deposits

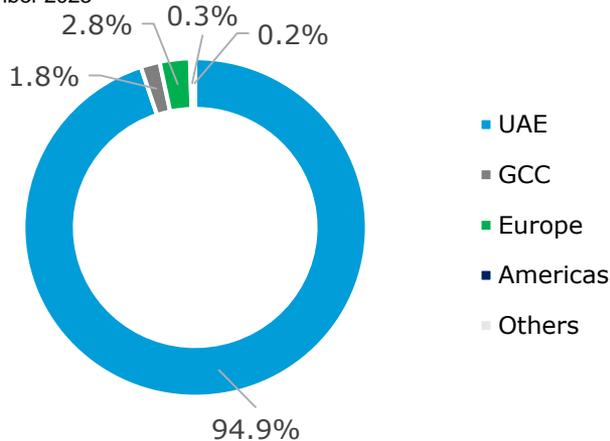
AED Million

■ Demand and margin ■ Savings ■ Fixed term and notice Total



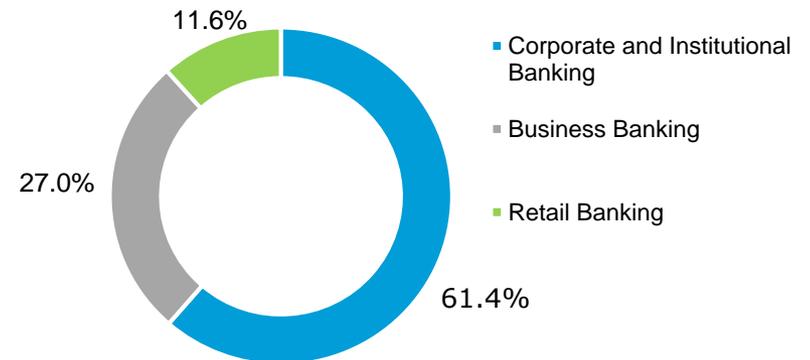
Customer Deposits by Geographical Distribution

31 December 2023



Customer Deposits by Segment

31 December 2023



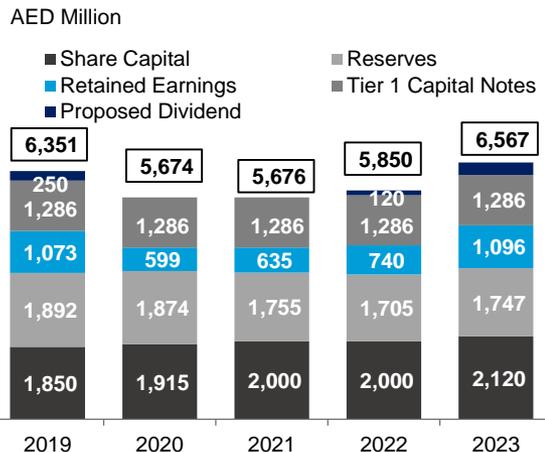
STRONG CAPITALISATION

Key Highlights

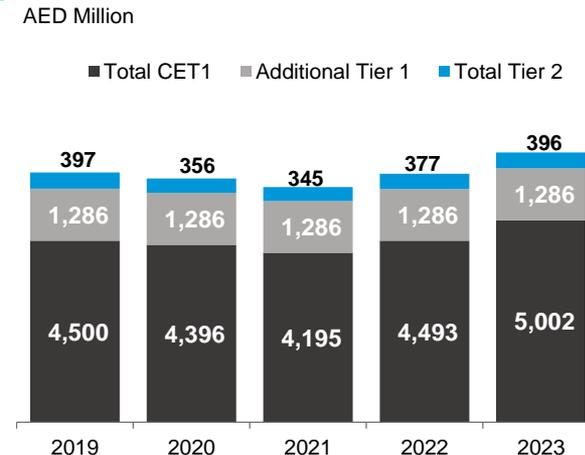
NBF is well capitalized with a Capital Adequacy Ratio and Total Tier 1 Ratio of 19.0% and 17.8% respectively, as at 31 December 2023, well above the minimum regulatory requirements. These levels will help and support the Bank's ability to grow and to meet any challenges that may arise from the evolving global economy .

- NBF increased its paid-up capital to AED 2.1 billion by issuing 6% bonus shares in 2023.
- The Bank's risk weighted assets (RWA) have slightly increased to AED 35.3bn as at 31 December 2023 from AED 33.2bn as at 31 December 2022 including the impact of credit growth.
- NBF's capital structure includes the 2019 issuance of Basel III compliant Additional Tier 1 ("AT1") capital of USD 350 million.

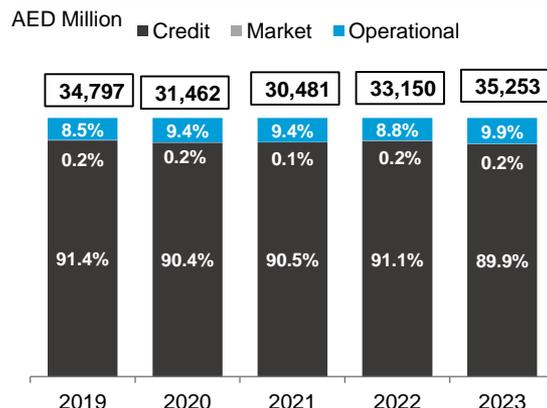
Equity Breakdown



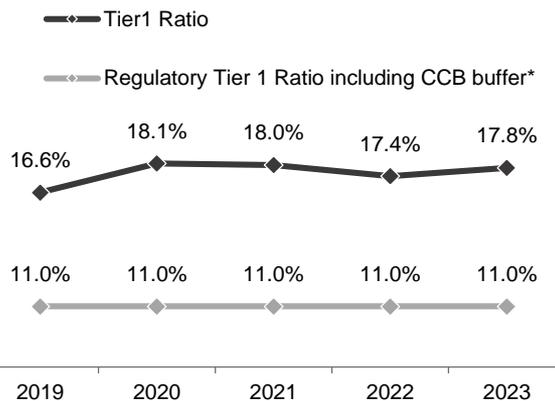
Capital Base



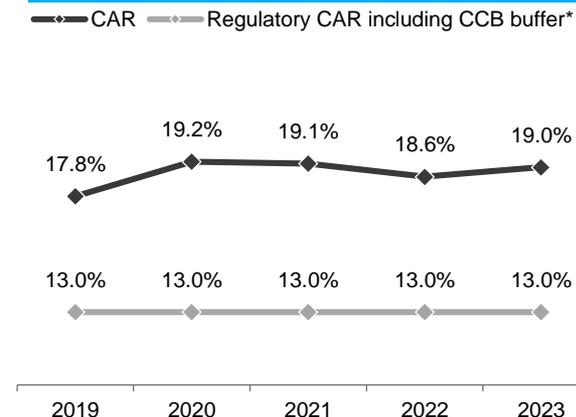
Risk Weighted Assets*



Tier 1 Ratio(%)



Capital Adequacy (%)



* CCB buffer: CBUAE Capital Conservation buffer

* Regulatory capital ratios requirement in 2020 dropped on account of TESS relief given by CBUAE on capital buffers by 60%

NBF's CORE PERFORMANCE AND OUTLOOK



Key Metrics		2022	2023	Outlook
Profit	Return on Average Equity	5.9%	11.7%	<p>2023 was a record year for NBF. Despite the ongoing challenges and uncertainty presented by heightened global geopolitical risks, economic headwinds with elevated levels of inflation, and climate change, NBF was successful in producing its best ever operating and net performance. This is an excellent achievement that clearly shows the strength of the bank's core activities and the quality of the work undertaken to recover from a difficult pandemic period.</p> <p>NBF recorded year-on-year growth of 113.0% to close the year at a record net profit of AED 725.1 million compared to AED 340.4 million in 2022. This exhibits the high level of resilience in the bank's core business, selective business growth, the high interest rate environment, effective investment portfolio and margin management, an improvement in the impairment provisions and careful management of costs.</p> <p>NBF recorded its best operating income of AED 2.3 billion, up 25.8% over 2022 reflecting robust core business performance, proactive asset and liability management in a high interest rate environment, enhanced focus on return on capital and the bank's long-standing customer centric approach. Net interest income and net income from Islamic financing and investment activities grew 39.6% to AED 1.7 billion compared to AED 1.2 billion in 2022. Net fees, commission and other income rose 6.2% to AED 417.8 million compared to AED 393.3 million in 2022.</p> <p>We were honoured with a number of prestigious industry awards and endorsements throughout 2023, further underscoring NBF's well embedded culture of exceptional service and customer partnership. The Board's strategic focus continues to be on generating long-term sustainable returns and benefitting from the innovative opportunities that are arising from the emerging opportunities in environmental, social and governance [ESG] matters, which will enhance further growth in 2024 and beyond.</p> <p>The Board believes in on-going investment in our brand to facilitate future growth, generate long-term sustainable returns, preserve significant capital strength and benefit from the new opportunities that are arising from the developing focus on environmental, social and governance [ESG] matters, which will augment further growth.</p>
	Return on Average Assets	0.8%	1.5%	
	NIM	2.7%	3.3%	
	Cost to income	31.9%	30.6%	
Assets	Asset growth	10.9%	8.6%	
	Loan growth	5.1%	3.7%	
Capital	CET 1	13.6%	14.2%	
	Tier 1	17.4%	17.8%	
	CAR	18.6%	19.0%	
Liquidity	Loan to Deposit Ratio	75.3%	72.3%	
	CASA Mix	45.3%	41.2%	
Credit Quality	NPL	6.9%	4.9%	
	Provisions Coverage Ratio	110.0%	120.2%	
	Stage 2 & 3 Mix (Loans and Advances including Acceptances)	15.4%	12.5%	

02

**BUSINESS
OVERVIEW**



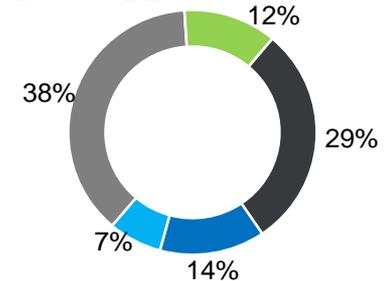
OVERVIEW OF BUSINESS SEGMENTS

NBF offers a full range of products through five main business divisions

Corporate and Institutional Banking	<ul style="list-style-type: none"> NBF's largest segment in terms of assets, liabilities and income. Services include deposit facilities, credit/trade finance and ancillary services to large corporates, mid-tier corporates clients and Financial Institutions. Enhanced focus on capital efficient products, in particular treasury products.
Business Banking	<ul style="list-style-type: none"> The business banking serves clients of a turnover of up to AED 400 million from previously up to 250 million. Services include working capital facilities, collateral-free business term loans, overdraft facilities, project financing and parameterized lending. In 2022, Retail SMEs up to AED 10 million turnover has been included in Business Banking from Retail Banking to benefit from synergies and enhance customer service.
Retail Banking	<ul style="list-style-type: none"> Personal, mortgage and auto loans, credit cards and advisory and depositing services. Segmented approach for Priority Plus, Priority, Preferred and Personal customers.
Treasury, Investments, ALM and Other	<ul style="list-style-type: none"> Centralizes the Group's liquidity and supports the growth of the other business segments. Offers structuring & execution of bespoke cross asset market risk solutions for NBF clients. Offers market risk solutions for NBF's clients with exposure to commodities.
Islamic Banking	<ul style="list-style-type: none"> NBF Islamic, an Islamic Banking Window established in 2014 to offer Shari'a-compliant banking services. Shari'a compliant products offered to customers including Murabaha, Mudaraba and Wakala deposits as well as Shari'a-compliant financing and cash management products. Islamic Banking Treasury Products: NBF treasury has products such as profit rate swaps and Wa'ad (FX & Commodities) and capability to provide all treasury solutions in Shari'a compliant manner.

Contribution to Assets

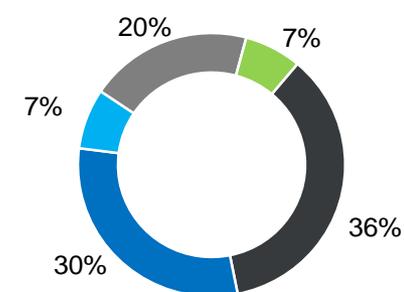
31 December 2023



- Corporate and Institutional Banking
- Business Banking
- Retail Banking
- Treasury, Investments, ALM
- *Islamic Banking

Contribution to Income

31 December 2023



- Corporate and Institutional Banking
- Business Banking
- Retail Banking
- Treasury, Investments, ALM
- *Islamic Banking

NBF continuously strives to capitalize on new opportunities to broaden the business and diversify its sources of income

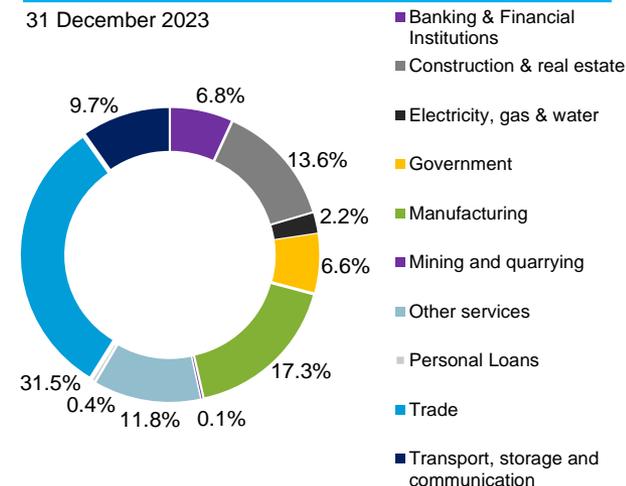
- * Islamic Banking spread across all business segments with income contribution mix as: Corporate and Institutional Banking 3%, Business Banking 1%, Retail Banking 2% and Treasury, Investment, ALM 1%.
- * Islamic Banking asset composition includes Corporate and Institutional Banking 4%, Business Banking 1%, Retail Banking 2% and Treasury, Investment and ALM 5%.

Overview

- The Bank's CIB operations are split into three main sub-divisions:
 1. **Corporate Banking**
 - Large Corporates & Governments
 - Contracting
 - Precious Metals & Diamonds
 - Energy and Marine
 2. **Financial Institutions**
- **The principal CIB products and services offered by the Bank include:**
 1. **Transaction Banking**
 - Cash Management
 - Payments
 - Collections
 - Liquidity Management
 2. **Trade Services**
 - Exports
 - Imports
 - Receivable Services
 - Guarantees
 3. **Corporate Advisory & Lending**
 - Working Capital
 - Syndication
 - Project Finance
 - Corporate Finance
 - Sales, Trading, Structuring
 4. **NBF Direct Online Banking Services**
 5. **Treasury**
 - Foreign Exchange, Cross Asset Derivatives

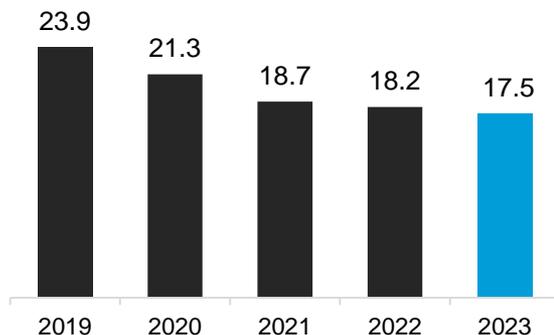
Gross Loans – Sector Breakdown

31 December 2023



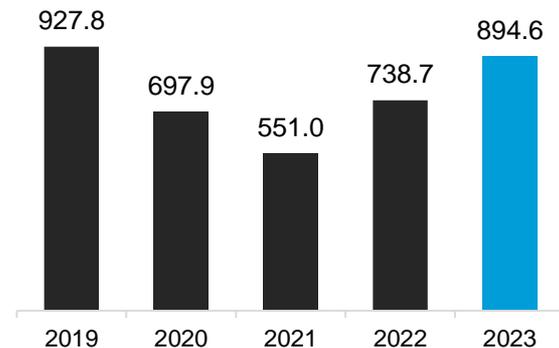
Segment Assets

AED Billion

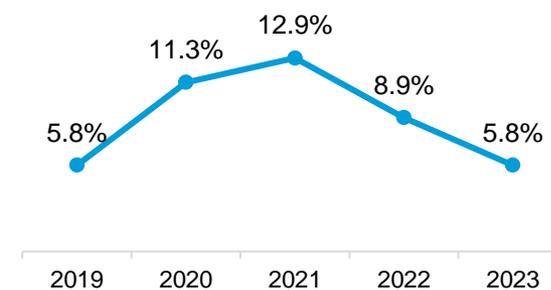


Total Operating Income

AED Million



NPL Ratio



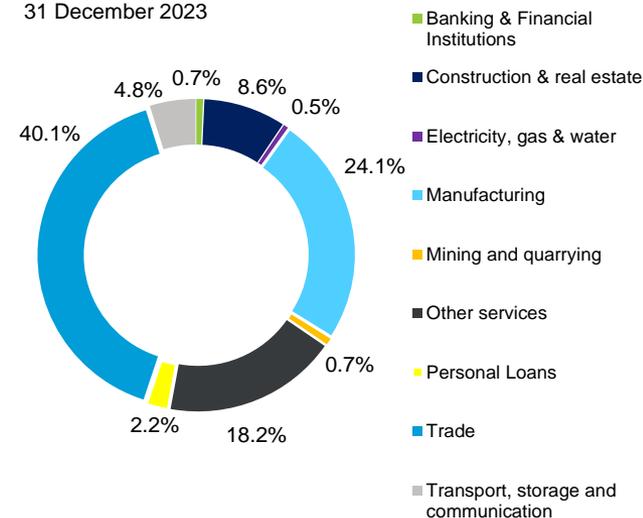
Reduction of assets in 2021 is on account of realignment of segments where Business Banking now serves customers up to 400m turnover compared to 250m previously. Accordingly, Corporate Banking serve customers exceeding turnover of 400m and the comparatives for 2020 have been aligned accordingly.

Overview

- The Business Banking structure comprises of
 - Business Banking
 - SMEs
 - Services
 - Equipment Finance
 - NBF Elham
 - Centralised Liability Unit
- Business Banking manages clients with a turnover of up to AED 400 million.
- Banking products and services designed to meet the specific needs of clients including:
 - Working capital facilities
 - Collateral-free business term loans
 - Overdraft facilities
 - Project financing
 - Parameterized lending

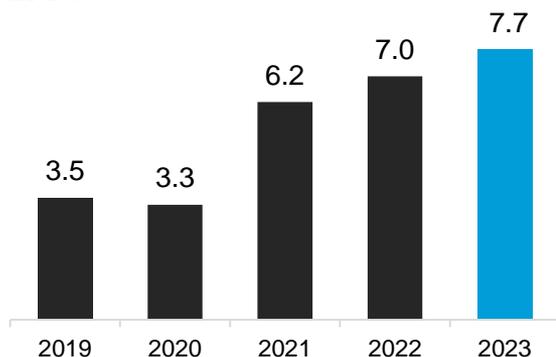
Gross Loans – Sector Breakdown

31 December 2023



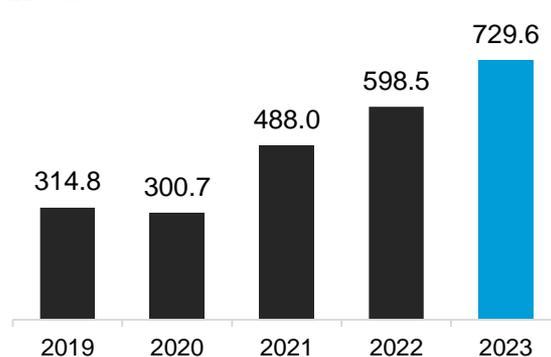
Segment Assets

AED Billion

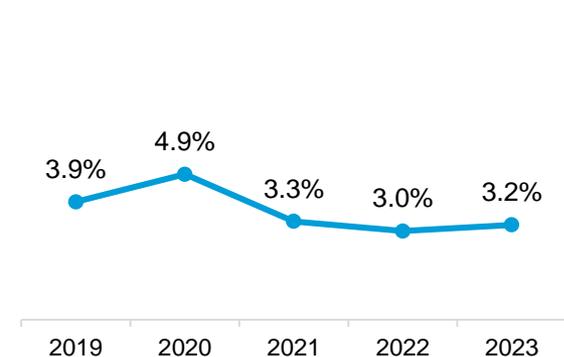


Total Operating Income

AED Million



NPL Ratio



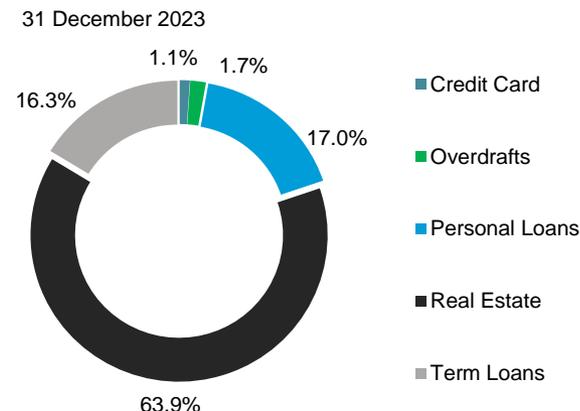
Increase in assets in 2021 is on account of realignment of segments where Business Banking now serves customers up to 400m turnover compared to 250m previously. Accordingly, Corporate Banking serve customers exceeding turnover of 400m and the comparatives for 2020 have been aligned.

In addition Retail SME portfolio has moved into Business Banking effective from Jan 1, 2022

Overview

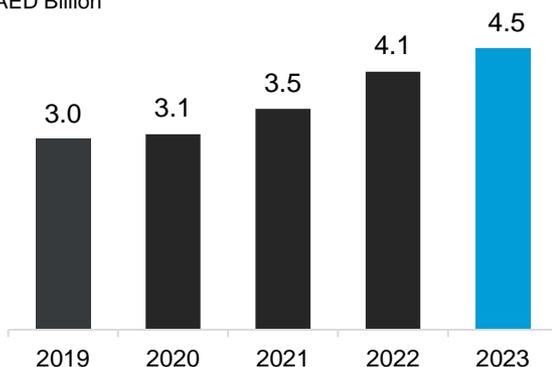
- NBF's retail banking segment offers a wide range of products and services to individuals and high net worth clients.
 - The Retail Banking clients are broken down into the following different tiers:
 - Priority Plus Customers
 - Priority Customers
 - Preferred Customers
 - Personal Customers
 - NBF continues its focus on growing its Retail Banking segment through an enhanced focus on building partnership and collaboration with Fintech and other service providers and co-create digital value propositions for Retail customers.
- The principal retail client products and services offered by the Bank include:**
- Account Services
 - Deposits
 - Personal Loans
 - Auto Loans
 - Home Loans
 - Construction Loans
 - Credit & Debit Cards
 - NBF Direct - Online Banking Services
 - Insurance Products
 - Customized Product Bundles for business segments
 - Investments

Gross Loans – Product Mix



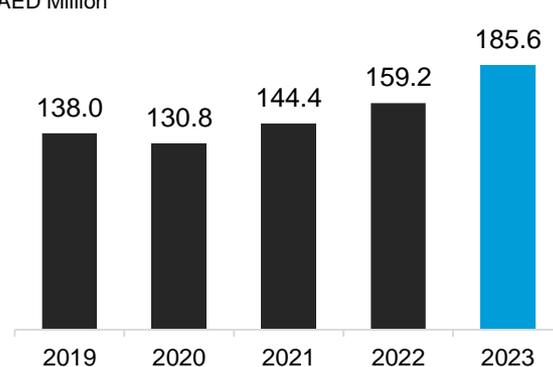
Segment Assets

AED Billion

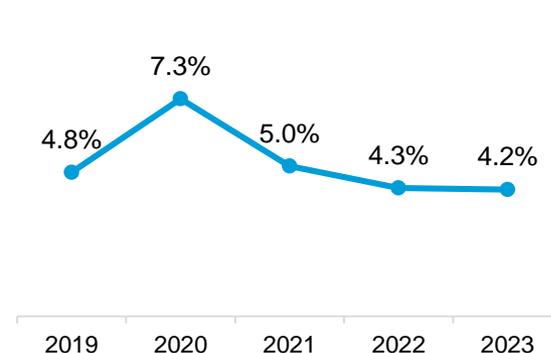


Total Operating Income

AED Million



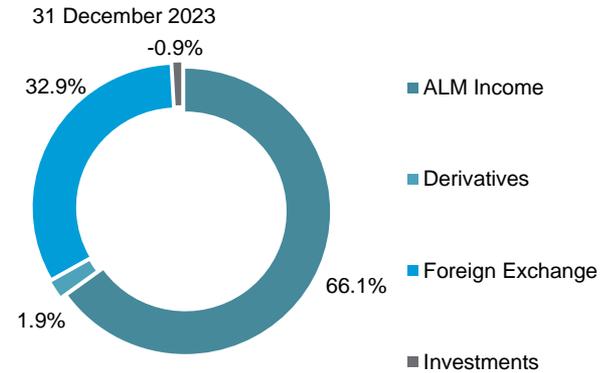
NPL Ratio



Overview

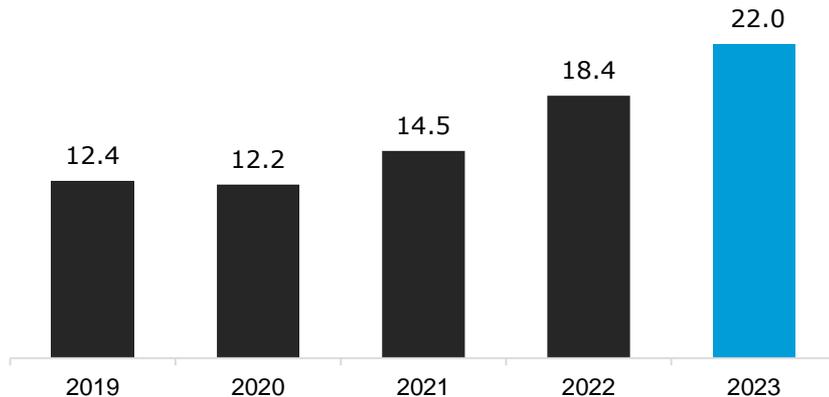
- Treasury and ALM**
 - Centralizes and manages the Group's liquidity via an advanced ALM system.
 - Covers the Group's asset and liability management functions.
 - Optimum utilization of resources and assets.
 - Management of exchange and interest positions.
 - Managing the Group's investment portfolio.
- Investment Management**
 - Develops investment solutions and propositions for customers.
 - Manages NBF's proprietary equity and fund based investments.
- Trading & Market Risk Solutions**
 - Provision of efficient & competitive FX Pricing Solutions for NBF Clients through diverse channels.
 - Structuring & Execution of bespoke cross asset market risk solutions for NBF Clients.
 - Automation & Digitalization of market services to optimize efficiency and revenue.
 - Implementation of an advanced Treasury Front End System for market risk management.
- The principal products and services offered by this segment of the Bank include:**
 - Foreign Exchange
 - Money Markets
 - Derivatives
 - Commodities
 - Fixed Income
 - Investments
 - Islamic Banking
 - Treasury Products

Operating Income Mix



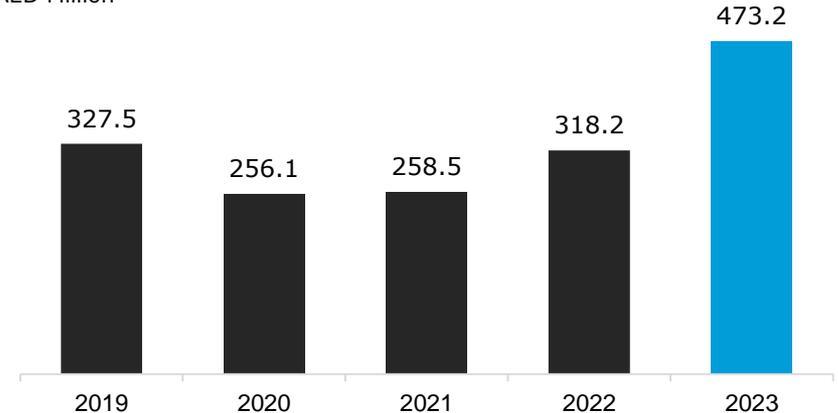
Segment Assets

AED Billion



Total Operating Income

AED Million



Overview

- The principal Sharia'a-compliant retail products and services offered by the NBF Islamic include:

Account Services

- Standard Current, Saving & Corporate Accounts
- Murabaha, Mudaraba & Wakala Deposits
- Credit & Debit Cards

Financing

- Personal Finance
- Home Finance
- Ijara Financing
- Murabaha Financing
- Istisna Forward Ijara
- Equipment Finance
- Real Estate Finance
- Auto Finance

Corporate Advisory, Syndications, Treasury

- Market Risk Solutions, Trading, Cross Asset Derivatives Structuring/Execution, profit rate swaps and Wa'ad (FX & Commodities)

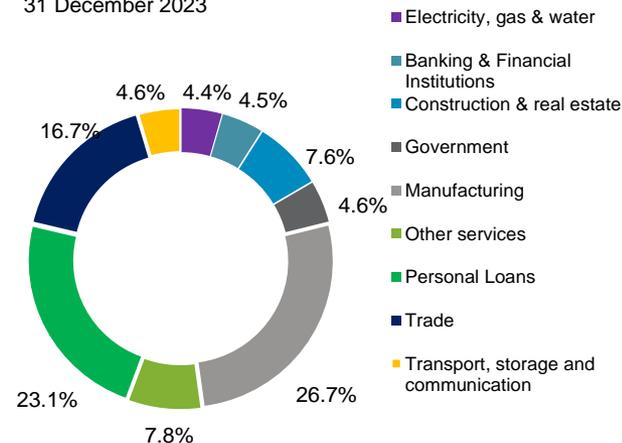
Transaction Banking

- Cash Management
- Trade Services
- Working Capital Management
- Guarantees

Islamic Gold Facilities

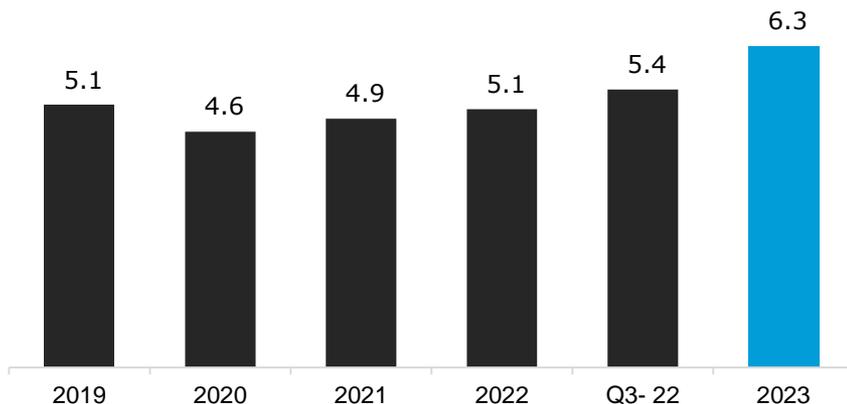
Gross Loans – Sector Breakdown

31 December 2023



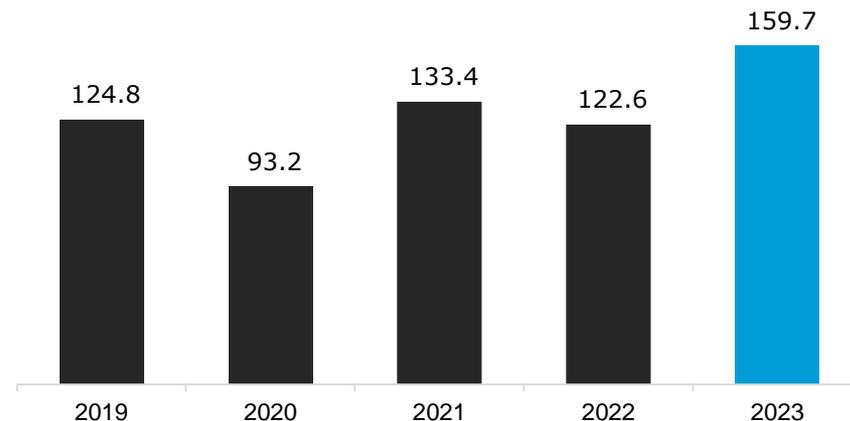
Segment Assets

AED Billion



Total Operating Income

AED Million



THANK YOU



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04

APPENDIX

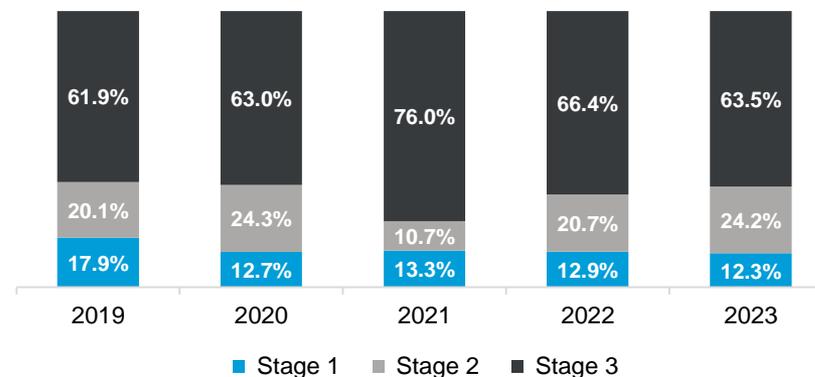


IFRS 9 – EXPOSURE AND ECL MIX

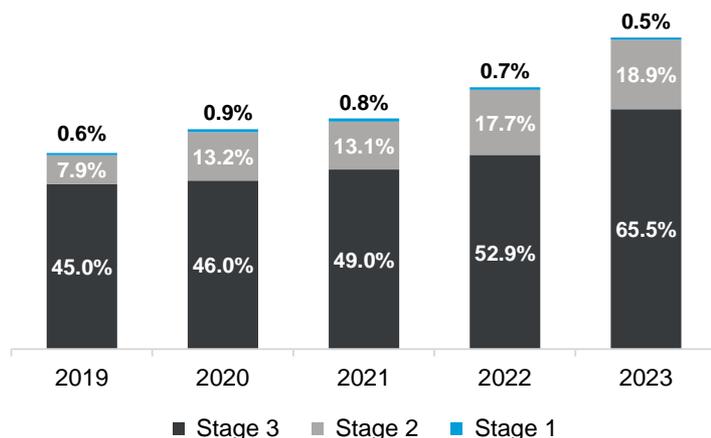
Overview

- The principal factors contributing to the movement are :
 - (i) Movement in total outstanding balances [funded + unfunded + limits impact]
 - (ii) Change in risk ratings
 - (iii) Term structure of contracts
 - (iv) DPD changes and
 - (v) Moody's change in the default rates during the quarter

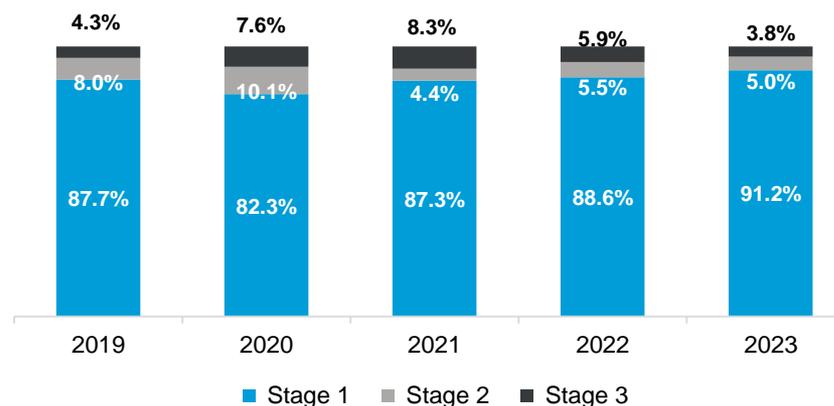
ECL Mix



ECL Rate



Exposure Mix*



* Exposure includes Loans and Advances, Acceptances, Unfunded, Due From Banks and Investments where Stage 2 & 3 mix is 8.8%. Loans & Advances including Acceptances only has a Stage 2 & 3 mix of 12.5%.