

National Bank of Fujairah PJSC
Condensed consolidated interim financial information
For the six month period ended
30 June 2025

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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 30 June 2025 and the related condensed consolidated interim statements of income and comprehensive income for the three-month and six-month periods then ended and the condensed consolidated statements of cash flows and changes in equity and for the six-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.

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
31 July 2025

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 30 June 2025

| | | 30 June 2025 AED'000 Unaudited | 31 December 2024 AED'000 Audited |
|--|-------|---|---|
| | Notes | | |
| Assets | | | |
| Cash and balances with the Central Bank of the UAE | 5 | 14,049,220 | 14,391,244 |
| Due from banks and financial institutions | 6 | 1,827,227 | 2,229,905 |
| Investments and Islamic instruments - fair value | 7 | 3,989,011 | 3,262,178 |
| Investments and Islamic instruments - amortised cost | 7 | 6,294,496 | 6,183,631 |
| Loans and advances and Islamic financing receivables | 8 | 35,720,644 | 32,392,174 |
| Acceptances | | 1,113,094 | 1,302,132 |
| Other assets | | 730,555 | 539,992 |
| Property and equipment | | 385,858 | 378,389 |
| Intangibles | | 217,868 | 199,423 |
| Total assets | | 64,327,973 | 60,879,068 |
| Liabilities | | | |
| Due to banks | 11 | 1,860,448 | 1,043,520 |
| Customer deposits and Islamic customer deposits | 12 | 47,602,372 | 45,757,020 |
| Repurchase agreements | 11 | 4,007,873 | 3,527,962 |
| Term borrowings | 11 | 899,885 | 808,060 |
| Acceptances | | 1,117,272 | 1,306,664 |
| Other liabilities | | 1,702,364 | 1,580,167 |
| Total liabilities | | 57,190,214 | 54,023,393 |
| Equity | | | |
| Share capital | 13.1 | 2,580,412 | 2,580,412 |
| Statutory reserve | | 1,709,784 | 1,709,784 |
| Special reserve | | 764,977 | 764,977 |
| Fair value reserve | | 73,972 | 32,567 |
| Cash flow hedge reserve | | 2,747 | 565 |
| Proposed cash dividends | 13.2 | - | 387,062 |
| Retained earnings | | 2,005,867 | 1,380,308 |
| Total equity attributable to equity and securities holders of the Group | | 7,137,759 | 6,855,675 |
| Total liabilities and equity | | 64,327,973 | 60,879,068 |

This condensed consolidated interim financial information was approved by the Board of Directors on 31 July 2025 and was signed on its behalf by:



Adnan Anwar

Chief Executive Officer



Brian Mulholland

Chief Financial Officer

The notes on pages 7 to 42 form an integral part of the condensed consolidated interim financial information. The independent auditor's review report of the condensed consolidated interim financial information is set out on page 1.

National Bank of Fujairah PJSC

Condensed consolidated interim statement of income – (Unaudited)

For the six month period ended 30 June 2025

| | | Three month period ended 30 June 2025 AED'000 | Three month period ended 30 June 2024 AED'000 | Six month period ended 30 June 2025 AED'000 | Six month period ended 30 June 2024 AED'000 |
|--|----|---|---|---|---|
| Notes | | | | | |
| Interest income and income from Islamic financing and investment activities | | 860,976 | 814,276 | 1,697,040 | 1,623,935 |
| Interest expense and distribution to Islamic depositors | | (389,434) | (380,267) | (770,927) | (741,480) |
| Net interest income and net income from Islamic financing and investment activities | | 471,542 | 434,009 | 926,113 | 882,455 |
| Fees and commission income | | 145,275 | 115,653 | 290,140 | 236,170 |
| Fees and commission expense | | (17,390) | (12,624) | (29,501) | (23,008) |
| Net fees and commission income | | 127,885 | 103,029 | 260,639 | 213,162 |
| Foreign exchange and derivatives income | | 49,686 | 45,612 | 110,685 | 90,674 |
| Income from investments and Islamic instruments | | 5,694 | 609 | 8,127 | 1,407 |
| Other operating income | | 29,332 | 7,085 | 54,104 | 16,650 |
| Operating income | | 684,139 | 590,344 | 1,359,668 | 1,204,348 |
| Operating expenses | | | | | |
| Employee benefit expense | | (114,181) | (111,583) | (219,214) | (217,496) |
| Depreciation and amortization | | (12,797) | (10,196) | (25,288) | (20,035) |
| Other operating expenses | | (65,484) | (61,265) | (120,940) | (121,049) |
| Total operating expenses | | (192,462) | (183,044) | (365,442) | (358,580) |
| Operating profit before impairment losses and tax | | 491,677 | 407,300 | 994,226 | 845,768 |
| Net impairment losses | 14 | (141,300) | (197,163) | (306,602) | (360,853) |
| Profit for the period before tax | | 350,377 | 210,137 | 687,624 | 484,915 |
| Tax | 20 | (31,812) | (20,039) | (62,245) | (43,762) |
| Profit for the period after tax | | 318,565 | 190,098 | 625,379 | 441,153 |
| Earnings per share (basic and diluted) | 15 | AED 0.123 | AED 0.059 | AED 0.242 | AED 0.156 |

The notes on pages 7 to 42 form an integral part of the condensed consolidated interim financial information.
The independent auditor's review report of the condensed consolidated interim financial information is set out on page 1.

National Bank of Fujairah PJSC

Condensed consolidated interim statement of comprehensive income – (Unaudited)

For the six month period ended 30 June 2025

| | Three month period ended 30 June 2025 AED'000 | Three month period ended 30 June 2024 AED'000 | Six month period ended 30 June 2025 AED'000 | Six month period ended 30 June 2024 AED'000 |
|--|---|---|---|---|
| Profit for the period after tax | 318,565 | 190,098 | 625,379 | 441,153 |
| Other comprehensive income / (loss) | | | | |
| Items that will not be reclassified subsequently to the statement of income: | | | | |
| Net change in fair value | - | - | - | (2,004) |
| Tax | - | - | (180) | 180 |
| Other comprehensive loss of the items that will not be reclassified subsequently to the statement of income | - | - | (180) | (1,824) |
| Items that may be reclassified subsequently to statement of income: | | | | |
| Movement in fair value reserve (debt instruments): | | | | |
| -Net change in fair value | 25,059 | 1,234 | 54,674 | (2,182) |
| -Net change in allowances for impairment | 93 | (664) | (903) | (3,308) |
| -Net amount transferred to the statement of income | (5,679) | (987) | (7,889) | (1,861) |
| Net change in fair value on cash flow hedges | 900 | (958) | 2,182 | (4,308) |
| Deferred tax | (1,807) | 124 | (4,297) | 1,049 |
| Other comprehensive income / (loss) of the items that may be reclassified subsequently to statement of income | 18,566 | (1,251) | 43,767 | (10,610) |
| Other comprehensive income / (loss) for the period | 18,566 | (1,251) | 43,587 | (12,434) |
| Total comprehensive income for the period | 337,131 | 188,847 | 668,966 | 428,719 |

The notes on pages 7 to 42 form an integral part of the condensed consolidated interim financial information.
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National Bank of Fujairah PJSC

Condensed consolidated interim statement of cash flows – (Unaudited)

For the six month period ended 30 June 2025

| | Notes | Six month period ended 30 June 2025 AED'000 | Six month period ended 30 June 2024 AED'000 |
|---|-------|--|--|
| Operating activities | | | |
| Profit for the period before tax | | 687,624 | 484,915 |
| Adjustments for: | | | |
| Depreciation and amortization | | 25,288 | 20,035 |
| Gain on disposal of property, plant and equipment | | (161) | - |
| Provision for employee end of service and other long term benefits | | 12,884 | 13,569 |
| Net impairment losses | 14 | 306,602 | 360,853 |
| Tax | 20 | (62,245) | (43,762) |
| Net fair value gain on disposal of investments and Islamic instruments | | (8,195) | (2,027) |
| Net changes in fair value of investments | | 68 | 620 |
| Cash flow from operating activities before changes in operating assets and liabilities and payment of employee end of service and other long term benefits | | 961,865 | 834,203 |
| Payment of employee end of service and other long term benefits | | (12,066) | (10,480) |
| Change in due from the Central Bank of the UAE | | (370,409) | (1,801,782) |
| Change in due from banks and financial institutions | | 238,118 | (357,897) |
| Change in loans and advances and Islamic financing receivables | | (3,626,609) | (1,903,748) |
| Change in acceptances and other assets | | (1,171) | (123,559) |
| Change in due to banks | | 816,928 | (132,327) |
| Change in repurchase agreements | | 479,911 | 620,707 |
| Change in customer deposits and Islamic customer deposits | | 1,845,352 | 3,022,220 |
| Change in acceptances and other liabilities | | (78,699) | 125,007 |
| Net cash generated from operating activities | | 253,220 | 272,344 |
| Investing activities | | | |
| Purchase of property, equipment and intangibles | | (51,202) | (47,508) |
| Proceeds from sale of property, plant and equipment | | 161 | - |
| Purchase of investments and Islamic instruments | | (2,219,280) | (1,487,762) |
| Proceeds from sale and maturity of investments and Islamic instruments | | 1,434,140 | 765,437 |
| Net cash used in investing activities | | (836,181) | (769,833) |
| Financing activities | | | |
| Cash dividends paid | | (387,062) | (212,000) |
| Proceeds from term borrowings | | 91,825 | 275,475 |
| Repayment of term borrowings | | - | (183,650) |
| Tier 1 capital securities coupon paid | | - | (37,763) |
| Net cash used in financing activities | | (295,237) | (157,938) |
| Net change in cash and cash equivalents | | (878,198) | (655,427) |
| Cash and cash equivalents at beginning of the period | | 4,229,759 | 2,532,848 |
| Cash and cash equivalents at end of the period | 18 | 3,351,561 | 1,877,421 |

The notes on pages 7 to 42 form an integral part of the condensed consolidated interim financial information.
The independent auditor's review report of the condensed consolidated interim financial information is set out on page 1.

National Bank of Fujairah PJSC

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

For the six month period ended 30 June 2025

| AED'000 | Share capital | Statutory reserve | Special reserve | Fair value reserve | Cash flow hedge reserve | Proposed dividends | Retained earnings | Tier 1 capital securities | Total |
|---|------------------|-------------------|-----------------|--------------------|-------------------------|--------------------|-------------------|---------------------------|------------------|
| 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 | - | - | - | - | - | - | 625,379 | - | 625,379 |
| Other comprehensive income for the period | - | - | - | 41,405 | 2,182 | - | 180 | - | 43,767 |
| Total comprehensive income for the period | - | - | - | 41,405 | 2,182 | - | 625,559 | - | 669,146 |
| 2024 cash dividends paid | - | - | - | - | - | (387,062) | - | - | (387,062) |
| At 30 June 2025 | 2,580,412 | 1,709,784 | 764,977 | 73,972 | 2,747 | - | 2,005,867 | - | 7,137,759 |
| At 1 January 2024 | 2,120,000 | 1,054,121 | 679,967 | 14,408 | (1,230) | 318,000 | 1,095,790 | 1,285,550 | 6,566,606 |
| Profit for the period after tax | - | - | - | - | - | - | 441,153 | - | 441,153 |
| Other comprehensive (loss) / income for the period | - | - | - | (8,126) | (4,308) | - | 1,974 | - | (10,460) |
| Total comprehensive (loss) / income for the period | - | - | - | (8,126) | (4,308) | - | 443,127 | - | 430,693 |
| Tier 1 capital securities coupon paid | - | - | - | - | - | - | (37,763) | - | (37,763) |
| 2023 bonus shares issued | 106,000 | - | - | - | - | (106,000) | - | - | - |
| 2023 cash dividends paid | - | - | - | - | - | (212,000) | - | - | (212,000) |
| At 30 June 2024 | 2,226,000 | 1,054,121 | 679,967 | 6,282 | (5,538) | - | 1,501,154 | 1,285,550 | 6,747,536 |

The notes on pages 7 to 42 form an integral part of the condensed consolidated interim financial information.

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

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the six month period ended 30 June 2025

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 (UAE). 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 30 June 2025 were:

| Name | The percentage of shares owned from the Bank's capital |
|---|--|
| Department of Industry and Economy - Government of Fujairah | 49.45% |
| Easa Saleh Al Gurg LLC | 18.54% |
| Investment Corporation of Dubai | 7.54% |

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

The Bank has two fully owned subsidiary companies:

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

The condensed consolidated interim financial information for the six month period ended 30 June 2025 comprise the Bank and its subsidiaries (together referred to as 'the Group').

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

2. Basis of preparation

Statement of compliance

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

This condensed consolidated interim financial information does not include all the information and disclosures required for full annual consolidated financial statements prepared in accordance with IFRS Accounting Standards and should be read in conjunction with the Group's consolidated financial statements as at and for the year ended 31 December 2024.

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the six month period ended 30 June 2025 (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 2024 except for the new judgements and estimates explained in Note 3.

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 2024, except for the adoption of the new applicable standards and amendments to the published standards effective as of 01 January 2025.

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

The following new and revised IFRS accounting standards, which became effective for annual periods beginning on or after 1 January 2025, have been adopted in these consolidated financial statements. The application of these revised IFRS accounting standards have not had any material impact on the amounts reported for the current and prior periods. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

| Descriptions | Effective from |
|--|----------------|
| • Amendments to IAS 21 - Lack of Exchangeability | 1 January 2025 |
| • IFRS 18, 'Presentation and Disclosure in Financial Statements' | 1 January 2025 |

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

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2025 and earlier application is permitted; however, the Group has not early adopted them in preparing this condensed consolidated interim financial information. The Group is constantly assessing the impact of these standards, interpretations and amendments on the future financial statements and intends to adopt these, if applicable, when they become effective.

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the six month period ended 30 June 2025 (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 2024.

(a) Fair value measurement principles

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the six month period ended 30 June 2025 (continued)

4. Financial risk management (continued)

(b) Fair value hierarchy

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

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

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

Fair value measurement – fair value hierarchy:

| 30 June 2025 (Unaudited) AED'000 | Notional | Level 1 | Level 2 | Level 3 |
|---------------------------------------|------------|-----------|---------|---------|
| Investments and Islamic instruments | | | | |
| Debt securities / Islamic sukuku | 3,354,259 | 3,354,259 | - | - |
| Other investments | 644,117 | 642,572 | 1,545 | - |
| Forward foreign exchange contracts | 29,508,386 | - | 26,697 | - |
| Currency options | 1,132,114 | - | - | - |
| Interest rate derivatives | 2,952,281 | - | 4,342 | - |
| Commodity derivatives | 345,406 | - | 2,526 | - |
| 31 December 2024 (Audited) AED'000 | Notional | Level 1 | Level 2 | Level 3 |
| Investments and Islamic instruments | | | | |
| Debt securities / Islamic sukuku | 2,658,865 | 2,658,865 | - | - |
| Other investments | 611,775 | 610,263 | 1,512 | - |
| Forward foreign exchange contracts | 21,591,701 | - | 5,040 | - |
| Currency options | 1,731,652 | - | 25 | - |
| Interest rate derivatives | 3,111,350 | - | 5,491 | - |
| Commodity derivatives | 437,239 | - | 513 | - |

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the six month period ended 30 June 2025 (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 sukuk 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 | 30 June 2025 (Unaudited) | | | | 31 December 2024 (Audited) | | | |
|---------------------------------------|--------------------------|------------------------|------------------------|---------------|----------------------------|------------------------|------------------------|---------------|
| | Notional | Positive fair value | Negative fair value | Net | Notional | Positive fair value | Negative fair value | Net |
| Derivatives | | | | | | | | |
| Forward foreign exchange contracts | 29,508,386 | 106,433 | 79,736 | 26,697 | 21,591,701 | 49,713 | 44,673 | 5,040 |
| Currency options | 1,132,114 | 12,870 | 12,870 | - | 1,731,652 | 4,913 | 4,888 | 25 |
| Interest rate derivatives | 2,952,281 | 13,799 | 9,457 | 4,342 | 3,111,350 | 32,975 | 27,484 | 5,491 |
| Commodity derivatives | 345,406 | 5,344 | 2,818 | 2,526 | 437,239 | 2,537 | 2,024 | 513 |
| Total | 33,938,187 | 138,446 | 104,881 | 33,565 | 26,871,942 | 90,138 | 79,069 | 11,069 |

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the six month period ended 30 June 2025 (continued)

4. Financial risk management (continued)

(d) Assets and liabilities

Classification and measurement

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

| 30 June 2025 (Unaudited) | At fair value through profit or loss | At fair value through other comprehensive income | Amortised cost | Total |
|---|--|---|-------------------|-------------------|
| AED'000 | | | | |
| Assets | | | | |
| Cash and balances with the Central Bank of the UAE | - | - | 14,049,220 | 14,049,220 |
| Due from banks and financial institutions | - | - | 1,827,227 | 1,827,227 |
| Investments and Islamic instruments | 465 | 3,988,546 | 6,294,496 | 10,283,507 |
| Loans and advances and Islamic financing receivables | - | - | 35,720,644 | 35,720,644 |
| Acceptances and other assets | - | - | 1,843,649 | 1,843,649 |
| Property and equipment and intangibles | - | - | 603,726 | 603,726 |
| Total assets | 465 | 3,988,546 | 60,338,962 | 64,327,973 |
| Liabilities | | | | |
| Due to banks | - | - | 1,860,448 | 1,860,448 |
| Customer deposits and Islamic customer deposits | - | - | 47,602,372 | 47,602,372 |
| Repurchase agreements | - | - | 4,007,873 | 4,007,873 |
| Term borrowings | - | - | 899,885 | 899,885 |
| Acceptances and other liabilities | - | - | 2,819,636 | 2,819,636 |
| Total liabilities | - | - | 57,190,214 | 57,190,214 |

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the six month period ended 30 June 2025 (continued)

4. Financial risk management (continued)

(d) Assets and liabilities (continued)

| 31 December 2024 (Audited) AED'000 | At fair value through profit or loss | At fair value through other comprehensive income | Amortised cost | Total |
|--|--|---|-------------------|-------------------|
| Assets | | | | |
| Cash and balances with the Central Bank of the UAE | - | - | 14,391,244 | 14,391,244 |
| Due from banks and financial institutions | - | - | 2,229,905 | 2,229,905 |
| Investments and Islamic instruments | 432 | 3,261,746 | 6,183,631 | 9,445,809 |
| Loans and advances and Islamic financing receivables | - | - | 32,392,174 | 32,392,174 |
| Acceptances and other assets | - | - | 1,842,124 | 1,842,124 |
| Property and equipment and intangibles | - | - | 577,812 | 577,812 |
| Total assets | 432 | 3,261,746 | 57,616,890 | 60,879,068 |
| Liabilities | | | | |
| Due to banks | - | - | 1,043,520 | 1,043,520 |
| Customer deposits and Islamic customer deposits | - | - | 45,757,020 | 45,757,020 |
| Repurchase agreements | - | - | 3,527,962 | 3,527,962 |
| Term borrowings | - | - | 808,060 | 808,060 |
| Acceptances and other liabilities | - | - | 2,886,831 | 2,886,831 |
| Total liabilities | - | - | 54,023,393 | 54,023,393 |

Fair value of investments and Islamic instruments measured at amortised cost amounted to [AED 6,296.2 million](#) (31 December 2024: AED 6,075.6 million). Management considers that the carrying amounts of all other financial assets and financial liabilities measured at amortised cost in this condensed consolidated interim financial information approximate their fair values.

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

(e) Market risk

Derivative financial instruments

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

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

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

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Notes to the condensed consolidated interim financial information

For the six month period ended 30 June 2025 (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 513.4 million (31 December 2024: AED 501.4 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 |
|---|--------------|-------------|----------------|
| 30 June 2025 (Unaudited) | | | |
| AED'000 | | | |
| Derivatives held as cash flow hedges | | | |
| Interest rate swaps | 3,148 | 401 | 513,420 |
| Total derivative financial instruments | 3,148 | 401 | 513,420 |
| Hedging instrument | | | |
| 31 December 2024 (Audited) | | | |
| AED'000 | | | |
| Derivatives held as cash flow hedges | | | |
| Interest rate swaps | 565 | - | 501,418 |
| Total derivative financial instruments | 565 | - | 501,418 |

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Notes to the condensed consolidated interim financial information

For the six month period ended 30 June 2025 (continued)

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

| | 30 June 2025 AED'000 Unaudited | 31 December 2024 AED'000 Audited |
|--|---|---|
| Cash on hand | 356,091 | 316,466 |
| Certificates of Deposit (CDs) with the Central Bank of the UAE | 10,455,440 | 11,307,530 |
| Regulatory cash reserve deposit | 3,237,689 | 2,767,248 |
| | <u>14,049,220</u> | <u>14,391,244</u> |

6. Due from banks and financial institutions

| | 30 June 2025 AED'000 Unaudited | 31 December 2024 AED'000 Audited |
|---|---|---|
| 6.1 By type | | |
| Placements | 257,110 | 606,045 |
| Current accounts / term deposits | 780,145 | 823,596 |
| Bills discounted | 794,066 | 805,565 |
| | <u>1,831,321</u> | <u>2,235,206</u> |
| Less: Allowances for impairment (ECL) (note 10) | (4,094) | (5,301) |
| | <u>1,827,227</u> | <u>2,229,905</u> |

Placements include a Wakala placement amounting to AED nil (31 December 2024: AED nil) undertaken through a Shari'ah - compliant Islamic window, NBF Islamic.

Current accounts / term deposits include cash collateral of AED 13.4 million (31 December 2024: AED 8.3 million) in respect of negative fair value of derivatives, in accordance with the agreements with interbank counterparties.

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

6.2 By currency

| | 30 June 2025 AED'000 Unaudited | 31 December 2024 AED'000 Audited |
|---|---|---|
| AED | 178,339 | 197,590 |
| USD | 1,275,829 | 1,763,064 |
| EUR | 58,548 | 53,517 |
| GBP | 5,692 | 16,975 |
| XAU | 13,380 | 33,389 |
| Others | 299,533 | 170,671 |
| | <u>1,831,321</u> | <u>2,235,206</u> |
| Less: Allowances for impairment (ECL) (note 10) | (4,094) | (5,301) |
| | <u>1,827,227</u> | <u>2,229,905</u> |

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the six month period ended 30 June 2025 (continued)

6. Due from banks and financial institutions (continued)

6.3 By geographical area

| | 30 June 2025 AED'000 Unaudited | 31 December 2024 AED'000 Audited |
|---|---|---|
| UAE | 280,957 | 386,913 |
| GCC | 511,857 | 446,194 |
| Europe | 192,183 | 441,413 |
| Americas | 333,423 | 476,246 |
| Others | 512,901 | 484,440 |
| | 1,831,321 | 2,235,206 |
| Less: Allowances for impairment (ECL) (note 10) | (4,094) | (5,301) |
| | 1,827,227 | 2,229,905 |

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

| | 30 June 2025 AED'000 Unaudited | 31 December 2024 AED'000 Audited |
|---|---|---|
| UAE | 267,816 | 444,218 |
| GCC | 451,302 | 409,531 |
| Europe | 551,756 | 701,935 |
| Americas | 85,928 | 274,523 |
| Others | 474,519 | 404,999 |
| | 1,831,321 | 2,235,206 |
| Less: Allowances for impairment (ECL) (note 10) | (4,094) | (5,301) |
| | 1,827,227 | 2,229,905 |

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the six month period ended 30 June 2025 (continued)

6. Due from banks and financial institutions (continued)

6.4 Based on external credit ratings

| | 30 June 2025 AED'000 Unaudited | 31 December 2024 AED'000 Audited |
|---|---|---|
| AAA | - | 110,190 |
| AA | 15,288 | 2,472 |
| AA- | 185,126 | 31,824 |
| A+ | 86,682 | 265,484 |
| A | 880,678 | 876,166 |
| BBB+ | 67,845 | 396,658 |
| BBB | 5,489 | 10,326 |
| BBB- and below | 590,213 | 542,086 |
| | 1,831,321 | 2,235,206 |
| Less: Allowances for impairment (ECL) (note 10) | (4,094) | (5,301) |
| | 1,827,227 | 2,229,905 |

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:

| 30 June 2025 (Unaudited) | | | | |
|---|------------------|----------|----------|------------------|
| AED'000 | Stage 1 | Stage 2 | Stage 3 | Total |
| Outstanding balance | 1,834,560 | - | - | 1,834,560 |
| Allowances for impairment (ECL) (note 10) | (4,094) | - | - | (4,094) |
| Carrying amount | 1,830,466 | - | - | 1,830,466 |

| 31 December 2024 (Audited) | | | | |
|---|------------------|----------|----------|------------------|
| AED'000 | Stage 1 | Stage 2 | Stage 3 | Total |
| Outstanding balance | 2,253,905 | - | - | 2,253,905 |
| Allowances for impairment (ECL) (note 10) | (5,301) | - | - | (5,301) |
| Carrying amount | 2,248,604 | - | - | 2,248,604 |

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 six month period ended 30 June 2025 (continued)

7. Investments and Islamic instruments

| | 30 June 2025 AED'000 Unaudited | 31 December 2024 AED'000 Audited |
|---|---|---|
| Investments at fair value through profit or loss (FVTPL) (note 7.1) | 465 | 432 |
| Investments at fair value through other comprehensive income (FVOCI) | | |
| Debt securities / Islamic sukuks (note 7.2) | 3,354,259 | 2,658,865 |
| Other investments / Islamic instruments (note 7.3) | 643,652 | 611,343 |
| | 3,997,911 | 3,270,208 |
| Less: Allowances for impairment (ECL) (note 10) | (9,365) | (8,462) |
| Investments at fair value through other comprehensive income (FVOCI) | 3,988,546 | 3,261,746 |
| Investments - fair value | 3,989,011 | 3,262,178 |
| Investments measured at amortised cost | | |
| Debt securities / Islamic sukuks (note 7.2) | 6,307,018 | 6,197,900 |
| Less: Allowances for impairment (ECL) (note 10) | (12,522) | (14,269) |
| Investments measured at amortised cost | 6,294,496 | 6,183,631 |
| | 10,283,507 | 9,445,809 |

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

7.2 Debt securities aggregating **AED 9,488.0 million** (31 December 2024: AED 8,621.8 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 5.3 million** (31 December 2024: AED 235.9 million).

Debt securities portfolio include Islamic sukuks amounting to **AED 1,246.9 million** (31 December 2024: AED 1,076.0 million).

Debt securities portfolio include additional tier 1 perpetual bonds of **AED 173.2 million** (31 December 2024: AED 194.6 million).

7.3 Other investments include various funds whose fair values are based on the net asset values provided by the fund managers, amounting to **AED 642.6 million** (31 December 2024: AED 610.3 million). No shares were purchased by the Bank during the period (31 December 2024: nil).

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Notes to the condensed consolidated interim financial information

For the six month period ended 30 June 2025 (continued)

7. Investments and Islamic instruments (continued)

7.4 The dispersion of the investment portfolio is as follows:

| | 30 June 2025 AED'000 Unaudited | 31 December 2024 AED'000 Audited |
|---|---|---|
| Government | 2,894,366 | 3,059,622 |
| Banks and financial institutions | 6,766,913 | 5,797,143 |
| Others | 644,115 | 611,775 |
| | 10,305,394 | 9,468,540 |
| Less: Allowances for impairment (ECL) (note 10) | (21,887) | (22,731) |
| | 10,283,507 | 9,445,809 |

7.5 By geographical area

| | 30 June 2025 AED'000 Unaudited | 31 December 2024 AED'000 Audited |
|---|---|---|
| UAE | 2,259,802 | 2,201,665 |
| GCC | 882,910 | 726,665 |
| Europe | 3,225,754 | 2,919,303 |
| Americas | 2,853,180 | 2,552,487 |
| Others | 1,083,748 | 1,068,420 |
| | 10,305,394 | 9,468,540 |
| Less: Allowances for impairment (ECL) (note 10) | (21,887) | (22,731) |
| | 10,283,507 | 9,445,809 |

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

| | 30 June 2025 AED'000 Unaudited | 31 December 2024 AED'000 Audited |
|---|---|---|
| UAE | 2,602,344 | 2,575,940 |
| GCC | 1,495,657 | 1,092,094 |
| Europe | 3,013,590 | 2,726,974 |
| Americas | 1,902,867 | 1,652,635 |
| Others | 1,290,936 | 1,420,897 |
| | 10,305,394 | 9,468,540 |
| Less: Allowances for impairment (ECL) (note 10) | (21,887) | (22,731) |
| | 10,283,507 | 9,445,809 |

Others include investments in multilateral development banks amounting to AED 206.7 million (31 December 2024: AED 348.2 million).

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Notes to the condensed consolidated interim financial information

For the six month period ended 30 June 2025 (continued)

7. Investments and Islamic instruments (continued)

7.6 By currency

| | 30 June 2025 AED'000 Unaudited | 31 December 2024 AED'000 Audited |
|---|---|---|
| AED | 62,039 | 232,185 |
| USD | 10,094,881 | 9,078,028 |
| EUR | 107,533 | 94,537 |
| GBP | 15,523 | - |
| SGD | - | 40,390 |
| JPY | 25,418 | 23,400 |
| | <u>10,305,394</u> | <u>9,468,540</u> |
| Less: Allowances for impairment (ECL) (note 10) | <u>(21,887)</u> | <u>(22,731)</u> |
| | <u>10,283,507</u> | <u>9,445,809</u> |

7.7 Based on external credit rating

| 30 June 2025 (Unaudited) AED'000 | Debt securities / Islamic sukuku | Other investments | Total |
|--|-------------------------------------|-------------------|-------------------|
| AAA | 89,583 | - | 89,583 |
| AA | 1,367,014 | - | 1,367,014 |
| AA- | 602,624 | - | 602,624 |
| A+ | 997,353 | 122,116 | 1,119,469 |
| A | 592,587 | 520,456 | 1,113,043 |
| A- | 2,550,552 | - | 2,550,552 |
| BBB+ | 2,620,896 | - | 2,620,896 |
| BBB | 473,644 | - | 473,644 |
| BBB- and below | 367,024 | 1,545 | 368,569 |
| Less: Allowances for impairment (ECL) (note 10) | <u>(20,000)</u> | <u>(1,887)</u> | <u>(21,887)</u> |
| | <u>9,641,277</u> | <u>642,230</u> | <u>10,283,507</u> |

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Notes to the condensed consolidated interim financial information

For the six month period ended 30 June 2025 (continued)

7. Investments and Islamic instruments (continued)

7.7 Based on external credit rating (continued)

| 31 December 2024 (Audited) AED'000 | Debt securities / Islamic sukuk | Other investments | Total |
|--|------------------------------------|-------------------|------------------|
| AAA | 129,133 | - | 129,133 |
| AA | 1,612,048 | - | 1,612,048 |
| AA- | 657,572 | - | 657,572 |
| A+ | 684,256 | 117,887 | 802,143 |
| A | 578,512 | 492,376 | 1,070,888 |
| A- | 2,158,700 | - | 2,158,700 |
| BBB+ | 2,297,044 | - | 2,297,044 |
| BBB | 417,471 | - | 417,471 |
| BBB- and below | 322,029 | 1,512 | 323,541 |
| Less: Allowances for impairment (ECL) (note 10) | (19,907) | (2,824) | (22,731) |
| | 8,836,858 | 608,951 | 9,445,809 |

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

7.8 Debt investments and Islamic instruments stage-wise analysis

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

| 30 June 2025 (Unaudited) AED'000 | Stage 1 | Stage 2 | Stage 3 | Total |
|---|-------------------|----------|----------|-------------------|
| Outstanding balance | 10,303,849 | - | - | 10,303,849 |
| Allowances for impairment (ECL) (note 10) | (21,887) | - | - | (21,887) |
| Carrying amount | 10,281,962 | - | - | 10,281,962 |

| 31 December 2024 (Audited) AED'000 | Stage 1 | Stage 2 | Stage 3 | Total |
|---|------------------|----------|----------|------------------|
| Outstanding balance | 9,467,028 | - | - | 9,467,028 |
| Allowances for impairment (ECL) (note 10) | (22,731) | - | - | (22,731) |
| Carrying amount | 9,444,297 | - | - | 9,444,297 |

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.

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Notes to the condensed consolidated interim financial information

For the six month period ended 30 June 2025 (continued)

8. Loans and advances and Islamic financing receivables

| | 30 June 2025 AED'000 Unaudited | 31 December 2024 AED'000 Audited |
|---|---|---|
| 8.1 By type | | |
| Overdrafts | 1,755,085 | 1,758,637 |
| Term loans | 29,260,980 | 26,276,878 |
| Loans against trust receipts | 4,648,518 | 4,309,984 |
| Bills discounted | 2,031,248 | 1,869,600 |
| Bills drawn under letters of credit | 363,617 | 287,115 |
| Gross loans and advances and Islamic financing receivables | 38,059,448 | 34,502,214 |
| Allowances for impairment losses (ECL) (note 10) | (2,338,804) | (2,110,040) |
| Net loans and advances and Islamic financing receivables | 35,720,644 | 32,392,174 |

8.2 Loans and advances and Islamic financing receivables include Murabaha Tawarruq and Ijara financing activities amounting to **AED 5,106.4 million** (31 December 2024: AED 4,474.4 million) provided through a Shari'ah compliant Islamic window, NBF Islamic.

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

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

| 30 June 2025 (Unaudited) AED'000 | Stage 1 | Stage 2 | Stage 3 | Total |
|---|-------------------|------------------|----------------|-------------------|
| Outstanding balance | 34,904,495 | 1,685,109 | 2,012,489 | 38,602,093 |
| Allowances for impairment (ECL) (note 10) | (267,308) | (453,604) | (1,617,892) | (2,338,804) |
| Carrying amount | 34,637,187 | 1,231,505 | 394,597 | 36,263,289 |
| 31 December 2024 (Audited) AED'000 | Stage 1 | Stage 2 | Stage 3 | Total |
| Outstanding balance | 31,203,824 | 1,807,164 | 1,976,030 | 34,987,018 |
| Allowances for impairment (ECL) (note 10) | (248,990) | (336,035) | (1,525,015) | (2,110,040) |
| Carrying amount | 30,954,834 | 1,471,129 | 451,015 | 32,876,978 |

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Notes to the condensed consolidated interim financial information

For the six month period ended 30 June 2025 (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 2024 | 31,203,824 | 1,807,164 | 1,976,030 | 34,987,018 |
| Transferred from Stage 1 | (268,912) | 236,489 | 32,423 | - |
| Transferred from Stage 2 | 124,110 | (161,622) | 37,512 | - |
| Transferred from Stage 3 | - | 231 | (231) | - |
| Other changes in underlying portfolios during the period | 3,845,473 | (197,153) | 36,132 | 3,684,452 |
| Written-off during the period | - | - | (69,377) | (69,377) |
| Gross carrying amount – 30 June 2025 | 34,904,495 | 1,685,109 | 2,012,489 | 38,602,093 |

| Outstanding balance (Audited) AED'000 | Stage 1 | Stage 2 | Stage 3 | Total |
|--|-------------------|------------------|------------------|-------------------|
| Gross carrying amount – 31 December 2023 | 26,259,891 | 2,207,549 | 1,679,876 | 30,147,316 |
| Transferred from Stage 1 | (593,516) | 477,796 | 115,720 | - |
| Transferred from Stage 2 | 189,542 | (413,249) | 223,707 | - |
| Transferred from Stage 3 | - | 981 | (981) | - |
| Other changes in underlying portfolios during the year | 5,347,907 | (465,913) | 251,156 | 5,133,150 |
| Written-off during the year | - | - | (293,448) | (293,448) |
| Gross carrying amount - 31 December 2024 | 31,203,824 | 1,807,164 | 1,976,030 | 34,987,018 |

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Notes to the condensed consolidated interim financial information

For the six month period ended 30 June 2025 (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 2024 | 248,990 | 336,035 | 1,525,015 | 2,110,040 |
| Transferred from Stage 1 | (6,626) | 20,096 | 36,279 | 49,749 |
| Transferred from Stage 2 | 1,148 | (8,684) | 26,502 | 18,966 |
| Transferred from Stage 3 | - | 14 | (229) | (215) |
| Net originated / (derecognized) during the period including changes in PDs / LGDs / EADs | 23,796 | 106,143 | 99,702 | 229,641 |
| Net allowance for impairment losses | 18,318 | 117,569 | 162,254 | 298,141 |
| Written-off during the period | - | - | (69,377) | (69,377) |
| ECL allowance – 30 June 2025 | 267,308 | 453,604 | 1,617,892 | 2,338,804 |

| ECL (Audited) AED'000 | Stage 1 | Stage 2 | Stage 3 | Total |
|--|----------------|------------------|------------------|------------------|
| ECL allowance - 31 December 2023 | 188,434 | 458,984 | 1,085,637 | 1,733,055 |
| Transferred from Stage 1 | (8,084) | 28,336 | 80,217 | 100,469 |
| Transferred from Stage 2 | 5,184 | (62,952) | 138,479 | 80,711 |
| Transferred from Stage 3 | - | 87 | (582) | (495) |
| Net originated / (derecognized) during the year including changes in PDs / LGDs / EADs | 63,456 | (88,420) | 514,712 | 489,748 |
| Net allowance for impairment losses | 60,556 | (122,949) | 732,826 | 670,433 |
| Written-off during the year | - | - | (293,448) | (293,448) |
| ECL allowance - 31 December 2024 | 248,990 | 336,035 | 1,525,015 | 2,110,040 |

8.6 Risk mitigation, collateral and credit enhancements

In line with Basel, IFRS 9 standards and the Credit Risk Management Standards (CRMS) issued by the Central Bank of the UAE (CBUAE), NBF's Credit Risk Management Framework (CRMF) outlines the basis pertaining to the eligibility, valuation, roles and 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.

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Notes to the condensed consolidated interim financial information

For the six month period ended 30 June 2025 (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

| 30 June 2025 (Unaudited) | | | | |
|---------------------------------|-------------------|------------------|------------------|-------------------|
| AED'000 | Stage 1 | Stage 2 | Stage 3 | Total |
| RR 1-19 | | | | |
| Grade RR 1 – 17: Performing | 34,651,226 | 459,267 | - | 35,110,493 |
| Grade RR 18 – 19: Watchlist | 696 | 1,195,658 | - | 1,196,354 |
| Total – RR 1-19 | 34,651,922 | 1,654,925 | - | 36,306,847 |
| RR 20-22: Non-performing | - | - | 1,752,601 | 1,752,601 |
| Total | 34,651,922 | 1,654,925 | 1,752,601 | 38,059,448 |

| 31 December 2024 (Audited) | | | | |
|---------------------------------|-------------------|------------------|------------------|-------------------|
| AED'000 | Stage 1 | Stage 2 | Stage 3 | Total |
| RR 1-19 | | | | |
| Grade RR 1 – 17: Performing | 30,974,093 | 443,418 | - | 31,417,511 |
| Grade RR 18 – 19: Watchlist | - | 1,318,230 | - | 1,318,230 |
| Total – RR 1-19 | 30,974,093 | 1,761,648 | - | 32,735,741 |
| RR 20-22: Non-performing | - | - | 1,766,473 | 1,766,473 |
| Total | 30,974,093 | 1,761,648 | 1,766,473 | 34,502,214 |

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Notes to the condensed consolidated interim financial information

For the six month period ended 30 June 2025 (continued)

9. Contingent liabilities and commitments

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

| | 30 June 2025 AED'000 Unaudited | 31 December 2024 AED'000 Audited |
|--|---|---|
| Contingent liabilities: | | |
| – Letters of credit covering movement of goods | 1,404,843 | 1,783,426 |
| – Financial guarantees and other direct credit substitutes | 915,359 | 898,774 |
| – Bid bonds, performance bonds and other transaction related contingencies | 7,129,939 | 6,463,495 |
| | <u>9,450,141</u> | <u>9,145,695</u> |
| Commitments: | | |
| – Undrawn irrevocable commitments – credit related | 431,743 | 328,770 |
| – Commitments for future expenditure | 173,444 | 138,014 |
| | <u>605,187</u> | <u>466,784</u> |
| | <u>10,055,328</u> | <u>9,612,479</u> |

The total undrawn commitments which are revocable at the discretion of the Bank amount to [AED 17,044.9 million](#) (31 December 2024: AED 17,214.5 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 six month period ended 30 June 2025 (continued)

9. Contingent liabilities and commitments (continued)

9.1 Off balance sheet exposures stage-wise analysis

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

| | 30 June 2025 (Unaudited) | | | |
|---|--------------------------|----------------|---------------|------------------|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| AED'000 | | | | |
| Outstanding balance | 8,787,718 | 142,836 | 171,070 | 9,101,624 |
| Allowances for impairment (ECL) (note 10) | (30,894) | (7,009) | (127,529) | (165,432) |
| Carrying amount | 8,756,824 | 135,827 | 43,541 | 8,936,192 |

| | 31 December 2024 (Audited) | | | |
|---|----------------------------|----------------|---------------|------------------|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| AED'000 | | | | |
| Outstanding balance | 8,506,912 | 173,075 | 167,799 | 8,847,786 |
| Allowances for impairment (ECL) (note 10) | (28,118) | (5,281) | (121,166) | (154,565) |
| Carrying amount | 8,478,794 | 167,794 | 46,633 | 8,693,221 |

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 2024 | 8,506,912 | 173,075 | 167,799 | 8,847,786 |
| Transferred from Stage 1 | (14,314) | 7,841 | 6,473 | - |
| Transferred from Stage 2 | 2,002 | (5,099) | 3,097 | - |
| Transferred from Stage 3 | - | 1,090 | (1,090) | - |
| Originated / (expired) during the period | 293,118 | (34,071) | (5,209) | 253,838 |
| Written-off during the period | - | - | - | - |
| Gross carrying amount - 30 June 2025 | 8,787,718 | 142,836 | 171,070 | 9,101,624 |
| Outstanding balance (Audited) | Stage 1 | Stage 2 | Stage 3 | Total |
| AED'000 | | | | |
| Gross carrying amount - 31 December 2023 | 6,690,731 | 226,462 | 163,555 | 7,080,748 |
| Transferred from Stage 1 | (30,985) | 29,428 | 1,557 | - |
| Transferred from Stage 2 | 12,852 | (26,489) | 13,637 | - |
| Transferred from Stage 3 | - | - | - | - |
| Originated / (expired) during the year | 1,834,314 | (56,326) | (10,950) | 1,767,038 |
| Written-off during the year | - | - | - | - |
| Gross carrying amount - 31 December 2024 | 8,506,912 | 173,075 | 167,799 | 8,847,786 |

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the six month period ended 30 June 2025 (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 2024 | 28,118 | 5,281 | 121,166 | 154,565 |
| Transferred from Stage 1 | (181) | 76 | 5,281 | 5,176 |
| Transferred from Stage 2 | 7 | (179) | 3,029 | 2,857 |
| Transferred from Stage 3 | - | - | (836) | (836) |
| Net originated / expired during the period including changes in PDs / LGDs / EADs | 2,950 | 1,831 | (1,111) | 3,670 |
| Net allowance for impairment losses | 2,776 | 1,728 | 6,363 | 10,867 |
| Written-off during the period | - | - | - | - |
| ECL allowances - 30 June 2025 | 30,894 | 7,009 | 127,529 | 165,432 |

| ECL – AED '000 (Audited) | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---------------|--------------|----------------|----------------|
| ECL allowances - 31 December 2023 | 19,986 | 2,943 | 117,630 | 140,559 |
| Transferred from Stage 1 | (200) | 312 | 1,172 | 1,284 |
| Transferred from Stage 2 | 90 | (238) | 11,493 | 11,345 |
| Transferred from Stage 3 | - | - | - | - |
| Net originated / expired during the year including changes in PDs / LGDs / EADs | 8,242 | 2,264 | (9,129) | 1,377 |
| Net allowance for impairment losses | 8,132 | 2,338 | 3,536 | 14,006 |
| Written-off during the year | - | - | - | - |
| ECL allowances – 31 December 2024 | 28,118 | 5,281 | 121,166 | 154,565 |

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 six month period ended 30 June 2025 (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

30 June 2025 (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 | 1,617,892 | - | - | 12,501 | 127,529 | 1,757,922 | 80.0% |
| Stage 2 | 453,604 | - | - | 220 | 7,009 | 460,833 | 25.1% |
| Stage 1 | 267,308 | 4,094 | 21,887 | 2,257 | 30,894 | 326,440 | 0.6% |
| | 720,912 | 4,094 | 21,887 | 2,477 | 37,903 | 787,273 | |
| Total ECL | 2,338,804 | 4,094 | 21,887 | 14,978 | 165,432 | 2,545,195 | 4.2% |
| ECL rate | 6.1% | 0.2% | 0.2% | 1.3% | 1.8% | | |

AED' 000

31 December 2024 (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 | 1,525,015 | - | - | 12,832 | 121,166 | 1,659,013 | 76.9% |
| Stage 2 | 336,035 | - | - | 59 | 5,281 | 341,375 | 17.2% |
| Stage 1 | 248,990 | 5,301 | 22,731 | 2,442 | 28,118 | 307,582 | 0.6% |
| | 585,025 | 5,301 | 22,731 | 2,501 | 33,399 | 648,957 | |
| Total ECL | 2,110,040 | 5,301 | 22,731 | 15,333 | 154,565 | 2,307,970 | 4.1% |
| ECL rate | 6.0% | 0.2% | 0.2% | 1.2% | 1.7% | | |

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the six month period ended 30 June 2025 (continued)

11. Due to banks, repurchase agreements and term borrowings

| | 30 June 2025 AED'000 Unaudited | 31 December 2024 AED'000 Audited |
|------------------------------|---|---|
| <i>By type:</i> | | |
| Due to banks (note 11.1) | 1,860,448 | 1,043,520 |
| Repurchase agreements | 4,007,873 | 3,527,962 |
| Term borrowings (note 11.2) | 899,885 | 808,060 |
| | <u>6,768,206</u> | <u>5,379,542</u> |
| <i>By geographical area:</i> | | |
| UAE | 2,732,906 | 2,023,232 |
| Europe | 3,295,435 | 2,609,383 |
| Americas | 1,396 | 1,065 |
| Others | 738,469 | 745,862 |
| | <u>6,768,206</u> | <u>5,379,542</u> |

As at 30 June 2025, due to banks include cash collateral of AED 107.4 million (31 December 2024: AED 97.8 million), in respect of positive fair value of derivatives, in accordance with the agreements with the interbank counterparties.

Due to banks include a Wakala borrowing amounting to AED 367.3 million (31 December 2024: 548.7 million) undertaken through a Shari'ah - compliant Islamic window, NBF Islamic.

The investment securities under repurchase agreements amounted to AED 4,310 million (31 December 2024: AED 3,905.8 million).

11.1 Due to banks include gold related borrowings amounting to AED 217.4 million (31 December 2024: AED 191.8 million) utilized to finance gold loans extended to customers on a matched basis.

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

| Loan no. | Year obtained | Maturity | Interest rate | 30 June 2025 AED'000 Unaudited | 31 December 2024 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 | - |
| | | | | <u>899,885</u> | <u>808,060</u> |

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the six month period ended 30 June 2025 (continued)

12. Customer deposits and Islamic customer deposits

| | 30 June 2025 AED'000 Unaudited | 31 December 2024 AED'000 Audited |
|--------------------------------|---|---|
| <i>By type:</i> | | |
| Demand and margin deposits | 19,636,416 | 19,200,555 |
| Saving deposits | 808,560 | 588,958 |
| Fixed term and notice deposits | 27,157,396 | 25,967,507 |
| | <u>47,602,372</u> | <u>45,757,020</u> |
| <i>By geographical area:</i> | | |
| UAE | 43,995,950 | 41,946,028 |
| GCC | 1,259,573 | 1,224,892 |
| Europe | 1,026,994 | 1,333,426 |
| Americas | 1,044,138 | 1,054,238 |
| Others | 275,717 | 198,436 |
| | <u>47,602,372</u> | <u>45,757,020</u> |

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

| | 30 June 2025 AED'000 Unaudited | 31 December 2024 AED'000 Audited |
|-------------------------------|---|---|
| <i>By type:</i> | | |
| Qard Islamic current accounts | 878,029 | 728,394 |
| Murabaha deposits | 706,034 | 682,549 |
| Wakala deposits | 3,201,136 | 3,212,977 |
| Mudaraba deposits | 59,758 | 56,440 |
| | <u>4,844,957</u> | <u>4,680,360</u> |

13. Shareholders' equity

13.1 Share capital

| | 30 June 2025 AED'000 Unaudited | 31 December 2024 AED'000 Audited |
|--|---|---|
| <i>Authorised, issued and fully paid:</i> | | |
| 2,580,412,281 shares of AED 1 each (2024: 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 six month period ended 30 June 2025 (continued)

13. Shareholders' equity (continued)

13.2 Proposed cash dividends

The Board of Directors proposed a distribution of cash dividends of 15% of share capital for the year ended 31 December 2024. The distribution was approved by the shareholders at the Annual General Assembly Meeting held in March 2025.

14. Net impairment losses

| | 30 June 2025 AED'000 Unaudited | 30 June 2024 AED'000 Unaudited |
|--|---|---|
| Loans and advances and Islamic financing receivables, acceptances, other assets and off balance sheet items | 308,653 | 353,438 |
| Due from banks and financial institutions | (1,207) | 142 |
| Investments and Islamic instruments | (844) | 7,273 |
| | <u>306,602</u> | <u>360,853</u> |

15. Earnings per share

The calculation of earnings per share for the six month period ended 30 June 2025 is based on net profit of AED 625.4 million (30 June 2024: AED 403.4 million after deduction of AED 37.8 million of additional Tier 1 capital securities coupon payment) divided by the weighted average number of shares of 2,580.4 million (30 June 2024: 2,580.4 million shares) outstanding during the period.

The calculation of earnings per share for the three month period ended 30 June 2025 is based on net profit of AED 318.6 million (30 June 2024: net profit of AED 152.3 million after deduction of AED 37.8 million of additional Tier 1 capital securities coupon payment) divided by the weighted average number of shares of 2,580.4 million (30 June 2024: 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 and key management personnel. Banking transactions are entered into with related parties on agreed terms and conditions approved by the Board of Directors. The significant transactions and balances included in the condensed consolidated interim financial information, which predominantly relate to Directors and shareholders of the Group, are as follows:

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the six month period ended 30 June 2025 (continued)

16. Related parties (continued)

| | 30 June 2025 AED'000 Unaudited | 31 December 2024 AED'000 Audited |
|---|---|---|
| Statement of financial position items | | |
| Loans and advances and Islamic financing receivables | 3,663,409 | 3,971,914 |
| Customer deposits and Islamic customer deposits | 10,525,501 | 10,589,657 |
| Investments and Islamic instruments | 209,010 | 139,261 |
| Acceptances | 20,767 | 208,870 |
| Contingent liabilities | | |
| Letters of credit | 92,832 | 130,064 |
| Financial guarantees and other direct credit substitutes | 34,657 | 36,212 |
| Transaction related contingencies | 759,733 | 621,819 |
| Commitments for future expenditure | 17,686 | 6,369 |
| | 30 June 2025 AED'000 Unaudited | 30 June 2024 AED'000 Unaudited |
| Statement of changes in equity items | | |
| Tier 1 capital securities coupon paid | - | 8,739 |
| Statement of income items | | |
| Interest income and income from Islamic financing and investment activities | 103,980 | 102,711 |
| Interest expense and distribution to Islamic depositors | 218,532 | 243,469 |
| Other income | 8,450 | 5,850 |
| Operating expenses | 19,564 | 12,268 |
| Key management compensation | | |
| Salaries and other short-term benefits | 24,324 | 13,109 |
| Employee end of service benefits | 872 | 593 |

Stage 3 ECL, amounting to AED 282.7 million, has been recognized pertinent to related parties (31 December 2024: 282.6 million). Further, stage 1 and 2 ECL amounted to AED 15.0 million (31 December 2024: 18.2 million).

The loans and advances and Islamic financing receivables given to related parties have been secured against collateral amounting to AED 2,557.1 million (31 December 2024: AED 2,430.8 million).

During the period, capital expenditure transactions with related parties amounted to AED 1.3 million (31 December 2024: AED 3.0 million).

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the six month period ended 30 June 2025 (continued)

16. Related parties (continued)

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

| | 30 June 2025 AED'000 Unaudited | 31 December 2024 AED'000 Audited |
|--|---|---|
| Major shareholders and their related entities | | |
| Loans and advances and Islamic financing receivables | 1,107,506 | 1,382,056 |
| Customer deposits and Islamic customer deposits | 8,600,506 | 8,710,719 |
| Investments and Islamic instruments | 209,010 | 139,261 |
| Acceptances | 17,558 | 200,188 |
| Letters of credit | 64,689 | 107,632 |
| Financial guarantees and other direct credit substitutes | 33,962 | 35,512 |
| Transaction related contingencies | 524,731 | 489,377 |
| Commitments for future expenditure | 15,747 | 1,176 |
| Exposure to directors and their related entities | | |
| Loans and advances and Islamic financing receivables | 122,914 | 143,448 |
| Customer deposits and Islamic customer deposits | 163,211 | 86,304 |
| Transaction related contingencies | 2,183 | 11,339 |
| Key management personnel | | |
| Loans and advances and Islamic financing receivables | 58,442 | 45,691 |
| Customer deposits and Islamic customer deposits | 72,651 | 178,189 |
| Financial guarantees and other direct credit substitutes | - | 5 |
| Others | | |
| Loans and advances and Islamic financing receivables | 2,374,547 | 2,400,719 |
| Customer deposits and Islamic customer deposits | 1,689,133 | 1,614,445 |
| Acceptances | 3,209 | 8,682 |
| Letters of credit | 28,143 | 22,432 |
| Financial guarantees and other direct credit substitutes | 695 | 695 |
| Transaction related contingencies | 232,819 | 121,103 |
| Commitments for future expenditure | 1,939 | 5,193 |

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the six month period ended 30 June 2025 (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 2025 | Basel III 2024 |
|------------------------------------|-------------------|-------------------|
| 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 six month period ended 30 June 2025 (continued)

17. Capital adequacy ratio (continued)

| AED'000 | 30 June 2025 Unaudited | 31 December 2024 Audited |
|---|------------------------------|--------------------------------|
| CET1 capital | | |
| Share capital | 2,580,412 | 2,580,412 |
| Statutory reserve | 1,709,784 | 1,709,784 |
| Special reserve | 764,977 | 764,977 |
| Retained earnings | 2,005,867 | 1,380,308 |
| IFRS 9 transitional arrangement – ECL (stage 1 and 2) impact | - | 30,114 |
| Accumulated other comprehensive income | 34,524 | 14,909 |
| Regulatory deductions – intangibles | (217,868) | (199,423) |
| CET1 total | 6,877,696 | 6,281,081 |
| Additional Tier 1 (AT1) Capital | | |
| Tier 1 capital securities | - | - |
| Total Tier 1 | 6,877,696 | 6,281,081 |
| Tier 2 Capital | | |
| Collective impairment provision | 500,674 | 454,807 |
| Total Tier 2 | 500,674 | 454,807 |
| Total capital base (a) | 7,378,370 | 6,735,888 |
| <i>Risk weighted assets</i> | | |
| AED'000 | | |
| Credit risk | 40,053,969 | 36,384,556 |
| Market risk | 163,402 | 40,002 |
| Operational risk | 4,518,996 | 4,178,045 |
| Total risk weighted assets (b) | 44,736,367 | 40,602,603 |
| Capital adequacy ratio (a) / (b) | 16.5% | 16.6% |
| Tier 1 ratio | 15.4% | 15.5% |
| Common equity Tier 1 ratio (CET 1) | 15.4% | 15.5% |

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the six month period ended 30 June 2025 (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:

| | 30 June 2025 AED'000 Unaudited | 30 June 2024 AED'000 Unaudited |
|---|---|---|
| Cash on hand | 356,091 | 373,965 |
| Balances with the Central Bank of the UAE | 2,098,896 | 598,428 |
| Due from banks with less than three months maturity | 896,574 | 905,028 |
| | <u>3,351,561</u> | <u>1,877,421</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 3,543.2 million are maturing within three months from 30 June 2025 (AED 5,738.8 million had maturity within three months from 30 June 2024).

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 six month period ended 30 June 2025 (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:

| Six month period ended 30 June 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 | 353,049 | 323,079 | 97,829 | 152,156 | 926,113 |
| Non-interest income | 129,584 | 138,715 | 20,056 | 145,200 | 433,555 |
| Operating income | 482,633 | 461,794 | 117,885 | 297,356 | 1,359,668 |
| Operating expenses | (116,727) | (158,615) | (65,847) | (24,253) | (365,442) |
| Operating profit before impairment losses and tax | 365,906 | 303,179 | 52,038 | 273,103 | 994,226 |
| Net impairment losses | (159,985) | (117,828) | (30,942) | 2,153 | (306,602) |
| Profit for the period before tax | 205,921 | 185,351 | 21,096 | 275,256 | 687,624 |
| Tax | (18,640) | (16,778) | (1,910) | (24,917) | (62,245) |
| Profit for the period after tax | 187,281 | 168,573 | 19,186 | 250,339 | 625,379 |
| 30 June 2025 (Unaudited) | | | | | |
| Segment assets | 22,054,777 | 9,614,042 | 6,288,448 | 26,370,706 | 64,327,973 |
| Segment liabilities | 30,375,008 | 14,120,815 | 5,746,924 | 6,947,467 | 57,190,214 |
| Capital expenditure | - | - | - | 51,202 | 51,202 |

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the six month period ended 30 June 2025 (continued)

19. Segmental reporting (continued)

| Six month period ended 30 June 2024 AED'000 (Unaudited) | Corporate and institutional segments | Business banking segment | Retail banking | Treasury, ALM and others | Consolidated |
|---|--|--------------------------------|-------------------|--------------------------------|------------------|
| Net interest income and net income from Islamic financing and investment activities | 341,536 | 301,654 | 94,736 | 144,529 | 882,455 |
| Non-interest income | 98,493 | 118,739 | 12,199 | 92,462 | 321,893 |
| Operating income | 440,029 | 420,393 | 106,935 | 236,991 | 1,204,348 |
| Operating expenses | (117,806) | (156,162) | (60,450) | (24,162) | (358,580) |
| Operating profit before impairment losses and tax | 322,223 | 264,231 | 46,485 | 212,829 | 845,768 |
| Net impairment losses | (303,178) | (36,150) | (14,772) | (6,753) | (360,853) |
| Profit for the period before tax | 19,045 | 228,081 | 31,713 | 206,076 | 484,915 |
| Tax | (1,718) | (20,584) | (2,862) | (18,598) | (43,762) |
| Profit for the period after tax | 17,327 | 207,497 | 28,851 | 187,478 | 441,153 |
| 31 December 2024 (Audited) | | | | | |
| Segment assets | 20,744,018 | 8,790,425 | 5,284,643 | 26,059,982 | 60,879,068 |
| Segment liabilities | 30,202,652 | 13,315,129 | 5,244,784 | 5,260,828 | 54,023,393 |
| Capital expenditure | - | - | - | 100,582 | 100,582 |

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the six month period ended 30 June 2025 (continued)

20. Tax

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

On 09 December 2022, UAE Federal Decree Law No. 47 of 2022 was published setting in place a general corporate income tax for the first time. The UAE Tax Law has confirmed the application of the Corporate Tax ('CT') to tax periods commencing on or after 01 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 30 June 2025. Based on the review and assessment, a deferred tax liability has been recognized, amounting to AED 7.1 million as at 30 June 2025 (31 December 2024: AED 2.8 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 9.05% 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 are as follows:

| | 30 June 2025 AED'000 Unaudited | 30 June 2024 AED'000 Unaudited |
|--|---|---|
| Current corporate income tax | | |
| Current corporate income tax charge | 62,245 | 43,762 |
| Adjustments in respect of current corporate income tax of previous year | - | - |
| Corporate income tax expense reported in the consolidated statement of income | 62,245 | 43,762 |

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the six month period ended 30 June 2025 (continued)

20. Tax (continued)

Amount recognized in the consolidated statement of other comprehensive income

| | 30 June 2025 AED'000 Unaudited |
|--|---|
| Tax related to items that will not be reclassified subsequently to the statement of income | (180) |
| Deferred tax related to items that may be reclassified subsequently to the statement of income | (4,297) |
| Tax reflected in the consolidated statement of other comprehensive income | (4,477) |

Tax reconciliation

| | 30 June 2025 AED'000 Unaudited |
|--|---|
| Accounting profit for the period before tax | 687,624 |
| At United Arab Emirates' statutory corporate income tax rate of 9% | 61,886 |
| Tax amount of the adjustments related to non-deductible expenses | 393 |
| Effect of standard tax exemptions | (34) |
| Corporate income tax expense | 62,245 |
| Corporate income tax expense reported in the consolidated statement of income | 62,245 |
| Effective tax rate | 9.05% |

Movement in current and deferred tax liability recognized in other liabilities

| | 30 June 2025 AED'000 Unaudited | 31 December 2024 AED'000 Audited |
|---|---|---|
| Deferred tax liability | | |
| Balance at the beginning of the period | 2,815 | - |
| Movement during the period | 4,297 | 2,815 |
| Balance at the end of the period | 7,112 | 2,815 |

National Bank of Fujairah PJSC

Notes to the condensed consolidated interim financial information

For the six month period ended 30 June 2025 (continued)

20. Tax (continued)

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

| | 30 June 2025 AED'000 Unaudited | 31 December 2024 AED'000 Audited |
|---|---|---|
| Current tax liability | | |
| Balance at the beginning of the period | 84,541 | - |
| Current tax charge during the period | 62,245 | 84,721 |
| Adjustments in respect of items that will not be reclassified subsequently to the statement of income | - | (180) |
| Tax paid | - | - |
| Balance at the end of the period | 146,786 | 84,541 |

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 six-month period ended 30 June 2025.