



بنك أم القيوين  
**NBO**

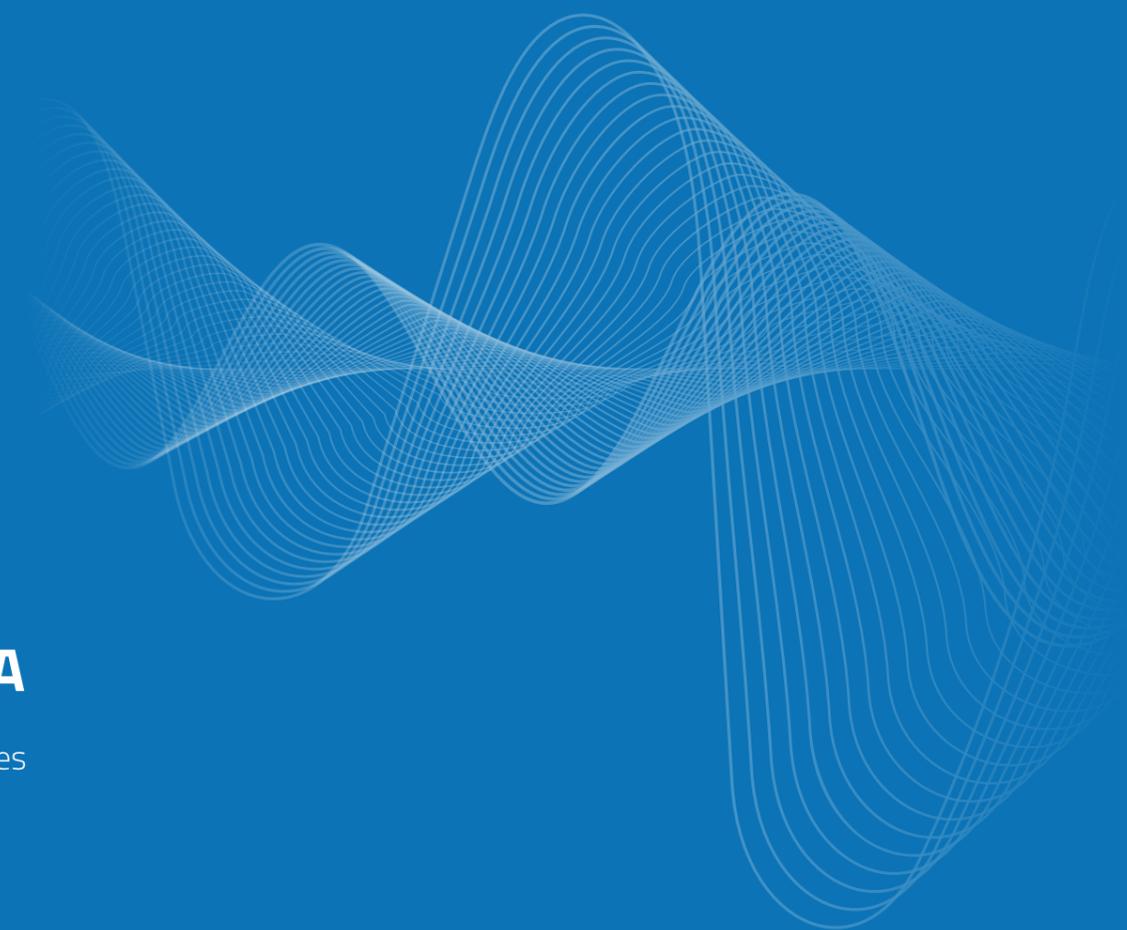
# GROWTH & SUSTAINABILITY

INTEGRATED REPORT **2025**



HIS HIGHNESS SHEIKH  
**SAUD BIN RASHID AL MUALLA**

Member of Supreme Council of the United Arab Emirates  
& Ruler of Umm Al Qaiwain





HIS HIGHNESS SHEIKH

**RASHID BIN SAUD BIN RASHID AL MUALLA**

Crown Prince of Umm Al Qaiwain



# CONTENTS

<b>5</b>	<b>Our Profile</b>	<b>18</b>	Market Risk
6	About This Report	19	Basel Implementation
<b>7</b>	<b>Strategic Review</b>	19	Operations Risk
8	Chairman's Report	19	Community Relations
9	CEO's Message	20	Sustainability
		20	Conclusion
<b>11</b>	<b>Management Report</b>	<b>27</b>	<b>ESG Report</b>
12	Financial Overview	29	About this Report
13	Economic Overview	31	Sustainability Performance Highlights 2025
14	Treasury, Investments and Institutional Banking	32	Materiality Assessment
14	Wholesale Banking	35	NBQ's Sustainability Strategy
14	Retail Banking Division	36	Governance
18	Information Technology and Operations	57	Environment
18	Human Resources	71	Social
18	Corporate Governance	95	GRI and ADX Index
16	Governance Committees	<b>89</b>	<b>Corporate Governance Report</b>
16	Information Security Framework	<b>145</b>	<b>Financial Statements</b>
16	Internal Control Framework	<b>193</b>	<b>Shari'ah Supervision</b>
17	External Auditors		
17	Risk Management		
17	Credit Risk		

# OUR PROFILE

## About This Report

Welcome to the Annual Integrated Report of the National Bank of Umm Al Qaiwain (NBQ) for the fiscal year 2025. This report provides a comprehensive overview of NBQ'S performance, strategies, and impact over the past year.

This integrated report offers stakeholders a transparent and comprehensive view of NBQ'S business strategy, operations, financial performance, governance practices, and sustainability initiatives. It reflects our commitment to accountability, transparency, and stakeholder engagement, serving as a testament to our values and principles.

### Scope

This report provides an overview of the activities of the National Bank of Umm Al Qaiwain (NBQ) and excludes data from its subsidiary Twin Towns Marketing Management (L.L.C.-SO) except for financial metrics. Unless explicitly stated otherwise, the report encompasses, to the fullest extent possible, all significant corporate actions undertaken from January 1, 2025, to December 31, 2025. Data constraints and specified limits have been considered where applicable.

### Terminology

Terms such as "National Bank of Umm Al Qaiwain", "NBQ", "the Bank", "we", "it", "our business", "our organisation", "our company" refer to the National

Bank of Umm Al Qaiwain (PSC). Unless explicitly stated otherwise, all monetary amounts reported in this document are in United Arab Emirates Dirhams (AED).

### Assurance

The non-financial data presented in this report is generated and revised by the pertinent internal stakeholders. It undergoes validation through an assurance procedure, ensuring that stakeholders of the Bank have a requisite level of confidence in the accuracy of the data.

### Compliance

This report adheres to the Global Reporting Initiative (GRI) Standards Core Option, and aligns with the Integrated Reporting guidance of the Securities and Commodities Authority (SCA) as well as the Abu Dhabi Stock Exchange ESG Reporting Guidelines.

### Future-looking Statements

As we reflect on the accomplishments of the past year, we also set our sights on the future, guided by a commitment to excellence, innovation, and sustainability. In the face of evolving challenges and opportunities, NBQ remains dedicated to delivering value to our stakeholders, contributing to the prosperity of the UAE economy, and embracing our role as a responsible corporate citizen.

## Contact

If you have any questions or feedback regarding this report or NBQ'S corporate governance and sustainability activities, please reach out to NBQ at [nbq.sustainability@nbq.ae](mailto:nbq.sustainability@nbq.ae).

**For specific inquiries, you can contact the key individuals below:**

#### Ms. Dalia Saeed

Email: [dalia.saeed@nbq.ae](mailto:dalia.saeed@nbq.ae)

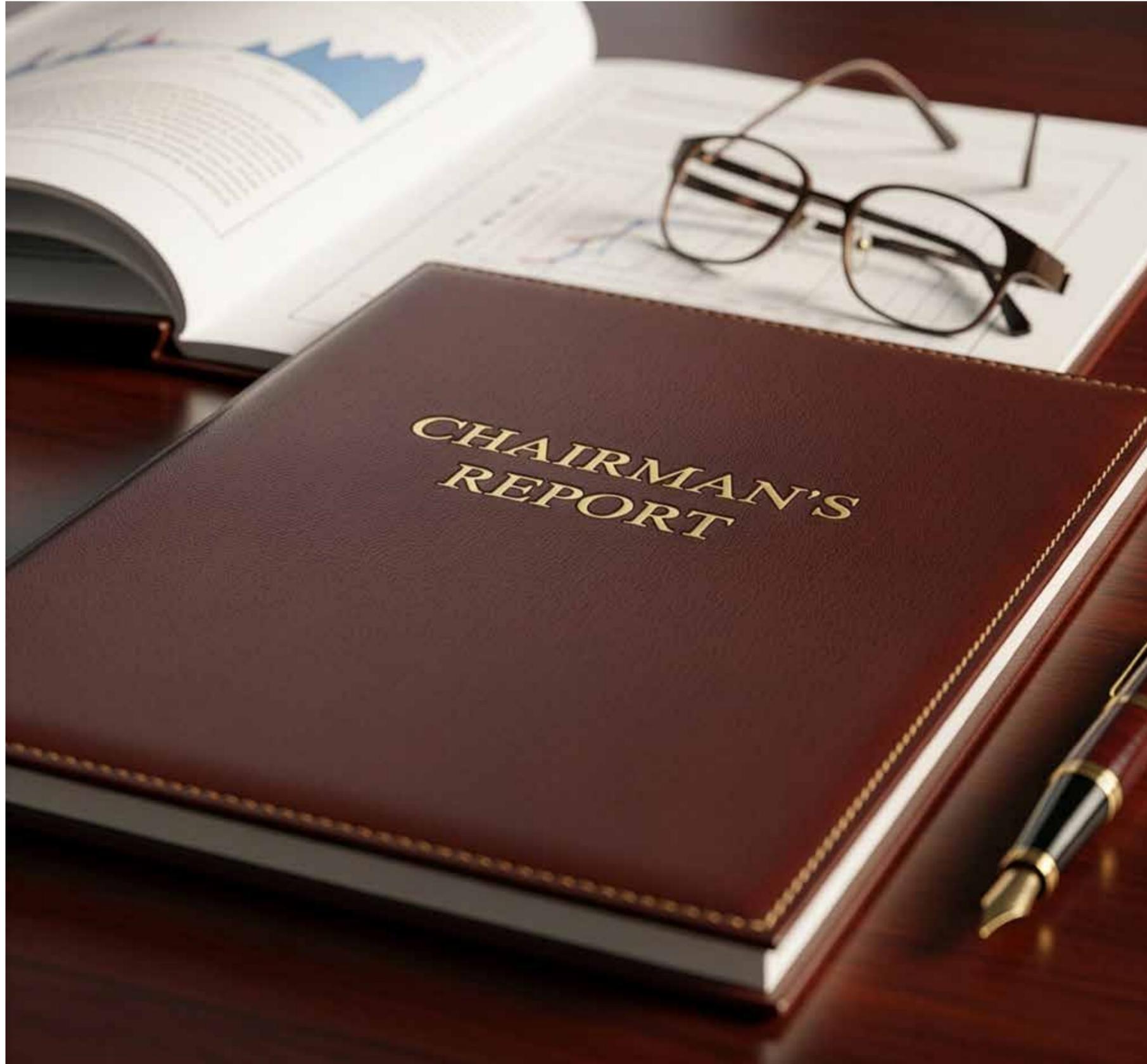
Phone: +971 6 7066858

#### Mr. Alaa Khairy

Email: [alaa.khairy@nbq.ae](mailto:alaa.khairy@nbq.ae)

Phone: +971 06 7066748

# STRATEGIC REVIEW



## CHAIRMAN'S REPORT

On behalf of the Board of Directors of National Bank of Umm Al Qaiwain (NBQ), I am pleased to welcome you to the 43rd Annual General Meeting of NBQ and present the annual report for 2025.

### Performance and value creation

NBQ's performance in 2025 reflects the continued trust of our customers, shareholders, partners, and the dedication of our management and staff. We remain committed to creating a sustainable value for all stakeholders by delivering premium banking services and strengthening customer relations, focusing on our target segments, improving on efficiencies, and move towards zero-bureaucracy

The UAE's economic resilience, supported by strategic initiatives that continue to strengthen the country's position as a leading hub for finance, trade, and investments, provided a constructive backdrop to NBQ's steady growth during the year.

### Robust financial results

I am pleased to report that National Bank of Umm Al Qaiwain (NBQ) has delivered a robust financial performance in 2025, with profits after tax reaching AED 581 Million, a 15% increase compared to 2024.

As at 31st December 2025, total assets reached AED 22.9 billion, up 28 % compared to AED 17.9 billion as of 31 December 2024. Net loans and advances increased by 17% to AED 9.1 billion, while customer deposits grew by 38% to AED 15.7 billion over the same period. Shareholders' equity grew by 9% to AED 6.6 billion.

### Strong capital and improving asset quality

Our commitment to long-term sustainability and customer confidence is anchored by a strong capital base. As at 31 December 2025, the capital adequacy ratio stood at 30.67%, comfortably above regulatory requirements. This strength supports our growth ambitions, enable resilience to potential shocks, and allows continued investment in technology, people and new business opportunities while maintaining full compliance with Basel III guidelines and Central Bank regulations. Asset quality improved significantly due to prudential risk management during the year. The Non-Performing Loans ratio (NPL) declined from 4.02% as at 31st December 2024 to 0.31 % as of 31 December 2025, registering 371-bps improvement.

### Strategic priorities and organizational strengthening

We remain focused on digital transformation, customer-centric innovation, sound risk and compliance management, and environmental, social, and governance (ESG) integration. As a responsible bank, robust corporate governance and ethical conduct remain central to NBQ's approach, ensuring that principles of independence, accountability, responsibility and transparency are embedded across our operations.

During the year, the Bank undertook several initiatives to strengthen the sales force, diversify income sources, enhance governance and reinforce the functions of audit, internal control, compliance and risk management, positioning NBQ well to continue building quality assets and sustain growth momentum in 2026.

We remain committed to Emiratization, human capital development, women empowerment, sustainability and financial inclusion, which are central to NBQ's strategy. We are proud to have been honored with the Nafis Award for 2024–2025, recognizing our efforts to empower Emirati talent and support the UAE's economic diversification goals.

We continue to invest in national talent, firmly believing our people are NBQ's greatest strength.

### Dividend and outlook

In light of these strong results, the Board is pleased to propose a cash dividend of 20% of the share capital for the year ended 31 December 2025, approved by Central Bank of the UAE.

Looking ahead, forecasts indicate the UAE economy is poised to continue its upward trajectory. Projections indicate real GDP growth of 4.9% in 2025, followed by a further increase to 5.3% in 2026.

### Appreciation

On behalf of the Board of Directors, we are deeply honored to express our sincere gratitude to His Highness Sheikh Saud Bin Rashid Al Mualla, Ruler of Umm Al Quwain and Member of the Federal Supreme Council of

the United Arab Emirates, for his unwavering support in guiding our development and shaping our strategies. We are truly grateful for his role in our success and remain committed to achieving even greater heights with His Highness's continued support in the years to come.

We also extend our sincere appreciation to Central Bank of the UAE for their vital role in safeguarding the nation's financial integrity. Finally, I thank our shareholders, customers, and our dedicated management and staff. Your loyalty and hard work are the foundation upon which NBQ continues to build its legacy of excellence.



**Rashid Bin Saud Al Mualla**

Chairman

## CEO MESSAGE



Dear Stakeholders,

We are honored to publish the Annual Report of the National Bank of Umm Al Qaiwain (NBQ) for the year 2025, highlighting significant milestones in our journey, robust achievements, and an unwavering commitment to sustainable growth.

As we reflect on another year of progress, I am proud of the resilience, discipline, and purpose that continue to define NBQ. Since our establishment, NBQ has carried a clear mandate: To support the socio-economic development and contribute meaningfully to the UAE's broader growth journey. More than four decades on, this mandate remains the heartbeat of our operations.

We are forging ahead with our efforts to maximize value and growth for all our stakeholders by delivering premium banking services and attracting and retaining our target customer groups.

In 2025, NBQ continued to strengthen its position as a trusted national financial institution. Our performance reflects a carefully balanced strategy focused on prudent growth, disciplined risk management, customer-centric innovation, and long-term value creation.

Our strong financial momentum demonstrates the effectiveness of this approach. We delivered robust profitability, with net profit after tax has growing by 15%, driven by growth of loan book, cost efficiency and fee income generation. We have also achieved an impressive balance sheet growth, supported by solid expansion across core business segments, an efficient cost structure, and a marked improvement in asset quality, showing the bank's robust operational model. Equally important, we maintained a healthy capital adequacy ratio, providing a solid foundation to support future growth, absorb potential market volatility, and invest confidently in technology, people, and new capabilities, while remaining fully aligned with Central Bank of the UAE's regulations and Basel III standards.

At the same time, we continued to evolve our service offering to meet customer expectations. NBQ today serves individuals, SMEs, and wholesale clients through a comprehensive range of products and services, delivered seamlessly across our branch network and digital platforms.

Our customer-centric approach guides our various initiatives to ensure personalized banking solutions. To meet the evolving expectations of our clients, we have accelerated our digital transformation. In 2025, we made significant strides in transaction speed and cybersecurity to further enhance frameworks to protect customer data, reinforcing trust and security in our services.

These investments further ensure a secure, seamless, future-ready banking experience, enabling customers to manage their financial needs anytime, anywhere.

Beyond financial performance, we remain deeply committed to our responsibilities as a national institution. Emiratization and human capital development are central to our strategy, and we are proud to have been recognized with the Nafis Award for 2024–2025.

Environmental, Social, and Governance (ESG) principles are equally embedded in how we operate. In 2025, NBQ made significant strides in sustainable banking, green financing products, and improving its environmental, social, and governance (ESG) initiatives. NBQ has made notable progress in its sustainability goals. Initiatives included reducing carbon footprint, supporting renewable energy projects, and engaging in community development activities.

We also recognize the growing importance of financial inclusion and women's empowerment as drivers of sustainable growth. At NBQ, we are committed to offering digitally accessible, inclusive, and tailored solutions that enable women, entrepreneurs, and underserved segments to participate more fully in the financial system and the economy at large.

Looking ahead, we remain focused to be a bank of first choice, offering innovative Financial Services, built on trust integrity and driven by a passion for excellence.

I would like to thank our customers for their continued trust, our shareholders and Board for their guidance and support, and our dedicated employees whose commitment and professionalism are the true strength of NBQ.

Together, we will continue to build a bank of first choice, rooted in our heritage, responsive to change, and confident in the future.

**Adnan Al Awadhi**

Chief Executive Officer, NBQ

# MANAGEMENT REPORT

## Financial Overview

National Bank of Umm Al Qaiwain (NBQ, the Bank) has consistently pursued operational efficiency, customer convenience, and competitive strength through pioneering initiatives within the UAE banking sector.

NBQ delivered a remarkable performance in 2025, reporting a net profit after tax of  $\text{AED } 581$  million—a 15% increase compared to the previous year. Key financial indicators reflected steady growth throughout the year, gross income rose by 8% to  $\text{AED } 841$  million, and operating income increased by 6% to  $\text{AED } 692$  million. The Bank's strong performance also resulted in total assets reaching  $\text{AED } 22.9$  billion, with net loans and advances reaching  $\text{AED } 9.1$  billion and customer deposits exceeding  $\text{AED } 15.7$  billion.

Through effective portfolio management and rigorous monitoring, NBQ continues to ensure financial stability by maintaining dedicated provisions coverage ratio reached 306% in line with its prudent approach, Bank remains committed to maintaining robust liquidity. With a solid Lending to Stable Resources Ratio of 69% as of 31 December 2025, NBQ is well positioned to navigate potential market challenges. In addition, the Bank's cost-to-income ratio of 23.42% reflects disciplined cost management and process efficiency. NPL ratio improved significantly by 371 bps, reaching 0.31% as of 31 December 2025, compared to 4.02% the previous year.

NBQ further demonstrated strong lending and investment capabilities supported by shareholder equity of  $\text{AED } 6.6$

billion as of 31 December 2025. With a capital adequacy ratio of 30.67%, substantially exceeding the minimum regulatory requirements of the Central Bank of the UAE. Similarly, the Tier 1 ratio of 30.12% stands well above mandated thresholds, reinforcing NBQ's commitment to maintaining a robust capital position and delivering sustained financial strength.





## Economic Overview:

Outlook for the UAE Economy for 2026 is positive, with the Central Bank of the UAE (CBUAE) revising its growth outlook upward, projecting the economy to expand by 4.9% in 2025 (up from 4.4%) and 5.3% in 2026. Sectors such as manufacturing, financial services, construction, and real estate played a key role. Non-oil economy is projected to grow by 4.5% in 2025 and 4.8% in 2026 while the Hydrocarbon sector growth is expected at 5.8% in 2025 and 6.5% in 2026, reflecting both strong domestic momentum and updated OPEC+ production plans.

Outlook for inflation has been revised downward, largely due to lower energy costs, from 1.9% to 1.5% in 2025 while for 2026, inflation is expected to edge slightly higher to 1.8%, driven by base effects. Stable liquidity, healthy deposits, and solid credit growth continued to support the economy, while the UAE's banking system remains well capitalized.

Real Estate and Tourism drove Non-Oil Growth with the UAE's residential property market as a major driver. In H1-2025, Abu Dhabi and Dubai airports handled 15.8 million and 46 million passengers respectively, underscoring aviation's role in growth.

World Bank projected GCC real GDP growth of 3.2 percent in 2025, supported by both oil output at 2.8 percent and non-oil activity at 3.2 percent, with growth expected to average around 4.6 percent in 2026 and 2027. The report noted that individual countries would benefit from resumed oil production and robust non-oil performance, with Saudi Arabia's oil output projected to reach 10.4 million barrels per day by 2027. It added that the UAE's non-oil sector is expected to expand 4.9 percent in 2025. The report also highlighted the growing role of non-oil industries and the GCC's continued diversification momentum despite global uncertainties.

GCC market capitalization in the Stock market is projected to reach US \$4.31 trillion in 2025 with anticipated annual growth rate (CAGR 2025-2026) of 2.85%, leading to a projected total of US \$4.43 trillion by 2026. GCC stock market is experiencing increased investor optimism, driven by robust economic diversification efforts and heightened interest in technology and renewable energy sectors.

In 2025, Abu Dhabi Securities Exchange's (ADX) market capitalization surpassed **₹** 3.1 trillion, with total trading value exceeding **₹** 385 billion, up 12.6 percent year-on-year, and Dubai Financial Market (DFM) general index rose 17.2%, reached **₹** 992 billion.

The outlook for 2026 remains positive, reinforced by steady diversification and continued expansion across non-oil sectors, corporate earnings growth, lower inflation, and influx of residential and commercial population, driven by the UAE's reputation as a stable financial and trade hub with proactive, business friendly policies.

Banks in the GCC region have demonstrated strong resilience and profitability in 2025 supported by non-oil economic growth, digital transformation, and robust asset quality.

Despite uncertainty in the global economy, the banking system in the UAE, particularly NBQ, is well positioned to deal with challenges due to its strong capital buffers, prudent policies, sound risk management, effective governance, and proactive approach to benefit from growth in various sectors, resulting in optimized shareholder returns.

## Treasury, Investments and Institutional Banking:

Fixed income investment portfolio has registered a substantial increase during this year to ensure elevated returns in a falling interest rate scenario without compromising on the safety and quality of investments. Similarly, for the equity portfolio, strategy has been to maintain in high quality dividend yielding stocks representing the top performing companies in the UAE.

The portfolio is actively managed under the aegis of well-defined internal policies which ensure that proper exit strategies are in place with comprehensive internal controls as well as reporting. Portfolio has contributed significantly to the overall interest income and capital gains along with efficient utilization of funds helping with the overall financial stability of the Bank.

## Wholesale Banking:

### Overview

During the review period, Wholesale Banking (WB) continued to strengthen its core franchise while maintaining a balanced and disciplined approach to growth, risk management, and operational efficiency. The year was marked by selective business expansion, notable improvements in asset quality, meaningful progress in digital transformation, and the successful establishment of new business capabilities that are expected to contribute to sustainable growth over the medium to long term.

### Financial Performance and Strategic Initiatives

Division recorded a notable growth during the year, primarily enabled through acquisition of mid-corporate relationships, Government-Related Entities (GREs) and participation in syndications. This growth was pursued selectively, ensuring alignment with the Bank's risk appetite and return thresholds.



A strong emphasis was placed on client retention, with relationship teams focusing on strengthening existing relationships, preserving core revenues, and enhancing client engagement. This approach helped to stabilize income streams and reinforced WB's position as a trusted financial partner in a competitive market environment.

Strategic initiatives undertaken during the year were aligned with the Bank's broader objective of achieving sustainable, risk adjusted growth while maintaining portfolio quality.

### Risk Management and Portfolio Optimisation

Risk management remained a key priority for the Wholesale Banking. As a result of robust underwriting standards, enhanced credit assessment practices, and proactive portfolio monitoring, the Non-Performing Asset (NPA) ratio was reduced significantly.

WB also undertook deliberate portfolio optimization measures, with a particular focus on managing sectorial concentrations. Exposure to the real estate sector was strategically diversified and maintained within regulatory prescribed limits, thereby improving portfolio resilience and reducing concentration risk.

These initiatives reflect Wholesale Banking's continued commitment to prudent risk management while supporting business growth.

## Innovation and Digital Transformation

Innovation and digital transformation initiatives progressed steadily during the year, with a clear focus on efficiency, consistency, and enhanced customer experience.

Digital onboarding for wholesale and SME clients is currently under final testing and is expected to be launched shortly. This initiative is expected to streamline onboarding processes, reduce turnaround times, and strengthen compliance controls.

Digitalization of the credit proposal underwriting process was initiated during the year and has progressed to a large extent. The solution is expected to be fully launched by Q2 2026, improving standardization, transparency, and operational efficiency across the credit lifecycle.

During the year WB successfully digitalised the issuance of all customer statements, ensuring timely secure and paperless delivery to our valuable clients.

These initiatives underscore WB's commitment to modernizing core banking processes and supporting scalable growth.

## Establishment of the Escrow Department

A significant milestone during the year was the establishment of the Escrow Department. All relevant policies and procedures have been finalized and implemented, ensuring a strong governance and control framework for escrow operations.

The Bank successfully secured escrow licenses for both Dubai and Umm Al Quwain Emirates, representing a major strategic achievement and an important expansion of the Bank's product offering.

Escrow Unit has demonstrated strong initial performance and is expected to become a key contributor to the Wholesale Banking Division, particularly through synergies with real estate developers, GREs, and large corporate clients.

## Human Capital Development and Corporate Social Responsibility

Human capital development continued to be a key focus area for the WB. Comprehensive training programs were conducted for staff, covering areas including but not limited to:

- Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT)
- Information security and data protection
- Credit risk management and relationship management

Employees were encouraged to participate in both internal and external training programs, supporting continuous professional development and alignment with regulatory and industry best practices.

WB also continued to promote responsible banking practices, embedding ethical conduct, transparency, and customer-centricity across all business activities.

## Customer Satisfaction Survey

During the year, WB successfully launched and concluded a Customer Satisfaction Survey covering both the SME and Wholesale Banking segments. Survey provided valuable insights into client perceptions, service quality, and engagement effectiveness.

The findings and insights derived from this exercise will pave the way for targeted service improvements, process enhancements, and further strengthening of client relationships across both segments.

## Environmental, Social, and Governance (ESG)

ESG remains a key strategic priority for the Wholesale Banking. The Bank undertook several green and sustainability linked lending initiatives during the year, supporting clients engaged in environmentally responsible and sustainable projects.

Wholesale Banking continued to operate within a strong governance framework, supported by clear policies, robust credit oversight, and effective internal controls.

Continued emphasis was placed on responsible banking practices, ensuring that business decisions are aligned with ethical standards, regulatory expectations, and long-term interests of stakeholders. Governance mechanisms were further reinforced to support transparency, accountability, and prudent decision-making across the Division.

## Future Outlook

Wholesale Banking remains optimistic about future growth prospects. Over the next three years, WBG aims to achieve a significant Compound Annual Growth Rate (CAGR), supported by disciplined balance sheet expansion and improved operational efficiency.

Expansion of the SME segment is identified as a key strategic focus area, with targeted initiatives aimed at deepening market penetration, enhancing product offerings, and leveraging digital capabilities to support scalable growth.

With a strong foundation in place, WB is well positioned to deliver sustainable performance while maintaining a prudent risk profile and continued alignment with the Bank's strategic objectives.



## Retail Banking Division

NBQ's Retail Banking Unit has focussed on delivering customer centric solutions. Through a combination of physical and digital channels, NBQ caters to its customers' needs 24/7.

During 2025, the bank continues to focus on digital transformation. As a result, the bank has revamped its channels and offerings.

It further augmented its product suite by focusing on simplifying its processes, clarifying documentation, and augmenting its offerings to ensure customers receive a tailor-made solution appropriate to their needs.

Looking ahead, the bank will continue to identify and focus on specific niche markets, we will continue to strive to be digital first and, in this quest, the bank will seek to launch a slew of solutions all aimed at making access easier, faster and transparent to customers.

The bank is poised to take advantage of the upcoming Open Finance opportunity and is actively engaged in fostering viable and sustainable partnerships

## Information Technology and Operation:

In line with NBQ's strategy to enhance digital services, we went live with our state-of-the-art retail digital banking platform covering mobile and internet banking services. UAE Pass authentication function released during the year. Corporate digital banking transformation is in progress and expected to be completed soon. NBQ also added additional fund transfer capability by going live with Aani instant payment solution. Considering technology trends and future requirements, NBQ formulated a detailed cloud strategy through a reputed consultancy. NBQ also implemented escrow management solution to support bank's escrow product offerings and its regulatory requirements. In line with our continuous improvements in digital offerings, NBQ successfully got certified and rolled out apple wallet extensions for NBQ mobile app. On the infrastructure side, we completed the refresh of critical network and security infrastructure in line with defined objective. Projects to modernize our loan origination solution is already in progress and are expected to roll out in year 2026. We are continuously investing in modernizing our platforms and security solutions. We are planning for the core banking and treasury platform modernization along with necessary additional modules and integrations. We are also going ahead with the Open finance initiative in line with the overall directions of CBUAE.

## Human Resources:

At NBQ, our people remain at the heart of our success. We are committed to building a highly performing and motivated workforce. This is achieved by implementing a comprehensive assessment framework that recognizes both individual and team achievements, while promoting continuous learning and recognition.

Emiratization is a key strategic priority for NBQ. We continue to invest in the attraction, development, and retention of UAE nationals across all levels of the Bank. NBQ continues to build a diverse pipeline of skilled professionals and future leaders, ensuring a sustainable supply of local talent to support long-term growth.

Human Resources and Emiratization Department plays a central role in achieving these objectives through talent development, succession planning, and workforce capability development. This approach increases motivation, attracts skilled individuals and improves the overall quality of our workforce.

Our retention strategy emphasises the prioritization of Emirati employment, while ensuring full compliance with applicable regulations and maintaining operational excellence.

For more details on NBQ's Emiratization strategy please refer to ESG report section.



## Corporate Governance

At NBQ, corporate governance is not just a routine, but a fundamental principle. NBQ strictly adheres to stringent criteria in risk management, internal controls, and ethical conduct, in accordance with industry benchmarks, our vision, and our mission.

Staying up to date with the most recent regulations is crucial. NBQ took proactive measures to revise its Board Charter to conform to the recently updated corporate governance standards set by CBUAE. This revision established a well-defined three-year plan for ongoing enhancements.

Bank considers transparency and disclosure to be essential principles. NBQ has strengthened its policies pertaining to internal controls, prevention of insider trading, management of conflicts of interest, adherence to Sharia principles, and handling of related party transactions. Board conducts regular reviews of these crucial safeguards, ensuring that information is effectively communicated to senior management through dedicated channels and committee approvals.

Essentially, NBQ strongly believes that robust governance is the crucial factor in fostering trust and driving success.

Please refer to our Corporate Governance Report for additional details.

## Governance Committees

NBQ's board constitutes experienced members who collectively possess commendable knowledge on banking, business and related laws and regulations. The bank has constituted Board level committees with clearly mandated charters.

These committees meet at regular intervals as prescribed to focus and discuss dedicated domains.

Please refer to our corporate governance and ESG report for more details.

## Information Security Framework

At NBQ, we prioritize information security as a key element in building trust with our customers and stakeholders. NBQ strictly adhere to both national and international information security standards, including the UAE Information Assurance Standards (UAE IA), PCI DSS, and SWIFT CSP. Our strategic approach involves proactive measures to mitigate risks and provide access to information on a need-to-know basis. This commitment allows us to effectively protect our information assets.

Our robust security framework utilizes advanced tools to safeguard sensitive data. NBQ also rely on our layered security control approach to protect our assets. By fostering a culture of vigilance and responsibility, NBQ ensure that our employees and partners are engaged in protecting our customers' privacy and data security. For more insights, please refer to the ESG Report.

## Internal Control Framework:

Internal Audit & Control Department (IACD) of National Bank of Umm Al Qawain is an independent, objective assurance and consulting function designed to add value and improve the Bank's operations.

It is one of vital components in NBQ's governance structure which provides independent assurance to the Board and Senior Management on the quality and effectiveness of the Bank's internal control, risk management, and governance systems and processes as mandated by the CBUAE's Regulations & Standards.

IACD derives its policies and procedures from CBUAE Regulations and International Professional Practices Framework (IPPF of IIA). IACD assesses and makes appropriate recommendations to improve Bank's governance process for: making strategic and operational decisions, overseeing risk management and control, promoting appropriate ethics and values within the Bank, ensuring effective organizational performance management and accountability, communicating risk and control information to appropriate areas of the bank and coordinating the activities of, and communicating

information among, the board, external and internal auditors, other assurance providers and management.

### The main objective of Internal Audit & Control Department includes but not limited to:

- **Reliability and integrity of financial and operational information.** Determining the reliability and adequacy of the accounting, financial and reporting systems and procedures.
- **Effectiveness and efficiency of operations.** Evaluation of the operational procedures to determine whether results are consistent with established objectives and goals and whether the procedures are carried out as planned.
- **Safeguarding of assets.** Determine to the extent which assets are accounted for and safeguarded from losses and verifying on a test basis, the existence of assets.
- **Compliance with laws, regulations and contracts.** Determine the compliance standards of the bank and assess the extent to which it deviates from the best industry practices and norms.

IACD plays a critical role in the overall strategy of the organization and enhancing the bank's ability to serve the interest of all stakeholders. While its primary function remains strengthening of governance, risk management, and control processes, its effects extend beyond the organization. Internal auditing contributes to an organization's overall stability and sustainability by providing assurance on its operational efficiency, reliability of reporting, compliance with laws and/or regulations, safeguarding of assets, and ethical culture. This, in turn, fosters customer's trust and confidence in the organization.

## External Auditors:

Deloitte & Touche (M.E.) was appointed as the External Auditor of the NBQ for 2025 at the Annual General Meeting. The external auditor's appointment is made with the circular is issued by the Capital Market Authority. For more information, please refer to the Corporate Governance report.

## Risk Management:

### Risk Management Overview

In adherence to best practices, Bank has established a well-defined organizational structure to ensure robust risk management. This structure delineates responsibilities across the three lines of defense that are segregated with clear reporting lines, ensuring risk assurance and effective management oversight of Risk functions.

Bank adheres to well defined credit policies and risk acceptance norms consistently applied across all levels of the organization.

To align with regulatory requirements and emerging business needs, the Bank updates its risk management policies and processes on frequent intervals

## Proactive Monitoring and Governance:

Risk containment unit actively monitors early warning signals and conducts independent physical inspections of projects as part of proactive credit monitoring. Centralised oversight ensures timely identification and resolution of potential non-performing loans, while portfolio management focuses on monitoring exposures, including concentration levels at single obligor and sectoral levels.

To ensure effective corporate governance, the risk management function reports directly to the Board risk Committee. Board sets the Bank's risk appetite, approves policy frameworks, and provides strategic direction for risk management. Risk management function regularly monitors key risk metrics against the Board approved limits and submits consolidated reports to Board risk committee and Board on a quarterly basis.

Breaches of Risk appetite statement are highlighted in periodic reports submitted to the Board, ensuring prompt corrective action and alignment with strategic objectives.

## Credit Risk

The Bank assumes credit risk as an integral part of its lending operations, defined as the risk of financial loss arising from a counterparty's failure to meet contractual obligations. Credit risk management and controls are centralized within the Credit Risk Department, which comprises the Portfolio Management Unit, Asset Quality Assessment Unit, and Risk Containment Unit.

### Department operates under the following objectives:

1. To measure, monitor, and mitigate credit risk at both the individual obligor and portfolio levels.
2. To maintain a highquality credit portfolio consistent with the Bank's risk appetite, while minimizing losses.
3. To identify early warning signals and initiate timely corrective actions.
4. To compute Expected Credit Losses (ECL) in accordance with IFRS 9.
5. To calculate risk weighted assets (RWA) and capital adequacy ratios under Basel III standardized approach.
6. To ensure ongoing oversight of credit risk matters by the Board, Risk Committee, and Senior Management

## Market Risk:

NBQ understands the potential impact of market fluctuations. NBQ is vigilant about market risk, which refers to potential losses caused by changes in interest rates, currency exchange rates and security prices. These fluctuations can affect the value of our on-and-off-balance sheet positions, impacting our financial stability.

To mitigate market and liquidity risks, the Market Risk Unit (MRU) of NBQ assesses the potential threats and provides a comprehensive analysis to the Asset and Liability Management Committee (ALCO) on a monthly basis.

Under Market Risk Management, NBQ computes VaR and Stressed VaR on Equity Portfolio. Similarly for Bond Portfolio, DV01 is computed. MRU reports these market risk metrics along with other investment and liquidity ratios on a daily basis to senior management and concerned departments. These metrics are monitored against Board approved risk appetite limits.

MRU conducts independent price verification of Equities on daily basis as a prudent measure. Bank conducts Stress testing on market risk portfolios such as Equity, Bond, FX-open positions under various scenarios.



## Liquidity Risk Management:

Liquidity Risk poses a constant challenge to the Bank's ability to fulfil its financial obligations promptly. This risk may arise from market disruptions, credit downgrades or reputational risks that affect funding sources as well as anticipated inflows from Credit and Investment Portfolio. To mitigate these challenges the bank adopts a strategy of diversifying the funding sources and strategically managing assets with a focus on liquidity.

While Treasury department manages liquidity and funding, the MRU monitors and reports relevant metrics against the board approved risk limits, in alignment with the Bank's established Risk Appetite Statement.

In accordance with the regulations of the Central Bank of UAE and compliance with Basel III requirements, the bank vigilantly tracks the Eligible Liquid Assets Ratio (ELAR) and Advances to Stable Resources Ratio (ASRR). Additionally, as a prudent measure MRU computes Structural Liquidity Ratio statement (SLR) to monitor the gaps versus limits across various time buckets along with other liquidity risk ratios.

Stress testing is used to describe and evaluate the impact of various stress events on Bank's Net liquidity Position. In addition, the bank has established a Contingency Funding Plan designed to effectively manage the liquidity in critical stress situations by monitoring the early warning indicators.

## Interest Rate Risk Management:

Interest Rate Risk represents a critical financial challenge for the Bank. It refers to the potential impact of changes in market interest rates on the Bank's capital and earnings. When market interest rates fluctuate, the value of assets, liabilities, and overall profitability can be significantly affected. Although interest rate risk arises in all types of financial instruments, it is most pronounced in debt instruments. MRU is assessing the interest rate impact on bond portfolio through DV01 metric.

The Bank manages its interest rate sensitivity position based on the timing differences in the maturity or repricing of assets and liabilities. MRU of the bank measures the impact of interest rate movement on capital and earnings by using the Economic Value of Equity (EVE) and Net Interest Income (NII) methodology. The impact on EVE and NII is computed monthly, and the results are presented to ALCO and on a quarterly basis to the Board Risk Committee.

In addition, the Market Risk Unit (MRU) conducts behavioral studies for Interest Rate Risk, taking into account historical customer behavior and prevailing market conditions. For Interest Rate Risk, the analysis includes metrics such as Conditional Prepayment Rate (CPR), Term Deposit Retention Rate (TDRR), and Non-Maturity Deposits (NMD).



## Currency Risk Management:

Currency risk is the potential financial loss that arises from changes in the relative value of currencies. The Bank is exposed to fluctuations in the prevailing foreign exchange rates, which can affect its financial position and cash flow. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intraday positions, which are monitored by Treasury Department. MRU independently monitors the Net Open Position (NOP) and performs stress testing (quarterly basis) on NOP by applying shocks to FX rates.

## Basel Implementation:

NBQ complies with Basel III capital adequacy standards as adopted by the Central Bank of the UAE (CBUAE), including the annual submission of the Internal Capital Adequacy Assessment Process (ICAAP) report. The Bank applies the standardized approach in calculating capital adequacy ratios in line with CBUAE requirements.

As part of its Pillar 2 supervisory framework, NBQ conducts regular stress testing across credit, liquidity, market (including interest rate risk in the banking book), and equity price risks. These exercises confirm that the Bank maintains a substantial buffer above minimum regulatory capital requirements, demonstrating resilience and the capacity to absorb potential losses under adverse scenarios.

In line with Basel III Pillar 3 disclosure requirements, NBQ publishes quarterly and annual reports providing transparency on its capital structure, risk weighted assets, leverage ratio, and liquidity metrics. These disclosures reconcile with the Bank's financial statements and regulatory returns, offering stakeholders a clear view of NBQ's risk profile and capital adequacy.

This comprehensive framework underscores NBQ's commitment to robust risk management, financial stability, and regulatory compliance.

## Operations Risk

Operational Risk, defined as “the risk of loss resulting from inadequate or failed internal processes, people, and systems or external events,” is an inherent aspect of all business activities. Effective management of this risk is paramount to achieving the bank's strategic objectives and maintaining resilience.

### Framework and Governance

NBQ operates under a Board-approved Risk Appetite Statement and a comprehensive policy framework dedicated to managing operations. This robust framework encompasses the continuous monitoring, assessment, evaluation, control, and mitigation of risks arising from regular banking operations.

Implementation of this framework requires substantial compliance, monitoring, and robust governance. NBQ ensures active participation in the risk management process through the involvement of the Board of Directors, Executive Management, and business line management, underscoring the Bank's commitment to collaborative and robust operational risk management practices.

## Key Controls and Mitigations

The bank utilizes a series of structured methodologies and controls to proactively manage operational risk:

- **Regular Risk and Control Self-Assessment (RCSA):** Conducted periodically to assess key risks across all business units and departments.
- **Incident Management Processes:** Implemented to effectively identify, assess, record, report, and manage actual operational and compliance events resulting from process failures or unforeseen external factors.
- **Management Processes for Weaknesses or Gaps in Controls:** Established to identify, evaluate, record, report, and manage control deficiencies. This process also provides critical control information for new processes or services.
- **Assessment of Risks in Process Changes:** Ensures a comprehensive review and management of risks associated with significant business changes, particularly those introduced through projects, outsourcing and digital initiatives.
- **Review of Manuals, Processes, and Controls:** Conducted proactively to prevent, detect, and mitigate specific operational risks, thereby ensuring the continuous enhancement of NBQ's operational resilience and effectiveness.

NBQ is undertaking the strategic implementation of a dedicated Operational Risk Management (ORM) System

## Business Continuity and Resilience

To ensure the continuity of regular functions during a crisis, the bank has established a Disaster Recovery (DR) site strategically located away from the main processing center. A well-documented Business Continuity Plan (BCP) is in place, featuring clearly defined recovery procedures, as well as preventive and corrective measures. The effectiveness of the BCP is subject to periodic testing.

Emphasis is also placed on formulating business continuity contingency plans utilizing adequate storage and backup systems.

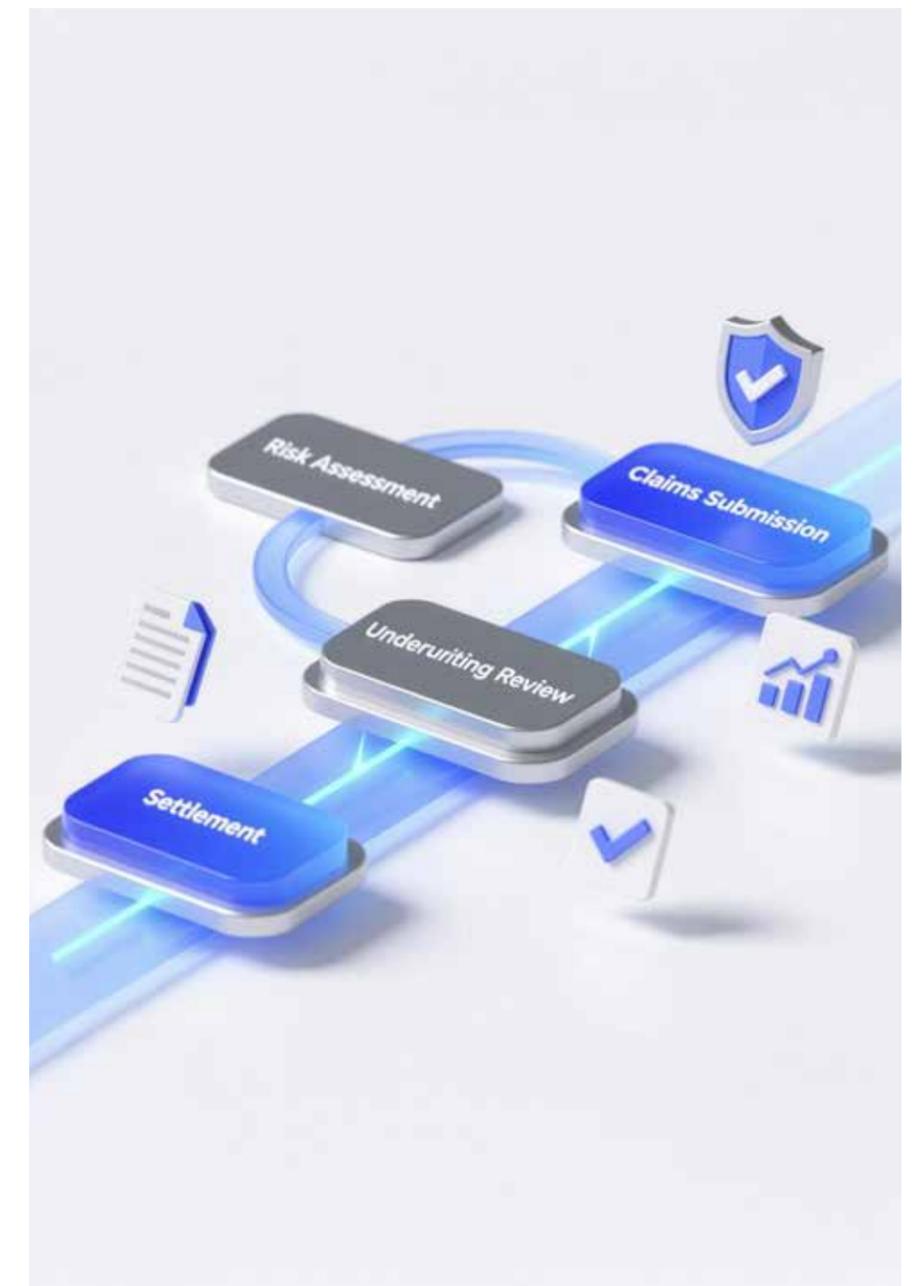
## Fraud Management Enhancement

To enhance the supervision and mitigation of fraudulent activities, NBQ has strategically centralized the responsibility for fraud monitoring within a specialized 24X7 unit, Fraud Monitoring Unit. This initiative is supported by the successful deployment of Phase 1 of the Enterprise Fraud Management System, with Phase 2 implementation underway to proactively strengthen enterprise-wide fraud prevention capabilities.

## Insurance Coverage and Process Improvement

Bank maintains adequate insurance coverage for operational losses, encompassing unforeseen events like fraud. Regulatory risk capital charge related to operational risk is computed using the Basic Indicator Approach. Operational Risk function has streamlined

processes and improved turnaround times based on valuable recommendations initiated by business focus groups, business champions, and the internal audit team, fostering continuous operational excellence.



## Community Relations:

In alignment with the UAE’s declaration of 2025 as the ‘Year of Community’, NBQ demonstrated an expanded and profound commitment to Corporate Social Responsibility (CSR) and sustainability, actively enhancing the well-being of the UAE community through diverse and impactful initiatives.

NBQ focused on critical areas including social welfare, health, education, and environmental protection. Significant contributions were made to support vulnerable members of society through campaigns like the UAQ Charity Association’s “Do-Gooders” and the Rahma Cancer Care Society, alongside sponsoring the Red Crescent Ramadan Iftar Tent.

Furthermore, NBQ invested in the future and supported education by funding essential media equipment for the University of Umm Al Quwain and contributing to the development of the Rashid Center for People of Determination. On the environmental front, the bank co-financed a major infrastructure project by procuring 20 dewatering pumps for the UAQ Municipality, directly contributing to improved rainwater drainage and sustainability in the Emirate of Umm Al Quwain.

These concerted efforts underscore NBQ’s role as a responsible national bank, striving to cultivate a prosperous and sustainable future for all. For a complete overview of NBQ’s community relations and all CSR activities, please refer to the community investment section in the ESG report.

## Sustainability:

NBQ is firmly aligned with internationally recognized industry standards and global best practices in sustainability. The Bank’s commitment to environmental concerns, social responsibility and good governance principles underscores its dedication to fostering long- term, sustainable growth. Through the integration of sustainability considerations into its strategic and operational frameworks, NBQ actively seeks to minimize environmental impact, promote social well- being and uphold the highest standards of ethical governance.

This commitment not only enhances the Bank’s resilience and competitiveness but also reinforces stakeholder confidence and supports the broader transition toward a sustainable economy. NBQ continues to strengthen its sustainability agenda through transparent reporting, responsible financing and the implementation of policies that promote inclusive and environmentally conscious development.

## Conclusion:

Board of Directors and Management wish to express their sincere appreciation and gratitude to the Bank’s shareholders for their continued confidence and unwavering support. NBQ also extends its sincere thanks to its customers for their trust, loyalty, and ongoing business relationships. Furthermore, the Bank acknowledges the Management Team and all employees for their dedication, commitment, and valuable contributions. The Bank is grateful for the continued guidance and support of Central Bank of the UAE in regulating its operations and supporting its strategic direction.

# ESG REPORT

# Table of Contents

<b>01</b>	About this Report	29
<b>02</b>	Sustainability Performance Highlights 2025	31
<b>03</b>	Materiality Assessment	32
<b>04</b>	NBQ's Sustainability Strategy	35
<b>05</b>	Governance	36
<b>06</b>	Environment	57
<b>07</b>	Social	71
<b>08</b>	GRI Content Index	95
<b>09</b>	ADX ESG disclosures	98

## About this Report

National Bank of Umm Al Qaiwain PSC (“NBQ”) is pleased to present its 2025 Environment, Social and Governance (ESG) report which reflects our strong commitment to sustainability goals and initiatives. This report is intended for key stakeholders, including customers, employees, suppliers, partners and communities, and offers an overview of our sustainability strategy, performance and progress over the year we have made on material ESG issues.

### Reporting Period

Information in this report reflects activities and performance for the period 1st January 2025 to 31st December 2025.

### Reporting Scope

This report includes information about ESG performance across all branches within UAE, showcasing NBQ’s commitment to sustainability and responsible banking. Where relevant, data from previous years has been included for comparative purposes. All monetary values are mentioned in Arab Emirates Dirhams (₪).

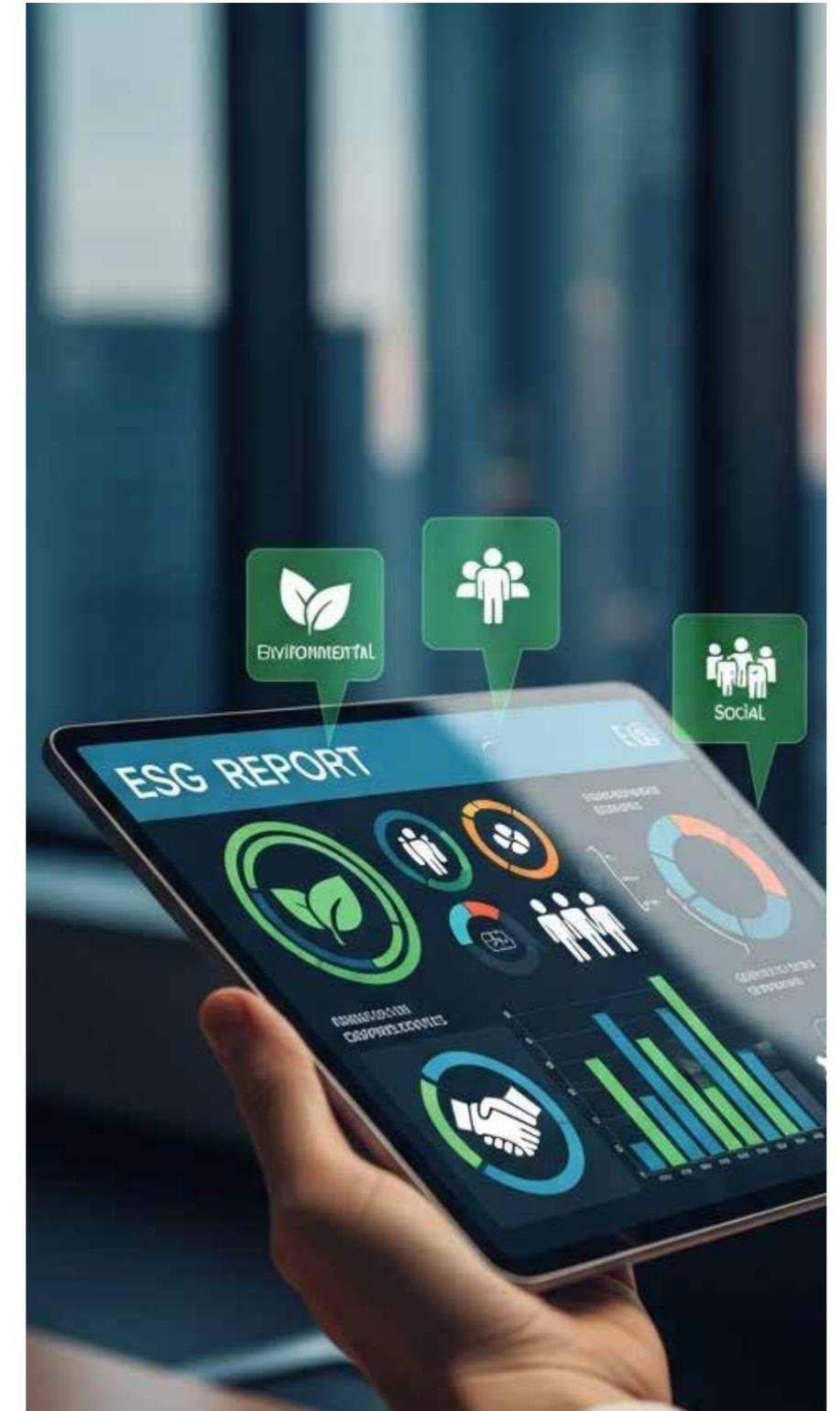
### Reporting Standards

This ESG report has been prepared in alignment with international and national reporting standards and guidelines viz:

- Global reporting initiatives (GRI)
- United Nations Sustainable Development Goals (UNSDGs)
- Abu Dhabi Securities Exchange (ADX) ESG Disclosure 2025
- Greenhouse Gas (GHG) Protocol
- Central Bank of UAE (CBUAE) Principles for sustainability-related disclosures for reporting entities
- UAE Securities and Commodities Authority (SCA) sustainability disclosure requirement

### Data Verification

We have undergone an internal review and approval of this report to ensure accuracy and comprehensiveness. The review process ensures strict adherence to methodologies and guidelines outlined within report.



## Forward-looking Statements

This report contains statements that may be characterized as “forward-looking statements,” which reflect NBQ’s intentions regarding future activities. Such statements may be identified by terminology like “plans,” “aims,” “believes,” “may,” “could,” “will,” or “might.” While NBQ strives for accuracy and truthfulness in this report, forward-looking statements inherently involve risks and uncertainties that may cause actual results to differ materially from those projected. These uncertainties are often beyond NBQ’s control, and as such, these statements do not guarantee that anticipated events will occur. Furthermore, NBQ is under no obligation to update or revise any forward-looking statements, except as required by applicable laws and regulations.

## Reach us

We welcome feedback and suggestions related to this report.

Please contact us at:

Email: [nbq.sustainability@nbq.ae](mailto:nbq.sustainability@nbq.ae)

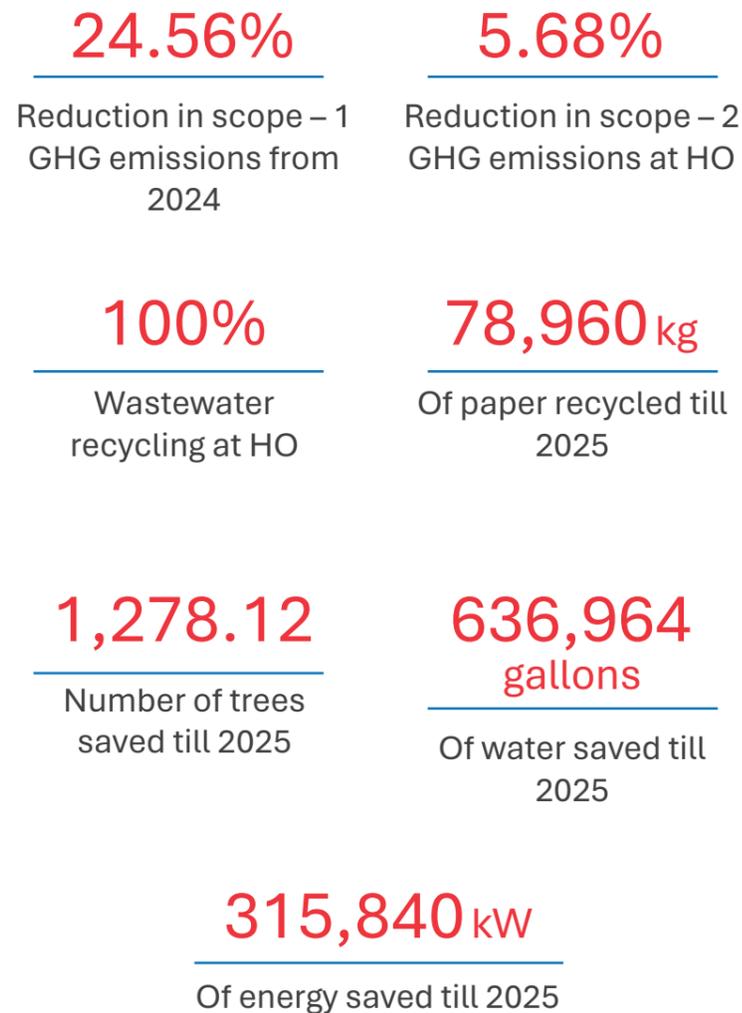
## Terminology

Terms such as “National Bank of Umm Al Qaiwain”, “NBQ”, “we”, “it”, “Our business”, “Our organization”. “Our company” refer to National Bank of Umm Al Qaiwain PSC, unless the context otherwise requires.



# Sustainability Performance Highlights 2025

## Environment



## Social



## Governance



# Materiality Assessment

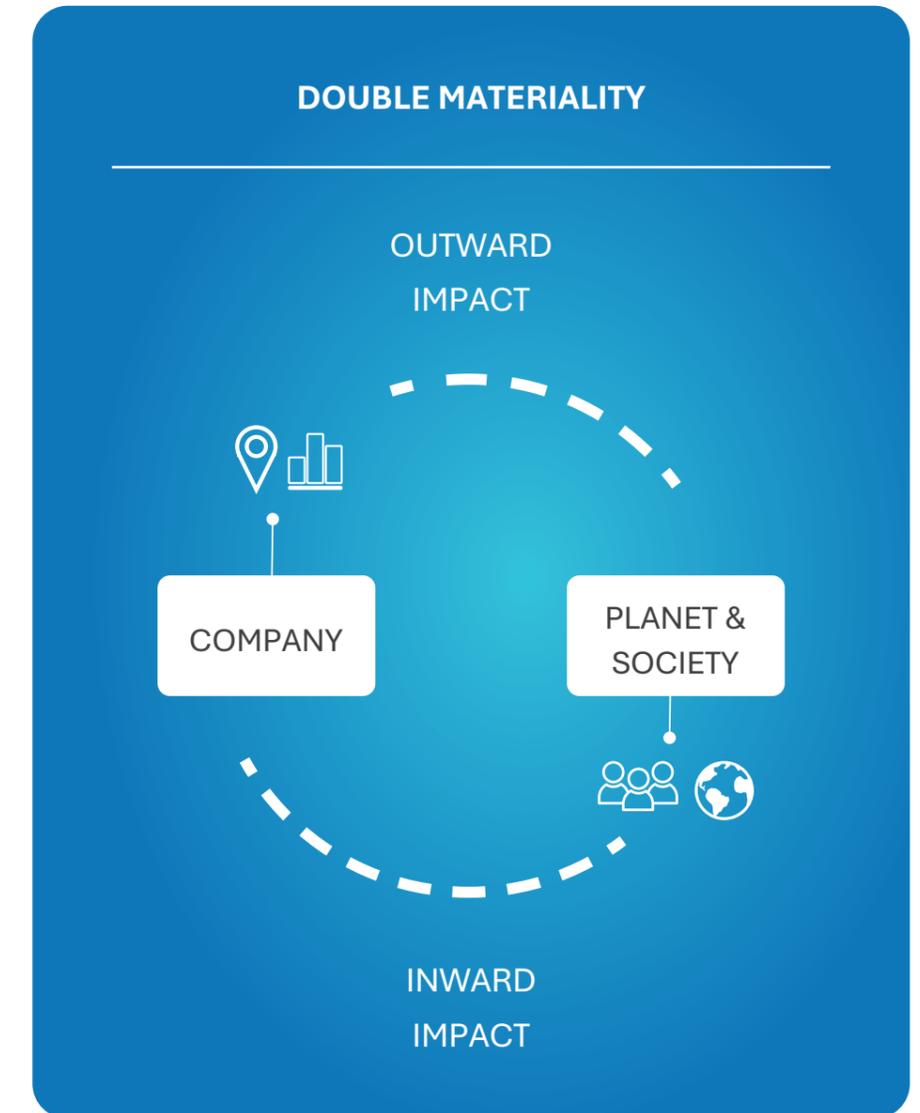
NBQ is committed to understanding the sustainability topics that are most significant to its business and to its stakeholders. We conduct double materiality assessment to ensure our ESG strategy reflects both our impact on society & environment (impact materiality) and financial risks & opportunities for NBQ (financial materiality). Impact materiality is assessed in line with GRI 3 Standards, while financial materiality is aligned with EFRAG IG1 under Corporate Sustainability Reporting Directive (CSRD) and Abu Dhabi Securities Exchange (ADX) ESG Disclosure Guidance 2025. This assessment helps NBQ:

- Identify ESG topics that could impact financial performance or operational resilience.
- Understand how NBQ's activities affect society, environment, and stakeholders.
- Prioritize actions and reporting in line with strategic objectives.

## 2 Dimensions of Our Assessment

Our 2025 double materiality assessment evaluates ESG issues from 2 key perspectives to provide a comprehensive understanding of our impact and dependencies

- 1. Impact Materiality:** Evaluates how NBQ's activities impact economy, environment, and people (including human rights).
- 2. Financial Materiality:** Assesses how sustainability-related risks and opportunities affect NBQ's financial position, performance, strategy and development. This dual lens ensures comprehensive reporting that reflects both external impacts and internal financial implications.



# Double Materiality Assessment Approach

## Steps

## Process

## Outcome

### Step 01

Identify Sustainability Matters

- Review of existing topics against the global sustainability reporting frameworks, regulatory requirements.
- Peer benchmarking of sustainability topics
- Conduct a broad screening of sustainability matters relevant to the organization's operations, value chain, and sector context
- Mapping to SASB and MSCI materiality guidance

Broad list of potential material topics identified in initial screening

### Step 02

Identification & Assessment of ESG impact, risk and opportunities

#### Impact Materiality

Identification of NBQ's activities that impact the economy, environment, and people (including human rights) through the stakeholder engagement covering both internal and external stakeholders.

#### Financial Materiality

Identification of risks and opportunities that affect NBQ's financial prospects through the stakeholder engagement covering both internal and external stakeholders.

**Stakeholder Engagement:** Survey form was sent to internal and external stakeholders to gather their feedback on list of potential material topics.

Employees

Senior Management

Customers

Suppliers

Preliminary list of material topics through consolidation of the outcome of impact & financial materiality

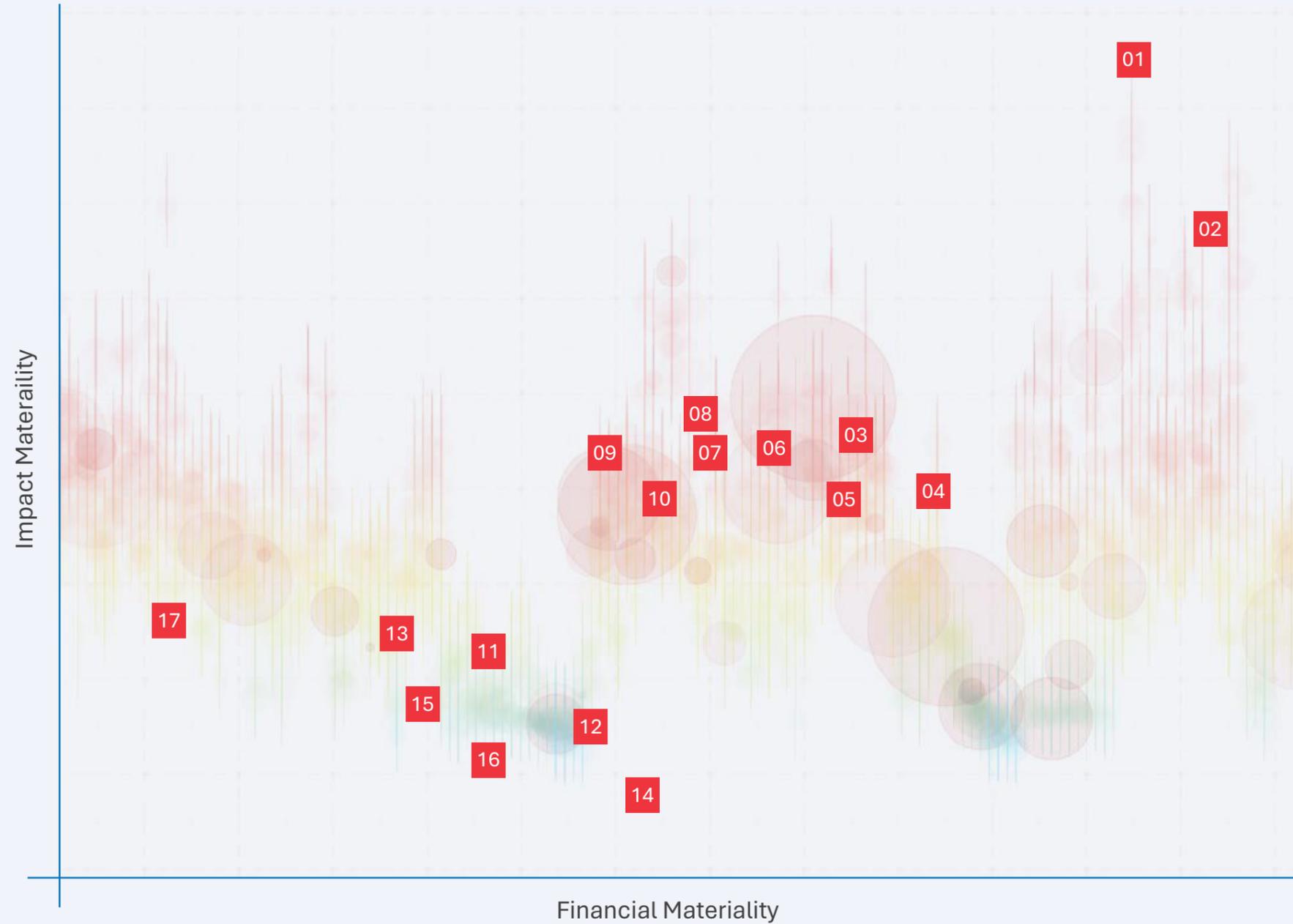
### Step 03

Determination & prioritization of Material Topics

- Finalization of the assessment and analysis of the responses received from stakeholders
- Development of materiality matrix that captures impact and financial materiality assessments and list of material topics prioritized from high to low value
- Validation of material topics from ESG committee

Final list of prioritized material topics and Materiality Matrix

# Materiality Matrix



## List of Material Topics for NBQ

- 1. Customer Privacy and Data Security
- 2. Financed Emissions
- 3. Digitalization and Innovative technology
- 4. Climate Change
- 5. Learning & Development
- 6. Customer Experience
- 7. Systematic Risk Management
- 8. Employee Wellbeing
- 9. Emiratization
- 10. Business Continuity and Resilience
- 11. Access and Affordability
- 12. Diversity & Inclusion
- 13. Responsible Banking
- 14. Financial Performance
- 15. Tax Transparency
- 16. Business Ethics
- 17. Community Investment

# NBQ's Sustainability Strategy



## Pillars



## Strategically Important



## Important



## UNSDGs



# Governance



**P1/SS4 BUSINESS ETHICS**

## Being Responsible, Ethical & Accountable in Governance

Corporate Governance at NBQ underpins how we operate, make decisions, and safeguard stakeholders' interest. It provides framework through which authority and responsibilities are allocated and exercised across Board of Directors and senior management, supporting sound decision-making, robust oversight and accountability.

### Governance Structure and Composition

NBQ has established a multi-tier, well-defined governance structure that supports effective implementation of strategic objectives, risk management, and compliance requirements. NBQ's governance approach emphasizes independence, diverse leadership perspectives, and strong control environments. This supports balanced judgment, effective risk oversight, and decision-making that considers both present needs and long-term sustainability goals. NBQ continues to strengthen its governance framework, to support the expectations of stakeholders.

### Board Composition

NBQ's Board of Directors is structured to support strong governance, combining experience, independence, and diversity to support effective oversight and strategic decision-making. NBQ's Board consists of seven (7) members, representing 100% UAE nationals.



#### Board Independence

Independent, Non-executive Directors = 5  
Non-independent, Non-executive Directors = 2



#### Board Diversity

Male = 6  
Female = 1



#### Average Age

< 30 years old = 14%  
30– 50 years old = 43%  
> 50 years old = 43%



Read more on Page 103 in Corporate Governance Report



## ESG Governance Overview

In 2025, NBQ began formally integrating ESG into governance structure, reinforcing its commitment to sustainable and responsible growth. As part of this process, NBQ has developed an ESG governance structure which is currently under internal approval. This approach will establish clear oversight and accountability for ESG across organization with a top-to-bottom structure that includes Board oversight, executive management, an ESG committee and a dedicated ESG unit.

### Nomination and selection of highest governance body

NBQ follows a structured and transparent approach to nomination, selection, and ongoing evaluation of its highest governance body. Bank's Fit and Proper Policy provides comprehensive guidance on assessment criteria and procedural requirements for recruitment, appointment, or removal of senior management members and other key employees. Policy ensures that all individuals entrusted with critical leadership responsibilities demonstrate competence, integrity, and commitment necessary to uphold NBQ's governance standards.

Nomination and Remuneration Committee (NRC) holds primary responsibility for identifying, evaluating, and recommending candidates for senior management and governance positions. NRC conducts due diligence and Fit and Proper assessments not only prior to appointment but also on an ongoing basis, ensuring continuous

alignment with regulatory expectations and NBQ's internal governance principles. Through these robust processes, NBQ ensures that its highest governance body is composed of individuals who collectively demonstrate strong competence, independence, and integrity, contributing to sustainable and responsible leadership of NBQ.

### Executive Remuneration

NRC of Board oversees design, implementation, and periodic review of NBQ's remuneration framework. Committee ensures that compensation policies are competitive, fair, performance-driven, and fully aligned with regulatory requirements and NBQ's long-term strategic objectives. NRC meets at least once annually to review remuneration structures, evaluate performance outcomes, and approve the allocation of awards including overall incentive pools and their distribution across business units.

Highlight



## Introduction of ESG Committee

This year, NBQ has established a dedicated ESG Committee at management level, marking a significant milestone in embedding ESG principles into Bank's core operations.

Committee is responsible for developing, implementing, and monitoring ESG strategies, policies, and initiatives, ensuring that sustainability and responsible growth are fully integrated into all aspects of decision-making across Bank.



## Compensation Structure

In accordance with CBUAE Corporate Governance Regulations, NBQ's executive management remuneration comprises fixed pay and variable pay. Variable compensation is directly linked to performance results as measured by BSC and Key Performance Indicators (KPIs). To ensure prudent risk management and responsible remuneration practices, variable pay is capped and cannot exceed a defined percentage of fixed pay. BSC assessments and KPI evaluations are conducted as part of annual performance appraisal cycle, ensuring consistency, transparency, and fairness in reward decisions.

### 5 Criteria of Assessment



Collective Suitability



Reputation



Time Commitment



Experience



Conflict of Interest & Independence of Mind



## Conflict of Interest

NBQ maintains a comprehensive Conflict of Interest Policy designed to identify, monitor, and manage any actual, potential, or perceived conflicts of interest across organization for senior management. Policy establishes robust organizational and administrative controls that safeguard integrity of NBQ's operations and protect the interests of Group, its shareholders, customers, and wider stakeholders.

Senior management is expected to uphold the highest standards of professional conduct and avoid any activities, relationships, or transactions that may compromise or appear to compromise their objectivity and impartiality. In cases where a conflict of interest may arise, individuals are required to promptly disclose the matter to HRE team, who will escalate it to NRC for independent review and final determination.

All decisions relating to conflict-of-interest matters must be supported by clear and reasonable evidence, ensuring transparency, accountability, and a documented rationale for each outcome. NBQ has instituted strict disciplinary measures for breaches of this policy. Depending on severity of violation, actions may include:

- Formal warnings
- Suspension of duties
- Dismissal from position
- Ineligibility for future leadership or sensitive roles
- Other corrective actions deemed appropriate by NRC

These measures ensure consistent and fair enforcement of NBQ's governance standards, maintaining trust and confidence among all stakeholders.



**ZERO**

complaints received related to issue of conflict of interest in FY 2025

Highlight



## Succession Planning at NBQ

NBQ has established a formal Succession Planning Policy to support smooth transition of responsibilities within Board and senior management, safeguarding stability and strategic momentum during periods of change.

**NBQ's succession planning approach is built on four core principles:**

1. Merit
2. Efficiency
3. Disruptive Evolution
4. Reputation & Recognition

Objective of policy is to identify and develop a strong talent pipeline of high-potential individuals both internal and external who can be considered for future Board or senior management roles. These individuals are groomed through structured, long-term development programmes aimed at preparing them for elevated responsibilities whenever need arises.

Policy undergoes a formal review at least once a year, ensuring its continued relevance and alignment with regulatory requirements and organizational priorities. NRC, supported by the HRE team, is responsible for documenting and overseeing NBQ's strategic succession planning process.



## Our Policy Commitments

### Code of Conduct

NBQ recognizes that personal integrity rooted in honesty, fairness, transparency, and respect is fundamental to responsible banking. Ethical behaviour is expected in all activities, decisions, and interactions across NBQ. This commitment applies to every employee, including clerks, officers, managers, senior management, directors, and individuals working in NBQ subsidiaries. NBQ's Code of Conduct outlines principles and standards that guide professional behaviour of all employees. It includes methodologies for identifying, assessing, reporting, and mitigating risks associated with unethical practices. NBQ maintains a zero-tolerance approach to any conduct that violates Code, ensuring a culture of accountability and trust. Failure to adhere to Code of Conduct may result in disciplinary action, which can include verbal warnings, written reprimands, suspension, or termination, depending on severity of the violation.

All employees including Directors are required to formally acknowledge Code of Conduct by signing a declaration confirming that they have read, understood, and will comply with its standards. HRE department plays a central role in communicating the expectations outlined in Code. Employees are reminded periodically about their obligations through internal communications, training sessions, and awareness programmes.

### Anti-bribery & Anti-Corruption

NBQ maintains a strict zero-tolerance stance toward all forms of bribery and corruption. This commitment extends to promising, offering, giving, accepting, soliciting, or authorizing any form of bribe whether directly or indirectly through any individual or third party acting on behalf of NBQ. NBQ's Anti-Bribery and Anti-Corruption (ABC) Policy outlines controls and procedures necessary to prevent, detect, and address bribery or corrupt practices within organization. Policy applies to all Board members, senior management, employees, trainees, contractors, consultants, and third-party service providers, ensuring a consistent standard of ethical conduct across all areas of operation.

Employees are required to promptly report any actual or suspected breach of ABC Policy. Concerns should be escalated to immediate supervisor, who will initiate formal incident reporting process. NBQ fosters a culture where individuals can raise concerns confidentially and without fear of retaliation, ensuring openness and transparency in reporting. To further support ethical conduct, NBQ provides a dedicated whistleblowing channel, enabling employees and external stakeholders to report potential violations, misconduct, or unethical behavior.



**ZERO**

Total number of confirmed incidents of corruption



**ZERO**

Total number of confirmed incidents in which employees were dismissed or disciplined

## Mechanisms for raising concerns

NBQ encourages all employees to report any unethical behaviour, misconduct, or suspected criminal activity occurring within NBQ.

Whistleblowing Policy applies to all individuals and entities with a relationship to NBQ, including employees, contractors, suppliers, auditors, vendors, third-party agencies, and, where applicable, their dependents or immediate family members. Policy also extends to all majority-owned subsidiaries and entities under NBQ's management control. Policy provides a secured communication channel for individuals to report concerns outside of ordinary reporting lines. Reports can be submitted directly to NBQ's dedicated whistleblowing email address [whistleblowing@nbq.ae](mailto:whistleblowing@nbq.ae).



**ZERO**

concerns were raised through  
whistle-blowing mechanism in  
FY2025

## Industry Leadership and Policy Engagement



As a national bank, NBQ is an active member of UAE Banks Federation (UBF) Advisory Committee, reflecting its role in contributing to development of UAE's banking and financial services ecosystem. Through this membership, NBQ actively lends its institutional experience, technical expertise, and market insights to collective discussions on key issues impacting the sector, including policy development, regulatory considerations, financing priorities, and broader economic trends. NBQ's participation in UBF Advisory Committee enables NBQ to collaborate closely with peer institutions and industry stakeholders, supporting informed decision-making and advancement of a resilient, well-governed, and future-ready banking sector.



 **P1/SS1 CUSTOMER PRIVACY AND DATA SECURITY**  
**Securing Data, Sustaining Trust**

At NBQ, protecting customer information is a core responsibility and a fundamental pillar of our governance and risk management framework. In an increasingly digital financial environment, data is one of the most valuable assets often regarded as a “gold mine” and NBQ is deeply committed to ensuring its confidentiality, integrity, and availability across all operations. We apply a robust, multi-layered approach to data governance, cybersecurity, and privacy protection to safeguard information from both internal and external threats while upholding highest regulatory and ethical standards.

**Information Security Management System (ISMS)**

NBQ maintains a comprehensive Information Security Management System (ISMS) Policy, aligned with best international practices and applicable regulatory guidance. Policy outlines NBQ’s commitment to establishing processes, controls, and governance measures designed to protect information at all times.

**Key Elements of ISMS Policy**

- Protection against External & Internal Threats  
NBQ follows industry-leading security practices to secure information systems, digital channels, and physical assets from potential cyber risks and data breaches.

- Confidentiality, Integrity & Availability  
Controls are designed to ensure that information is accessible only to authorized personnel, remains accurate and complete, and is available when required for operational needs.
- Mandatory Compliance for All Staff & Third Parties  
All NBQ employees, third-party vendors, and contracted personnel are required to comply with ISMS Policy. Confidentiality agreements are signed by all internal and external parties handling NBQ data. Periodic information security awareness for employees on ISMS policy of NBQ has been conducted.

Access to sensitive information at NBQ is strictly governed by “need-to-know” principle, ensuring that only authorized personnel can view or handle critical data. This is reinforced through robust approval mechanisms aligned with globally recognized ISMS standards. By prioritizing confidentiality, integrity, and availability of information, NBQ maintains a secure environment and reinforces its reputation as a trusted leader in information security.



ZERO

Number of complaints related to data privacy breach received in FY 2025



ZERO

Total number of identified leaks, thefts, or losses of customer data

## Information Security Governance

Strong governance underpins NBQ's data protection framework.

- 1. Board of Directors Oversight:** Board of Directors holds ultimate accountability for NBQ's compliance with ISMS requirements and oversight of information security strategy and performance.
- 2. Information Security Steering Committee:** NBQ has established an Information Security Steering Committee, which is responsible for:
  - Oversight of ISMS Framework
  - Periodic review of policies and security posture
  - Monitoring implementation progress
  - Ensuring continuous improvement
- 3. Senior Manager:** Senior Manager - Information Security and Data Protection (ISDP) is policy owner responsible for executing ISMS, ensuring adherence across departments, and reporting deviations or critical concerns to Steering Committee.

## Non-compliance and Violations

Each department head shall ensure compliance of respective department with ISMS policy and practices. Internal ISMS audits/reviews are conducted by departments head/compliance officers to verify compliance level. Violations and non-compliance with ISMS policy and practices by any employee would be notified to HRE and departmental head concerned. HRE/department head shall take actions as per HRE/operational policy of department.

## Data Governance and Customer Privacy

NBQ operates under a dedicated Data Governance Policy that applies to all staff members and contracted entities. This policy ensures alignment with applicable laws and regulations.

Information Security & Data Protection Department plays a pivotal role in safeguarding customer information while ensuring strict compliance with national and international regulatory requirements. Department conducts regular evaluations of security measures through rigorous internal and external assessments. In addition, third-party security assessors, working closely with NBQ's management team, regularly review controlled environment to identify potential gaps and weaknesses in controls.

Highlight



## Information Security Awareness & Training

NBQ conducts regular information security awareness campaigns to ensure employees remain informed about ISMS policies, cybersecurity risks, phishing trends, data handling protocols, and responsible use of technology.



**94%**

of employees completed Information Security Awareness Training

Highlight



## Strengthening Data Governance Through Automation

NBQ has rolled out an automated data classification solution that intelligently identifies and classifies all electronic data based on its sensitivity level. Leveraging advanced analytics and built-in intelligence, solution strengthens data governance, enhances protection controls, and ensures sensitive information receives the highest level of security.

## Technology-Enabled Data Protection and Monitoring

NBQ employs a layered, proactive monitoring framework to safeguard customer data and prevent unauthorized access, misuse, or leakage. Advanced applications and security tools are actively deployed to provide real-time visibility, early detection, and rapid response to potential risks. Together, these tools form a defense-in-depth approach, enabling NBQ to monitor data activity continuously, respond swiftly to potential incidents, and maintain confidentiality and integrity of customer information.

## Information Security Compliance

NBQ maintains highest level of compliance with

**Payment Card Industry Data Security Standard (PCI DSS)**

**UAE Information Assurance (UAE-IA) assessment**

**Swift Customer Security Programme (CSP)**



Highlight



## Customer Privacy Notice

In full alignment with CBUAE and its Consumer Protection Regulation (CPR), NBQ ensures that customer data is collected, processed, stored, and shared in a transparent and lawful manner. These regulations are designed to safeguard the rights, interests, and privacy of consumers, and NBQ has embedded these principles into its data governance and operational practices.

Our Privacy Notice clearly communicates how customer information is used, purposes for which it is collected, safeguards applied to protect it, and rights available to customers regarding their personal data. Through strong internal controls, technology-enabled security measures, and strict access protocols, NBQ ensures that customer data remains confidential, accurate, and protected throughout its lifecycle.



**Privacy Notice to Customers**



P1/SS5 DIGITALIZATION AND INNOVATIVE TECHNOLOGIES

## Driving Sustainable Growth Through Digital Transformation

NBQ's digital transformation is guided by a structured technology roadmap that prioritizes regulatory readiness, customer-centric innovation, and operational efficiency. In the short term, NBQ is focused on completing its ongoing digital transformation initiatives, with particular emphasis on Loan Origination System (LOS) and other priority digital programs. NBQ is implementing Jaywan and Open Finance requirements to ensure compliance with national digital payment and data-sharing frameworks, while enhancing customer convenience, interoperability, and secure access to financial services.

From a long-term perspective, NBQ's digital strategy is centered on upgrade or replacement of core banking, treasury, and card management platforms, alongside seamless system integration across business lines. These modernization initiatives are designed to enable advanced digital capabilities, improve service delivery, and support scalable, future-ready banking solutions. Through this phased approach, NBQ aims to deliver a resilient digital ecosystem that enhances customer experience while strengthening operational performance and technological agility.

### Digital Enablement and Service Governance

NBQ integrates digital solutions to enhance operational efficiency while supporting its sustainability objectives.

Bank's Digital Signature System has been implemented to streamline approval workflows and reduce dependence on manual documentation, contributing to more efficient and resource-conscious operations. Ongoing enhancements to NBQ's digital banking channels further enable customers to complete service requests and routine transactions remotely. This approach improves service accessibility, optimizes internal processes, and reduces the need for physical interactions, supporting a more efficient and modern banking model.

To strengthen its technology infrastructure, NBQ has completed implementation of Software-Defined Wide Area Network (SD-WAN) technology, enhancing network performance, security, and scalability across branches and operational locations.

In addition, NBQ has deployed an IT Asset Management System that tracks and manages NBQ's hardware and software assets throughout their entire life cycle. This centralized platform maximizes value, control costs, ensures regulatory compliance, and improves by providing clear visibility into asset utilization, maintenance, upgrades and retirement. This system also supports effective management and incident management processes, while enabling IT support teams to efficiently manage service requests and provide timely support to business units.

New in 2025



### ISO/IEC 20000-1:2018 IT Service Management System

ISO 20000 is the international standards for IT service management (ITSM). It specifies the requirements for establishing, implementing, maintaining and continually improving a service management system to ensure effective delivery of high-quality IT services aligned with business objectives.

In line with these requirements, NBQ has implemented a service, change, and incident management solution to enhance service reliability and operational resilience. As a result, NBQ has successfully achieve ISO 20000 certification reinforcing the NBQ's commitment to strong IT governance, effective incident resolution, and a structured change management across systems and applications.

## Core Systems and Governance Transformation

NBQ is undertaking several major transformation initiatives to modernize its operational backbone and governance frameworks, including:

- Comprehensive revamp of loan origination systems for both retail and corporate banking
- Collections application replacement to enhance recovery efficiency and system integration
- Implementation of a legal management solution
- Deployment of enhanced governance systems supporting Internal Audit, Risk, and Compliance functions

## Customer-Centric Digital Innovation

NBQ's IT team plays a critical role in continuously enhancing banking services and digital systems to meet customer needs more effectively. A recent milestone in

this journey is revamp of NBQ mobile banking application, which now offers enhanced functionality and security.

Key enhancements include:

- UAE PASS integration, enabling secure digital authentication in line with national digital identity initiatives
- Digital service request capabilities, allowing customers to complete routine banking requests remotely without visiting branches
- Apple Wallet integration, supporting modern, cashless payment experiences

In parallel, the replacement of corporate internet banking platform is underway, aimed at enhancing functionality, security, and digital experience for corporate customers. NBQ continues to expand its digital ecosystem, with additional services planned for future rollout to further improve accessibility, efficiency, and customer satisfaction.

Highlight



## Optimizing Printing for Efficiency and Sustainability

NBQ is currently evaluating the implementation of a Managed Print Service (MPS) solution to centralize its printing infrastructure and strengthen control over printing activities. The proposed solution will introduce monthly user quotas supporting improved oversight of paper usage and encouraging responsible consumption across organization.

MPS system is expected to generate detailed usage reports, enabling Bank to identify areas for efficiency improvement and support informed decision-making related to resource management. This solution will enhance operational flexibility by allowing employees to print securely from any enabled device and cancel print jobs directly at printer.



## Instant Money Transfers via Aani Service

Aani is UAE's national instant payment platform, developed under supervision of CBUAE. It allows individuals and businesses to send and receive funds in real time, 24/7, using simple identifiers such as mobile numbers, email addresses, or QR codes, without need to share traditional bank account details like IBANs. Platform supports features including peer-to-peer transfers, "Request to Pay," and QR-based payments, contributing to a modern, digital, and cashless financial ecosystem.

NBQ has successfully integrated Aani services into its mobile banking application, enabling its customers to enjoy instant, seamless, and secure money transfers directly from their smartphones. Through this integration:

- Customers can send or receive funds instantly at any time, reducing reliance on physical branch visits or manual processes.
- Transfers are processed within seconds, improving convenience and efficiency.
- Customers can complete transactions using easy-to-remember identifiers, enhancing usability and accessibility.

By adopting Aani, NBQ aligns with UAE's national strategy for real-time payments and a cashless economy, while providing customers with secure, modern, and user-friendly banking solutions.

## Enhancing Security Through Advanced Fraud Management

Recognizing growing risks of financial fraud, NBQ has deployed Phase 1 of its Enterprise Fraud Management Solution (EFMS). This enables Fraud Risk Management Team (FRM) to monitor transactions in near real time mode, enabling early detection and mitigation of suspicious activities. Future phases will further enhance predictive analytics and expand coverage across additional transaction types and digital channels, strengthening customer protection and regulatory compliance.



Highlight



## Streamlining High-Volume Transactions Through Digital Bulk Processing

NBQ has enhanced operational efficiency and service reliability through introduction of digital bulk posting and automated reporting capabilities for high-volume financial transactions. This solution enables bulk financial postings to be processed electronically, significantly reducing manual intervention and improving processing accuracy.

### Key benefits include:

- Faster turnaround times for high-volume transactions
- Improved data accuracy and operational controls
- Reduced administrative effort through automation

By digitizing bulk transaction processing, NBQ strengthens service efficiency while ensuring consistent and reliable outcomes for customers and internal stakeholders.

 P1/SS2 CUSTOMER EXPERIENCE

## Customer-Centric Banking Powered by Digital Transformation

NBQ's digital transformation initiatives are focused on enhancing customer convenience, improving operational efficiency, and supporting environmental sustainability, in alignment with global ESG objectives. NBQ continues to modernize its service delivery model through innovative digital solutions that reduce reliance on manual processes and minimize paper usage.

Key initiatives include the implementation of a digital onboarding platform, which streamlines account opening and identity verification, and digital signature technology, significantly improving process efficiency and reducing physical documentation. These advancements enable faster service delivery while creating a more accessible and environmentally responsible banking experience.

### Customer Protection, Transparency, and Fair Treatment

NBQ fosters a culture that prioritizes consumer rights, transparency, and accountability across all customer interactions. Through robust internal policies and governance mechanisms, NBQ ensures that financial products and services are designed and delivered in line with consumer protection principles and regulatory expectations.

Customer-facing policies are regularly reviewed to ensure fairness, clarity, and alignment with evolving customer needs. NBQ also maintains structured processes to assess new products, ensuring responsible product design and transparent communication.

### Complaint Management and Service Quality

Effective complaint management is a key pillar of NBQ's customer experience framework. Structured escalation and resolution mechanisms are in place to ensure that customer concerns are addressed promptly, fairly, and consistently.

Customer complaints are recorded and managed through multiple channels including Sanadak portal of CBUAE which provides customers with an independent and transparent channel to submit and track complaints. This ensures that issues are reviewed in line with regulatory requirements. All complaints received are logged, reviewed and handled through established workflows to ensure appropriate follow-up and resolution.

New in 2025



### Automated Digital Statements for CASA Account Closure

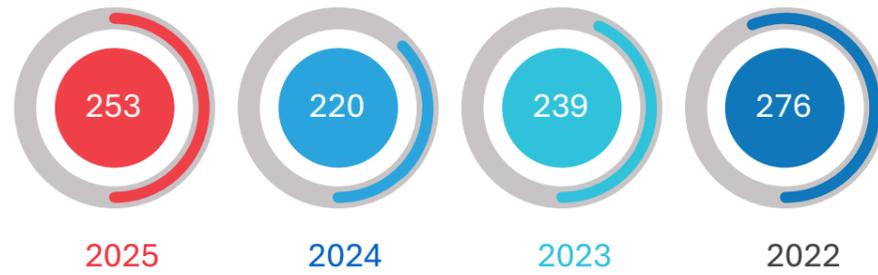
NBQ has implemented automatic generation and secure email delivery of account statements for CASA accounts upon closure. This ensures customers receive accurate and timely information without delays or manual handling.

#### This initiative:

- Improves customer experience through immediate access to account documentation
- Enhances operational efficiency by eliminating manual processing
- Strengthens process consistency and data accuracy

The automation of account closure statements reflects NBQ's digital-first approach to service delivery and customer communication.

Total number of customer complaints recorded



Continuous analysis of customer feedback, service interactions, and complaint trends enables NBQ to identify improvement areas and implement corrective actions. In parallel, robust incident management practices help minimize service disruptions and protect overall customer experience.



Highlight



## Digital Communication for Account Lifecycle Management

To enhance transparency, timeliness, and customer convenience, NBQ has digitized customer communications across key stages of account lifecycle, replacing manual and paper-based notifications with automated digital channels.

### This includes:

- Automated SMS notifications for inactive accounts, ensuring timely customer awareness and action
- Proactive notifications for dormant accounts, issued in advance of dormancy classification and fund transfers
- Digital account closure notifications, providing clear and consistent communication during account closure

### Together, these enhancements:

- Improve customer awareness and reduce uncertainty
- Strengthen regulatory compliance through timely communication
- Enhance customer experience through clear, direct, and consistent digital engagement

**P1/SS3 FINANCIAL PERFORMANCE**

## Resilient Performance for Sustainable Growth

### Economic Performance and Value Creation

During reporting period, NBQ maintained a disciplined approach to capital allocation, liquidity management, and cost efficiency, enabling NBQ to navigate market uncertainties while continuing to support customers, businesses, and communities. NBQ's financial performance is underpinned by a diversified business model, strong governance practices, and alignment with regulatory requirements set by CBUAE.

NBQ's financial performance is supported by a diversified portfolio across wholesale and retail banking activities, effective capital and liquidity management, and a conservative risk appetite framework approved by Board. These measures enable NBQ to manage market volatility, credit risks, and operational challenges while continuing to meet customer and regulatory expectations.

Financial Performance	FY 2025	FY 2024	FY 2023	FY 2022
Total Asset (AED million)	22,890	17,880	14,777	13,605
Operating Income (AED million)	692.12	655.45	617.93	380.22
Net Profit (AED million)	580.75	506.03	502.61	364.52
Contribution to social initiative from annual profits (%)	0.32	0.16	0.09	0.02



Read more on page 167 in Financial Statements





**P2/SS3 TAX TRANSPARENCY**

## Transparency Beyond Numbers

NBQ is committed to upholding the highest standards of tax transparency, ethical governance, and corporate responsibility. Transparent tax practices are a cornerstone of NBQ's ESG framework, reflecting our commitment to integrity, compliance, and accountability towards stakeholders, including regulatory authorities, customers, investors, and wider community.

### Our Approach to Compliance and Ethical Practices

NBQ navigates UAE's evolving tax landscape with integrity and diligence. Key highlights include:

- Compliance with UAE Federal Corporate Tax Law (Federal Decree-Law No. 47 of 2022), effective June 2023.
- Consistent VAT compliance since 2018, demonstrating ongoing commitment to regulatory adherence.
- Ethical evaluation of all tax positions taken in returns, ensuring provisions are made where necessary and all legislative obligations are met.

**For period ending 31 December 2025, NBQ reported a total income tax expense of **₹51.550 million.****



Read more on page 167 in Financial Statements

### Governance and Oversight

- Board of Directors: Accountable for oversight of all tax-related compliance, ensuring alignment with corporate governance principles.
- Senior Management: Responsible for implementing tax policies, monitoring obligations, and integrating tax compliance into business operations.
- Finance and Compliance Teams: Execute day-to-day tax operations, ensuring accurate calculation, reporting, and timely payment of all taxes in accordance with UAE laws and regulations.

This governance structure ensures that tax obligations are met responsibly and that ethical standards are consistently applied across organization. NBQ also maintains open communication with stakeholders regarding its tax practices, fostering trust and accountability. This includes:

- Accurate and timely filing of tax returns.
- Constructive engagement with tax authorities and broader community to uphold transparency and responsible corporate citizenship.



RESPONSIBLE PROCUREMENT

## Embedding Responsibility Across Our Vendors

NBQ recognizes that responsible procurement plays a critical role in advancing ESG outcomes beyond NBQ's direct operations. As a service-based financial institution, NBQ's supply chain primarily consists of vendors providing technology, facilities management, professional services, and operational support. NBQ is committed to ensuring that procurement practices are ethical, transparent, and aligned with sustainability principles.

### Governance and Ethical Procurement Practices

NBQ has developed a Supplier Code of Conduct and Sustainable Procurement Framework, which are currently in the final stages of internal review and approval. These frameworks are expected to be formally adopted and incorporated into NBQ's procurement processes in 2026. Once implemented, they will establish clear standards and expectations for vendor partnerships, embedding ESG considerations into procurement decision-making and supplier engagement. Frameworks will provide structured guidance on ethical conduct, environmental responsibility, compliance with labor and human rights

standards, and regulatory adherence. In parallel, NBQ's procurement activities continue to be governed by existing internal policies and procedures that emphasize:

- Transparency and fairness in vendor selection
- Compliance with applicable laws and regulations

Together, these practices ensure that procurement decisions are conducted with integrity and aligned with NBQ's broader governance framework. The forthcoming incorporation of Supplier Code of Conduct and Sustainable Procurement Framework is expected to further strengthen alignment between procurement practices and NBQ's sustainability strategy, fostering more responsible, transparent, and resilient supplier relationships.



**64.88%**

Local Vendors UAE National



**64.64%**

Vendor Screened against Compliance Requirement

## Vendor Screening

NBQ conducts comprehensive screening of all vendors prior to onboarding to ensure compliance with organizational standards and regulatory requirements. Vendor screening process considers multiple factors including sustainability practices, anti-money laundering (AML) and counter financing of Terrorism (CFT) compliance, and adherence to NBQ's internal policies and procedures. As part of this process, each vendor's profile is systematically reviewed. This process ensures that all vendors engaged by NBQ meet the required standards for regulatory compliance and alignment with organizational policies.

## Local Procurement Practices

NBQ is committed to supporting local procurements and promoting economic participation of UAE national vendors. In 2025, 133 vendors were UAE National out of 205 vendors who provided their trade license. NBQ prioritize sourcing from local suppliers wherever feasible, aligning procurement decisions with organizational goals and regulatory expectations for promoting local industry.

Highlight



## Supplier ESG Assessment

NBQ has introduced a supplier due diligence and assessment process as a pilot program that integrates sustainability considerations at supplier onboarding stage. Under this process, newly onboarded suppliers are assessed on key ESG parameters, enabling NBQ to evaluate suppliers' sustainability practices, compliance standards, and overall risk profile.

During the reporting year, this ESG-integrated assessment process was applied to newly onboarded suppliers, strengthening NBQ's ability to promote responsible sourcing. This initiative enhances transparency across supply chain, and lays the foundation for deeper supplier engagement on sustainability going forward.



 P3/SS1 RESPONSIBLE BANKING

## Mobilizing Capital for Sustainable and Inclusive Growth

Responsible banking at NBQ is fundamentally anchored in how NBQ allocates capital to generate positive environmental and social outcomes while maintaining strong financial discipline. As part of its commitment to sustainable finance, NBQ actively directs investments toward ESG-linked instruments that support climate action, social development, and resilient economic growth.

To promote sustainable practices and responsible capital deployment, NBQ has invested a total of **₹54.80 million** in ESG-linked bonds, reflecting a deliberate shift towards integrating sustainability considerations into its investment portfolio. NBQ has set an ambition to progressively scale up ESG-linked investments in the coming years, reinforcing its role in financing long-term sustainable development.

### ESG-linked Bond Investments

NBQ's ESG-linked bond investments are aligned with projects and activities that generate positive environmental and social outcomes across priority sectors. These investments are strategically aligned with high-impact sectors that contribute to sustainable economic and social outcomes, including:

- Micro, small, and medium enterprises (MSMEs)
- Healthcare and social infrastructure
- Green buildings and energy-efficient developments
- Renewable energy projects
- Clean transportation
- Pollution prevention and control initiatives

The total allocation comprised **₹3.38 million** invested in RAKBANK social bonds, **₹36.73 million** invested in Masdar green bonds, and **₹14.69 million** invested in FAB green bonds. Through these targeted investments, NBQ continues to direct capital towards projects that contribute to sustainable economic development while supporting the transition to a low-carbon and inclusive economy.



Total investment in ESG-linked bonds till FY 2025



Green syndicated financing



Investment in ESG-linked bonds in FY 2025



allocation to ESG-linked green bonds

## Participation in Syndicated Financing and ESG Loans

Beyond bond investments, NBQ continues to participate in conventional syndicated financing facilities, expanding its footprint in regional and international markets. In 2025, NBQ committed \$65 million through syndicated facilities with proceeds earmarked for impactful sustainability-related activities, including:

- Earthquake relief and post-disaster recovery efforts
- Agricultural financing to support food security and rural livelihoods
- Ecosystem restoration and environmental rehabilitation loans

While these are conventional syndicated structures, NBQ increasingly prioritizes opportunities where financing contributes to environmental and social outcomes. NBQ extended certain Credit Facilities to Back-to-Nature and through these initiatives, NBQ demonstrates an approach to sustainable finance, going beyond traditional green assets to actively support environmental resilience and social well-being.



Highlight



## Building Internal Capacity on Sustainable Finance

To strengthen internal capabilities and foster a shared understanding of sustainable finance, NBQ conducted employee awareness sessions on sustainable finance, with a focused emphasis on green investments and social investments.

### These sessions were designed to:

- Enhance employee understanding of ESG-linked financial instruments
- Build awareness of green bonds, social bonds, and sustainability-linked investments
- Support the integration of sustainability considerations into day-to-day banking and investment decisions

By equipping employees with knowledge on sustainable and responsible finance, NBQ is laying foundation for informed decision-making, stronger ESG integration, and the effective delivery of sustainable finance solutions across the Bank.

# Environment



 **P3/SS2 CLIMATE CHANGE STRATEGY**

## Commitment to a Low-Carbon Future

NBQ recognizes that climate change represents both a global challenge and a business imperative. NBQ is committed to minimizing its environmental impact, enhancing operational resilience, and contributing to national sustainability goals. Climate action is embedded in our ESG strategy, with an evolving framework to systematically manage energy consumption, greenhouse gas (GHG) emissions, and resource efficiency.

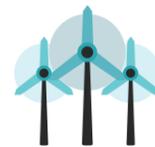
### ESG Policy and Governance

NBQ recognizes that addressing climate change is an integral part of its commitment to sustainability, responsible banking, and long-term value creation. In line with this, NBQ is in the process of developing a comprehensive ESG Policy, which will serve as guiding framework for all ESG initiatives, including climate action.

ESG Policy will outline NBQ's approach to:

- Integrating environmental sustainability across operational and strategic decisions
- Managing sustainability and climate-related risks and opportunities within NBQ, credit and investment
- Reducing NBQ's environmental footprint, including energy consumption and greenhouse gas (GHG) emissions
- Promoting transparency, reporting, and alignment with national and international ESG standards

ESG Policy will also provide principles, roles, and responsibilities for the implementation, monitoring, and continuous improvement of ESG-related initiatives. This policy is currently in its final stages of approval and will be formally adopted and operationalized across all business units. In parallel, NBQ has introduced an ESG governance structure within the existing corporate governance framework, including a dedicated ESG Committee. This structure establishes a strong foundation for robust oversight, accountability, and systematic implementation of ESG practices, reinforcing NBQ's commitment to sustainability and responsible business conduct.



**24.56%**

Reduction in scope – 1  
GHG Emissions from 2024



**5.68%**

Reduction in scope – 2  
GHG emissions in Head office



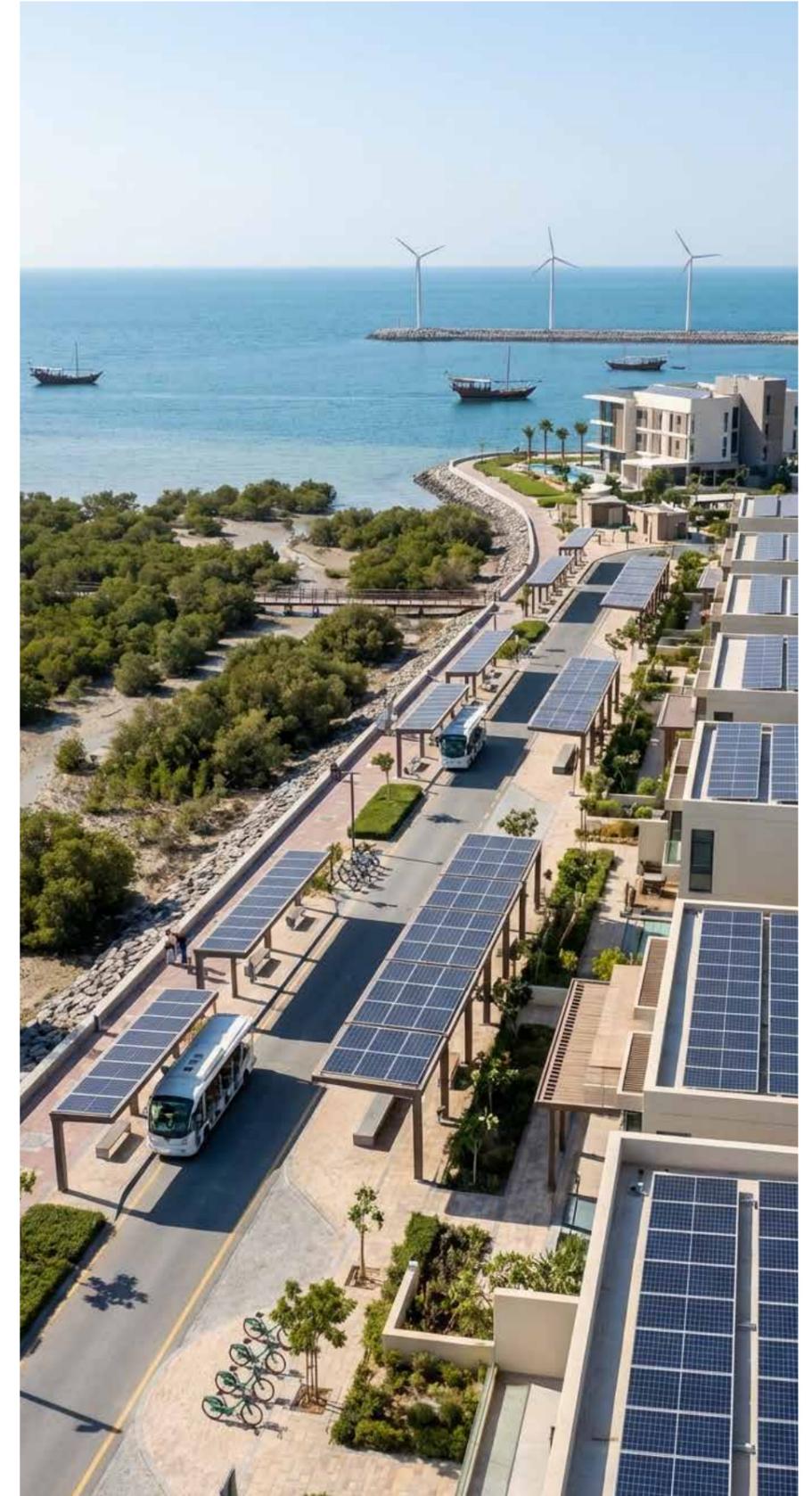
**37.28 GJ/FTE**

Energy Intensity



**5.93 tCO2e/FTE**

Total GHG Emissions Intensity



## Energy Management

Energy within NBQ is primarily consumed through office operations, IT infrastructure, building systems, and facilities management. All energy used is sourced from external suppliers, with careful monitoring to ensure efficiency, accountability, and alignment with NBQ's sustainability objectives. NBQ measures energy use to understand consumption patterns and identify high-energy use areas within facilities. This measurement forms foundation for:

- Bank's Scope 1 and Scope 2 greenhouse gas emissions
- Identifying high-energy-use areas within facilities

## Energy Consumption within organization

At NBQ, we initially began calculating electricity consumption for our Head office. However, in 2025, we expanded this effort including all our locations, covering Head Office and our branch offices. We achieved a 5.7% reduction in energy consumption for head office.



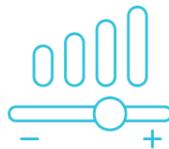
**4,545,582**

Total Electricity Consumption (KWh)



**16,364**

Total Energy Consumption (GJ)



**37.28**

Energy Intensity (GJ/FTE)

As part of our efforts to reduce electricity consumption and associated emissions, bearing in the air handling units (AHU) at our head office were replaced. This maintenance activity has improved the efficiency of building's HVAC system, reducing energy usage and supporting our boarder energy management objectives.

Highlight



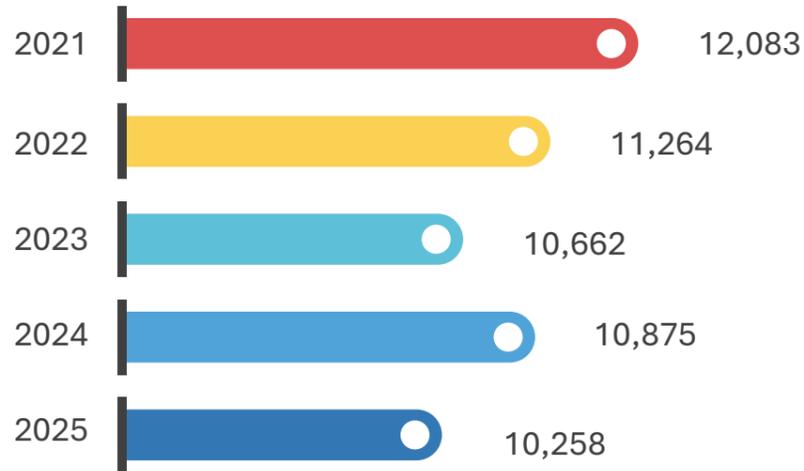
## Enhancing Energy Efficiency Through Smart Lighting

NBQ upgraded the lighting system in basement parking areas of Dubai Main Branch building as part of its ongoing energy efficiency initiatives. Conventional lighting was replaced with lower-capacity LED fixtures integrated with microwave motion sensors, enabling lights to operate only when movement is detected.

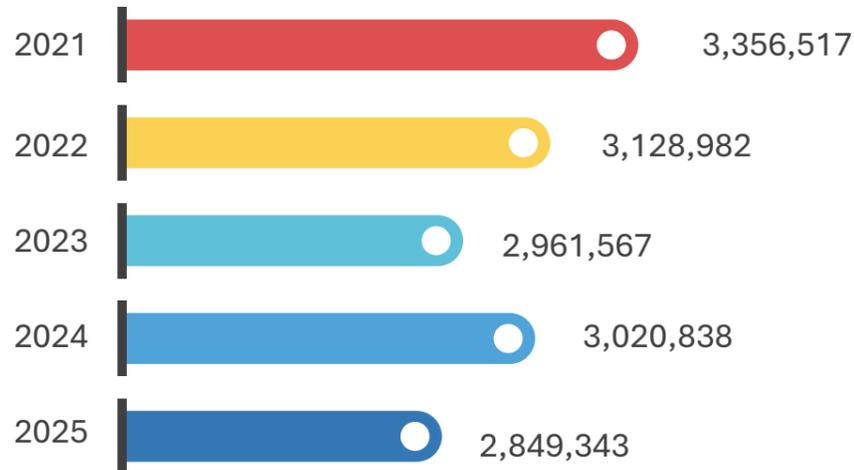
This sensor-based lighting system significantly reduces unnecessary energy consumption by automatically switching lights on and off based on occupancy, while maintaining adequate illumination and safety standards. LED sensor lights were installed, contributing to improved energy efficiency and reduced electricity usage across facility.

This initiative indicates NBQ's commitment to optimizing energy consumption, leveraging smart technologies, and reducing its environmental footprint.

Energy Consumption (GJ) - HeadOffice



Electricity Consumption (KWH) - HeadOffice



## Greenhouse Gas (GHG) Emission Management

NBQ recognizes that greenhouse gas (GHG) emissions are a key environmental impact of its operations. Managing and reducing these emissions is central to NBQ's climate strategy and sustainability commitments. NBQ currently tracks Scope 1 and Scope 2 emissions:

- Scope 1: Direct emissions from sources owned or controlled by NBQ, including fuel consumption and refrigerant use.
- Scope 2: Indirect emissions from purchased electricity used across Bank facilities.

We have followed GHG protocol for calculation of scope 1 & 2 using appropriate emission factors. Also, efforts to expand monitoring to Scope 3 emissions are underway. Scope 3 will cover indirect emissions from NBQ's value chain, including business travel, procurement, and other upstream and downstream activities, providing a comprehensive view of NBQ's carbon footprint.

Highlight



## Transition to Environmentally Efficient Refrigerants

NBQ upgraded air-conditioning systems at its Head Office, Falaj Al Moalla Branch and Dubai Main Branch by replacing R22 refrigerants with R32, a more energy-efficient and environmentally responsible alternative. This transition supports phase-out of ozone-depleting substances and improves overall energy performance of cooling systems.

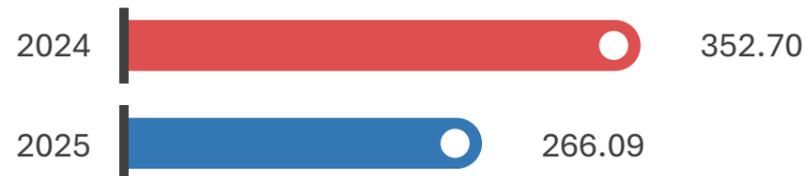
R32A refrigerant has a lower Global Warming Potential (GWP) compared to R22 and enables higher cooling efficiency, resulting in reduced electricity consumption and lower indirect greenhouse gas emissions. Additionally, R32A requires a smaller refrigerant charge, further minimizing environmental impact.

As part of this initiative, 51 air-conditioning units were installed with R32A refrigerant. This upgrade aligns with NBQ's commitment to energy efficiency, climate action, and compliance with international and national environmental standards.

### Scope – 1 GHG Emissions

Our scope – 1 GHG emissions arise primarily from petrol consumption and refrigerant leakage. This year, reduction in scope -1 emissions is achieved through lower consumption of fuel and transition of R22 to R32 refrigerant.

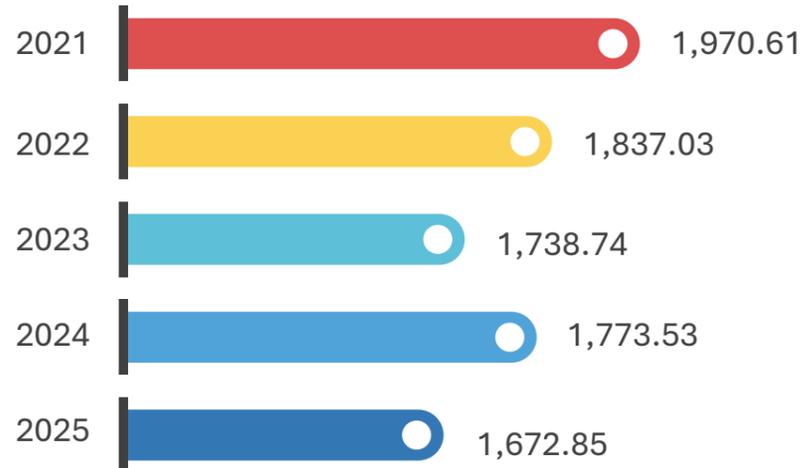
Scope - 1 Emission (tCO2e)



### Scope – 2 GHG Emissions

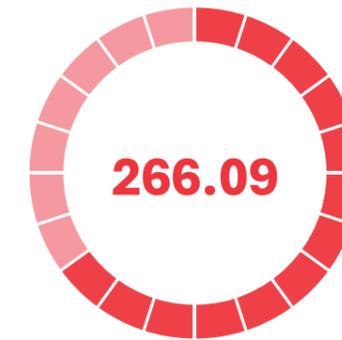
In 2025, NBQ expanded the scope of its electricity reporting from only head office to many of our branch offices. As a result, calculation of scope – 2 GHG emissions was also expanded across NBQ’s operational footprint. For head office, scope – 2 GHG emissions reduced 5.68% from last year.

Scope - 2 Emissions (tCO2e) - HeadOffice



### Total GHG Emissions & Emissions Intensity

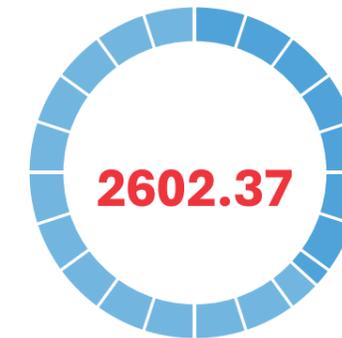
Scope – 1 GHG Emissions (tCO2e)



Scope – 2 GHG Emissions (tCO2e)



Total GHG Emissions (tCO2e)



Total GHG Emissions Intensity (tCO2e/FTE)



\*Scope – 2 emissions reported here exclude Sharjah, Abu Dhabi and Al Ain.

## Green Spaces and Tree Plantation Initiatives

NBQ recognizes the importance of green spaces in supporting environmental sustainability, biodiversity, and employee well-being. NBQ continues to enhance greenery across its premises through a structured tree and plant plantation program. These initiatives contribute to improved air quality, micro-climate regulation, aesthetic enhancement of facilities, and creation of healthier work environments for employees and visitors.

### Total Tree Plantation



Plantation program supports NBQ's broader environmental objectives by:

- Enhancing local biodiversity
- Supporting natural carbon absorption
- Improving workplace environment for employees



Highlight



## Agriculture Day Initiative

NBQ supported "Agriculture Day" initiative organized by Umm Al Quwain Municipality, reflecting Bank's commitment to environmental stewardship and community sustainability. The initiative was held at Al Alam Park and brought together NBQ employees and their families to actively participate in hands-on agricultural activities. The event aimed to:

- Raise environmental awareness among community members
- Highlight importance of agriculture in achieving sustainability
- Promote greener habits and long-term environmental responsibility
- Strengthen community engagement through family-oriented environmental action



## Systematic Risk Management

NBQ has introduced a Climate-Related Financial Risk in Credit Exposures framework through development of a dedicated policy addressing climate risks within its credit exposure and risk management processes. This initiative has been undertaken in line with CBUAE requirements on management of climate-related financial risks by banks. Through this policy, NBQ aims to develop a resilient and sustainable business model that balances strong financial performance with the need to address global challenges such as climate change and its potential impact on NBQ's credit portfolio. Policy establishes the foundation for identifying, assessing, managing, and monitoring climate-related financial risks, with a particular focus on credit risk exposure.

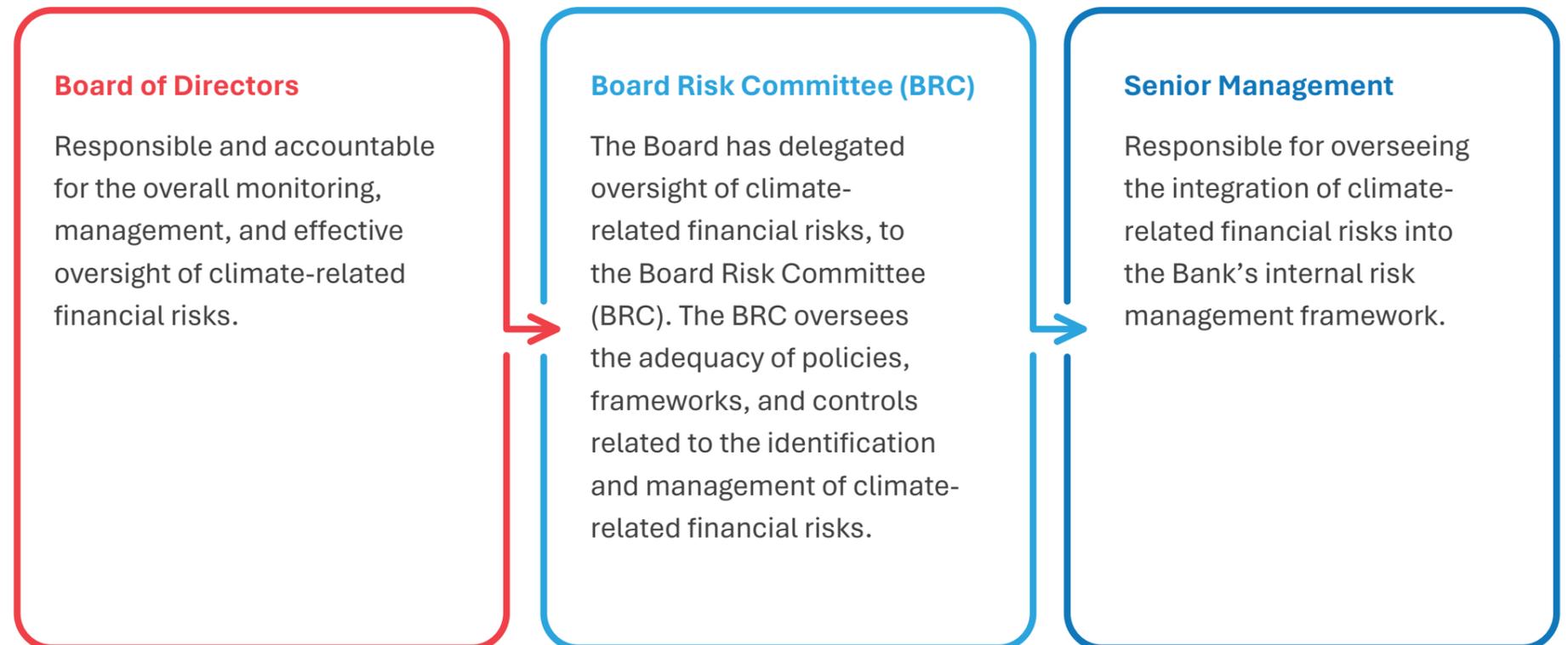
### Climate Governance and Oversight

NBQ has established a clear governance structure to ensure effective oversight and accountability for climate-related financial risks. Dedicated committees and sub-committees have been formalized to demonstrate our commitment and involvement in ESG matters including climate-related risk and opportunities.

### Role of ESG Unit

ESG Unit plays a coordinating and advisory role in relation to climate-related matters. Its responsibilities include:

- Ensuring that climate-related strategies, objectives, and initiatives align with and support NBQ's overall strategy, risk appetite, and risk management framework.
- Coordinating with relevant departments to support consistency between ESG objectives and risk management practices; and
- Supporting governance bodies with climate-related inputs where required wherever required.



## Climate Strategy

NBQ has initiated integration of climate-related considerations into its business strategy to ensure long-term resilience, financial stability, and alignment with evolving regulatory expectations. NBQ recognizes that climate change presents both risks and opportunities that may affect its business model, credit portfolio, and operating environment over time.

As part of this strategic approach, NBQ has incorporated climate-related financial risk considerations into its Credit Exposure and Risk Management framework, in line with requirements issued by CBUAE. This enables NBQ to begin identifying, monitoring, and managing climate-related risks that may impact asset quality, borrower performance, and portfolio concentration, particularly in climate-sensitive sectors.

### Strategic Focus Areas

NBQ's climate-related strategy is currently centered on following priorities:

- **Embedding climate risk into core banking activities:** Integrating climate-related financial risks into credit assessment, portfolio monitoring, and risk governance processes to support informed decision-making.
- **Strengthening portfolio resilience:** Focus on exposure to climate-sensitive sectors and borrowers, with objective of managing concentrations and enhancing resilience of its credit portfolio over time.

- **Alignment with regulatory and international frameworks:** NBQ's approach is guided by local regulatory expectations and internationally recognized frameworks, including Basel Committee guidance and IFRS S2 recommendations.
- **Phased implementation:** Recognizing evolving nature of climate risk management, NBQ is adopting a phased approach, with plans to progressively enhance data collection, scenario analysis, and impact assessments across short, medium, and long-term horizons.

### Risk management

NBQ's climate-related risk identification and assessment processes are guided by its policy on Climate-Related Financial Risk in Credit Exposures. As part of this policy, NBQ has identified climate-related physical risks relevant to its business activities and in its credit portfolio in FY 2025. NBQ plans to conduct a structured climate risk impact assessment, covering short, medium, and long-term time horizons, to further strengthen its understanding of potential financial impacts across its portfolio.



### Identified Physical Climate Risks

For current reporting year, NBQ has identified physical climate risks, with a primary focus on heavy rainfall and flooding events along with their potential financial impact on economy and NBQ's credit risk exposure.

Potential flood-related impacts include:

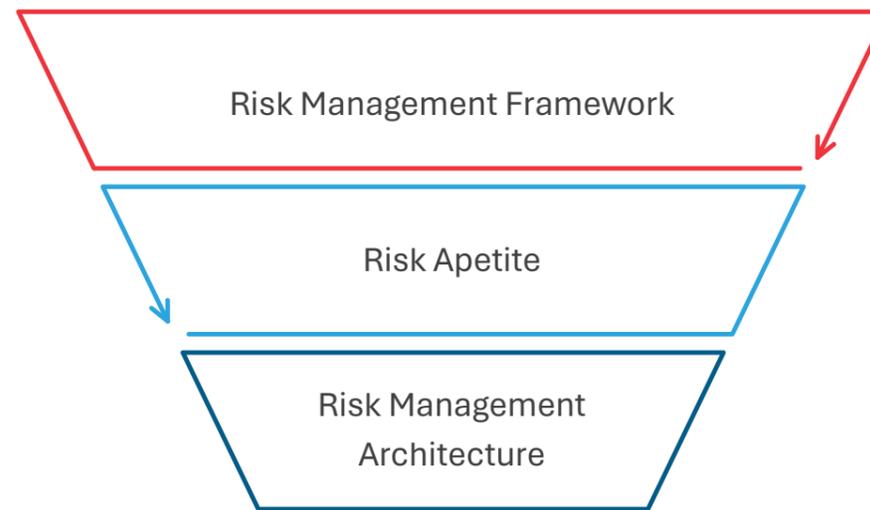
- **Operational disruption:** Prolonged shutdowns of factories and business operations due to flooding events.
- **Property damage:** Significant damage to machinery, inventory, and operational facilities of borrowers.
- **Asset impairment:** Damage to NBQ's physical properties and collateral securing credit exposures.
- **Supply chain disruption:** Deterioration of economic and supply chain infrastructure, affecting borrower resilience and repayment capacity.

### Risk Appetite Statement

NBQ has established a Risk Appetite Statement that defines aggregate level and types of risks NBQ is willing to accept. This framework is supported by NBQ's three lines of defense model, encompassing:

- First Line of Defense (Business Functions),
- Second Line of Defense (Risk and Compliance Functions), and
- Third Line of Defense (Internal Audit).

Climate-related financial risk is recognized as a critical risk within Risk Appetite Statement. As part of this, NBQ monitors its top exposures in climate-sensitive sectors. These exposures are assessed and categorized into low, medium, and high climate risk bands to support portfolio monitoring, risk mitigation, and informed decision-making.



#### First line of defense

- Frontline/ business units, functional areas



#### Second line of Defense

- Risk management team;
- Compliance team

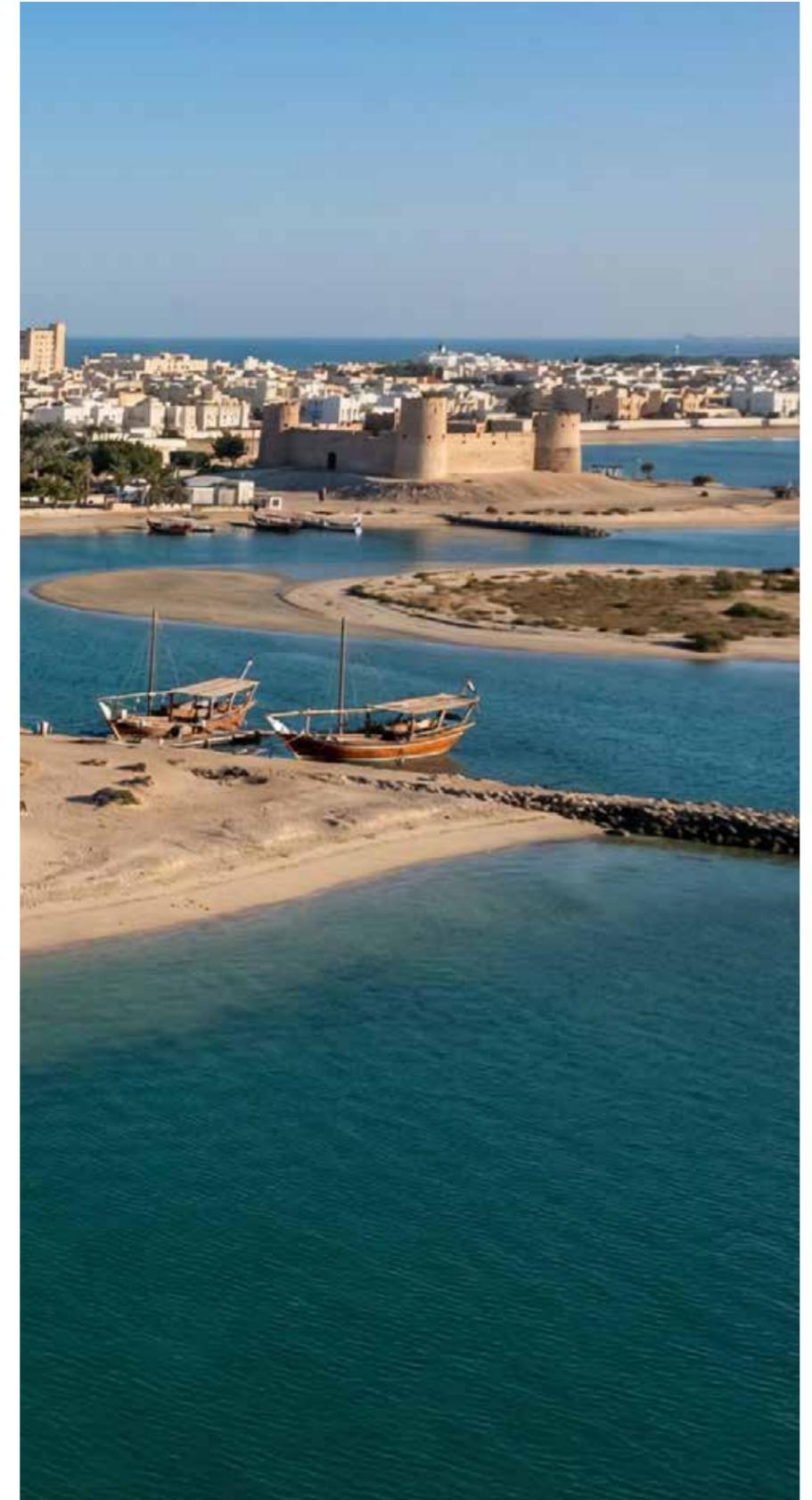


#### Third line of Defense

- Internal audit



Read more 20 in Management Report.



## Metrics and Targets

NBQ monitors GHG emissions arising from its own operations, including Scope 1 (direct emissions) and Scope 2 (indirect emissions from purchased electricity). Emissions data is tracked on a year-on-year basis to assess performance trends and support informed decision-making.

As part of its phased approach to climate reporting, NBQ is progressing towards calculation and disclosure of Scope 3 emissions, which will further enhance the completeness of its climate-related emissions profile. NBQ will continue to refine its emissions measurement processes in line with regulatory expectations and evolving best practices, supporting improved transparency and future target-setting.



Read more on page 60 in GHG Emissions Management

**WATER MANAGEMENT**

**Responsible Water Stewardship at NBQ**

Water is a vital natural resource, and its responsible use is essential for environmental sustainability, particularly in water-scarce regions such as United Arab Emirates. NBQ is committed to minimizing water consumption across its operations, improving efficiency through infrastructure upgrades, and promoting responsible usage practices across all facilities. Our approach focuses on measurement, efficiency, and reuse, ensuring that water resources are managed prudently and sustainably.

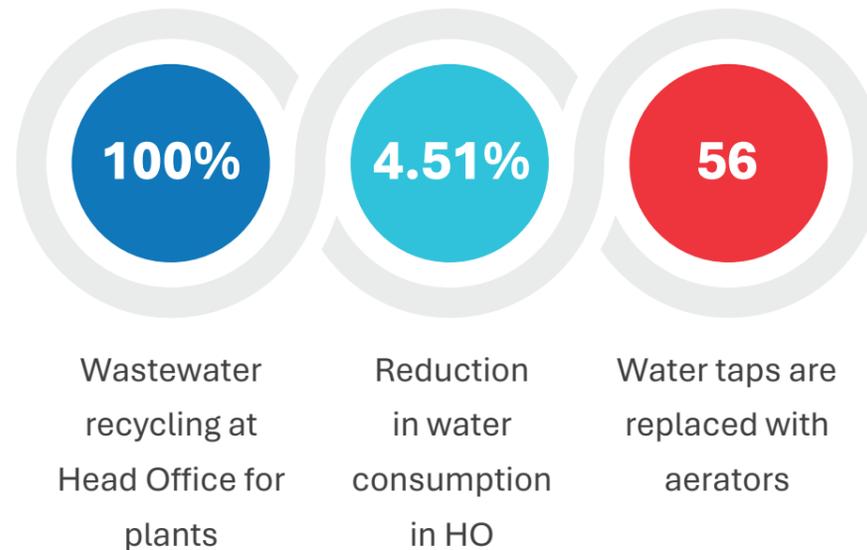
**NBQ's Approach for Water Management**

All water consumed across NBQ's operations is sourced from third-party suppliers and is used solely for domestic and operational purposes.

- Drinking water is procured from licensed third-party vendors in form of bottled potable water and is also made available through water dispensers to ensure consistent quality and safety for employees and visitors.
- Non-drinking water requirements, including washrooms, pantry facilities, cleaning, and landscape irrigation, are supplied through concerned Governments via standard service connections.

**Water Consumption Across Operations**

NBQ has expanded monitoring of water consumption from being limited to Head Office to now encompassing all our branches. This approach will allow us to track usage more accurately and identify opportunities for efficiency improvements and conservation across organization. To manage consumption effectively, NBQ reviews its water infrastructure and implements targeted initiatives to reduce wastage while maintaining employee comfort, hygiene, and safety standards. Total water consumption across operations is 16791.90 m3 which is 16.79 ML excluding Abu Dhabi and Al Ain location.

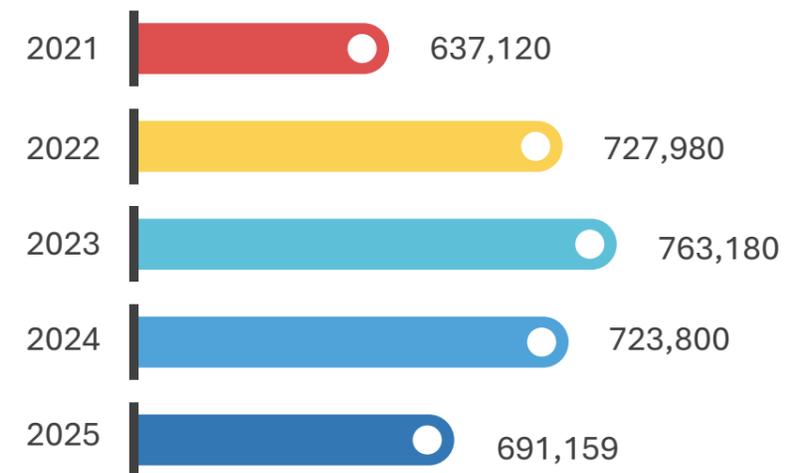


**Wastewater Recycling and Reuse**

A key strength of NBQ's water management practices is its closed-loop approach to wastewater management at Head Office.

- 100% of water consumed at NBQ's Head Office is treated and recycled through an on-site Wastewater Treatment Plant (WWTP).
- Treated wastewater is reused for irrigation and landscaping purposes, significantly reducing reliance on fresh water for non-potable uses.
- This system supports water circularity and aligns with best practices in sustainable facility management.

Water Consumption - Head Office (gallons)





Highlight



## Enhancing Water Efficiency Across Operations

NBQ implemented a targeted water efficiency initiative across all branches. As part of this effort, conventional water taps were upgraded with high-efficiency aerators equipped with needle-spray technology.

A water aerator is a device installed at tip of a tap that mixes air with flowing water, creating a fine, controlled spray. This mechanism reduces volume of water released without compromising water pressure or user experience. This needle-spray design further optimizes flow by delivering water in a focused stream, significantly lowering overall consumption.

Through this initiative, 56 water taps were fitted with aerators, contributing to reduce in water usage and supporting NBQ's commitment to responsible water management and environmental sustainability.

WASTE MANAGEMENT

## Responsible Paper Use

NBQ recognizes the environmental impact of operational waste, particularly paper consumption, and is committed to minimizing it. NBQ's approach to waste management emphasizes reduction at source, secure handling of sensitive materials, and responsible recycling, ensuring that operational practices support sustainability goals while protecting customer and organizational information.

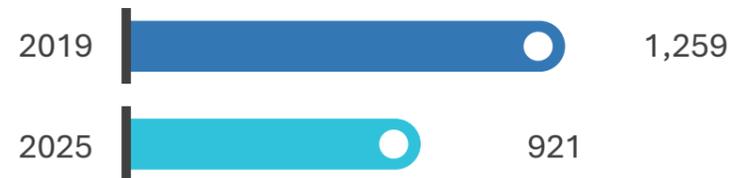
### Paper Consumption in Banking Operations

NBQ has made steady progress in reducing paper footprint over time. NBQ has successfully reduced paper consumption by 26.85% since 2019. This translates into over 845,000 sheets saved across NBQ's operations, demonstrating a sustained improvement in resource efficiency. This progress has been achieved from range of initiatives aimed at optimizing paper use and minimizing unnecessary printing which includes:

- Digital banking channels and mobile applications
- Electronic service requests and approvals
- Digital signature systems that minimize physical documentation

NBQ also ensures that paper it continues to use is sourced responsibly, therefore paper used is FSC® certified and EU Ecolabel compliant which means that it comes from responsibly managed forests and produced with a lower environmental impact.

Paper Consumption per box (A4)



**78,960 kg**  
paper recycled till 2025

**1,278.12**  
number of trees saved till 2025

**636,964 gallons**  
of water saved till 2025

**315,840 kW**  
of energy saved till 2025

**26.85%**  
reduction in paper consumption from 2019



Read more on page 49 in Customer Privacy and Data Security

## Secure Shredding and Paper Recycling

NBQ recognizes the sensitive nature of banking information and ensures that all paper waste is handled securely and responsibly. An in-house shredder has been made available at Head office which is to be used for shredding confidential documents internally. Following shredding, paper waste is segregated and sent for recycling through certified third-party recyclers, supporting environmental sustainability and circular economy. Through this initiative, NBQ aims to:

- Reduce landfill waste
- Support recycling value chains
- Minimize environmental impact of virgin paper production

NBQ maintains close coordination with approved recycling vendors to improve traceability and recycling outcomes, and all vendors provide environmental stewardship certification for accountability.

Over the past six years, NBQ has significantly improved its paper recycling and environmental impact metrics. NBQ recycled 78,960 kg of paper during 2020–2025. This effort contributed to saving approximately 1,278.12 trees, 636,964 gallons of water, and 315,840 kW of energy cumulatively. The figures demonstrate NBQ's commitment to reducing environmental footprint, supporting sustainable resource use, and promoting circular economy practices, even as operational demands continue.

Year	2020	2021	2022	2023	2024	2025
Recycled papers (kgs)	17,950	25,980	7,260	11,640	3,446	12,684
Saved trees (qty)	305.15	441.66	123.42	175.08	37.43	195.38
Water saved (gallons)	125,650	181,860	50,820	110,665	51,296	116,673
Energy Saved (kW)	71,800	103,920	29,040	45,560	13,784	50,736

Highlight



## NBQ Beach Clean-Up Initiative

In 2025, NBQ strengthened its commitment to environmental stewardship by launching a Beach Clean-Up Initiative, bringing employees together to protect UAE's natural coastal ecosystems.

To further motivate participation and cultivate a long-term culture of environmental responsibility, NBQ provided a financial incentive to each participating employee. This approach reflects Bank's belief that meaningful sustainability starts from within by empowering and rewarding those who take action

**48**

NBQ volunteers actively participated

**412**

kilograms of waste successfully collected

**144**

volunteer hours dedicated to safeguarding environment



# Social



HUMAN CAPITAL MANAGEMENT

**Engaging People, Enriching Experiences**

At NBQ, our people are at the heart of our success. We remain committed to building a resilient, skilled, and future-ready workforce capable of driving NBQ's long-term strategic priorities, including operational excellence, customer trust, digital transformation, and regulatory integrity. Our talent philosophy focuses on attracting exceptional professionals, enabling continuous capability building, and fostering an inclusive and supportive work environment where employees can thrive.

with NBQ's governance expectations. NBQ evaluates each prospective hire for their suitability to operate within a regulated financial institution and their readiness to uphold NBQ's values, risk culture, and standards of conduct. By embedding these principles into our recruitment framework, NBQ ensures that new hires contribute positively to our culture, support responsible banking practices, and strengthen overall resilience and governance of institutions.

**Recruitment Approach**

NBQ's recruitment practices are designed to ensure that we attract and retain high-caliber talent who can contribute meaningfully to our long-term strategic goals. Our Recruitment Policy is structured to fully comply with UAE's Emiratization objectives, while also aligning with business needs, job requirements, and the competencies essential for each role. The HRE Department oversees end-to-end recruitment process to ensure fairness, transparency, and regulatory compliance.

In addition to technical qualifications, NBQ incorporates principles of Fitness and Propriety into all hiring decisions. This ensures that every candidate is assessed not only for their skills but also for their professional integrity, character, ethical judgement, and alignment



## New Employees Hires

### New Hires by Age

Age	2025	2024	2023	2022
< 30 years old	29%	33%	34%	55%
30-50 years old	58%	66%	49%	39%
>50 years old	6%	1%	17%	6%

### New Hires by Gender

Gender	2025	2024	2023	2022
Male	71%	52%	54%	55%
Female	29%	48%	46%	45%

### Total Employees that left organization

Year	Female	Male
2022	7	19
2023	7	20
2024	17	15
2025	10	27

## Employee Benefits for Full-Time Employees

NBQ offers a comprehensive set of benefits designed to support financial, physical, and emotional wellbeing of full-time employees. These benefits meet statutory requirements and reflect NBQ's commitment to fostering a supportive and engaging workplace.

- Medical insurance coverage for employees and eligible dependents
- Annual leave and public holiday entitlements
- End-of-service benefits, in line with UAE labor law
- Annual performance-linked rewards
- Training and development support, including certifications, conferences, and specialized learning programmes
- Flexible working arrangements, where applicable
- Overtime and shift allowances for eligible employees

## Parental Leave

NBQ is committed to creating a family-friendly workplace that supports employees during major life milestones. Our parental leave framework is fully aligned with UAE Labour Law (Federal Decree–Law No. 33 of 2021), ensuring that all employees receive fair, compliant, and compassionate support during transition to parenthood.

## Maternity Leave

Under UAE Labour Law, female employees are entitled to:

- 45 days of maternity leave at full pay, followed by
- 15 days at half pay.

NBQ strictly adheres to these entitlements. In addition, NBQ ensures:

- Smooth reintegration through flexible working arrangements where applicable
- Supportive communication during leave
- A clear return-to-work process to minimize disruption for employees and NBQ

These measures help ensure that new mothers feel supported both financially and professionally throughout their maternity journey.

NBQ also grants 5 working days of paid parental leave to both male and female employees, to be used within the first six months of child's birth. This provision reflects NBQ's commitment to shared parenting, enabling fathers to actively participate in early childcare and family responsibilities.

## Return-to-Work & Retention

Over past three years, NBQ has maintained a 100% return-to-work rate, demonstrating that employees feel supported, valued, and confident in resuming their careers after parental leave. This performance reinforces NBQ's standing as a family-centric employer that prioritizes people-first policies.

## Strengthening Talent Pipelines and Industry Leadership

NBQ continues to advance its human capital strategy through purposeful engagement with academic institutions, national talent platforms, and industry leadership forums. These engagements are designed to strengthen Emirati talent pipelines, enhance workforce competitiveness, and contribute to long-term development of UAE's banking and financial services sector.

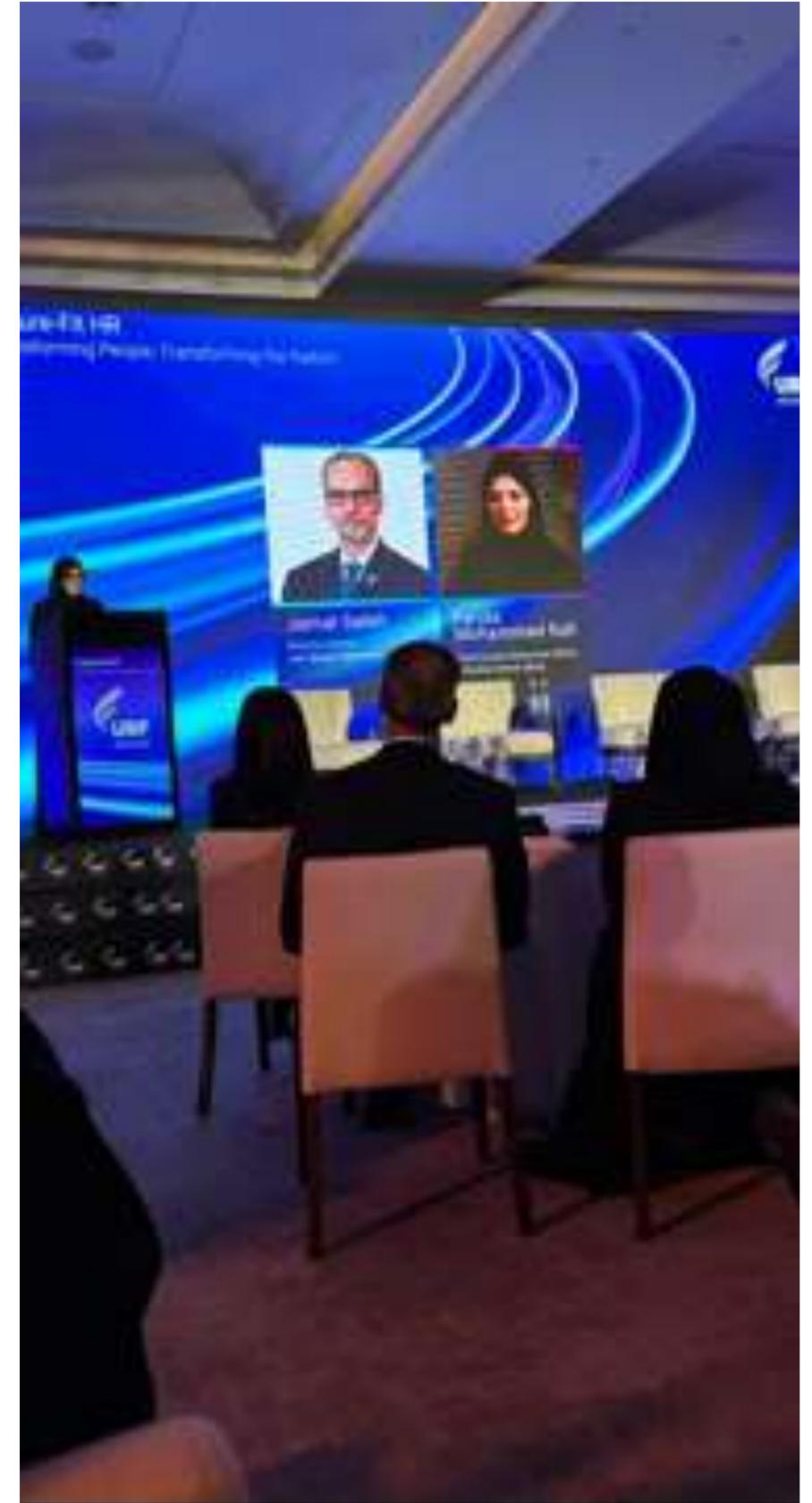
As part of its targeted Emiratization and national talent recruitment efforts, NBQ participated in University of Sharjah Alumni Day, engaging directly with UAE national graduates and alumni. The event provided a focused platform to identify potential Emirati talent, communicate career opportunities at NBQ, and reinforce NBQ's commitment to building sustainable career pathways for UAE nationals within organization.

NBQ also participated in NAFIS Annual Forum, following an invitation from NAFIS Emirati Talent Competitiveness Council. NBQ's participation reflected its recognition as a Second-Place winner of NAFIS Award, acknowledging NBQ's progress and impact in supporting Emiratization and national workforce development.



Read more on page 80 in Emiratization Chapter

At industry level, NBQ demonstrated leadership in shaping human capital discourse through its active involvement in UBF's 2025 HR Conference. As a member of UBF Advisory Committee, NBQ contributed to the planning and strategic direction of conference, which focused on innovative approaches to human capital management in a rapidly evolving market environment. Conference was attended by a senior NBQ delegation, including CEO, HR leadership, and staff representatives, reflecting NBQ's strong institutional commitment to future-ready workforce strategies.



## Employee Engagement & Satisfaction

At NBQ, we understand that engaged and satisfied employees are more motivated, productive, and committed, which directly contributes to organizational success. Creating a work environment where employees feel valued, supported, and connected is therefore central to our HRE strategy.

Employee engagement is not only about performance, but also about fostering a culture of inclusivity, recognition, and well-being, where individuals can thrive professionally and personally. By prioritizing engagement and satisfaction, NBQ nurtures loyalty, strengthens workplace culture, and builds a resilient and motivated workforce.

Highlight



## Launch of NBQ's Employee Satisfaction Survey

As part of NBQ's continued commitment to building a supportive, engaging, and high-performance workplace, 2025 marks launch of the Bank's first Employee Satisfaction Survey. This milestone initiative strengthens our culture of listening and ensures that employee voices directly shape Bank's people strategy.

Employee Satisfaction Survey was designed to create a structured and transparent mechanism for understanding how employees feel about:

- Workplace culture and team collaboration
- Leadership effectiveness and communication

- Career development opportunities
- Workload, wellbeing, and overall job satisfaction

### What This Means for NBQ

Introducing survey reflects NBQ's proactive approach to enhancing employee experience. The insights collected will be used to:

- Identify key areas requiring improvement
- Develop targeted HR action plans
- Strengthen engagement, motivation, and retention
- Promote a culture where every employee feels heard and valued



## Cultural & Festive Celebrations

At NBQ, we believe that employee engagement extends beyond professional development celebrating cultural diversity and fostering a sense of belonging is equally important. In 2025, NBQ organized several festive and cultural initiatives to bring employees together, celebrate different traditions, and strengthen workplace camaraderie.



### Diwali Celebration

Embracing Festival of Lights to celebrate diversity and inclusivity.



### Eid Al-Adha Celebration

Engaging employees and fostering unity during one of our key religious festivals.



### Hag Al Laila Observance

Recognizing and honoring local cultural and religious traditions.



### Ramadan Suhoor Gatherings

Hosting special gatherings during holy month of Ramadan to strengthen community and staff connections.



### Onam Festival

Celebrating Kerala's harvest festival, promoting cultural exchange and team bonding.



### Annual Get-together

NBQ arranged staff's annual get-together, which was held in 2025. During this gathering, NBQ shared its plans, vision, and recognized achievers.

### Staff-Organized Sports Championships

Throughout the year, NBQ staff organized internal sports championships, encouraging teamwork, fitness, and healthy competition. These events strengthen employee camaraderie, morale, and a sense of community, reflecting NBQ's focus on a vibrant workplace culture.



### Flag Day Celebration

NBQ commemorated UAE Flag Day, engaging employees in national pride activities and promoting awareness of country's heritage and values. This initiative fosters unity, inclusivity, and a shared sense of identity within workplace.



### National Day Celebrations

NBQ celebrated UAE National Day with staff participation in cultural programs and activities. The initiative strengthens employee engagement, cultural awareness, and appreciation for national heritage, while fostering a sense of belonging and pride across NBQ.

 P4/SS1 Emiratization

## Empowering Emirati Talent Excellence

UAE government continues to advance a forward-looking national strategy aimed at strengthening participation of Emirati talent across private sector especially within strategically important industries such as banking and financial services. Aligning with this national vision, NBQ is proud to play a meaningful role in shaping future of the UAE's financial sector. As a national bank, we are deeply committed to nurturing next generation of Emirati professionals and empowering them to achieve long-term, impactful careers in banking.

### Our Approach to Emiratization

NBQ's Emiratization Strategy Framework is designed to attract, develop, and retain high-potential UAE Nationals, fast-tracking their readiness for key positions across NBQ.



Our strategic pillars include:

- University partnerships to deliver internships, on-campus engagement, and direct recruitment of Emirati graduates.
- Collaboration with NAFIS and government-led initiatives to enable structured access to national talent pipelines.
- Recruitment of experienced Emirati professionals, either directly or through specialized recruitment partners.
- Continuous learning and leadership development, with structured career pathways for Emiratis to enter critical and leadership roles.

To ensure accountability, Emiratization is integrated into performance metrics of all Heads of Department, representing 15% of their annual KPIs.

	<b>6</b> Number of Emirati in Senior Leadership Positions
	<b>39%</b> Emiratization rate
	<b>162</b> Number of Emirati employees
	<b>15</b> Number of Male Emirati Employee
	<b>147</b> Number of Female Emirati Employee

## Percentage Of National Employees

Employment Category	2025	2024	2023	2022
Entry-level	81%	81%	79%	79%
Mid-level	15%	15%	19%	18%
Senior to Executive level	4%	3%	1%	3%

“ This Emirati Empowerment Initiative really boosted my confidence and helped me improve my communication skills. It taught me how to adjust to a professional work environment, and it also helped me become a better presenter. Most importantly, it helped me overcome my shyness and feel more comfortable speaking up. I can genuinely see difference it has made in my day-to-day work. ”

**Maryam Algharbi**

“ Ethraa program has played a big role in strengthening my professional growth in compliance field. It helped refine my analytical and regulatory skills, and training and certifications I received directly improved quality of my work. This experience gave me deeper insights into compliance frameworks and boosted my confidence in handling regulatory requirements and risk-related responsibilities. Overall, program has truly enriched my expertise, and I look forward to continuing my growth and development in this field. ”

**Maytha Mohamed Al Ali**



## Emirati Empowerment Initiatives

Developing Emirati talent is a core priority for NBQ. High-potential UAE Nationals are systematically identified, trained, and evaluated through a structured growth-tracking framework. Performance assessments for identified Emirati talent are conducted semi-annually, ensuring they are ready to assume leadership roles in future. NBQ continues to offer diverse professional development opportunities internally and externally to support national agenda and build a strong pipeline of local leaders.



### Key Training Programmes for Emirati Talent



#### Emirates Institute of Finance (EIF)

NBQ partners closely with EIF to deliver specialized long-term programs for critical banking functions.



#### In-house Training

NBQ's Learning & Development team provides tailored in-house programmes that assess strengths, capabilities, and departmental fit for new Emirati graduates.



**780**

Training hours under Emirati Empowerment Initiatives

Highlight



### NBQ recognized by the UAE government programme "NAFIS"

NBQ has been honored with Nafis Award 2024-2025, presented by Emirati talent competitiveness council, under small establishment category.

This recognition celebrates NBQ's strong commitment to Emiratization, empowering National talent and supporting UAE's vision for economic and diversification and sustainable development.



**P4/SS3 Diversity and Inclusion**

## Embracing Diversity, Driving Inclusion

At NBQ, we believe that diversity is a strategic strength that fuels innovation, strengthens decision-making, and enhances our organizational culture. Our workforce brings together talent from multiple generations, cultures, and backgrounds, helping us deliver inclusive, high-quality service to our customers and the communities we serve.

NBQ's commitment to diversity and inclusion is aligned with UAE's national direction, including UAE Labour Law, Emiratization mandates, and country's long-standing promotion of multiculturalism, equal opportunity, and non-discrimination across workplaces. We take pride in cultivating a multicultural team with employees representing a wide spectrum of nationalities across Asia, GCC, Europe, Africa, and others. This diversity reflects cosmopolitan nature of UAE and reinforces our belief that diverse perspectives drive sustainable value creation.

### Employees (%) by Nationality

Nationality	2025
Asian	48.97%
GCC (Including UAE national)	38.04%
European	0.46%
Others	12.53%

### Employees by Age\*

Age	2025	2024	2023	2022
< 30 years old	52	42	29	26
30-50 years old	300	290	233	232
>50 years old	61	56	55	48

\*Excluding subordinates

Highlight



### UAE Women's Day Celebration

NBQ proudly celebrated UAE Women's Day to honor achievements, leadership, and contributions of women employees across Bank.

This initiative underscores NBQ's commitment to gender diversity and inclusion, supporting UAE's national agenda for women empowerment and reinforcing a workplace culture where equal opportunities and professional growth for women are prioritized.



## Gender Diversity & Female Empowerment

NBQ is committed to empowering women across organization and ensuring equal opportunities for leadership, development, and advancement. Our gender diversity approach is aligned country's commitment to enhancing women's participation in workforce. We support gender inclusivity through:

- Fair and merit-based recruitment practices
- Equal pay principles aligned with UAE regulations prohibiting gender-based wage discrimination
- Professional development opportunities for female employees
- Policies that support work-life balance, including parental leave and flexibility during key life stages

Through these initiatives, NBQ aims to create an environment where women feel supported, represented, and positioned for long-term career success.

## Employees (%) by Gender

Gender	2025	2024	2023	2022
Male	56	56	54	55
Female	44	44	46	45

## Women Representation across functions and levels\*

### Entry-Level

Gender	2025	2024	2023	2022
Male	111	108	77	75
Female	152	145	148	122

### Mid-Level

Gender	2025	2024	2023	2022
Male	82	78	61	63
Female	35	32	30	25

### Senior-to-Executive Level

Gender	2025	2024	2023	2022
Male	26	19	19	19
Female	7	6	2	2

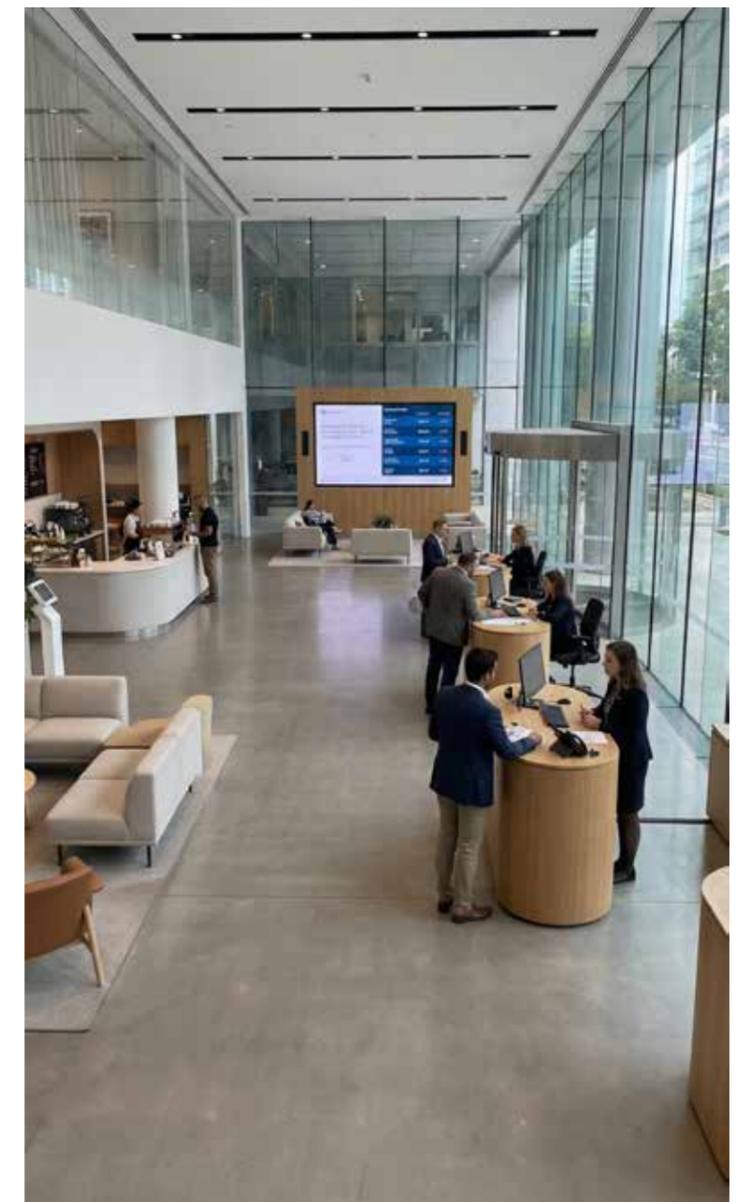
\*Excluding subordinates

Highlight



## Inclusive Workplace Initiative

In NBQ, tactile flooring has been installed for individuals with visual impairment at our Abu Dhabi branch, in addition to 4 other branches. This initiative improves accessibility for both staff and customers, creating a safer and more inclusive environment across these locations.



 P4/SS2 Learning and Development

## Investing in Growth and Capability

NBQ is committed to building a high-performing, future-ready workforce equipped with skills, knowledge, and ethical foundation needed to fulfil NBQ's strategic ambitions. Learning and Development (L&D) is a cornerstone of NBQ's human capital agenda, enabling employees to continuously upskill, adapt to evolving regulatory requirements, and pursue professional excellence.

In 2025, NBQ recorded an average of 15.60 training hours per employee, reflecting NBQ's sustained investment in strengthening technical, behavioral, leadership, and ESG competencies across all staff levels.

### Programs for upgrading employee skills

To ensure that development opportunities are accessible, flexible, and relevant, NBQ offers a wide range of learning modes tailored to employee needs and job roles



Online Learning



Mandatory Learning



In-House Learning



External Training



Self-Tuition

Professional and regulatory programs delivered by partners such as Emirates Institute for Banking & Financial Studies (EIF).

Highlight



## ESG & Sustainability Training at NBQ

As part of NBQ's commitment to building a culture of sustainability, Bank has integrated ESG and climate-related learning into its training curriculum. These initiatives aim to strengthen employee understanding of global ESG trends, UAE sustainability priorities, climate risk expectations (including CBUAE guidance), and responsible banking practices.

### ESG training topics are

1. ESG & Sustainability
2. ESG & Sustainability Case Study
3. Climate Change Management
4. Ethics And Sustainability in Finance
5. ESG Impact Investing
6. Sustainable Banking Solutions for Clients and Customers
7. NetZero & Greenwashing
8. Sustainable Trade Finance and Ethics

These trainings ensure that all staff, regardless of function, understand how sustainability connects with risk management, customer relationships, operational efficiency, and long-term value creation.

**111**

training hours were completed across multiple ESG programs.

## Mandatory Trainings

NBQ mandates specific training programs to ensure that employees demonstrate full compliance with regulatory requirements, internal policies, and ethical standards. HRE oversees implementation and periodic review of all mandatory learning programs.

### Anti-Bribery and Anti-Corruption (ABC) Training

All employees are required to complete mandatory Anti-Bribery and Anti-Corruption training.

This program ensures that staff understand:

- Prohibited practices such as offering, accepting, or authorizing bribes
- Reporting processes for suspected violations
- Zero-tolerance disciplinary consequences

Repeated failure to complete this mandatory training without valid reasons may result in disciplinary action, including formal warnings or termination of employment.

### Code of Conduct Training

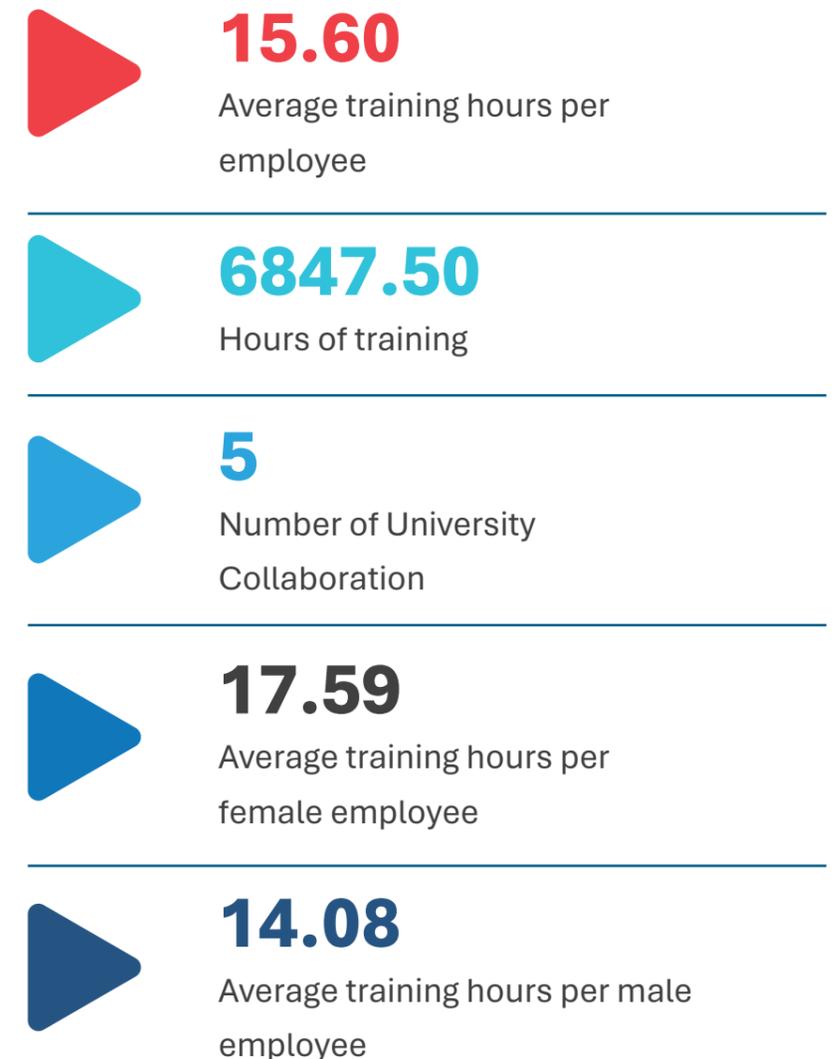
NBQ develops targeted training modules tailored to employee levels and roles to reinforce ethical behavior, compliance awareness, fraud prevention, and responsible decision-making. These trainings embed NBQ's values into everyday actions and reinforce expectations regarding confidentiality, professionalism, customer fairness, and integrity.

## Building Future Talent Through Learning

NBQ's learning framework is closely aligned with NBQ's strategic priorities like digital transformation, operational excellence, and customer trust. NBQ continues to:

- Encourage employees to pursue professional qualifications (e.g., CFA, ACAMS, CIB, sustainability certificates).
- Provide access to role-based pathways for front-office, operations, risk, and support functions.
- Strengthen leadership capabilities through targeted programs for emerging leaders and high-potential individuals.
- Integrate ESG knowledge into broader learning architecture to align with global banking expectations.

Our aim is to provide focused and comprehensive training that supports the growth and development of employees across all dimensions of their careers. We ensure that employees not only enhance their technical expertise but also strengthen critical soft skills such as communication, leadership, and collaboration. Our training programs cover a variety of thematic areas, designed to equip employees with knowledge and capabilities required for today's dynamic business environment as well as skills needed to prepare for future.



## A few key training courses



AI Framework & Tools



Data Protection & Cybersecurity



Negotiations Skills



AML & CFT



Financial Modeling



Leading with emotional intelligence



Anti-money Laundering



Ethical hacking & Penetration Testing



Foundations of Business Writing



Artificial Intelligence and Financial



Writing Proposals and Reports



Emotional Intelligence for Professional Services



Markets



Teamwork and Collaboration



Effective Selling techniques



Blockchain Technology



Cloud Data Security & Recovery



Talent Acquisition and Succession



Data Analytics & Visualization



Result-driven Performance

 P4/SS4 Employee well-being

## Protecting Our Workforce, Promoting Their Health

NBQ is committed to fostering a culture in which all employees, managers, and supervisors share collective responsibility for maintaining a safe workplace. Safety and well-being are embedded in NBQ's values, operational processes, and organizational culture, ensuring that proactive prevention is prioritized across all levels of organization.

### Occupational Health and Safety Policy

NBQ has established Health and Safety Policy aimed at managing and mitigating foreseeable risks associated with all workplace activities. Key objectives of this policy are:

- To avoid, reduce, or control all foreseeable risks to health and safety of employees, contractors, visitors, and any person who may be affected by Bank activities.
- To provide a healthy working environment and safe means of access and exit to all Bank premises.
- To encourage employee participation in promoting safe and healthy working practices.

### Hazard Identification, Risk Assessment and Incident Investigation

NBQ operational Risk function plays an independent oversight, and governance role in management of employee health and safety risks. The function is responsible for ensuring the occupational health and safety risks are appropriately identified and assessed through the NBQ's risk and control self-assessment (RCSA) supported by a risk taxonomy and methodology.

Operational risk function also oversees the review and analysis of health and safety incidents, including workplace injuries and near-miss events to identify root causes and emerging risk trends.

Health and Safety incidents are aggregated and managed as operational risks events and are escalated, where appropriate, to relevant risk committees. These committees provide governance and oversight to ensure that health and safety risks are effectively assessed, controlled, monitored and reported across bank.

Highlight



### Employee Health & Wellbeing – Medical Camp

NBQ organized a medical camp for employees, providing routine health check-ups and consultations. This initiative promotes preventive healthcare, ensures staff wellbeing, and reflects the Bank's commitment to a safe and healthy workplace.





Highlight



## Health Awareness – World No Tobacco Day

As part of NBQ's ongoing commitment to fostering a healthier workforce, Bank organized a two-day awareness program in recognition of World No Tobacco Day, specifically designed for employees who smoke.

The initiative included:

- Expert-led lectures on harmful effects of smoking and its long-term impact on overall health and wellbeing
- Medical screenings, including tooth and gum health checks, skin assessments, and general wellness tests
- Interactive discussions on cigarette addiction, health risks, and practical steps toward quitting
- Wellness gift packs provided to participants as encouragement for adopting healthier habits

**21**

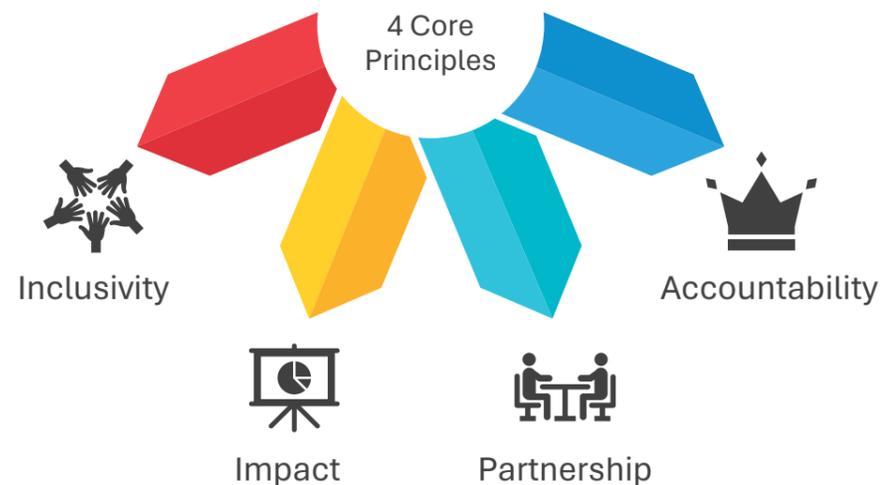
employees took part in sessions

 **P3/SS3 COMMUNITY INVESTMENT**

## Creating Shared Value Beyond Banking

At NBQ, we believe that sustainable progress is rooted in strong, resilient, and empowered communities. Our Corporate Social Responsibility (CSR) efforts reflect our commitment to improving people's lives, supporting vulnerable groups, and contributing to socio-economic and environmental development of UAE particularly in Emirate of Umm Al Quwain, where NBQ has deep community roots.

We invest in community through financial contributions, partnerships with credible NGOs, volunteerism, and initiatives that promote education, health, social welfare, and environmental sustainability. Our CSR approach aligns with national priorities and contributes to relevant UN Sustainable Development Goals (UN SDGs).



### Key Partnerships

- Rahma Cancer Patient Care Society
- Rashid Center for People of Determination
- Umm Al Quwain Hospital
- Umm Al Quwain Government – Department of Tourism and Archaeology
- Umm Al Quwain University's College of Mass Communication
- UAE Red Crescent
- Umm Al Quwain Municipality
- Umm Al Quwain Charity Association
- UAQ Federal Court of First Instance
- Indian Association Umm Al Quwain
- UAQ Chamber of commerce and industry
- UAQ Society for traditional arts and theater



**₹1,875,000**

Total CSR Spent



**12**

Key partnerships



**0.32%**

Of annual profit invested

## CSR Initiatives in FY25



In FY25, NBQ continued its strong commitment to corporate social responsibility, focusing on initiatives that create meaningful impact across communities we serve. Our efforts spanned multiple areas, including health and well-being, education, environmental sustainability, social welfare, and community development.

Through strategic partnerships with reputable organizations, targeted sponsorships, and employee engagement programs, NBQ aimed to address critical societal challenges while fostering inclusivity, sustainability, and positive social change.



## Theme 1: Health & Well-being



### 1. Supporting Cancer Care through Rahma Cancer Patient Care Society

As part of this commitment, NBQ supports Rahma Cancer Patient Care Society, established in 2015, which provides comprehensive treatment and care for cancer patients regardless of nationality. Association's mission extends beyond treatment, it also focuses on community education about cancer risks, prevention, and early detection. In 2025, NBQ contributed  $\text{AED}20,000$  to support Rahma's humanitarian work, ensuring that patients in need have access to essential medical services and holistic care.

### 2. Supporting Social Care for People of Determination – Rashid Center

NBQ actively promotes inclusivity and health-related social care through its support of Rashid Center for People of Determination, a non-profit organization established in 1994. Center provides specialized care and programs for individuals with disabilities, fostering their wellbeing, social inclusion, and personal development. Recognized as a qualifying public benefit entity under Federal Decree-Law No. 47 of 2022, Rashid Center delivers critical services that enhance quality of life for people of determination and their families.

In 2025, NBQ contributed  $\text{AED}20,000$  to support Center's charitable and community initiatives. This sponsorship underscores NBQ's commitment to inclusive health and social care, ensuring that vulnerable populations have access to vital support services and opportunities for holistic development.

### 3. Community Blood Donation

NBQ partnered with Umm Al Quwain Hospital to organize a blood donation campaign. Campaign encourages participation in life-saving blood donations, helping to ensure the availability of critical blood supplies for patients in need. Launched in line with UAE's years of community service and civic engagement, initiative highlights NBQ's focus on active community support, public health, and employee engagement in social causes. By facilitating this program, NBQ strengthens its role as a socially responsible institution committed to enhancing health outcomes and supporting local community.



**39**

Volunteers participated

#### 4. Gold Sponsorship of UAQ Government Sports Events

As part of NBQ's commitment to strengthening community wellbeing and encouraging an active lifestyle, NBQ served as Gold Sponsor for Umm Al Quwain Government – Department of Tourism and Archaeology year-long sports program. Through this sponsorship, NBQ supported three major sporting events that attracted residents and visitors from across UAE:

- Empire Race – Obstacle Course Challenge: Held on 22–23 March 2025, event encouraged teamwork, resilience, and athletic engagement among participants.
- Block 20 Empire Obstacle Challenge: Conducted on 20 April 2025, this initiative fostered youth participation and promoted a culture of recreational sports within community.
- UAQ Half Marathon: Held on 4 May 2025, marathon promoted endurance, physical fitness, and broad community participation, reinforcing importance of healthy and active lifestyles.

This sports initiative aims to:

- Encourage a culture of fitness and healthy living among UAE residents
- Bring community together through inclusive and accessible sporting events
- Promote youth participation in recreational and competitive sports
- Support broader public health and wellness agenda of Emirate

NBQ contributed  $\text{AED } 400,000$  as part of its Gold Sponsorship, enabling successful delivery of multiple high-impact sporting events throughout year. This initiative reinforces NBQ's long-standing commitment to health, wellbeing, and vibrant community development in Umm Al Quwain.



## Theme 2: Education & Youth Development



### Supporting Quality Education at Umm Al Quwain University

As part of Umm Al Quwain National Bank's commitment to supporting education and promoting sustainable development, NBQ provided financial support of  $\text{AED } 30,000$  to Umm Al Quwain University in response to its request to develop College of Mass Communication and enhance its educational environment in line with accredited academic standards. This contribution reflects NBQ's commitment to its role of social responsibility by empowering educational institutions, improving quality of education, and supporting development of national competencies that contribute to UAE's comprehensive and sustainable development goals.

### Theme 3: Food & Shelter



#### Supporting Community During Ramadan

NBQ partnered with UAE Red Crescent, a leading humanitarian organization committed to emergency assistance, public health, and social welfare, to support vulnerable communities in Umm Al Quwain during holy month of Ramadan.

Our Contributions:

- **Ramadan Iftar Tent:** Sponsored a tent serving 100 beneficiaries daily throughout month of Ramadan, providing a safe, inclusive, and community-centered space for breaking fast. Total amount of contributions for Ramadan Iftar Tent was **₹ 57,000**.
- **Iftar Distribution for Drivers:** During Holy Month of Ramadan, NBQ employees, in collaboration with Emirates Red Crescent, participated in distribution of 3,000 Iftar meals to drivers and workers.

These initiatives reflect NBQ's commitment to social responsibility, community welfare, and Ramadan giving, ensuring that essential nourishment and support reach those in need while reinforcing NBQ's dedication to humanitarian support and inclusive community engagement.



### Theme 4: Environmental Sustainability



#### Rainwater Drainage Project

NBQ collaborated with Umm Al Quwain Municipality to address a critical environmental and public health challenge caused by rainwater accumulation in emirate. Prolonged water stagnation was negatively impacting local infrastructure, environment, and well-being of residents. In response, NBQ sponsored purchase of advanced self-priming dewatering pumps, with an amount of **₹ 660,000** which will significantly enhance municipality's ability to efficiently drain excess rainwater, prevent flooding, and reduce potential environmental and health risks.

#### Impact and Strategic Value

- Strengthens local infrastructure resilience against rainwater accumulation
- Minimizes environmental risks associated with stagnant water
- Supports community health and safety
- Demonstrates NBQ's commitment to sustainable urban development and public-private collaboration

## Theme 5: Financial Inclusion & Support



### Participation in “Do Gooders” Campaign

NBQ proudly participated in “Do Gooders” campaign organized by Umm Al Quwain Charity Association, with an amount of  $\text{AED } 20,000$  reinforcing NBQ’s commitment to humanitarian support and social welfare across Emirate. Campaign aims to:

- Provide direct assistance to low-income families and individuals in need
- Alleviate financial burdens on vulnerable households
- Support families through distribution of essential aid



## Theme 6: Culture & Heritage Preservation



### 1. Supporting 54th UAE National Day Celebrations Across Umm Al Quwain

NBQ proudly supported multiple community-led events commemorating UAE’s 54th National Day across Umm Al Quwain. NBQ contributed  $\text{AED } 15,000$  each to three key institutions:

- Umm Al Quwain Federal Court of First Instance
- Umm Al Quwain Chamber of Commerce
- Indian Association, Umm Al Quwain



These contributions helped organize cultural programs, traditional performances, and community gatherings that celebrated UAE’s unity, national values, and rich heritage. By supporting diverse organizations and communities, NBQ reinforced its commitment to fostering national pride, strengthening social cohesion, and promoting inclusivity across Emirate.

### 2. Sponsorship of “From the Heritage of Ancestors” Festival – 3rd Edition, 2025

NBQ proudly supported “From the Heritage of Ancestors” Festival – 3rd Edition, held from 10 to 12 November 2025. This prestigious cultural event was organized by Umm Al Quwain Society for Traditional Arts and Theatre and held under patronage of His Highness Sheikh Saud bin Rashid Al Moalla, Ruler of Umm Al Quwain. This festival serves as an important platform for preserving authentic Emirati heritage, strengthening cultural continuity, and deepening national identity across community.

This three-day event showcased traditional arts, crafts, folk performances, and cultural demonstrations, providing an immersive experience that celebrated UAE's rich history and craftsmanship. It also created opportunities for local artisans and cultural practitioners to demonstrate their talents, thereby supporting cultural tourism and sustaining traditional livelihoods. NBQ contributed AED 50,000 to support successful delivery of festival, reinforcing NBQ's commitment to preserving national heritage, promoting cultural engagement, and strengthening community pride in Emirate of Umm Al Quwain.

### 3. Sponsorship of Socioeconomic Forum of UAQ Chamber of Commerce and Industry

NBQ proudly supported National Forum on "Envisioning Economic and Social Role of Emirati Women," organized by UAQ Chamber and UAQ Businesswomen Council in celebration of Emirati Women's Day, held on 28 August 2025. As a Bronze Sponsor, NBQ contributed AED 50,000 to enable this important national initiative. Forum brought together leaders, entrepreneurs, policymakers, and community stakeholders to highlight critical role of Emirati women in economic and social development. Discussions focused on women's participation in workforce, leadership pathways, entrepreneurship opportunities, and community advancement. By supporting this platform, NBQ reinforced its commitment to:

- Advancing gender equality and women's empowerment

- Strengthening women's economic participation and leadership opportunities
- Promoting entrepreneurship and skills development for women
- Enhancing community engagement and knowledge-sharing
- Aligning with national priorities for inclusive and sustainable socio-economic growth

This sponsorship reflects NBQ's dedication to creating inclusive, equitable, and opportunity-driven environments that uplift Emirati women as key contributors to UAE's sustainable development journey.

### 4. Sponsorship of Al Labsah Camel Racing Festival

NBQ proudly supported Al Labsah Camel Racing Festival, held under patronage of H.H. Sheikh Saud bin Rashid Al Moalla, Ruler of Umm Al Quwain. As one of UAE's premier heritage sporting events, festival celebrates a tradition deeply rooted in Emirati culture and continues to attract strong community participation as well as national and international attention. This event was held from 15-18 November 2025.

Camel racing is an integral part of UAE's cultural identity, symbolizing heritage preservation, community pride, and intergenerational continuity. By sponsoring the festival, NBQ reinforces its commitment to supporting national cultural traditions while enhancing NBQ's visibility and

strengthening its connection with local community. NBQ sponsored this festival in 2025 with a contribution of AED 100,000, reflecting our long-standing dedication to preserving and promoting UAE's cultural heritage.

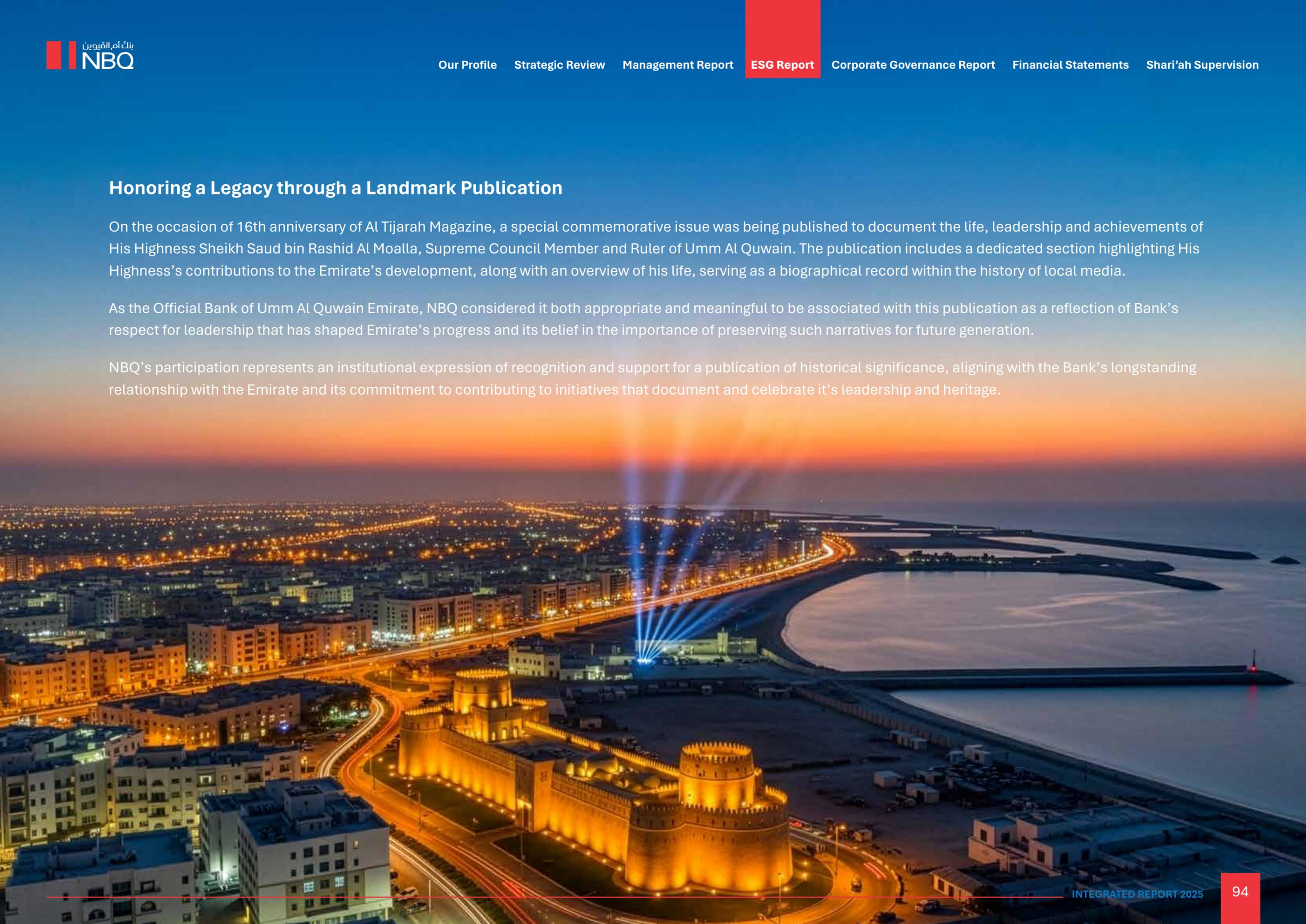


## Honoring a Legacy through a Landmark Publication

On the occasion of 16th anniversary of Al Tijarah Magazine, a special commemorative issue was being published to document the life, leadership and achievements of His Highness Sheikh Saud bin Rashid Al Moalla, Supreme Council Member and Ruler of Umm Al Quwain. The publication includes a dedicated section highlighting His Highness's contributions to the Emirate's development, along with an overview of his life, serving as a biographical record within the history of local media.

As the Official Bank of Umm Al Quwain Emirate, NBQ considered it both appropriate and meaningful to be associated with this publication as a reflection of Bank's respect for leadership that has shaped Emirate's progress and its belief in the importance of preserving such narratives for future generation.

NBQ's participation represents an institutional expression of recognition and support for a publication of historical significance, aligning with the Bank's longstanding relationship with the Emirate and its commitment to contributing to initiatives that document and celebrate its leadership and heritage.



## GRI CONTENT INDEX

<b>Statement of use</b>	NBQ has reported the information cited in this GRI content index for the period 1st Jan 2025 to 31st Dec 2025 with reference to the GRI Standards.
<b>GRI 1 used</b>	GRI 1: Foundation 2021

GRI Standard	Disclosure	Page No.	Location
<b>GRI 2: General Disclosures 2021</b>	2-1 Organizational details	29	About this Report
	2-2 Entities included in the organization's sustainability reporting	29	About this Report
	2-3 Reporting period, frequency and contact point	29	About this Report
	2-5 External assurance	29	About this Report
	2-7 Employees	81	Human Capital Management
	2-9 Governance structure and composition	37	Business Ethics
	2-10 Nomination and selection of the highest governance body	38	Business Ethics
	2-15 Conflicts of interest	40	Business Ethics
	2-19 Remuneration policies	38	Business Ethics
	2-20 Process to determine remuneration	39	Business Ethics
	2-22 Statement on sustainable development strategy	10	CEO Message
	2-23 Policy commitments	41	Business Ethics
	2-24 Embedding policy commitments	41	Business Ethics
	2-26 Mechanisms for seeking advice and raising concerns	42	Business Ethics
	2-28 Membership associations	42	Business Ethics
	2-29 Approach to stakeholder engagement	32	Materiality Assessment

GRI Standard	Disclosure	Page No.	Location
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	33	Materiality Assessment
	3-2 List of material topics	34	Materiality Assessment
<b>GRI 201: Economic Performance 2016</b>	201-1 Direct economic value generated and distributed	51	Financial Performance
<b>GRI 203: Indirect Economic Impacts 2016</b>	203-1 Infrastructure investments and services supported	88	Community Investment
	203-2 Significant indirect economic impacts	88	Community Investment
<b>GRI 204: Procurement Practices 2016</b>	204-1 Proportion of spending on local suppliers	54	Responsible Procurement
<b>GRI 205: Anti-corruption 2016</b>	205-2 Communication and training about anti-corruption policies and procedures	84	Learning and Development
	205-3 Confirmed incidents of corruption and actions taken	41	Business Ethics
<b>GRI 207: Tax 2019</b>	207-1 Approach to tax	52	Tax Transparency
	207-2 Tax governance, control, and risk management	52	Tax Transparency
	207-3 Stakeholder engagement and management of concerns related to tax	52	Tax Transparency
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	60	Climate Change Strategy
	302-3 Energy intensity	59	Climate Change Strategy
	302-4 Reduction of energy consumption	59	Climate Change Strategy
<b>GRI 303: Water and Effluents 2018</b>	303-1 Interactions with water as a shared resource	67	Water Management
	303-3 Water withdrawal	67	Water Management
	303-4 Water discharge	67	Water Management
	303-5 Water consumption	67	Water Management
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	61	Climate Change Strategy
	305-2 Energy indirect (Scope 2) GHG emissions	61	Climate Change Strategy
	305-4 GHG emissions intensity	61	Climate Change Strategy
	305-5 Reduction of GHG emissions	58	Climate Change Strategy

GRI Standard	Disclosure	Page No.	Location
<b>GRI 306: Waste 2020</b>	306-1 Waste generation and significant waste-related impacts	69	Waste Management
	306-2 Management of significant waste-related impacts	69	Waste Management
	306-3 Waste generated	69	Waste Management
	306-4 Waste diverted from disposal	70	Waste Management
<b>GRI 308: Supplier Environmental Assessment 2016</b>	308-1 New suppliers that were screened using environmental criteria	54	Responsible Procurement
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	73	Human Capital Management
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	73	Human Capital Management
	401-3 Parental leave	73	Human Capital Management
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system	86	Employee Well-being
	403-2 Hazard identification, risk assessment, and incident investigation	86	Employee Well-being
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	84	Learning and Development
	404-2 Programs for upgrading employee skills and transition assistance programs	84	Learning and Development
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	83	Diversity and Inclusion
<b>GRI 413: Local Communities 2016</b>	413-1 Operations with local community engagement, impact assessments, and development programs	88	Community Investment
<b>GRI 414: Supplier Social Assessment 2016</b>	414-1 New suppliers that were screened using social criteria	54	Responsible Procurement
<b>GRI 418: Customer Privacy 2016</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	43	Customer Privacy and Data Security

# ADX ESG DISCLOSURES

## Environmental KPIs

Metric No.	Indicator	Description	Location	Page No.
<b>E1. Environmental Operations</b>	E1.1	Does your company follow a formal Environmental Policy?	Yes, we have a ESG policy	58
	E1.2	Does your company follow specific waste, water, energy and/or recycling policies?	No	-
	E1.3	Does your company use a recognized energy management system?	No	-
<b>E2. Water Usage</b>	E 2.1	Total amount of water consumed	Water Management	67
	E 2.2	Total amount of water reclaimed	Water Management	67
<b>E3. Waste Generation</b>	E3.1	Total waste generated, per waste type	Waste Management	69
	E3.2	Percentage of waste recycled, per waste type	Waste Management	70
<b>E4. Energy Use</b>	E4.1	Total amount of energy directly consumed	Climate Change Strategy	60
	E4.2	Total amount of energy indirectly consumed	Climate Change Strategy	61
<b>E5. Energy Intensity</b>	E5.1	Total direct energy usage per output scaling factor	Climate Change Strategy	59
<b>E6. Energy Mix</b>	E6.1	Percentage: energy usage by generation type	Climate Change Strategy	NA
<b>E7. GHG Emissions</b>	E7.1	Total amount in CO2 equivalents, for Scope 1	Climate Change Strategy	61
	E7.2	Total amount, in CO2 equivalents, for Scope 2 (If applicable)	Climate Change Strategy	61
	E7.3	Total amount, in CO2 equivalents, for Scope 3 (If applicable)	Climate Change Strategy	60
<b>E8. Emissions Intensity</b>	E8.1	Total GHG emissions per output scaling factor	Climate Change Strategy	61
	E8.2	Total non-GHG emissions per output scaling factor	Not Available	-

Metric No.	Indicator	Description	Location	Page No.			
<b>E9. Climate Strategy</b>	E9.1	Describe the climate-related risks and opportunities that could reasonably be expected to affect your organization's prospects. Also explain, for each climate-related risk your organization has identified whether your organization considers the risk to be a climate-related physical risk or transition risk.	Systematic Risk Management	64			
	E9.2	Describe the current and anticipated impacts of climate-related risks and opportunities on your organization's business model and value chain.		64			
	E9.3	How has your organization responded to, and plans to respond to climate-related risks and opportunities in its strategy and decision-making, including the plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation?		64			
	E9.4	What are the current effects (during the reporting period) of climate-related risks and opportunities on your organization's financial position, financial performance and cash flows for the reporting period (current financial effects)?		64			
<b>E10. Climate-related risks and opportunities</b>	E10.1	Describe the processes and policies your organization uses to identify, assess, prioritize, and monitor climate-related risks, and the inputs and parameters used in these processes.		Systematic Risk Management	65		
	E10.2	Whether and how does your organization use climate-related scenario analysis to inform the identification of climate-related risks?			65		
<b>E11. Climate Governance</b>	E11.1	Which governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) is responsible for oversight of climate-related risks and opportunities?			Systematic Risk Management	63	
	E11.2	How does the body or individual consider climate related risks and opportunities when overseeing your organization's strategy?				63	
	E11.3	Are performance metrics related to climate targets included in remuneration policies? If so, how?				63	
	E11.4	Has your organization delegated the role of overseeing climate-related risks and opportunities to a specific management-level position or committee, and how is oversight over this role or committee exercised?				63	
<b>E12. Climate Targets</b>	E12.1	Disclose any quantitative and qualitative climate-related targets to monitor progress towards strategic goals, incl. any GHG emissions targets. Specify the metric used to set the target.				Systematic Risk Management	66

## Social KPIs

Metric No.	Indicator	Description	Location	Page No.
<b>S1: CEO Pay Ratio</b>	S1.1	CEO total compensation to median Full Time Equivalent (FTE) total compensation	Not Available	-
	S1.2	Does your company report this metric in regulatory filings?	Not Available	-
<b>S2: Gender Pay Ratio</b>	S2.2	Median male compensation to median female compensation	Not Available	-
<b>S3: Employee Turnover</b>	S3.1	Year-over-year change for full-time employees (FTEs)	Diversity and Inclusion	81
	S3.2	Year-over-year change for part-time employees	Diversity and Inclusion	81
	S3.3	Year-over-year change for contractors/consultants	Diversity and Inclusion	81
<b>S4: Gender Diversity</b>	S4.1	Total enterprise headcount held by men and women	Diversity and Inclusion	82
	S4.2	Entry and mid-level positions held by men and women	Diversity and Inclusion	82
	S4.3	Senior and executive level positions held by women	Diversity and Inclusion	82
<b>S5: Temporary Worker Ratio</b>	S5.1	Total enterprise headcount held by part-time employees	Diversity and Inclusion	82
	S5.2	Total enterprise headcount held by contractors and/or consultants	Diversity and Inclusion	82
<b>S6. Nationalism</b>	S6.1	Percentage of national employees per employment category	Emiratization	72
<b>S7. Non-discrimination</b>	S7.1	Does your company follow non-discrimination policy?	Our Policy Commitments	41
<b>S8. Health, Safety and Well-being</b>	S8.1	Does your company follow an occupational health and/or global health & safety policy?	Employee well-being	86
<b>S9. Injury Rate</b>	S9.1	Frequency of injury events relative to total workforce time	No	-
<b>S10. Child and Forced Labor</b>	S10.1	Does your company follow a child and/or forced labor policy?	No	-
	S10.2	If yes, does your child and/or forced labor policy also cover suppliers and vendors?	NA	-
<b>S11. Human Rights</b>	S11.1	Does your company follow a human rights policy?	No	-
	S11.2	If yes, does your human rights policy also cover suppliers and vendors?	NA	-
<b>S12. Community Investment</b>	S12.1	Amount invested in the community, as a percentage of company revenues	Community Investment	88

## Governance KPIs

Metric No.	Indicator	Description	Location	Page No.
<b>G1. Board Independence</b>	G1.1	Does company prohibit CEO from serving as board chair?	Corporate Governance Report	115
	G1.2	Total board seats occupied by independent board members	Business Ethics	37
<b>G2: Board Diversity</b>	G2.1	Total board seats occupied by men and women	Business Ethics	37
	G2.2	Committee chairs occupied by men and women	Corporate Governance Report	136
<b>G3. Supplier Code of Conduct</b>	G3.1	Are your vendors or suppliers required to follow a Code of Conduct?	Responsible Procurement	53
	G3.2	If yes, what percentage of your suppliers have formally certified their compliance with the code	NA	-
<b>G4. Ethics and Prevention of Corruption</b>	G4.1	Does your company follow an Ethics and/or Prevention of Corruption policy? Yes/No	Business Ethics	41
	G4.2	If yes, what percentage of your workforce has formally certified its compliance with the policy	Business Ethics	41
<b>G5. Data Privacy</b>	G5.1	Does your company follow a Data Privacy policy? Yes/No	Customer Privacy and Data Security	43
	G5.2	Has your company taken steps to comply with GDPR rules? Yes/No	Customer Privacy and Data Security	43
<b>G6. Sustainability Strategy</b>	G6.1	Describe the sustainability-related risks and opportunities that could reasonably be expected to affect your organization's prospects.	Systemic Risk Management Risk Management	63-66 20-25
	G6.2	Describe the current and anticipated impacts of sustainability-related risks and opportunities on your organization's business model and value chain.		
	G6.3	Describe how your organization responded to, and plans to respond to, sustainability-related risks and opportunities in its strategy and decision-making		
	G6.4	Describe the current and anticipated effects (during the reporting period) of sustainability-related risks and opportunities on your organization's business model, financial position, performance, and cash flows. How are these risks considered in financial planning (current financial effects)?		
<b>G7. Sustainability Risk Management</b>	G7.1	Describe the processes and policies your organization uses to identify, assess, prioritize, and monitor sustainability-related risks, and the inputs and parameters used in these processes.		
	G7.2	How are the processes for identifying, assessing, prioritizing and monitoring sustainability-related risks and opportunities integrated into and informing your organization's overall enterprise risk management process?		

Metric No.	Indicator	Description	Location	Page No.
<b>G8. Sustainable Governance</b>	G8.1	Which governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) is responsible for oversight of sustainability	Systemic Risk Management Risk Management	63-66 20-25
	G8.2	How does the body or individual consider sustainability related risks and opportunities when overseeing your organization's strategy?		
	G8.3	Are performance metrics related to these targets included in remuneration policies? If so, how?		
	G8.4	Has your organization delegated the role of overseeing sustainability-related risks and opportunities to a specific management-level position or committee, and how is oversight over this role or committee exercised?		
<b>G9. Sustainability Targets</b>	G9.1	What metrics does your organization use to measure and monitor each sustainability related risk or opportunity identified above?		
<b>G10. Disclosure Practices</b>	G10.1	Does your company publish a sustainability report? Yes/No	ESG Report	27
	G10.2	Does your company publish a GRI, IFRS, CDP, SASB, IIRC, or UNGC based report?	About this Report	29
<b>G11. External Assurance</b>	G11.1	Are your sustainability disclosures assured or verified by a third-party audit firm? Yes/No	No	-

## Integrated KPIs

Metric No.	Indicator	Description	Location	Page No.
I1: Sustainability Reporting	I1.1	Does your company publish a sustainability report? Yes/No	ESG Report	27
I2: ESG Ratings	I2.1	Has your company received an ESG rating (solicited or unsolicited)? Yes/No	No	-
	I2.2	If yes, provide the latest overall ESG score.	NA	-
I3: Stakeholder Engagement	I3.1	Does your company engage with stakeholders on ESG/sustainability topics? Yes/No	Materiality Assessment	32
	I3.2	If yes, report on frequency and effectiveness of engagement	Materiality Assessment	33

# CORPORATE GOVERNANCE REPORT 2025

## Table of Contents

Section	Contents	Page Number
1	Introduction	105
2	Vision, Mission and Values	106
3	Corporate Governance System, Procedures and Implementation	108
4	Internal Control and Risk Management Governance Matters	108
5	Statement of Ownership and Transactions of Board Members, their spouses, and their children in the Bank's shares during the year 2025	111
6	Board of Directors and Their Details	111
7	Board Composition - Formation of the Board of Directors as on 31/12/2025	115
8	A statement of the details of the sitting fees for attending the sessions of the Board committees that members of the Board of Directors received for the fiscal year of 2025	126
9	Details of the additional allowances, salaries, or fees received by a member of the Board of Directors, other than committee attendance allowances during 2025	126
10	Board of Directors Meetings	127
11	Board Resolutions issued by circulations during 2025	128
12	Powers delegated to the Executive Management Members	128
13	Related party transactions	129

Section	Contents	Page Number
14	Organizational Structure and Executive Management	130
15	Senior Executive Management Remuneration	131
16	Selection process for Senior Management	132
17	External Auditor	135
18	Board Audit Committee (BAC)	136
19	Board Nomination & Remunerations Committee (NRC)	143
20	Board Risk Committee (BRC)	145
21	Board Executive Committee (EXCO)	147
22	Conflicts of Interest and Insider Trading	150
23	Assessment of the Board of Directors 2025	150
24	The Role of Internal Audit & Control Dept	152
25	Internal Control System	153
26	Number of Reports Issued by the Internal Control Department to the Bank's Board of Directors	155
27	Details of the violations committed in 2025, while stating the reasons behind them, how they can be dealt with and how to avoid any recurrence thereof in the future	156
28	Contribution Made in 2025	156
29	Contribution during 2025 Related to Emiratization	158

Section	Contents	Page Number
30	General Information	159
31	Distribution of Shareholdings Statement of how shareholders are distributed according to the volume as on 31/12/2025	160
32	Capital of the Bank- Issued Capital	160
33	Subsidiaries and Affiliates information	161
34	Voting rights of shareholders	163
35	Credit Ratings	164
36	Investor Relationship Officer and Communication	165
37	Special Resolutions Passed in the Annual General Assembly	165
38	Rapporteur of the Board Meeting	165
39	Major Events and Important Disclosures during 2025	165
40-	Statement on the Bank's transactions with the related parties during 2025	165
41-	Emiratization	165
42-	Innovative Projects and Initiatives	165
43-	Board Attestation and Disclosure	166

## 1- Introduction

National Bank of Umm Al Qaiwain (the 'Bank' or 'NBQ' or "Group") is a Public Shareholding Company incorporated in Umm Al Qaiwain by Amiri Decree Number (1) on 5 January 1982 issued by His Highness, the Ruler of Umm Al Qaiwain and commenced its operations with effect from 1 August 1982. The local government of Umm Al Qaiwain is the largest shareholder and promoter of the Bank. The Bank is engaged in providing Retail and Corporate banking services through a network of 9 branches in the United Arab Emirates (UAE). The Bank maintains consistently high capital adequacy and liquidity ratios which demonstrates the financial resilience developed through robust Corporate Governance and prudent business policies. Over the years the bank, through its dynamic management team and structure coupled with prudent business principles, has ensured that its customers, stakeholders, employees and the general community are delivered excellence in all aspects of the Bank's operations.



## 2-Vision, Mission and Values

### Our Vision

To be a Bank of first choice, offering innovative financial services, built on trust, integrity and driven by a passion for excellence.

### Our Mission

To maximize value and growth for all our stakeholders by delivering premium banking services and attracting and retaining our target customer groups.

### Our Core Values

- People orientation, customer orientation, performance.

### Customer

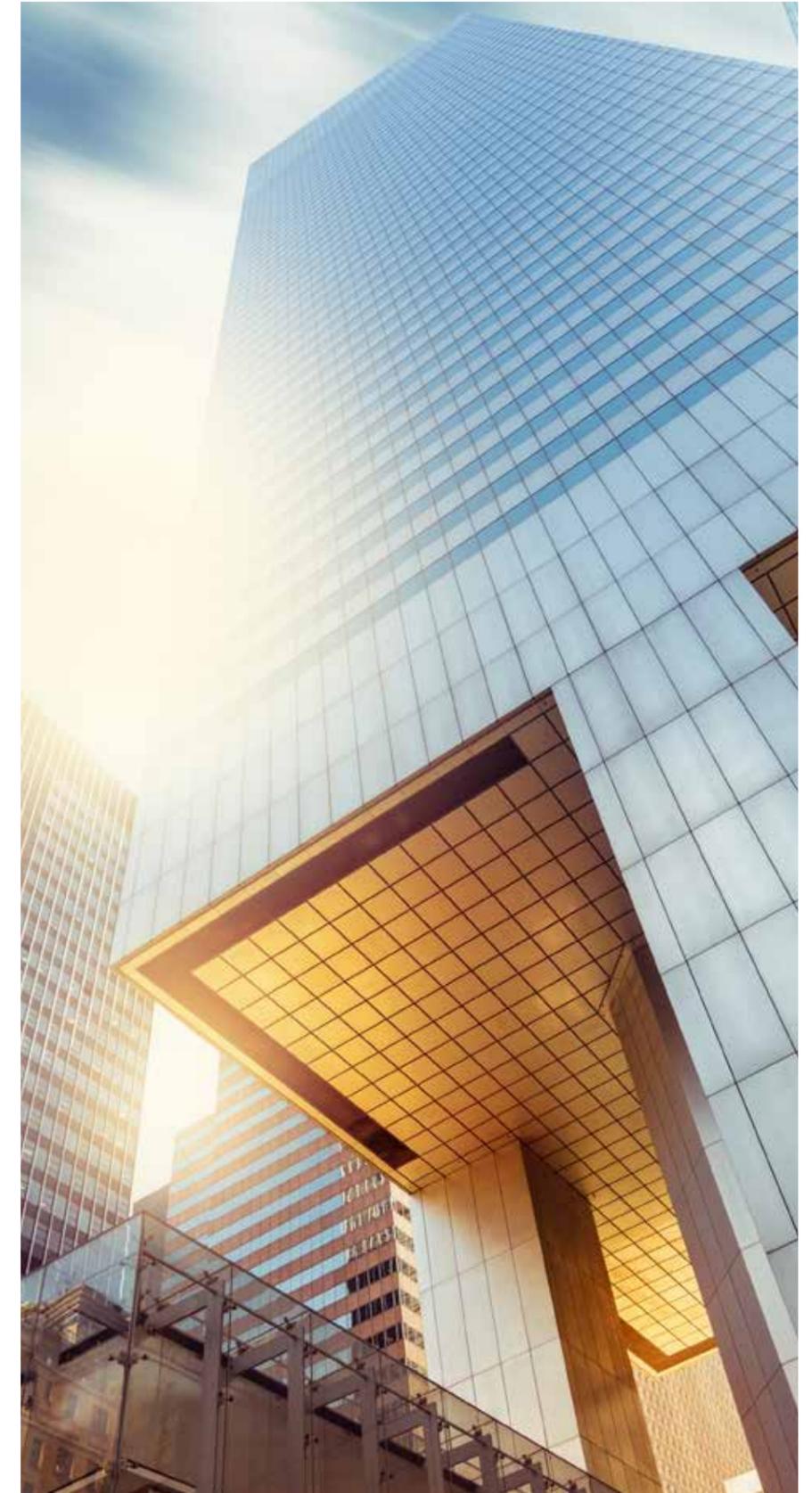
- Service excellence
- Customer Centric Business processes
- Data driven decision making
- Customer confidentiality

### Performance

- Recognize and reward outstanding performance.
- Ensure continuous productivity.
- Focused on efficiency.
- Delegate authority, responsibility, and empowerment
- Committed to learning and development.

### People

- Personal integrity
- Open communications
- Value and recognize teamwork.
- Focus on achievement and delivery



## Statement from the Chairman of the Board

On behalf of the Board of Directors, I am pleased to present the National Bank of Umm Al Qaiwain's Corporate Governance Report for the year 2025.

Strong corporate governance remains central to safeguarding stakeholder interest and sustaining trust in the Bank. Throughout 2025, the Board continued to strengthen NBQ's governance framework and oversight through clearer roles and accountability, enhanced Board and Committee effectiveness, and continued focus on ethical conduct, transparency and responsible decision-making.

Looking ahead, the Board will continue building on this momentum-embedding improvements, strengthening governance outcomes, and maintaining alignment with regulatory expectations and prevailing market practice.

I thank my fellow Directors, Executive management and all NBQ employees for their dedication, and I extend my appreciation to our stakeholders for their continued trust.

**Shk Rashid Bin Saud Al Mualla**  
Chairman of the Board

### 3. Corporate Governance System, Procedures and Implementation:

The Bank maintains robust Corporate Governance policies and highly effective risk management functions, which are instrumental in achieving organizational objectives and reinforcing the corporate culture. Adherence to the highest standards of Corporate Governance ensures stakeholder confidence and trust.

The Board of Directors comprises seven members, all possessing the requisite industry knowledge. The Board has established specialized committees with specific functional responsibilities, governed by formally mandated Charters approved by the Board. These Charters are subject to periodic review and amendment to reflect changes in the industry and the internal control environment. Policies are in place to ensure that Directors are actively engaged and act in the Bank's best interests, providing strategic direction to Senior Management. The Board is majority independent, and the Bank is in full compliance with the requirements set forth by the Securities and Commodities Authority, the Abu Dhabi Securities Exchange (ADX), and the Central Bank of the UAE (CBUAE).

The Bank's governance and control structure is aligned with the Three Lines of Defence Model:

LINE OF DEFENCE	FUNCTION
<b>First Line</b>	Business Units (Ownership and management of risk)
<b>Second Line</b>	Support Units and Control Functions (Risk and Compliance)
<b>Third Line</b>	Assurance and Auditing (Independent assurance)

(Note: Further details are available in the Corporate Governance Section of the Annual Report.)

### 4. Internal Control and Risk Management Governance Matters:

The NBQ Internal Control Framework establishes a common understanding of internal control responsibilities across all Bank employees. An effective internal control system is fundamental to ensuring the operational and financial integrity of results and is an integral component of a well-managed, quality operation.

The primary objective of the internal control system is to enhance the Bank's performance and optimize resource utilization. By systematically identifying weaknesses, the Bank can implement appropriate measures for continuous improvement.

Primary Objectives of Internal Control:

- Performance: Ensure the efficiency and effectiveness of all activities.
- Information Integrity: Guarantee the reliability, completeness, and timeliness of financial and management information.
- Compliance: Ensure adherence to all applicable laws and regulations.
- Transaction Management: Provide for the systematic and orderly recording of transactions.
- Assurance: Offer reasonable assurance that undesired events are prevented, or detected and corrected, in a timely manner.

The NBQ Internal Control Framework is structured around five interrelated components, consistent with international best practices:

<p><b>Control Environment:</b></p> <p>Demonstrating commitment to integrity and ethical values; establishing oversight responsibilities; defining structure, responsibility, and authority; exhibiting commitment to competence; and enforcing accountability</p>	<p><b>Risk Assessment:</b></p> <p>Defining objectives and risk tolerance; identifying, analysing, and responding to risk; assessing fraud risk; and analysing response to change. Risk appetite is established and aligned with strategy to serve as the basis for identifying, assessing, and responding to risk.</p>
<p><b>Control Activities:</b></p> <p>Designing and implementing control activities for both general operations and information systems.</p>	<p><b>Information &amp; Communication:</b></p> <p>Utilizing quality information; communicating internally (up, down, and across the Bank); and communicating externally. This involves a continual process of obtaining and sharing necessary information from both internal and external sources</p>
<p><b>Monitoring:</b></p> <p>Performing ongoing monitoring activities and remediating identified deficiencies.</p>	

- Transactions are executed at a reasonable cost, are beneficial, and are necessary for the Bank's business.
- Access to assets and resources is permitted only in accordance with management's authorization.
- Recorded accountability for assets is compared with existing assets at reasonable intervals, and appropriate action is taken regarding any differences.
- Financial information is released externally only after obtaining authorization from the approving authority, considering the Bank's interests.
- Complete and accurate records and accounts are maintained to reflect transactions and the disposition of assets.
- Business objectives will be met, and compliance with applicable laws and regulations of all regulatory agencies is ensured.

### Basel Implementation

NBQ complies with the CBUAE Basel III framework as outlined in Notice CBUAE/BSA/2022/5280, including the annual submission of the ICAAP report to the Central Bank of the UAE.

Regular stress tests are conducted to assess credit, market, operational, liquidity, interest rate risk in the banking book (IRRBB), and equity price risk. The results indicate that NBQ maintains a strong capital position aligned with its risk profile, with a substantial buffer between available capital and regulatory capital requirements. This buffer provides adequate capacity to absorb unexpected losses arising from stressed conditions or other material risks.

The Framework mandates that all business units support and maintain a system of internal control optimized to provide shareholders, the Board of Directors, and management with assurance, based on a weighing of costs and benefits, that:

- Transactions are executed in accordance with Management's general or specific authorization.
- Transactions are recorded accurately to permit the preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets and bank resources.

## Risk Management

Risk Management function is independent of Management and does not have business targets. It reports directly to Board Risk Committee.

- The Risk Management Department comprises Credit Risk, Market Risk, Operational Risk, Information Security & Data Protection, and Fraud Risk Management units. Its key responsibilities include:
- Supporting the Board and Board Risk Committee in reviewing and approving the Bankwide risk governance framework and Risk Appetite and ensuring effective implementation.
- Developing the risk governance structure, risk management framework, risk appetite statement, and related policies and procedures to enable sustainable business growth within acceptable risk parameters.
- Identifying material, aggregate, and emerging risks across the Bank.
- Assessing and measuring these risks using appropriate methodologies and tools.
- Conducting ongoing monitoring to ensure that risktaking activities remain within the Board approved risk appetite, limits, and capital/liquidity thresholds.
- Establishing earlywarning indicators and trigger mechanisms to ensure timely escalation of breaches to Senior Management, the Risk Committee, or the Board.
- Influencing and, where necessary, challenging material risk decisions to ensure sound riskreturn outcomes.

- Providing periodic reporting on key risk matters to Senior Management, the Board, and the Board Risk Committee.
- Leading the Bank's ICAAP and capital management processes, including Pillar II capital assessment models, stress testing, and other Basel III reporting requirements.
- Developing and managing the Bank's IFRS 9 models and Expected Credit Loss (ECL) computations, ensuring strong governance and alignment with internal standards and regulatory expectations.
- Ensuring conflict of interest is avoided in all credit matters; underwriters do not carry business targets.
- The Department has initiated several enhancements to strengthen the Bank's risk management capabilities. These include enterprisewide fraud monitoring tools, automation of IRRBB and CAR computation, and a Data Loss Prevention (DLP) solution. Additionally, the Department has oversight of Credit Risk Management Standards implementation to ensure robust and consistent credit practices across all functions.

## Compliance Function

The Compliance function at NBQ is established as an independent control function under the Board-approved governance framework and in accordance with the CBUAE Corporate Governance Regulations. The function is responsible for identifying, assessing, advising on, monitoring, and reporting compliance risks across the bank, and for overseeing the adequacy and effectiveness of the policies, procedures, systems, and internal

controls approved by the Board to manage such risks. As the second line of defence, Compliance provides independent assurance on the bank's compliance risk exposure, including financial crime-related risks, supported by appropriate metrics and management information.

In line with the Board-approved governance framework, the Head of Compliance reports primarily to the Chief Executive Officer and has unrestricted and direct access to the Board Risk Committee, ensuring independence and the ability to escalate material compliance matters. The Compliance function provides regular reporting to the Board Risk Committee on the effectiveness of the risk-based compliance framework, including oversight of compliance with applicable laws, regulations, and AML/CFT obligations, and the timely escalation of significant issues and exceptions. Where required, Compliance also reports to the Board Audit Committee and the Board of Directors on material compliance matters.

Consistent with the Board-approved governance framework, a strong compliance culture is promoted and reinforced from the top. The Board of Directors and Senior Management provide active oversight and direction, set clear expectations for compliance, and ensure that the Compliance function is adequately resourced and empowered. This culture is embedded throughout the organization through Board-approved policies, structured training programs, and ongoing awareness initiatives to ensure all staff understand and fulfill their compliance responsibilities.

## Senior Management

Senior management staff in the Bank, as per the regulatory definition, includes Chief Executive Officer (CEO), Deputy Chief Executive Officer (DCEO), Chief Financial Officer (CFO), Chief Risk Officer (CRO), Head of Internal Audit and control department and Head of Compliance department. Bank maintains a fit and proper guide for the recruitment of the senior management officials and obtains the approval of Central Bank after the candidate is identified by the Bank and approved at the Nominations and Remunerations Committee. Remuneration structure is also fixed and assessed at the Board Committee level and revised as per their decisions. NBQ has an efficient team of Senior Management officials who are experienced and qualified in discharging key management functions. They are delegated with the responsibility of managing the affairs of the bank in a professional manner while managing the internal control, compliance, governance with risk management focus. Board of Directors through their Committees directs the Senior Management Team to apply due diligence and caution to protect the interests of the Bank and its shareholders.

## 5- Statement of Ownership and Transactions of Board Members, their spouses, and their children in the Bank's shares during the year 2025 according to the following table:

Sr. No.	Name	Position / Kinship	Owned shares as on 31/12/2025 (Director, spouse and children)	Total shares sold during 2025	Total shares purchased during 2025
1	Shk. Nasser Rashid Al Moalla	Vice chairman of Board of Directors	267650	Nil	Nil

## 6- Board of Directors and Their Details:

### Board Composition, Appointment and Period of Membership:

NBQ is a listed company and is established as per the UAE laws and in accordance with the Federal Laws related to commercial companies. As per the Articles of Association (Article No: 19) bank's activities are overseen by seven (7) elected Directors including Chairman and Vice Chairman. These directors are elected for a period of three years. "The bank shall be managed by a board composed of seven (7) directors elected by the General Assembly of shareholders by secure ballot using the cumulative voting. All directors shall be non-executives, at least one-third (1/3) of them shall be independent Directors. The Board chairman and the majority of Director must be UAE Citizens. Women's representation at the Board shall be in accordance with the resolutions and regulations of the Central Bank and Security and Commodity Authority-SCA".

The present Directors were elected in the Annual General assembly Meeting held on 09/03/2023, (term of 2023-2026).

In 2025, Board of Directors was composed of (5) Independent, Non-executive Directors and (2) Non-independent, Non-executive Directors as of 31/12/2025.

## Selection of the Board of Directors:

Board members are elected through a process of secret Ballot and nominations are screened at the Nominations and Remunerations Committee which is held for the purpose. All the nominations are screened thoroughly with the qualifications and experience the candidates possess.

Publication for the nomination for the Board membership will be done in the newspapers as prescribed by the law and it would be kept open for the period of at least ten days, and the list of candidates is sent to the Central Bank of the UAE for approval.

Based on the Central Bank's approval, Board Secretary shall call a meeting of the Nominations and Remunerations Committee for the review and validation of the final short list of candidates. The proceedings of the meetings will be minuted for records and for future references. Final list is then sent to the Securities and Commodities Authority and Abu Dhabi Securities Exchange and published on the official website of NBQ.

## Procedure for Board Members Election:

The following procedure shall apply to all local listed public joint stock companies, including banks and companies licensed by the Central Bank:

### 1. Announcement of the opening of board membership nomination, along with the invitation to the general assembly, according to the following steps:

- Submitting an application for obtaining SCA's approval of the draft announcement of nomination opening along with the draft invitation to the general assembly before publication thereof, according to the form available on SCA's website: <https://www.sca.gov.ae/ar/corporate-governance.aspx> at least 25 days before the general assembly's convening date.
- Publishing the nomination opening announcement along with the invitation to the general assembly in two local daily newspapers, one of which, at least, is published in Arabic, and by registered letters or through the modern technology means, in accordance with the provisions of the Bank's articles of association, at least twenty-one (21) days before the general assembly's convening date, even if the articles of association stipulate a shorter period.
- The board membership nomination shall remain open for ten (10) days from the announcement date.
- Publishing the candidates' names and their information related to nomination on the Bank's bulletin board at the Bank, and the Bank's website, and the ADX market's website on the (Internet), at least two (2) days before the date set for the company's general assembly meeting.
- After closing the nomination, a candidate may not waive his nomination for another person.

- Refraining from including any new clause to amend the articles of association, for increasing the number of board members, after opening the nomination.
- SCA and the ADX market shall be provided with the names of the candidates on the day following the nomination closure.
- In the event that the competent local authority, to which the company is subject in one of the UAE emirates, requires a pre-approval of the names of the candidates before the election process, then such companies must observe the time periods referred to above, so that the necessary approvals are obtained from those authorities in a timely manner, in order to be able to publish the names of the approved candidates at least two (2) days before the date set for the company's general assembly meeting, while referring to that matter in the announcement of the nomination opening.
- **Each person willing to be a candidate shall submit an application to the Bank, to which attached the following documents:**
  - A. A Curriculum vitae (CV), indicating the practical experiences, educational qualifications, the capacity under which he is willing to be a candidate (executive, non-Executive, independent).
  - B. A written undertaking stating his/her acceptance of the nomination, and his/her compliance with the provisions of the Companies Law and the decisions issued in implementation thereof, as well as the Bank's articles of association, and that he/she will exert the due care of a prudent professional person during the performance of his/her duties.



C. A list of the names of companies and corporations at which he works or serves as a member of their boards, as well as any other work he performs directly or indirectly that constitutes a competition to the Bank.

D. In case of a representative of a legal person, an official letter from such legal person shall be submitted, specifying the names of its representatives nominated for board membership.

E. A criminal status record, issued or approved by one of the official authorities in the UAE or abroad; if the candidate resides abroad, provided that the record be attested in accordance with the standard procedure applicable in the UAE.

- If all the documents specified in the preceding item are not submitted within the nomination period for the Bank's board membership, the nomination application will be deemed as if has never existed.
- SCA shall be provided with the Nomination and Remuneration Committee's approval of the list of the candidates' names, by ensuring application of the provisions addressing the controls for nomination to the board membership and the conditions thereof, as stipulated in chairman of Authority's Board of Directors' Decision No (3/chairman) of 2020 and its amendments concerning approval of joint stock companies Governance Guide, at least two days before the date of the Bank's general assembly meeting.

## 2. Voting on the general assembly's resolutions relating to board members election shall be carried out according to the following procedure:

- A) General assembly resolutions relating to election, dismissal or accountability of board members shall be voted on by cumulative secret voting, and the voting at the general assembly meeting may be exercised by using the electronic voting mechanism, subject to the controls and conditions issued by SCA in this regard, where the votes shall be calculated on the basis that "each shareholder shall have votes equal to the shares it owns", in accordance with the provision of Article (146) of Commercial Companies law.
- B) An introductory profile about the candidates for board membership shall be provided before the voting, giving the shareholders a clear idea of the experiences and qualifications of the candidates.
- C) The voting process shall be carried out through a special voting card to be distributed to the shareholders or their representatives at the meeting, provided that this card is prepared well in advance of the meeting, or through a computer program "voting system", or by electronic voting.
- D) Should a shareholder's votes be found more than the shares it holds, the excess votes will be reduced on a pro-rata basis among the candidates for whom it has voted.
- E) Should a shareholder's votes be found less than the shares it holds, it will not be able to use the rest of its votes by adding them to a candidate.

- F) The candidates shall be arranged in a descending order according to the number of votes obtained by each candidate, and the election of the candidates who obtained the largest number of votes shall be announced, taking into account the seats for independent members who must be at least the majority of the members of the board according to the election rules and conditions.
- G) Should the Bank's general assembly does not manage to pass a resolution regarding the election of the board members at two consecutive meetings, despite the presence of the quorum, SCA shall refer the matter to their chairman thereof to in turn, after consulting with the competent authority entrusted with overseeing the activity of the Bank in the UAE, in order to appoint a temporary board of directors for the Bank for a period not exceeding one financial year.

### Responsibilities of the Board of Directors:

Board of Directors are responsible for all the activities of the bank ranging from establishing a corporate governance framework, establishing risk management strategies, maintaining internal control culture and processes, developing long term strategies and creating corporate values.

Their main responsibilities include but not limited to the following:-

- Developing a strong risk culture through its operations within the established risk appetite and risk limits set for the transactions considering the competitive and regulatory landscape.

- Setting strategies which uphold the corporate values and create targets and expectations to the Senior Management through the Key Performance Indicators for their performance.
- Ensure that all the business is conducted in a legal and ethical manner across the functions and rendering the Senior Management responsible for any violations.
- Maintain proper communication with the Senior Management in all important and critical matters and render them accountable for actions which are not as per the expectations of the board.

In short, Board must ensure that senior Management acts as per the expectations of the Board in implementing systems, processes, controls and apply proper risk management strategies as per the regulatory standards and ethical standards set which includes independent risk management, internal control and Audit and Compliance functions

## 7- Board Composition-Formation of the Board of Directors as on 31/12/2025:

Sr	Name	Category (executive, non-executive, and independent)	The period spent as a Board member from the date of the first election	A) Membership and positions at any other joint-stock companies b) Experience and qualifications	Positions in any other important regulatory, government or commercial positions
1	H.H. Sheikh Rashid Bin Saud Al Mualla	Non-executive  Non-independent	Approx. 15 years.  (Elected as Chairman of NBQ in February 2011)	<p><b>A)Membership and positions at any other joint-stock companies</b> Chairman of the Board of Directors of National Bank of Umm Al Qaiwain psc</p> <p><b>B)Experience and qualifications:</b></p> <p><b>1)Academic qualifications:</b> American University of Sharjah (2011) , Bachelor’s in Political Science</p> <p><b>2)Practical experience:</b> -Chairman of the Board of Directors of National Bank of Umm Al Qaiwain psc (From February 2011 till date). -The Crown Prince of Umm Al Qaiwain Emirate and the Chairman of Executive Council of Umm Al Qaiwain.</p>	H H Shk. Rashid Al Mualla is the Crown Prince of Umm Al Qaiwain Emirate and the Chairman of Executive Council of Umm Al Qaiwain.

Sr	Name	Category (executive, non-executive, and independent)	The period spent as a Board member from the date of the first election	A) Membership and positions at any other joint-stock companies b) Experience and qualifications	Positions in any other important regulatory, government or commercial positions
2	Shk. Nasser Rashid AbdulAziz Al Moalla	Non-executive Non-independent	Since 1982 (44 years)	<p><b>A)Membership and positions at any other joint-stock companies</b></p> <p><b>1)National Bank of Umm Al Qaiwain, PSC:</b> Vice-Chairman of the Board of Directors of NBQ and Chairman of the Executive Committee and member of Nominations and Remuneration Committee</p> <p><b>2)Union Insurance company PSC:</b> Chairman of the Board of Directors</p> <p><b>B)Experience and qualifications:</b></p> <p><b>1)Academic qualifications:</b> Bachelor's degree from Tulane University - Louisiana State - United States of America</p> <p><b>2)Practical experience:</b></p> <p>a) Vice Chairman of the Board of Directors, Chairman of the Executive Committee and Member of the Nominations and Remuneration Committee at NBQ (Joined the Bank in 1982).</p> <p>b) Vice Chairman of the Board of Directors of Umm Al Quwain Cement Company from 1981 to 2017.</p> <p>c) Vice Chairman of the Board of Directors of Sharjah Insurance Co from 2000 until April 2021.</p> <p>d) Awarded the Best CEO for Emiratisation in the banking sector in the UAE in 2000.</p> <p>e) Chairman of the Board of Directors of Union Insurance Company from 2021 to date.</p>	N/A

Sr	Name	Category (executive, non-executive, and independent)	The period spent as a Board member from the date of the first election	A) Membership and positions at any other joint-stock companies b) Experience and qualifications	Positions in any other important regulatory, government or commercial positions
3	Shaikh Sager Saud Rashed Ahmed Al Mualla	Non-executive  Independent	15 March 2020 till date	<p><b>A)Membership and positions at any other joint-stock companies:</b> National Bank of Umm Al Qaiwain psc: Member of the Board of Directors of National Bank of UAQ, psc, and Chairman of the Risk committee and member of the Executive Committee.</p> <p><b>B)Experience and qualifications:</b></p> <p><b>1)Academic qualifications:</b> BSBA in Finance, School of Business Administration, American University of Sharjah (2016 – 2020).</p> <p><b>2)Practical experience:</b></p> <ol style="list-style-type: none"> <li>1) Member of the Board of Directors of National Bank of UAQ, psc, and Chairman of the Risk committee and member of the Executive Committee.</li> <li>2) Chairman of Smart Government Department, Smart Government Department, Umm Al Quwain Government (June 2022 – Present).</li> <li>3) Vice Chairman Higher Committee, Chairman Executive Committee (Sustainable Blue Economy Strategy) March 2022 – Present.</li> </ol>	Chairman, Smart Government Department in UAQ

Sr	Name	Category (executive, non-executive, and independent)	The period spent as a Board member from the date of the first election	A) Membership and positions at any other joint-stock companies b) Experience and qualifications	Positions in any other important regulatory, government or commercial positions
4	Mr. Abdulla Mohamed Salih Al Zarooni	Non-executive Independent	Approx. 9 years.  (Elected in 2017)	<p><b>A) Membership and positions at any other joint-stock companies:</b></p> <ol style="list-style-type: none"> <li>1) National Bank of Umm Al Qaiwain Psc: Member of the Board of Directors of National Bank of UAQ psc, and Chairman of the Audit Committee and member of the Executive Committee.</li> <li>2) Al Buhaira National Insurance Psc Co: Member of the Board of Directors of Al Buhaira National Insurance Co Psc since 2022, and chairman of the Audit Committee.</li> </ol> <p><b>B) Experience and qualifications:</b></p> <p><b>1) Academic qualifications:</b></p> <ol style="list-style-type: none"> <li>a) Bachelor of Science (1982) – UAE University.</li> <li>b) CPA (1997) – Washington Board of Accountancy</li> </ol> <p><b>2) Practical experience:</b></p> <ol style="list-style-type: none"> <li>1) National Bank of Abu Dhabi (NBAD) (1982-2017): Appointed Group Chief Operating Officer in January 2003 and promoted to Deputy Group Chief Executive Officer on 1 July 2012.</li> <li>2) Member of the Board of Directors of National Bank of UAQ psc since 2017, and Chairman of the Audit Committee and member of the Executive Committee.</li> <li>3) Board member of Marsa UAQ real estate: (2021-ongoing).</li> <li>4) Member of the Board of Directors of Al Buhaira National Insurance Co Psc since 2022 till date, and chairman of the Audit Committee (2022 -ongoing).</li> </ol>	Member of the Board of Directors of Marsa Umm Al Quwain real estate LLC

Sr	Name	Category (executive, non-executive, and independent)	The period spent as a Board member from the date of the first election	A) Membership and positions at any other joint-stock companies b) Experience and qualifications	Positions in any other important regulatory, government or commercial positions
5	Mr.Ali Rashed Sultan AlKaitoob	Non-executive  Independent	15 March 2020 till date	<p><b>A)Membership and positions at any other joint-stock companies:</b></p> <p>1) National Bank of Umm Al Qaiwain Psc: Member of the Board of Directors of National Bank of UAQ Psc, and Chairman of the Nominations and Remuneration Committee and member of the Risk Committee, and member of the Audit Committee.</p> <p>2) Union Insurance psc Co : Vice-Chairman of the Board of Directors and Chairman of Audit Committee, from 10-June-2021 till date.</p> <p><b>B)Experience and qualifications:</b></p> <p><b>1) Academic qualifications:</b></p> <p>1) PH. D International Law -Johnson &amp; Wales University -12/2017. Rhode Island, USA.</p> <p>2) Bachelor of Economics &amp; Law University of Jazeera -06/2017, Dubai, UAE</p> <p>3) Certified Public Accountant (CPA) - F5015 The Association of Certified Public Accountants International (ACPAI) -11/2012 - Present, UK.</p> <p>4) Diploma in Business Studies -THE INSTITUTE OF COMMERCE -10/1987, UK</p> <p>5) Bachelor of Applied Arts in Business Administration, Management &amp; Marketing. The American College -07/1987, London, ENGLAND</p> <p>6) Advanced Certificate Course in Diplomatic Studies -University of Salford -10/1984, London, ENGLAND.</p> <p>7) Honoris Causa -Associate Professor of Property Management -The Constantinian University -12/2013, USA.</p>	Registered Accounting and Banking Expert in Dubai Courts (Government).

Sr	Name	Category (executive, non-executive, and independent)	The period spent as a Board member from the date of the first election	A) Membership and positions at any other joint-stock companies b) Experience and qualifications	Positions in any other important regulatory, government or commercial positions
5	Mr.Ali Rashed Sultan AlKaitoob	Non-executive  Independent	15 March 2020 till date	<p><b>2) Practical experience:</b></p> <ol style="list-style-type: none"> <li>1) Vice-Chairman of the Board of Directors and Chairman of Audit Committee of Union Insurance psc Co :, from 10-June-2021 till date.</li> <li>2) Member of the Board of Directors of National Bank of UAQ Psc, and Chairman of the Nominations and Remuneration Committee and member of the Risk Committee, and member of the Audit Committee.</li> <li>3) Member of Experts &amp; Arbitration Committee - Dubai Courts - 2018 – 2020.</li> <li>4) Member of Bankruptcy Task Committee - Ministry of Finance - 2018 – 2019. In charge of setting criteria of choosing bankruptcy and restructuring experts</li> <li>5) Legal Consultant (L-04445) - Approved by Dubai Government Legal Affairs Department - 2017 – Present.</li> <li>6) CEO Emirates NBD Properties (Executive Committee Member) -Properties (Executive Committee Member) -Emirates NBD Properties -2007 – 2017.</li> <li>7) Chief Manager Retail Distribution (GM Private Banking &amp; Wealth Management &amp; Head of Retail) -National Bank of Dubai -2005 – 2007.</li> <li>8) Head of Distribution -National Bank of Dubai- 2002 – 2005.</li> <li>9) Head of Dubai Region -National Bank of Dubai -2001 – 2002.</li> <li>10) Registered Accounts Auditor (12/1997 - Present) -Ministry of Economy.</li> <li>11)Registered Accounting and Banking Expert (05/2004 - Present) Ministry of Justice.</li> <li>12)Fellow Member (11/2012 - Present) The Association of Certified Public Accountants International (ACPAI) .</li> <li>13)Registered Arbitrator (08/2015 - Present) Dubai International Arbitration Centre (DIAC).</li> </ol>	Registered Accounting and Banking Expert in Dubai Courts (Government).

Sr	Name	Category (executive, non-executive, and independent)	The period spent as a Board member from the date of the first election	A) Membership and positions at any other joint-stock companies b) Experience and qualifications	Positions in any other important regulatory, government or commercial positions
5	Mr.Ali Rashed Sultan AlKaitoob	Non-executive  Independent	15 March 2020 till date	14)Registered Expert (12/2016 - Present) Emirates Maritime Arbitration Centre (EMAC) 15)Registered Accounting & Banking Expert (06/2001 - Present) -Dubai Courts, Rent Committee & Dispute Centre. 16)Registered Expert (12/2011 - Present) -TAHKEEM - Sharjah International Arbitration Center. 17)Registered Insolvency Practitioner & Auditor (09/2013 - Present) -Dubai International Financial Centre (DIFC). 18)Registered Expert (08/2015 - Present) GCC Commercial Arbitration Center (Bahrain). 19)Registered Expert Advisor -International Law (02/2018 - Present) -Chamber Europeenne Experts, Siege d'italie (C.E.E)	Registered Accounting and Banking Expert in Dubai Courts (Government).
6	Ms. Farah Abdulla Mohamed Ali Almazrui	Non-executive  Independent	9th March 2023 till date	<b>A) Membership and positions at any other joint-stock companies:</b> 1) National Bank of Umm Al Qaiwain psc: Member of the Board of Directors of National Bank of UAQ Psc and member of the Board Risk Committee from 09/03/2023 till date. 2) RAK Ceramics PJSC: Member of the Board of Directors of RAK Ceramics PJSC, and chairman of the Audit committee.2021-Present 3) Emirates Steel Arkan Psc,:Member of the Board of Directors and member of the Strategy Committee and member of the Nominations and Remuneration Committee 4) Aliph Capital (Private Equity Fund): Member of the Board of Directors and member of the investment committee (Oct'2021-May 2025). 5) Etihad Aviation: Member of the Board of Directors, Member of the Audit and Remuneration Committee.	N/A

Sr	Name	Category (executive, non-executive, and independent)	The period spent as a Board member from the date of the first election	A) Membership and positions at any other joint-stock companies b) Experience and qualifications	Positions in any other important regulatory, government or commercial positions
6	Ms. Farah Abdulla Mohamed Ali Almazrui	Non-executive  Independent	9th March 2023 till date	<p><b>B) Experience and qualifications:</b></p> <p><b>1) Academic qualifications:</b></p> <ul style="list-style-type: none"> <li>a) TANAKA BUSINESS SCHOOL, IMPERIAL COLLEGE -MSc Risk Management and Financial Engineering -LONDON, UK -2008.</li> <li>b) QUEEN MARY, UNIVERSITY OF LONDON -BSc Hons Economics – Upper Second-Class Hons -LONDON, UK -2007.</li> <li>c) INTERNATIONAL SCHOOL OF CHOUEIFAT -High School Diploma -ABU DHABI, UAE -2003.</li> </ul> <p><b>2) Practical experience:</b></p> <ul style="list-style-type: none"> <li>1) National Bank of Umm Al Qaiwain psc: Member of the Board of Directors of National Bank of UAQ Psc and member of the Board Risk Committee from 09/03/2023 till date.</li> <li>2) RAK Ceramics PJSC: Member of the Board of Directors of RAK Ceramics PJSC, and chairman of the Audit committee. 2021-Present.</li> <li>3) Emirates Steel Arkan Psc,:Member of the Board of Directors and member of the Strategy Committee and member of the Nominations and Remuneration Committee-ARKAN BUILDING MATERIALS. 2021-Present.</li> <li>4) Aliph Capital (Private Equity Fund):Member of the Board of Directors and member of the investment committee. (Oct'2021-May 2025).</li> <li>5) Head of Investments- Aliph Capital (Oct'21-May 2025).</li> <li>6) Etihad Aviation: Member of the Boad of Directors and Member of the Audit Committee (Feb'24-Present).</li> <li>7) Full Time: Head of Investments-Oula Capital (June 2025-Present).</li> <li>8) THURAYA TELECOMMUNICATIONS COMPANY -BOARD MEMBER -2015-2018.</li> </ul>	N/A

Sr	Name	Category (executive, non-executive, and independent)	The period spent as a Board member from the date of the first election	A) Membership and positions at any other joint-stock companies b) Experience and qualifications	Positions in any other important regulatory, government or commercial positions
6	Ms. Farah Abdulla Mohamed Ali Almazrui	Non-executive Independent	9th March 2023 till date	<p>9) ROTHSCHILD &amp; CO - Assistant Director - Global Advisory - Dubai, UAE - 2019-2021.</p> <p>10)NBK CAPITAL PARTNERS - Associate - Dubai, UAE - 2016 – 2019.</p> <p>11)BAIN &amp; COMPANY -Senior Associate - Retail and Public Sector Practice -Dubai, UAE -2013 – 2016.</p> <p>12)MUBADALA -Senior Associate – M&amp;A- ABU DHABI, UAE -2008 – 2012.</p>	N/A
7	Mr.Omar Zeyad Abdulla Ibrahim Galadari	Non-executive Independent	9th March 2023 till date	<p><b>A)Membership and positions at any other joint-stock companies:</b></p> <p>1)National Bank of Umm Al Qaiwain psc: Member of the Board of Directors of National Bank of UAQ Psc, and member of the Board Audit Committee and member of the Board Nomination and Remuneration committee from 09/03/2023 till date.</p> <p>2)Galadari Investments: Chief Executive officer (From Jan 2016 till date).</p> <p><b>B)Experience and qualifications:</b></p> <p><b>1) Academic qualifications:</b> American University of Sharjah-Class of 2009-Graduated with a Bachelors of Science in Business Administration with a concentration in Finance and Management.</p> <p><b>2) Practical experience:</b></p> <p>1) National Bank of Umm Al Qaiwain psc: Member of the Board of Directors of National Bank of UAQ Psc, and member of the Board Audit Committee and member of the Board Nomination and Remuneration committee from 09/03/2023 till date.</p> <p>2) Galadari Investments: Chief Executive officer (From Jan 2016 till date).</p> <p>3) Eshraq Investments PJSC-August 2020 – September 2022-Board of Director-Member of the Audit and Investment Committee.</p>	1-UAQ University Member of the Board of Trustees in UAQ University Since October-2022.

## Board Diversity

As of 2025, the composition of the Board reflects a strong commitment to diversity, with female members constituting approximately 14% of the Board, while male members make up 86%. The governance body exhibits age diversity, featuring 14% of members below 30 years old, 43% aged between 30-50 years, and 43% over 50 years. This diverse representation is instrumental in enhancing decision-making processes and fostering innovative thinking. Furthermore, all the Board members are classified as Non-executive, ensuring compliance with the regulatory requirements of the Central Bank of the UAE. The existing Board structure as on 31/12/2025 is entirely composed of UAE Nationals.



## Female Representation in the Board – 2025:

The election of the Board of Directors for the three years was made on 9th March 2023, only one nomination from female candidates was received during the AGM for the year 2023, and due to the non-availability of any other female candidates during the AGM meeting of 09/03/2023, there was only One female representation for the Board election for the term of 2023-2026, which is still in- line with the requirement of the Corporate Governance Regulation for Banks, Central Bank Circular No: 83/2019, regarding female representation which states that at least twenty percent (20%) of candidates for consideration for the Board's membership must be female.

## Board of Directors Remuneration:

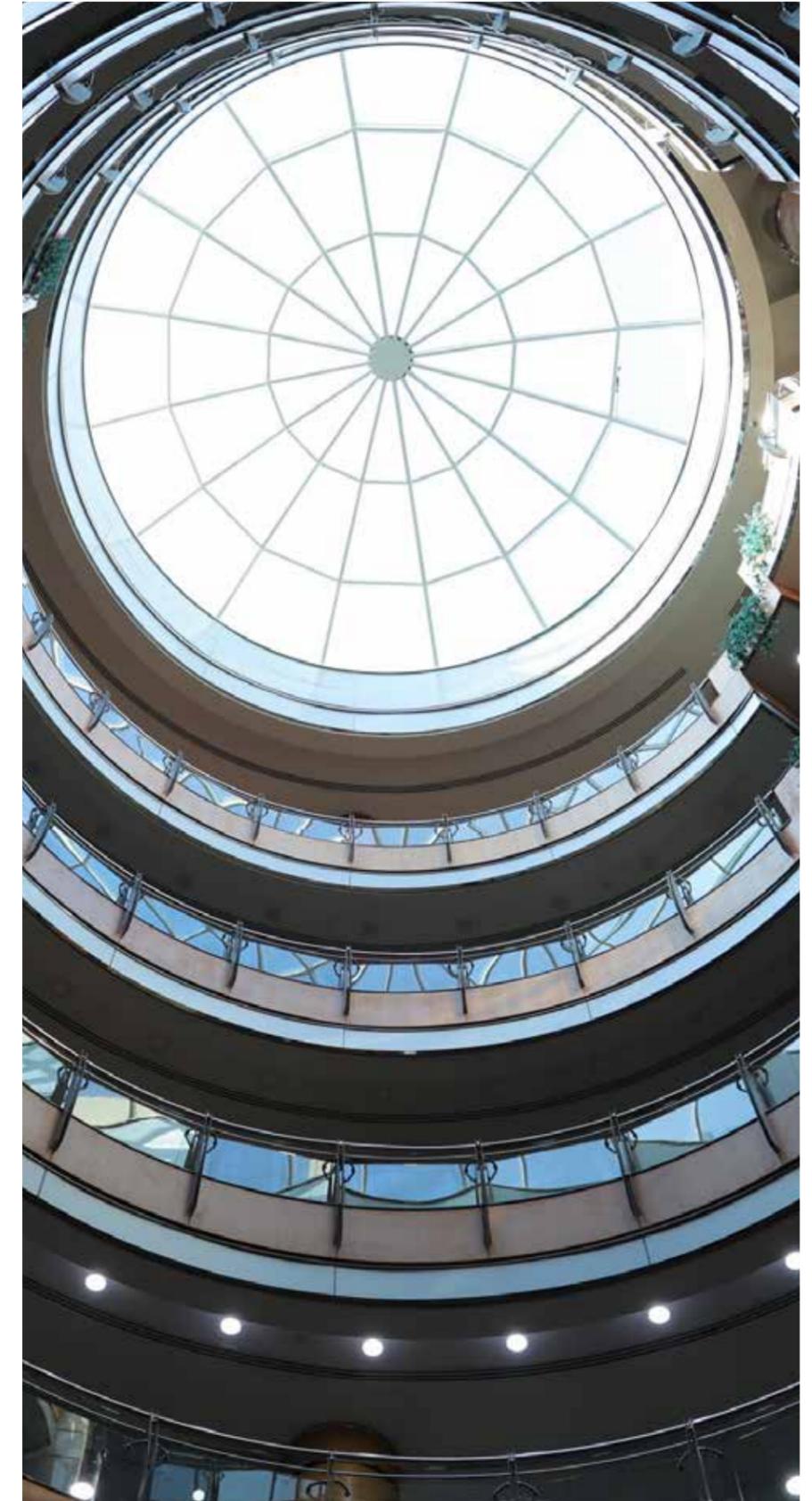
According the Laws and Articles of Association, Board of Director's remuneration should not exceed 10% of the annual profit. As such, the Board of Directors remuneration is proposed by the Board and is approved at the Annual General assembly Meeting every year. No sitting fees are payable to the Directors for attending the Board meetings.

## A-Total remunerations paid to the Board members for the fiscal year 2024:

The shareholders approved the remuneration of the Board of Directors for a collective total of  $\text{₹} 3,000,000/-$  for the fiscal year 2024, through the Annual General Assembly meeting of the National Bank of Umm Al Qaiwain held on 10 March 2025.

## B-Proposal concerning the remuneration of the members of the Board of Directors for the year 2025:

The proposal concerning the remuneration of the members of the Board of Directors for the year 2025 will be presented at the Annual General Assembly meeting to be held on 9th March 2026, a proposal will be  $\text{₹} 3,000,000/-$ . The decision to adopt the remuneration proposal will be left to the General Assembly. There are no allowances, salaries or additional fees received by a member of the Board of Directors in 2025, other than allowances for attending meetings for Board committees.



**8- A statement of the details of the sitting fees for attending the sessions of the Board committees that members of the Board of Directors received for the fiscal year of 2025 according to the table:**

Name of the Board member	Sitting fees for attending the sessions of the Board committees		
	Name of the Committees	Total Amount paid	Total Number of meetings during 2025
Shk. Nasser Rashid Al Moalla	-Executive committee -Nomination & remuneration Committee	₹ 120,000/-	26
Shaikh Sager Saud Rashed Al Mualla	-Executive committee -Risk Committee	₹ 120,000/-	27
Mr. Abdulla Mohamed Al Zarooni	-Executive committee -Audit Committee	₹ 145,000/-	29
Mr Ali Rashed Sultan Al Kaitoob	-Risk Committee -Audit Committee -Nomination & remuneration Committee	₹ 50,000/-	11
Mrs.Farah Abdulla Almazrui	-Risk Committee	₹ 15,000/-	4
Mr. Omar Zeyad Abdulla Galadari	-Nomination & remuneration Committee -Audit Committee -Executive committee	₹ 40,000/-	8

**9- Details of the additional allowances, salaries, or fees received by a member of the Board of Directors, other than committee attendance allowances during 2025, and their reasons:**

Nil

## 10- Board of Directors Meetings:

The number of the Board of Directors meetings held during the 2025 fiscal year along with their convention dates, personal attendance times of all members, and members attended by proxy:

During the year 2025, Seven (7) Board meetings of the National Bank of Umm Al Quwain were held as follows:

Name of Director	H.H. Shk Rashid Al Mualla	Shk. Nasser Al Moalla	Shk.Sager Al Mualla	Mr Abdulla Al Zarooni	Mr Ali Al Kaitoob	Mrs.Farah Almazrui	Mr. Omar Galadari
<b>Meeting 1</b> 14/01/2025	NO	YES	YES	YES	YES	NO	YES
<b>Meeting 2</b> 06/02/2025	YES	YES	YES	YES	YES	YES	YES
<b>Meeting 3</b> 28/04/2025	NO	YES	YES	YES	YES	YES	YES
<b>Meeting 4</b> 16/06/2025	NO	YES	YES	YES	YES	YES	YES
<b>Meeting 5</b> 22/09/2025	NO	NO	YES	YES	YES	YES	YES
<b>Meeting 6</b> 27/11/2025	YES	YES	YES	YES	NO	YES	YES
<b>Meeting 7</b> 22/12/2025	NO	YES	YES	YES	YES	YES	YES
<b>Number of attendees by proxy</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil



## 11- Board Resolutions issued by circulations during 2025:

The number of Board of Directors resolutions issued by circulation during the fiscal year 2025: (77 resolutions)  
Some of Board resolutions issued by circulations during the 2025 fiscal year, along with its meeting convention Dates (Except for credit proposals):

Sr No	Decision	Ratification date
1	Review and update of three Market risk policies (Mid office, ALM & Forex Risk)-Board Note dated 25/08/2025.	22/09/2025
2	Revision to Credit Card Product Policy-Note dated 14/10/2025.	22/12/2025
3	Approval of Revised Financial Crime Risk Assessment (FCRA) Methodology-Note dated 06/11/2025.	22/12/2025
4	Revised Conflict of Interest Policy for Senior Management and staff- Note dated 12/12/2025.	22/12/2025

## 12. Powers delegated to the Executive Management Members:

Statement of Board duties and powers exercised by Board members or the executive management members during 2025 based on an authorization from the Board, specifying the duration and validity of the authorization according to the following schedule:

Sr. No,	Name of the Authorized Person/ Committees	Power of Authorization	Duration of Authorization
1	Delegation to Compliance Committee for exceptions on vendor screening.	Board of Directors approved to grant authority to "Compliance Committee" to waive diligence of overseas UBO (Ultimate Beneficial Owner) of vendors subject to specific controls.	Not specified
2	-Board of Directors -Executive committee-EXCO. -Management Executive Committee. -Chief Executive Officer-CEO -Deputy Chief Executive Officer-DCEO. -Chief Financial Officer-CFO. -Head of Finance. -Head of IT. -Head of Human Resources. -Manager HRE operations. -Head of Legal. -Head of General Services Unit.	Delegated Authority Limits for Approving Capital and Revenue Expenditure w.e.f 01/01/2026 and Delegated authority limits for approving Write offs and write Backs other than credit related w.e.f 01/01/2026	One year w.e.f 01/01/2026

### 13-Related party transactions:

Statement of the details of the transactions made with the related parties (stakeholders) during the year 2025:

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

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

	2025	2024
	₪'000	₪'000
<b>Transactions during the year</b>		
Interest income	442	2,336
Interest expense	187,867	166,585
Other income	155	146
Directors' Fees and key management personnel's remuneration	8,696	8,209

The Group has entered into transactions with related parties which were made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with third parties.

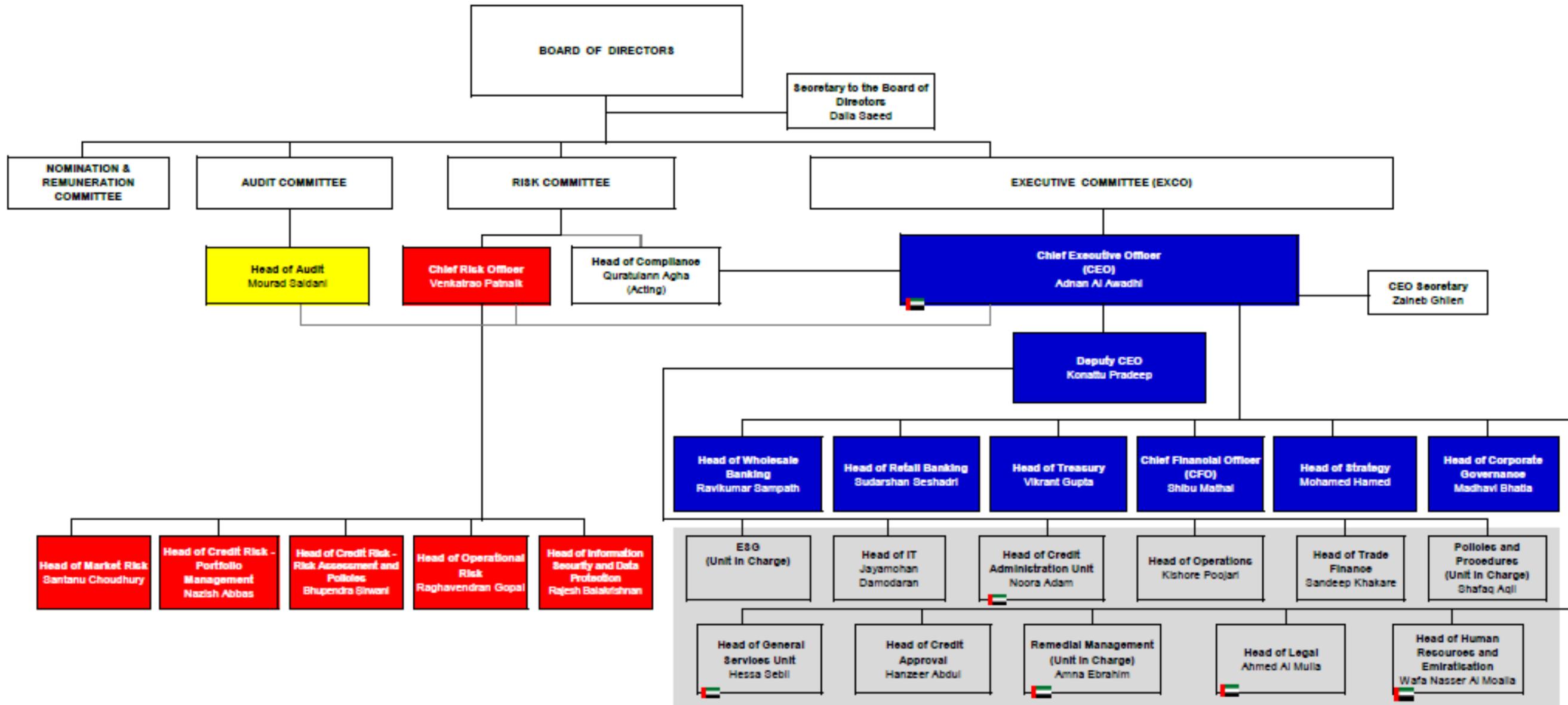
Outstanding balances at the end of reporting date from transactions with related parties are as follows:

	2025	2024
	₪'000	₪'000
<b>Balances with major shareholders</b>		
Loans and advances	-	345
Deposits	6,550,591	4,887,348
Irrevocable commitments and contingent liabilities	3,270	3,022
<b>Balances with directors and related companies</b>		
Loans and advances	18,707	9,119
Deposits	164,521	174,958
Irrevocable commitments and contingent liabilities	99,882	103,827
<b>Balances with key management personnel</b>		
Loans and advances	387	60
Deposits	400	651
Irrevocable commitments and contingent liabilities	95	85

The loans and advances and Islamic financing receivables given to related parties and key management personnel have been secured against collateral amounting to ₪ 11,920 thousand (31 December 2024: ₪ 15,770 thousand). All loans and advances to related parties are classified as Stage 1 (31 December 2024: Stage 1) with corresponding ECL of ₪ 269 thousand (31 December 2024: ₪ 384 thousand).

## 14-Organizational Structure and Executive Management

### NBQ Organization Structure/ NBQ Management Structure:



**NOTES:**  
 In addition to the above mentioned permanent Board Committees, other committees may be formed from time to time.

- : UAE National
- : Risk Units
- : Administrative and Business Units / Adherence to laid down policies and procedures
- : Bank wide audit
- : Support units
- : Direct reporting line authority
- : Administrative reporting line with direct access to Board Committee

## 15- Senior Executive Management Remuneration

For the year 2025, total salaries and remuneration awarded to Senior Management\* (Rank 1 and 2) amounted to AED 9,377,573\*\*

\*Senior Management (CEO,DCEO,CFO,CRO,HIACD,AHOC, Head of Businesses, Legal, Treasury and HR- excluding other remuneration- Head of Wholesale )

\*\*Remuneration is inclusive of remuneration paid to previous Head of Compliance (Jan-June 2025)



## 16-Selection process for Senior Management:

### PRINCIPLES:

Principle 1 – Primary responsibility: Nominations and Remunerations Committee (NRC) has the primary responsibility of selecting and nominating individuals for the management body who comply with the requirements for fitness and propriety (“suitability”). They must carry out their own due diligence and assessment of the members of the management body, not only prior to the appointment but also on an ongoing basis. In doing so, it must ensure that they have the fully transparent cooperation of the individuals concerned. As part of its responsibility to ensure the (ongoing) suitability of the members, all information necessary for the fit and proper assessment in all cases must be done in a timely and accurate manner and records must be maintained.

Principle 2 – The principle of proportionality applies throughout the whole fit and proper process, meaning that the application of the suitability criteria should commensurate with the size of the entity and the nature, scale and complexity of its activities, as well as to the particular role to be filled. The application of the proportionality principle to the suitability criteria cannot lead to a lowering of the suitability standards, but can result in a differentiated approach to the assessment procedure or the application of suitability criteria (e.g. in terms of the level or areas of knowledge, skills and experience, or in terms of the time commitment required of members of the management body in its management function and members of the management body in its supervisory function).

Principle 3 – Principles of due process and fairness, Committee has duty of having all the information that can be considered as material and relevant to the fit and proper assessment, in a balanced way, weighing up the factors that speak in favour of and against the candidate.

### ASSESSMENT CRITERIA

The fitness and propriety of Board members and senior management personnel is assessed against five criteria: (i) experience; (ii) reputation; (iii) conflicts of interest and independence of mind; (iv) time commitment; and (v) collective suitability.

These criteria are described in the following paragraphs:

#### Experience

- Practical and Theoretical experience: Senior management must have sufficient knowledge, skills and experience to fulfil their functions. The term “experience”, used hereafter in a broad sense, covers both practical, professional experience gained in previous occupations and theoretical experience (knowledge and skills) gained through education and training and job related experience.
- Function specific and minimum requirements: The level of required experience depends upon on the main characteristics of the specific function. The more complex these characteristics the more experience will be required. All members of management are expected to possess minimum theoretical banking experience covering the following areas:-

- Banking and financial markets
- Regulatory framework and legal requirements
- Strategic planning which involves understanding the strategy or business plan and implementation thereof
- Risk management principles and techniques
- Accounting and auditing
- Assessing the effectiveness of Bank’s arrangements ensuring effective governance, oversight and controls, and
- Interpreting Bank’s financial information, identifying key issues based on this information and appropriate controls and measures.
- Assessment approach: Theoretical experience is assessed based on member’s profile, education and practical experience as assessed based on previous positions held, length of service, size of entity, responsibilities held, number of employees, etc.

#### Reputation

An appointee will be considered to be of good repute if there is no evidence (including legal proceedings) on such actions and have no reason to have doubt on the integrity and reputation of the candidate. If personal or business conduct gives rise to any doubt on his or her ability to ensure sound and prudent management of the Bank, the appointee should inform the Committee upfront, who will assess the materiality of circumstances.

### Conflicts of interest

Based on disclosure, assessment, mitigation, management and prevention of conflict of interest, Bank should adopt adequate measures to perform detailed assessment of the situation and based on findings, decide which preventive/ mitigating measures will be implemented.

### Time commitment

All members must be able to commit sufficient time to perform the functions especially in case of Directors having multiple directorships. Bank will carry out both quantitative and qualitative assessment of commitment of members.

### Collective suitability

Bank has the primary responsibility of identifying gaps in the collective suitability through self-assessment, for example, using suitability matrix. This assessment also includes the motivation of the candidate to the position being offered.

## ASSESSMENT & DECISION

### Assessment

A fit and proper assessment can be triggered by

- New appointment, change of role or renewal.
- New facts or any other issue.
- Decision: All recommendations needs to be referred to Central Bank. Decisions can be positive decision or with conditions (e.g. probation, training, exist from other directorship etc.).Accordingly decision needs to be conveyed to appointee and further course of action be decided.

### Interviews

- Purpose: Interviews are one of the ways in which information about the appointee can be collected and supplement by the written information provided by appointee. Interviews are an opportunity to probe an appointee on his or her practical experience and also explore issues of integrity and propriety and verify the facts in order to gain more assurance on appointee's fitness and adaptability to the role.
- Scope and types: The objective of interview is to complement and/or verify (i) documentation submitted by appointee, (ii) information that has come to knowledge of Bank and to assess the knowledge levels.
- Interview process: The interview will be arranged through advance notification to the appointee. Interview panel will have sufficient seniority and none of the members of interview panel will have any conflict of interest.
  - **Identification of candidate based on Experience:**
    - Practical and Theoretical Experience: Senior management must have sufficient knowledge, skills, and experience to fulfil their functions. The term "experience", used hereafter in a broad sense, covers both practical, professional experience gained in previous occupations and theoretical experience (knowledge and skills) gained through education and training and job-related experience.
    - Function specific and minimum requirements: The level of required experience depends

upon on the main characteristics of the specific function. The more complex these characteristics the more experience will be required. All members of management are expected to possess minimum theoretical banking experience covering the following areas:

1. Banking and financial markets
  2. Regulatory framework and legal requirements
  3. Strategic planning which involves understanding the strategy or business plan and implementation thereof
  4. Risk management principles and techniques
  5. Accounting and auditing
  6. Assessing the effectiveness of Bank's arrangements ensuring effective governance, oversight, and controls, and
  7. Interpreting Bank's financial information, identifying key issues based on this information and appropriate controls and measures.
- Assessment approach: Theoretical experience is assessed based on member's profile, education and practical experience as assessed based on previous positions held, length of service, size of entity, responsibilities held, number of employees, etc.

• **Purpose and scope of Interviews:**

- Purpose: Interviews are one of the ways in which information about the appointee can be collected and supplement by the written information provided by appointee. Interviews are an opportunity to probe an appointee on his or her practical experience and explore issues of integrity and propriety and verify the facts in order to gain more assurance on appointee's fitness to the role.
- Scope and types: The objectives of interview are to complement and/or verify (i) documentation submitted by appointee, (ii) information that has come to knowledge of Bank and to assess the knowledge levels.
- Interview process: The interview will be arranged through advance notification to the appointee. The interview panel will have sufficient seniority and none of the members of the interview panel will have any conflict of interest. If the position requires confirmation from Central Bank clearance, this must always be facilitated through proper co-ordination with them.



## 17- External Auditor

Overview of the Bank’s auditor to shareholders:

### External Auditor

Deloitte and Touche (M.E) was appointed as external auditors of the Bank and the Group for the year 2025. Deloitte and Touche (M.E) conducts quarterly review, audit of the year-end Financial Statements. It is one of the leading auditing firms worldwide.

Statement of fees and costs for the audit or services provided by the external auditor:

Name of the audit office	Deloitte & Touche (M.E)
Name of the partner auditor	Ms. Rouba Abou Daher
Number of years Deloitte & Touche (M.E) served as the Bank external auditor	1 Year
The number of years that the partner auditor spent auditing the Bank’s accounts	1 Year
Total audit fees for 2025 in (₪)	Fees were set at ₪ 980 k + VAT.
Details and nature of the other services carried out by the bank’s external auditor (if any). If there are no other services, this matter shall be stated expressly.	Professional Servies -Pillar 3 Disclosure Report- provided by Deloitte & Touche (M.E)
Fees and costs of other private services other than auditing the financial statements for 2025 (₪), if any, and in case of absence of any other fees, this shall be expressly stated.	Not Applicable
Statement of other services that an External Auditor other than the Bank’s accounts auditor provided during 2025 (if any). In the absence of services provided by another external auditor, this shall be stated explicitly.	Not Applicable

Statement clarifying the reservations that the Bank External auditor included in the interim and annual financial statements for 2025, and in the absence of any reservations, this must be stated explicitly:

No qualified opinions were made by the Bank’s External Auditor in the quarterly and annual financial statements for the year 2025.

### Board Committees

At NBQ, the Board operates four (4) standing committees, each focused on specific governance and oversight functions that are critical to the bank’s operations and strategic direction. An overview of the committees and their respective responsibilities are provided below.

## 18- Board Audit Committee (BAC)

### (Statement from the Board Audit Committee Chairman)

Dear Shareholders,

The Board Audit Committee (hereinafter to be referred as “Committee”) is a Board level Committee of Directors, which ensure independence of external and internal auditors, review effectiveness of internal control system, control environment, assess Internal Control on financial reporting process, and review adequacy of compliance relating to Local Laws, Stock Exchange, Central Bank and other Statutory regulations. For the year 2025, the Board Audit committee held (5) meetings, during which it discharged its duties in accordance with respective terms of reference. The Board Audit Committee met regularly with the Bank’s External Auditors to discuss the Highlights memorandum for the respective quarter end/year end- Report to those charged with governance and financial statements draft and consolidated financial statements and the Independent auditor’s report for the respective Quarter year/Year end. The committee is also discussing the Financial Statement -Variance Analysis.

The committee received regular updates from the Bank’s management on the Central Bank of UAE baseline examinations and findings, and reviewed the proposed remediation plans.

Board Audit Committee responsibilities are as follows:

### External Auditors

- Assess the overall performance, quality and qualifications of the External Auditor at least annually, ensuring the External Auditor provides an annual report on the audit firm’s internal quality control procedures and any significant matters of concerns from these procedures ; Recommend their appointment and related fees to the Board. Committee can recommend their rotation or termination as deemed appropriate.
- Review engagement letter with focus on audit scope, approach, procedures, and time of the audit effort including co-ordination of audit effort with internal audit.
- Review audit plan prior to commencement of audit and suggest alignment in the light of changed/new requirements of the bank. Review and confirm the independence of the External Auditors. The External Audit firm engaged by the bank, including its Affiliates or subsidiaries, must not provide any non-audit services to the Bank during the financial years of its external audit mandate, which could impair its objectivity and independence. Audit committee will see the disclosures in the ESG report and Corporate Governance Report.
- Resolve any possible dispute/difficulties faced by the External Auditor with the Management in the course of audit e.g. restrictions on their audit activities or non-access to requested information or lack of management response etc. All disqualifications and adverse disclosures need to be cleared by the Audit Committee.

- Conduct post-audit discussion to ascertain areas of concerns. Review Management Letter and ensure corrective actions by management. Review the state and effectiveness of the financial reporting and Internal Control systems used throughout Bank and management procedures relating to their implementation.
- Discuss with the External Auditor any matters arising from the audit that may impact regulatory capital or disclosures, including accounting impairment charges and the consistency of the Bank’s prudential information with its annual report.
- On regular basis, meet separately with external auditors to discuss any matter that the Committee or auditors believe should be discussed privately.
- The bank’s external audit firm must be rotated at least every 6 years, subject to a procurement procedure.
- Additionally, the external audit firm’s partner-in-charge of the audit must be rotated every 3 years.

### Financial Reporting

- Review interim and annual audited financials with Management, External Auditor and Head-Internal Audit prior to presenting them to Board, focusing on:
  - Any changes in accounting policies and practices and its impact on the financial statements.
  - Major accounting entries based on exercise of judgment by management including provision requirements.
  - Management overview of financial results for the quarter/year and executive session with senior financial management.

- Significant and unusual and complex transactions and accounting estimates adopted in preparing financial statements.
- Current developments in auditing, accounting, reporting and disclosure requirements.
- Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement.
- Review the annual financial plan/budget and monitor its performance on a quarterly basis against the actual performance.
- Discuss generally the financial information and earning guidance provided to the External Analysts and Rating Agencies.

## Internal Audit Function

- Establish permanent, independent, and effective Internal Audit Functions.
- Ensure independence of Internal Audit function. Head of Internal Audit cannot be appointed or removed without knowledge and approval of Audit Committee. Audit Committee also has ultimate responsibility for appraisal and remuneration of Head of Internal Audit.
- Consider and approve Mission and objectives of Internal Audit Department. Ensure there are no unjustified restrictions or limitations placed on the Head of Internal Audit and Internal Audit Department.
- Approve Audit Charter incorporating purpose, authority, structure, responsibilities and organizational Standing of Internal Audit Department within the Bank. The Committee will also approve the Budget and staffing requirements for the Department.

- Approve Audit Policy Manual, Credit Review Process, and annual Audit/Review Plan for Financial Reviews, Operational Audit, Credit Reviews, Systems Audit to ensure alignment with the bank's strategic objectives. Delegate the execution and follow-up on these activities to management, with periodic reporting to the Audit Committee.
- Review the performance, degree of independence and objectivity of the internal audit function, adequacy of the internal audit processes, adequacy & degree of compliance with the Bank's systems, and the difficulties, if any, encountered by the internal audit function.
- Review Investigation reports and Special Project reports carried out by Internal Audit.
- Review effectiveness of internal audit function, including compliance with Institute of Internal Auditors' Standards for Professional Practice of Internal Auditing.
- Ensure that activities carried out by Internal Auditors, External Auditors and Regulatory Inspectors are well coordinated.
- Meet separately with Head- Internal Audit Department as part of "executive session" to discuss any matter which the Committee or Head-Internal Audit believes should be discussed privately.
- Assess at least annually, the performance of the internal audit function.
- Conduct independent external quality assurance review of the internal audit function at least once every five years.
- Ensure that the Head of Internal Audit has the integrity and seniority to challenge business units and control functions within the organization as well as within the group.
- The Head of IA must have a minimum of 5 years of relevant

auditing experience in auditing of banking or financial businesses and any other necessary qualifications for the role.

- Ensure the internal audit charter is reviewed by the Head of Internal Audit at least every 3 years and approved by the Board Audit Committee, with the charter being made available both internally and on the Bank's website.
- The Head of Audit must on a regular basis meet with the Board Audit Committee to discuss matters of high importance without the presence of other members of Senior Management.
- The Board audit committee must ensure that the head of internal audit is a person of integrity and seniority in the Bank to credibly challenge the business units, support and other control functions of the Bank and, if applicable, Group. He/she must be a very well qualified person, academically or through a professional qualification, with a working experience of not less than 5 years in auditing of banking or financial business.
- Promptly notify the Central Bank in case of resignation of head of internal audit and the reasons thereof, as well as obtain the no-objection of the Central Bank before his / her replacement or dismissal.
- Promptly notify the Central Bank when they become aware of a significant deviation from the Board approved compliance policies and internal audit charters.

## Internal Control Function

- Ensure that the Bank has a comprehensive policy on internal control and is adequate and well communicated.
- Approve the appropriate systems for internal control, including internal controls over financial reporting and for the detection and prevention of frauds and errors.
- Consider the adequacy and effectiveness of the Bank's internal control system, including information system/ technology security and control.
- Review the scope and summary of internal and external auditors' reviews of internal control systems, focusing on significant findings and management's strategic remediation plans.
- Review investigation and special assignment reports relating to any misconduct, conflict of interest and fraud and actions initiated to mitigate recurrences.

The Board Audit Committee-BAC committee, in line with the charter, ensures the achievement of essential business objective, with a focus on the effectiveness and efficiency of operations and the safeguarding of the Bank's assets against loss.

The Chairman of the Board Audit Committee- BAC- acknowledges responsibility for the committee's framework and mechanisms, and reviews them periodically to ensure their continued effectiveness.

### Abdulla Mohamed Salih Al Zarooni

Chairman of the Board Audit Committee-BAC

## 1. Objectives

Audit Committee (hereinafter to be referred as "BAC") is a Board level Committee of Directors, which ensure independence of external and internal auditors, review effectiveness of internal control system, control environment, assess Internal Control on financial reporting process, and review adequacy of compliance relating to Local Laws, Stock Exchange, Central Bank and other Statutory regulations.

Hence, the Audit Committee-BAC- assists the Board of Directors in fulfilling its responsibilities in respect of the following:

- Review External Audit of Financial Statements
- Adequacy Financial Reporting Processes
- Oversee Internal Audit Function
- Oversee Internal Control Systems

## B. Name of Board Audit Committee Members, Their Competencies and Tasks:

Committee Members	Membership Status on Board	Position on the Committee
Mr. Abdulla Mohamed Salih Al Zarooni	Independent	Chairman of the committee
Mr. Omar Zeyad Abdulla Ibrahim Galadari	Independent	Deputy Chairman of the committee
Mr. Ali Rashed Sultan AlKaitoob	Independent	Member

## C. Number of meetings held during 2025:

Number of meetings held by the Board Audit Committee-BAC- and their dates to discuss matters related to financial statements and any other business:

Sr. No	Meeting No	Date	Names of absent members
1	(01/2025)	30/01/2025	----
2	(02/2025)	25/04/2025	----
3	(03/2025)	10/06/2025	----
4	(04/2025)	14/07/2025	----
5	(05/2025)	20/10/2025	----

## D. Annual Audit Committee report:

NBQ AUDIT COMMITTEE ANNUAL REPORT 2025

Important matters considered by the Committee concerning financial statements and how to address them.

The NBQ Board Audit Committee (BAC) conducts comprehensive reviews of significant matters arising from the quarterly and annual financial statements. This process includes a detailed variance analysis against budgeted figures, a comparison with the corresponding prior period, and a benchmarking assessment against peer institutions within the relevant market segment. Key discussion areas encompass, but are not limited to,

- Net profit,
- Gross revenue,
- Interest income,
- Operating expenses,
- Loans and advances,
- Investment portfolio performance,
- Provisioning for non-performing exposures,
- Current and savings account (CASA) balances,
- Fixed deposits,
- Key performance indicators (KPIs),
- Expected Credit Loss (ECL) calculations and provisions,
- Capital Adequacy Ratio (CAR), and
- Other critical regulatory metrics.

Any adverse variances or atypical financial figures are subject to in-depth deliberation with the relevant process owners and external auditors to ascertain the root cause and determine appropriate corrective measures. Illustrative examples of discussion points from various BAC meetings include:

- Financial Statement Review and disclosure:

The Board audit Committee formally reviewed the financial statement for the year 2025. The Committee recommended that the statement be submitted to the Board of Directors for approval, enabling subsequent disclosure on the ADX financial market website and the NBQ website.

- Balance Sheet Deviations:

The Board Audit Committee identified specific deviations from budget in the balance sheet Wholesale loans and advance, Retail Loans and advances and retail were performing below the established budget.

- Key Areas of improvement:

The Board Audit Committee observed several positive developments

- Non-Performing Asset (PNA) Reduction
- Increase of Total Profit comparing to previous year
- Asset Quality and coverage : the NPL to Gross loans ratio improved significantly

The official Minutes of Meetings (MOMs) serve as evidence of the detailed discussions held by the Quorum with process owners and external auditors, as well as the formal action plans resulting from decisions made.

**Process of evaluating the independence and effectiveness of the external auditor and the approach followed in their appointment and reappointment.**

The responsibilities of the Board Audit Committee (BAC) concerning the external audit of the Bank's financial statements are derived from the CBUAE's Financial Reporting & External Audit Regulations and include, but are not limited to, the following aspects:

- Appointment of external auditors following a rigorous review and assessment process.

- Recommendation for the selection and extension of external auditors, which is subsequently ratified at the Annual General Meeting (AGM).
- The BAC ensures that the audit firm is rotated every six years, and the firm's partner-in-charge is rotated every three years.
- The BAC oversees the efficiency and independence of the External Audit function through the review of quarterly reports.
- The BAC ensures that the firm engaged for the financial audit does not provide any non-audit services that could potentially impair the independence of the external auditors.
- The BAC oversees that the external audit is conducted in strict accordance with the International Standards of Auditing (ISA).  
vii) Adequate audit coverage is ensured, encompassing the loan portfolio and loss provisioning, non-performing exposures, valuation of assets, investment trading, and other securities.
- The BAC arranges meetings between the external auditors and the Central Bank (CB) as and when required.

The BAC employs a rigorous process for the appointment, reappointment, and rotation of external auditors. A Request for Proposal (RFP) is issued, against which interested firms submit their proposals. These proposals are thoroughly reviewed and evaluated based on the firm's professional expertise, experience, and reputation both within the UAE and globally. The BAC recommends the preferred proposal, which is subsequently presented for approval during the Annual General Meeting.

**A statement of the Committee's recommendation to appoint, reappoint or dismiss the external auditor, and the reason why the board did not accept the recommendation.**

A primary criterion for the NBQ Bank's selection of external auditors is that the firm must be recognized as one of the "Big Four" in the industry.

Following a comprehensive assessment of the proposal from the shortlisted firm, or a review of the external audit's annual report in the case of reappointment, the BAC provides its recommendation for appointment or reappointment for presentation and approval at the AGM.

The BAC recommended placing the proposal for renewing the appointment of Deloitte for the financial year 2025 before the shareholders at the upcoming Annual General Meeting which was approved by shareholders via AGM meeting held on 10/03/2025.

Safeguards to ensure independence of External auditors in case of any non-audit service obtained.

The Audit Committee Charter explicitly defines the BAC's responsibility for ensuring the independence of external auditors:

**Audit Committee Charter Clause 8.1 (b):**

"Review and confirm the independence of the External Auditors. The External Audit firm engaged by the bank, including its Affiliates or subsidiaries, must not provide any non-audit services to the Bank during the financial years of its external audit mandate, which could impair its objectivity and independence".

**Independence Confirmation:**

"We confirm the audit engagement team, and others in the firm as appropriate, Deloitte and Touche (M.E) and where applicable, all Deloitte network firms are independent of the Group, and we confirm our independence and objectivity to the Audit Committee for the period ended December 2025.

**Fees:**

- An audit which is tailored to your operations and strategy, identifying, recognizing and addressing the risks to the Financial Statement as a result of internal and external factors.
- Risk Based approach.
- Focused on understanding business process, systems and controls-whether Manual or automated.
- Deploy innovative uses of data analytics, and technology.

**Delivering Distinct Audit:**

Distinctive Audit and our commitment to providing the highest quality audit through:

- Regular Communication.
- Early Identification of issues.
- Clear and financial decisions.

**Relationships:**

No relationships (other than the provision of non-audit services which are covered above) we have with the group, its Directors and Senior Management and its affiliate, and other services provided to other known connected parties may reasonably be thought to bear our objectivity and independence, together with the related safeguards that are in place.

**Involvement of BAC in Remedial Action to address deficiencies/failure in internal control and risk Management.**

The NBQ Audit Committee plays a critical oversight role in remedial actions designed to address deficiencies or failures within the internal control and risk management systems. This involvement is crucial for ensuring that such actions are effectively planned, implemented, and monitored to safeguard the Bank's financial and operational stability. The key areas of their involvement include:

- The Committee reviews reports from internal auditors, external auditors, and regulatory bodies to identify internal control or risk management deficiencies. It ensures that management conducts a thorough root cause analysis to understand the underlying issues contributing to the failures.
- The NBQ Audit Committee collaborates closely with Senior Management to develop actionable and time-bound plans to address identified deficiencies. The Committee evaluates whether the proposed remedial actions are sufficient to mitigate risks and prevent recurrence.
- The Committee mandates that management provide regular progress updates on the implementation of remedial measures. It also ensures that clear performance metrics and milestones are established to assess the effectiveness of the corrective actions.
- The Committee ensures that internal control and risk management policies are updated to incorporate lessons learned from identified deficiencies. Furthermore, it oversees training initiatives to enhance employee understanding and adherence to updated policies.
- The Committee ensures that accountability is formally assigned to specific individuals or teams responsible for implementing corrective actions.
- The Committee regularly informs the Board of Directors about deficiencies, planned actions, and the progress achieved in addressing them. It also ensures timely and accurate communication with regulators regarding the status of remedial actions, as required by law or regulatory standards.

- The Committee mandates follow-up audits to verify that the deficiencies have been fully resolved and that internal controls are functioning effectively. In critical cases, the Committee may engage external consultants to validate the effectiveness of the remedial measures.

**Evidence of Review of all moderate and high-risk reports to differentiate between weaknesses and significant failures in internal control.**

The review of moderate and high-risk reports by the NBQ Audit Committee is a fundamental process for distinguishing between control weaknesses and significant systemic failures.

Evidence of these reviews is formally documented to demonstrate due diligence and accountability. Examples of documentation that substantiate this process include:

- Detailed Minutes of Audit Committee meetings reflecting discussions on moderate and high-risk reports. This includes agendas that prioritize risk-based reviews, with a specific focus on high-risk areas flagged by internal or external auditors.
- Reports presented to the BAC that clearly categorize findings as moderate or high-risk. This further includes summaries of internal audit findings with an emphasis on root causes and the potential impact of identified weaknesses or failures.
- Documentation of the frameworks or matrices utilized by the Committee to differentiate between weaknesses (e.g., procedural gaps) and significant failures (e.g., fraud, regulatory breaches, or major operational breakdowns).

- Records of instances where high-risk issues or systemic control failures were formally escalated to the Board of Directors for further review and decision-making.
- Correspondence between the Audit Committee and Senior Management requesting urgent action on high-risk findings.
- Documentation of periodic reviews or independent assessments requested by the Audit Committee to evaluate the effectiveness of internal controls in moderate and high-risk areas.
- Documentation of feedback from regulators or external auditors highlighting concerns about internal control weaknesses or failures, as discussed by the Audit Committee.
- Records of the Audit Committee's efforts to ensure management and staff understand the distinction between moderate and high-risk issues and the appropriate remediation protocols.
- Analyses conducted to determine whether high-risk findings are the result of isolated errors, systemic weaknesses, or significant control failures. The Committee reviews and validates these analyses.

### Evidence of review of related party transactions

NBQ Audit Committee's review of related party transactions (RPTs) ensures compliance with applicable laws, regulations, and governance standards.

Evidence of this review is critical to demonstrate accountability and due diligence. Examples of evidence and key observations reflecting this process include:

- The Committee ensures all transactions comply with disclosure and approval requirements, thereby guaranteeing transparency and mitigating conflicts of interest.
- The Committee addresses external audit findings on RPTs (if any), including compliance observations or flagged risks, and ensures prompt corrective actions are taken where necessary.
- Meeting Minutes and Agendas detailing discussions on

External Auditors' findings (if any) with respect to RPTs, including approvals, concerns raised, and decisions made. The Committee ensures that all RPTs are evaluated for arm's length pricing and justifiable business purposes.

- Filings submitted to regulatory authorities, such as annual reports and financial disclosures, that include RPTs. Any material RPTs are disclosed in accordance with legal and accounting standards, promoting transparency.



## 19- Board Nomination & Remunerations Committee-NRC

### (Statement from the Board Nomination & Remunerations Committee Chairman)

Dear Shareholders,

During 2025, Board Nomination & Remunerations Committee held (2) meetings, during which it discharged its duties in accordance and in compliance with respective terms of reference.

During 2025, the Committee continued to focus on Emiratization strategy, in accordance with The targets set by the Central Bank of UAE in respect of overall manpower, and overall manpower on critical roles – middle management, and overall manpower as direct reports to the CEO, and overall manpower on committees' ALCO, Compliance, Risk, Others.

The committee is responsible for the overall oversight of management's implementation of the compensation system for the entire Bank. In addition, the committee regularly monitor and review outcomes to assess whether the Bank-wide compensation system is creating the desired incentives for managing risk, capital and liquidity. It has clear terms of reference, be properly constituted to exercise competent and independent judgement on the institution's compensation policies and practices and work closely with the institution's risk committee in the evaluation of incentives created by the compensation

system. It also review the compensation plans, processes and outcomes at least annually. An independent assessment by an external third party is being done at least once every five (5) years.

NRC committee is providing assistance and support to the Board of Directors in fulfilling the responsibilities on matters relating to:

- Remuneration strategies relating to staff management and staff attrition
- policies related code of conduct
- remuneration budgets (fixed and variable)
- performance management frameworks
- employee superannuation and pension arrangements
- remuneration disclosures
- employee engagements
- talent management
- employee relations strategies

In carrying out its role the Committee will oversee people and remuneration practices which are:

- Aligned to Board remuneration policy and principles and do not reward conduct that is contrary to Bank's values, ethics, culture or risk appetite
- Regarding performance and financial soundness of the Bank
- Aligned to current governance, legal and regulatory requirements
- Encourage behaviors which appropriately mitigate against operational, financial, non-financial, regulatory and reputational risks.

- Receive and input into HRE Committee, Audit and Risk Committee on material financial or non-financial outcomes that determine remuneration outcomes of CEO
- Ensuring policies avoid conflict of interest, determination of core executive management, assessment of skills of Human Resources and remuneration matters and its strategic alignments with business objectives and value creation of NBQ.

NRC Committee will also continue to oversee remuneration policies and process in accordance with regulatory requirements and Industry trends. The Chairman of the Board Nomination and Remuneration Committee-NRC- acknowledges his responsibility for the committee's system at the Bank, reviews its mechanism, and ensures its effectiveness.

#### Mr. Ali Rashed Sultan AlKaitoob Al Nuaimi

Chairman of the Board Nomination & Remunerations Committee

## A. Introduction

Nomination and Remunerations Committee is a permanent committee comprising of Directors to address strategic human resource issues. It provides assistance and support to the Board of Directors in fulfilling the responsibilities to the shareholders in respect of the composition of the Board, independence of the Directors, avoidance of conflict of interest, determination of core executive management, assessment of skills of human resources and remuneration matters and its strategic alignments with business objectives and value creation of the Bank. The main objective of the NRC Charter is to build a performance-driven culture in the organization.

The Committee required to consider operations of Bank wide compensation policies include but not limited to:

- The ratio and balance between the fixed (basic salary and any routine employment allowances that are predetermined and not linked to performance) and variable components of compensation.
- The nature of the duties and functions performed by the relevant Staff and their seniority within the Bank.
- The assessment criteria against which performance-based components of compensation are to be awarded.
- The integrity and objectivity of the process of performance assessment against the set criteria.



## B- Names of the Board Nomination and Remuneration Committee members, their competencies and tasks assigned to them:

Committee members	Membership status on Board	Position on the Committee
Mr. Ali Rashed Sultan AlKaitoob	Independent	Chairman of the committee
Shk Nasser Rashid AbdulAziz Al Moalla	Non-independent	Deputy Chairman of the committee
Mr. Omar Zeyad Abdulla Ibrahim Galadari	Independent	Member

## C- Number of the NRC Meetings held during 2025:

Statement of the number of meetings held by the NRC Committee during 2025 and their dates, and statement of all Committee members' attendance of times:

Sr. No.	Meeting No.	Date	Names of absent members
1	(01/2025)	03/02/2025	-----
2	(02/2025)	15/05/2025	-----

## 20- Board Risk Committee-BRC

### (Statement from the Board Risk Committee Chairman)

Dear Shareholders,

Board Risk Committee-BRC (hereinafter to be referred as "Committee") is a Board level Committee of Directors. For the year 2025, the Board Risk committee, held (5) meetings, during which it discharged its duties in accordance and in compliance with the committee's terms of reference.

#### Powers of the Committee:

Board Risk Committee is empowered to:

- Have unrestricted access to the Bank's books and records.
- Seek any information it requires from any employee of the Bank including Management.
- Meet with the Bank's officers, or outside counsel as necessary.
- Invite any member of the Executive Management in the meeting or any private session as required.
- Appoint/Retain external independent professionals for advising/assisting the Committee on any matter to the extent it deems necessary or appropriate.
- Decide strategy on non-performing loans.

#### Duties & Responsibilities:

- The Board Committee provides leadership, strategic direction, and governance oversight to the Bank for Risk

related aspects. Its roles and responsibilities are defined in alignment with relevant regulatory requirements, corporate governance principles, and applicable Federal Laws.

- To ensure robust governance and compliance with CBUAE regulations, the BRC maintains a clear distinction between non-executive oversight and executive management responsibilities. BRC focuses on high-level strategic oversight, while the management team is fully responsible and accountable for operational activities.

#### Risk Management Function:

- Review of frameworks/policies. This list is indicative and not exhaustive:
  - Framework for Risk Management, Credit Risk, Market Risk, Operational Risk, Information Security & Data Protection, Any residual risk
  - Review Risk Management Policy, Credit Risk Management Policy, Operational Risk Management Policy, ALM Policy, Investment Policy, ISDP Policies
  - Review Liquidity and Funding Management Policy including Contingency Plan as well as Capital Management Plan;
  - Review Disclosure Policy and Internal Capital Adequacy Assessment Process (ICAAP) Policy;
  - Periodic review of decisions taken by Model Oversight Committee.
- Periodic review of Risk Appetite Statement and recommendation to the Board for approval. Review of exceptions to Board approved Risk Appetite limits, corrective actions and recommend remediation where needed.

- c) Monitor the risk profile, performance, capital levels, exposures against limits, and management & control of risks;
- d) Discuss with the Chief Risk Officer to review on a regular basis the adequacy and effectiveness of the Risk Management System in the Bank and evaluate the status of compliance of various risk management policies & procedures;
- e) Monitor the changes anticipated for the economic and business environment and other factors considered relevant for NBQ's risk profile;
- f) Periodic Review of liquidity, funding, and capital management positions;
- g) Provide strategic oversight of Non-Performing Asset (NPA) trends and ensure that management implements appropriate settlement plans, with periodic reporting to the Committee;
- h) Review the progress made by the Bank towards compliance of Basel III guidelines for for all the three risks viz. Credit Risk, Market Risk, and Operational Risk;
- i) Review adequacy of policies, procedures and systems relating to management of various risks (credit, market, country, operations, liquidity, interest rate, legal, reputation etc.) and its adherence at different levels of the bank.
- j) Oversight of internal and external auditors' review observations of risk management & asset quality
- k) Ensure that Risk Management & Compliance functions are independent of the management and decision-making of the Bank's risk-taking functions.

#### Other Responsibilities:

- a) Review Committee Charter and suggest appropriate changes if required to Board for approval once every three years or before if needed.
- b) Confirm annually that all responsibilities listed in the charter have been carried out.
- c) Regularly report to Board of Directors about Committee activities, issues and related recommendations.
- d) Facilitate regular training and development programs for Board Risk Committee members to enhance their ability to oversee emerging risks, regulatory updates, and best practices in risk governance.
- e) Mandate an independent external assessment of the Board Risk Committee's performance at least every 5 years to ensure alignment with governance, best practices and regulatory requirements.

Board Risk committee-BRC- will always ensures effectiveness of Risk management process, compliance risk and assists the Board of Directors in fulfilling its responsibilities in respect of the Risk Management Function and Compliance Risk.

The Chairman of the Board Risk Committee-BRC- acknowledges his responsibility for the BRC committee's system at the Bank, reviews its mechanism, and ensures its effectiveness.

**Shaikh Sager Saud Rashed Al Mualla**  
Chairman of the Board Risk Committee

#### Objectives:

Board Risk Committee-BRC- (hereinafter to be referred as "Committee") is a Board level Committee of Directors, which ensures effectiveness of risk management process, compliance risk and assists the Board of Directors in fulfilling its responsibilities in respect of the Risk Management Function and Compliance Risk.

#### FUNCTIONS OF COMMITTEE

##### Powers of the Committee

Board Risk Committee is empowered to:

- a) Have unrestricted access to the Bank's books and records.
- b) Seek any information it requires from any employee of the Bank including Management.
- c) Meet with the Bank's officers, or outside counsel as necessary.
- d) Invite any member of the Executive Management in the meeting or any private session as required.
- e) Appoint/Retain external independent professionals for advising/assisting the Committee on any matter to the extent it deems necessary or appropriate.
- f) Decide strategy on non-performing loans

## B. Name of the BRC Committee Members, Their Competencies and Tasks Assigned:

Committee members	Membership status on Board	Position on the Committee
Shaikh Sager Saud Rashed Al Mualla	Independent	Chairman of the committee
Mrs.Farah Abdulla Mohamed Ali Almazrui	Independent	Deputy Chairperson of the Committee
Mr.Ali Rashed Sultan AlKaitoob	Independent	Member

## C. Number of Risk Committee- BRC- Meetings held in 2025:

Statement of the number of BRC meetings held by the Board Risk Committee during 2025, their dates and all Committee members' attendance times.

Sr. No.	Meeting No	Date	Names of absent members
1	(01/2025)	07/04/2025	-----
2	(02/2025)	14/04/2025	-----
3	(03/2025)	02/06/2025	Mrs.Farah Abdulla Mohamed Ali Almazrui
4	(04/2025)	21/08/2025	Mr.Ali Rashed Sultan AlKaitoob
5	(05/2025)	17/11/2025	-----

## 21-Board Executive Committee-EXCO

### (Statement from the Board Executive Committee Chairman)

Dear Shareholders,

During 2025, the Board Executive committee-EXCO- held (26) meetings, during which it discharged its duties in accordance and in compliance with respective terms of reference.

### MISSION:

Mission of the Executive Committee (EXCO) is to decide on following matters:

- 1) Credit matters which fall outside the delegation of Management Credit Committee (MCC).
- 2) Oversight of Administrative Matters.
- 3) Strategies, Planning and Budgeting etc.

### COMMITTEE STRUCTURE AND GOVERNANCE

Composition

- a) The Executive Committee is established through a formal approval by the Board of Directors and shall consist of three members: a Chairman, a Deputy Chairman, and one Member.
- b) All members of the Committee must be appointed from the Board of Directors.

- c) Any member of the Committee may be removed by a majority vote of the Board of Directors

Supporting Functionaries / Attendees:

The following officials can attend the Committee meetings and can provide their views, as needed:

- Chief Executive Officer (CEO) (in his absence Deputy CEO)
- Deputy CEO for non-credit matters
- CRO (in his absence Manager from Risk from respective domain)
- Head of Wholesale Banking (for credit matters only)
- Head of Credit Approvals Department-CAD- for Credit Approval Matters
- Secretary of the Board of Directors shall act as Secretary to the Committee
- The Committee may invite any staff member to attend the meeting to provide pertinent information, or as deemed necessary by Chairman of the Committee.

### Key areas:

The Committee's authority is as follows:

- 1) Credit Matters
- 2) Administrative Matters
- 3) Strategic Matters
- 4) Management of Assets of the Bank

## Decision Making:

- a) Decisions shall be by consensus if only two Directors are present and by majority if Chairman and two Directors are present.
- b) Credit facilities extended to a Member of the Board of Directors must be approved by the whole Board. In all cases, a Member of the Board must abstain from voting on the approval of the credit facilities where he/she may have a related conflict of interest.

### CRO's Role in EXCO:

- a) CRO will be a permanent attendee with veto rights. CRO's responsibility is to guard Risk Appetite approved by the Board and to review and concur all exceptions recommended by CAD through CRD. The Board will decide on Credit where CRO has exercised Veto rights or rejected the exceptions.
- b) CRO must provide reasons for Vetoes. If those reasons are rectified, members of the same Committee can take its decision.

The Chairman of the Board Executive Committee- EXCO- acknowledges his responsibility for the EXCO committee's system at the Bank, reviews its mechanism, and ensures its effectiveness.

### Sheikh Nasser Rashid Al Moalla

Chairman of Board Executive Committee-EXCO



## Board Executive Committee-EXCO:

### A- Name of EXCO Committee Members, Their Competencies and Tasks Assigned:

Committee Members	Membership status on the Board	Position on the Committee
Sheikh Nasser Rashid Al Moalla	Non-independent	Chairman of the committee
Shaikh Sager Saud Rashed Al Mualla	Independent	Deputy Chairman of the committee
Mr. Abdullah Mohammed Saleh Al-Zarouni	Independent	Member

### B. Number of EXCO Meetings held in 2025:

Statement of the number of EXCO meetings held by the Board Executive Committee during 2025, their dates and all Committee members' attendance times.

Sr. No.	Meeting No	Date	Sr. No.	Meeting No	Date
1	(01/2025)	14/01/2025	16	(16/2025)	13/08/2025
2	(02/2025)	31/01/2025	17	(17/2025)	27/08/2025
3	(03/2025)	12/02/2025	18	(18/2025)	10/09/2025
4	(04/2025)	25/02/2025	19	(19/2025)	25/09/2025
5	(05/2025)	12/03/2025	20	(20/2025)	09/10/2025
6	(06/2025)	26/03/2025	21	(21/2025)	22/10/2025
7	(07/2025)	09/04/2025	22	(22/2025)	05/11/2025
8	(08/2025)	23/04/2025	23	(23/2025)	19/11/2025
9	(09/2025)	07/05/2025	24	(24/2025)	04/12/2025
10	(10/2025)	20/05/2025	25	(25/2025)	17/12/2025
11	(11/2025)	04/06/2025	26	(26/2025)	31/12/2025
12	(12/2025)	18/06/2025			
13	(13/2025)	02/07/2025			
14	(14/2025)	16/07/2025			
15	(15/2025)	30/07/2025			

## 22- Conflicts of Interest and insider trading:

### D- Committee to Follow up and supervise the Dealings and transactions of Insiders:

Board is handling the insider's job. If there are any material movements of the shares, then the discussion of this happens at the Top Level. Bank has established an insider policy for compliance. All Board members, Executive management, and insiders are aware of their legal and regulatory duties and obligations in relation to topics related to conflict of interest and insider trading transactions. No conflict or suspicious transactions have been reported as an insider trading during 2025.

## 23- Assessment of the Board of Directors 2025:

### A) Assessment of the Board, its committees:

#### Board of Directors Assessment:

The Nomination and Remuneration committee carries out an annual review of the Board's performance, covering key aspects such as Structure, Size, and Composition of the Board, Board Composition, Effectiveness of Board Governance Procedures, Board Meetings and Decision-Making, Governance Procedures, Performance and Improvement, Corporate Culture, Composition & Decision-Making Process, Operational Resilience and

overall assessment. Additionally, periodic independent evaluations are conducted to meet regulatory requirements. Recommendations from these assessments are reviewed and implemented to strengthen governance frameworks, with updates made annually to the board's charters and committee structures.

In 2025, the internal evaluation of the Board yielded positive results, with an excellent performance rating. Feedback highlighted that meetings allocated sufficient time to critical matters, particularly the group's strategy. It was noted that board members possessed the necessary skills and expertise to address relevant issues, and meeting materials were distributed promptly. Constructive feedback was also provided regarding the onboarding process for new board members.

#### Board Committees Assessment:

The Nomination and Remuneration committee also performs an annual review of the performance of Board committees (Audit Committee, Risk Committee, Nomination and remuneration Committee and Executive committee), focusing on their Structure, Size, and Composition of the Board Committees, Composition & Decision-Making Process, Effectiveness of Committee Governance Procedures, Assessment of the performance of committees and Overall Assessment.

In 2025, the internal evaluation of the Board committees was similarly positive with score Interpretation: "Excellent Performance".

#### Board Members Assessment:

The Nomination and Remuneration committee performs an annual review of the performance of the Board Members. The annual assessment includes: Structure, Size, and Composition of the Board, Effectiveness of Board Governance Procedures, Corporate Culture, Composition & Decision-Making Process, Operational Resilience and Overall Assessment.

During 2025, the Board Members Annual Assessment internal evaluation was positive, The seven members were evaluated separately, and none of them received a final score less than excellent, with score Interpretation: Excellent Performance.

#### Annual Assessment of Board Member Independence:

The Board Secretary conducts an annual evaluation of the independence of Board members to ensure compliance with governance requirements. This assessment verifies the independence of each independent Board member based on established criteria, including Employment and Professional Relationships, Financial Independence, Family & Relationships, Employment or Partnership with the Bank's Auditor, Interest in Bank Contracts or Projects, Ownership of Bank's Capital, Conflict of Interests, Regulatory Compliances, Training and Self-Assessment.

As part of this process, the Board Secretary evaluates each member individually and confirms the following:

“In my capacity as the Board Secretary of NBQ, hereby confirm that I have reviewed the contents of the Annual Board Independence form submitted by the Board Member. I have performed a thorough evaluation of the information provided and verified that it complies with the corporate governance policies and regulatory requirements stipulated by the Central Bank of the UAE (CBUAE). Based on my evaluation, I attest that the declaration of independence provided by the Board Member is accurate and complete to the best of my knowledge”

For the year 2025, the number of independent Board members was (5) which is in full compliance with the regulatory requirements: “A Bank’s Board must be comprised of at least seven (7) members and a maximum of eleven (11) members, each with a maximum three (3) year renewable term of membership. All Members of the Board must be Non-Executive, of which at least one third (1/3) must be Independent members”.

## **B. Assessment of the Bank’s Board of Directors, its members, and committees by an independent professional entity without any interest or relationship with the Bank, its board members, or executive management:**

### **External Assessment:**

In 2024, a third-party company, “Fonar Management Consultancy Limited”, conducted an independent evaluation of the NBQ Board. The findings of this evaluation were presented to the Nomination and

Remuneration Committee on 3 February 2025 and subsequently submitted to the Board of Directors during their meeting held on 6 February 2025. This process aligns with the requirements outlined in Central Bank Circular No. 83/2019 regarding corporate governance standards for Banks. The circular mandates that the Board, or the Board nomination committee, must carry out at least annually an assessment of the Board as a whole, its committees, and individual members. This must include an independent assessment by an external third party at least once every five (5) years.

The following is an extract from the executive summary of the findings provided by the third-party company, “Fonar Management Consultancy Limited”, Overall, the evaluation concluded that the Bank is “largely compliant” with regulatory requirements:

### **Executive Summary**

“In accordance with CBUAE regulations, Fonar conducted an external assessment of the Board, Board Committees, and Board Members at NBQ. In the assessment, Board, Board Committee and Board Members’ performances were assessed on various parameters including but not limited to board structure and composition, governance procedures, induction and training effectiveness, board effectiveness and performance evaluation, strategic oversight and decision-making capabilities, regulatory compliance management, stakeholder engagement and communication, risk management framework, conflict of interest handling, succession planning implementation, and overall operational efficiency.

It was found that NBQ ensures continuous compliance by conducting regular internal assessments and implementing targeted remediation measures. These include policy updates, enhanced training programs for the Board, and adopting advanced governance tools. The Bank’s initiatives, such as refining succession planning, addressing governance framework gaps, and strengthening stakeholder feedback mechanisms, demonstrate its commitment to excellence and improvement.

Our assessment considered several key aspects and evidence, including Minutes of Meetings (MoM) for Board and Committee sessions, internal evaluation processes, Board effectiveness assessments, Board and Committee Charters, interviews with the Board Secretary, references from the Annual General Meeting, corporate governance and whistleblower policies, planned governance enhancements, and the Board induction, training, and development plan. These elements collectively provided a comprehensive evaluation of the Bank’s governance framework and its commitment to regulatory compliance and best practices.

The Bank was found to be “largely compliant” with the regulations, demonstrating effective governance practices and a commitment to maintaining regulatory standards. While NBQ has made significant progress, ongoing enhancements, including advanced training, technological enhancements, and structured feedback mechanisms, will further solidify its leadership in compliance and governance”.

## 24- The Role of Internal Audit & Control Dept:

The Internal Audit & Control Department (IACD) is responsible for monitoring compliance with the Internal Control Framework Standards.

The IACD functions as the third line of defense, following the Front Office, Risk Management, and Operational Risk Management/Compliance functions.

Internal Auditing is an independent, objective assurance and consulting activity designed to enhance value and improve the Bank's operations. It assists the Bank in achieving its objectives by applying a systematic, disciplined approach to evaluate and improve the

effectiveness of risk management, control, and corporate governance processes.

The IACD assesses and provides appropriate recommendations to enhance the Bank's governing process for strategic and operational decision-making. It oversees risk management and control, promotes appropriate ethics and values, ensures effective organizational performance management and accountability, and facilitates the communication of risk and control information to relevant areas of the

Bank. Furthermore, it coordinates the activities and communication among the Board, external auditors, other assurance providers, and management.

In addition to the above, the IACD assesses the design, implementation, and effectiveness of the Bank's ethics-related objectives and verifies proper documentation. The department adopts the following sequential steps when performing all types of audits and checks: risk identification, risk assessment, risk prioritization, response planning, and risk monitoring. Exposure to risk is assessed using two primary factors: loss frequency or probability and loss severity.



## 25- Internal Control System:

The Board of Directors acknowledges its responsibility for the Bank's internal control system, is committed to reviewing its mechanism, and ensuring its effectiveness.

### A. Board Responsibilities for NBQ's Internal Control System

The Board of Directors is responsible for overseeing the Bank's internal control system to ensure its effectiveness in managing risks, safeguarding assets, and maintaining compliance. Key responsibilities include:

- Establishing a strong control culture by approving policies, defining risk appetite, and monitoring implementation.
- Reviewing the internal control framework, audit findings, and risk reports to identify weaknesses and ensure timely corrective actions.
- Ensuring the system's robustness, alignment with regulatory standards, and continuous improvement through periodic assessments and oversight of management and committees.
- Ensuring that the comprehensive internal control policy is approved by the Board and effectively communicated across the organization.
- Ensuring that all critical observations highlighted to the business are escalated to management and the Board Audit Committee for the determination of further action.

### B. Board Audit Committee Responsibilities

The BAC's responsibilities concerning the internal control system include:

- Reviewing interim and annual audited financials with management, the external auditor, and the Head of IACD before presentation to the Board. This review focuses on changes in accounting policies, major accounting entries based on management judgment (including provision requirements), significant and complex transactions, and current developments in auditing and reporting standards.
- Reviewing the annual financial plan and budget and monitoring performance quarterly against actual results.
- Discussing financial information and earnings guidance provided to external analysts and rating agencies.
- Approving the appropriate systems for internal control, including controls over financial reporting and for the detection and prevention of frauds and errors.
- Considering the effectiveness of the Bank's internal control system, including information system/technology security and control.
- Understanding the scope of internal and external auditors' review of internal control over financial reporting and obtaining reports on significant findings and recommendations, along with management's responses.
- Reviewing investigation and special assignment reports related to misconduct, conflict of interest, and fraud, and monitoring actions initiated to mitigate recurrences.
- Ensuring that remedial actions are in place and implemented according to set deadlines.
- Reviewing CBUAE Baseline Examination findings/reports, ensuring a proper remediation plan is in place, fixing ownership, and monitoring remediation progress.

### A. NAME OF THE DEPARTMENT DIRECTOR Internal Audit & Control Department Director, HIS QUALIFICATIONS AND DATE OF APPOINTMENT:

NAME	QUALIFICATIONS	DATE OF APPOINTMENT
Mr. Mourad Ben Ali Saidani	<ul style="list-style-type: none"> <li>• Master Business Administration (General Management)</li> <li>• Master's degree in psychology</li> <li>• Two parts of Certified Internal Auditor (CIA)</li> </ul>	January 13, 1996

### B. NAME OF THE HEAD OF COMPLIANCE, QUALIFICATIONS AND DATE OF APPOINTMENT:

Vacant

### C. NAME OF REGULATORY COMPLIANCE SENIOR MANAGER (ACTING HEAD OF COMPLIANCE) , HER QUALIFICATIONS AND DATE OF APPOINTMENT:

- Ms. Quratulann Agha
- Qualifications:
  - a- Masters in Business Administration (Banking and Finance)
  - b- Diploma in Governance Risk and Compliance (International Compliance Association)
  - c- Certified Anti money Laundering Specialist (ACAMS)
- Date of Appointment in the Bank: 22 Jan 2024

### D. HOW THE INTERNAL CONTROL DEPARTMENT DEALT WITH ANY MAJOR PROBLEMS AT THE BANK OR THOSE THAT WERE DISCLOSED IN THE ANNUAL REPORTS AND ACCOUNTS

(If there are no major problems, it must be expressly stated that the company has not faced any problems).

The Internal Audit & Control Department (IACD) operates as the Third line of defence , subsequent to the Front Offices, Risk Management, and Operational Management/ Compliance functions. Internal Audit and Internal Control is an independent, objective assurance and consulting activity designed to add value and improve the Bank's operations. It supports the Bank in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and corporate governance.

The objective of the IACD is to provide management with analysis, recommendations, and relevant commentary concerning any phase of business activity that will contribute to running the business more efficiently. The IACD is considered a valuable resource to Executive Management and the Board of Directors in achieving overall goals and objectives, as well as strengthening internal control and organizational governance.

The IACD conducts reviews and assesses the effectiveness of risk management and internal controls across all audited areas by:

- Evaluating emerging technologies.
- Analyzing opportunities.
- Examining global issues.
- Assessing risks, controls, ethics quality, and efficiency.
- Assuring that controls in place are adequate to mitigate unforeseen risks, evaluating the Bank's internal controls, assessing process performance, identifying deviations from management KPIs, and providing recommendations for process and control improvements to achieve organizational goals.
- Assessing business requirements and objectives.
- Evaluating evidence in connection with any business issues.
- Reviewing revenue management and recognition.
- Reviewing the procurement of goods and services, inventory management, and supplier engagement logistics.
- Providing Management and the Board of Directors assurance that:

- a) Financial and operational information are reliable, accurate, and timely.
- b) Compliance with applicable laws, regulations, internal policies, and procedures is maintained.
- c) Operations and programs are effective and efficient, and assets are appropriately safeguarded.
- d) Risks are identified, appropriate risk responses are selected, communicated, and managed.
- e) Action plans for the rectification of identified issues are in place.

The IACD adopts the following sequential steps when performing all types of audits and checks:

- a) Risk identification,
- b) Risk assessment,
- c) Risk prioritization,
- d) Response planning and risk monitoring.

Exposure to risk is assessed using two primary factors:

- (i) Loss frequency or probability and
- (ii) Loss severity.

The IACD operates as a continuous function, also covering the five components of the internal controls system:

- (i) Control environment
- (ii) Risk assessment
- (iii) Control activities
- (iv) Information and communication
- (v) Monitoring

The IACD's scope does not conclude with the delivery of the findings report. Any critical observations are escalated to Management and the Board Audit Committee to determine the subsequent course of action. The Management team is committed to continuous improvement, with the internal audit function serving as the basis against which this objective is measured.

## 26- Number of Reports Issued by the Internal Control Department to the Bank's Board of Directors:

During the year 2025, the Internal Audit & Control Department submitted the following total of reports:

- 11 reports to the Board of Directors.
- 52 reports to the Board Audit Committee.
- 65 reports to the Management



## 27- Details of the violations committed in 2025, while stating the reasons behind them, how they can be dealt with and how to avoid any recurrence thereof in the future:

The Bank was not subjected to any financial violations or sanctions from regulatory authorities during the 2025 period. No violations were committed, and no financial fines were imposed on the Bank during this time.

However, the Central Bank Examination Report identified certain weaknesses and areas requiring improvement. The Bank's management is actively engaged in addressing and remediating these issues to ensure full compliance and operational efficiency. The management team is committed to implementing corrective measures and establishing robust controls to avoid any recurrence in the future.

## 28- Contribution Made in 2025:

Statement of the cash and in-kind contributions made by the Bank during 2025 in developing the local community and preserving the environment. (If no such contributions have been made, it must be stated that the company has not made any contributions).

NBQ has embraced Environmental, Social, and Governance (ESG) initiatives as one of its key strategic objectives for the year and the future. The Bank has adopted ESG policies in line with the requirements outlined by the UAE Vision and global best practices.

NBQ has a corporate social responsibility strategy that focuses on several aspects, such as empowering women, supporting people with special abilities, and promoting Emiratization.

The Bank has published an ESG report that provides details of other environmental, social, and governance initiatives undertaken by the bank during the year 2025, which may be referred for more details.

Major Highlights during the year 2025 are as follows:-

- 100% water recycling at Head Office. Water consumption of 691,159 gallons treated for irrigating the Head Office's landscape, which features 602 plants.
- Bank recycled 12,684.00 kg of paper in 2025, resulting in the conservation of approximately 195.38 trees, 116,673.00 gallons of water, and 50,736.00 kW of energy.
- Implemented safety protocols related to best practices during the rainy season to ensure employee and visitor safety.
- Upgrading the Refrigerant use from R22 to R32A for Head Office building, FalaJ Al Moalla and Dubai Main Building by replacing Qty of 51 air -conditioning Units.
- Installed energy-efficient LED sensor lights in Dubai Main Branch Building parking area to reduce energy usage.
- Replaced existing AHU bearing related to the air handling units (AHU) leading to reduction in energy usage.
- Installed tactile flooring in our New Abu Dhabi Branch for individuals with visual impairments Accordingly Total of Five branches having this facility, to enhance accessibility for both staff and customers.
- NBQ has extended the coverage of tap aerators

installation to all branches.

- Bank has improved controls over Vendor management and vendors onboarding, through compliance screening, monitoring their activities, local involvement in the ownership and management, sustainability initiatives.
- NBQ supported the "Agriculture Day" initiative organized by the Umm Al Quwain Municipality, reflecting the Bank's commitment to environmental stewardship and community sustainability. The initiative was held at Al Alam Park and brought together NBQ employees and their families to actively participate in hands-on agricultural activities.
- In 2025, NBQ strengthened its commitment to environmental stewardship by launching a Beach Clean-Up Initiative, bringing employees together to protect the UAE's natural coastal ecosystems. This initiative not only helped reduce pollution but also raised awareness about responsible waste management.
- The bank has contributed to social and environmental initiatives during the year, including the community domain as well.

The bank has a corporate social responsibility strategy that focuses on several aspects, such as empowering women, supporting people with special abilities, promoting Emiratisation and . It is also keen on community initiatives.

The bank has supported a wide number of local initiatives throughout the year, some of which are highlighted below:

1. Supporting Cancer Care: Rahma Cancer Patient Care Society

NBQ remains committed to promoting health and wellbeing within our community. In line with this commitment, the Bank continues to support the Rahma Cancer Patient Care Society. Established in 2015, the society provides comprehensive treatment and holistic care for cancer patients. In 2025, NBQ contributed **₹ 20,000** to facilitate the society's humanitarian missions and medical services.

2. Empowering People of Determination: Rashid Center

To promote inclusivity and specialized social care, NBQ provided **₹ 20,000** in 2025 to the Rashid Center for People of Determination. This contribution supports the Center's specialized programs and critical services designed to enhance the quality of life for individuals with disabilities. This sponsorship underscores the Bank's dedication to ensuring vulnerable populations have access to vital support and developmental opportunities.

3. Community Blood Donation Initiative

In partnership with Umm Al Quwain Hospital, NBQ organized a community blood donation campaign to support local medical supplies. Launched in

alignment with the UAE's vision for civic engagement, this initiative highlights the Bank's focus on life-saving community support and encourages active social responsibility among our employees.

4. Gold Sponsorship: UAQ Government Sports Events

NBQ contributed **₹ 400,000** as the Gold Sponsor for the Umm Al Quwain Government (Department of Tourism and Archaeology) year-long sports program. This investment supported three major events aimed at promoting physical fitness and community engagement:

- Empire Race – Obstacle Course Challenge (March 22–23, 2025): Focused on teamwork and athletic resilience.
- Block 20 Empire Obstacle Challenge (April 20, 2025): Encouraged youth participation in recreational sports.
- UAQ Half Marathon (May 4, 2025): Promoted endurance and a healthy lifestyle across the broader community.

5. Advancing Higher Education: Umm Al Quwain University

As part of our commitment to education and sustainable development, NBQ provided **₹ 30,000** to Umm Al Quwain University. The funds were dedicated to the development of the College of Mass Communication, enhancing the educational environment and ensuring facilities meet accredited academic standards.

6. Ramadan Community Support

NBQ partnered with the UAE Red Crescent to provide

essential support during the Holy Month of Ramadan through two primary initiatives:

- Ramadan Iftar Tent: A contribution of **₹ 57,000** funded a dedicated tent that served 100 beneficiaries daily, providing a safe and inclusive space for the community to break their fast.
- Iftar for Drivers: NBQ employees collaborated with the Red Crescent to distribute 3,000 Iftar meals to drivers and workers, reflecting the Bank's internal culture of social responsibility.

7. Environmental Infrastructure: Rainwater Drainage Project

NBQ collaborated with the Umm Al Quwain Municipality to address environmental and public health challenges related to seasonal flooding. The Bank sponsored the purchase of advanced self-priming dewatering pumps with a contribution of **₹ 660,000**. This equipment significantly enhances the municipality's capacity to manage rainwater, preventing flooding and mitigating associated health risks.

8. Humanitarian Aid: "Do Gooders" Campaign

The Bank contributed **₹ 20,000** to the Umm Al Quwain Charity Association's "Do Gooders" campaign. These funds were utilized to provide direct assistance and essential aid to low-income families and individuals in need, reinforcing NBQ's commitment to social welfare across the Emirate.

9. UAE 54th National Day Celebrations

NBQ supported several community-led events commemorating the UAE’s 54th National Day in Umm Al Quwain. The Bank’s total contributions included:

- AED 15,000 for the Umm Al Quwain Federal Court of First Instance.
- AED 15,000 for the Umm Al Quwain Chamber of Commerce.
- AED 15,000 for the Indian Association, Umm Al Quwain. These funds supported cultural programs and traditional performances that celebrate national unity and Emirati heritage.

10. Preserving Heritage: “From the Heritage of the Ancestors” Festival

NBQ contributed AED 50,000 to the 3rd edition of the “From the Heritage of the Ancestors” Festival, held from November 10–12, 2025. Organized by the Umm Al Quwain Society for Traditional Arts and Theatre under the patronage of H.H. Sheikh Saud bin Rashid Al Moalla, the festival serves as a vital platform for preserving Emirati identity and cultural continuity.

11. Empowering Emirati Women: National Forum Sponsorship

In celebration of Emirati Women’s Day on August 28, 2025, NBQ served as a Bronze Sponsor for the National Forum: “Envisioning the Economic and Social Role of Emirati Women.” The Bank contributed AED 50,000 to the event, which was organized by the UAQ Chamber and UAQ Businesswomen Council to highlight the essential contributions of women to the nation’s development.

12. Cultural Sports: Al Labsah Camel Racing Festival

Demonstrating a long-standing dedication to UAE traditions, NBQ contributed AED 100,000 to the Al Labsah Camel Racing Festival. Held from November 15–18, 2025, under the patronage of H.H. Sheikh Saud bin Rashid Al Moalla, this event remains a premier heritage sporting occasion in the Emirate.

**29-Contribution during 2025 Related to Emiratization:**

Our Emiratisation contribution represents the Bank’s active role in supporting the government’s vision of increasing the UAE national workforce, Bank have achieved the recruitment targets set by UAECB. This is also reflected in the Bank’s efforts to recruit, train and retain UAE nationals across all departments.

The Bank has been awarded the Emirati Talent Competitiveness Council’s (Nafis) award in its third edition (2024–2025) under the Small Establishment category in recognition of NBQ’s efforts in raising Emiratization, empowering national talent, and supporting the UAE’s economic diversification and sustainable development

This year, NBQ employees have attended 170 comprehensive training topics, covering essential areas such as skills development, AI Framework & tools, AML/CFT, Artificial Intelligence and Financial Markets, Blockchain Technology, Cloud Data Security & Recovery, Data Analytics & Visualization, Financial Modeling, Talent Acquisition and Succession and Result driven

Performance, . These efforts underline our dedication to ensuring that every employee has access to world-class learning opportunities tailored to their needs.

**NBQ’s Approach**

Strategic Pillars of Development:

NBQ’s approach to training is strategically anchored on three core pillars -

- Upskilling: Enabling employees to expand their expertise in their current roles.
- Reskilling: Preparing employees for new roles and responsibilities in the evolving business landscape.
- Skilling Initiatives: Building foundational skills to empower a future-ready workforce.

**Key Areas of Training:**

NBQ structured its learning and development initiatives around key focus areas to address the diverse requirements of its workforce:

- Emirates Institute of Finance (EIF) Training: 250 employees completed 3,473 hours of EIF-specific training.
- Internal / Focused Training: Aimed at targeted skill enhancement, this category engaged 417 employees in 1,485 hours of training.
- External Training: 341 employees participated in external training programs, accumulating 1,715 hours of learning.

### 30- General Information:

#### A. Statement of the Bank share Price in the Market (Closing Price, Highest Price, and Lowest Price) at the end of each Month during the Fiscal Year 2025.

NBQ Share Price			
Month	Highest	Lowest	Closing
January	2.30	2.30	2.30
February	2.29	2.29	2.29
March	2.18	2.08	2.08
April	2.21	2.21	2.21
May	2.20	2.20	2.20
June	2.29	2.26	2.27
July	2.75	2.57	2.75
August	2.64	2.63	2.52
September	2.63	2.62	2.62
October	3.00	2.80	2.80
November	2.99	2.74	2.74
December	2.99	2.92	2.99

#### B. A Statement of the comparative performance of the Bank's share with the general market index and the index of the sector to which the Bank belongs during 2025:

NBQ's share price registered a growth of 26 % during the year. The ADX General Index up by 5.74% Y-o-Y while at the same time ADX financial index (Sector Index) up by 8.57 % Y-o-Y.



**C. Statement of the shareholders' ownership distribution as of 31/12/2025 (individuals, companies, governments) classified as follows: local, Gulf, Arab and foreign:**

Sr. No	Shareholders classification	Percentage of owned shares			
		Individuals	Companies	Government	Total
1	Local	45.18%	19.11%	34.00%	98.29%
2	Arab	1.63%	0.04%	NIL	1.67%
3	Foreign	0.03%	0.01%	Nil	0.05%
	Total	46.84%	19.16%	34.00%	100.00%

**D. Statement of shareholders owning 5% or more of the Bank's capital as of 31/12/2025 according to the following schedule:**

Sr. No.	Name	Number of owned shares	Percentage of owned shares of the Bank's capital
1	Umm al-Quwain government	680,000,037	34.00%
2	Mr Salem Abdullah Salem Al Hosani	265,715,884	13.29%
3	M/s Abdul Wahed Al Rostamani Group LLC	202,241,465	10.11%
4	Mr Abdulla Ahmed Abdulla Al Mousa	121,284,467	6.06%

**31- Distribution of Shareholdings Statement of how shareholders are distributed according to the volume as on 31/12/2025:**

Sr. No.	Share (s) Ownership	Number of Shareholders	Number of Owned Shares	Percentage of Owned Shares of the Capital
1	Less than 50,000	215	1,435,661	0.07%
2	From 50,000 to less than 500,000	60	12,082,603	0.60%
3	From 500,000 to less than 5,000,000	65	117,042,843	5.86%
4	More than 5,000,000	37	1,869,438,893	93.47%
	Grand Total	377	2,000,000,000.00	100.00%

**32- Capital of the Bank- Issued Capital:**

The issued share capital of the Bank is fixed at **₹ 2,000,000,000** (UAE Dirhams two Billion), divided into 2,000,000,000 (two Billion) shares with a par value of **₹ 1** (UAE Dirhams One) each, being fully paid-up. All shares shall be of the same class and be equal in all rights and obligations.

### 33- Subsidiaries and Affiliates information:

The consolidated financial statements for the year ended 31 December 2025 comprise the Bank and its subsidiary (together referred to as ‘the Group’).

The Group comprises National Bank of Umm Al-Qaiwain (PSC), Umm Al-Qaiwain, and Twin Towns Marketing Management (L.L.C.), Dubai (see Note 3.2). “

#### Basis of consolidation:

The consolidated financial statements of National Bank of Umm Al-Qaiwain (PSC) and Subsidiary (the “Group”) incorporate the financial statements of the Bank and entity controlled by the Bank (its Subsidiary).

Control is achieved when the Bank:

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

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Bank has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Bank considers all relevant facts and circumstances in assessing whether or not the Bank’s voting rights in an investee are sufficient to give it power, including:

- The size of the Bank’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Bank, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

Name of Subsidiary	Proportion of ownership interest	Country of incorporation	Principal activity
Twin Towns Marketing Management (L.L.C.-SO)	100%	U.A.E	Marketing management

#### Investment in an associate

The details of associate is as follows: (Please refer note number 8 in the financial statement)

Name of the associate	Principal activity	Place of incorporation	Ownership (%)	2025 ₹’000	2024 ₹’000
Tasareeh Business Men Center LLC	Providing visa application and renewal services, other business men services.	Dubai, UAE	2024-30% 2025-0%	0	252

Associate was disposed during the year for a consideration and a profit of ₹ 700 thousand. The profit on disposal is recorded in Investment gains (Note 22)

Please refer note 3.3 in the financial statement

Movement in investment in an associate for the year:



	2025	2024
	₪ '000	₪ '000
Balance as at 1 January	252	420
Share of (losses)/ profit from an associate	(257)	(309)
Share of OCI from an associate	5	-
Balance as at 31 December	0	252

### 34-Voting rights of shareholders:

Below we present some highlights regarding shareholders' voting rights as stated in chairman of Authority's Board of Directors' Decision No (3/chairman) of 2020 and its amendments concerning approval of joint stock companies Governance Guide.

#### Chapter (4) General Assembly, Article (40) General Assembly Meetings:

1. The General assembly of the Bank shall be held in the location specified in the meeting invitation, and each shareholder has the right to attend the meetings of the general assembly and shall have the votes equal to the number of shares in his possession. A person who has the right to attend the general assembly may delegate someone from other than the Board members or the staff of the Bank of securities Brokerage Company to attend on his behalf as per a written delegation stating

expressly that the agent has the right to attend the general assembly and vote on its decision. A delegated person for a number of shareholders shall not have more than (5%) of the Bank's issued capital after gaining that delegation. Persons lacking legal capacity and are incompetent must be represented by their legal representatives.

- The shareholder signature on the power of attorney referred in clause No (1) of this article shall be the signature approved by any of the following entities: Notary Public/Commercial chamber of economic department in the state/Bank or company licensed in the state, provided that the agent shall have account with any of them/Any other entity licensed to perform attestation works.
- A legal person shall have the right to delegate his representatives or those in charge of his administration as per a decision issued from the Board or any similar body, to represent him at the meetings of the general assembly of the Bank, and the delegated person shall have the powers prescribed in the delegation decision.
- without prejudice to the provisions or article No (178) of companies law, the general assembly shall appoint two representatives or more for the shareholders, which will be nominated by the Bank Board based on the Bank's need, to attend the meetings of the general assembly and vote in its decisions on behalf of shareholders. The general assembly shall define their fees. The representatives shall be from law firms included in the list of practicing lawyers in the state or financial analyst analysts accredited by the Authority in accordance with authority's Board of Directors' decision No (48/R) of 2008 concerning financial consultancies and financial analysis, pursuant to the following provisions:

- The Bank shall insert in the agenda attached to the invitation addressed to the shareholders names and contact data of the shareholders representatives entitled to represent the shareholders in general assembly meetings and voting on their decisions.
- The Bank shall bear the appointed representative fees.
- A Shareholder shall authorize the appointed representative by filling the power of attorney attached to the invitation addressed to the shareholders. The power of attorney form shall be sent to the Bank before at least (5) five days from the date set for holding the general assembly. The form shall include clearly and expressly the shareholder's instructions for voting on the items mentioned in the agenda of the general assembly, provided that the following shall be observed:
  - The appointed representative shall not vote on the items mentioned in the general assembly agenda for which the shareholder has not issued voting instructions thereabout.
  - In the event of listing a new item in the general assembly agenda based in the article No 180/2 of company's law, the appointed representative shall not vote on this item, unless the shareholder issues voting instructions in this regard.
- The shares for which power of attorney are issued within the quorum of general assembly meetings shall be calculated.
- The shares for which a shareholders does not issue voting instructions within the quorum necessary for the decision issuance shall not be calculated.

- F) The appointed representative shall manage the interest conflict between its tasks as an appointed representative and its relation to the Bank and disclosing the same.
  - G) The representative appointed for act on behalf of shareholders shall accept such delegation according to the priority of submitting applications thereto.
  - H) The shares shall not be divided for more than one representative. No representative for part of the shareholder share shall be accepted.
5. The owner of the share, who is registered in the day preceding the meeting of the general assembly of the Bank, has the right to vote in the general assembly of the Bank.
6. Subject to the provisions of Article (183) of the companies Law, the shareholder may vote in the Bank general assembly meetings in accordance with the mechanism followed by the market in which the Bank shares are listed and approved by the Authority. In this case, the following conditions shall be met:
- A. The Bank articles of association shall allow the use of electronic voting in general assembly meetings.
  - B. Signing a prior acknowledgement by the shareholder prior to the meeting with his written consent to follow the electronic voting mechanism and prove his attendance at the meeting and his full knowledge of how to use this mechanism and the consequent limitation of his electronic vote to the general assembly agenda items before the beginning of the meeting and not being able to discuss the agenda items or vote in the event of the inclusion of new items in the general assembly agenda and his commitment to all controls issued by the market in this regard.

- C. The Chairman of the meeting shall clarify the number of shares participating in the meeting through electronic voting, whose attendance has been proved in the shareholders' register when the quorum for the meeting is announced.
- D. The vote counter shall indicate, when voting on the resolutions of the general assembly, the number of votes participating through electronic voting on each resolution of the general assembly.
- E. Any other requirements specified by the authority.

**Voting rights according to the Bank Articles of Association:**

**Article (48) - Voting on Resolutions of the General Assembly:**

Votes at the General Assembly shall take place in the manner determined by the chairman of the General Assembly, unless the General Assembly adopts a specific voting method. Cumulative Secret Voting must be followed if related to the election of Directors, their dismissal, accountability, or their nomination in cases where this is permitted in accordance with the provisions of Companies Law and these Articles of Association. Voting at the General Assembly Meetings may take place using the Electronic Voting in accordance with the controls of SCA in this respect.

**Article (51) - Inclusion of an Item on the Agenda of the General Assembly Meeting:**

- A. The General Assembly may not deliberate on matters other than those listed in the agenda.

- B. As an exception to para. (a) above, and subject to the controls issued by SCA in this regard, the General Assembly shall have the power to:
- C. Deliberate on serious facts discovered during the meeting.
- D. include an additional item on the agenda of the General Assembly, in accordance with the controls issued by SCA in this regard, at the request of SCA or a number of shareholders representing at least (5%) of the share capital of the Bank. The chairman of the General Assembly must include the additional item(s) before discussing the agenda or present the matter to the General Assembly to decide either to or not to add the item to the agenda.

**35- Credit Ratings:**

The following table highlights the rating of NBQ by two leading rating agencies worldwide:

Moody's Rating	
Bank Deposit	Baa2
Counterparty Risk Rating	Baa1/p-2
Outlook	Stable

Capital Intelligence Rating	
Foreign Currency Rating-short term	A2
Foreign Currency Rating-Long term	A-
Core Financial Strength	bbb
Outlook	Stable

### 36- Investor Relationship Officer and Communication

Statement of measures taken regarding the controls of investor relationships and an indication of the following:-

Name of the investor relationships officer and Data of communication with the investor relationships (e-mail- phone- mobile- fax):

Name	Alaa Khairy	Dalia Saeed
Direct No	06-7066748	06-7066858
Email	Investor.relations@nbq.ae	Investor.relations@nbq.ae
NBQ website	www.nbq.ae	www.nbq.ae

### 37- Special Resolutions Passed in the Annual General Assembly:

Statement of the special decisions presented in the Annual General assembly held during 2025 and the procedures taken in their regard:

There were no special resolutions passed in the Annual General Assembly meeting held on 10/03/2025.

### 38-Rapporteur of the Board Meeting

Name of the rapporteur of the Board meetings: Dalia Saeed.

Date of appointment as rapporteur of the Board meetings: 30 October 2018 (Date of Appointment in NBQ: 01/07/1997).

### 39- Major Events and Important Disclosures during 2025:

Major events during 2025: Nil

### 40- Statement on the Bank's transactions with the related parties during 2025; equal to or exceeding 5% of the Bank's capital:

Customer deposit  $\text{AED } 6,345,076,368$

### 41- Emiratization:

Statement of Emiratization percentage in the Bank at the end of 2023, 2024, 2025:

Emiratization percentage is reported on a yearly basis

Emiratization %	2023	2024	2025
	43.7%	38.8%	39%

### 42-Innovative Projects and Initiatives

Statement of the projects and innovative initiatives carried out by the Bank or being developed during 2025:

In line with NBQ's strategy to enhance digital services, we went live with our state-of-the-art retail digital banking platform covering mobile and internet banking services. UAEPass authentication function is also released to retail customers. Corporate digital banking transformation is in progress and expected to complete soon. We also added additional fund transfer capability by going live with Aani instant payment solution. Considering technology trends and future requirements, we formulated a detailed cloud strategy through a reputed consultancy. This will help the bank in future technology initiatives. We also implemented escrow management solution to support bank's escrow product offerings and its regulatory requirements. In line with our continuous improvements in digital offerings, we successfully certified and rolled out apple wallet extensions for NBQ mobile app. On the infrastructure side, we completed the refresh of critical network and security infrastructure in line with defined objective. Significant enhancements in firewalling and WAN technology rolled out. Apart from this, enhancements on the SOC and data leak prevention and classification infrastructure also went live. Projects to modernize our loan origination solution is already in progress and expected to roll out in year 2026. We are continuously investing in modernizing our platforms and

security solutions. We have significantly improved our security capabilities by upgrading to industry-leading brand monitoring and threat intelligence tools. This enhancement provides the bank with greater visibility into the digital landscape, enabling us to detect and resolve brand impersonations and emerging threats with greater speed and precision. We are planning for the core banking and treasury platform modernization along with necessary additional modules and integrations. We are planning to roll out Jaywan cards and also an upgraded card management platform in the year 2026. Open finance initiative is expected to go live in year 2026 in line with the overall directions of CB UAE. Further, we successfully implemented IT services in line with ISO20K framework and received ISO 20000 -1:2018 certification for IT service management system. Our continued efforts to ensure best in class payment security rewarded with successful PC DSS V4 certification. Apart from this, we successfully completed SWIFT CSP certification and maintained high percentage of compliance with UAE IA.

### 43-Board Attestation and Disclosure:

- 1) NBQ affirms that all statements supplied in this report are to the best of its knowledge and belief, true, accurate and not misleading.
- 2)NBQ Board of Directors confirm that all internal policies required to ensure compliance with the Central Bank regulations and standards on corporate governance, risk management, internal controls, compliance, internal audit, financial reporting, external audit, and outsourcing, have been implemented and reviewed for adequacy by the Board within the year 2025.

End of Report

Corporate Governance report 2025 of National Bank of Umm Al Qaiwain Psc

The National Bank of Umm Al Qaiwain Psc 2025 Corporate Governance Report was approved by the Board of Directors on 05/02/2026

# FINANCIAL STATEMENTS

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

Consolidated financial statements and independent auditor's report for the year ended 31 December 2025

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

Contents	<u>Pages</u>
Independent auditor's report	3 - 7
Consolidated statement of financial position	8
Consolidated income statement	9
Consolidated statement of comprehensive income	10
Consolidated statement of changes in equity	11
Consolidated statement of cash flows	12
Notes to the consolidated financial statements	13 - 77

These consolidated financial statements are subject to the adoption by shareholders at the annual general meeting.



Deloitte & Touche (M.E.)  
Building 2, Level 3  
Emaar Square  
Downtown Dubai  
P.O. Box 4254  
Dubai  
United Arab Emirates  
  
Tel: +971 (0) 4 376 8888  
Fax: +971 (0) 4 376 8899  
www.deloitte.com

**INDEPENDENT AUDITOR'S REPORT**

**The Shareholders**  
**National Bank of Umm Al-Qaiwain (PSC)**  
**United Arab Emirates**

**Report on the Audit of the Consolidated Financial Statements**

**Opinion**

We have audited the consolidated financial statements of **National Bank of Umm Al-Qaiwain (PSC)** (the "Bank") and its subsidiary (together, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group, as at 31 December 2025, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

**Basis for Opinion**

We have conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (the IESBA Code) as applicable to audits of consolidated financial statements of public interest entities, together with the other ethical requirements that are relevant to our audit of the consolidated financial statements of public interest entities in the United Arab Emirates and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters:

Key audit matter	How our audit addressed the key audit matter
<b>Expected credit loss ("ECL") allowance on loans and advances and Islamic financing receivables</b>	
As described in Notes 6 to the consolidated financial statements, the Group had loans and advances and Islamic financing receivables of AED 9,065 million as at 31 December 2025, representing 40% of total assets. These amounts have been stated net of ECL allowances of AED 87 million. The determination of the Group's ECL allowance for loans and advances and Islamic financing receivables measured at amortised cost is considered to be a key audit matter as it is a quantitatively significant estimate which requires significant management judgement to be applied in the evaluation of the credit quality and the estimation of inherent credit losses in the portfolio and consequently requires significant audit effort.	<p>We performed the following audit procedures on the ECL allowance:</p> <p>We obtained an understanding of the loans and advances and Islamic financing receivables origination process, credit risk management process and the estimation process of determining ECL allowances on loans and advances and Islamic financing receivables, including the key controls in this process.</p> <p>We assessed the abovementioned controls to determine if they had been appropriately designed and implemented, and tested these controls to determine if they had been operating effectively.</p>

Cont'd...



**INDEPENDENT AUDITOR'S REPORT**  
**to the Shareholders of National Bank of Umm Al-Qaiwain (PSC) (continued)**

**Key Audit Matters (continued)**

Key audit matter	How our audit addressed the key audit matter
<b>Expected credit loss ("ECL") allowance on loans and advances and Islamic financing receivables (continued)</b>	
<p>The material portion of the non-retail portfolio of loans and advances and Islamic financing receivables is assessed individually for credit impairment. This requires management to capture all qualitative and quantitative reasonable and supportable forward-looking information while assessing credit-impaired criteria for the exposure. Management judgement may also be involved in manual staging movements in accordance with the requirements of IFRS Accounting Standards.</p> <p>The measurement of ECL amounts for retail and non-retail exposures classified as Stage 1 and Stage 2 is model-based with limited manual intervention. It is important that these models, which contain Probability of Default (PD), Loss Given Default (LGD), Exposure at Default (EAD) and macroeconomic adjustments, are valid throughout the reporting period. The Group performed independent validation and monitoring of the PD, LGD and macro-economic models, during the reporting period.</p> <p>For further information on the accounting policies relating to impairment of loans and advances and Islamic financing receivables, as well as the Group's management of credit risk, refer to Note 3.4 to the consolidated financial statements, respectively.</p>	<p>We assessed, on a sample basis, that reported exceptions to policies and procedures as outlined in the Board risk appetite statement were approved by the Board / Board Committee and the approval process was formally documented.</p> <p>For a sample of new / renewed corporate credit facilities, we checked that reported exceptions to limits, as set out in the Board approved delegation of authority matrix, were approved by the Board / Board Credit Committee or its approved delegate and the approval process was formally documented.</p> <p>We performed an independent credit assessment for a sample of non-retail customers, by assessing quantitative and qualitative factors, including assessments of the financial performance of the customers, the source of their repayments and their history and other relevant risk factors.</p> <p>For a sample of individually assessed stage 3 customers, we assessed:</p> <ul style="list-style-type: none"> <li>the estimated future discounted cash flows used in the measurement of ECL, including the discount rates used and the probable scenario analysis; and</li> <li>the valuation and enforceability of collateral, including the underlying key assumptions.</li> </ul> <p>With the involvement of our credit risk and modelling specialists, we assessed the methodology and assumptions used in the calculation of various components of ECL modelling, including the computation of PD, LGD and EAD for the models selected for testing.</p> <p>For a sample of customers, we tested the mathematical accuracy and reperformed the computation of the ECL based on relevant source data.</p> <p>We evaluated key assumptions such as the criteria used to determine significant increase in credit risk ("SICR"), definition of default, staging criteria and forward-looking macroeconomic information and the related weighting of these items.</p> <p>We verified the integrity of data used as input to the models, including the transfer of data between source systems and the impairment models.</p> <p>On a sample basis, we assessed the application of the staging criteria, including the basis for movement between stages.</p> <p>With the support of our credit risk and modelling specialists, we evaluated the post-model adjustments and management overlays and challenged their rationale.</p> <p>We considered the process of the independent validations of the models and their impact on the results of the determination of the allowance for ECL.</p> <p>We assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards.</p>



**INDEPENDENT AUDITOR'S REPORT**

to the Shareholders of National Bank of Umm Al-Qaiwain (PSC) (continued)

**Key Audit Matters (continued)**

Key audit matter	How our audit addressed the key audit matter
<b>Risk of inappropriate access or changes to information technology systems</b>	
<p>We identified IT systems and controls over the Bank's financial reporting as an area of focus due to the extensive volume and variety of transactions which are processed daily by the Bank and rely on the effective operation of automated and IT dependent manual controls.</p> <p>There is a risk that automated accounting procedures and related internal controls are not accurately designed and operating effectively. In particular, the incorporated relevant controls are essential to limit the potential for fraud and error as a result of changes to an application or underlying data.</p>	<p>Our audit approach relies on automated controls and therefore the following procedures were designed to test access and control over the relevant IT systems:</p> <ul style="list-style-type: none"> <li>▪ We obtained an understanding of the applications relevant to the financial reporting which includes the core banking system, loan management system, trade finance system, and the Swift messaging and the infrastructure supporting those applications.</li> <li>▪ We tested the IT general controls relevant to the identified automated controls and the Information Produced by the Entity (IPE) by covering access security, program changes, data centre and network operations.</li> <li>▪ We performed testing on the relevant automated controls for key IT applications relevant to the financial reporting business processes.</li> <li>▪ We examined certain Information Produced by Entity (IPE) used in the financial reporting business process from relevant applications and key controls over their report logics.</li> </ul>

**Other Matter**

The consolidated financial statements of the Bank for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those statements on 6 February 2025.

**Other Information**

The Board of Directors and management are responsible for the other information. The other information comprises the information included in the annual report of the Group, but does not include the consolidated financial statements and our auditor's report thereon. We obtained the chairman's report prior to the date of this auditor's report and the annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining sections of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



**INDEPENDENT AUDITOR'S REPORT**

to the Shareholders of National Bank of Umm Al-Qaiwain (PSC) (continued)

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and their preparation in compliance with the applicable provisions of UAE Federal Decree Law number 32 of 2021, as amended, and UAE Federal Decree-Law No. (6) of 2025 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.



**INDEPENDENT AUDITOR'S REPORT**

to the Shareholders of National Bank of Umm Al-Qaiwain (PSC) (continued)

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)**

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law and regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

As required by the UAE Federal Decree Law No. (32) of 2021, as amended, we report that for the year ended 31 December 2025:

- We have obtained all the information we considered necessary for the purposes of our audit.
- The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021, as amended;
- The Group has maintained proper books of account.
- The financial information included in the Directors' report is consistent with the books of account and records of the Group;
- Note 7 to the consolidated financial statements of the Group discloses the purchases or investments in shares during the year ended 31 December 2025;
- Note 27 to the consolidated financial statements of the Group discloses material related party transactions and the terms under which they were conducted, and principles of managing conflict of interest;
- Based on the information that has been made available to us, nothing has come to our attention that causes us to believe that the Group has contravened during the year ended 31 December 2025 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021, as amended or, in respect of the Bank, its Articles of Association, which would materially affect its activities or its financial position as at 31 December 2025; and
- Note 38 to the consolidated financial statements of the Group discloses social contributions made during the year ended 31 December 2025.

Further, as required by UAE Federal Decree Law No. (6) of 2025, we report that we have obtained all the information and explanations we considered necessary for the purpose of our audit.

Deloitte & Touche (M.E.)

Mohammed Jallad  
Registration No.: 1164  
05 February 2026  
Dubai  
United Arab Emirates

(7)

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

**Consolidated statement of financial position  
as at 31 December 2025**

	Notes	2025 AED '000	2024 AED '000
<b>Assets</b>			
Cash and balances with the Central Bank of the U.A.E	4	2,736,567	2,590,559
Due from other banks	5	7,412,185	5,294,105
Loans and advances and Islamic financing receivables	6	9,064,722	7,775,670
Investment securities	7	3,111,817	1,738,624
Customers' acceptances		239,168	195,937
Investment in an associate	8	-	252
Property and equipment	9	69,506	72,322
Other assets	10	255,967	212,991
<b>Total assets</b>		<b>22,889,932</b>	<b>17,880,460</b>
<b>Liabilities</b>			
Customers' deposits and Islamic customer deposits	11	15,701,868	11,405,816
Customers' acceptances		239,168	195,937
Other liabilities	12	398,568	292,772
<b>Total liabilities</b>		<b>16,339,604</b>	<b>11,894,525</b>
<b>Shareholders' equity</b>			
Share capital	13	2,000,000	2,000,000
Statutory reserve	14	1,019,266	1,019,266
General reserve	15	6,440	6,440
Impairment reserve - general	16	129,927	81,486
Cumulative change in fair values		827,609	515,167
Retained earnings		2,567,086	2,363,576
<b>Total shareholders' equity</b>		<b>6,550,328</b>	<b>5,985,935</b>
<b>Total liabilities and shareholders' equity</b>		<b>22,889,932</b>	<b>17,880,460</b>

Rashid Bin Saud Al Mualla  
Chairman

Nasser Rashid AbdulAziz AlMoalla  
Vice Chairman and Chairman of  
Executive Committee

Adnan Al Awadhi  
Chief Executive Officer

The accompanying notes form an integral part of these consolidated financial statements.

(8)

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

**Consolidated income statement  
for the year ended 31 December 2025**

	Notes	2025 AED '000	2024 AED '000
Interest income	18	951,319	902,425
Income from Islamic financing products		26,330	10,786
<b>Total interest income and income from Islamic financing products</b>		<b>977,649</b>	<b>913,211</b>
Interest expense	18	(307,770)	(256,499)
Distribution to depositors – Islamic products		(18,179)	(63)
<b>Net interest income and income from Islamic products net of distribution to depositors</b>		<b>651,700</b>	<b>656,649</b>
Net fees and commission income	19	34,874	29,916
Other operating income	20	154,440	93,564
<b>Gross income</b>		<b>841,014</b>	<b>780,129</b>
Operating expenses	21	(211,594)	(179,781)
Investment gains	22	62,696	55,105
<b>Operating income</b>		<b>692,116</b>	<b>655,453</b>
Share of loss from an associate	8	(257)	(309)
<b>Profit for the year before impairment</b>		<b>691,859</b>	<b>655,144</b>
Net impairment losses	23	(59,560)	(104,363)
<b>Profit before tax</b>		<b>632,299</b>	<b>550,781</b>
Income tax expense	24	(51,550)	(44,755)
<b>Profit for the year</b>		<b>580,749</b>	<b>506,026</b>
<b>Basic and diluted earnings per share (AED)</b>	25	<b>0.29</b>	<b>0.25</b>

The accompanying notes form an integral part of these consolidated financial statements.

(9)

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

**Consolidated statement of comprehensive income  
for the year ended 31 December 2025**

	Notes	2025 AED '000	2024 AED '000
Profit for the year		580,749	506,026
<b>Other comprehensive income:</b>			
<i>Items that will not be reclassified subsequently to consolidated income statement</i>			
Net fair value gain on investment securities carried at FVOCI – equity	7	344,317	139,834
Share of OCI from an associate	8	5	142
Related tax expense on other comprehensive income	24	(678)	(738)
Other comprehensive income for the year		343,644	139,238
<b>Total comprehensive income for the year</b>		<b>924,393</b>	<b>645,264</b>

The accompanying notes form an integral part of these consolidated financial statements.

(10)

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

**Consolidated statement of changes in equity  
for the year ended 31 December 2025**

	Share capital AED'000	Statutory reserve AED'000	General reserve AED'000	Impairment reserve general AED'000	Cumulative change in fair values AED'000	Retained earnings AED'000	Total AED'000
Balance as at 1 January 2024	2,000,000	1,019,266	6,440	74,797	388,254	2,152,184	5,640,941
Profit for the year	-	-	-	-	-	506,026	506,026
Other comprehensive income for the year	-	-	-	-	139,238	-	139,238
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>139,238</b>	<b>506,026</b>	<b>645,264</b>
Provision under Central Bank of the U.A.E requirement over IFRS 9 requirement	-	-	-	6,689	-	(6,689)	-
Sale of FVOCI equity	-	-	-	-	(12,325)	12,055	(270)
Dividends paid	-	-	-	-	-	(300,000)	(300,000)
Balance as at 31 December 2024	2,000,000	1,019,266	6,440	81,486	515,167	2,363,576	5,985,935
Profit for the year	-	-	-	-	-	580,749	580,749
Other comprehensive income for the year	-	-	-	-	343,644	-	343,644
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>343,644</b>	<b>580,749</b>	<b>924,393</b>
Provision under Central Bank of the U.A.E requirement over IFRS 9 requirement	-	-	-	48,441	-	(48,441)	-
Sale of FVOCI equity	-	-	-	-	(31,202)	31,202	-
Dividends paid (Note 26)	-	-	-	-	-	(360,000)	(360,000)
<b>Balance as at 31 December 2025</b>	<b>2,000,000</b>	<b>1,019,266</b>	<b>6,440</b>	<b>129,927</b>	<b>827,609</b>	<b>2,567,086</b>	<b>6,550,328</b>

The accompanying notes form an integral part of these consolidated financial statements.

(11)

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

**Consolidated statement of cash flows  
for the year ended 31 December 2025**

	Notes	2025 AED '000	2024 AED '000
<b>Cash flows from operating activities</b>			
Profit before tax		632,299	550,781
Adjustments for:			
Provision for expected credit losses	23	48,198	94,445
Depreciation of property and equipment		14,786	11,757
Depreciation of right of use asset		1,515	1,769
Provision for other assets	23	11,362	9,918
Provision for employee end of service benefits	12.1	3,763	3,540
Decrease/(Increase) in fair value of investment in securities		1,077	(700)
Discount amortised on investment securities	7	(474)	(2,618)
Dividend income	22	(62,623)	(54,405)
Loss/(Gain) on disposal of property and equipment		55	(3,847)
Gain on disposal of assets acquired in settlement of debt		(3,849)	(4,113)
Share of loss from an associate	8	257	309
Profit from sale of associate		(700)	-
Finance cost on lease liability		52	76
<b>Operating cash flows before changes in operating assets and liabilities</b>		<b>645,718</b>	<b>606,912</b>
Increase in due from banks with original maturity greater than 3 months		(4,187,779)	(357,330)
Increase in statutory deposit with Central Bank of the U.A.E.		(335,801)	(272,115)
Increase in loans and advances and Islamic finance receivables		(1,341,282)	(870,559)
Payment of employee end of service benefits	12.1	(1,987)	(469)
Proceeds from disposal of assets acquired in settlement of debt		15,250	7,870
Increase in other assets		(65,739)	(24,203)
Increase in customers' deposits and Islamic customer deposits		4,296,052	2,676,587
Increase in other liabilities		99,330	21,073
		(876,238)	1,787,766
Income tax paid		(45,025)	-
<b>Net cash generated from operating activities</b>		<b>(921,263)</b>	<b>1,787,766</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	9	(13,546)	(28,046)
Proceeds from disposal of property and equipment		5	17,513
Purchase of investment securities		(1,236,960)	(273,770)
Proceeds from maturity and disposal of investment securities		208,255	118,935
Dividend received from investment securities	22	62,623	54,405
Proceeds from sale of investment in associate		700	-
<b>Net cash used in investing activities</b>		<b>(978,923)</b>	<b>(110,963)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	26	(360,000)	(300,000)
Lease payments		(1,793)	(1,775)
<b>Net cash flows used in financing activities</b>		<b>(361,793)</b>	<b>(301,775)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(2,261,979)</b>	<b>1,375,028</b>
Cash and cash equivalents at the beginning of the year	28	5,302,881	3,927,853
<b>Cash and cash equivalents at the end of the year</b>	28	<b>3,040,902</b>	<b>5,302,881</b>

The accompanying notes form an integral part of these consolidated financial statements.

(12)

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

**Notes to the consolidated financial statements  
for the year ended 31 December 2025**

**1. Corporate information**

National Bank of Umm Al-Qaiwain (PSC) (the "Bank") is a Public Shareholding Company incorporated in the Emirate of Umm Al-Qaiwain ("UAQ") in the United Arab Emirates ("U.A.E.") by Amiri Decree Number (1) on January 5, 1982, issued by His Highness, the Ruler of Umm Al-Qaiwain, and commenced its operations with effect from August 1, 1982.

The consolidated financial statements for the year ended 31 December 2025 are prepared for the Bank and its subsidiary (together referred to as 'the Group').

The Group comprises National Bank of Umm Al-Qaiwain (PSC), Umm Al-Qaiwain, and Twin Towns Marketing Management (L.L.C.-SO), Dubai (see Note 3.2). The address of the Bank's registered Head Office is P.O. Box 800, Umm Al-Qaiwain, United Arab Emirates.

The Group is engaged in providing retail and corporate banking services through a network of 9 branches in U.A.E.

The Group had been conducting Islamic banking operations through a dedicated Islamic banking window established in 2005, with Islamic banking products offered across the Bank's branch network. The Group made a strategic decision to cease originating new Islamic banking business and to place the existing portfolio into run down. A portion of the portfolio remains outstanding and continues to be run down.

**2. Adoption of new and revised Standards**

**2.1 New and amended IFRS Accounting Standards that are effective for the current period**

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 consolidated financial statements. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements:

New and revised IFRS Accounting Standard	Summary
Amendments to IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i> relating to Lack of Exchangeability	The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

Other than the above, there are no other significant IFRS Accounting Standards and amendments that were effective for the first time for the financial year beginning on or after 1 January 2025.

**2.2 New and revised IFRS in issue but not yet effective and not early adopted**

At the date of authorisation of these consolidated financial statements, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

New and revised IFRS Accounting Standards	Effective for annual periods beginning on or after
Amendments to IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments: Disclosures</i> regarding the classification and measurement of financial instruments	1 January 2026
The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9.	

(13)

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

**Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)**

**2. Adoption of new and revised Standards (continued)**

**2.2 New and revised IFRS in issue but not yet effective and not early adopted (continued)**

<u>New and revised IFRS Accounting Standards</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments: Disclosures</i> regarding purchase power arrangements The amendments aim at enabling entities to include information in their financial statements that in the IASB's view more faithfully represents contracts referencing nature-dependent electricity.	1 January 2026
Annual improvements to IFRS Accounting Standards - Volume 11 The pronouncement comprises the following amendments: <ul style="list-style-type: none"> <li>IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i>: Hedge accounting by a first-time adopter</li> <li>IFRS 7 <i>Financial Instruments - Disclosures</i>: Gain or loss on derecognition</li> <li>IFRS 7 <i>Financial Instruments - Disclosures</i>: Disclosure of deferred difference between fair value and transaction price</li> <li>IFRS 7 <i>Financial Instruments - Disclosures</i>: Introduction and credit risk disclosures</li> <li>IFRS 9 <i>Financial Instruments</i>: Lessee derecognition of lease liabilities</li> <li>IFRS 9 <i>Financial Instruments</i>: Transaction price</li> <li>IFRS 10 <i>Consolidated Financial Statements</i>: Determination of a "de facto agent"</li> <li>IAS 7 <i>Statement of Cash Flows</i>: Cost method</li> </ul>	1 January 2026
IFRS 18 <i>Presentation and Disclosures in Financial Statements</i> IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.	1 January 2027
IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i> IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.	1 January 2027
Amendments to IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i> The amendments cover new or amended IFRS Accounting Standards issued between 28 February 2021 and 1 May 2024 that were not considered when IFRS 19 was first issued.	1 January 2027
Amendments to IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i> relating to Translation to a Hyperinflationary Presentation Currency. The amendments clarify how companies should translate financial statements from a non-hyperinflationary currency into a hyperinflationary one.	1 January 2027
Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures (2011)</i> The amendments relate to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.

The Group anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements of Group in the period of initial application.

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

**Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)**

**3. Material accounting policy information**

**Statement of compliance**

The consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB), interpretations issued by International Financial Reporting Interpretations Committee (IFRIC) and applicable requirements of laws of the United Arab Emirates including UAE Federal law No. 32 of 2021 as amended, and UAE Federal Decree-Law No. (6) of 2025.

**3.1 Basis of preparation**

The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. For the purpose of the consolidated financial statements, the results and financial position of the Group are expressed in Arab Emirates Dirhams (AED) (in thousands, except where noted), which is the functional currency of the Group, and the presentation currency for the consolidated financial statements. The principal accounting policies adopted are set out below.

The Group presents its consolidated statement of financial position broadly in order of liquidity, with a distinction based on expectations regarding recovery or settlement within twelve months after the reporting date (current) and more than twelve months after the reporting date (non-current) presented in the notes.

**3.2 Basis of consolidation**

The consolidated financial statements of National Bank of Umm Al-Qaiwain (PSC) and Subsidiary (the "Group") incorporate the financial statements of the Bank and entity controlled by the Bank (its Subsidiary).

Control is achieved when the Bank:

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

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Bank has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:

- the size of the Bank's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Bank, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income and other comprehensive income from the date the Bank gains control until the date when the Bank ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Bank and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

**Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)**

**3. Material accounting policy information (continued)**

**3.2 Basis of consolidation (continued)**

**Subsidiary:**

Details of the Bank's subsidiary as at 31 December 2025 and 31 December 2024 are as follows:

Name of subsidiary	Proportion of ownership interest	Country of Incorporation	Principal activity
Twin Towns Marketing Management (L.L.C.)	100%	U.A.E.	Marketing management

**3.3 Investment in an associate**

An associate is an entity over which the Bank has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Bank's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated statement of income in the period in which the investment is acquired.

The requirements of IFRS are applied to determine whether it is necessary to recognise any impairment loss with respect to the Bank's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

**3.4 Financial Instruments**

**Classification of financial assets and financial liabilities**

**Financial assets**

On initial recognition, a financial asset is classified and measured: at amortised cost, Fair Value Through Other Comprehensive Income (FVOCI) or Fair Value Through Profit and Loss (FVTPL). A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

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

**Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)**

**3. Material accounting policy information (continued)**

**3.4 Financial Instruments (continued)**

**Classification of financial assets and financial liabilities (continued)**

**Financial assets (continued)**

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**Financial liabilities**

In both the current period and prior period, financial liabilities are classified as other financial liabilities and subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: the classification is applied to derivatives and other financial liabilities designated as such at initial recognition. Gains and losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in fair value of the financial liability that is attributable to the changes in credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially in profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains or losses attributable to changes in the credit risk of the liability are also presented in the profit or loss;
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition or when the continuing involvement approach applies. When the transfer of financial assets did not qualify for derecognition, a financial liability is recognised for the consideration received for the transfer; and
- Financial guarantee contracts and loan commitments.

**Derecognition of financial liabilities**

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

**Business model assessment**

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected;
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

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

**Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)**

**3. Material accounting policy information (continued)**

**3.4 Financial Instruments (continued)**

**Business model assessment (continued)**

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

**Assessment whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making the assessment, the Group considers:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- Features that modify consideration of the time value of money - e.g. periodical reset of interest rate.

**Reclassifications**

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Group's financial assets. During the current period and previous accounting period, there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made.

**Derecognition**

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as FVOCI is not recognised in profit or loss account on derecognition of such securities.

**Measurement of financial assets and financial liabilities**

**Investment securities**

The investment securities' caption in the consolidated statement of financial position includes:

- Quoted debt instruments measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- Equity investment securities measured at FVTPL or designated as at FVTPL; these are at fair value with changes recognised immediately in profit or loss; and
- Equity securities designated as at FVOCI.

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

**Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)**

**3. Material accounting policy information (continued)**

**3.4 Financial Instruments (continued)**

**Measurement of financial assets and financial liabilities (continued)**

**Investment securities (continued)**

The Group elects to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

**Financial liabilities**

All financial liabilities are measured at amortised cost unless designated at FVTPL.

**Impairment**

**Measurement of ECL**

The Group recognises loss allowances for expected credit losses (ECLs) on the following financial instruments that are not measured at FVTPL:

- Deposits and balances and due from banks;
- Debt investment securities carried at amortised cost;
- Loans and advances to customers;
- Customer acceptances and other financial assets;
- Loan commitments; and
- Financial guarantees and contracts.

No impairment loss is recognised on equity investments.

With the exception of purchased or originated credit impaired (POCI) financial assets, ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- Full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

The Group also considers relevant regulatory requirements, in the context of the alignment of those requirements with IFRS, in the estimation of ECL in respect of Stage 3 exposures.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's effective interest rate.

The Group measures ECL on an individual basis (for Wholesale portfolio), and on a collective basis for portfolios of loans that share similar economic risk characteristics (for Retail portfolio). The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original effective interest rate, regardless of whether it is measured on an individual basis or a collective basis.

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

**Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)**

**3. Material accounting policy information (continued)**

**3.4 Financial Instruments (continued)**

**Impairment (continued)**

*Expected life*

For instruments in Stage 2 or Stage 3, loss allowances reflect expected credit losses over the expected remaining lifetime of the instrument. For most instruments, the expected life is limited to the remaining contractual life.

**Credit-impaired financial assets**

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The disappearance of an active market for a security because of financial difficulties; or
- The purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event-instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost or FVOCI are credit-impaired at each reporting date.

The Group also considers relevant regulatory requirements, in the context of the alignment of those requirements with IFRS, in the estimation of ECL in respect of Stage 3 exposures.

**Significant increase in credit risk (SICR)**

The Group monitors all financial assets, issued financial commitments and financial and non-financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime ECL rather than 12-month ECL.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and expert credit assessment and including forward-looking information.

The Group allocates its counterparties to a relevant internal credit risk grade depending on their credit quality. The Group considers the credit risk upon initial recognition of asset and whether there has been a significant increase in it on an ongoing basis throughout each reporting period. It considers available reasonable and supportive quantitative and qualitative information to assess SICR. Especially the following indicators are incorporated:

- Internal risk grade;
- External credit rating (where available);
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations;
- Significant changes in the expected performance and behavior of the customer, including changes in the payment status of customers in the Group and changes in the operating results of the customer; and

If there is any deterioration or concern regarding customer's creditworthiness or cash flows, such accounts are kept in increased focus and enhanced monitoring.

Regardless of the analysis above, a significant increase in credit risk is presumed if a customer is more than 30 days past due in making a contractual payment.

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

**Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)**

**3. Material accounting policy information (continued)**

**3.4 Financial Instruments (continued)**

**Impairment (continued)**

**Significant increase in credit risk (SICR) (continued)**

For retail financing, when an asset becomes 30 days past due, the Group considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

Bank's internal policies for identification of Significant Increase in Credit Risk and "Unlikeliness to Pay" are aligned with CBUAE Credit Risk Management Regulations and Standards.

**Quantitative factors**

Stage	Corporate portfolio	Retail portfolio	Due from banks and Investments portfolio
1 » 2	<ul style="list-style-type: none"> <li>▪ Rating downgrade as per internally defined criteria from the rating assigned at the initial recognition</li> <li>▪ DPD 31-90 days</li> </ul>	<ul style="list-style-type: none"> <li>▪ DPD 31-90 days</li> </ul>	<ul style="list-style-type: none"> <li>▪ External credit rating of Caa1 to Caa3 to be classified as Stage 2</li> <li>▪ B3 credit rating is assigned for unrated investments</li> </ul>
1 » 3 2 » 3	<ul style="list-style-type: none"> <li>▪ Credit impaired portfolio</li> <li>▪ DPD greater than 90 days</li> </ul>	<ul style="list-style-type: none"> <li>▪ Credit impaired portfolio</li> <li>▪ DPD &gt; 90 days</li> </ul>	<ul style="list-style-type: none"> <li>▪ External credit rating of C and below to be classified as Stage 3</li> </ul>

**Curing Criteria - upward ECL stage movement**

An exposure cannot be upgraded from Stage 3 to Stage 1 directly. Upward ECL stage movement criteria are in line with the guidelines of the Central Bank of the U.A.E.

**From stage 2 (Lifetime ECL) to stage 1 (12-month ECL)**

- Credit Facilities shall remain in Stage 2 as long as SICR criteria continues. Where there is an evidence of a significant reduction in credit risk, financial instruments are monitored for a probationary period as per the guidelines of the Central Bank of the U.A.E to confirm if the risk of default has decreased sufficiently before upgrading such exposures from stage 2 to stage 1.
- DPD shall be ≤ 30 days

**From stage 3 (Lifetime ECL – credit impaired) to stage 2 (Lifetime ECL – not credit impaired)**

- Credit facilities shall remain in Stage 3 until all arrears are settled and reversal of the original conditions that had led to migration to Stage 3. An exposure cannot be upgraded from Stage 3 to 1 directly and should be upgraded to Stage 2 after meeting criteria specified in guidelines of the Central Bank of the U.A.E

**Restructured or Modified financial assets**

A credit facility shall be defined as restructured facility if its approved credit terms are amended. Restructured accounts also include cases where a credit facility is fully settled by a simultaneous or subsequent disbursement of a new credit facility.

The Group modifies the terms of loans provided to customers from time to time, primarily in response to evolving client needs, commercial renegotiations, or the management of distressed exposures. Bank groups identifies restructured accounts either as non-distressed or distressed restructuring and follows applicable asset classification norms as per CBUAE Credit Risk Management Regulations of the Central Bank of the U.A.E. Following any modification, the credit risk of the asset is reassessed at the reporting date and compared with the credit risk under the original terms at initial recognition.

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

**Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)**

**3. Material accounting policy information (continued)**

**3.4 Financial Instruments (continued)**

**Impairment (continued)**

**Restructured or Modified financial assets (continued)**

Where the Group determines that there has been a significant improvement in credit risk after restructuring, the financial asset may be transferred from Stage 3 to Stage 2 (lifetime ECL) or from Stage 2 to Stage 1 (12-month ECL). Such transfers are made only after the modified asset has demonstrated satisfactory performance in accordance with the revised terms over a specified period, in line with prevailing guidelines of Central Bank of the U.A.E.

**Write-offs**

Financial assets are written off when there is no reasonable expectation of recovery

If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss as "Other income".

**Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL and not arising from a transfer of a financial asset, are subsequently measured at the higher of:

- The amount of the loss allowance determined in accordance with IFRS 9; and
- The amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the Group's revenue recognition policies.

Financial guarantee contracts not designated at FVTPL are presented as provisions in the consolidated statement of financial position and the remeasurement is presented in other revenue.

The Group has not designated any financial guarantee contracts as at FVTPL.

**3.5 Due from other banks**

Amounts due from other banks are initially recognized at fair value and measured subsequently at amortised cost using the effective interest method. Impairment of amounts due from other banks is assessed as outlined in the accounting policy on financial instruments in note 3.4 above.

**3.6 Property and equipment**

Capital work in progress is stated at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Property and equipment are stated at historical cost less accumulated depreciation. Depreciation is calculated using the straight line method to write off the cost of assets to their estimated residual values over their expected useful economic lives as follows:

	<b>Years</b>
Buildings	20
Computer and equipment	1 - 5
Furniture and fixtures	5
Leasehold improvements	3 - 5
Motor vehicles	5

Land is not depreciated, as it is deemed to have an infinite life.

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

**Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)**

**3. Material accounting policy information (continued)**

**3.6 Property and equipment (continued)**

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. Repairs and renewals are charged to the consolidated statement of income when the expenditure is incurred. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount, being the higher of the fair value less costs to sell and value in use.

**3.7 Assets acquired in settlement of debt**

Assets acquired in settlement of debt are stated at lower of cost or net realisable value. Directly attributable cost incurred in the acquisition of inventory is included as part of the cost of the asset. Net realisable value is the estimated selling price in the ordinary course of business, based on market prices at the reporting date.

**3.8 Impairment of tangible assets**

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**3.9 Due to other banks and customer deposits**

Due to banks and customer deposits are initially measured at fair value plus directly attributable transaction costs. Subsequently, these are measured at amortised cost using the effective interest method except where the Group chooses to carry the liabilities at fair value through the consolidated statement of income. Amortised cost is calculated by taking into account any discount or premium on settlement.

**3.10 Employees' end of service benefits**

Pension contributions are made in respect of U.A.E. nationals to the U.A.E. General Pension and Social Security Authority in accordance with the U.A.E. Federal Law No (7), 1999 for Pension and Social Security. A provision is made for the full amount of end of service benefits due to the non-U.A.E. nationals in accordance with the U.A.E. Labour Law, for their periods of service up to the reporting date. This provision is included in other liabilities.

Management measures the employees' end of service benefits payable under the U.A.E. Labour law. Under this method an assessment is made of employee's expected service life with the Group and the expected basic salary at the date of leaving the service.

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

**Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)**

**3. Material accounting policy information (continued)**

**3.11 Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as it is probable that the Group will be required to settle the obligation, and a reliable estimate of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation. When a provision is measured using the cash flows estimated to settle the present obligations, its amount is the present value of those cash flows (when the effect of the time value of money is material).

When some of all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**3.12 Borrowings**

Borrowings are recognised initially at fair value net of transaction costs incurred, and are subsequently stated at amortised cost using effective interest rate method. Any difference between proceeds net of transaction costs and the redemption value is recognised in the consolidated statement of income over the period of the borrowings using the effective interest method.

**3.13 Foreign currencies**

Items included in the consolidated financial statements of the Group are measured in AED which is the functional currency of the primary economic environment in which the Group operates. Foreign currency transactions are translated into AED at the rate ruling on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into AED at the rates ruling at the reporting date. Any resultant gains or losses are accounted for in the consolidated statement of income.

**3.14 Derivative instruments**

Derivative instruments, comprising forward foreign exchange contracts, are initially recognised at fair value on the date on which a derivative contract is entered. All forward foreign exchange contracts are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of the forward foreign exchange contracts are included in foreign exchange trading income in the consolidated statement of income.

**3.15 Interest income and expense**

Interest income and expense are recognised in the consolidated income statement for all financial instruments measured at amortised cost using the effective interest method.

The effective interest rate is the rate that discounts estimated future cash receipts and payments earned or paid on a financial asset or a liability through its expected life or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently unless re-priced.

When calculating effective interest rates, the Group estimates cash flows considering all contractual terms of the financial instruments excluding future credit losses. The calculation includes all amounts paid or received by the Group that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

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

**Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)**

**3. Material accounting policy information (continued)**

**3.15 Interest income and expense (continued)**

*Income from Islamic financing products*

The Group's policy for recognition of income from Islamic financing products is described in Note 3.22.

**3.16 Fees and commission income**

The Group earns fee income from a diverse range of services it provides to its customers. Fee income can be divided principally into the following two categories:

- Fee income earned from services that are provided over a certain period of time; and
- Fee income earned from providing transaction services.

The Group earns commission income from issue of documentary credits and letters of guarantee. The commission income is recognised on a straight-line basis over the period for which the documentary credits and guarantees are issued. Fee income on issue of letters of credit and guarantees is recognised when the underlying transaction is affected.

Other fees and commission income, including account servicing fees, placement fees and syndication fees, are recognised as the related services are performed.

'Fees and commissions receivables' which represent the Bank's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due) included under 'Other assets'. These are measured at amortised cost and subject to the impairment provisions of IFRS 9.

**3.17 Rental and dividend income**

Rental income is recognised on a straight-line basis over the term of the relevant lease. Dividend income is recognised when the Group's right to receive the payment is established.

**3.18 Taxation**

Income tax expense comprises of current and deferred tax.

*Income Tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date. Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income respectively and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The UAE Ministry of Finance (MOF) has enacted legislation to implement the Pillar Two GloBE rules effective from 1 January 2025. This is facilitated through the recently issued Cabinet Decision No. 142 of 2025, which introduces the UAE Pillar Two legislation. The Group is not subject to the UAE Pillar Two rules because it is neither a Multinational Enterprise nor its consolidated revenue is above the Euro 750 million threshold. Therefore, there are no Pillar Two implications for the financial year ended 31 December 2025.

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

**Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)**

**3. Material accounting policy information (continued)**

**3.18 Taxation (continued)**

**Deferred tax**

Deferred tax is recognised in respect of temporary differences at the reporting date between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**3.19 Earnings per share**

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

**3.20 Acceptances**

Acceptances are recognised as a financial liability in the consolidated statement of financial position with a contractual right of reimbursement from the customer as a financial asset. Therefore, commitments in respect of acceptances have been accounted for as financial assets and financial liabilities.

**3.21 Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, money in current and call accounts and placements with original maturity of less than three months, excluding the minimum reserve deposits required to be maintained with the Central Bank of the U.A.E.

**3.22 Islamic financing products**

In addition to conventional banking products, the Group offers its customers certain non-interest-based banking products, which are approved by its Shari'ah Supervisory Board.

All Islamic banking products are accounted for in conformity with the accounting policies described below:

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

**Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)**

**3. Material accounting policy information (continued)**

**3.22 Islamic financing products (continued)**

**Definitions**

The following terms are used in Islamic financing:

**Murabaha**

A sales agreement whereby the Group sells to a customer a commodity or an asset, which the Group has purchased and acquired and the customer will pay the commodity price on an instalment basis over a specific period. The selling price comprises the cost of the commodity and an agreed profit margin.

**Mudaraba**

A profit sharing agreement between the Group and the customer whereby the customer provides the funds and the Group invests the funds in a specific enterprises or activity and any profits generated are distributed accordingly to the terms and conditions of the profit sharing agreement. The customer bears the loss in case of default, negligence or violation of any of the terms and conditions of the Mudaraba.

**Wakala (Investment agency)**

An agreement whereby the customer appoints the Group to invest a certain sum of money according to the terms and conditions of the Wakala in return for a certain fee and any profit exceeding the expected profit. The Group will bear any loss as a result of the misconduct, negligence or violation of the terms and conditions of the Wakala.

Under the Islamic Banking front, the Bank has set up a cap limit for creating the Profit Equalization Reserve (PER) and Investment Risk Reserve (IRR). PER and IRR will not be applied once the reserve amount achieves the limit.

**Accounting policy**

Islamic financing products are measured at amortised cost, using the effective profit method, less any amounts written off, allowance for doubtful accounts and unearned income, if any.

The effective profit rate is the rate that exactly discounts estimated future cash flow through the expected life of the financial asset or liability, or where appropriate, a shorter period.

Allowance for impairment is made against Islamic financing and investing products when their recovery is in doubt taking into consideration IFRS requirements (as explained in Note 3.4). Islamic financing and investing products are written off only when all possible course of action to achieve recovery have proven unsuccessful.

**Revenue recognition policy**

Income from Islamic financing and investing assets are recognised in the consolidated statement of income using the effective profit method.

**Murabaha**

Murabaha income is recognised on effective profit rate basis over the period of the contract based on the principal amounts outstanding.

**Islamic customers' deposits and distributions to depositors**

Islamic customers' deposits are initially measured at fair value which is normally consideration received net of directly attributable transaction costs incurred, and subsequently measured at their amortised cost using the effective profit method.

Distributions to depositors (Islamic products) represents the share of income allocated to depositors of the Group. The distributions are calculated, allocated and distributed according to the Islamic Banking unit's standard procedures and are approved by the Islamic Banking unit's Shari'ah Supervisory Board.

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

**Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)**

**3. Material accounting policy information (continued)**

**3.23 Critical accounting estimates and judgements**

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Business model assessment**

Classification and measurement of financial assets depends on the results of the solely payments of principal and interest (SPPI) and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

**Significant increase of credit risk**

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information. A significant increase in credit risk is presumed if a customer is more than 30 days past due in making a contractual payment.

**Establishing groups of assets with similar credit risk characteristics**

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics (e.g. product type). The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

**Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and determining the forward looking information relevant to each scenario**

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

**Probability of default**

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

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

**Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)**

**3. Material accounting policy information (continued)**

**3.23 Critical accounting estimates and judgements (continued)**

**Loss Given Default**

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Expectations of future conditions are also incorporated in modelling of LGD estimates.

**Models and assumptions used**

The Group uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

The Group incorporated the latest available macroeconomic inputs into the ECL model to reflect the change in the macroeconomic forecast with details covered in notes (31) of these consolidated financial statements.

**Fair value of financial instruments**

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

**Provisions and other contingent liabilities**

The Group operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings both in UAE and in other jurisdictions, arising in the ordinary course of the Group's business.

When the Group can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. However, when the Group is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Group does not include detailed, case-specific disclosures in its financial statements. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

**3.24 Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The operating results of each operating segment are reviewed regularly by the Executive Committee of the Bank (referred to as the "ExCo") to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

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

**Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)**

**3. Material accounting policy information (continued)**

**3.25 Lease**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies a single recognition and measurement approach for all leases that it is the lessee, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**Right-of-use assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

**Lease liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

**Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases of property and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of property and equipment that are considered of low value. Payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

The Group has the option, under some of its leases to lease the assets for an additional term. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g. a change in business strategy).

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

**Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)**

**4. Cash and balances with the Central Bank of the U.A.E.**

	2025 AED'000	2024 AED'000
<i>Balances with the Central Bank of the U.A.E.:</i>		
Current account	44,326	59,354
Statutory cash reserve deposit	1,090,840	755,039
Monetary Bills	696,075	714,703
Overnight deposits	825,000	975,000
	<u>2,656,241</u>	<u>2,504,096</u>
Cash in hand	80,326	86,463
	<u>2,736,567</u>	<u>2,590,559</u>

The statutory deposit with the Central Bank of the U.A.E. is not available to finance the day-to-day operations of the Group and is excluded from cash and cash equivalents in Note 28.

All the balances are classified as stage 1 as at 31 December 2025 (31 December 2024: Stage 1).

**5. Due from other banks**

	2025 AED'000	2024 AED'000
Term deposits	5,271,434	3,675,609
Current accounts	24,818	26,824
Loans to banks	2,116,906	1,595,131
	<u>7,413,158</u>	<u>5,297,564</u>
Total due from other banks	7,413,158	5,297,564
Provision for expected credit loss	(973)	(3,459)
	<u>7,412,185</u>	<u>5,294,105</u>

Gross amounts due from other banks by geographical area:

	2025 AED'000	2024 AED'000
Within U.A.E.	3,589,999	2,301,907
Within GCC	1,700,238	1,761,810
Other countries	2,122,921	1,233,847
	<u>7,413,158</u>	<u>5,297,564</u>

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

**Notes to the consolidated financial statements  
for the year ended 31 December 2025 (continued)**

**5. Due from other banks (continued)**

Gross amounts due from other banks by currency:

	2025 AED'000	2024 AED'000
AED	2,120,000	616,000
USD	5,283,421	4,674,679
Others	9,737	6,885
	<u>7,413,158</u>	<u>5,297,564</u>

An analysis of due from other banks based on external credit ratings is as follows:

	2025 AED'000	2024 AED'000
Investment Grade	6,994,279	5,297,564
Non Investment grade	418,874	-
Unrated	5	-
	<u>7,413,158</u>	<u>5,297,564</u>

**Due from banks stage-wise analysis**

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

	31 December 2025			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Outstanding balance	7,321,333	91,825	-	7,413,158
Provision for expected credit loss	(475)	(498)	-	(973)
<b>Carrying amount</b>	<u>7,320,858</u>	<u>91,327</u>	<u>-</u>	<u>7,412,185</u>
	31 December 2024			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Outstanding balance	5,297,564	-	-	5,297,564
Provision for expected credit loss	(3,459)	-	-	(3,459)
<b>Carrying amount</b>	<u>5,294,105</u>	<u>-</u>	<u>-</u>	<u>5,294,105</u>

There have been no movements between stages in respect of assets due from other banks during 2025 (2024 - No stage movement).

(32)

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

**Notes to the consolidated financial statements  
for the year ended 31 December 2025 (continued)**

**5. Due from other banks (continued)**

**Movement in the provision for expected credit loss of due from banks**

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
ECL allowances				
As at 1 January 2025	3,459	-	-	3,459
Net impairment charged during the period	(2,984)	498	-	(2,486)
<b>As at 31 December 2025</b>	<u>475</u>	<u>498</u>	<u>-</u>	<u>973</u>

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
ECL allowances				
As at 1 January 2024	1,179	-	-	1,179
Net impairment charged during the period	2,280	-	-	2,280
As at 31 December 2024	<u>3,459</u>	<u>-</u>	<u>-</u>	<u>3,459</u>

**6. Loans and advances and Islamic financing receivables**

	2025 AED'000	2024 AED'000
Loans	6,725,075	6,181,071
Overdrafts	918,466	787,151
Islamic financing products	65,738	112,909
Loans against trust receipts	277,827	346,104
Syndicated loans	1,015,626	501,978
Other	148,526	31,372
<b>Total loans and advances and Islamic financing receivables</b>	<u>9,151,258</u>	<u>7,960,585</u>
Provision for expected credit loss	(86,536)	(184,915)
<b>Net loans and advances and Islamic financing receivables</b>	<u>9,064,722</u>	<u>7,775,670</u>

	2025 AED'000	2024 AED'000
--	-----------------	-----------------

**Gross Loans and advances by economic sector:**

Real estate	3,119,113	2,830,709
Wholesale and retail trade	1,375,438	1,502,640
Financial institutions	967,024	775,838
Individual loans for business	729,182	740,173
Manufacturing	535,250	490,493
Personal loans and other	373,868	375,831
Transport and communication	528,683	340,628
Government	839,101	147,373
Construction	83,676	49,219
Other services	599,923	707,681
	<u>9,151,258</u>	<u>7,960,585</u>

(33)

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

**Notes to the consolidated financial statements  
for the year ended 31 December 2025 (continued)**

**6. Loans and advances and Islamic financing receivables (continued)**

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

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Gross carrying amount:				
As at 1 January 2025	7,010,314	629,909	320,362	7,960,585
New assets originated	4,221,546	36,471	-	4,258,017
Assets derecognised/repaid	(2,588,714)	(186,948)	(135,217)	(2,910,879)
Transfer to Stage 1	18,676	(18,676)	-	-
Transfer to Stage 2	(12,052)	12,763	(711)	-
Transfer to Stage 3	(319)	-	319	-
Write off	-	-	(156,465)	(156,465)
<b>As at 31 December 2025</b>	<b>8,649,451</b>	<b>473,519</b>	<b>28,288</b>	<b>9,151,258</b>

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Gross carrying amount:				
As at 1 January 2024	6,023,514	660,706	488,344	7,172,564
New assets originated	3,003,323	117,625	1,017	3,121,965
Assets derecognised/repaid	(1,985,189)	(148,739)	(117,479)	(2,251,407)
Transfer to Stage 1	3,465	(3,465)	-	-
Transfer to Stage 2	(21,996)	21,996	-	-
Transfer to Stage 3	(12,803)	(18,214)	31,017	-
Write off	-	-	(82,537)	(82,537)
<b>As at 31 December 2024</b>	<b>7,010,314</b>	<b>629,909</b>	<b>320,362</b>	<b>7,960,585</b>

Movement in the provision for expected credit loss of loans and advances and Islamic financing receivables:

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
ECL allowances:				
As at 1 January 2025	41,275	45,283	98,357	184,915
Net impairment charged during the period	(4,409)	3,733	94,815	94,139
Others	-	-	5,857	5,857
Recoveries	-	-	(41,910)	(41,910)
Transfer to Stage 1	1,634	(1,634)	-	-
Transfer to Stage 2	(64)	64	-	-
Transfer to Stage 3	(23)	(10,000)	10,023	-
Write off	-	-	(156,465)	(156,465)
<b>As at 31 December 2025</b>	<b>38,413</b>	<b>37,446</b>	<b>10,677</b>	<b>86,536</b>

(34)

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

**Notes to the consolidated financial statements  
for the year ended 31 December 2025 (continued)**

**6. Loans and advances and Islamic financing receivables (continued)**

Movement in the provision for expected credit loss of loans and advances and Islamic financing receivables (continued):

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
ECL allowances:				
As at 1 January 2024	47,727	33,347	100,736	181,810
Net impairment charged during the period	(5,876)	11,762	87,288	93,174
Recoveries	-	-	(7,532)	(7,532)
Transfer to Stage 1	59	(59)	-	-
Transfer to Stage 2	(582)	582	-	-
Transfer to Stage 3	(53)	(349)	402	-
Write off	-	-	(82,537)	(82,537)
<b>As at 31 December 2024</b>	<b>41,275</b>	<b>45,283</b>	<b>98,357</b>	<b>184,915</b>

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

	31 December 2025			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Performing	8,649,451	473,519	-	9,122,970
Stage 3a	-	-	22,381	22,381
Stage 3b	-	-	194	194
Stage 3c	-	-	5,713	5,713
<b>Total gross carrying amount</b>	<b>8,649,451</b>	<b>473,519</b>	<b>28,288</b>	<b>9,151,258</b>
<b>Expected credit loss</b>	<b>(38,413)</b>	<b>(37,446)</b>	<b>(10,677)</b>	<b>(86,536)</b>
<b>Carrying amount</b>	<b>8,611,038</b>	<b>436,073</b>	<b>17,611</b>	<b>9,064,722</b>

	31 December 2024			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Performing	7,010,314	629,909	-	7,640,223
Stage 3a	-	-	56,973	56,973
Stage 3b	-	-	45,901	45,901
Stage 3c	-	-	217,488	217,488
<b>Total gross carrying amount</b>	<b>7,010,314</b>	<b>629,909</b>	<b>320,362</b>	<b>7,960,585</b>
<b>Expected credit loss</b>	<b>(41,275)</b>	<b>(45,283)</b>	<b>(98,357)</b>	<b>(184,915)</b>
<b>Carrying amount</b>	<b>6,969,039</b>	<b>584,626</b>	<b>222,005</b>	<b>7,775,670</b>

The stage 3 loans as at 31 December 2025 amounted to AED 28,288 thousand (31 December 2024: AED 320,362 thousand) which is covered by collateral of AED 67,281 thousand (31 December 2024: AED 1,008,027 thousand) and provision for expected credit loss of AED 10,677 thousand (31 December 2024: AED 98,357 thousand) aggregating to AED 77,958 thousand (31 December 2024: AED 1,106,384 thousand) which is 2.76 times (31 December 2024: 3.45 times) of the stage 3 loans.

(35)

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

**Notes to the consolidated financial statements  
for the year ended 31 December 2025 (continued)**

**7. Investment securities**

	2025 AED'000	2024 AED'000
<b>Securities at FVTPL</b>		
Quoted equity securities	22,995	24,366
Discretionary funds managed by third parties – quoted equity securities	387	247
	<u>23,382</u>	<u>24,613</u>
<b>Securities at FVOCI</b>		
Quoted equity securities	1,316,049	1,003,809
Unquoted equity securities	56,923	50,886
	<u>1,372,972</u>	<u>1,054,695</u>
<b>Securities at amortised cost</b>		
Quoted debt instruments	1,716,926	661,553
<b>Total investment securities</b>	<b>3,113,280</b>	<b>1,740,861</b>
Provision for expected credit loss	<b>(1,463)</b>	<b>(2,237)</b>
<b>Net investment securities</b>	<b><u>3,111,817</u></b>	<b><u>1,738,624</u></b>
Gross investment securities by geographical area:		
	2025 AED'000	2024 AED'000
Within U.A.E.	2,126,862	1,485,641
Within GCC	930,687	205,527
Other countries	55,731	49,693
	<u>3,113,280</u>	<u>1,740,861</u>
Gross investment securities by currency:		
	2025 AED'000	2024 AED'000
AED	1,340,124	1,054,263
USD	1,772,657	686,239
Others	499	359
	<u>3,113,280</u>	<u>1,740,861</u>

All debt investments are classified as Stage 1 (31 December 2024: Stage 1) with corresponding ECL of AED 1,463 thousand (31 December 2024: AED 2,237 thousand).

Quoted debt securities aggregating AED 1,716,926 thousand (2024: AED 661,553 thousand) 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.

(36)

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

**Notes to the consolidated financial statements  
for the year ended 31 December 2025 (continued)**

**7. Investment securities (continued)**

	2025 AED'000	2024 AED'000
<b>Movement in investment securities:</b>		
Balance as at 1 January	1,740,861	1,442,874
Purchase of investment securities	1,236,960	273,770
Disposal and maturity of investment securities	(208,255)	(118,935)
Net fair value (loss)/ gain on investment securities at FVTPL	(1,077)	703
Net discount amortised on investment securities at amortised cost	474	2,618
Foreign exchange revaluation	-	(3)
Net fair value gain on investment securities at FVOCI	344,317	139,834
	<u>3,113,280</u>	<u>1,740,861</u>
Balance as at 31 December		
	<u>3,113,280</u>	<u>1,740,861</u>
An analysis of the investment in debt securities based on external credit ratings is as follows:		
	2025 AED'000	2024 AED'000
Investment Grade	1,285,831	420,815
Non Investment grade	394,647	240,738
Unrated	36,448	-
	<u>1,716,926</u>	<u>661,553</u>

\*Unrated investments represent the investments made in Government related Companies.

**Debt investments 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, including accrued interest / profit, represents the Group's maximum exposure to credit risk on these assets:

	31 December 2025			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Outstanding balance	1,716,926	-	-	1,716,926
Provision for expected credit loss	(1,463)	-	-	(1,463)
<b>Carrying amount</b>	<b><u>1,715,463</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,715,463</u></b>
	31 December 2024			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Outstanding balance	661,553	-	-	661,553
Provision for expected credit loss	(2,237)	-	-	(2,237)
<b>Carrying amount</b>	<b><u>659,316</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>659,316</u></b>

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

(37)

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

**Notes to the consolidated financial statements  
for the year ended 31 December 2025 (continued)**

**7. Investment securities (continued)**

Movement in the provision for expected credit loss of investment securities:

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
ECL allowances :				
As at 1 January 2025	2,237	-	-	2,237
Net impairment reversed during the period	(774)	-	-	(774)
<b>As at 31 December 2025</b>	<b>1,463</b>	<b>-</b>	<b>-</b>	<b>1,463</b>
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
ECL allowances :				
As at 1 January 2024	411	-	-	411
Net impairment charged during the period	1,826	-	-	1,826
As at 31 December 2024	2,237	-	-	2,237

**8. Investment in an associate**

The details of associate is as follows:

Name of the associate	Principal activity	Place of incorporation	Ownership (%)	2025 AED'000	2024 AED'000
Tasareeh Business Men Center LLC	Providing visa application and renewal services, other business men services.	Dubai, UAE	2024-30% 2025-0%	-	252

Movement in the investment in an associate for the year:

	2025 AED'000	2024 AED'000
Balance as at 1 January	252	419
Share of losses from an associate	(257)	(309)
Share of OCI from an associate	5	142
<b>Balance as at 31 December</b>	<b>-</b>	<b>252</b>

Associate was disposed during the year for a consideration and a profit of AED 700 thousand. The profit on disposal is recorded in Investment gains (Note 22)

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

### Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

#### 9. Property and equipment

	Land and buildings* AED'000	Computers and equipment** AED'000	Furniture and fixtures AED'000	Right of use assets and Leasehold Improvements AED'000	Motor vehicles AED'000	Capital work in progress AED'000	Total AED'000
Cost							
31 December 2023	138,323	143,428	5,818	13,994	549	5,871	307,983
Additions	54	5,178	79	3,915	369	18,451	28,046
Disposals	(27,848)	(281)	(91)	(883)	(240)	(18)	(29,361)
Transfers	-	6,692	-	850	-	(7,542)	-
31 December 2024	110,529	155,017	5,806	17,876	678	16,762	306,668
Additions	25	2,790	306	83	-	10,342	13,546
Disposals	(189)	(1,299)	(133)	(1,261)	-	-	(2,882)
Transfers	306	7,192	-	-	-	(7,498)	-
31 December 2025	<b>110,671</b>	<b>163,700</b>	<b>5,979</b>	<b>16,698</b>	<b>678</b>	<b>19,606</b>	<b>317,332</b>
Accumulated depreciation							
31 December 2023	95,931	122,392	5,765	11,920	507	-	236,515
Charge for the year	2,980	8,242	73	2,122	109	-	13,526
Eliminated on disposals	(14,203)	(278)	(91)	(883)	(240)	-	(15,695)
31 December 2024	84,708	130,356	5,747	13,159	376	-	234,346
Charge for the year	1,699	12,469	191	1,868	74	-	16,301
Eliminated on disposals	(146)	(1,281)	(133)	(1,261)	-	-	(2,821)
31 December 2025	<b>86,261</b>	<b>141,544</b>	<b>5,805</b>	<b>13,766</b>	<b>450</b>	<b>-</b>	<b>247,826</b>
<b>Net carrying amount</b>							
<b>31 December 2025</b>	<b>24,410</b>	<b>22,156</b>	<b>174</b>	<b>2,932</b>	<b>228</b>	<b>19,606</b>	<b>69,506</b>
31 December 2024	25,821	24,661	59	4,717	302	16,762	72,322

\*Land and buildings include land costing AED 22.9 million (2024: AED 22.9 million) which is not depreciated. Capital work in progress represents expenditure incurred on land and buildings, computer and equipment, furniture and fixtures and leasehold improvements.

\*\*Net carrying amount of software included in Computers and equipment amounts to AED 14.72 million as at 31 December 2025. (AED 13.73 million as at 31 December 2024).

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

**Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)**

**10. Other assets**

	2025 AED '000	2024 AED '000
Interest receivable	133,591	91,108
Assets acquired in settlement of debt*	56,683	65,126
Cash in transit	51,536	28,610
Prepayments and deposits	9,119	8,858
Sundry assets	5,038	19,289
	<u>255,967</u>	<u>212,991</u>

\* During 2025, the Group has recorded an impairment on its assets acquired in settlement of debt amounting to AED 6,699 thousand (2024: AED 9,918 thousand).

**11. Customers' deposits and Islamic customer deposits**

	2025 AED '000	2024 AED '000
Time deposits	7,126,995	5,669,693
Current accounts	5,934,340	4,190,182
Call deposits	1,212,516	1,271,658
Savings deposits	164,385	158,306
Islamic Customer deposits	1,208,020	73,392
Margin deposits	55,612	42,585
	<u>15,701,868</u>	<u>11,405,816</u>

**12. Other liabilities**

	2025 AED '000	2024 AED '000
Interest payable	122,086	97,926
Cheques on selves	114,313	44,982
Provision for income tax (Note 24.2)	51,550	45,025
Accounts payable	27,193	28,063
Provision for employees' end of service benefits (Note 12.1)	26,245	24,469
Other staff benefits payable	4,305	1,915
Provision for expected credit loss on commitments and contingencies (Note 17)	10,113	11,146
Provision for expected credit loss on acceptance	492	230
Dividend payable	8,723	8,723
Lease liability	1,735	2,536
Deferred tax liability (Note 24.4)	1,416	738
Other	30,397	27,019
	<u>398,568</u>	<u>292,772</u>

(40)

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

**Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)**

**12. Other liabilities (continued)**

**12.1 Movement in provision for employees' end of service benefits:**

	2025 AED '000	2024 AED '000
Balance as at 1 January	24,469	21,398
Provision made during the year	3,763	3,540
Payments made during the year	(1,987)	(469)
<b>Balance as at 31 December</b>	<u>26,245</u>	<u>24,469</u>

**13. Share capital**

	2025 AED '000	2024 AED '000
Issued and fully paid: 2,000 million ordinary shares of AED 1 each (2024- 2,000 million ordinary shares of AED 1 each)	<u>2,000,000</u>	<u>2,000,000</u>

**14. Statutory reserve**

In accordance with the UAE Federal Law No (32) of 2021, as amended, and UAE Federal Decree-Law No. (6) of 2025, 10% of the profit for the year is transferred to a statutory reserve until such time as the balance in the reserve equals 50% of the paid up share capital. No profit was transferred in the current year to the statutory reserve, as it exceeds 50% of the issued share capital of the Group. This reserve is not available for distribution.

**15. General reserve**

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

**16. Impairment Reserve - General**

As per the new credit risk management standards (CRMS) issued by CBUAE, Banks must ensure that the total provision corresponding to all Stage 1 and Stage 2 exposures is not less than 1.50% of the Credit Risk weighted assets as computed under the CBUAE capital regulations. Where the collective provisions held are lower, the shortfall may be held in a dedicated non-distributable balance sheet reserve called the 'Impairment reserve-general'. The amount held in the impairment reserve-general must be deducted from the capital base (Tier 1 capital for Banks) when computing the regulatory capital.:

	2025 AED '000	2024 AED '000
<b>Impairment reserve – General (Non-distributable)</b>		
Minimum provision for Stage 1 & 2 as per CBUAE requirements	218,440	184,786
Less: Stage 1 and 2 impairment provision taken against income	(88,513)	(103,300)
<b>Shortfall in stage 1 &amp; 2 provision to meet minimum CBUAE requirements</b>	<u>129,927</u>	<u>81,486</u>
Balance of Impairment reserve - general as at 1 January	81,486	74,797
Add: Non-distributable reserve during the year (Impairment reserve-general)	48,441	6,689
<b>Balance of Impairment reserve - general as at 31 December</b>	<u>129,927</u>	<u>81,486</u>

(41)

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

**Notes to the consolidated financial statements  
for the year ended 31 December 2025 (continued)**

**17. Commitments and contingencies**

a) The contractual amounts of the Group's commitments and contingencies are as follows:

	2025 AED '000	2024 AED '000
Guarantees	1,495,983	1,510,937
Letters of credit	88,525	130,530
	<u>1,584,508</u>	<u>1,641,467</u>
Commitments to extend credit*	1,192,173	1,200,050
	<u>2,776,681</u>	<u>2,841,517</u>

\*ECL for commitments to extend credit as at 31 December 2025 amounts to AED 3,375 thousand (31 December 2024: AED 4,495 thousand) out of which AED 1,056 thousand (31 December 2024: AED 1,910 thousand) pertains to loans and advances and AED 2,319 thousand (31 December 2024: AED 2,585 thousand) pertains to contingencies and commitments.

	2025 AED '000	2024 AED '000
<b>By geographical area</b>		
Within the U.A.E.	2,687,611	2,710,381
Outside the U.A.E.	89,070	131,136
	<u>2,776,681</u>	<u>2,841,517</u>

Guarantees, which represent irrevocable assurances that the Group will make payment in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans.

Letters of credit are written undertakings by the Group on behalf of a customer authorizing a third party to draw drafts on the Group, up to a stipulated amount, under specific terms and conditions. These letters of credit are collateralized by the underlying shipments of goods to which they relate and therefore have significantly less risk.

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss, though not quantifiable, is considerably less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards.

While there is some risk associated with the remainder of commitments, the risk is viewed as low-modest, since it results firstly from the possibility of the unused portion of loan authorizations being drawn by the customer, and second, from these drawings subsequently not being repaid as due. The Group monitors the term to maturity of credit commitments because longer term commitments generally have a greater degree of risk than shorter term commitments.

(42)

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

**Notes to the consolidated financial statements  
for the year ended 31 December 2025 (continued)**

**17. Commitments and contingencies (continued)**

b) Capital commitments

At 31 December 2025, the Group has capital commitments of AED 7,225 thousand (2024: AED 5,697 thousand).

**Off balance sheet exposures stage-wise analysis**

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

	31 December 2025			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Outstanding balance	1,534,546	6,207	43,755	1,584,508
Allowances for impairment (ECL)	(9,533)	(195)	(385)	(10,113)
<b>Carrying amount</b>	<u>1,525,013</u>	<u>6,012</u>	<u>43,370</u>	<u>1,574,395</u>

	31 December 2024			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Outstanding balance	1,589,266	6,412	45,789	1,641,467
Allowances for impairment (ECL)	(10,740)	(76)	(330)	(11,146)
<b>Carrying amount</b>	<u>1,578,526</u>	<u>6,336</u>	<u>45,459</u>	<u>1,630,321</u>

Movement in the gross balance of commitment and contingencies:

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
<b>Outstanding balance</b>				
Gross carrying amount – 31 December 2024	1,589,266	6,412	45,789	1,641,467
Increase in commitments	290,447	3,474	-	293,921
Decrease in commitments	(344,714)	(4,219)	(1,947)	(350,880)
Transferred to Stage 1	158	(158)	-	-
Transferred to Stage 2	(458)	698	(240)	-
Transferred to Stage 3	(153)	-	153	-
<b>Gross carrying amount – 31 December 2025</b>	<u>1,534,546</u>	<u>6,207</u>	<u>43,755</u>	<u>1,584,508</u>

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
<b>Outstanding balance</b>				
Gross carrying amount - 31 December 2023	1,632,332	1,724	71,145	1,705,201
Increase in commitments	316,660	-	-	316,660
Decrease in commitments	(358,341)	(1,174)	(20,879)	(380,394)
Transferred to Stage 2	(1,000)	5,862	(4,862)	-
Transferred to Stage 3	(385)	-	385	-
<b>Gross carrying amount - 31 December 2024</b>	<u>1,589,266</u>	<u>6,412</u>	<u>45,789</u>	<u>1,641,467</u>

(43)

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

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

17. Commitments and contingencies (continued)

Movement in the expected credit loss of commitment and contingencies:

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
ECL allowances as at 31 December 2024	10,740	76	330	11,146
Increase in commitments	1,965	194	55	2,214
Decrease in commitments	(3,172)	(75)	-	(3,247)
Closing balance as at 31 December 2025	9,533	195	385	10,113
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
ECL allowances as at 31 December 2023	6,382	-	-	6,382
Increase in commitments	10,023	52	363	10,438
Decrease in commitments	(5,663)	23	-	(5,640)
Transfer to Stage 2	(1)	1	-	-
Transfer to Stage 3	(1)	-	1	-
Write off	-	-	(34)	(34)
Closing balance as at 31 December 2024	10,740	76	330	11,146

The provision for ECL against the off-balance sheet exposures disclosed above, amounting to AED 10,113 thousand (2024: AED 11,146 thousand) is classified under other liabilities.

Grading of commitment and contingencies along with stages:

	31 December 2025			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Performing	1,534,546	6,207	-	1,540,753
Stage 3a	-	-	943	943
Stage 3b	-	-	9	9
Stage 3c	-	-	42,803	42,803
<b>Total gross carrying amount</b>	<b>1,534,546</b>	<b>6,207</b>	<b>43,755</b>	<b>1,584,508</b>
Expected credit loss	(9,533)	(195)	(385)	(10,113)
<b>Carrying amount</b>	<b>1,525,013</b>	<b>6,012</b>	<b>43,370</b>	<b>1,574,395</b>

(44)

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

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

17. Commitments and contingencies (continued)

Grading of commitment and contingencies along with stages (continued)

	31 December 2024			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Performing	1,589,266	6,412	-	1,595,678
Stage 3a	-	-	1,840	1,840
Stage 3c	-	-	43,949	43,949
<b>Total gross carrying amount</b>	<b>1,589,266</b>	<b>6,412</b>	<b>45,789</b>	<b>1,641,467</b>
Expected credit loss	(10,740)	(76)	(330)	(11,146)
<b>Carrying amount</b>	<b>1,578,526</b>	<b>6,336</b>	<b>45,459</b>	<b>1,630,321</b>

18. Interest income and expense

	2025 AED '000	2024 AED '000
<b>Interest income</b>		
Loans and advances	511,774	519,664
Deposits with the Central Bank of the U.A.E.	107,760	126,362
Due from other banks	271,239	229,170
Investment in debt securities	60,546	27,229
	<b>951,319</b>	<b>902,425</b>

	2025 AED '000	2024 AED '000
--	------------------	------------------

Interest expense

Financial liabilities at amortized cost		
Customers' deposits	307,197	256,313
Other financial and non-financial liabilities	573	186
	<b>307,770</b>	<b>256,499</b>

19. Net fees and commission income

	2025 AED'000	2024 AED'000
Fees and commission income	38,722	33,175
Fees and commission expenses	(3,848)	(3,259)
<b>Net fees and commission income</b>	<b>34,874</b>	<b>29,916</b>

(45)

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

**Notes to the consolidated financial statements  
for the year ended 31 December 2025 (continued)**

**20. Other operating income**

	2025 AED '000	2024 AED '000
Recoveries from written off customers	132,726	68,227
Rental income	8,836	9,083
Foreign exchange income, net	7,297	5,357
Other	5,581	10,897
	<u>154,440</u>	<u>93,564</u>

**21. Operating expenses**

	2025 AED '000	2024 AED '000
Staff expenses	132,613	113,492
Depreciation (Note 9)	16,301	13,526
Information technology expenses	21,866	17,587
Occupancy costs	8,481	9,082
Professional fees	7,942	6,725
Directors' remuneration	3,000	3,000
Other	21,391	16,369
	<u>211,594</u>	<u>179,781</u>

**22. Investment gains**

	2025 AED '000	2024 AED '000
Dividend income	62,623	54,405
Fair value gains on investment securities at FVTPL	(1,077)	703
Foreign exchange revaluation	-	(3)
Other investment income	1,150	-
	<u>62,696</u>	<u>55,105</u>

**23. Net impairment losses**

	2025 AED'000	2024 AED'000
Loans and advances and Islamic financing receivables	52,229	85,642
Due from other banks	(2,486)	2,280
Investment securities	(774)	1,826
Acceptances and off-balance sheet items	(771)	4,697
Impairment of other assets	11,362	9,918
	<u>59,560</u>	<u>104,363</u>

(46)

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

**Notes to the consolidated financial statements  
for the year ended 31 December 2025 (continued)**

**24. Income tax expense**

The components of income tax expense recognized in the financial statements are as follows:

	2025 AED'000	2024 AED'000
<b>Consolidated income statement</b>		
Current tax charge(Note 24.2)	51,550	44,755
<b>Consolidated statement of comprehensive income</b>		
Deferred tax charge on unrealized gain on revaluation of FVOCI equity (Note 24.4)	678	738
<b>Consolidated statement of changes in equity</b>		
Current tax charge on realized gain of FVOCI equity	-	270

**24.1 Reconciliation of the total tax charge**

	2025 AED'000	2024 AED'000
<b>Accounting profit before tax</b>	632,299	550,781
Tax at statutory income tax rate of 9%	56,907	49,570
Add: Non-deductible expenses	266	61
Add: Share of loss from an associate	23	28
Income not subject to tax	(5,646)	(4,904)
<b>Income tax expense reported in the consolidated income statement</b>	<u>51,550</u>	<u>44,755</u>
<b>Effective tax rate</b>	<u>8.15%</u>	<u>8.13%</u>

**24.2 Movement in current tax provision**

	2025 AED '000	2024 AED '000
Balance as at 1 January	45,025	-
Provision made during the year	51,550	45,025
Payments made during the year	(45,025)	-
Balance as at 31 December ( Note 12)	<u>51,550</u>	<u>45,025</u>

**24.3 Deferred tax**

	Consolidated statement of financial position		Consolidated statement of comprehensive income	
	2025 AED '000	2024 AED '000	2025 AED '000	2024 AED '000
Revaluation of financial investments - equity instruments at fair value through OCI	1,416	738	678	738
<b>Deferred tax expense</b>			<u>678</u>	<u>738</u>
<b>Net deferred tax liabilities</b>	<u>1,416</u>	<u>738</u>		

(47)

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

**Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)**

**24. Income tax expense(continued)**

**24.4 Movement in deferred tax provision**

	2025 AED '000	2024 AED '000
Balance as at 1 January	738	-
Tax expense during the period recognised in OCI	678	738
<b>Balance as at 31 December (Note 12)</b>	<b>1,416</b>	<b>738</b>

**25. Basic and diluted earnings per share**

The basic earnings per share is calculated by dividing the profit attributable to shareholders by the average number of ordinary shares in issue during the year.

	2025	2024
Profit for the year in AED	580,749,000	506,026,000
Average number of shares in issue	2,000,000,000	2,000,000,000
Basic earnings per share in AED	0.29	0.25

There were no potentially dilutive shares as at 31 December 2025 and 2024.

**26. Dividend per share**

Payment of cash dividend of 20% of the share capital amounting to AED 400,000 thousand for year ended 31 December 2025 has been approved by the UAE Central Bank. (2024 : 18% of the share capital amounting to AED 360,000 thousand).

**27. Related party transactions**

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

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

	2025 AED'000	2024 AED'000
<b>Transactions during the year</b>		
Interest income	442	2,336
Interest expense	187,867	166,585
Other income	155	146
Directors' and key management personnel's remuneration	8,696	8,209

The Group has entered into transactions with related parties which were made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with third parties.

(48)

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

**Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)**

**27. Related party transactions (continued)**

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

	2025 AED'000	2024 AED'000
<b>Balances with major shareholders</b>		
Loans and advances	-	345
Deposits	6,550,591	4,887,348
Irrevocable commitments and contingent liabilities	3,270	3,022
<b>Balances with directors and related companies</b>		
Loans and advances	18,707	9,119
Deposits	164,521	174,958
Irrevocable commitments and contingent liabilities	99,882	103,827
<b>Balances with key management personnel</b>		
Loans and advances	387	60
Deposits	400	651
Irrevocable commitments and contingent liabilities	95	85

The loans and advances and Islamic financing receivables given to related parties and key management personnel have been secured against collateral amounting to AED 11,920 thousand (31 December 2024: AED 15,770 thousand). All loans and advances to related parties are classified as Stage 1 (31 December 2024: Stage 1) with corresponding ECL of AED 269 thousand (31 December 2024: AED 384 thousand).

**28. Cash and cash equivalents**

	2025 AED '000	2024 AED '000
Cash and balances with the Central bank of the U.A.E. (Note 4)	2,736,567	2,590,559
Due from other banks (Note 5)	7,413,158	5,297,564
	<b>10,149,725</b>	<b>7,888,123</b>
Statutory cash reserve deposit (Note 4)	(1,090,840)	(755,039)
Due from other banks with original maturity over 3 months	(6,017,983)	(1,830,203)
	<b>3,040,902</b>	<b>5,302,881</b>

(49)

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

#### Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

##### 29. Business segments

The Group is organized into two main business segments:

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

Treasury and investments - incorporating the activities of the dealing room, related money market, foreign exchange transactions with other banks and financial institutions including the Central Bank of the U.A.E and operations by the Bank's Head Office as a whole, none of which mutually constitute a separately reportable segment.

Others- Other consists of assets, liabilities, income and expenses attributable to either head office or not directly related to business segments.

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

##### Primary segment information

	Retail and corporate banking AED'000	Treasury and investments AED'000	Others AED'000	Total AED'000
<b>31 December 2025</b>				
Net interest income and income from Islamic products net of distribution to depositors	255,478	396,274	(52)	651,700
Net fees and commission income	32,079	1,304	1,491	34,874
Other operating income	137,862	6,570	10,008	154,440
<b>Gross income</b>	<b>425,419</b>	<b>404,148</b>	<b>11,447</b>	<b>841,014</b>
Operating expenses	(53,226)	(3,091)	(155,277)	(211,594)
Investment gains	-	61,996	700	62,696
Share of loss from an associate	-	-	(257)	(257)
Provision for impairment on financial assets and non-financial assets	(63,920)	4,360	-	(59,560)
Income tax expense	-	-	(51,550)	(51,550)
<b>Segment result</b>	<b>308,273</b>	<b>467,413</b>	<b>(194,937)</b>	<b>580,749</b>
<b>Segment assets</b>	<b>11,420,796</b>	<b>11,143,662</b>	<b>325,474</b>	<b>22,889,932</b>
<b>Segment liabilities and equity</b>	<b>15,278,447</b>	<b>-</b>	<b>7,611,485</b>	<b>22,889,932</b>

(50)

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

#### Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

##### 29. Business segments (continued)

##### Primary segment information (continued)

	Retail and corporate banking AED'000	Treasury and investments AED'000	Others AED'000	Total AED'000
<b>31 December 2024</b>				
Net interest income and income from Islamic products net of distribution to depositors	282,925	373,800	(76)	656,649
Net fees and commission income	27,309	542	2,065	29,916
Other operating income	74,353	5,833	13,378	93,564
<b>Gross income</b>	<b>384,587</b>	<b>380,175</b>	<b>15,367</b>	<b>780,129</b>
Operating expenses	(47,609)	(2,074)	(130,098)	(179,781)
Investment gains	-	55,105	-	55,105
Share of loss from an associate	-	-	(309)	(309)
Provision for impairment on financial assets and non-financial assets	(100,101)	(4,262)	-	(104,363)
Income tax expense	-	-	(44,755)	(44,755)
<b>Segment result</b>	<b>236,877</b>	<b>428,944</b>	<b>(159,795)</b>	<b>506,026</b>
<b>Segment assets</b>	<b>8,155,782</b>	<b>9,439,113</b>	<b>285,565</b>	<b>17,880,460</b>
<b>Segment liabilities and equity</b>	<b>10,915,159</b>	<b>-</b>	<b>6,965,301</b>	<b>17,880,460</b>

##### 30. Classification and fair value of financial and non-financial instruments

Assets	At amortised cost AED'000	At FVTPL AED'000	At FVOCI AED'000	Non-financial instruments AED'000	Total AED'000
<b>31 December 2025</b>					
Cash and balances with the Central Bank of the U.A.E.	2,736,567	-	-	-	2,736,567
Due from other banks	7,412,185	-	-	-	7,412,185
Loans and advances and Islamic financing receivables	9,064,722	-	-	-	9,064,722
Investment securities	1,715,463	23,382	1,372,972	-	3,111,817
Customers' acceptances	239,168	-	-	-	239,168
Property and equipment	-	-	-	69,506	69,506
Other assets	190,165	-	-	65,802	255,967
<b>Total assets</b>	<b>21,358,270</b>	<b>23,382</b>	<b>1,372,972</b>	<b>135,308</b>	<b>22,889,932</b>

(51)

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

**Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)**

**30. Classification and fair value of financial and non-financial instruments (continued)**

	At amortised cost AED'000	At FVTPL AED'000	At FVOCI AED'000	Non-financial instruments AED'000	Total AED'000
<b>31 December 2024</b>					
Cash and balances with the Central Bank of the U.A. E	2,590,559	-	-	-	2,590,559
Due from other banks	5,294,105	-	-	-	5,294,105
Loans and advances and Islamic financing receivables	7,775,670	-	-	-	7,775,670
Investment securities	659,316	24,613	1,054,695	-	1,738,624
Customers' acceptances	195,937	-	-	-	195,937
Investment in an associate	-	-	-	252	252
Property and equipment	-	-	-	72,322	72,322
Other assets	139,007	-	-	73,984	212,991
<b>Total assets</b>	<b>16,654,594</b>	<b>24,613</b>	<b>1,054,695</b>	<b>146,558</b>	<b>17,880,460</b>

<b>Liabilities</b>	<b>At amortised Cost AED'000</b>	<b>Non-financial instruments AED'000</b>	<b>Total AED'000</b>
<b>31 December 2025</b>			
Customers' deposits and Islamic customer deposits	15,701,868	-	15,701,868
Customers' acceptances	239,168	-	239,168
Other liabilities	302,713	95,855	398,568
<b>Total liabilities</b>	<b>16,243,749</b>	<b>95,855</b>	<b>16,339,604</b>
<b>31 December 2024</b>			
Customers' deposits and Islamic customer deposits	11,405,816	-	11,405,816
Customers' acceptances	195,937	-	195,937
Other liabilities	206,713	86,059	292,772
<b>Total liabilities</b>	<b>11,808,466</b>	<b>86,059</b>	<b>11,894,525</b>

The Group has not designated any liabilities as FVOCI or FVTPL as at 31 December 2025 and 2024.

**Fair value measurements**

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

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

**Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)**

**30. Classification and fair value of financial and non-financial instruments (continued)**

**Fair value measurements (continued)**

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

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

*Fair value of financial instruments measured at amortised cost*

The fair value of the quoted debt instruments at amortised cost as at 31 December 2025 amounted to AED 1,739,353 thousand (31 December 2024: AED 659,789 thousand). The fair value determination of the quoted debt instruments will fall under level 1 category wherein fair value is determined based on inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Except as detailed above, the management considers that the carrying amounts of financial assets and liabilities measured at amortised cost in the consolidated financial statements approximate their fair values.

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

The fair values of financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used for the year ended 31 December 2024.

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

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

	Fair value as at		Fair value hierarchy
	31 December 2025 AED '000	31 December 2024 AED '000	
<b>Financial assets</b>			
<b>Financial assets at FVTPL</b>			
Quoted equity Securities	22,995	24,366	Level 1
Discretionary funds managed by third parties – quoted equity securities	387	247	Level 1
<b>Financial assets at FVOCI</b>			
Quoted equity securities	1,316,049	1,003,809	Level 1
Unquoted equity securities	1,193	1,193	Level 3
Unquoted equity securities	55,730	49,693	Level 2
Positive fair value of derivatives	92	16	Level 2
Negative fair value of derivatives	12	1	Level 2

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

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

**Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)**

**31. Financial risk management**

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Group's financial performance. The Group's exposure can be broadly categorized into the following defined Material Risks:

- Credit risk
- Liquidity risk
- Market risk (includes currency risk and interest rate risk)
- Operational risk (includes risks arising from Group's processes, personnel, technology, legal, regulatory requirements and information security risks)

Reputational and strategic business risks are interrelated to the above defined Material Risks. These risks are considered through the Group's strategic planning and general risk management activities. NBQ risk management strategy is focused on ensuring awareness, measurement and appropriate oversight to these defined material risks. The Group remains focused in further developing its enterprise risk management culture, practices and processes proactively on an ongoing basis.

The Group has complied with the 'Capital Adequacy Regulations' issued by the Central Bank of the U.A.E. Relevant information / details have been disclosed in note 36.

**Credit risk**

The Group assumes credit risk as part of its lending operations, which is identified as the risk that the counterparty will cause a financial loss for the Group by failing to discharge an obligation. Credit risk exposures arise principally in loans and advances, due from banks and investment securities measured at amortized cost. There is also credit risk in off-balance sheet financial arrangements such as letters of credit, guarantees and undrawn loan commitments. The credit risk management and control are centralized within the Credit Risk Department guided by the following objectives:

- To measure, monitor and mitigate credit risks both at micro as well as macro level.
- To facilitate building and sustaining a high quality credit portfolio and minimize losses.
- Identification of early warning signals and timely corrective action.

*Credit Risk Mitigation*

The Bank relies on primary cash flows and secondary cash flows to assess repayment capacity of the Borrowers. While good repayment capacity is a key requirement, for any unforeseen circumstances, the Bank looks for alternate sources of recovery such as credit insurance, personal guarantee, corporate guarantee, collateral etc based on assessment of each borrower.

Collateral - It is a common practice to obtain collateral securities to safeguard the interest of the Group in case of default. Such mitigant are backed by proper documentation and legally binding agreements. The most common forms of tangible securities accepted by the Group are land and building, listed equity shares, fixed deposits under lien, vehicles etc.

Other comforts - personal guarantees and corporate guarantees are also taken as comfort, wherever deemed essential.

*Significant increase in credit risk*

The Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime ECL rather than 12-month ECL.

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

**Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)**

**31. Financial risk management (continued)**

**Credit risk (continued)**

*Internal credit risk ratings*

To assess the creditworthiness of the borrowers, the Group has in place an internal credit risk rating system. The Group's credit risk grading framework comprises 15 categories. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The nature of the exposure and type of borrower are considered in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

The credit risk grades are designed and calibrated to reflect the risk of default as credit risk deteriorates. As the credit risk increases the difference in risk of default between grades changes. Each exposure is allocated to a credit risk grade at initial recognition, based on the available information about the counterparty. All exposures are monitored and the credit risk grade is updated to reflect current information. The monitoring procedures followed are both general and tailored to the type of exposure. The following data are typically used to monitor the Group's exposures:

- Payment record, including payment ratios and ageing analysis;
- Changes in business, financial and economic conditions;
- Information obtained by periodic review of customer files including audited financial statements review
- Extent of utilization of granted limit;

The Group uses credit risk grades as a primary input into the determination of the term structure of the PD for exposures. The table below provides a mapping of the Group's internal credit risk grades:

Group's credit risk grades	Grade	Description
1	AAA	Substantially Risk Free
2	AA+	Low Risk
3	AA	Minimal Risk
4	AA-	Modest Risk
5	A+	Average Risk
6	A	Above Average Risk
7	A-	Medium Risk
8	BBB	Medium to High Risk
9	BB+	Moderately High Risk
10	BB	Significant Risk
11	B+	Watchlist
12	B	Watchlist
13	C	Stage 3a
14	D	Stage 3b
15	E	Stage 3c

The Group analyses all historical default data collected in the past several years and uses statistical models to estimate the forward-looking PDs. The Modelling also includes macro-economic data such as GDP growth, Real Estate prices, oil prices, occupancy rates etc. The Group generates a 'base case' scenario of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The Group then uses these forecasts, which are probability-weighted, to adjust its estimates of PDs.

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

**Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)**

**31. Financial risk management (continued)**

**Credit risk (continued)**

*Incorporation of forward-looking information*

The Group uses forward-looking information in its measurement of ECL. The Group use external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

The Group applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome and consists of information used by the Group for strategic planning and budgeting. The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Predicted relationships between the macro-economic indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data.

*Measurement of ECL*

The key inputs used for measuring ECL are:

- Probability of default (PD);
- Loss given default (LGD); and
- Exposure at default (EAD).

These elements are derived from internally developed statistical models based on historical data and data available from reliable sources. They are adjusted to reflect probability-weighted forward-looking information.

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. PDs applied to various categories of counterparties and exposures is based on internal and external ratings and stage of the counterparty. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors.

LGD is an estimate of the magnitude of loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral. The LGD models for secured assets consider forecasts of future collateral valuation taking into account sale discounts, time to realization of collateral, cross- collateralization, seniority of claim and cost of realization of collateral. LGD models for unsecured assets consider time of recovery & recovery rates. The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the loan.

EAD represents the expected exposure at a future default date. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation and payment of principal and interest. The EAD of a financial asset will be the gross carrying amount at default. For lending commitments and financial guarantees, the EAD will consider the amount drawn, as well as potential future amounts that may be drawn or repaid under the contract, which will be estimated based on credit conversion factors.

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

**Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)**

**31. Financial risk management (continued)**

**Credit risk (continued)**

*The measurement of ECL is based on probability weighted average credit loss*

Weighted average ECL is calculated considering base case, upside and downside scenarios multiplied by the associated scenario weightings, at the contract level for reflection of the ECL impact in the books of accounts.

The most significant period-end assumptions used for ECL estimate as at 31 December 2025 are set out below. The scenarios base case, upside and downside were used for all portfolios keeping in view the following principal macroeconomic variables:

Macroeconomic variables	Scenario	Assigned probabilities	2025	2026	2027	2028
Real Gross Domestic Product [GDP] - Market exchange rate YoY change (%)	Base case	40%	4.79%	5.38%	4.31%	4.40%
	Upside	30%	4.79%	7.23%	5.80%	4.43%
	Downside	30%	4.79%	0.45%	-2.30%	5.62%
International reserves - Official reserve assets Lag 3Q	Base case	40%	233.27	274.16	275.84	262.90
	Upside	30%	233.27	275.22	282.74	271.18
	Downside	30%	233.27	262.96	192.27	206.91
ADX General Index QoQ change	Base case	40%	185.96	(31.23)	15.51	39.91
	Upside	30%	185.96	141.34	7.25	22.92
	Downside	30%	185.96	(889.01)	66.04	184.86

*Sensitivity analysis*

If the scenario weightage for above macro economic variables were to change by using 5% increase in Downturn Scenarios weightage and 5% decrease in Upturn scenario's weightage, will change Stage 1&2 ECL by following percentage point.

Change in ECL	Downturn scenario increased by 5% upturn scenario reduced by 5%
Stage 1	4.34% +
Stage 2	2.32% +

*Credit quality*

The credit quality of the loans and advances and Islamic financing receivables is managed by the Group using internal credit ratings comprising 15 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 U.A.E guidelines.

An analysis of the Group's credit risk exposure per class of financial asset and "stage" without taking into account the effects of any collateral or other credit enhancements along with a summary of the movement in provision for expected credit loss on financial instruments by category is provided note 6 for loans and advances and Islamic financing, note 5 for due from other banks, note 7 for investment securities and note 17 for commitments and contingencies.

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

#### Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

##### 31. Financial risk management (continued)

###### Settlement risk

The Group's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of the counterparty to honor its obligations to deliver cash, securities or other assets as contractually due. Any delays (if any) in settlement are monitored and quantified as part of the Group's Credit Risk Management.

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

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

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

The Group manages credit exposure by obtaining security where appropriate.

The amount and type of collateral depends on assessments of the credit risk of the counterparty. The types of collateral mainly include cash, guarantees, pledge over listed shares and mortgage and liens over properties or other securities over assets. Collateral generally is not held against non-trading investments and due from banks and financial institutions.

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

Estimates of fair value are generally assessed on a periodic basis in accordance with the respective credit policies an estimate of fair value of collateral and other security enhancements held against the loan and Islamic financing portfolio is shown on below:

	Funded balance AED'000	Non-funded balance AED'000	Immovable collateral AED'000	Other collateral AED'000	Total collateral AED'000
<b>2025</b>					
Stage1	8,649,451	1,773,011	11,073,218	1,578,991	12,652,209
Stage2	473,519	6,910	992,137	2,282	994,419
Stage3	28,288	43,755	67,281	-	67,281
<b>Total</b>	<b>9,151,258</b>	<b>1,823,676</b>	<b>12,132,636</b>	<b>1,581,273</b>	<b>13,713,909</b>
<b>2024</b>					
Stage1	7,010,314	1,785,204	9,011,713	780,673	9,792,386
Stage2	629,909	6,413	1,440,839	5,897	1,446,736
Stage3	320,362	45,788	1,008,027	-	1,008,027
<b>Total</b>	<b>7,960,585</b>	<b>1,837,405</b>	<b>11,460,579</b>	<b>786,570</b>	<b>12,247,149</b>

(58)

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

#### Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

##### 31. Financial risk management (continued)

Maximum exposure to credit risk before collateral held or other credit enhancements:

	Maximum exposure	
	2025 AED'000	2024 AED'000
<i>Credit risk exposures relating to :</i>		
On-balance sheet:		
Balances with Central Bank of the U.A.E.	2,656,241	2,504,096
Due from other banks	7,412,185	5,294,105
Loans and advances and Islamic financing receivables	9,064,722	7,775,670
Customer acceptances	239,168	195,937
Investment securities	1,715,463	659,316
Other assets	190,165	139,007
<b>Total</b>	<b>21,277,944</b>	<b>16,568,131</b>
Off-balance sheet:		
Loan commitments and other off balance sheet items	2,776,681	2,841,517
<b>Total</b>	<b>24,054,625</b>	<b>19,409,648</b>

###### Concentration risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

Credit exposures to individual customers or customer groups are controlled through a tiered hierarchy of delegated approval authorities. Approval is required from the Central Bank of the U.A.E for exposures which are likely to exceed single counterparty / group limit(s), keeping in view the regulatory capital base, in accordance with the regulations of monitoring of large exposure limits issued by the Central Bank of the U.A.E. The Group monitors concentrations of credit risk by industry, sector and geographic location.

Please refer Note 6 for Loans and advances and Islamic financing receivables by economic sector. The real estate concentration ratio (Real estate credit risk weighted assets as a percentage of total credit risk weighted assets) remains well below the CBUAE stipulated real estate ratio norm of 30%.

(59)

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

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

31. Financial risk management (continued)

Credit risk and risk weights

31 December 2025

Asset classes	Credit Risk Mitigation (CRM)				Risk Weighted Assets AED '000
	Gross outstanding AED '000	Exposure before CRM AED '000	CRM AED '000	Exposure after CCF AED '000	
Claims on sovereigns	4,218,219	4,218,219	-	4,218,219	570,705
Claims on banks	8,252,249	8,252,249	234	8,231,503	3,762,873
Claims on Corporate and Government Related Enterprises (GRE's)	7,089,866	7,089,866	111,301	6,170,546	5,718,792
Claims included in the regulatory retail portfolio	1,031,236	1,031,236	632,402	1,006,061	308,570
Claims secured by commercial real estate	3,389,653	3,389,653	21,810	3,261,077	3,239,268
Past due loans	72,067	61,006	2,055	61,006	87,485
Other assets	1,659,826	1,659,826	-	1,659,826	830,286
Claims secured by residential property	34,362	34,362	-	34,222	20,542
Higher risk category	13,399	13,399	-	13,399	20,098
<b>Total claims</b>	<b>25,760,877</b>	<b>25,749,816</b>	<b>767,802</b>	<b>24,655,859</b>	<b>14,558,619</b>
<b>Total credit risk weighted assets</b>					<b>14,558,619</b>

(60)

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

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

31. Financial risk management (continued)

Credit risk and risk weights (continued)

31 December 2024

Asset classes	Credit Risk Mitigation (CRM)				
	Gross outstanding AED '000	Exposure before CRM AED '000	CRM AED '000	Exposure after CCF AED '000	Risk Weighted Assets AED '000
Claims on sovereigns	2,880,796	2,880,796	-	2,880,796	203,636
Claims on banks	5,598,441	5,598,441	232	5,598,442	2,634,405
Claims on Corporate and Government Related Enterprises (GRE's)	7,477,874	7,477,871	776,224	6,453,219	5,290,782
Claims included in the regulatory retail portfolio	408,913	406,890	5,514	383,796	345,778
Claims secured by commercial real estate	2,805,888	2,805,039	25,143	2,691,774	2,666,631
Past due loans	415,266	270,670	2,707	270,670	332,842
Other assets	1,328,311	1,328,311	-	1,328,311	783,269
Claims secured by Residential property	14,862	14,862	-	14,679	14,474
Higher risk category	31,498	31,498	-	31,498	47,248
<b>Total claims</b>	<b>20,961,849</b>	<b>20,814,378</b>	<b>809,820</b>	<b>19,653,185</b>	<b>12,319,065</b>
<b>Total credit risk weighted assets</b>					<b>12,319,065</b>

(61)

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

**Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)**

**31. Financial risk management (continued)**

**Credit risk and risk weights (continued)**

**Loans and advances and Islamic financing receivables with renegotiated terms**

A credit facility shall be defined as restructured facility if its approved credit terms are amended. Restructured accounts also include cases where a credit facility is fully settled by a simultaneous or subsequent disbursement of a new credit facility.

The Group modifies the terms of loans provided to customers from time to time, primarily in response to evolving client needs, commercial renegotiations, or the management of distressed exposures. Bank groups identifies restructured accounts either as non-distressed or distressed restructuring and follows applicable asset classification norms as per CBUAE Credit Risk Management Regulations of the Central Bank of the U.A.E. Following any modification, the credit risk of the asset is reassessed at the reporting date and compared with the credit risk under the original terms at initial recognition.

Where the Group determines that there has been a significant improvement in credit risk after restructuring, the financial asset may be transferred from Stage 3 to Stage 2 (lifetime ECL) or from Stage 2 to Stage 1 (12-month ECL). Such transfers are made only after the modified asset has demonstrated satisfactory performance in accordance with the revised terms over a specified period, in line with prevailing guidelines of Central Bank of the U.A.E.

**Write-offs**

Financial assets are written off when there is no reasonable expectation of recovery.

If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss as "Other income".

**Market risk**

The Group understands the potential impact of market fluctuations and is vigilant about market risk, which refers to potential losses caused by changes in interest rates, currency exchange rates and security prices. These fluctuations can affect the value of our on-and-off-balance sheet positions, impacting the financial stability of the Group.

To mitigate market and liquidity risks, the Market Risk Unit (MRU) of the Group assesses the potential threats and provides a comprehensive analysis to the Asset and Liability Management Committee (ALCO) on a monthly basis.

Under Market Risk Management, the Group computes VaR and Stressed VaR on Equity Portfolio. Similarly for Bond Portfolio, DV01 is computed. MRU reports these market risk metrics along with other investment and liquidity ratios on a daily basis to senior management and concerned departments. These metrics are monitored against Board approved risk appetite limits.

MRU conducts independent price verification of Equities on daily basis as a prudent measure. Bank conducts Stress testing on market risk portfolios such as Equity, Bond, FX-open positions under various scenarios.

**Liquidity Risk**

Liquidity Risk poses a constant challenge to the Group's ability to fulfil its financial obligations promptly. This risk may arise from market disruptions, credit downgrades or reputational risks that affect funding sources as well as anticipated inflows from Credit and Investment Portfolio. To mitigate these challenges the bank adopts a strategy of diversifying the funding sources and strategically managing assets with a focus on liquidity.

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

**Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)**

**31. Financial risk management (continued)**

**Liquidity Risk (continued)**

While Treasury department manages liquidity and funding, the MRU monitors and reports relevant metrics against the board approved risk limits, in alignment with the Bank's established Risk Appetite Statement.

In accordance with the regulations of the Central Bank of U.A.E. and compliance with Basel III requirements, the Group vigilantly tracks the Eligible Liquid Assets Ratio (ELAR) and Advances to Stable Resources Ratio (ASRR). Additionally, as a prudent measure MRU computes Structural Liquidity Ratio statement (SLR) to monitor the gaps versus limits across various time buckets along with other liquidity risk ratios.

Stress testing is used to describe and evaluate the impact of various stress events on Group's Net liquidity Position. In addition, the Group has established a Contingency Funding Plan designed to effectively manage the liquidity in critical stress situations by monitoring the early warning indicators.

**Interest Rate Risk**

Interest Rate Risk represents a critical financial challenge for the Group. It refers to the potential impact of changes in market interest rates on the Bank's capital and earnings. When market interest rates fluctuate, the value of assets, liabilities, and overall profitability can be significantly affected. Although interest rate risk arises in all types of financial instruments, it is most pronounced in debt instruments. MRU is assessing the interest rate impact on bond portfolio through DV01 metric.

The Bank manages its interest rate sensitivity position based on the timing differences in the maturity or repricing of assets and liabilities. MRU of the bank measures the impact of interest rate movement on capital and earnings by using the Economic Value of Equity (EVE) and Net Interest Income (NII) methodology. The impact on EVE and NII is computed monthly, and the results are presented to ALCO and on a quarterly basis to the Board Risk Committee.

In addition, the Market Risk Unit (MRU) conducts behavioral studies for Interest Rate Risk, taking into account historical customer behavior and prevailing market conditions. For Interest Rate Risk, the analysis includes metrics such as Conditional Prepayment Rate (CPR), Term Deposit Retention Rate (TDRR), and Non-Maturity Deposits (NMD).

Note 33 summarizes the Group's exposure to interest rate risk.

**Currency Risk**

Currency risk is the potential financial loss that arises from changes in the relative value of currencies. The Bank is exposed to fluctuations in the prevailing foreign exchange rates, which can affect its financial position and cash flow. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intraday positions, which are monitored by Treasury Department. MRU independently monitors the Net Open Position (NOP) and performs stress testing (quarterly basis) on NOP by applying shocks to FX rates. Note 34 summarizes the Group's exposure to foreign currency exchange risk.

**Operational risk**

Operational risk is the potential exposure/ risk of loss resulting as financial, reputational or other damage arising from inadequate or failed internal processes, people, systems or external events. The Group has implemented a detailed Operational Risk Policies and Procedures in accordance with Basel guidelines. This clearly articulates the roles and responsibilities of Business units and committees across the NBQ involved in the management of various operational risk elements. The Operational Risk Management Policies/ Procedures ensures that the operational risks within NBQ are properly identified, monitored, reported and actively managed. The key elements includes Risk Reviews, Risk & Control self-Assessment, Ops Loss Data management, Key Risk Indicators (KRI), Controls testing, Issues & Actions Management and Management Reporting. This fully encompasses and integrates elements of Fraud Risk Prevention.

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

### Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

#### 31. Financial risk management (continued)

##### Operational risk (continued)

Business and support units are responsible for managing operational risks within their respective functional areas. They operate within the Group's operational risk management framework and ensure that risk is being pro-actively identified, monitored, reported and managed within their scope of work. The day-to-day operational risks are also managed through the adoption of multi-layers of defense and procedures to monitor transactions, positions and documentation, as well as maintenance of key backup procedures and business contingency plan which are regularly assessed and tested.

The role of the Internal Audit Function within the Group is to provide independent and objective assurance that the process for identifying, evaluating and managing significant risks faced by the Group is appropriate and effectively applied. In addition, it also provides an independent check on the compliance with laws and regulations and measuring compliance with the Group's policies and procedures. Additionally, Internal Audit provides consulting services which are advisory in nature and are generally performed at the specific request of the Senior Management.

It is led by the Head of Internal Audit who reports to the Audit Committee of the Board, with administrative reporting line to the Chief Executive Officer. To perform its role effectively, Internal Audit has organizational independence from management, to enable unrestricted evaluation of management activities and personnel.

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

**Notes to the consolidated financial statements  
for the year ended 31 December 2025 (continued)**

**32. Liquidity risk**

The maturities of assets and liabilities have been determined on the basis of contractual maturity. The bank has used behavioral assumptions when there is no defined maturity. The table below sets out the Group's assets, liabilities, equity at carrying amounts and off balance sheet items, categorised by the earlier of contractual repricing or maturity dates.

**Maturity profile:**

**Assets**

**31 December 2025**

	Up to 1 month AED'000	1 month - 3 months AED'000	3 months - 1 year AED'000	1 year - 5 years AED'000	Over 5 Years and with no contractual maturity AED'000	Total AED'000
Cash and balances with the Central Bank of U.A. E	1,448,572	49,790	147,365	1,090,840	-	2,736,567
Due from other banks	1,844,153	832,548	3,201,409	1,534,075	-	7,412,185
Loans and advances and Islamic financing receivables	324,848	466,451	780,123	5,393,677	2,099,623	9,064,722
Investment securities	418,906	44,003	1,105,436	1,496,016	47,456	3,111,817
Customers' acceptances	41,234	74,387	123,547	-	-	239,168
Other financial assets	61,686	45,158	80,405	2,916	-	190,165
Non-financial assets	17,892	13,098	31,420	38,145	34,753	135,308
<b>Total</b>	<b>4,157,291</b>	<b>1,525,435</b>	<b>5,469,705</b>	<b>9,555,669</b>	<b>2,181,832</b>	<b>22,889,932</b>

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

**Notes to the consolidated financial statements  
for the year ended 31 December 2025 (continued)**

**32. Liquidity risk (continued)**

**Maturity profile (continued)**

Assets

31 December 2024

	Up to 1 month AED'000	1 month - 3 months AED'000	3 months - 1 year AED'000	1 year - 5 years AED'000	Over 5 Years and with no contractual maturity AED'000	Total AED'000
Cash and balances with the Central Bank of U.A. E	1,622,793	66,438	146,289	755,039	-	2,590,559
Due from other banks	2,107,085	1,359,126	895,269	932,625	-	5,294,105
Loans and advances and Islamic financing Receivables	840,588	396,629	952,894	3,768,742	1,816,817	7,775,670
Investment securities	323,792	91,673	835,519	440,188	47,452	1,738,624
Customers' acceptances	53,486	69,854	72,597	-	-	195,937
Other financial assets	139,007	-	-	-	-	139,007
Non-financial assets	-	-	73,984	36,161	36,413	146,558
<b>Total</b>	<b>5,086,751</b>	<b>1,983,720</b>	<b>2,976,552</b>	<b>5,932,755</b>	<b>1,900,682</b>	<b>17,880,460</b>

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

**Notes to the consolidated financial statements  
for the year ended 31 December 2025 (continued)**

**32. Liquidity risk (continued)**

**Liabilities, equity and off-balance sheet items**

**31 December 2025**

	Up to 1 month AED'000	1 month - 3 months AED'000	3 months - 1 year AED'000	1 year - 5 years AED'000	Over 5 Years and with no contractual maturity AED'000	Total AED'000
Customers' deposits and Islamic customer deposits	4,246,132	1,305,529	5,370,041	3,570,839	1,209,327	15,701,868
Customers' acceptances	41,234	74,387	123,547	-	-	239,168
Other financial liabilities	44,149	32,321	152,395	73,848	-	302,713
Non-financial liabilities	16,245	11,893	28,528	39,189	-	95,855
Shareholders' equity	-	-	-	-	6,550,328	6,550,328
<b>A. Total on-balance sheet items</b>	<b>4,347,760</b>	<b>1,424,130</b>	<b>5,674,511</b>	<b>3,683,876</b>	<b>7,759,655</b>	<b>22,889,932</b>
Forward rate contracts	56,081	12,266	-	-	-	68,346
Guarantees	-	-	-	-	1,584,508	1,584,508
Unavailed limits	623,108	-	569,065	-	-	1,192,173
<b>B. Total off-balance sheet items</b>	<b>679,187</b>	<b>12,266</b>	<b>569,065</b>	<b>-</b>	<b>1,584,508</b>	<b>2,845,026</b>
<b>Grand total [A+B]</b>	<b>5,026,947</b>	<b>1,436,396</b>	<b>6,243,576</b>	<b>3,683,876</b>	<b>9,344,163</b>	<b>25,734,958</b>

(67)

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

**Notes to the consolidated financial statements  
for the year ended 31 December 2025 (continued)**

**32. Liquidity risk (continued)**

**Liabilities, equity and off balance sheet items (continued)**

31 December 2024

	Up to 1 month AED'000	1 month - 3 months AED'000	3 months - 1 year AED'000	1 year - 5 years AED'000	Over 5 Years and with no contractual maturity AED'000	Total AED'000
Customers' deposits and Islamic customer deposits	3,077,015	522,146	3,765,051	4,041,312	292	11,405,816
Customers' acceptances	53,486	69,854	72,597	-	-	195,937
Other financial liabilities	44,290	57,342	24,357	-	80,724	206,713
Non-financial liabilities	-	-	58,316	2,536	25,207	86,059
Shareholders' equity	-	-	-	-	5,985,935	5,985,935
<b>A. Total on-balance sheet items</b>	<b>3,174,791</b>	<b>649,342</b>	<b>3,920,321</b>	<b>4,043,848</b>	<b>6,092,158</b>	<b>17,880,460</b>
Forward rate contracts	24,166	11,504	-	-	-	35,670
Guarantees	48	-	144	-	-	192
Unavailed limits	630,234	65,749	463,989	-	-	1,159,972
<b>B. Total off-balance sheet items</b>	<b>654,448</b>	<b>77,253</b>	<b>464,133</b>	<b>-</b>	<b>-</b>	<b>1,195,834</b>
<b>Grand total [A+B]</b>	<b>3,829,239</b>	<b>726,595</b>	<b>4,384,454</b>	<b>4,043,848</b>	<b>6,092,158</b>	<b>19,076,294</b>

(68)

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

### Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

#### 32. Liquidity risk (continued)

##### Analysis of financial liabilities by remaining contractual maturities

The table below summarizes the maturity profile of the Group's financial liabilities at 31 December 2025 based on contractual undiscounted repayment obligations. The bank has used behavioural assumptions when there is no defined maturity.

##### 31 December 2025

	Carrying amount AED 000	Gross nominal outflows AED 000	Within 3 months AED 000	Over 3 months to 1 year AED 000	Over 1 year to 3 years AED 000	Over 3 years to 5 years AED 000	Over 5 years AED 000
Financial liabilities							
Customer deposits and Islamic customer deposits	15,701,868	16,429,572	5,756,800	5,473,412	2,293,605	1,696,428	1,209,327
	<u>15,701,868</u>	<u>16,429,572</u>	<u>5,756,800</u>	<u>5,473,412</u>	<u>2,293,605</u>	<u>1,696,428</u>	<u>1,209,327</u>
Letters of credit and guarantees	1,584,508	1,584,508	1,124,383	327,255	126,162	6,355	353
	<u>1,584,508</u>	<u>1,584,508</u>	<u>1,124,383</u>	<u>327,255</u>	<u>126,162</u>	<u>6,355</u>	<u>353</u>
31 December 2024							
	Carrying amount AED 000	Gross nominal outflows AED 000	Within 3 months AED 000	Over 3 months to 1 year AED 000	Over 1 year to 3 years AED 000	Over 3 years to 5 years AED 000	Over 5 years AED 000
Financial liabilities							
Customer deposits and Islamic customer deposits	11,405,816	11,619,215	3,636,874	3,921,664	3,833,523	226,841	313
	<u>11,405,816</u>	<u>11,619,215</u>	<u>3,636,874</u>	<u>3,921,664</u>	<u>3,833,523</u>	<u>226,841</u>	<u>313</u>
Letters of credit and guarantees	1,145,397	1,145,397	663,431	436,147	45,518	300	-
	<u>1,145,397</u>	<u>1,145,397</u>	<u>663,431</u>	<u>436,147</u>	<u>45,518</u>	<u>300</u>	<u>-</u>

(69)

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

**Notes to the consolidated financial statements  
for the year ended 31 December 2025 (continued)**

**32. Liquidity risk (continued)**

**Analysis of financial liabilities by remaining contractual maturities (continued)**

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

	2025			2024		Notional Value AED'000
	Positive fair value AED'000	Negative fair value AED'000	Notional Value AED'000	Positive fair value AED'000	Negative fair value AED'000	
Derivatives						
Foreign currency forward contracts	92	(12)	16,833	16	(1)	14,467
	<u>92</u>	<u>(12)</u>	<u>16,833</u>	<u>16</u>	<u>(1)</u>	<u>14,467</u>

**33. Interest rate risk**

The Group is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The table below sets out the Group's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates:

	Less than 3 months AED'000	From 3 months to 1 year AED'000	Over 1 year AED'000	Non-interest bearing AED'000	Total AED'000
	<b>At 31 December 2025</b>				
<b>Financial assets</b>					
Cash and balances with Central bank of U.A. E	1,373,769	147,365	-	1,215,433	2,736,567
Due from other banks	3,712,355	3,261,975	414,011	23,844	7,412,185
Loans and advances and Islamic receivables	4,030,941	4,478,574	555,207	-	9,064,722
Investment securities	44,003	127,988	1,543,472	1,396,354	3,111,817
Customers' acceptances	-	-	-	239,168	239,168
Other financial assets	-	-	-	190,165	190,165
<b>Total</b>	<u>9,161,068</u>	<u>8,015,902</u>	<u>2,512,690</u>	<u>3,064,964</u>	<u>22,754,624</u>
<b>Financial liabilities</b>					
Customers' deposits and Islamic customer deposits	6,611,113	5,960,576	3,074,527	55,652	15,701,868
Customers' acceptances	-	-	-	239,168	239,168
Other financial liabilities	-	-	-	302,713	302,713
<b>Total</b>	<u>6,611,113</u>	<u>5,960,576</u>	<u>3,074,527</u>	<u>597,533</u>	<u>16,243,749</u>

(70)

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

**Notes to the consolidated financial statements  
for the year ended 31 December 2025 (continued)**

**33. Interest rate risk (continued)**

	Less than 3 months AED'000	From 3 months to 1 year AED'000	Over 1 year AED'000	Non-interest bearing AED'000	Total AED'000
	<b>31 December 2025</b>				
On balance sheet interest rate sensitivity gap	2,549,955	2,055,326	(561,837)	2,467,431	6,510,875
Off balance sheet interest rate sensitivity gap	78	-	-	2,776,681	2,776,759
<b>Cumulative interest rate sensitivity gap</b>	<u>2,550,033</u>	<u>2,055,326</u>	<u>(561,837)</u>	<u>5,244,112</u>	<u>9,287,634</u>
	Less than 3 months AED'000	From 3 months to 1 year AED'000	Over 1 year AED'000	Non-interest bearing AED'000	Total AED'000
<b>At 31 December 2024</b>					
<b>Financial assets</b>					
Cash and balances with Central bank of the U.A.E	1,689,703	-	-	900,856	2,590,559
Due from other banks	5,165,937	128,168	-	-	5,294,105
Loans and advances and Islamic receivables	5,901,662	47,366	1,826,642	-	7,775,670
Investment securities	171,676	-	487,640	1,079,308	1,738,624
Customers' acceptances	-	-	-	195,937	195,937
Other financial assets	-	-	-	139,007	139,007
<b>Total</b>	<u>12,928,978</u>	<u>175,534</u>	<u>2,314,282</u>	<u>2,315,108</u>	<u>17,733,902</u>
<b>Financial liabilities</b>					
Customers' deposits and Islamic customer deposits	5,882,608	2,987,217	559,610	1,976,381	11,405,816
Customers' acceptances	-	-	-	195,937	195,937
Other financial liabilities	-	-	-	206,713	206,713
<b>Total</b>	<u>5,882,608</u>	<u>2,987,217</u>	<u>559,610</u>	<u>2,379,031</u>	<u>11,808,466</u>
	Less than 3 months AED'000	From 3 months to 1 year AED'000	Over 1 year AED'000	Non-interest bearing AED'000	Total AED'000
On balance sheet interest rate sensitivity gap	7,046,370	(2,811,683)	1,754,672	(63,923)	5,925,436
Off balance sheet interest rate sensitivity gap	35,670	-	-	1,160,164	1,195,834
<b>Cumulative interest rate sensitivity gap</b>	<u>7,082,040</u>	<u>(2,811,683)</u>	<u>1,754,672</u>	<u>1,096,241</u>	<u>7,121,270</u>

(71)

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

#### Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

##### 33. Interest rate risk (continued)

###### Rate sensitivity analysis

Impact on net interest income and net income from Islamic financing and investment activities:

Bps	2025		2024	
	Upward shift	Downward shift	Upward shift	Downward shift
200	+36,601	-41,634	+97,318	-94,290

###### Method and assumptions for sensitivity analysis

- Interest rates may go up or down by 200 bps. 200 bps is taken as per Basel guidelines for NII approach
- Interest rate change takes place uniformly across all time buckets up to 1 year for net interest income impact
- During the F.Y 2025, new IRRBB system based model has been developed with revision in methodology for IRRBB computation
- Impact on net interest income up to next 1 year is worked out
- RSA and RSL have been captured based on earlier of the re-pricing or maturity date

##### 34. Currency risk

Concentration of financial assets and liabilities by currency:

	AED AED'000	USD AED'000	Other AED'000	Total AED'000
<b>As at 31 December 2025</b>				
<b>Financial assets</b>				
Cash and balances with the Central Bank of the U.A.E.	2,736,317	250	-	2,736,567
Due from other banks	2,119,027	5,283,421	9,737	7,412,185
Loans and advances and Islamic receivables	7,021,218	2,043,504	-	9,064,722
Investment securities	1,338,661	1,772,657	499	3,111,817
Customers' acceptances	239,168	-	-	239,168
Other financial assets	101,344	88,821	-	190,165
<b>Total financial assets</b>	<b>13,555,735</b>	<b>9,188,653</b>	<b>10,236</b>	<b>22,754,624</b>
<b>Financial liabilities</b>				
Customers' deposits and Islamic customer deposits	15,442,126	234,901	24,841	15,701,868
Customers' acceptances	239,168	-	-	239,168
Other financial liabilities	297,500	4,690	523	302,713
<b>Total financial liabilities</b>	<b>15,978,794</b>	<b>239,591</b>	<b>25,364</b>	<b>16,243,749</b>
<b>Net balance sheet position</b>	<b>(2,423,059)</b>	<b>8,949,062</b>	<b>(15,128)</b>	<b>6,510,875</b>
<b>Off balance sheet position</b>	<b>2,776,998</b>	<b>18,466</b>	<b>49,562</b>	<b>2,845,026</b>

(72)

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

#### Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

##### 34. Currency risk (continued)

Concentration of financial assets and liabilities by currency (continued):

	AED AED'000	USD AED'000	Other AED'000	Total AED'000
<b>As at 31 December 2024</b>				
<b>Financial assets</b>				
Cash and balances with the Central Bank of the U.A.E.	2,589,717	842	-	2,590,559
Due from other banks	612,541	4,674,679	6,885	5,294,105
Loans and advances and Islamic receivables	6,737,301	1,038,369	-	7,775,670
Investment securities	1,052,026	686,239	359	1,738,624
Customers' acceptances	195,937	-	-	195,937
Other financial assets	75,713	63,294	-	139,007
<b>Total financial assets</b>	<b>11,263,235</b>	<b>6,463,423</b>	<b>7,244</b>	<b>17,733,902</b>
<b>Financial liabilities</b>				
Customers' deposits and Islamic customer deposits	11,160,758	225,621	19,437	11,405,816
Customers' acceptances	195,937	-	-	195,937
Other financial liabilities	200,361	5,714	638	206,713
<b>Total financial liabilities</b>	<b>11,557,056</b>	<b>231,335</b>	<b>20,075</b>	<b>11,808,466</b>
<b>Net balance sheet position</b>	<b>(293,821)</b>	<b>6,232,088</b>	<b>(12,831)</b>	<b>5,925,436</b>
<b>Off balance sheet position</b>	<b>2,793,191</b>	<b>38,336</b>	<b>61,835</b>	<b>2,893,362</b>

(73)

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

**Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)**

**34. Currency risk (continued)**

**Rate sensitivity analysis**

- Currencies are divided into two categories i) those pegged with USD and ii) all other currencies as on the Balance Sheet date.
- Exchange rate change of 2% in AED against the respective pegged foreign currencies and exchange rate change of 10% in AED against the respective other foreign currencies has been used to give a realistic assessment as a plausible event.
- Based on these changes the impact on profit or loss and equity has been worked out:

	Foreign currency assets AED'000	Foreign currency liabilities AED'000	Net forward purchase/ (sale) AED'000	Net long/ (short) position AED'000	Impact on statement of income and equity AED'000
<b>As at 31 December 2025</b>					
<b>Pegged Currencies</b>					
US Dollar	9,188,738	295,282	34,733	8,928,189	(178,564)
Saudi Riyal	28	-	92	120	(2)
Bahrain Dinar	100	-	-	100	(2)
Omani Riyal	494	30	-	464	(9)
Qatar Riyal	207	-	-	207	(4)
<b>Other Currencies</b>					
Kuwait Dinar	687	-	-	687	(69)
Great British Pound	2,716	15,074	12,362	4	(0)
Euro	5,898	10,231	4,313	(20)	2
Swiss Frank	-	-	-	-	-
Japanese Yen	29	29	-	-	-
Indian Rupee	21	-	-	21	(2)
Lankan Rupee	5	-	-	5	-
Jordanian Dinar	52	-	-	52	(5)
	<u>9,198,975</u>	<u>320,646</u>	<u>51,500</u>	<u>8,929,829</u>	<u>(178,655)</u>
Total impact if foreign currency fluctuates against AED					<u>(178,655)</u>

(74)

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

**Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)**

**34. Currency risk (continued)**

**Rate sensitivity analysis (continued)**

	Foreign currency assets AED'000	Foreign currency liabilities AED'000	Net forward purchase/ (sale) AED'000	Net long/ (short) position AED'000	Impact on statement of income and equity AED'000
<i>As at 31 December 2024</i>					
<b>Pegged Currencies</b>					
US Dollar	6,463,514	280,988	2,677	6,185,203	(123,704)
Saudi Riyal	119	-	-	119	(2)
Bahrain Dinar	162	-	-	162	(3)
Omani Riyal	460	29	-	431	(9)
Qatar Riyal	98	-	-	98	(2)
<b>Other Currencies</b>					
Kuwait Dinar	914	(1)	-	915	(91)
Great British Pound	2,818	14,445	11,618	(9)	1
Euro	2,474	5,571	3,058	(39)	4
Swiss Frank	-	-	-	-	-
Japanese Yen	165	30	(117)	18	(2)
Indian Rupee	22	-	-	22	(2)
Lankan Rupee	2	-	-	2	-
Jordanian Dinar	38	-	-	38	(4)
	<u>6,470,786</u>	<u>301,062</u>	<u>17,236</u>	<u>6,186,960</u>	<u>(123,814)</u>
Total impact if foreign currency fluctuates against AED					<u>(123,814)</u>

**35. Equity price risk**

**Sensitivity analysis**

At the reporting date if the equity prices are 20% higher/lower as per the assumptions mentioned below and all the other variables were held constant, the Group's:

- Consolidated statement of other comprehensive income would have increased/decreased by AED 274.59 million (2024: AED 210.94 million) and consolidated statement of income would have increased/decreased by AED 4.68 million (2024: 4.92 million).

**Method and assumptions for sensitivity analysis**

- The sensitivity analysis has been done based on the exposure to equity price risk as at the reporting date.
- As at the reporting date if equity prices are 20% higher/lower on the market value uniformly for all equities while all other variables are held constant, the impact on profit or loss and equity has been shown above.
- A 20% change in equity prices has been used to give a realistic assessment as a plausible event.

(75)

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

**Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)**

**36. Capital management**

Group's capital management policy is to maintain a strong capital base to support the development and growth of business. Current and future capital requirements are determined on the basis of loan growth expectations for each business unit, expected growth in off-balance sheet facilities, future sources and uses of funds and Group's future dividend policy. The Group also ensures compliance with externally imposed capital requirement norms, strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders' value. During the year the Group had complied in full with all external imposed capital requirements. The Central Bank of the U.A.E. requires the banks in U.A.E. to maintain a ratio of total regulatory capital to the risk weighted assets at or above the agreed minimum of 10.5%.

**Capital structure**

The table below details the regulatory capital resources of the Group:

	2025 AED'000	2024 AED'000
<b>Tier 1 Capital</b>		
Share capital	2,000,000	2,000,000
Statutory reserve	1,019,266	1,019,266
General reserve	6,440	6,440
Fair value reserves on investment securities at FVOCI	372,424	231,825
Retained earnings	2,167,086	2,003,576
Regulatory deductions	(14,725)	(13,726)
Other deductions	(685,016)	(431,562)
<b>Total Tier 1</b>	<b>4,865,475</b>	<b>4,815,819</b>
<b>Tier 2 Capital</b>		
General reserves on financial assets	88,513	153,988
<b>Total Tier 2</b>	<b>88,513</b>	<b>153,988</b>
<b>Total Regulatory Capital</b>	<b>4,953,987</b>	<b>4,969,807</b>
	2025 AED'000	2024 AED'000
<b>Risk weighted assets:</b>		
Credit risk-weighted assets	14,558,619	12,319,065
Market risk-weighted assets	49,037	51,606
Operations risk-weighted assets	1,545,026	1,346,186
<b>Total risk-weighted assets</b>	<b>16,152,682</b>	<b>13,716,857</b>

(76)

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

**Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)**

**36. Capital management (continued)**

**BASEL III Capital Ratio**

As per UAE Central Bank Regulation for Basel III, Minimum Capital Requirement is 10.5% for the year 2025.

Banks must maintain a Capital Conservation Buffer (CCB) of 2.5% of RWAs in the form of CET1 capital. CBUAE may also require banks to implement Countercyclical Buffer (CCyB), to protect the banks from periods of excess aggregate credit growth. CCyB must be met by using CET1 capital and the level may vary between 0 - 2.5% of RWAs.

The Capital Adequacy Ratio as per Basel III capital regulation is given below:

	2025 %	2024 %
<b>Capital ratio</b>		
Total capital adequacy ratio	<b>30.67</b>	36.23
Common equity Tier 1 capital ratio	<b>30.12</b>	35.11
Tier 1 capital ratio	<b>30.12</b>	35.11

Minimum capital required under each of the above items including CCB is as below:

	2025 %	2024 %
<b>Capital element</b>		
Minimum Common Equity Tier 1 (CET 1) ratio	<b>7</b>	7
Minimum tier 1 capital ratio	<b>8.5</b>	8.5
Minimum capital adequacy ratio	<b>10.5</b>	10.5
Capital conversion buffer (CCB)	<b>2.5</b>	2.5

**37. Legal proceedings**

Litigation is a common occurrence in the banking industry due to the nature of the business undertaken. The Group has proper controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Group makes adjustments to account for any adverse effects which the claims may have on its financial standing. Based on the information available, no material adverse impact on the financial position of the Group is expected to arise from legal claims as at 31 December 2025 other than to the extent already provided, hence no additional provision for any claim needs to be made in these consolidated financial statements.

**38. Social contributions**

The social contributions (including donations and charity) made during the year to various beneficiaries amount to AED 1,875 thousand (2024: AED 817 thousand).

**39. Approval of consolidated financial statements**

The consolidated financial statements for the year ended 31 December 2025 were authorized for issue by way of a resolution passed by the Board of Directors on 05 February 2026.

(77)

# SHARI'AH SUPERVISION

**Annual Report of the Executive Member of the Shari'ah Supervision on the Islamic Banking Unit of National Bank of Umm Al-Quwain**

Praise be to Almighty Allah, Lord of the Worlds, and prayers and peace be upon the most honorable of the prophets and messengers, our master Muhammad, and on his family and companions.

Issued on: 23 January 2026

To: Shareholders of National Bank of Umm Al-Quwain ("Islamic Unit")

Peace, mercy and blessings of Allah the Almighty upon you, and afterwards:  
In reference to the Bank's management's decision to appoint me as an Executive Member of Shari'ah Supervision (the "Executive Member") of the Islamic Banking Unit at NBQ ("the Islamic Unit") in accordance with the requirements set out in the relevant laws, regulations and standards (the "Regulatory Requirements"), and in implementation of the CBUAE's decision to oblige the Bank to appoint an Executive Member for Shari'ah Supervision of the closure of all operations and activities of the Islamic Unit in general, I submit to you the annual report relating to the business and activities of the Islamic Unit for the financial year ended 31 December 2025 (the "Financial Year").

**1. Responsibility of the Executive Member**

The responsibility of the Executive Member is to carry out Shari'ah supervision of the closure of the Islamic Unit and the operations and activities related thereto in general, to verify the financial statements of the Islamic Unit, to verify the distribution of profits and the charged losses, the costs and expenses between the shareholders and the investment account holders (the "Islamic Unit Closure Business") and to issue Shari'ah resolutions thereon, within the framework of the rules, principles and standards that Established by the Higher Shari'ah Authority (the "Authority").

**2. Responsibility of the Bank's Management**

The Bank's management is responsible for complying with the rules and principles of Islamic Shari'ah in accordance with the decisions, Shari'ah pronouncements, opinions of the Authority, and the decisions of the Executive Member within the framework of the rules, principles and

standards set by the Authority ("Compliance with the rules of Islamic Shari'ah ") in the work of the Islamic Unit and ensuring that, and the Board of Directors bears the ultimate responsibility in this regard.

**3. Shari'ah Standards**

The Executive Member has adopted the Shari'ah Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as the minimum Shari'ah requirements. He has adhered to them in all fatwas (Shari'ah pronouncements) and decisions issued, approved, accepted or recommended by him in relation to the business of the Islamic Unit during the financial year ended. According to the Authority's decision No. (18/3/2018).

**4. Status of Islamic Unit**

1. A decision was issued by the Bank's management to run down its Islamic Unit on (21/09/2021).
2. The Bank's management has developed a detailed plan regarding the closure of the Islamic Unit and how to dispose the existing Shari'ah-compliant assets and financing. The Islamic Unit has obtained the approval from the previous Internal Shari'ah Supervision Committee (ISSC) on this plan.
3. The CBUAE has approved the closure of the Islamic Unit in accordance with the plan set by the Bank's management, with the directive that the Executive Member continue to monitor the Islamic Unit's compliance with Islamic Shari'ah until all Shari'ah-compliant assets and liabilities are disposed of.
4. The Islamic Unit has stopped to accept any new deposits or funds as of the date of the decision to close the Islamic Unit.
5. Since the Islamic Unit has stopped accepting any deposits or establishing new finances, in preparation for its closure, the Islamic Unit does not currently have an existing Shari'ah control nor Internal Shari'ah Audit Department.
6. The Bank's management has contracted an independent body to conduct an External Shari'ah Audit and submit a report thereon to the Executive Member and the Bank's Board of Directors.

**5. Acts performed by the Executive Member during the financial year**

The Executive Member has carried out Shari'ah supervision over the work of the Islamic Unit during the financial year, in accordance with his



authorities, responsibilities and regulatory requirements in this regard. Among the actions carried out by the Executive Member are the following:

- Issuing fatwas and decisions regarding the work of the Islamic Unit that were presented to the Executive Member.
- To ensure that the distribution of the profits and the charging of costs and expenses between the shareholders and the investment account holders are consistent with the Shari'ah controls approved by the Executive Member.
- Review the report of the External Shari'ah Audit on the work of the Islamic Unit, including the transactions carried out and the procedures followed, review them and make Shari'ah recommendations in this regard.
- Provide guidance to the Islamic Unit's management to correct any correction of observations (if any) contained in the External Shari'ah Audit report.
- Communicate with the Board of Directors, its committees and the senior management of the Islamic Unit, as needed, regarding the Islamic Unit's commitment to Islamic Shari'ah.
- Review the balance sheet of the Islamic Unit as at 31 December 2025 and the income statement of the Islamic Unit for the period ended 31 December 2025 for adoption/approval.

The Executive Member has sought to obtain all the information and explanations that he considered necessary to ensure that the Islamic Unit adheres to the provisions of Islamic Shari'ah.

#### 6. The Independency of the Executive Member

The Executive Member confirms that he has fulfilled his responsibilities and carried out all his work with complete independence. He confirms that he has received the necessary assistance from the Islamic Unit's management to view all documents and data, to discuss the amendments and the Shari'ah requirements for the business of the Islamic Unit.

#### 7. The opinion

Based on the information and clarifications obtained in order to ensure that the Islamic Unit complies with the rules of Islamic Shari'ah in its business, and to ensure that the remaining assets/financing business that are still in the books of the Islamic Unit are liquidated in accordance with the provisions and principles of Islamic Shari'ah, and in the light of the

2 / 3



information it has been seen during the financial year, I have concluded with an acceptable degree of reassurance that the work of the Islamic unit during the financial year was in accordance with the rules of Islamic Shari'ah.

We ask Allah the Almighty to achieve guidance and to follow the right direction for all

Peace, mercy and blessings of Allah upon you all

Signature of the Executive Member of the Islamic Unit

Sheikh Abdul Sattar Al-Kattan



3 / 3

