



بنك الإمارات الوطني
National Bank of



Investor Presentation

For the Period Ended 31 December 2022

DISCLAIMER



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OVERVIEW OF NBF



National Bank of Fujairah PJSC Overview

Establishment	<ul style="list-style-type: none"> National Bank of Fujairah PJSC ("NBF" or the "Bank") was established in Fujairah, UAE in 1982 by a decree issued by the Ruler of Fujairah, H.H. Sheikh Hamad bin Mohammed Al Sharqi. NBF shares were listed on Abu Dhabi Securities Exchange on 23 October 2005. The Bank has 763 full-time employees from 35 different nationalities, 44% of whom were female as at 31 December 2022.
Operations	<ul style="list-style-type: none"> NBF serves approximately 11K corporate customers and 29K individuals via 15 branches and 55 ATM/CDM units in the UAE.
Business Segments	<ul style="list-style-type: none"> The Bank operates via five main segments, namely (i) Corporate and Institutional Banking (38%), (ii) Business Banking (31%) (iii) Treasury, Investments, Asset and Liability Management ("ALM") (17%), (iv) Retail Banking (7%) and (v) *Islamic Banking (7%).
Business Strategy	<ul style="list-style-type: none"> The Bank's strategy focuses on creating longstanding client relationships built upon trust while focusing on ensuring clients are able to optimise commercial opportunities in order to achieve sustainable growth.

Credit Ratings

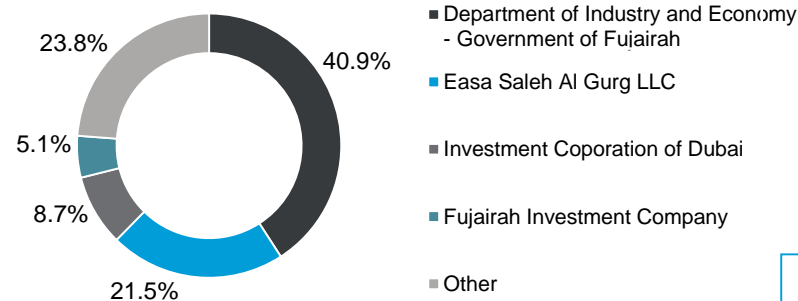
Rating Agency	Date	Long Term Rating	Outlook
	Nov 2022	Baa1	Stable
	July 2022	BBB	Stable
	July 2022	A-	Stable

Financial Highlights

AED Mn	FY2019	FY2020	FY2021	FY2022
Total Assets	42,805	39,872	42,946	47,624
Loans & Advances	27,095	24,844	25,620	26,915
Customer Deposits	31,950	29,766	32,199	35,736
Total Equity	6,351	5,672	5,676	5,850
NPL Ratio	5.4%	10.1%	9.8%	6.9%
Provisions Coverage Ratio	107.3%	91.8%	87.0%	110.0%
Loan to Deposit Ratio	84.8%	83.5%	79.6%	75.3%
Net Interest Margin	2.7%	2.3%	2.4%	2.7%
Operating Income	1,708	1,386	1,442	1,815
Net Profit	552	-475	115	340
Tier 1 Ratio	16.6%	18.1%	18.0%	17.4%
Capital Adequacy	17.8%	19.2%	19.1%	18.6%

Ownership Structure

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



Islamic Banking spread across all business segments with income contribution mix as: Corporate and Institutional Banking 2.6%, Business Banking 1.7%, Retail Banking 1.5% and Treasury, Investment, ALM 1.0%.

EXTERNAL RECOGNITION & AWARDS

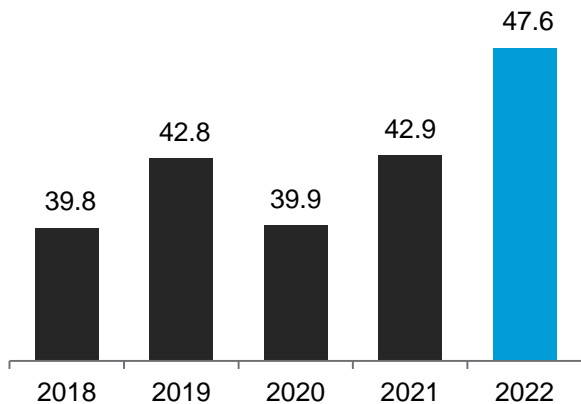


- **Best Commercial Bank UAE 2022 – MEA Finance Industry Awards 2022**
- **Best SME Bank UAE 2022 – MEA Finance Industry Awards 2022**
- **Best Trade Finance Provider 2022 – MEA Finance Industry Awards 2022**
- **Best Cyber Assurance and Resiliency Capabilities at the Wealth & Investment Summit 2022 organized by MEA Finance**
- **Best Innovation in Trade Finance – at the MEA Finance's Banking Technology Awards 2022**
- **Most Innovative Trading Platform – NBFX” – at the MEA Finance's Banking Technology Awards 2022**

KEY FINANCIALS AT A GLANCE

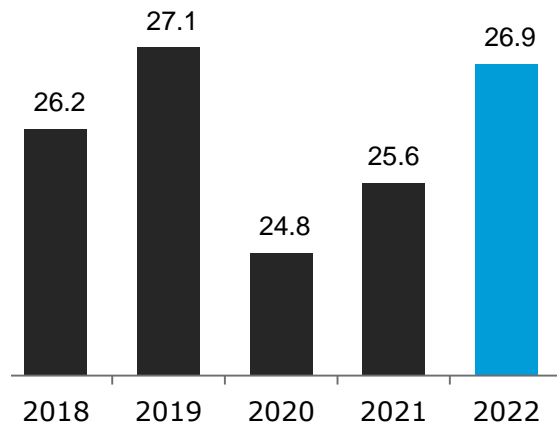
Assets

AED Billion



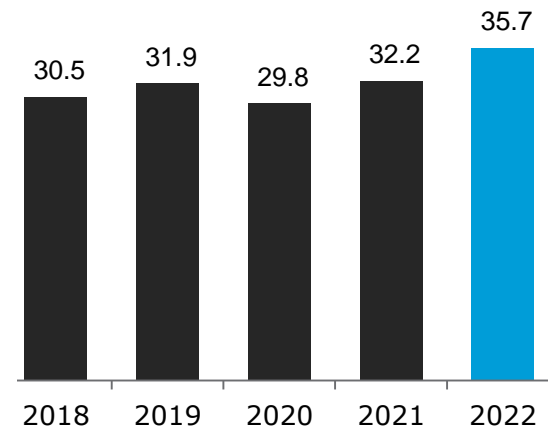
Loans & Advances

AED Billion



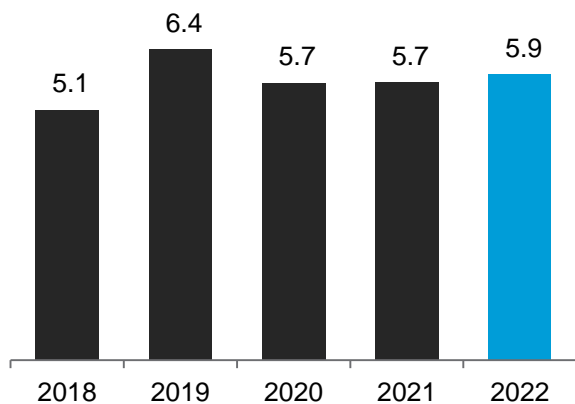
Customer Deposits

AED Billion



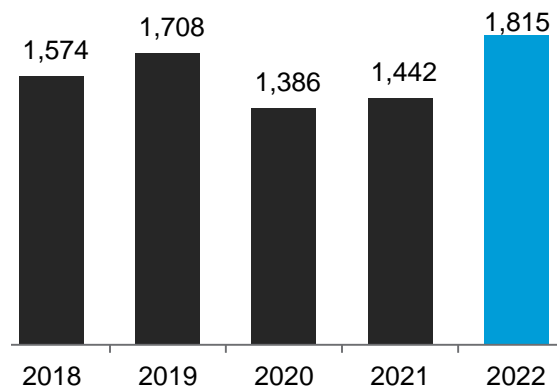
Shareholders' Equity

AED Billion



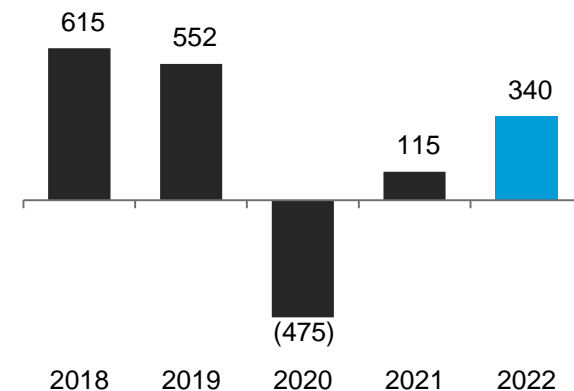
Operating Income

AED Million



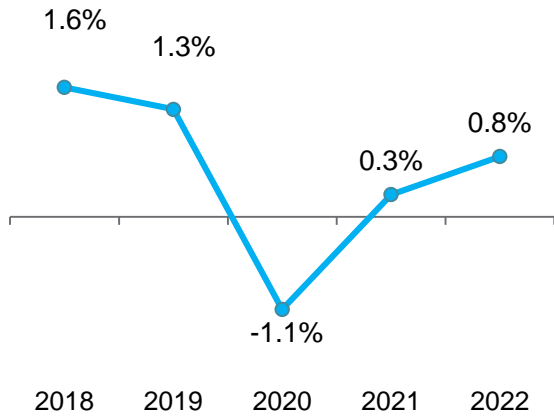
Net Profit

AED Million

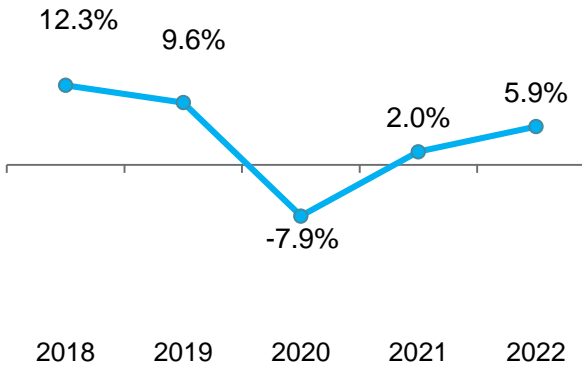


KEY PERFORMANCE INDICATORS AT A GLANCE

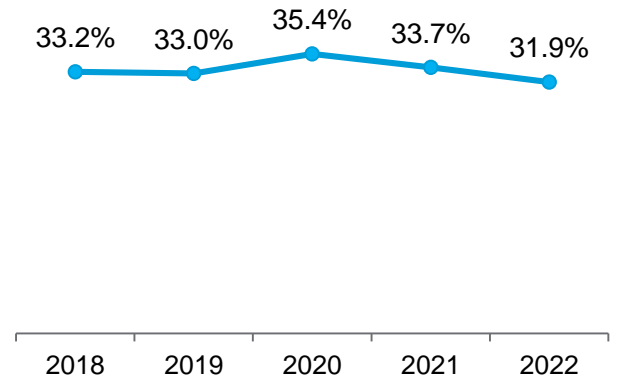
ROAA



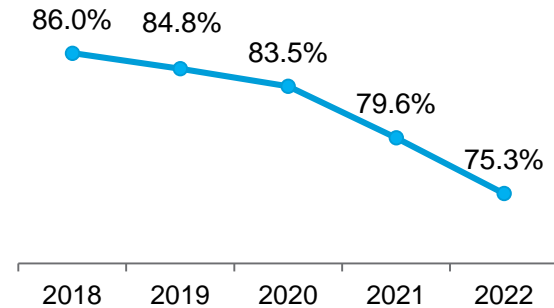
ROAE



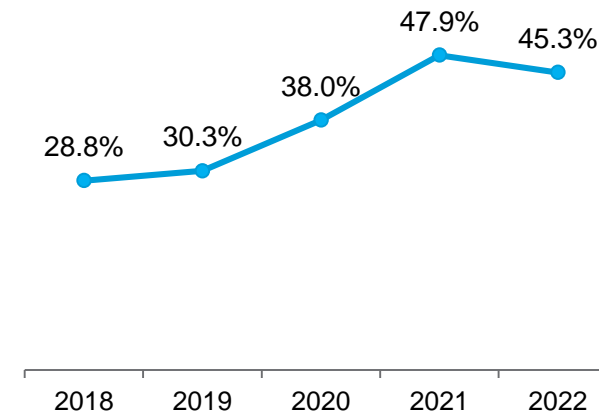
Cost to Income Ratio



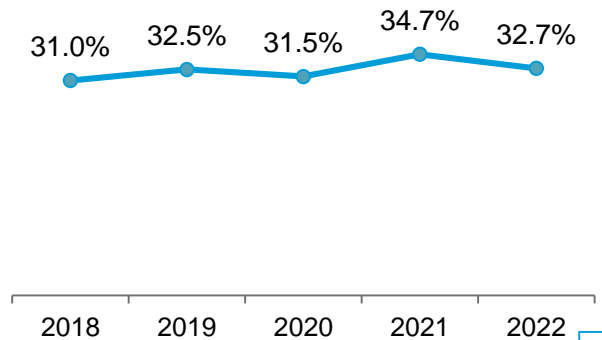
Pure AD



CASA Mix



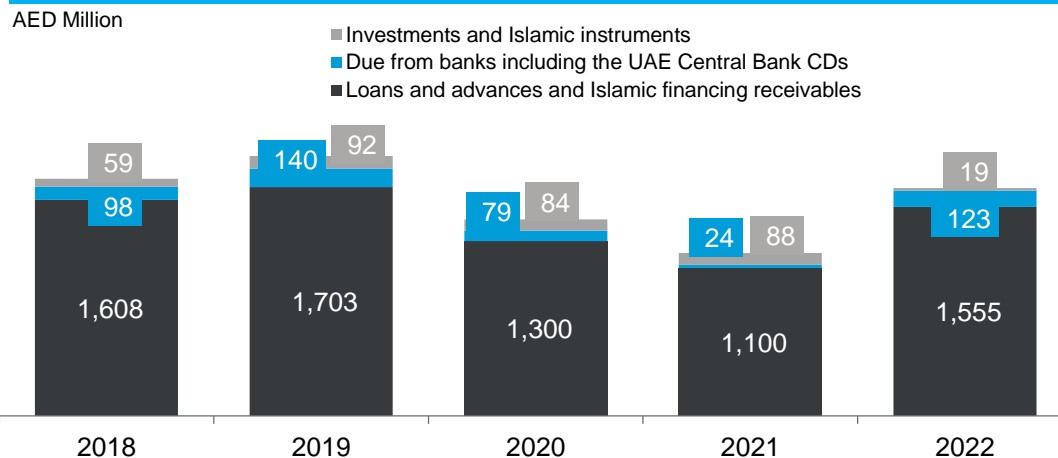
Non-Interest Income to Total Income



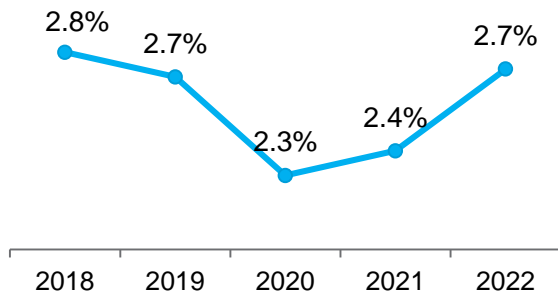
Key Highlights

- NBF posted record results achieving its best ever operating performance. Operating income reached AED 1.8 billion up 25.8% and operating profit surged 29.4% to reach AED 1.2 billion.
- NBF recorded growth of 195.3% to close the year at a net profit of AED 340.4 million compared to AED 115.2 million in 2021. This reflects the bank's long-standing customer centric approach, good quality business growth and enhanced balance sheet management supported by the impressive local economic recovery despite an uncertain global geopolitical environment.
- NBF cost to income ratio improved to 31.9% as compared to 2021 of 33.7%.
- Net interest margin stood at 2.7% in 2022 demonstrating NBF's effective ALM strategies. With the increasing interest rates, margins have improved progressively in 2022.
- NBF have secured additional impairment provisions in 2022 for a small number of exceptional group exposures that had been earmarked for resolution in line with the bank's recovery strategy.

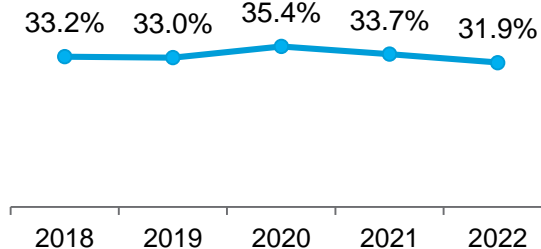
Total Interest Income Composition



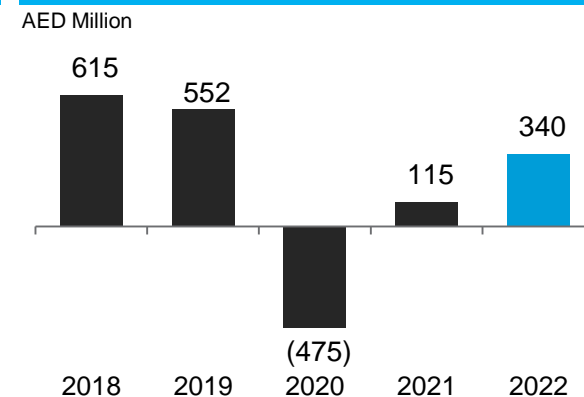
Net Interest Margin



Cost to Income Ratio



Net Profit

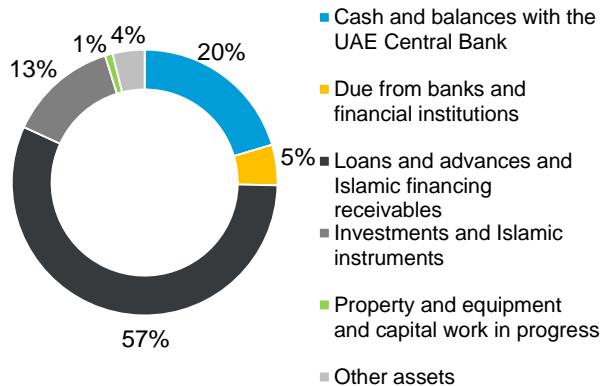


Key Highlights

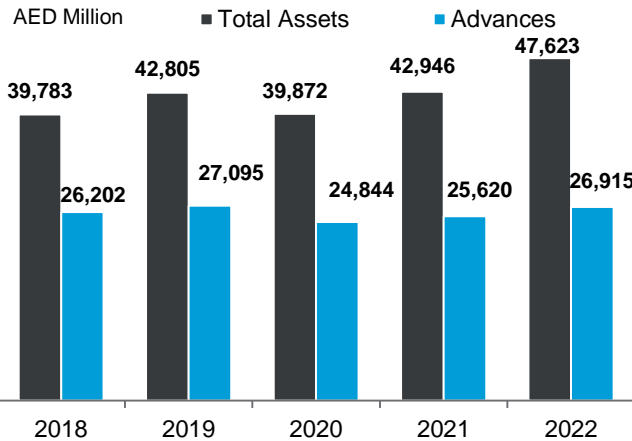
- Total assets rose by 10.9% to reach AED 47.6 billion compared to AED 42.9 billion at 2021 year-end.
- Total Advances grew by 5.1% from year end 2021.
- The majority of the Bank's assets are loans and advances and Islamic financing receivables (57%), followed by cash and balances with the UAE Central Bank (20%) and Investments and Islamic instruments (13%).
- Despite facing volatile market conditions created by multi decade Inflation, supply chain bottlenecks and the Russia-Ukraine Conflict, the bank was able to record a commendable performance in comparison to benchmarks, and carefully grow its debt Investments by AED 1,976m.
- NBF maintains a portfolio of HQLA issued by the UAE Central Bank, along with cash reserves and other investment grade marketable securities.

Breakdown of Assets by Type

31 December 2022

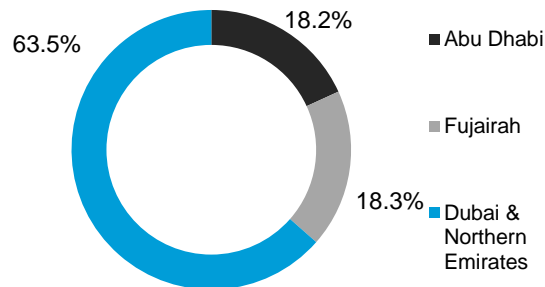


Assets and Advances



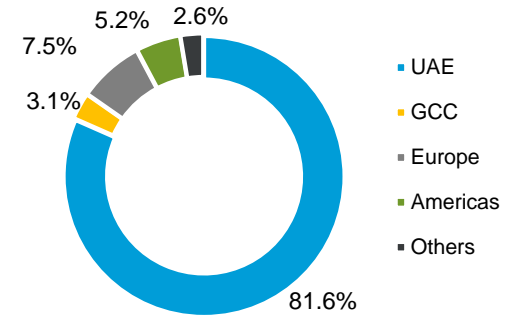
Breakdown of Advances by Emirates

31 December 2022



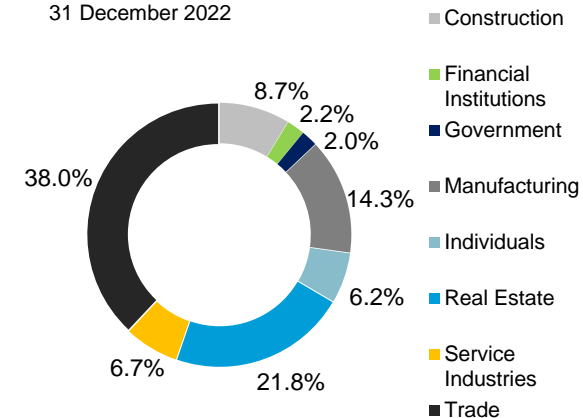
Breakdown of Assets by Geographical Distribution

31 December 2022



Breakdown of Advances by Sector

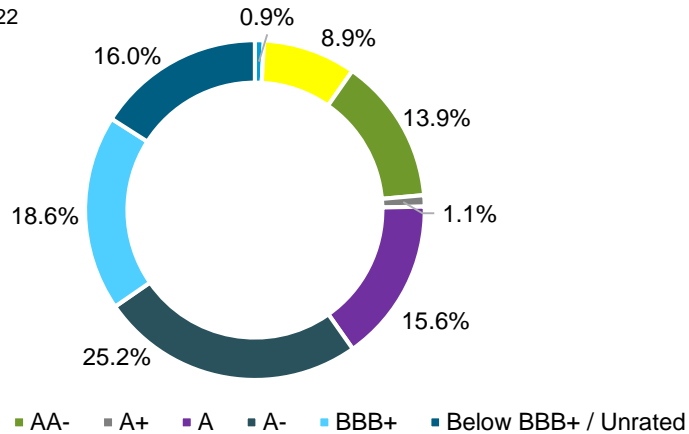
31 December 2022



INVESTMENT AND ISLAMIC INSTRUMENTS

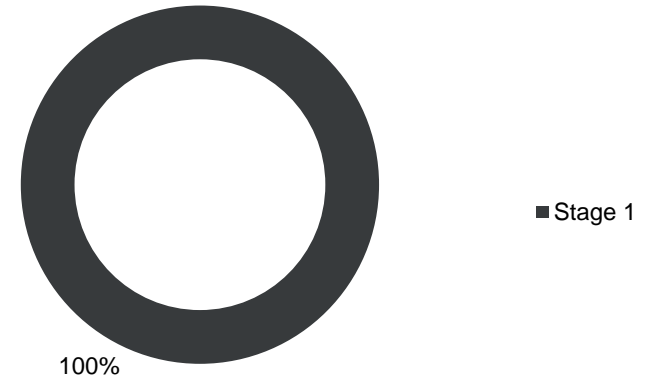
Investments and Islamic Instruments by Ratings*

31 December 2022



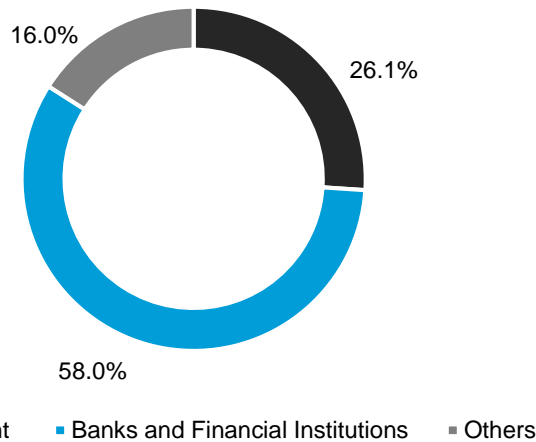
Breakdown of Investments and Islamic Instruments by Stage

31 December 2022



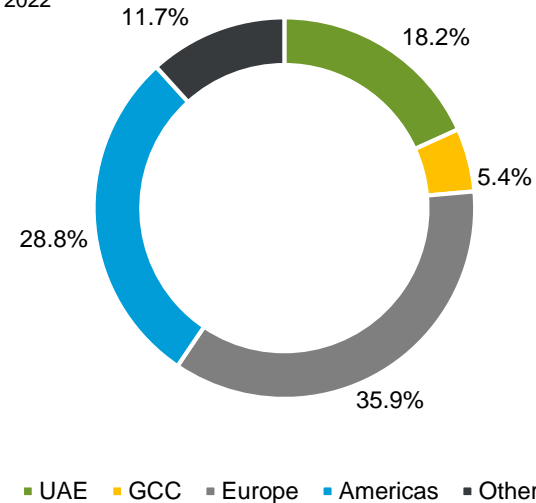
Investments and Islamic Instruments by Type

31 December 2022



Investments and Islamic Instruments by Geography

31 December 2022



*Investments below BBB+ or unrated largely include supranational issuers, governments and unrated issuances by the investment grade counterparties.

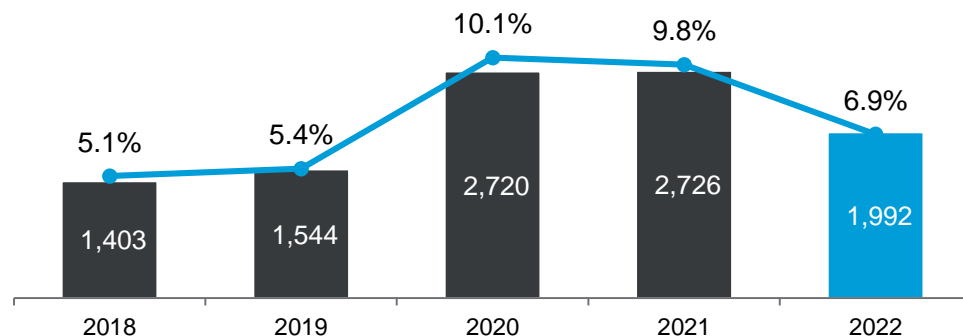
Key Highlights

NBF's asset quality indicators reflect improving trend from the aftermath of COVID-19 pandemic and few exceptional exposures. NBF's strengthening of credit underwriting standards and risk appetite to reflect the current operating environment, is beginning to have a positive impact on credit quality.

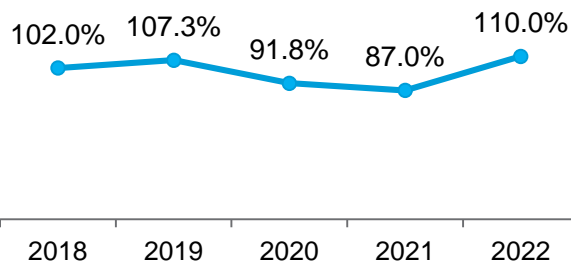
- Provisions coverage ratio has increased from 87.0% at year end 2021 to 110.0% in 2022 in view of prudent recognition of problem accounts and building provisions against small number of exceptional group exposures that had earlier been earmarked for resolution. Provision coverage ratio net of collateral is 154.6% in 2022 compared to 109.1% in 2021.
- Aggregate Stage 2 and Stage 3 Loans and Advances (including Acceptances) improved to 15.4% as of year end 2022 compared to 15.9% as of year end 2021.

Non-Performing Loans & NPL Ratio

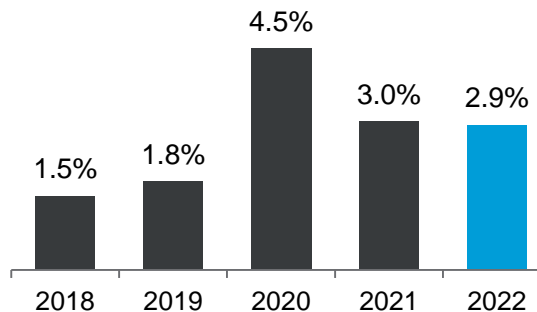
AED Million



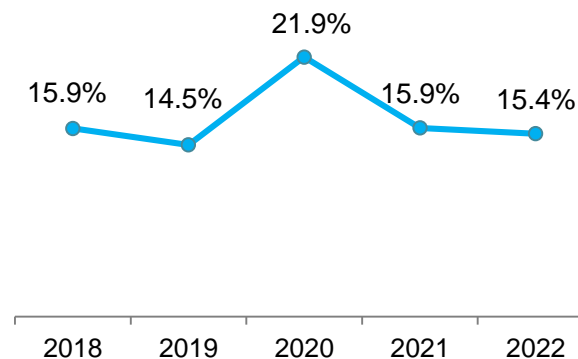
Coverage ratio



Cost of Risk



Stage 2 and Stage 3 Mix*



Key Highlights

- NBF continues to maintain robust liquidity levels and maintains prudent and high quality of liquidity commensurate to its liquidity risk profile.

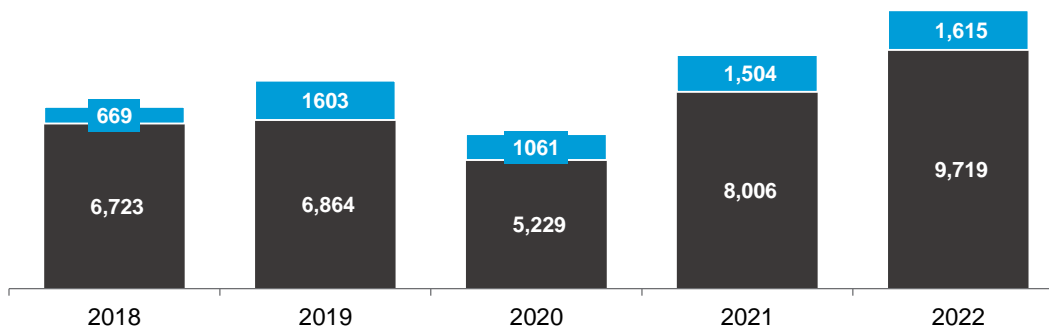
	2020	2021	2022
Pure AD ratio	83.5%	79.6%	75.3%
Eligible Liquid Asset Ratio	20.8%	26.2%	24.9%
LCR	366.5%	336.6%	357.3%
NSFR	106.6%	113.7%	114.9%

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

Liquid Assets

AED Million

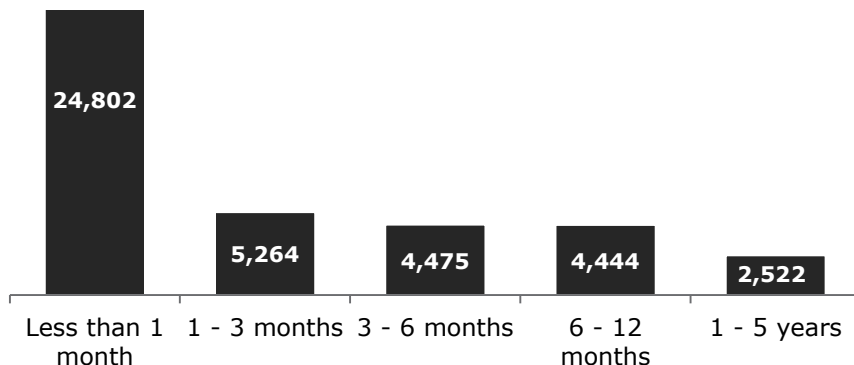
■ Cash and balances with the UAE Central Bank ■ Due from banks and financial institutions*



*Placements and current accounts/term deposits

Contractual Funding Maturity Profile

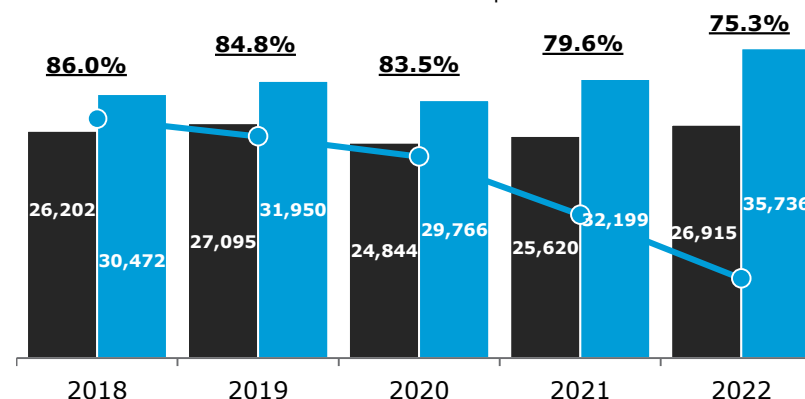
31 December 2022, AED Million



Net Loan to Deposit Ratio (%)

AED Million

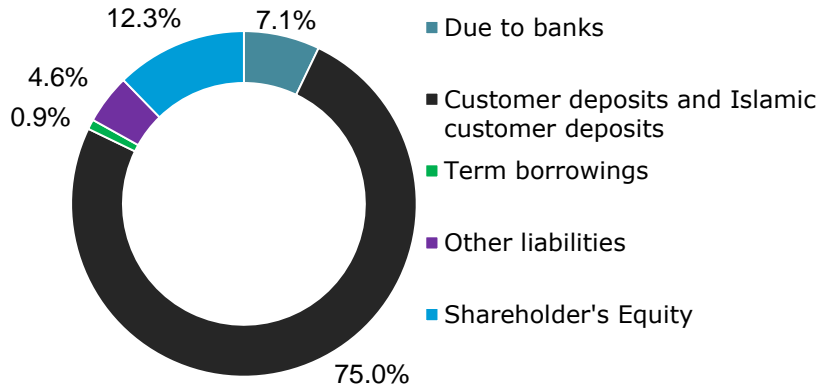
■ Net Loans ■ Deposits — LD %



* CASA Balances have been prudently included in the Less than 1 month bucket.
NBF's core behavioral CASA balances at 99% and 95% confidence level are 63.7% and 73.3% respectively.

Funding Mix

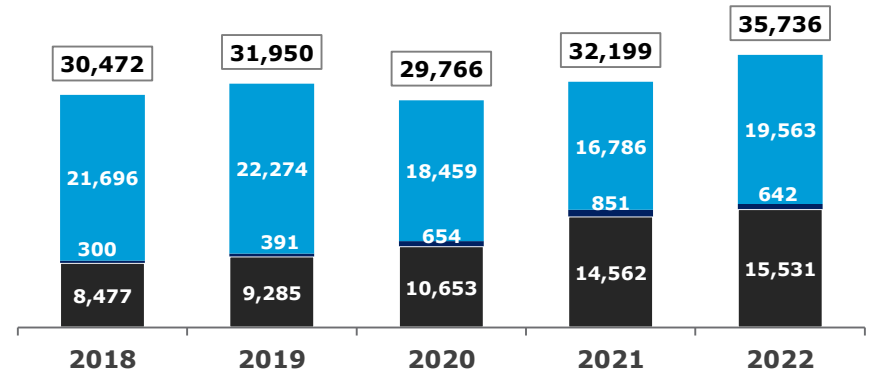
31 December 2022



Customer Deposits

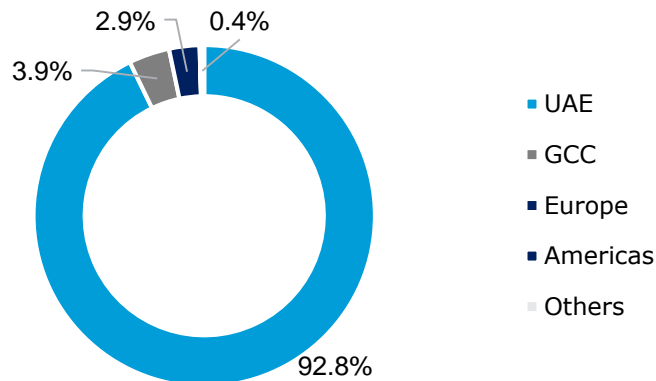
AED Million

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



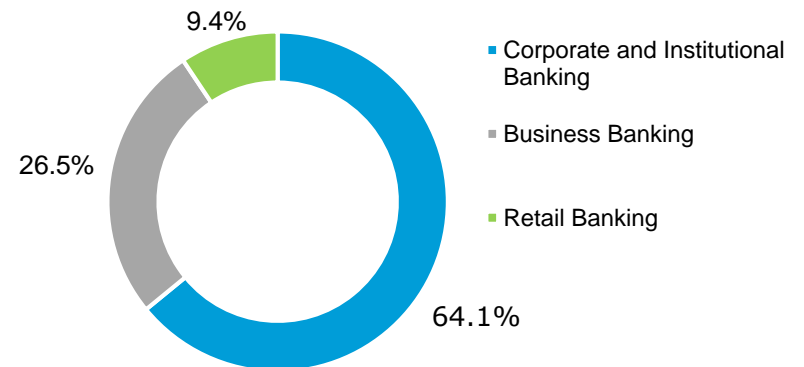
Customer Deposits by Geographical Distribution

31 December 2022



Customer Deposits by Segment

31 December 2022



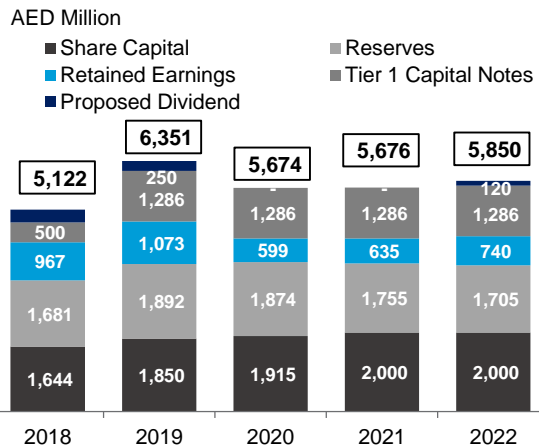
STRONG CAPITALISATION

Key Highlights

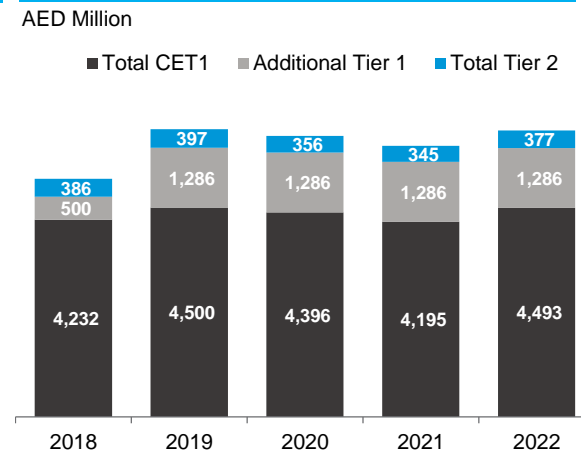
NBF is well capitalized with a Capital Adequacy Ratio and Total Tier 1 Ratio of 18.6% and 17.4% respectively, as at 31 December 2022, well above the minimum regulatory requirements. These levels will help and support the bank's ability to grow and to meet any challenges that may arise from the evolving global economy .

- NBF increased its paid-up capital to AED 2 billion by issuing bonus shares to comply with the UAE Central Bank's new minimum capital requirement.
- The Bank's risk weighted assets (RWA) have increased to AED 33.2bn as at 31 December 2022 from AED 30.5bn as at 31 December 2021 in view of solid credit growth.
- NBF's capital structure strengthened on the back of successful issuance of Basel III compliant Additional Tier 1 ("AT1") capital of USD 350 million and early buy back of existing AT1 capital notes of AED 500 million in Q4 2019.

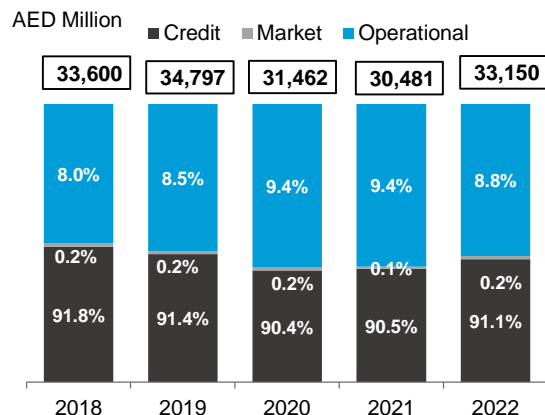
Equity Breakdown



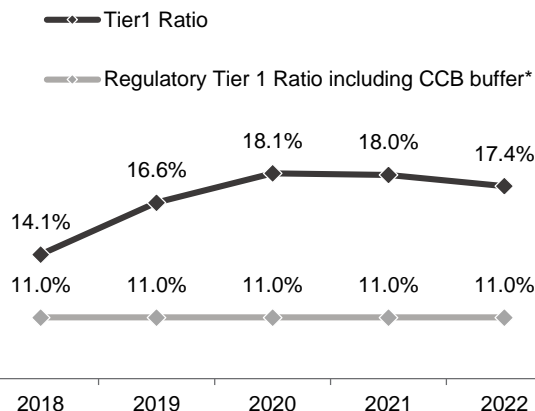
Capital Base



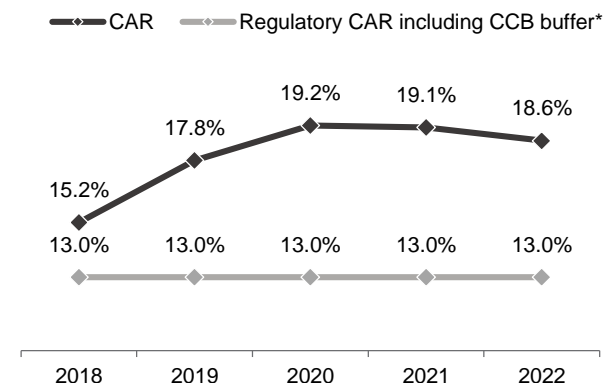
Risk Weighted Assets*



Tier 1 Ratio(%)



Capital Adequacy (%)



* CCB buffer: CBUAE Capital Conservation buffer

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

NBF's CORE PERFORMANCE AND OUTLOOK

Key Metrics		2021	2022	Outlook
Profit	Return on Average Equity	2.0%	5.9%	<p>Despite the evolving global landscape being dominated by significant geopolitical tensions, increasing interest rates and turbulence, the UAE has moved steadily forward and the economic outlook is revealing positive signs of sustained recovery. The experience of the UAE in containing the coronavirus pandemic-induced economic slowdown, managing the impact of supply chain disruptions and a global food crisis following Russia's war in Ukraine has given the government and companies valuable lessons in dealing with adverse global events</p> <p>The UAE economy is in a strong position now with good levels of growth supported by both oil and non-oil sectors, low government debt and diversified income streams. A very positive fiscal position supported by current oil prices and the continued robust performance of key sectors such as trade, tourism and real estate adds to the business confidence in the country, despite global macroeconomic headwinds.</p> <p>NBF is pleased with this set of results and the record 2022 operating performance was testament to the resilience of the core business model and operational strategy.</p> <p>The operating income increased by 25.8 percent to AED 1.8 billion, the highest in our 40 year history. Likewise, operating profit increased by 29.4 percent to AED 1.2 billion. This demonstrates the adaptability of the NBF franchise to navigate through the rapidly-changing environment effectively to emerge stronger than ever.</p> <p>NBF was honored with a number of prestigious accolades and endorsements throughout 2022, further underscoring its culture of exceptional service and client partnership. The Board believes in on-going investment in our brand to facilitate future growth, generate long-term sustainable returns, preserve significant capital strength and benefit from the new opportunities that are arising from the developing focus on environmental, social and governance [ESG] matters, which will augment further growth in 2023 and beyond</p>
	NIM	2.4%	2.7%	
	Cost to income	33.7%	31.9%	
Assets	Asset growth	7.7%	10.9%	
	Loan growth	3.1%	5.1%	
Capital	CET 1	13.8%	13.6%	
	Tier 1	18.0%	17.4%	
	CAR	19.1%	18.6%	
Liquidity	Loan to Deposit Ratio	79.6%	75.3%	
Credit Quality	NPL	9.8%	6.9%	
	Provisions Coverage Ratio	87.0%	110.0%	
	Cost of Risk	3.0%	2.9%	

02

**BUSINESS
OVERVIEW**

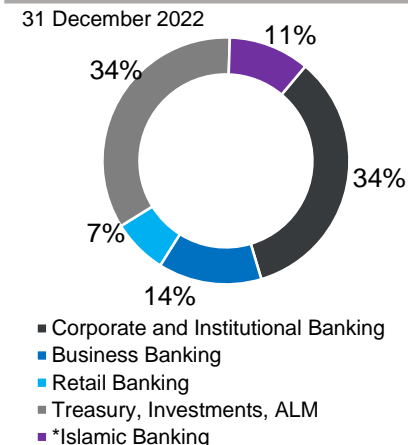


OVERVIEW OF BUSINESS SEGMENTS

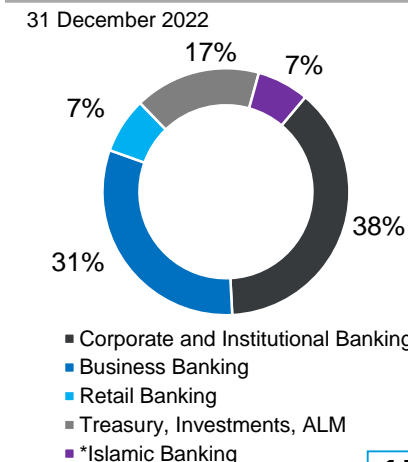
NBF offers a full range of products through five main business divisions

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

Contribution to Assets



Contribution to Income



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

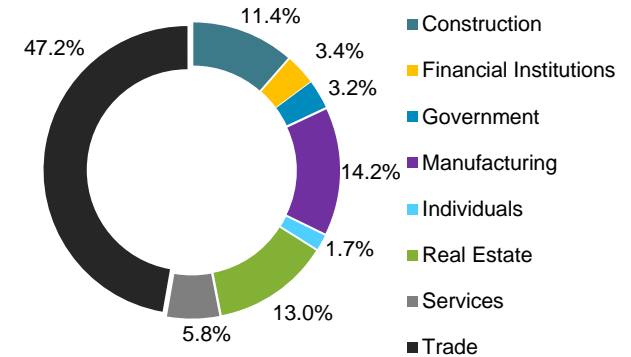
- * Islamic Banking spread across all business segments with income contribution mix as: Corporate and Institutional Banking 2.6%, Business Banking 1.7%, Retail Banking 1.5% and Treasury, Investment, ALM 1.0%.
- * Islamic Banking asset composition includes Corporate and Institutional Banking 3.9%, Business Banking 1.0%, Retail Banking 1.4% and Treasury, Investment and ALM 4.3%.

Overview

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

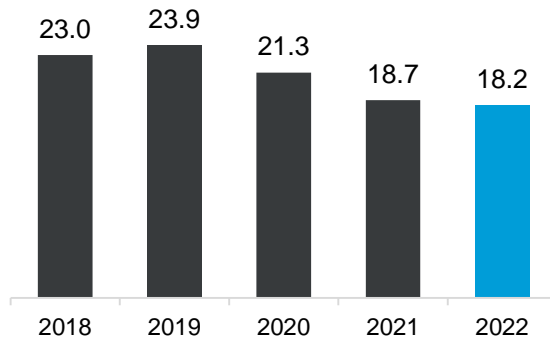
Gross Loans – Sector Breakdown

31 December 2022



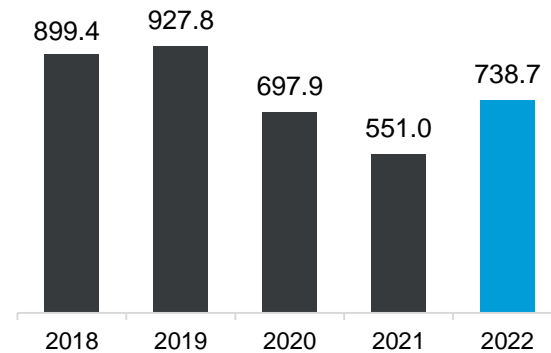
Segment Assets

AED Billion

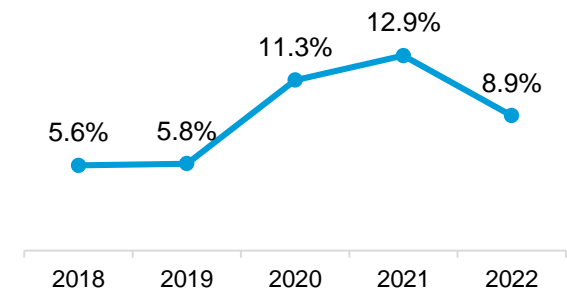


Total Operating Income

AED Million



NPL Ratio



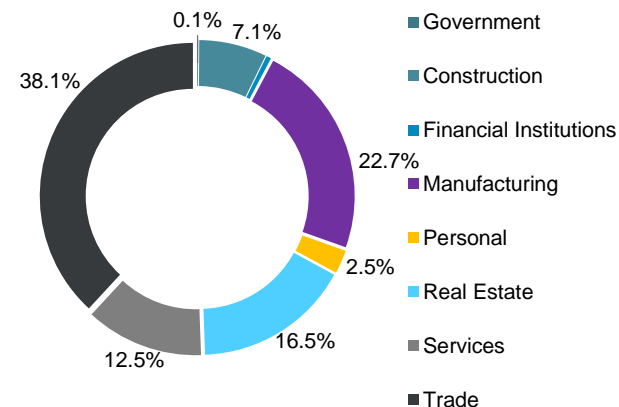
Reduction of assets in 2021 is on account of realignment of segments where Business Banking now serves customers up to 400m turnover compared to 250m previously. Accordingly, Corporate Banking serve customers exceeding turnover of 400m and the comparatives for 2020 have been aligned accordingly.

Overview

- The Business Banking structure comprises of
 - Business Banking
 - SMEs
 - Services & Manufacturing
 - Trading and Diversified
 - Equipment Finance
 - NBF Elham
- Business Banking manages clients with a turnover between AED 10 million to AED 400 million.
- The SME segment within Business Banking manages clients with a turnover up to AED 10-50 million.
- Banking products and services designed to meet the specific needs of clients including:
 - Working capital facilities
 - Collateral-free business term loans
 - Overdraft facilities
 - Project financing
 - Parameterized lending

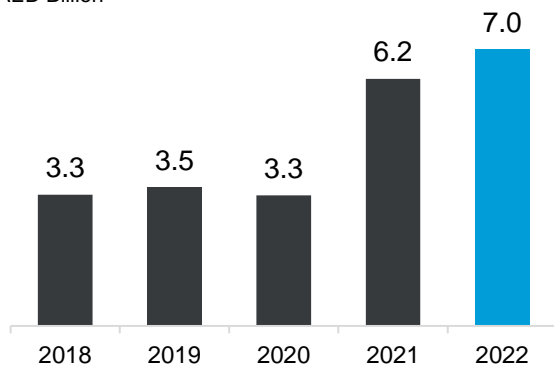
Gross Loans – Sector Breakdown

31 December 2022



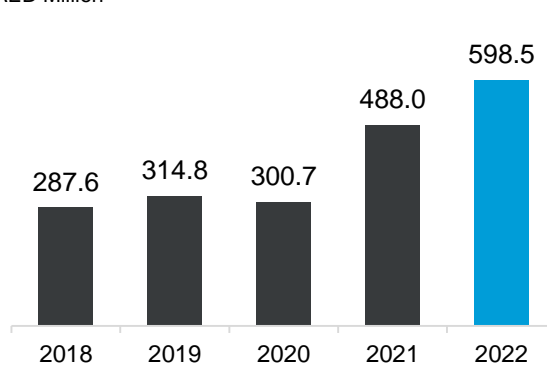
Segment Assets

AED Billion

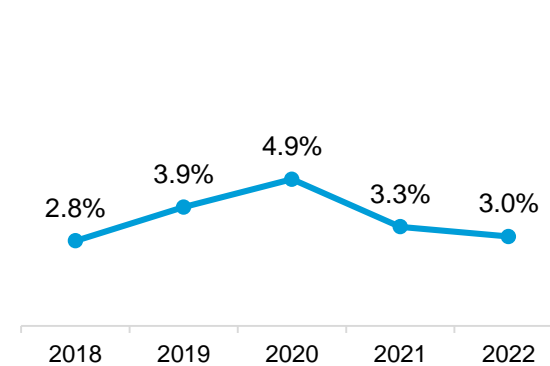


Total Operating Income

AED Million



NPL Ratio



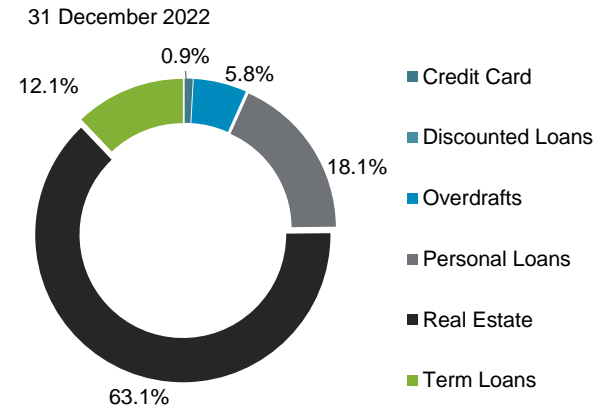
Increase in assets in 2021 is on account of realignment of segments where Business Banking now serves customers up to 400m turnover compared to 250m previously. Accordingly, Corporate Banking serve customers exceeding turnover of 400m and the comparatives for 2020 have been aligned.

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

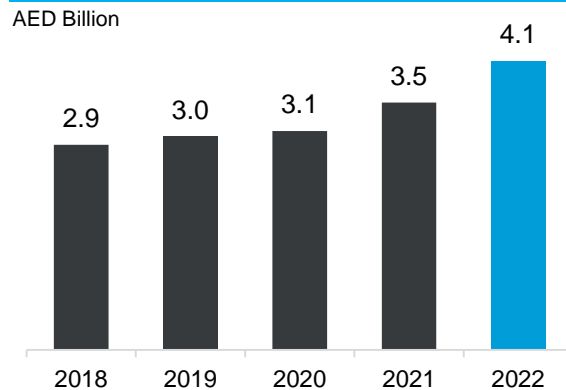
Overview

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

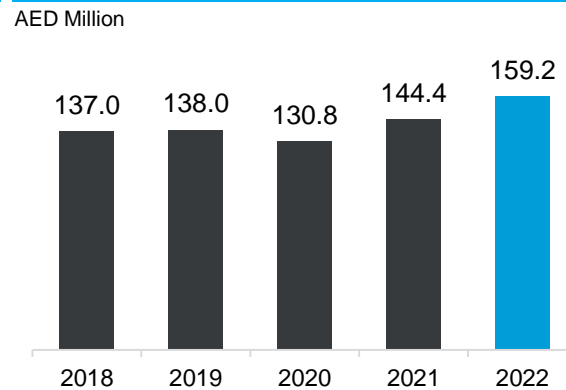
Gross Loans – Product Mix



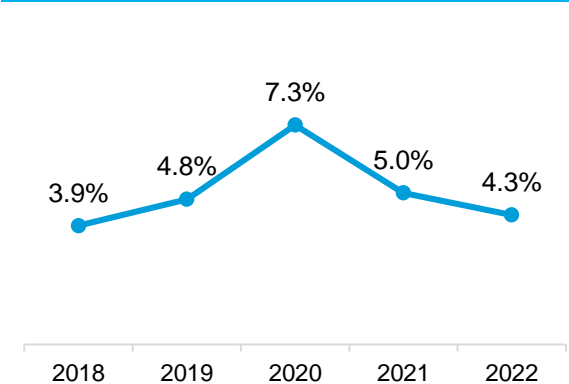
Segment Assets



Total Operating Income



NPL Ratio

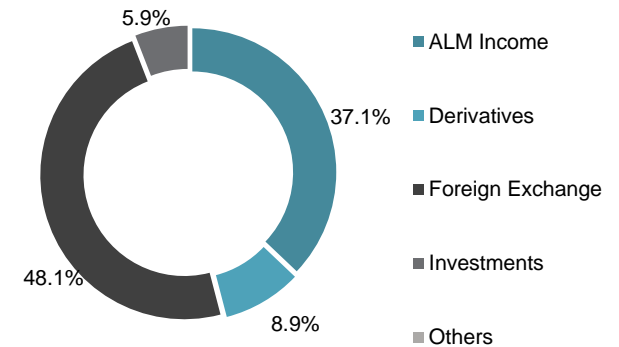


Overview

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

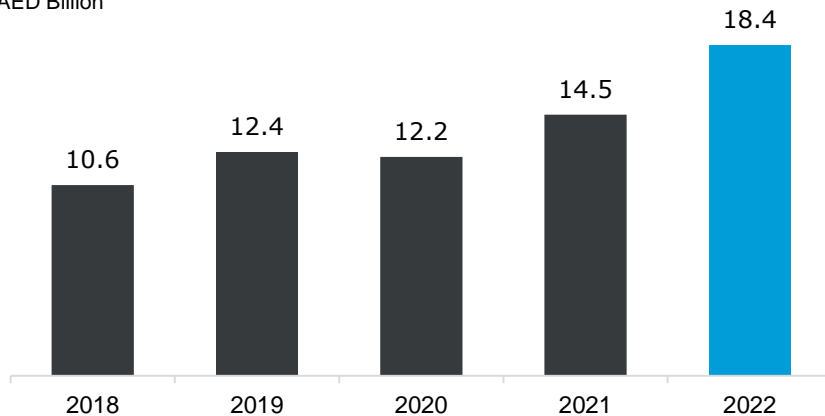
Operating Income Mix

31 December 2022



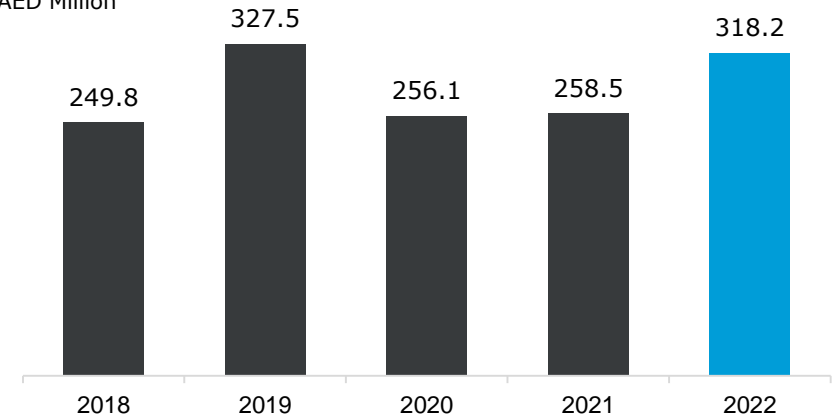
Segment Assets

AED Billion



Total Operating Income

AED Million



Overview

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

Account Services

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

Financing

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

Corporate Advisory, Syndications, Treasury

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

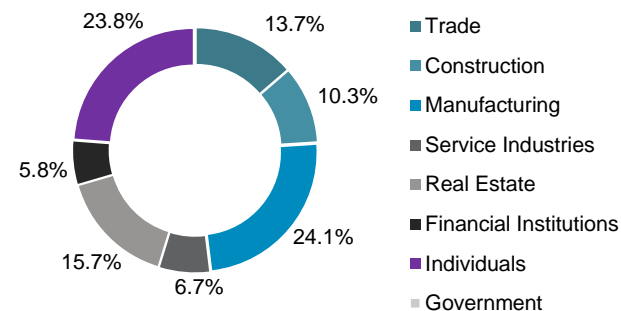
Transaction Banking

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

Islamic Gold Facilities

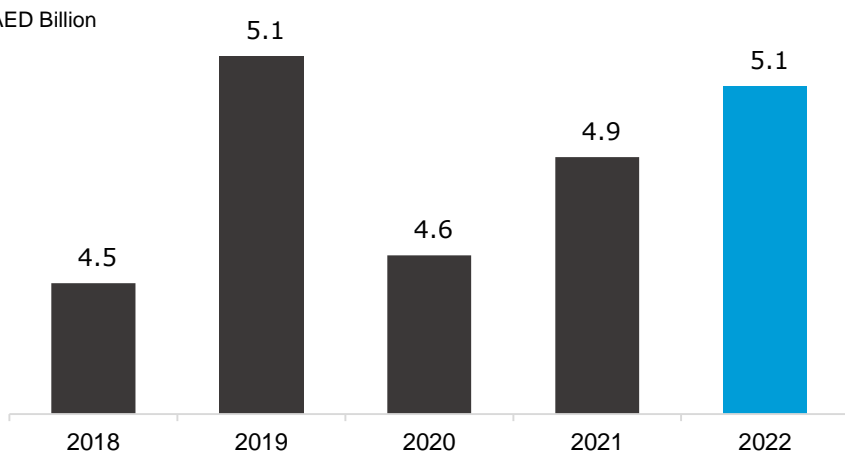
Gross Loans – Sector Breakdown

31 December 2022



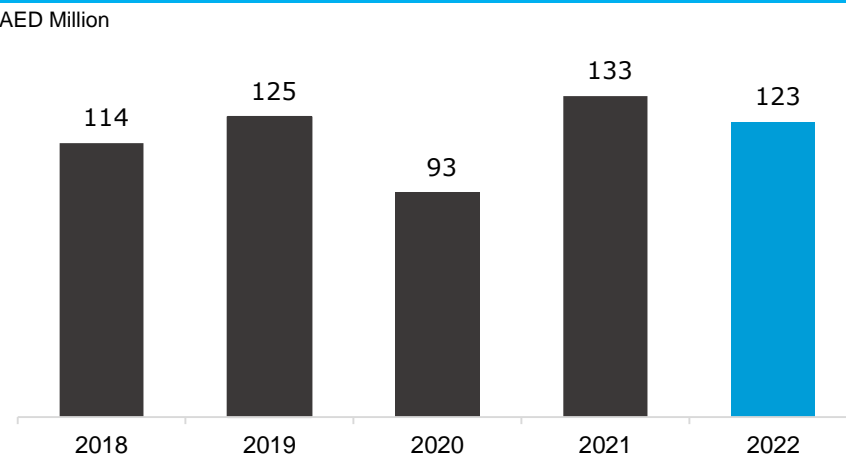
Segment Assets

AED Billion



Total Operating Income

AED Million



THANK YOU

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04

APPENDIX

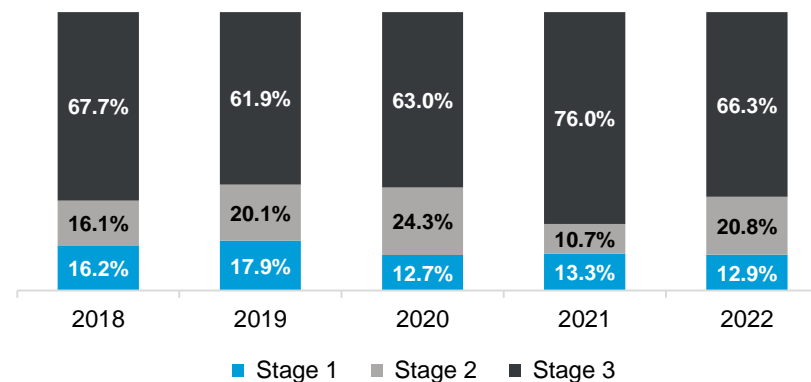


IFRS 9 – EXPOSURE AND ECL MIX

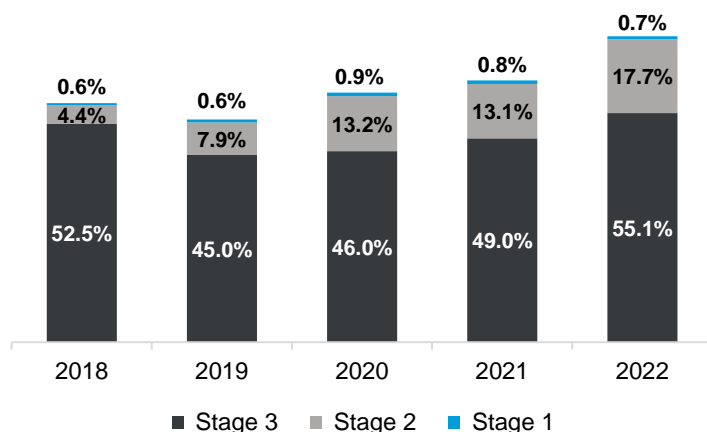
Overview

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

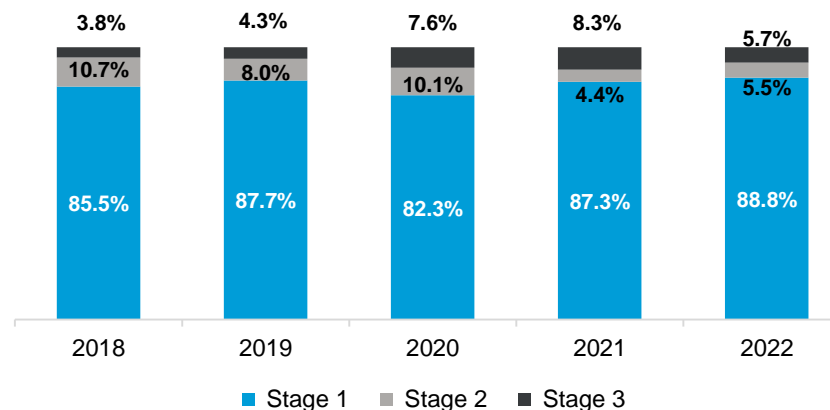
ECL Mix



ECL Rate



Exposure Mix



* Exposure includes Loans and Advances, Acceptances, Unfunded, Due From Banks and Investments