

Management discussion and Analysis Report

For the 9 months period
ended 30 Sep 2023



Financial Performance Summary

9 months period ended 30 Sep 2023 Key Highlights

Income Statement

- Net Profit of AED 385 Mn, increased by 48% YoY.
- Gross Revenue of AED 595 Mn, increased by 56% YoY.
- Net interest income of AED 447 Mn, increased by 71% YoY.
- Net Investment income of AED 50 Mn, increased by 41% YoY.
- Operating expenses of AED 123 Mn, increased by 11%. Cost to income ratio stood at 21%, improved by 9% YoY.

Statement of Financial Position

- Net loans were recorded at AED 6,471 Mn. Increased by 4% from Dec 2022.
- Total customer deposits reached at AED 8,425 Mn, Increased by 7% from Dec 2022. Deposits to net advances ratio was 130%.
- Shareholders equity stood at AED 5,537 Mn.
- Capital adequacy and CET1 ratios were 46.34% and 45.20% respectively.
- NPL ratio was 7.70%, while impairment coverage including collateral was 257%.

Net profit

AED 385 Mn

48 % from YoY



Net Loans and Advances

AED 6,471 Mn

4 % from Dec 2022



Non Performing Loan Ratio

7.70%

176 bps from Dec 2022



Financial Performance Summary

- National Bank of Umm Al-Qaiwain has recorded a net profit of AED 385 million for 9 months period ended 30 Sep 2023.
- Net profit has increased by 48% compared to AED 260 million for 9 months period ended 30 Sep 2022 due to improving external environment and effective cost optimization strategies.
- Cost-to-income ratio is 21% compared to 29% in 9 months period ended 2022, improved by 856 basis points year on year, which reflects Bank's operational efficiencies and disciplined cost management.
- Impairment coverage ratio including collateral improved to 257% as of 30 Sep 2023 from 183% as at 31 Dec 2022.
- Total assets of the group reached to AED 14.39 billion as of 30 Sep 2023, up by 6% compared to Dec 2022, while maintaining deposits to net advances ratio prudently at 130%.
- Capital Adequacy Ratio stood at 46.34% as of 30 Sep 2023, which continues to be well over the minimum threshold stipulated by Central Bank of the UAE in accordance with Basel III guidelines. Common Equity Tier I ratio is maintained strongly at 45.20%. This provides opportunities to leverage.
- Bank has maintained Eligible Liquid Assets Ratio 28% as of 30 Sep 2023.
- Lending to Stable Resource Ratio as of 30 Sep 2023 stood at 60%.
- Non- Performing Loans ratio improved to 7.7% from 9.5% as at Dec 2022.

Mr. Adnan Al Awadhi said, the outstanding financial results achieved for the 9 months period ended 30 Sep 2023 evidenced that our profitability margins have increased, reflecting prudent cost management, innovative revenue streams and streamlining internal processes. Investing in technology have contributed to improved operational efficiencies and reduced cost. We have continued to prioritize exceptional customer service, leading to high levels of customer satisfaction and loyalty.

He further added, as we move forward, our focus remains on innovation, customer-centricity and sustainability growth. We are optimistic about the future and are exploring new opportunities to further strengthen our position in the market, confident that with our collective efforts and strategic initiatives, will continue to thrive in the coming years.

Moody's Rating

Bank Deposits-long term (Local Currency)	Baa2
Bank Deposits-short term (Foreign Currency)	Baa2
Baseline Credit Assessment	ba2
Adjusted Baseline Credit Assessment	ba2
Counterparty Risk Assessment	Baa1 (cr)/P-2 (cr)
Outlook	Stable

Capital Intelligence Rating

Foreign Currency Rating-short term	A2
Foreign Currency Rating-Long term	A-
Bank Standalone rating	bbb
Core Financial Strength	bbb
Extraordinary Support Level	High
Outlook	Stable



Thank you