

Management discussion and Analysis Report

For the 3 months period
ended

31 March 2024



Financial Performance Summary

Q1 2024 Key Highlights – Income Statement

- Gross Revenue of AED 347 Mn, increased by 58%.
- Net interest income of AED 176 Mn, increased by 27%.
- Non Interest income of AED 114 Mn, grew by 125%.
- Operating expenses of AED 42 Mn, increased by 8%.
- Net Profit before tax of AED 188 Mn, rose by 35%.
- Net Profit after tax amounted to AED 176 Mn, increased by 26%.

Q1 2024 Key Highlights -Statement of Financial Position

- Total Assets reached AED 14.8 Bn as at 31 March 2024.
- Customer deposits reached AED 8,852 Mn, an increase of 1.4% from Dec 2023.
- Capital adequacy and CET1 ratios were 43.73% and 42.60% respectively.
- NPL ratio improved by 96 bps to reach 5.85% as at 31 March 2024 compared to 6.81% as at Dec 2023.
- Impairment coverage including collateral was 319% compared to 278% as at 31 Dec 2023.

Net profit after tax

AED 176 Mn

↑ 26% from Q1 of 2023



Customer Deposit

AED 8,852 Mn

↑ 1.4% from Dec 2023



Non Performing Loans Ratio

5.85%

↓ 96 bps from Dec 2023



Financial Performance Summary

- National Bank of Umm Al-Qaiwain has recorded a Net Profit after tax of AED 176 million for Q1 of 2024.
- Net Profit before tax of AED 188 Mn has increased by 35% compared to AED 139 million for Q1 of 2023 due to increase in operating income and effective cost optimization strategies.
- Total assets reached AED 14.8 billion as of 31 March 2024.
- Customer deposit stood at AED 8,852 Mn and Net loans and advances reached AED 6,778 Mn as of 31 Mar 2024, maintaining deposits to net lending ratio at 131%.
- NBQ follows a prudent policy in building credit provisions. Collateral and provision coverage to the tune of 319% is maintained for non-performing loans and this reflects prudent and effective monitoring of loans and advances portfolio.
- Non-Performing Loans ratio improved by 96 bps to 5.85% as of Q1 of 2024 from 6.81% as at Dec 2023.
- Capital Adequacy Ratio stood at 43.73% as of 31 March 2024, 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 42.60%. This provides opportunities to leverage.
- Bank has maintained high liquidity with Eligible Liquid Assets Ratio of 25% as of 31 March 2024.
- Lending to Stable Resource Ratio as of 31 March 2024 stood at 69%. This enables Bank to prudently expand its lending portfolio.

Mr. Adnan Al Awadhi announced that NBQ has recorded net profit before tax of AED 188 Mn in Q1 of 2024, an increase of 35% compared to Q1 of 2023. Net profit after tax reached AED 176 Mn. This remarkable achievement is driven by steady increase in operating income and improvement in operational efficiency. NBQ has implemented several strategic initiatives to enhance efficiency, improve customer experience and drive growth.

NBQ has prioritized customer engagement and satisfaction through personalized services, tailored and innovative financial solutions and proactive communications. NBQ remains committed to corporate social responsibility initiatives, contributing to community development projects and promoting financial literacy and inclusion. Despite the challenging economic conditions, NBQ has maintained a competitive position in the market with a focus on customer satisfaction and retention.

Looking ahead, NBQ aims to sustain its growth momentum, capitalize on emerging opportunities and navigate challenges effectively. Continued focus on innovation, customer-centricity and operational excellence will be key drivers of success in the evolving banking landscape.

Moody's Rating

Bank Deposits-long term (Local Currency)	Baa2
Bank Deposits-short term (Foreign Currency)	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



Thank you