

Management discussion and Analysis Report

For the Quarter ended
30th Jun 2023



Q2 2023 Key Highlights- Income Statement

- Net Profit of AED 255 Mn, increased by 54% YoY.
- Gross Revenue of AED 374 Mn, increased by 54% YoY.
- Net interest income of AED 291 Mn, increased by 95% YoY.
- Net Investment income of AED 47 Mn, increased by 35% YoY.
- Cost to income ratio of 21%, improved by 9% YoY.

Q2 2023 Key Highlights- Statement of Financial Position

- Net loans were recorded at AED 6,409 Mn.
- Total customer deposits reached at AED 8,276 Mn, while deposits to net advances ratio was 129%.
- Shareholders equity stood at AED 5,366 Mn.
- Capital adequacy and CET1 ratios were 46.00% and 44.86% respectively.
- NPL ratio was 7.80%, while impairment coverage including collateral was 254%.

Net profit

AED 255 Mn



54 % from Q2 of 2022



Customer Deposits

AED 8,276 Mn



5 % from Dec 2022



Non Performing Loan Ratio

7.80%



166 bps from Dec 2022



Financial Performance Summary

- National Bank of Umm Al-Qaiwain has recorded a net profit of AED 255 million for Q2 of 2023.
- Net profit has increased by 54% compared to AED 165 million for Q2 of 2022 due to improving external environment and effective cost optimization strategies.
- Cost-to-income ratio is 20.58% compared to 29.38% in Q2 of 2022, improved by 880 basis points year on year, which reflect the Bank's operational efficiencies and disciplined cost management.
- Impairment coverage ratio including collateral improved to 254% as of 30 June 2023 from 183% as of December end.
- Total assets of the group reached to AED 14.06 billion as of 30 June 2023, up by 3% compared to Dec 2022, while maintaining deposits to net advances ratio prudently at 129%.
- Capital Adequacy Ratio stood at 46.00% as of 30 June 2023, which continues to be well over the minimum threshold stipulated by Central Bank of the UAE in accordance with Basel III guidelines. This provides opportunities to leverage. Common Equity Tier I ratio is maintained strongly at 44.86%.
- Bank has maintained Eligible Liquid Assets Ratio 32.64% as of 30 June 2023, Lending to Stable Resource Ratio as of 30 June 2023 stood at 59.35%.
- Non- Performing ratio improved to 7.80% from 9.46% at December 2022 end.

Mr. Adnan Al Awadhi said, the outstanding financial results achieved in the second quarter of 2023 are a testament to the collective efforts of our dedicated employees, the trust of our customers and the unwavering support of our stakeholders. We will continue to invest in cutting-edge technologies to enhance our digital capabilities, develop innovative products and services and stay ahead of customer expectations.

He further added, looking ahead together, we will navigate the challenges ahead and seize the opportunities to achieve sustainable growth and long-term success for NBQ. As we move forward, we must remain vigilant and adapt swiftly to the evolving market dynamics, while continuing to focus on key strategic priorities including growth and expansion.

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-Short term	P-2(cr)
Counterparty Risk Assessment-Long term	Baa1(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
Bank Standalone Outlook	Stable



Thank you