

**Management
discussion and
Analysis Report**
For the year ended
31 Dec 2023



2023 YoY Key Highlights – Income Statement

- Gross Revenue of AED 955 Mn, increased by 59 % YoY.
- Net Profit of AED 503 Mn, increased by 38 % YoY.
- Net interest income of AED 606 Mn, increased by 52 % YoY.
- Non Interest income of AED 178 Mn, increased by 31 % YoY.
- Operating expenses of AED 166 Mn, increased by 7 % YoY
- Cost to income ratio stood at 21%, improved by 8 % YoY.

2023 Key Highlights -Statement of Financial Position

- Net loans reached AED 6,991 Mn, an increase of 12 % from Dec 2022.
- Customer deposits reached AED 8,729 Mn, an increase of 11 % from Dec 2022.
- Deposits to Net Lending ratio was 125 %.
- Shareholders equity stood at AED 5,641 Mn, an increase of 6 % from Dec 2022.
- Capital adequacy and CET1 ratios were 42.76 % and 41.64 % respectively.
- NPL ratio improved by 2.7 % to reach 6.81 % as at 31 Dec 2023. Impairment coverage including collateral was 278 % compared to 201 % as at 31 Dec 2022.

Net profit

AED 503 Mn



38 % from YoY



Net Loans and Advances

AED 6,991 Mn



12 % from Dec 2022



Non Performing Loans Ratio

6.81%



265 bps from Dec 2022



Financial Performance Summary

- National Bank of Umm Al-Qaiwain has recorded a net profit of AED 503 million for the year ended 31 Dec 2023.
- Net profit has increased by 38% compared to AED 365 million for the year ended 31 Dec 2022 due to robust business growth, effective cost optimization strategies and improved external environment .
- Cost-to-income ratio is 21% compared to 29% for the year ended 2022, improved by 772 basis points year on year. This reflects Bank's operational efficiencies and disciplined cost management.
- Total assets reached to AED 14.78 billion as of 31 Dec 2023, up by 9% compared to Dec 2022.
- Maintaining deposits to net lending ratio prudently at 125%.
- NBQ follows a prudent policy in building credit provisions. Collateral and provision coverage to the tune of 278 % is maintained for non-performing loans and this reflects prudent and effective monitoring of loans and advances portfolio.
- Non-Performing Loans ratio improved by 2.7% to 6.8% as of Dec 2023 from 9.5% as at Dec 2022.
- Capital Adequacy Ratio stood at 42.76% as of 31 Dec 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 41.64%. This provides opportunities to leverage.
- Bank has maintained high liquidity with Eligible Liquid Assets Ratio of 26% as of 31 Dec 2023.
- Lending to Stable Resource Ratio as of 31 Dec 2023 stood at 66%. This enables Bank to prudently expand its lending portfolio.

Mr. Adnan Al Awadhi announced NBQ's achieved one of the record net profit of AED 503 million for 2023, representing a 38% year-on-year growth. This remarkable achievement was driven by asset expansion, innovative revenue streams, improved profit margins, and effective cost optimization. Streamlined processes and strategic investments in technology further boosted efficiency and enhanced customer service.

Looking ahead, our strategic initiatives prioritize market expansion, product diversification, and continued cost optimization. These initiatives align with our long-term vision for sustained growth and commitment to sustainability and corporate social responsibility. We've made strides in environmental initiatives and community outreach, while upholding ethical practices to strengthen our brand and foster positive stakeholder relationships.

With robust strategic plans in place, we are optimistic about the future and well-positioned to navigate challenges and capitalize on opportunities in the evolving business landscape. I deeply appreciate the unwavering trust and support of our stakeholders. Together, we will continue to drive NBQ to new heights.

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