

# Management discussion and Analysis Report

For the Quarter ended  
31<sup>st</sup> Mar 2023



## Q1 2023 Key Highlights- Income Statement

- Net Profit of AED 139 Mn, increased by 44% YoY.
- Gross Revenue of AED 190 Mn, increased by 44% YoY.
- Net interest income of AED 139 Mn, increased by 108% YoY.
- Net Investment income of AED 34 Mn, increased by 12% YoY.
- Cost to income ratio of 20.5%, decreased by 7% YoY.

## Q1 2023 Key Highlights- Statement of Financial Position

- Gross loans were recorded at AED 6,390 Mn.
- Total customer deposits reached at AED 8,182 Mn, while deposits to gross advances ratio was 128%.
- Shareholders equity stood at AED 5,214 Mn.
- Capital adequacy and CET1 ratios were 46.66% and 45.53% respectively.
- NPL ratio was 8.10%, while impairment coverage including collateral was 197%.

### Net profit

**AED 139 Mn**



44 % from Q1 of 2022



### Customer Deposits

**AED 8,182 Mn**



4 % from Dec 2022



### Non Performing Loan Ratio

**8.10%**



136 bps from Dec 2022



# Financial Performance Summary

- National Bank of Umm Al-Qaiwain has posted a net profit of AED 139 million for Q1 of 2023.
- Net profit has increased by 44% compared to AED 96 million for Q1 of 2022 due to improving external environment and efficient cost management.
- Cost-to-income ratio is 20.51% compared to 27.11% in Q1 of 2022, improved 660 basis points year on year, which reflects the Bank's operational efficiencies and disciplined cost management.
- Provision coverage ratio improved to 197% as of 31 Mar 2023 from 183% as of Dec end.
- Total assets of the group reached to AED 14.17 billion as of 31 Mar 2023, up by 4% compared to Dec 2022, while maintaining deposits to gross advances ratio prudently at 128%.
- Capital Adequacy Ratio stood at 46.66% as of 31 Mar 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 45.53%.
- Bank has maintained Eligible Liquid Assets Ratio 35.31% as of 31 Mar 2023, Lending to Stable Resource Ratio as of 31 Mar 2023 stood at 63.80%.
- Non- Performing ratio decreased to 8.1% from 9.46% at Dec 2022 end.



Mr. Adnan Al Awadhi said, NBQ performance this quarter has been strong and praiseworthy facilitated by the pace of economic recovery of the country. NBQ progressed well in the execution of its strategic plans supported by a robust capital adequacy, sound improvement in assets quality, sufficient liquidity buffers, success in leveraging digital technology and well diversified balance sheet.

He further added, looking ahead, the increasingly challenging global backdrop calls for caution with recessionary risks looming over several economics, we remain focused on maintaining balance sheet strength to deliver our strategic priorities to drive growth and provide innovative solutions to the customers and maximize shareholders wealth.

## 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**