

Management discussion and Analysis Report

For the year ended 31st
Dec 2022



Financial Performance Summary

2022 YoY Key Highlights-Income Statement

- Net Profit of AED 364 Mn increased by 38% YoY.
- Gross Revenue of AED 599 Mn, increased by 36% YoY.
- Net interest income of AED 398 Mn increased by 44% YoY.
- Non-interest income of AED 137 Mn, increased by 18% YoY.
- Cost to income ratio of 28.9%, decreased by 6% YoY.

2022 Key Highlights-Balance Sheet

- Gross loans were recorded at AED 6,580 Mn.
- Total customer deposits stood at AED 7,862 Mn, while Deposits to Advances ratio was 126%.
- Shareholders equity stood at AED 5,327 Mn.
- Capital adequacy and CET1 ratios were 44.27% and 43.13% respectively.
- NPL ratio was 9.46% while impairment coverage including collateral was 183.10%.

Net profit

AED 364Mn

↑ 38 % from Dec 2021



Customer Deposits

AED 7,862Mn

↑ 2 % from Dec 2021



Return on Equity

7.02%

↑ 160 bps from Dec 2021



Financial Performance Summary

- National Bank of Umm Al-Qaiwain has posted a net profit of AED 364.52 million for the year 2022.
- Net profit has increased by 38% compared to AED 264.17 million for December 2021 due to improving external environment and efficient cost management.
- Cost-to-income ratio is 28.93% compared to 34.81% in 2021, improved 588 basis points on year on year, which reflects the Bank's operational efficiencies and disciplined cost management.
- Bank is focused on exercising prudence and building up provisions to ensure adequate cushions during current challenging times. Bank holds collateral and specific provision to the tune of 183.10% for vast majority of the non-performing loans, which reflects prudent management and effective monitoring of our loans and advances portfolio.
- Total assets stood at the AED 13.605 billion, up by 3.5% compared to Dec 2021, while maintaining deposits to advances ratio prudently at 126%.
- Capital Adequacy Ratio stood at 44.27% as at 31st December 2022, 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. Tier I ratio is maintained strongly at 43.13%.
- Bank has maintained high liquidity with stable resources to advances ratio of 159.21% as at 31st December 2022, while Central Bank of the UAE has set 100% as the minimum limit.
- Net Stable funding ratio as at 31 December 2022 as per Basel III guidelines stood at 122.32% compared to minimum stipulated ratio of 100%. This will enable the Bank to prudently expand its lending portfolio.

Chief Executive Officer

Mr. Adnan Al Awadhi, said, NBQ plays a key role in the economic transformation of UAQ and other Emirates, providing products and services to individuals, SMEs and corporates. Our goal is to continue enhancing our competitive position and maximize the positive contribution, we make to stakeholders and communities.

He further added, UAE is backing this ambition with significant investments in clean and renewable energy and by focusing on tourism as part of their non-oil economy objectives. As we enter our next phase of growth, we see sustainability as an opportunity to support the national economic agenda and meet the evolving needs of our customers, while effectively managing risk to ensure the long-term success of the bank.

Credit Rating

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