

Management discussion and Analysis Report

For the 3 months period
ended

31 Mar 2025



Financial Performance Summary

Q1 2025 Key Highlights – Income Statement

- Profit after tax amounted to AED 186 Mn, increased by 6%
- Gross Revenue of AED 313 Mn and Net Interest Income of AED 147 Mn.
- Net Fee and Commission Income of AED 7 Mn, increased by 11 %.
- Investment gain of AED 59 Mn, grew by 32 %.
- Operating expenses of AED 46 Mn, increased by 8 %.
- Cost to income ratio stood at 19 %.

Q1 2025 Key Highlights -Statement of Financial Position

- Total Assets stood at AED 18.6 Bn as at 31 Mar 2025, an increase of 4 % from Dec 2024 and an increase of 26 % from Mar 2024.
- Net loans and advances reached at AED 8,217 Mn, an increase of 6% from Dec 2024 and an increase of 21 % from Mar 2024.
- Customer deposits reached AED 12,162 Mn, an increase of 7 % from Dec 2024 and an increase of 37 % from Mar 2024.
- Shareholders equity stood at AED 5,879 Mn, a decrease of 2 % from Dec 2024 and an increase of 6% from Mar 2024.
- Capital adequacy and CET1 ratios were 36.95 % and 35.83 % respectively.
- NPL ratio improved by 28 bps to reach 3.74 % as at 31 Mar 2025 compared to 4.02 % as at 31 Dec 2024.
- Impairment coverage including collateral was 303 % as at 31 Mar 2025.

Profit after tax

AED 186 Mn



6 % from Q1 of 2024



Net Loans and Advances

AED 8,217 Mn



6 % from Dec 2024



Non Performing Loans Ratio

3.74%



28 bps from Dec 2024



Financial Performance Summary

- National Bank of Umm Al-Qaiwain has recorded a Profit after tax of AED 186 Mn for Q1 of 2025 compared to AED 176 Mn in Q1 of 2024, an increase of 6 %.
- Profit before tax of AED 199 Mn has increased by 5 % compared to AED 188 Mn for Q1 of 2024, despite of adverse interest rate environment. This growth was driven by diversification of income sources and the implementation of effective cost optimization strategies.
- Total assets reached to AED 18.6 Bn as of 31 Mar 2025, an increase of 4 % compared to AED 17.9 Bn as at 31 Dec 2024 and an increase of 26 % from Mar 2024.
- Customer deposit stood at AED 12.2 Bn, representing an increase of 7 % compared to AED 11.4 Bn as at 31 Dec 2024 and an increase of 37 % from Mar 2024.
- Net Loans and Advances reached AED 8.2 Bn as of 31 Mar 2025, registering an increase of 6 % compared to AED 7.8 Bn as at 31 Dec 2024, an increase of 21 % from Mar 2024, maintaining deposits to net lending ratio at 148%.
- Treasury assets were AED 9.8 Bn as of 31 Mar 2025, an increase of 2 % compared to AED 9.6 Bn as at 31 Dec 2024 and 30% increased from Mar 2024.
- NBQ follows a prudent policy in building credit provisions. Collateral and specific provision coverage to the tune of 303 % is maintained for non-performing loans and this reflects prudent and effective monitoring of loans and advances portfolio.
- Non-Performing Loans ratio improved by 28 bps to 3.74 % as of Mar 2025 from 4.02% as at Dec 2024.
- Capital Adequacy Ratio stood at 36.95 % as of 31 Mar 2025, 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 35.83 %. This provides opportunities to leverage.
- Bank has maintained high liquidity with Eligible Liquid Assets Ratio of 24 % as of 31 Mar 2025.
- Lending to Stable Resource Ratio as of 31 Mar 2025 stood at 70 %. This enables Bank to prudently expand its lending portfolio.

Chief Executive Officer

Mr. Adnan Al Awadhi announced that National Bank of Umm Al Quwain (NBQ) achieved a profit after tax of AED 186 million in Q1 of 2025, marking a 6% increase compared to Q1 of 2024. NBQ demonstrated impressive resilience and growth despite a challenging economic environment. Strong financial results were achieved, including higher profitability, asset growth, and an increase in customer deposits. NBQ's solid capital position and robust liquidity ratios underscore the bank's commitment to maintaining financial stability while pursuing sustainable growth.

Key accomplishments during the quarter include the expansion of digital banking services, with the much-anticipated digital platform now live, marking a major milestone in our efforts to enhance user experience and streamline banking services. We've continued to invest in technology to improve operational efficiency, and NBQ has made significant strides in risk management and compliance, ensuring alignment with regulatory standards while proactively managing potential risks.

Looking ahead, NBQ is focused on expanding its market share through strategic investments in digital innovation and by diversifying its product offerings. Bank's outlook for 2025 remains positive, with an ongoing focus on operational excellence, customer-centric solutions, and sustainability efforts to generate long-term value for stakeholders.

He extended his heartfelt thanks to shareholders, employees, and customers for their continued trust and support, reaffirming the bank's commitment to fostering growth and success in the years ahead.

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