

**Management
discussion and
Analysis Report**
For the 6 months period
ended 30 June 2025



Financial Performance Summary

H1 of 2025 Key Highlights – Income Statement

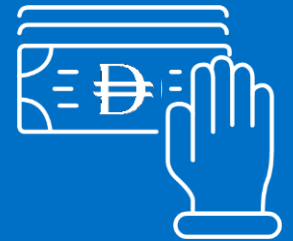
- Profit after tax amounted to AED 314 Mn, increased by 10%
- Gross Revenue of AED 643 Mn, grew by 8% and Net Interest Income amounted to AED 309 Mn.
- Non interest income of AED 190 Mn, grew by 37%.
- Operating expenses of AED 93 Mn, increased by 9 %.
- Cost to income ratio stood at 19 %.

H1 of 2025 Key Highlights -Statement of Financial Position

- Total Assets stood at AED 20.2 Bn as at 30 June 2025, an increase of 13 % from Dec 2024 and an increase of 29 % from June 2024.
- Net loans and advances reached at AED 8,358 Mn, an increase of 7% from Dec 2024 and an increase of 13 % from June 2024.
- Customer deposits reached AED 13,319 Mn, an increase of 17 % from Dec 2024 and an increase of 41 % from June 2024.
- Shareholders equity stood at AED 6,233 Mn, an increase of 4 % from Dec 2024 and an increase of 11% from June 2024.
- Capital adequacy and CET1 ratios were 34.58 % and 33.46 % respectively.
- NPL ratio improved by 184 bps to reach 2.18 % as at 30 June 2025 compared to 4.02 % as at 31 Dec 2024.
- Impairment coverage including collateral was 333 % as at 30 June 2025.

Profit after tax
AED 314 Mn

↑ 10 % from H1 of 2024



Net Loans and Advances

AED 8,358 Mn

↑ 7 % from Dec 2024



Non Performing Loans Ratio

2.18%

↓ 184 bps from Dec 2024



Financial Performance Summary

- National Bank of Umm Al-Qaiwain has recorded a Profit after tax of AED 314 Mn for H1 of 2025 compared to AED 285 Mn in H1 of 2024, an increase of 10 %, despite of adverse interest rate environment. This growth was achieved by diversification of income sources and the implementation of effective cost optimization strategies.
- Total assets reached to AED 20.2 Bn as of 30 June 2025, an increase of 13 % compared to AED 17.9 Bn as at 31 Dec 2024 and an increase of 29 % from June 2024.
- Net Loans and Advances reached AED 8.3 Bn as of 30 June 2025, registering an increase of 7 % compared to AED 7.8 Bn as at 31 Dec 2024, an increase of 13 % from June 2024, maintaining deposits to net lending ratio at 159%.
- Treasury assets were AED 11.2 Bn as of 30 June 2025, an increase of 16 % compared to AED 9.6 Bn as at 31 Dec 2024 and 44% increased from June 2024.
- Customer deposit stood at AED 13.3 Bn, representing an increase of 17 % compared to AED 11.4 Bn as at 31 Dec 2024 and an increase of 41 % from June 2024.
- NBQ follows a prudent policy in building credit provisions. Collateral and specific provision coverage to the tune of 333 % is maintained for non-performing loans and this reflects prudent and effective monitoring of loans and advances portfolio.
- Non-Performing Loans ratio improved by 184 bps to 2.18 % as of June 2025 from 4.02% as at Dec 2024.
- Capital Adequacy Ratio stood at 34.58 % as of 30 June 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 33.46 %. This provides opportunities to leverage.
- Bank has maintained high liquidity with Eligible Liquid Assets Ratio of 20 % as of 30 June 2025.
- Lending to Stable Resource Ratio as of 30 June 2025 stood at 65 %. This enables Bank to prudently expand its lending portfolio.

Chief Executive Officer

Mr. Adnan Al Awadhi, CEO of the National Bank of Umm Al Quwain (NBQ), announced that the bank achieved a profit after tax of AED 314 million in the first half of 2025, reflecting a 10 % increase compared to the same period in 2024. Despite adverse interest rate movement and challenging economic environment, NBQ delivered solid performance marked by higher profitability, asset growth, and increased customer deposits. The bank's strong capital position and liquidity ratios reinforce its commitment to financial stability and sustainable growth.

Key achievements for the period included the launch of NBQ's digital banking platform, a major milestone in the bank's digital transformation journey and Aani, an Instant payment platform. The platform is aimed at enhancing customer experience and streamlining services. In parallel, NBQ continued to invest in technology to boost operational efficiency and made significant progress in risk management and regulatory compliance, proactively managing potential risks in a dynamic market.

Looking ahead, NBQ remains focused on expanding its market share through strategic investments in digital innovation and diversifying its product offerings. The bank maintains a positive outlook for the rest of 2025, driven by a focus on operational excellence, customer-centric solutions, and sustainability.

Mr. Adnan Al Awadhi expressed his gratitude to shareholders, employees, and customers for their continued trust and support, reaffirming NBQ's commitment to long-term value creation and growth.

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