Management Discussion and Analysis Report

For the 6 month period ended 30 June 2026

Key Financial Highlights

Profit After Tax
Ð 271 Mn

Total Assets
Ð 24.1 Bn

Net Interest Income
Ð 310 Mn

Net Loans and Advances
Ð 8.7 Bn

Net Interest Margin
2.9%

Non-Performing Loans Ratio
0.4%

Cost to Income Ratio
25.6%

Eligible Liquid Assets Ratio
15.6%

Return on Average Assets
2.0%

Capital Adequacy Ratio
30.5%

Chief Executive Officer Statement

The first half of 2026 demonstrated National Bank of Umm Al Qaiwain's resilience and the continued execution of our strategic priorities despite a challenging operating environment characterized by geopolitical uncertainty and a lower interest rate backdrop. Our solid financial performance reflects the strength of our diversified business model, disciplined balance sheet management, and unwavering focus on sustainable long-term growth.

Throughout the period, we maintained a strong capital and liquidity position while continuing to support our customers and the broader economy. Our prudent approach to risk management, combined with disciplined cost control and continued improvement in asset quality, has enabled us to preserve financial strength and deliver consistent value to our stakeholders.

Digital innovation remains central to our strategy. During the first half of the year, we continued investing in technology to enhance customer experience, improve operational efficiency, and strengthen the resilience and security of our digital platforms. We also expanded our customer offering through strategic partnerships, including new home financing solutions, while reinforcing our commitment to maintaining the highest standards of operational excellence and information security.

Beyond financial performance, we remained committed to creating long-term value through investment in our people, Emiratization, leadership development, sustainability, and community initiatives. These efforts reflect our belief that responsible banking is fundamental to building lasting relationships with our customers and supporting the UAE's economic and social development.

Looking ahead, while we remain mindful of the evolving global economic landscape, we are confident that NBQ's strong fundamentals, resilient balance sheet, and clear strategic direction position us well to capitalize on future opportunities. We will continue to focus on innovation, customer-centricity, operational excellence, and prudent risk management as we deliver sustainable value for our shareholders, customers, employees, and the communities we serve.

Adnan Al Awadhi
Chief Executive Officer

Income Statement Summary

Key Figures (AED Mn)	30-June-26	30-June-25	Variance	%
Net Interest Income	309.76	309.39	0.37	0.12%
Non Interest Income	111.28	190.23	-78.94	-41.50%
Operating Cost	107.58	92.80	14.78	15.93%
Net Impairment Losses	22.25	67.95	-45.70	-67.25%
Profit After Tax	271.15	313.76	-42.61	-13.58%

National Bank of Umm Al-Qaiwain reported a profit after tax of AED 271 Mn for the period ended 30 June 2026. This reflects a softer benchmark interest rate environment, and prudent impairment provisioning amid ongoing geopolitical uncertainties. Performance was supported by continued diversification of the balance sheet and income streams, alongside disciplined cost optimization measures.

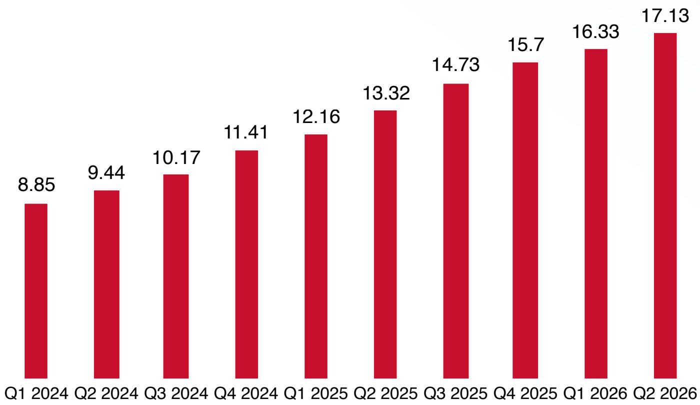
- Net interest income rose to AED 310 Mn, underpinning stable core earnings amid challenging conditions.
- Operating expenses increased by 15.93% year over year, mainly driven by higher investment in talent development, technology, and infrastructure to support business growth.
- Cost to income ratio stood at 25.6%.

Statement of Financial Position Summary

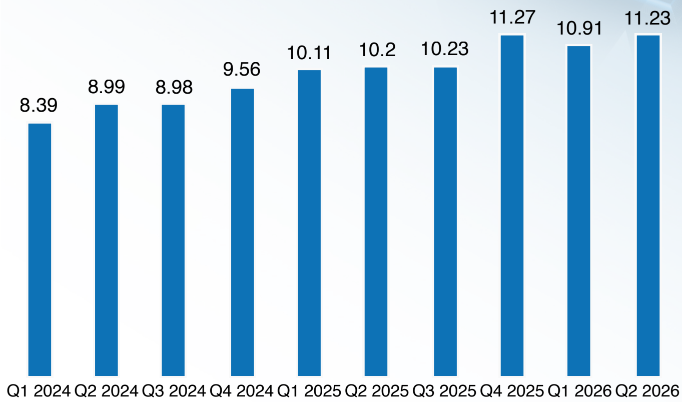
Key Figures (AED Bn)	30-Jun-26	31-Dec-25	Variance	%	30-Jun-25	Variance	%
Total Assets	24.10	22.89	1.21	5%	20.16	3.94	20%
Loans to Customers (Gross)	8.81	9.15	-0.34	-4%	8.48	0.33	4%
Loans to Banks (Gross)	2.42	2.12	0.30	14%	1.72	0.71	41%
Customer Deposits	17.13	15.70	1.42	9%	13.32	3.81	29%

- Total assets reached AED 24.1 Bn as of 30 June 2026, an increase of 5% from Dec 2025 and an an increase of 20% from June 2025.
- Gross loans and advances reached AED 8.81 Bn, a rise of 4% compared to 30 June 2025, maintaining a strong deposits-to-net lending ratio of 197%.
- Customer deposits rose 29% from 30 June 2025 to reach AED 17.13 Bn over the same period, demonstrating continued customer confidence and funding strength.

Customer Deposits (AED Bn)



Total Gross Loans (AED Bn)



- Capital Adequacy Ratio stood at 30.5%% as of 30 June 2026, 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 30%. This provides opportunities to leverage.

- The Bank maintained a strong liquidity position, with an Eligible Liquid Assets Ratio of 15.6% as of 30 June 2026, despite ongoing geopolitical challenges.
- Lending to Stable Resource Ratio as of 30 June 2026 stood at 58.6%. This enables Bank to prudently expand its lending portfolio.

Key Indicators (%)	30-Jun-26	31-Mar-26	31-Dec-25	30-Sep-25	30-Jun-25
Return on Average Assets	2.0%	1.9%	2.8%	3.0%	3.0%
Return on Average Equity	7.3%	6.7%	9.3%	9.7%	9.3%
Cost to Income	25.6%	22.2%	23.4%	21.6%	18.6%
Net Interest Margin	2.9%	2.9%	3.5%	3.5%	3.6%
Non-Performing Loan Ratio	0.4%	0.4%	0.3%	0.9%	2.2%
Provision Coverage Ratio	266.4%	257.1%	305.9%	109.5%	67.5%
Eligible Liquid asset ratio	15.6%	20.4%	18.5%	21.7%	20.2%
Tier 1 Ratio	30.0%	30.2%	30.1%	33.4%	33.5%
Capital Adequacy Ratio	30.5%	30.8%	30.7%	33.8%	34.6%

Outlook

Looking ahead, National Bank of Umm Al Qaiwain ("NBQ") is expected to benefit from the UAE's resilient economic growth, rising business activity, and continued expansion in the SME and retail banking sectors.

The bank's strong capital base, conservative lending approach, and improving asset quality should support sustainable profitability through 2026 despite potential pressure on margins from lower interest rates.

NBQ is also to focus on digital banking enhancement, operational efficiency, and selective credit growth, helping reinforce its competitive position while maintaining stable returns and solid shareholder confidence.

Awards

NBQ's Honored with Nafis Award for 2024-2025

Thank You