

# Management discussion and Analysis Report

For the 3 months period  
ended

31 Mar 2026



# Financial Performance Summary

## Q1 2026 Key Highlights - Income Statement

- Profit after tax amounted to AED 152 Mn, decreased by 18 %
- Total Interest Income showed a robust growth 11 % to AED 246 Mn.
- Net interest income rose by 4% to AED 153 million, underpinning stable core earnings.
- Operating expenses of AED 52 Mn, increased by 13 %.
- Cost to income ratio stood at 22 %.

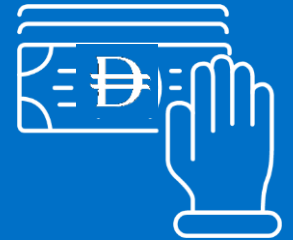
## Q1 2026 Key Highlights - Statement of Financial Position

- Total Assets stood at AED 23.2 Bn as at 31 Mar 2026, an increase of 1 % from Dec 2025 and an increase of 24 % from Mar 2025,
- Net loans and advances reached at AED 8,342 Mn, a decrease of 8 % from Dec 2025 and an increase of 2 % from Mar 2025.
- Customer deposits reached AED 16,327 Mn, an increase of 4 % from Dec 2025 and an increase of 34 % from Mar 2025.
- Shareholders equity stood at AED 6,251 Mn, a decrease of 5 % from Dec 2025 and an increase of 6 % from Mar 2025.
- Capital adequacy and CET1 ratios were 31 % and 30 % respectively.
- NPL ratio reached to 0.43 % as of 31 Mar 2026, compared to 0.31 % as of 31 Dec 2025.
- Impairment coverage ratio was 257 % as of 31 Mar 2026.

### Net Interest Income

AED 153 Mn

4% from 3 months period ended 2025



### Customer Deposit

AED 16.3 Bn

4% from Dec 2025



### Total Assets

AED 23.2 Bn

1 % from Dec 2025



# Financial Performance Summary

- National Bank of Umm Al-Qaiwain reported a profit after tax of AED 152 million for the period ended 31 Mar 2026, representing an 18 % decline from AED 186 million in the same period of 2025. The decrease 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 by 4 % reflecting higher volume growth vis-à-vis Q1,2025.
- Operating expenses increased by 13 % year over year, mainly driven by higher investment in talent development and infrastructure to support business growth.
- Total assets reached to AED 23.2 Bn as of 31 Mar 2026 an increase of 1 % compared to AED 22.9 Bn as of 31 Dec 2025 and an increase of 24 % from Mar 2025.
- Net loans and advances stood at AED 8.3 Bn as of 31 Mar 2026, reflecting an 8% decrease from AED 9.1 Bn as at 31 December 2025, an increase of 2 % from Mar 2025, maintaining a strong deposits-to-net lending ratio of 196 %.
- Treasury assets were AED 11.8 Bn as of 31 Mar 2026, an increase of 6 % compared to AED 11.1 Bn as at 31 Dec 2025 and 21 % increase from Mar 2025.
- Customer deposits grew by 4 % to AED 16.3 Bn, demonstrating continued customer confidence and funding strength, an increase of 34 % from Mar 2025.
- Asset quality remains robust, with a low NPL ratio of 0.43 %
- Capital Adequacy Ratio stood at 31 % as of 31 Mar 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 20.43% as of 31 Mar 2026, despite ongoing geopolitical challenges.
- Lending to Stable Resource Ratio as of 31 Mar 2026 stood at 64.35 %. This enables Bank to prudently expand its lending portfolio.

# Chief Executive Officer

Mr. Adnan Al Awadhi, Chief Executive Officer of the National Bank of Umm Al Qaiwain (NBQ), commented that the first quarter ended 31 Mar 2026 reflected a period of stable performance and continued strategic execution for the Bank. NBQ delivered resilient financial results during the quarter, underpinned by strong core fundamentals, disciplined cost management, and a balanced approach to growth. Net Interest income showed steady progress, supported by effective funding strategies, and sustained asset quality improvements despite the ongoing geopolitical challenges, and softer benchmark interest rate environment.

During the quarter, NBQ maintained a solid balance sheet, supported by healthy liquidity positions and robust capital adequacy levels. This strength enabled the Bank to continue supporting its customers across key segments while maintaining a cautious and well-managed risk profile.

Digital transformation remained a central focus in Q1 2026. NBQ enhanced its digital banking platforms, improved customer experience through upgraded mobile services, and continued to automate key operational processes. These initiatives contributed to increased efficiency, stronger customer engagement, and reinforced NBQ's competitive position in the market.

NBQ also remained committed to its broader strategic priorities, including emiratization, talent development, gender diversity, and sustainability initiatives. The Bank continued to invest in its workforce and community engagement, aligning with national objectives and long-term value creation.

Risk management continued to play a critical role, with the Bank maintaining a prudent and proactive approach amid evolving market dynamics and interest rate conditions. This disciplined framework has supported stability while enabling measured growth.

Looking ahead, NBQ remains cautiously optimistic for the remainder of 2026. With a clear strategic direction, a resilient business model, and a strong commitment to innovation and customer service, Bank is well-positioned to build on its momentum and deliver sustainable value to its stakeholders.

2025 Annual Report - Financial Performance

## Moody's Rating

Bank Deposit	Baa2/P-2
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**