

## Management Discussion and Analysis Report

### National Bank of Fujairah PJSC

For the three month period ended 31 March 2024

### National Bank of Fujairah PJSC (NBF) – Q1 2024 Results

**Net profit before tax rose 80.8% reaching AED 274.8 million, compared to Q1 2023; with net profit after tax of AED 251.1 million**

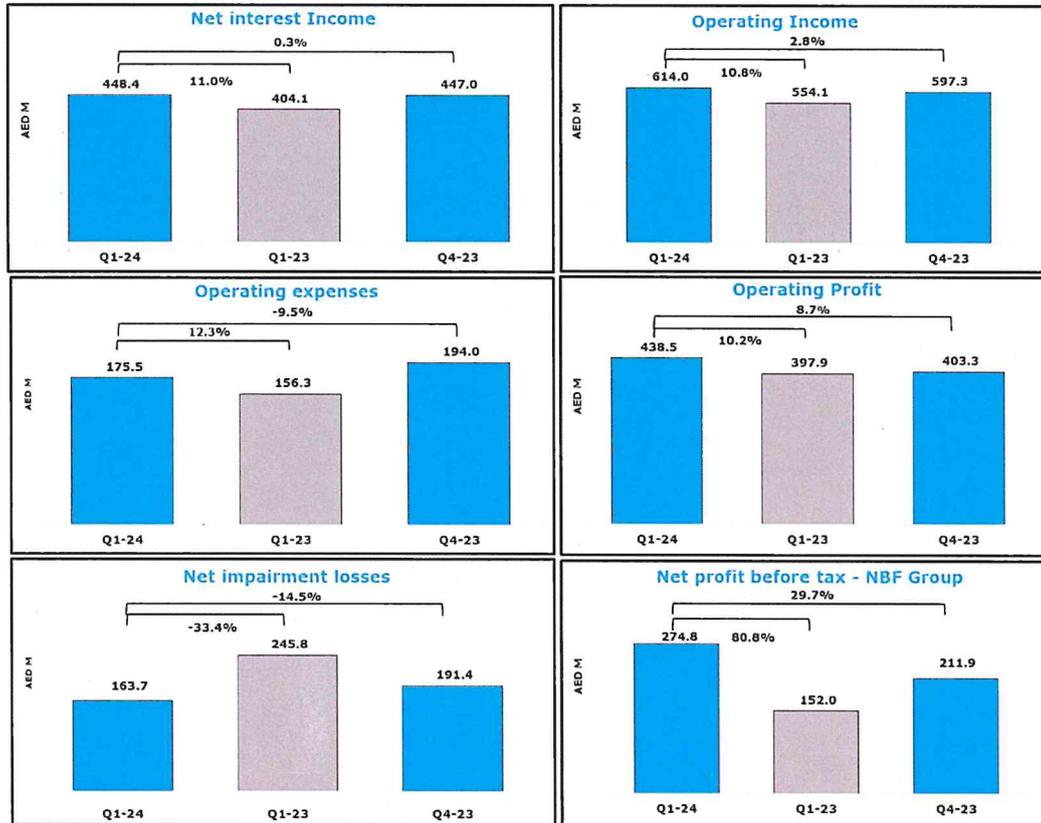
**29 April 2024:** NBF is pleased to announce its results today for the three month period ended 31 March 2024.

### Overview of Results and Operational Performance for the three month period ended 31 March 2024

NBF recorded year-on-year growth of 80.8% to close the three-month period at a net profit before tax of AED 274.8 million compared to AED 152.0 million in the corresponding period of 2023. Further, NBF posted a net profit after tax of AED 251.1 million for the quarter with a corporate tax charge of AED 23.7 million. These results evidence the bank's continued focus on selective quality business growth, and the effective management of margins and liquidity. The continued high interest rate environment, continuing improvement in impairment provisions, careful management of costs and buoyant local market conditions, despite the broader uncertain geopolitical conditions and global environment, all contributed to this very strong position.

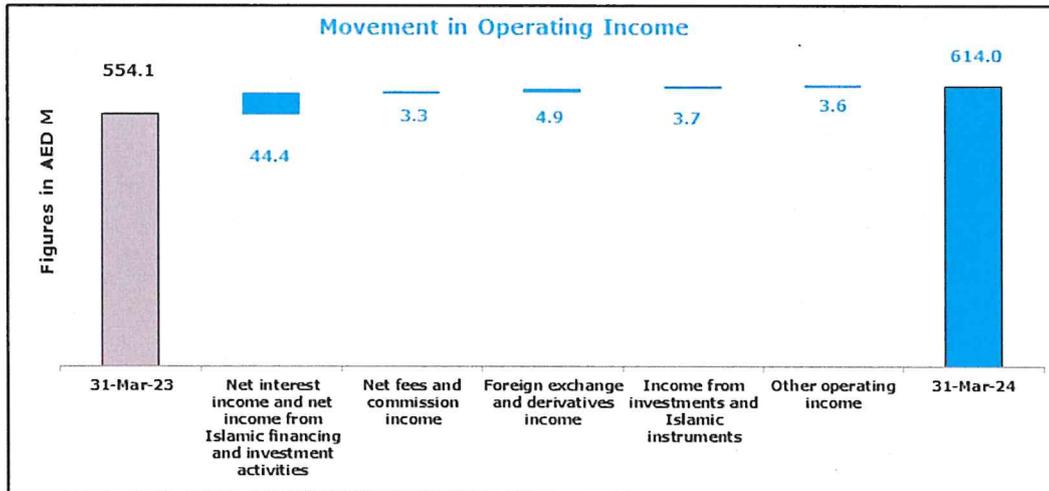
NBF maintained its policy of prudent and transparent recognition of problem accounts whilst taking into consideration the new credit risk standards being introduced by the Central Bank of the UAE. NBF booked net impairment provisions of AED 163.7 million for the three-month period ended 31 March 2024 compared to AED 245.8 million in the corresponding period of 2023, a notable reduction of 33.4%. The total provision coverage ratio improved to 128.4% compared to 120.2% as at 31 December 2023. The NPL ratio was maintained at the 2023 year-end level of 4.9%.

### Summary of profit and loss for the three month period ended 31 March 2024

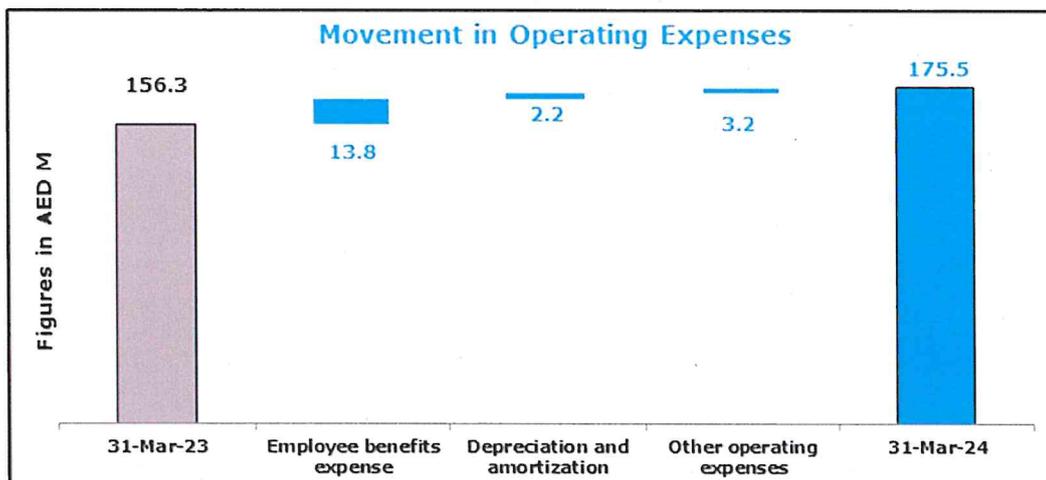


NBF posted an operating profit of AED 438.5 million for the three-month period, a rise of 10.2% compared to AED 397.9 million in the corresponding period of 2023; and up 8.7% quarter-on-quarter.

NBF recorded an operating income of AED 614.0 million, up 10.8% compared to AED 554.1 million in the corresponding period of 2023; and up 2.8% compared to Q4 2023 reflecting the robust core business performance. Net interest income and net income from Islamic financing and investment activities rose 11.0% compared to the corresponding period of 2023, reaching AED 448.4 million; and experienced a growth of 0.3% compared to Q4 2023. Net fees, commission and other income grew 6.1% compared to the corresponding period of 2023, reaching AED 119.7 million; and experienced a rise of 11.5% compared to Q4 2023. Foreign exchange and derivatives income experienced a good growth of 12.3% compared to the corresponding period of 2023, reaching AED 45.1 million for the three-month period ended 31 March 2024.



Operating expenses increased by 12.3%, reflecting NBF’s investments in its businesses, systems, infrastructure and people. These investments include a set of digitalization initiatives to further enhance our focus on exceptional customer service through digital adoption and innovation. Further, NBF’s cost-to-income ratio stood at 28.6% compared to 28.2% in the corresponding period of 2023, remaining in the mid-industry range and reflecting on-going cost discipline.





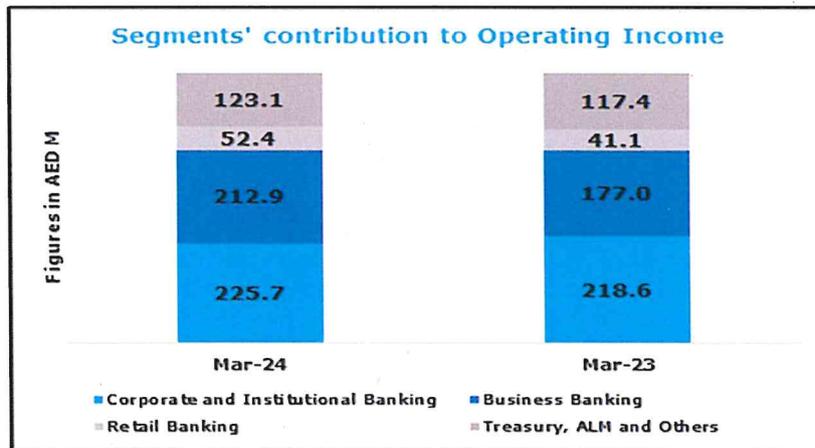
### Key Performance Indicators

- Ample liquidity has been maintained with lending to stable resources ratio (LSRR) at 68.6% (2023: 67.4%) and eligible liquid assets ratio (ELAR) at 28.6% (2023: 28.3%), well ahead of Central Bank of the UAE’s minimum requirements.
- The capital adequacy ratio (CAR) stood at 18.9% (Tier 1 ratio of 17.8% and CET 1 ratio of 14.3%) compared to 19.0% (Tier 1 ratio of 17.8% and CET 1 ratio of 14.2%) at 2023 year-end and is being maintained at this level to support the bank’s ability to grow and meet any challenges that may arise from the rapidly evolving global economy.
- Return on average equity improved to 15.3%, up from 10.2% for the corresponding period in 2023.
- Return on average assets improved to 1.9%, up from 1.3% for the corresponding period in 2023.

### Our Segmented Focus

NBF’s business strategy continues to revolve around client relationships, supported by the segmented approach adopted by the bank to serve its customer needs. This assists in building diversification and maintaining stable growth.

For the three month period ended 31 March 2024, the operating income from Corporate and Institutional banking customers was AED 225.7 million, an increase of 3.2% compared to the corresponding period. For Business Banking segment, the operating income rose by 20.2% to AED 212.9 million. For Retail Banking it increased by 27.5% while Treasury, ALM & others have increased by 4.8% compared to the corresponding period.





Further, NBF Islamic recorded operating income of AED 41.0 million for the three month period ended 31 March 2024 compared to AED 37.7 million in the corresponding period.

### **Expectation regarding the economy, sector and its impact on the Bank**

The first quarter of 2024 saw an impressive start for NBF delivering an outstanding set of results. This is particularly encouraging given the challenging global conditions, incessant inflationary pressures, climate change considerations and the on-going conflicts around the world. This strong financial performance reflects the recent years of hard work and the robustness of our balance sheet in a higher interest rate environment coupled with an exceptional improvement in asset quality indicators, solid capital adequacy, ample liquidity and success in harnessing cutting-edge technology.

NBF has a good platform for growth with the opportunities that exist within the UAE and beyond; facilitated by our home country's positive economic outlook, the sustained efforts put in to diversify in the non-hydrocarbon sectors and the strategic global partnerships undertaken to enhance UAE's position as a global business hub. This was evidenced by the UAE achieving a 3.4 per cent GDP growth in 2023; with an expectation to grow by 5.3 per cent in 2024.

With an unwavering commitment to long-term sustainable returns and customer care, we continue with our focus on capturing these growth opportunities, enhancing our earnings sustainability and targeting good returns in the coming quarters of 2024.

NBF continues to build on its sustainability strategy to benefit from the evolving prospects that are arising in this space. We remain committed to supporting our customers and contributing to the growth and advancement of our communities enabling UAE's fiscal and social development.

NBF's key shareholders include the Government of Fujairah, Easa Saleh Al Gurg LLC and Investment Corporation of Dubai. Rated Baa1 / Prime-2 for deposits and A3 for counterparty risk assessment by Moody's and BBB+ / A-2 by Standard & Poor's, both with a stable outlook, the bank is listed on the Abu Dhabi Securities Exchange under the symbol "NBF". It has a branch network of 14 across the UAE.

بنك الفجيرة الوطني ش.م.ع. ص.ب. 887، الفجيرة، الإمارات العربية المتحدة هاتف: 010001 600 للاتصال من خارج دولة الإمارات: 971 450 78499 فاكس: 971 9222 7992 nbf.ae  
National Bank of Fujairah PJSC PO Box 887, Fujairah, UAE Tel: 600 565551 Outside UAE: +971 450 78499 Fax: +971 9222 7992 nbf.ae

سجل تجاري رقم "٦٣". الفرع الرئيسي الفجيرة  
Commercial Registration No 63, Head Office: Fujairah

### Awards and Accolades

- NBF won the "Best Domestic Trade Finance Service UAE" award at the "Euromoney 2024 Trade Finance Survey". The award which was voted for by NBF trade finance customers is another testament of the NBF's outstanding contribution to the trade finance sector as a regional leader in this field.
- NBF won the award for "Best Use Case of Data Analytics" at Middle East Banking AI & Analytics Summit & Awards 2024. The award recognizes the benefits of using cloud-based data platforms to improve data analytics.
- NBF secured the award for "Best Business Banking Solutions UAE - Capital Finance International (CFI) Awards 2024". The award was another testimony of NBF's supremacy in understanding the needs of SMEs and serving them as their financial solutions partner. NBF's expertise in building partnerships with SMEs coupled with its upgraded digital platforms have been instrumental in securing this prestigious award.



**Vince Cook**  
Chief Executive Officer



**Adnan Anwar**  
Deputy Chief Executive  
Officer



**Brian Mulholland**  
Chief Financial Officer