

National Bank of Fujairah PJSC

Management Discussion and Analysis Report

For the period ended 31 March 2025

NBF posted its best quarterly net profit in Q1 2025 of AED 306.8 million, up 22.2% compared to Q1 2024

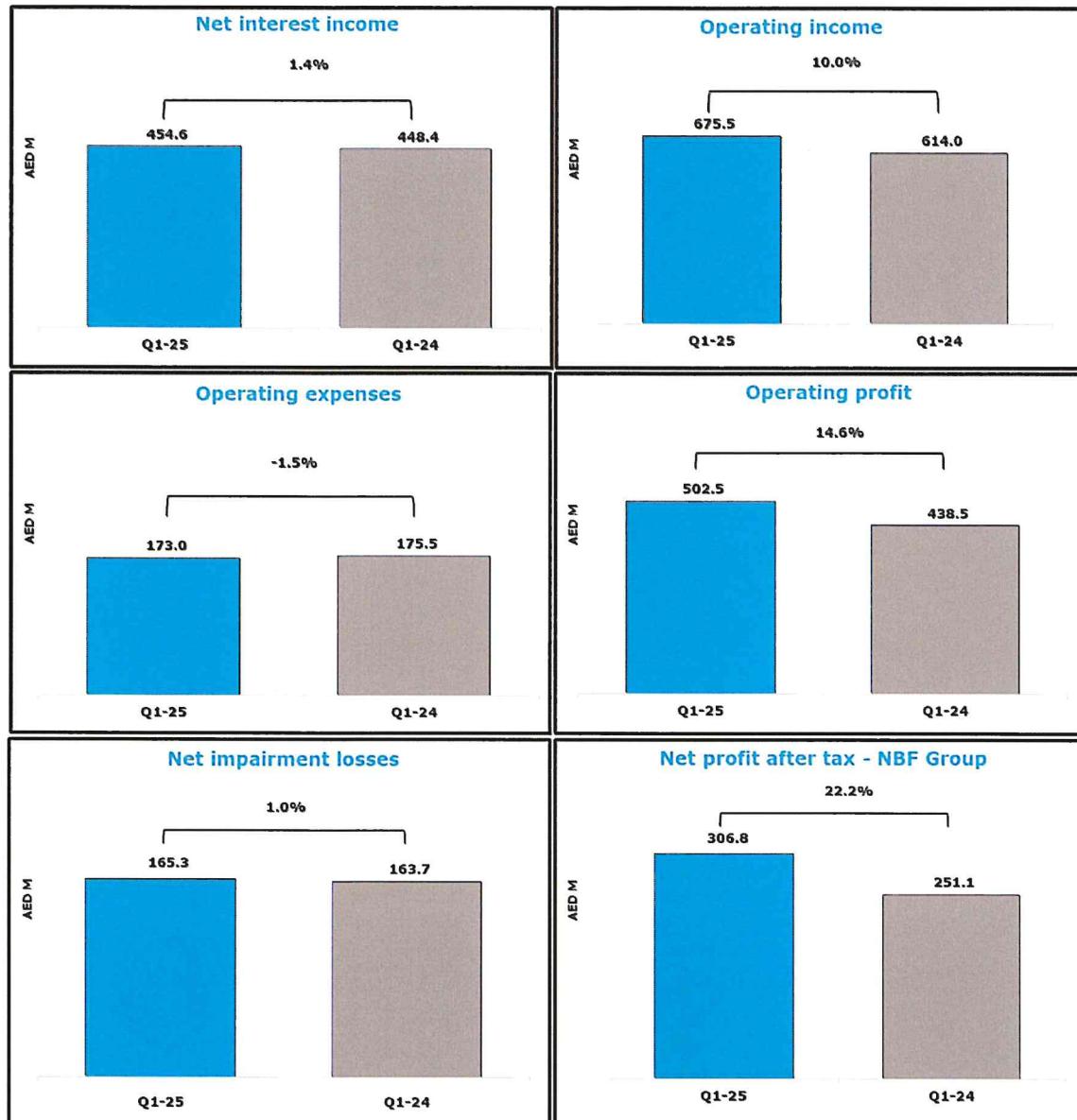
29 April 2025: NBF is pleased to announce its results today for the three-month period ended 31 March 2025.

Overview of Results and Operational Performance for the three-month period ended 31 March 2025

NBF recorded year-on-year growth of 22.7% to close the three-month period at a net profit before tax of AED 337.2 million compared to AED 274.8 million in the corresponding period of 2024. Further, NBF posted its best ever net profit after tax for a quarter, amounting to AED 306.8 million, compared to AED 251.1 million in the corresponding period of 2024 with a corporate tax charge of AED 30.4 million. These results show the bank's focus on quality business growth and effective asset and liability management in an environment shaded with discussions of recession and inflation, arising out of the worldwide tariff impacts. Moreover, continued careful management of costs and cost of risk, also contributed to this robust set of results.

NBF maintained its policy of prudent and transparent recognition of problem accounts. NBF booked net impairment provisions of AED 165.3 million for the three-month period ended 31 March 2025 compared to AED 163.7 million in the corresponding period of 2024. The asset quality measured by the combined IFRS 9 stage 2 and 3 mix improved to 9.8% compared to 10.2% as at 31 December 2024. The NPL ratio improved to 4.9% compared to 5.1% as at 31 December 2024. The total provision coverage ratio improved to 122.7% compared to 119.4% as at 31 December 2024.

Summary of Income Statement performance for the period ended 31 March 2025



Underpinned by higher revenue generation from balance sheet growth and the on-going cost discipline, NBF posted an operating profit of AED 502.5 million for the three-month period, a rise of 14.6% compared to AED 438.5 million in the corresponding period of 2024.

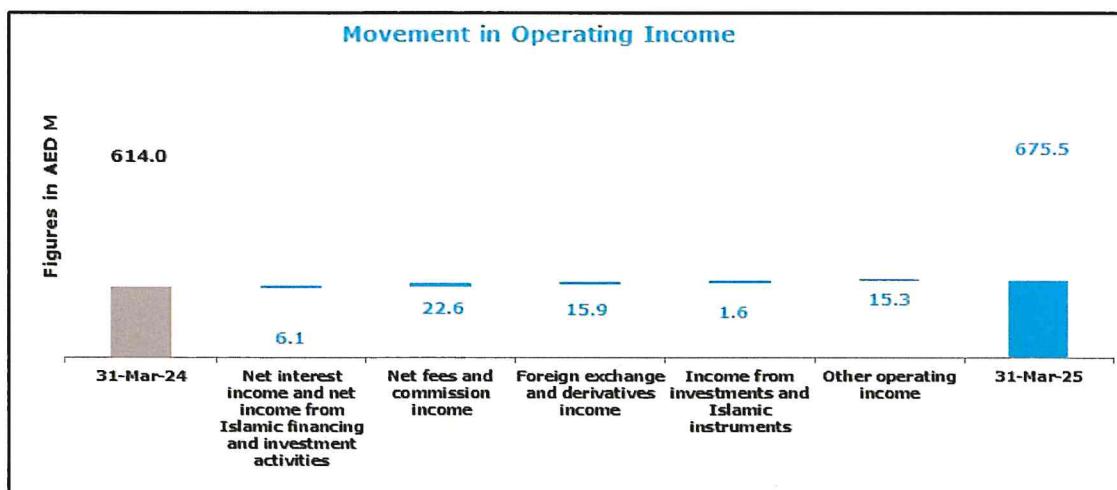
Operating income reached AED 675.5 million, up 10% compared to AED 614.0 million in the corresponding period of 2024 reflecting enhanced focus on key business segment growth, proactive asset and liability management and the bank's long-standing customer centric approach.

Net interest income and net income from Islamic financing and investment activities rose 1.4% compared to the corresponding period of 2024, reaching AED 454.6 million.

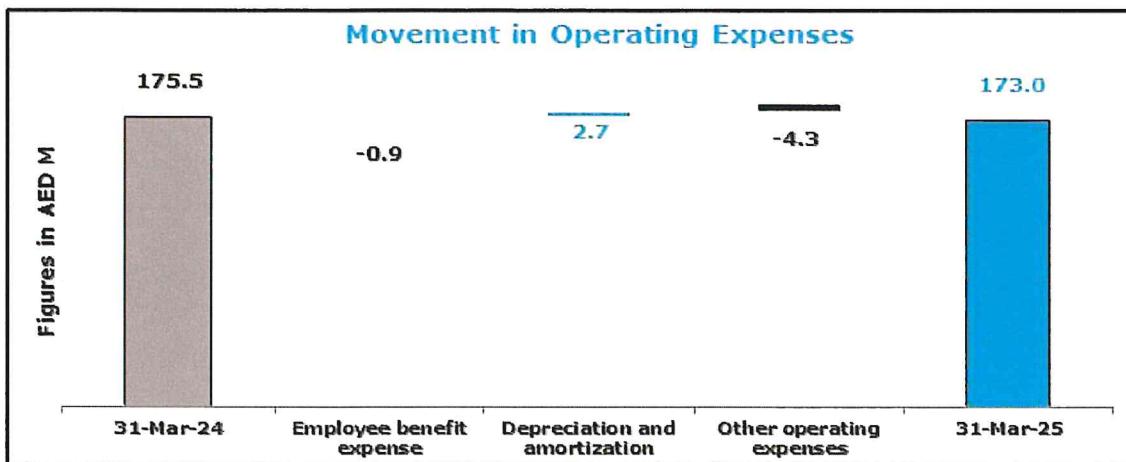
Net fees, commission and other income grew 31.6% compared to the corresponding period of 2024, reaching AED 157.5 million.

Foreign exchange and derivatives income experienced a solid growth of 35.4% compared to the corresponding period of 2024, reaching AED 61.0 million for the three-month period ended 31 March 2025.

Helped by an improvement of AED 25.0 million in investments designated as fair value through other comprehensive income (FVOCI), NBF's total comprehensive income for the period was AED 331.8 million, up 39% compared to AED 238.8 million in the corresponding period of 2024.



Operating expenses reduced by 1.5%, reflecting NBF's strategic focus on efficiency and excellence and investments in digitalization. This is executed with a fine balance of investments in its businesses, systems, infrastructure and people to deliver exceptional customer service, enhance innovation and deal with competitiveness in line with the changing market demands. These measures improved NBF's cost-to-income ratio to 25.6% compared to 28.6% in the corresponding period of 2024, remaining in the mid-industry range.



Summary of financial position as at 31 March 2025

Figures in AED M

	MAR-2025	DEC-2024	Change %	MAR-2025	MAR-2024	Change %
Total Assets	64,488	60,879	5.9%	64,488	53,012	21.6%
Loans and Advances and Islamic Financing Receivables	34,190	32,392	5.6%	34,190	28,524	19.9%
Customer Deposits and Islamic Customer Deposits	47,577	45,757	4.0%	47,577	39,522	20.4%
Investments and Islamic instruments	10,196	9,446	7.9%	10,196	8,447	20.7%
Total Equity	6,801	6,856	-0.8%	6,801	6,595	3.1%

Total assets rose by 5.9% to reach a record AED 64.5 billion compared to AED 60.9 billion at 2024 year-end, up by 21.6% from 31 March 2024.

Loans and advances and Islamic financing receivables rose by 5.6% to reach AED 34.2 billion compared to AED 32.4 billion at 2024 year-end, up by 19.9% from 31 March 2024.

Investments and Islamic instruments increased by 7.9% to reach AED 10.2 billion compared to AED 9.4 billion at 2024 year-end, up by 20.7% from 31 March 2024; optimizing a portion of liquidity towards a high-quality investment book to augment value and return.

Customer deposits and Islamic customer deposits increased by 4.0% to reach AED 47.6 billion compared to AED 45.8 billion at 2024 year-end, up by 20.4% from 31 March 2024. Current and Saving Accounts (CASA) deposits stood at 41.1% of total customer deposits, balancing the impact of fixed-term deposit products.

Summary of the cash flows and capital expenditure during the three-month period ended 31 March 2025

During the period, surplus liquidity has been deployed to fund quality loans and investment book growth, and the overall position remains well within the bank's risk appetite and regulatory expectations. Cash and cash equivalents amounted to AED 1.5 billion compared to AED 1.9 billion on 31 March 2024.

During the period ended 31 March 2025, NBF incurred AED 26.6 million in capital expenditure relating to the additions of property, equipment and intangibles compared to AED 24.0 million in the corresponding period.

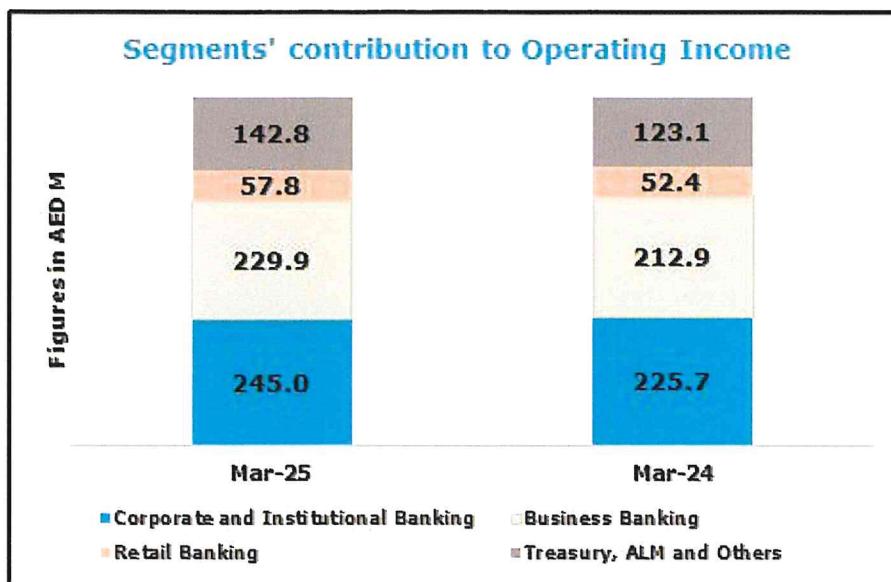
Key Performance Indicators

- Ample liquidity has been maintained with lending to stable resources ratios at 67.4% (2024: 67.3%) and eligible liquid assets ratio (ELAR) at 28.7% (2024: 29.9%), well ahead of Central Bank of the UAE's minimum requirements.
- The capital adequacy ratio (CAR) stood at 16.3% (Tier 1 ratio of 15.2% and CET 1 ratio of 15.2%) compared to 16.6% (Tier 1 ratio of 15.5% and CET 1 ratio of 15.5%) at 2024 year-end; exceeding regulatory requirements and ensuring a robust financial foundation.
- Return on average assets improved to 2.0%, up from 1.9% for the corresponding period in 2024.
- Return on average equity improved to 18.0%, up from 15.3% for the corresponding period in 2024.

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 customers' needs. This assists in building diversification and maintaining stable growth.

For the period ended 31 March 2025, the operating income from Corporate and Institutional Banking customers was AED 245.0 million, an increase of 8.6% compared to the corresponding period. For the Business Banking segment, the operating income rose by 8.0% to AED 229.9 million. For Retail banking, it increased by 10.2% while Treasury, ALM & others have increased by 16.1% compared to the corresponding period.



Expectation regarding the economy, sector and its impact on the bank

Q1 2025 saw an outstanding start to the year with a solid performance that provides us with a robust financial foundation upon which to build a sustainable future, as we enable our renewed strategy and prioritise delivering on our four strategic pillars – people first, customer centricity, efficiency and excellence and governance and compliance.

Driven by the strong foundation, the nation's inexorable drive to foster a dynamic entrepreneurial ecosystem, the setting of a gold standard for SMEs, government's initiatives to building a more resilient financial system topped with Emiratisation as a strategic priority; embodying the vision of the wise leadership, robust liquidity buffers and strong trade relations, the UAE's economy is well poised to face the current uncertainties with confidence and is forecast to grow 4.7 per cent in 2025, up from 3.9 per cent in 2024.

The bank's solid performance has been facilitated by a healthy balance sheet, strong capital adequacy and liquidity, improvement in overall asset quality, deepening client relationships, good performance across key business segments and advancing a digitally enabled operating platform. We look to the future with confidence in delivering value and driving growth in alignment with the aspirations of the UAE.

Shareholding and Rating

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.

Awards and Accolades

- NBF was honored with three prestigious awards at the "MEA Finance SME Business and Finance Awards 2025," including Best Overall Bank for SMEs, Best Bank for Working Capital Financing Solutions for SMEs, and Best Bank for SME Bank Accounts. These accolades reflect NBF's unwavering commitment to supporting Small and Medium Enterprises (SMEs) and its continued efforts to deliver high-quality financial services to its clients.
- NBF has been honoured with the "Best AI Deployment for Fraud Prevention and Detection" award at the ME Banking AI Tech Awards 2025. This prestigious recognition highlights NBF's commitment to leveraging advanced AI technologies to enhance security and safeguard against fraudulent activities in the banking sector.

Sherry

Adnan Anwar
Chief Executive Officer

Brian McDaniel

**Brian Mulholland
Chief Financial Officer**