

**National Bank of Ras Al Khaimah PJSC
Consolidated Financial Full Year 2017 Results**

Ras Al Khaimah, 29 January 2018 - The National Bank of Ras AL Khaimah (ADX: RAKBANK) today announced its results for the year ended 31 December 2017. The following Management Discussion and Analysis includes financial results from RAKBANK and its subsidiaries, together referred to as the "Group".

FY 2017 Highlights**Net Profit of AED 810.5 million**

Net profit is up by 22.3% compared to previous year

Total Income of AED 3.8 billion

Total income is down by 0.8% compared to previous year

Total Assets at AED 48.5 billion

Total assets is up by 14.2%, year-on year

Gross Loans & Advances at AED 33.2 billion

Gross loans and advances is up by 11.6%, year-on-year

Total Deposits at AED 32.2 billion

Total deposits is up by 9.4%, year-on-year

Return on Assets at 1.8% and Return on Average Equity at 10.6%

Basel III Common Equity Tier 1 ratio at 20.7%

Basel II Capital Adequacy ratio as at 31 December 2017 at 20.3% against 22.3% compared to the previous year, figures are after considering profit and proposed dividend

Q4 2017 Highlights**Net Profit of AED 204.2 million****Total Income of AED 936.6 million****The Year in Review**

This year's results are reflective of our efforts in driving the Bank's diversification agenda and strengthening our foundations. Despite challenging market conditions, we saw a decrease in the provisions for impairments, stronger product pipeline, new strategic partnerships, greater focus on innovation, and the revamping of some areas of our business with the aim of servicing better our customers across traditional and new segments. As a result, the quality of our assets and profitability improved.

We plan to carry on with our dynamic approach in addressing market and industry developments and our upcoming 3 year strategic plan will focus on achieving sustainable growth, resilient income streams, and stable cost structures.

RAKBANK FINANCIAL SNAPSHOT FOR Q4 AND FULL YEAR 2017 RESULTS

Income Statement Highlights						
(AED Mn)	Quarter Results			Full Year Results		
	Q4 '17	Q4 '16	Variance%	FY '17	FY '16	Variance%
Net Interest Income	687.8	687.1	0.1%	2,723.2	2,825.1	(3.6%)
Non-Interest Income	248.8	235.4	5.7%	1,086.6	1,014.2	7.1%
Total Income	936.6	922.5	1.5%	3,809.9	3,839.3	(0.8%)
Operating Expenditures	(364.4)	(353.3)	(3.1)%	(1,446.4)	(1,368.6)	(5.7%)
Operating Profit Before Provisions for Impairment	572.3	569.3	0.5%	2,363.5	2,470.7	(4.3%)
Provisions for Impairment	(368.0)	(460.5)	20.1%	(1,553.0)	(1,807.7)	14.1%
Net Profit	204.2	108.7	87.8%	810.5	663.0	22.3%

Balance Sheet Highlights					
(AED Bn)	Results as at			Variance	
	Dec '17	Sep '17	Dec '16	Quarter on Quarter	Year on Year
Total Assets	48.5	46.1	42.5	5.4%	14.2%
Gross Loans & Advances	33.2	32.6	29.8	1.9%	11.6%
Deposits	32.2	31.5	29.4	2.3%	9.4%

Key Ratios Highlights			
Percentage	Results as at		Variance
	Dec '17	Dec '16	Year on Year
Return on Equity	10.6%	8.7%	1.9%
Return on Assets	1.8%	1.6%	0.2%
Net Interest Margin	6.1%	6.9%	(0.8%)
Cost to Income	38.0%	35.6%	2.4%
Impaired Loan Ratio	4.0%	4.2%	(0.2%)
Impaired Loan Coverage Ratio	74.6%	84.3%	(9.7%)
Basel II Capital Adequacy Ratio	20.3%*	22.3%*	(2.0%)
Basel III CET 1 Ratio	20.7%	NA	NA

*After profit and dividend

FY 2017 Results Review**Total Income**

The Total Operating Income was down by AED 29.5 million to AED 3.8 billion. Net Interest Income and Income from Islamic products net of distribution to depositors was AED 2.7 billion. Interest income from conventional loans and investments was up by 0.9% year-on-year, while interest costs on conventional deposits and borrowings increased by AED 83.2 million. Net income from Sharia-compliant Islamic financing was down by 12.6%.

Non-interest income grew by AED 72.4 million to AED 1.1 billion on the back of growth of AED 62.0 million in net fees and commissions and AED 24.1 million in Forex & derivative income. Investment Income was lower by AED 38.4 million.

Operating Expenses and Cost-to-Income Ratio

Operating costs were up by AED 77.8 million. This was mainly due to an increase of AED 42.9 million in staff costs, AED 36.7 million in legal and Collection expenses which was offset by a reduction in outsourcing costs by AED 14.8 million. As a consequence, the Bank's Cost-to-Income ratio increased to 38.0 % compared to 35.6% in the previous year.

Asset Quality and Impairments

Provision charge for loan impairments decreased by AED 254.7 million compared to the previous year. This was due to lower payment defaults in all business segments compared to 2016. Non-performing Loans and Advances to Gross Loans and Advances ratio closed at 4.0% compared to 4.2% as at 31 December 2016 and Net Credit Losses to average loans and advances closed at 5.0% which is lower than 6.2% in 2016. The Bank is well provisioned against loan losses with a conservative loan loss coverage ratio of 74.6%, which does not take into consideration mortgaged properties and other realizable asset collateral available against the loans. After factoring in the Regulatory Credit Risk Reserve which is 1.5% of Credit Risk Weighted Assets the provision coverage increases to 111%.

Asset Growth

Total Assets increased by AED 6.0 billion to AED 48.5 billion compared to 31 December 2016 with the major contributions coming from Gross Loans and Advances which grew by AED 3.5 billion. Lending in the Wholesale Banking segment grew by AED 1.9 billion at 42.8% over the previous year-end.

Retail Banking segment lending was higher by AED 1.1 billion and Business Banking lending was higher by AED 435 million compared to 31 December 2016.

Customer Deposits

Customer deposits grew by AED 2.8 billion to AED 32.2 billion compared to December 31, 2016. The growth came mainly from an increase of AED 3.1 billion in time deposits.

Capital and Liquidity

The Bank's Tier 1 ratio as per Basel II was 20.3% compared to 22.3% at the end of previous year. The Common Equity Tier 1 ratio of the Bank as per Basel III stood at 20.7%. We find that this level of capital provides the Bank with ample room for growth in 2018. The regulatory eligible liquid asset ratio at the end of the quarter was 15.0%, compared to 16.9% at the end of 2016, and advances to stable resources ratio stood comfortably at 87.8% compared to 85.5% at the end of 2016.

Dividend

The Board of Directors of the Bank proposed a dividend of 30 fils per share which is same as the previous year.

Ratings

The Bank is currently rated by the following leading rating agencies. Their ratings have been given below:

Rating Agency	Last Update	Deposits	Outlook
Moody's	August 2017	Baa1 / P-2	Stable
Fitch	November 2017	BBB+ / F2	Stable
Capital Intelligence	August 2017	A-/A2	Stable


Peter William England
 Chief Executive Officer



About RAKBANK

RAKBANK, also known as the National Bank of Ras Al Khaimah, is one of the UAE's oldest and most dynamic financial institutions. Founded in 1976, it underwent a major transformation in 2001 as it rebranded into RAKBANK and shifted its focus from purely corporate to retail and small business banking. In addition to offering a wide range of retail banking services, the Bank increased its lending in the traditional SME, Commercial, and Corporate segment in recent years. The Bank also offers Islamic Banking solutions, via RAKIslamic, throughout its 35 branches and its Telephone, Online, and Mobile Banking channels. RAKBANK is a public joint stock company headquartered in the emirate of Ras Al Khaimah and listed on the Abu Dhabi Securities Exchange (ADX). For more information, please visit www.rakbank.ae or contact the Call Centre on +9714 213 0000. Alternatively, you can connect with RAKBANK via twitter.com/rakbanklive and facebook.com/rakbank.

Disclaimer

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