

National Bank of Ras Al Khaimah PSC
Consolidated Results for the Half Year ended June 30, 2017

Ras Al Khaimah, 23 July 2017 - The National Bank of Ras Al Khaimah (ADX: RAKBANK) today announced its results for the half year ended 30 June 2017. The following Management Discussion and Analysis includes financial results from RAKBANK and its subsidiaries, together referred to as the "Group".

Q2 2017 Highlights

Net Profit of AED 226.7 million

Net profit up by 16.0% compared to Q2 2016; up by 46.5% compared to previous quarter

Total Income of AED 966.4 million

Total income down by 1.2% compared to the Q2 2016; up by 2.1% compared to previous quarter

Total Assets at AED 44.0 billion

Total assets up by 7.4% year on year; up by 3.4% year to date

Gross Loans & Advances at AED 31.6 billion

Gross loans and advances up by 8.2% year on year; up by 6.2% year to date

Total Deposits at AED 30.6 billion

Total deposits up by 9.1% year on year; up by 3.9% year to date

Capital Adequacy Ratio 21.1%

Capital adequacy ratio as at 30 June 2017 of 21.1% against 22.3% compared to the previous year-end

H1 2017 Highlights

Net Profit of AED 381.5 million

Net profit down by 14.4% compared to H1 2016

Total Income of AED 1.9 billion

Total income down 2.8% compared to the H1 2016

Return on Assets* at 1.8% and Return on Average Equity* at 10.2%

*Annualized

In Review

In line with management's expectations, Q2 reported improvements over the first quarter of the year, particularly in terms of profitability as provisions continued to decline while sales levels were maintained. Higher net fees, commission income, insurance underwriting, forex and derivatives revenues were the main drivers behind the higher non-interest income. Internally, the Bank continues to invest in strategic areas and initiatives, including expanding the Bank's remittance solutions, empowering the branch network, opening up to new market segments with its C3 prepaid payroll card, and finally re-enforcing its commitment to innovation and service through its award-winning digital solutions as the Bank becomes the first in the Middle East to introduce Samsung Pay solutions for its ATMs.

RAKBANK FINANCIAL SNAPSHOT FOR H1 2017 RESULTS

Income Statement Highlights								
(AED Mn)	Quarter Results					Half Year Results		
	Q2'17	Q2'16	Q1'17	Q2'17 vs Q2'16	Q2'17 vs Q1'17	H1'17	H1'16	H1'17 vs H1'16
Net Interest Income and net income from Islamic financing	672.8	707.4	663.3	(4.9%)	1.4%	1,336.1	1,451.7	(8.0%)
Non-Interest Income	293.6	270.3	283.3	8.6%	3.6%	576.9	516.0	11.8%
Total Income	966.4	977.7	946.6	(1.2%)	2.1%	1,913.0	1,967.7	(2.8%)
Operating Expenditures	(364.7)	(345.1)	(351.2)	(5.7%)	(3.9%)	(715.9)	(686.8)	(4.2%)
Operating Profit Before Provisions for Impairment	601.6	632.6	595.4	(4.9%)	1.0%	1,197.1	1,280.9	(6.5%)
Provisions for Impairment	(374.9)	(437.1)	(440.7)	14.2%	14.9%	(815.6)	(835.4)	2.4%
Net Profit	226.7	195.5	154.7	16.0%	46.5%	381.5	445.5	(14.4%)

Balance Sheet Highlights

(AED Bn)	Results as at			Variance	
	Jun'17	Dec'16	Jun'16	Jun'17 vs Dec'16	Jun'17 vs Jun'16
Total Assets	44.0	42.5	41.0	3.4%	7.4%
Gross Loans & Advances	31.6	29.8	29.2	6.2%	8.2%
Deposits	30.6	29.4	28.0	3.9%	9.1%

Key Ratios Highlights

Percentage	Results as at			Variance	
	Jun'17	Dec'16	Jun'16	Jun'17 vs Dec'16	Jun'17 vs Jun'16
Return on Equity*	10.2%	8.7%	11.8%	1.5%	(1.6%)
Return on Assets*	1.8%	1.6%	2.2%	0.2%	(0.4%)
Net Interest Margin	6.2%	6.9%	7.2%	(0.7%)	(1.0%)
Cost to Income	37.4%	35.6%	34.9%	1.8%	2.5%
Impaired Loan Ratio	4.0%	4.2%	3.7%	(0.2%)	0.3%
Impaired Loan Coverage Ratio	79.7%	84.3%	85.4%	(4.6%)	(5.7%)
Capital Adequacy Ratio**	21.1%	22.3%	24.1%	(0.7%)	(3.0%)

* Annualised

**Without profit and dividend

Q2 2017 Results Review
Total Income

The Total Operating Income increased by AED 19.8 million to AED 966.4 million compared to Q1 2017. The Total Operating Income was down by AED 11.3 million compared to Q2 2016. Net Interest Income and Income from Islamic financing net of distribution to depositors was AED 672.8 million. Interest income from conventional loans and investments was down by 0.7% compared to Q2 2016, while interest costs on conventional deposits and borrowings increased by 17.0 million. Net income from Sharia-compliant Islamic financing was down by 14.4%. Non-interest income grew by AED 23.4 million to AED 293.6 million on the back of growth of AED 19.5 million in net fees and commission income. Gross insurance underwriting profit was up by AED 15.1 million and Forex and Derivative income was up by AED 9.7 million while Investment income declined by AED 21.0 million.

Operating Expenses

Operating Expenses were up by AED 19.7 million compared to Q2 2016, mainly due to an increase in legal and collection costs.

Asset Quality and Impairments

Provision charge for loan impairments for the quarter decreased by AED 62.2 million compared to Q2 2016, as a result of higher recoveries in Auto Loans and lower provisions in the Rakfinance, SME and Commercial Banking books. Non-performing Loans and Advances to Gross Loans and Advances ratio closed at 4.0% compared to 3.7% as at 30 June 2016 and 4.2% as at 31 December 2016. The Bank is well provisioned against loan losses with a conservative loan loss coverage ratio of 79.7%, which does not take into consideration mortgaged properties and other realizable asset collateral available against the loans.

Asset Growth

Total Assets increased by AED 1.5 billion to AED 44.0 billion compared to 31 December 2016 with the major contributions coming from Gross Loans and Advances which grew by AED 1.8 billion. The growth came from all three segments. Lending in the Wholesale Banking segment grew by AED 1.3 billion over the previous year-end to AED 5.8 billion. Retail Banking segment lending was higher by AED 271.8 million and Business Banking lending was higher by AED 310.0 million compared to 31 December 2016.

Customer Deposits

Customer deposits grew by AED 1.2 billion to AED 30.6 billion compared to 31 December 2016. The growth came mainly from an increase in time deposits.

Capital and Liquidity

The Bank's Tier 1 ratio as per Basel II, before considering current year profit, was 21.1% compared to 22.3% (after considering profits and dividends) at the end of the previous year. We believe that this level of capital provides the Bank with ample room for growth in 2017. The regulatory eligible liquid asset ratio at the end of the period was 14.9%, compared to 16.9% at the end of 2016, and advances to stable resources ratio stood comfortably at 90.9% compared to 85.5% at the end of 2016.

H1 2017 Results Review

The Total Operating Income was down compared to H1 2016 by AED 54.7 million to AED 1.9 billion. Net Interest Income and Income from Islamic financing net of distribution to depositors was AED 1.3 billion. Non-interest income grew by AED 61.0 million to AED 576.9 million on the back of growth of AED 32.7 million in Net fees and commission income. Forex and Derivative income was up by AED 17.2 million and gross insurance underwriting profit was up by AED 10.4 million. Investment Income was roughly at the same level as last year at AED 77.5 million.

Operating Expenses were up by 4.2%, mainly due to an increase in legal and collection costs. As a consequence, the Bank's Cost-to-Income ratio increased to 37.4% compared to 34.9% in the previous year.

Net Credit Losses to average loans and advances for the half year ended 30 June, 2017 closed at 5.5% compared to 5.8% for the same period last year and 6.2% for fiscal 2016.

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	March 2017	Baa1 / P-2	Stable
Fitch	July 2017	BBB+ / F2	Stable
Capital Intelligence	September 2016	A-/A2	Stable



Peter William England
 Chief Executive Officer

About RAKBANK

RAKBANK, also known as The National Bank of Ras Al Khaimah (P.S.C), is one of the UAE's 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 Personal 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 38 branches and its Telephone and Digital 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

The information in this document has been prepared by The National Bank of Ras Al Khaimah (P.S.C) a public joint stock company, United Arab Emirates ("RAKBANK") and is general background information about RAKBANK's activities and is not intended to be current as on the date of the document. This information is given in summary form and does not purport to be complete.

The information is intended to be read by investors having knowledge in investment matters. Information in this document, including forecast or financial information, should not be considered as an advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities or other financial products or instruments and does not take into account your particular investment objectives, financial situation or needs. Before acting on any information you should consider the appropriateness of the information having regard to these matters, any relevant offer document and in particular, you should seek independent financial and legal advice. All securities and financial product or instrument transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments and, in international transactions, currency risk.

This document may contain published financial information, or information obtained from sources believed to be reliable, forward looking statements based on numbers or estimates or assumption that are subject to change including statements regarding our intent, belief or current expectations with respect to RAKBANK's businesses and operations, market conditions, results of operation and financial condition, specific provisions and risk management practices. Readers are cautioned not to place undue reliance on these forward looking statements. RAKBANK does not undertake any obligation to publicly release the result of any revisions to these forward looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events. While due care has been used in the preparation of forecast information, actual results may vary in a materially positive or negative manner. Forecasts and hypothetical examples are subject to uncertainty and contingencies outside RAKBANK's control. Past performance is not a reliable indication of future performance.

RAKBANK disclaims any responsibility for the accuracy, fairness, completeness and correctness of information contained in this document including forward looking statements and to update or revise any information or forward looking statement to reflect any change in RAKBANK's financial condition, status or affairs or any change in the events, conditions or circumstances on which a statement is based. Neither RAKBANK nor its related bodies, corporate, directors, employees, agents, nor any other person, accepts any liability, including, without limitation, any liability arising from fault or negligence, for any direct, indirect or consequential loss arising from the use/reference of this document or its contents or otherwise arising in connection with it for the quality, accuracy, timeliness, continued availability or completeness of any data or calculations contained and/or referred to in this document.