

National Bank of Ras Al Khaimah PSC
Consolidated Results for the Nine Months Ended September 30, 2017

Ras Al Khaimah, 22 October 2017 - The National Bank of Ras Al Khaimah (ADX: RAKBANK) today announced its results for the nine months ended 30 September 2017. The following Management Discussion and Analysis includes financial results from RAKBANK and its subsidiaries, together referred to as the "Group".

Q3 2017 Highlights

Net Profit of AED 224.8 million

Net profit up by 106.7% compared to Q3 2016

Total Income of AED 960.2 million

Total income up by 1.2% compared to the Q3 2016

Total Assets at AED 46.1 billion

Total assets up by 12.8% year on year; up by 8.3% year to date

Gross Loans & Advances at AED 32.6 billion

Gross loans and advances up by 12.5% year on year; up by 9.6% year to date

Total Deposits at AED 31.5 billion

Total deposits up by 10.9% year on year; up by 7.0% year to date

Capital Adequacy Ratio 20.35%

Capital adequacy ratio as at 30 September 2017 of 20.35% against 22.3% compared to the previous year-end

YTD 2017 Highlights

Net Profit of AED 606.3 million

Net profit up by 9.4% compared to the same period in 2016

Total Income of AED 2.9 billion

Total income down 1.5% compared to the same period in 2016

Return on Assets* at 1.9% and Return on Average Equity* at 10.7%

**Return on Assets and Return on Average Equity are annualized*

In Review

Continued Improvements in Performance

RAKBANK sees continued improvements in performance as it reports its Q3 results. The year-over-year profitability has soared and the year-to-date results confirm the contribution of the Bank's strategy in supporting the positive trends in income diversification, reduction in provisions, asset growth, and asset quality improvement. The results also reflect the benefits of the different initiatives and partnerships that the Management has embarked on, most recently, collaborating with Invoice Bazaar Fintech Platform, and the MOU with Etisalat regarding Managed Point of Sale Services, as part of the Bank's digitization efforts, product and service innovation, and its aim to better service customers across all business segments.

RAKBANK FINANCIAL SNAPSHOT FOR Q3 2017 RESULTS

Income Statement Highlights						
(AED Mn)	Quarterly Results			9 Months Results		
	Q3 '17	Q3 '16	Q3 '17 vs Q3 '16	Sep '17	Sep '16	Sep '17 vs Sep '16
Net Interest Income and net income from Islamic financing	699.3	686.2	1.9%	2,035.4	2,138.0	(4.8%)
Non-Interest Income	260.9	262.9	(0.7%)	837.8	778.8	7.6%
Total Income	960.2	949.1	1.2%	2,873.2	2,916.8	(1.5%)
Operating Expenditures	(366.1)	(328.6)	(11.4%)	(1,082.0)	(1,015.4)	(6.6%)
Operating Profit Before Provisions for Impairment	594.1	620.5	(4.3%)	1,791.2	1,901.4	(5.8%)
Provisions for Impairment	(369.3)	(511.8)	27.8%	(1,184.9)	(1,347.2)	12.0%
Net Profit	224.8	108.8	106.7%	606.3	554.2	9.4%

Balance Sheet Highlights					
(AED Bn)	Results as at			Variance	
	Sep '17	Dec '16	Sep '16	Sep '17 vs Dec '16	Sep '17 vs Sep '16
Total Assets	46.1	42.5	40.9	8.3%	12.8%
Gross Loans & Advances	32.6	29.8	29.0	9.6%	12.5%
Deposits	31.5	29.4	28.4	7.0%	10.9%

Key Ratios Highlights					
Percentage	Results as at			Variance	
	Sep '17	Dec '16	Sep '16	Sep '17 vs Dec '16	Sep '17 vs Sep '16
Return on Equity	10.7%	8.7%	9.8%	2.0%	0.9%
Return on Assets	1.9%	1.6%	1.8%	0.3%	0.1%
Net Interest Margin	6.2%	6.9%	7.0%	(0.7%)	(0.8%)
Cost to Income	37.7%	35.6%	34.8%	2.1%	2.9%
Impaired Loan Ratio	4.0%	4.2%	4.1%	(0.2%)	(0.1%)
Impaired Loan Coverage Ratio	78.6%	84.3%	84.5%	(5.7%)	(5.9%)
Capital Adequacy Ratio	20.4%	22.3%*	23.9%	(1.9%)	(3.5%)

* After considering profit and proposed dividend for 2016

Q3 2017 Results Review
Total Income

The Total Operating Income for Q3 2017 increased by AED 11.1 million to AED 960.2 million compared to Q3 2016. Net Interest Income and Income from Islamic products net of distribution to depositors was AED 699.3 million up 1.9%. Interest income from conventional loans and investments was up by 6.0% compared to Q3 2016, while interest costs on conventional deposits and borrowings increased by 19.1 million. Net income from Sharia-compliant Islamic financing was down by 10.1%. Non-interest income decreased by AED 2 million to AED 260.9 million compared to Q3 2016. Gross insurance underwriting profit was up by AED 1.2 million and Forex and Derivative income was up by AED 6.7 million while Investment income declined by AED 24.3 million.

Operating Expenses

Operating Expenses were up by AED 37.5 million compared to the quarter ended September 30, 2016, mainly due to an increase in staff costs, legal and collection costs and some one-off write backs in the previous year.

Asset Quality and Impairments

Provision charge for loan impairments for the quarter decreased by AED 142.4 million compared to Q3 2016, as a result of higher recoveries in Auto Loans and lower provisions in the RAKFinance and Commercial Banking book. Non-performing Loans and Advances to Gross Loans and Advances ratio closed at 4.0% compared to 4.1% as at 30 September 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 78.6%, which does not take into consideration mortgaged properties and other realizable asset collateral available against the loans.

Asset Growth

Total Assets increased by AED 3.5 billion to AED 46.1 billion compared to 31 December 2016 with the major contributions coming from Gross Loans and Advances which grew by AED 2.8 billion. The growth came from all three segments. Lending in the Wholesale Banking segment grew by AED 1.6 billion over the previous year-end to AED 6.2 billion. Personal Banking segment lending was higher by AED 778.2 million and Business Banking lending was higher by AED 430.3 million compared to 31 December 2016.

Customer Deposits

Customer deposits grew by AED 2.1 billion to AED 31.5 billion compared to 31 December 2016. The growth came mainly from an increase of AED 2.4 billion in time deposits.

Capital and Liquidity

The Bank's Tier 1 ratio as per Basel II, before considering current year profit, was 20.4% 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 14.1%, compared to 16.9% at the end of 2016, and advances to stable resources ratio stood comfortably at 88.8% compared to 85.5% at the end of 2016.

YTD 2017 Results Review

The Total Operating Income was down by AED 43.6 million to AED 2.9 billion compared to YTD 2016. Net Interest Income and Income from Islamic products net of distribution to depositors was AED 2.0 billion. Non-interest income grew by AED 59.0 million to AED 837.8 million on the back of growth of AED 50.5 million in Net fees and commission income. Forex and Derivative income was up by AED 23.9 million and gross insurance underwriting profit was up by AED 11.6 million. Investment Income was down by AED 25.7 million.

Operating Expenses were up by 6.6%, mainly due to an increase in staff costs, Legal and collection costs. As a consequence, the Bank's Cost-to-Income ratio increased to 37.7% compared to 34.8% in end of September previous year.

Net Credit Losses to average loans and advances for 9 months ended 30 September, 2017 closed at 5.2% compared to 6.2% 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	August 2017	Baa1 / P-2	Stable
Fitch	July 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 (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.

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