

## Financial Results for Q1 2015

The National Bank of Ras al Khaimah today announced its results for the quarter ended 31<sup>st</sup> March 2015.

### Q1 2015 Financial Highlights

- Net profit of AED 362.2 million, up AED 27.6 million from Q1 2014
- Total Income of AED 932.3 million, up 13.1% from Q1 2014
- Gross loans and advances at AED 26.7 billion, up 15.8% from March 31 2014
- Customer deposits at AED 29.9 billion, up 26.9% from March 31 2014
- Return on Assets at 4.1% and Return on Equity at 20.1%
- Capital Adequacy Ratio at a healthy level of 24.2% at the end of Q1 2015

### Financial Review:

AED Millions	Quarter ended 31 March 2015	Quarter ended 31 March 2014	Growth %
<b>Net Interest Income</b>	733.5	639.2	14.8%
<b>Non-Interest Income</b>	198.8	185.5	7.2%
<b>Total Income</b>	932.3	824.7	13.1%
<b>Operating Expenses</b>	377.0	359.8	4.8%
<b>Operating Profit Before Provision for Impairment</b>	555.3	464.9	19.4%
<b>Provision for Impairment</b>	193.1	130.3	48.1%
<b>Net Profit</b>	<b>362.2</b>	<b>334.6</b>	<b>8.3%</b>

AED Billions	31 March 2015	31 December 2014	31 March 2014	Growth % YTD	Growth % Y-o-Y
<b>Total Assets</b>	41.0	34.8	31.5	17.7%	30.0%
<b>Gross Loans and Advances</b>	26.7	25.8	23.0	3.3%	15.8%
<b>Deposits</b>	29.9	24.7	23.5	21.1%	26.9%
<b>Impaired Loan Ratio (%)</b>	2.7%	2.4%	2.4%	0.2%	0.2%
<b>Impaired Loan Coverage Ratio (%)</b>	84.6%	87.1%	79.5%	(1.7)%	5.9%
<b>Capital Adequacy Ratio (%)</b>	24.2%	26.5%	27.6%	(2.3)%	(3.4)%

### Total Income:

At AED 932.3 million, Total Operating Income for the three months ended March 2015 was up by 13.1% compared to the three months ended 31 March 2014 due to an increase of 14.8% in net interest income and income from Islamic financing to AED 733.5 million. This, in turn, was a result of higher interest income on conventional loans and investments and a jump in net income from Islamic financing compared to 31 March

2014. Non-interest income was up by 7.2% to AED 198.8 million compared to the same period last year mainly due to a rise in fees and commission income, which increased by 11.4% compared to 31 March 2014.

**Operating Expenses and Cost-to-Income Ratio:**

Operating expenses increased by 4.8% compared to the three months ended 31 March 2014 to AED 377.0 million by the end of the first three months of 2015, in support of overall business growth including investments in the distribution network, product development, and electronic solutions as well as a rise in employment costs. Nevertheless, Cost-to-Income ratio improved to 40.4% for the quarter ended 31 March 2015 from to 43.6% for the quarter ended 31 March 2014.

**Asset Quality and Impairments:**

The total impairment charge for the quarter increased by AED 62.7 million to AED 193.1 million. This is largely due to an increase in provisions in personal loans, overall growth in the loan book and the Bank continuing to take further precautionary provisions on its restructured book.

Provision coverage ratio closed at 84.6% compared to 87.1% as at 31 December 2014. Non-performing loans stood at 2.7% of the gross loan portfolio compared to 2.4% as at 31 December 2014 while the annualized net credit losses to average loans and advances closed at 2.98%.

**Asset Growth:**

Total assets grew by 6.2 billion to AED 41.0 billion compared to 31 December 2014 mainly as a result of loans and advances and dues from other banks which included AED 3.7 billion funds received from a Business Banking customer on 31 March 2015, which was parked with other banks on an overnight basis. Also, part of the un-deployed funds from the Bank's own Euro Medium Term Note (EMTN) issued during the month of March 2015 was placed with local banks. Gross loans and advances grew by AED 0.9 billion compared to 31 December 2014.

**Customer Deposits:**

Customer deposits were up by AED 5.2 billion to AED 29.9 billion compared to 31 December 2014. Part of this growth was due to AED 3.7 billion funds received from a Business Banking customer on 31 March 2015. The growth in deposits was also a result of an increase in current and savings accounts as well as Islamic banking deposits, which grew by 11.5% to AED 2.9 billion.

In March 2015 a second tap of USD 300 million notes were issued by the Bank under its USD 1 billion EMTN programme at a premium rate of 100.875%. These notes mature in 2019 and carry a fixed interest rate of 3.25% per annum. So far the Bank has issued USD 800 million under this programme.

**Capital and Liquidity:**

The Bank's capital adequacy ratio as per Basel II requirement at the end of the quarter is 24.2% compared to 26.5% as at 31 December 2014 and comprising entirely of Tier 1 capital. This is against a current minimum total capital ratio of 12% prescribed by the Central Bank in the UAE. At the end of the quarter, the regulatory liquid assets ratio was 16.6% AED and lending to stable resources ratio was 75.1%. These ratios were distorted slightly by AED 3.7 billion funds received for our Business Banking customer on 31 March 2015. Total shareholder's equity totaled AED 7.5 billion and includes three months profit for the year 2015 and undistributed dividend of AED 838.1 million for the year 2014.

**Ratings**

The Bank is currently rated by the following leading rating agencies. The following ratings have remained unchanged during the year:

Rating Agency	Last Update	Deposits	Financial Strength	Support
Moody's	October 2014	Baa1 / P-2	D+	-
Fitch	March 2014	BBB+ / F2	C	2
Capital Intelligence	August 2014	A- / A2	BBB+	2




**Peter William England**  
Chief Executive Officer