

**National Bank of Ras Al Khaimah PSC
Consolidated Financial Full Year 2016 Results**

Ras Al Khaimah, 01 February 2017 - The National Bank of Ras Al Khaimah (ADX: RAKBANK) today announced its results for the year ended 31 December 2016. The following Management Discussion and Analysis includes financial results from RAKBANK and its subsidiaries, together referred to as the "Group".

FY 2016 Highlights

Net Profit of AED 663.0 million

Net profit down by 52.8% compared to the previous year

Total Income of AED 3.8 billion

Total income down by 2.5% compared to the previous year

Total Assets at AED 42.5 billion

Total assets up by 4.7% year-on year

Gross Loans & Advances at AED 29.8 billion

Gross loans and advances up by 4.3% year-on-year

Total Deposits at AED 29.4 billion

Total deposits up by 5.7% year-on-year

Return on Assets at 1.6% and Return on Average Equity at 8.7%

Capital Adequacy Ratio 21.8%

Capital adequacy ratio as at 31 December 2016 at 21.8% against 22.3% compared to the previous year, figures are before considering FY profit and any dividend

Q4 2016 Highlights

Net Profit of AED 108.7 million

Total Income of AED 922.5 million

RAKBANK FINANCIAL SNAPSHOT FOR Q4 AND FULL YEAR 2016 RESULTS

Income Statement Highlights						
(AED Mn)	Quarter Results			Full Year Results		
	Q4 '16	Q3 '16	Variance%	FY '16	FY '15	Variance%
Net Interest Income and net income from Islamic financing	687.1	686.3	0.1%	2,825	3,048	(7.3%)
Non-Interest Income	235.4	262.9	(10.5%)	1,014	891	13.8%
Total Income	922.5	949.1	(2.8%)	3,839	3,939	(2.5%)
Operating Expenditures	(353.3)	(328.6)	(7.5%)	(1,369)	(1,479)	7.4%
Operating Profit Before Provisions for Impairment	569.3	620.6	(8.3%)	2,471	2,461	0.4%
Provisions for Impairment	(460.1)	(511.8)	10.0%	(1,808)	(1,055)	(71.3%)
Net Profit	108.7	108.8	(0.0%)	663	1,405	(52.8%)

Balance Sheet Highlights					
(AED Bn)	Results as at			Variance	
	Dec '16	Sep '16	Dec '15	Quarter on Quarter	Year on Year
Total Assets	42.5	40.8	40.6	4.1%	4.7%
Gross Loans & Advances	29.8	29.0	28.5	2.7%	4.3%
Deposits	29.4	28.4	27.8	3.6%	5.7%

Key Ratios Highlights					
Percentage	Results as at			Variance	
	Dec '16	Sep '16	Dec '15	Quarter on Quarter	Year on Year
Return on Equity	8.7%	9.8%	19.3%	(1.1%)	(10.6%)
Return on Assets	1.6%	1.8%	3.7%	(0.2%)	(2.1%)
Net Interest Margin	6.9%	7.0%	8.0%	(0.1%)	(1.1%)
Cost to Income	35.6%	34.8%	37.5%	0.8%	(1.9%)
Impaired Loan Ratio	4.2%	4.1%	3.2%	0.1%	1.0%
Impaired Loan Coverage Ratio	84.3%	84.5%	81.4%	(0.2%)	2.9%
Capital Adequacy Ratio	21.8%	23.9%	22.3%	(2.1%)	(0.5%)

FY2016 Results Review
Total Income

The Total Operating Income was down by AED 99.9 million to AED 3.8 billion. Net Interest Income and Income from Islamic products net of distribution to depositors was AED 2.8 billion. Interest income from conventional loans and investments was down by 4.9% year-on-year, while interest costs on conventional deposits and borrowings increased by 23.7%. Net income from Sharia-compliant Islamic financing was down by 7.4%.

Non-interest income grew by AED 123.3 million to AED 1.0 billion on the back of growth of AED 132.5 million in investment income and AED 17.7 million in income from the Ras Al Khaimah

National Insurance Company PSC (RAK Insurance). Forex and Derivative income was up by AED 12.3 million. Net fees and commission income were down by AED 27.2 million year-on-year.

Operating Expenses and Cost-to-Income Ratio

Operating Expenses were down by AED 109.9 million, in line with the Bank's cost optimization strategy which saw a decrease of AED 68.3 million in staff costs and AED 21.7 million in outsourced costs. As a consequence, the Bank's Cost-to-Income ratio dropped to 35.6% compared to 37.5% in the previous year.

Asset Quality and Impairments

Provision charge for loan impairments increased by AED 752.3 million compared to the previous year, as a result of larger payment defaults from unsecured SME and Commercial loan products. Non-performing Loans and Advances to Gross Loans and Advances ratio closed at 4.2% compared to 3.2% as at 31 December 2015, and Net Credit Losses to average loans and advances closed at 6.2%. The Bank is well provisioned against loan losses with a conservative loan loss coverage ratio of 84.3% compared to 81.4% at 31 December 2015, which does not take into consideration mortgaged properties and other realizable asset collateral available against the loans.

Asset Growth

Total Assets increased by AED 1.9 billion to AED 42.5 billion compared to 31 December 2015 with the major contributions coming from Gross Loans and Advances which grew by AED 1.2 billion. Lending in the Wholesale Banking segment grew by AED 2.5 billion at 124.2% over the previous

year end. Retail Banking segment lending was lower by AED 382.0 million and Business Banking lending was lower by AED 862.5 million compared to 31 December 2015.

Customer Deposits

Customer deposits grew by AED 1.6 billion to AED 29.4 billion compared to December 31, 2015. The growth came mainly from an increase of AED 1.1 billion in demand deposits.

Capital and Liquidity

The Bank's Tier 1 ratio as per Basel II, before considering current year profit and any dividend, was 21.8% compared to 22.3% at the end of the previous year, against a requirement of 12.0% set by the UAE Central Bank. 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 quarter was 16.9%, compared to 19.1% at the end of 2015, and advances to stable resources ratio stood comfortably at 85.5% compared to 83.3% at the end of 2015.

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	October 2016	Baa1 / P-2	Stable
Fitch	September 2016	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.

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