

**National Bank of Ras Al Khaimah PSC**  
**Consolidated Results for the Nine Months Ended September 30, 2019**

Ras Al Khaimah, 23 October 2019 - The National Bank of Ras Al Khaimah (ADX: RAKBANK) today announced its results for the nine months ended 30 September 2019. The following Management's Discussion and Analysis includes financial results from RAKBANK and its subsidiaries, together referred to as the "Group".

**Highlights for the Nine Months Ended September 30, 2019**

**Net Profit of AED 839.4 million**

Net profit up by 24.9% compared to the same period in 2018

**Total Income of AED 3.0 billion**

Total income up by 5.8% compared to the same period in 2018

**Total Assets at AED 56.3 billion**

Total assets up by 8.7% year on year; up by 6.8% year to date

**Gross Loans & Advances at AED 36.3 billion**

Gross loans and advances up by 3.4% year on year; up by 4.3% year to date

**Total Deposits at AED 36.5 billion**

Total deposits up by 5.2% year on year; up by 6.8% year to date

**Capital Adequacy Ratio 17.5%**

Capital adequacy ratio as at 30 September 2019 of 17.5% against 17.2% compared to the previous year-end

**Return on Assets\* at 2.1% and Return on Equity\* at 15.5%**

\*Return on Assets and Return on Equity are annualized

**Q3 2019 Highlights**

**Net Profit of AED 284.5 million**

Net profit up by 18.5% compared to Q3 2018

**Total Income of AED 1,004.6 million**

Total income up by 3.4% compared to the Q3 2018

**Overview**

Commenting on the results, **Peter England, CEO of RAKBANK**, said: "We achieved another very good result with total income for the 3<sup>rd</sup> quarter 2019 exceeding AED 1 billion and net profit reaching AED 284 million which was an 18.5% increase over the same period last year. Looking at the year to date results net profit increased by 24.9% to AED 839 million on the back of strong income growth and a continued reduction in provisions despite a challenging external environment. Total Income grew by 5.8% compared to the same period last year and stood at close to AED 3.0 billion for the first nine months of 2019. The stand out performer of the year continues to be fee income, with all business units recording solid growth in this area relative to their performance in 2018 leading to a 17.9% increase in this line. Our Gross Loans and Advances increased by 3.4% year-on-year, which was mainly driven by Wholesale and FIG Banking segments. Diversification of our balance sheet whilst retaining a firm commitment to the SME sector has been at the heart of our strategy over the last 5 years and the results of this continues to bear fruit in terms of sustained income growth and lower provisions.

On the innovation front we continue to develop market leading products and services such our 'RAK Starter' business account that is exclusively for start-up companies registered in the UAE. Additionally, the Bank partnered with Mastercard to offer its Business Banking customers access to an online payments gateway that is safe, simple and smart via a new portal called Simplify Commerce. We also revamped our RAKBANK Gold Account that offers our customers access to gold at extremely competitive rates, where they can buy or sell gold at anytime from anywhere in seconds using RAKBANK Gold Account, through RAKBANK's Digital Banking App and continued to grow and develop our on-line real time remittance platform, 'Rak Money Transfer'. We also made significant progress on our new Mobile Banking app which is due for release in the 4th Quarter of this year."

**RAKBANK FINANCIAL SNAPSHOT FOR 9 MONTHS ENDED 30 SEPTEMBER 2019 RESULTS**

Income Statement Highlights						
(AED Mn)	Quarter Results			9 Months Results		
	Q3'19	Q3'18	Q3'19 vs Q3'18	Sep'19	Sep'18	Sep'19 vs Sep'18
Net Interest Income and net income from Islamic financing	712.1	708.7	0.5%	2,091.7	2,065.9	1.2%
Non-Interest Income	292.5	262.9	11.3%	906.7	768.8	17.9%
<b>Total Income</b>	<b>1,004.6</b>	<b>971.6</b>	<b>3.4%</b>	<b>2,998.3</b>	<b>2,834.7</b>	<b>5.8%</b>
Operating Expenditures	(394.7)	(370.4)	(6.5%)	(1,175.0)	(1,113.1)	(5.6%)
Operating Profit Before Provisions for Credit Loss	609.9	601.2	1.5%	1,823.3	1,721.7	5.9%
Provisions for credit loss, net	(325.5)	(361.1)	9.9%	(983.9)	(1,049.8)	6.3%
<b>Net Profit</b>	<b>284.5</b>	<b>240.1</b>	<b>18.5%</b>	<b>839.4</b>	<b>671.8</b>	<b>24.9%</b>

Balance Sheet Highlights					
(AED Bn)	Results as at			Variance	
	Sep'19	Dec'18	Sep'18	Sep'19 vs Dec'18	Sep'19 vs Sep'18
Total Assets	56.3	52.7	51.8	6.8%	8.7%
Gross Loans & Advances	36.3	34.8	35.1	4.3%	3.4%
Deposits	36.5	34.1	34.6	6.8%	5.2%

Key Ratios Highlights					
Percentage	Results as at			Variance	
	Sep'19	Dec'18	Sep'18	Sep'19 vs Dec'18	Sep'19 vs Sep'18
Return on Equity*	15.5%	13.5%	13.4%	2.0%	2.1%
Return on Assets*	2.1%	1.8%	1.8%	0.3%	0.3%
Net Interest Margin*	5.2%	5.5%	5.6%	(0.3%)	(0.4%)
Cost to Income	39.2%	38.9%	39.3%	(0.3%)	0.1%
Impaired Loan Ratio	3.7%	4.2%	3.7%	0.5%	0.0%
Impaired Loan Coverage Ratio	129.1%	133.1%	144.7%	(4.0%)	(15.6%)
Capital Adequacy Ratio	17.5%	17.2%	18.5%	0.3%	(1.0%)

\*Annualized except for December 2018 figures

**Q3 2019 Results Review**
**Total Income**

The Total Operating Income increased by AED 33.0 million compared to Q3 2018 to AED 1,004.6 million. Net Interest Income and Income from Islamic products net of distribution to depositors was AED 712.1 million. Interest income from conventional loans and investments was up by 0.5% compared to Q3 2018, while interest costs on conventional deposits and borrowings increased by AED 0.4 million. Net income from Sharia-compliant Islamic financing was down by 0.5% compared to Q3 2018.

Non-interest income increased by AED 29.6 million compared to Q3 2018 to AED 292.5 million. FOREX and Derivative income was up by AED 16.7 million, Net fees and commission income up AED 9.6 million and

Investment income by AED 8.2 million. This was offset by decrease in gross insurance underwriting profit by AED 4.7 million.

### **Operating Expenses**

Operating Expenses were up by AED 24.2 million compared to Q3 2018, mainly due to an increase in staff and outsourced staff costs, information and technology expenses, depreciation and amortisation, marketing and communication charges and other miscellaneous costs.

### **Asset Quality and Impairments**

Provision charge for credit loss for the quarter decreased by AED 35.6 million compared to Q3 2018. Non-performing Loans and Advances to Gross Loans and Advances ratio was flat at 3.7% compared to 30 September 2018 and lower compared to 4.2% as at 31 December 2018. The Bank is well provisioned against loan losses with a conservative loan loss coverage ratio of 129.1%, which does not take into consideration mortgaged properties and other realizable asset collateral available against the loans.

### **Asset Growth**

Total Assets increased by AED 3.6 billion to AED 56.3 billion compared to 31 December 2018 with the major contribution coming from Gross Loans and Advances which grew by AED 1.5 billion. Lending in the Wholesale Banking segment grew by AED 1.2 billion over the previous year-end to AED 9.2 billion. Retail Banking segment lending was higher by AED 334.1 million and Business Banking lending was lower by AED 50.7 million compared to 31 December 2018. Additionally, due from Banks grew by AED 1.2 billion and the Investment book by AED 0.9 billion over the same period.

### **Customer Deposits**

Customer deposits grew by AED 2.3 billion to AED 36.5 billion compared to 31 December 2018. The growth came mainly from an increase of AED 2.0 billion in current accounts.

### **Capital and Liquidity**

The Bank's Capital Adequacy ratio as per Basel III was 17.5% compared to 17.2% at the end of the previous year. The Common Equity Tier 1 ratio of the Bank stood at 16.4%. The regulatory eligible liquid asset ratio at the end of September 2019 was 12.2% above the minimum requirement of 10.0%. The advances to stable resources ratio stood at 89.5% compared to 94.5% at the end of 2018.

### **YTD 2019 Results Review**

The Total Operating Income was up compared to YTD 2018 by AED 163.6 million to AED 3.0 billion. Net Interest Income and Income from Islamic products net of distribution to depositors was AED 2.1 billion. Non-interest income was up by AED 137.9 million to AED 906.7 million due to increase of AED 73.5 million in FOREX and Derivative income, Net Fees and Commission Income up by 53.6 million, and Investment income up by AED 17.7 million. This was partially offset by a decrease of AED 13.5 million in Gross insurance underwriting profit.

Operating Expenses were up by 5.6%, mainly due to an increase in staff and outsourced staff costs, marketing costs, communication costs, IT maintenance expenses, depreciation and amortisation expenses and other miscellaneous costs. The Bank's Cost-to-Income ratio was 39.2% compared to 39.3% in end of September previous year.

Net Credit Losses to average loans and advances for nine months ended 30 September, 2019 closed at 3.7% compared to 4.1% for the same period last year and fiscal 2018.

### 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 2019	Baa1 / P-2	Stable
Fitch	August 2019	BBB+ / F2	Stable
Capital Intelligence	August 2019	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 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 36 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](http://www.rakbank.ae) or contact the Call Centre on +9714 213 0000. Alternatively, you can connect with RAKBANK via [twitter.com/rakbanklive](https://twitter.com/rakbanklive) and [facebook.com/rakbank](https://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.