

Consolidated Financial Results for the First Nine Months of 2015

The National Bank of Ras al Khaimah (RAKBANK) today announced its results for the first nine months of 2015.

9M 2015 Financial Highlights:

- Net profit of AED 1,089.4 million, up by AED 15.9 million compared to 9M 2014
- Total Income of AED 2,940.8 billion, up by AED 314.6 compared to 9M 2014
- Gross loans and advances at AED 28.8 billion, up 3.0 billion compared to 31 Dec 2014
- Customer deposits at AED 26.7 billion, up AED 2.1 billion from 31 Dec 2014
- Return on Assets* at 3.9% and Return on Equity* at 20.3%
- Capital Adequacy Ratio at a healthy level of 23.15% at the end of 9M 2015

Financial Review:

AED Millions	9M ended 30 th September 2015	9M ended 30 th September 2014	Growth % Y-o-Y Inc/(dec)
Net Interest Income and income from Islamic products net of distribution to depositors	2,277.5	2,026.8	12.4%
Non-Interest Income	663.3	599.4	10.7%
Total Income	2,940.8	2,626.2	12.0%
Operating Expenses	(1,149.5)	(1,127.7)	1.9%
Operating Profit Before Provision for Impairment	1,791.3	1,498.5	19.5%
Provision for Impairment	(701.9)	(425.1)	65.1%
Net Profit	1,089.4	1,073.5	1.5%

AED Billions	30 September 2015	30 September 2014	31 December 2014	Growth % YTD	Growth % Y-o-Y
Total Assets	39.0	34.8	34.8	11.9%	12.0%
Gross Loans and Advances	28.8	24.9	25.8	11.7%	15.5%
Deposits	26.7	24.7	24.7	8.4%	8.3%
Impaired Loan Ratio (%)	2.9%	2.3%	2.4%	0.5%	0.6%
Impaired Loan Coverage Ratio (%)	81.8%	87.0%	87.1%	(5.3%)	(5.2%)
Capital Adequacy Ratio (%)	23.2%	25.1%	26.5%	(3.3%)	(1.9%)

* annualized

Total Income:

The Group's total income grew by 12.0% to AED 2.94 billion during the nine months compared to the same period last year. Net interest income and income from Islamic products net of distribution to depositors was up by AED 250.6 million and non-interest income increased by AED 64.0 million. Income from Islamic finance was up by AED 164.2 million year-on-year. The consolidated operating profit before provision for impairment grew by AED 292.7 million to AED 1.79 billion

Operating Expenses and Cost-to-Income Ratio:

Operating expenses were up by AED 21.9 million during the nine months compared to the previous year to AED 1.15 billion. As a result of the growing income base and a focus on cost optimisation, cost-to-income ratio dropped to 39.1% from 42.9% at the end of the same period last year.

Asset Quality and Impairments:

Total impairment charge for the first nine months of 2015 stood at AED 701.9 million compared to AED 425.1 million for the same period last year. The higher provisions are a result of normalized provisioning levels given the nature of our lending, as well as stress in specific sectors in SME and Commercial lending. Provision coverage ratio closed at 81.8% (121.2% including the regulatory credit risk reserve) compared to 87.1% as at 31 December 2014, and non-performing loans stood at 2.9% of the gross loan portfolio compared to 2.4% as at 31 December 2014.

Asset Growth:

Gross loans and advances increased by 15.5% year-on-year to AED 28.8 billion by the end of the first nine months of the year. Trade Finance loans grew by 23.2% year-on-year and the bank began its re-entry into the mid-corporate banking sector. Total assets grew by AED 4.1 billion during the first nine months of the year compared to 31 December 2014 mainly as a result of this strong growth in Gross Loans and Advances. Total assets stood at AED 38.97 billion on 30 September 2015.

Customer Deposits:

Customer deposits were up by AED 2.06 billion to AED 26.71 billion during the first nine months of 2015 compared to 31 December 2014, of which Islamic deposits increased by AED 489.4 million.

Capital and Liquidity:

The Bank's capital adequacy ratio as per Basel II requirement at the end of the quarter is 23.2%, comprising entirely of Tier 1 capital. This is against a current minimum total capital ratio of 12.0% prescribed by the Central Bank in the UAE. At the end of the quarter, the regulatory Liquid Assets Ratio stood at a healthy rate of 18.5% and Lending to Stable Resources Ratio was 87.3%. Total shareholder's equity totaled AED 7.37 billion including nine months' profit.

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	Outlook	Support
Moody's	September 2015	Baa1 / P-2	Stable	2
Fitch	August 2015	BBB+ / F2	Stable	2
Capital Intelligence	August 2015	A- / A2	Stable	2



Peter William England
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