

RAKBANK Investor Relations Presentation
Q1 2015

RAKBANK

Simply Better

RAKBANK Profile

Establishment

The National Bank of Ras Al Khaimah was founded in 1976. It underwent a major transformation in 2001 as it rebranded into RAKBANK and shifted its focus from corporate banking to retail banking. RAKBANK is a public joint stock company headquartered in the emirate of Ras Al Khaimah (RAK). It has 35 branches and over 200 ATMs in the UAE.

Ownership

RAKBANK is listed on the Abu Dhabi Securities Exchange (ADX) and 52.77% of the Bank's shares are owned directly and indirectly by the government of RAK. The market capitalization of RAKBANK is AED 13.49 billion as of 31 March 2015. The Board of Directors consists of the RAK ruling family and businessmen and professionals from UAE, Kuwait, and Australia.

Segments

The Bank operates via 3 main business divisions: Retail Banking, Business Banking, and Treasury. The Bank launched Islamic Banking services in January 2013 and currently offers Retail and Business Banking products and services.




Strategy

Historically, the strategy focus has been on the Retail and SME Banking sectors in which the Bank enjoys a strong foothold and high margin. While the Bank had reduced its exposure to Commercial Banking business, it has now reestablished itself in the commercial sector.

Subsidiaries

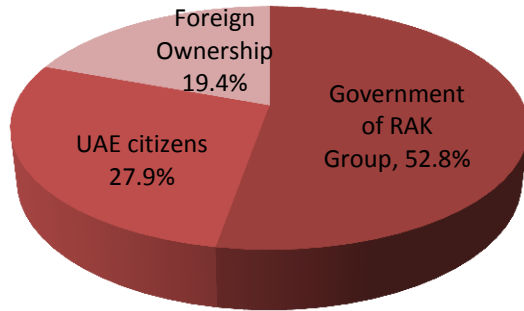
| Subsidiary | Ownership | Country | Purpose |
|-------------------------------------|-----------|----------------|--|
| RAK Islamic Finance Company | 99.99% | UAE | To sell Sharia-compliant products |
| Back Office Support Services (BOSS) | 80% | UAE | To provide back office support services |
| RAK Technology | 80% | UAE | To supply information technology support |
| RAKFUNDING CAYMAN LTD | 99.99% | Cayman Islands | To enable the issuance of notes |

Ratings

| Rating Agency | Last Update | Long Term Rating | Outlook |
|---|--------------|------------------|---------|
|  | October 2014 | Baa1 | Stable |
|  | March 2014 | BBB+ | Stable |
|  | August 2014 | A- | Stable |

Shareholders, Directors, & Management

Ownership Structure



CEO's Profile

Peter England

Peter England became the CEO of RAKBANK on 1st November 2013. Before joining RAKBANK, Peter spent seven years as the Head of Retail Banking at CIMB Bank Berhad – a subsidiary of CIMB Group, one of the largest banks in ASEAN where he managed CIMB Bank Malaysia's business lines for individual and small enterprise customers and worked on developing a wide range of conventional and Islamic products and services.

Board of Directors

| | |
|--|----------|
| H.E. Mohammad Omran Alshamsi | Chairman |
| H.E. Sheikh Salim bin Sultan Al Qasimi | Director |
| Mr. Ahmed Essa Al Naeem | Director |
| Mr. Yousuf Obaid Essa Al Nuaimi | Director |
| Mr. Hamad Abdulaziz Al Sagar | Director |
| Mr. Salem Ali Al Sharhan | Director |
| Mr. Rajan Khetarpal | Director |
| Mr. Allan Griffiths | Director |

Management

| | |
|------------------------|-------------------------------------|
| Ian Hodges | Head of Retail Banking |
| Raghuveer Mehra | Head of Credit for Retail Banking |
| Deepak Majithia | Chief Financial Officer |
| Abdul Karim Juma | Head of Islamic Banking |
| Rahul Oberoi | Head of Business Banking |
| Mahadevan Radhakanthan | Head of Credit for Business Banking |
| K.S. Ramakrishnan | Head of Internal Audit |
| Malcolm D'Souza | Head of Treasury |
| Venkat Raghavan | Head of Compliance |

Q1 2015 Highlights

Financial Snapshot

| Income Statements (AED millions) | Q1 2015 | Q1 2014 | Growth % |
|---|--------------|--------------|--------------|
| Net Interest Income | 733.5 | 639.2 | 14.8% |
| Non-Interest Income | 198.8 | 185.5 | 7.2% |
| Total Income | 932.3 | 824.7 | 13.1% |
| Operating Expenditures | 377.0 | 359.8 | 4.8% |
| Operating Profit Before Provisions for Impairment | 555.3 | 464.9 | 19.4% |
| Provisions for Impairment | 193.1 | 130.3 | 48.1% |
| Net Profit | 362.2 | 334.6 | 8.3% |

Loans and Advances

| AED Billions | 31.03.15 | 31.12.14 | 31.03.14 | Growth % YTD | Growth % Y-o-Y |
|-------------------------------------|--------------|--------------|--------------|---------------|----------------|
| Total Assets | 41.0 | 34.8 | 31.5 | 17.7% | 30.0% |
| Gross Loans and Advances | 26.7 | 25.8 | 23.0 | 3.3% | 15.8% |
| Deposits | 29.9 | 24.7 | 23.5 | 21.1% | 26.9% |
| Impaired Loan Ratio (%) | 2.7% | 2.4% | 2.4% | 0.2% | 0.2% |
| Impaired Loan Coverage Ratio | 84.6% | 87.1% | 79.5% | (2.5)% | 5.1% |
| Capital Adequacy Ratio | 24.2% | 26.5% | 27.6% | (2.3)% | (3.4)% |

Bank News

- Re-elected 5 existing Board members and elected 3 new members for 2015 – 2017 (including a new chairman) during the Bank's ordinary annual general meeting, in which shareholders approved a 50% cash dividend for 2014.
- Raised a further USD 300 million in February 2015 by re-opening the June 2010 bond under the Bank's USD 1 billion EMTN programme.
- Received AED 3.7 billion in funds from a Business Banking customer on 31 March 2015, which was parked with other banks overnight and was withdrawn entirely after 2 days.
- Opened the Bank's 35th branch, located in Al Ras Area in Dubai and launched the Kalyan Jewellers co-branded Mastercard credit card

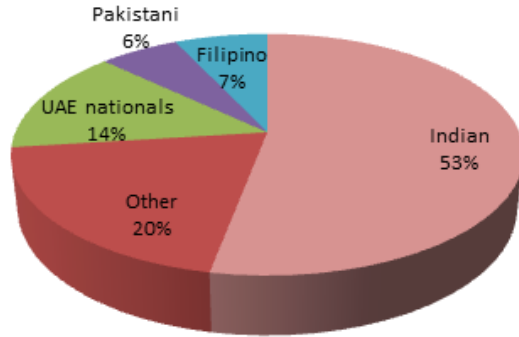
Islamic Banking Update

AMAL, along with IFC (the provider of the Sharia-compliant credit cards), is the Islamic Banking unit launched by the Bank in late January 2013

- As of 31 March 2015, Gross Finance and Advances stood at AED 3.9 billion and Deposits at AED 2.9 billion.
- Compared to 31 March 2014, Gross Finance and Advances grew by 139.8% while Deposits went up by 25.3%.
- Launched AMAL Asset-Based Finance under the concept of Ijarah to finance general business equipment.

Business Segments

Customer Count by Nationality



Business Banking

- While the Bank had reduced its exposure to Commercial Banking business in the past, it re-established its presence in the Commercial sector in 2014.
- The existing Commercial exposure is distributed largely across Dubai and Ras Al Khaimah.
- Business Banking made up 5.6% of operating income and 6.3% of total assets for the period ended 31 December 2014.
- Asset Based Finance crossed AED 196 million as at 31 March 15.

Retail Banking

- Retail Banking customers are serviced through a network of 35 branches, over 200 ATMs, as well as Online, Phone, and Mobile Banking solutions.
- Sales takes place across all channels over and above the Bank's mobile sales force of over 2000 staff.
- Retail Banking made up 88.7% of operating income and 69.1% of assets for the period ended 31 December 2014.
- It has a strong fee-based income from the sale of Bancassurance and investment products, foreign exchange, trade services, Debit Cards, and Prepaid Cards.

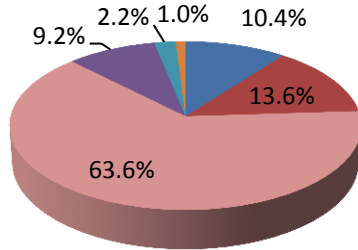
Treasury

- The main activities of the Treasury business include activities related to money market activities, investments in debt and equity securities, foreign exchange transactions with other banks and financial institutions including the UAE Central Bank.
- In addition, the division is the custodian of liquidity and primarily supports the growth of the Retail and Business Banking divisions.
- The division made up 5.7% of operating income and 21.7% of total assets for the period ended 31 December 2014.

Balance Sheet Overview

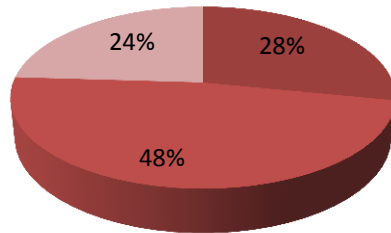
Breakdown of Assets by Type (as at 31.03.15)

■ Cash and Balances with UAE Central Bank ■ Due from other Banks
■ Loans and Advances ■ Investment Securities
■ Property and Equipment ■ Other Assets



Analysis of Debt Securities* (as at 31.03.15)

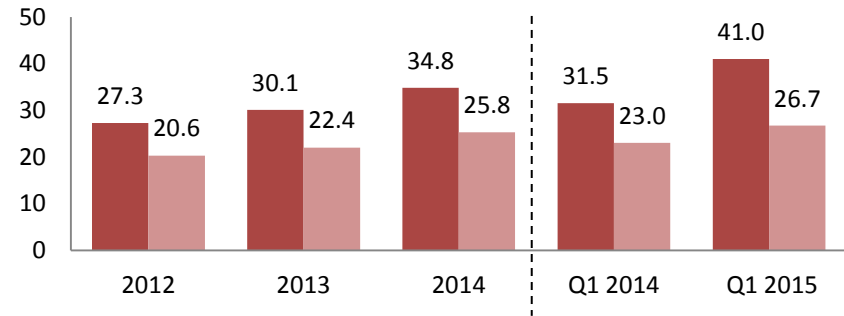
■ AA to A- ■ BBB+ to BBB- ■ Unrated



*Based on Moody's and Fitch ratings

Assets and Gross Loans & Advances (AED billions)

■ Total Assets ■ Gross Loans and Advances



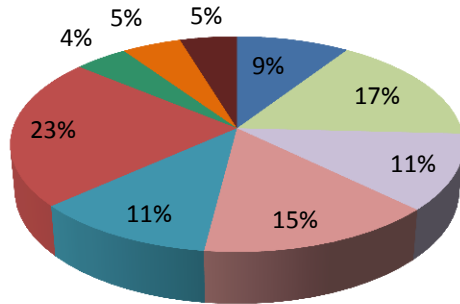
Notes

- Only 0.5% of the Bank's investment securities are in equity shares and 99.5% are in bonds.
- 98.4% of investments are in the 'held to maturity' category.
- As at 31 March 2015, Lending to Stable Resources Ratio (LSRR) stood at 75.1% before dividend payments and Liquid Asset Ratio (LAR) stood at 16.6%.

Asset Breakdown

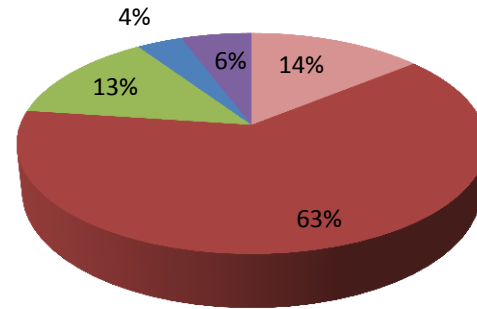
Breakdown of Loans and Advances, by Value (31.03.2015)

- Expat Personal Loans
- National Loans
- Auto Loans
- Mortgage Loans
- Credit Cards
- RAKFinance
- Others
- SME Loans
- Commercial Loans

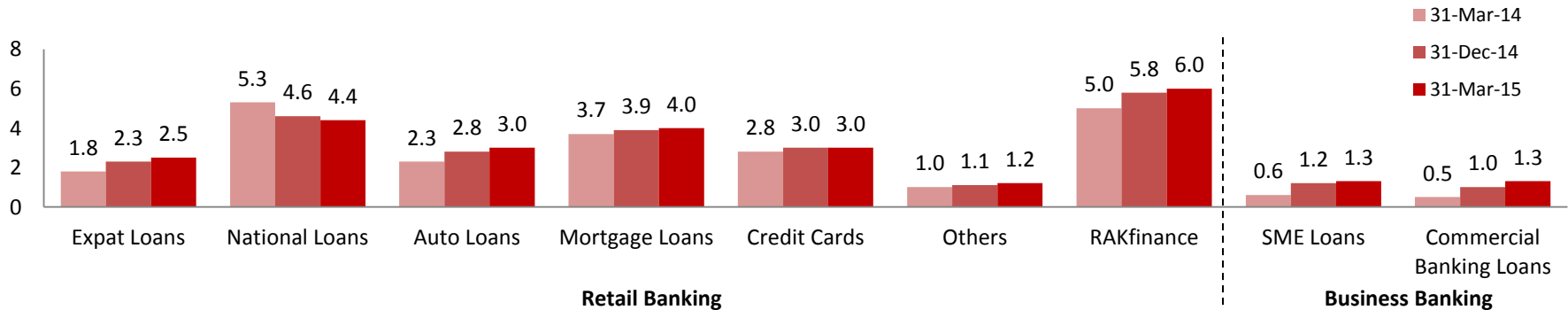


Loans by Geography, by Value (31.03.2015)

- Abu Dhabi
- Dubai
- Sharjah
- Ajman
- Ras Al Khaimah

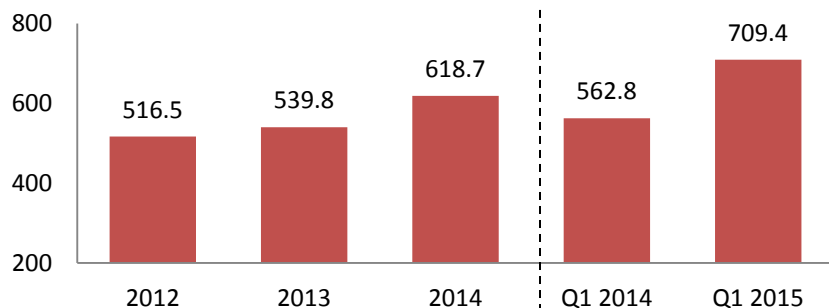


Asset Breakdown by Product (AED billions)

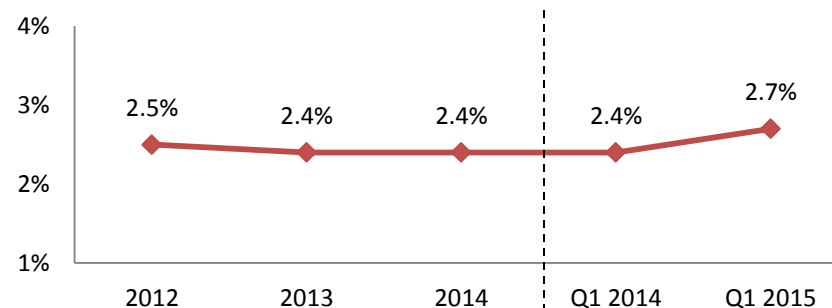


Asset Quality

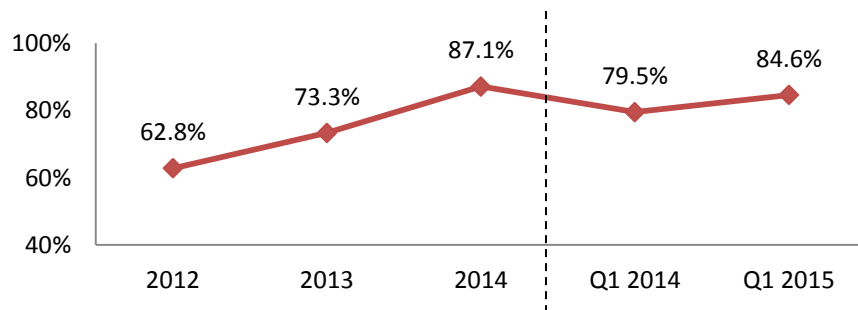
Non-Performing Loans (AED millions)



Impaired Loans to Gross Loans & Advances



Coverage Ratio

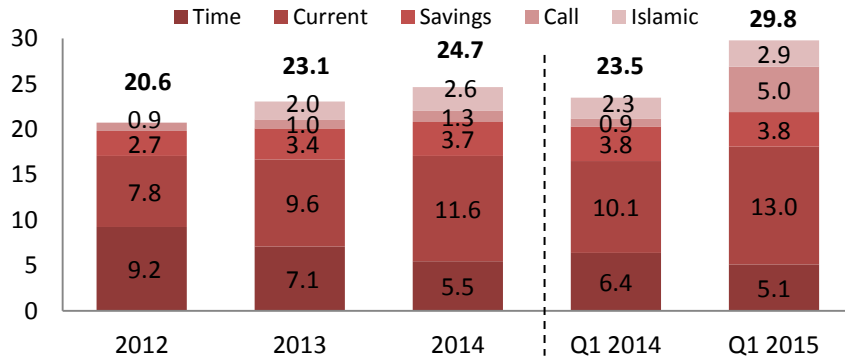


Notes

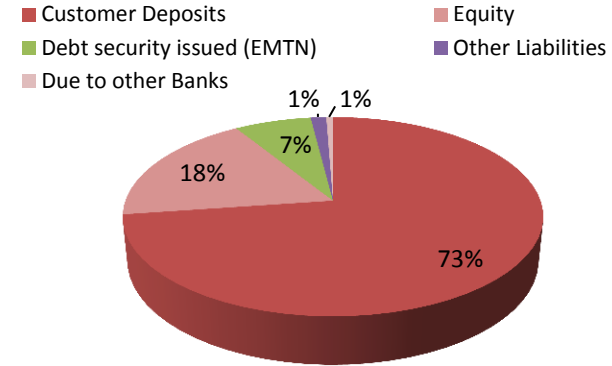
- Over and above the loan loss provisions, the Bank has non-distributable credit risk reserve at 1.5% of credit risk-weighted assets which as of 31 December 2014 stood at AED 334 million.
- The Bank regularly monitors its retail portfolio and stressed accounts.
- The Bank has a strong retail underwriting experience and team.

Liabilities

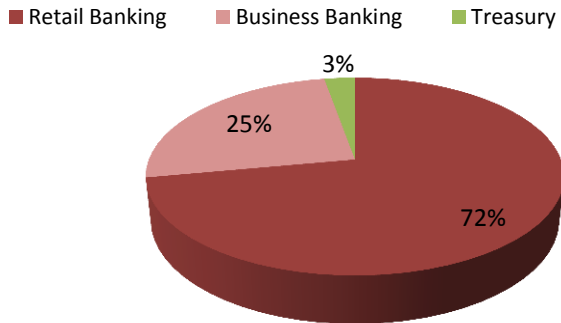
Customer Deposits (AED billions)



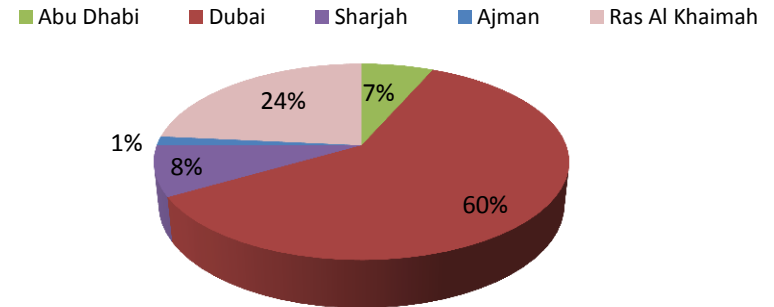
Liabilities Mix (31.03.2015)



Deposit Value by Segment (31.03.2015)

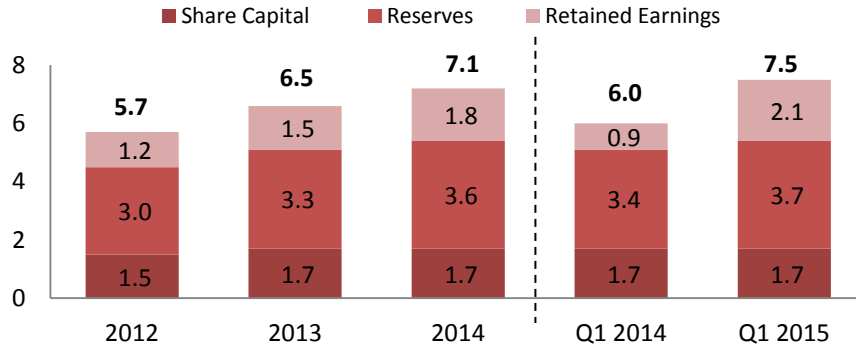


Customer Deposit Value by Geography (31.03.2015)

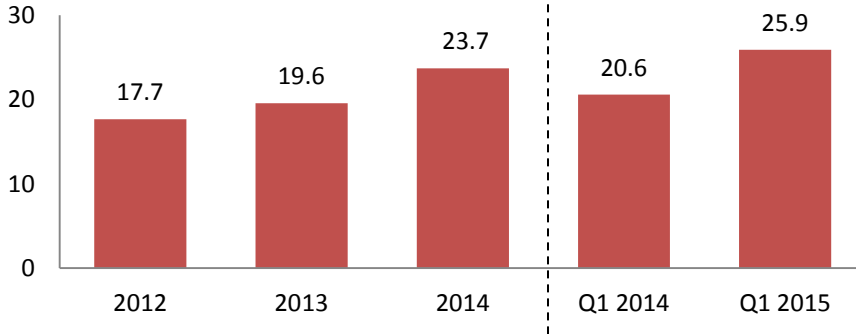


Capitalization

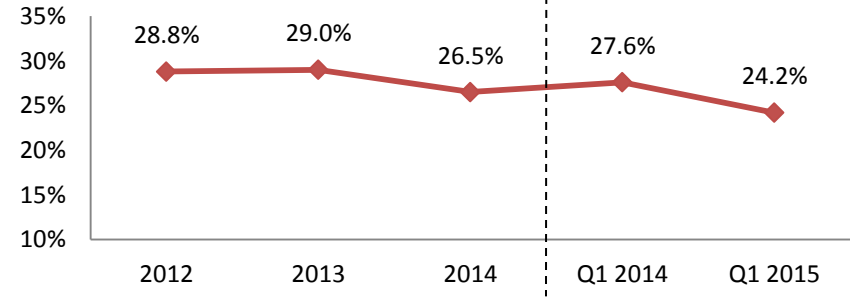
Equity Breakdown (AED billions)



Risk Weighted Assets (AED billions)



Capital Adequacy

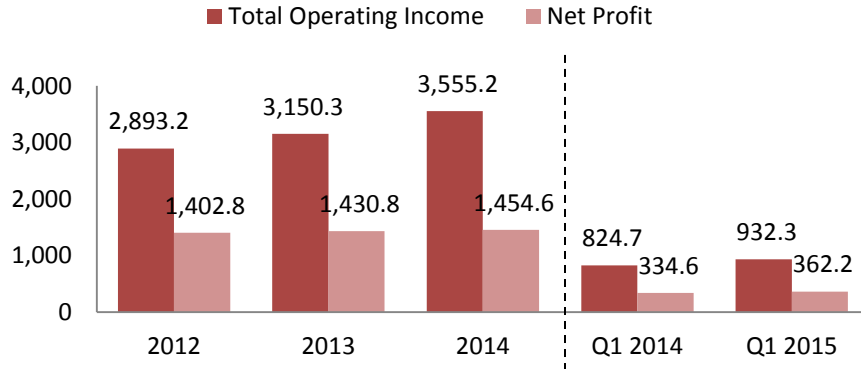


Notes

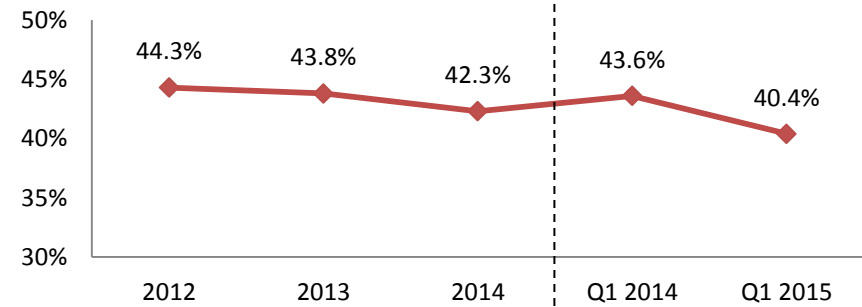
- The Bank maintains a leadership position in the UAE in terms of its Tier 1 capital ratio.
- The Bank's capital position provides it with a substantial capital base to enable it to pursue its strategic initiatives and to support the growth of its business.
- As at 31 March 2015, the Bank's total Tier 1 capital was AED 6,291 million.

Profitability

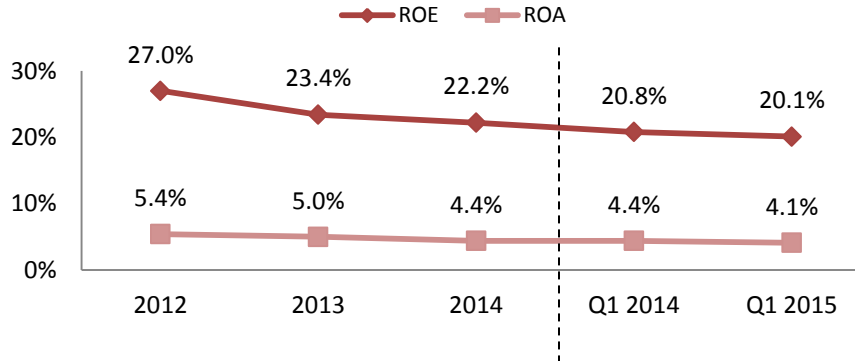
Profitability (AED millions)



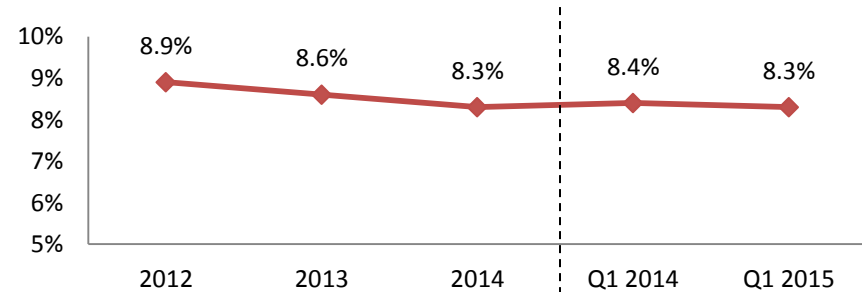
Cost-to-Income Ratio



Annualized Returns



Net Interest Margin



Income Statement & Key Ratios

Income Statement for the quarter ended 31 March 2015

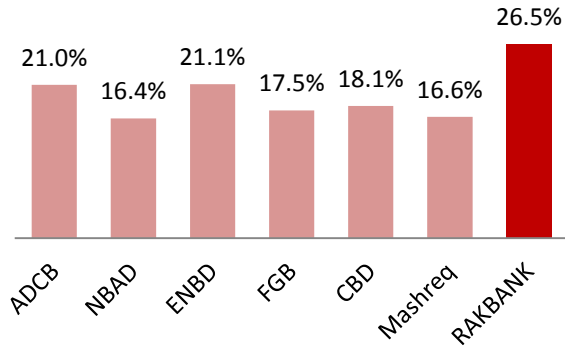
| (AED millions) | Q1 2015 | Q1 2014 | Y-o-Y Growth | % Growth |
|---------------------------|--------------|--------------|--------------|--------------|
| Net Interest Income | 733.5 | 639.2 | 94.3 | 14.8% |
| Fee and Commission Income | 166.6 | 149.5 | 17.1 | 11.4% |
| Investment Income | 0.3 | 2.3 | (2.0) | (88.2)% |
| Forex Income | 22.0 | 20.2 | 1.8 | 8.9% |
| Other Income | 9.9 | 13.5 | (3.6) | (25.9)% |
| Total Income | 932.3 | 824.7 | 107.6 | 13.1% |
| Operating Expenditures | 377.0 | 359.8 | 17.2 | 4.8% |
| Provisions | 193.1 | 130.3 | 62.8 | 48.1% |
| Net Profit | 362.2 | 334.6 | 27.6 | 8.3% |

Key Ratios

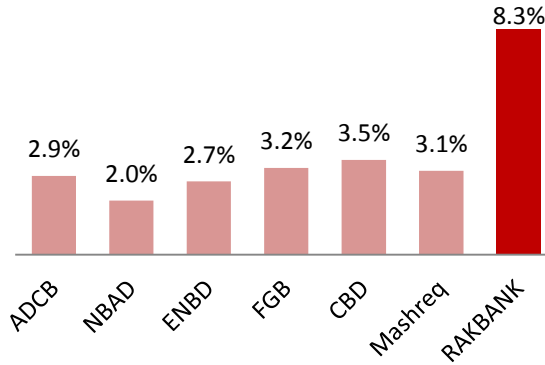
| Percentage (%) | Q1 2015 | Q1 2014 | Y-o-Y Growth |
|-----------------------------------|---------|---------|--------------|
| Return On Equity | 20.1% | 20.8% | (0.7)% |
| Net Interest Margin | 8.3% | 8.4% | (0.1)% |
| Cost to Revenue | 40.4% | 43.6% | (3.2)% |
| Gross Impaired Loans Ratio | 2.7% | 2.4% | 0.3% |
| Return On Assets | 4.1% | 4.4% | (0.3)% |
| Provisions Coverage Ratio | 84.6% | 79.5% | 5.1% |
| Lending to Stable Resources Ratio | 75.1% | 91.0% | (15.9)% |
| Net Credit Loss | 3.0% | 2.3% | 0.7% |
| Liquid Asset Ratio | 16.6% | 18.9% | (2.3)% |

Key Ratios Comparisons (FY2014)

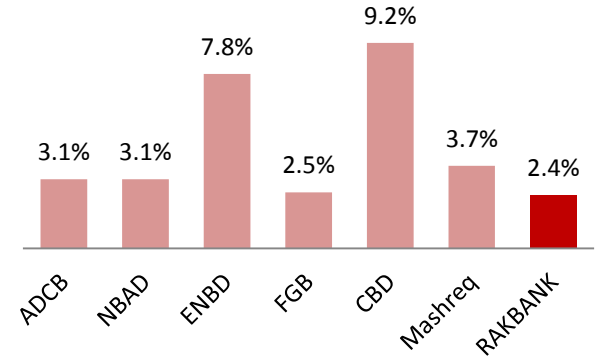
Capital Adequacy Ratio



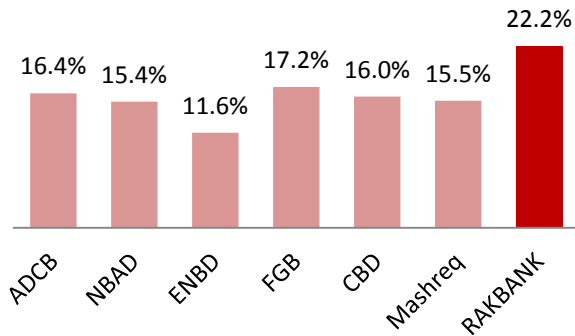
Net Interest Margin



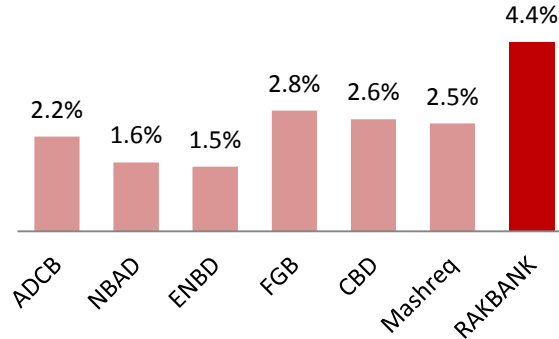
Non Performing Loans



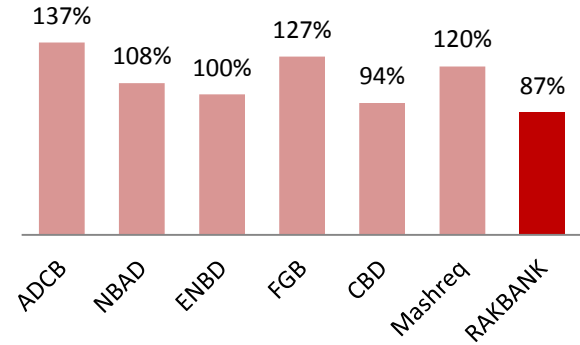
Return on Equity



Return on Assets



Provision Coverage Ratio



USD 500 million Fixed Rate Note

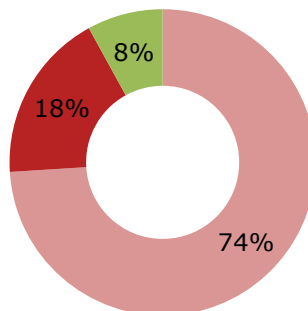
RAKBANK
Simply Better

Transaction Summary

| | |
|---------------------|-------------------------------------|
| Issuer | RAKFUNDING CAYMAN LTD |
| Guarantor | The National Bank of Ras Al Khaimah |
| Guarantor Rating | Baa1 (Moody's) / BBB+ (Fitch) |
| Status | Senior Unsecured |
| Format | Regulation S only |
| Pricing Date | 17 June 2014 |
| Settlement Date | 24 June 2014 |
| Issue Size | USD 500,000,000 |
| Maturity Date | 24 June 2019 |
| Issue Price | 99.275% |
| Yield to Maturity | 3.409% |
| Coupon | 3.250% |
| Spread over MS | 5Y MS + 160bps |
| Listing | Irish Stock Exchange |
| Governing Law | English Law |
| Arranger/Bookrunner | Standard Chartered Bank |

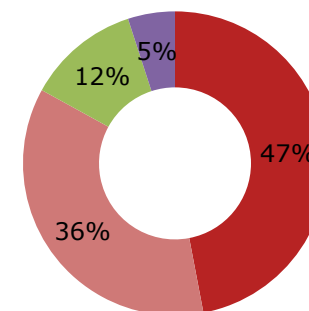
Investors by Geography

■ MENA ■ Europe ■ Asia



Investors by Type

■ Banks ■ Fund Managers
■ Private Banks ■ Insurance



Transaction Highlights

- On Tuesday 17th June 2014, Standard Chartered Bank and National Bank of Abu Dhabi successfully priced a USD 500 million 5-year bond for RAKBANK. The transaction was priced at 99.275% with a coupon rate of 3.250% and yield of 3.409%, representing 160bps over 5-year USD Mid Swaps. The issuance was executed as the first drawdown under the Bank's newly established USD 1,000 million Euro Medium Term Note Programme.
- RAKBANK's issuance marks its return to the bond markets after a hiatus of nine years (its debut bond was in 2005 which was followed by a tap in 2006).
- The success of the transaction came at the back of a focused marketing strategy aimed at reintroducing RAKBANK's credit story to fixed income investors and included a roadshow covering Abu Dhabi, Dubai, Singapore and London.
- Investors responded positively to the bond announcement given the scarcity value of FIG credits in general. RAKBANK's strong financial metrics and the limited primary supply seen from MENA FIs in 2014 (the transaction is only the second MENA FI USD benchmark issuance this year).
- The strong investment demand received on the issuance, as evidenced by an orderbook of USD 1.6 billion, representing an oversubscription of over 3.2 times, allowed RAKBANK to price a 160bps over USD Mid-Swaps, which was 10bps inside the initial price guidance of 170bps area over USD Mid-Swaps.
- The investor base captured was well diversified with banks comprising 47% of the orderbook, followed by fund managers (36%), private banks (12%) and insurance companies (5%).
- The transaction represents the only non-Sovereign issuance from the emirate of Ras Al Khaimah since 2006.

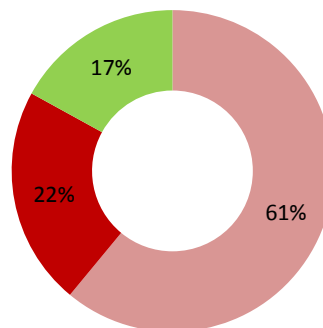
USD 300 million Tap

Transaction Summary

| | |
|------------------|---|
| Issuer | RAKFUNDING CAYMAN LTD |
| Guarantor | The National Bank of Ras Al Khaimah (P.S.C) |
| Guarantor Rating | Baa1 (Moody's) / BBB+ (Fitch) |
| Format | Regulation S only |
| Status | Senior Unsecured |
| Listing | Irish Stock Exchange |
| Tap Size | USD 300mn |
| Trade Date | 23-Feb-15 |
| Fungibility Date | Fungible on 02 March 2015 |
| Maturity | 24-Jun-19 |
| Tap Price | 100.88% |
| Tap Spread | MS+142.9bps |

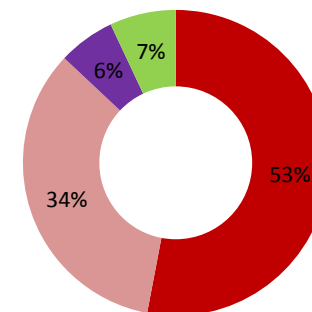
Investors by Geography

■ MENA ■ Europe ■ Asia



Investors by Type

■ Banks ■ Funds ■ Insurance ■ Private Banks



Transaction Highlights

- On February 23rd 2015, The National Bank of Ras Al-Khaimah P.S.C. ("RAKBANK"), successfully priced, via an interday execution, a USD300mn tap of its outstanding USD500mn 3.250% notes due 2019, bookrun by NBAD in June 2014.
- The announcement of the reopening of the notes was released to the market on Monday 23rd at 8:00am London time. The tap price guidance was set at 100.875% +/- 0.125%. The cash price at the time of announcement was 101.50%.
- A global investor call took place at 09:00am London. By 11:15am London, the orderbook was in excess of USD500mn and final tap price was set at 100.875%. An unexpected issue size of USD300mn was indicated. The books went subject at 11:30am London.
- The transaction was launched at 12:00pm London time for a final tap amount of USD300mn. The tap price equates to a spread of MS+142.9bps.
- This is the fourth occasion RAKBANK has tapped the international debt capital markets and second tap following the reopening in 2006 of its floating notes due 2010.

Disclaimer

The material in this presentation has been prepared by the National Bank of Ras Al Khaimah (P.S.C), 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 presentation. This information is given in summary form and does not purport to be complete.

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