



# RAKBANK

**Investor Relations Presentation**

Q4/FY 2018

## Establishment

- The National Bank of Ras Al Khaimah was founded in 1976. It underwent a major transformation in 2001 as it rebranded as RAKBANK and shifted its focus from Corporate Banking to Retail Banking (re-branded to Personal Banking) and small businesses.
- RAKBANK is a public joint stock company headquartered in the emirate of Ras Al Khaimah (RAK). It has 38 branches and over 349 ATMs in the UAE.
- In late January 2013, the Bank launched its Islamic Banking unit – RAK Islamic.
- RAKBANK is listed on the Abu Dhabi Securities Exchange (ADX) and 52.8% of the Bank's shares are owned directly and indirectly by the government of RAK. The market capitalization of RAKBANK is AED7.04Bn (USD1.9Bn) as of December 31, 2018.

\* These represent legal ownership of the Bank. However, beneficial ownership is 100% as the remaining interest is held by a related party  
 \*\* On 19 April 2017, the shareholders at the annual general meeting resolved to liquidate RAK Islamic Finance Company Pvt. J.S.C. ("the Company") and transfer its net assets and obligations to the Bank at book value. On 21 June 2017, the shareholders at the General Assembly meeting approved to liquidate the Company and resolved to dissolve it in accordance with the provisions of the Federal Law No. (2) of 2015.

## Regulatory Framework

### The UAE Central Bank (CBUAE)

- Regulations cover both conduct of business and prudential regulations.
- Acts as the clearing house for all AED payments.
- Conducts a detailed inspection of the banks on an annual basis.
- Anti Money Laundering and Suspicious Cases Unit of the CB-UAE acts as the Fraud Investigation Unit (FIU) of the UAE.

### Securities & Commodities Authority (SCA) & Abu Dhabi Securities Exchange (ADX)

- SCA is the main regulator of funds houses, custodians, capital market operations, stock exchanges and financial brokerage business in the UAE.
- RAKBANK complies with all listing requirements stipulated by ADX.




### Insurance Authority (IA)

- IA is concerned with regulating and supervising the UAE insurance sector to promote the role of the insurance industry and ensure fair and effective competition.

## Subsidiaries

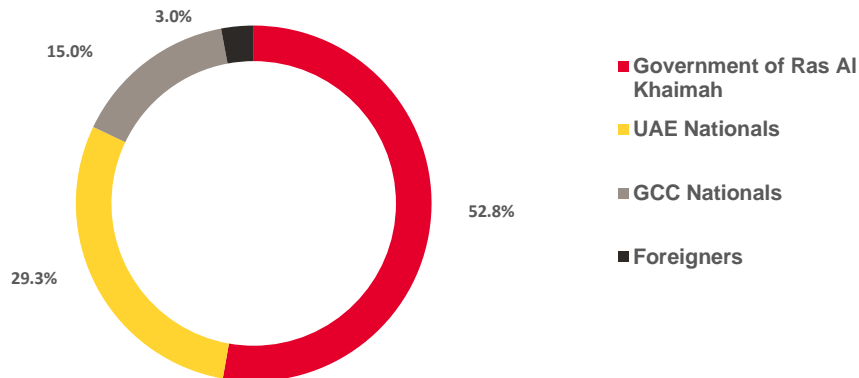
Subsidiary	Ownership	Country	Purpose
RAK Insurance	79.23%	UAE	develop insurance products
RAK Islamic Finance Company**	99.99%*	UAE	sell Sharia-compliant products
Back Office Support Services (BOSS)	80.00%*	UAE	provide back office support services
RAK Technology	80.00%*	UAE	supply information technology support
RAKFUNDING CAYMAN LTD	100.00%	Cayman Islands	enable the issuance of bonds
RAK Global Markets Cayman Limited	100.00%	Cayman Islands	facilitate treasury transactions

## Ratings

Rating Agency	Last Update	Deposits	Outlook	Support
	January 2019	Baa1 / P-2	Stable	2
	December 2018	BBB+ / F2	Stable	2
	August 2018	A- / A2	Stable	2

# Shareholders, Directors & Management

## Ownership Structure



## CEO's Profile

**Peter England** was appointed as RAKBANK's CEO on 1st November 2013. In the past 3 years he has implemented a strategy to diversify the Bank's balance sheet and income base. The strategy included rebuilding Wholesale Banking, developing the Business Banking Unit, and enhancing the Personal Banking product suite. The change has broadened the Bank's fee income base by growing the capability in areas such as Treasury, Foreign Exchange, Insurance, and proprietary Asset Management. Additionally, Peter played a vital role in the Bank's acquisition of a major stake in RAK Insurance, and on 30th August 2015 he was elected as a member of the Board of Rak Insurance. Peter has over 35 years of banking experience in all aspects of retail business and wealth management in Australia and Asia. Immediately prior to joining RAKBANK, Peter spent seven years as the Head of Retail Banking at CIMB Bank Berhad – a subsidiary of CIMB Group and one of the largest banks in ASEAN – where he managed CIMB Bank Malaysia's business lines for individual and small enterprise customers in Malaysia, Singapore, and Cambodia and worked on developing a wide range of conventional and Islamic products and services.

## Board of Directors

<b>H.E. Mohamed Omran Alshamsi</b>	<b>Chairman</b>
<b>H.H. Shaikha Amneh Alqasimi</b>	Director
<b>H.H. Sheikh Salem Al Qasimi</b>	Director
<b>Mr. Salem Ali Al Sharhan</b>	Director
<b>Mr. Ahmed Essa Al Naeem</b>	Director
<b>Mr. Rajan Khetarpal</b>	Director
<b>Mr. Kantic Dasgupta</b>	Director

## Management

<b>Deepak Majithia</b> Chief Financial Officer	<b>Vikas Suri</b> MD, Treasury
<b>Geoff Stecyk</b> Chief Operating Officer	<b>Rahul Oberoi</b> MD, Wholesale Banking
<b>K.S. Ramakrishnan</b> Chief Risk Officer	<b>Dhiraj Kunwar</b> MD, Business Banking
<b>Mahadevan Radhakanthan</b> Chief Credit Officer	<b>Frederic De Melker</b> MD, Personal Banking
<b>Venkat Raghavan</b> Director Compliance & Operational Risk	<b>Saleh Ali Saleh</b> Director, RAK Business
<b>Nabil Azar</b> Director, General Counsel	<b>Abdul Karim Juma</b> Director, Islamic Banking
<b>Jean Pierre Le Roux</b> MD, Financial Institutions Group & International	

## Personal Banking

- Incorporating individual customer financing, credit and debit cards and deposit facilities.
- Includes lending products such as personal loans, auto loans, credit cards, and mortgages. As well as fee based services from Bancassurance. investment products, foreign exchange, trade services, and remittance.

## Business Banking

- Incorporating non-individual financing and deposit services for SME customers.
- Includes Term & Working Capital (TWC), RAK Business Loan, Secured Finance, Asset Backed Finance (ABF) and Deposit facilities.
- RAK Business Loan for business turnovers up to AED75Mn and Working Capital financing for turnovers up to AED150Mn.

## Wholesale Banking

- Incorporating financing and deposit services for larger corporates bodies, including government and public institutions.
- Includes Corporate and Commercial Banking, Trade Finance and Financial Institution (FI) Lending.
- Targeting customers with turnovers above AED150Mn.

## Treasury

- Incorporating money market activities, investments in debt and equity securities, foreign exchange and derivatives transactions with other banks, and financial institutions.
- Treasury is the custodian of liquidity and supports the growth of Personal and Wholesale Banking.

## Insurance

- Incorporating all insurance related transactions of subsidiary, RAK Insurance.
- The Bank and RAK Insurance collaborate on manufacturing and selling insurance products to substantiate the Bank's Bancassurance offerings.

Full fledged financial services institution, offering Conventional and Islamic Banking services, with diversified presence in Retail Banking, Business and Wholesale Banking segments.

# Awards and Recognition

## Most Innovative Outward Remittance Services (RMT) - UAE

*Global Banking  
and Finance Review  
Awards*

(2018)

## Best Customer Happiness Centre

*Customer Happiness  
Summit and Awards*

(2018)

## Best Marketing, Social Media, and Brand

*International Business  
Excellence Awards*

(2018)

## Best SME Bank in the UAE

*Banker Middle East  
Industry Awards*

(2018)

## Best Blockchain

*Asian Banker  
Technology Innovation  
Awards*

(2018)

## Best API Platform Initiative

*Asian Banker  
Technology Innovation  
Awards*

(2018)

## Best Deposit Product in the Middle East (Fawrun Product)

*Asian Banker's Middle  
East & Africa Awards*

(2018)

## Marketing, Social Media and Brand Award (Auntie Penny Campaign)

*International Business  
Excellence Awards*

(2018)

## Dubai Quality Appreciation Award

*Business Excellence  
Award – Department of  
Economic Development*

(2018)

## Dubai Service Excellence Scheme Award

*Business Excellence  
Award – Department of  
Economic Development*

(2018)

## Best SME Customer Service Award

*Banker Middle East*

(2018)

## Best Omnichannel Experience Award

*Genesys*

(2018)

## Best Technological Innovation in Payment - B2C

*Seamless Awards*

(2018)

## Home Loan Provider of the Year - by yallacompare

*Banking and Insurance  
Awards*

(2018)

## Best Customer Loyalty program for RAKrewards

*Service Olympian  
Awards*

(2018)

## Best Smart Service Transformation Initiative for Digital Banking App

*Service Olympian  
Awards*

(2018)

## Overall Best Live Chat Performance

*Service Olympian  
Awards*

(2018)

## Overall Best Website

*Service Olympian  
Awards*

(2018)

# Q4 / 12M 2018 Highlights

## Financial Snapshot

(AED Mn)	Quarter Results			Full Year Results		
	Q4 '18	Q4 '17	Variance	FY '18	FY '17	Variance
Net Interest Income	702.8	687.8	2.2%	2,768.7	2,723.2	1.7%
Non-Interest Income	289.5	248.8	16.4%	1,058.3	1,086.6	(2.6%)
<b>Total Income</b>	<b>992.3</b>	<b>936.6</b>	<b>5.9%</b>	<b>3,827.0</b>	<b>3,809.9</b>	<b>0.4%</b>
Operating Expenditures	(375.3)	(364.4)	(3.0)%	(1,488.3)	(1,446.4)	(2.9%)
<b>Operating Profit Before Provisions for Impairment</b>	<b>617.0</b>	<b>572.3</b>	<b>7.8%</b>	<b>2,338.7</b>	<b>2,363.5</b>	<b>(1.0%)</b>
Provisions for Impairment	(371.3)	(368.0)	(0.9)%	(1,421.1)	(1,553.0)	8.5%
<b>Net Profit</b>	<b>245.7</b>	<b>204.2</b>	<b>20.3%</b>	<b>917.5</b>	<b>810.5</b>	<b>13.2%</b>

## Key Ratios

Ratios	Dec '18	Sep '18	Dec '17	Variance	
				Q-o-Q	Y-o-Y
Return On Equity	13.5%	13.4%	10.6%	0.1%	2.9%
Return On Assets	1.8%	1.8%	1.8%	0.0%	0.0%
Net Interest Margin	5.5%	5.6%	6.1%	(0.1%)	(0.6%)
Cost-to-Income	38.9%	39.3%	38.0%	(0.4%)	0.9%
Provision Coverage Ratio	133.1%	144.7%	74.6%	(11.6%)	58.5%
Gross Impaired Loans Ratio	4.2%	3.7%	4.0%	0.5%	0.2%
LSRR	94.5%	86.7%	87.8%	7.8%	6.7%
Liquid Asset Ratio	14.5%	13.7%	15.0%	0.8%	(0.6%)
Total CAR Basel III	17.2%	18.5%	20.7%	(1.3%)	(3.5%)

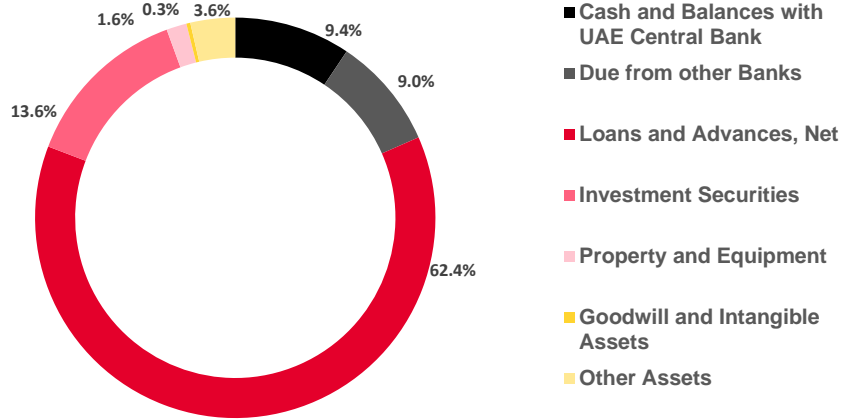
## Balance Sheet Highlights

(AED Bn)	Results as at			Variance	
	Dec '18	Sep '18	Dec '17	Q-o-Q	Y-o-Y
Total Assets	52.7	51.8	48.5	1.8%	8.5%
Gross Loans & Advances	34.8	35.1	33.2	(0.9%)	4.8%
Deposits	34.1	34.6	32.2	(1.5%)	6.1%
Gross Business Assets	38.3	38.4	35.7	(0.2%)	7.2%

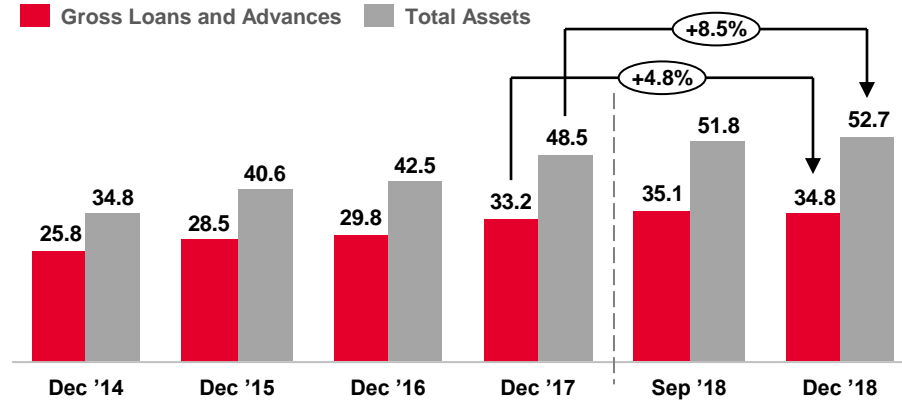
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# Balance Sheet Overview

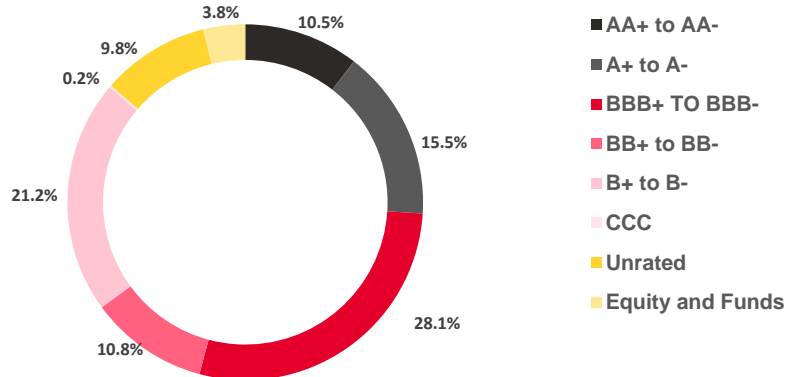
## Breakdown of Assets by Type (as at 31.12.18)



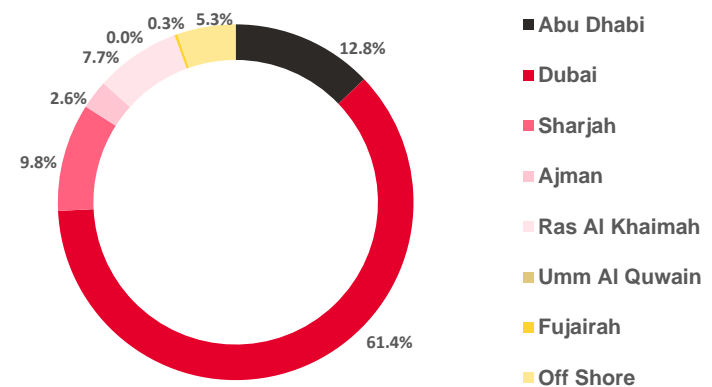
## Assets and Gross Loans & Advances (AED Bn)



## Analysis of Investment Securities (as at 31.12.18)



## Loans by Geography, by Value (as at 31.12.18)

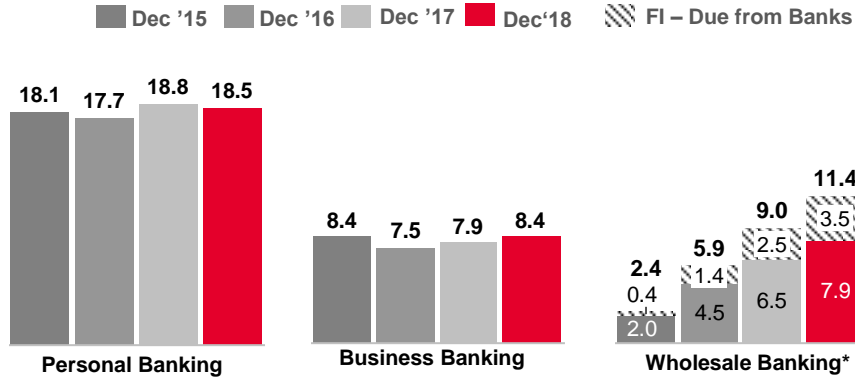


\*On 1st January 2018, securities are reclassified to amortized cost. Book value of the portfolio on 31 Dec 2018 is AED4.8Bn

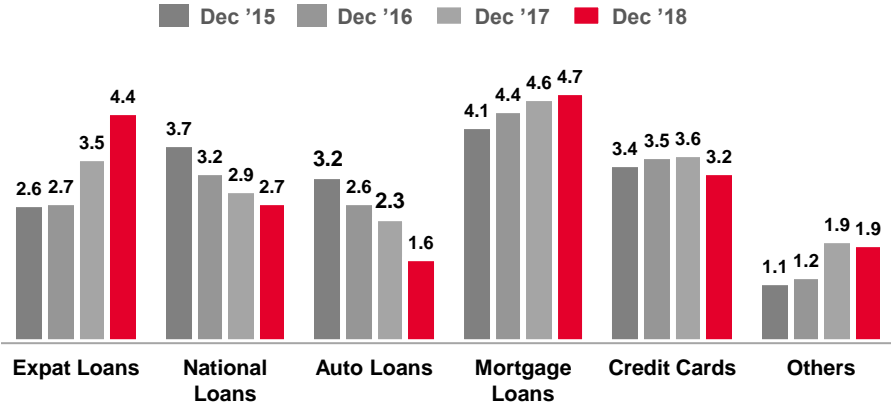
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# Customer Assets Mix

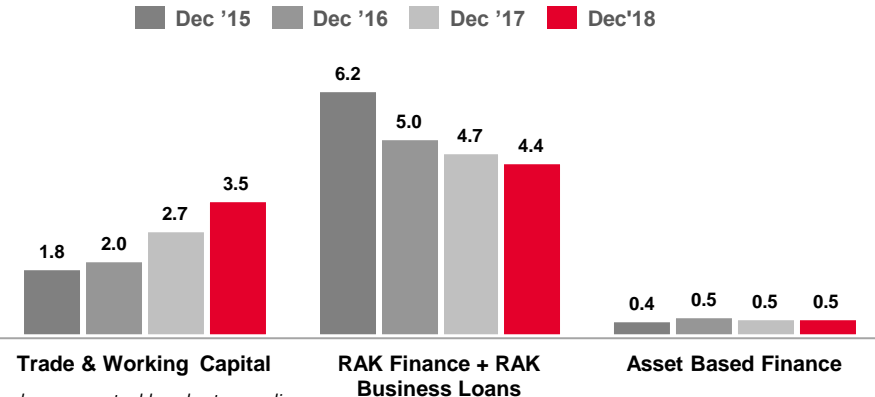
## Total Customer Assets by Segment (AED Bn)



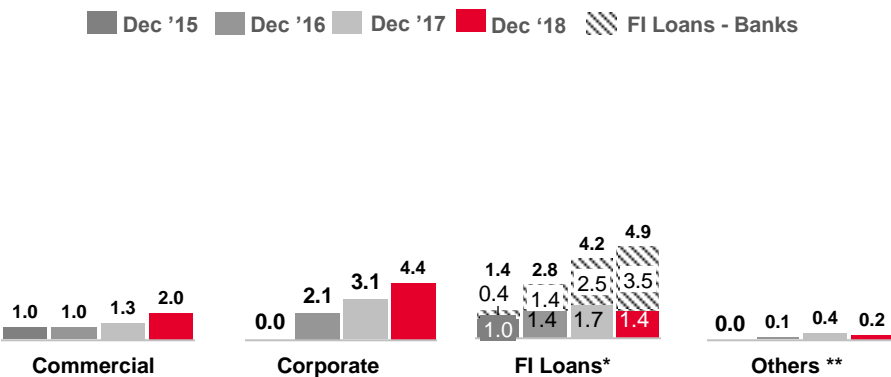
## Total Customer Assets – Personal Banking (AED Bn)



## Total Customer Assets Business Banking (AED Bn)



## Total Customer Assets – Wholesale Banking (AED Bn)



Numbers may not add up due to rounding

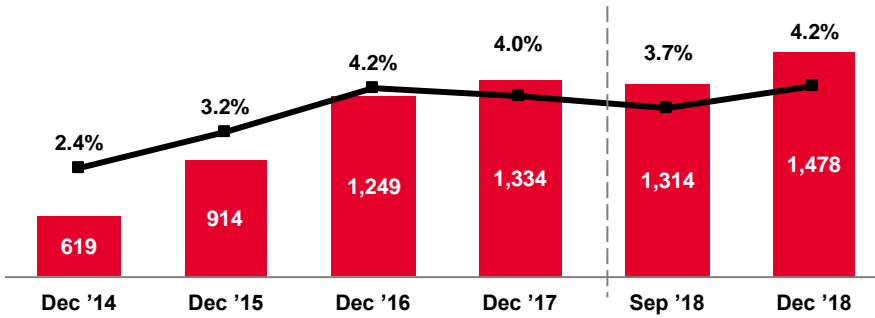
\*includes FI Assets that amount to AED 3,488Mn as at 31.12.2018 not classified as loans advances

\*\* Others include Asset Based Finance & Gold Loan

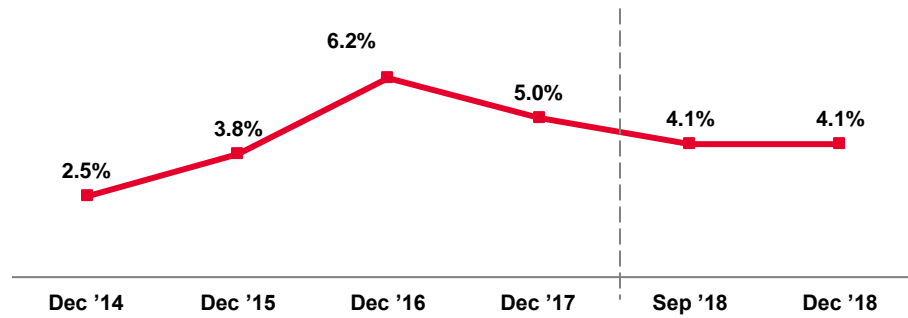


## Non-Performing Loans (AED Mn)

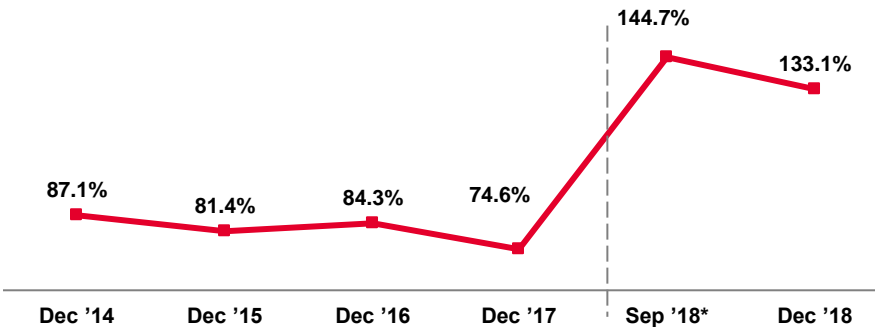
■ Impaired Loans to Gross Loans and Advances    
 ■ Impaired Loans



## Net Credit Cost



## Provision Coverage Ratio

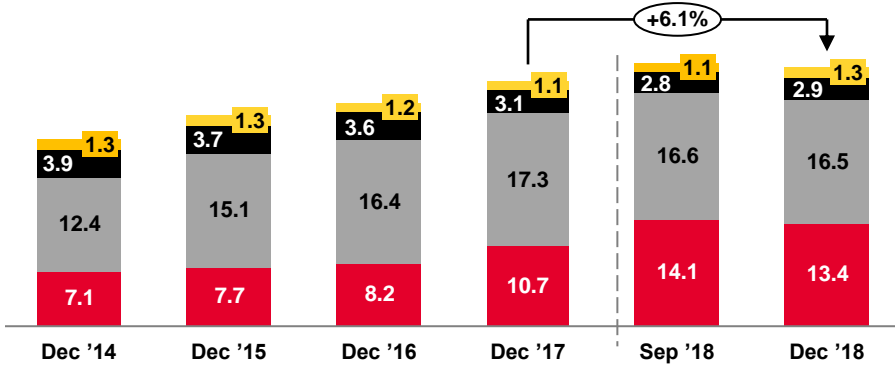


## Notes

- The Bank has been diversifying the product mix into lower risk business by growing its traditional TWC lending, Property Backed Loans and ABF under Business Banking segment and its Corporate, Commercial, and FI portfolios under its Wholesale Banking segment.
- The Bank is well provisioned against loan losses with a conservative loan loss coverage ratio of 133.1%, which does not take into consideration mortgaged properties and other realizable asset collateral available against the loans.
- \*Increase in provision coverage ratio as on 30<sup>th</sup> September 2018 compared to previous periods is due to implementation of IFRS9 from 1 January 2018.

## Customer Deposits (AED Bn)

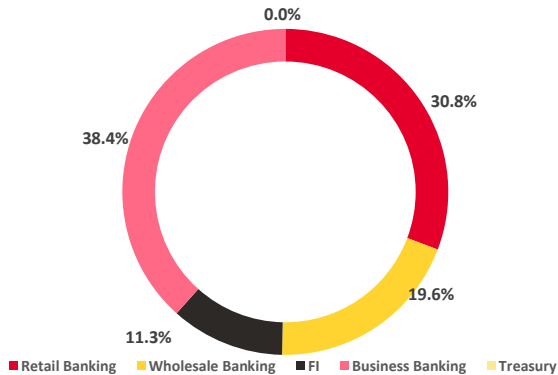
Call Savings Current Time



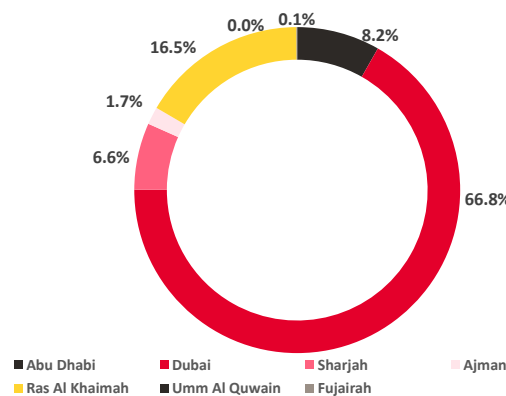
## Notes

- Customer deposits grew by AED 2.0 billion to AED 34.1 billion compared to 31 December 2017. The main growth came mainly from an increase of AED2.7 billion in time deposits.

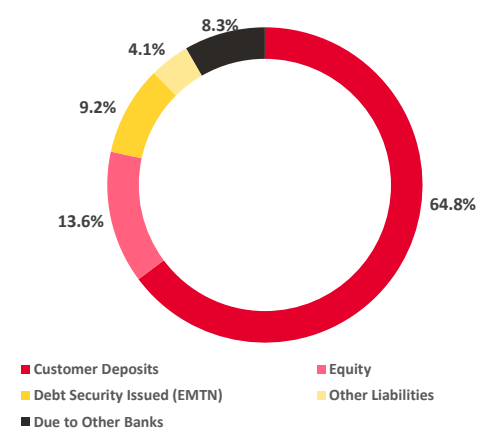
## Deposits Value by Segment



## Customers Deposits by Geography by Value



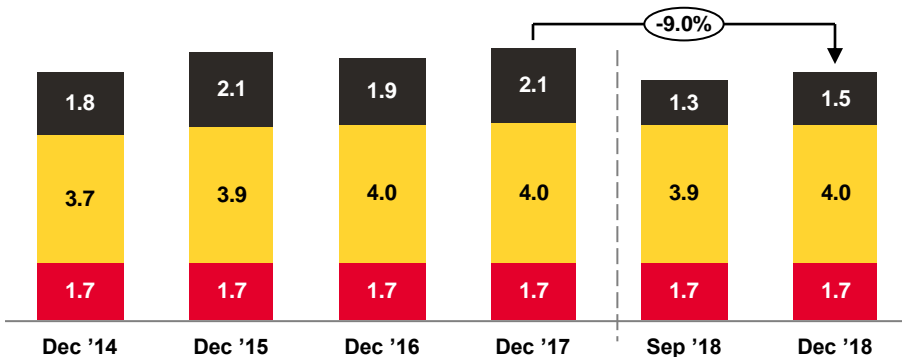
## Liabilities Mix



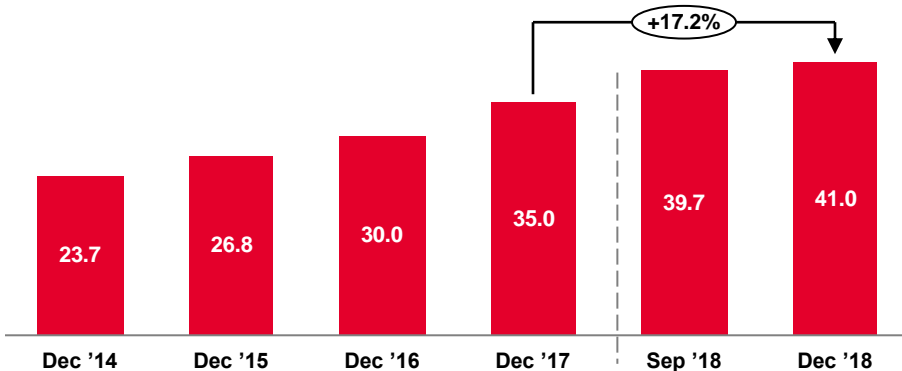
Numbers may not add up due to rounding

## Equity Breakdown (AED Bn)

Retained Earnings Reserves Share Capital

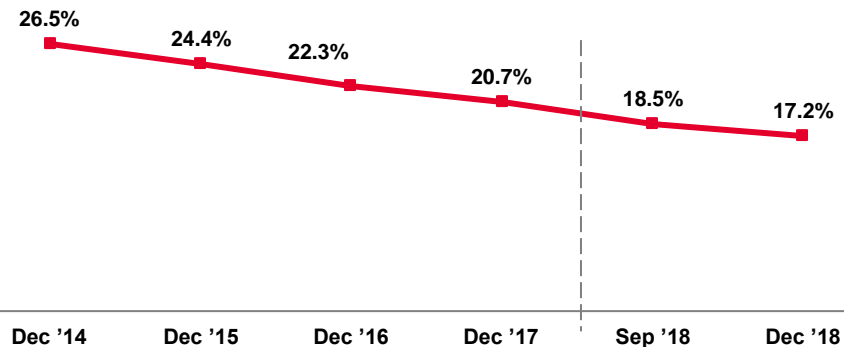


## Risk Weighted Assets (AED Bn)



Numbers may not add up due to rounding

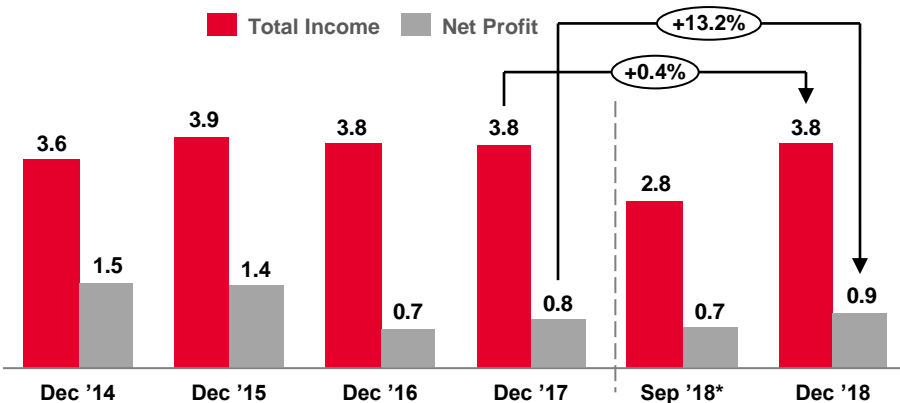
## Total Capital Adequacy Ratio (CAR)



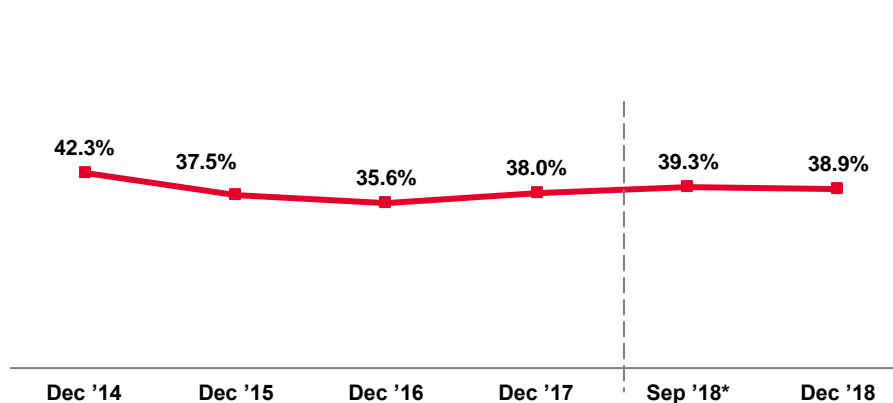
## Notes

- \* Basel III Total CAR as on 31 December 2018 at 17.19%.
- \*\* Total Capital Adequacy Ratio (CAR) as at 31 December 2018 is at 17.2%: Tier 1 is at 16.0%; and Tier 2 is at 1.2%
- Risk Weighted Assets figures are all as per Basel III from Dec'17 onwards
- The impact on regulatory capital for the Group due to the transition to IFRS 9 amounted to AED 977.5 million. This reduced the Common Equity Tier 1 capital adequacy ratio. The Bank created a General Provision with effect from January 1, 2018 which now qualifies as Tier II capital.

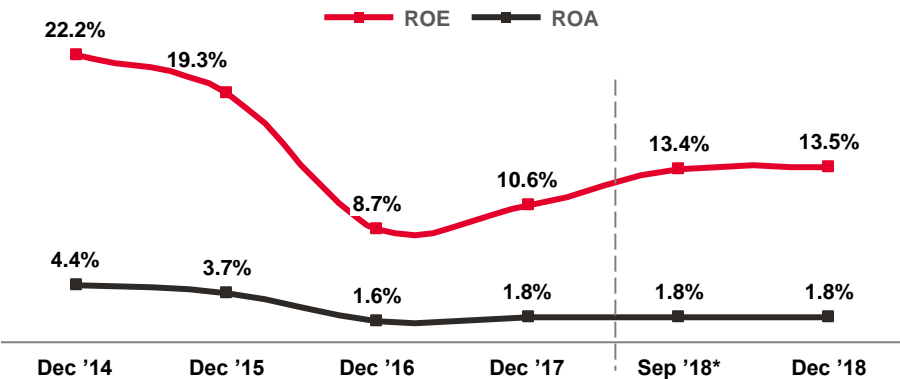
## Profitability (AED Bn)



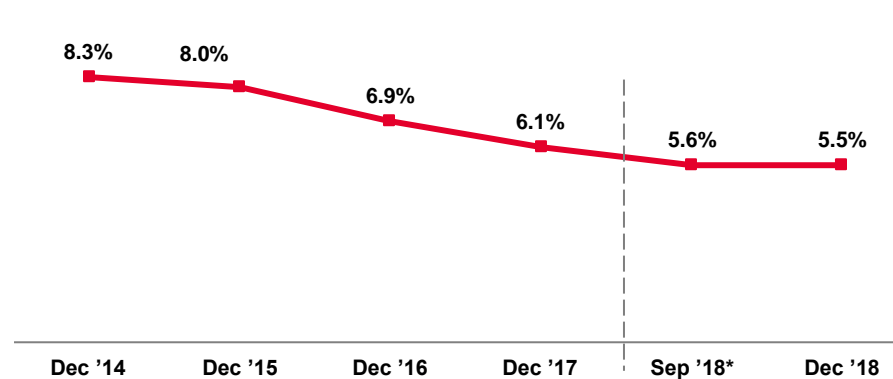
## Cost-to-Income Ratio



## Annualized Returns



## Net Interest Margin



\* annualized

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