



RAKBANK

Investor Relations

Presentation

4Q/FY 2016

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 (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 287 ATMs in the UAE.
- In late January 2013, the Bank launched its Islamic Banking unit – RAK Islamic.

Ownership

- RAKBANK is listed on the Abu Dhabi Securities Exchange (ADX) and 52.78% of the Bank's shares are owned directly and indirectly by the government of RAK. The market capitalization of RAKBANK is AED 8.30Bn (USD2.26Bn) as of December 31, 2016.

Strategy

- Since 2001, the strategy focus has been on Personal and Small Business Banking in which the Bank enjoys a strong foothold. In late 2013, the Bank increased its lending in the traditional SME and Commercial Banking segment and more recently into Corporate Banking to diversify its portfolio mix.
- During 2015, the Bank acquired a majority stake in RAK Insurance Company and launched a Remittance service as part of its diversification strategy.
- In early 2016, the Bank launched a separate Business Banking segment for the Bank's small business and SME portfolios.
- Going forward, the Bank plans to become a broad-based financial services company by taking advantage of opportunities that enhance revenue and market share through acquisitions and new businesses.
- It line with its desire to become a residential mortgage player, the Bank has launched its innovative Home-in-One product.

Awards & Recognition

- Middle East Internet Banking Product of the Year for Web Authentication Chat at the Asian Banker Middle East Retail Product Awards
- SME Bank of the Year at the Arabian Business StartUp Awards
- 'First Launches in the Country' award for the launch of the Kalyan Jewellers co-branded credit card and MasterCard Titanium credit card at the MasterCard Customer Event
- Most Outstanding Security Team of the Year at the Security Advisor Middle East Awards
- Best Branding/Marketing Campaign for the launch of RAKelite at the Banker Middle East Awards
- Security Leader of the Middle East at the Middle East Security Awards (MESA)
- Best Overall Website Service Olympian Award from Ethos Integrated Solutions
- Best Customer Feedback Implementation Service Olympian Award from Ethos Integrated Solutions
- Best Positive Sentiment Service Olympian Award from Ethos Integrated Solutions
- Best New Products & Product Improvement Award for the Home in One mortgage facility at the Gulf Customer and Digital Experience Awards
- Best Integrated Approach Award for MobileCash card-less withdrawals at the Gulf Customer and Digital Experience Awards
- Best Internal Use of Digital Award for the Tablet Banking App at the Gulf Customer and Digital Experience Awards
- Digital Pioneer Award for Web Authentication Chat at the Gulf Customer and Digital Experience Awards
- Best Overall Customer Experience Award at the Gulf Customer and Digital Experience Awards

Subsidiaries

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

* These represent legal ownership of the Bank. However, beneficial ownership is 100% as the remaining interest is held by a related party

Ratings

Rating Agency	Last Update	Deposits	Outlook	Support
 Moody's	October 2016	Baa1 / P-2	Stable	2
 FitchRatings	September 2016	BBB+ / F2	Stable	2
 CAPITAL Intelligence	September 2016	A- / A2	Stable	2

Regulatory Framework

The UAE Central Bank (CB-UAE)

- 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 annual basis.
- Anti Money Laundering and Suspicious Cases Unit of the CB-UAE acts as the Fraud Investigation Unit (FIU) of the UAE.

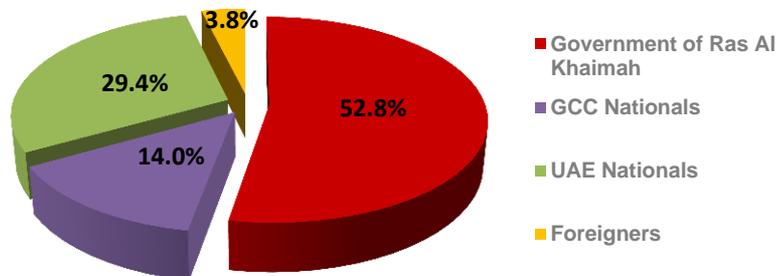
Securities & Commodities Authority (SCA) & Abu Dhabi Securities Exchange (ADX)

- 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.

Ownership Structure



CEO's Profile

Peter England

Peter England became 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 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. Peter has over 33 years of working experience in all aspects of retail banking and wealth management, and was based in Asia for 16 years after a banking career in Australia that spanned 17 years. Peter was elected member of the RAK Insurance Board of Directors on 30th August 2015.

Board of Directors

H.E. Mohamed Omran Alshamsi	Chairman
H.E. Sheikh Salem Al Qasimi	Director
Mr. Salem Ali Al Sharhan	Director
Mr. Ahmed Essa Al Naeem	Director
Mr. Ahmed Abdulkarim Julfar	Director
Mr. Rajan Khetarpal	Director
Mr. Allan Griffiths	Director

Management

Deepak Majithia	Chief Financial Officer
Geoff Stecyk	Chief Operating Officer
K.S. Ramakrishnan	Chief Risk Officer
Mahadevan Radhakanthan	Chief Credit Officer
Venkat Raghavan	Director Compliance & Internal Controls
Nabil Azar	Head of Legal and Company Secretary
Vikas Suri	MD, Treasury
Rahul Oberoi	MD, Wholesale Banking
Saleh Ali Saleh	Director, RAK Business
Dhiraj Kunwar	Director, Business Banking
Abdul Karim Juma	Director, Islamic Banking

Personal Banking

Personal Banking customers are serviced through a network of 38 branches, over 287 ATMs, as well as its Telephone and Digital Banking channels. Sales takes place across all channels and through mobile staff. This segment has a strong fee-based income from the sale of Bancassurance and investment products, foreign exchange, trade services, Debit Cards and Prepaid Cards.

Business Banking

In the first quarter of 2016 the Bank introduced a separate Business Banking segment to handle the asset and liability needs of Small-to-Medium Enterprises (SMEs) in a more holistic manner. As the largest SME lender in the country, the Bank remains firmly committed to helping this segment grow, particularly during challenging times.

Wholesale Banking

RAKBANK re-established its presence in the commercial sector in late 2013 and selectively re-entered the corporate lending sector in 2015. The Wholesale Banking segment was introduced to increase the Bank's penetration into larger businesses and to focus on growing Corporate and Commercial Banking, Trade Sales, and Financial Institutions Lending.



Treasury

The main activities of the Treasury business include 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 segment is the custodian of liquidity and primarily supports the growth of Personal and Wholesale Banking.

Insurance

The Bank sees an opportunity for growth in its business by diversifying into the local insurance market. With a controlling stake in RAK Insurance, the Group are collaborating on manufacturing and selling insurance products to enhance revenue and market share and ensure that customers enjoy a more wholesome experience.

4Q / 12M 2016 Highlights

Financial Snapshot

(AED Mn)	12M '16	12M '15	Variance%
Net Interest Income	2,825	3,048	(7%)
Non-Interest Income	1,014	891	14%
Total Income	3,839	3,939	(3%)
Operating Expenditures	(1,369)	(1,479)	(7%)
Operating Profit Before Provisions for Impairment	2,471	2,461	0%
Provisions for Impairment	(1,808)	(1,055)	71%
Net Profit	663	1,405	(53%)

Balance Sheet Highlights

(AED Bn)	31.12.16	30.09.16	31.12.15	Growth % Y-o-Y
Total Assets	42.5	40.8	40.6	4.7%
Gross Loans and Advances	29.8	29.0	28.5	4.3%
Deposits	29.4	28.4	27.8	5.7%

Key Ratios

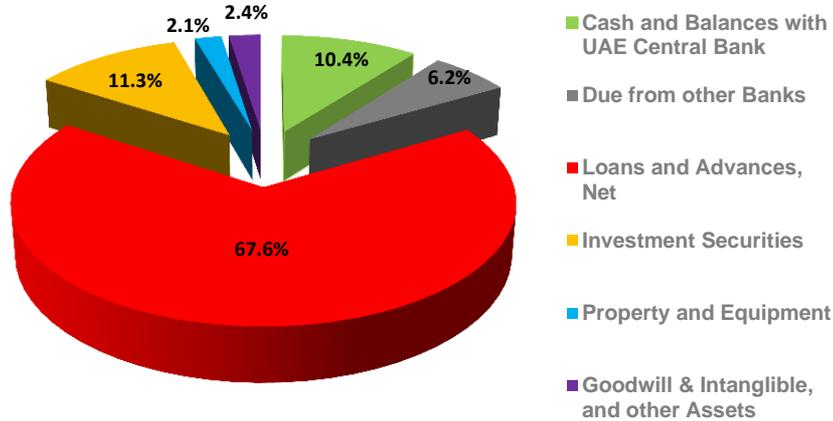
Ratios	12M '16	12M '15	Y-o-Y
Return On Equity (annualized)	8.7%	19.3%	(10.6%)
Net Interest Margin	6.9%	8.0%	(1.1%)
Cost-to-Income	35.6%	37.5%	1.9%
Return On Assets (annualized)	1.6%	3.7%	(2.1%)
Coverage Ratio	84.3%	81.4%	2.9%
Gross Impaired Loans Ratio	4.2%	3.2%	1.0%
LSRR	85.3%	83.3%	2.0%
Liquid Asset Ratio	16.9%	19.1%	(2.2%)
Capital Adequacy Ratio	21.8%	22.3%	(0.5%)
Tier One	21.8%	22.3%	(0.5%)

Notes

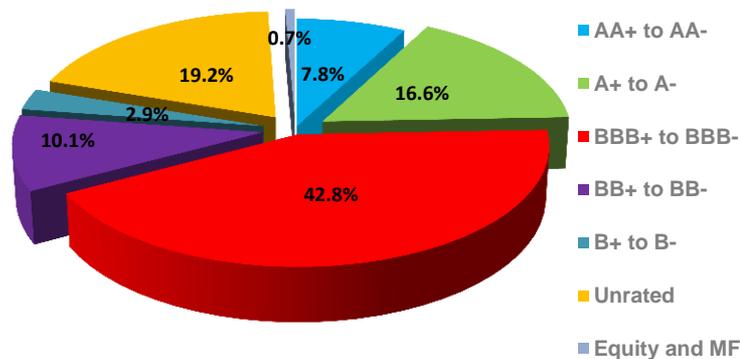
- Total Operating Income decreased by AED100Mn year-on-year.
- Operating Expenses decreased by AED110Mn year-on-year. As the Group continues to focus on cost optimization, Cost-to-Income ratio dropped to 35.6% compared to 37.5% in the previous year.
- Consolidated Operating Profit Before Provisions for Impairment grew marginally by 0.4% to AED2,471Mn year-on-year.
- Gross Loans and Advances saw an increase of AED1.2Bn year-on-year mainly from the Wholesale Banking portfolio, which is partially offset by a deduction in the Business Banking and Personal Loan portfolios.
- Deposits increased to AED29.4Bn compared to AED27.8Bn as at December 31, 2015.

Balance Sheet Overview

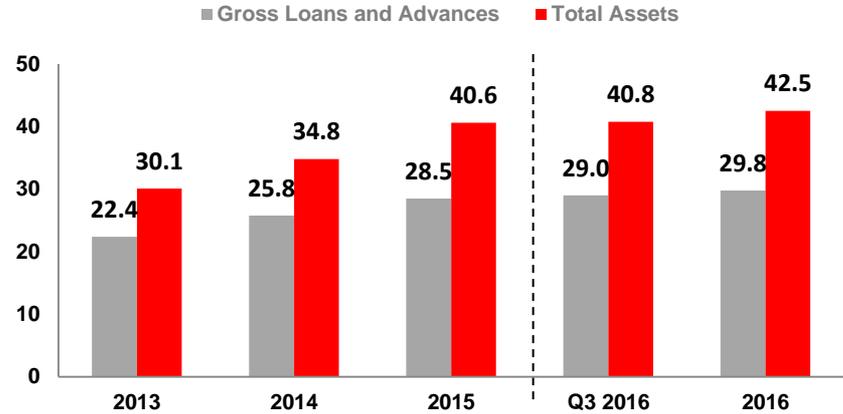
Breakdown of Assets by Type (as at 31.12.16)



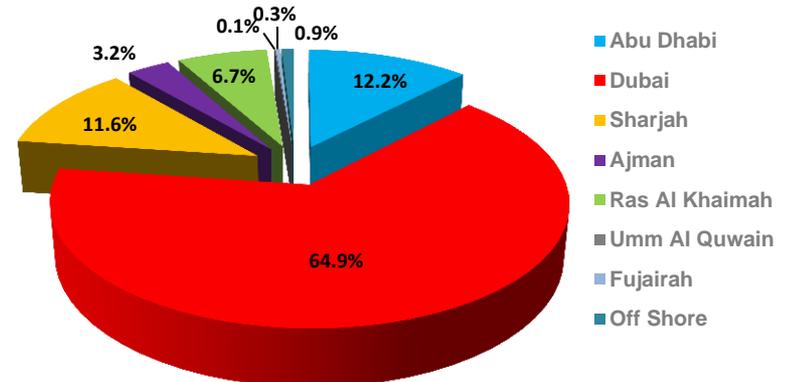
Analysis of Investment Securities (as at 31.12.16)



Assets and Gross Loans & Advances (AED Bn)



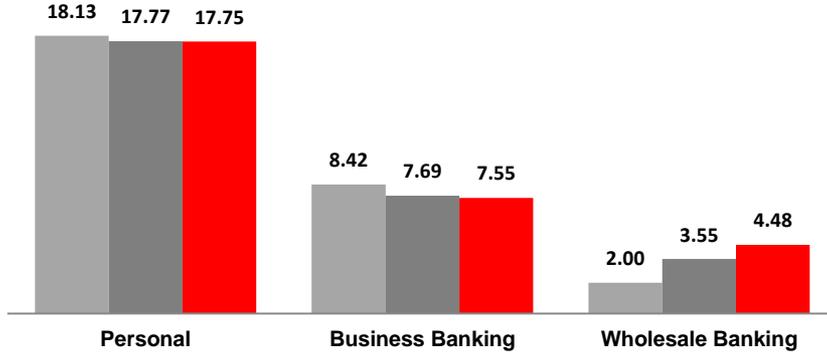
Loans by Geography, by Value (as at 31.12.16)



Loans Mix

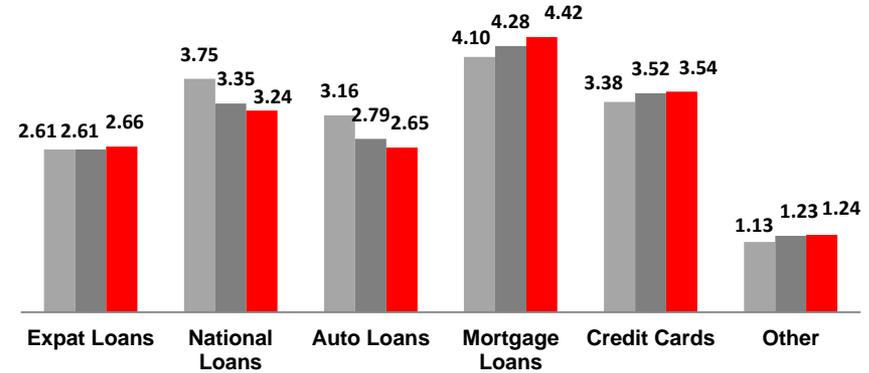
Total Loans & Advances by Segment (AED Bn)

■ 31.12.2015 ■ 30.09.2016 ■ 31.12.2016



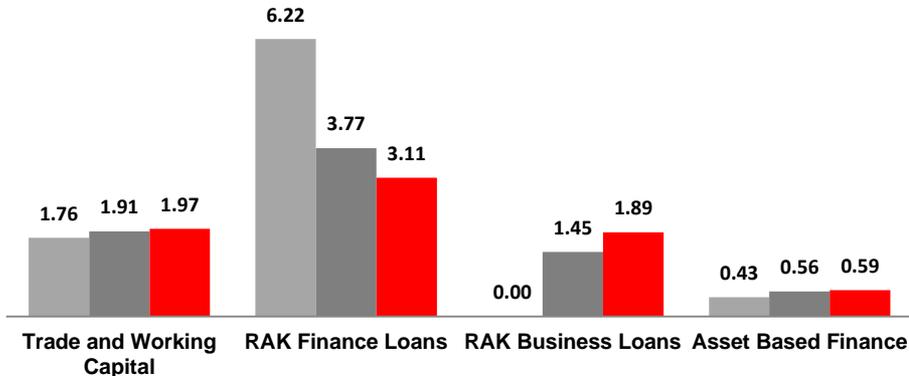
Total Loans & Advances - Personal Banking (AED Bn)

■ 31.12.2015 ■ 30.09.2016 ■ 31.12.2016



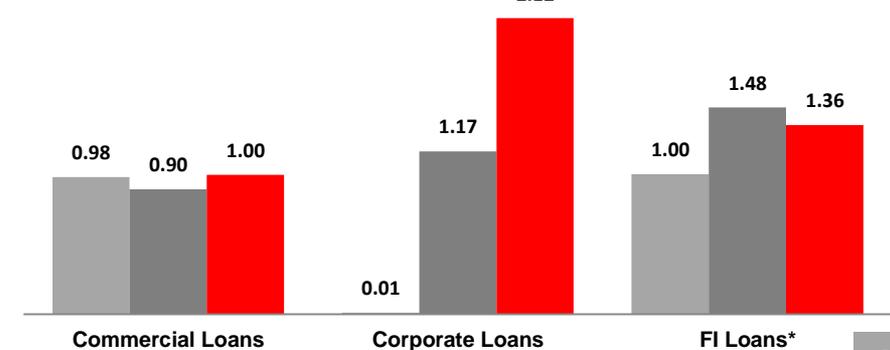
Total Loans & Advances – Business Banking (AED Bn)

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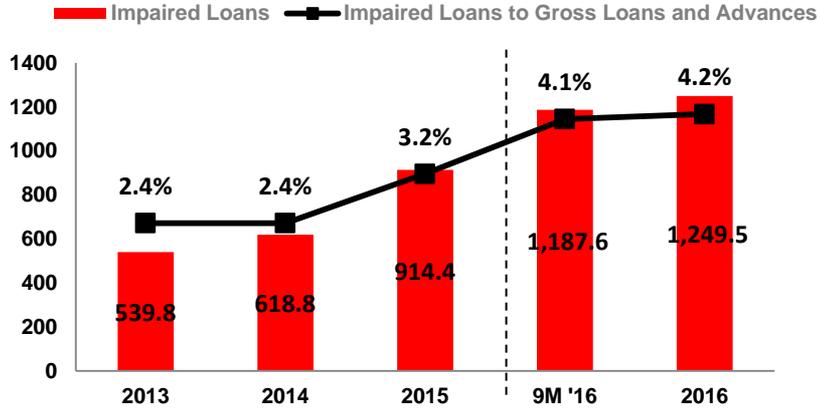
Total Loans & Advances – Wholesale Banking (AED Bn)

■ 31.12.2015 ■ 30.09.2016 ■ 31.12.2016

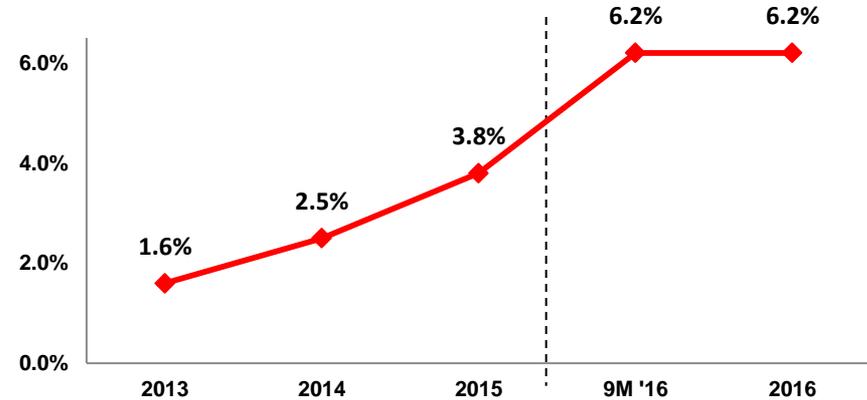


*excludes FI Assets that amount to AED1,137Mn not classified as loans and advances

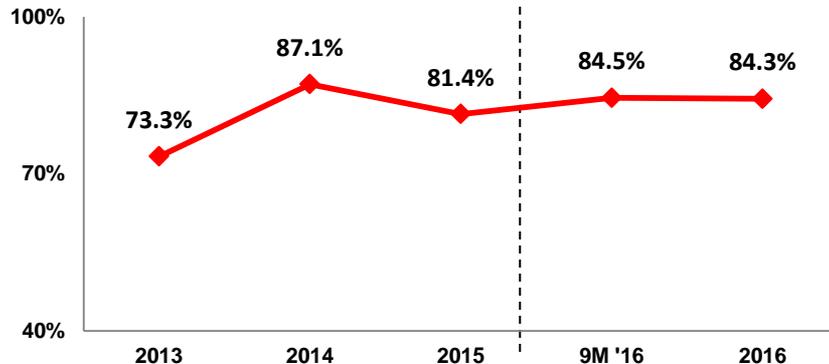
Non-Performing Loans (AED Mn)



Net Credit Loss



Coverage Ratio

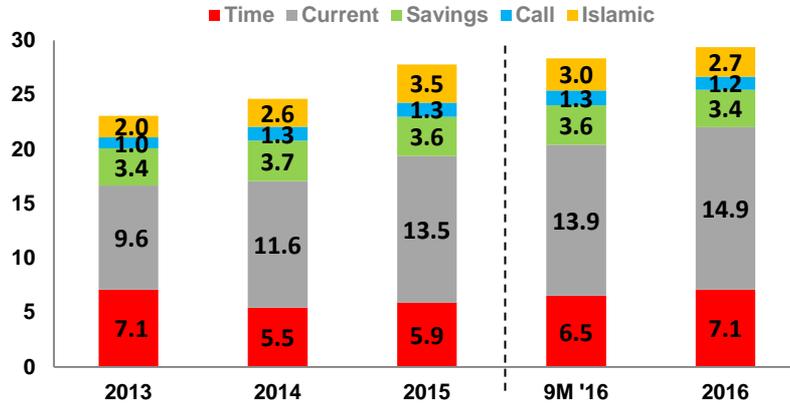


Notes

- The Bank has been diversifying the product mix into lower risk business by growing its traditional Trade and Working Capital lending, and Asset Based Finance 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 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.
- Rising NCL is driven by RAKfinance, Auto loans, Credit Cards, Commercial Loans, and Asset Based Finance, etc.

Liabilities

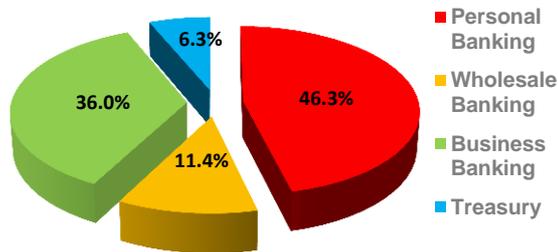
Customer Deposits (AED Bn)



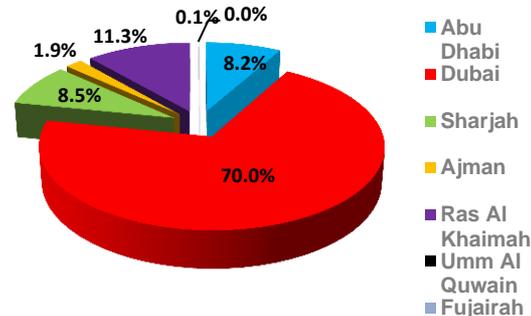
Notes

- Customer deposits grew by AED1.6Bn to AED29.4Bn compared to 31 December 2015. The growth came mainly from an increase of AED1.1Bn in demand deposits.
- The deposits from the Personal, Business, Wholesale Banking and Treasury segments amount to 46.3%, 36.0%, 11.4%, and 6.3% of total deposits respectively.

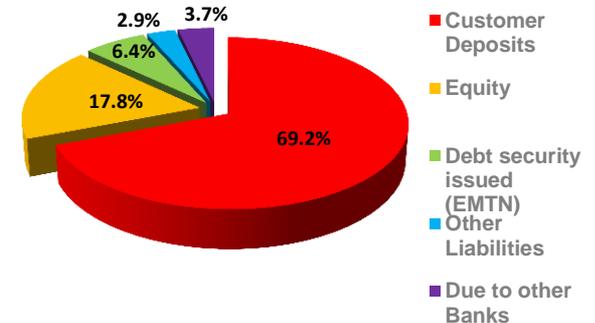
Deposit Value by Segment (31.12.2016)



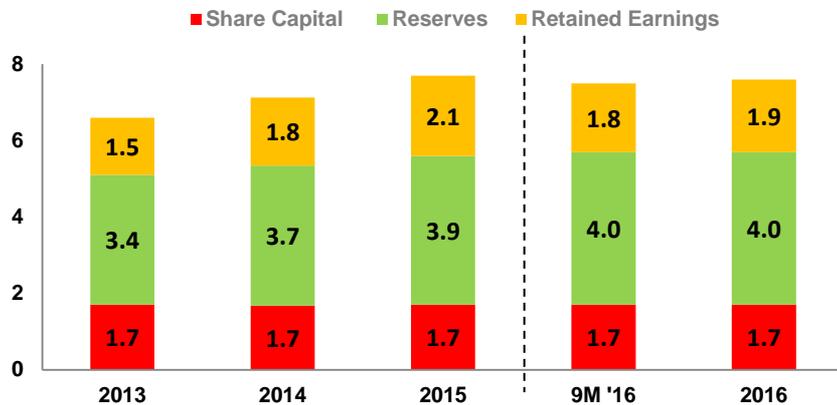
Customer Deposits by Geography by Value (31.12.2016)



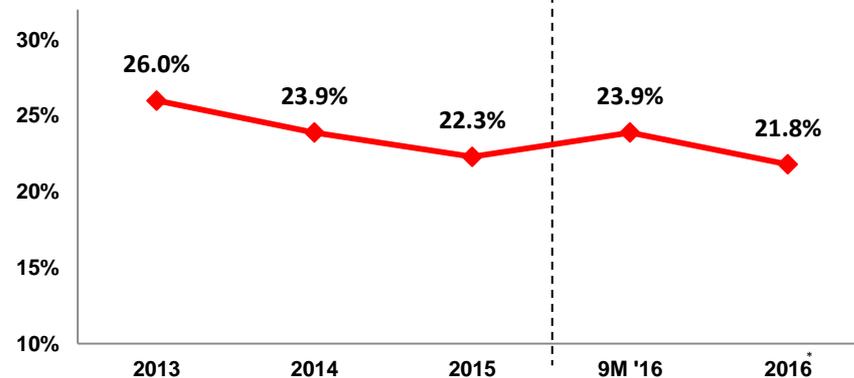
Liabilities Mix (31.12.2016)



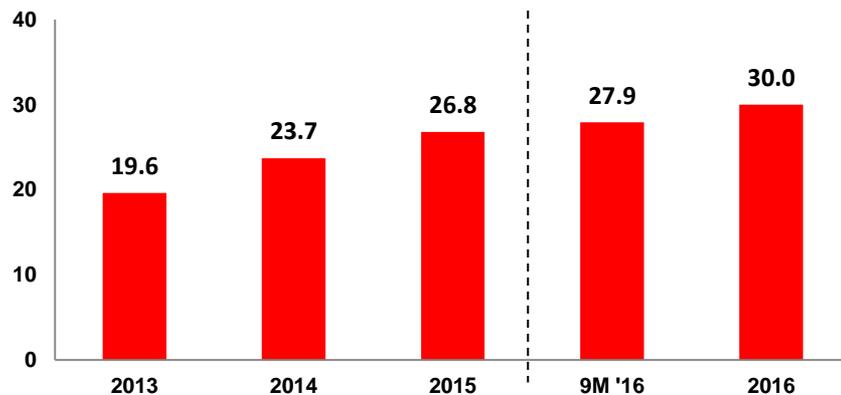
Equity Breakdown (AED Bn)



Capital Adequacy Ratio (CAR)*



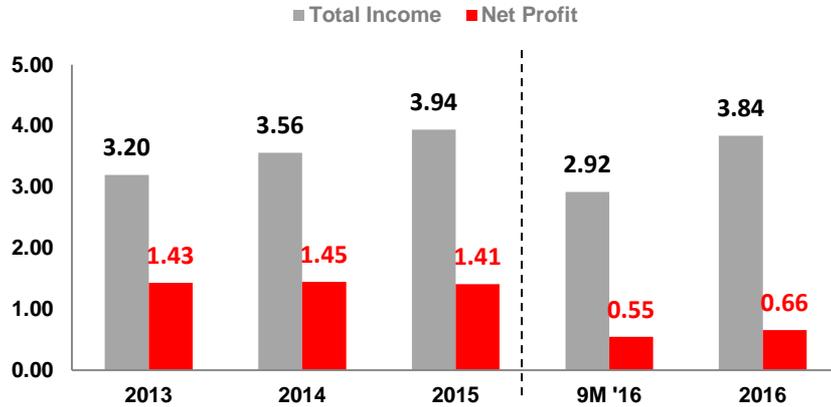
Risk Weighted Assets (AED Bn)



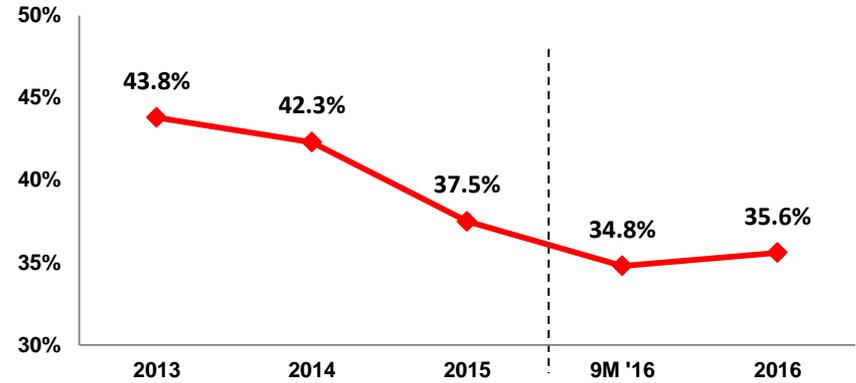
Notes

- Capital Adequacy Ratio (CAR) as at 31 December 2016 is at 21.8% against 22.3% compared to the previous year, figures are before considering FY profit and any dividend.
- *For comparison purposes, all Capital Adequacy Ratios included in the graph above are before considering profits and dividends.

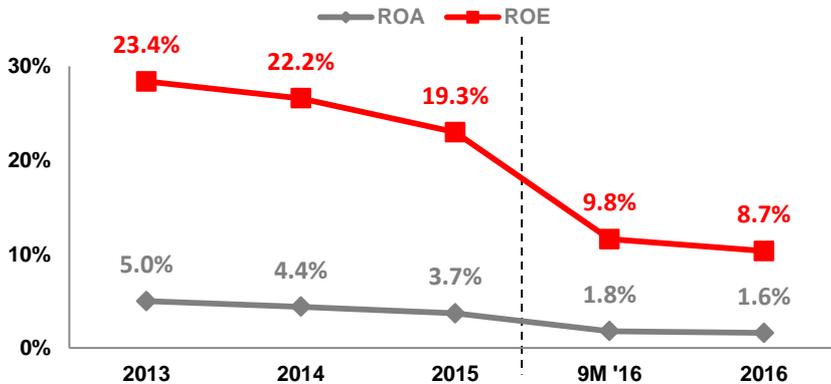
Profitability (AED Bn)



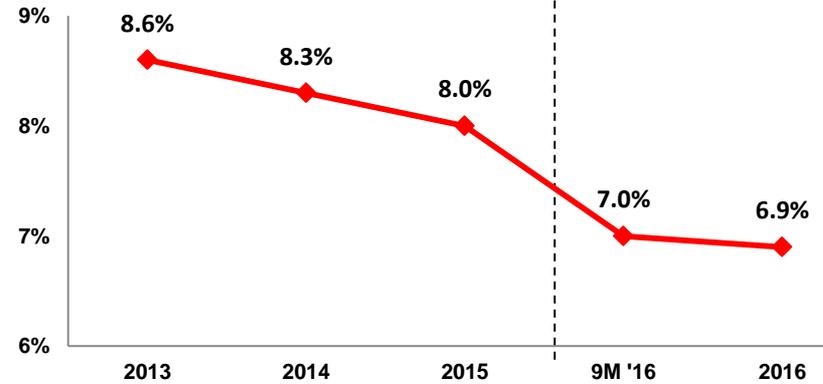
Cost-to-Income Ratio



Annualized Returns



Net Interest Margin



The information in this presentation 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 presentation. This information is given in summary form and does not purport to be complete.

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