

RAKBANK

Simply Better

RAKBANK

Investor Relations

Presentation

9M 2015

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.
- In late January 2013, the Bank launched its Islamic Banking unit – AMAL.

Strategy

- Since 2001, the strategy focus has been on Retail 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 to Corporates to diversify its portfolio further.
- Going forward, the Bank plans to become a broad-based Financial Services company by taking advantage of opportunities locally and regionally that enhance revenue and market share through acquisitions and new business.

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 11.8 billion as of 30 September 2015.
- The Board of Directors consists of the RAK ruling family and businessmen and professionals from UAE, Kuwait, and Australia.




Bank Recognition

- 1st in the UAE by Return on Assets and 26th globally according to The Banker's Top 1000 Bank Rankings 2015
- 'Best Mobile Banking Initiative' for MobileCash and 'Best SME Bank in the Middle East' for RAKFinance at The Asian Banker Middle East Retail Product Awards 2015
- 2nd Best Performing Commercial Bank in the GCC according to the 2015 darien analytics survey
- 22nd most valuable brand in the GCC in 2015 according to BrandFinance Mena 50
- 'Best Segment Solution' award for RAKBANK World MasterCard® Credit Card at the MasterCard Innovation Forum 2015
- Named the "Best Digital Bank in the Middle East" among 100 banks in the MENA region during the Genesys Summit 2015.

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%	UAE	To provide back office support services
RAK Technology	80%	UAE	To supply information technology support

Ratings

Rating Agency	Last Update	Deposits	Outlook	Support
	September 2015	Baa1 / P-2	Stable	2
	August 2015	BBB+ / F2	Stable	2
	August 2015	A- / A2	Stable	2

Regulatory Framework

The Central Bank of the UAE

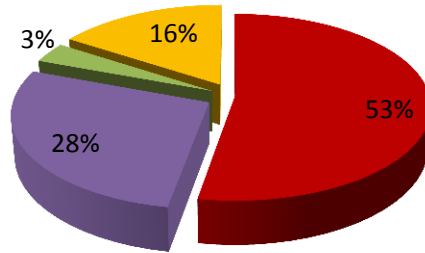
- Regulations cover both Conduct of Business and prudential regulations.
- Acts as the clearing house for all AED payments.
- Conducts a detailed inspection of the bank on annual basis.
- Anti Money laundering and Suspicious Cases Unit of the CB-UAE acts as the FIU of the UAE.

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.

Ownership Structure

■ Government of RAK Group ■ UAE citizens
■ Foreigners ■ GCC Nationals



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 and 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.

Peter was elected member of the RAK Insurance Board of Directors on 30 August 2015.

Board of Directors

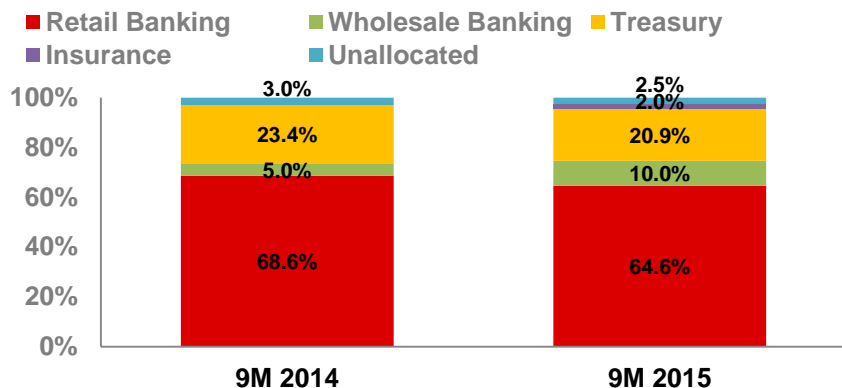
H.E. Mohammad Omran Alshamsi	Chairman
H.E. Sheikh Salem bin Sultan Al Qasimi	Director
Mr. Ahmed Essa Al Naeem	Director
Mr. Youssef Obaid Essa Al Nuaimi	Director
Mr. Hamad Abdulaziz Al Sagar	Director
Mr. Salem Ali Al Sharhan	Director
Mr. Rajan Khetarpal	Director
Mr. Allan Griffiths	Director

Management

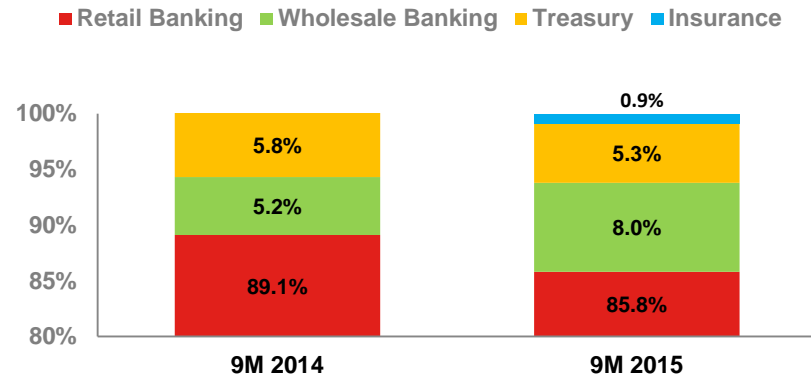
Deepak Majithia	Chief Financial Officer
Geoffrey Stecyk	Chief Operating Officer
Ian Hodges	Head of Retail Banking
Raghuveer Mehra	Head of Credit for Retail Banking
Abdul Karim Juma	Head of Islamic Banking
Rahul Oberoi	Head of Wholesale Banking
Mahadevan Radhakanthan	Head of Credit for Wholesale Banking
Malcolm D'Souza	Head of Treasury
Venkat Raghavan	Head of Compliance

Retail Banking	Retail Banking customers are serviced through a network of 35 branches, over 250 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. 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.
Wholesale Banking	While the Bank had reduced its exposure to Corporate Banking business in the past, it re-established its presence in the SME and Commercial sector in 2014 and in the Corporate sector in 2015. The existing exposure is distributed largely across Dubai and Ras Al Khaimah.
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 division is the custodian of liquidity and primarily supports the growth of the Retail and Wholesale Banking divisions.
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 Bank and the insurance provider collaborate on manufacturing insurance products to enhance revenue and market share and ensure that customers enjoy a more wholesome experience.

Contribution to Assets



Contribution to Operating Income



9M 2015 Highlights

Financial Snapshot

AED millions	9M 2015	9M 2014	Growth %
Net Interest Income	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 Expenditures	(1,149.5)	(1,127.7)	1.9%
Operating Profit Before Provisions for Impairment	1,791.3	1,498.5	19.5%
Provisions for Impairment	(701.9)	(425.1)	65.1%
Net Profit	1,089.4	1,073.5	1.5%

Balance Sheet Highlights

AED billions	30.09.15	31.12.14	30.09.14	Growth % YTD	Growth % Y-o-Y
Total Assets	39.0	34.8	34.8	11.9%	12.0%
Gross Loans and Advances	28.8	25.8	24.9	11.7%	15.5%
Deposits	26.7	24.7	24.7	8.3%	8.3%

Notes

- Total Operating Income grew by AED 314.6 million year-on-year
- Operating Expenses increased marginally by AED 21.9 million compared to the first nine months of 2014
- Cost-to-Income ratio improved as the Bank continues to focus on cost optimization.
- Consolidated Operating Profit Before Provisions for Impairment grew by AED 292.7 million year-on-year and AED 108.4 million quarter-on-quarter.

Notes

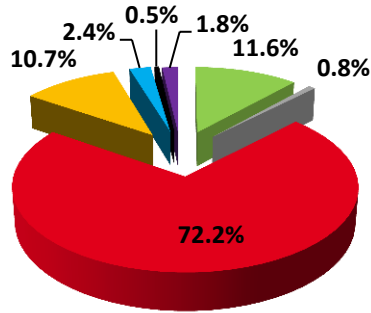
- Gross Loans and Advances saw a solid increase of AED 3.9 billion year-on-year across most of the Bank's Retail and Wholesale Banking portfolios.
- SME, Commercial, and Corporate lending (under the Wholesale Banking segment) recorded growth of 121.9% year-on-year.

Key Ratios

	Ratios	9M 2015	9M 2014	Y-o-Y
Efficiency	Return On Equity*	20.3%	22.3%	(2.0%)
	Net Interest Margin	8.1%	8.3%	(0.2%)
	Cost to Revenue	39.1%	42.9%	(3.8%)
	Return On Assets*	3.9%	4.4%	(0.5%)
Asset Quality	Coverage Ratio	81.8%	87.0%	(5.2%)
	Gross Impaired Loans Ratio	2.9%	2.3%	0.6%
Liquidity	Lending to Stable Resources Ratio	87.3%	86.4%	0.9%
	Liquid Asset Ratio	18.5%	21.7%	(3.2%)
Solvency	Capital Adequacy Ratio	23.1%	25.1%	(2.0%)
	Tier One	23.1%	25.1%	(2.0%)

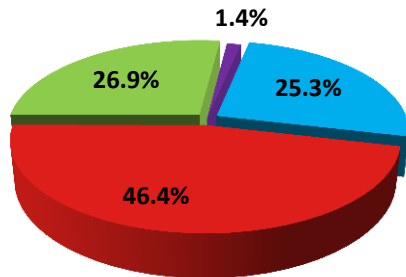
*Annualized

Breakdown of Assets by Type (as at 30.09.15)



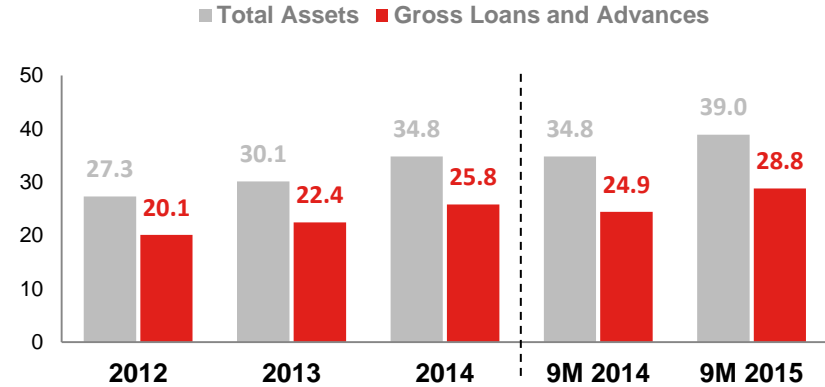
- Cash and Balances with UAE Central Bank
- Due from other Banks
- Loans and Advances, Net
- Investment Securities
- Property and Equipment
- Goodwill and Intangible Assets
- Others

Analysis of Debt Securities (as at 30.09.15)



- AA to A-
- BBB+ to BBB-
- Unrated UAE Government and GRE debt
- Equity & Mutual Funds

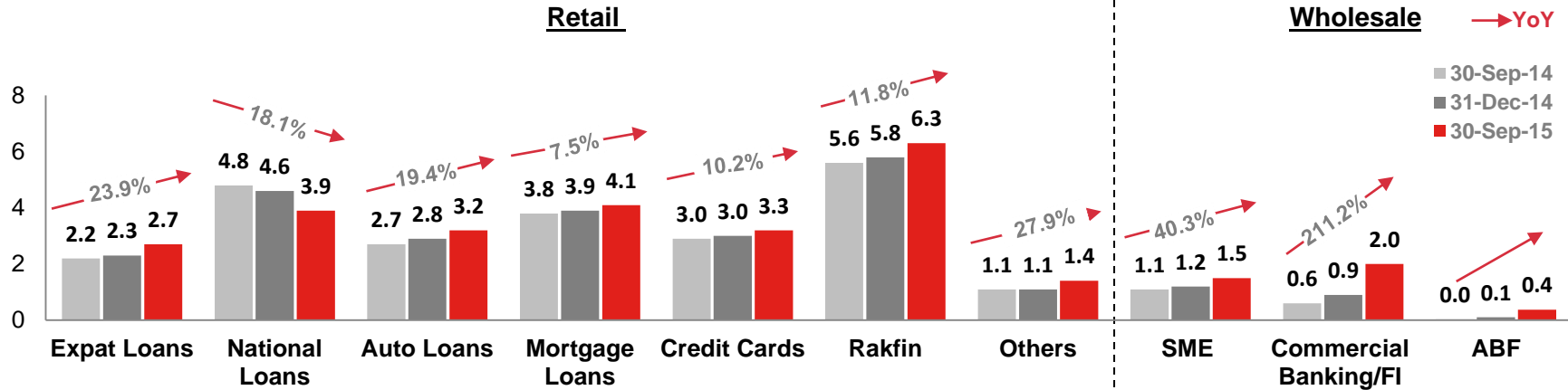
Assets and Gross Loans & Advances (AED billions)



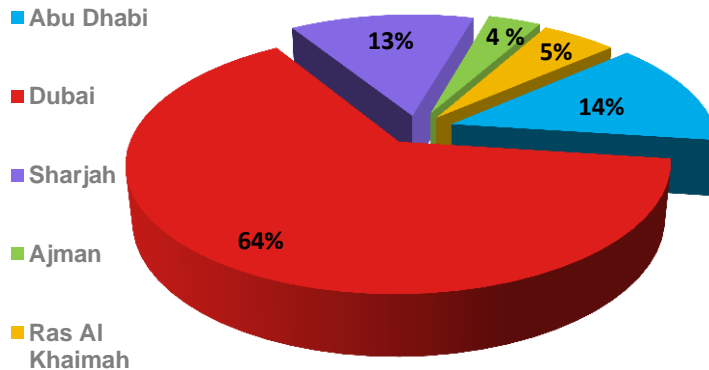
Notes

- 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.
- Total Assets grew by AED 4.1 billion during the first nine months of the year compared to 31 December 2014.

Breakdown by Product (AED billions)



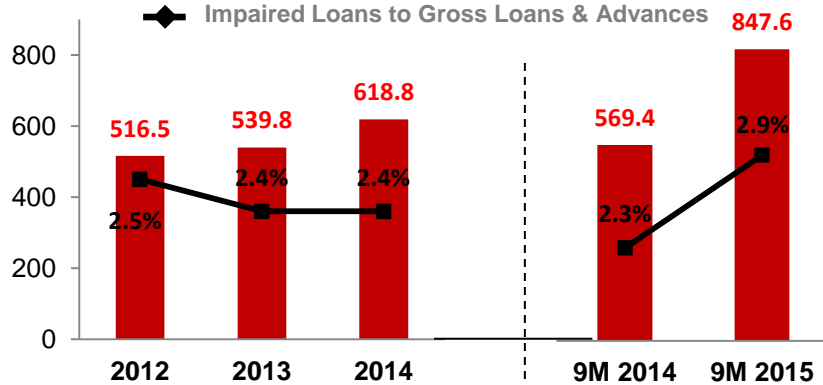
Loans by Geography, by Value (30.09.2015)



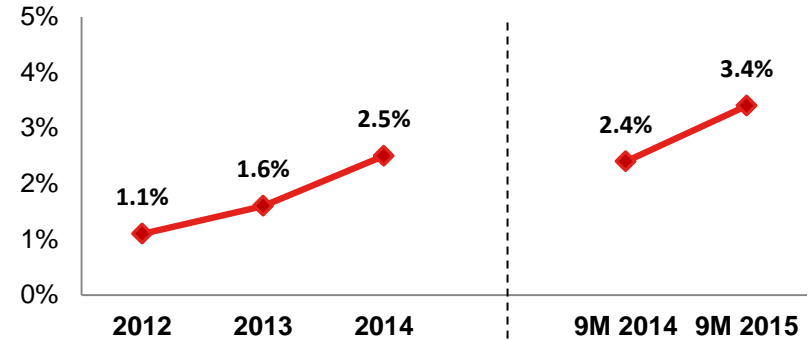
Notes

- Year-on-year total loans from Retail Banking grew by 7.4% and total loans from Wholesale Banking grew by 121.9%.
- Healthy growth in all the Retail lending portfolios with the exception of the National loans portfolio where new lending has been limited.

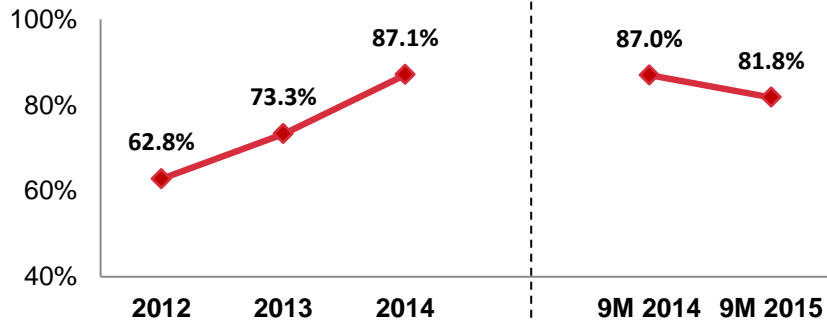
Non-Performing Loans (AED millions)



Net Credit Loss (annualized)



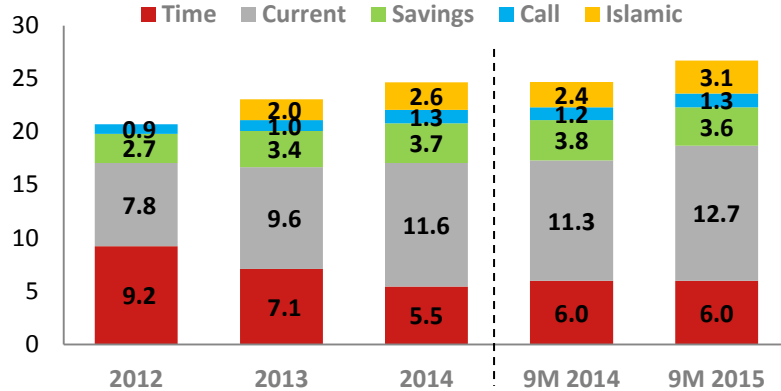
Coverage Ratio



Notes

- The Bank has been diversifying the product mix into lower risk business by growing the traditional SME, Commercial, and Corporate Banking portfolio under its Wholesale Banking segment.
- Coverage Ratio is lower due to the increase in the Mortgages portfolio and in the non-performing loans of Wholesale Banking.
- Higher NCLs were recorded because of Expat, Auto, and RAFinance loans and SME and Commercial Loans.

Customer Deposits (AED billions)

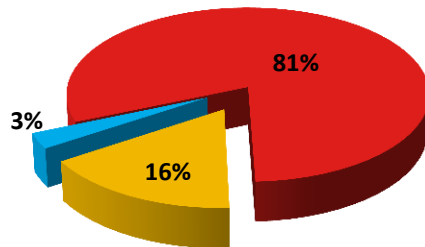


Notes

- Customer deposits were up by AED 2.06 billion YTD.
- Deposits from Retail and Wholesale Banking increased by 8.3% and 24.6% YTD respectively.
- During the 9 month period, the Bank successfully raised an additional USD 300 million funding as an add-on to its existing USD 500 million 3.250% bond due 24 June 2019 (additional info in the appendix).

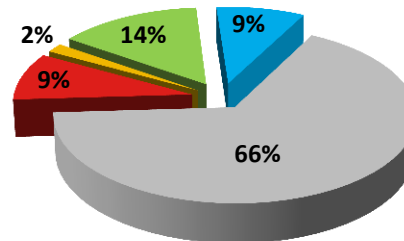
Deposit Value by Segment (30.09.2015)

- Retail Banking
- Wholesale Banking
- Treasury



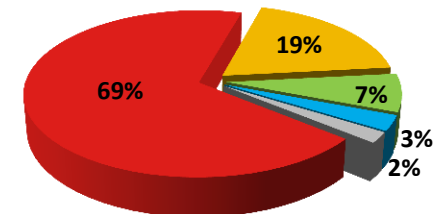
Customer Deposits by Value (30.09.2015)

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

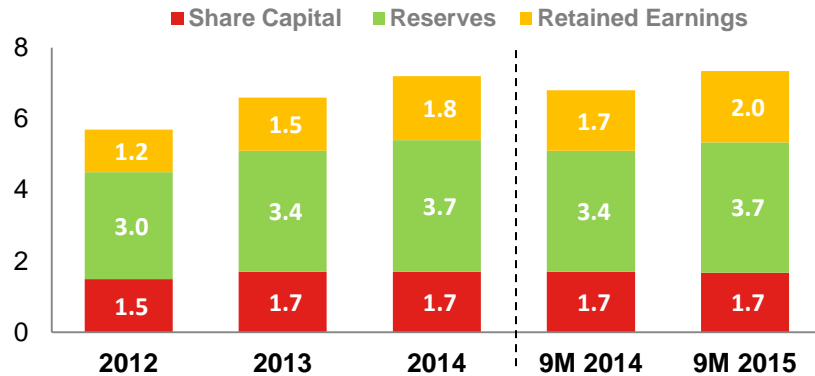


Liabilities Mix (30.09.2015)

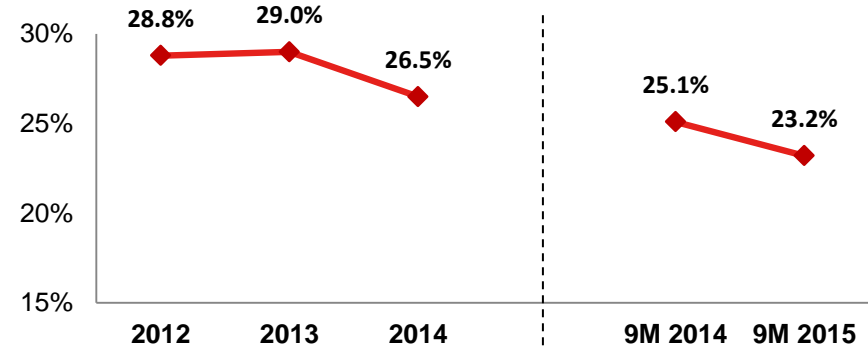
- Customer Deposits
- Debt security issued (EMTN)
- Due to other Banks
- Equity
- Other Liabilities



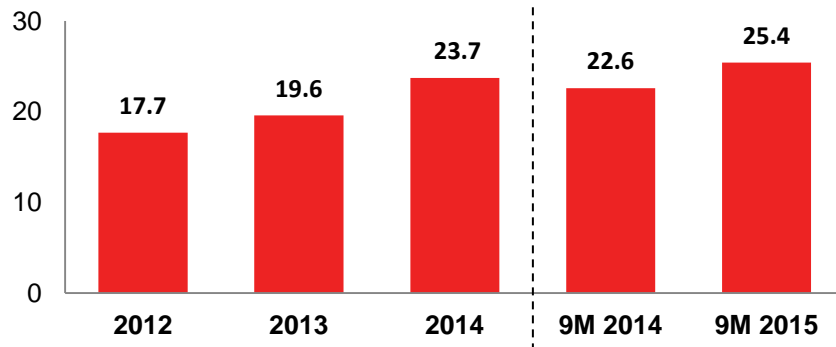
Equity Breakdown (AED billions)



Capital Adequacy Ratio (CAR)



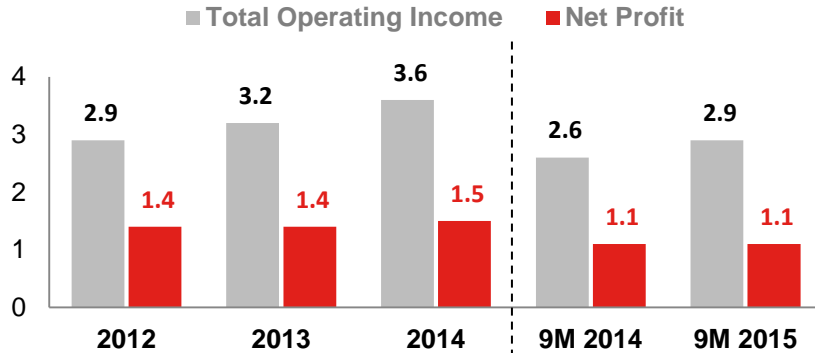
Risk Weighted Assets (AED billions)



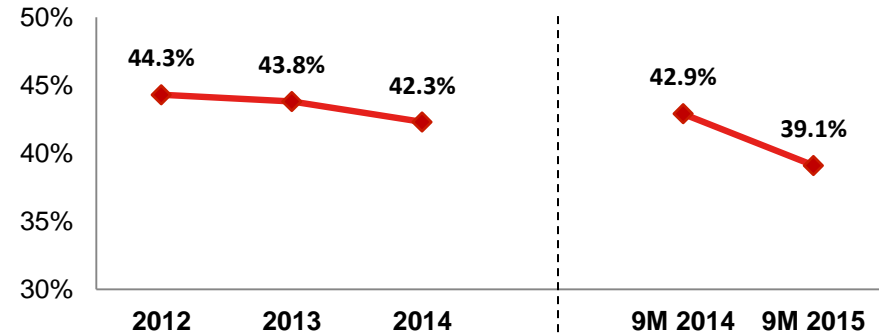
Notes

- CAR dropped in Q3 due to higher loan growth.
- The Bank continues to have one of the highest CARs among banks in the UAE and globally.

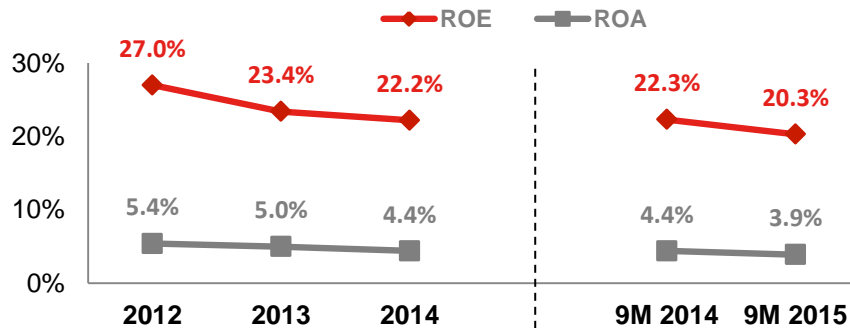
Profitability (AED billions)



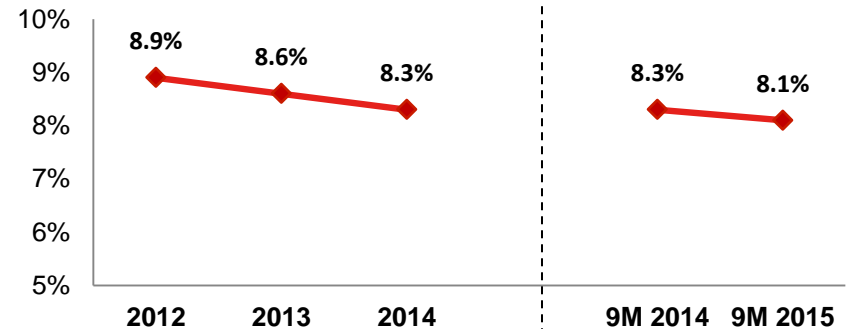
Cost-to-Income Ratio



Annualized Returns



Net Interest Margin



Appendix

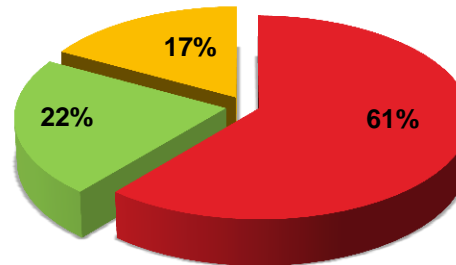
USD 300 million Tap

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

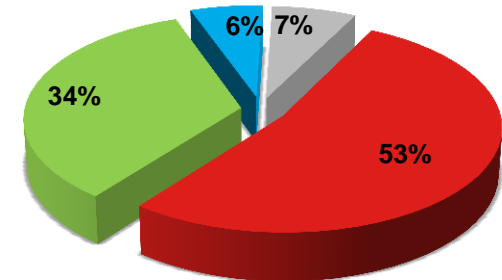
Investors by Geography

■ 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.

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