



# RAKBANK

**Investor Relations**

**Presentation**

3Q / 9M 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 Personal Banking and small businesses.
- RAKBANK is a public joint stock company headquartered in the emirate of Ras Al Khaimah (RAK). It has 35 branches and over 280 ATMs in the UAE.
- In late January 2013, the Bank launched its Islamic Banking unit – RAK Islamic.

## 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.
- In line with its desire to become a residential mortgage player, the Bank has launched its innovative Home-in-One product.

## 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 9.20 billion (USD2.51 billion) as of September 30, 2016.

## Awards & Recognition




- 'Most Outstanding Security Team of the Year' by the Security Advisor Middle East Awards.
- Best Internet Banking product of the year for the web chat authentication initiative at The Asian Banker Middle East Retail Product Awards 2016.
- 'Best Branding/Marketing Campaign Award' by the Banker Middle East Industry Awards 2016 for the launch campaign for the RAKelite Premium Banking.
- First bank in the UAE to receive the ISO 9001:2015 version certificate.
- 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.
- 2<sup>nd</sup> Best Performing Commercial Bank in the GCC according to the 2015 darien analytics survey.
- 22<sup>nd</sup> 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.
- Best Digital Bank in the Middle East among 100 banks in the MENA region during the Genesys Summit 2015.
- EMEA Customer Innovation Award, Genesys G-Force Awards 2015.
- Best Service Innovation (Customer Web-Chat), Ethos UAE Service Olympian Awards 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)	80.00%*	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.

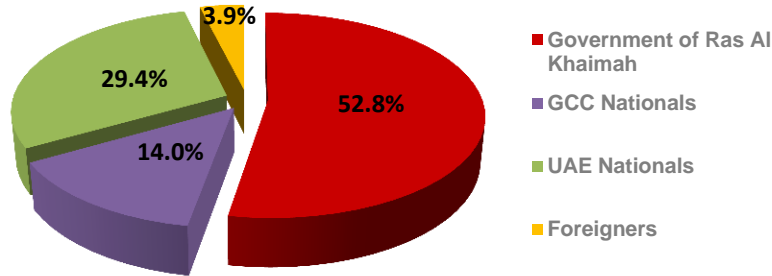
### Securities & Commodities Authority (SCA) & Abu Dhabi Securities Exchange (ADX)

- 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
Venkat Raghavan	Director Compliance & Internal Controls
Nabil Azar	Head of Legal and Company Secretary
Vikas Suri	MD, Treasury
Raghuveer Mehra	MD, Credit & Assets and Personal Banking
Rahul Oberoi	MD, Wholesale Banking
Mahadevan Radhakanthan	MD, Credit and 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 35 branches, over 280 ATMs, as well as Online, Phone, and Mobile Banking solutions. Sales takes place across all channels and through 2000+ 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, Financial Institutions Lending, and Asset Based Finance.



## 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.

# 3Q / 9M 2016 Highlights

## Financial Snapshot

(AED Mn)	9M '16	9M '15	Variance%
Net Interest Income	2,138	2,278	(6%)
Non-Interest Income	779	663	17%
<b>Total Income</b>	<b>2,917</b>	<b>2,941</b>	<b>(1%)</b>
Operating Expenditures	(1,015)	(1,150)	(12%)
Operating Profit Before Provisions for Impairment	1,902	1,791	6%
Provisions for Impairment	(1,347)	(702)	92%
<b>Net Profit</b>	<b>554</b>	<b>1,089</b>	<b>(49%)</b>

## Balance Sheet Highlights

(AED Bn)	30.09.16	31.12.15	30.09.15	Growth % YTD	Growth % Y-o-Y
<b>Total Assets</b>	<b>40.8</b>	<b>40.6</b>	<b>39.0</b>	<b>0.7%</b>	<b>4.8%</b>
<b>Gross Loans and Advances</b>	<b>29.0</b>	<b>28.5</b>	<b>28.8</b>	<b>1.6%</b>	<b>0.7%</b>
<b>Deposits</b>	<b>28.4</b>	<b>27.8</b>	<b>26.7</b>	<b>2.0%</b>	<b>6.2%</b>

## Key Ratios

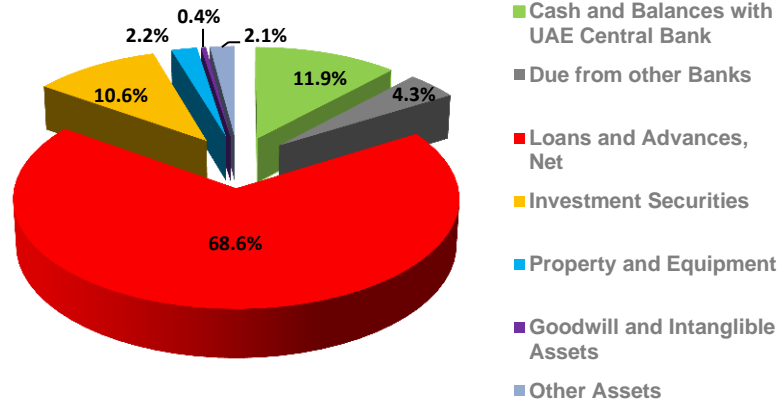
Ratios	9M '16	9M '15	Y-o-Y
<b>Return On Equity</b> (annualized)	9.8%	20.3%	(10.5%)
<b>Net Interest Margin</b>	7.0%	8.1%	(1.1%)
<b>Cost-to-Income</b>	34.8%	39.1%	4.3%
<b>Return On Assets</b> (annualized)	1.8%	3.9%	(2.1%)
<b>Coverage Ratio</b>	84.5%	81.8%	2.7%
<b>Gross Impaired Loans Ratio</b>	4.1%	2.9%	1.2%
<b>LSRR</b>	84.3%	87.3%	(3.0%)
<b>Liquid Asset Ratio</b>	18.7%	18.5%	0.2%
<b>Capital Adequacy Ratio</b>	23.9%	23.2%	0.7%
<b>Tier One</b>	23.9%	23.2%	0.7%

## Notes

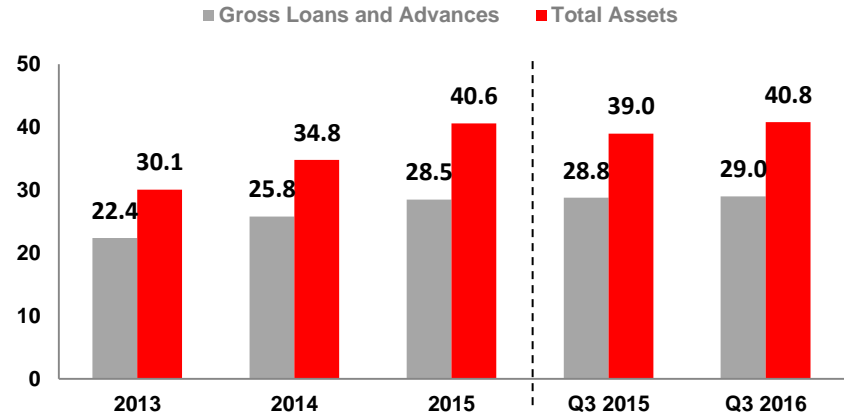
- Total Operating Income decreased by AED24 million year-on-year.
- Operating Expenses decreased by AED135 million year-on-year. As the Group continues to focus on cost optimization, Cost-to-Income ratio dropped to 34.8% compared to 39.1% for the 9 months ended September 30, 2015.
- Consolidated Operating Profit Before Provisions for Impairment grew by 6% to AED 1,902 million year-on-year.
- Gross Loans and Advances saw an increase of AED192 million 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 AED28.4 billion compared to AED26.7 billion as of September 30, 2015.

# Balance Sheet Overview

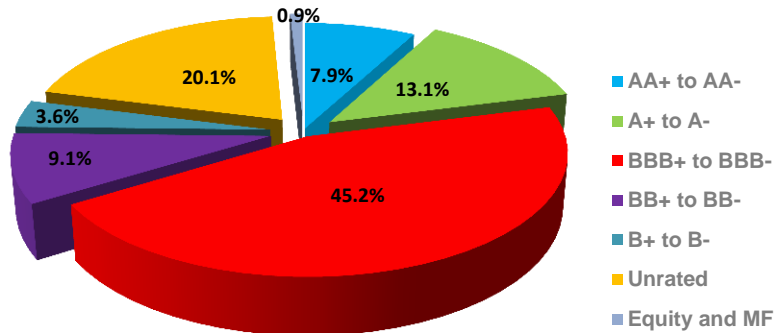
## Breakdown of Assets by Type (as at 30.09.16)



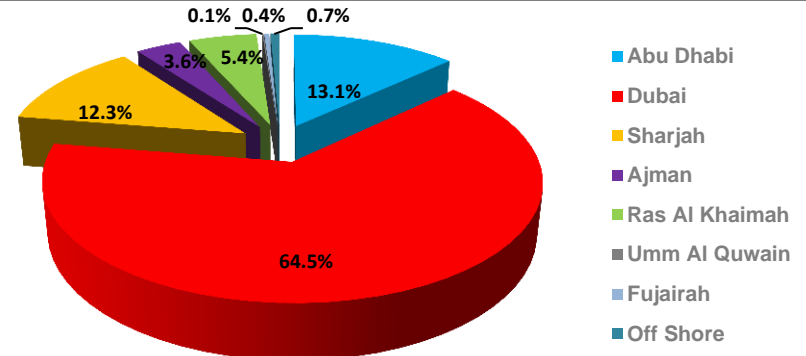
## Assets and Gross Loans & Advances (AED Bn)



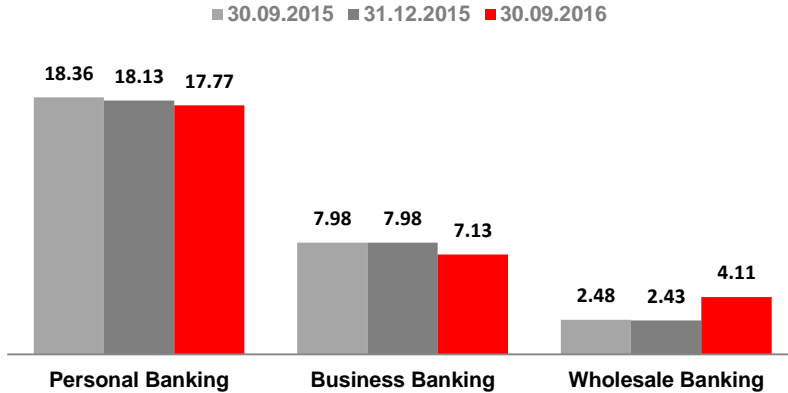
## Analysis of Investment Securities (as at 30.09.16)



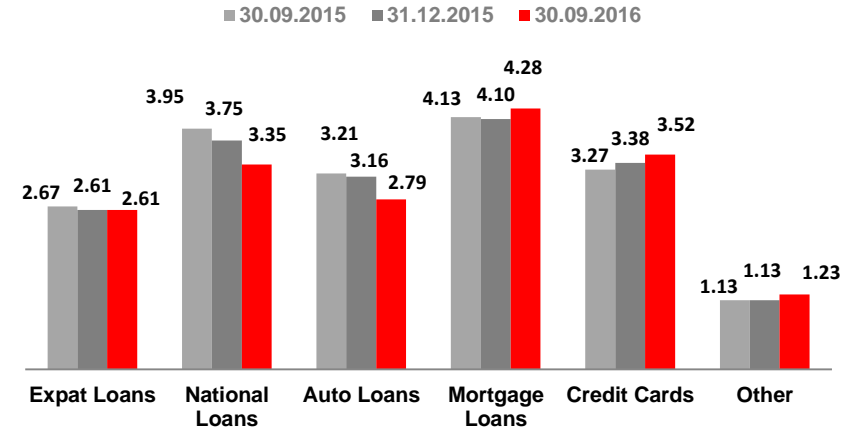
## Loans by Geography, by Value (as at 30.09.16)



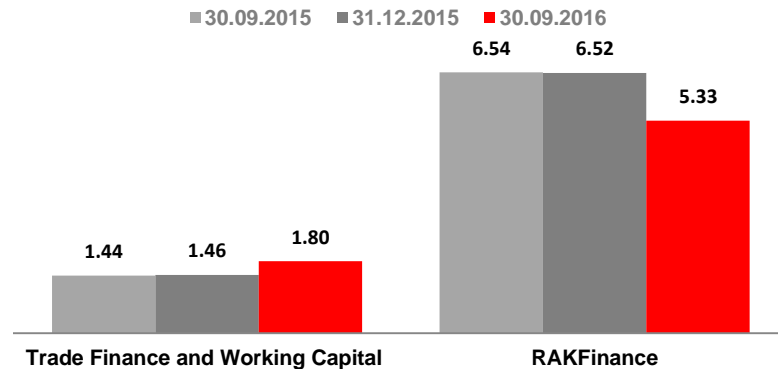
## Total Loans & Advances by Segment (AED Bn)



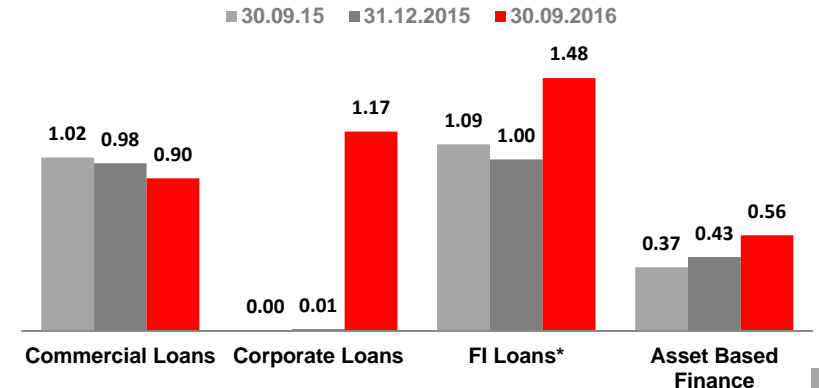
## Total Loans & Advances - Personal Banking (AED Bn)



## Total Loans & Advances – Business Banking (AED Bn)



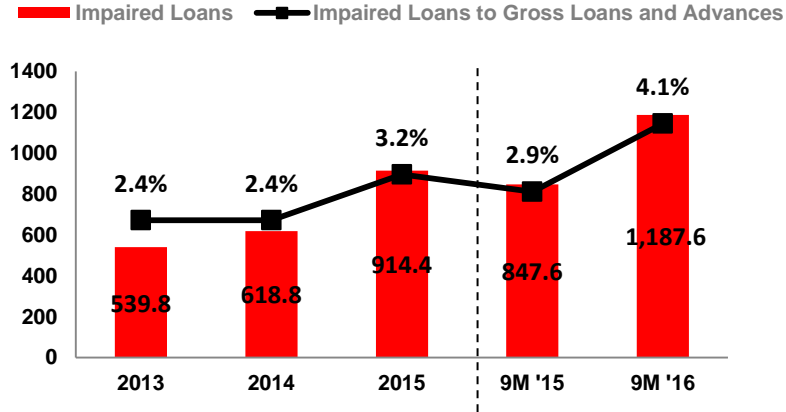
## Total Loans & Advances – Wholesale Banking (AED Bn)



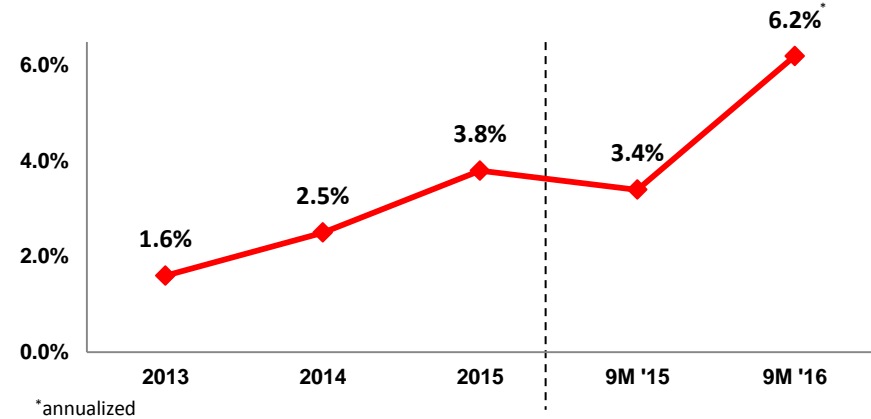
\*excludes FI Assets that amount to AED966Mn not classified as loans and advances



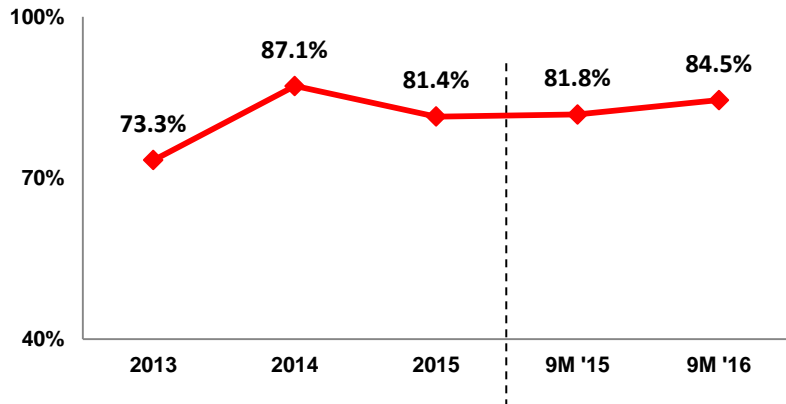
## Non-Performing Loans (AED Mn)



## Net Credit Loss



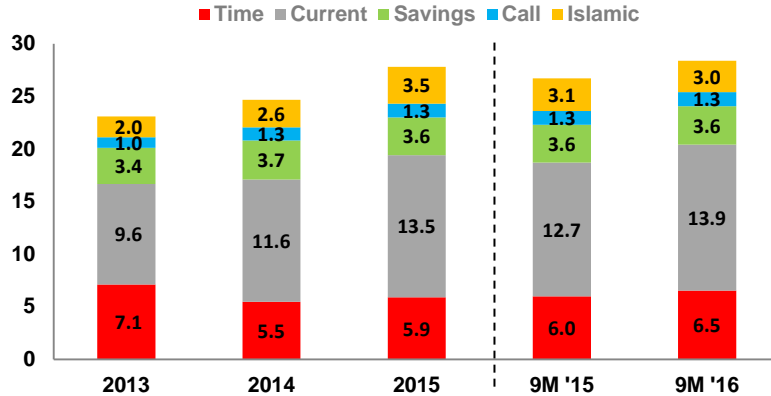
## Coverage Ratio



## Notes

- The Bank has been diversifying the product mix into lower risk business by growing its traditional Trade and Working Capital lending Business Banking segment and its Commercial, FI, and Asset Based Finance portfolios under its Wholesale Banking segment.
- The Bank is well provisioned against loan losses with a conservative loan loss coverage ratio of 84.5% compared to 81.8% at the end of Q3 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.

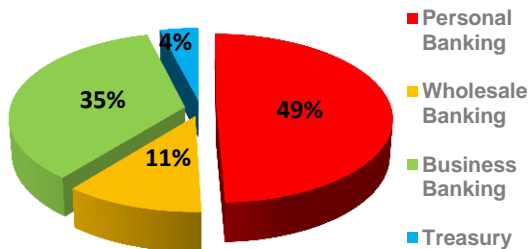
## Customer Deposits (AED Bn)



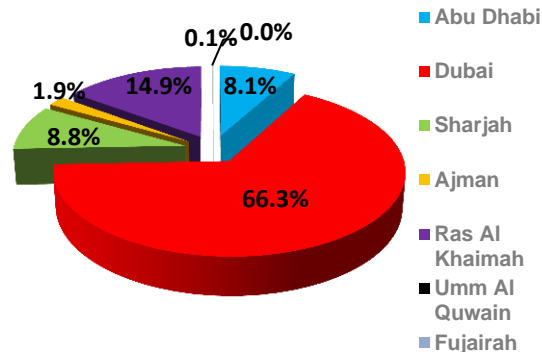
## Notes

- Customer deposits grew by AED545 million to AED28.4 billion compared to December 31, 2015. The growth came mainly from an increase of AED534 million in demand deposits.
- The deposits from the Personal, Business, Wholesale Banking and Treasury segments amount to 49%, 35%, 11%, and 4% of total deposits respectively.

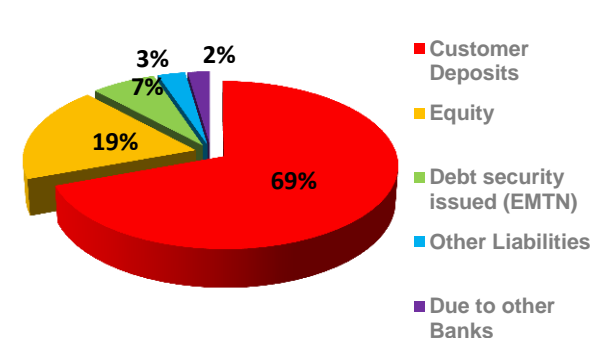
## Deposit Value by Segment (30.09.2016)



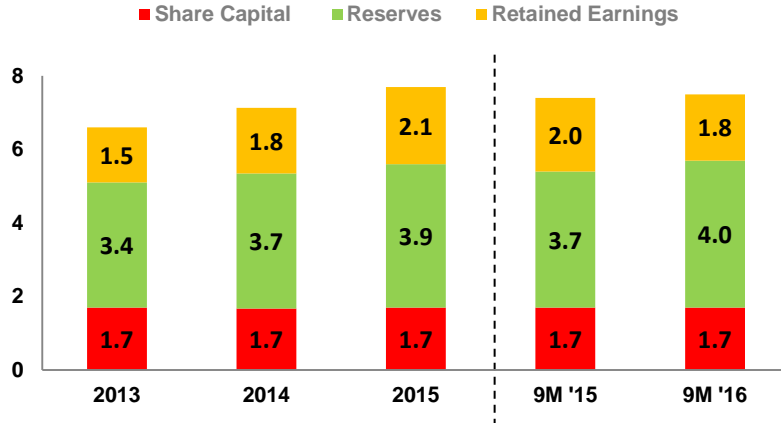
## Customer Deposits by Geography by Value (30.09.2016)



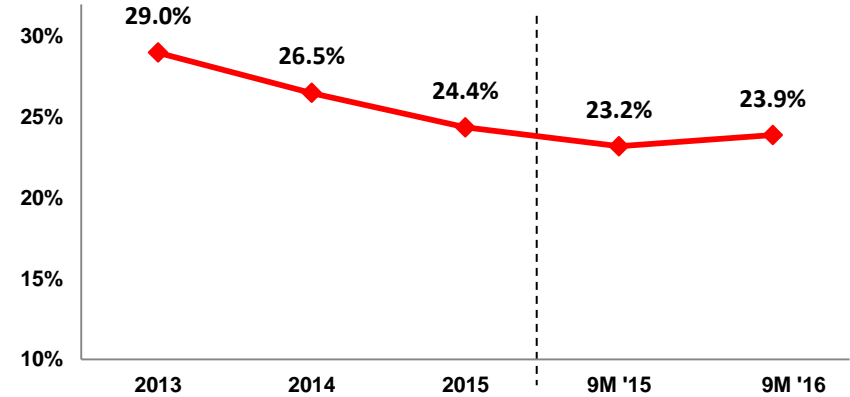
## Liabilities Mix (30.09.2016)



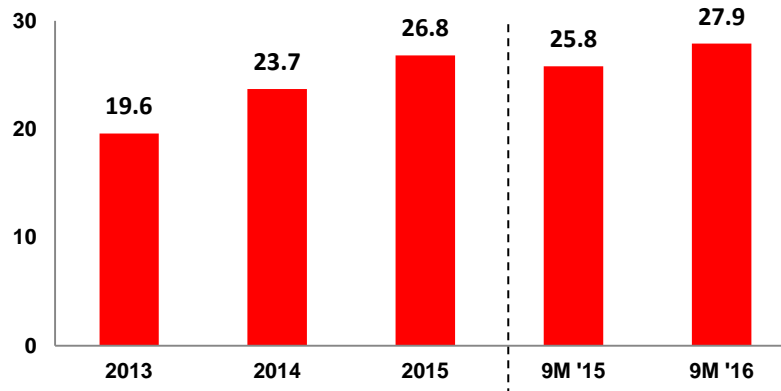
## Equity Breakdown (AED Bn)



## Capital Adequacy Ratio (CAR)



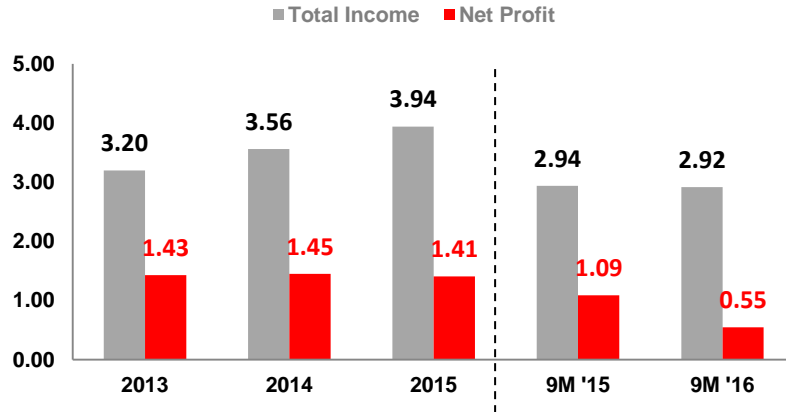
## Risk Weighted Assets (AED Bn)



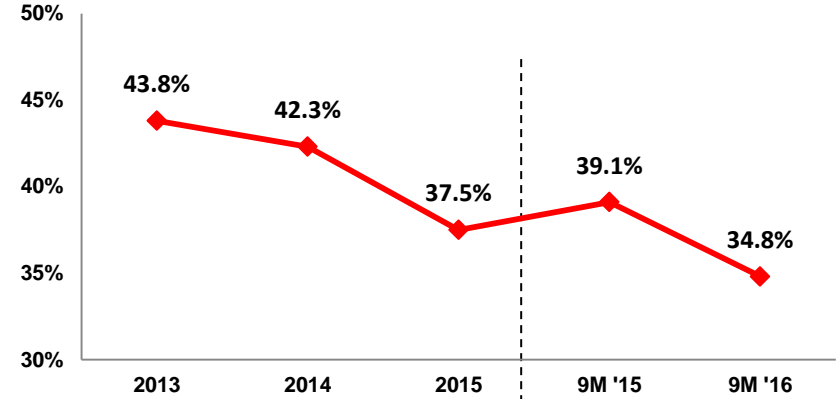
## Notes

- Capital Adequacy Ratio (CAR) is at a healthy level of 23.9% at the end of the third quarter of 2016

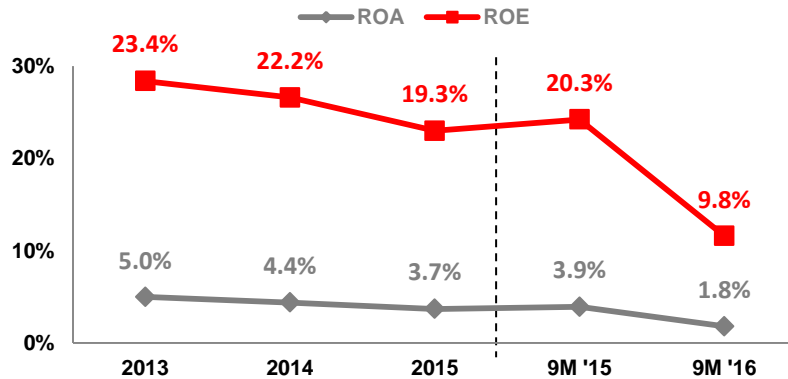
## Profitability (AED Bn)



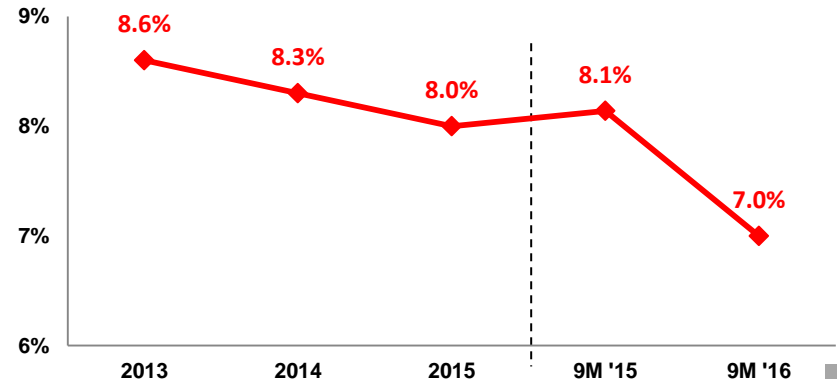
## Cost-to-Income Ratio



## Annualized Returns



## Net Interest Margin



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