

RAKBANK

Simply Better

RAKBANK

Investor Relations

Presentation

H1 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

- The strategy focus is on Retail and Small Business Banking sectors in which the Bank enjoys a strong foothold. In late 2013, the Bank increased its lending in the traditional SME and Commercial Banking segment.
- Going forward, the Bank plans to become a broad-based Financial Services company by taking advantage of new opportunities locally and regionally that enhance revenue and market share.

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 12.8 billion as of 30 June 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 Payment Program Award' for Small to Medium Enterprises (SMEs) in the Middle East, Africa, and South East Asia' for Titanium Business Credit Card during MasterCard's 2014 Innovation Forum

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
	October 2014	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

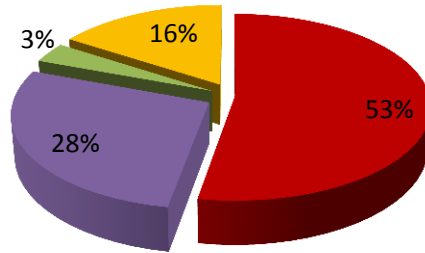
- Regulations cover both Conduct of Business and prudential regulations.
- Acts as the clearing house for all AED payments.
- Conducts a detailed inspection of the bank on annual basis.
- Anti Money laundering and Suspicious Cases Unit of the CB-UAE acts as the FIU of the UAE.

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

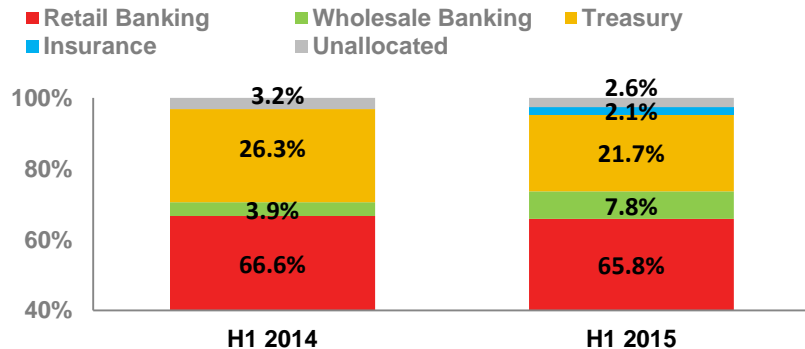
H.E. Mohammad Omran Alshamsi	Chairman
H.E. Sheikh Salem bin Sultan Al Qasimi	Director
Mr. Ahmed Essa Al Naeem	Director
Mr. Youssef Obaid Essa Al Nuaimi	Director
Mr. Hamad Abdulaziz Al Sagar	Director
Mr. Salem Ali Al Sharhan	Director
Mr. Rajan Khetarpal	Director
Mr. Allan Griffiths	Director

Management

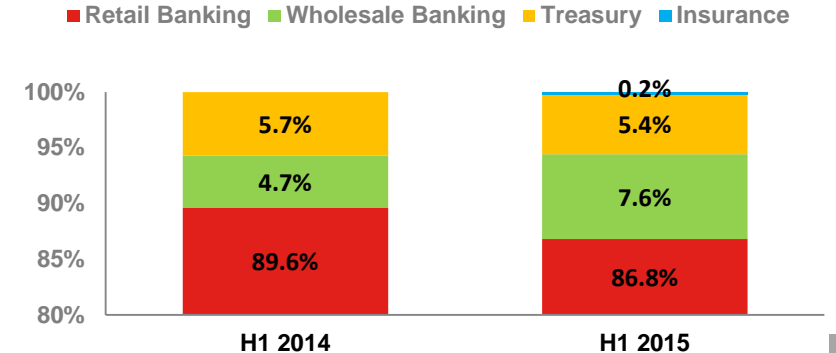
Deepak Majithia	Chief Financial Officer
Geoffrey Stecyk	Chief Operating Officer
Ian Hodges	Head of Retail Banking
Raghuveer Mehra	Head of Credit for Retail Banking
Abdul Karim Juma	Head of Islamic Banking
Rahul Oberoi	Head of Wholesale Banking
Mahadevan Radhakanthan	Head of Credit for Wholesale Banking
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 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. 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. The existing exposure is distributed largely across Dubai and Ras Al Khaimah. Asset Based Finance has touched AED 300 million.
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 will 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



Financial Snapshot

AED millions	H1 2015	H1 2014	Growth %
Net Interest Income	1,484.1	1,314.9	12.9%
Non-Interest Income	421.7	384.1	9.8%
Total Income	1,905.8	1,699.0	12.2%
Operating Expenditures	(762.7)	(740.2)	3.0%
Operating Profit Before Provisions for Impairment	1,143.1	958.8	19.2%
Provisions for Impairment	(426.9)	(258.4)	65.2%
Net Profit	716.2	700.4	2.2%

Balance Sheet Highlights

AED billions	30.06.15	31.12.14	30.06.14	Growth % YTD	Growth % Y-o-Y
Total Assets	38.1	34.8	34.5	9.3%	10.2%
Gross Loans and Advances	27.7	25.8	23.9	7.3%	16.0%
Deposits	26.1	24.7	25.5	5.7%	2.2%

Notes

- Total operating income grew by AED 206.8 million year-on-year
- Operating expenses increased marginally by AED 22.5 million compared to the first six months of 2014
- Cost-to-Income ratio improved as the Bank continues to focus on cost optimization.
- Consolidated operating profit before provision for impairment jumped by AED 184.3 million year-on-year.

Notes

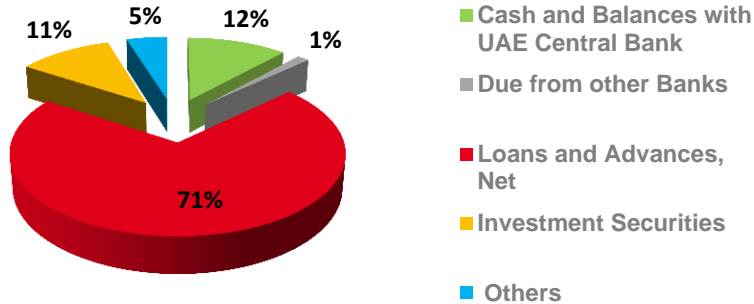
- Gross loans and advances saw a solid increase of AED 3.8 billion year-on-year across most of the Bank's Retail and Wholesale Banking portfolios.
- SME and Commercial lending (under the Wholesale Banking segment) recorded a jump of 115.0% year-on-year.

Key Ratios

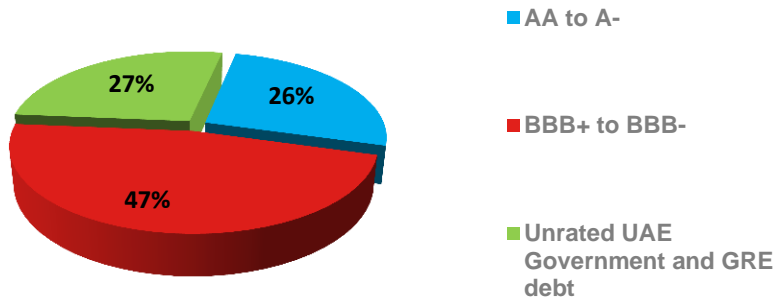
	Ratios	H1 2015	H1 2014	Y-o-Y
Efficiency	Return On Equity*	20.2%	22.2%	(2.0%)
	Net Interest Margin	8.1%	8.4%	(0.3%)
	Cost to Revenue	40.0%	43.6%	(3.6%)
	Return On Assets*	3.9%	4.5%	(0.6%)
Asset Quality	Coverage Ratio	83.3%	83.9%	(0.6%)
	Gross Impaired Loans Ratio	2.7%	2.4%	0.3%
Liquidity	Lending to Stable Resources Ratio	86.8%	82.0%	4.8%
	Liquid Asset Ratio	18.6%	21.4%	(2.8%)
Solvency	Capital Adequacy Ratio	23.7%	25.5%	(1.8%)
	Tier One	23.7%	25.5%	(1.8%)

*Annualized

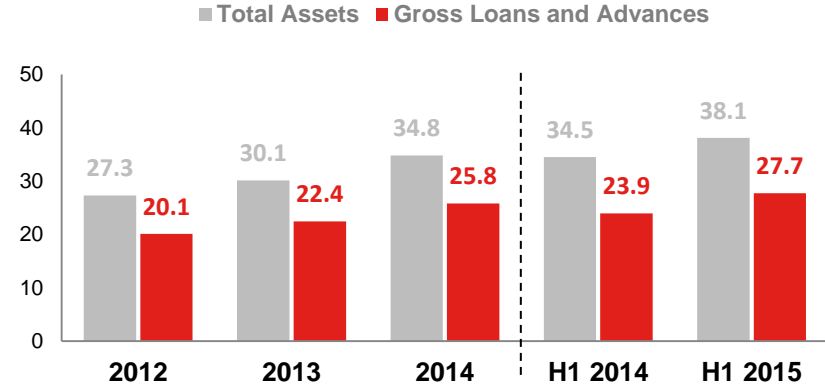
Breakdown of Assets by Type (as at 30.06.15)



Analysis of Debt Securities (as at 30.06.15)



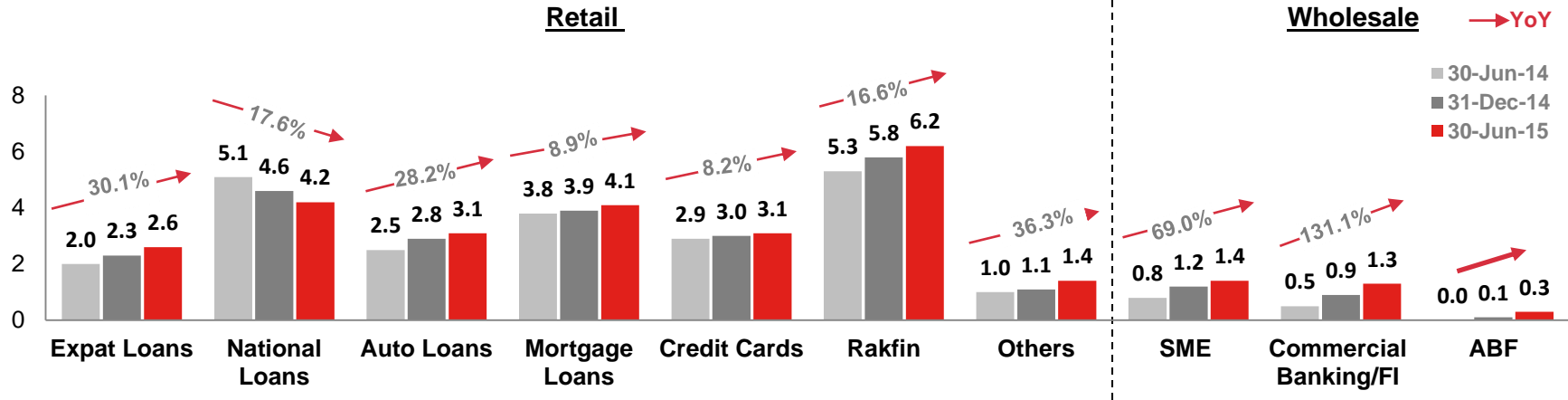
Assets and Gross Loans & Advances (AED billions)



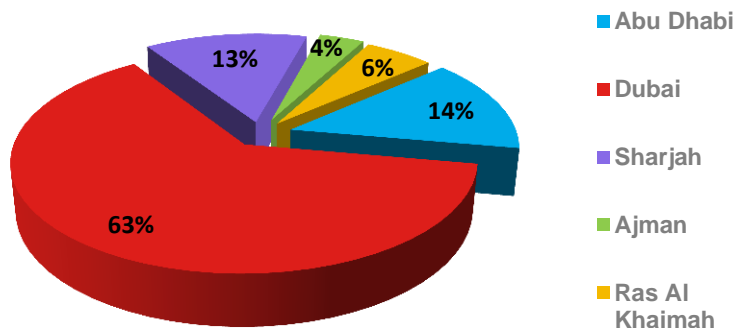
Notes

- Growth in total assets was mainly a result of strong growth in gross loans and advances as well as the consolidation of RAK Insurance amounting to AED 615.8 million.
- Slight increase in equity holding and UAE government and GRE debt.

Breakdown by Product (AED billions)



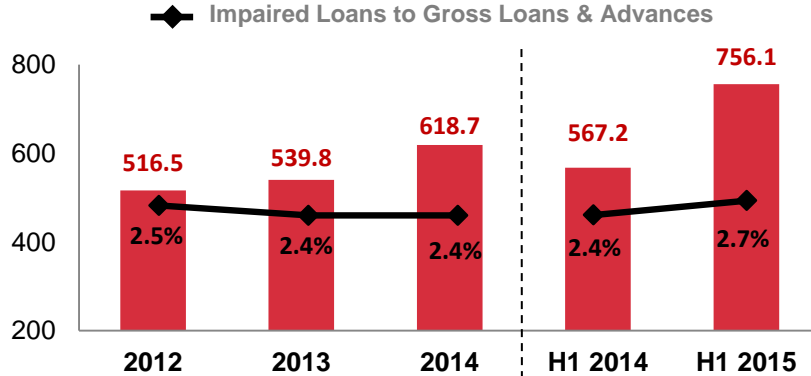
Loans by Geography, by Value (30.06.2015)



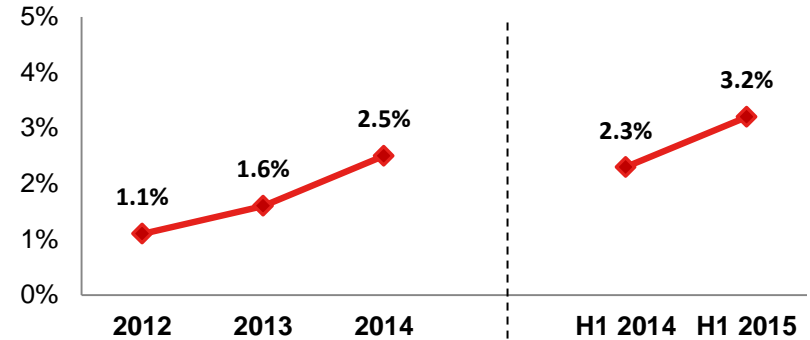
Notes

- Healthy growth in all the Retail lending portfolios with the exception of the National loans portfolio where new lending has been limited.
- Strong growth in the Expat Loans, Auto Loans and RAKFin portfolios.
- High double-digit growth in Wholesale Banking boosted by traditional working capital solutions and trade loans to SMEs and commercial entities.
- Increased lending in Dubai, Sharjah, and the northern emirates.

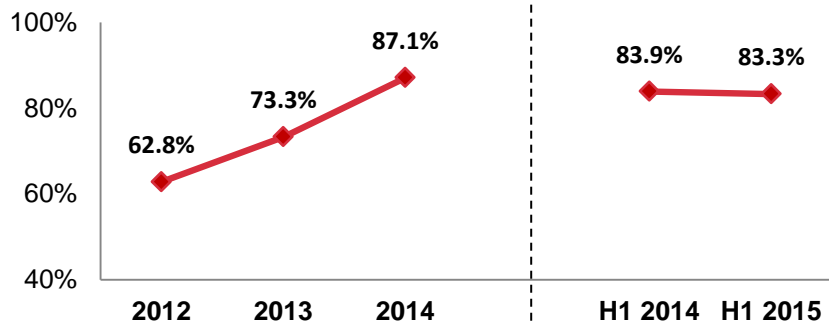
Non-Performing Loans (AED millions)



Net Credit Loss (annualized)



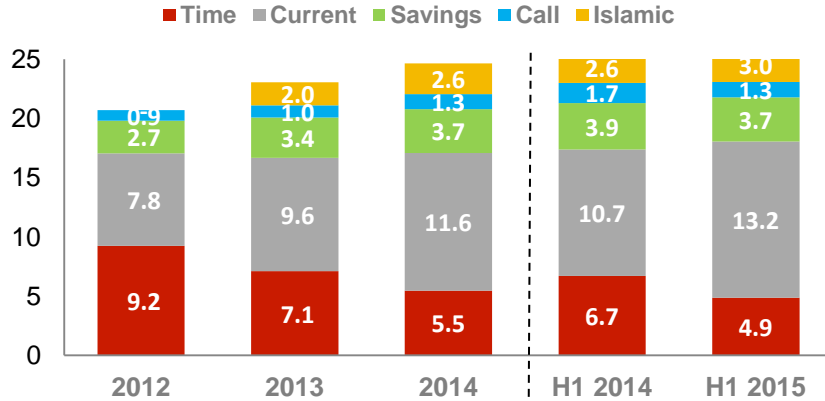
Coverage Ratio



Notes

- The rise in provisioning in the first half of 2015 was mainly from the personal lending and RAKFinance portfolios.
- The Bank has been diversifying the product mix into lower risk business by expanding into lower margin lending and growing the SME and commercial banking segment.

Customer Deposits (AED billions)



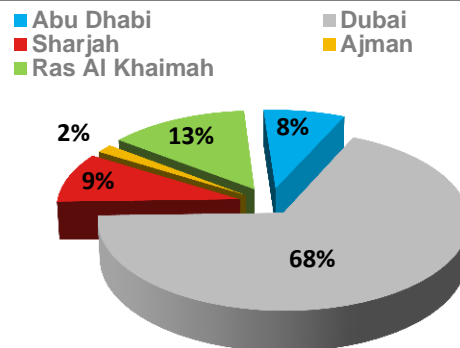
Notes

- Customer deposits were up by AED 1.4 billion YTD.
- Debt security issue (EMTN) was up by AED 1.1 billion YTD.
- Deposits from Retail and Wholesale Banking increased by 8.2% and 18.1% YTD respectively.
- Treasury deposits dropped because of surplus funds from the EMTN.

Deposit Value by Segment (30.06.2015)



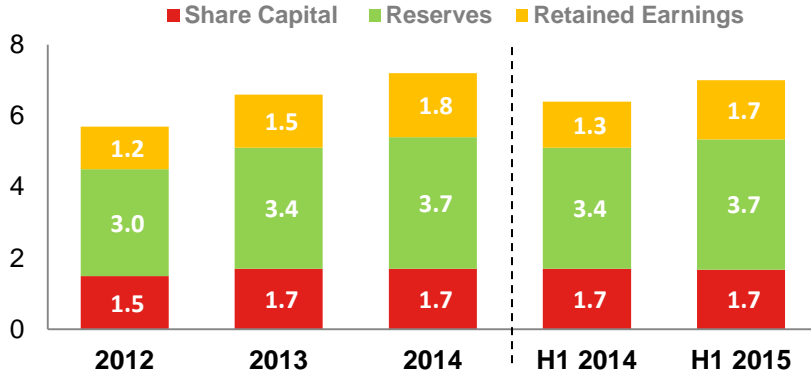
Customer Deposits by Value (30.06.2015)



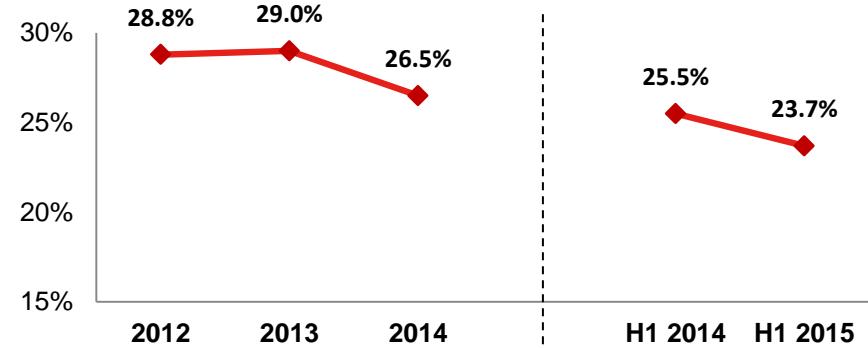
Liabilities Mix (30.06.2015)



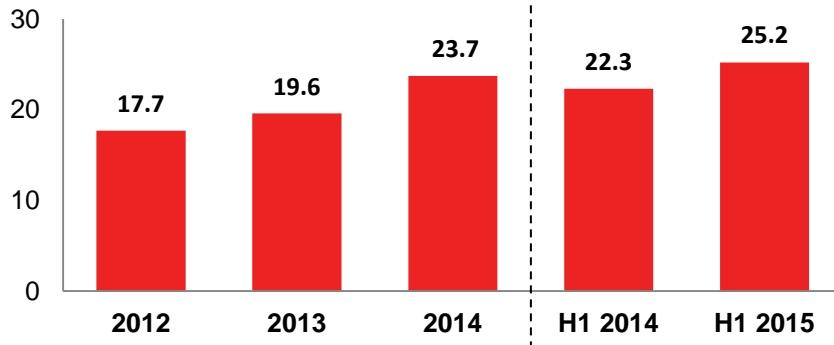
Equity Breakdown (AED billions)



Capital Adequacy Ratio (CAR)



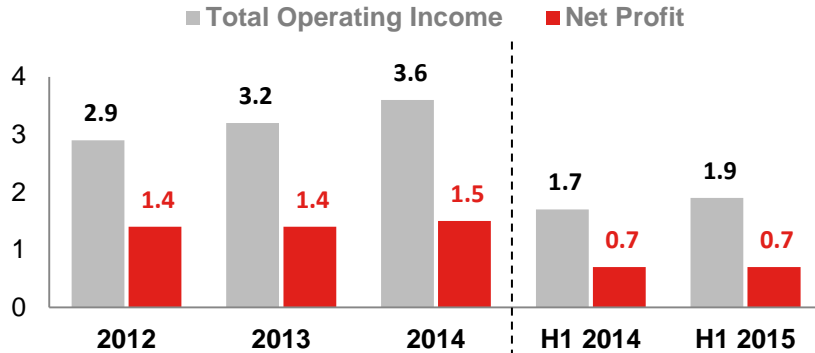
Risk Weighted Assets (AED billions)



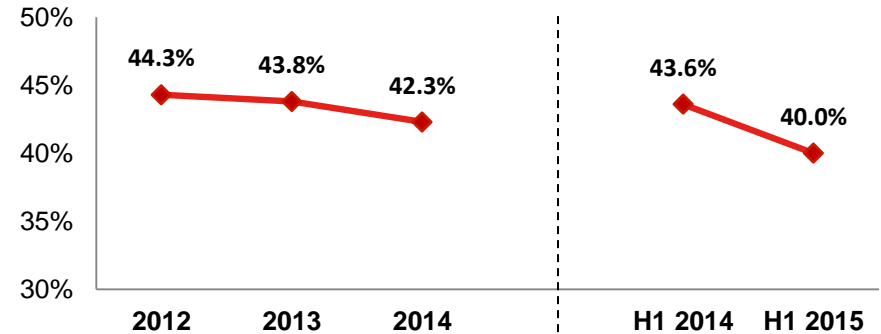
Notes

- CAR dropped because of the acquisition of RAK Insurance, and growth in loans and advances and the investment book.
- The Bank continues to have one of the highest CARs among banks in the UAE and globally.

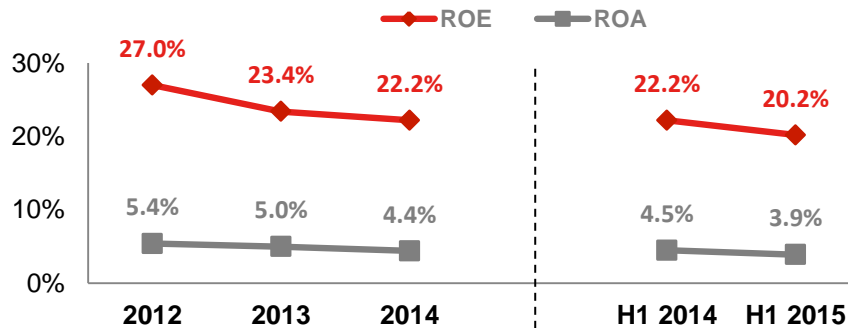
Profitability (AED billions)



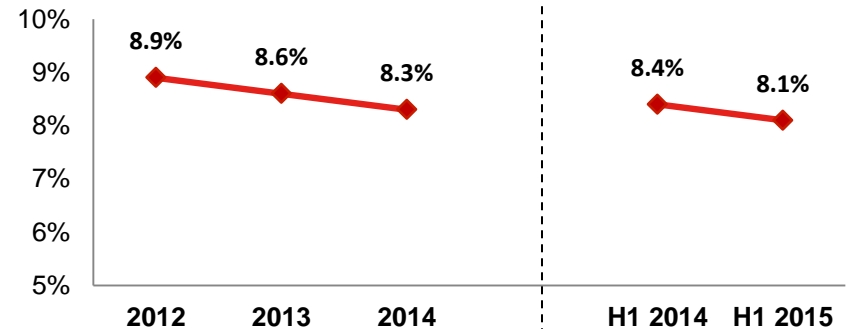
Cost-to-Income Ratio



Annualized Returns



Net Interest Margin



Appendix

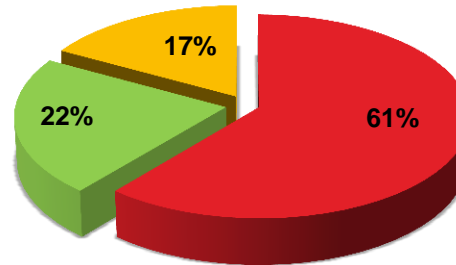
USD 300 million Tap

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

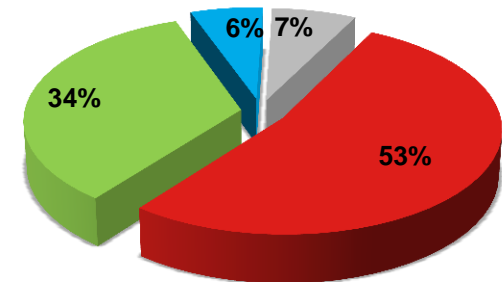
Investors by Geography

■ 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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