

**National Bank of Ras Al Khaimah PSC
Consolidated Financial Full Year 2021 Results**

Ras Al Khaimah, 1st February, 2022 - The National Bank of Ras AL Khaimah (ADX: RAKBANK) today announced its results for the year ended 31 December 2021. The following Management Discussion and Analysis includes financial results from RAKBANK and its subsidiaries, together referred to as the "Group".

FY 2021 Highlights

Net Profit of AED 758.3 million

Net profit up by 50.0% compared to previous year

Total Income of AED 3.2 billion

Total income down by 9.4% compared to previous year

Total Assets at AED 56.3 billion

Total assets up by 6.7%, year-on year

Gross Loans & Advances at AED 34.2 billion

Gross loans and advances up by 6.1%, year-on-year

Total Deposits at AED 37.6 billion

Total deposits up by 1.9%, year-on-year

Capital Adequacy Ratio 17.0%

Capital adequacy ratio as at 31 December 2021 of 17.0% against 18.6% compared to the previous year-end

Return on Average Assets was 1.4% in FY 2021

RoA increased from 0.9% in FY 2020

Return on Average Equity was 9.5% in FY 2021

RoE increased from 6.5% in FY 2020

Q4 2021 Highlights

Net Profit of AED 223.6 million

Net profit up by 235.1% compared to Q4 2020 and down by 2.2% compared to Q3 2021

Overview

Commenting on the results, H.E. Mohamed Omran Alshamsi, Chairman of RAKBANK, said: "RAKBANK's financial performance this past year yielded tangible results despite the operating environment of 2021. Looking back, during the first half of the year, the UAE economy was recovering from the impacts of COVID-19. However, the second half resulted in a complete turnaround, and this applied to RAKBANK as well. Just as the UAE economy continued to swiftly rebound, RAKBANK has demonstrated a similar form of resilience in 2021 underpinned by the Bank's diversification strategy. It has become evident that we are well positioned for strong and sustainable growth in the years ahead. Our core business is primed to continue its steady growth on the back of rising Retail and SME activities. Additionally, throughout this past year, RAKBANK focused on investments specifically in digitising the customer journey as we believe that it will drive efficiency and unlock access to attractive new segments. Lastly, I would like to announce that as of February 2nd 2022, Mr Raheel Ahmed will officially assume his responsibilities as the Chief Executive Officer of RAKBANK, as his designated handover period is now complete

RAKBANK CEO, Peter England, added: "RAKBANK had a strong finish to 2021, driving Net Profit for the year up to AED 758.3 million. We continue to transform our Bank with a focus on simplification, digitalization and building a

culture of excellence. Throughout these past years, we have seen that RAKBANK's resilience and nimbleness enabled us to offer sound support to our customers throughout the pandemic, with the help of the country's regulators. Income growth has been a challenge in 2021 as a result of very little business activity during 2020. However, we saw this gradually turn around as the year progressed and the business momentum in the second half of 2021 reflected positively on the Bank's performance. On Asset Quality, we have seen a significant improvement and our Provisions for 2021 are the lowest they have been in the last 6 years, indicating a strong rebound in the economy and the success of our business diversification strategy that we commenced in 2015."

RAKBANK FINANCIAL SNAPSHOT FOR Q4 AND FULL YEAR 2021 RESULTS

Income Statement Highlights						
(AED Mn)	Quarter Results			Full Year Results		
	Q4 '21	Q4 '20	Variance%	FY '21	FY '20	Variance%
Net Interest Income and net income from Islamic financing	547.2	561.8	(2.6%)	2,168.4	2,525.6	(14.1%)
Non-Interest Income	245.3	245.8	(0.2%)	1,062.1	1,038.4	2.3%
Total Income	792.4	807.6	(1.9%)	3,230.5	3,564.0	(9.4%)
Operating Expenditures	(371.1)	(363.7)	(2.0%)	(1,395.6)	(1,395.3)	0.0%
Operating Profit Before Provisions for Impairment	421.3	443.9	(5.1%)	1,835.0	2,168.7	(15.4%)
Provisions for Impairment	(197.7)	(377.1)	47.6%	(1,076.7)	(1,663.3)	35.3%
Net Profit	223.6	66.7	235.1%	758.3	505.4	50.0%

Balance Sheet Highlights					
(AED Bn)	Results as at			Variance	
	Dec '21	Sep '21	Dec '20	Quarter-on-Quarter	Year-on-Year
Total Assets	56.3	54.5	52.8	3.3%	6.7%
Gross Loans & Advances	34.2	33.5	32.2	2.1%	6.1%
Deposits	37.6	37.0	36.9	1.8%	1.9%

Key Ratios Highlights					
Percentage	Results as at			Variance	
	Dec '21	Sep '21	Dec '20	Quarter-on-Quarter	Year-on-Year
Return on Equity	9.5%	9.0%	6.5%	0.5%	3.0%
Return on Assets	1.4%	1.4%	0.9%	0.0%	0.5%
Net Interest Margin	4.1%	4.1%	4.6%	0.0%	(0.5%)
Cost to Income	43.2%	42.0%	39.2%	(1.2%)	(4.0%)
Impaired Loan Ratio	4.1%	4.5%	5.2%	0.4%	1.1%
Impaired Loan Coverage Ratio	133.7%	134.3%	129.4%	(0.6%)	4.3%
Basel III Total Capital Adequacy Ratio	17.0%	17.8%	18.6%	(0.8%)	(1.6%)

FY 2021 Results Review

Total Income

The Total Operating Income for the year ended 31st December 2021 was down by AED 333.5 million to AED 3.2 billion. Net Interest Income and Income from Islamic products net of distribution to depositors was AED 2.2 billion. Interest income from conventional loans and investments was down by 21.2% year-on-year, while interest costs on conventional deposits and borrowings decreased by AED 211.2 million. Net income from Sharia-compliant Islamic financing was down by 8.9%.

Non-Interest Income increased by AED 23.7 million to AED 1.1 billion. This was mainly due to an increase of AED 54.1 million in Net fees and commission income and AED 21.4 million in other operating income. This was partially offset by AED 26.8 million decrease in Forex and derivative income compared to 2020, decrease in Net insurance underwriting profit by AED 15.8 million and decrease in investment Income by AED 9.2 million.

Operating Expenses

Operating Expenses was flat compared to previous year at AED1.4 billion. The staff and outsourcing costs decreased by AED 20.6 million and occupancy cost decreased by 5.4 million, which was offset by an increase of AED 17.3 million in other costs, mainly in credit cards service provider fees and marketing expenses. The Group's Cost to Revenue ratio increased to 43.2% compared to 39.2% for the previous year largely due to lower income.

Asset Quality and Impairments

Provision for credit losses decreased by AED 586.6 million compared to the previous year. This was mainly due to lower IFRS 9 credit loss provisions. Non-performing Loans and Advances to Gross Loans and Advances ratio improved to 4.1% compared to 5.2% as at 31 December 2020 and Net Credit Losses to average loans and advances closed at 3.2% which is lower than 4.8% in 2020.

Assets

Total Assets increased by 6.7% to AED 56.3 billion compared to 2020. This was due to an increase in Gross Loans and Advances by AED 2.0 billion, Investments increased by AED 1.5 billion and placements with other banks increased by 1.9 billion. This was partially offset by decrease of AED 1.6 billion in cash and balances with Central Bank. Wholesale Banking and Financial Institutions lending was up by AED 1.5 billion compared to 2020 and Retail banking's loan portfolio was also up by AED 709.9 million. Business Banking Loan Portfolio was down by AED 262.3 million compared to previous year.

Customer Deposits

Customer deposits grew by AED 702.8 million to AED 37.6 billion compared to 2020. This growth came mainly from an increase of AED 660.1 million in Time Deposits.

Capital and Liquidity

The Bank's capital adequacy ratio as per Basel III was 17.0% at year-end. The Common Equity Tier 1 ratio of the Bank stood at 15.9%. The Loans to Stable Resources Ratio LSRR as at 31 December 2021, stood at 82.9% (2020: 80.7%) which is significantly lower than the maximum limit of 110%. Similarly, the Eligible Liquid Assets Ratio of the Group stood at 11.6% (2020: 14.5%) as at 31 December 2021, also reflecting a healthy liquidity position.

Cash Flows

Cash and cash equivalents as at 31st December 2021 were AED 3.3 billion compared to AED 3.6 billion as at 31 December 2020. Net cash used in operating activities was AED 236.9 million and net cash used in investing activities was AED 1.5 billion. Net cash of AED 1.4 billion was generated from financing activities during the year.

Impact of Projected Capital Expenditures and Developments

The Group incurred AED 53.6 million in capital expenditure during the year compared to AED 97.1 million in year 2020. In view of the current economic scenario, the Group was prudent in spending on capital items and the expense was lower compared to the previous year. The Bank will spend more on IT digitization and enhancing of its e-banking offerings for its customers.

Major Events and Developments

- RAKBANK Announces New Chief Executive Officer
- RAKBANK forms a partnership with YAP to provide RAKBANK's products and services through the YAP platform
- RAKBANK renews partnership with dynamic Fintech platform Invoice Bazaar
- RAKBANK announced the launch of its Emirates Skywards World Elite Mastercard Credit Card campaign
- bfound partners with RAKBANK – Joins SMEsouk Portal
- RAK AMI Hotel secures financing deal from RAKBANK
- UAE Trade Connect (UTC), a new nationwide blockchain platform, has officially gone live and consists of the Central Bank of the UAE, other national banks in the UAE and RAKBANK
- RAKBANK celebrates the launch of a new RAKelite Center
- RAKBANK issues USD 75 million Floating Rate Note
- RAKBANK issues an Additional USD 75 million Floating Rate Note
- RAKBANK signs a Memorandum of Understanding with Ajman Free Zone
- RAKBANK Launches Green Financing Mechanisms in Ras Al Khaimah in Collaboration with Ras Al Khaimah Municipality
- RAKBANK signs an agreement with MIZA, a UAE based Fintech
- EDB, RAKBANK announce partnership on SME Financing options, credit guarantees
- Invest Bank & RAKBANK announce their launch of Emirates Digital Wallet klip Platform
- RAKBANK Raises Customer Awareness on the rapid evolution and relevance of ESG investing
- RAK Properties and RAKBANK sign a Term Loan Agreement
- 16 Emiratis from RAKBANK Earn Bachelor's Degree in Banking and Finance from Emirates Institute for Banking and Financial Studies
- RAKBANK Launches firefly – a first of its kind companion app
- RAKBANK recognizes Breast Cancer Awareness Month: an inspirational talk to support the cause
- RAKBANK Signs a Memorandum of Understanding with Jebel Ali Free Zone to facilitate banking services for Jafza companies
- RAKBANK Inaugurates a Quick Apply Kiosk in RAKEZ
- Topgolf welcomes RAKBANK as an exclusive partner to the venue

Outlook for 2022

The 2021 financial year was an interesting journey. In the first half of the year, the UAE economy was recovering from the impacts of the COVID-19 pandemic and the lockdowns of the prior year. However, the second half of the year resulted in a complete turnaround, and this applied to RAKBANK as well. With over 90% of the UAE population being vaccinated, the country eased further the restrictions, which led to positive effects nation-wide.

Nonetheless, the pandemic persisted and new variants of the virus were discovered. The government and regulators advocated for booster shots and stricter precautionary COVID-19 measures for public spaces in order to keep the UAE economy open and functioning. This was aimed at deterring the pandemic's effect on the country and encouraging the health and wellbeing of citizens and residents.

Overall, the UAE has seen a significant improvement in the macro-economic environment due to the Leadership's exemplary handling of the pandemic. We expect these positive trends to continue and result in improved outcomes for 2022.

According to the International Monetary Fund (IMF), the UAE's real GDP growth will increase to 3% in 2022. This is supported by the fact that the country has one of the highest vaccination rates in the world, a turnaround and recovery in oil production, a rebound in tourism, ease of residency rules for expats, and several activities in place related to Dubai's Expo 2020.

Just as the UAE economy continues to rebound swiftly from the effects of the COVID-19 pandemic, RAKBANK has demonstrated a similar form of resilience in 2021. This is evident in the Bank's overall improvement in asset quality, which has resulted from the change of mix in the Bank's loan book, in line with its diversification strategy. This has been gradually implemented over the last few years.

The Bank will continue to focus on its digital transformation as we aim to deliver Simply Better banking solutions, whilst equip our customers with the necessary tools for them to gain access to our banking services in a safe and secure manner.

Dividend

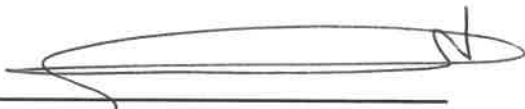
The Board of Directors recommended distribution of a cash dividend of 22.5 fils per share for the shareholders' consideration and approval at the Annual General Meeting (AGM).

Ratings

The Bank is currently rated by the following leading rating agencies. Their ratings have been given below:

Rating Agency	Last Update	Deposits	Outlook
Moody's	October 2021	Baa1 / P-2	Stable
Fitch	December 2021	BBB+ / F2	Stable
Capital Intelligence	August 2021	A- / A2	Stable

RAKBANK's Environmental, Social and Governance (ESG) framework is currently rated as BBB by Morgan Stanley Capital International (MSCI).



Mohamed Omran Alshamsi
 Chairman



About RAKBANK

RAKBANK, also known as The National Bank of Ras Al Khaimah (P.S.C), is one of the UAE's most dynamic financial institutions. Founded in 1976, it underwent a major transformation in 2001 as it rebranded into RAKBANK and shifted its focus from purely corporate to retail and business banking. In addition to offering a wide range of Personal Banking services, the Bank decreased its lending in the traditional SME, Commercial, and Corporate segment in recent years. The Bank also offers Islamic Banking solutions, via RAKIslamic, throughout its 36 branches and its Telephone and Digital Banking channels. RAKBANK is a public joint stock company headquartered in the emirate of Ras Al Khaimah and listed on the Abu Dhabi Securities Exchange (ADX). For more information, please visit www.rakbank.ae or contact the Call Centre on +9714 213 0000. Alternatively, you can connect with RAKBANK via twitter.com/rakbanklive and facebook.com/rakbank.

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