



Investor Presentation

Q2 / 6M 2021



Highlights

**Net profit
increased
by 25.4%**
Q2 21 v/s Q2 20

**Impairment
charges declined
by 27.8%**
Q2 21 v/s Q2 20

**Gross Loans &
Advances
increased by 3.1%**
Year to Date

**Healthy CAR at
17.8%**
As at 30 June 2021

- Strong performance for the quarter across all business verticals as demonstrated by 68.5% increase in Net Profits as compared to Q1 2021.
- Gross Loans and Advances increased by 3.1 % year to date & Customer Deposits increased by 5.6% year on year.
- Non Interest Income increased by 7.3% in Q2 2021 compared to Q1 2021.
- Provision for credit loss decreased by AED 114.4 million compared to Q2 2020.
- Cost to income ratio for H1 2021 increased to 41.2% as compared to 37.1 % due to lower income compared to H1 2020.



Bank profile

The UAE's leading SME lender



History

- Founded in 1976; listed on Abu Dhabi Securities Exchange (ADX) in 2005.
- Headquartered in the emirate of Ras Al Khaimah ('RAK').
- Major transformation in 2001, rebranding to RAKBANK and shifting focus from Corporate Banking to Personal Banking and small business lending.
- 27 branches and 294 ATMs in the UAE.
- Launched Islamic Banking window – RAKislamic – in 2013.



30 June 2021

AED 6.9 b
market cap

AED 54.3 b
total assets

AED 37.0 b
total
deposits

AED 33.2 b
loans
& advances



Institutional strength

Stable credit ratings

Rating Agency	Last Update	Deposits	Outlook
Moody's	July 2021	Baa1 / P-2	Negative
Fitch Ratings	May 2021	BBB+ / F2	Stable
Capital Intelligence	August 2020	A- / A2	Stable

Capital adequacy

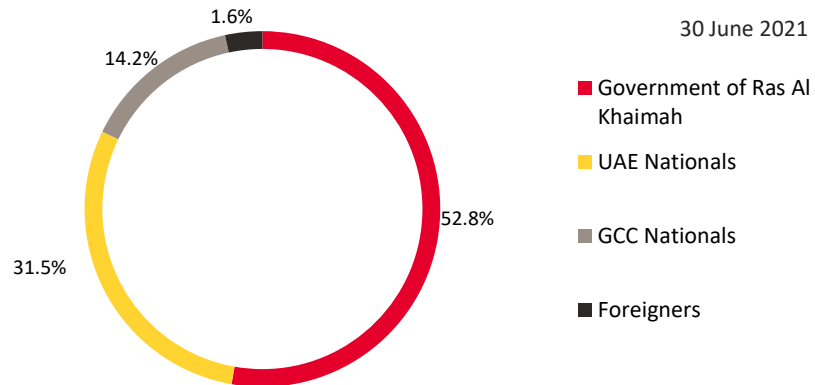
Total **Capital Adequacy Ratio (CAR)** as at 30 June 2021 is at 17.8%: Common Equity Tier 1 is at 16.7% and Tier 2 is at 1.1%.

Subsidiaries

Subsidiary	Ownership	Country	Purpose
RAK Insurance	79.23%	UAE	Develop insurance products.
Back Office Support Services (BOSS)	80.00%*	UAE	Provide back office support services.
RAK Technology	80.00%*	UAE	Supply information technology support.
RAKFUNDING CAYMAN LTD	100.00%	Cayman Islands	Enable the issuance of bonds.
RAK Global Markets Cayman Limited	100.00%	Cayman Islands	Facilitate treasury transactions.

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

Diverse ownership



Source: ADX
Numbers may not add up due to rounding



Business segment overview

Personal Banking	Business Banking	Wholesale Banking	Treasury	Insurance
<ul style="list-style-type: none"> • Incorporating individual customer financing, credit and debit cards and deposit facilities. • Includes lending products such as expat loans, national loans, auto loans, credit cards, and mortgages as well as fee based services like Bancassurance, investment products, foreign exchange, trade services, and remittance. 	<ul style="list-style-type: none"> • Incorporating non-individual financing and deposit services for SME customers. • Includes Term & Working Capital (TWC), RAK Business Loan, Secured Finance, Asset Based Finance (ABF), Financing against Income Generating Property (FIGP), and Deposit facilities BBG Commercial. • RAK Business Loan for business turnovers up to AED75Mn and Working Capital financing for turnovers up to AED250Mn. 	<ul style="list-style-type: none"> • Incorporating financing and deposit services for larger corporates bodies, including government and public institutions. • Includes Trade, service & manufacturing, Diversified corporates, GRE’s, MNC’s, and Financial institutions. • Targeting customers with turnovers above AED250Mn. 	<ul style="list-style-type: none"> • Incorporating money market activities, investments in debt and equity securities, foreign exchange and derivatives transactions with other banks, and financial institutions. • Treasury is the custodian of liquidity and supports the growth of other segments. 	<ul style="list-style-type: none"> • Incorporating all insurance related transactions of subsidiary, RAK Insurance. • The Bank and RAK Insurance collaborate on manufacturing and selling insurance products.



Performance



Performance highlights

Snapshot

(AED million)	Half Yearly & Quarterly Results					Variance		
	H1 '21	H1 '20	Q2 '21	Q1 '21	Q2 '20	H1 '21 vs H1 '20	Q2 '21 vs Q1 '21	Q2 '21 vs Q2 '20
Net Interest Income	1074.8	1362.7	543.0	531.7	666.5	(21.1%)	2.1%	(18.5%)
Non-Interest Income	557.9	541.3	288.8	269.2	236.2	3.1%	7.3%	22.3%
Total Income	1,632.7	1,903.9	831.8	800.9	902.8	(14.2%)	3.9%	(7.9%)
Operating Expenditures	(673.1)	(705.9)	(343.1)	(330.0)	(338.7)	4.7%	(4.0%)	(1.3%)
Operating Profit Before Provisions for Impairment	959.6	1,198.0	488.7	470.9	564.1	(19.9%)	3.8%	(13.4%)
Provisions for Impairment	(653.6)	(891.4)	(296.6)	(357.0)	(411.0)	26.7%	16.9%	27.8%
Net Profit	306.0	306.6	192.1	113.9	153.1	(0.2%)	68.5%	25.4%

Key ratios

Ratios	Results as at			Variance	
	Jun '21	Dec '20	Jun '20	YTD	Y-o-Y
Return On Equity	7.8%*	6.5%	7.9%*	1.3%	(0.1%)
Return On Assets	1.2%*	0.9%	1.1%*	0.3%	0.1%
Net Interest Margin	4.2%*	4.6%	4.8%*	(0.4%)	(0.6%)
Cost-to-Income	41.2%	39.2%	37.1%	(2.0%)	(4.1%)
Provision Coverage Ratio	127.7%	129.4%	128.2%	(1.7%)	(0.5%)
Gross Impaired Loans Ratio	5.1%	5.2%	4.5%	0.1%	(0.6%)
LSRR	83.7%	80.6%	89.6%	(3.1%)	5.9%
Liquid Asset Ratio (ELAR)	9.6%	14.5%	9.8%	(4.9%)	(0.2%)
Total CAR Basel III **	17.8%	18.6%	18.3%	(0.8%)	(0.5%)

*Annualized

** Post prudential filter

Numbers may not add up due to rounding

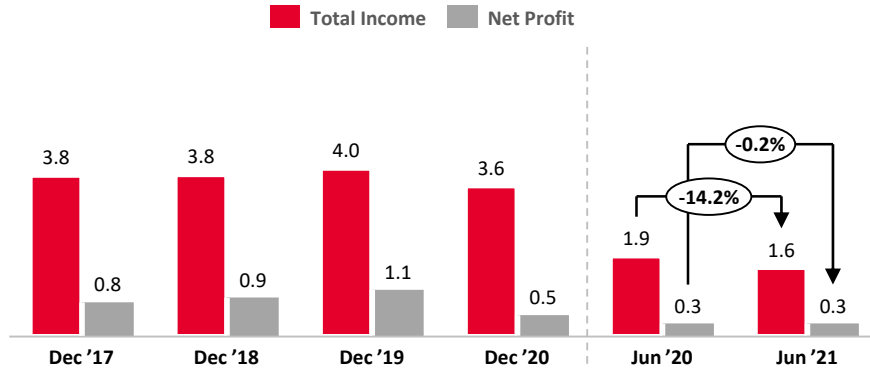
Balance sheet highlights

(AED billion)	Results as at			Variance	
	Jun '21	Dec '20	Jun '20	YTD	Y-o-Y
Total Assets	54.3	52.8	54.3	2.9%	(0.1%)
Gross Loans & Advances	33.2	32.2	34.6	3.1%	(3.9%)
Deposits	37.0	36.9	35.1	0.2%	5.6%
Gross Customers Assets	40.1	37.5	39.5	6.9%	1.4%

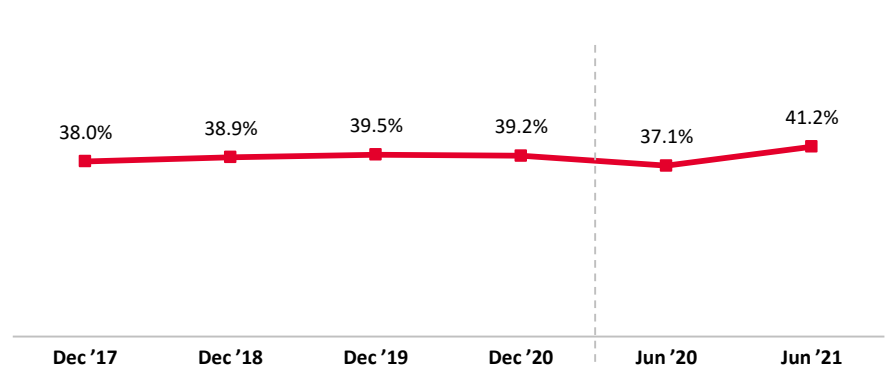


Profitability

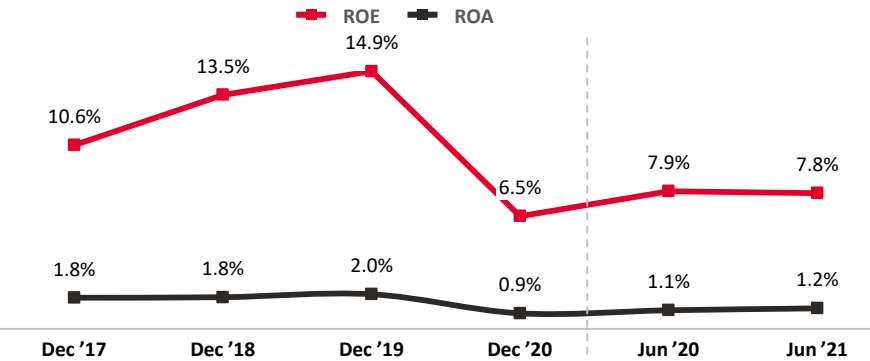
Profitability (AED billion)



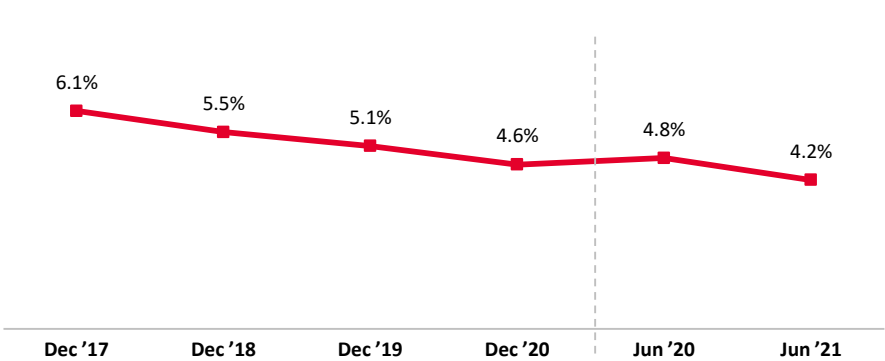
Cost-to-income ratio



Annualized returns



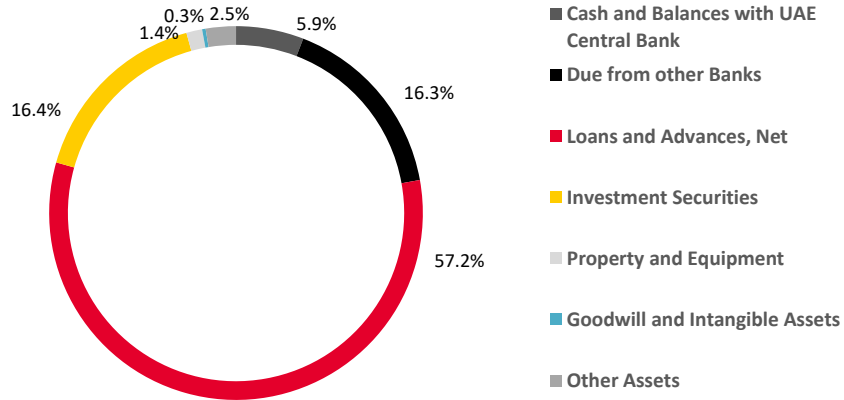
Net interest margin



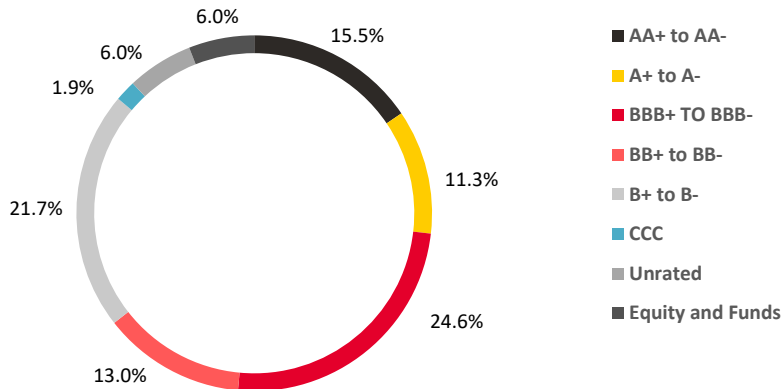


Balance sheet summary

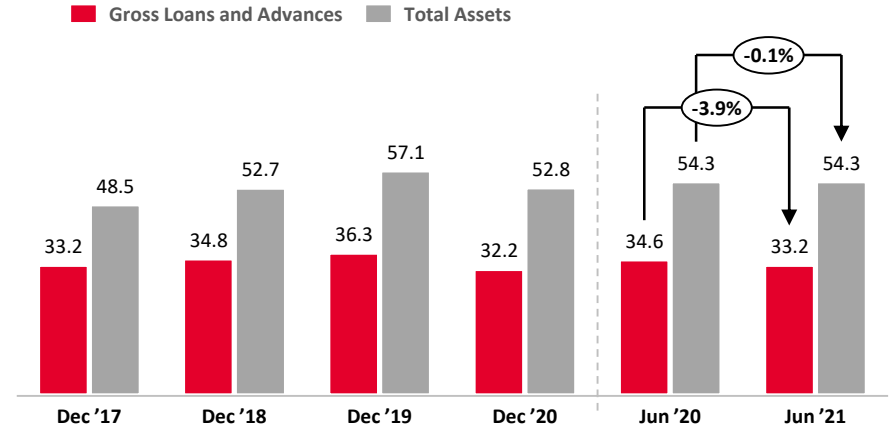
Breakdown of assets by type



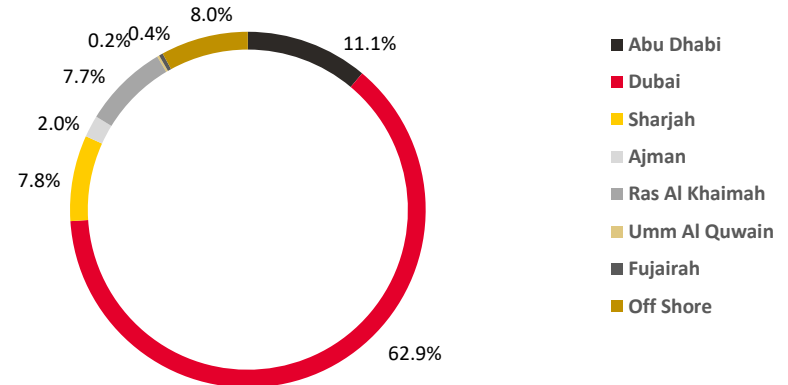
Analysis of investment securities



Assets and gross loans & advances (AED billion)



Loans by geography, by value

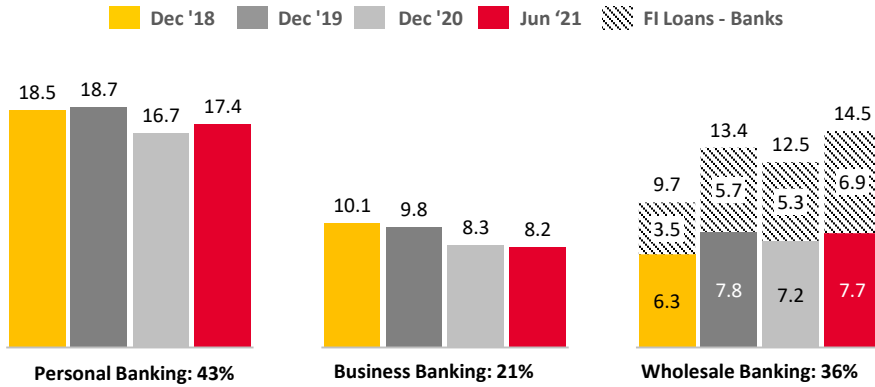


Numbers may not add up due to rounding

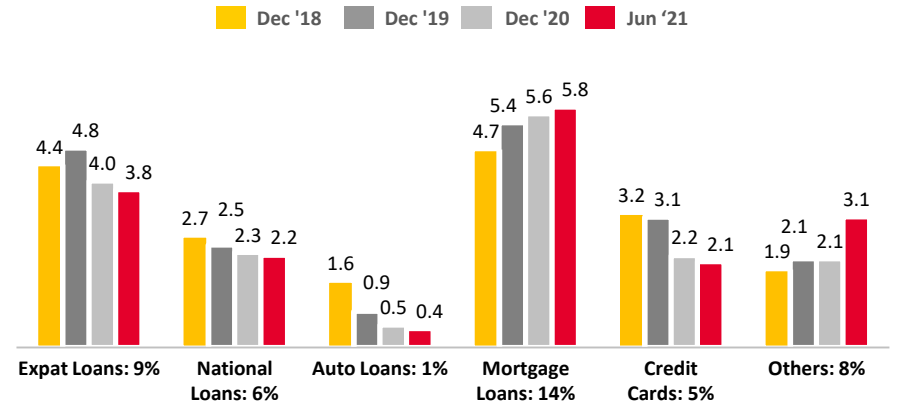


Customer assets mix

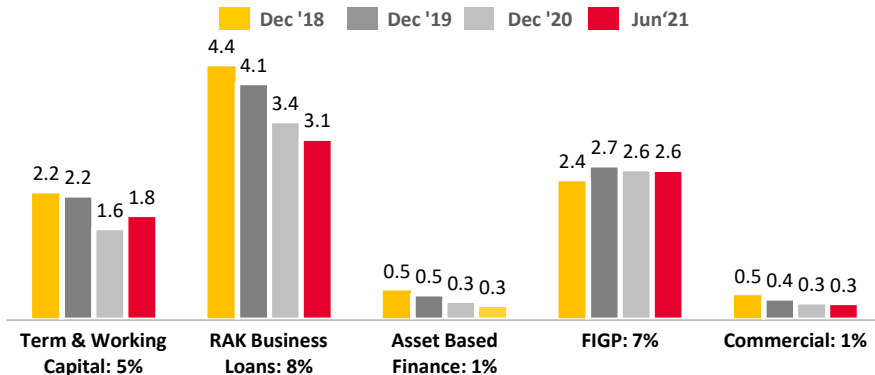
Total customer assets by segment (AED billion)



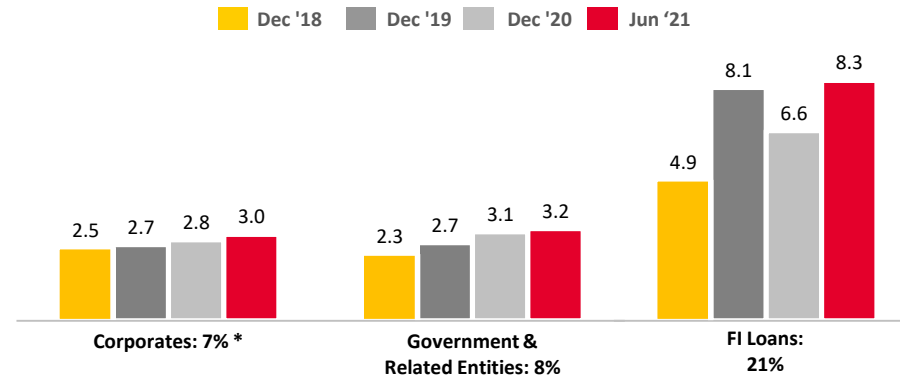
Total customer assets – personal banking (AED billion)



Total customer assets business banking (AED billion)



Total customer assets – wholesale banking (AED billion)



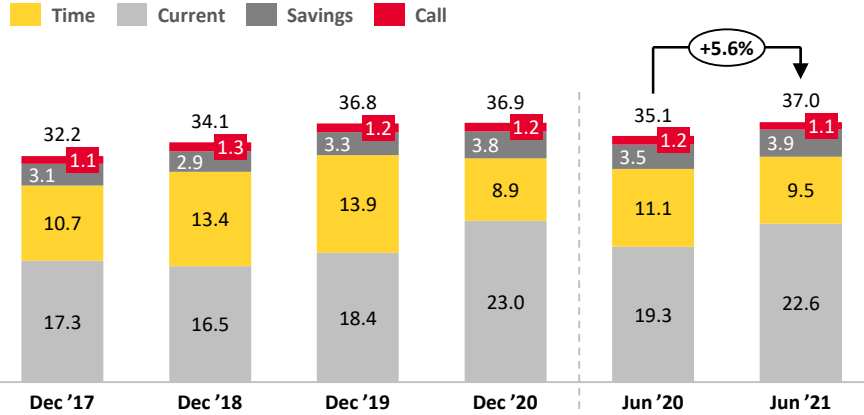
Numbers may not add up due to rounding

* Corporates include Trade Services & Manufacturing, Diversified Corporates, Ras Al Khaimah & Multinational Companies



Liabilities

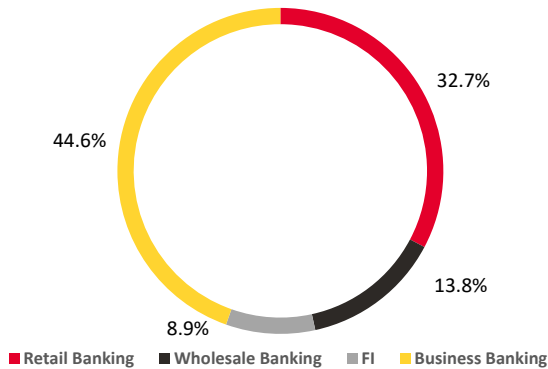
Customer deposits (AED billion)



Notes

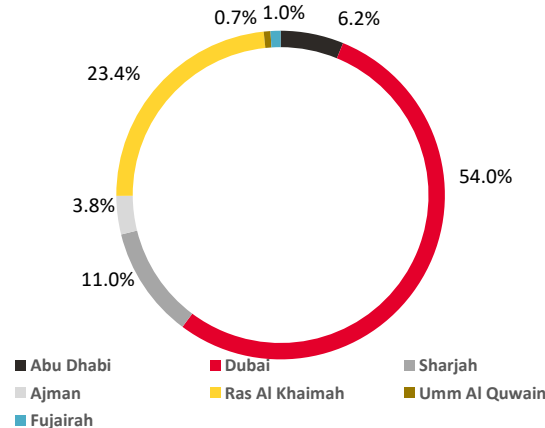
- Customer deposits increased by AED 1.9 billion to AED 37.0 billion compared to 30 June 2020. The increase was mainly due to increase in CASA deposits by AED 3.5 billion, partially offset by reduction in Time Deposits by AED 1.6 billion.

Deposits value by segment

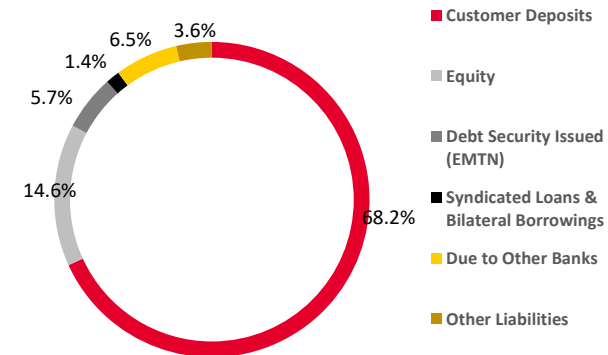


Numbers may not add up due to rounding

Customers deposits by geography by value



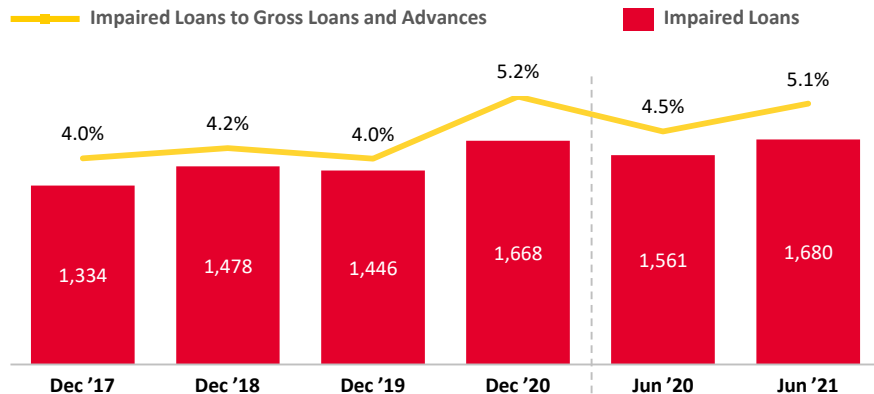
Liabilities mix



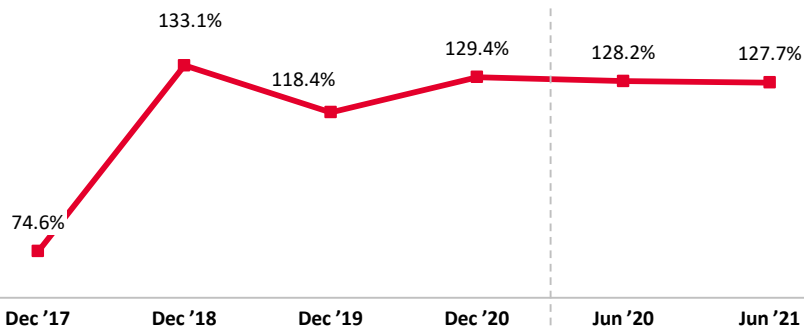


Asset quality

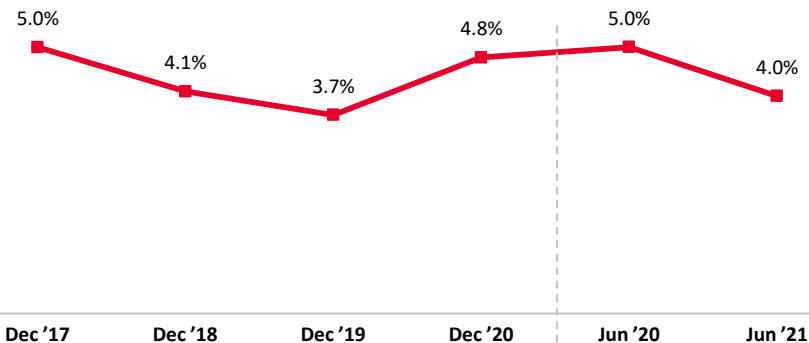
Non-performing loans (AED million)



Provision coverage ratio



Cost of risk



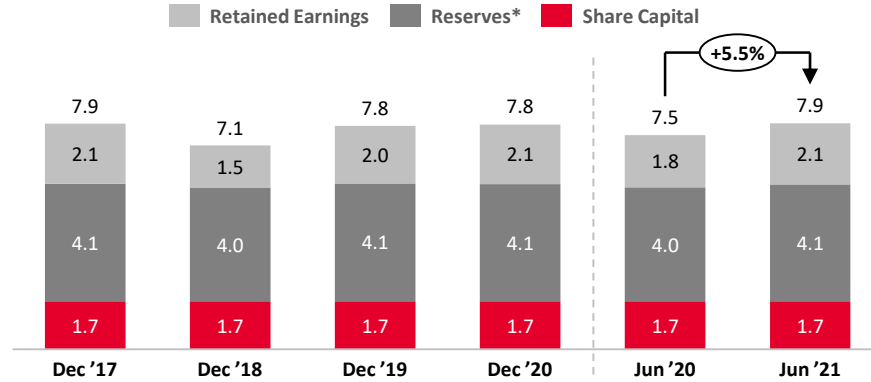
Notes

- Provision for credit loss for the quarter decreased by AED 114.4 million compared to Q2 2020 and by AED 237.8 million compared to H1 2020 largely due to lower IFRS 9 provisions across major products and segments.
- Non-performing Loans and Advances to Gross Loans and Advances ratio closed at 5.1% compared to 5.4% as at Q1 2021 and 5.2% as at 31 December 2020.
- The Bank is well provisioned against loan losses with a loan loss coverage ratio of 127.7%, which does not take into consideration-mortgaged properties and other realizable asset collateral available against the loans.



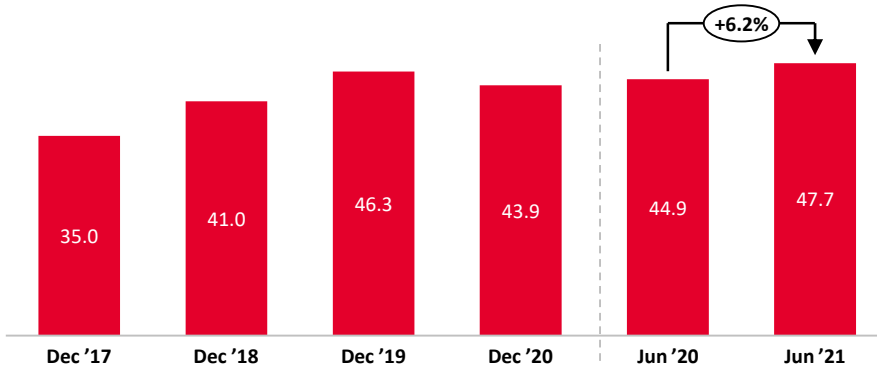
Capitalization

Equity breakdown (AED billion)



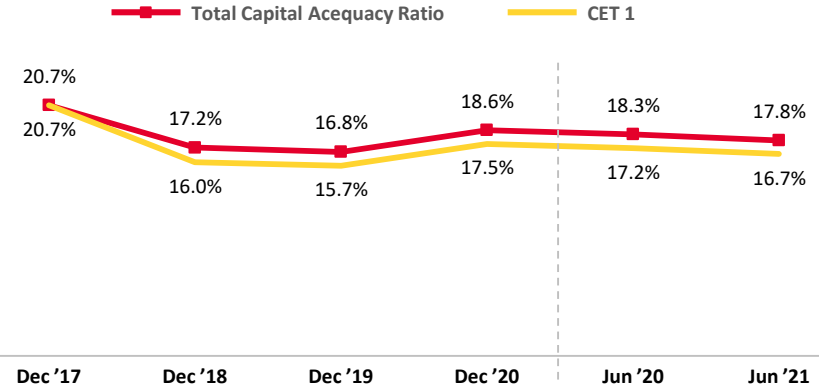
* Reserves include minority interest.

Risk weighted assets (AED billion)



Numbers may not add up due to rounding

Total capital adequacy ratio (CAR)



Notes

- Total Capital Adequacy Ratio (CAR) as at 30 June 2021 is at 17.8%: Common Equity Tier 1 is at 16.7% and Tier 2 is at 1.1%.
- The CAR ratio has declined by 0.2% as at Q2 2021 due to changes in Capital Adequacy Ratio Regulations mandated by Central Bank of UAE.

The background features a large, abstract graphic composed of overlapping, wavy, semi-transparent layers in shades of red and orange. The layers create a sense of depth and movement, with some areas appearing more saturated than others. The overall effect is modern and dynamic.

Additional information



Senior leadership

Board of directors

H.E. Mohamed Omran Alshamsi	Chairman
H.H. Shaikha Amneh Alqasimi	Vice Chairman
H.E. Sheikh Salem Al Qasimi	Director
Mr. Salem Ali Al Sharhan	Director
Mr. Ahmed Essa Al Naeem	Director
Mr. Rajan Khetarpal	Director
Mr. Kantic Dasgupta	Director

CEO profile

Peter England was appointed as RAKBANK's CEO on 1st November 2013. In the past few years, Peter has implemented a strategy to diversify the Bank's balance sheet and income base. The strategy included rebuilding Wholesale Banking, strengthening the Business Banking Unit, and enhancing the Personal Banking product suite. These changes and others have broadened the Bank's fee income base by growing capability in areas such as Treasury, Foreign Exchange, Insurance, and proprietary Asset Management. Additionally, Peter played a pivotal role in the Bank's acquisition of a major stake in RAK Insurance. Peter has almost 40 years of experience in Banking and has worked extensively in the UAE, Australia, and in Asia in Malaysia, Singapore and Cambodia. He has a wealth of experience in both Conventional Banking and Islamic Finance, and has a particular interest in the areas of payments and Wealth Management. Peter holds a Master of Business Administration from the University of Southern Queensland and is a Board member of RAK Insurance.

Executive management

Peter England
Chief Executive Officer

Dhiraj Kunwar
MD, Business Banking

Deepak Majithia
Chief Financial Officer

Rahul Oberoi
MD, Wholesale Banking

K.S. Ramakrishnan
Chief Risk Officer

Vikas Suri
MD, Treasury

Mahadevan Radhakanthan
Chief Credit Officer

Jean Pierre Le Roux
MD, Financial Institutions Group & International

Nicola Jane Thompson
Chief Internal Auditor

Ahmed Yousef
Chief HR Officer

Venkat Raghavan
Chief Compliance Officer

Abdul Karim Juma
Director, Islamic Banking

Frederic De Melker
MD, Personal Banking

Saleh Ali Saleh
Director, RAK Business



Recognition

<p>Outstanding Digital Transformation in Payments for Skippy</p> <p><i>ME&A Innovation Awards</i></p> <p>(2021)</p>	<p>Best Use of MarTech Enterprise</p> <p><i>Vibe MarTech Awards</i></p> <p>(2021)</p>	<p>Advertiser of the Year</p> <p><i>MMA Smarties Award</i></p> <p>(2021)</p>	<p>Best Service Performance Outlet – Services Sector</p> <p><i>Dubai Service Excellence Scheme</i></p> <p>(2020)</p>	<p>The Number 1 Top Investment House in MENA</p> <p><i>The Asset Benchmark Research</i></p> <p>(2020)</p>	<p>Industry Award for the Advertiser of the Year</p> <p><i>MMA MENA Smarties</i></p> <p>(2020)</p>
<p>Industry Award for the Best in Show</p> <p><i>MMA MENA Smarties</i></p> <p>(2020)</p>	<p>Outstanding Management</p> <p><i>Honorary Middle East Gold Stevie® Awards</i></p> <p>(2020)</p>	<p>Best Product/Service launch Gold award</p> <p><i>MMA MENA Smarties</i></p> <p>(2020)</p>	<p>Best Promotion of the year Gold award</p> <p><i>MMA MENA Smarties</i></p> <p>(2020)</p>	<p>Best Internal Use of Digital IT ChatBot</p> <p><i>Gulf Customer Experience Awards</i></p> <p>(2019)</p>	<p>Best Website for 2018</p> <p><i>Ethos Customer Happiness Seminar & Awards</i></p> <p>(2019)</p>
<p>Best Digital Banking</p> <p><i>Ethos Customer Happiness Seminar & Awards</i></p> <p>(2019)</p>	<p>Data Analytics Digital Transformation</p> <p><i>Asian Banker</i></p> <p>(2019)</p>	<p>HR / L&D Team of the Year</p> <p><i>CIPD</i></p> <p>(2019)</p>	<p>Best SME Service Provider UAE 2019</p> <p><i>International Business Magazine Award</i></p> <p>(2019)</p>	<p>Best Process Automation Initiative Awards</p> <p><i>Asian Banker</i></p> <p>(2019)</p>	<p>Best SME Bank</p> <p><i>The Islamic Business & Finance Award</i></p> <p>(2019)</p>

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This presentation may contain published financial information, or information obtained from sources believed to be reliable, forward looking statements based on numbers or estimates or assumption that are subject to change

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Useful information

Download copies of:

- [Financial Statements](#)
- [Earnings Release](#)
- [Management Discussion & Analysis](#)