

**National Bank of Ras Al Khaimah PSC**  
**Consolidated Results for the nine months ended September 30, 2021**

Ras Al Khaimah, 26 October 2021 - The National Bank of Ras Al Khaimah (ADX: RAKBANK) today announced its results for the nine months ended 30 September 2021. The following Management Discussion and Analysis includes financial results from RAKBANK and its subsidiaries, together referred to as the "Group".

**Q3 2021 Highlights**

**Net Profit of AED 228.7 million**

*Net profit up by 73.2% compared to Q3 2020; up by 19.1% compared to previous quarter*

**Total Income of AED 805.4 million**

*Total income down by 5.5% compared to Q3 2020; down by 3.2% compared to previous quarter*

**Total Assets at AED 54.5 billion**

*Total assets up by 4.1% year on year; up by 3.3% year to date*

**Gross Loans & Advances at AED 33.5 billion**

*Gross loans and advances up by 2.7% year on year; up by 4.0% year to date*

**Total Deposits at AED 37.0 billion**

*Total deposits up by 8.1% year on year; up by 0.1% year to date*

**Capital Adequacy Ratio 17.8%**

*Capital adequacy ratio as at 30 September 2021 of 17.8% against 18.6% compared to the previous year-end*

*Common Equity Tier 1 (CET1) Ratio was 16.7% compared to 17.5% as at the previous year-end*

**YTD 2021 Highlights**

**Net Profit of AED 534.7 million**

*Net profit up by 21.9% compared to YTD 2020*

**Total Income of AED 2.4 billion**

*Total income down by 11.5% compared to YTD 2020*

**Return on Assets\* at 1.4% and Return on Equity\* at 9.0%**

\*Annualised

**Q3 2021 Review**

**RAKBANK CEO, Peter England,** commented: "We have seen a continual improvement in asset quality at RAKBANK especially in the last 2 quarters, which has led to a significant improvement in profitability. We have already surpassed our full year 2020 profit numbers in the first 3 quarters of this year. The improvement in asset quality has come about due to the change of mix in our loan book, which we have been gradually implementing over the last few years and also the significant improvement in the macro-economic environment due to the exemplary handling of the COVID-19 pandemic by the Leadership of the UAE. We see these very positive trends continuing into the 4th quarter which will bode well for a strong start to 2022."

**RAKBANK FINANCIAL SNAPSHOT FOR 9 MONTHS ENDED 30 SEPTEMBER 2021 RESULTS**
**Income Statement Highlights**

(AED Mn)	Quarter Results					9 Months Results		
	Q3'21	Q3'20	Q2'21	Q3'21 vs Q3'20	Q3'21 vs Q2'21	Sep'21	Sep'20	Sep'21 vs Sep'20
Net Interest Income and net income from Islamic financing	546.5	601.1	543.0	(9.1%)	0.6%	1,621.3	1,963.7	(17.4%)
Non-Interest Income	258.9	251.4	288.8	3.0%	(10.3%)	816.8	792.7	3.0%
<b>Total Income</b>	<b>805.4</b>	<b>852.5</b>	<b>831.8</b>	<b>(5.5%)</b>	<b>(3.2%)</b>	<b>2,438.1</b>	<b>2,756.4</b>	<b>(11.5%)</b>
Operating Expenditures	(351.4)	(325.7)	(343.1)	(7.9%)	(2.4%)	(1,024.5)	(1,031.6)	0.7%
Operating Profit Before Provisions for Impairment	454.0	526.8	488.7	(13.8%)	(7.1%)	1,413.6	1,724.8	(18.0%)
Provisions for Impairment	(225.3)	(394.8)	(296.6)	42.9%	24.0%	(878.9)	(1,286.2)	31.7%
<b>Net Profit</b>	<b>228.7</b>	<b>132.0</b>	<b>192.1</b>	<b>73.2%</b>	<b>19.1%</b>	<b>534.7</b>	<b>438.6</b>	<b>21.9%</b>

**Balance Sheet Highlights**

(AED Bn)	Results as at			Variance	
	Sep'21	Dec'20	Sep'20	Sep'21 vs Dec'20	Sep'21 vs Sep'20
Total Assets	54.5	52.8	52.3	3.3%	4.1%
Gross Loans & Advances	33.5	32.2	32.6	4.0%	2.7%
Deposits	37.0	36.9	34.2	0.1%	8.1%

**Key Ratios Highlights**

Percentage	Results as at			Variance	
	Sep'21	Dec'20	Sep'20	Sep'21 vs Dec'20	Sep'21 vs Sep'20
Return on Equity	9.0%*	6.5%	7.6%*	2.5%	1.4%
Return on Assets	1.4%*	0.9%	1.1%*	0.5%	0.3%
Net Interest Margin	4.1%*	4.6%	4.7%*	(0.5%)	(0.6%)
Cost to Income	42.0%	39.2%	37.4%	(2.8%)	(4.6%)
Impaired Loan Ratio	4.5%	5.2%	5.1%	0.7%	0.6%
Impaired Loan Coverage Ratio	134.3%	129.4%	131.2%	4.9%	3.1%
Capital Adequacy Ratio**	17.8%	18.6%	19.4%	(0.8%)	(1.6%)

\* Annualized

\*\*After application of Prudential Filter

### **Q3 2021 Results Review**

#### **Total Income**

Total Income was down by AED 47.1 million to AED 805.4 million compared to Q3 2020. The Total Income was down by AED 26.4 million compared to Q2 2021. Net Interest Income and Income from Islamic products net of distribution to depositors was AED 546.5 million down by 9.1% compared to Q3 2020.

Non-interest income increased by AED 7.5 million compared to Q3 2020 to AED 258.9 million. Net fees and commission income up by AED 14.0 million and Other operating income up by AED 17.5 million. This was partly offset by decrease in Investment income AED 14.0 million and Forex and Derivative income was down by AED 8.9 million.

#### **Operating Expenses**

Operating Expenses were up by AED 25.7 million compared to Q3 2020, mainly due to increase in Staff and outsourced staff costs, marketing and legal charges.

#### **Asset Quality and Impairments**

Provision charge for credit loss for the quarter decreased by AED 169.5 million compared to Q3 2020 largely due to lower provisions on loans and advances. Non-performing Loans and Advances to Gross Loans and Advances ratio closed at 4.5% compared to 5.1% as at 30 September 2020 and 5.2% as at 31 December 2020. The Bank is well provisioned against loan losses with a conservative loan loss coverage ratio of 134.3%, which does not take into consideration mortgaged properties and other realizable asset collateral available against the loans.

#### **Assets**

Total Assets increased by AED 1.7 billion to AED 54.5 billion compared to 31 December 2020, mainly due to increase in gross loans and advances by AED 1.3 billion, Investments by AED 1.7 billion and Due from Banks by AED 1.3 billion offset by a reduction in Cash and Balances from Central bank by AED 2.2 billion. The increase in Loans and advances compared to 31 December 2020 is due to an increase in Wholesale Banking loans by AED 568.6 million, increase in Retail Banking loans by AED 940.9 million offset by a reduction in Business Banking loans by AED 234.6 million.

#### **Customer Deposits**

Customer deposits increased by AED 43.5 million to AED 37.0 billion compared to 31 December 2020, mainly due to increase in time deposits AED 1,026.5 million. This was partly offset by decrease in CASA accounts by AED 982.9 million.

#### **Capital and Liquidity**

The Bank's Capital Adequacy ratio as per Basel III was 17.8% compared to 18.6% at the end of the previous year. The Common Equity Tier 1 ratio of the Bank stood at 16.7%. The regulatory eligible liquid asset ratio at the end of September 2021 was 10.4%. The advances to stable resources ratio stood comfortably at 83.9% compared to 80.6% at the end of 2020.

### Cash Flows

Cash and cash equivalent as at 30 September 2021 were AED 2.3 billion compared to AED 4.0 billion as at 30 September 2020. Net cash generated from operating and financing activities were AED 192.2 million and AED 168.6 million respectively and AED 1.7 billion cash was used in investing activities.

### YTD 2021 Results Review

Total Income was down compared to YTD 2020 by AED 318.3 million to AED 2.4 billion. Net Interest Income and Income from Islamic products net of distribution to depositors was AED 1.6 billion. Non-interest income was up by AED 24.1 million to AED 816.8 million due to an increase of AED 34.0 million in Net Fees & Commission Income, increase in other operating income by AED 19.2 million and investment income increased by 14.0 million. This was partially offset by drop of AED 32.0 million in Forex & Derivative income and AED 11.1 million in gross insurance underwriting profit.

Operating Expenses were down by 0.7%, mainly due to decrease in Staff costs and occupancy costs. The Bank's Cost-to-Income ratio was 42.0% compared to 37.4% in end of September previous year primarily due to lower Income.

Net Credit Losses to average loans and advances for 9 months ended 30 September, 2021 closed at 3.6% compared to 4.9% for the same period last year and 4.8% for fiscal 2020 mainly due to decrease in provisions.

### Impact of Projected Capital Expenditure and Developments

The Group incurred AED 38.6 million in capital expenditure during the period compared to AED 68.2 million in first nine months of year 2021. In view of the current economic scenario, the Group will be more prudent in spending on capital items and the expense is expected to be lower compared to the previous year. The Bank will spend more on IT digitization and enhancing of its e-banking offerings for its customers.

### YTD 2021 Major Events and Developments

- 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 that offers cardholders the opportunity to earn up to 160,000 bonus Skywards Miles
- RAKBANK announced three winners for the Emirates Skywards World Elite Credit Card 1 million Miles draw
- bfound partners with RAKBANK – Joins SMEsouk Portal
- RAK AMI Hotel secures financing deal from 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 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

### Risk Management in the Current Economic Scenario

The fiscal and economic measures adopted by regulators and governments across the globe have helped mitigate the impact of the fallout of the pandemic. In line, the Central Bank of UAE ("CBUAE") introduced and extended the Targeted Economic Support Scheme (TESS) program to support the impacted sectors and individuals in the UAE. The Bank also continues to ensure that its clients are appropriately supported. Roll out of vaccination programs have reached substantial levels and are in turn having a positive influence on the economy.

The Bank remains vigilant while continuing to monitor the economic and liquidity scenarios as they unfold and is well prepared for any unexpected developments. The Bank continues to promote usage of digital channels resulting in reduced footfall in Branches. All Branches are operational and customers are being serviced. Social distancing and queues are being managed as per local authority guidelines. The Bank has taken measures to monitor service levels and the Bank continues to meet the expectations of our clients and support them effectively during these times. Bank management has been encouraging staff members to get themselves vaccinated to support the vaccination drive by the UAE Government. HR has also organized vaccination camps on Bank premises with support from health authorities.

### 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	July 2021	Baa1 / P-2	Negative
Fitch	May 2021	BBB+ / F2	Stable
Capital Intelligence	August 2021	A- / A2	Stable

  
Peter William England  
Chief Executive Officer





**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 27 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](http://www.rakbank.ae) or contact the Call Centre on +9714 213 0000. Alternatively, you can connect with RAKBANK via [twitter.com/rakbanklive](https://twitter.com/rakbanklive) and [facebook.com/rakbank](https://facebook.com/rakbank).

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