



Q4/FY'2022 Earnings Presentation

April 2023

Disclaimer



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1. Key Highlights





2022 – Key Highlights

- During 2022 we refreshed our strategy with a vision to “become the digital bank with a human touch, with you in key moments of truth”
- Delivering a brilliant customer experience via seamless digital journeys and hyper-personalization will underpin our value proposition and how we will compete in the market
- 2022 saw a strong return to growth with a 53% YoY increase in net profit driven by positive jaws and improvement in provisions
- We have delivered sustainable growth through diversified revenue sources with a well balanced asset mix across each business
- Maintained solid annualized returns (ROE 13.5%)
- Revenue grew by 7% to AED 3,452 million driven by net interest income as we deliver one of the highest net interest margins in the market (4.5% in Q4’22)
- Cost to income ratio reduced 20 bps YoY to 43% delivered by both revenue growth and proactive cost control
- Assets increased by 15% YoY to AED 66.5 billion while de-risking our investment securities portfolio
- Deposit YoY growth of 15% across all business segments while maintaining strong CASA contribution (68% of total customer deposits)
- We remain a well capitalized and liquid Bank (16.4% CAR, 15.3% CET1), well within regulatory requirements

2. RAKBANK Strategy



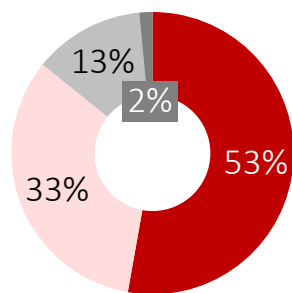


RAKBANK - A Leading UAE Bank

Our Proud History

- Founded in 1976 and 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
- 20 branches and 280 ATMs in the UAE located across the Emirates
- Listed on Abu Dhabi Securities Exchange (ADX) in 2005
- Launched Islamic Banking window – RAKIslamic – in 2013

Majority Owned by the Government of Ras Al Khaimah

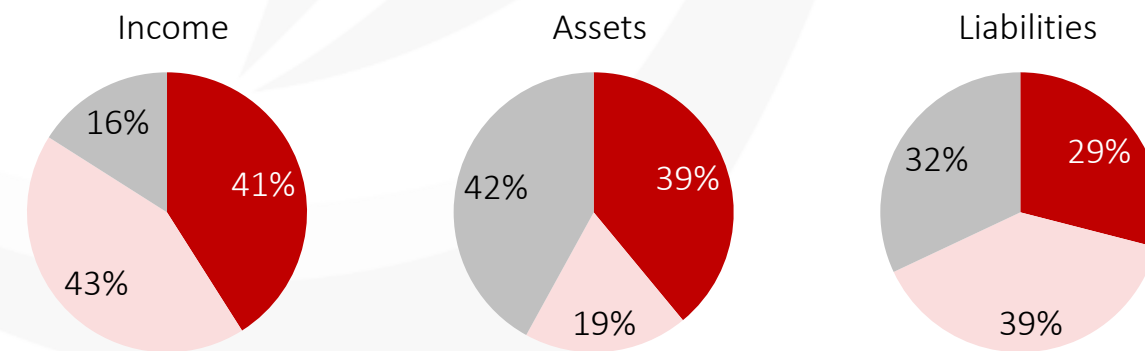


Govt. of Ras Al Khaimah Other UAE Nationals GCC Nationals Others

Strong and Stable Credit Ratings

Rating Agency	Last Update	Ratings	Outlook
Moody's	November 2022	Baa1 / P-2	Stable
Fitch	November 2022	BBB+ / F2	Stable
Capital Intelligence	August 2022	A- / A2	Positive

Balanced Business Portfolio



Personal Banking Business Banking Wholesale Banking



Our 2026 Vision, Strategy and Objectives

2026 Vision

“Become the digital bank with a human touch, with you in key moments of truth”

Key Strategic Pillars



Become Bank of Choice for SMEs



Personalize and Digitize Retail Banking



Build a Comprehensive Wholesale Banking Offering



Deliver cutting edge banking innovations



Key Strategic Objectives



Continued Diversification of our Business for Sustainable Growth



Become the most Personalized Bank in UAE with a Brilliant Customer Experience



Deliver Scalable Growth through Digitization and Automation



Invest in Our People



Ongoing Commitment to our Community and ESG



Delivering On Our Strategic Objectives



Continued Diversification of our Business for Sustainable Growth



Become the most Personalized Bank in UAE with a Brilliant Customer Experience



Deliver Scalable Growth through Digitization and Automation



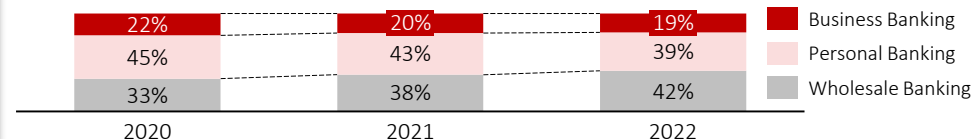
Invest in Our People



Ongoing Commitment to our Community and ESG

We are continuing to diversify our asset mix...

Total Business Assets by Segment



We are improving our customer journeys with hyper-personalization...

- Delivered the digital onboarding journey for Personal Accounts and Credit Cards
- Embedded Agile work practices and UI/UX capabilities
- Established a Design & Innovation team to pioneer human-centered design and agile ways-of-working

We are increasing scalability...

Cost to Income ratio



We are developing and diversifying our workforce...

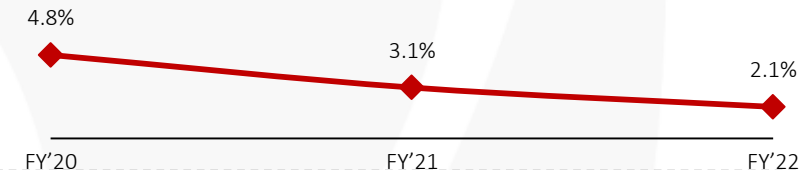
- 4.5 hours of training per colleague
- Increased nationality diversity by 14% reaching 56 nationalities and female senior managers reached 20%

We continue to support entrepreneurs...

Financed **840 micro-SMEs and new entrepreneurs** during 2022

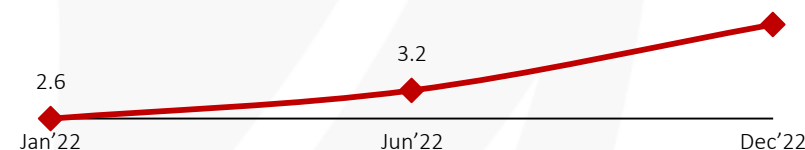
...And improve our risk profile

Cost of Risk



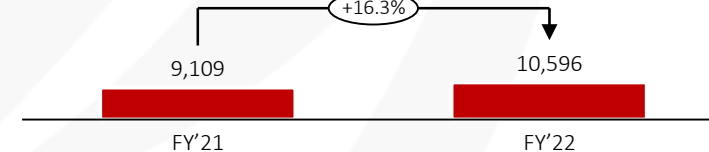
...And increasing customer ratings

Retail App Customer Ratings



...And driving digitization

Digital transactions (# K)



...And improving their satisfaction

+3% employee satisfaction score increase in 2022

...And reduce our carbon footprint

- Announced a partnership with Honeywell to deliver energy efficiencies and help support the Bank's carbon reduction goals
- GHG emissions reduced by 200 bps in 2022

2. Financial Performance





Key Highlights

2022 saw a return to growth and a significant improvement in profitability

Strong Growth in Profitability

YoY %

Net Profit (mn)

1,163

+53.4%



Total Income (mn)

3,452

+6.9%



Expenses (mn)

1,484

+6.4%



Solid Balance Sheet Growth

YoY %

Total Assets (bn)

66.5

+15.5%



Gross Loans & Advances (bn)

38.1

+7.6%



Deposits (bn)

44.9

+15.3%



Robust Capital Position and Strong Return

YoY %

CAR

16.4%

-60 bps



ROE

13.5%

+400 bps



Cost to Income

43.0%

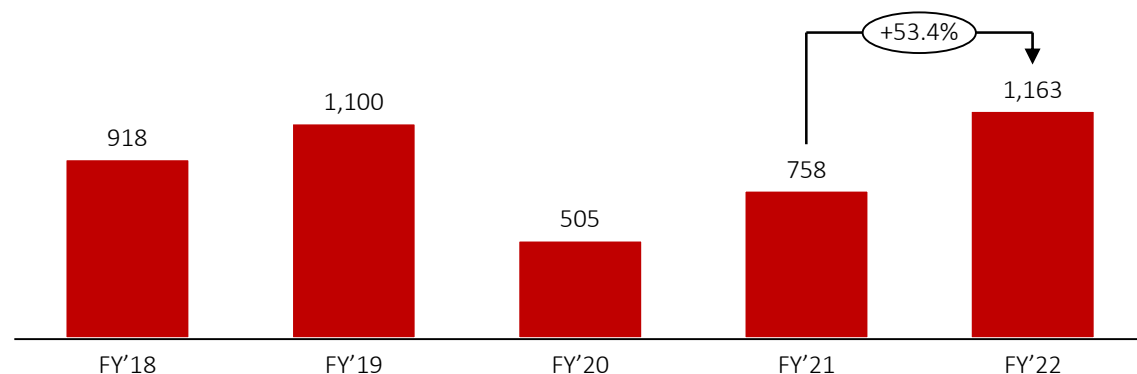
-20 bps



Income Statement

53% YoY growth in net profit driven by positive jaws and reduced provisions

Net profit (AED mn)



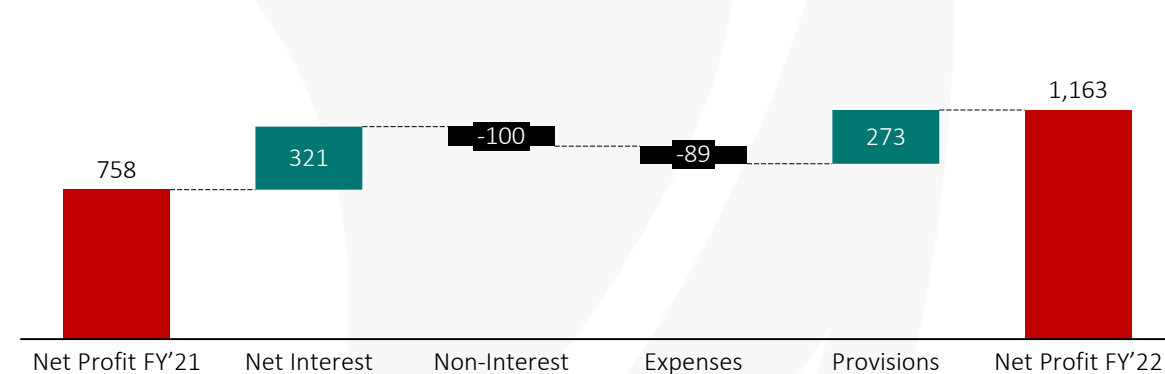
Income Statement Highlights

Income Statement (AED mn)	Quarter					Year		
	Q4'22	Q3'22	Q4'21	ΔQoQ	ΔYoY	FY'22	FY'21	ΔYoY
Net interest income	733	653	547	12.3%	34%	2,489	2,168	15%
Non-interest income	262	262	245	-0.3%	6.7%	963*	1,062	-9.4%
Total income	995	915	792	8.7%	25.5%	3,452	3,231	6.9%
Operating expenditures	(371)	(373)	(371)	0.4%	-0.1%	(1,484)	(1,396)	6.4%
Operating profit	623	542	421	14.9%	47.9%	1,968	1,835	7.2%
Provisions for impairment	(339)	(191)	(198)	-77.5%	-71.3%	(804)	(1,077)	-25.3%
Net profit	285	351	224	-19%	27.3%	1,163	758	53.4%

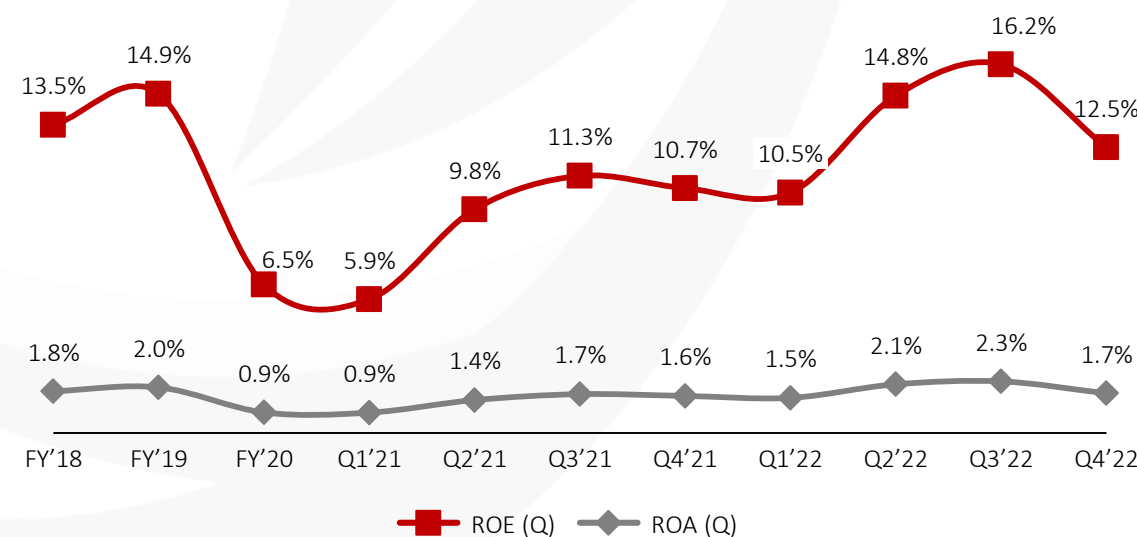
* Reduction caused by one off revenue impact due to FX movements on investments

Note: Ratios for Mar'21 onwards here are quarterly ratios that are annualized. 2021/2022 numbers have been restated for home in one in line with IAS 32

Net profit Movement YoY (AED mn)



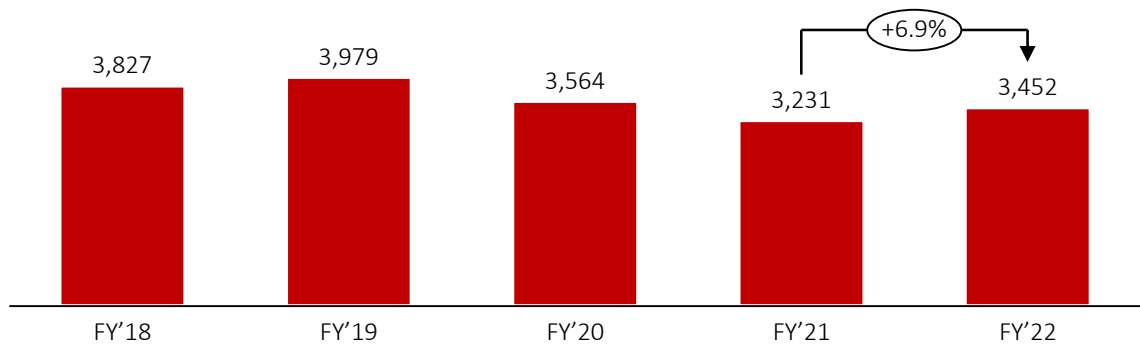
Annualized Returns – ROE & ROA



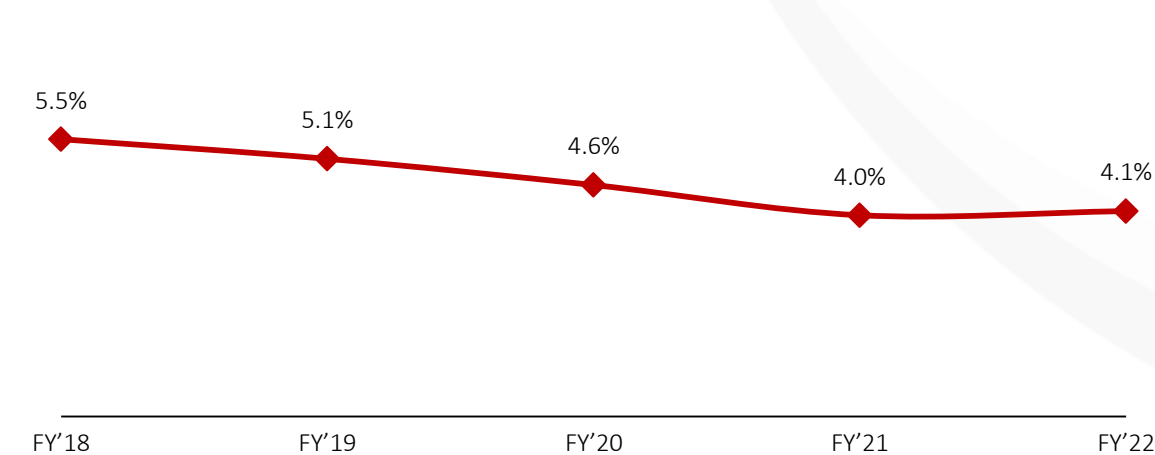
Revenue

Revenue up by 7% to AED 3,452 million driven by net interest income growth and maintaining a robust NIM

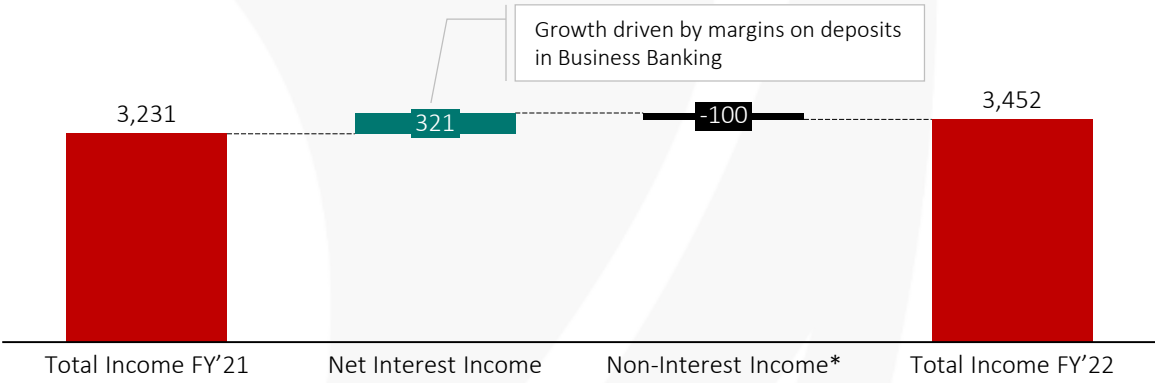
Total Income (AED mn)



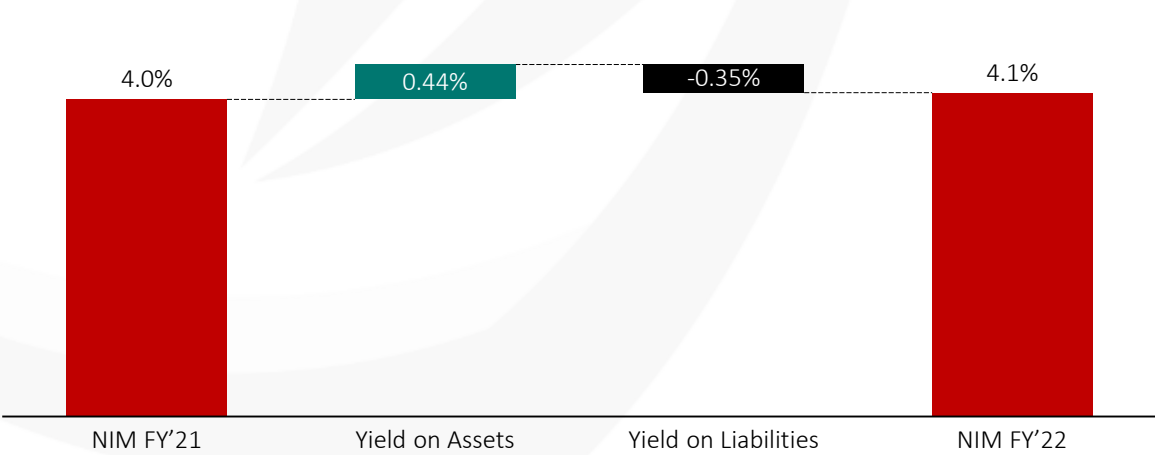
Net Interest Margin



Total Income Movement YoY (AED mn)



Net Interest Margin Movement YoY



* Reduction caused by one off revenue impact due to FX movements on investments



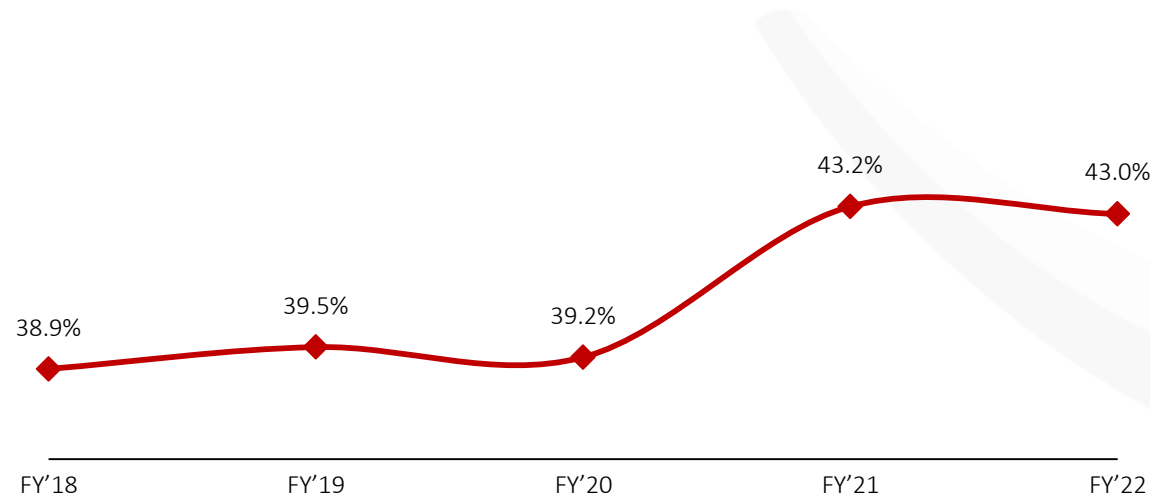
Operating Expenses

Cost to Income ratio improving supported by cost control despite inflationary pressures

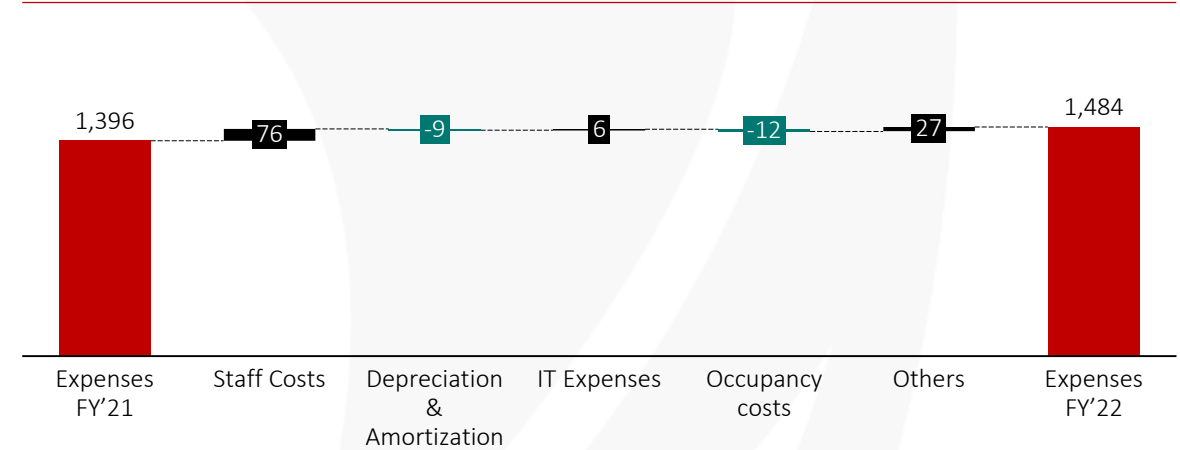
Expenses (AED mn)



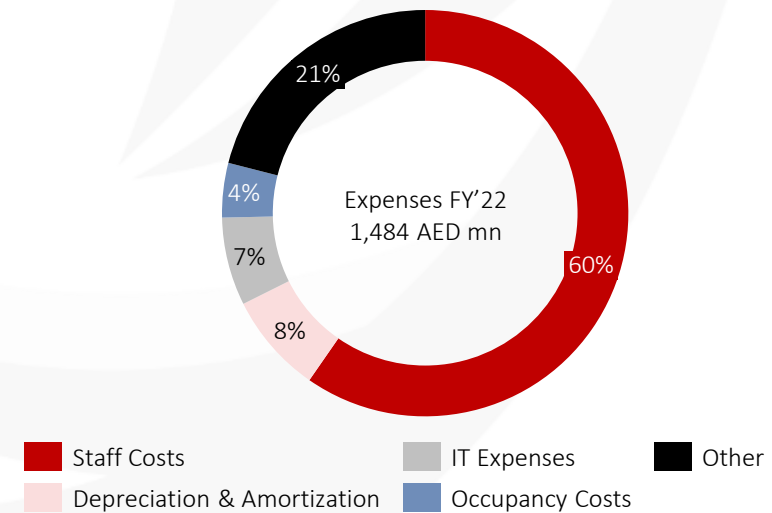
Cost to Income Ratio



Expenses Movement YoY (AED mn)



Expenses Composition

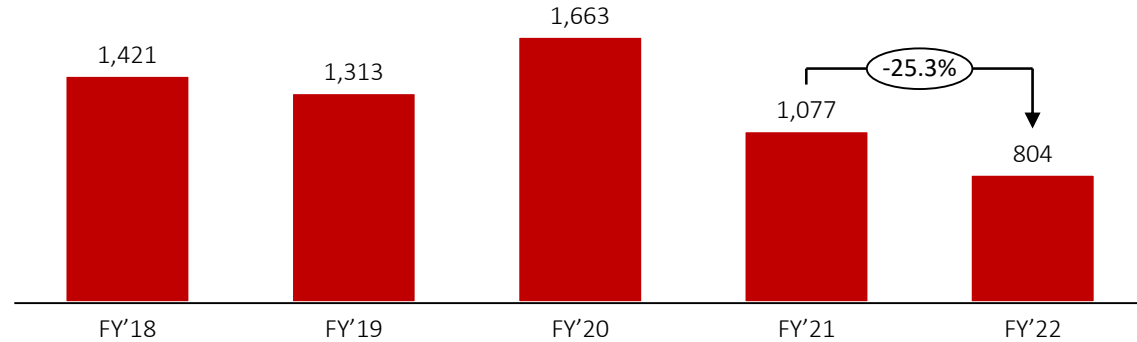




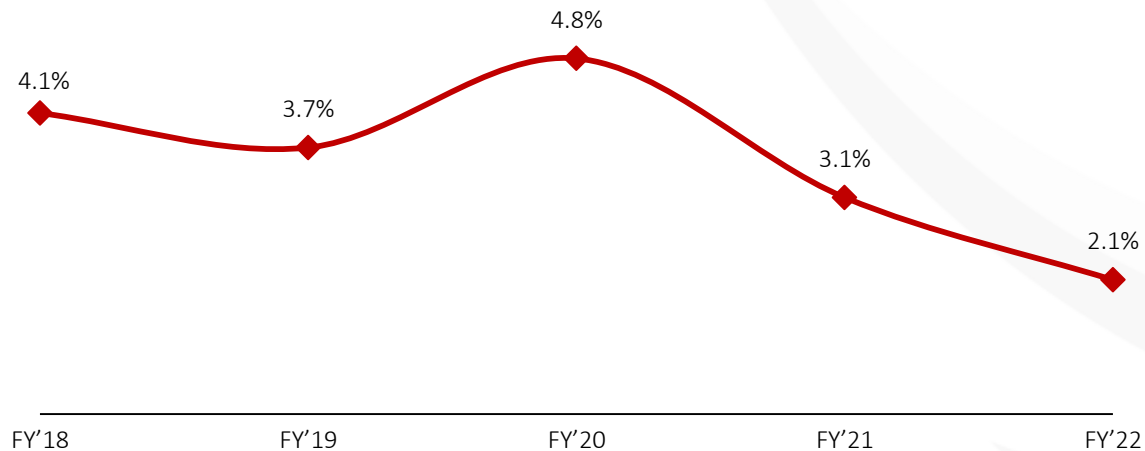
Provisions for Impairments

A 25% decline in impairments due to improved risk profile and strong UAE economic performance

Provisions for Impairments (AED mn)



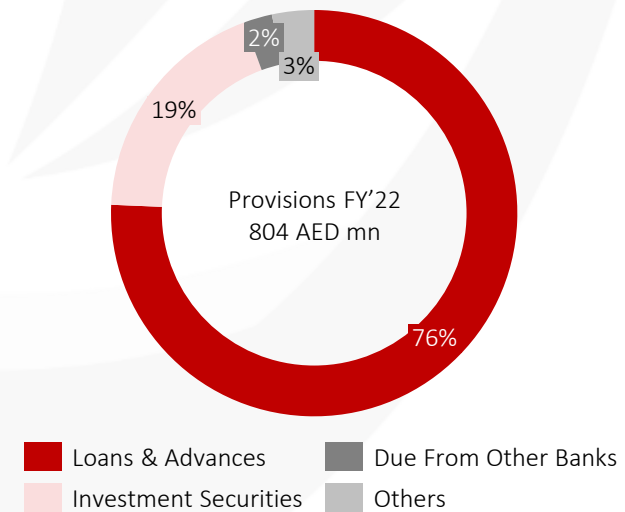
Cost of Risk



Provisions for Impairments Movement per Segment YoY (AED mn)



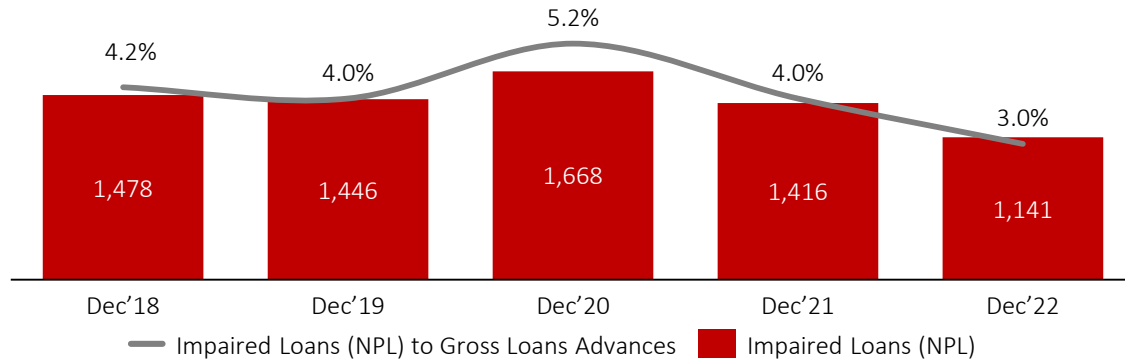
Provisions for Impairments Composition



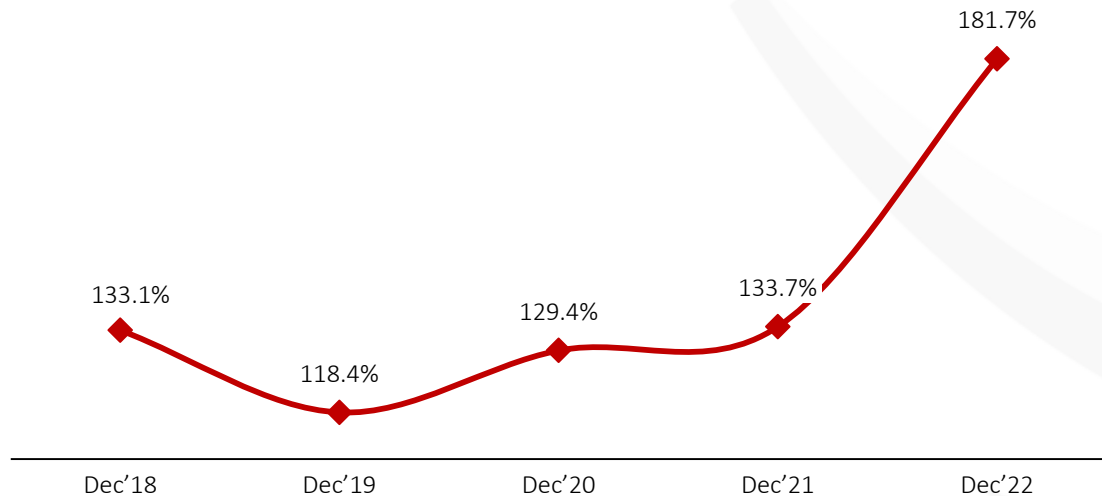
Non-Performing Finance

Significant improvement of NPL ratio and Coverage due to improved risk profile and strong UAE economic performance

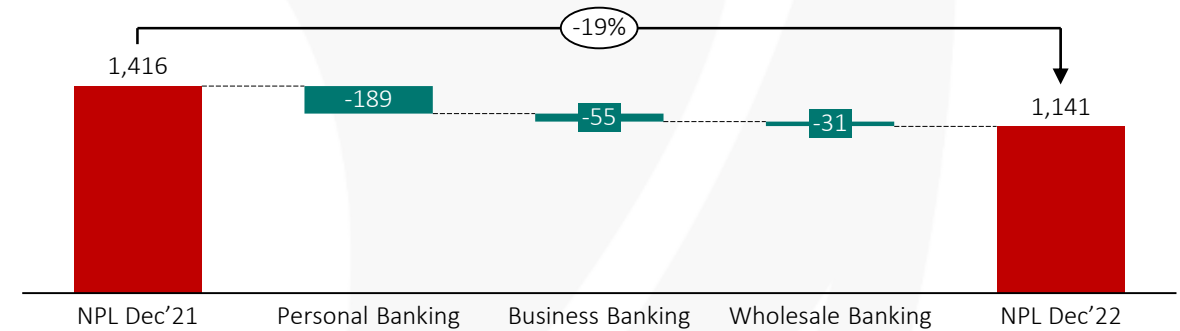
Non Performing Loans (AED mn)



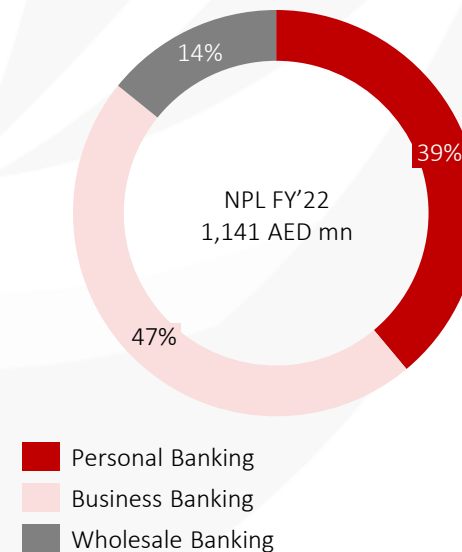
Loan Provision Coverage Ratio



Non Performing Loans Movement by Segment YoY (AED mn)



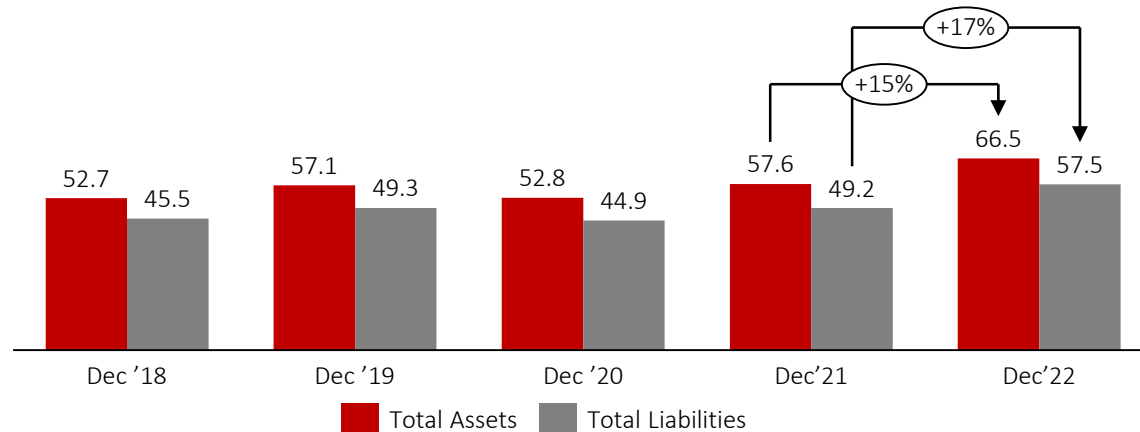
Non Performing Loans by Segment



Balance Sheet

15% broad based growth in Assets and 17% growth in Liabilities driven by customer deposits

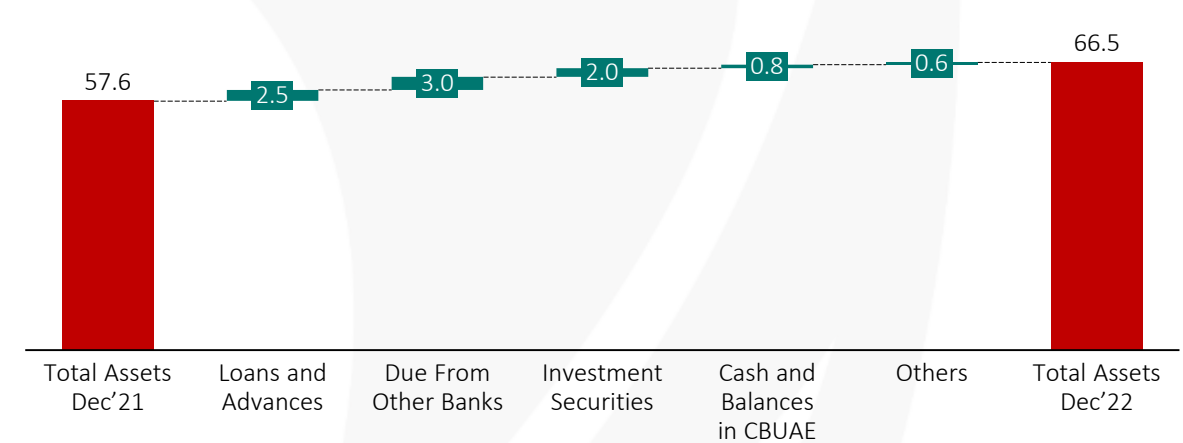
Assets and Liabilities (AED bn)



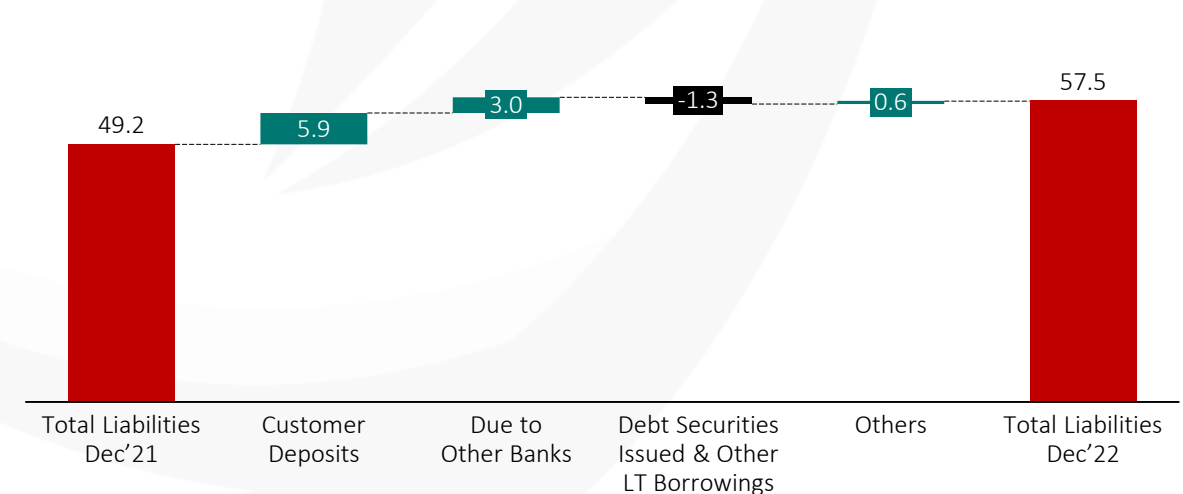
Balance Sheet Highlights

Balance Sheet (AED bn)	Dec'22	Sep'22	Dec'21	ΔQoQ	ΔYoY
Total assets	66.5	63.8	57.6	4.2%	15.5%
Gross loans & advances	38.1	36.0	35.5	6.0%	7.6%
Deposits	44.9	40.3	38.9	11.5%	15.3%
Gross business assets	47.5	46.1	42.1	3.0%	12.9%

Total Assets Movement YoY (AED bn)



Total Liabilities Movement YoY (AED bn)

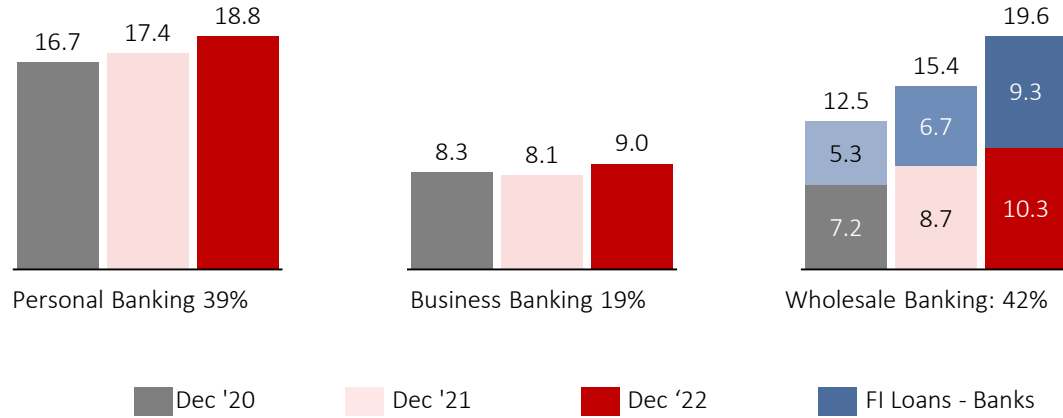




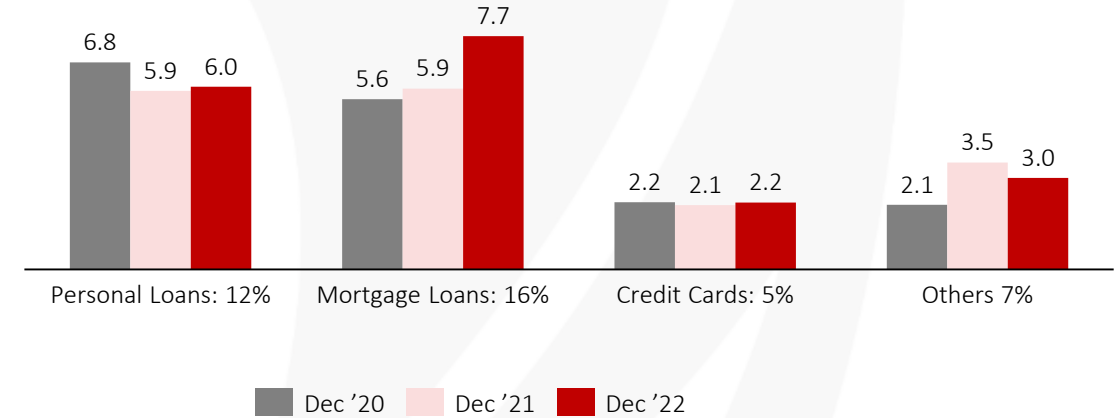
Transforming Our Asset Mix

Improving the balance of our asset mix between segments and products

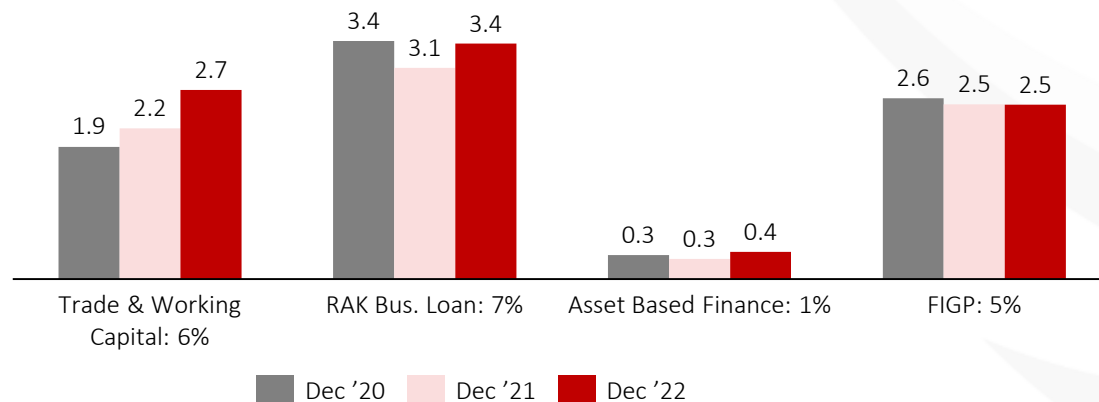
Total Business Assets by Segment (AED bn)



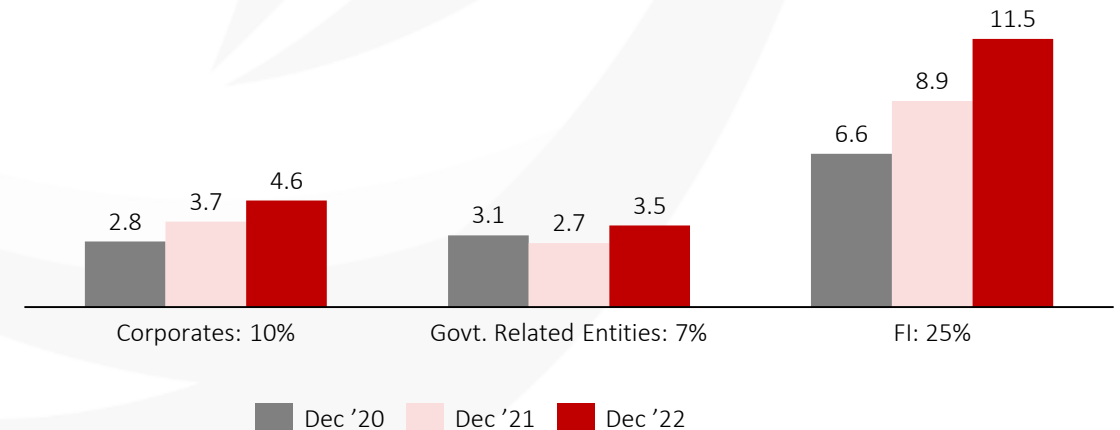
Total Business Assets – Personal Banking (AED bn)



Total Business Assets – Business Banking (AED bn)



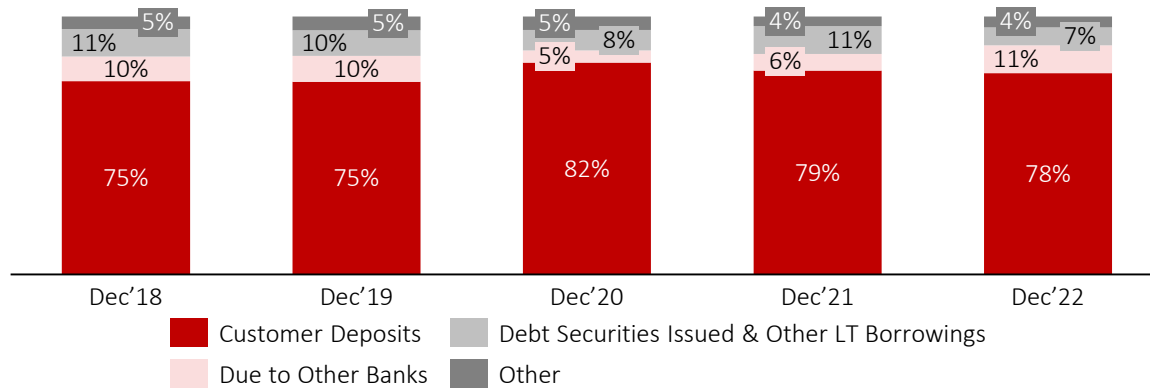
Total Business Assets – Wholesale Banking (AED bn)



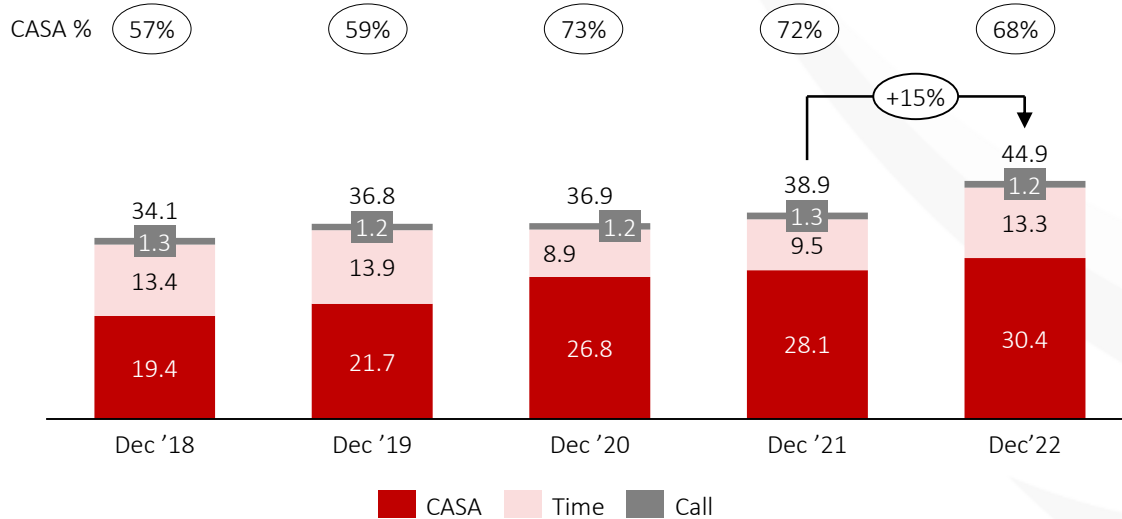
Liabilities and Customer Deposits

Deposit growth of 15% while maintaining a strong CASA contribution

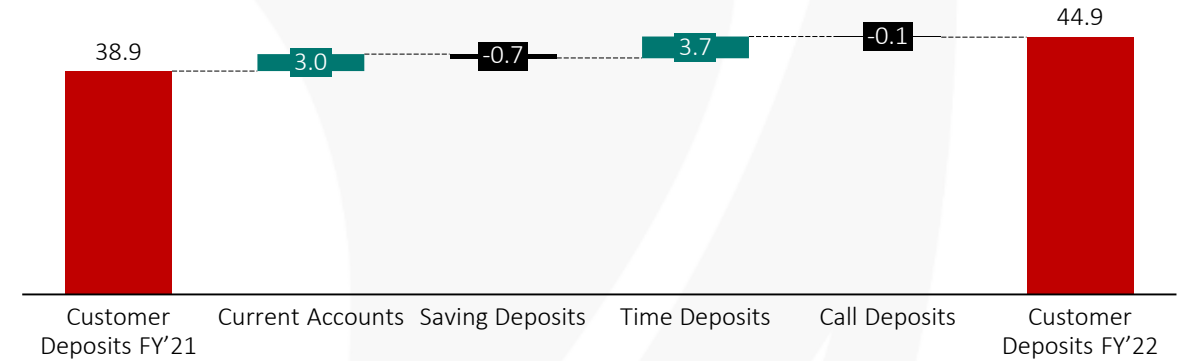
Breakdown of Total Liabilities by Type



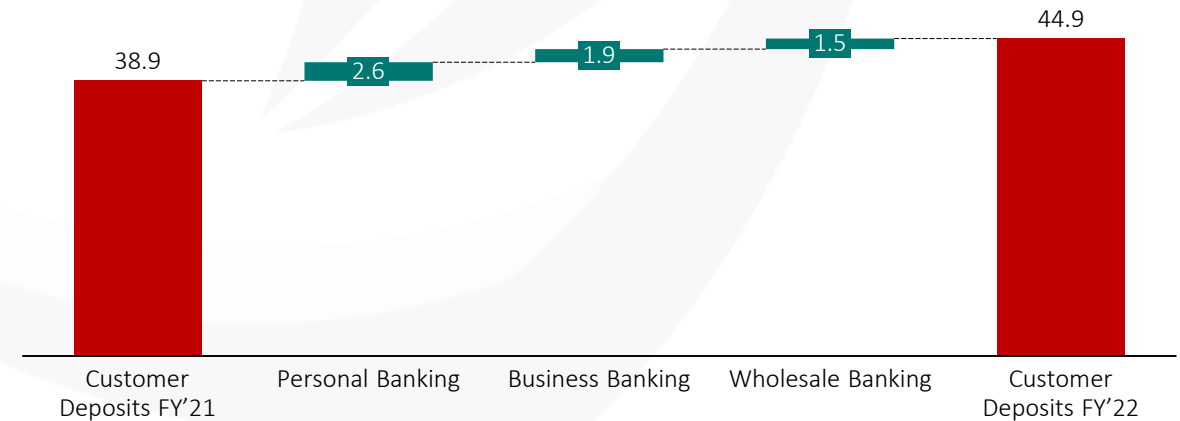
Customer Deposits by Type (AED bn)



Customer Deposits Movement YoY (AED bn)



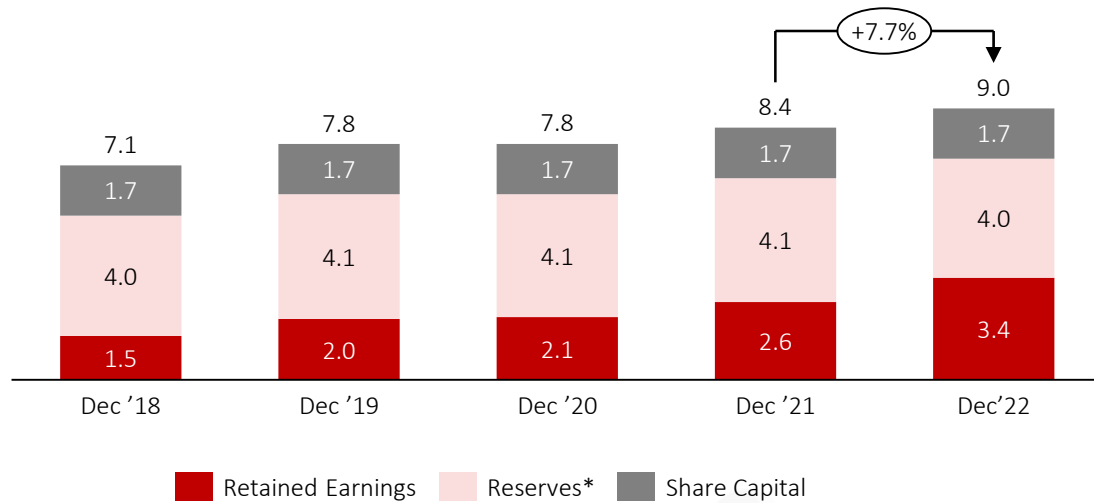
Customer Deposits Movement by Segment YoY (AED bn)



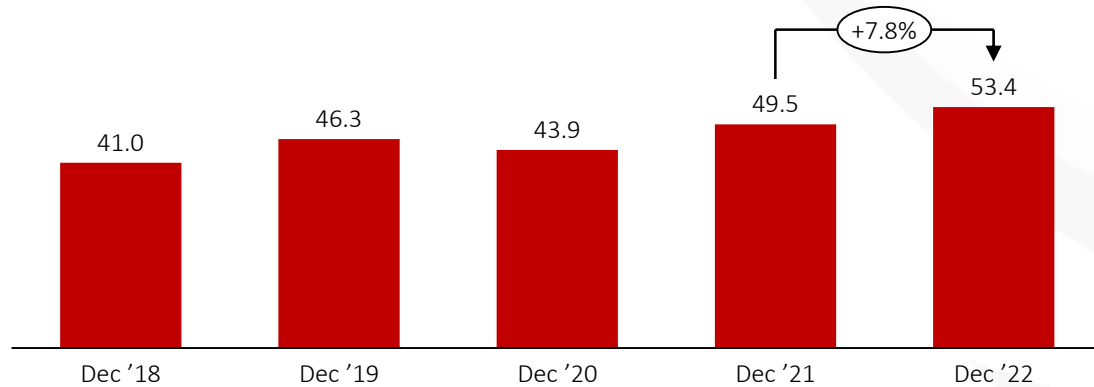
Capital

Robust capitalization well within regulatory requirements

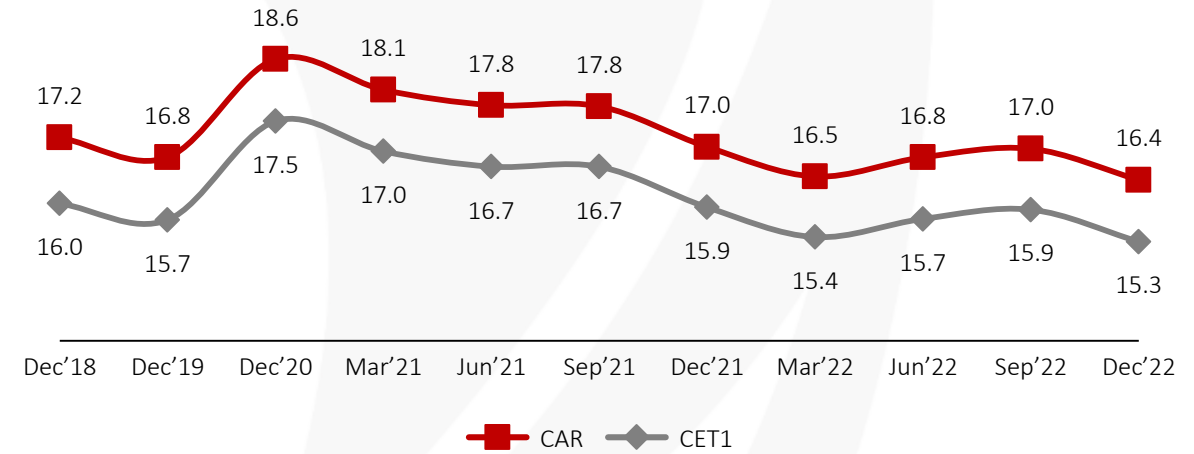
Breakdown of Equity (AED bn)



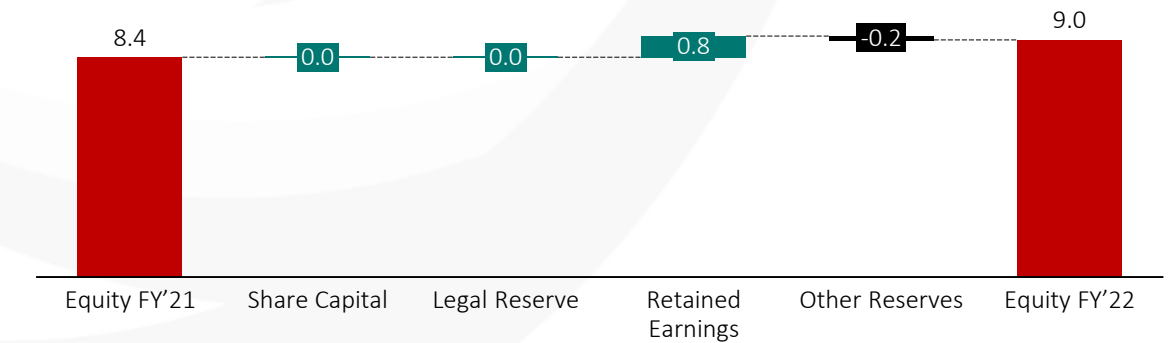
Risk Weighted Assets (AED bn)



Capitalization Ratios (%)



Capital Movement YoY (AED bn)



3. 2023 Outlook

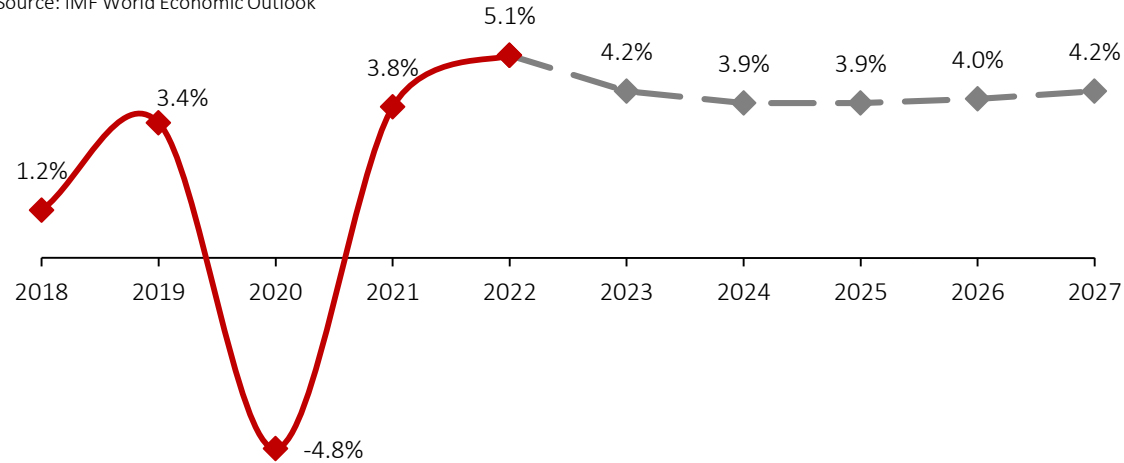


Market Outlook

The UAE economy has recovered strongly from the pandemic years with robust continued performance expected

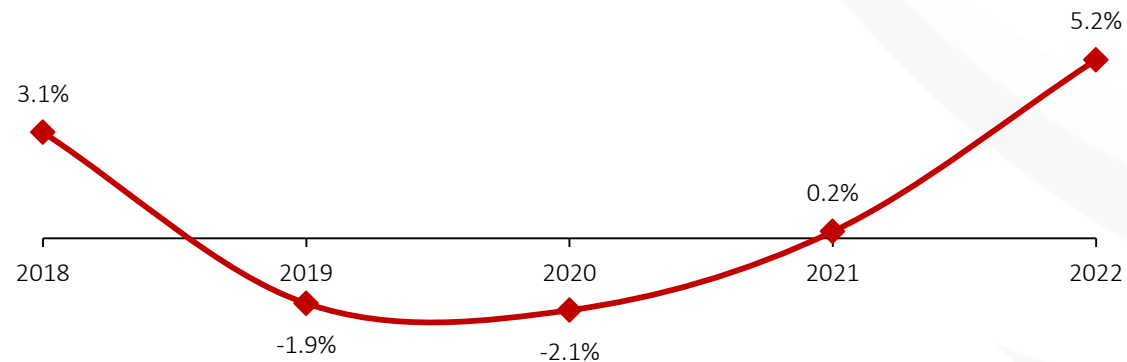
UAE GDP Growth (YoY % Change)

Source: IMF World Economic Outlook



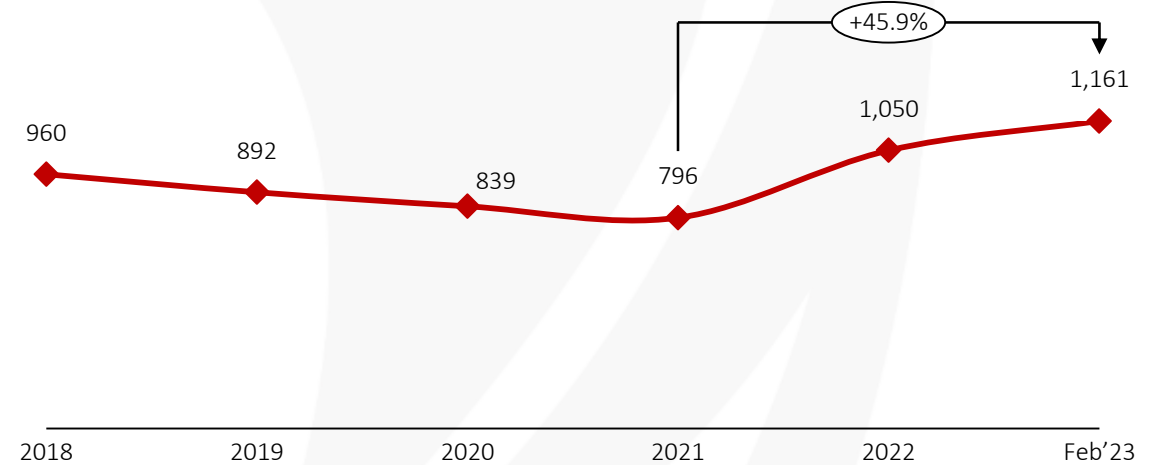
UAE Annual Inflation (YoY % Change)

Source: Statista



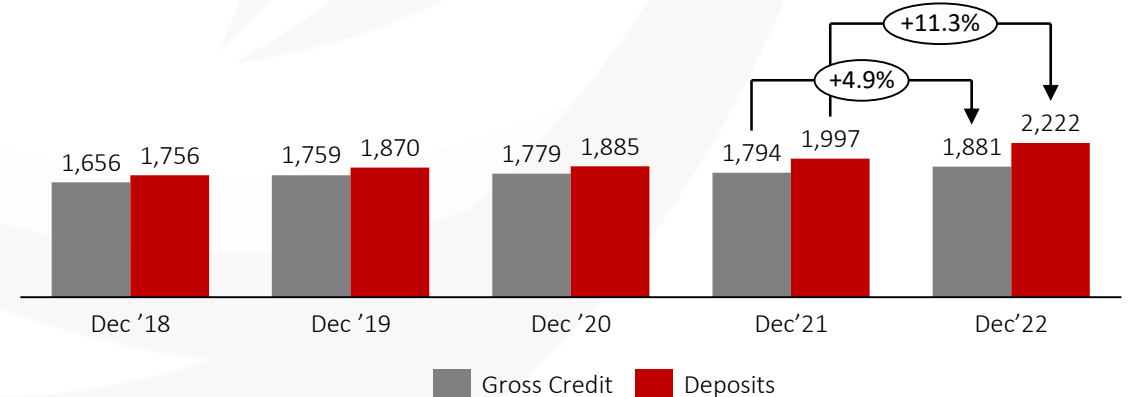
Dubai Property Price Change (Median price per sqft.)

Source: Dubai Land Department



UAE Banks' Gross Credit and Deposits (AED bn)

Source: Central Bank of UAE



4. ESG



Developing Our ESG Agenda

RAKBANK is committed to ESG with the Board approving a refreshed framework and approach during 2022

ESG Agenda Highlights

Environmental

- During 2022 the Bank has **reduced GHG Emissions by 15%, Electricity Consumption by 13% and Water Consumption by 6%**
- Announced a **partnership with Honeywell** to deliver energy efficiencies and help support the Bank's carbon reduction goals
- Continued to develop **Green Mortgage and Auto Loan Products** to support our customers and offer sustainable solutions
- Maintain **support for clients in Wholesale Banking with transition financing**

Social

- As one of the most **financially inclusive banks in MENA**, partnered with C3Pay Edenred to enable blue collar workers in the UAE to receive their salary and remit their salary back to their home countries through RAK Money Transfer; Year on Year transactions growing by 39.9%
- **Supported 840 micro-SMEs and new entrepreneurs** by financing them during 2022
- Continue to develop solutions to **support the “underbanked” population of the UAE**

Governance

- RAKBANK **aspires to achieve the highest standards of ethical conduct**, complete transparency and to comply with all laws, rules and regulations that govern the Bank's business
- RAKBANK's **Board of Directors includes seasoned professionals with significant experience** in Banking, Finance and other industries

ESG 2022 Rating



5. Our Awards



An Award Winning Franchise





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Useful Information

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