



# Investor Presentation

Q1 / 3M 2021



# Highlights

**Net profit up  
by 70.8%**  
Q1 21 v/s Q4 20

**CASA growth of  
AED 614 million**  
Q1 21 v/s Q4 20

**Operating  
expenses  
improved  
9.3%**  
Q1 21 v/s Q4 20

**Healthy CAR at  
18.1%**  
As at 31 March 2021

- Quarter driven by a revival across all our business verticals. After the anticipatory IFRS 9 provisions taken in 2020, provision for credit loss start to decline.
- During Q1'21 the Non Retail portfolio underwent a re-segmentation exercise pursuant to which, Wholesale banking portfolio, has reorganized as a result of certain clients being re-segmented to the Business Banking segment as BBG Commercial.
- Wholesale Banking portfolio has been split into 5 new sub segments namely Trade Service & Manufacturing (TSM), Diversified Corporates (DC), Ras Al Khaimah (RAK), Government Related Entities (GREs) and Multi National Companies (MNC).
- Due to this re-segmentation, the relevant comparative figures have been regrouped. (please refer to page 11 for the detailed breakdown).



# 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 307 ATMs in the UAE
- Launched Islamic Banking window – RAKIslamic – in 2013



31 March 2021

AED 6.7 b  
market cap

AED 53.2 b  
total assets

AED 36.5 b  
total  
deposits

AED 32.7 b  
loans  
& advances



# Institutional strength

## Stable credit ratings

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

## Capital adequacy

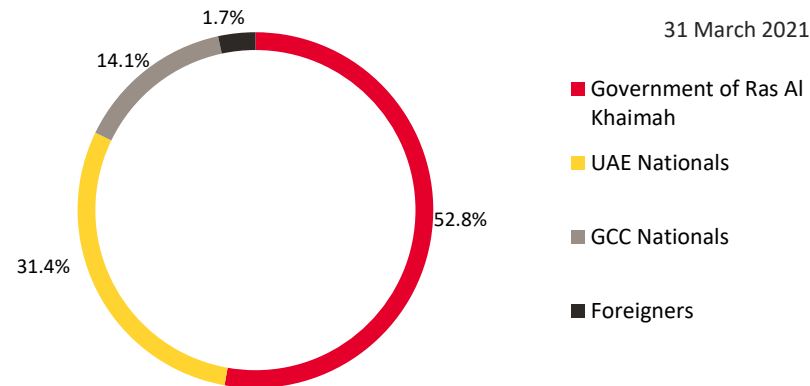
The Bank's **Total Capital Adequacy Ratio (CAR)** as at 31 March 2021 is at 18.1%. Common Equity Tier 1 is at 17.0%; and Tier 2 is at 1.1%.

## 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"> <li>• Incorporating individual customer financing, credit and debit cards and deposit facilities.</li> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• Incorporating non-individual financing and deposit services for SME customers.</li> <li>• Includes Term &amp; Working Capital (TWC), RAK Business Loan, Secured Finance, Asset Based Finance (ABF), Financing against Income Generating Property (FIGP), and Commercial.</li> <li>• RAK Business Loan for business turnover up to AED75Mn and Working Capital financing for turnover up to AED250Mn.</li> </ul>	<ul style="list-style-type: none"> <li>• Incorporating financing and deposit services for larger corporates bodies, including government and public institutions.</li> <li>• Includes Trade Service &amp; Manufacturing, Diversified Corporates, GREs, MNCs, and Financial Institutions.</li> <li>• Targeting customers with turnover above AED250Mn.</li> </ul>	<ul style="list-style-type: none"> <li>• Incorporating money market activities, investments in debt and equity securities, foreign exchange and derivatives transactions with other banks, and financial institutions.</li> <li>• Treasury is the custodian of liquidity and supports the growth of other segments.</li> </ul>	<ul style="list-style-type: none"> <li>• Incorporating all insurance related transactions of subsidiary, RAK Insurance.</li> <li>• The Bank and RAK Insurance collaborate on manufacturing and selling insurance products.</li> </ul>



# Performance



# Performance highlights

## Snapshot

(AED million)	Quarterly Results			Variance	
	Q1 '21	Q4 '20	Q1 '20	Q1 '21 vs Q4 '20	Q1 '21 vs Q1 '20
Net Interest Income	531.7	561.8	696.1	(5.4%)	(23.6%)
Non-Interest Income	269.2	245.8	305.0	9.5%	(11.8%)
<b>Total Income</b>	<b>800.9</b>	<b>807.6</b>	<b>1,001.2</b>	<b>(0.8%)</b>	<b>(20.0%)</b>
Operating Expenditures	(330.0)	(363.7)	(367.3)	9.3%	10.2%
<b>Operating Profit Before Provisions for Impairment</b>	<b>470.9</b>	<b>443.9</b>	<b>633.9</b>	<b>6.1%</b>	<b>(25.7%)</b>
Provisions for Impairment	(357.0)	(377.1)	(480.4)	5.3%	25.7%
<b>Net Profit</b>	<b>113.9</b>	<b>66.7</b>	<b>153.5</b>	<b>70.8%</b>	<b>(25.8%)</b>

## Key ratios

Ratios	Results as at			Variance	
	Mar '21	Dec '20	Mar '20	Q-o-Q	Y-o-Y
Return On Equity	5.9%*	6.5%	7.7%*	(0.6%)	(1.8%)
Return On Assets	0.9%*	0.9%	1.1%*	0.0%	(0.2%)
Net Interest Margin	4.2%*	4.6%	4.9%*	(0.4%)	(0.7%)
Cost-to-Income	41.2%	39.2%	36.7%	(2.0%)	(4.5%)
Provision Coverage Ratio	125.7%	129.4%	131.5%	(3.7%)	(5.8%)
Gross Impaired Loans Ratio	5.4%	5.2%	4.0%	(0.2%)	(1.4%)
LSRR	85.5%	80.6%	88.2%	(4.9%)	2.7%
Liquid Asset Ratio (ELAR)	10.5%	14.5%	12.8%	(4.0%)	(2.3%)
Total CAR Basel III	18.1%**	18.6%**	16.4%**	(0.5%)	(1.7%)

## Balance sheet highlights

(AED billion)	Results as at			Variance	
	Mar '21	Dec '20	Mar '20	Q-o-Q	Y-o-Y
Total Assets	53.2	52.8	59.8	0.9%	(10.9%)
Gross Loans & Advances	32.7	32.2	36.2	1.7%	(9.6%)
Deposits	36.5	36.9	37.8	(1.3%)	(3.5%)
Gross Customers Assets	39.1	37.5	42.5	4.2%	(8.1%)

\*Annualized

\*\* Post prudential filter

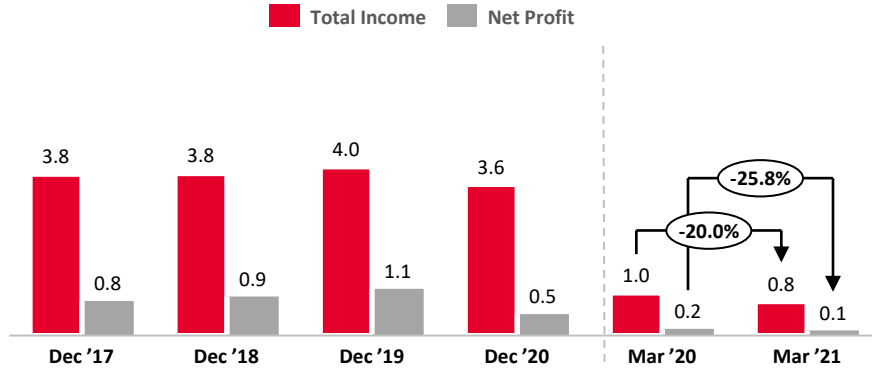
Numbers may not add up due to rounding



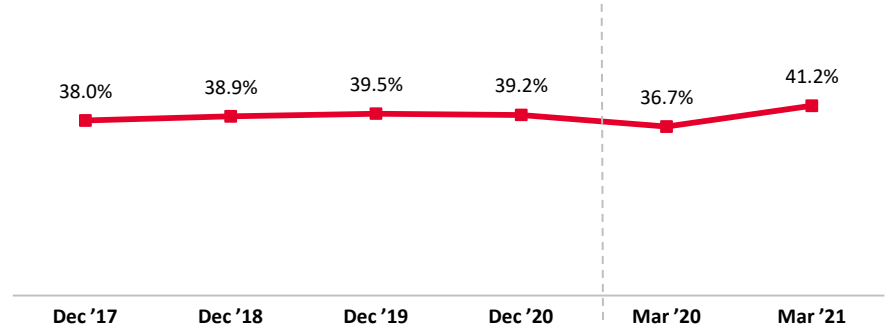


# Profitability

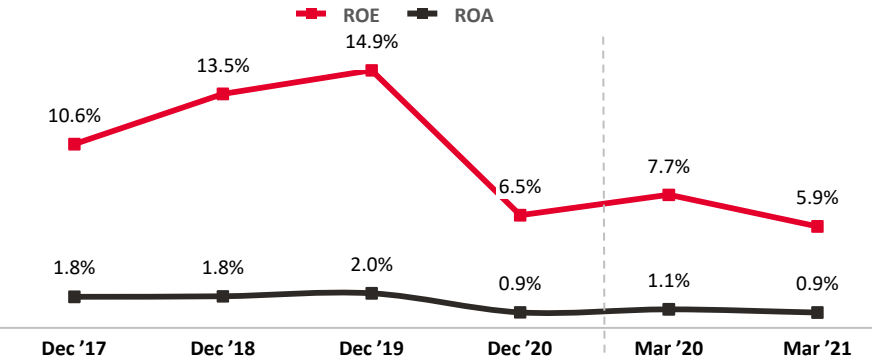
Profitability (AED billion)



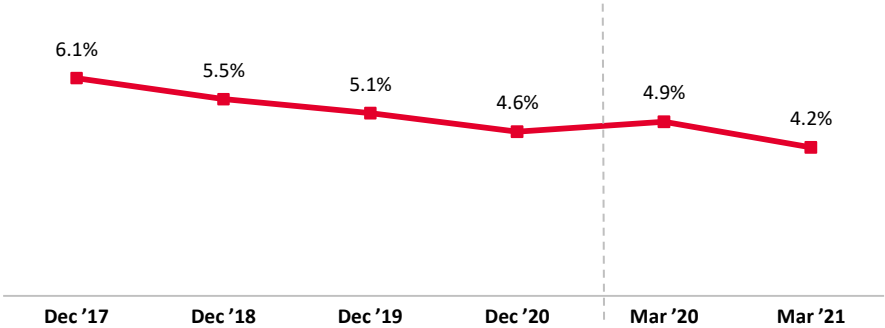
Cost-to-income ratio



Annualized returns



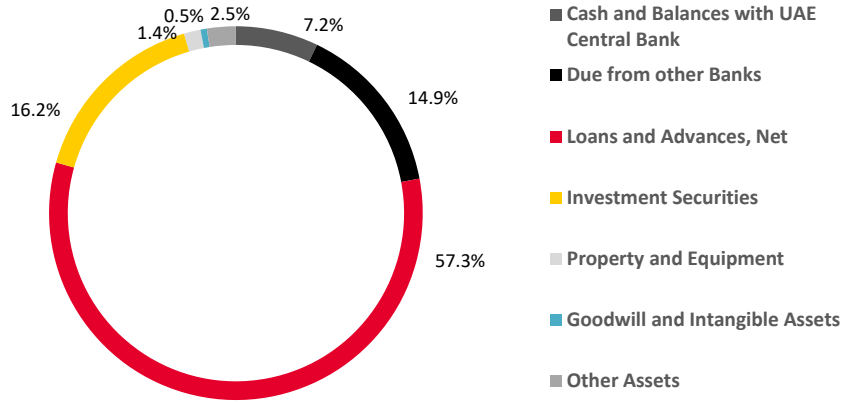
Net interest margin



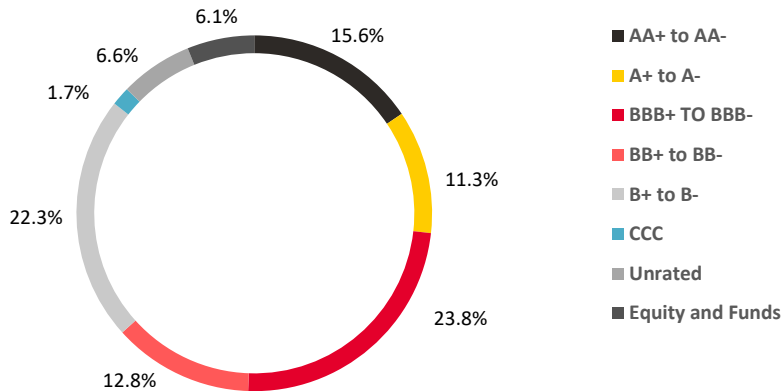


# Balance sheet summary

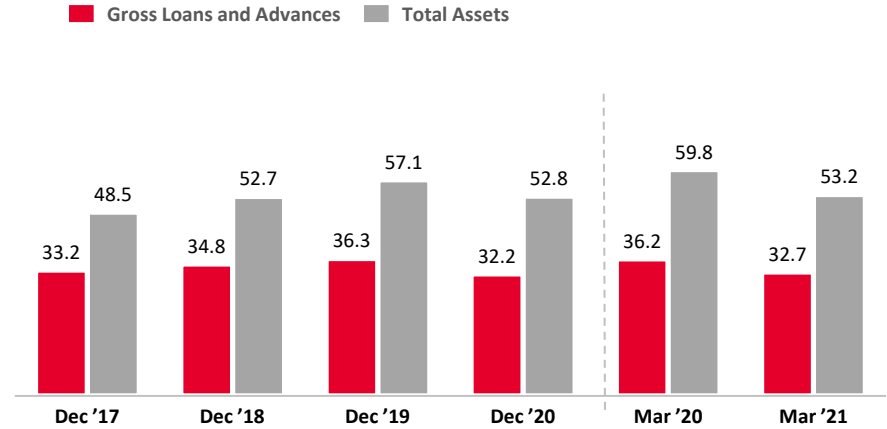
## Breakdown of assets by type



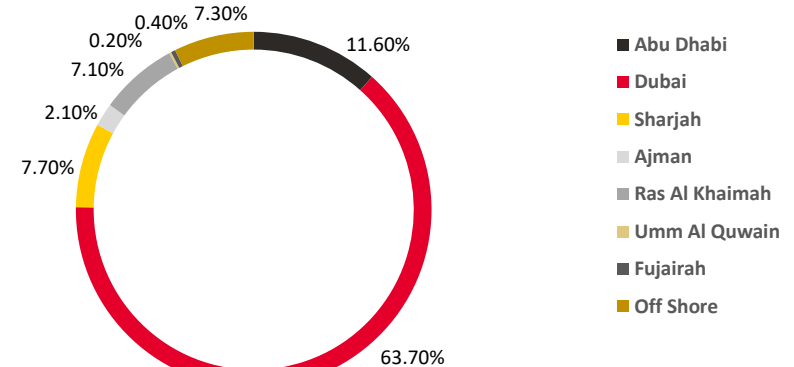
## Analysis of investment securities



## Assets and gross loans & advances (AED billion)



## Loans by geography, by value

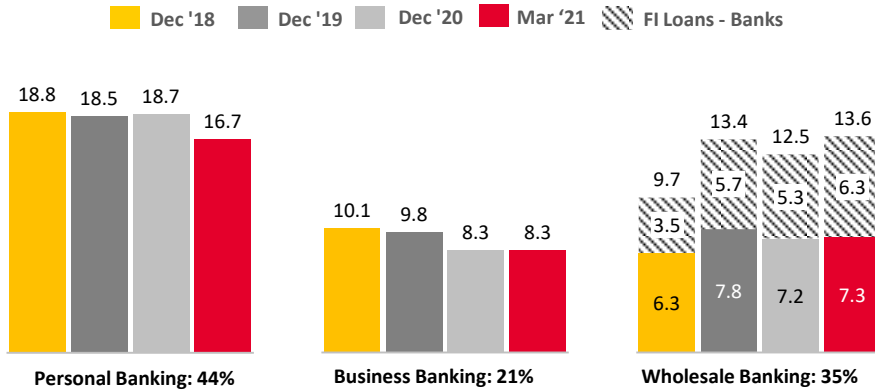


Numbers may not add up due to rounding

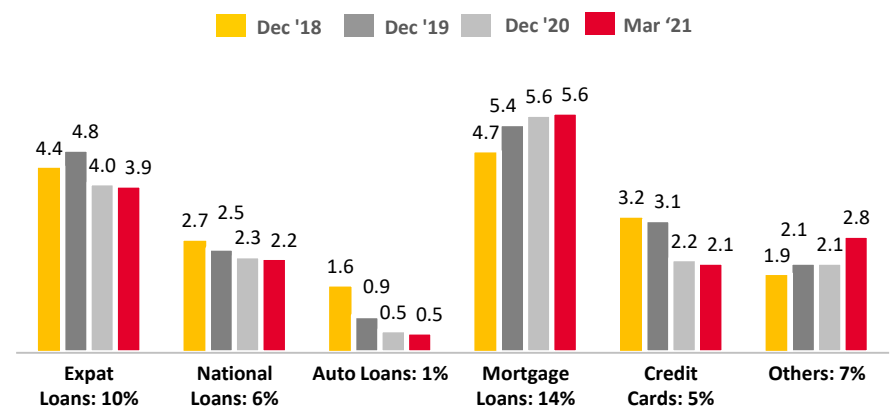


# Customer assets mix

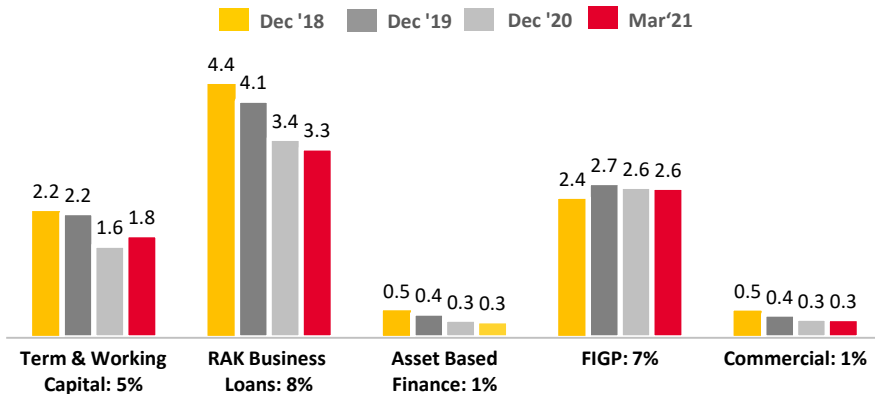
**Total customer assets by segment (AED billion)**



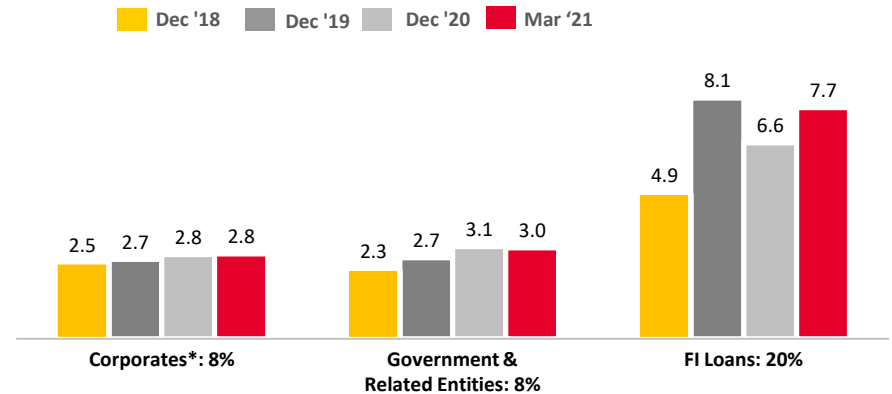
**Total customer assets – personal banking (AED billion)**



**Total customer assets business banking (AED billion)**



**Total customer assets – wholesale banking (AED billion)**



\*Corporates include: Trade Service & Manufacturing, Diversified Corporates, Ras Al Khaimah, and Multinational Companies

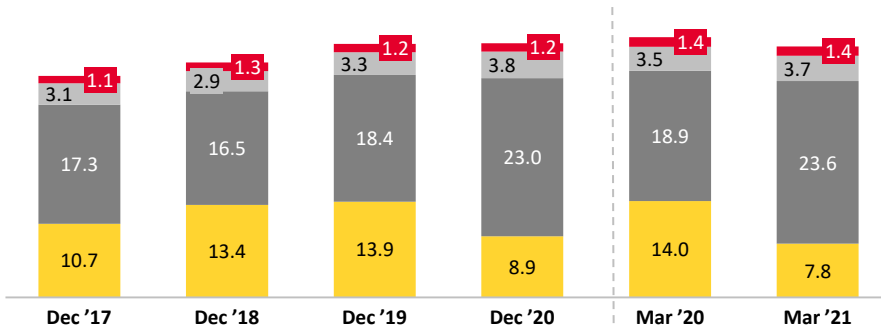
Numbers may not add up due to rounding



# Liabilities

## Customer deposits (AED billion)

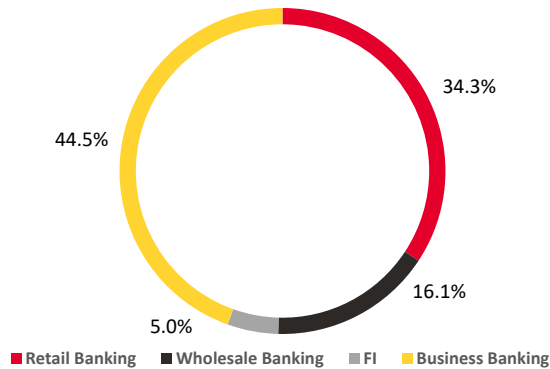
■ Call ■ Savings ■ Current ■ Time



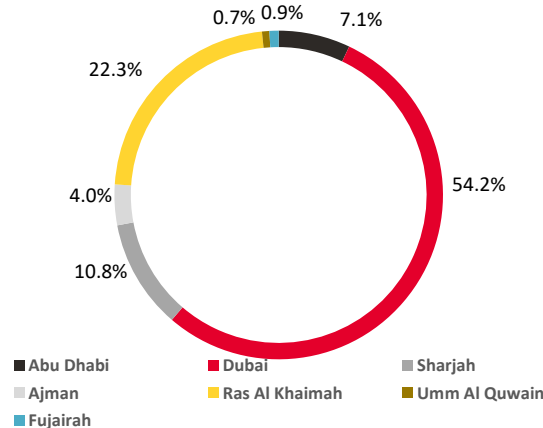
## Notes

- Customer deposits declined by AED 465.0 million to AED 36.5 billion compared to 31 December 2020 mainly due to decrease of AED 1.1 billion in time deposits which was partly off-set by AED 613.5 million increase in CASA deposits.

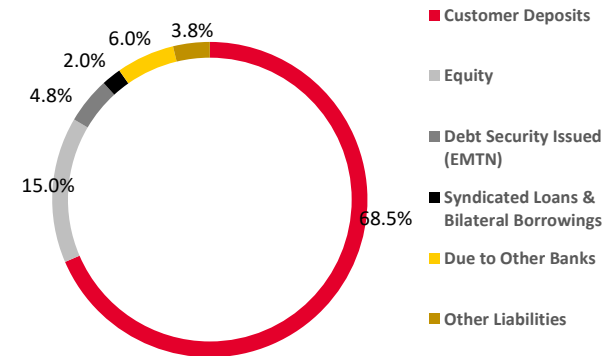
## Deposits value by segment



## Customers deposits by geography by value



## Liabilities mix

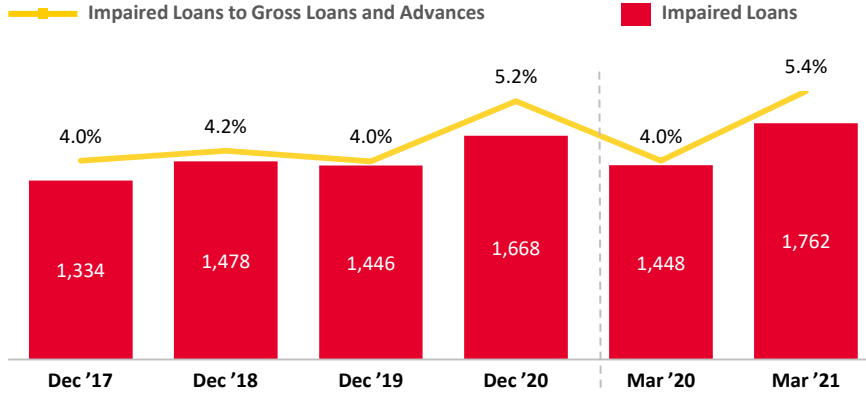


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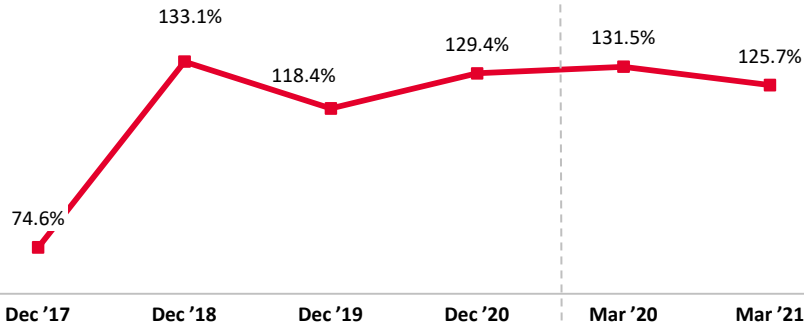


# Asset quality

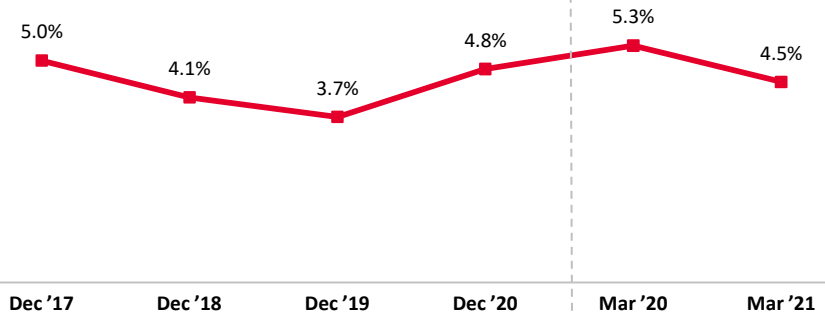
## Non-performing loans (AED million)



## Provision coverage ratio



## Cost of risk



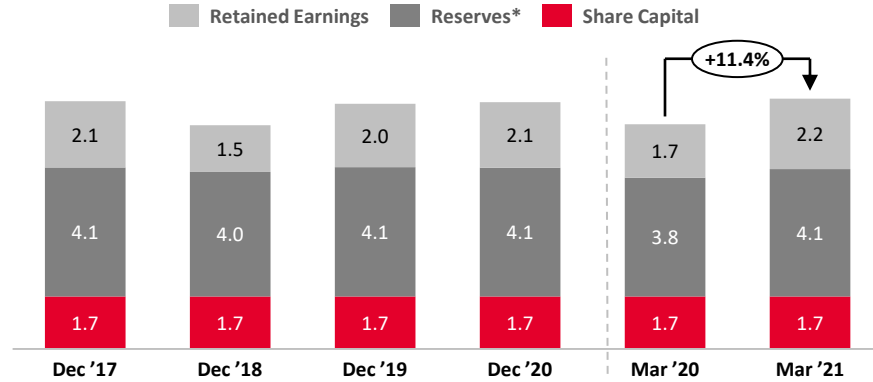
## Notes

- The ratio of non-performing loans over gross loans and advances increased to 5.4% compared to 4.0% as at 31 March 2020 and net credit losses to average loans and advances closed at 4.5% which is lower than 5.3% in 2020, due to higher IFRS9 provisions.
- The Bank is well provisioned against loan losses with a loan loss coverage ratio of 125.7%.
- Increase in provision coverage ratio starting 2018 is due to additional provisions taken as a result of the implementation of IFRS9 as of 1 January 2018.



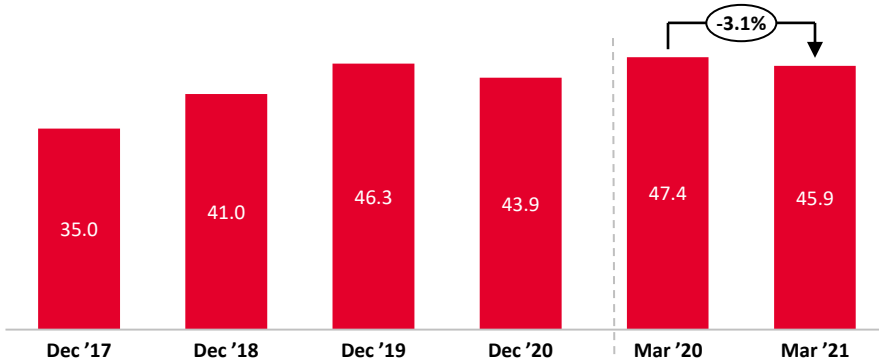
# Capitalization

## Equity breakdown (AED billion)



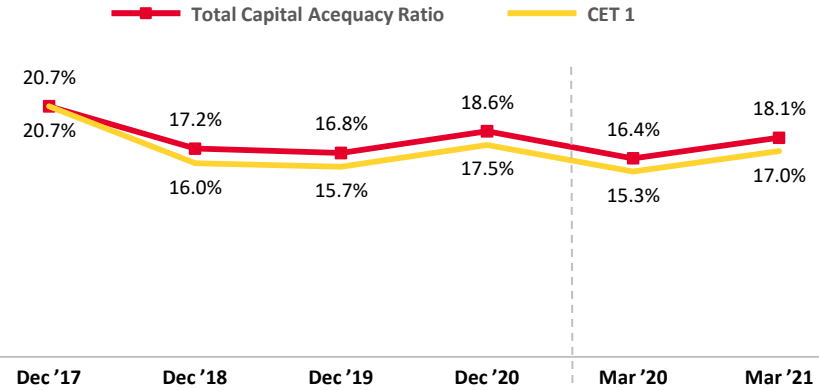
\* Reserves include minority interest.

## Risk weighted assets (AED billion)



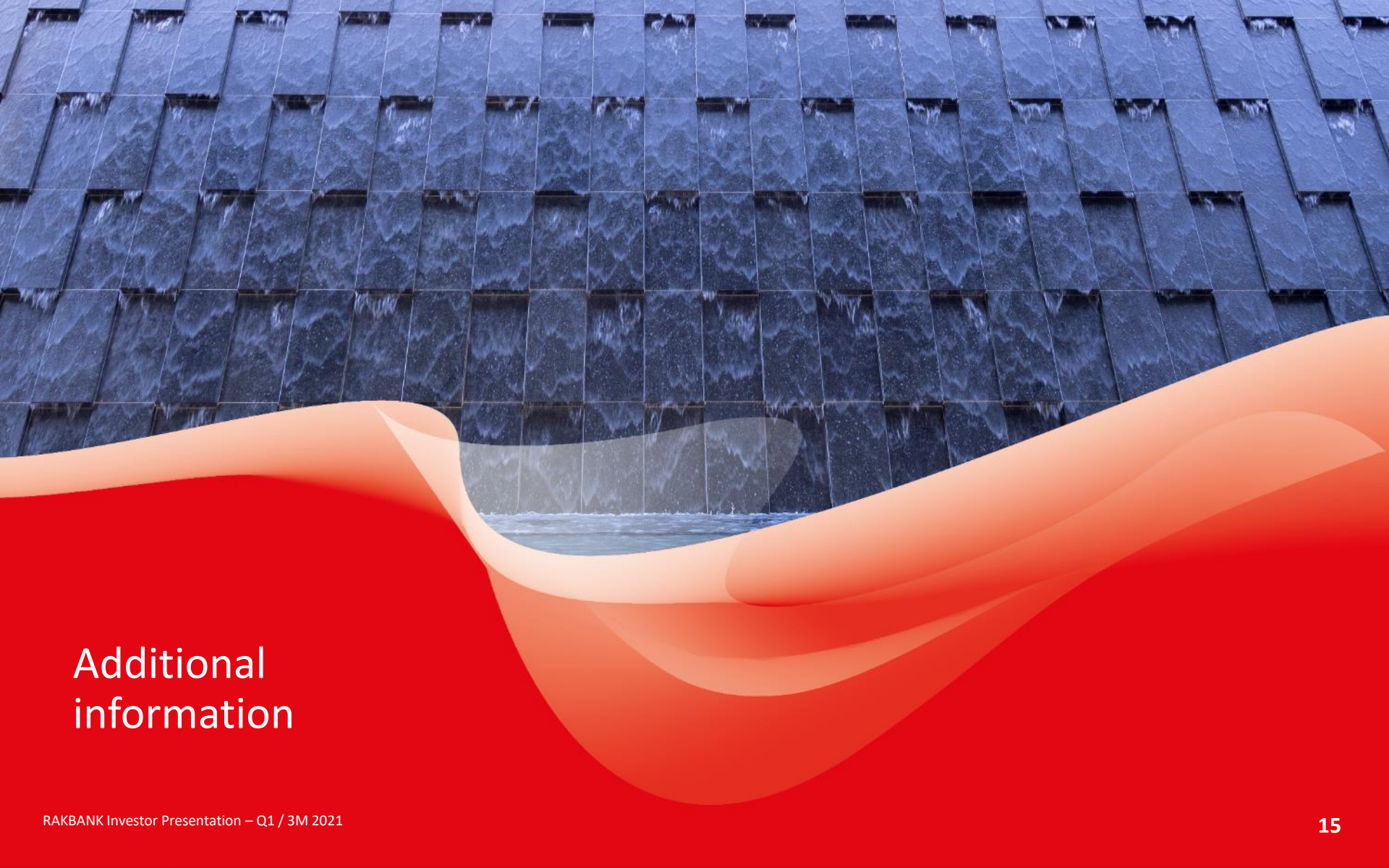
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## Total capital adequacy ratio (CAR)



## Notes

- Total Capital Adequacy Ratio (CAR) as at 31 March 2021 is at 18.1%; Common Equity Tier 1 is at 17.0%; and Tier 2 is at 1.1%.



## Additional information



# Senior leadership

## Board of directors

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

<b>Peter England</b> Chief Executive Officer	<b>Dhiraj Kunwar</b> MD, Business Banking
<b>Deepak Majithia</b> Chief Financial Officer	<b>Rahul Oberoi</b> MD, Wholesale Banking
<b>K.S. Ramakrishnan</b> Chief Risk Officer	<b>Vikas Suri</b> MD, Treasury
<b>Mahadevan Radhakanthan</b> Chief Credit Officer	<b>Jean Pierre Le Roux</b> MD, Financial Institutions Group & International
<b>Nicola Jane Thompson</b> Chief Internal Auditor	<b>Ahmed Yousef</b> Chief HR Officer
<b>Venkat Raghavan</b> Chief Compliance Officer	<b>Abdul Karim Juma</b> Director, Islamic Banking
<b>Frederic De Melker</b> MD, Personal Banking	<b>Saleh Ali Saleh</b> Director, RAK Business





# Recognition

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

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## Useful information

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