



Q1 2023 Earnings Presentation

May 2023



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1. Key Highlights





Q1 2023 – Key Highlights

Record quarterly results with a net profit of AED 450 Mn, up 105% from last year

- **105% YoY increase in net income to AED 450 million** in Q1 2023 driven by a robust and diversified growth on both sides of the balance sheet. This was underpinned by strong sales momentum and lower cost of funds
- **Revenue up 48% to AED 1,073 million** supported by strong net interest income of AED 788.8M, up 46% YoY
- **Cost-income ratio improved 15 percentage points to 36.2%** in Q1 2023
- **15% YoY asset growth** while maintaining a balanced asset mix (40% Personal Banking, 19% Business Banking and 41% Wholesale banking)
- **16% YoY deposits growth** with CASA representing 70% of total deposits from customers
- **Delivered strong shareholder returns** with ROE of 19.4% and ROA of 2.8%
- **Remained highly liquid and well capitalized** with CAR at 16.8%. The regulatory eligible liquid asset ratio at 14.8%, compared to 12.8% as at 31 December 2022

2. RAKBANK Strategy



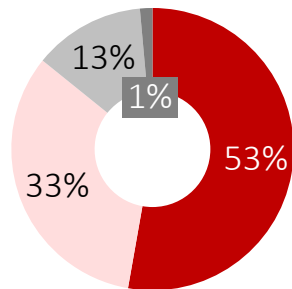


RAKBANK - A Leading UAE Bank

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

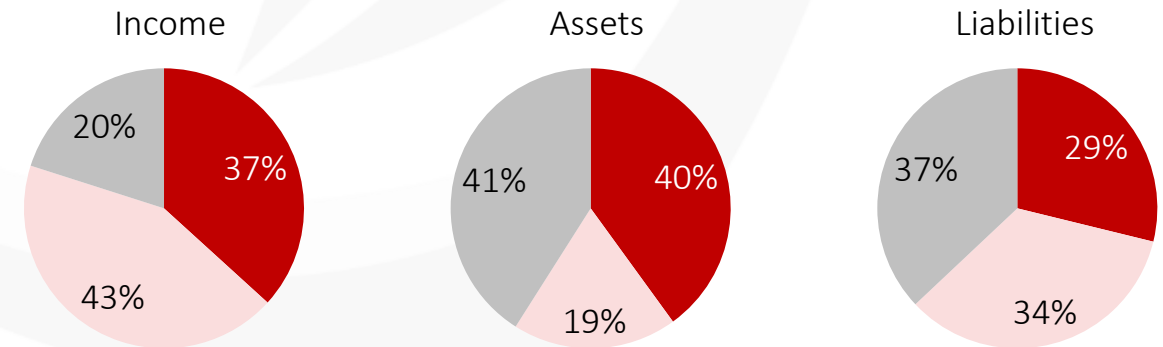


■ Govt. of Ras Al Khaimah
 ■ Other UAE Nationals
 ■ GCC Nationals
 ■ Others

Strong and Stable Credit Ratings

Rating Agency	Last Update	Ratings	Outlook
Moody's	November 2022	Baa1 / P-2	Stable
Fitch	April 2023	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

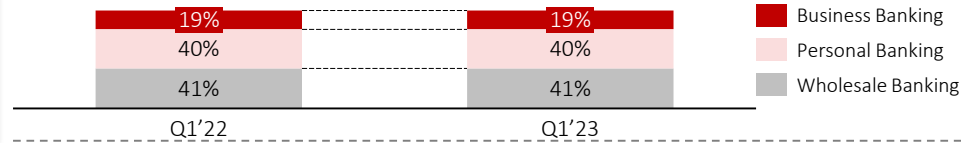
Deliver Scalable Growth through Digitization and Automation

Invest in Our People

Ongoing Commitment to our Community and ESG

We are maintaining a diversified asset mix...

Total Business Assets by Segment

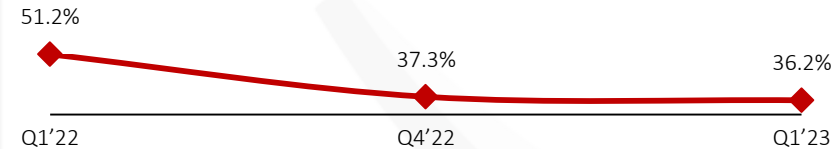


We are enhancing our customer journeys with hyper-personalization...

- Improved the digital onboarding journey for Personal Accounts and Credit Cards
- Setup an SME Digital Bank squad
- Run AI hackathon to identify and implement data use cases

We are becoming more scalable...

Cost to Income ratio



We are developing and diversifying our workforce...

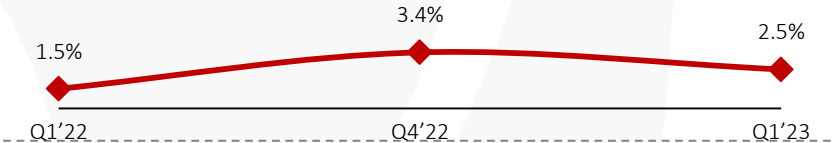
- Begun workplace modernization program including revamped physical workplace and new hardware and software solutions
- Increased nationality diversity by 5% reaching 59 nationalities and female senior managers reached 20%

We continue to support our community...

- As part of our commitment initiated by the RAKBANK Sustainability Council, we took part in the Clean UAE campaign with 60 colleagues volunteers
- Introduced custom-made facilities and flexibilities for working mothers

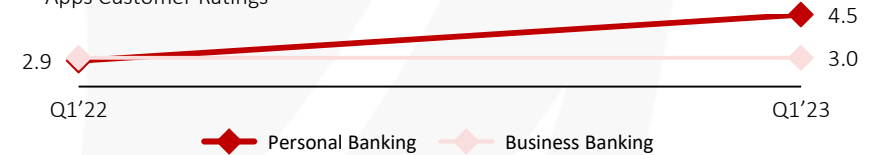
...And reducing our risk profile

Cost of Risk



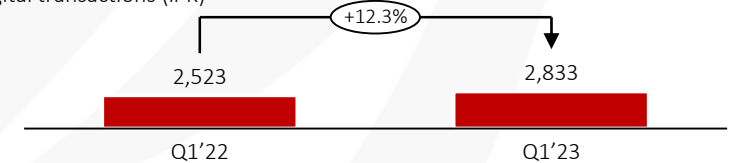
...And improving our customer feedback

Apps Customer Ratings



...And driving digitization

Digital transactions (# K)



...And improving their satisfaction

+3% employee satisfaction score increase

...And reduce our carbon footprint

- Direct electricity consumption reduced by 11% YoY
- Water consumption reduced by 12% YoY
- Actively engaged with RAK Government on COP28 submissions

3. Financial Performance



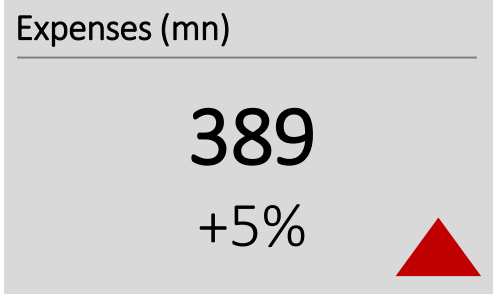
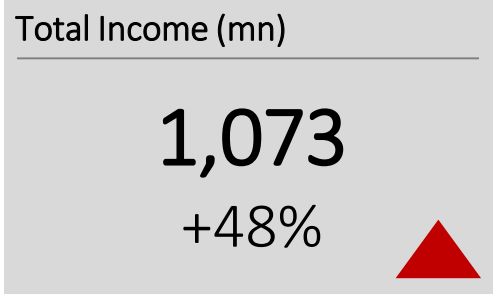


Q1 2023 Key Highlights

We have more than doubled our quarterly Net Profit at AED 450M for Q1'23

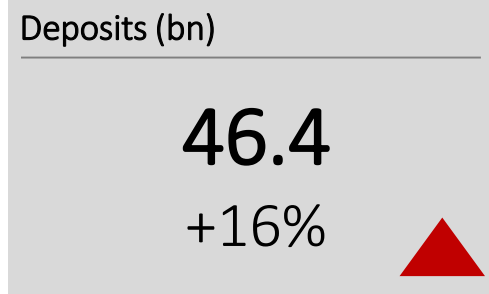
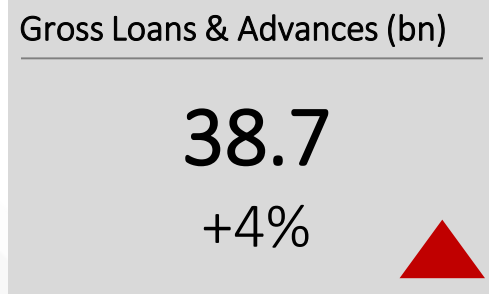
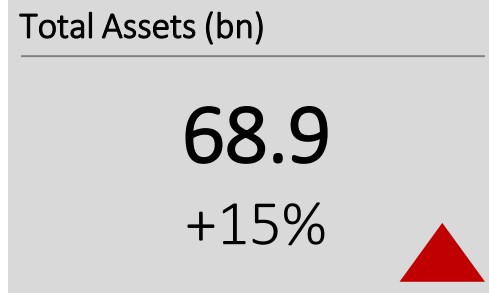
Strong Growth in Profitability

YoY %



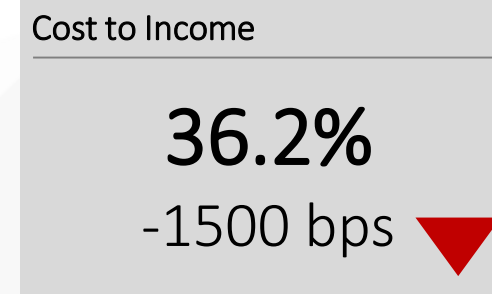
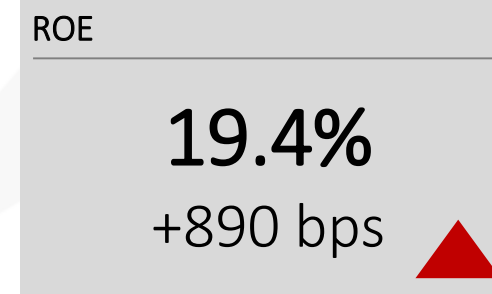
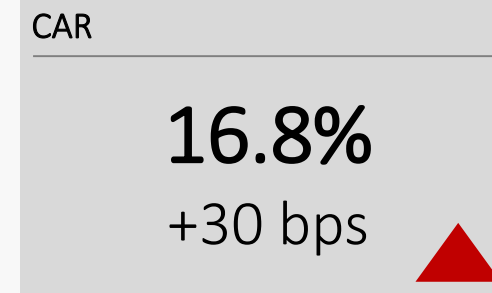
Solid Balance Sheet Growth

YoY %



Robust Capital Position and Strong Return

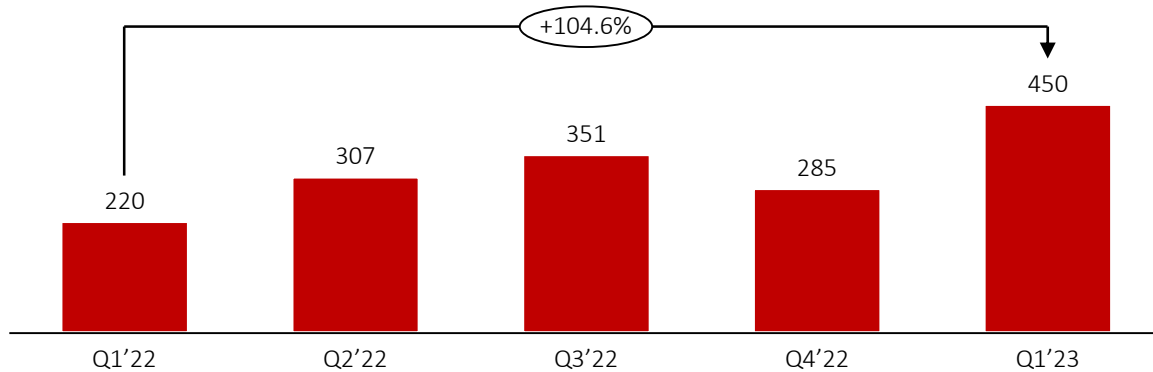
YoY %



Income Statement

RAKBANK delivered a Net Profit increase of 105% for Q1 2023 on the back of strong net interest and fee income growth

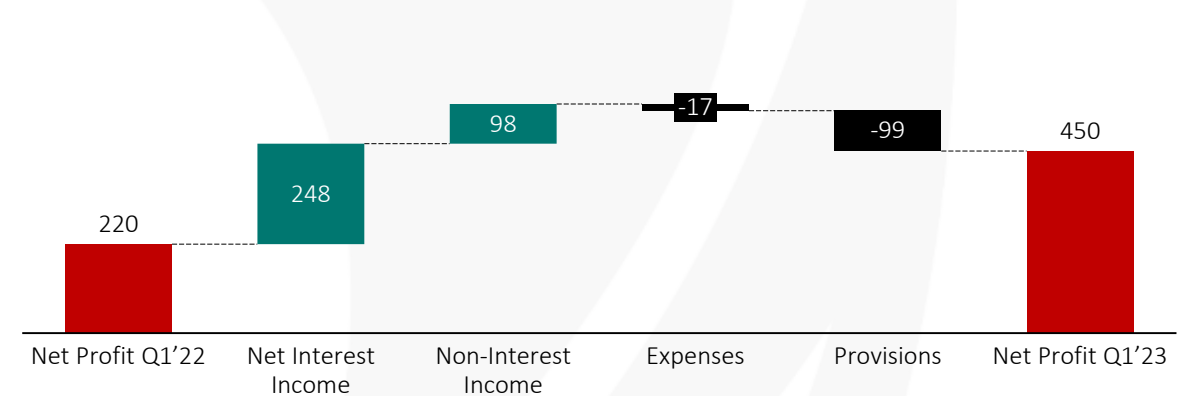
Net profit (AED mn)



Income Statement Highlights

Income Statement (AED mn)	Quarter				
	Q1'23	Q4'22	Q1'22	ΔYoY	ΔQoQ
Net interest income	788.8	733.1	540.4	46.0%	7.6%
Non-interest income	284.4	261.6	186.5	52.5%	8.7%
Total income	1,073.2	994.8	726.9	47.6%	7.9%
Operating expenditures	(389.0)	(371.4)	(372.4)	(4.5%)	(4.7%)
Operating profit	684.2	623.3	354.6	93.0%	9.8%
Provisions for impairment	(233.9)	(338.7)	(134.5)	(73.9%)	30.9%
Net profit	450.3	284.6	220.1	104.6%	58.2%

Net profit Movement YoY (AED mn)



Net profit Movement by Segment YoY (AED mn)

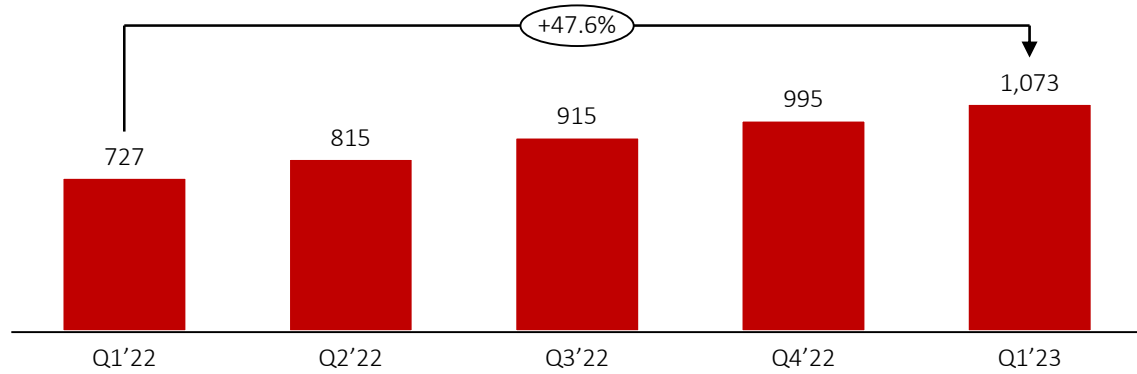




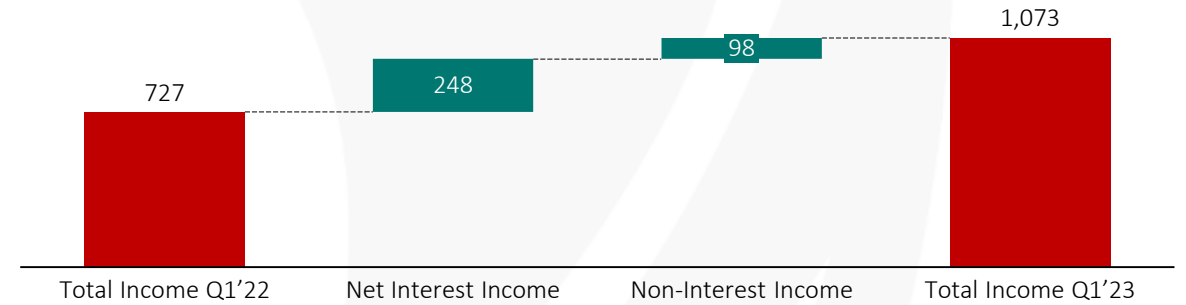
Revenue

Revenue up 48% to AED 1,073 million through strong NIM performance and growth in all segments

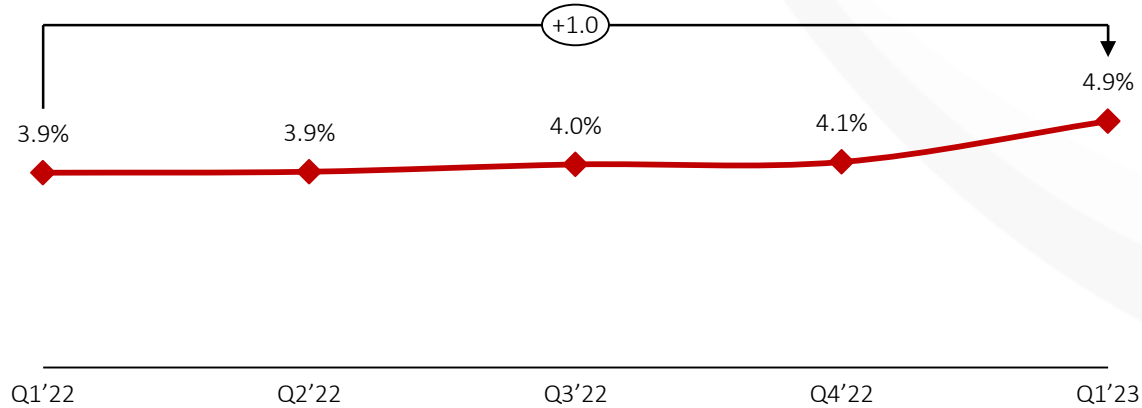
Total Income (AED mn)



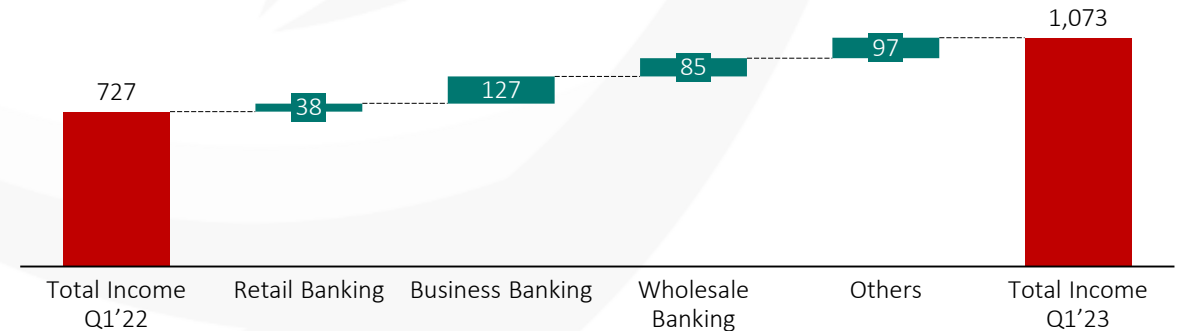
Total Income Movement YoY (AED mn)



Net Interest Margin (NIM)



Total Income Movement by Segment YoY (AED mn)

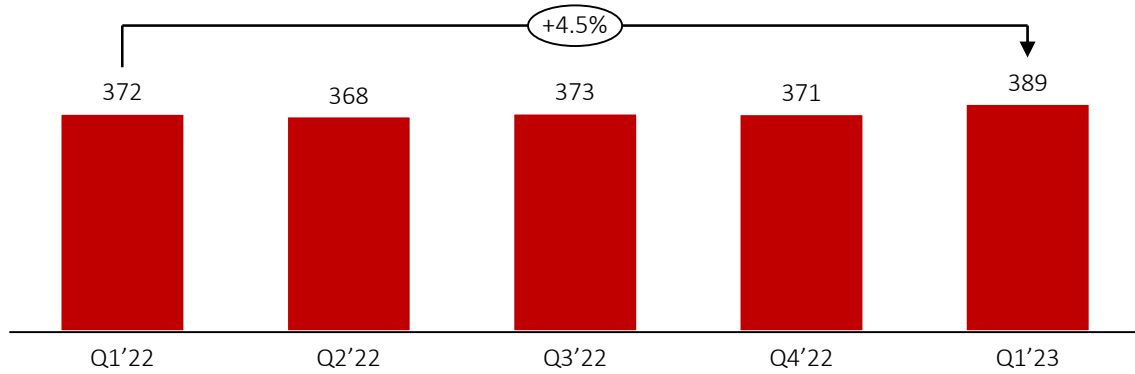




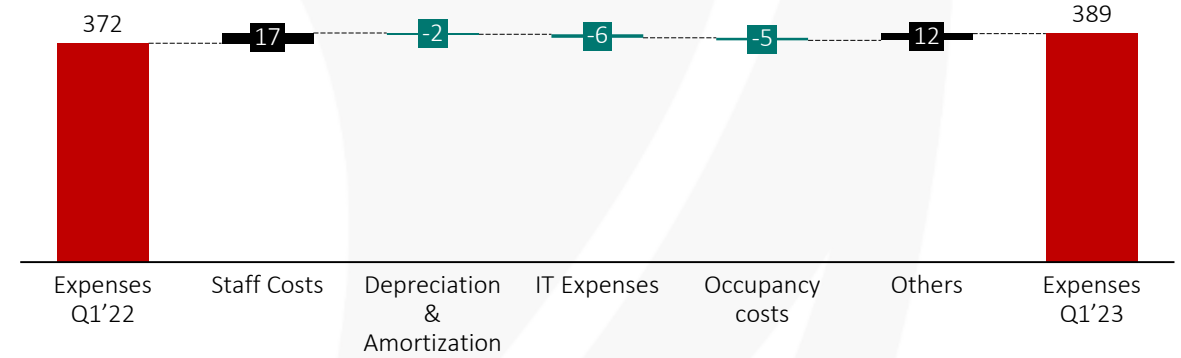
Operating Expenses

Cost-income ratio improved 15 percentage points to 36.2% in Q1 2023 with strong cost discipline mitigating inflationary pressure

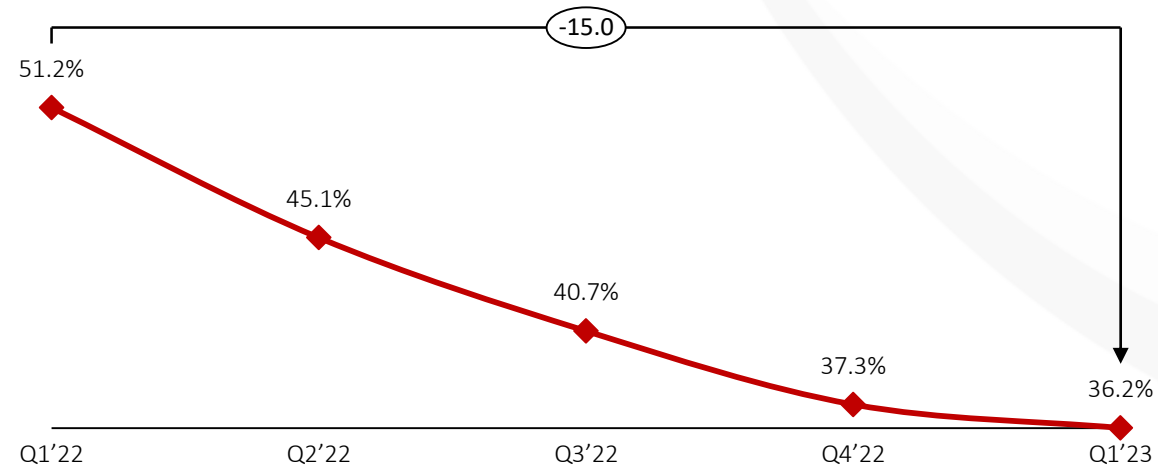
Expenses (AED mn)



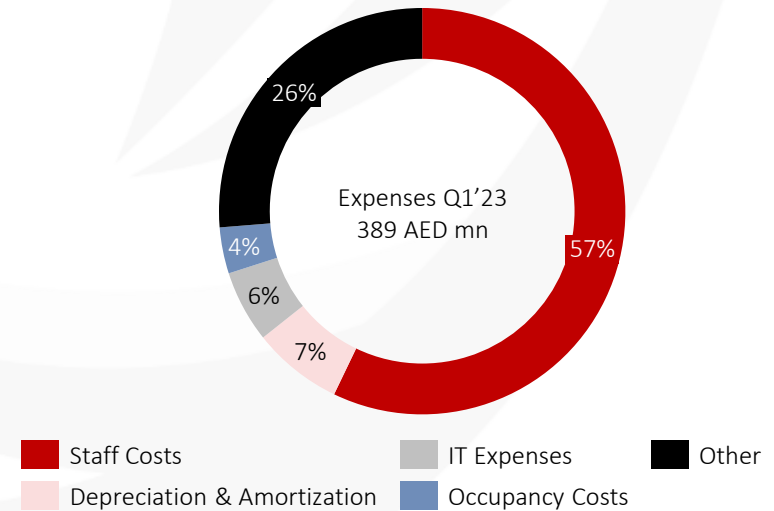
Expenses Movement YoY (AED mn)



Cost to Income Ratio



Expenses Composition

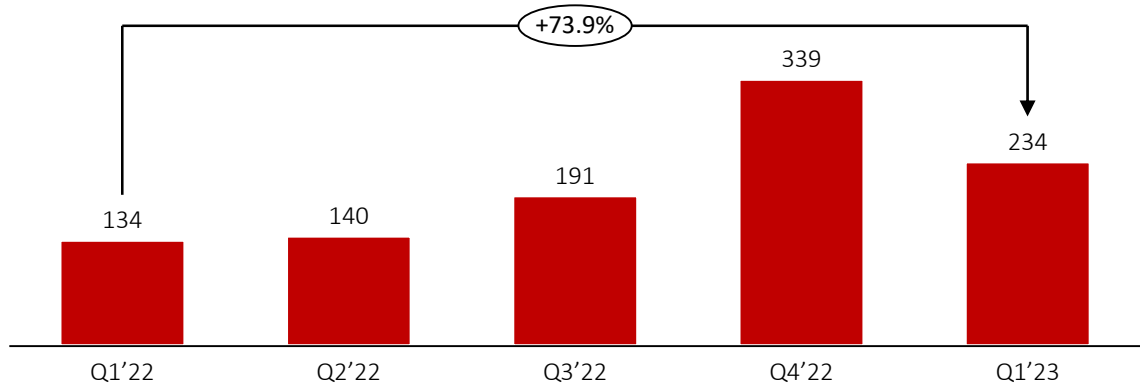




Provisions for Impairments

Cost of Risk remained low due to the Bank's diverse business mix and resilient UAE economic environment

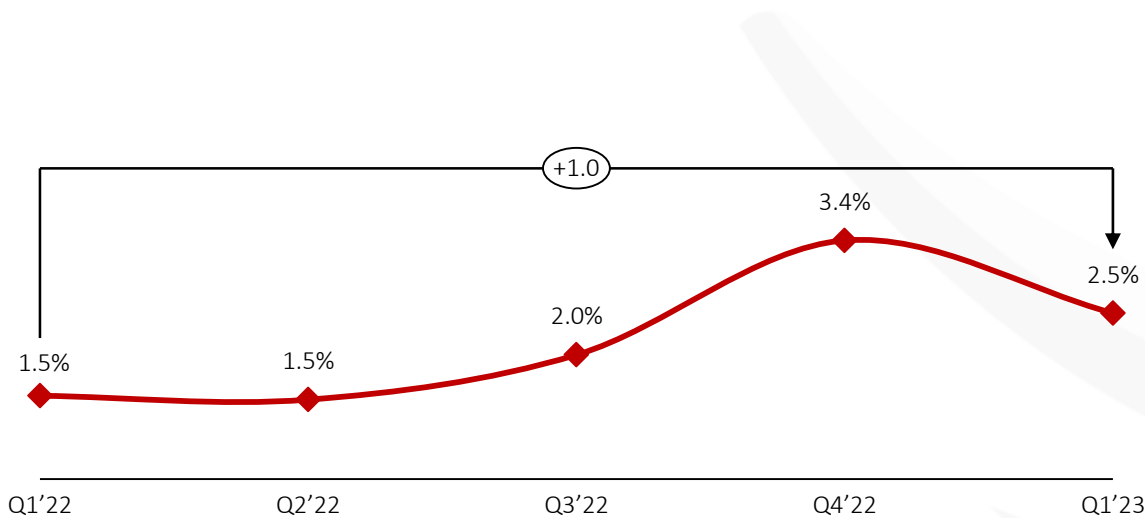
Provisions for Impairments (AED mn)



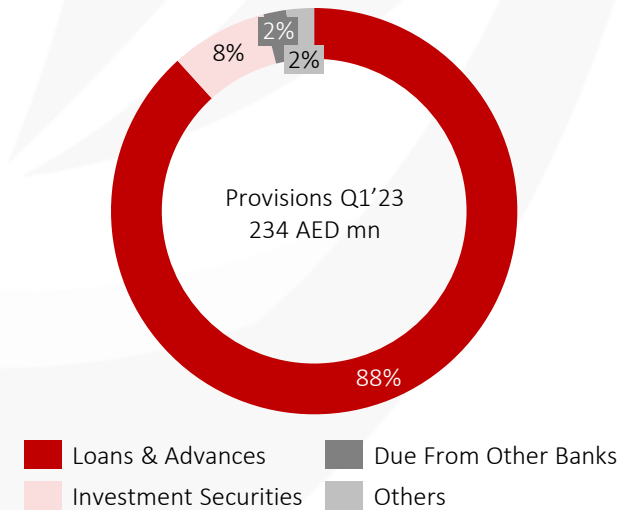
Provisions for Impairments Movement per Segment YoY (AED mn)



Cost of Risk



Provisions for Impairments Composition

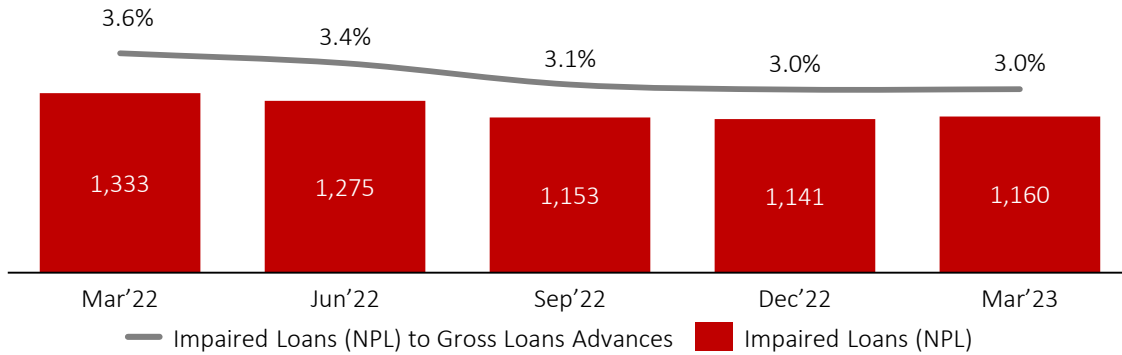




Non-Performing Finance

Impaired Loan provision coverage ratio increased to 192.1% against 137.8% in Q1'22, remaining one of the strongest in the industry

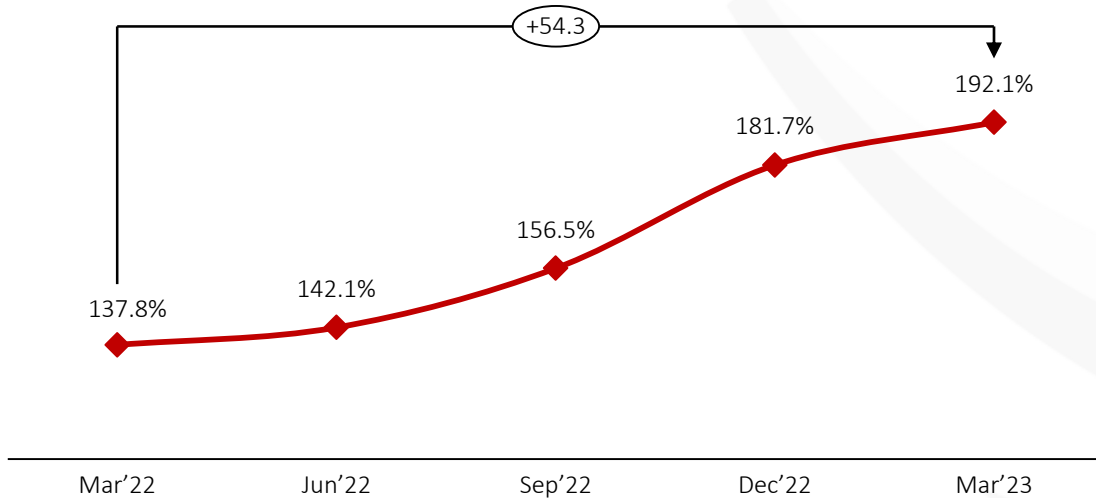
Non Performing Loans (AED mn)



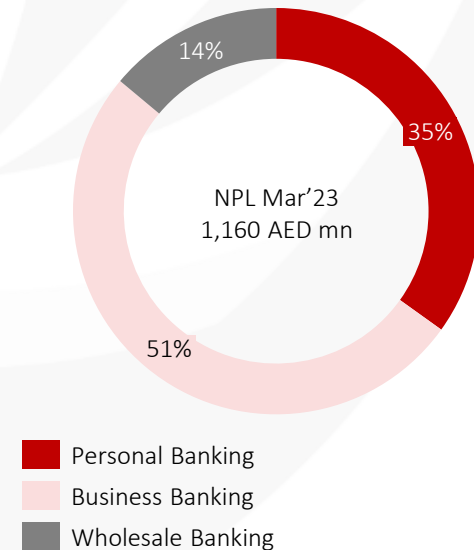
Non Performing Loans Movement by Segment YoY (AED mn)



Loan Provision Coverage Ratio



Non Performing Loans by Segment

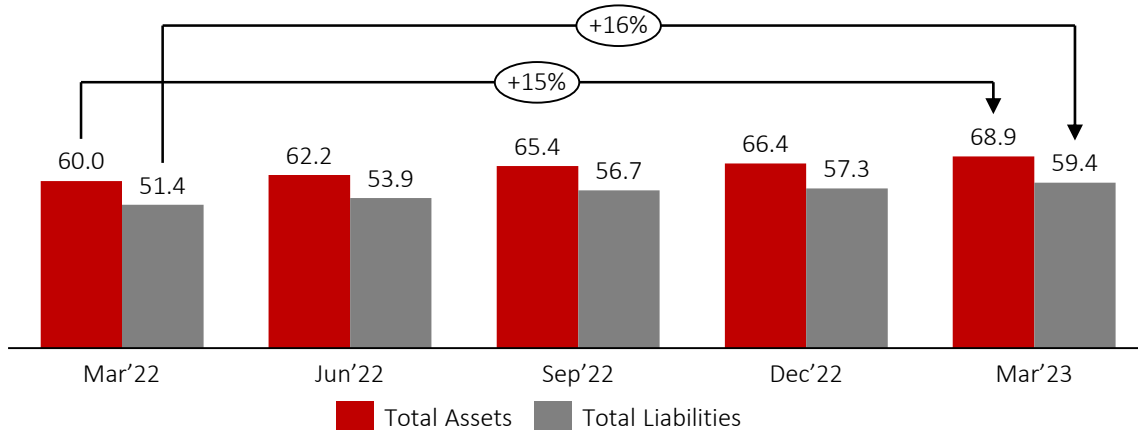




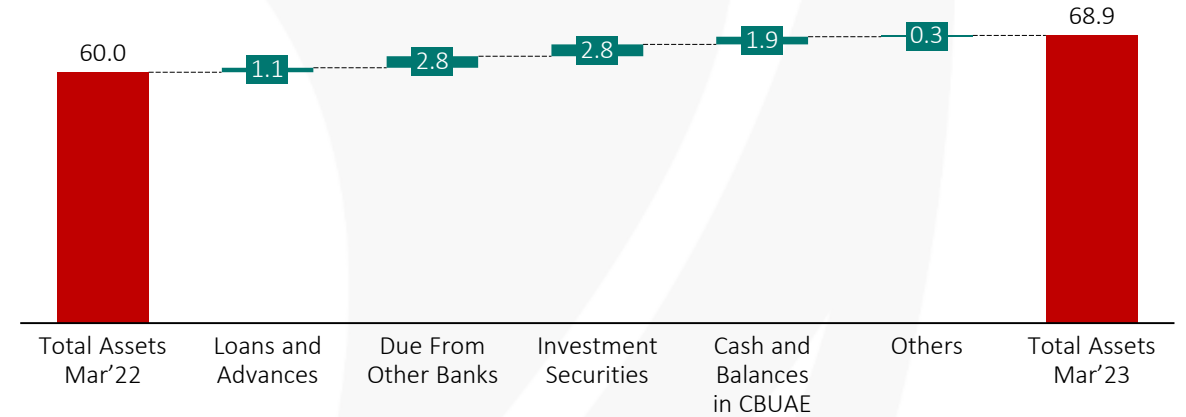
Balance Sheet

Growth on both sides of the balance sheet with 15% growth in Assets and 16% growth in Liabilities

Assets and Liabilities (AED bn)



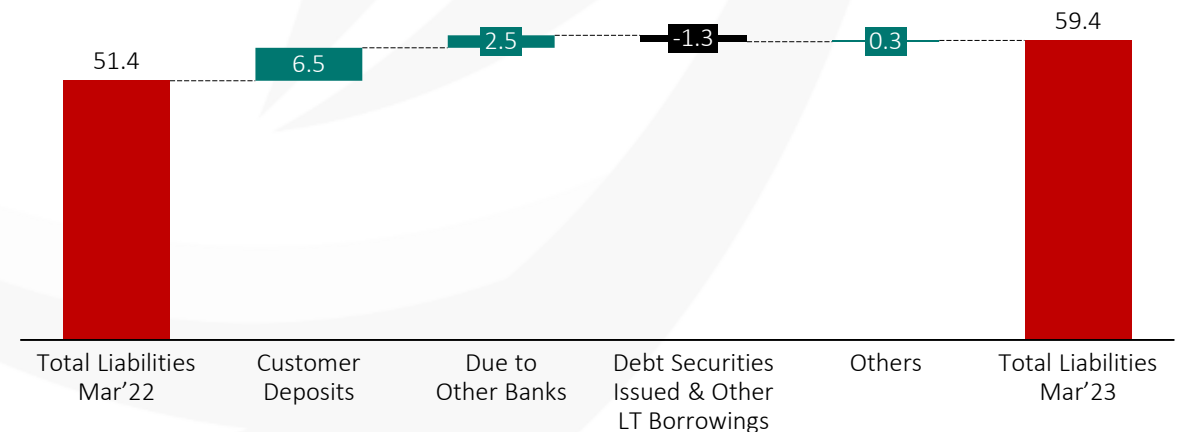
Total Assets Movement YoY (AED bn)



Balance Sheet Highlights

Balance Sheet (AED bn)	Mar'22	Dec'22	Mar'22	ΔYoY	ΔQoQ
Total assets	68.9	66.4	60.0	14.8%	3.8%
Gross loans & advances	38.7	38.1	37.2	4.1%	1.4%
Deposits	46.4	44.9	39.8	16.4%	3.3%
Gross business assets	48.3	47.5	44.8	7.8%	1.6%

Total Liabilities Movement YoY (AED bn)

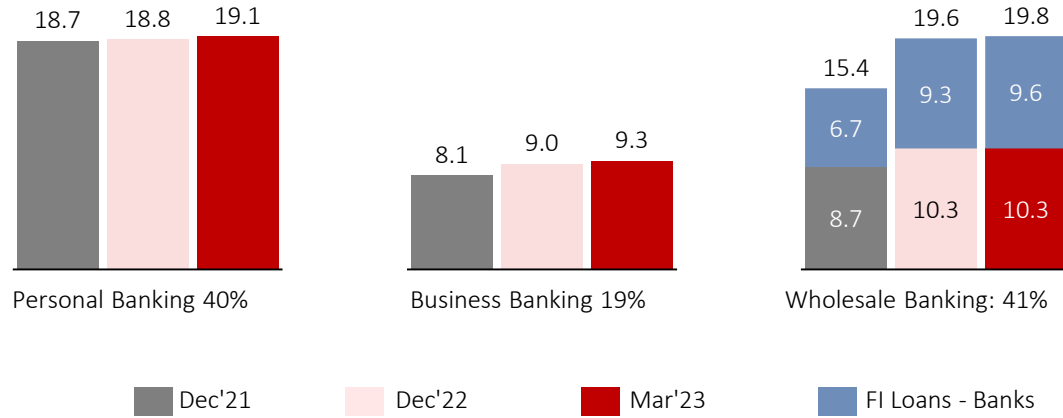




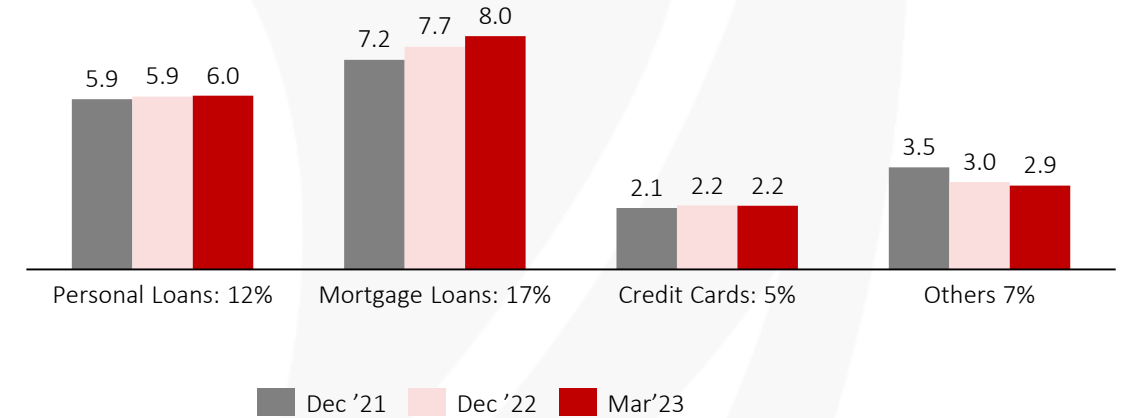
Transforming Our Asset Mix

Maintained the balance of our asset mix between segments and products

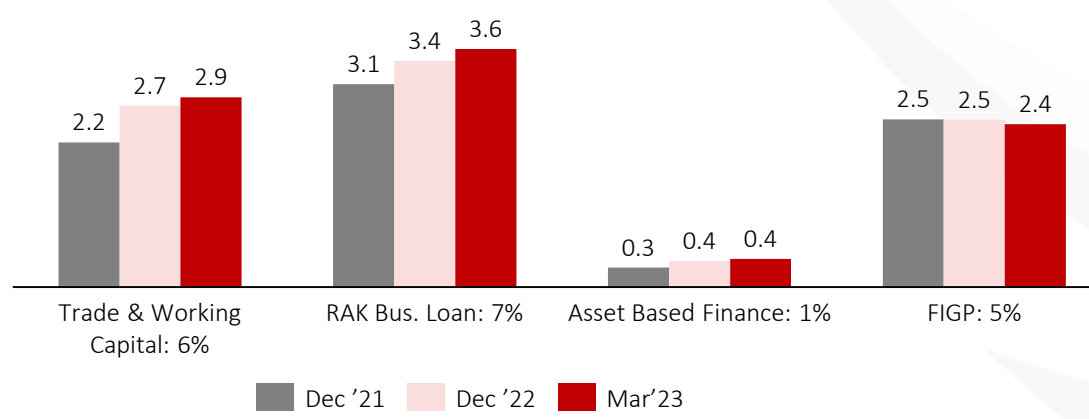
Total Business Assets by Segment (AED bn)



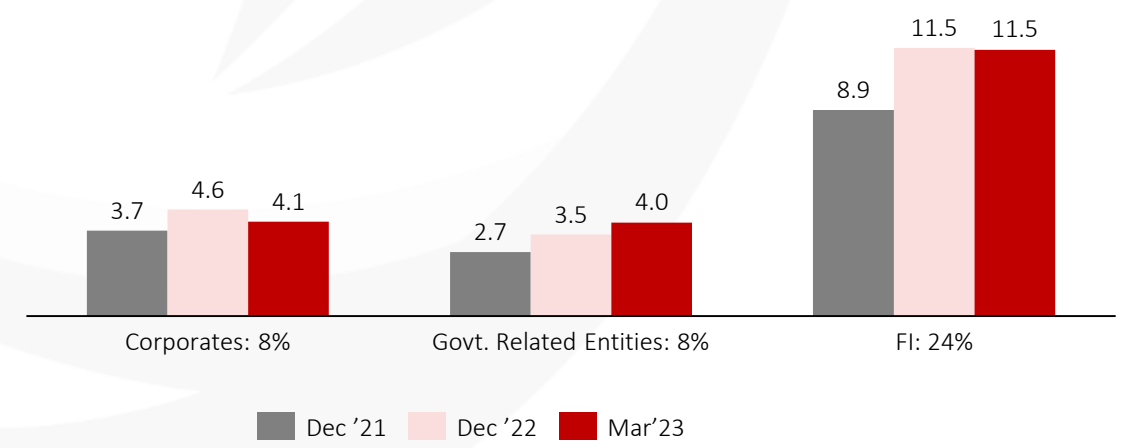
Total Business Assets – Personal Banking (AED bn)



Total Business Assets – Business Banking (AED bn)



Total Business Assets – Wholesale Banking (AED bn)



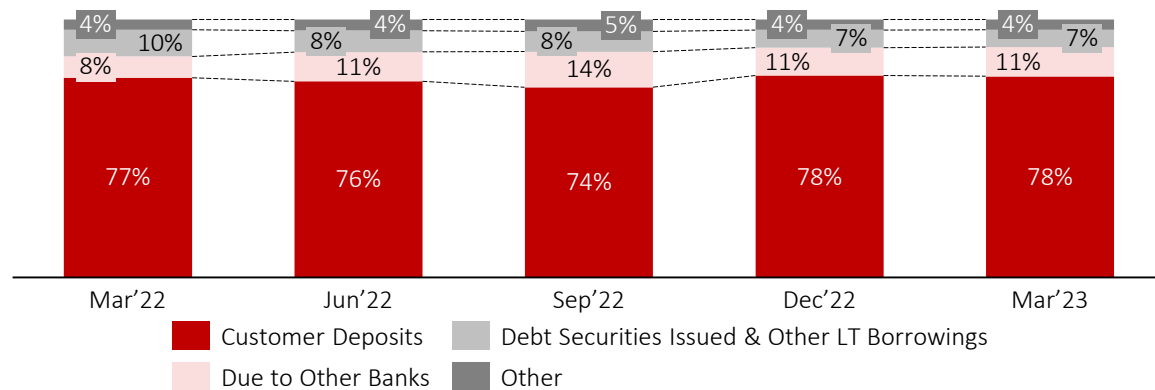
Numbers may not add up due to rounding. 2021 /2022 numbers have been restated from home in one inline with IAS 32



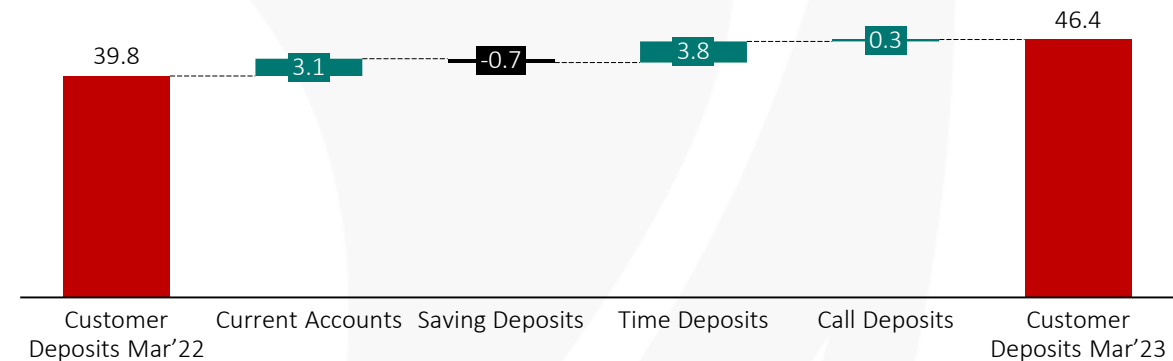
Liabilities and Customer Deposits

16% YoY deposits growth with CASA representing 70% of total deposits from customers

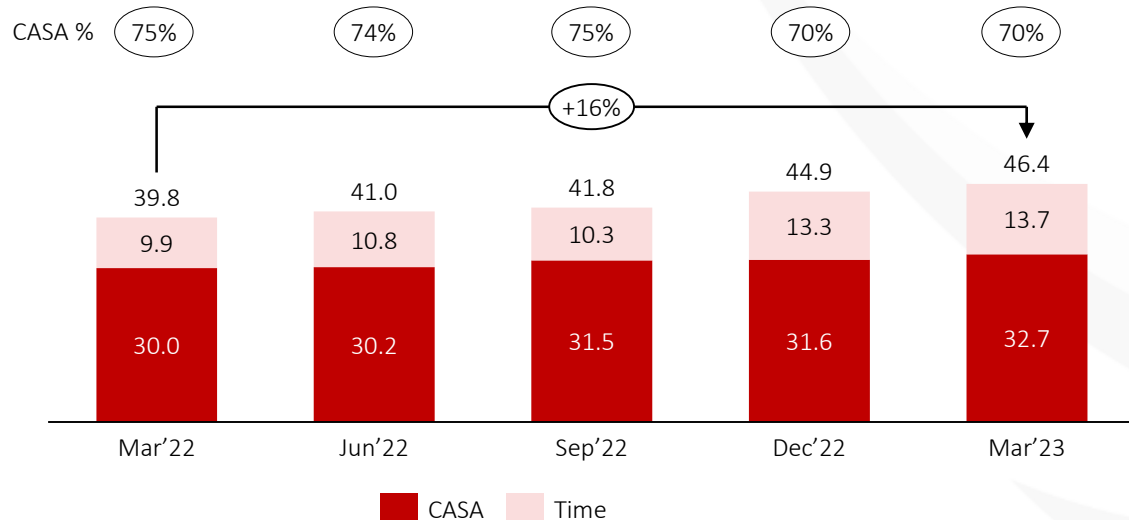
Breakdown of Total Liabilities by Type



Customer Deposits Movement YoY (AED bn)



Customer Deposits by Type (AED bn)



Customer Deposits Movement by Segment YoY (AED bn)

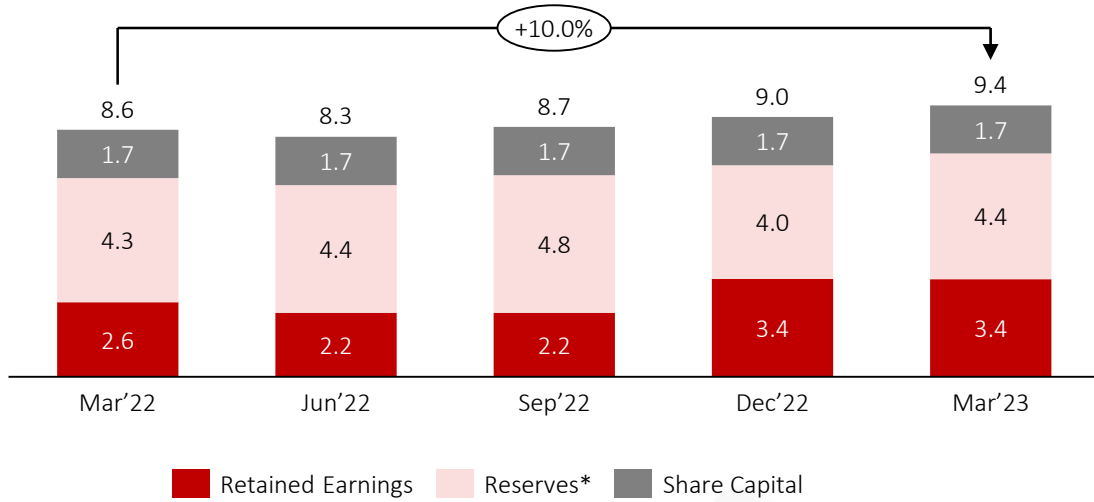




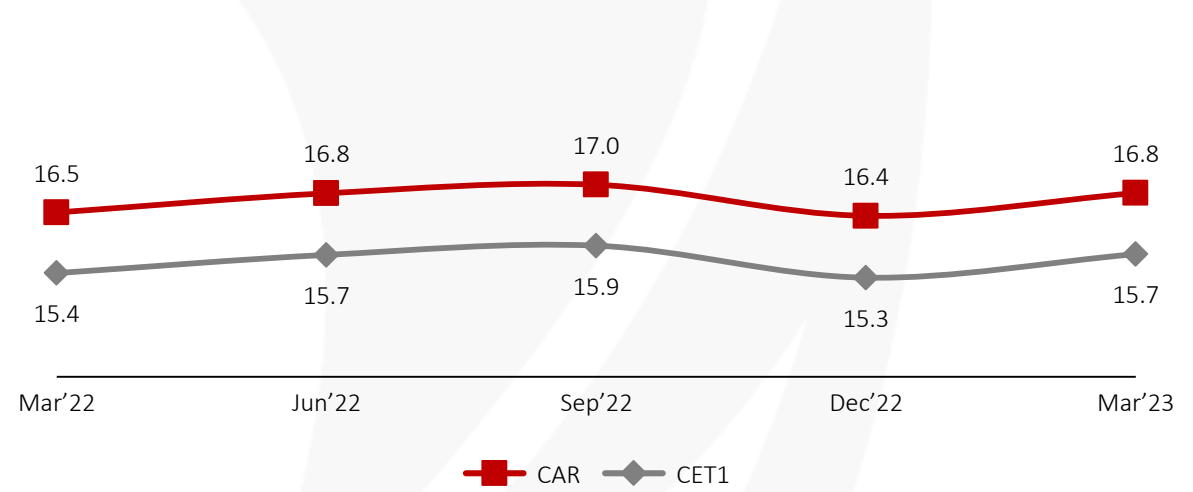
Capital

Robust capitalization well within regulatory requirements

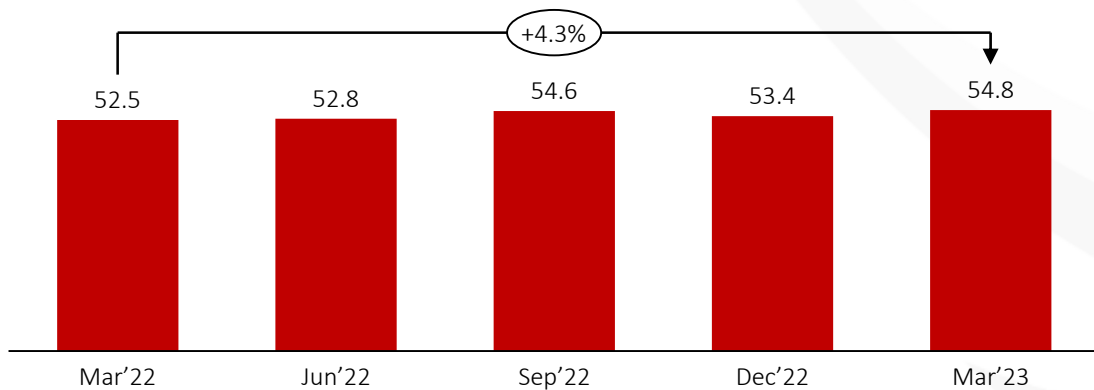
Breakdown of Equity (AED bn)



Capitalization Ratios (%)



Risk Weighted Assets (AED bn)



Capital Movement YoY (AED bn)



Numbers may not add up due to rounding. 2021/2022 numbers have been restated from home in one line with IAS 32

*Reserves include minority interest

4. Outlook



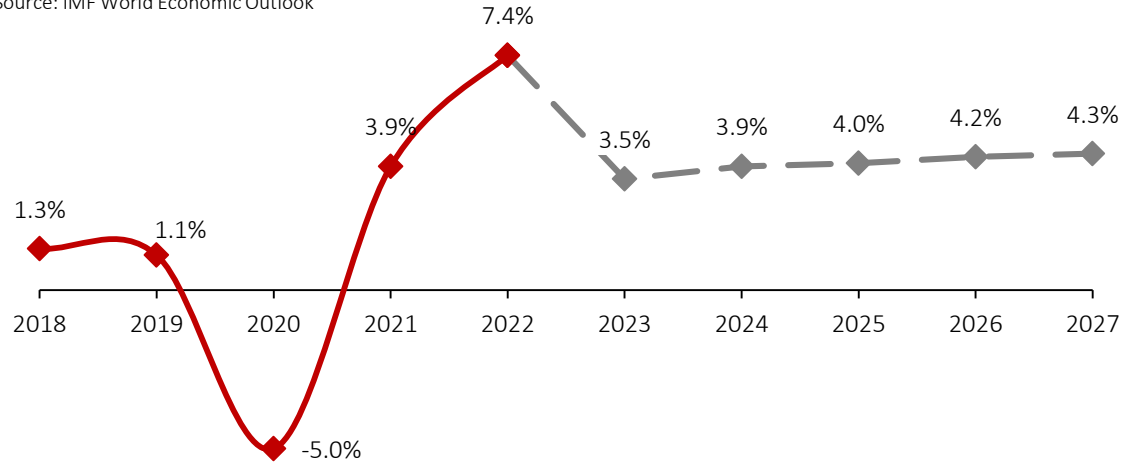


Market Outlook

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

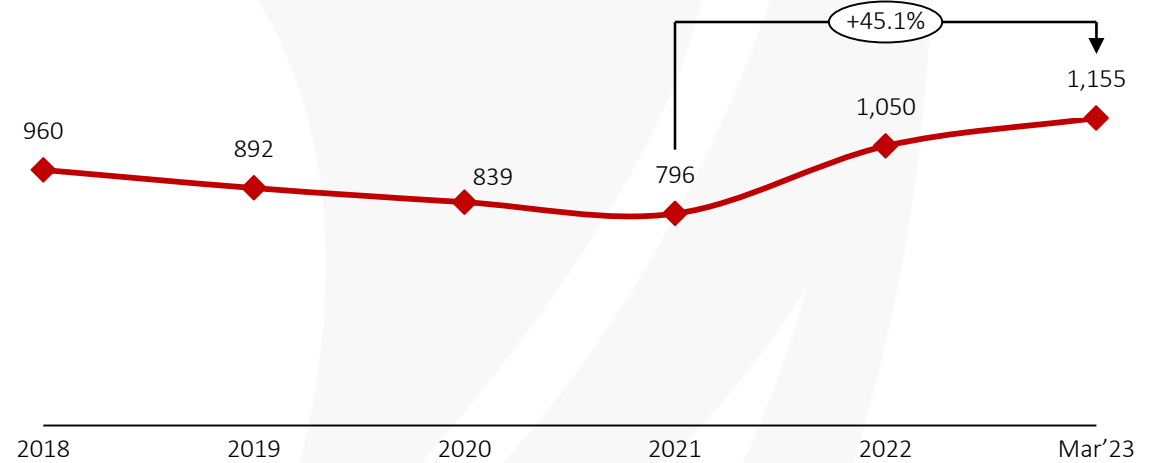
UAE Real GDP Growth (YoY % Change)

Source: IMF World Economic Outlook



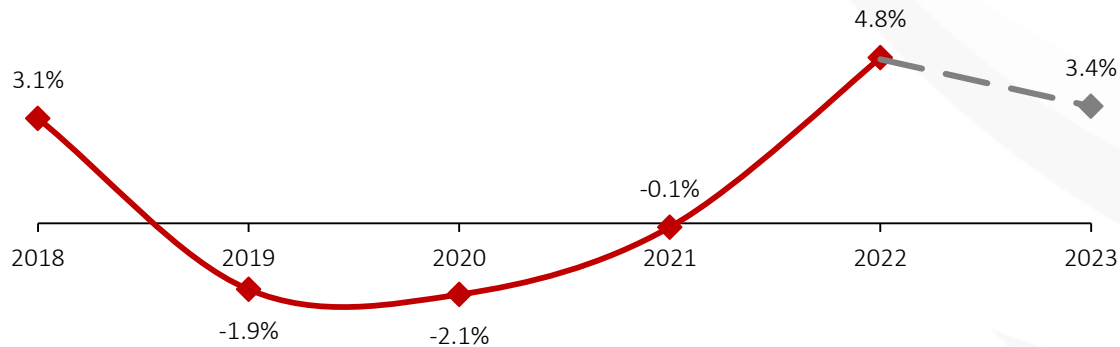
Dubai Property Price Change (Median price per sqft.)

Source: Dubai Land Department



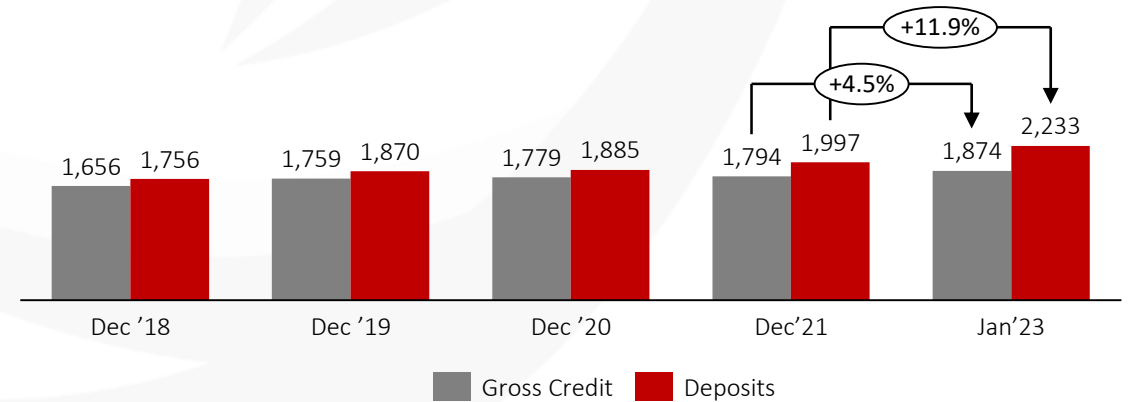
UAE Annual Inflation (YoY % Change)

Source: Statista



UAE Banks' Gross Credit and Deposits (AED bn)

Source: Central Bank of UAE





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