



# Investor Presentation

Q3 / YTD Sep'2022





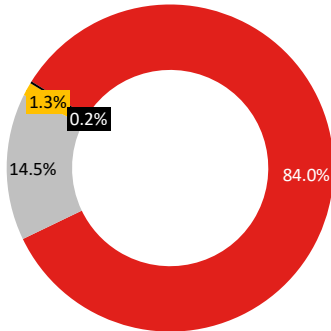
## The UAE's leading SME lender's Institutional Strength

### 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<sup>1</sup> and 290 ATMs in the UAE
- Launched Islamic Banking window – RAKIslamic – in 2013.
- The Government of Ras Al Khaimah directly and indirectly owns 52.8% of RAKBANK's capital
- Our branches are located across the Emirates.

### Ownership Structure as of 30<sup>th</sup> September 2022

■ National ■ GCC ■ Arabs ■ Others



Source: ADX

### Capital Adequacy

Total **Capital Adequacy Ratio (CAR)** as at 30<sup>th</sup> September 2022 is 17.0%: Common Equity Tier 1 is at 15.9% and Tier 2 is at 1.1%.

1. Supported by the enhanced Digital Banking platform with more than 120 services catering to our customer needs, we are now In the process of closing 7 branches by the end of this year

### Credit Ratings

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

### 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.
RAK Financial Services Limited	100.00%**	DIFC, UAE	Arranging & advising on Financial products, Investments & Custody.
Protego Insurance Brokers	100.00%***	UAE	Insurance brokerage

\*These represent legal ownership of the Bank. However, beneficial ownership is 100% as the remaining interest is held by a related party. \*\*RAK Financial Services Limited was incorporated under Dubai International Financial Centre ("DIFC").

DIFC's approval for commencement of business and capital infusion was received in June 2022 and capital of USD 1.3 million was subscribed during June 2022

\*\*\* Protego Insurance Brokers L.L.C is registered under the commercial license issued by Government of Dubai, Economy and tourism department in July 2022. The company received regulatory approval in August 2022 from UAE central Bank.



# Senior leadership

## Board of directors

<b>H.E. Mohamed Omran Alshamsi</b>	<b>Chairman</b>
<b>H.H. Shaikha Amneh AlQasimi</b>	<b>Vice Chairman</b>
<b>Mr. Salem Ali Al Sharhan</b>	<b>Director</b>
<b>Mr. Ahmed Essa Al Naeem</b>	<b>Director</b>
<b>Mr. Rajan Khetarpal</b>	<b>Director</b>
<b>Mr. Kantic Dasgupta</b>	<b>Director</b>
<b>Mr. Stephen Robert Monaghan</b>	<b>Director</b>

## CEO profile

**Raheel Ahmed** was appointed as RAKBANK's CEO in January, 2022 to develop and execute the Bank's strategy for the next phase of its growth and increase profitability while achieving Excellence in customer engagement by leveraging data and technology.

Raheel is a seasoned banker and transformational leader with over 30 years of banking experience across Asia, Middle East, Africa, and Europe. He thrives on developing transformational strategies with a focus on building a high performance and customer-centric culture.

Raheel joined RAKBANK from Barclays UK where he was member of the Executive Committee and the Chief Product & Analytics Officer, responsible for the strategy and commercial performance of the personal banking products. During his time at Barclays, Raheel spearheaded the Digital & Analytics transformation to create personalized and frictionless products and services for over 20M customers. He built and led on strategic partnerships with Big Tech and Fin Tech firms, and contributed significantly to the automation and digitalization of Barclays UK. Raheel was also the Executive Sponsor of Diversity & Inclusion at Barclays UK, a topic that he is very passionate about. Prior to Barclays, Raheel held Senior Executive positions at Standard Chartered and Citigroup.

## Executive Management

<b>Raheel Ahmed</b> Chief Executive Officer	<b>Dhiraj Kunwar</b> MD, Business Banking
<b>Deepak Majithia</b> Chief Financial Officer	<b>Shehzad Faisal Hameed</b> MD, Personal Banking
<b>Dongjun Choi</b> Chief Customer Officer	<b>Safwan Ghaleb</b> Acting Chief Risk Officer
<b>Vikas Suri</b> MD, Wholesale Banking Products	<b>Jean Pierre Le Roux</b> MD, Wholesale Banking Coverage
<b>Peter Edward Roberts</b> Chief Operating Officer	<b>Ahmed Yousef</b> Chief HR Officer
<b>Mahadevan Radhakanthan</b> Chief Credit Officer	<b>Abdul Karim Juma</b> Director, Islamic Banking
<b>Nicola Jane Thompson</b> Chief Internal Auditor	<b>Saleh Ali Saleh</b> Director, RAK Business
<b>Venkat Raghavan</b> Chief Compliance Officer	<b>Ghalieh Bushnaq</b> Group General Counsel



# Financial Performance



## Key Highlights: Strong Profitability Growth with Solid Returns

Net Profit  
**AED 878.8M**  
+64.4% YoY

Total Assets  
**AED 63.8B**  
+17.1% YoY

Gross Loans & Adv.  
**AED 36.0B**  
+7.5% YoY

Return on Equity  
**13.9% for YTD Sep'22**  
+4.8% YOY

Market Capitalization  
**AED 8.0B**

- Net profit for Q3'22 at AED 351.4M up 53.7% vs. Q3'21, highest quarterly profit since Q3'2015
- Gross Loans & Advances at AED 36.0B, up 7.5% YoY and 5.3% YTD
- Customer Deposits at AED 40.3B, up 8.8% YoY and 6.9% YTD
- Bank has a robust CASA franchise with a healthy CASA ratio of 74.4%
- Net Interest Margins rises marginally to 4.0%, continues to be one of the highest in the Industry
- Solid annualized returns
  - ROA at 2.0% for YTD Sep'22 & 2.3% for Q3'22
  - ROE at 13.9% for YTD Sep'22 & 16.2% for Q3'22

# Performance highlights



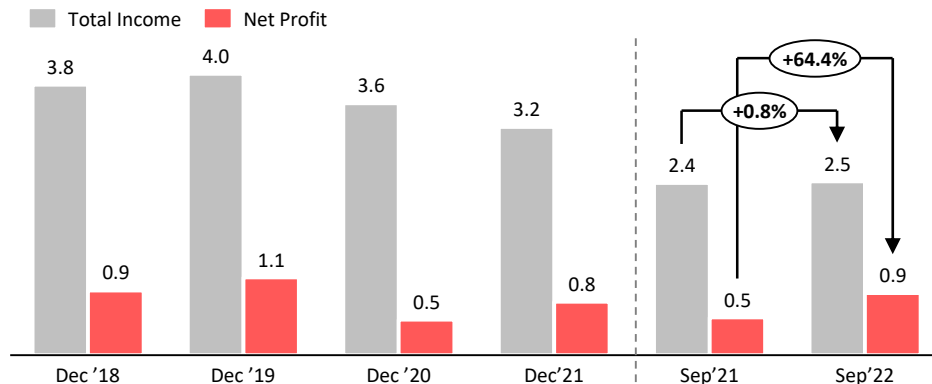
## Income Statement [AED M]

Income Statement Highlights (AED M)	Quarter Results					9 months Results		
	Q3'22	Q3'21	Q2'22	Q3'22 vs Q3'21	Q3'22 vs Q2'22	YTD'22	YTD'21	YTD'22 vs YTD'21
Net Interest Income	652.8	546.5	563.0	19.5%	15.9%	1,756.2	1,621.3	8.3%
Non-Interest Income	262.3	258.9	252.0	1.3%	4.1%	700.9	816.8	(14.2%)
<b>Total Income</b>	<b>915.1</b>	<b>805.4</b>	<b>815.0</b>	<b>13.6%</b>	<b>12.3%</b>	<b>2,457.1</b>	<b>2,438.1</b>	<b>0.8%</b>
Operating Expenditures	(372.9)	(351.4)	(367.7)	(6.1%)	(1.4%)	(1,113.0)	(1,024.5)	(8.6%)
<b>Operating Profit before impairment provisions</b>	<b>542.3</b>	<b>454.0</b>	<b>447.3</b>	<b>19.4%</b>	<b>21.2%</b>	<b>1,344.1</b>	<b>1,413.6</b>	<b>(4.9%)</b>
Provisions for Impairment	(190.9)	(225.3)	(140.0)	15.3%	(36.4%)	(465.3)	(878.9)	47.1%
<b>Net Profit</b>	<b>351.4</b>	<b>228.7</b>	<b>307.3</b>	<b>53.7%</b>	<b>14.3%</b>	<b>878.8</b>	<b>534.7</b>	<b>64.4%</b>

## Notes

- Compared to Q3 2021, total Income increased by 13.6% to AED 915.1M during this quarter, supported by a strong increase of 19.5% on the Net Interest Income to AED 652.8M and an increase of 1.3% on the Non Interest Income to AED 262.3M
- Compared to YTD Sep'21, total income year to date increased by 0.8% to AED 2,457.1M backed by an increase of 8.3% in Net Interest Income to AED 1,756.2M
- Well diversified asset growth & lower cost of risk in a buoyant macro-economic environment led to 47.1% YoY reduction in impairments

## Profitability [AED B]



# Performance highlights



## Balance Sheet Highlights [AED B]

Balance Sheet Highlights (AED B)	Results as at				Variance		
	Sep'22	Jun'22	Dec'21	Sep'21	Sep'22 vs Dec'21	Sep'22 vs Sep'21	Sep'22 vs Jun'22
Total Assets	63.8	60.8	56.3	54.5	13.4%	17.1%	5.1%
Gross Loans & Advances	36.0	35.8	34.2	33.5	5.3%	7.5%	0.6%
Deposits	40.3	39.6	37.6	37.0	6.9%	8.8%	1.8%
Gross Business Assets	44.6	43.7	40.9	40.1	9.1%	11.2%	2.1%

## Notes

- Growth in Total Assets of 13.4% YTD & 17.1% YOY mainly through Gross business assets which grew by 9.1% YTD & 11.2% YOY
- Net Interest Margins reduced marginally YOY to 4.0%, however continues to be one of the highest in the Industry

## Key Ratios [%]

Key Ratios	Quarter Ratios					Year to date Ratios			
	Percentage	Q3'22	Q3'21	Q2'22	Q3'22 vs Q3'21	Q3'22 vs Q2'22	YTD Sep'22	YTD Sep'21	YTD Sep'22 vs YTD Sep'21
Return on Equity*	16.2%	11.3%	14.8%	4.9%	1.4%		13.9%	9.0%	4.9%
Return on Assets*	2.3%	1.7%	2.1%	0.6%	0.2%		2.0%	1.4%	0.6%
Net Interest Margin*	4.3%	4.1%	3.9%	0.2%	0.4%		4.0%	4.1%	▼ (0.1%)
Cost to Income	40.7%	43.6%	45.1%	2.9%	4.4%		45.3%	42.0%	▼ (3.3%)
Impaired Loan Ratio	3.2%	4.5%	3.6%	1.3%	0.4%		3.2%	4.5%	1.3%
Impaired Loan Coverage Ratio	156.5%	134.3%	142.1%	22.2%	14.4%		156.5%	134.3%	22.2%
Total Capital Adequacy Ratio Basel III**	17.0%	17.8%	16.8%	-0.8%	0.2%		17.0%	17.8%	-0.8%

Note: Numbers may not add up due to rounding

\* Annualized

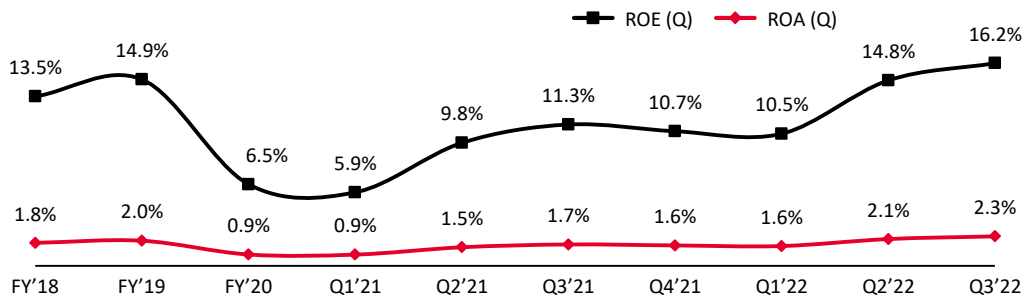
\*\*After application of Prudential Filter

Figures in brackets represent unfavorable movements

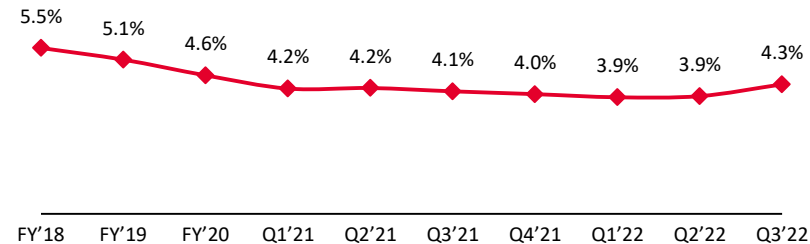
# Profitability



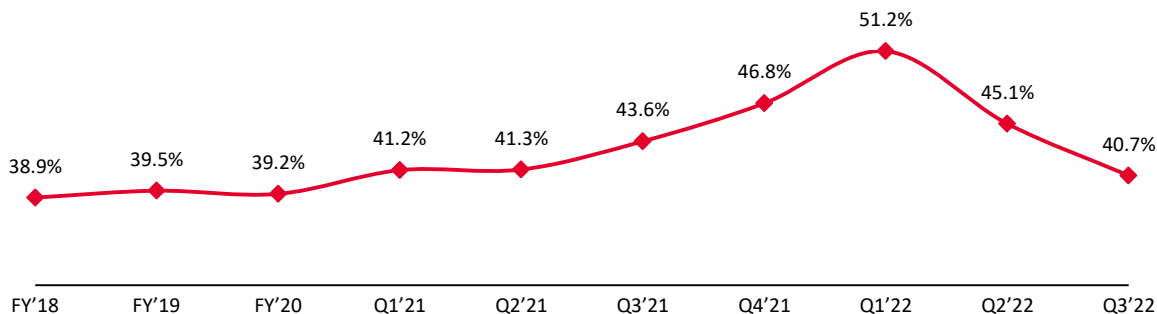
## Annualized Returns



## Net Interest Margin



## Cost-to-Income Ratio



## Notes

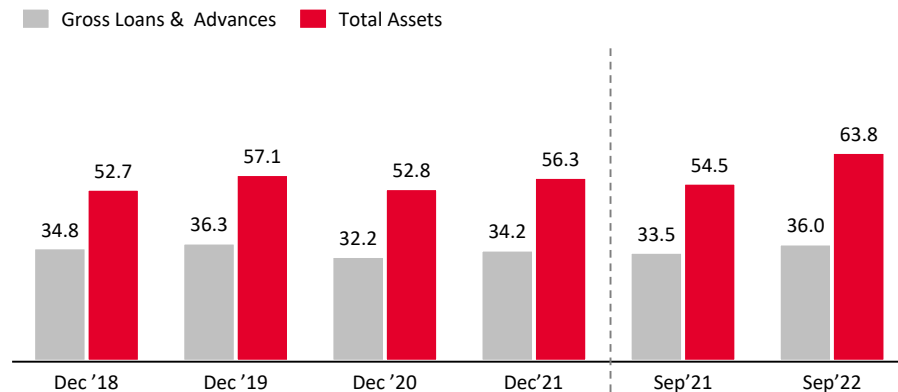
- ROE and ROA reflecting robust recovery and are above pre pandemic levels at 16.2% & 2.3% respectively for Q3'22 (annualized)
- The Cost to Income ratio for Q3'22 at 40.7% beginning to normalize post a spike in Q1'22 largely due to the exceptional losses in the Trading book leading to lower income



# Balance sheet summary



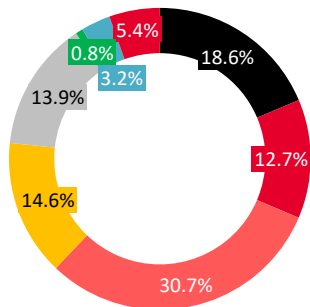
## Assets & Advances Growth [AED B]



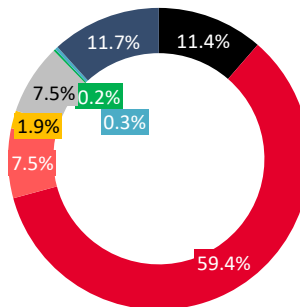
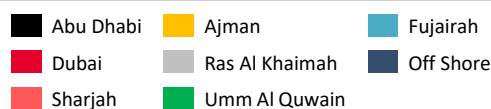
## Notes

- Gross Loans and Advances increased by AED 1.8B as compared to Q4'21 contributing to a healthy growth in Total Assets
- Lending in the Wholesale Banking increased by AED 268M a growth of 4.2%, Retail Banking by AED 231M a growth of 1.3% and Business Banking lending by AED 906M a growth of 11.2% compared to Q4' 21

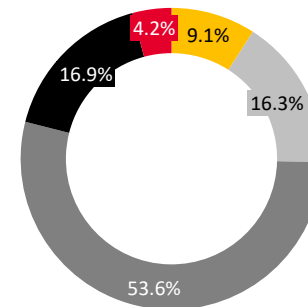
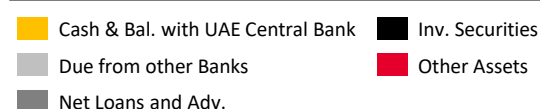
## Breakdown of Investment Securities [%]



## Breakdown of Loans by Geography [%] Q3'22



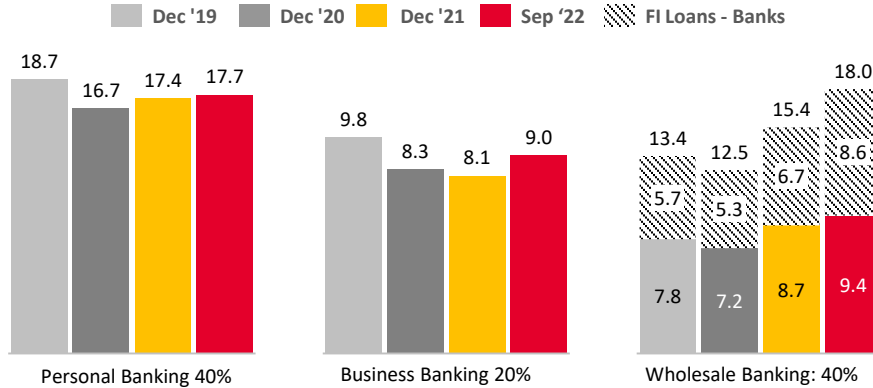
## Breakdown of Asset by Type [%]



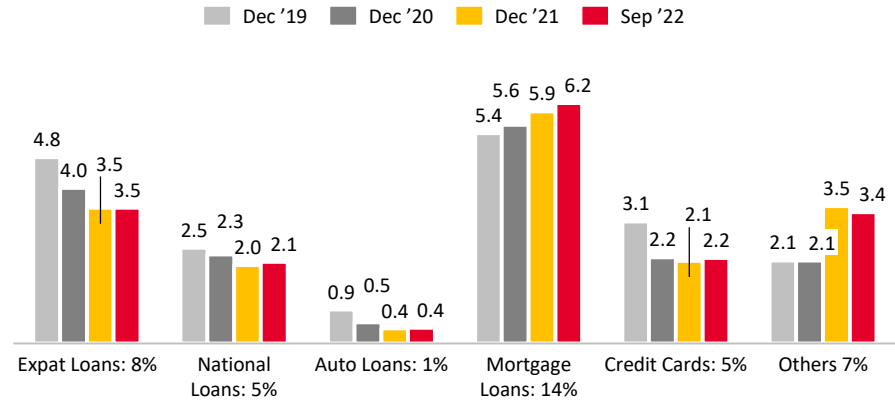
# Business Assets Mix



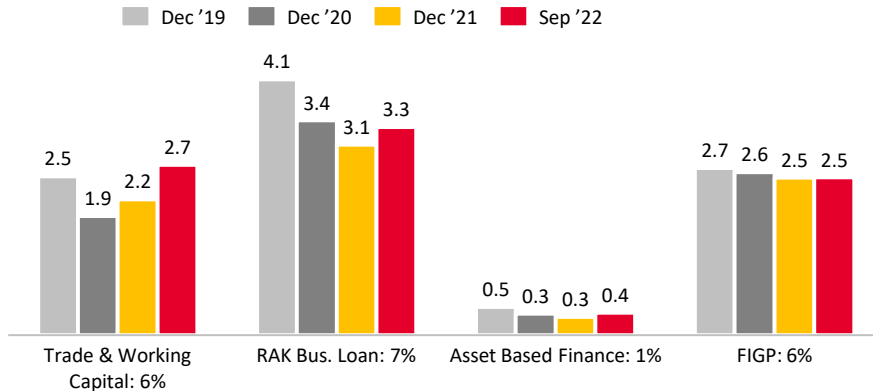
## Total Business Assets by Segment [AED B]



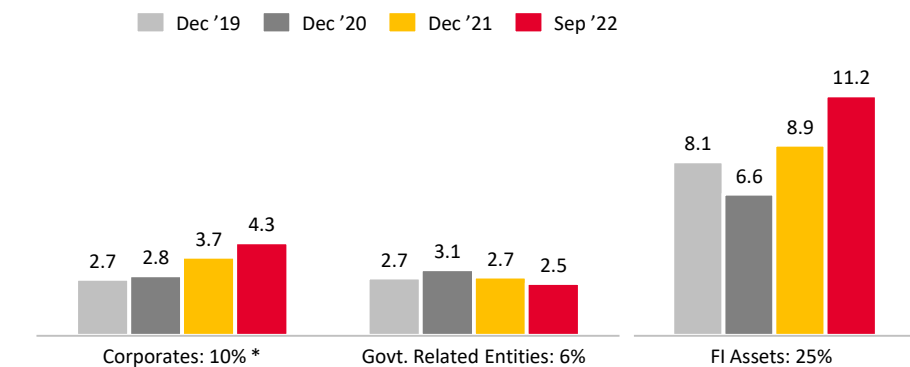
## Total Business Assets – Personal Banking [AED B]



## Total Business Assets – Business Banking [AED B]



## Total Business Assets – Wholesale Banking [AED B]



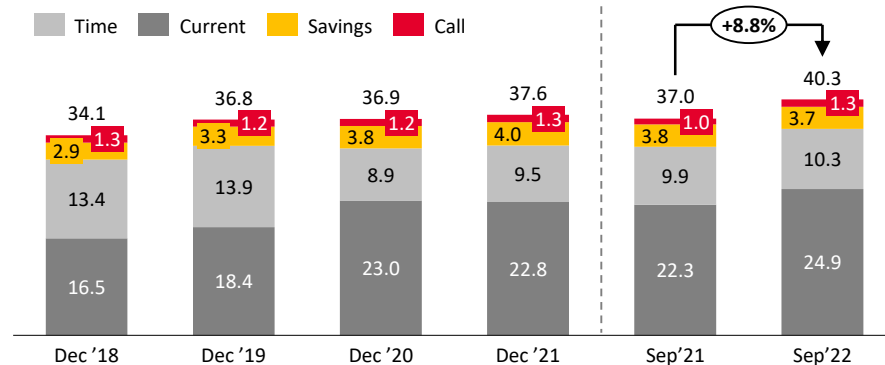
Corporates include Trade Services & Manufacturing, Diversified Corporates, Ras Al Khaimah companies, Multinational Companies & gold loans

Numbers may not add up due to rounding

# Liabilities



## Customer Deposits Growth [AED B]



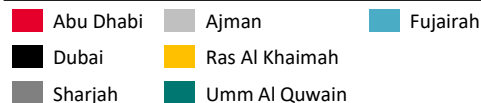
## Notes

- Customer deposits increased by AED 2.6B to AED 40.3B compared to Q4-21 due to increase of AED 1.8B in CASA deposits and AED 0.8B in time deposits
- CASA ratio at 74.4% continues to remain strong

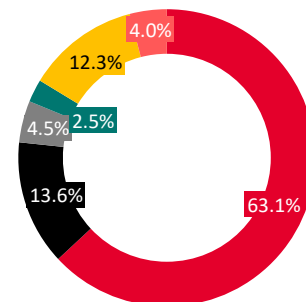
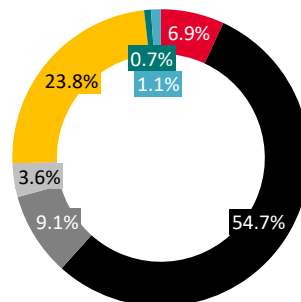
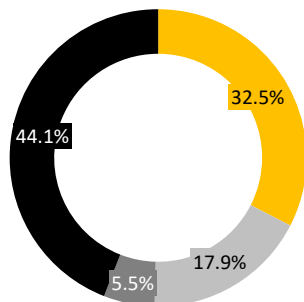
## Deposits Value by Segment



## Customers Deposits Value by Geography Q3'22



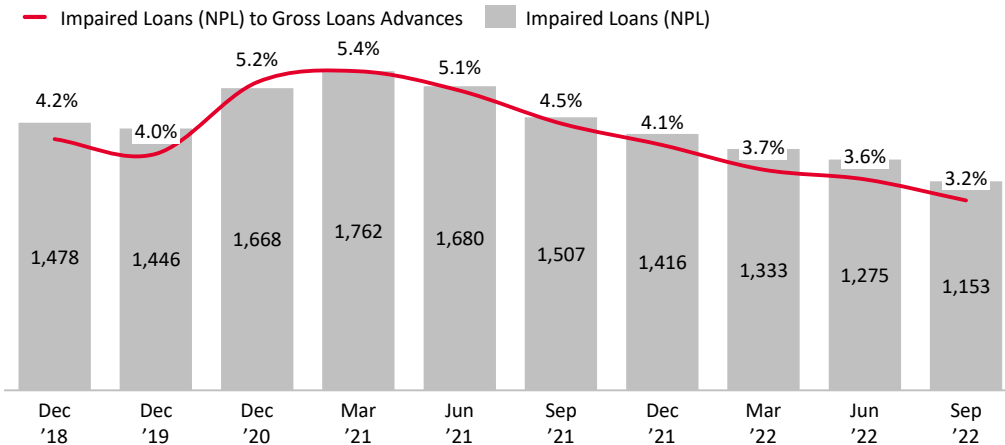
## Liability Mix



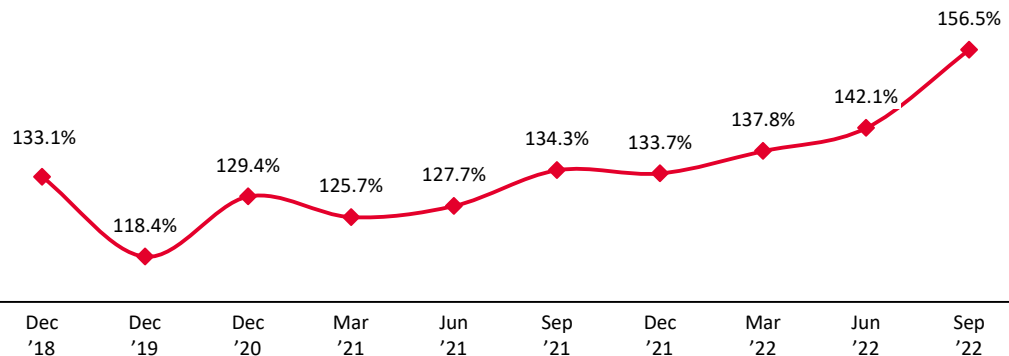
# Asset quality



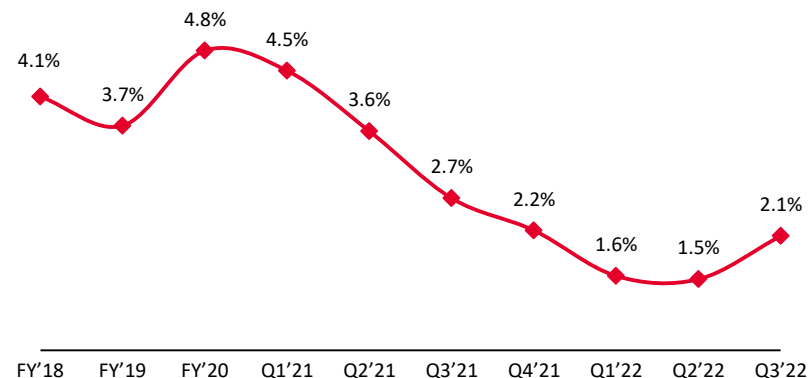
## Non Performing Loans [AED M]



## Loan Provision Coverage Ratio



## Cost of Risk



## Notes

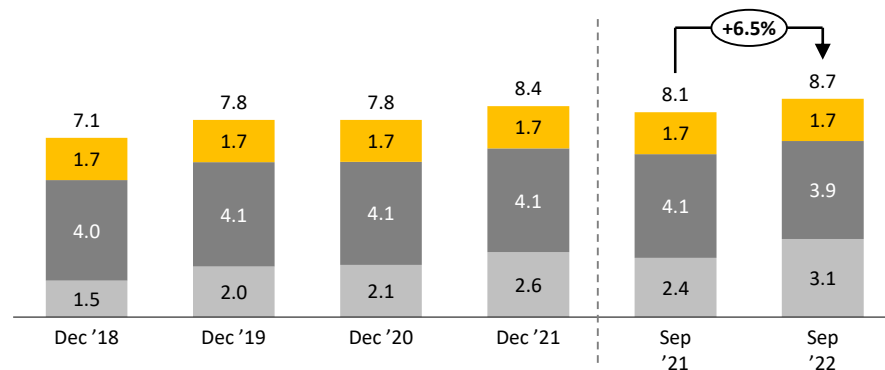
- Non-performing Loans and Advances to Gross Loans and Advances ratio was 3.2% as at 30 September 2022 compared to 4.5% as at 30 September 2021 and 4.1% as at 31 December 2021
- Net Credit Losses to average Loans and Advances closed at 2.1% for Q3'22 compared to 2.7% for the same quarter last year and is one of the lowest in the recent history
- The Bank is well provisioned against loan losses with a Loan Provision Coverage ratio of 156.5%, over and above mortgaged properties and other realizable asset collateral available against the non performing loans. It is the highest ever and remains one of the strongest in the industry

# Capitalization



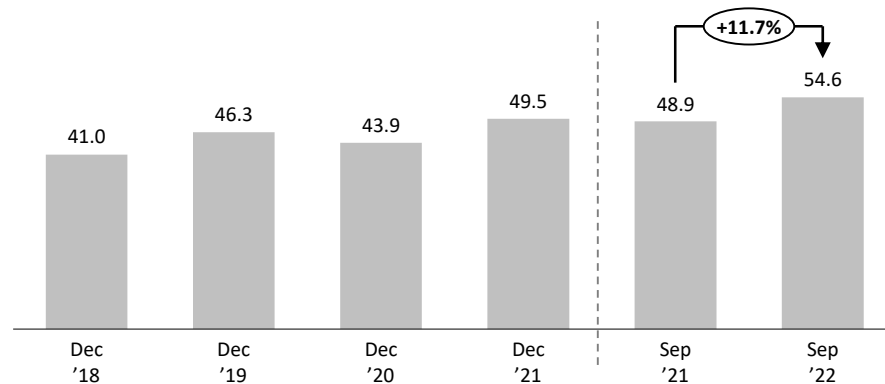
## Breakdown of Equity [AED B]

Retained Earnings Reserves\* Share Capital



\*reserves include minority interest

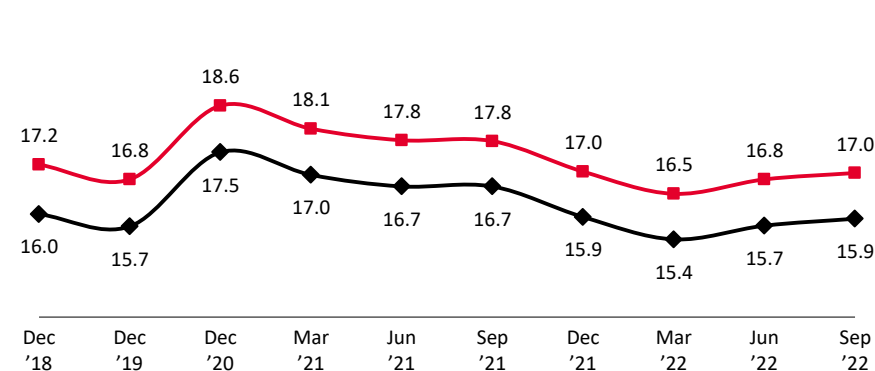
## Risk Weighted Assets [AED B]



Numbers may not add up due to rounding

## Capital Adequacy Ratio

CAR CET1



## Notes

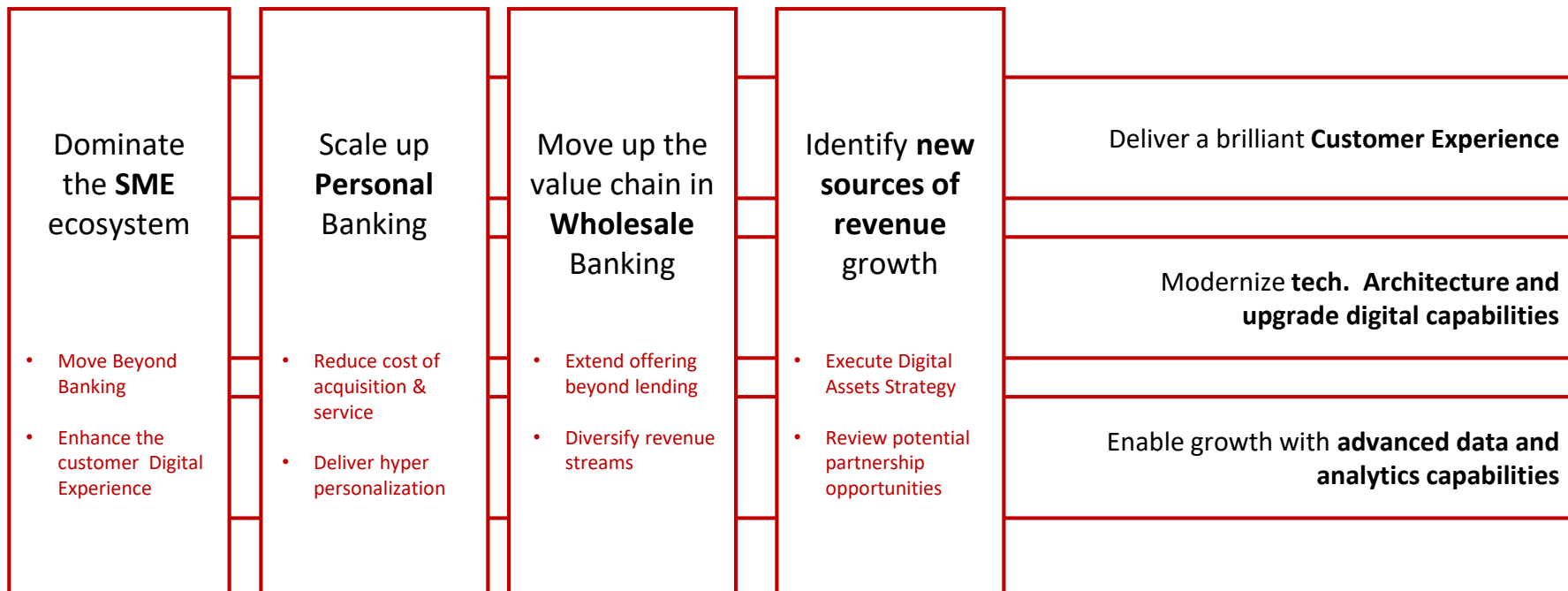
- Total Capital Adequacy Ratio (CAR) as at 30 September 2022 is at 17.0 %. Common Equity Tier 1 is at 15.9% and Tier 2 is at 1.1%



# Strategic Direction



# Strategic Direction





# Awards



# Recognition



**Best SME Bank in the UAE**  
Global Finance Magazine Awards

**Best SME Bank**  
Banking Excellence Awards

**UAE's SME Bank of the Year**  
Asian Banking & Finance Awards

**UAE's Mid-Sized Domestic Retail Bank of the Year**  
Asian Banking & Finance Awards

**Excellence in SME Banking**  
Finnovex Awards

**The Number 2 Top Investment House in MENA**  
The Asset Benchmark Research

**Gold Award Winners**  
The Asset ESG Corporate Awards

**Certificate on Environment for 2021**  
Dubai Chamber CSR Label

**One of the World's Best Banks of 2021**  
Forbes

**Banking Innovation Awards**  
EFMA Accenture Banking Innovation Awards

**Customer Journey Reimagination category-SME Digital Onboarding**  
Infosys Finacle Innovation Awards

**Best Retail Payment Implementation in the Middle East for "Skiplay"**  
Asian Banker Financial Technology Innovation Awards

**Best Wealth Management Provider in the UAE**  
World Finance Wealth Management Awards

**Best Sustainable Work Practices Excellence Bank Award**  
Middle East Banking Innovation Summit

**Best Self-Service Banking Implementation in Middle East for "Quick Apply"**  
Asian Banker Financial Technology Innovation Awards

**Best Online Bank UAE**  
International Business Magazine

**Best Bank for Insurance in the UAE**  
International Business Magazine

**Best Trade Finance Bank**  
MEA Trade Review Awards

**Best AI Technology Implementation for the "Insurance Chatbot"**  
MEA Finance Awards

**Outstanding Digital Transformation in Payments for Skiplay**  
ME&A Innovation Awards

**Advertiser of the Year**  
MMA Smarties Award

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## Contact

**Geraldine Dagher**

Phone: +971 4 291 5064

Email: [ir@rakbank.ae](mailto:ir@rakbank.ae)

## Useful information

Download copies of:

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