



# H1 2023 Earnings Presentation

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July 2023



# Disclaimer

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# Table of Contents

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1. Key Highlights
2. RAKBANK and its Strategy
3. Financial Performance
4. Outlook



# 1. Key Highlights

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# H1 2023 – Key Highlights

Record net profit in H1 2023 with strong shareholder returns

- **Highest ever half yearly net profit of AED 901 Mn, up 71% year on year** driven by robust and diversified growth on both sides of the balance sheet. This was underpinned by strong sales momentum and strong credit quality
- **Income up 42% YoY to AED 2.2 Bn**, as sustained increase in operating accounts drive low cost deposits while a well diversified growth on the asset side continues paired with a strong non-interest income
- **Cost-income ratio improved 1,170 basis points to 36.3%** in H1 2023
- **16% YoY asset growth to AED 72 Bn**, while maintaining a balanced asset mix (40% Personal Banking, 19% Business Banking and 41% Wholesale banking)
- **19% YoY deposits growth to AED 49 Bn**, with CASA representing 68% of total deposits being one of the highest in the industry, reflecting a 10% growth YoY
- **Delivered strong shareholder returns** with ROE of 19.3% and ROA of 2.7%, whilst remaining highly liquid and well capitalized
- **Remained highly liquid and well capitalized** with CAR at 17.7%. The regulatory eligible liquid asset ratio at 15.1% and the Advances to Stable Resources Ratio stood comfortably at 79.9%

## 2. RAKBANK Strategy

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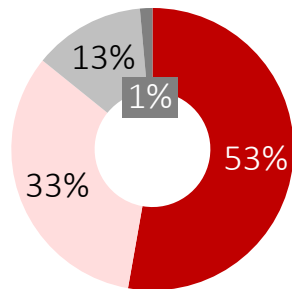


# RAKBANK - A Leading UAE Bank

## 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
- 21 branches and 282 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



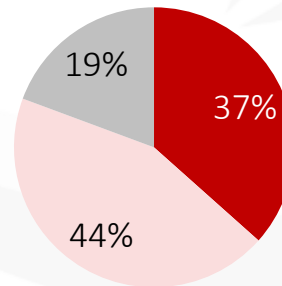
Govt. of Ras Al Khaimah   Other UAE Nationals   GCC Nationals   Others

## Strong and Stable Credit Ratings

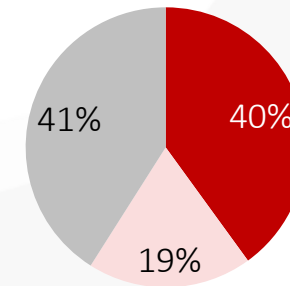
Rating Agency	Last Update	Ratings	Outlook
Moody's	May 2023	Baa1 / P-2	Stable
Fitch	April 2023	BBB+ / F2	Stable
Capital Intelligence	August 2022	A- / A2	Positive

## Balanced Business Portfolio\*

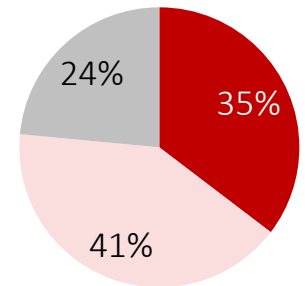
Operating Income



Assets



Deposits



Personal Banking   Business Banking   Wholesale Banking

\*Only considers the business segments, excludes unallocated and insurance H1 2023 Earnings Presentation | 7

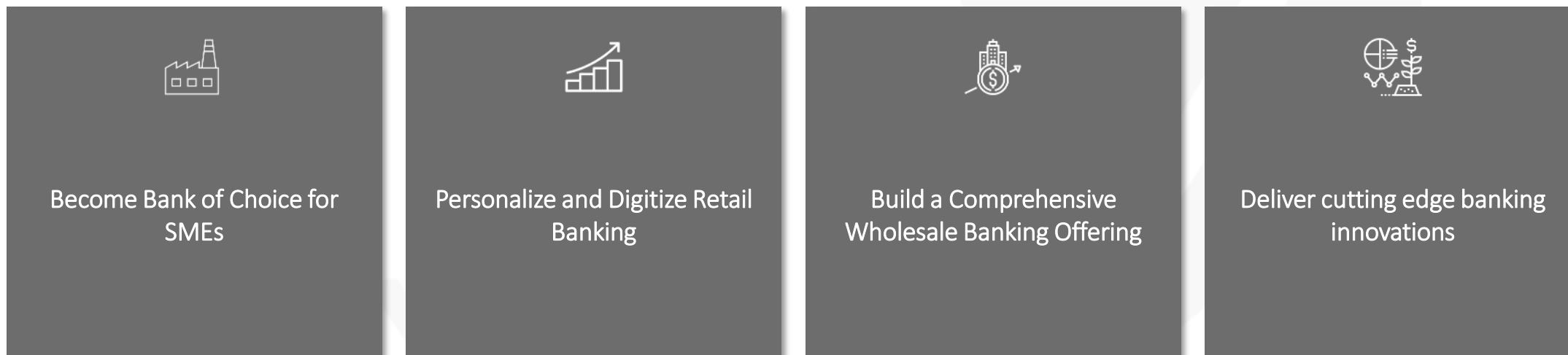


# Our 2026 Vision, Strategy and Objectives

2026 Vision

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

Key Strategic Pillars



Key Strategic Objectives







# 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**

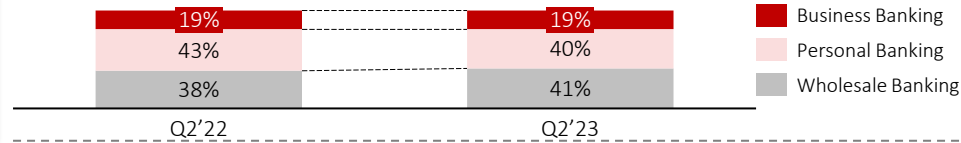
**Deliver Scalable Growth through Digitization and Automation**

**Invest in Our People**

**Ongoing Commitment to our Community and ESG**

**We are maintaining a diversified asset mix...**

Total Business Assets by Segment

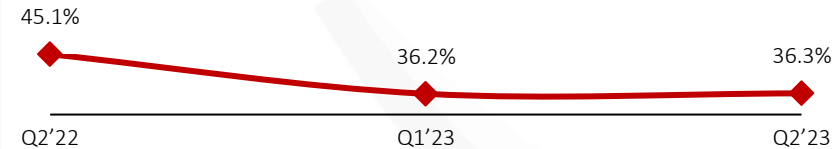


**We are enhancing our customer journeys with hyper-personalization...**

- Launched digital onboarding for Credit Cards
- Digitizing SME onboarding
- Implemented DataRobot Platform to scale our machine learning capabilities

**We are becoming more scalable...**

Cost to Income ratio



**We are developing and diversifying our workforce...**

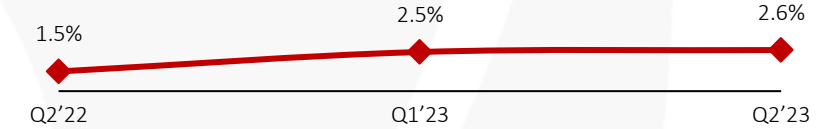
- Launched a new Diversity and Inclusion Council, to further foster a diverse and inclusive workplace and embrace diversity
- Continuously support and develop our employee driven councils on Diversity & Inclusion, Sustainability, Wellbeing and Sports

**We continue to support our community...**

- The Sustainability Council launched the INDIMAJ, a work experience designed for students on the autism spectrum and other people of determination
- Actively engaged and aligned with RAK Government on COP28 submission

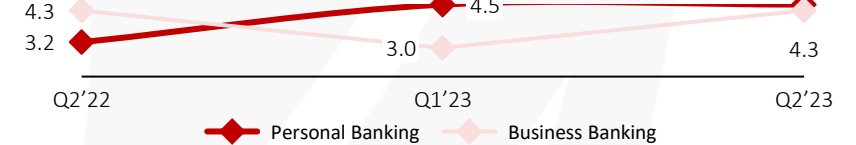
**...And stabilizing our risk profile**

Cost of Risk



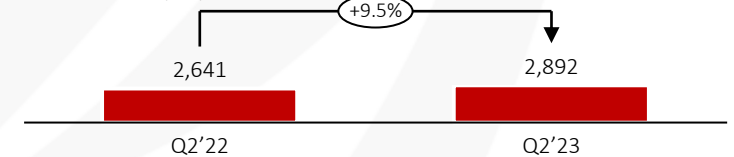
**...And improving our customer feedback**

Apps Customer Ratings



**...And driving digitization**

Digital transactions (# K)



**...And modernizing our workplace**

- Revamping physical workplace and new hardware and software solutions
- Recently delivered the first workspace revamp in Dubai Silicon Oasis office with more planned

**...And reduce our carbon footprint**

- Direct electricity consumption reduced by 14% YoY
- Water consumption reduced by 31% YoY
- Paper consumption reduced by 16% QoQ

## 3. Financial Performance

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# H1 2023 Key Highlights

We have more than doubled YoY our H1 2023 Net Profit at AED 901 million

## Strong Growth in Profitability

YoY %

Net Profit (Mn)

**900.8**  
+71% ▲

Total Income (Mn)

**2,189**  
+42% ▲

Expenses (Mn)

**794.6**  
+7% ▲

## Solid Balance Sheet Growth

YoY %

Total Assets (Bn)

**71.9**  
+16% ▲

Gross Loans & Advances (Bn)

**39.9**  
+7% ▲

Deposits (Bn)

**49.0**  
+19% ▲

## Robust Capital Position and Strong Return

YoY %

CAR

**17.7%**  
+90 bps ▲

ROE

**19.3%**  
+660 bps ▲

Cost to Income

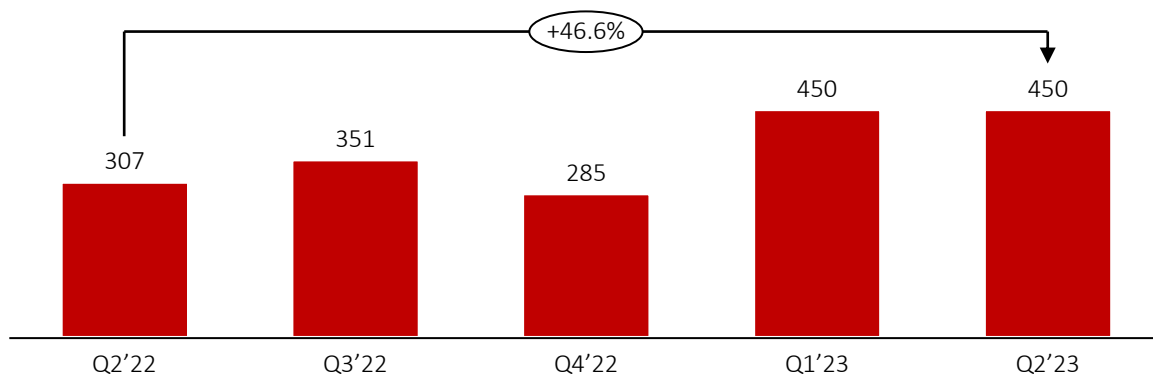
**36.3%**  
-1170 bps ▼



# Quarterly Income Statement

RAKBANK delivered a Net Profit increase of 47% YoY and 58.8% YoY Operating Profit growth for Q2 2023, on the back of strong net interest and fee income growth...

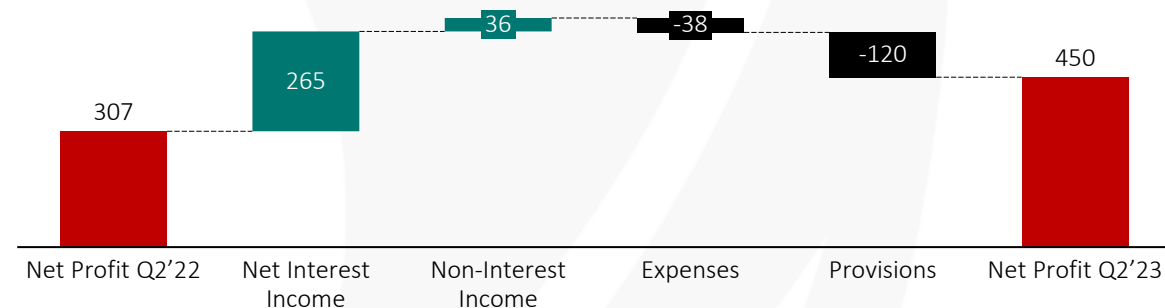
Net profit (AED Mn)



Income Statement Highlights

Income Statement (AED Mn)	Quarter				
	Q2'23	Q2'22	Q1'23	ΔYoY	ΔQoQ
Net interest income	828.4	563.0	788.8	47.1%	5.0%
Non-interest income	287.8	252.0	284.4	14.2%	1.2%
<b>Total income</b>	<b>1,116.1</b>	<b>815.0</b>	<b>1,073.2</b>	<b>36.9%</b>	<b>4.0%</b>
Operating expenditures	(405.6)	(367.7)	(389.0)	(10.3%)	(4.3%)
<b>Operating profit</b>	<b>710.5</b>	<b>447.3</b>	<b>684.2</b>	<b>58.8%</b>	<b>3.8%</b>
Provisions for impairment	(260.0)	(140.0)	(233.9)	(85.8%)	(11.2%)
<b>Net profit</b>	<b>450.5</b>	<b>307.3</b>	<b>450.3</b>	<b>46.6%</b>	<b>0.0%</b>

Net profit Movement YoY (AED Mn)



Net profit Movement by Segment YoY (AED Mn)

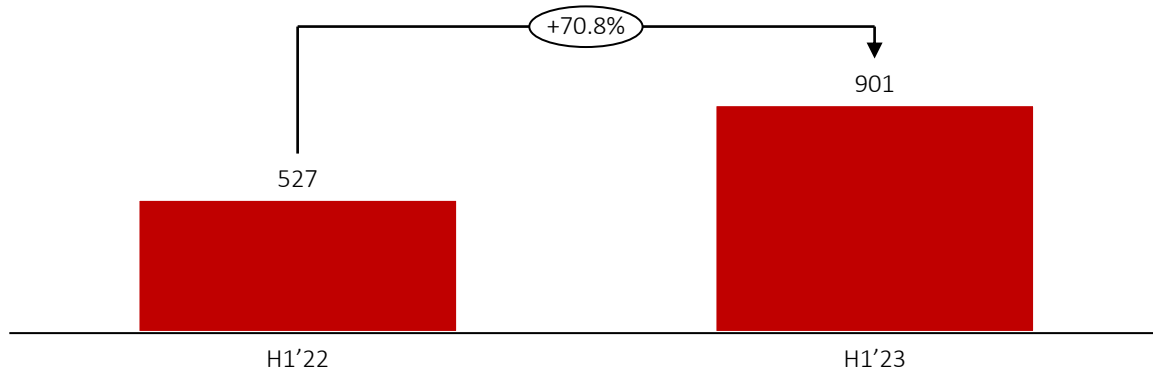


\*Wholesale Banking includes Treasury while Other includes Funding Center, Head Office, Unallocated, Insurance, etc

# Half Year Income Statement

...While delivering the highest ever half yearly Net Profit of AED 901 Mn, up 71% year on year, and an Operating Profit of AED 1,395 Mn, up 74% YoY

Net profit (AED Mn)



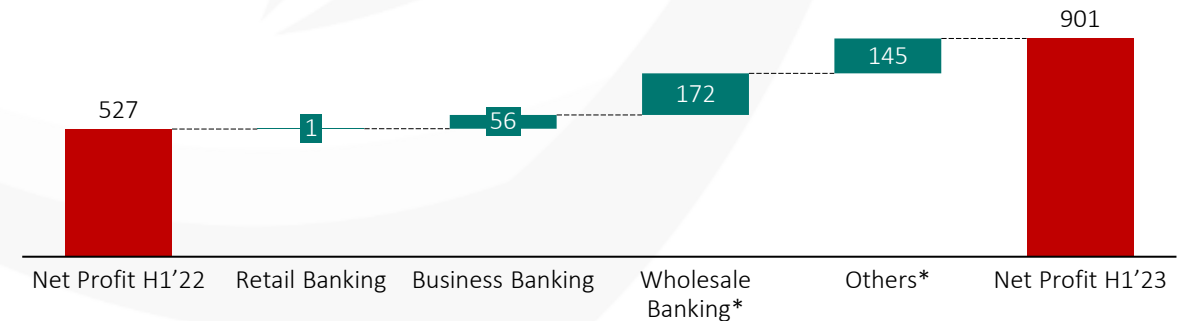
Net profit Movement YoY (AED Mn)



Income Statement Highlights

Income Statement (AED Mn)	Half Year		
	H1'23	H1'22	ΔYoY
Net interest income	1,617.2	1,103.5	46.6%
Non-interest income	572.1	438.5	30.5%
<b>Total income</b>	<b>2,189.3</b>	<b>1,542.0</b>	<b>42.0%</b>
Operating expenditures	(794.6)	(740.1)	(7.4%)
<b>Operating profit</b>	<b>1,394.8</b>	<b>801.9</b>	<b>73.9%</b>
Provisions for impairment	(494.0)	(274.5)	(80.0%)
<b>Net profit</b>	<b>900.8</b>	<b>527.4</b>	<b>70.8%</b>

Net profit Movement by Segment YoY (AED Mn)



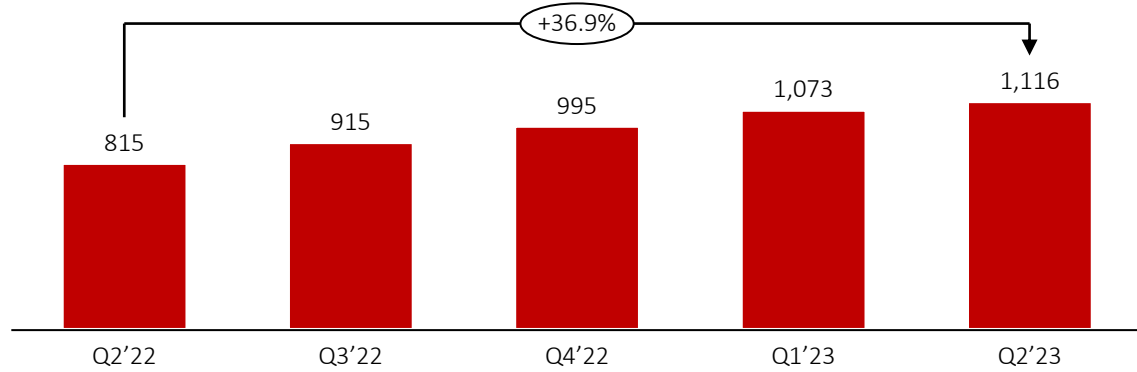
\*Wholesale Banking includes Treasury while Other includes Funding Center, Head Office, Unallocated, Insurance, etc



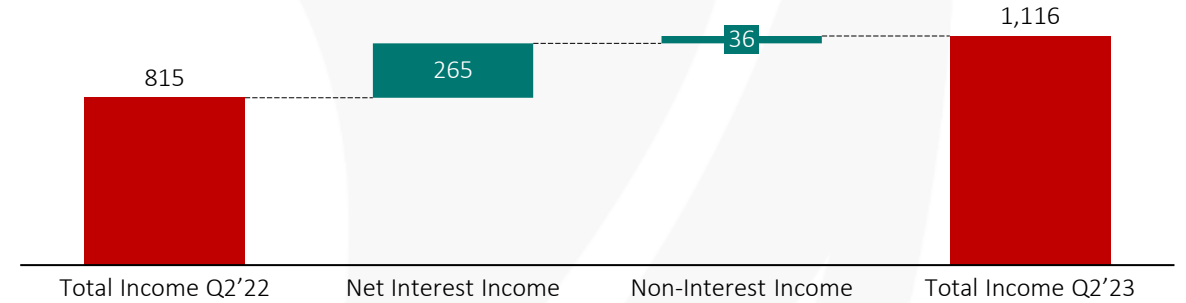
# Revenue

Quarterly revenue up 37% YoY to AED 1,116 million, through strong NIM performance and growth in all segments

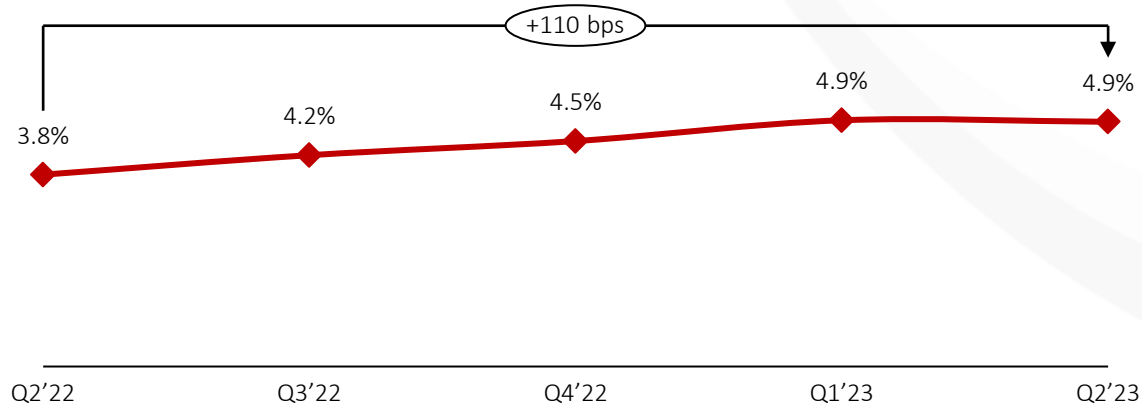
Total Income (AED Mn)



Total Income Movement YoY (AED Mn)



Net Interest Margin (NIM)



Total Income Movement by Segment YoY (AED Mn)



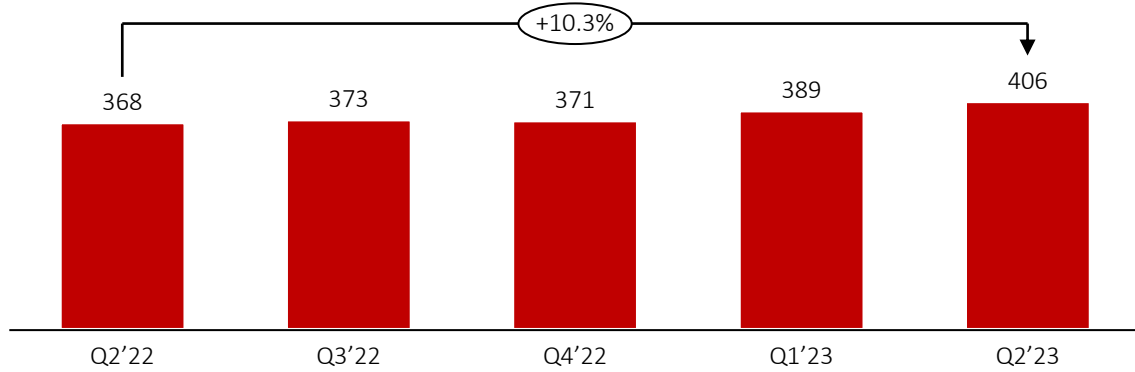
\*Wholesale Banking includes Treasury while Other includes Funding Center, Head Office, Unallocated, Insurance, etc



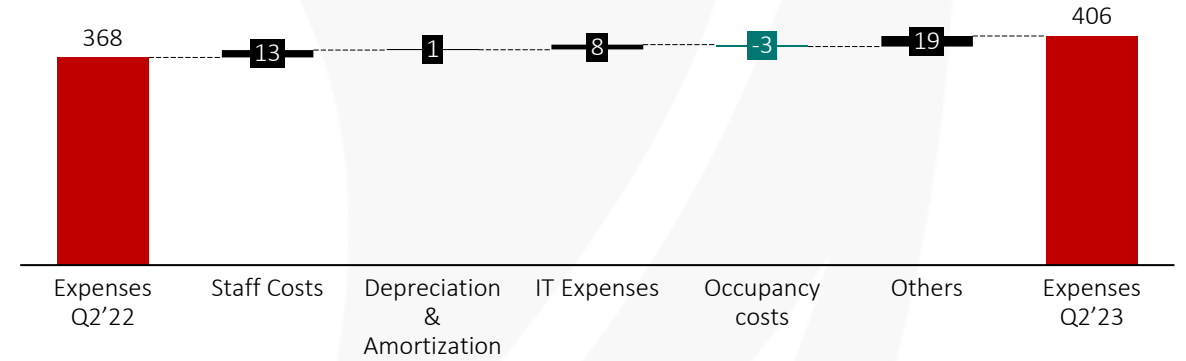
# Operating Expenses

Cost-income ratio improved 1,170 basis points to 36.3% in Q2 2023 with strong cost discipline mitigating inflationary pressure

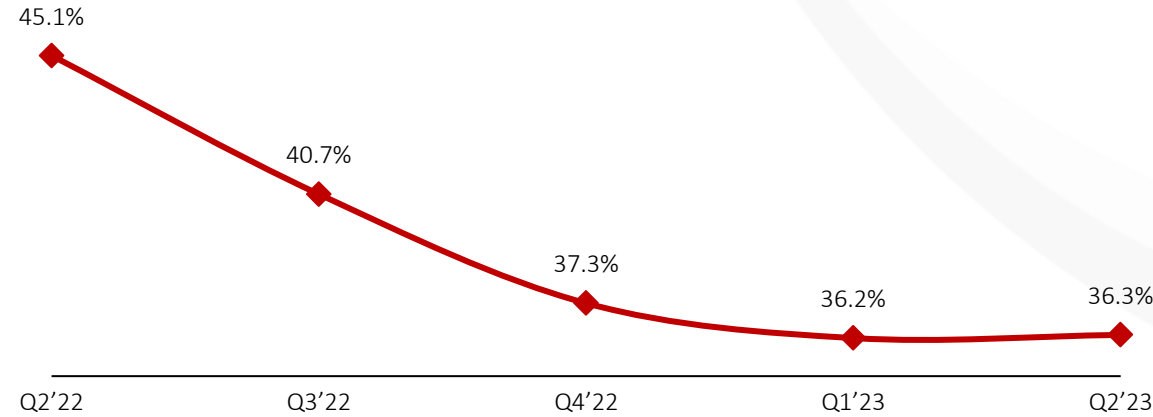
Expenses (AED Mn)



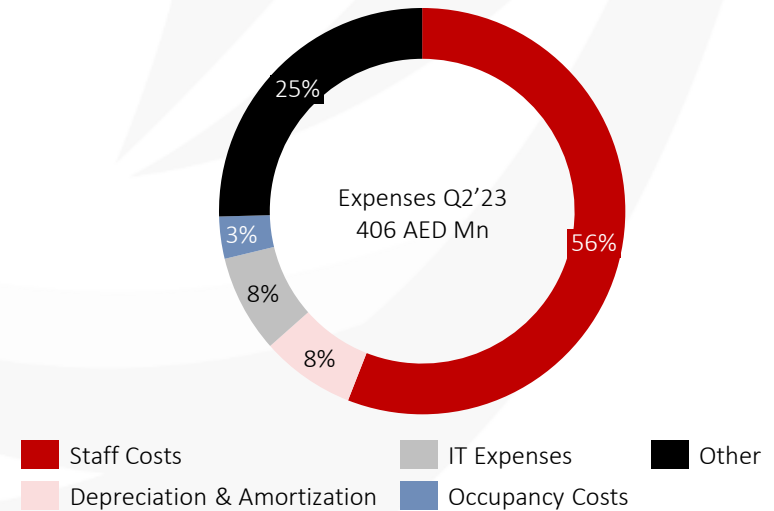
Expenses Movement YoY (AED Mn)



Cost to Income Ratio



Expenses Composition

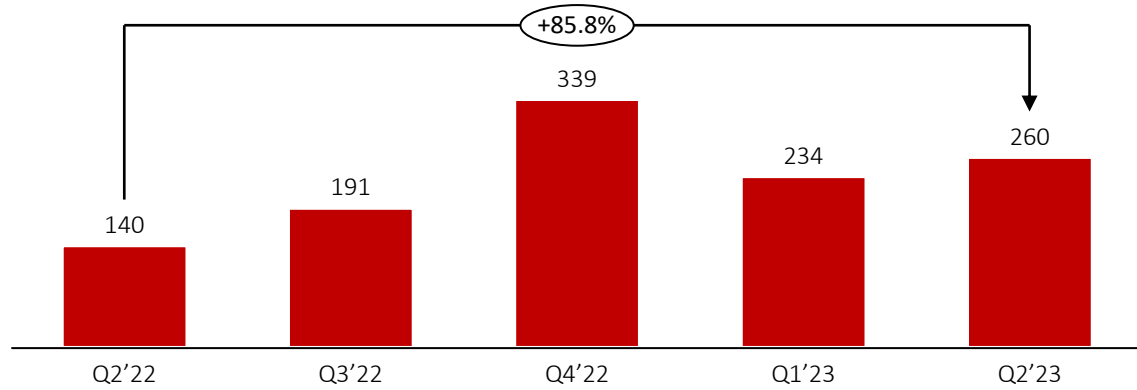




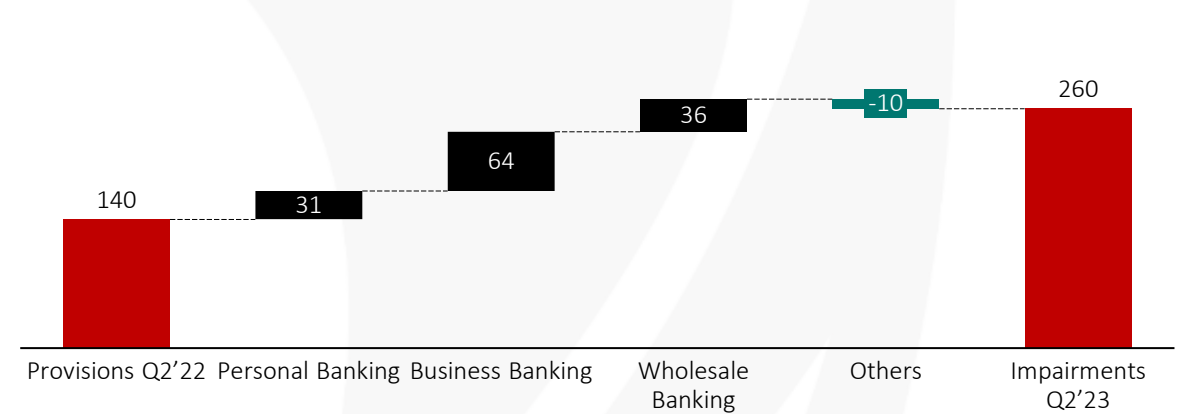
# Provisions for Impairments

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

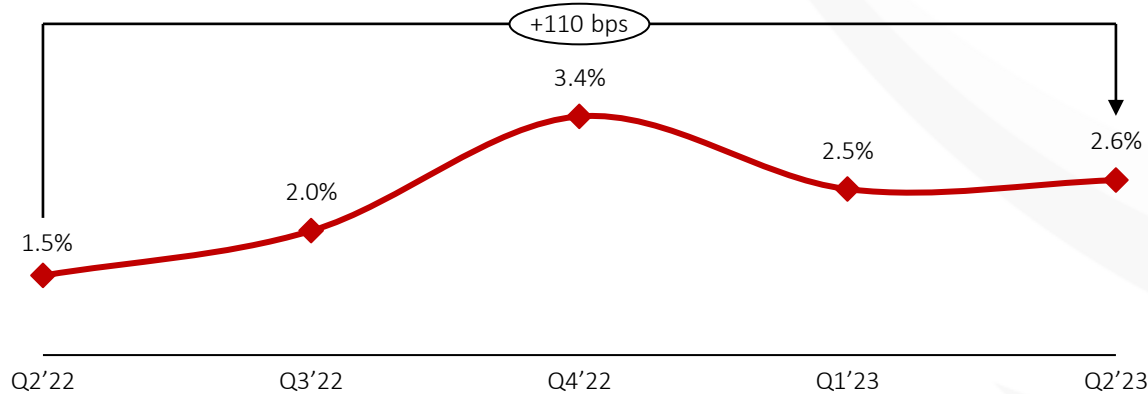
Provisions for Impairments (AED Mn)



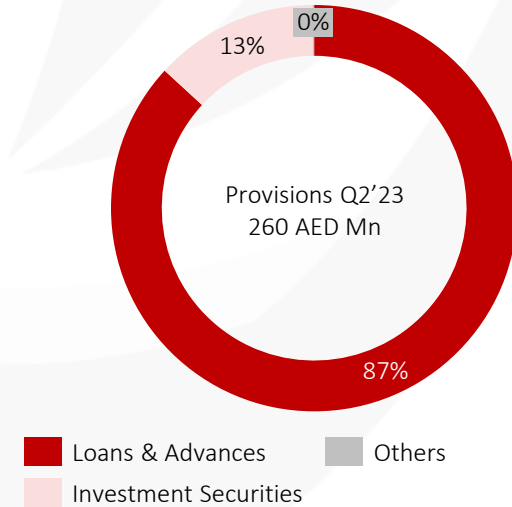
Provisions for Impairments Movement per Segment YoY (AED Mn)



Cost of Risk



Provisions for Impairments Composition



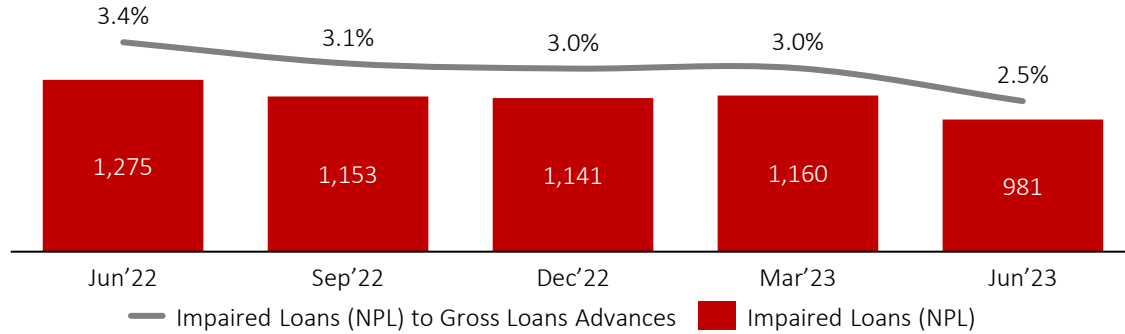




# Non-Performing Finance

Impaired Loan provision coverage ratio increased to 231.5% against 142.1% in Q2'22, remaining one of the strongest in the industry

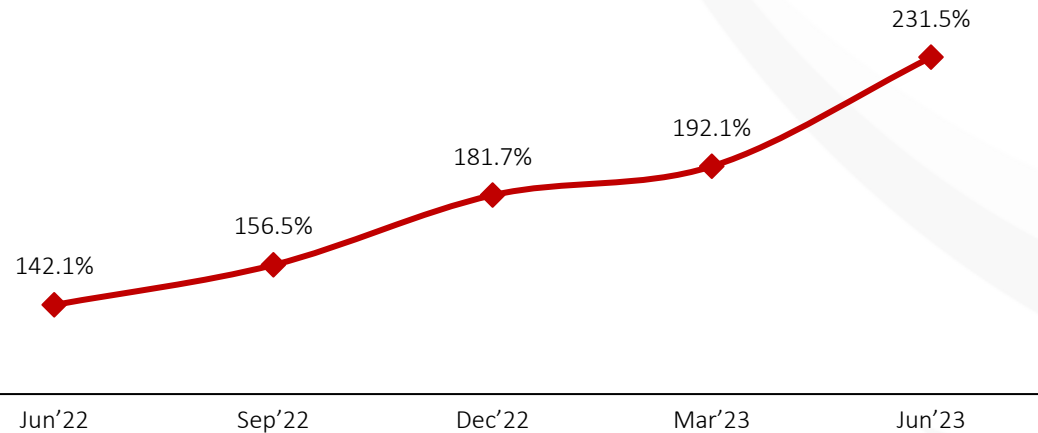
Non Performing Loans (AED Mn)



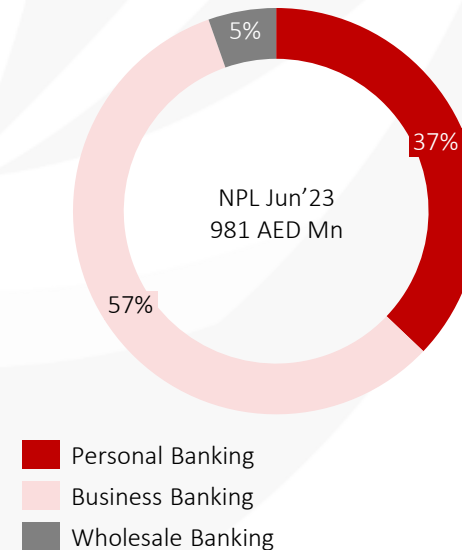
Non Performing Loans Movement by Segment YoY (AED Mn)



Loan Provision Coverage Ratio



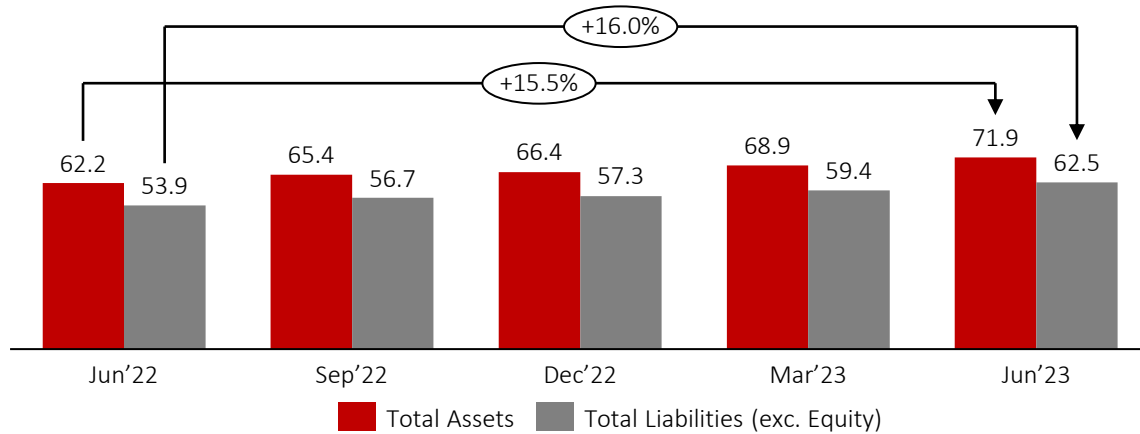
Non Performing Loans by Segment



# Balance Sheet

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

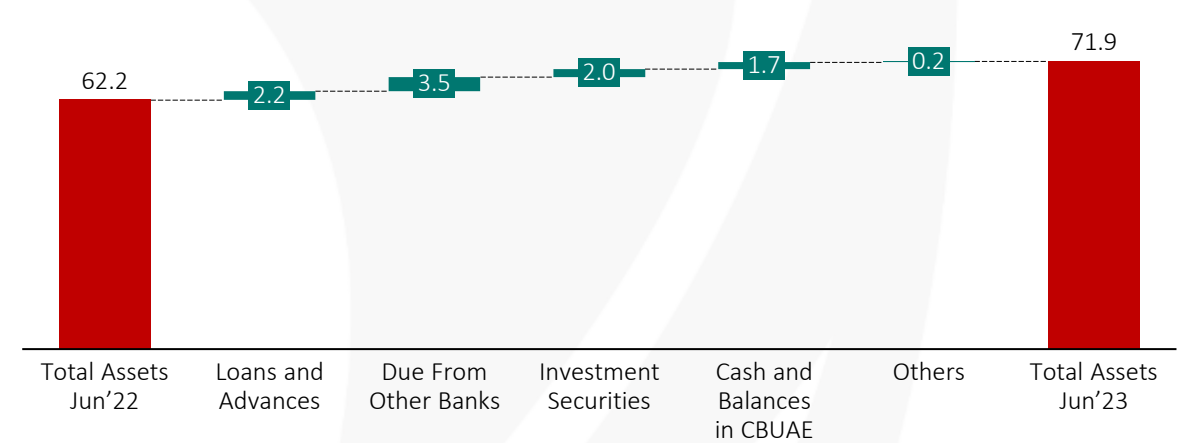
Assets and Liabilities (AED Bn)



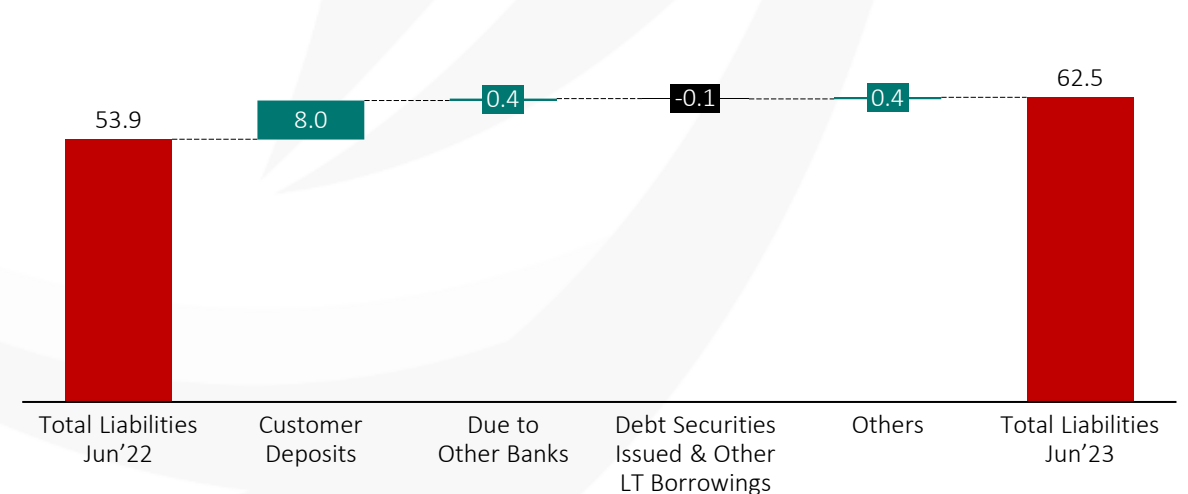
## Balance Sheet Highlights

Balance Sheet (AED Bn)	Jun'23	Mar'23	Jun'22	ΔYoY	ΔQoQ
Total assets	71.9	68.9	62.2	15.5%	4.3%
Gross loans & advances	39.9	38.7	37.2	7.1%	3.1%
Deposits	49.0	46.4	41.0	19.4%	5.6%
Gross business assets	49.7	48.3	45.1	10.1%	2.9%

Total Assets Movement YoY (AED Bn)



Total Liabilities Movement YoY (AED Bn)

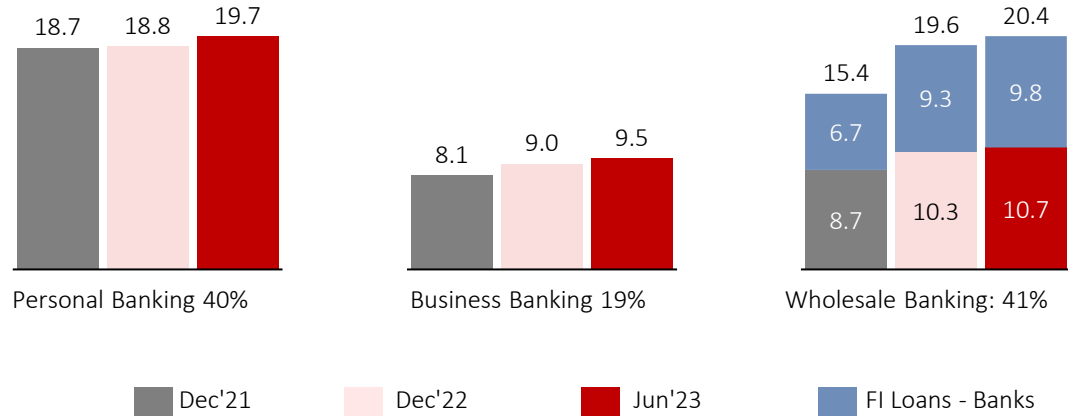




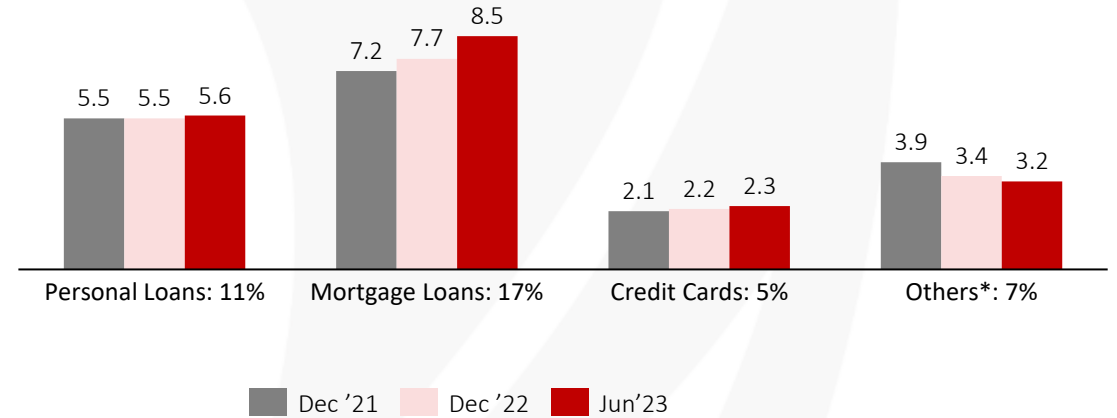
# Transforming Our Asset Mix

Maintained the balance of our asset mix between segments and products

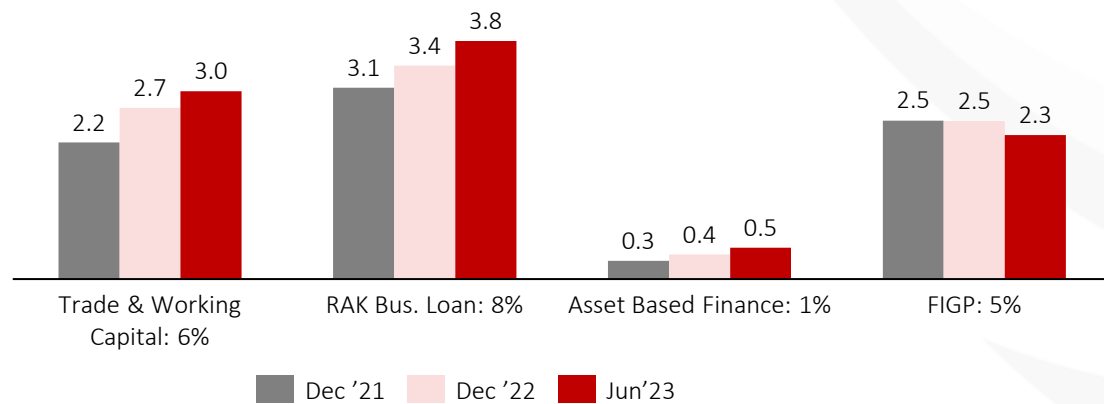
Total Business Assets by Segment (AED Bn)



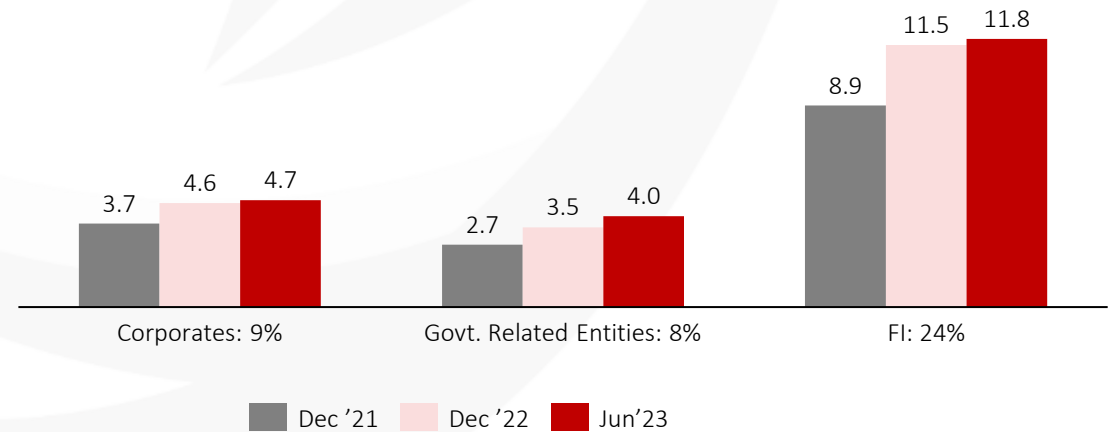
Total Business Assets – Personal Banking (AED Bn)



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

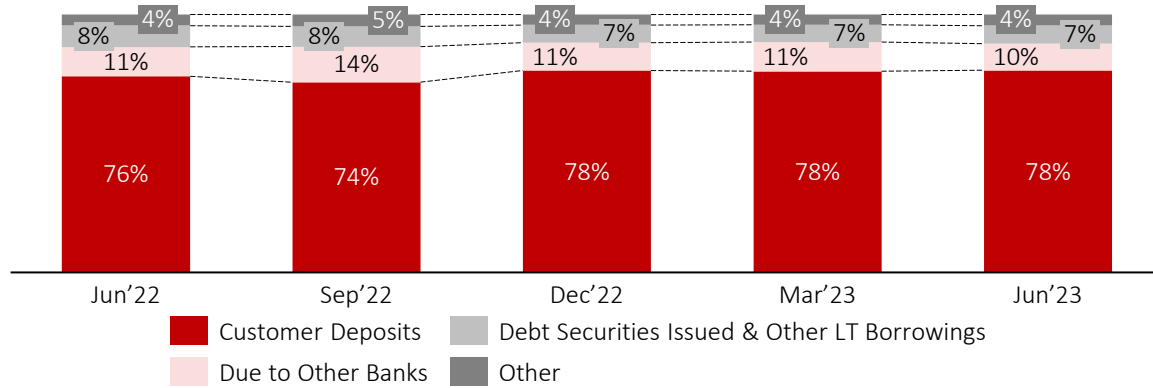
\*Includes Auto-Loans



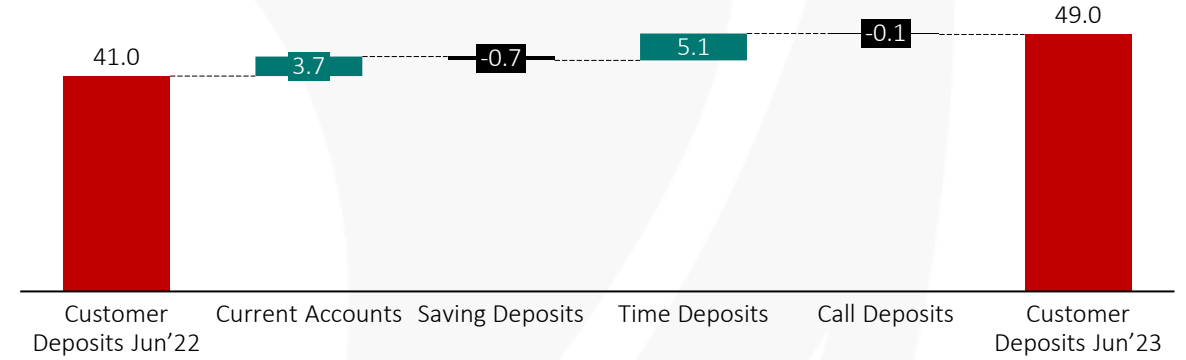
# Liabilities and Customer Deposits

19% YoY deposits growth with CASA representing 68% of total deposits from customers

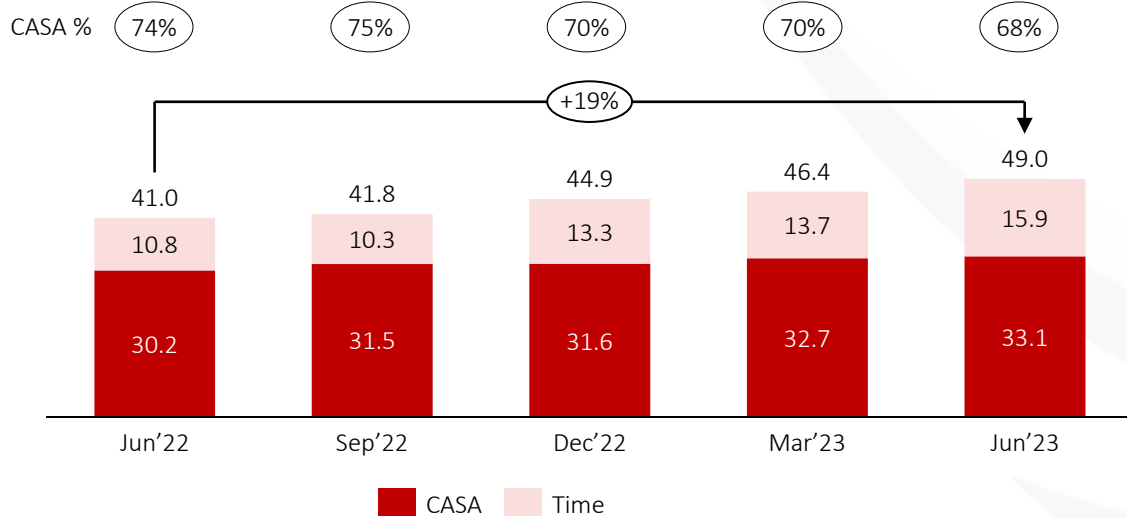
Breakdown of Total Liabilities (exc. Equity) by Type



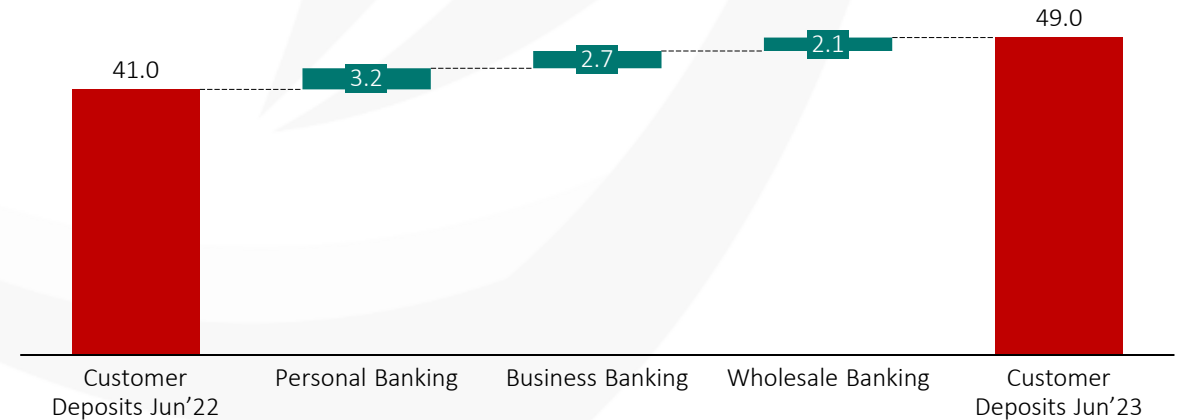
Customer Deposits Movement YoY (AED Bn)



Customer Deposits by Type (AED Bn)



Customer Deposits Movement by Segment YoY (AED Bn)

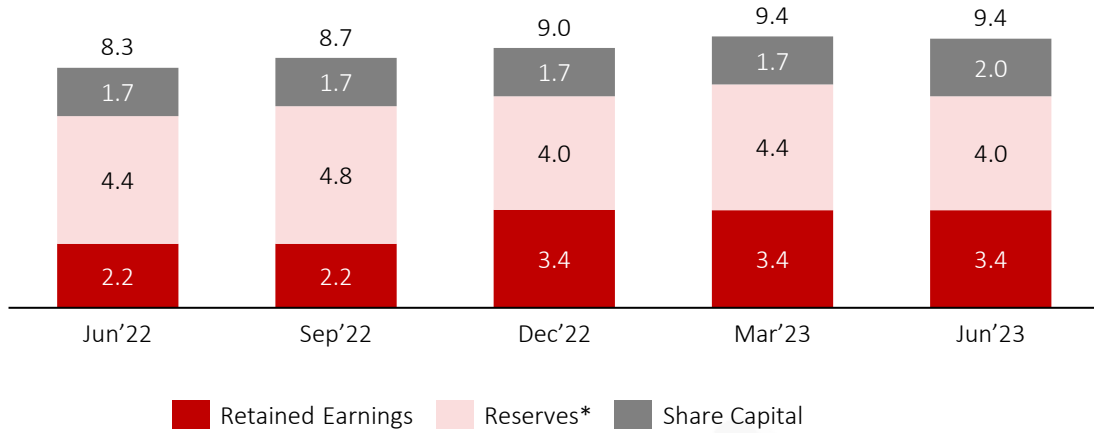




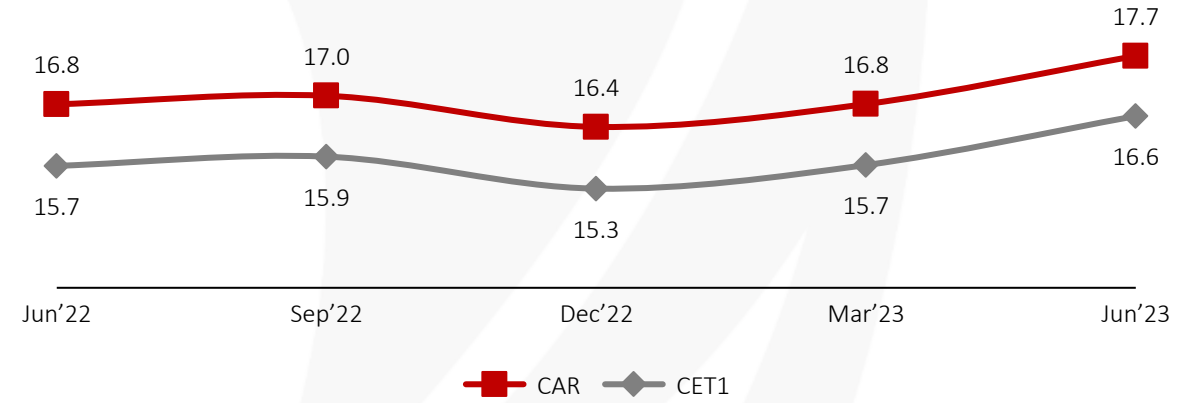
# Capital

Robust capitalization well within regulatory requirements

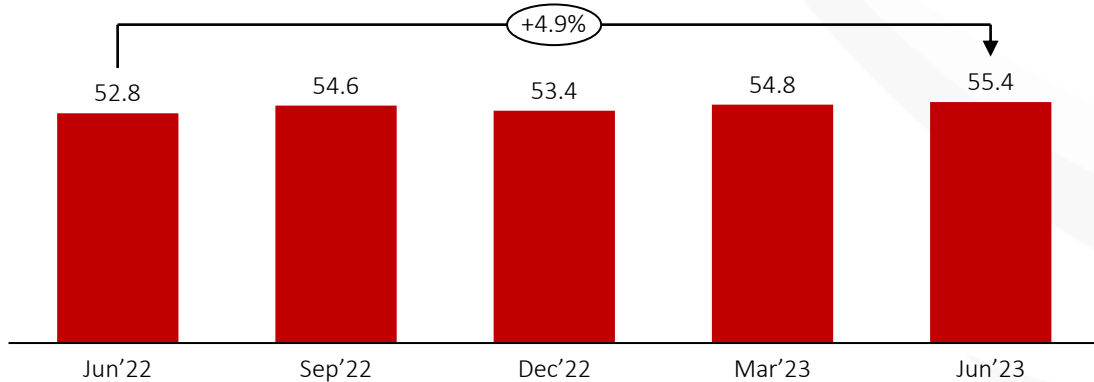
Breakdown of Equity (AED Bn)



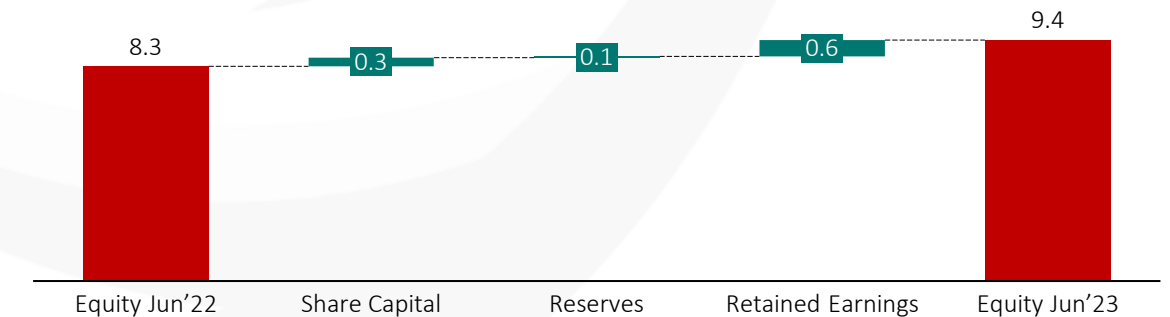
Capitalization Ratios (%)



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

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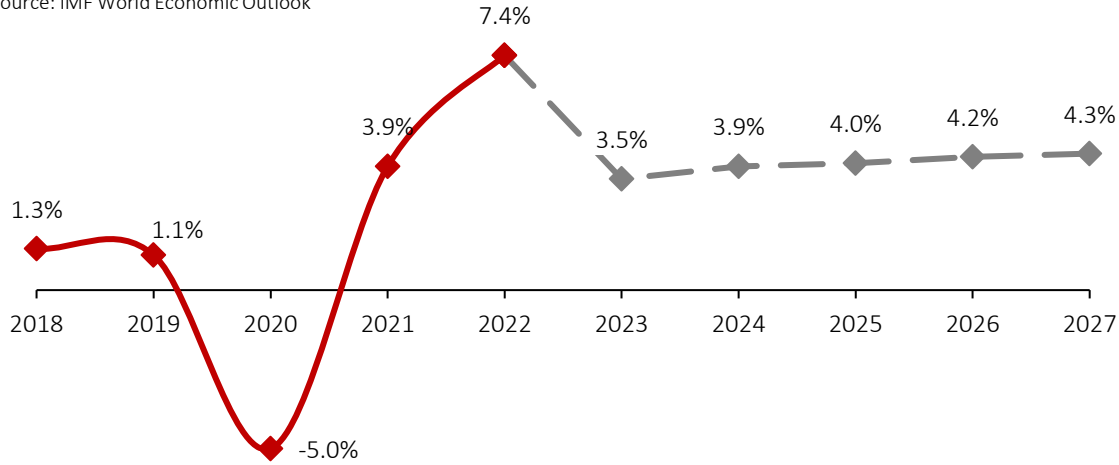


# Market Outlook

The UAE economy has recovered strongly from the pandemic years with robust continued performance expected despite potential global headwinds

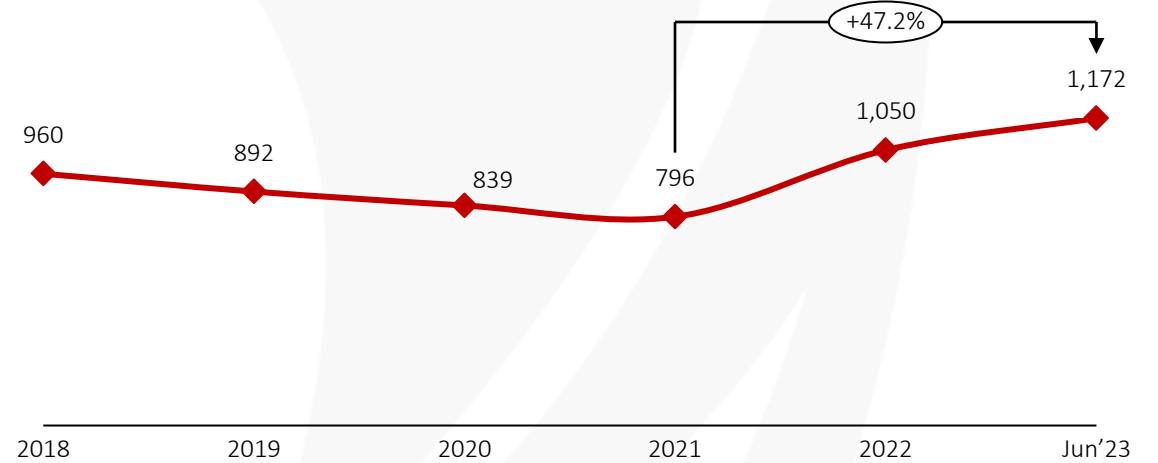
## UAE Real GDP Growth (YoY % Change)

Source: IMF World Economic Outlook



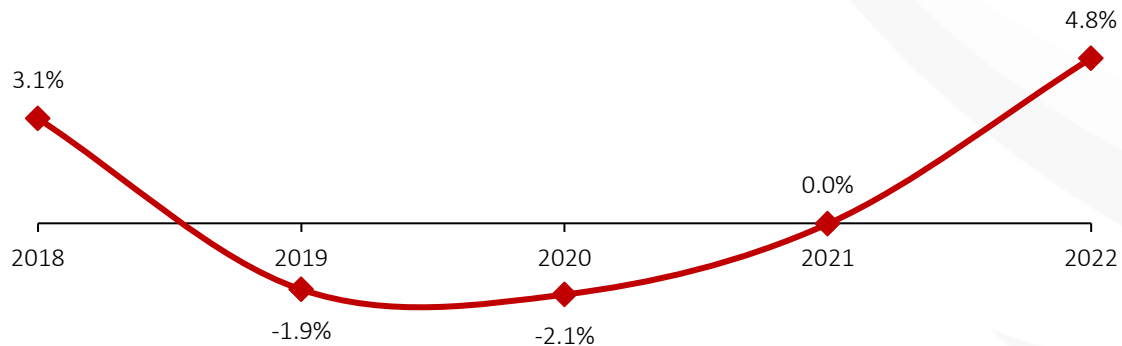
## Dubai Property Price Change (Median price per sqft.)

Source: DXB Interact by Dubai Land Department



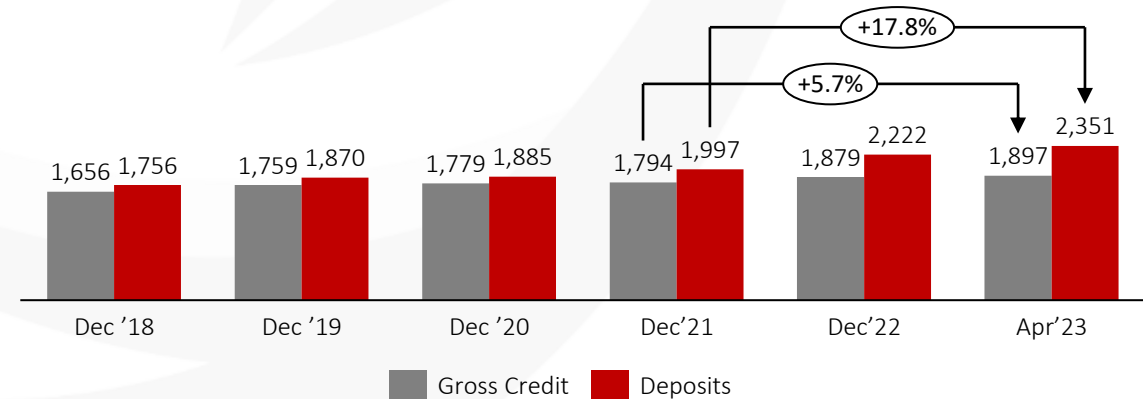
## UAE Annual Inflation – Consumer Prices (YoY % Change)

Source: World Bank



## UAE Banks' Gross Credit and Deposits (AED Bn)

Source: Central Bank of UAE





## Contact

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