



Investor Presentation

Q3 / 9M 2020



Highlights

**Total Income
down by 8.1%**
9M 20 v/s 9M 19

**Cost to Income
Ratio : 37.4%**
As at September 2020

**Operating
Expenses down by
12.2%**
9M 20 v/s 9M 19

**Annualized ROE
at 7.6%**
As at September 2020

- Total operating income reduced by AED 242 million in the first 9 months 2020 as compared to the same period of 2019, due to the challenging external environment.
- Bank has taken a proactive approach to cost optimization that has resulted in reduction of operating expenses by 12.2% in the first 9 months of 2020 as compared to the same period of 2019.
- Cost to Income ratio is at 37.4% as compared to 39.2% for the same period of 2019.
- Pre-emptive steps of recalibrating IFRS 9 provisions have been taken to factor in challenges that lay ahead. This has led to an additional IFRS 9 provisions, amounting to AED 269 million for in the first 9 months 2020 (Management Overlay).



Bank profile

The UAE's leading SME lender



As at September 2020

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 300+ ATMs in the UAE as at 30.09.2020
- Launched Islamic Banking window – RAKislamic – in 2013



AED 6 b
Market Cap

AED 52.3 b
Total Assets

AED 34.2 b
Total
Deposits

AED 32.6 b
Gross Loans
Advances



Institutional strength

Credit Ratings

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

Capital Adequacy

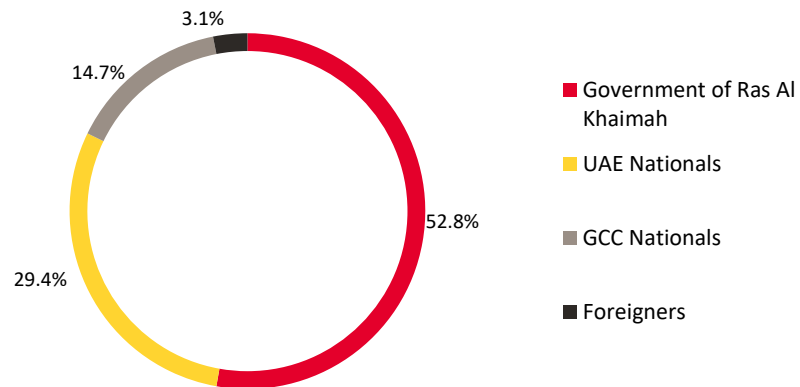
The Bank's **Total Capital Adequacy Ratio (CAR)** as at 30th September 2020 is at 19.4% after applying prudential filter; Common Equity Tier 1 is at 18.2%; and Tier 2 is at 1.1%.

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.

Ownership Structure



Source: ADX
As at September 2020
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"> • Incorporating individual customer financing, credit and debit cards and deposit facilities. • Includes lending products such as personal loans, auto loans, credit cards, mortgages and fee based services like Bancassurance, investment products, foreign exchange, trade services, and remittance. 	<ul style="list-style-type: none"> • Incorporating non-individual financing and deposit services for SME customers. • Includes Term & Working Capital (TWC), RAK Business Loan, Asset Backed Finance (ABF), Financing against Income Generating Property (FIGP), and Deposit facilities. • RAK Business Loan for business turnovers up to AED75Mn and Working Capital financing for turnovers up to AED150Mn. 	<ul style="list-style-type: none"> • Incorporating financing and deposit services for larger corporates bodies, including government and public institutions. • Includes Corporate and Commercial Banking, Trade Finance, Financing against Income Generating Property (FIGP), Financial Institution (FI) Lending, and Asset Backed Finance (ABF). • Targeting customers with turnovers above AED150Mn. 	<ul style="list-style-type: none"> • Incorporating money market activities, investments in debt and equity securities, foreign exchange and derivatives transactions with other banks, and financial institutions. • Treasury is the custodian of liquidity and supports the growth of other segments. 	<ul style="list-style-type: none"> • Incorporating all insurance related transactions of subsidiary, RAK Insurance. • The Bank and RAK Insurance collaborate on manufacturing and selling insurance products.



Performance



Performance highlights

Income statement

(AED Million)	Quarterly Results			9 Months results		Variance	
	Q3'20	Q3'19	Q2'20	9M 2020	9M 2019	Q3'20 Vs Q3'19	9M Sep'20 Vs 9M Sep'19
Net Interest Income	601.1	712.1	666.5	1,963.7	2,091.7	(15.6%)	(6.1%)
Non-Interest Income	251.4	292.5	236.2	792.7	906.7	(14.0%)	(12.6%)
Total Income	852.5	1,004.6	902.8	2,756.4	2,998.3	(15.1%)	(8.1%)
Operating Expenditures	(325.7)	(394.7)	(338.7)	(1,031.6)	(1,175.0)	17.5%	12.2%
Operating Profit before impairment provisions	526.8	609.9	564.1	1,724.8	1,823.3	(13.6%)	(5.4%)
Provisions for Impairment	(394.8)	(325.5)	(411.0)	(1,286.2)	(983.9)	(21.3%)	(30.7%)
Net Profit	132.0	284.5	153.1	438.6	839.4	(53.6%)	(47.7%)

Key ratios

Ratios	Results as at			Variance	
	Sep'20	Dec '19	Sep'19	YTD	YOY
Return On Equity*	7.6%	14.9%	15.5%	(7.3%)	(7.9%)
Return On Assets *	1.1%	2.0%	2.1%	(0.9%)	(1.0%)
Net Interest Margin*	4.7%	5.1%	5.2%	(0.4%)	(0.5%)
Cost-to-Income	37.4%	39.5%	39.2%	2.1%	1.8%
Provision Coverage Ratio	131.2%	118.4%	129.1%	12.8%	2.1%
Gross Impaired Loans Ratio	5.1%	4.0%	3.7%	(1.1%)	(1.4%)
LSRR	86.0%	89.1%	89.5%	3.1%	3.5%
Liquid Asset Ratio (ELAR)	9.7%	12.9%	12.2%	(3.2%)	(2.5%)
Total CAR Basel III**	19.4%	16.8%	17.5%	2.6%	1.9%

Note: Numbers may not add up due to rounding

*Annualized for Sep'19 & Sep'20

**post Prudential Filter

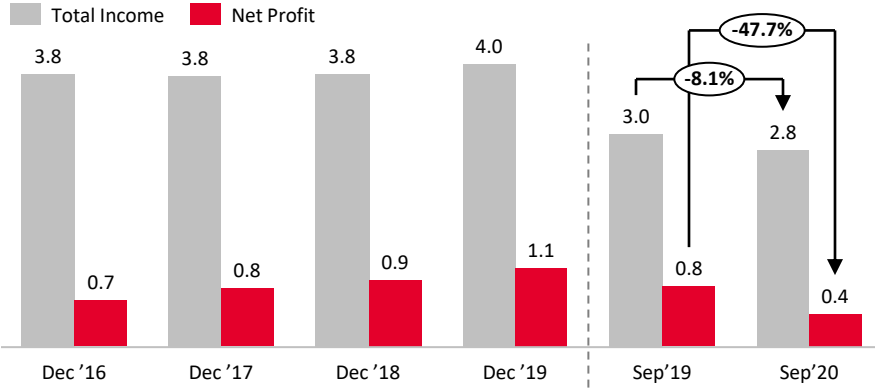
Balance sheet highlights

(AED billion)	Results as at			Variance	
	Sep'20	Dec'19	Sep'19	YTD	YOY
Total Assets	52.3	57.1	56.3	(8.4%)	(7.0%)
Gross Loans & Advances	32.6	36.3	36.3	(10.1%)	(10.2%)
Deposits	34.2	36.8	36.5	(7.1%)	(6.2%)
Gross Customers Assets	37.7	41.9	41.3	(10.1%)	(8.7%)

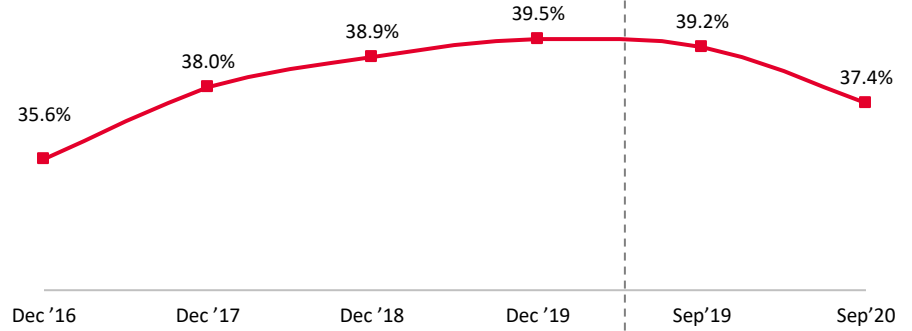


Profitability

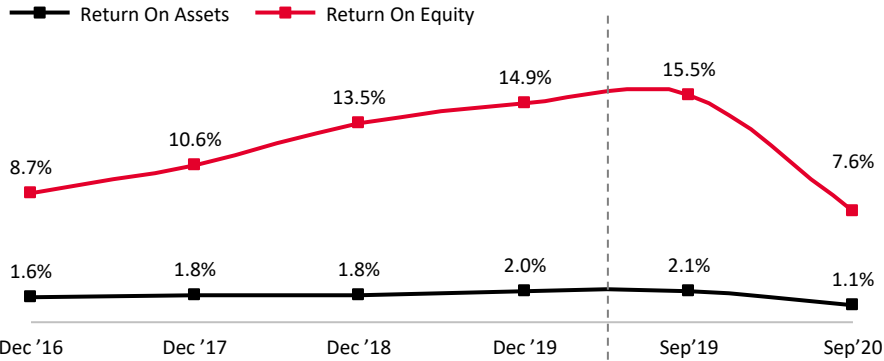
Profitability (AED billion)



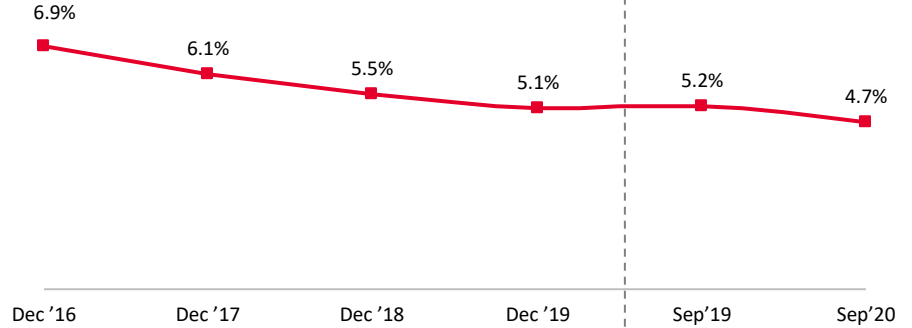
Cost-to-income ratio



Annualized returns*



Net interest margin*

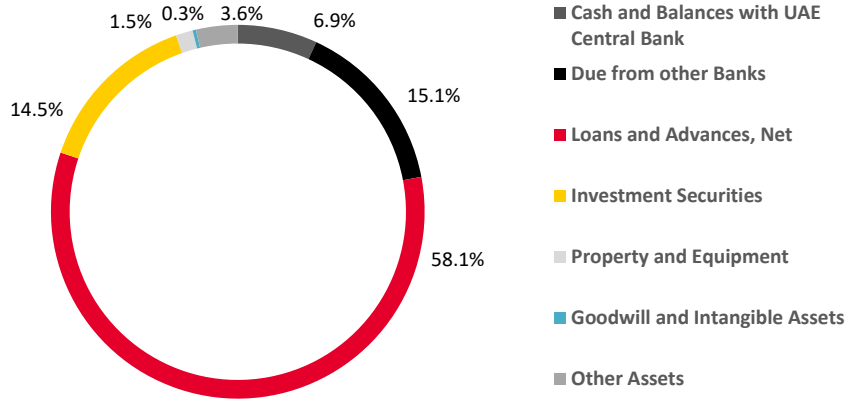


* Ratios are annualized for Sep'19 & Sep'20

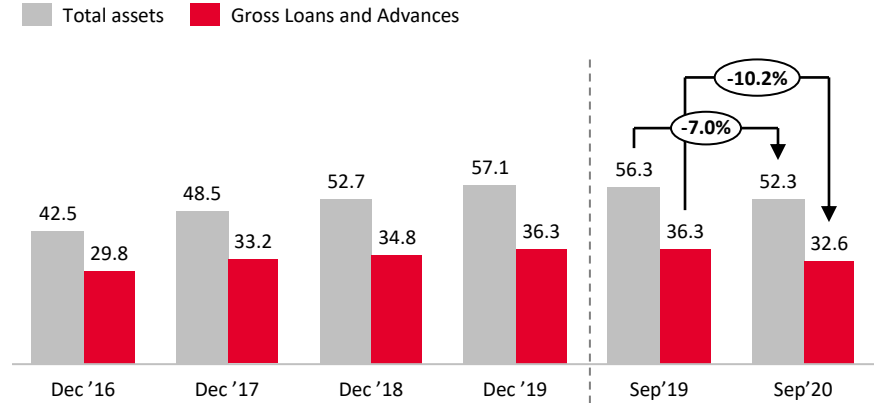


Balance sheet summary

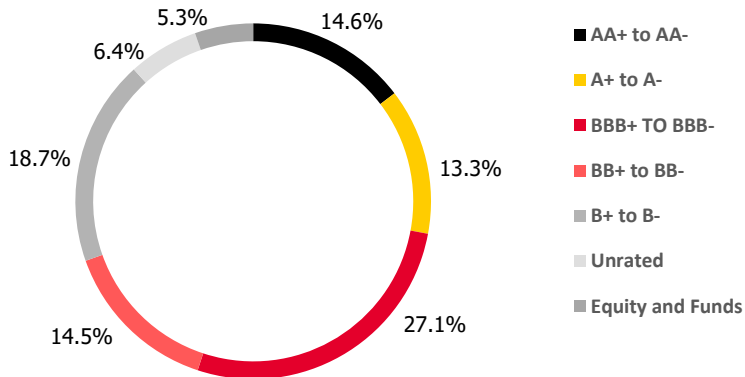
Breakdown of assets by type (as at 30.09.20)



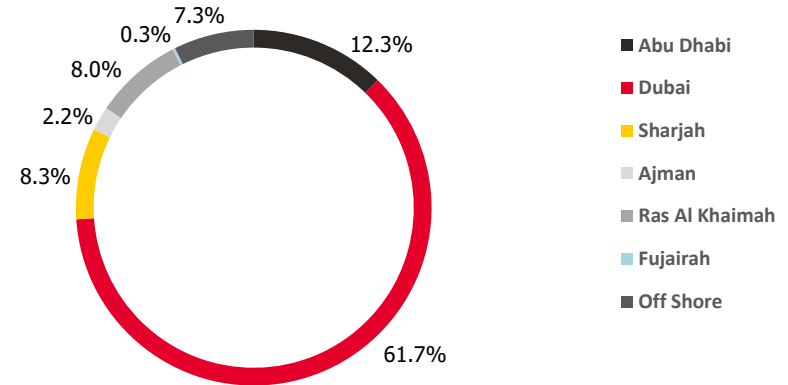
Assets and gross loans & advances (AED billion)



Analysis of investment securities (as at 30.09.20)



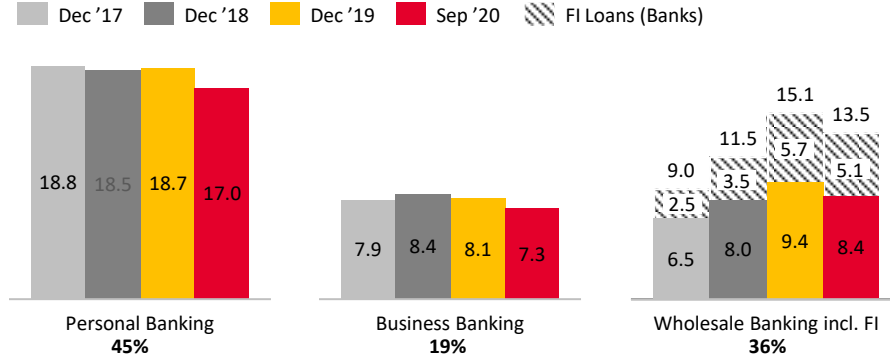
Loans by Geography (as at 30.06.20)



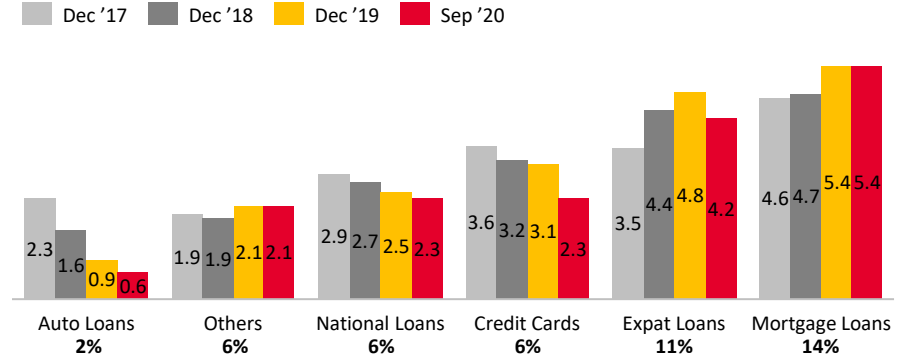


Customer asset mix

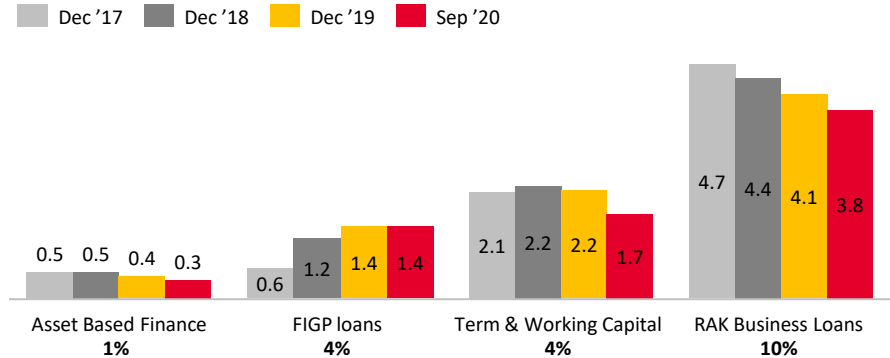
Total customer assets by segment (AED billion)



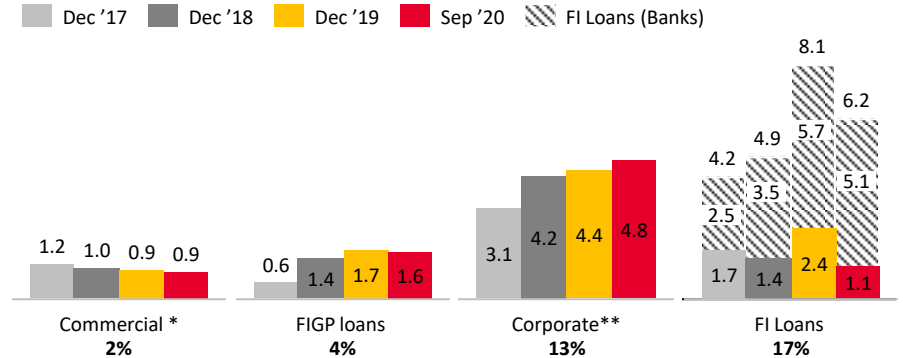
Total customer assets – personal banking (AED billion)



Total customer assets business banking (AED billion)



Total customer assets – wholesale banking (AED billion)



Note: Numbers may not add up due to rounding .

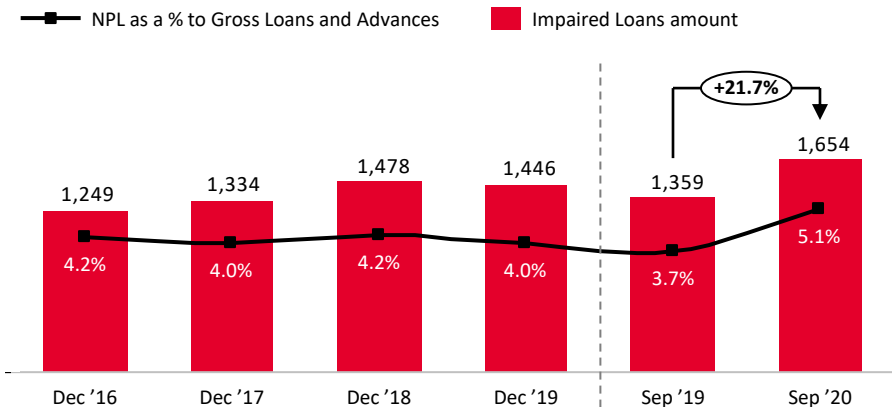
*Commercial includes Asset based Finance, Gold Loans and factoring.

**Corporate includes MNC segment loans.

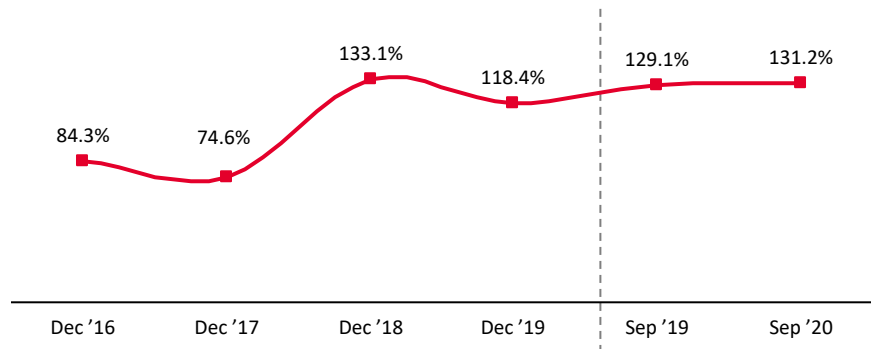


Asset quality

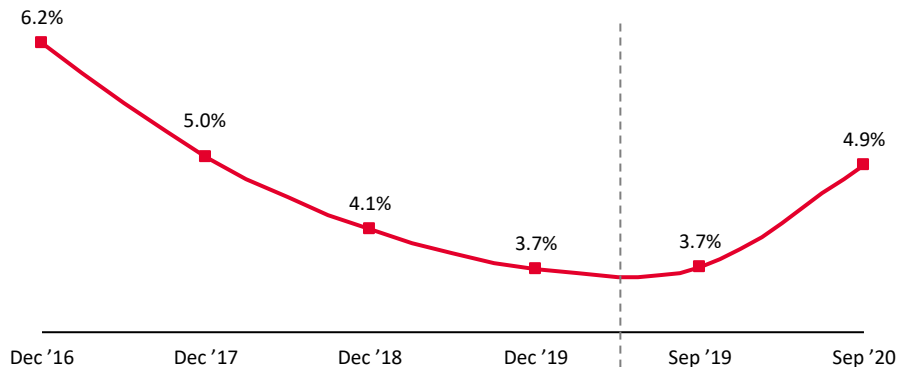
Non Performing Loans [AED Mn]



Provision Coverage Ratio



Cost of Risk



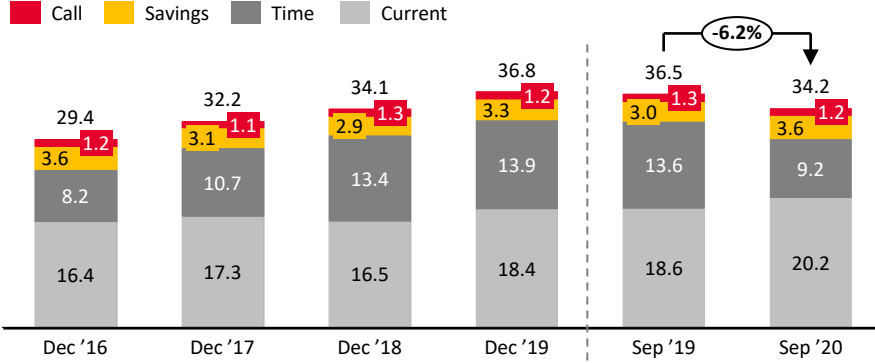
Notes

- Provision for credit losses YTD September 2020 increased by AED 302 million compared to the same period of 2019, mainly due to increase in impairment coverage of Stage 1 & Stage 2 financial assets, in recognition of potential deterioration of credit quality in upcoming quarters due to Covid-19 pandemic.
- The ratio of Non-performing Loans over Advances to Gross Loans & Advances (NPL Ratio) increased to 5.1% as at Q3 2020 compared to 3.7% as at September 2019 and 4.0% as at December 2019, mainly due to lower Gross Loans and advances as at Q3'2020. Net Credit Losses to average loans and advances (Cost of Risk) closed at 4.9% compared to 3.7% as at end Q3 2019.



Liabilities

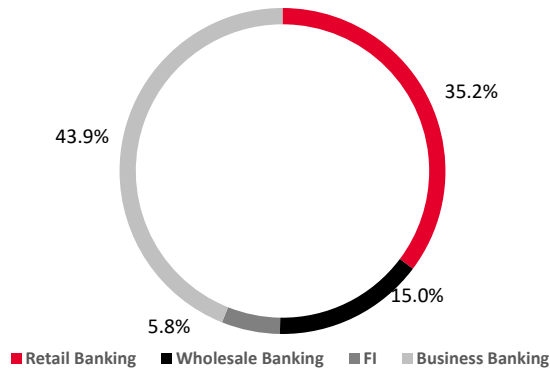
Customer Deposits Growth [AED Bn]



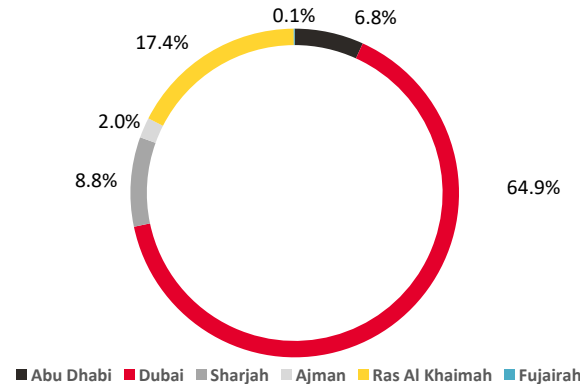
Notes

- Customer deposits decreased by AED 2.6 billion to AED 34.2 billion. As compared to Dec'19, time deposits reduced by AED 4.7 bn due to lower funding requirement. This was partially offset by an increase of AED 2.1 billion in CASA deposits.
- CASA ratio has steadily grown in last few quarters from 62.3 % in Sep'19 to a 73 % in Sep'20 which shows the inherent franchise strength.

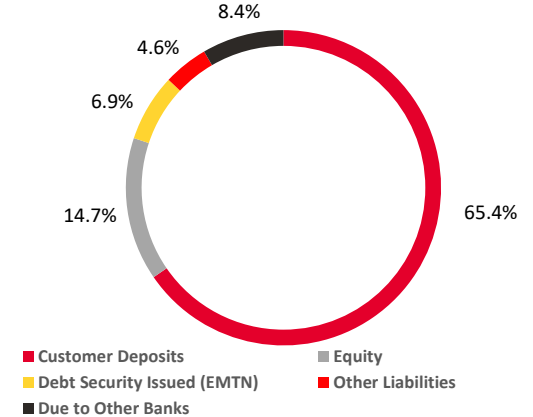
Deposits Value by Segment (30.09.2020)



Customers Deposits by Geography (30.06.2020)



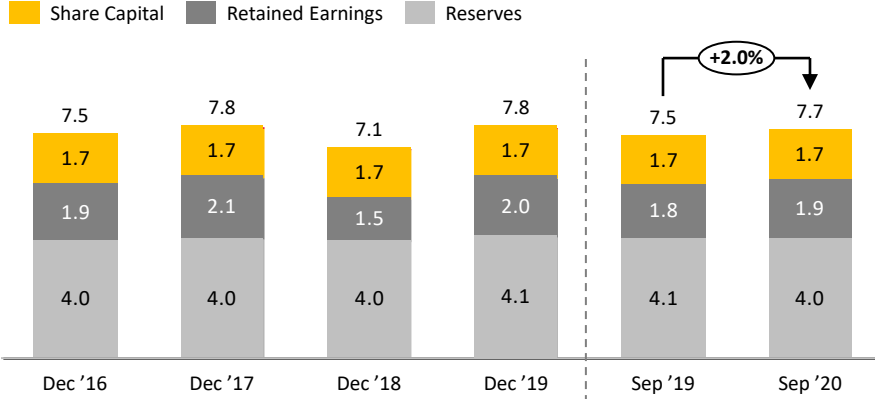
Liability Mix (30.09.2020)



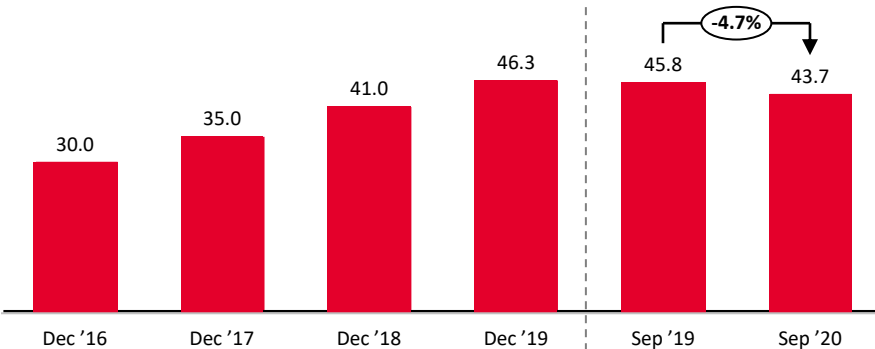


Capitalization

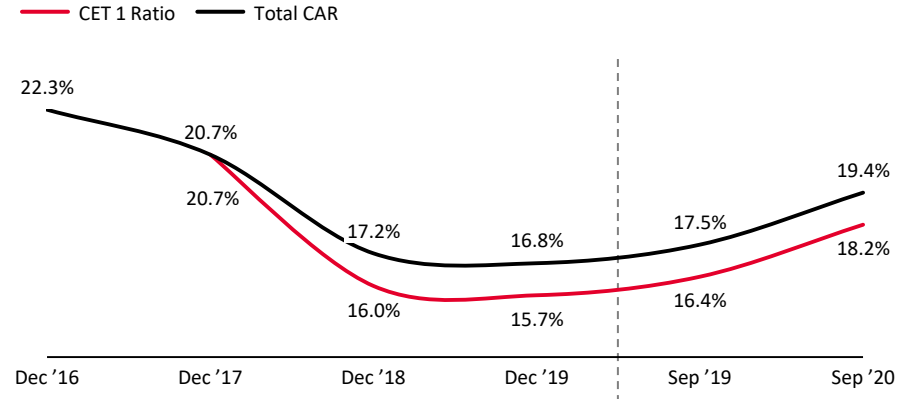
Equity breakdown (AED Billion)



Risk weighted assets (AED billion)

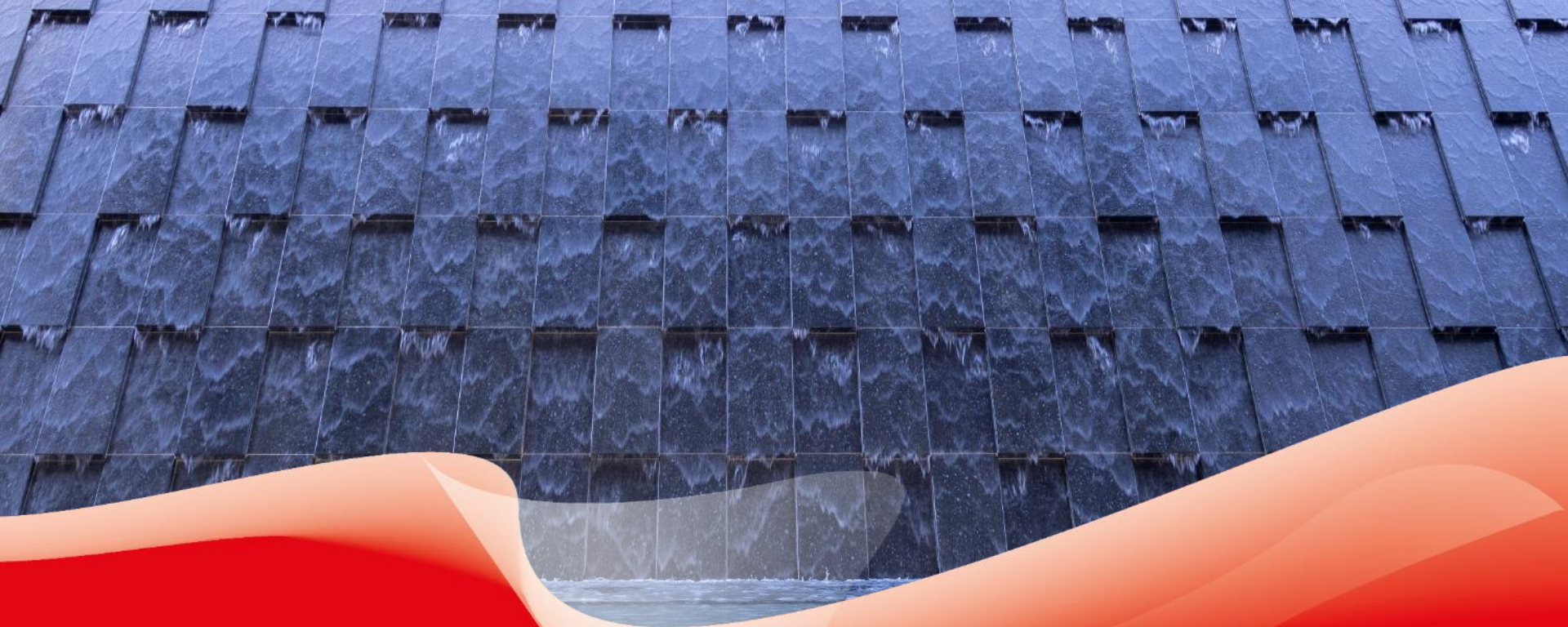


Capital Adequacy Ratio



Notes

- Total Capital Adequacy Ratio (CAR) as at 30th September 2020 (post prudential filter) is 19.4%, Common Equity Tier 1 is at 18.2% and Tier 2 is at 1.1%.



Additional information

Senior leadership

Board of directors

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

Peter England
Chief Executive Officer

Frederic De Melker
MD, Personal Banking

Deepak Majithia
Chief Financial Officer

Dhiraj Kunwar
MD, Business Banking

K.S. Ramakrishnan
Chief Risk Officer

Rahul Oberoi
MD, Wholesale Banking

Mahadevan Radhakanthan
Chief Credit Officer

Vikas Suri
MD, Treasury

Geoff Stecyk
Chief Operating Officer

Jean Pierre Le Roux
MD, Financial Institutions Group & International

Nicola Jane Thompson
Chief Internal Auditor

Abdul Karim Juma
Director, Islamic Banking

Venkat Raghavan
Chief Compliance Officer

Saleh Ali Saleh
Director, RAK Business

Ahmed Yousef
Chief HR Officer



Recognition

<p>Industry Award for the Advertiser of the Year</p> <p>MMA MENA Smarties</p> <p>(2020)</p>	<p>Industry Award for the Best in Show</p> <p>MMA MENA Smarties</p> <p>(2020)</p>	<p>“Outstanding Management”</p> <p>Honorary Middle East Gold Stevie® Awards</p> <p>(2020)</p>	<p>Best Product/Service launch Gold award</p> <p>MMA MENA Smarties</p> <p>(2020)</p>	<p>Best Promotion of the year Gold award</p> <p>MMA MENA Smarties</p> <p>(2020)</p>	<p>Best Internal Use of Digital IT ChatBot</p> <p>Gulf Customer Experience Awards</p> <p>(2019)</p>
<p>Best Website for 2018</p> <p>Ethos Customer Happiness Seminar & Awards</p> <p>(2019)</p>	<p>Best Digital Banking</p> <p>Ethos Customer Happiness Seminar & Awards</p> <p>(2019)</p>	<p>Data Analytics Digital Transformation</p> <p>Asian Banker</p> <p>(2019)</p>	<p>HR / L&D Team of the Year</p> <p>CIPD</p> <p>(2019)</p>	<p>Best SME Service Provider UAE 2019</p> <p>International Business Magazine Award</p> <p>(2019)</p>	<p>Best Process Automation Initiative Awards</p> <p>Asian Banker</p> <p>(2019)</p>
<p>Best SME Bank</p> <p>The Islamic Business & Finance Award</p> <p>(2019)</p>	<p>Best Branch Digitization</p> <p>Asian Banker’s Financial Technology Innovation Awards</p> <p>(2019)</p>	<p>Best SME Bank in the UAE</p> <p>Banker Middle East Industry Awards</p> <p>(2018)</p>	<p>Best Blockchain</p> <p>Asian Banker Technology Innovation Awards</p> <p>(2018)</p>	<p>Best API Platform Initiative</p> <p>Asian Banker Technology Innovation Awards</p> <p>(2018)</p>	<p>Best Deposit Product in the Middle East (Fawrun)</p> <p>Asian Banker’s Middle East & Africa Awards</p> <p>(2018)</p>

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Useful information

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