



# Investor Presentation

H1 / 6M 2019

# Highlights



**Net profit  
improved by  
28.5%**  
H1 '19 v/s H1 '18

**Total assets  
increased by  
12.1%**  
Q2 '19 v/s Q2 '18

**Total income  
increased by  
5.5%**  
Q2 '19 v/s Q2 '18

**High ROE and ROA  
of 15.6% and 2.1%  
respectively**  
As at 30 June 2019  
(annualized)

- Loan growth has been challenging in Personal Banking and SME segments due to market conditions – good traction however in Wholesale and Financial Institutions Businesses.
- In terms of asset quality, the Nonperforming Loans to Gross Loans and Advances ratio decreased to 3.7%.
- Increasingly diverse revenue streams are demonstrated by growth in fees and commission income of AED 44 million compared to H1 2018 and an increase of AED 56.9 million in FOREX and Derivative income.
- Strategy remains focused on achieving business diversification.



# 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 (rebranded to 'Personal Banking') and small business lending
- 36 branches and 350+ ATMs in the UAE
- Launched Islamic Banking window – RAKIslamic – in 2013



30 June 2019

AED 7.5 b  
market cap

AED 57.3 b  
total assets

AED 38.9 b  
total  
deposits

4000+  
employees



# Institutional strength

## Stable credit ratings

Rating Agency	Last Update	Deposits	Outlook
Moody's	July 2019	Baa1 / P-2	Stable
Fitch Ratings	June 2019	BBB+ / F2	Stable
Capital Intelligence	August 2018	A- / A2	Stable

## Capital adequacy

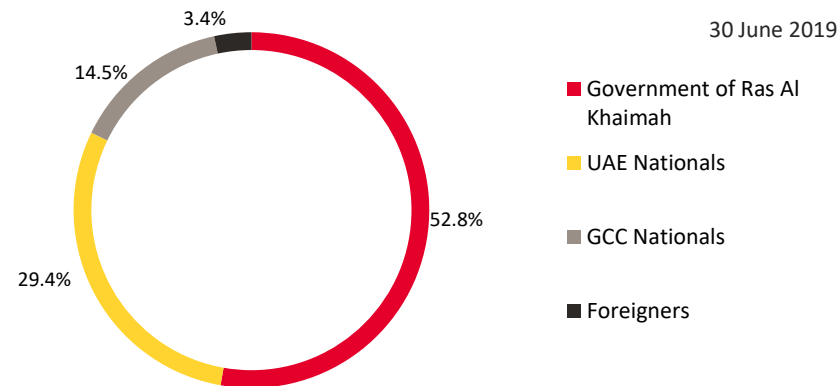
The Bank's **Total Capital Adequacy Ratio (CAR)** as at 30 June 2019 is at 17.3%: Common Equity Tier 1 is at 16.2%; and Tier 2 is at 1.1%.

## 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. On 19 April 2017, the shareholders at the annual general meeting resolved to liquidate RAK Islamic Finance Company Pvt. J.S.C. and liquidation was completed during second quarter of year 2019.

## 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 personal loans, auto loans, credit cards, and mortgages. As well as fee based services from 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 Backed Finance (ABF), Financing against Income Generating Property (FIGP), and Deposit facilities.</li> <li>• RAK Business Loan for business turnovers up to AED75Mn and Working Capital financing for turnovers up to AED150Mn.</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 Corporate and Commercial Banking, Trade Finance, Financing against Income Generating Property (FIGP), Financial Institution (FI) Lending, and Asset Backed Finance (ABF).</li> <li>• Targeting customers with turnovers above AED150Mn.</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		
	Q2 '19	Q2 '18	Q1 '19	Q2 '19 v/s Q2 '18	Q2 '19 v/s Q1 '19	H1 '19	H1 '18	H1 '19 v/s H1 '18
Net Interest Income	695.7	686.3	683.8	1.4%	1.7%	1,379.5	1,357.2	1.6%
Non-Interest Income	297.0	254.2	317.2	16.8%	(6.4%)	614.2	505.9	21.4%
<b>Total Income</b>	<b>992.7</b>	<b>940.5</b>	<b>1,001.0</b>	<b>5.5%</b>	<b>(0.8%)</b>	<b>1,993.7</b>	<b>1,863.1</b>	<b>7.0%</b>
Operating Expenditures	(395.8)	(389.4)	(384.5)	(1.7%)	(2.9%)	(780.4)	(742.6)	(5.1%)
<b>Operating Profit Before Provisions for Impairment</b>	<b>596.9</b>	<b>551.2</b>	<b>616.5</b>	<b>8.3%</b>	<b>(3.2%)</b>	<b>1,213.4</b>	<b>1,120.5</b>	<b>8.3%</b>
Provisions for Impairment	(312.1)	(324.6)	(346.3)	3.8%	9.9%	(658.4)	(688.8)	4.4%
<b>Net Profit</b>	<b>284.8</b>	<b>226.6</b>	<b>270.2</b>	<b>25.7%</b>	<b>5.4%</b>	<b>554.9</b>	<b>431.7</b>	<b>28.5%</b>

## Key ratios

Ratios	Results as at			Variance	
	Jun '19	Dec '18	Jun '18	YTD	Y-o-Y
Return On Equity*	15.6%	13.5%	13.4%	2.1%	2.2%
Return On Assets*	2.1%	1.8%	1.8%	0.3%	0.3%
Net Interest Margin*	5.2%	5.5%	5.6%	(0.3%)	(0.4%)
Cost-to-Income	39.1%	38.9%	39.9%	(0.2%)	0.8%
Provision Coverage Ratio	131.8%	133.1%	138.7%	(1.3%)	(6.9%)
Gross Impaired Loans Ratio	3.7%	4.2%	3.9%	0.5%	0.2%
LSRR	80.5%	94.5%	91.5%	14%	11%
Liquid Asset Ratio	15.1%	14.5%	13.2%	0.6%	1.9%
Total CAR Basel III	17.3%	17.2%	18.2%	0.1%	(0.9%)

## Balance sheet highlights

(AED billion)	Results as at			Variance	
	Jun '19	Dec '18	Jun '18	YTD	Y-o-Y
Total Assets	57.3	52.7	51.1	8.7%	12.1%
Gross Loans & Advances	35.3	34.8	35.2	1.4%	0.4%
Deposits	38.9	34.1	33.8	13.9%	15.0%
Gross Customers Assets	39.5	38.3	38.4	3.1%	3.0%

\*Annualized

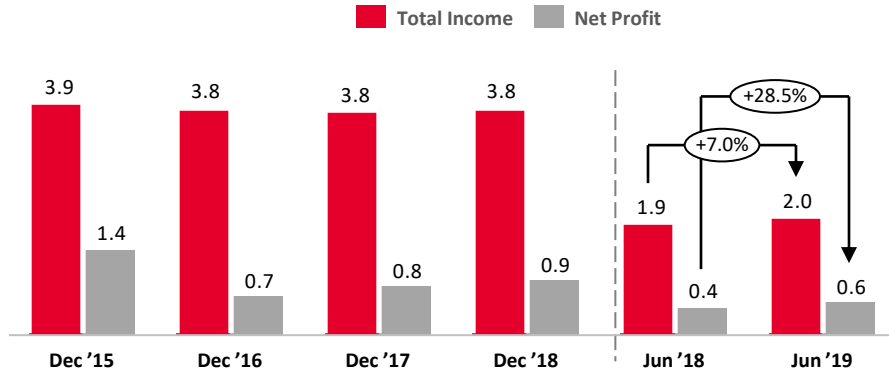
Numbers may not add up due to rounding



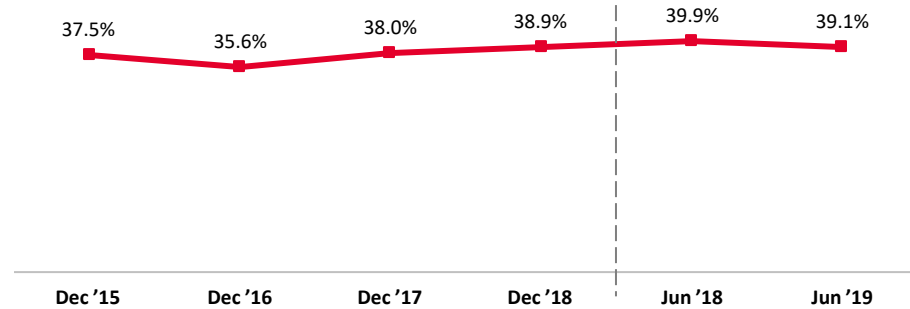


# Profitability

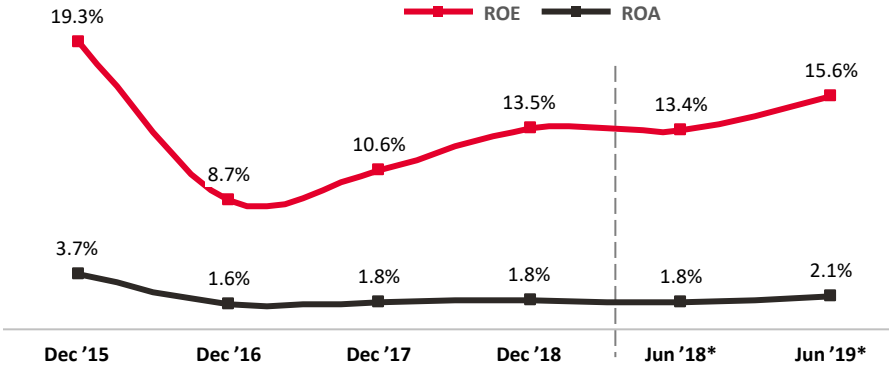
Profitability (AED billion)



Cost-to-income ratio

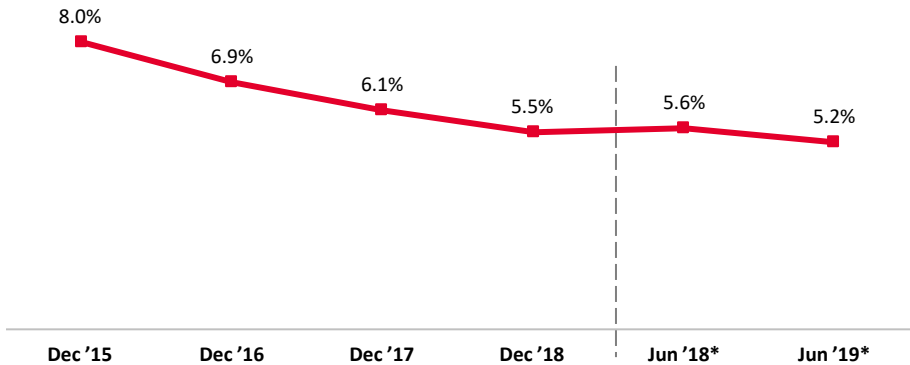


Annualized returns



\* Annualized

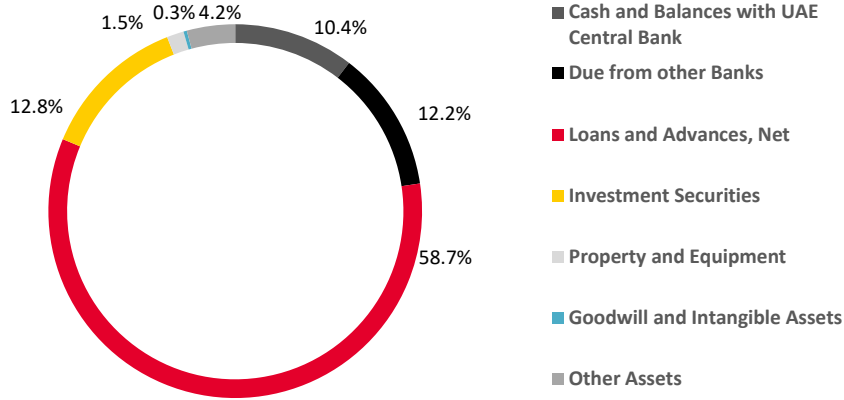
Net interest margin



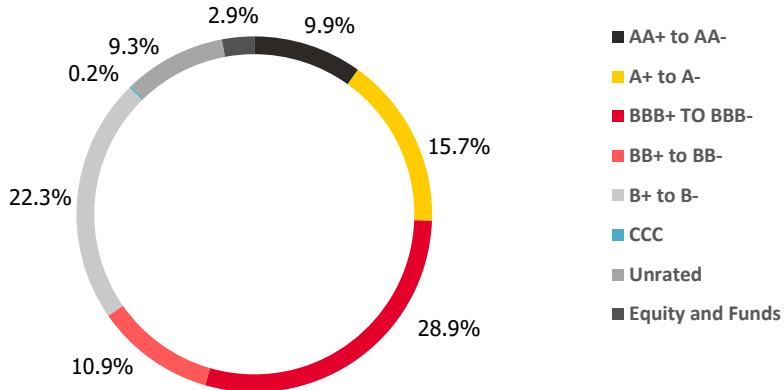


# Balance sheet summary

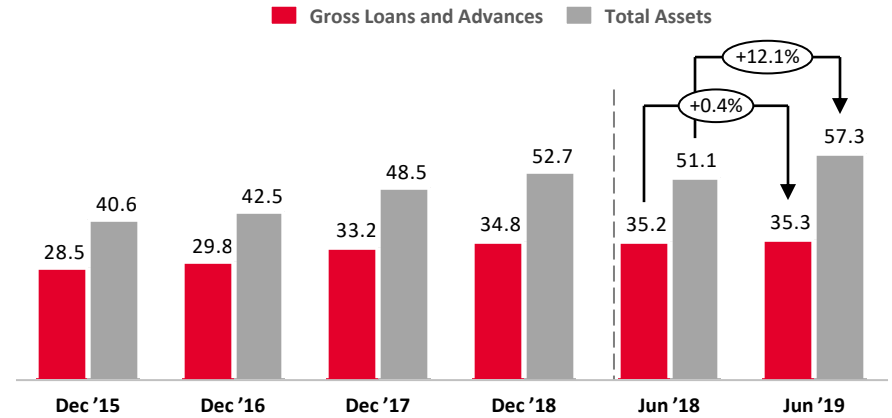
## Breakdown of assets by type (as at 30.06.19)



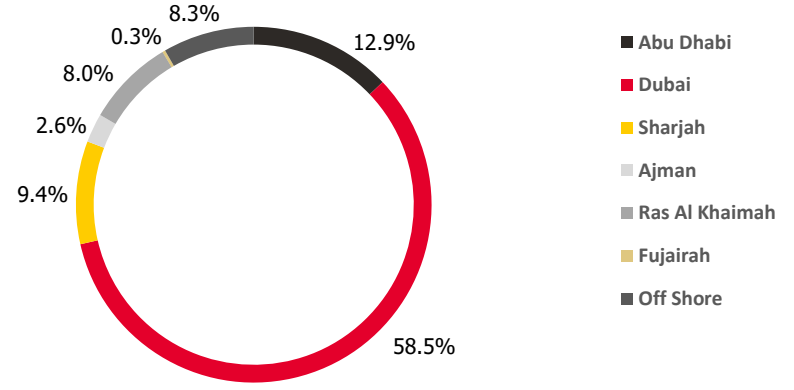
## Analysis of investment securities (as at 30.06.19)



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



## Loans by geography, by value (as at 31.03.19)

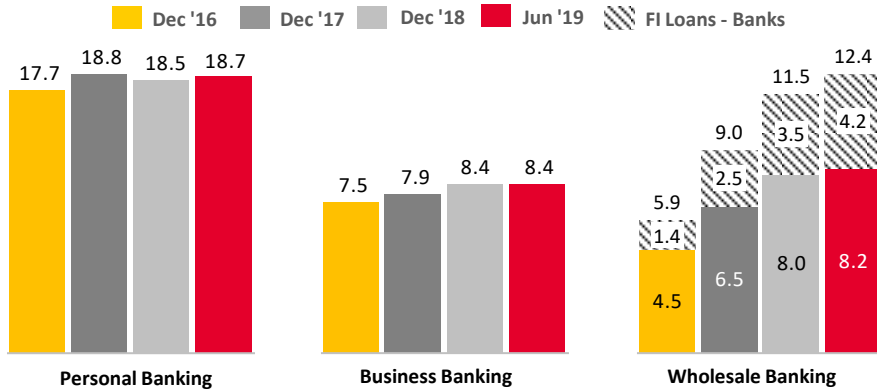


Numbers may not add up due to rounding

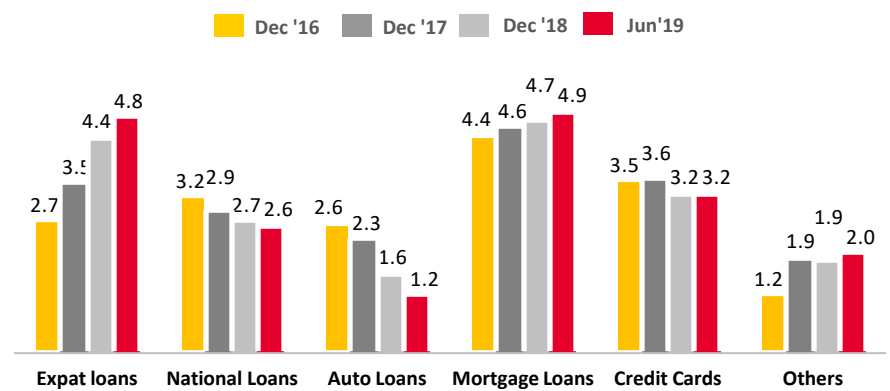


# Customer assets mix

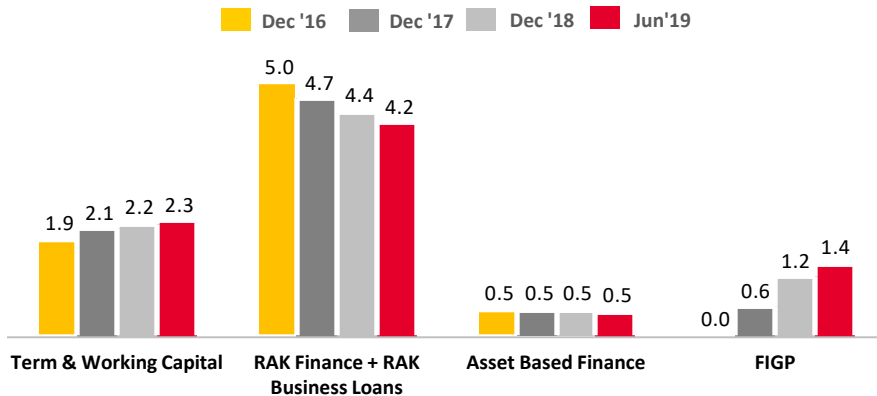
**Total customer assets by segment (AED billion)**



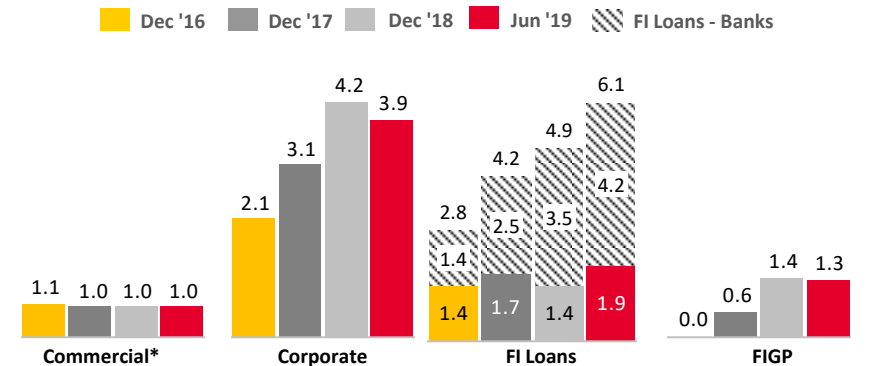
**Total customer assets – personal banking (AED billion)**



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



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



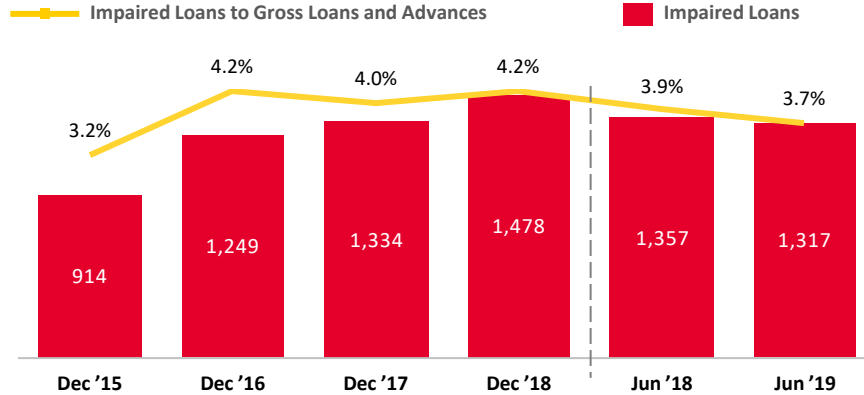
Numbers may not add up due to rounding

\*Commercial includes Asset Based Finance, Gold Loans, and Factoring

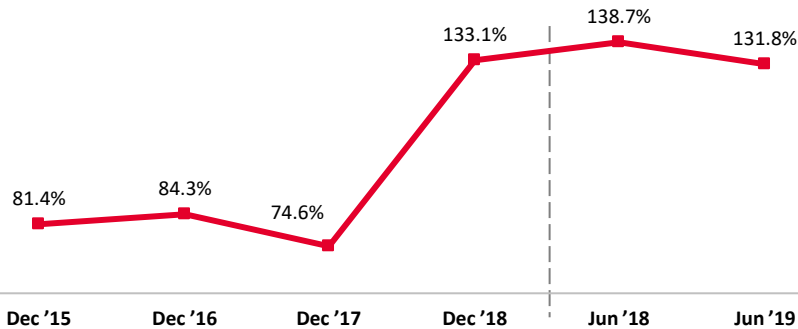


# Asset quality

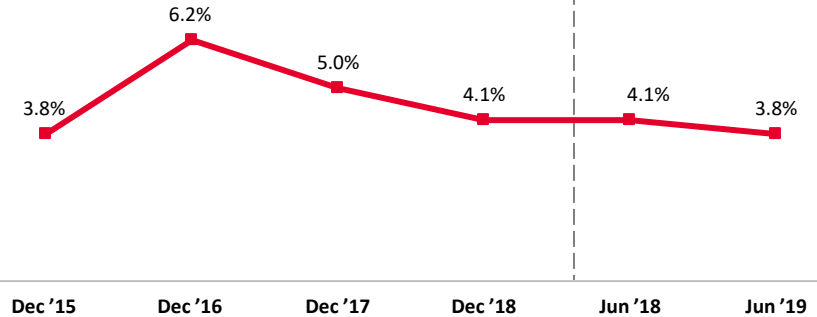
## Non-performing loans (AED million)



## Provision coverage ratio



## Cost of risk



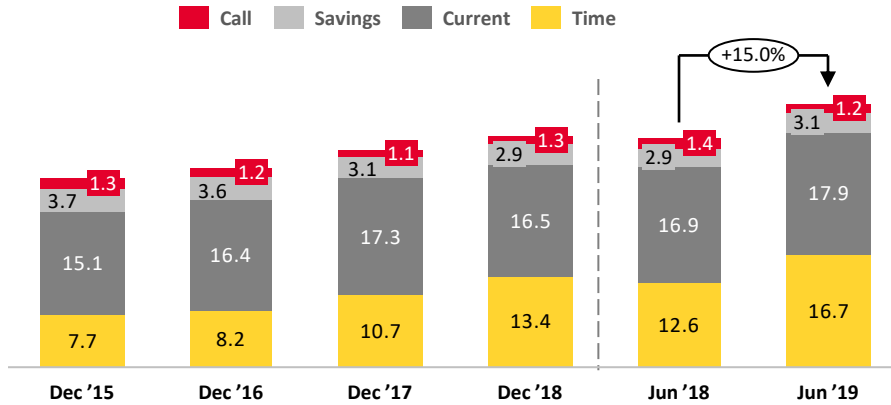
## Notes

- The Bank has been diversifying the product mix into lower risk business by growing its traditional TWC lending, Property Backed Loans and ABF under the Business Banking segment and its Corporate, Commercial, Property Backed Loans, and FI portfolios under its Wholesale Banking segment.
- The Bank is well provisioned against loan losses with a conservative loan loss coverage ratio of 131.8%.
- 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.



# Liabilities

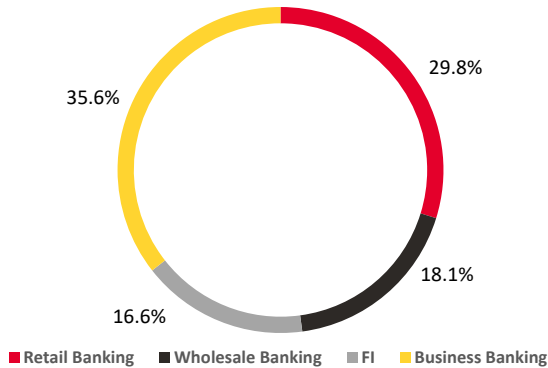
## Customer deposits (AED billion)



## Notes

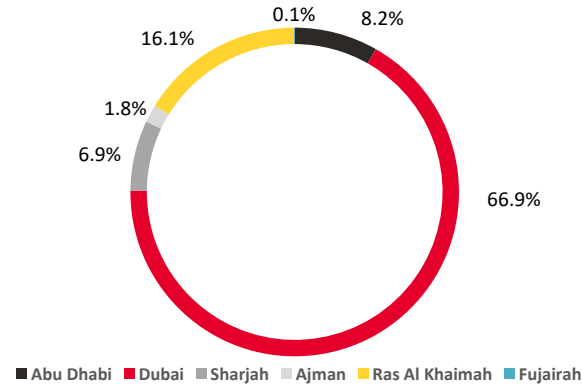
- Customer Deposits grew by AED 4.7 billion to AED 38.9 billion compared to 31 December 2018. Customer Deposits grew by AED 5.1 billion compared to 30 June 2018. The YTD growth came from an increase of AED 3.2 billion in Time Deposits and AED 1.5 billion in CASA deposits.

## Deposits value by segment



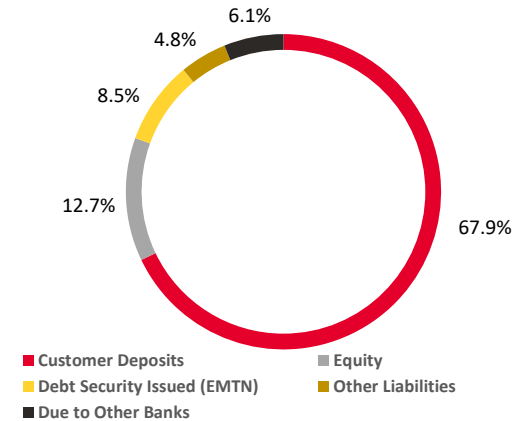
Numbers may not add up due to rounding

## Customers deposits by geography by value\*



\*as at 31.03.2019

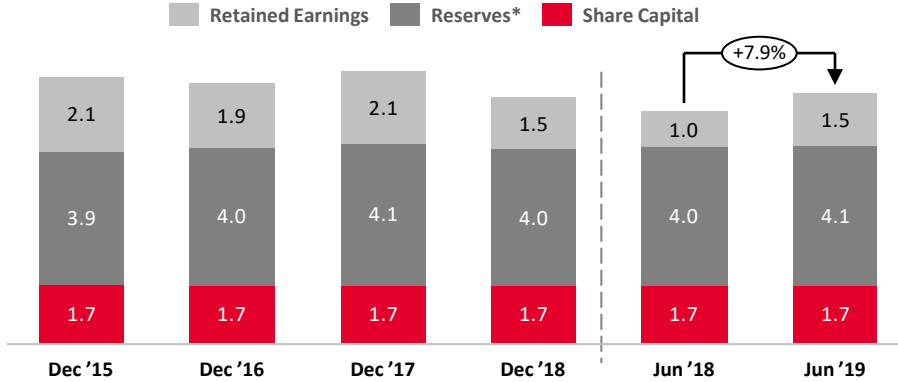
## Liabilities mix





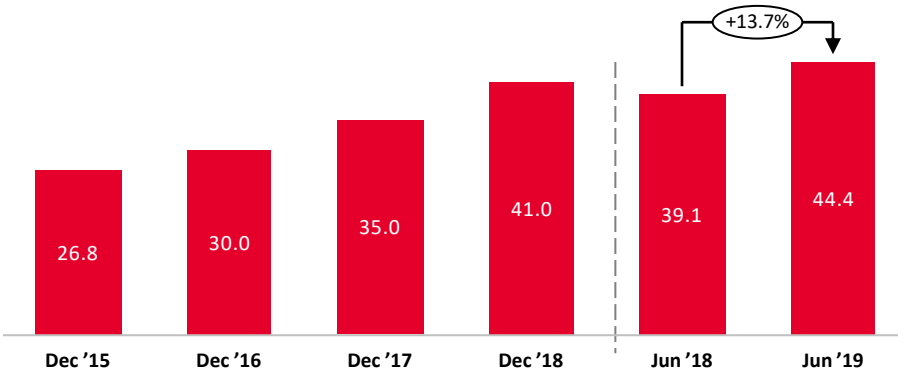
# Capitalization

## Equity breakdown (AED billion)



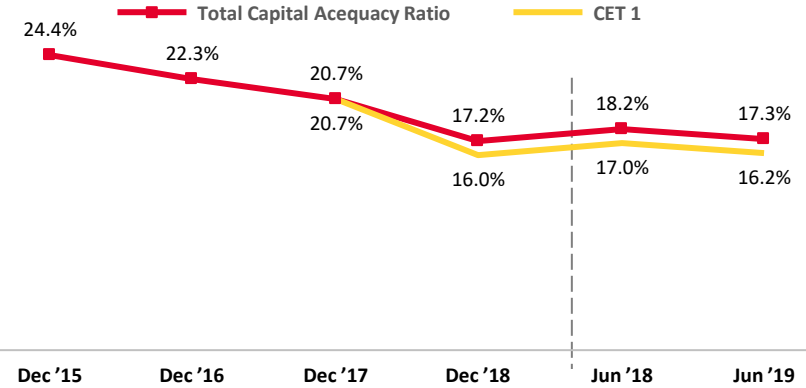
\* Reserves include minority interest.

## Risk weighted assets (AED billion)



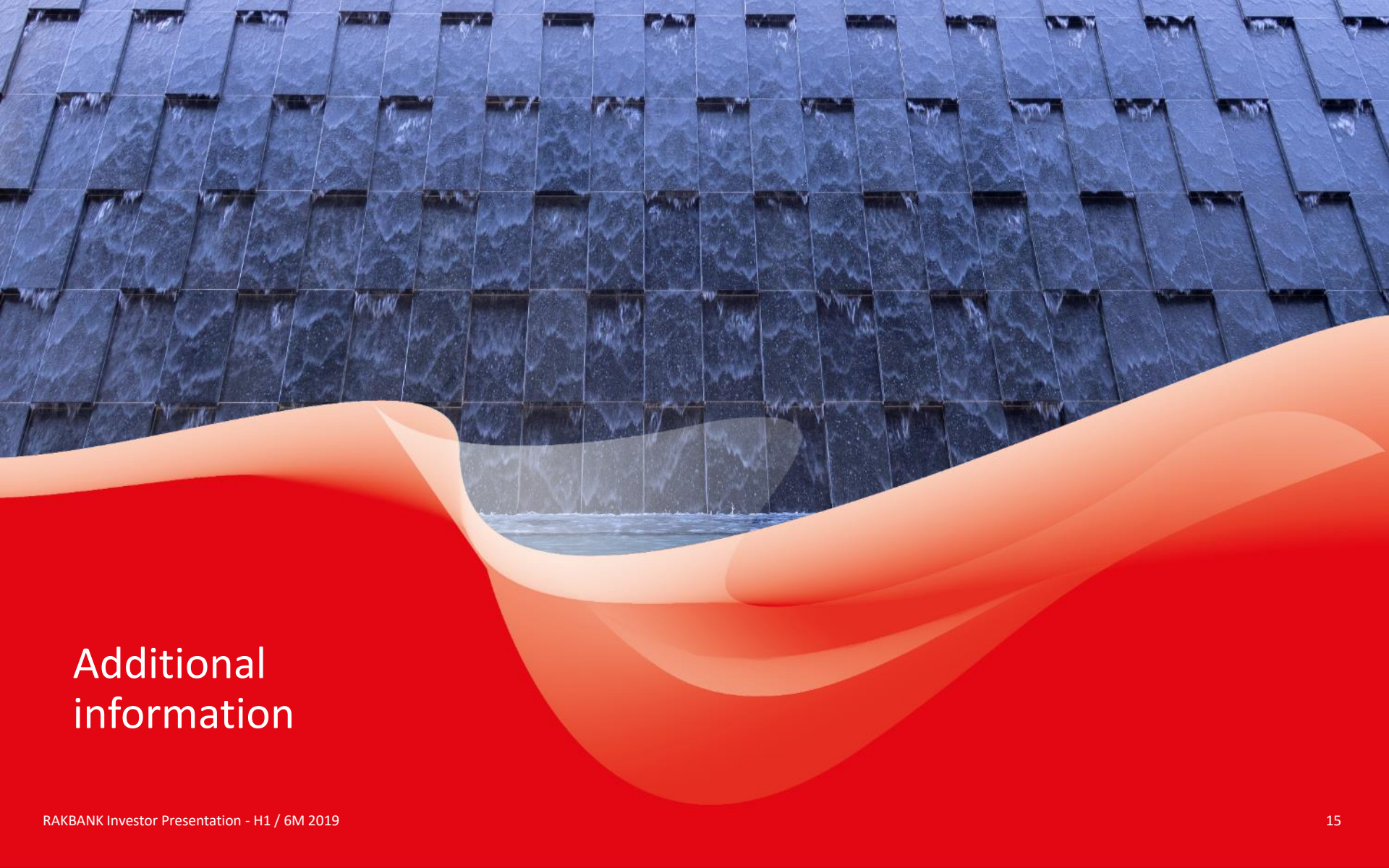
Numbers may not add up due to rounding

## Total capital adequacy ratio (CAR)



## Notes

- Total Capital Adequacy Ratio (CAR) as at 30 June 2019 is at 17.3%; Common Equity Tier 1 is at 16.2%; and Tier 2 is at 1.1%.
- Risk Weighted Assets figures are all as per Basel III from Dec'17 onwards.
- The impact on regulatory capital for the Group due to the transition to IFRS 9 amounted to AED 977.5 million. This reduced the Common Equity Tier 1 capital adequacy ratio. The Bank created a General Provision with effect from January 1, 2018 which now qualifies as Tier II capital.



# Additional information

# Senior leadership

## Board of directors

<b>H.E. Mohamed Omran Alshamsi</b>	Chairman
<b>H.H. Shaikha Amneh Alqasimi</b>	Director
<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 five 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

**Ahmed Yousef**  
Chief HR Officer

**Venkat Raghavan**  
Chief Compliance Officer

**Abdul Karim Juma**  
Director, Islamic Banking

**Alberto Diez Alvarez**  
Chief Innovation Officer

**Saleh Ali Saleh**  
Director, RAK Business





# Recognition

<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 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>Most Innovative Outward Remittance Services (RMT) - UAE</b></p> <p><i>Global Banking and Finance Review Awards</i></p> <p>(2018)</p>	<p><b>Best Customer Happiness Centre</b></p> <p><i>Customer Happiness Summit and Awards</i></p> <p>(2018)</p>	<p><b>Best Marketing, Social Media, and Brand</b></p> <p><i>International Business Excellence Awards</i></p> <p>(2018)</p>	<p><b>Best SME Bank in the UAE</b></p> <p><i>Banker Middle East Industry Awards</i></p> <p>(2018)</p>	<p><b>Best Blockchain</b></p> <p><i>Asian Banker Technology Innovation Awards</i></p> <p>(2018)</p>	<p><b>Best API Platform Initiative</b></p> <p><i>Asian Banker Technology Innovation Awards</i></p> <p>(2018)</p>
<p><b>Best Deposit Product in the Middle East (Fawrun Product)</b></p> <p><i>Asian Banker's Middle East &amp; Africa Awards</i></p> <p>(2018)</p>	<p><b>Marketing, Social Media and Brand Award (Auntie Penny Campaign)</b></p> <p><i>International Business Excellence Awards</i></p> <p>(2018)</p>	<p><b>Dubai Quality Appreciation Award</b></p> <p><i>Business Excellence Award – Department of Economic Development</i></p> <p>(2018)</p>	<p><b>Dubai Service Excellence Scheme Award</b></p> <p><i>Business Excellence Award – Department of Economic Development</i></p> <p>(2018)</p>	<p><b>Best SME Customer Service Award</b></p> <p><i>Banker Middle East</i></p> <p>(2018)</p>	<p><b>Best Omnichannel Experience Award</b></p> <p><i>Genesys</i></p> <p>(2018)</p>

# Disclaimer



The information in this presentation has been prepared by The National Bank of Ras Al Khaimah (P.S.C) a public joint stock company, United Arab Emirates (“RAKBANK”) and is general background information about RAKBANK’s activities and is not intended to be current as on the date of the presentation. This information is given in summary form and does not purport to be complete.

The information is intended to be read by investors having knowledge in investment matters. Information in this presentation, including forecast or financial information, should not be considered as an advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities or other financial products or instruments and does not take into account your particular investment objectives, financial situation or needs. Before acting on any information you should consider the appropriateness of the information having regard to these matters, any relevant offer document and in particular, you should seek independent financial and legal advice. All securities and financial product or instrument transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments and, in international transactions, currency risk.

This presentation may contain published financial information, or information obtained from sources believed to be reliable, forward looking statements based on numbers or estimates or assumption that are subject to change

including statements regarding our intent, belief or current expectations with respect to RAKBANK’s businesses and operations, market conditions, results of operation and financial condition, specific provisions and risk management practices. Readers are cautioned not to place undue reliance on these forward looking statements. RAKBANK does not undertake any obligation to publicly release the result of any revisions to these forward looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events. While due care has been used in the preparation of forecast information, actual results may vary in a materially positive or negative manner. Forecasts and hypothetical examples are subject to uncertainty and contingencies outside RAKBANK’s control. Past performance is not a reliable indication of future performance.

RAKBANK disclaims any responsibility for the accuracy, fairness, completeness and correctness of information contained in this presentation including forward looking statements and to update or revise any information or forward looking statement to reflect any change in RAKBANK’s financial condition, status or affairs or any change in the events, conditions or circumstances on which a statement is based. Neither RAKBANK nor its related bodies, corporate, directors, employees, agents, nor any other person, accepts any liability, including, without limitation, any liability arising from fault or negligence, for any direct, indirect or consequential loss arising from the use of this presentation or its contents or otherwise arising in connection with it for the quality, accuracy, timeliness, continued availability or completeness of any data or calculations contained and/or referred to in this presentation.

## Contact

**Zeina Sammakieh**

Phone: +971 4 291 5545

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

## Useful information

Download copies of:

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