



Investor Presentation

Q1 / 3M 2020



Highlights

**Total income
growth of 2.1%**
Q1 '20 v/s Q4 '19

**Total assets
growth of 11.7%**
Q1 '20 v/s Q1 '19

**Customer deposits
growth of 6.6%**
Q1 '20 v/s Q1 '19

**Total operating
profits before
impairment
growth of 8.3%**

- Total operating income up by AED 20.6 million compared to Q4 2019, due to the increase in non-interest income, largely due to higher investment income & Fees & Commission income.
- In terms of asset quality, the Non-performing Loans to Gross Loans and Advances ratio remained flat at 4.0%, compared to 31st December 2019.
- Pre-emptive steps of taking overlay in our IFRS 9 provisions have been taken to factor in the challenges that lay ahead which led to an increase of provisions of about AED 130 million for Q1 2020.



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



31 March 2020

AED 6.7 b
market cap

AED 59.8 b
total assets

AED 37.8 b
total
deposits

AED 36.2 b
loans
& advances



Institutional strength

Stable credit ratings

Rating Agency	Last Update	Deposits	Outlook
Moody's	February 2020	Baa1 / P-2	Stable
Fitch Ratings	December 2019	BBB+ / F2	Stable
Capital Intelligence	August 2019	A- / A2	Stable

Capital adequacy

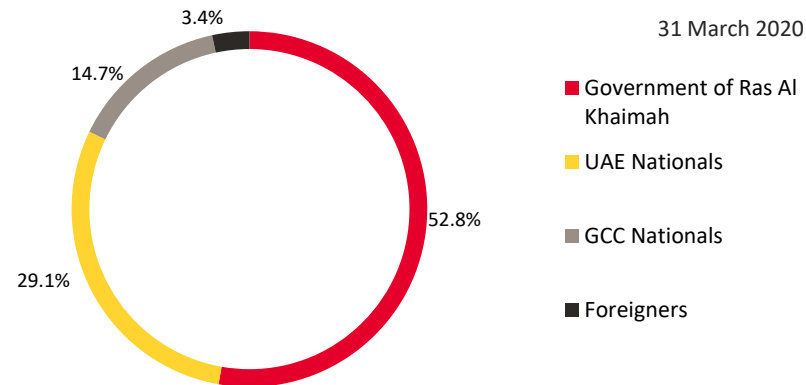
The Bank's **Total Capital Adequacy Ratio (CAR)** as at 31 March 2020 is at 16.1%: Common Equity Tier 1 is at 15.0%; and Tier 2 is at 1.1%.

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.

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"> • Incorporating individual customer financing, credit and debit cards and deposit facilities. • Includes lending products such as personal loans, auto loans, credit cards, and mortgages. As well as 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, Secured Finance, 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

Snapshot

(AED million)	Quarterly Results			Variance	
	Q1 '20	Q4 '19	Q1 '19	Q1 '20 vs Q4 '19	Q1 '20 vs Q1 '19
Net Interest Income	696.1	710.4	683.8	(2.0%)	1.8%
Non-Interest Income	305.0	270.2	317.2	12.9%	(3.8%)
Total Income	1,001.2	980.6	1,001.0	2.1%	0.0%
Operating Expenditures	(367.3)	(395.4)	(384.5)	7.1%	4.5%
Operating Profit Before Provisions for Impairment	633.9	585.2	616.5	8.3%	2.8%
Provisions for Impairment	(480.4)	(329.3)	(346.3)	(45.9%)	(38.7%)
Net Profit	153.5	255.9	270.2	(40.0%)	(43.2%)

Key ratios

Ratios	Results as at			Variance	
	Mar '20	Dec '19	Mar '19	Q-o-Q	Y-o-Y
Return On Equity*	7.7%	14.9%	15.1%	(7.2%)	(7.4%)
Return On Assets*	1.1%	2.0%	2.1%	(0.9%)	(1.0%)
Net Interest Margin*	4.9%	5.1%	5.3%	(0.2%)	(0.4%)
Cost-to-Income	36.7%	39.5%	38.4%	2.8%	1.7%
Provision Coverage Ratio	131.5%	118.4%	132.4%	13.1%	(0.9%)
Gross Impaired Loans Ratio	4.0%	4.0%	4.0%	0.0%	0.0%
LSRR	88.2%	89.1%	89.3%	0.9%	1.1%
Liquid Asset Ratio (ELAR)	12.8%	12.9%	14.5%	(0.1%)	(1.7%)
Total CAR Basel III	16.1% / 16.4%**	16.8%	17.4%	(0.7%) / (0.4%)**	(1.3%) / (1.0%)**

Balance sheet highlights

(AED billion)	Results as at			Variance	
	Mar '20	Dec '19	Mar '19	Q-o-Q	Y-o-Y
Total Assets	59.8	57.1	53.5	4.6%	11.7%
Gross Loans & Advances	36.2	36.3	34.6	(0.1%)	4.5%
Deposits	37.8	36.8	35.4	2.6%	6.6%
Gross Customers Assets	42.5	41.9	38.3	1.4%	10.9%

*Annualized

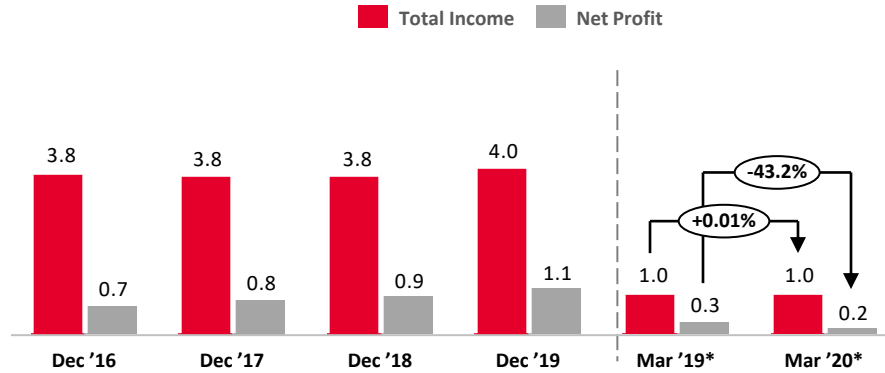
** Post prudential filter

Numbers may not add up due to rounding

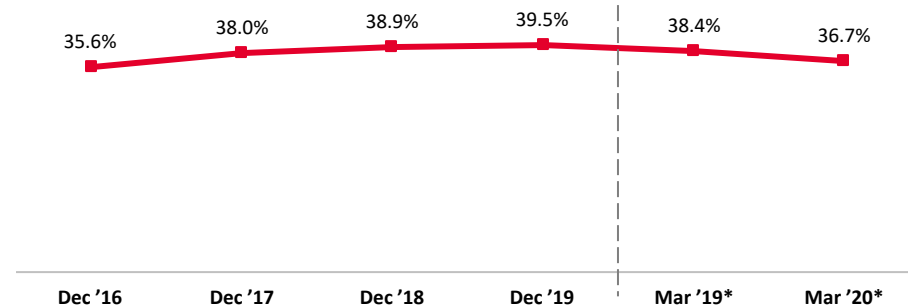
Profitability



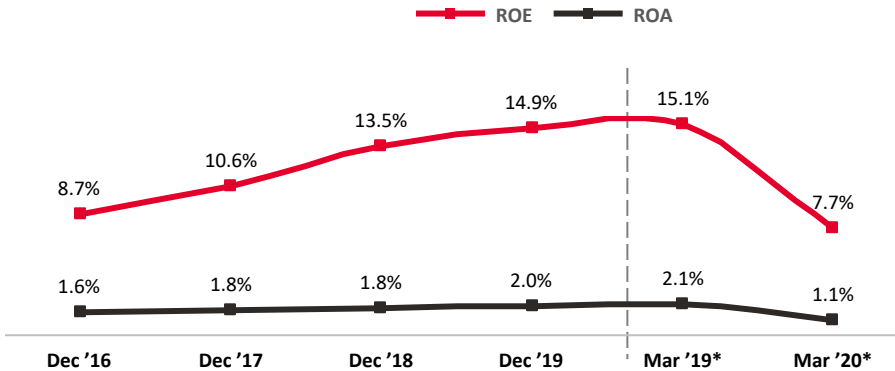
Profitability (AED billion)



Cost-to-income ratio

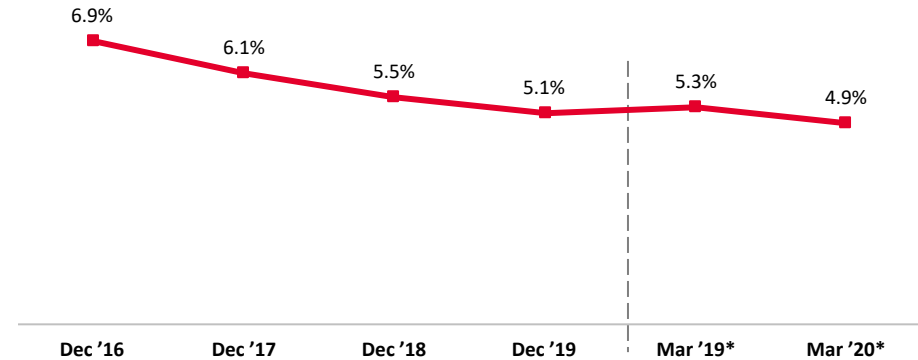


Annualized returns



* Annualized

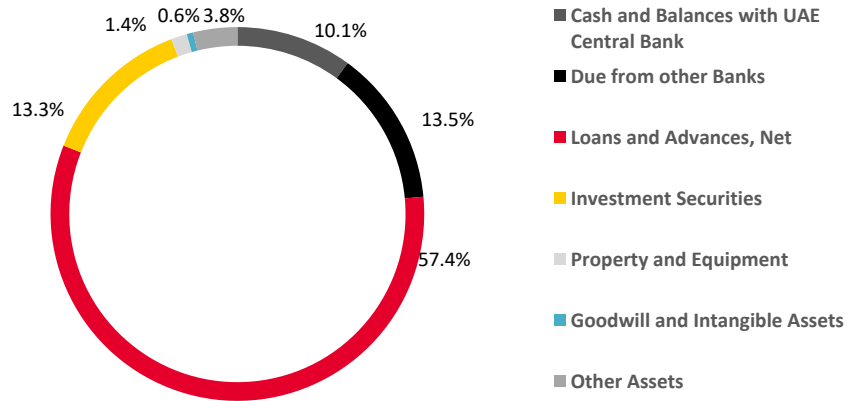
Net interest margin



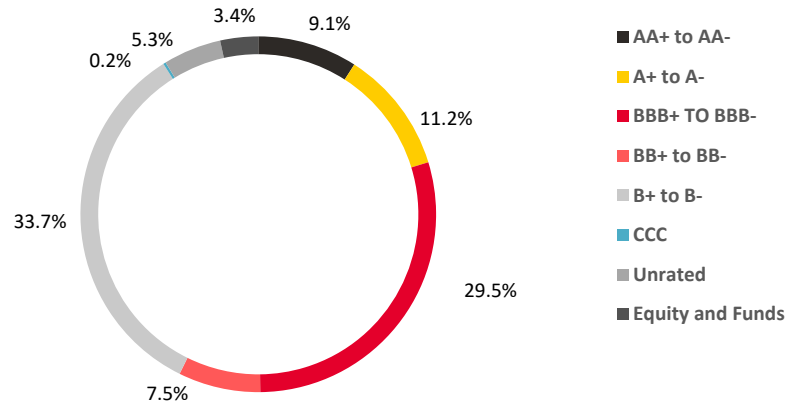
Balance sheet summary



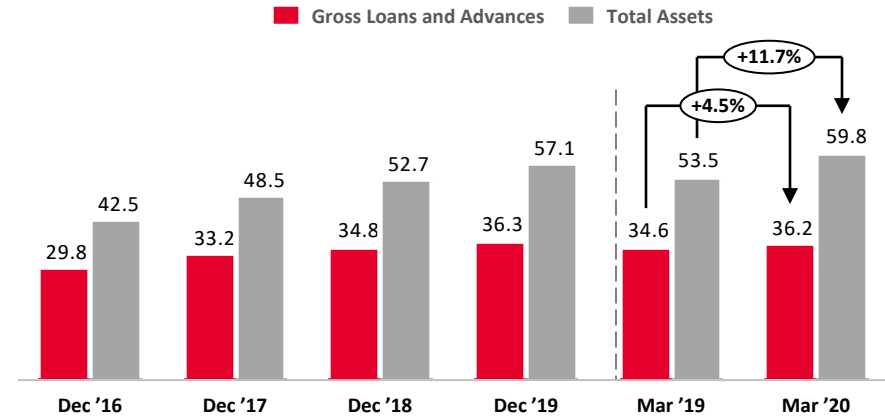
Breakdown of assets by type (as at 31.03.20)



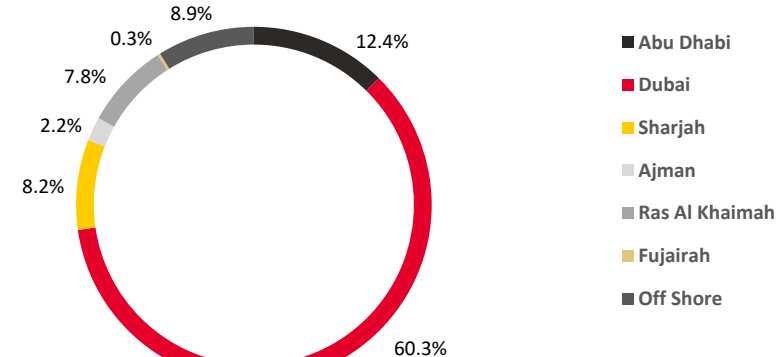
Analysis of investment securities (as at 31.03.20)



Assets and gross loans & advances (AED billion)



Loans by geography, by value (as at 31.03.20)

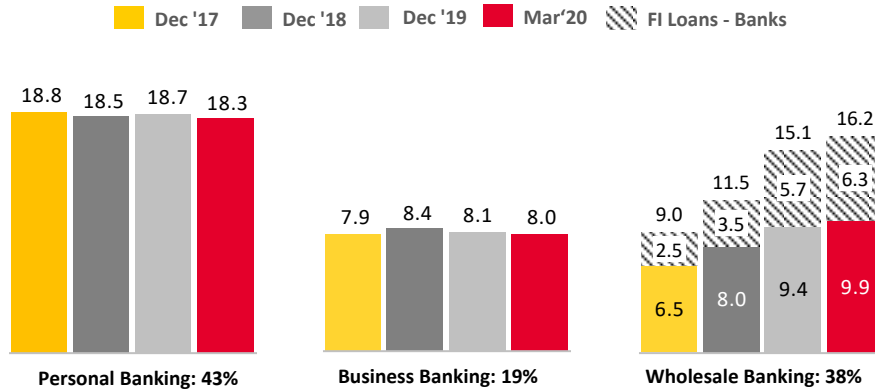


Numbers may not add up due to rounding

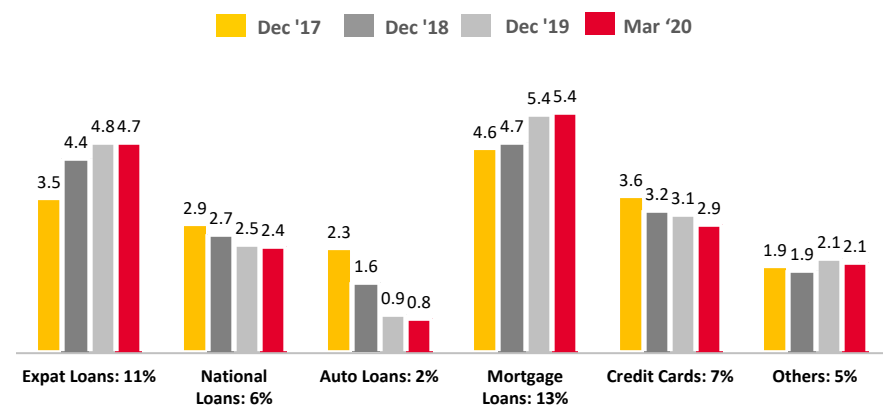
Customer assets mix



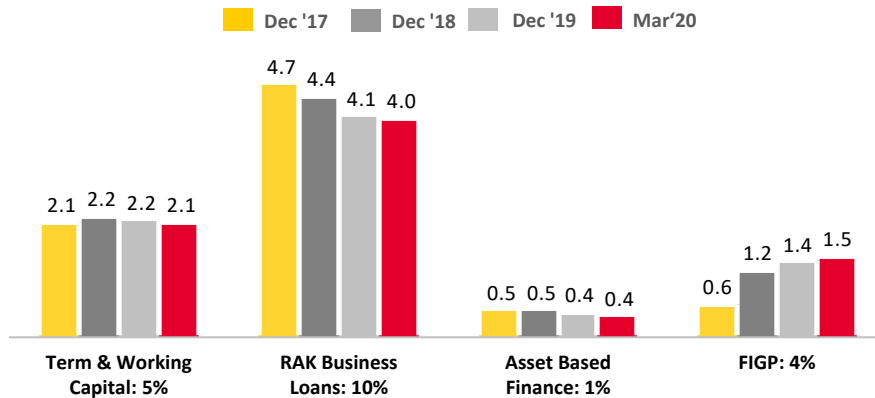
Total customer assets by segment (AED billion)



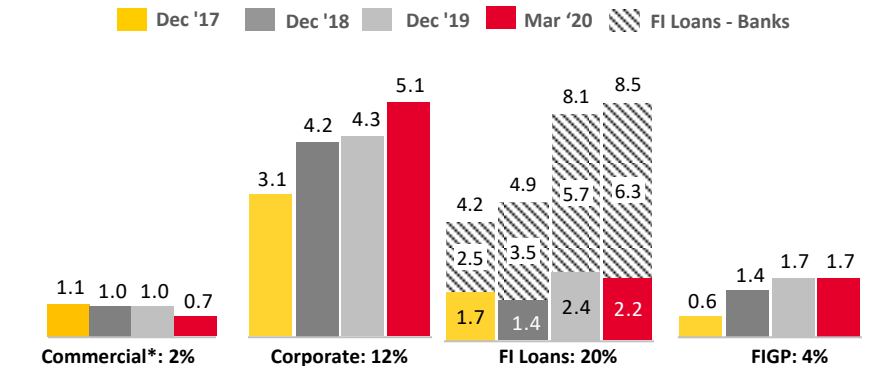
Total customer assets – personal banking (AED billion)



Total customer assets business banking (AED billion)



Total customer assets – wholesale banking (AED billion)



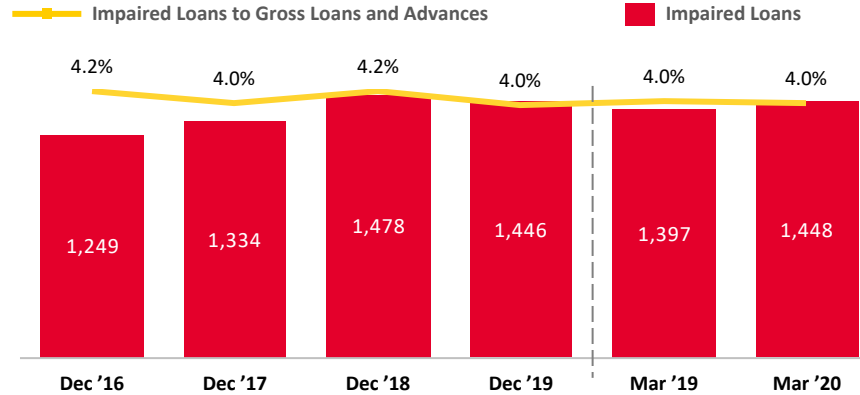
Numbers may not add up due to rounding

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

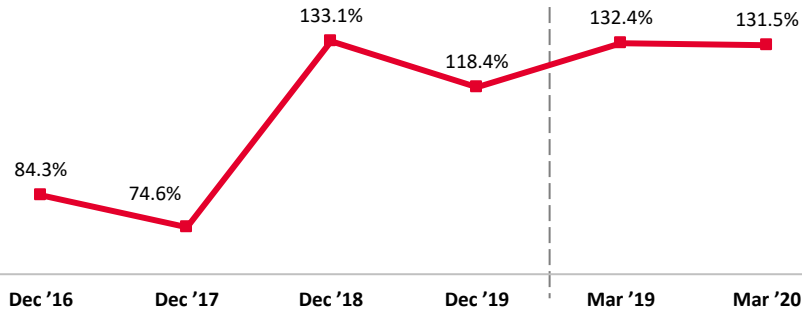
Asset quality



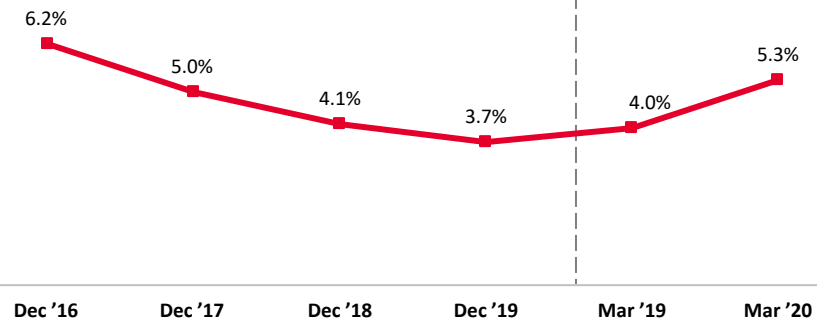
Non-performing loans (AED million)



Provision coverage ratio



Cost of risk



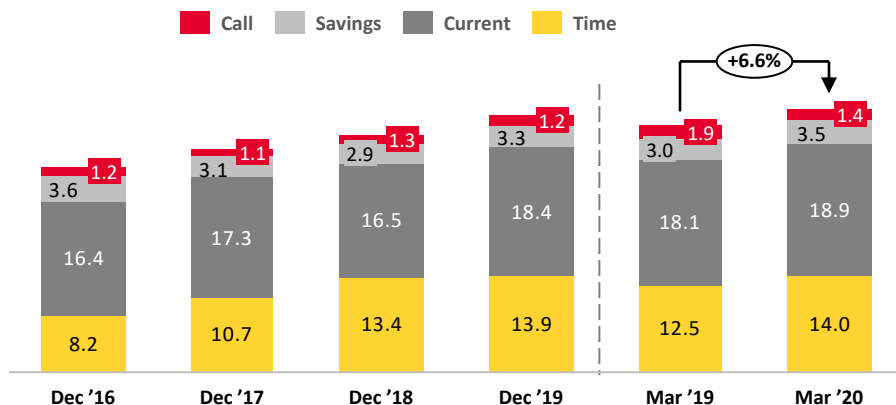
Notes

- Provision for credit loss increased by AED 134.1 million compared to Q1 2019 largely due to higher IFRS 9 provisions due to a deterioration in future economic outlook under the current COVID-19 conditions. Compared to Q4 2019, provision for credit loss increased by AED 151.1 million due to the same reason.
- Non-performing Loans and Advances to Gross Loans and Advances ratio remained flat at 4.0% compared to 31 December 2019, and Net Credit Losses to average loans and advances closed at 5.3% compared to 4.0% as at end of first quarter of 2019 due to higher provisions under IFRS 9.

Liabilities



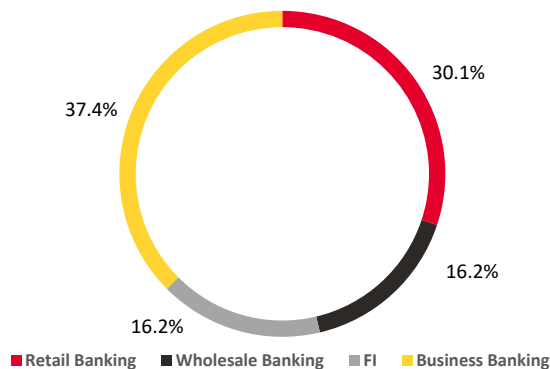
Customer deposits (AED billion)



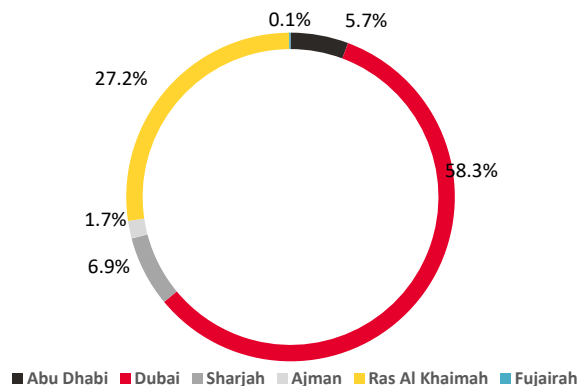
Notes

- Customer deposits in Q1'2020 grew by AED 1 billion to AED 37.8 billion vs Q4'19; growth largely came from CASA deposits, which grew by AED 0.9 billion.
- Compared to Q1 '19, customer deposits grew by AED 2.4 billion in Q1'2020; the growth came from time deposits which grew by AED 1.5 billion and CASA deposits which grew by AED 0.9 billion.

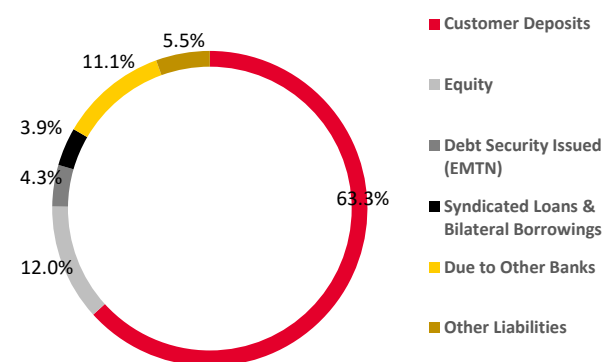
Deposits value by segment



Customers deposits by geography by value



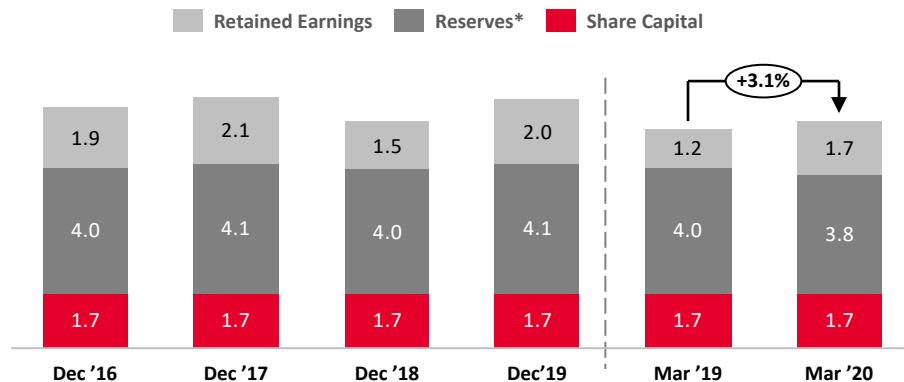
Liabilities mix



Numbers may not add up due to rounding

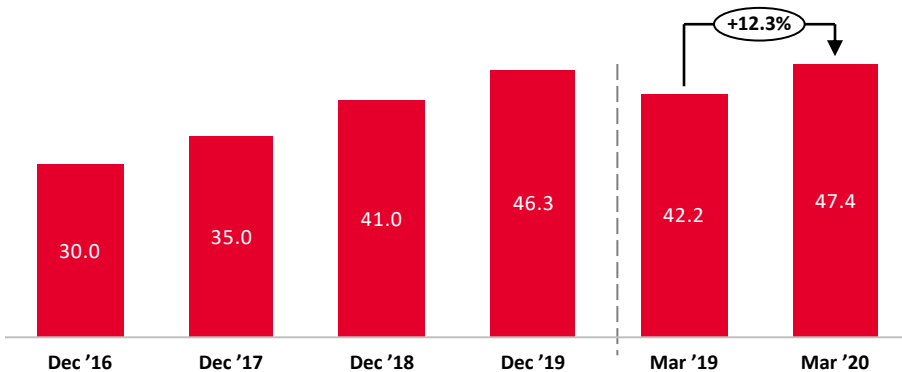
Capitalization

Equity breakdown (AED billion)



* Reserves include minority interest.

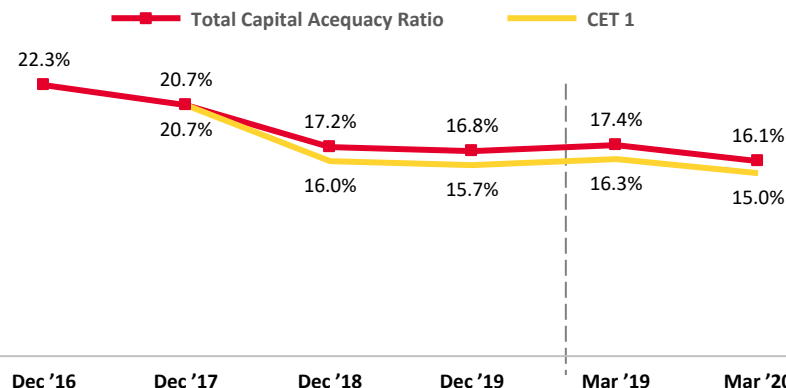
Risk weighted assets (AED billion)



Numbers may not add up due to rounding

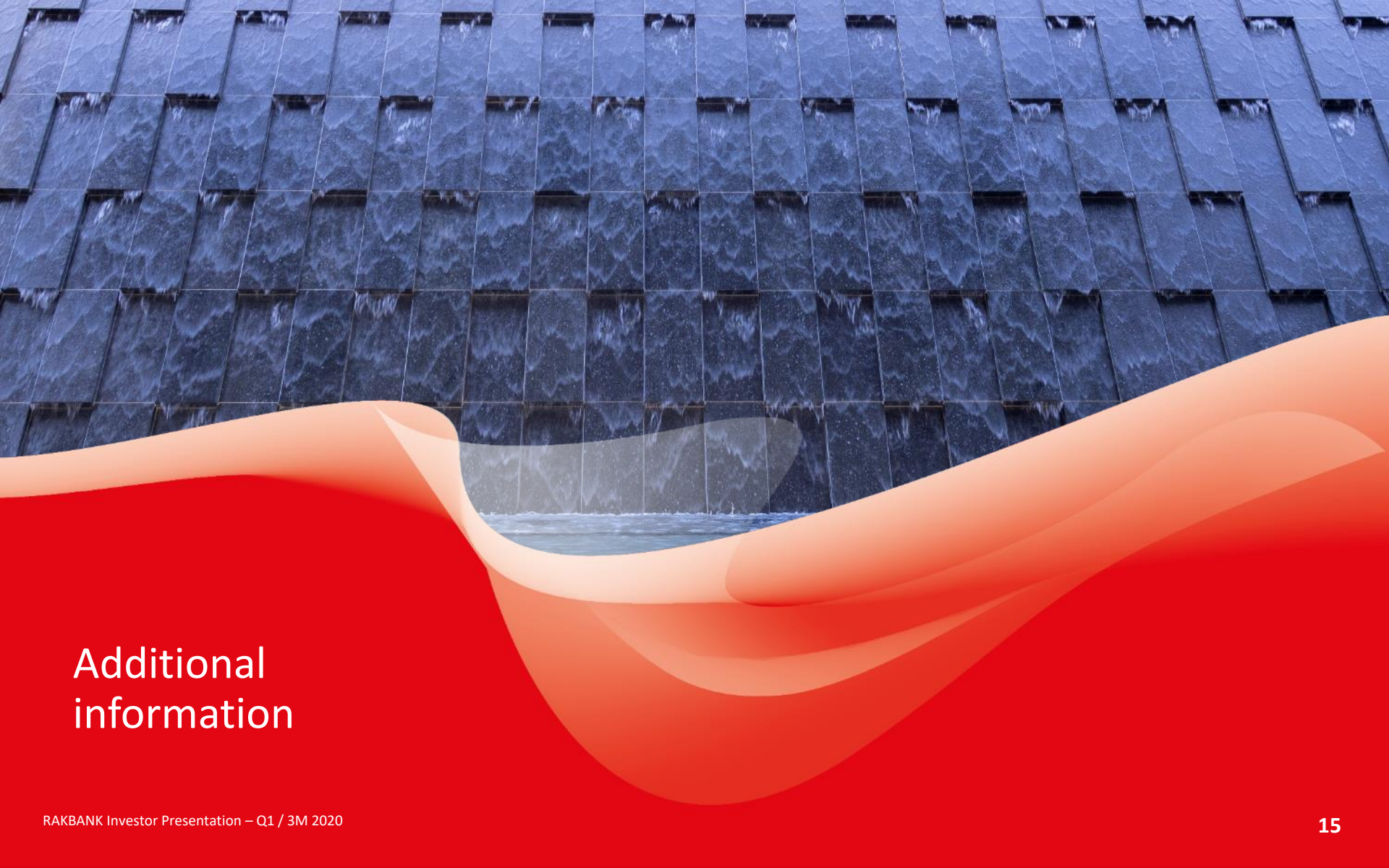


Total capital adequacy ratio (CAR)



Notes

- Total Capital Adequacy Ratio (CAR) as at 31 March 2020 is at 16.1%; Common Equity Tier 1 is at 15.0%; and Tier 2 is at 1.1%.
- After prudential filter, Total Capital Adequacy Ratio (CAR) as at 31 March 2020 is at 16.4%; Common Equity Tier 1 is at 15.3%; and Tier 2 is at 1.1%.
- Whilst credit quality was stable in Q1 2020, the Group increased impairment allowances in recognition of a potential deterioration in credit quality in subsequent quarters related to the coronavirus (COVID-19) pandemic. Additional provision of approx. AED 130 million has been taken in Q1'2020.



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

Best SME Bank

The Islamic Business and Finance Award

(2019)

Best Branch Digitization

Asian Banker's Financial Technology Innovation Awards

(2019)

HR / L&D Team of the Year

CIPD

(2019)

Best SME Service Provider UAE 2019

International Business Magazine Award

(2019)

Best Process Automation Initiative Awards

Asian Banker

(2019)

Best Internal Use of Digital – IT ChatBot

Gulf Customer Experience Awards

(2019)

Best Website for 2018

Ethos Customer Happiness Seminar & Awards

(2019)

Best Digital Banking

Ethos Customer Happiness Seminar & Awards

(2019)

Data Analytics – Digital Transformation

Asian Banker

(2019)

Most Innovative Outward Remittance Services (RMT) - UAE

Global Banking and Finance Review Awards

(2018)

Best Customer Happiness Centre

Customer Happiness Summit and Awards

(2018)

Best Marketing, Social Media, and Brand

International Business Excellence Awards

(2018)

Best SME Bank in the UAE

Banker Middle East Industry Awards

(2018)

Best Blockchain

Asian Banker Technology Innovation Awards

(2018)

Best API Platform Initiative

Asian Banker Technology Innovation Awards

(2018)

Best Deposit Product in the Middle East (Fawrun Product)

Asian Banker's Middle East & Africa Awards

(2018)

Marketing, Social Media and Brand Award (Auntie Penny Campaign)

International Business Excellence Awards

(2018)

Dubai Quality Appreciation Award

Business Excellence Award – Department of Economic Development

(2018)

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Useful information

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