



# H1'24 Earnings Presentation

---

August 2024



# Disclaimer



*The information in this document 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 document. 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 document, 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 document 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 document 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/reference of this document 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 document.*

# Table of Contents

---

1. Key Highlights
2. RAKBANK Strategy
3. Financial Performance

# 1. Key Highlights

---





# H1 2024 Key Highlights

Delivering record profitability, with robust and well diversified balance sheet growth, backed by solid capitalization

## Record Profitability & Solid Returns

- 33% YoY increase in Profit before tax to AED 1.2Bn in H1 2024
- Total Income risen to AED 2.3Bn, 8.7% increase YoY
- Strong shareholder returns : 20.4% ROE & 2.9% ROA

## Scalable & Sustainable Growth

- Cost to Income Ratio at 33.6% driven by effective cost management and Bank-wide digitization
- Strong positive JAWs delivering operating leverage of AED 8.9 on Income for every AED 1 of incremental cost incurred
- Momentum in digital transactions continues to be strong, up 12% YoY with digitally active customers growing at 13% YOY

## Diversified Business & Robust Portfolio Quality

- Portfolio credit quality remains robust:  
The impaired loan ratio improved to 2.4% against 2.6% as at 31<sup>st</sup> December 2023
- Wholesale now constitutes 56% of our business assets
- Rebalancing towards secured assets & Investment Grade portfolio:  
Mortgages up 18% YoY; Sub Investment Grade Investments accounted for less than 20% of the portfolio
- Customer deposits at AED 58.5Bn up 19.4% YoY, with a CASA ratio of 61.6%

## Strong Capital & Liquidity

- Capital adequacy ratio for the bank was at 18.0% against 17.8% as at Dec'23
- Eligible Liquid Assets Ratio for the bank was at 15.5% against 13.0% as at Dec'23  
while Advances to Stable Resources Ratio was 79.4% against 82.1% as at Dec'23

## 2. RAKBANK Strategy

---





# RAKBANK - Leading Bank in The UAE

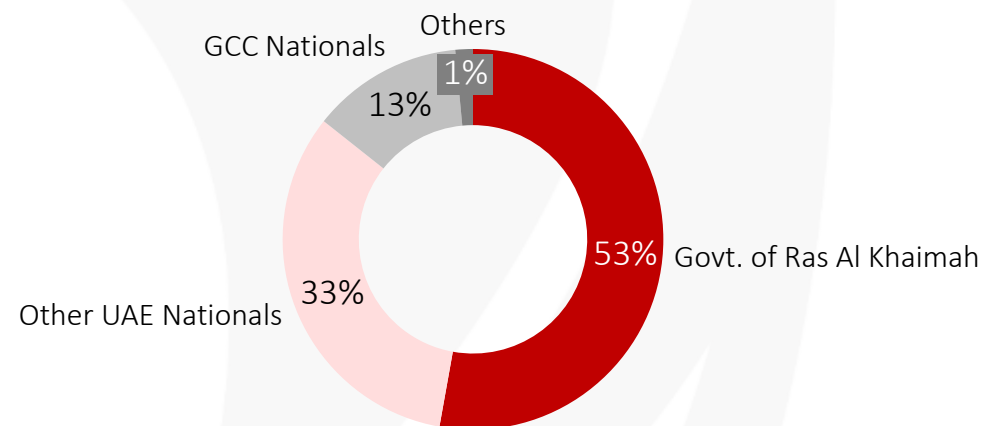
## Our Proud History

- 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
- 19 traditional branches and 1 fully electronic branch and 273 ATMs in the UAE located across the Emirates
- Listed on Abu Dhabi Securities Exchange (ADX) in 2005
- Launched Islamic Banking window – RAKIslamic – in 2013

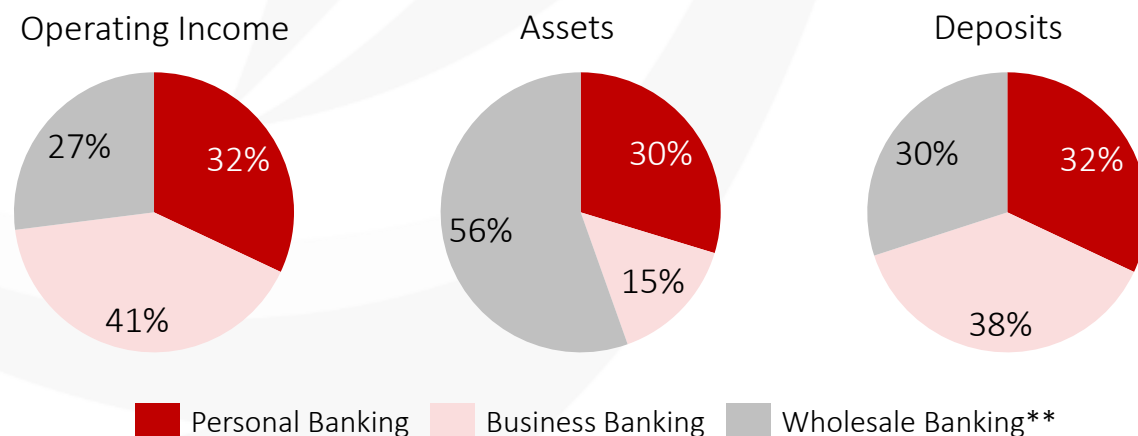
## Strong and Stable Credit Ratings

Rating Agency	Last Update	Ratings	Outlook
Moody's	March 2024	Baa1 / P-2	Stable
Fitch	March 2024	BBB+ / F2	Stable
Capital Intelligence	August 2024	A / A1	Stable

## Majority Owned by the Government of Ras Al Khaimah



## Balanced Business Portfolio\*



\* Only considers the business segments, excludes unallocated and insurance

\*\* Wholesale banking includes treasury



# 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



Become Bank of Choice for  
SMEs



Personalize and Digitize Retail  
Banking



Build a Comprehensive  
Wholesale Banking Offering



Deliver cutting edge banking  
innovations



### Key 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





# 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 Personalization & Digitization



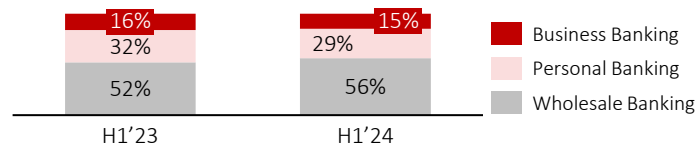
Invest in Our People



Ongoing Commitment to our Community and ESG

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

Total Business Assets by Segment



## We are enhancing our digital customer journeys...

99%

Of new acquisitions in RakBusiness Loans were sourced digitally

98%

Of Retail Banking transactions were done digitally

## We are becoming more scalable...

Cost to Income ratio



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

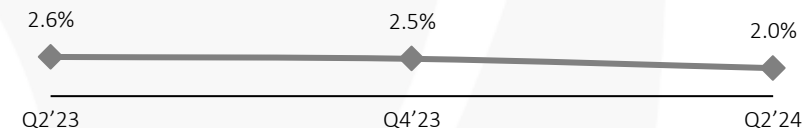
Added and upgraded key HR policies that reflect our commitment to the well being, professional growth and retention of our colleagues

## We continue to support our community...

Over **300 colleagues** have participated in both company and community activities in the 1<sup>st</sup> Half of 2024: International Women's Day Panel Discussion, Iftar meal Distribution during Ramadan and The Financial Literacy Program among others

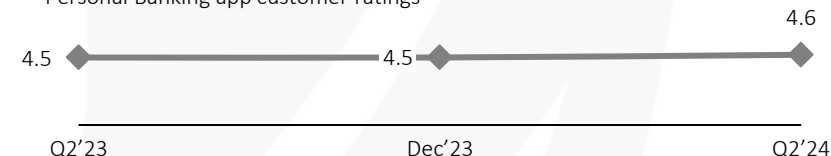
## ...And a stable our risk profile

Cost of Risk



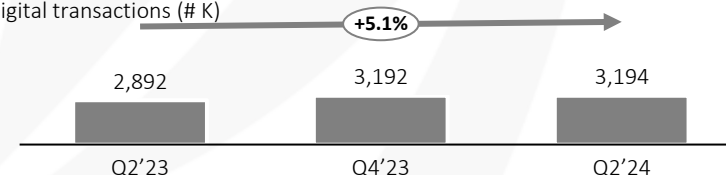
## ...And improving our customer feedback

Personal Banking app customer ratings



## ...And driving digitization

Digital transactions (# K)



## ...And modernizing our workplace



Rolling out Azure Virtual Desktop to further enhance our hybrid work capabilities

Continue to modernize our Dubai Corporate Office and concluded the uplift of an additional floor

## ...And reducing our carbon footprint

-10%

Reduction in electricity consumption Year on Year

### 3. Financial Performance

---



# H1' 2024 Key Highlights

Another Record-breaking Performance

## Continued momentum in Profitability

YoY %

Profit before Tax (Mn)

**1,195**  
+33%



Total Income (Mn)

**2,348**  
+9%



Expenses (Mn)

**789**  
+3%



## Consistent Balance Sheet Growth

YoY %

Total Assets (Bn)

**80.4**  
+12%



Gross Loans & Advances (Bn)

**43.7**  
+9%



Deposits (Bn)

**58.5**  
+19%



## Robust Capital Position and Returns

YoY %

CAR

**18.0%**  
+23 bps



ROE

**20.4%**  
+113 bps



Cost to Income

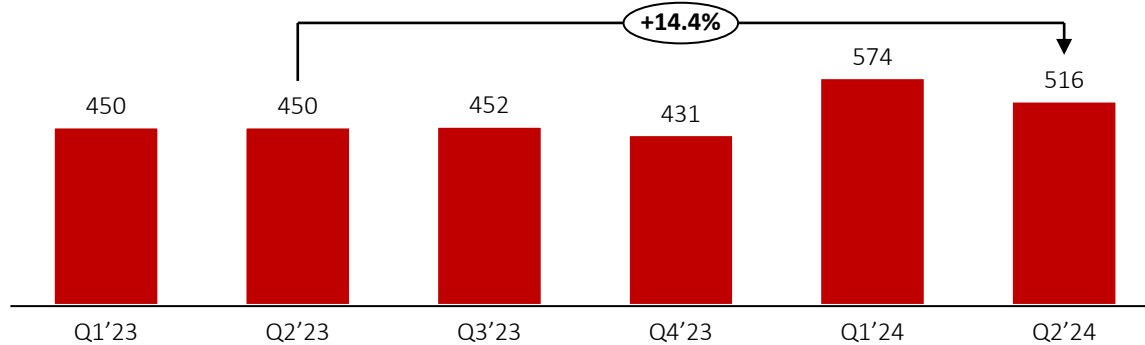
**33.6%**  
-195 bps



# Income Statement

33% growth in Profit before Tax driven by strong performance, favorable interest rate environment and a secure loan portfolio

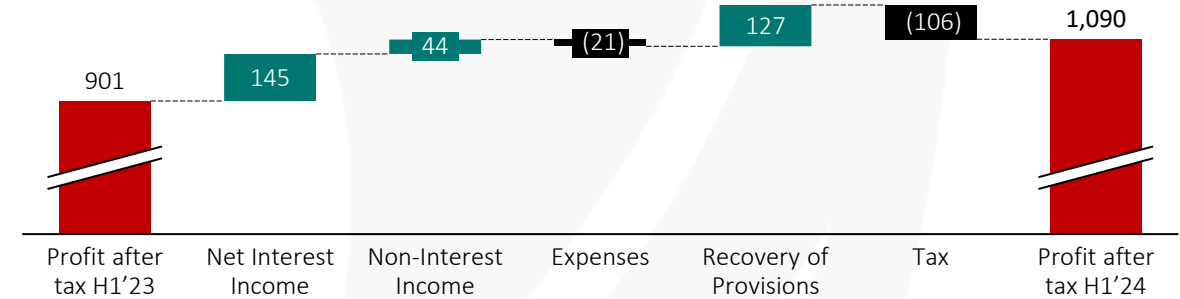
Profit After Tax Quarterly Trend (AED Mn)



Income Statement Highlights

Income Statement (AED Mn)	H1'24	H1'23	YoY (%)	Q2'24	Q1'24	QoQ (%)
Net Interest Income	1,761.8	1,617.2	8.9%	882.3	879.5	0.3%
Non-Interest Income	586.5	542.5	8.1%	291.7	294.9	(1.1)%
<b>Operating Income</b>	<b>2,348.3</b>	<b>2,159.7</b>	<b>8.7%</b>	<b>1,174.0</b>	<b>1,174.3</b>	<b>(0.0)%</b>
Operating Expenses	(788.8)	(767.6)	2.8%	(400.3)	(388.5)	3.1%
<b>Operating Profit</b>	<b>1,559.5</b>	<b>1,392.1</b>	<b>12%</b>	<b>773.6</b>	<b>785.8</b>	<b>(1.6)%</b>
Net Impairment Charge	(364.2)	(491.3)	(26)%	(207.7)	(156.6)	33%
<b>Profit Before Tax</b>	<b>1,195.3</b>	<b>900.8</b>	<b>33%</b>	<b>566.0</b>	<b>629.3</b>	<b>(10)%</b>
Tax	(105.6)	-	n/a	(50.5)	(55.1)	(8.4)%
<b>Profit After Tax</b>	<b>1,089.7</b>	<b>900.8</b>	<b>21%</b>	<b>515.5</b>	<b>574.2</b>	<b>(10)%</b>

Profit After Tax Movement YoY (AED Mn)



Profit after tax Movement by Segment YoY (AED Mn)

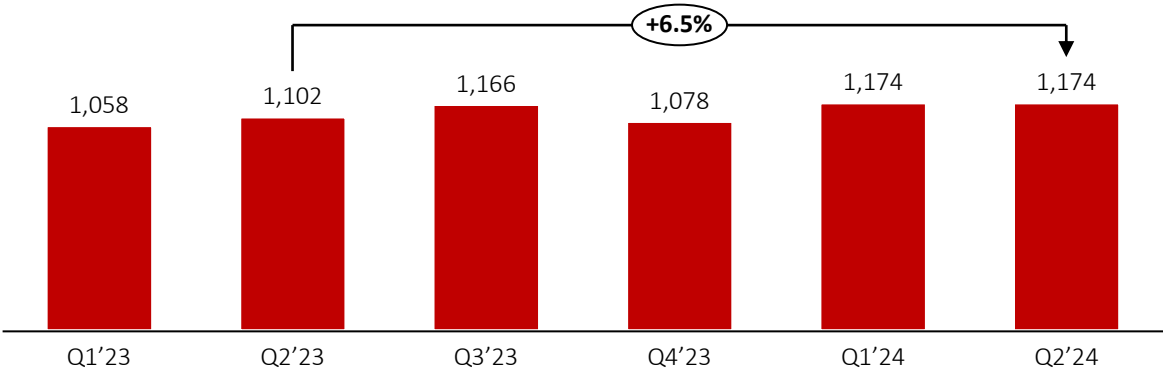


\*Wholesale Banking includes Treasury while HO & Other includes Funding Center, Unallocated, Insurance, etc.

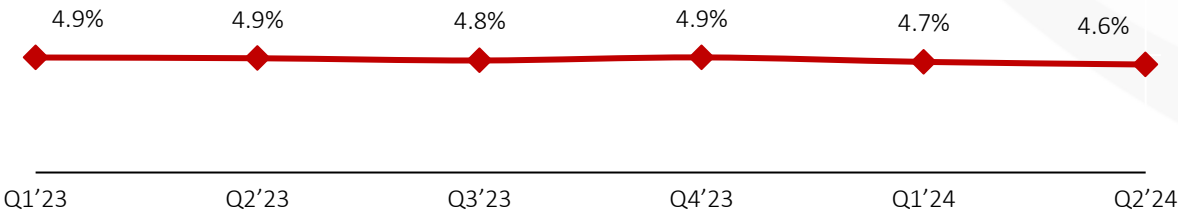
# Operating Income

Consistent growth in Operating Income in the 1<sup>st</sup> Half of 2024 attributed to stable NIM performance and expansion across segments

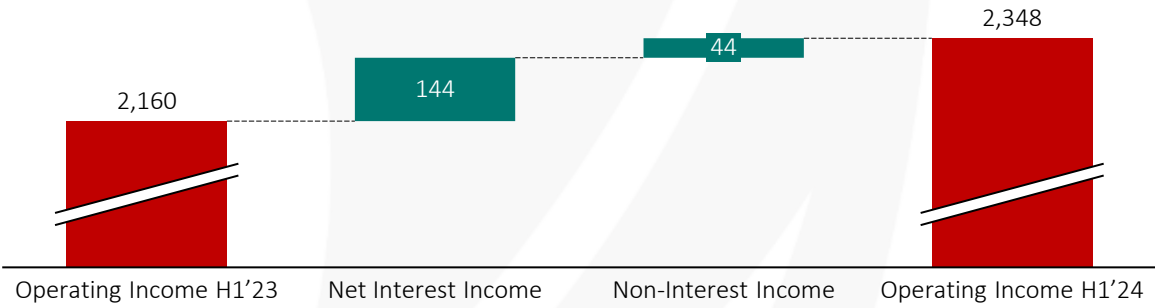
Operating Income Quarterly Trend (AED Mn)



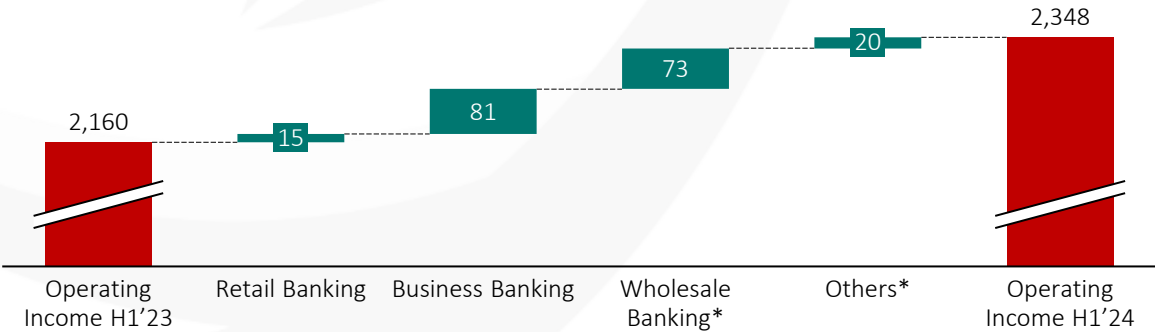
Net Interest Margin Quarterly Trend (%)



Operating Income Movement YoY (AED Mn)



Operating Income Movement by Segment YoY (AED Mn)

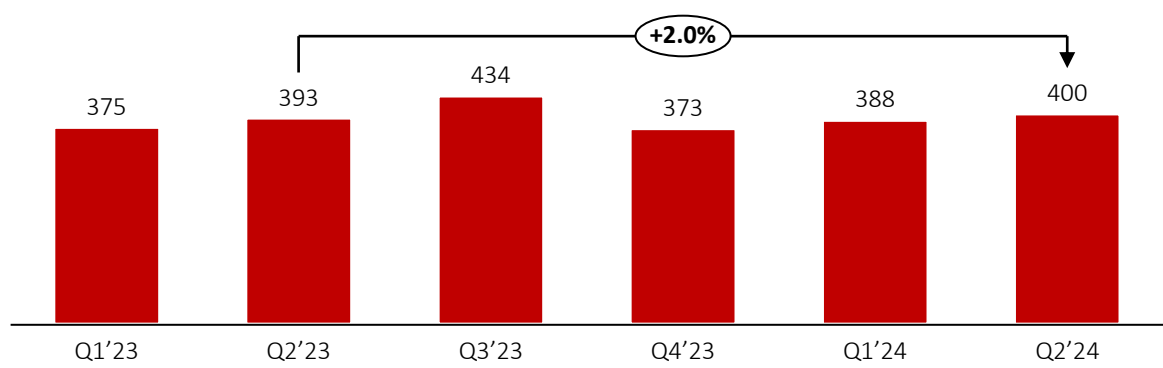


\*Wholesale Banking includes Treasury while Other includes Funding Center, Head Office, Unallocated, Insurance, etc

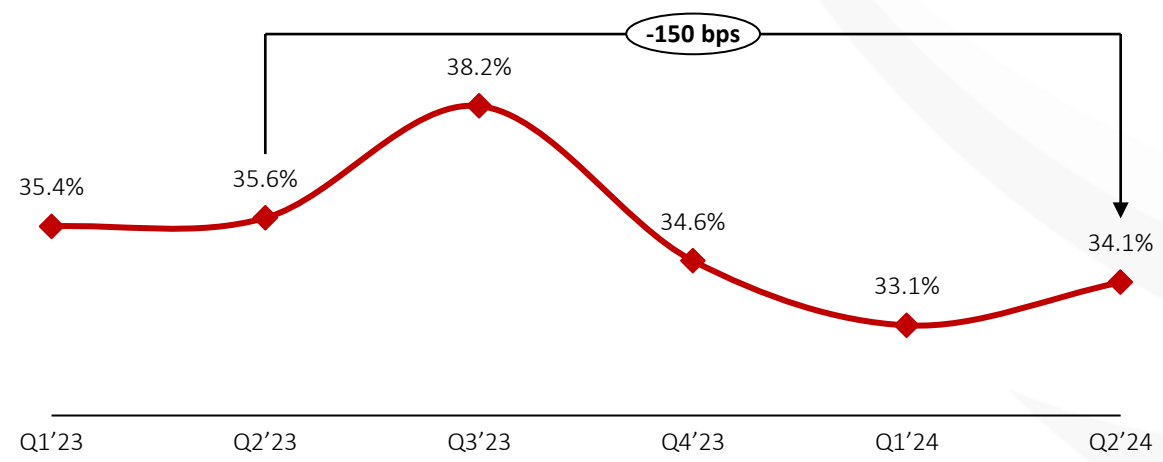
# Operating Expenses

Cost-to-Income ratio remains within the positive trend reflecting increased focus on expense management

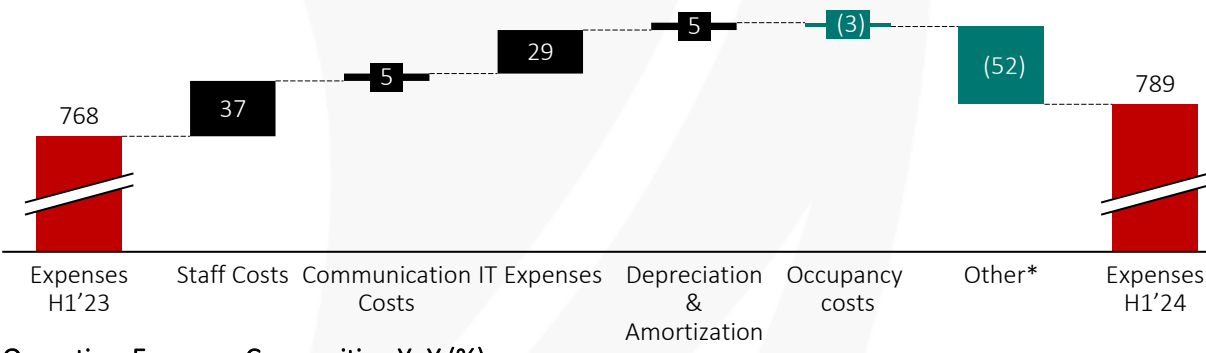
Operating Expenses Quarterly Trend (AED Mn)



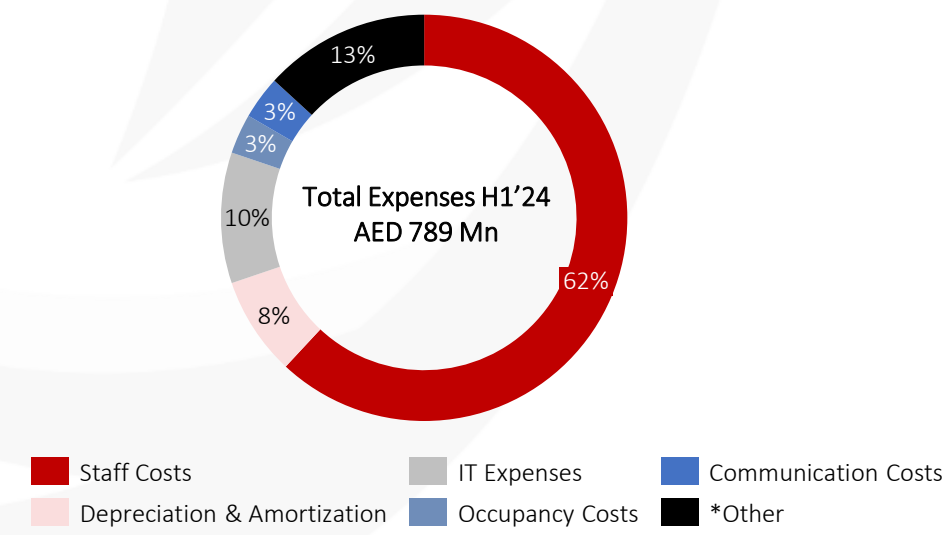
Cost to Income Ratio Quarterly Trend (%)



Operating Expenses Movement YoY (AED Mn)



Operating Expenses Composition YoY (%)

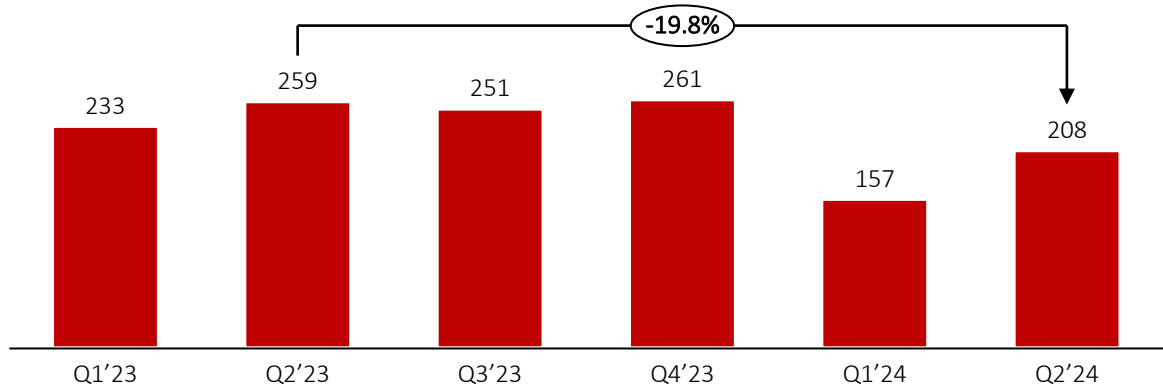


\*Other Expenses include Credit Card Fees and Marketing Expenses

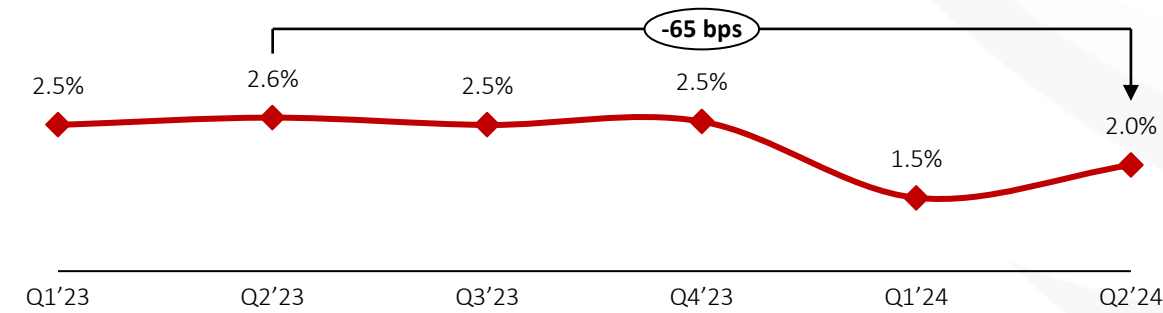
# Provisions for Credit Loss

Cost of Risk remains at record low levels with Net Impairment Charge improving significantly Year-over-Year

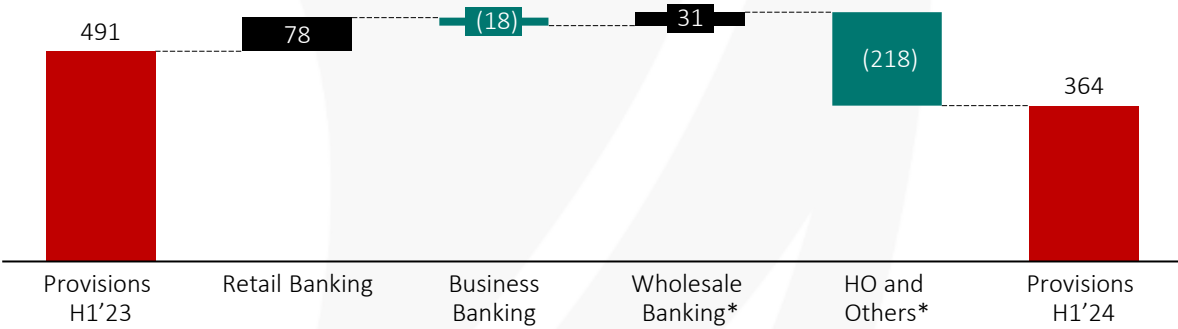
Net Impairment Charge Quarterly Trend (AED Mn)



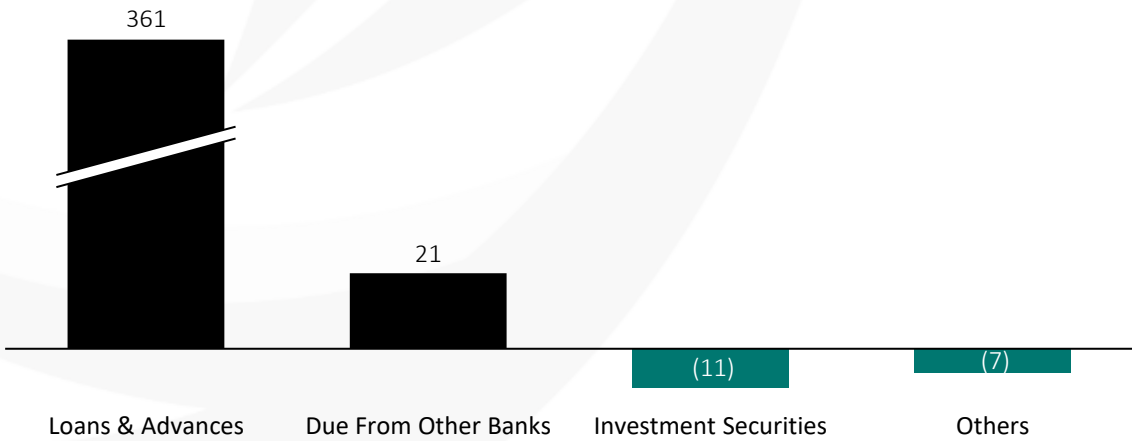
Cost of Risk Quarterly Trend (%)



Net Impairment Charge Movement by Segment YoY (AED Mn)



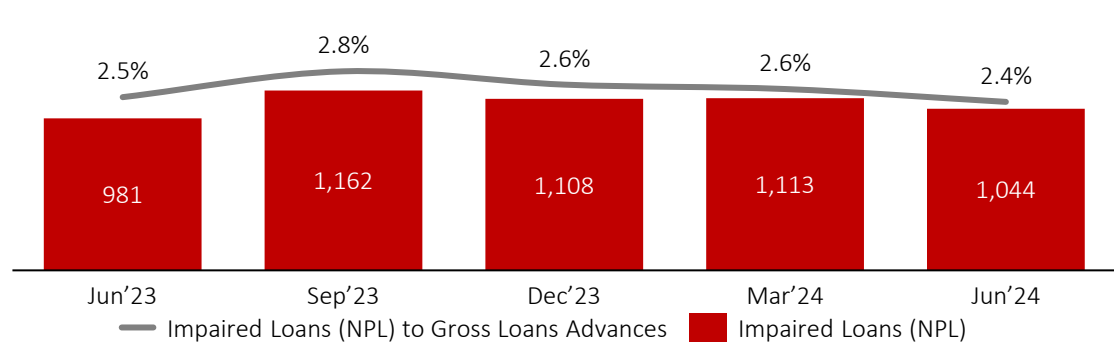
H1'24 Net Impairment Charge per Category (AED Mn)



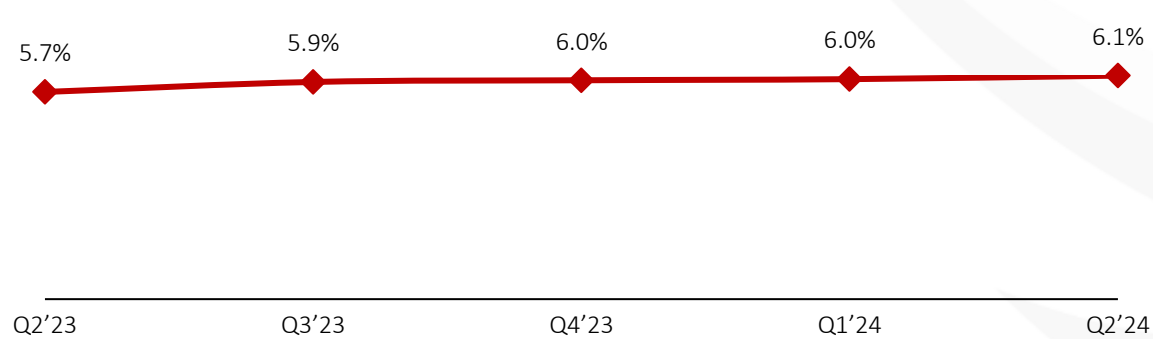
# Non-Performing Loans

Provisions to Gross Loans ratio increased to 6.1% against 5.7% in Q2'23

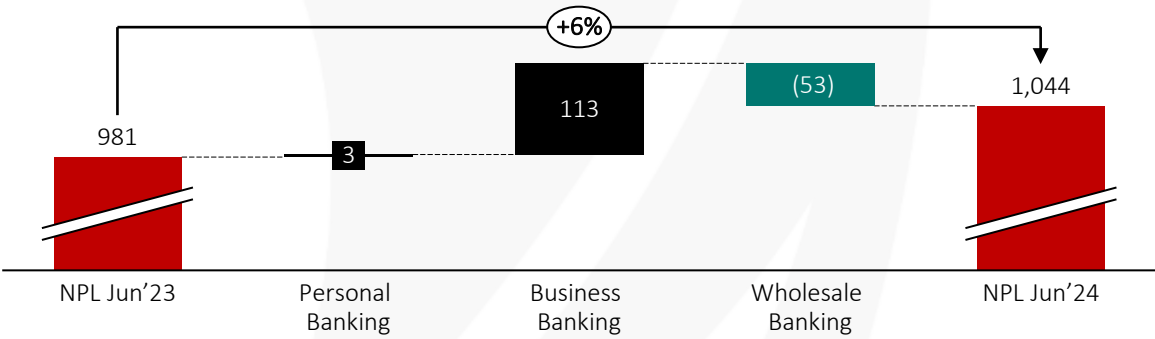
Non-Performing Loans Overview (AED Mn)



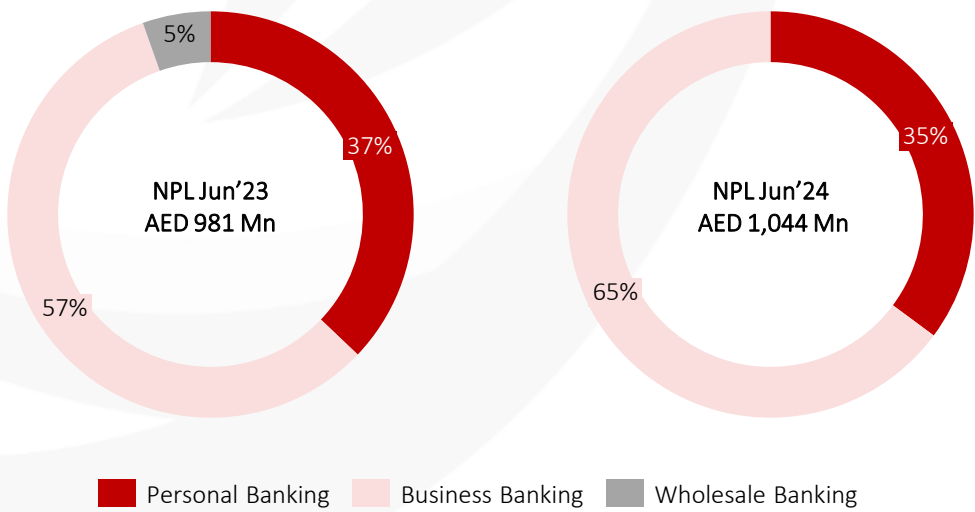
Provisions to Gross Loans (%)



Non-Performing Loans Movement by Segment YoY (AED Mn)



Non-Performing Loans by Segment (%)

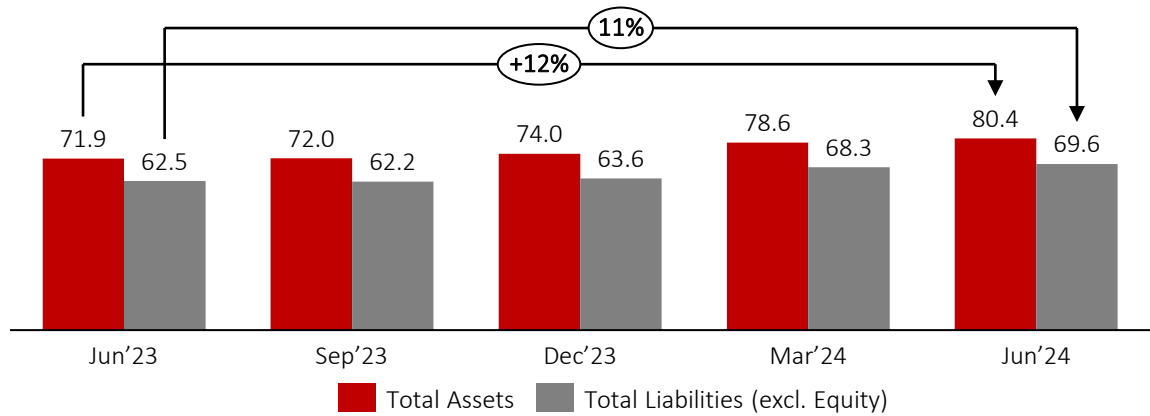




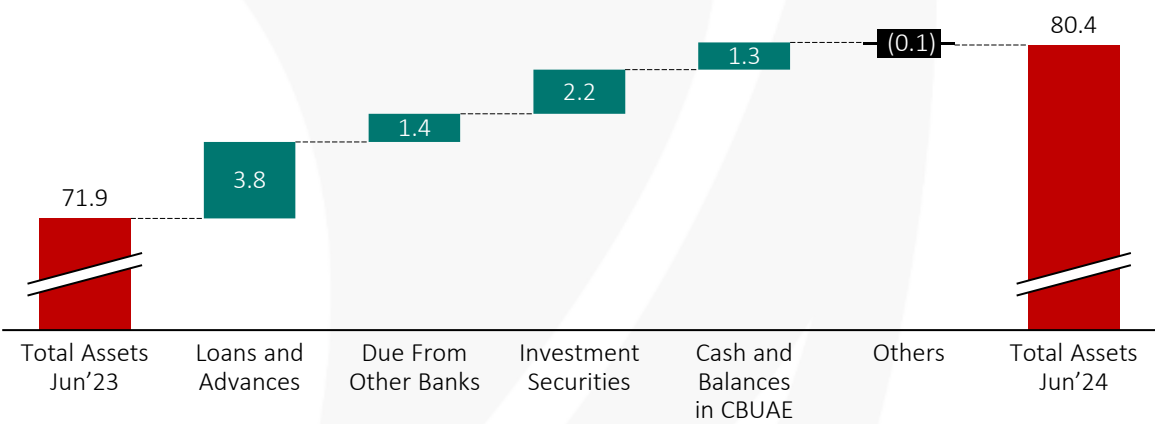
# Balance Sheet

Expansion in business activity and a strong customer base provide sustainable growth across all segments

Assets and Liabilities (AED Bn)



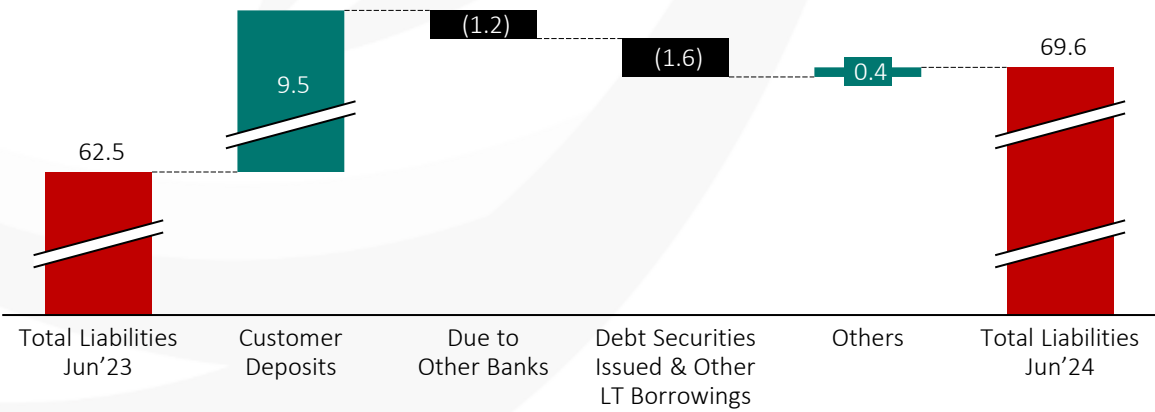
Total Assets Movement YoY (AED Bn)



Balance Sheet Highlights

Balance Sheet (AED B)	Jun-24			Jun-23			
	Jun-24	Jun-23	YoY (%)	Dec-23	YTD (%)	Mar-24	QoQ (%)
Total Assets	80.4	71.9	11.9%	74.0	8.7%	78.6	2.3%
Gross Loans & Advances	43.7	39.9	9.4%	42.0	4.0%	43.2	1.1%
Deposits	58.5	49.0	19.4%	50.4	16.0%	55.4	5.6%

Total Liabilities Movement YoY (AED Bn)

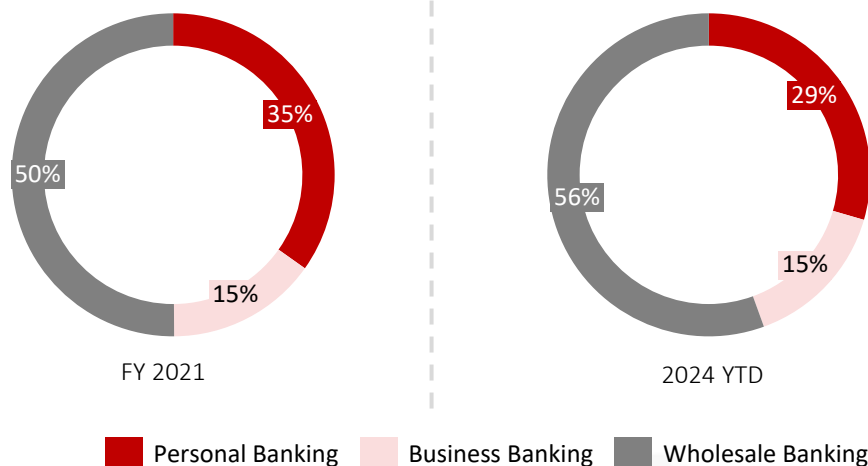




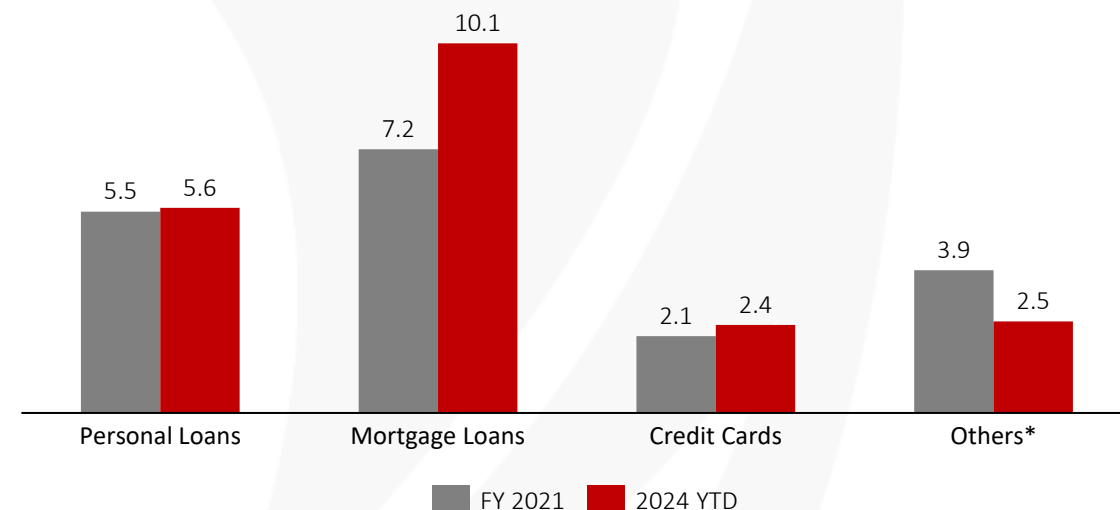
# Transforming Our Asset Mix

Balanced asset mix between segments/products with a strong growth in secured financing

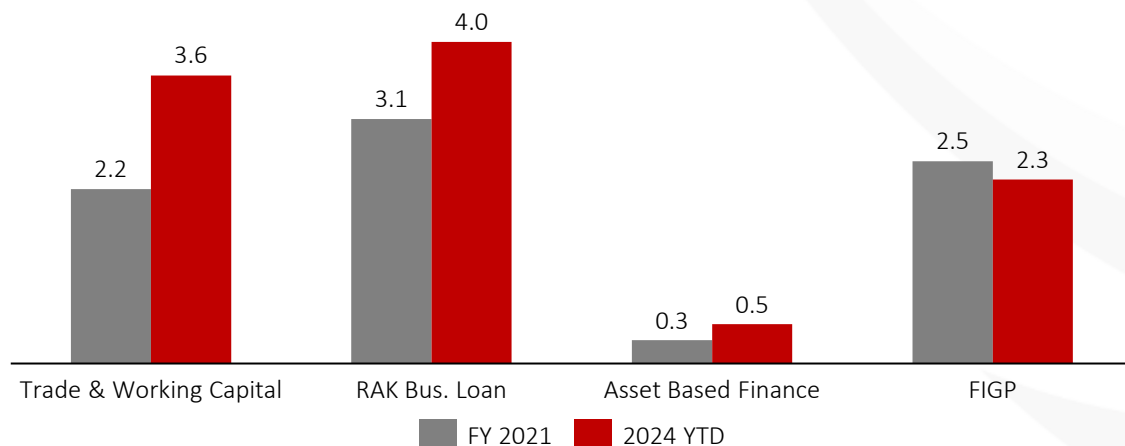
Total Business Assets by Segment (AED Bn)



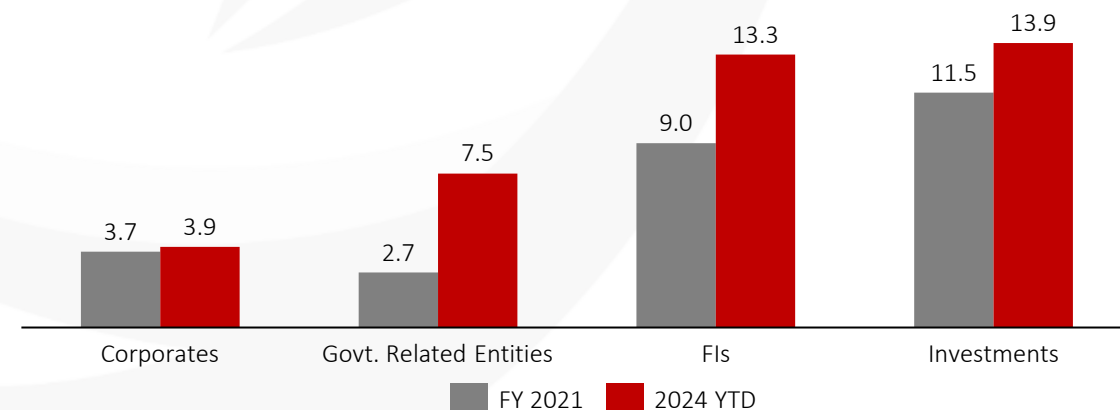
Total Business Assets – Personal Banking (AED Bn)



Total Business Assets – Business Banking (AED Bn)



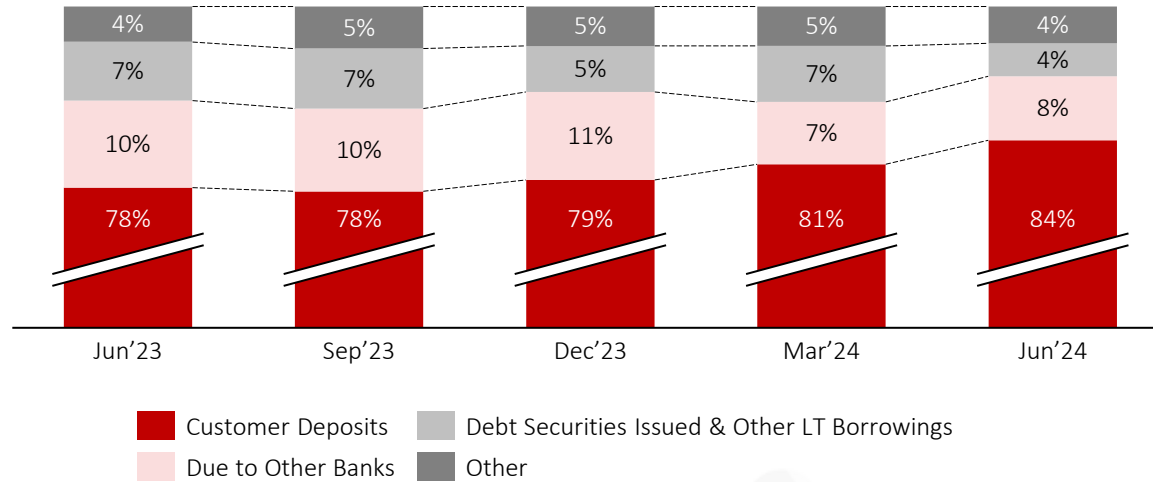
Total Business Assets – Wholesale Banking (AED Bn)



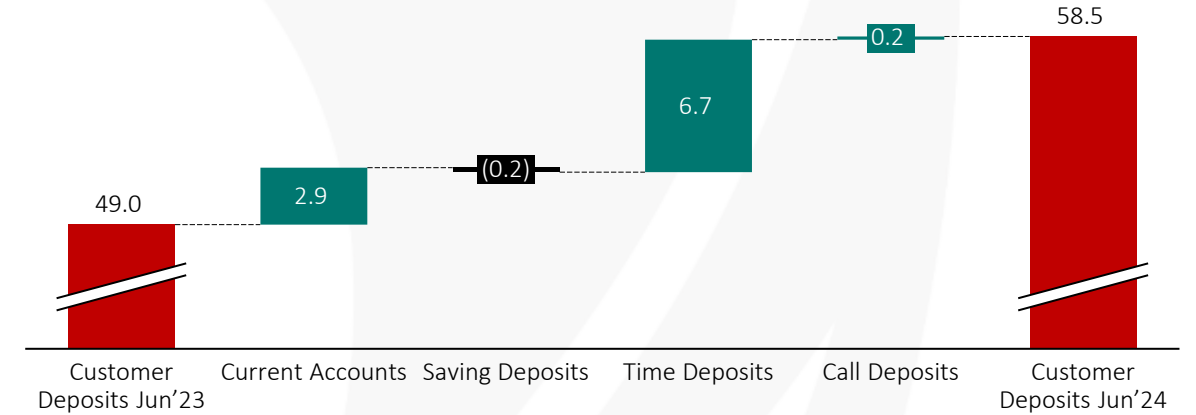
# Liabilities and Customer Deposits

Growing Customer Deposits base while maintaining strong CASA ratio

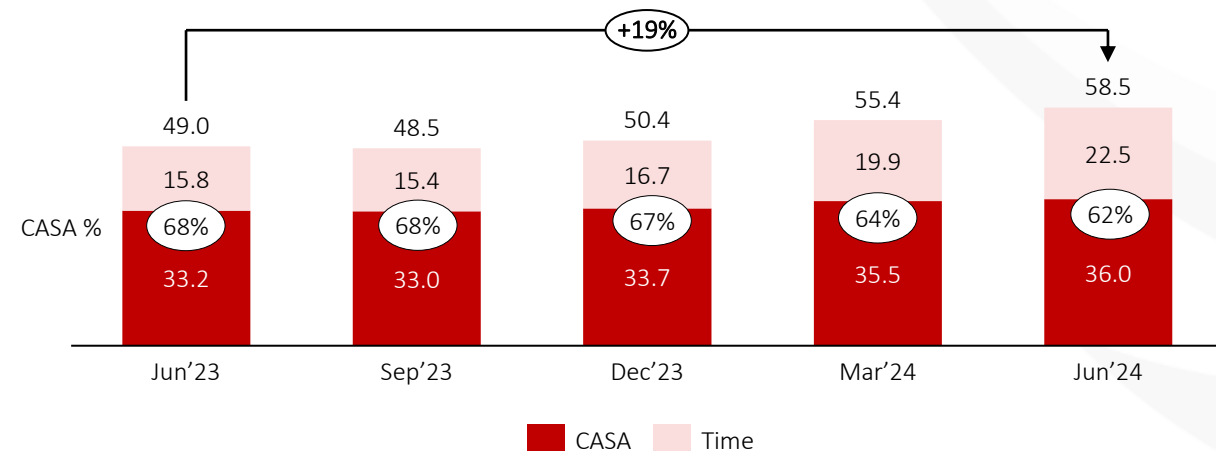
Breakdown of Total Liabilities (exc. Equity) by Category



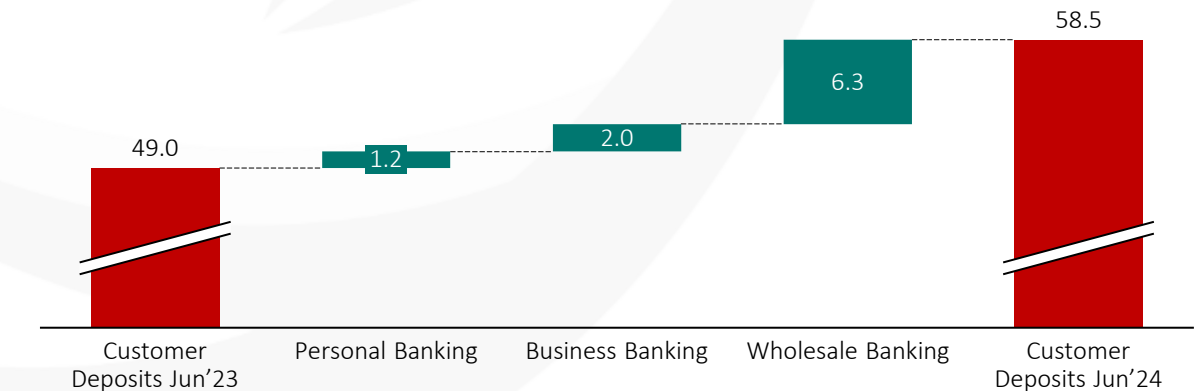
Customer Deposits Movement by Category YoY (AED Bn)



Customer Deposits by Category (AED Bn)



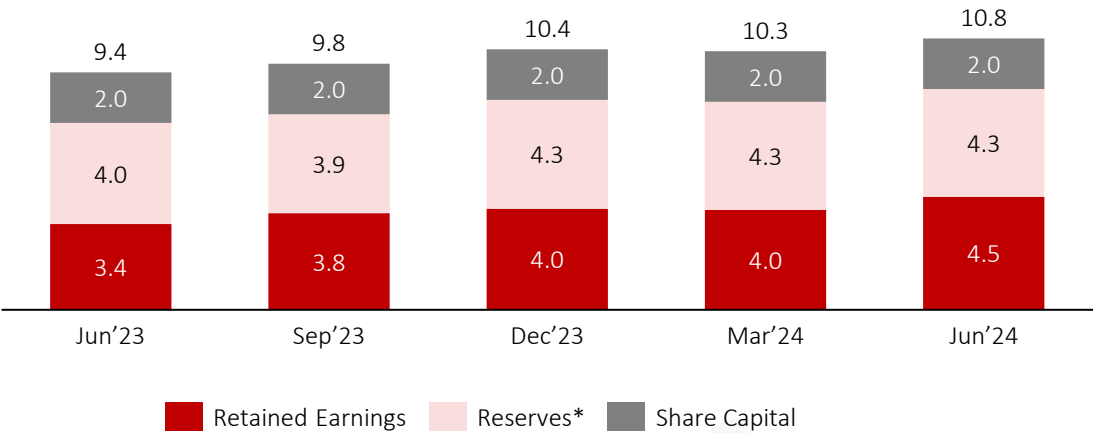
Customer Deposits Movement by Segment YoY (AED Bn)



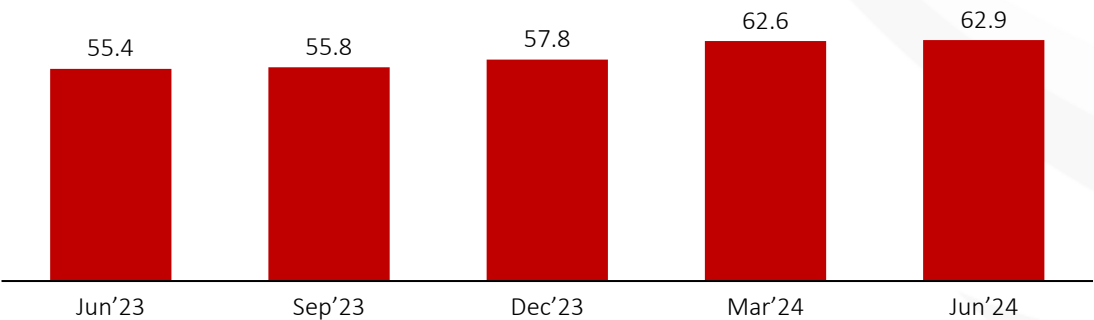
# Capital

Solid financial foundation supporting sustainable growth and operational integrity

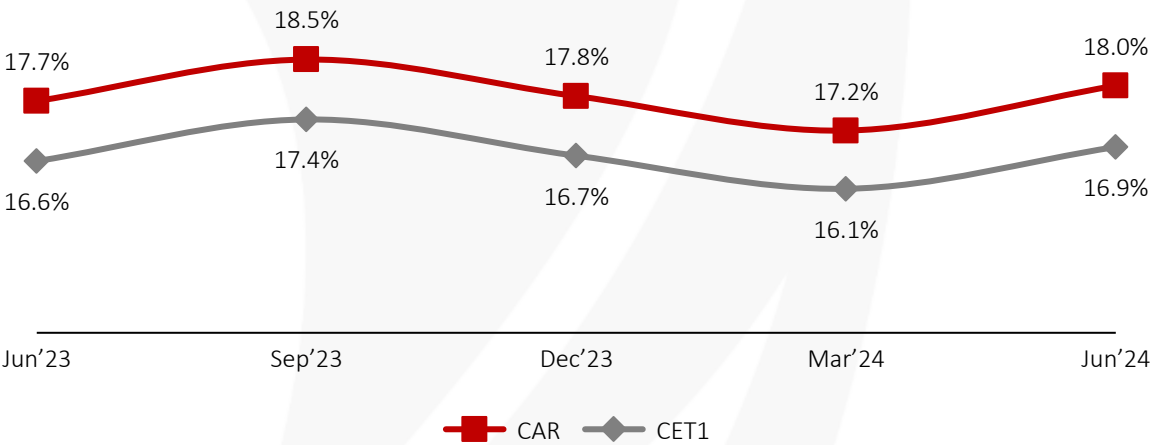
Breakdown of Equity (AED Bn)



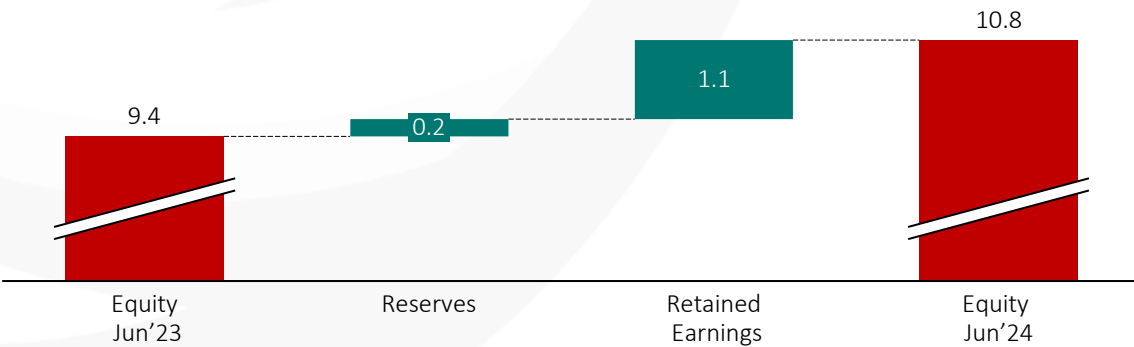
Risk Weighted Assets (AED Bn)



Capitalization Ratios (%)



Capital Movement YoY (AED Bn)



Numbers may not add up due to rounding  
\*Reserves include minority interest



## Contact

---

E-mail: [ir@rakbank.ae](mailto:ir@rakbank.ae)

## Useful Information

---

Download links for:

[Investor Relations Website](#)