



# Q1'24 Earnings Presentation

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May 2024



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# 1. Key Highlights

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# Q1 2024 Key Highlights

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

## Record Profitability & Solid Returns

- Income up 11% YoY on the back of double-digit balance sheet growth, industry leading NIM further supported by non-interest income growth on the back of higher investment income
- Industry leading CASA Ratio at 64%
- Strong shareholder returns : 21.4% ROE & 3.1% ROA

## Scalable & Sustainable Growth

- CIR at 33.1% driven thorough operational efficiencies & digitization
- Strong positive JAWs delivering operating leverage of AED 8.6 on Income for every AED 1 of incremental cost incurred
- Momentum in digital transactions continues to be strong, up 13% YoY with digitally active customers growing at 16% YOY
- Income per FTE increased by 11 % to AED1.4Mn per FTE in Q1'24

## Diversified Business & Robust Portfolio Quality

- Wholesale now constitutes 56% of our business assets
- Rebalancing towards secured assets & Investment Grade portfolio : Mortgages up 22% YoY; Sub Investment Grade Investments reduced to ~17% vs 42% in 2021
- Non-interest income up 9.6% YoY to AED 294.9 Mn, representing 25% of total income
- NPL ratio at 2.6% as at Q1'24 vs. 4.0% in FY'21, through tightened underwriting & focus on secured assets. One of the highest provision coverage in the industry at 234% and Cost of Risk down to 1.5% vs. 3.1% in FY'21

## Strong Capital & Liquidity

- Industry leading CET 1 at 16.1% with a 17.2% Capital Adequacy Ratio
- Regulatory Eligible Liquid Asset Ratio at 13.5% and Advances to Stable Resources Ratio at 78.7%

## 2. RAKBANK Strategy

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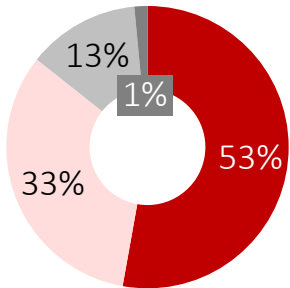
# RAKBANK - A Leading UAE Bank



### 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
- 19 traditional branches and 1 fully electronic branch and 272 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



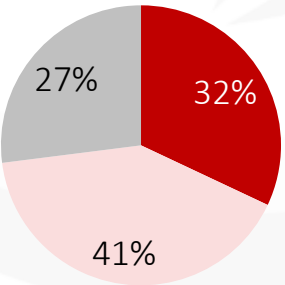
Govt. of Ras Al Khaimah    Other UAE Nationals    GCC Nationals    Others

### Strong and Stable Credit Ratings

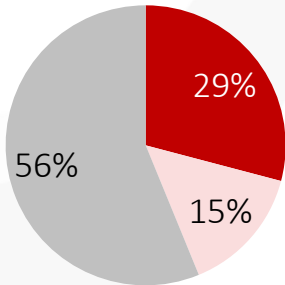
Rating Agency	Last Update	Ratings	Outlook
Moody's	March 2024	Baa1 / P-2	Stable
Fitch	March 2024	BBB+ / F2	Stable
Capital Intelligence	August 2023	A / A1	Stable

### Balanced Business Portfolio\*

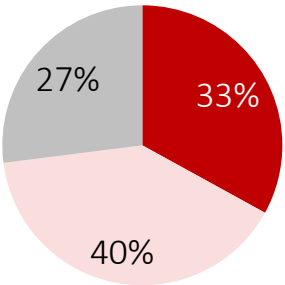
Operating Income



Assets



Deposits



Personal Banking    Business Banking    Wholesale Banking

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



# 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 customer journeys with hyper-personalization...**

71%

Digital share in new personal accounts opened in Q1'24

89%

Digital share in new SME accounts opened in Q1'24

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

Cost to Income ratio



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

Organized the WAVE Summit event where we celebrated with 600+ RAKBANK colleagues' achievements of 2023 and refocused on the 2024 ambition

Launched **innovation month** with a series of 3 bootcamps and 2 hackathons to promote innovation and collaboration

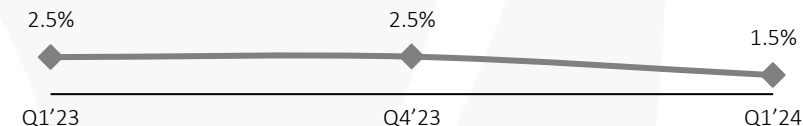
**We continue to support our community...**

As part of the international woman's day we organized a **panel discussion** with some of **UAE's most influential women entrepreneurs**

Organized **the RAKBANK cricket tournament** where 27 teams came together to participate

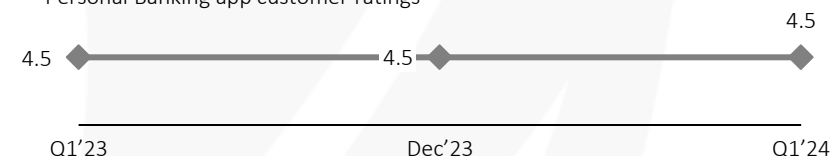
**...And a stable our risk profile**

Cost of Risk



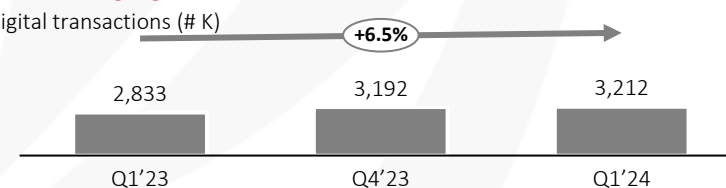
**...And improving our customer feedback**

Personal Banking app customer ratings

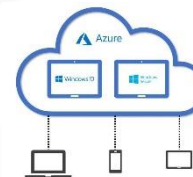


**...And driving digitization**

Digital transactions (# K)



**...And modernizing our workplace**



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

**...And reducing our carbon footprint**

Introduced Electric Vehicle charging stations at RAKBANK HQ and Dubai Office as part of our commitment to sustainability

-1%

Reduction in electricity consumption Year on Year

### 3. Financial Performance

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# Q1' 2024 Key Highlights

A record performance

## Strong Growth in Profitability

YoY %

Profit before tax (Mn)

629

+40%



Total Income (Mn)

1,174

+11%



Expenses (Mn)

388

+3.6%



## Solid Balance Sheet Growth

YoY %

Total Assets (Bn)

78.6

+14%



Gross Loans & Advances (Bn)

43.2

+12%



Deposits (Bn)

55.4

+19%



## Robust Capital Position and Robust Returns

YoY %

CAR

17.2%

33 bps



ROE

21.4%

+208 bps



Cost to Income

33.1%

-236 bps

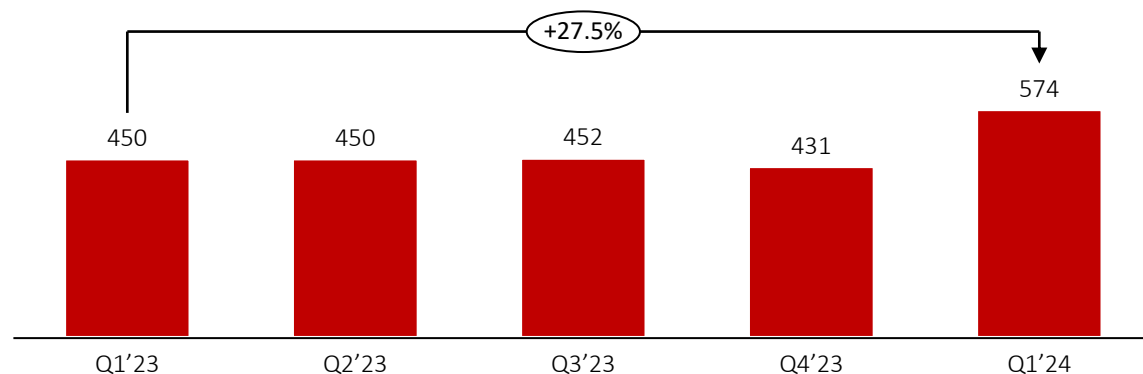




# Quarterly Income Statement

Delivered an increase in Profit after tax of 28% YoY & a 15% increase in YoY Operating Profits for Q1 2024, on the back of strong net interest income growth

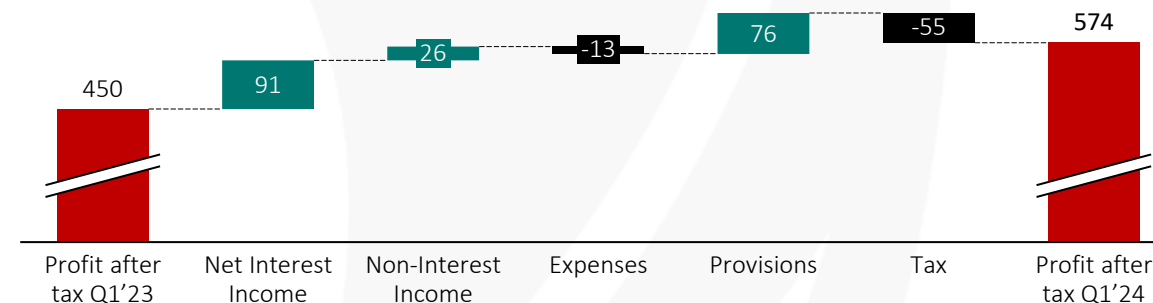
Profit after tax (AED Mn)



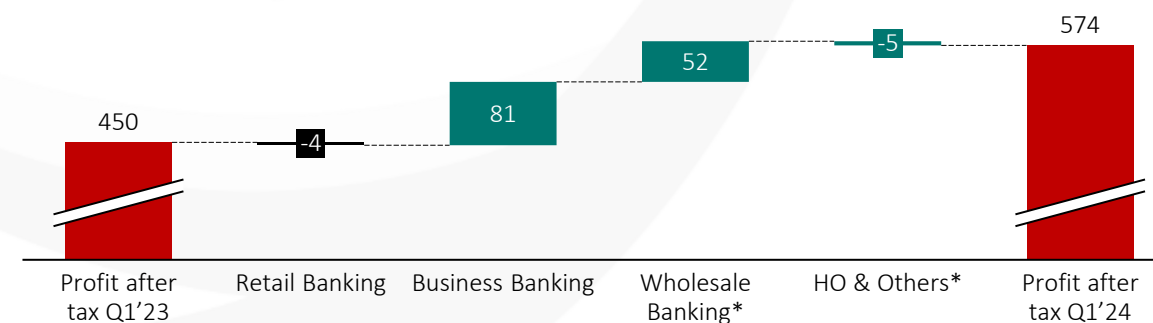
Income Statement Highlights

(AED M)	Quarterly Results			Variance	
	Q1'24	Q4'23	Q1'23	YoY	QoQ
Net interest income	879.5	876.4	788.8	11.5%	0.3%
Non-Interest Income	294.9	201.6	269.1	9.6%	46.2%
<b>Total Income</b>	<b>1,174.3</b>	<b>1,078.1</b>	<b>1,058.0</b>	<b>11.0%</b>	<b>8.9%</b>
Operating Expenditures	(388.5)	(372.6)	(375.0)	(3.6%)	(4.3%)
<b>Operating Profit</b>	<b>785.8</b>	<b>705.5</b>	<b>683.0</b>	<b>15.1%</b>	<b>11.4%</b>
Provisions for credit loss	(156.6)	(260.9)	(232.7)	32.7%	40.0%
<b>Profit Before Tax</b>	<b>629.3</b>	<b>444.6</b>	<b>450.3</b>	<b>39.7%</b>	<b>41.5%</b>
Tax	(55.1)	(13.7)	-		(301.2%)
<b>Profit After Tax</b>	<b>574.2</b>	<b>430.9</b>	<b>450.3</b>	<b>27.5%</b>	<b>33.3%</b>

Profit after tax Movement YoY (AED Mn)



Profit after tax Movement by Segment YoY (AED Mn)

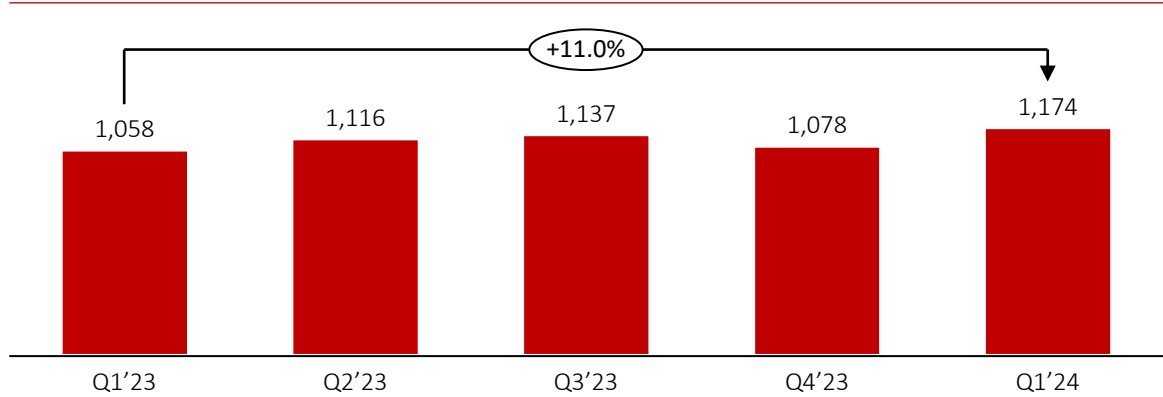


\*Wholesale Banking includes Treasury while HO & Other includes Funding Center, Unallocated, Insurance, etc.

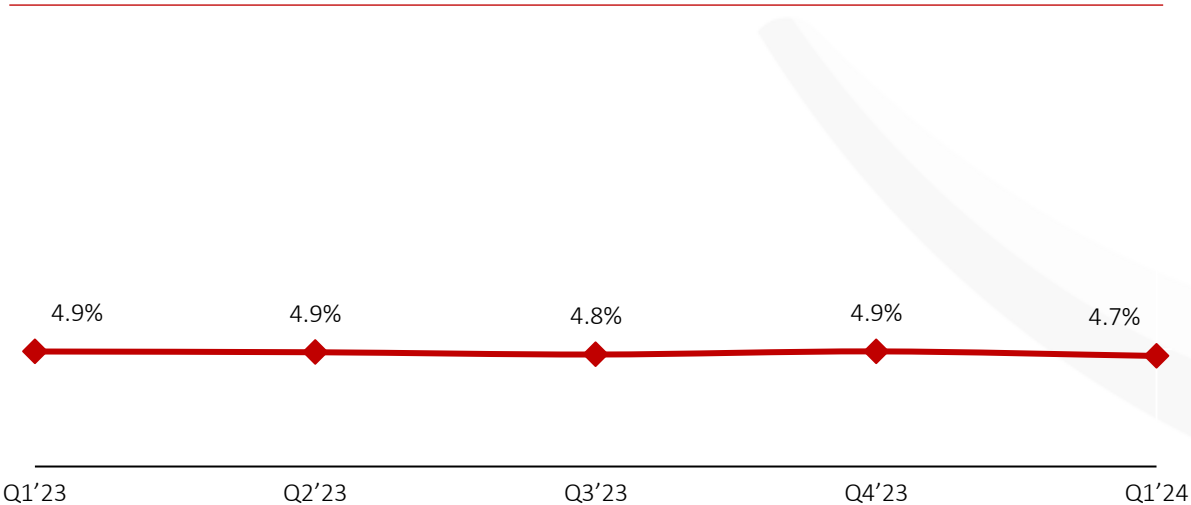
# Income

Quarterly income up 11% YoY to AED 1,174 million, through strong NIM performance and growth in Business Banking

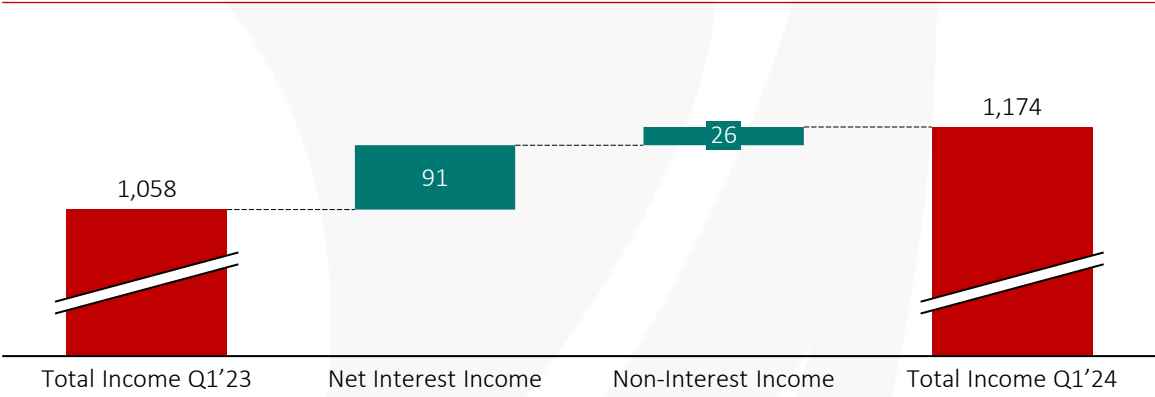
Total Income (AED Mn)



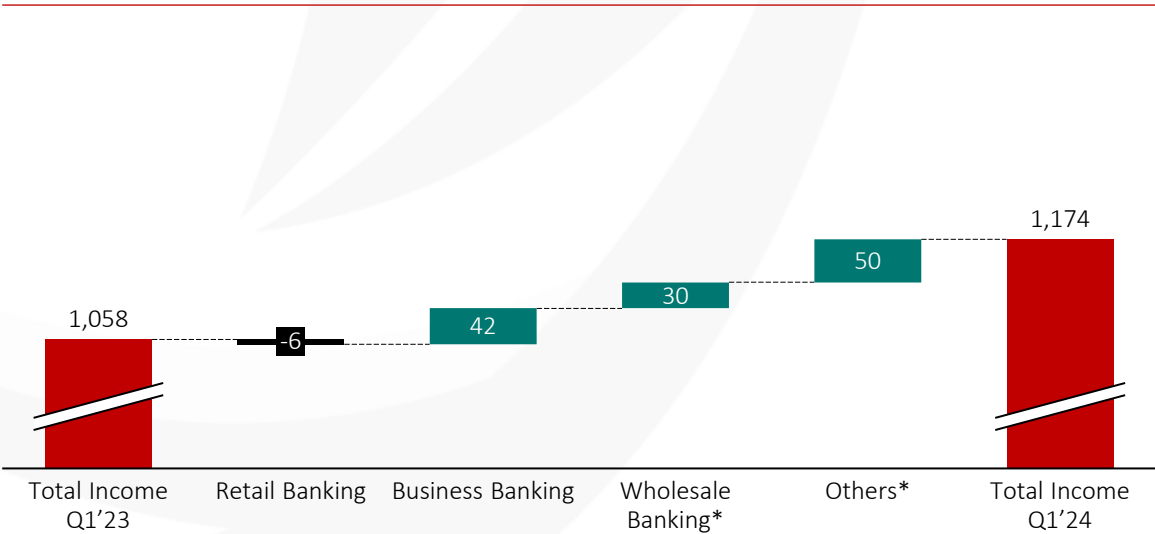
Net Interest Margin (NIM)



Total Income Movement YoY (AED Mn)



Total Income Movement by Segment YoY (AED Mn)

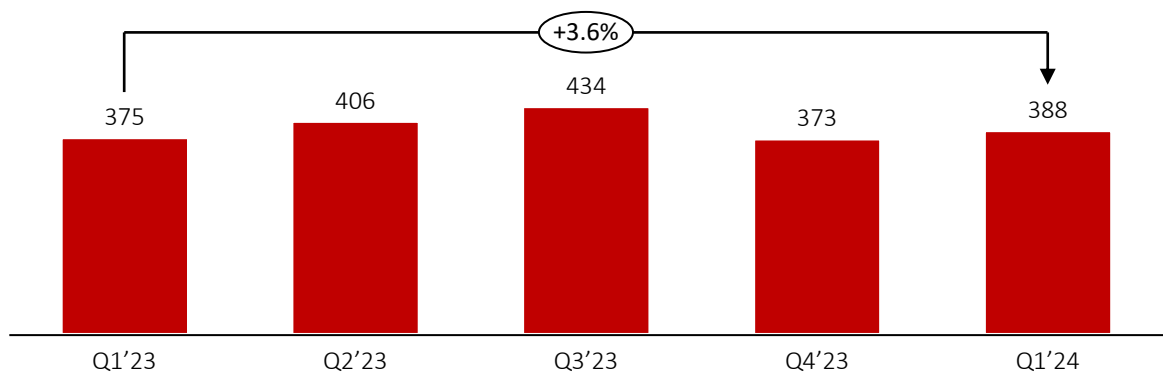


\*Wholesale Banking includes Treasury while Other includes Funding Center, Head Office, Unallocated, Insurance, etc

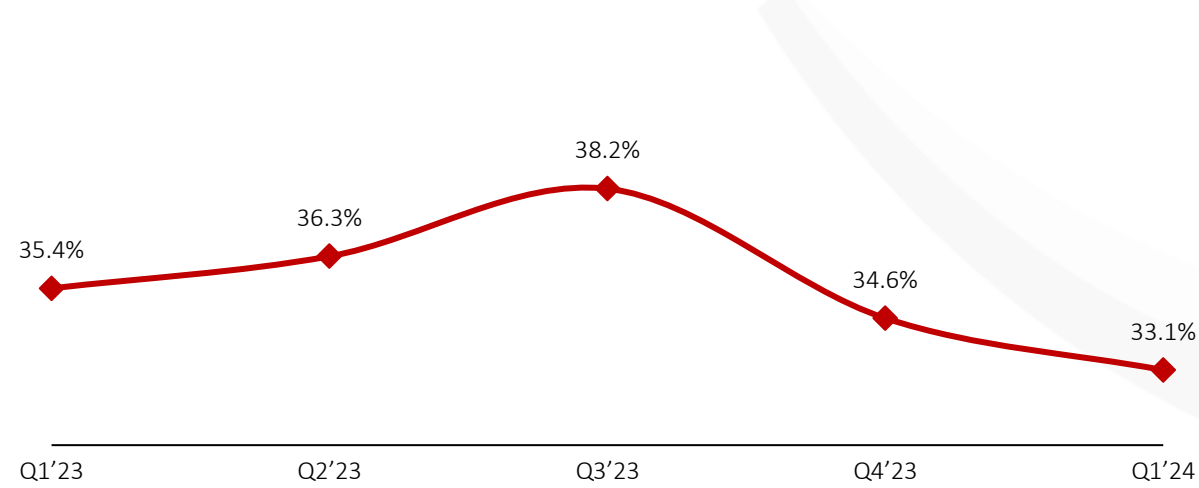
# Operating Expenses

Cost-income ratio improved 236 basis points to 33.1% in Q1 2024 YoY with continued strong cost discipline

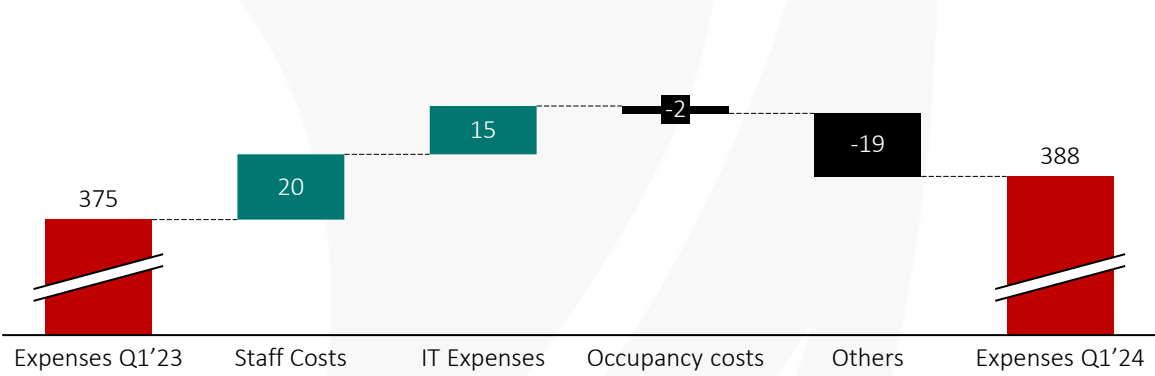
Operating Expenses (AED Mn)



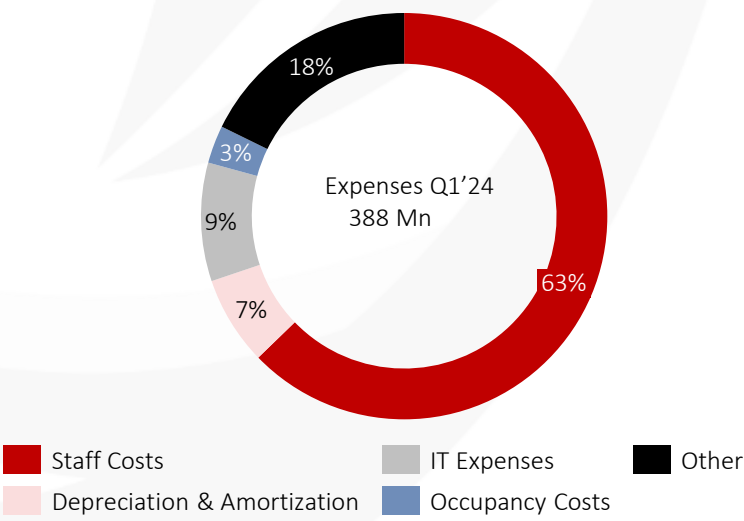
Cost to Income Ratio



Operating Expenses Movement YoY (AED Mn)



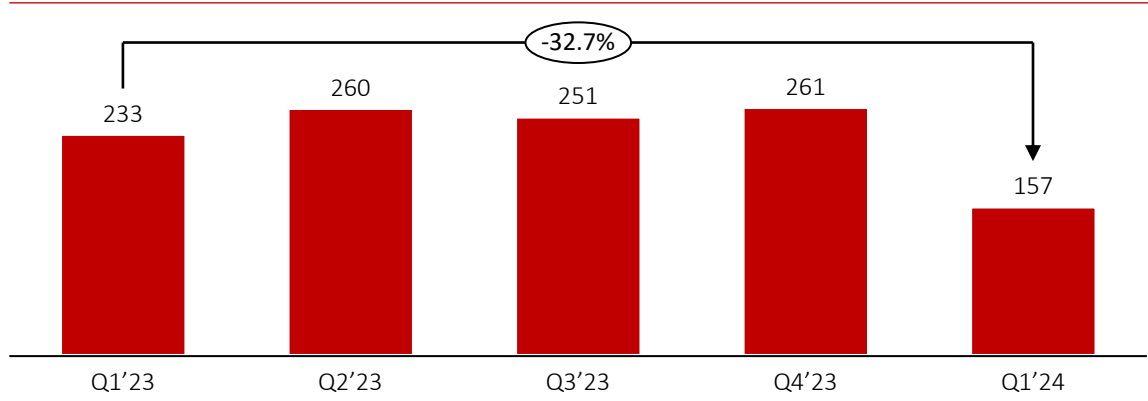
Operating Expenses Composition



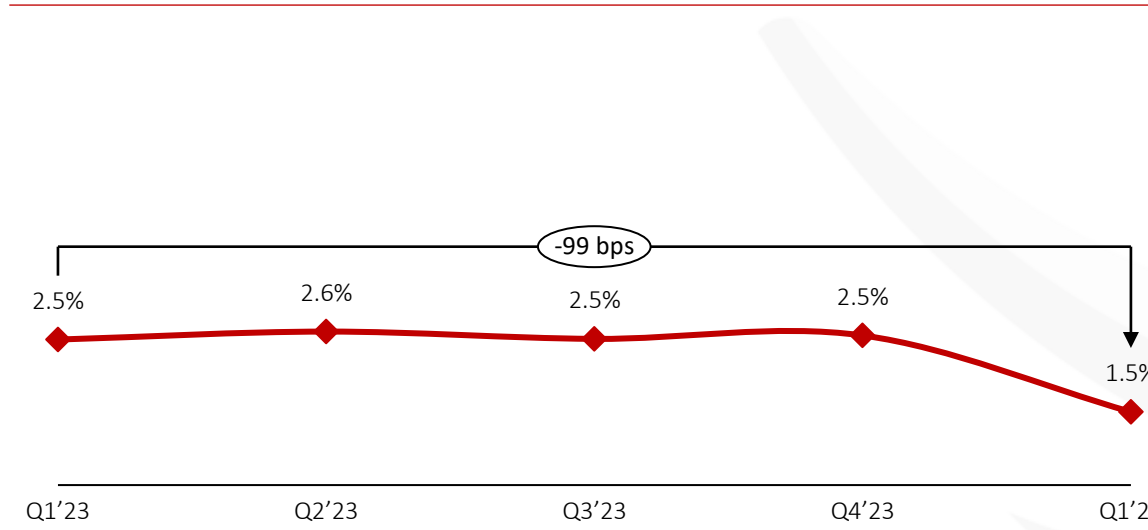
# Provisions for Credit Loss

Cost of Risk further improved due to the Bank’s diverse business mix and resilient UAE economic environment

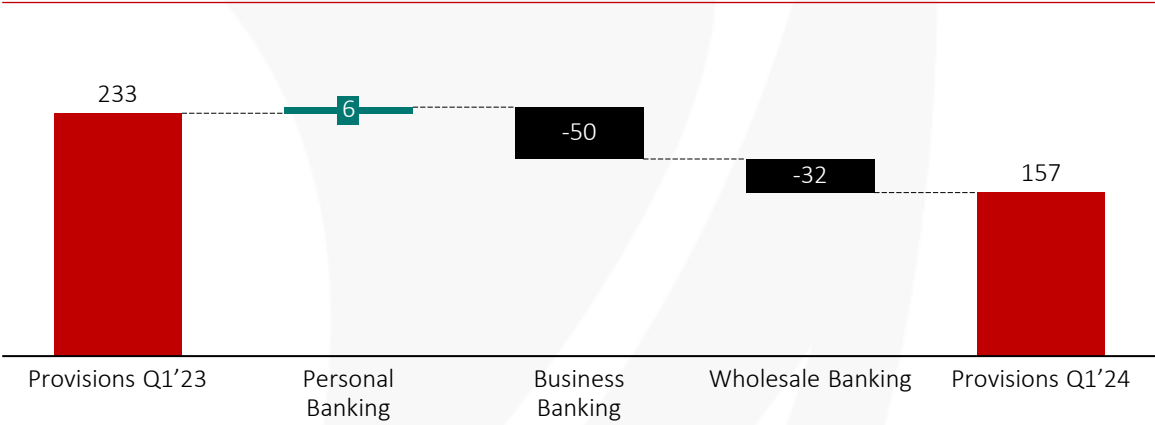
Provisions for Credit Loss (AED Mn)



Cost of Risk



Provisions for Credit Loss Movement per Segment YoY (AED Mn)



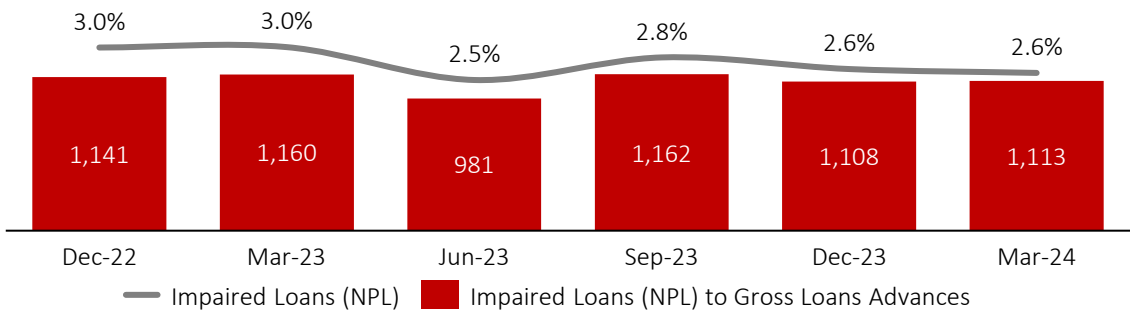
Provisions for Credit Loss per Category (AED Mn)



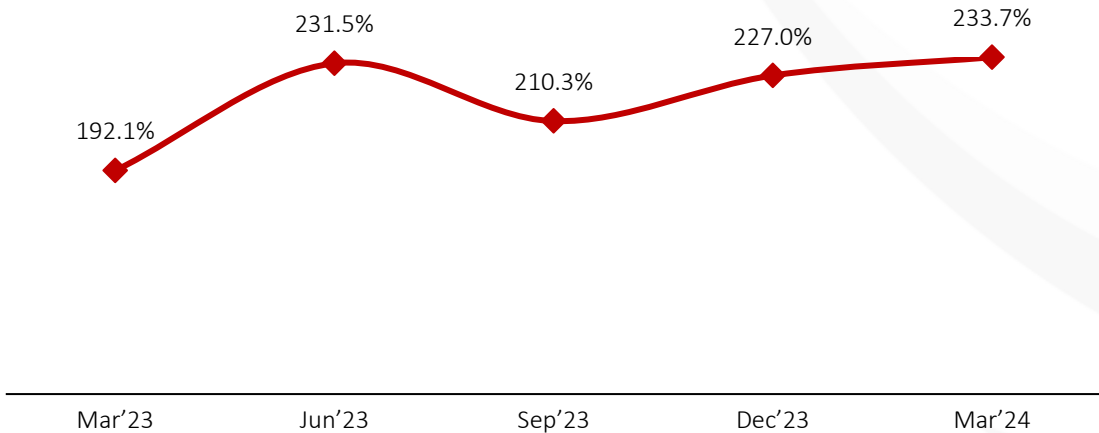
# Non-Performing Finance

Impaired Loan provision coverage ratio increased to 234% against 227% in Q4'23, remaining one of the strongest in the industry

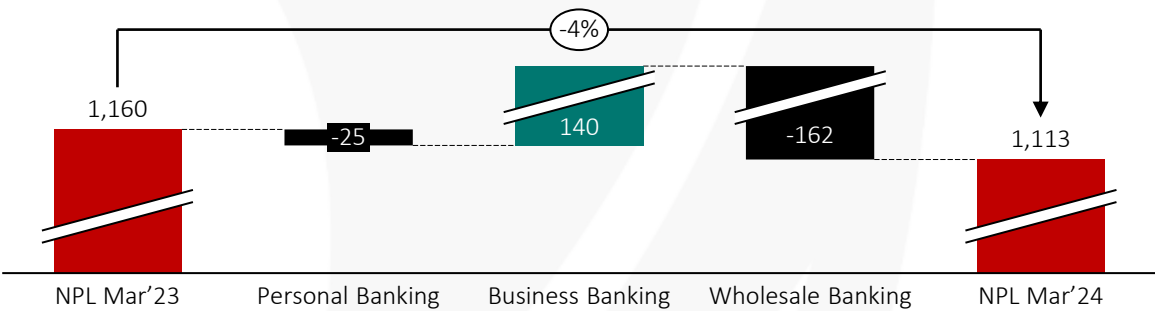
Non Performing Loans (AED Mn)



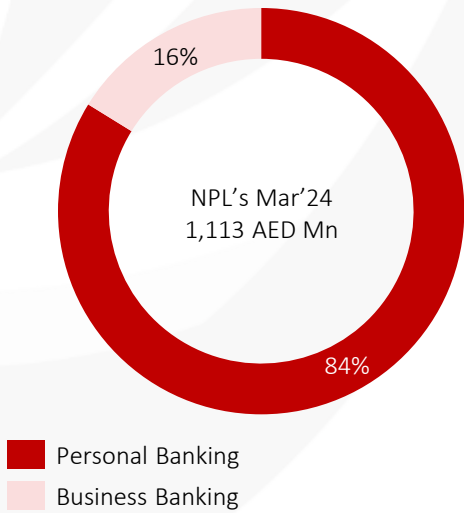
Loan Provision Coverage Ratio



Non Performing Loans Movement by Segment YoY (AED Mn)



Non Performing Loans by Segment

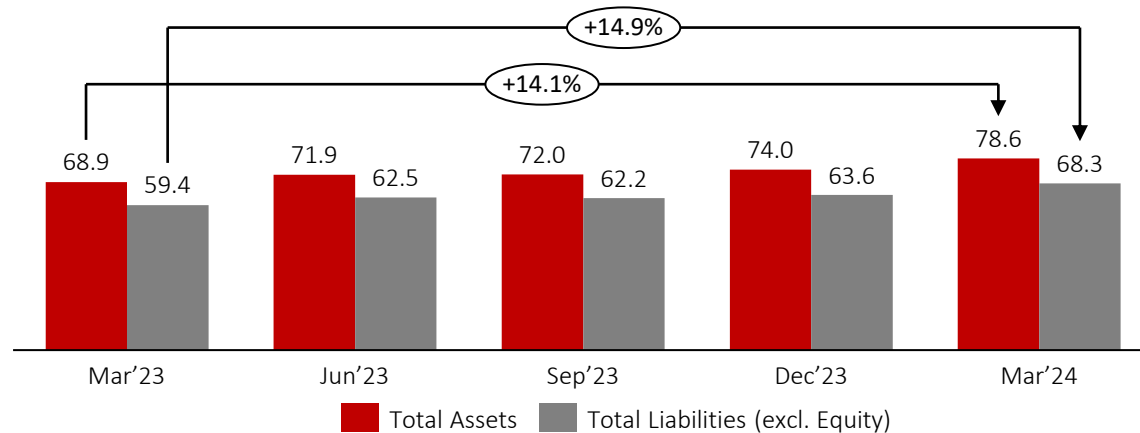




# Balance Sheet

Growth on both sides of the balance sheet with 14% growth in Assets and 15% in Liabilities

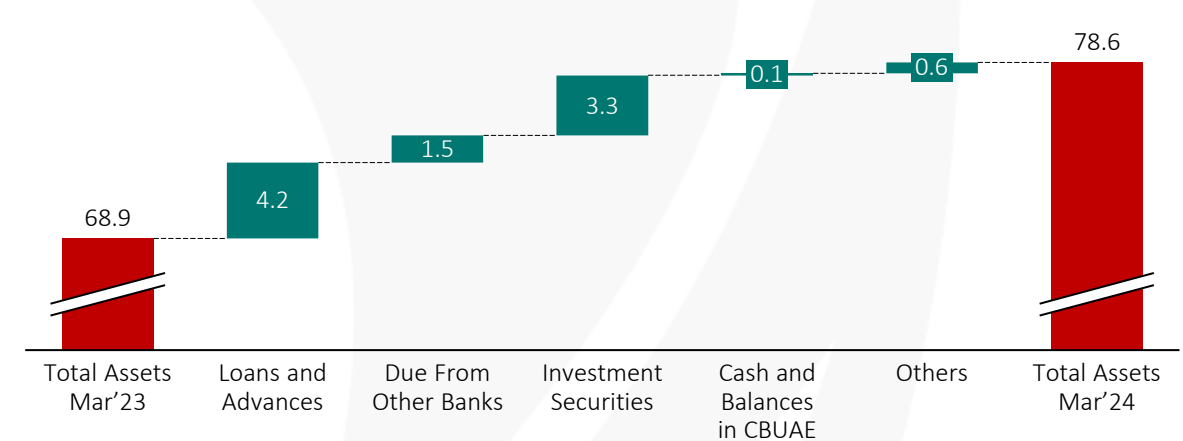
Assets and Liabilities (AED Bn)



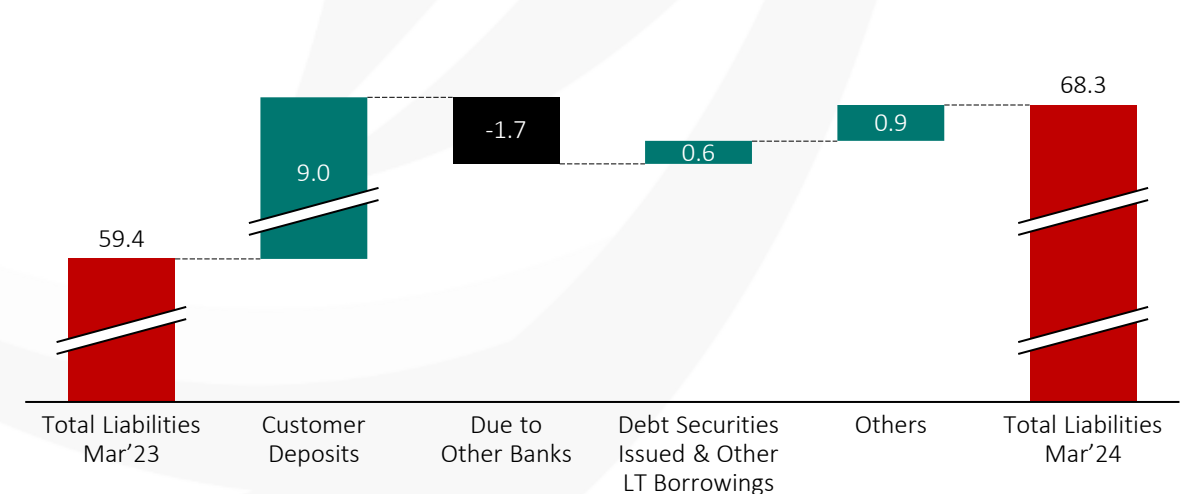
Balance Sheet Highlights

Balance Sheet (AED Bn)	Mar'24	Dec'23	Mar'23	ΔYoY	ΔQoQ
Total assets	78.6	74.0	68.9	14.1%	6.3%
Gross loans & advances	43.2	42.0	38.7	11.7%	2.9%
Deposits	55.4	50.4	46.4	19.5%	9.9%
Gross business assets	69.7	64.9	60.5	15.2%	7.4%

Total Assets Movement YoY (AED Bn)



Total Liabilities Movement YoY (AED Bn)

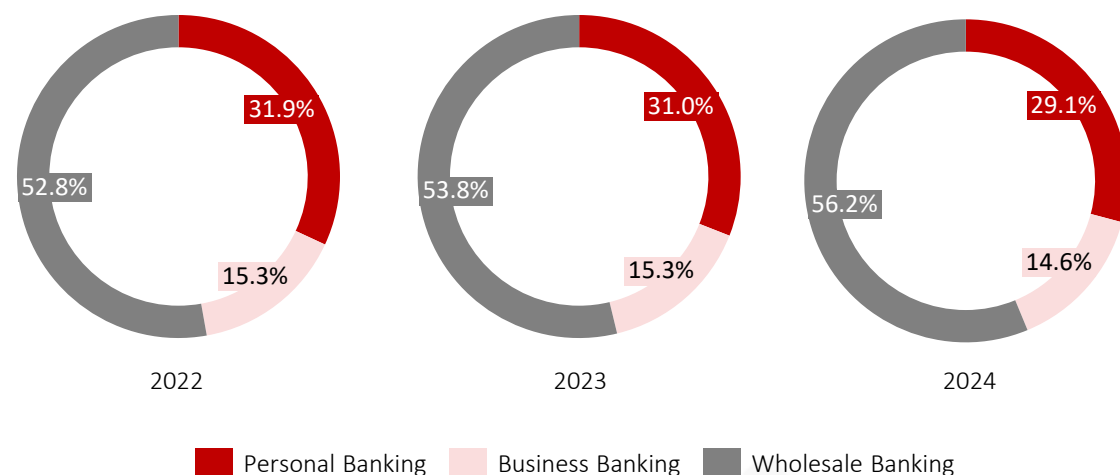




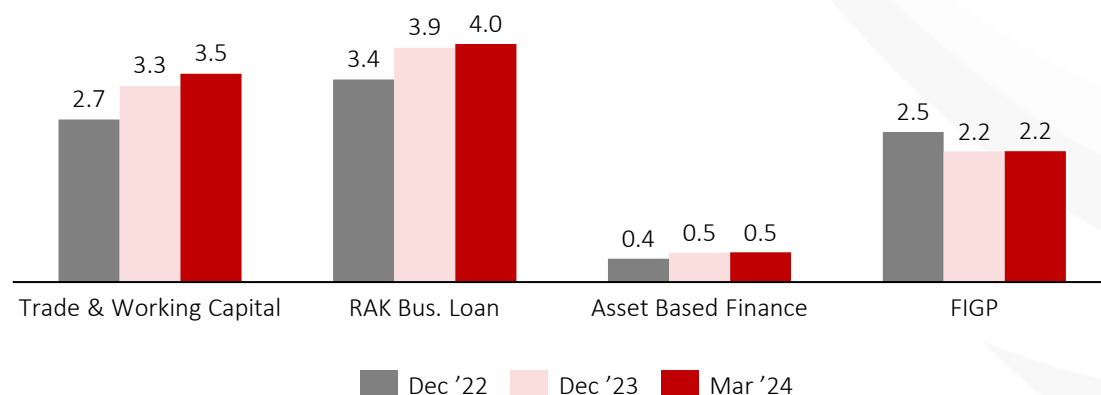
# Transforming Our Asset Mix

Maintained the balance of asset mix between segments/products with a strong growth in secured financing ( Mortgage loans : 21.5% growth YOY & 5 % vs Q4'23)

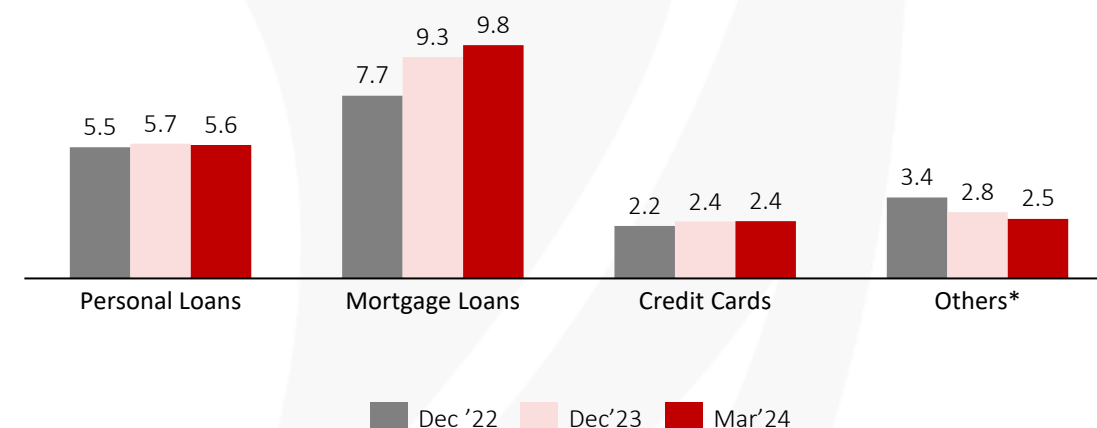
Total Business Assets by Segment (AED Bn)



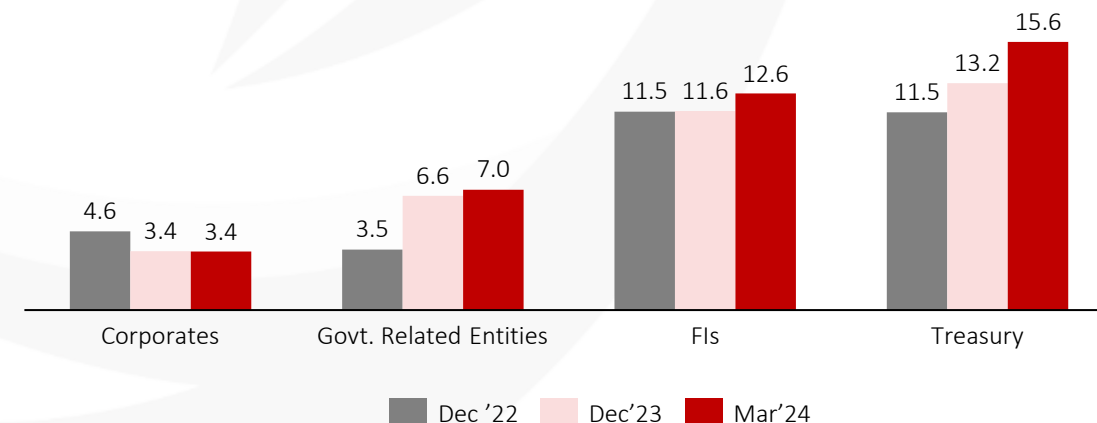
Total Business Assets – Business Banking (AED Bn)



Total Business Assets – Personal Banking (AED Bn)



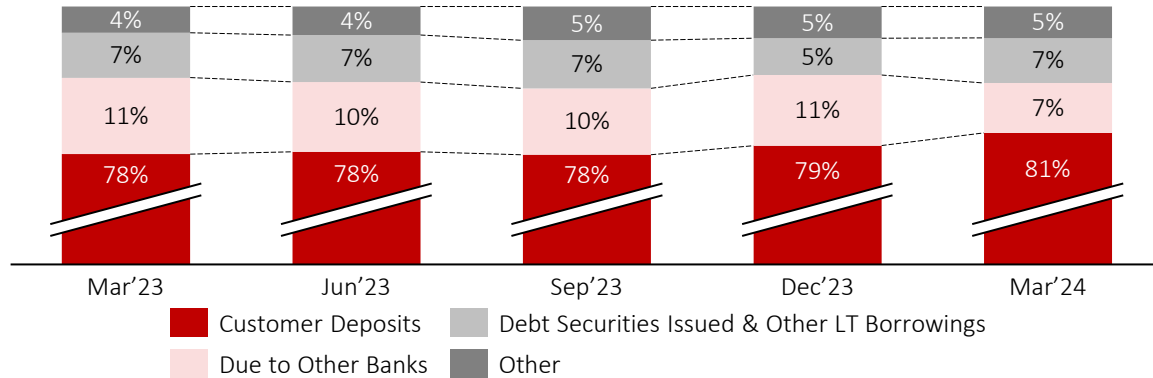
Total Business Assets – Wholesale Banking (AED Bn)



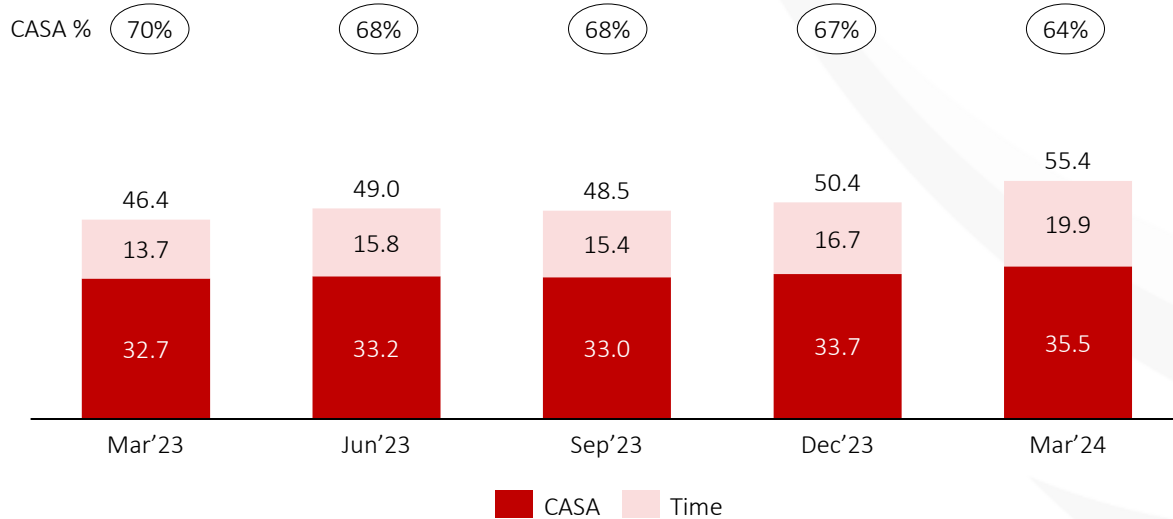
# Liabilities and Customer Deposits

19% YoY deposits growth across all segments with CASA representing 64% of total deposits from customers

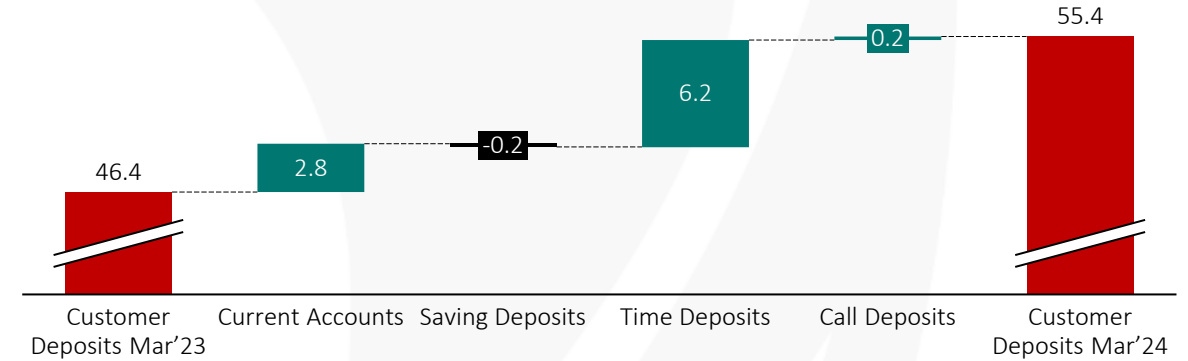
Breakdown of Total Liabilities (exc. Equity) by Type



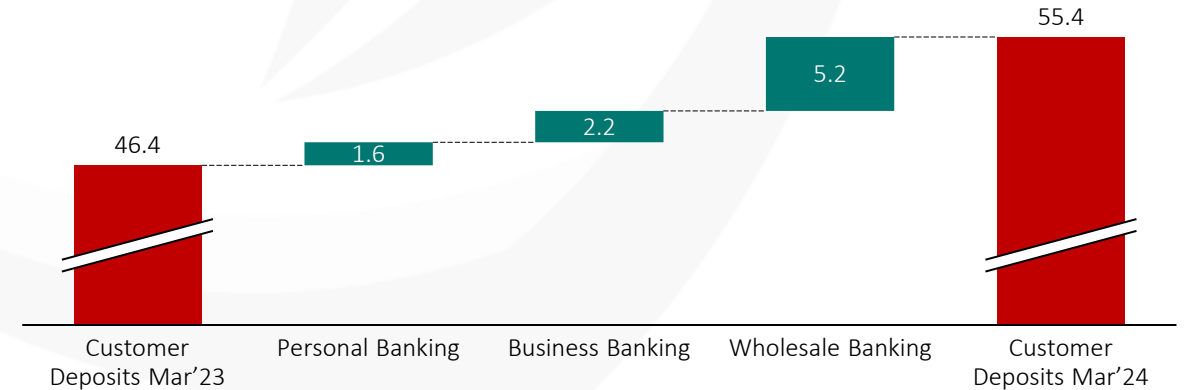
Customer Deposits by Type (AED Bn)



Customer Deposits Movement YoY (AED Bn)



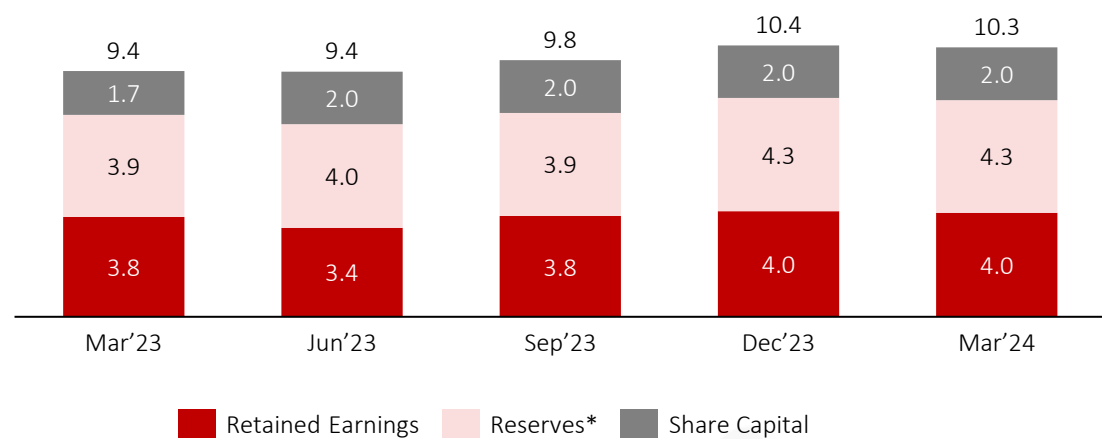
Customer Deposits Movement by Segment YoY (AED Bn)



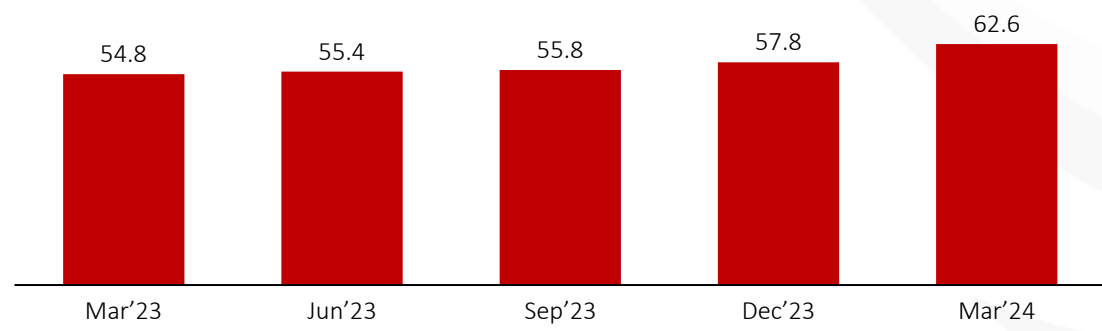
# Capital

Robust capitalization well above regulatory requirements

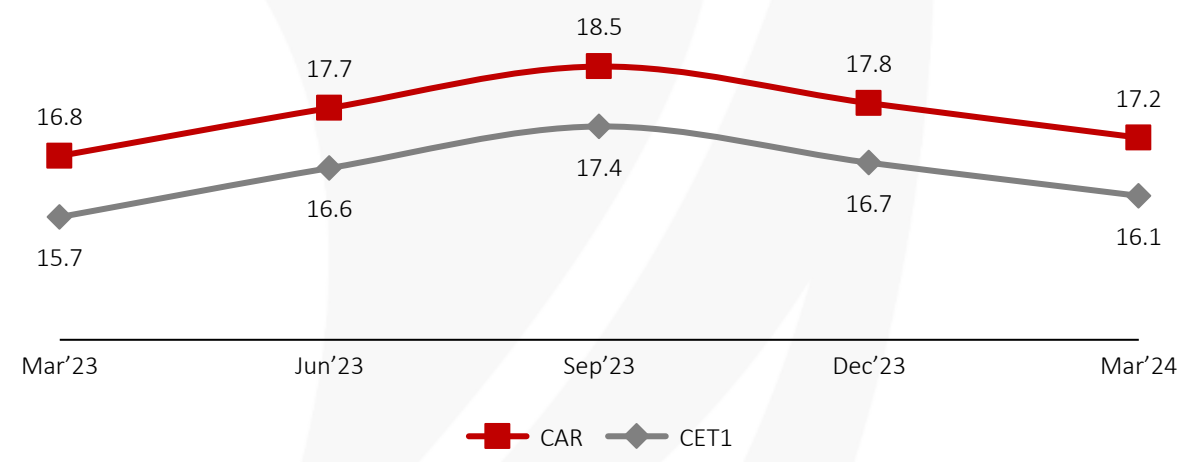
Breakdown of Equity (AED Bn)



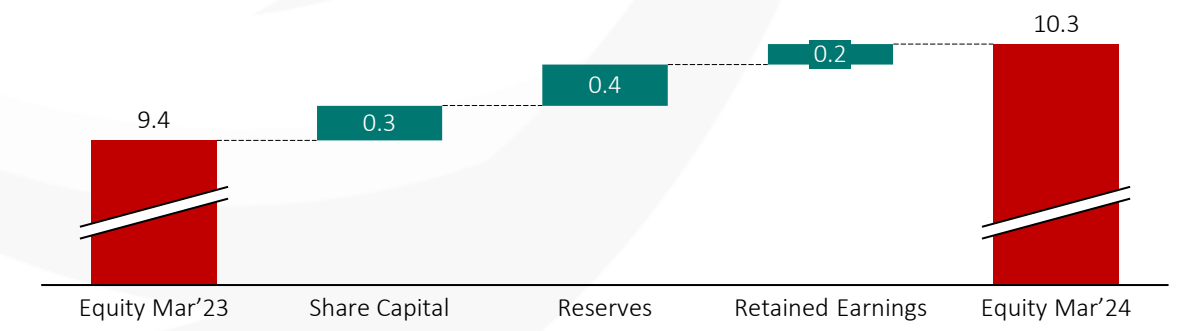
Risk Weighted Assets (AED Bn)



Capitalization Ratios (%)



Capital Movement YoY (AED Bn)



Numbers may not add up due to rounding. 2021 /2022 numbers have been restated fro home in one inline with IAS 32  
\*Reserves include minority interest



## Contact

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