



**Q1' 2024**

The National Bank of Ras Al Khaimah (P.S.C.)

**Financial Results Press Release  
and Management Discussion  
& Analysis**



## Income & profit growth continues into 2024 as the Bank's strategy embeds further. Record Profit Before Tax in Q1 2024 of AED 629M – up 39.7% YoY.

Ras Al Khaimah, United Arab Emirates, April 26, 2024 – The National Bank of Ras Al Khaimah (RAKBANK) today reported its financial results for the first Quarter of 2024.

Highlights Q1'2024	Total Income AED 1.2B +11.0% YoY	Total Assets AED 78.6B +14.1% YoY	Deposits AED 55.4B +19.5% YoY	Return on Equity 21.4% YTD	Return on Assets 3.1% YTD
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### Key Financial Highlights – Q1 2024

RAKBANK delivers record quarterly net profit after tax of AED 574.2M, a growth of 27.5% (up 39.7% on pre-tax basis) driven by continued momentum on both sides of the balance sheet in Q1'24. Net Interest Income at AED 879.5M is up 11.5% YoY, supported by a robust fee income of AED 294.9M up 9.6% YoY.

- Gross loans and advances at AED 43.2B are up 11.7% YoY (up 2.9% vs Q4'23). Corporate Banking has grown by over 30%, and corporate loans and advances have crossed AED 10B for the first time.
- Customer deposits are up 19.5% YoY (9.9% vs Q4'23). The Bank continues to build primary operating account relationships with its customers, which reflects through one of the highest CASA ratios in the industry at 64% as at Q1'24.
- Total Income for Q1'24 at AED 1,174M, is up 11% YoY, supported by a net interest margin of 4.7%.
- Continued migration to digital channels by customers, targeted operating efficiencies and robust revenue momentum led to a drop in the Cost to Income ratio to 33.1% against 35.4% in Q1'23.
- Shareholder returns remain strong with Return on Equity (ROE) of 21.4% and Return on Assets (ROA) of 3.1% for Q1'24. The Bank remains liquid and well capitalized with Capital Adequacy Ratio (CAR) at 17.2% vs 16.8% as at Q1'23.
- Strong liquidity position as reflected by an Eligible Liquid Asset Ratio of 13.5% and Advances to Stable Resources Ratio of 78.7% as at Q1'24.
- The impaired loan ratio improved to 2.6% for Q1'24 against 3.0% for the previous year as the risk profile of the bank continues to reduce. While the provision coverage ratio improved to 233.7% against 192.1% (Q1'23) and remains one of the highest in the industry.





## Raheel Ahmed, Group CEO

I would like to start by personally thanking the leadership of the UAE and all the first responders, emergency personnel, civil defense services, municipal teams, cleaning crews and many others who worked tirelessly to restore essential services and provide rescue and relief to the residents and tourists during the unprecedented rains earlier in April.

I am equally proud of all our RAKBANKERS who selflessly and tirelessly worked to serve our customers and look after each other's wellbeing. I appreciate the patience of our customers during these testing times.

Our strategic transformation is progressing well as we stay steadfast in our journey towards becoming the 'digital bank with a human touch.'

In line with our diversification strategy, I am pleased to announce that our Corporate Loans & Advances have crossed AED 10B. Our Wholesale Banking business now represents 28% of our income and 40% of our profit before tax. Furthermore, our fee income grew by 9.6% YoY, further underscoring the diversity of our income sources.

Another testament to our strategy's success is the reduction in our cost of risk, resulting from the change in our business mix and prudent risk management policies. This reduction is driven by a strategic shift towards lower risk, secured assets in Personal and Business Banking, coupled with the continuous growth of our Wholesale Banking business.

We continue to accelerate our investment in technology and data to serve our customers better whilst keeping a strong and tight discipline on operational efficiencies. This is reflected in our Cost to Income ratio of 33.1% in Q1 2024 (reduction of 236bps from Q1 2023).

RAKBANK achieved another milestone in its digital transformation with the launch of our new digital account opening journey for our SME customers. Incorporating ultramodern technology like Electronic Facial Recognition (EFR), intelligent workflow and rules, the process of opening a business account now takes only a few days compared to around two weeks previously.

In Q1'24 we signed a few significant deals. We signed a deal with DP World leveraging their extensive network and access to real time data to enhance trade financing for customers. Furthermore, the recent launch of our Escrow proposition underscores our commitment to supporting the real estate sector in our home Emirate, with agreements already secured with RAK RERA and multiple real estate developers. Additionally, we have extended our strategic partnership with Air Arabia for our co-branded credit card, offering a wide range of benefits to our valued customers.

Whilst the UAE economy continues to demonstrate positive momentum and growth as we enter the second quarter of 2024, we closely monitor the headwinds of inflation, rising interest rates and geopolitical developments. We are closely assessing the impact of the unprecedented weather conditions on our customers and how best we can support them. We remain committed to building on the Bank's strengths and delivering on our strategy.

Digital Transactions	Card Spends	Payment through our rails (In/Out)	Digitally Active Customers
+13% YoY	+18% YoY	+17% YoY	+16% YoY

## RAKBANK Awards & Accolades for Q1'2024



**Best Loan for Home in One**

*International Finance  
Awards*



**Best Digital Customer Experience  
& Customer On-boarding journey**

*Digital Banker*



**Best Bank for youth & students**

*Global Banking & Finance*



**Best use case of AI & Analytics in  
Cybersecurity**

*ME Banking AI & Analytics  
Summit*



**Best Foreign Exchange  
Bank**

*World Business Outlook*



**Best Business Bank**

*World Business Outlook*



**Business Excellence in the Finance  
Sector – Sail to Success**

*Westford Awards Committee*



**Best Digital Innovation in Education  
Payments (Skiplay)**

*The Global Economic Award*

**Best Mobile Payment App for  
Education (Skiplay)**

*International Finance  
Awards*

## Financial Highlights for Q1'24

Income Statement Highlights (AED M)	Quarterly Results			Variance	
	Q1'24	Q4'23	Q1'23	Vs Q1'23	Vs Q4'23
<i>Net Interest Income and net income from Islamic financing</i>	879.5	876.4	788.8	11.5%	0.3%
<i>Non-Interest Income</i>	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>
<i>Operating Expenditures</i>	(388.5)	(372.6)	(375.0)	(3.6%)	(4.3%)
<b>Operating Profit before provision for credit loss</b>	<b>785.8</b>	<b>705.5</b>	<b>683.0</b>	<b>15.1%</b>	<b>11.4%</b>
<i>Provisions for credit loss, net</i>	(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>
<i>Tax</i>	(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>

Balance Sheet Highlights (AED B)	Results as at			Variance	
	Q1'24	Q4'23	Q1'23	Vs Q1'23	Vs Q4'23
<i>Total Assets</i>	78.6	74.0	68.9	14.1%	6.3%
<i>Gross Loans &amp; Advances</i>	43.2	42.0	38.7	11.7%	2.9%
<i>Deposits</i>	55.4	50.4	46.4	19.5%	9.9%

Key Ratios Percentage	Quarterly Ratios			Variance	
	Q1'24	Q4'23	Q1'23	Q1'24 Vs Q1'23	Q1'24 Vs Q4'23
<i>Return on Equity*</i>	21.4%	16.8%	19.4%	2.1%	4.7%
<i>Return on Assets*</i>	3.1%	2.4%	2.8%	0.3%	0.7%
<i>Net Interest Margin*</i>	4.7%	4.9%	4.9%	(0.2%)	(0.2%)
<i>Cost to Income</i>	33.1%	34.6%	35.4%	2.4%	1.5%
<i>Impaired Loan Ratio</i>	2.6%	2.6%	3.0%	0.4%	-
<i>Impaired Loan Coverage Ratio</i>	233.7%	227.0%	192.1%	41.5%	6.7%
<i>Total Capital Adequacy Ratio Basel III**</i>	17.2%	17.8%	16.8%	0.3%	(0.6%)

\* Annualized

\*\*After application of Prudential Filter

Figures in brackets represent unfavorable movements





### Profitability growth supported by Income momentum

- Net Profit after tax, at 574.2M, increased by an impressive 27.5% YoY and 33.3% vs Q4'23.
- Gross interest income & income from Islamic financing, increased by AED 222.6M, 21.7% YoY, which was offset by increase in interest costs on conventional deposits and borrowings and distributions to depositors by AED 132M, 55.4% YoY. The movements on net interest income was supported by a strong balance sheet growth across products complemented by the rising rate environment.
- Net income from Sharia-compliant Islamic financing increased by 11.5%.
- Non-Interest Income increased to AED 294.8M by 9.6% YoY primarily due to a robust income from investments.
- Operating Expenditure was AED 388.5M reflecting a growth of 3.6% YoY and 4.3% vs Q4'23, as the Bank continues to grow the business and invest in technology and talent on a sustainable basis.
- Provision for credit loss reduced by 32.7% to AED 156.6M YoY due to benign credit environment, shift in the business mix towards secured low risk assets, adequate provision coverage & business diversification effects playing out. As a result of this, Net Credit Losses (NCL) to average loans and advances closed at 1.5% (vs 2.5% for Q1'23 & Q4'23).
- The Impact of the Corporate Tax on Q1'24 Net profits is AED 55.1M.



### Total Balance Sheet at AED 78.6 billion, with a strong growth across customer segments

- Balance sheet at AED 78.6B as the Total Assets increased by AED 4.6B vs Q4'23, reflecting a growth of 6.3%, with an increase in Gross Loans and Advances by AED 1.2B, Investments by AED 2.4B, Due from other banks by AED 1B as compared to 31 December 2023.
- The Wholesale Banking and Financial Institutions loans portfolio increased by AED 0.7B, Business Banking loans by AED 0.3B and Retail Banking loans increased by AED 0.2B compared to 31 December 2023.
- Wholesale Banking Loans continuing to grow, 6.3% vs Q4'23 and 23.6% YoY on the back of a resilient economic environment in the UAE, and banks strategic balance sheet diversification roadmap.
- Business Banking segment Loans recorded a 3% growth vs December 2023 and a growth of 9.7% YoY.
- Retail Banking reflected a growth of AED 0.2B supported by a strong sales momentum across products with Mortgages growing by 5.1%, Auto Loans by 2.8% which was partially offset by a drop in other retail loans as compared to 31 December 2023, given the rising interest rate environment.
- Non-performing Loans and Advances to Gross Loans and Advances ratio declined to 2.6% vs 3% as at Q1'23 and 2.6% as at Q4'23.

### Strong growth in Customer Deposits as we become the main bank for more of our customers

- Customer deposits at AED 55.4B increased by 9.9% compared to 31 December 2023 and 19.5% YoY. The YTD growth was mainly driven by an increase of AED 3.3B in time deposits and AED 1.7B in CASA deposits. Industry leading CASA ratio of 64% as at Q1'24 is a testament to the strong CASA franchise built by RAKBANK over the years through its services and customer centric approach.

### Capital and Liquidity

- Bank's Capital adequacy ratio as per Basel III was 17.2% at 31 March 2024 as compared with 17.8% at 31 December 2023.
- The bank continued to remain highly liquid with the regulatory Eligible Liquid Asset Ratio at the end of the year was 13.5%, compared to 13.0% as at December 2023.
- The Advances to Stable Resources ratio stood at a comfortable 78.7% compared to 82.1% as at December 2023.

### Cash Flows

- Cash and cash equivalents as at 31<sup>st</sup> March 2024 were at 8.0B vs AED 7.9B as at 31 December 2023.
- Net cash generated from operating activities was AED 1.6B, AED 2.0B was used in investing activities and AED 0.5B was generated financing activities.

### Impact of Capital Expenditure and developments

- The Group incurred AED 31.8M in capital expenditure (2023: AED 37.3M) as we continued to invest in talent, our digitization initiatives and strengthening our regulatory and customer protection framework compliance.
- The Bank continues to invest in innovative digital first solutions to offer a highly personalized & digitized experience to our customers.

### Ratings

RAKBANK is rated by leading rating agencies. The current ratings are summarized below. These ratings reflect the institutional strength of the Bank that is backed by trust and transparency in financial reporting and disclosures.

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



Raheel Ahmed

Group Chief Executive Officer

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## About RAKBANK

RAKBANK, also known as The National Bank of Ras Al Khaimah (P.S.C), is one of the UAE's most dynamic financial institutions. Founded in 1976, it underwent a major transformation in 2001 as it rebranded into RAKBANK and shifted its focus from purely corporate to retail and small business banking. In addition to offering a wide range of Personal Banking services, the Bank increased its lending in the traditional SME, Commercial, and Corporate segment in recent years. The Bank also offers Islamic Banking solutions, via RAKIslamic, throughout its branches and its Telephone and Digital Banking channels. RAKBANK is a public joint stock company headquartered in the emirate of Ras Al Khaimah and listed on the Abu Dhabi Securities Exchange (ADX). For more information, please visit [www.rakbank.ae](http://www.rakbank.ae) or contact the Call Centre on +9714 213 0000. Alternatively, you can connect with RAKBANK via [twitter.com/rakbanklive](https://twitter.com/rakbanklive) and [facebook.com/rakbank](https://facebook.com/rakbank).

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