



REVIEW REPORT AND INTERIM FINANCIAL INFORMATION

January 1, 2023 to June 30, 2023



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



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Review report on condensed consolidated interim financial information to the Board of Directors of The National Bank of Ras Al-Khaimah (P.S.C.)

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of The National Bank of Ras Al-Khaimah (P.S.C.) ("the Bank") and its subsidiaries (together "the group") as at 30 June 2023 and the related condensed consolidated interim statements of profit or loss, comprehensive income for the three-month and six-month periods then ended, and the condensed consolidated interim statements of changes in equity and cash flows for the six-month period then ended and other explanatory notes. The Directors are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting."

PricewaterhouseCoopers (Ras Al Khaimah Branch)
25 July 2023

Douglas O'Mahony
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Condensed consolidated interim statement of financial position as at 30 June 2023

	Notes	30 June 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000 Restated
ASSETS			
Cash and balances with UAE Central Bank	4	6,883,429	4,713,892
Due from other banks, net	5	12,863,742	11,456,321
Investment securities measured at fair value	6	5,172,558	4,242,242
Investment securities measured at amortised cost	6	6,551,391	7,221,806
Loans and advances, net	7	37,630,866	36,071,267
Insurance contract assets and receivables, net		172,527	144,188
Customer acceptances		65,126	145,973
Other assets	8	1,571,379	1,417,219
Property and equipment		476,657	454,134
Right-of-use assets	31	109,343	112,657
Goodwill and intangible assets		367,714	370,497
Total assets		71,864,732	66,350,196
LIABILITIES AND EQUITY			
Liabilities			
Due to other banks	9	6,518,595	6,191,834
Deposits from customers	10	48,965,388	44,871,310
Customer acceptances		65,126	145,973
Debt securities issued and other long term borrowing	11	4,392,012	3,999,743
Insurance contract liabilities and payables		396,006	334,642
Other liabilities	12	2,069,793	1,683,131
Lease liabilities	32	102,999	102,912
Total liabilities		62,509,919	57,329,545
Equity			
Share capital	13	2,011,495	1,676,245
Legal reserve		950,431	950,431
Retained earnings		3,387,814	3,392,307
Other reserves		2,978,628	2,975,326
Equity attributable to owners of the Bank		9,328,368	8,994,309
Non-controlling interests		26,445	26,342
Total equity		9,354,813	9,020,651
Total Liabilities and Equity		71,864,732	66,350,196



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Raheel Ahmed
Chief Executive Officer

25 JUL 2023

The accompanying notes form an integral part of these condensed consolidated interim financial information

Condensed consolidated interim statement of profit or loss (un-audited) for the period from 1 January 2023 to 30 June 2023

	Notes	Three months period ended 30 June		Six months period ended 30 June	
		2023 (un-audited) AED'000	2022 (un-audited) AED'000	2023 (un-audited) AED'000	2022 (un-audited) AED'000
Interest income	16	967,686	531,593	1,854,240	1,024,845
Interest expense	16	(250,741)	(69,374)	(453,997)	(120,120)
Net interest income		716,945	462,219	1,400,243	904,725
Income from Islamic financing	17	159,164	117,575	299,757	231,499
Distribution to depositors	17	(47,738)	(16,784)	(82,788)	(32,790)
Net income from Islamic financing		111,426	100,791	216,969	198,709
Net interest income and net income from Islamic financing		828,371	563,010	1,617,212	1,103,434
Net fees and commission income	18	173,578	168,786	335,983	339,778
Foreign exchange & derivative income		75,067	74,407	156,296	60,222
Net insurance underwriting profit/(loss)		12,514	(1,947)	15,497	3,488
Investment (loss)/income	19	5,307	(8,501)	31,502	(159)
Other operating income		21,290	19,266	32,846	35,186
Non-interest income		287,756	252,011	572,124	438,515
Operating income		1,116,127	815,021	2,189,336	1,541,949
General and administrative expenses	20	(405,587)	(367,711)	(794,564)	(740,085)
Operating profit before provision for credit loss		710,540	447,310	1,394,772	801,864
Provision for credit loss, net	21	(260,067)	(139,968)	(493,979)	(274,461)
Profit for the period		450,473	307,342	900,793	527,403
Attributed to:					
Owners of the Bank		449,552	310,453	900,761	531,273
Non-controlling interests		921	(3,111)	32	(3,870)
Profit for the period		450,473	307,342	900,793	527,403
Earnings per share:					
Basic and diluted in AED	22	0.22	0.15	0.45	0.26

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Condensed consolidated interim statement of comprehensive income (un-audited) for the period from 1 January 2023 to 30 June 2023

	Three months period ended 30 June		Six months period ended 30 June	
	2023	2022	2023	2022
	(un-audited)	(un-audited)	(un-audited)	(un-audited)
	AED'000	AED'000	AED'000	AED'000
Profit for the period	450,473	307,342	900,793	527,403
Other comprehensive income:				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
(loss)/ income on sale of equity instruments held at fair value through other comprehensive income	(70)	17,395	(102)	17,395
Changes in fair value of financial assets measured at fair value through other comprehensive income, net (equity instruments)	6,030	(75,182)	(27,180)	(19,292)
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Changes in fair value of financial assets measured at fair value through other comprehensive income, net (debt instruments)	32,384	(113,581)	28,374	(175,113)
Profit on sale of debt instruments transferred to profit and loss	1,612	(53)	1,612	(4,914)
Net changes in fair value arising from cash flow hedges	2,602	2,928	588	(10,905)
Other comprehensive income/(loss) for the period	42,558	(168,493)	3,292	(192,829)
Total comprehensive income for the period	493,031	138,849	904,085	334,574
Attributed to:				
Owners of the Bank	492,186	143,075	903,982	340,570
Non-controlling interests	845	(4,226)	103	(5,996)
Total comprehensive income for the period	493,031	138,849	904,085	334,574

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Condensed consolidated interim statement of changes in equity for the period from 1 January 2023 to 30 June 2023

	Share capital AED'000	Legal reserve AED'000	Retained earnings AED'000	Other Reserves AED'000	Equity attributable to owners of the Bank AED'000	Non- controlling interests AED'000	Total AED'000
Balance at 31 December 2021 (audited)	1,676,245	950,431	2,584,864	3,131,076	8,342,616	39,226	8,381,842
Profit for the period	-	-	531,273	-	531,273	(3,870)	527,403
Other comprehensive loss	-	-	17,395	(208,098)	(190,703)	(2,126)	(192,829)
Total comprehensive income for the period	-	-	548,668	(208,098)	340,570	(5,996)	334,574
Dividend paid	-	-	(377,155)	-	(377,155)	(2,015)	(379,170)
At 30 June 2022 (un-audited)	1,676,245	950,431	2,756,377	2,922,978	8,306,031	31,215	8,337,246
Balance at 31 December 2022 (audited)	1,676,245	950,431	3,395,839	2,975,326	8,997,841	27,267	9,025,108
<i>Impact of adopting IFRS 17</i>	-	-	(3,532)	-	(3,532)	(925)	(4,457)
Restated as at 1 January 2023	1,676,245	950,431	3,392,307	2,975,326	8,994,309	26,342	9,020,651
Profit for the period	-	-	900,761	-	900,761	32	900,793
Other comprehensive income / (loss)	-	-	(81)	3,302	3,221	71	3,292
Total comprehensive income for the period	-	-	900,680	3,302	903,982	103	904,085
Stock dividend paid	335,250	-	(335,250)	-	-	-	-
Dividend paid	-	-	(569,923)	-	(569,923)	-	(569,923)
At 30 June 2023 (un-audited)	2,011,495	950,431	3,387,814	2,978,628	9,328,368	26,445	9,354,813

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Condensed consolidated interim statement of cash flows (un-audited) for the period from 1 January 2023 to 30 June 2023

	Six months period ended 30 June	
	2023 (un-audited) AED'000	2022 (un-audited) AED'000
<i>Cash flows from operating activities</i>		
Profit for the period	900,793	527,403
Adjustments:		
Provision for credit losses, net	493,979	274,461
Depreciation and amortization	58,403	59,625
Net changes in fair value arising from hedge and forex revaluation	448	137,766
Depreciation of right-of-use assets	11,449	16,028
Interest cost on lease liability	2,045	2,987
Foreign currency translation adjustment	383	-
Gain/(loss) on disposal of property and equipment	893	(10)
Amortization of discount relating to investments securities	(51,279)	(12,975)
Gain on sale of investment securities	(12,521)	(6,811)
Fair value loss/(gain) of FVTPL investment securities	(3,731)	20,849
Amortisation of discount of debt securities	5,997	3,805
	1,406,859	1,023,128
Changes in operating assets and liabilities		
(Increase)/decrease in deposits with the UAE Central Bank	(1,552,095)	(44,883)
Increase in due from other banks with original maturities of three months or over	(1,127,577)	(1,123,680)
Increase in loans and advances, net	(2,035,597)	(1,860,683)
Increase/(decrease) in insurance contract assets & receivables	(31,383)	43,101
Increase in other assets	(74,837)	(380,366)
Increase in due to other banks and UAE Central Bank	(861,220)	2,932,549
Increase in deposits from customers	4,094,078	1,905,249
Increase/(decrease) in insurance contract liabilities and payables	61,364	(481)
Increase/(decrease) in other liabilities	304,654	411,829
Net cash generated from operating activities	184,246	2,905,763
<i>Cash flows from investing activities</i>		
Purchase of investment securities	(6,132,135)	(4,524,804)
Proceeds from maturity/disposal of investment securities	5,912,171	3,836,443
Purchase of property and equipment	(80,272)	(31,890)
Proceeds from disposal of property and equipment	1,235	52
Net cash used in investing activities	(299,001)	(720,199)
<i>Cash flows from financing activities</i>		
Dividends paid	(569,923)	(379,170)
Debt securities issued	917,810	-
Payment of debt securities and other long-term borrowing	(531,539)	(783,114)
Payment for rentals on lease contracts	(8,569)	(17,606)
Net cash used in financing activities	(192,221)	(1,179,890)
Net (Decrease)/Increase in cash and cash equivalents	(306,976)	1,005,674
Cash and cash equivalents, beginning of the period	4,329,226	3,324,614
Cash and cash equivalents, end of the period (Note 24)	4,022,250	4,330,288

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Notes to the condensed consolidated interim financial information for the period from 1 January 2023 to 30 June 2023

1. Incorporation and Principal Activities

The National Bank of Ras Al-Khaimah (P.S.C.) [the “Bank”] is a public shareholding company incorporated in the Emirate of Ras Al-Khaimah in the United Arab Emirates (“UAE”). The head office of the Bank is located at the National Bank of Ras Al-Khaimah building, Al Rifa area, Exit No. 129, Sheikh Mohammed Bin Zayed Road, Ras Al-Khaimah, UAE.

The Bank is engaged in providing retail and commercial banking services through a network of twenty branches in the UAE.

At 30 June 2023, The National Bank of Ras Al-Khaimah (P.S.C.) comprises the Bank and seven subsidiaries (together referred to as the “Group”). The condensed consolidated interim financial information for the six months period ended 30 June 2023 comprises the Bank and following direct subsidiaries:

Subsidiary	Authorized & Ownership issued capital interest	Incorporated	Principal Activities
Ras Al Khaimah National Insurance Company PSC	AED 121.275 million	79.23% UAE	Underwriting all types of Insurance business.
BOSS FZCO	AED 500,000	80%* UAE	Back office support services to the Bank.
RAK Technologies FZCO	AED 500,000	80%* UAE	Technological support services to the Bank.
Rakfunding Cayman Limited	Authorized USD 50,000 Issued USD 100	100% Cayman Island	To facilitate the issue Euro medium term notes (EMTN) under the Bank’s EMTN program.
Rak Global Markets Cayman Limited	Authorized USD 50,000 Issued USD 1	100% Cayman Island	To facilitate Treasury transactions.
RAK Financial Services Limited	USD 1,300,000	100% Dubai International Financial Centre, UAE	Arranging and advising on Financial products, Investments and custody.
Protego Insurance Brokers L.L.C.	AED 3,000,000	100% UAE	Insurance brokerage

*These represent legal ownership of the Bank. However, beneficial ownership is 100% as the remaining interest is held by a related party on trust and for the benefit of the Bank.

2. Application of new and revised International Financial Reporting Standards (“IFRS”)

2.1 New and revised IFRSs applied with no material effect on the consolidated financial information

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2023 have been adopted in this condensed consolidated interim financial information. The application of these revised IFRSs and interpretations has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

<i>New and revised IFRSs</i>	<i>Effective for annual periods beginning on or after</i>
IFRS 17 Insurance Contracts	January 1, 2023
IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.	
Amendments to IAS 1, Presentation of financial statements’ on classification of liabilities - These narrow-scope amendments to IAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the ‘settlement’ of a liability.	January 1, 2023
Disclosure of accounting policies – Amendments to IAS 1 and IFRS Practice Statement 2, The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is ‘material accounting policy information’ and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.	1 January 2023
Definition of accounting estimates – Amendments to IAS 8, The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.	1 January 2023

3. Significant accounting policies

The significant accounting policies applied in the preparation of these condensed consolidated interim financial information are set out below. These policies have been consistently applied for the period/years presented, unless otherwise stated.

(a) Basis of preparation

The condensed consolidated interim financial information of the Group is prepared under the historical cost basis except for certain financial instruments which are measured at fair value.

These condensed consolidated interim financial information are prepared in accordance with International Accounting Standard 34: Interim Financial Reporting ("IAS 34"), issued by the International Accounting Standard Board (IASB).

The accounting policies used in the preparation of these condensed consolidated interim financial information are consistent with those used in the audited annual consolidated financial statements for the year ended 31 December 2022.

As required by the Securities and Commodities Authority of the U.A.E. ("SCA") Notification No. 2624/2008 dated 12 October 2008, accounting policies relating to financial assets, cash and cash equivalents, Islamic financing and investing assets and investment properties, applied by the Group in the preparation of the condensed consolidated interim financial information are consistent with those applied by the Group in the annual consolidated financial statements for the year ended 31 December 2022.

These condensed consolidated interim financial information do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group's audited annual consolidated financial statements as at and for the year ended 31 December 2022. In addition, results for the six months period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

(b) Consolidation

The condensed consolidated interim financial information incorporates the condensed consolidated interim financial information of National Bank of Ras Al-Khaimah (P.S.C.) and its subsidiaries (collectively referred to as "Group").

i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

3. Significant accounting policies (continued)

(b) Consolidation (continued)

ii) Transactions eliminated on consolidation

Intra-group balances and income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the condensed consolidated interim financial information. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

iii) Acquisition accounting

The acquisition method of accounting is used to account for the acquisition of subsidiaries. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest, and the Group allocates the purchase price to these net assets acquired. The measurement period for purchase price allocations ends as soon as information on the facts and circumstances becomes available, but does not exceed 12 months. The Group policy is aligned with that laid out in IFRS 3.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, but excludes acquisition related costs such as advisory, legal, valuation and similar professional services which are charged to the income statement.

The Group measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction by transaction basis.

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and fair value of an interest in the acquiree held immediately before the acquisition date.

(c) Islamic financing

The Group engages in Shari'ah compliant Islamic banking activities through various Islamic instruments such as Murabaha, Salam, Mudaraba, and Wakala. The accounting policy for initial recognition, subsequent measurement and derecognition of Islamic financial assets and liabilities are below:

i) Murabaha financing

A sale contract whereby the Group sells to a customer commodities and other assets at an agreed upon profit mark up on cost. The Group purchases the assets based on a promise received from customer to buy the item purchased according to specific terms and conditions. Profit from Murabaha is quantifiable at the commencement of the transaction. Such income is recognized as it accrues over the period of the contract on effective profit rate method on the balance outstanding.

3. Significant accounting policies (continued)

(c) Islamic financing (continued)

ii) Salam

Bai Al Salam is a Sale contract where the Customer (Seller) undertakes to deliver/supply a specified tangible asset to the Group (Buyer) at mutually agreed future date(s) in exchange for an advance price fully paid on the spot by the buyer.

Revenue on Salam financing is recognized on the effective profit rate basis over the period of the contract, based on the Salam capital outstanding.

iii) Mudaraba

A contract between the Group and a customer, whereby one party provides the funds (Rab Al Mal- customer) and the other party (the Mudarib- the Group) invests the funds in a project or a particular activity and any profits generated are distributed between the parties according to the profit shares that were pre-agreed in the contract. The Mudarib would bear the loss in case of default, negligence or violation of any of the terms and conditions of the Mudaraba, otherwise, losses are borne by the Rab Al Mal.

iv) Wakala

An agreement between the Group and customer whereby one party (Rab Al Mal-principal) provides a certain sum of money to an agent (Wakil), who invests it according to specific conditions in return for a certain fee (a lump sum of money or a percentage of the amount invested). The agent is obliged to return the invested amount in case of default, negligence or violation of any of the terms and conditions of the Wakala. The Group may be Wakil or Rab Al Mal depending on the nature of the transaction.

Estimated income from Wakala is recognised on an accrual basis over the period, adjusted by actual income when received. Losses are accounted for on the date of declaration by the agent.

v) Ijara

Ijara financing is a finance lease agreement whereby the Group (lessor) leases an asset based on the customer's (lessee) request and promise to lease the assets for a specific period in lieu of rental instalments. Ijara ends in transferring the ownership of the asset to the lessee at the end of the lease inclusive of the risks and rewards incident to an ownership of the leased assets. Ijara assets are stated at amounts equal to the net investment outstanding in the lease including the income earned thereon less impairment provisions.

(d) Cash and cash equivalents

In the condensed consolidated statement of cash flows, cash and cash equivalents include cash on hand, money in current and call accounts and placements with original maturity of less than three months excluding the statutory deposit required to be maintained with the UAE Central Bank.

3. Significant accounting policies (continued)

(e) IFRS 17: Insurance Contracts

Insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Group uses judgement to assess whether a contract transfers insurance risk (that is, if there is a scenario with commercial substance in which the Group has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

Unit of account

The Group manages insurance contracts issued by product lines within an operating segment, where each product line includes contracts that are subject to similar risks. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are: (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

For each portfolio of contracts, the Group determines the appropriate level at which reasonable and supportable information is available, to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The Group determines at what level of granularity it has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

Recognition and derecognition

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- a. the beginning of the coverage period;
- b. the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- c. when the Group determines that a group of contracts becomes onerous.

3. Significant accounting policies (continued)

(e) IFRS 17: Insurance Contracts (continued)

Reinsurance contracts held are recognised as follows:

- a group of reinsurance contracts held that provide proportionate coverage (quota share reinsurance) is recognised at the later of:
 - i. the beginning of the coverage period of the group; and
 - ii. the initial recognition of any underlying insurance contract;
- d. all other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts held;
- e. unless the Group entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognised prior to the beginning of the coverage period of the group of reinsurance contracts held, in which case the reinsurance contract held is recognised at the same time as the group of underlying insurance contracts is recognised. Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts restriction. Composition of the groups is not reassessed in subsequent periods.

Contract boundary

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts.

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

- f. the Group has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
- g. both of the following criteria are satisfied:
 - i. the Group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
 - ii. the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Group, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included. Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

3. Significant accounting policies (continued)

(e) IFRS 17: Insurance Contracts (continued)

Measurement

The general measurement model (“GMM”), also known as the building block approach, consists of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows represent the risk-adjusted present value of an entity’s rights and obligations to the policyholders, comprising estimates of expected cash flows, discounting and an explicit risk adjustment for non-financial risk. The premium allocation approach (“PAA”) is a simplified approach for the measurement of the liability for remaining coverage, that an entity may choose to use when the premium allocation approach provides a measurement which is not materially different from that under the general measurement model or if the coverage period of each contract in the group of insurance contracts is one year or less. Under the premium allocation approach, the liability for remaining coverage (“LRC”) is measured as the amount of premiums received net of acquisition cash flows paid, less the net amount of premiums and acquisition cash flows that have been recognized in profit or loss over the expired portion of the coverage period based on the passage of time.

The Group uses the PAA for measuring contracts with a coverage period of one year or less. The Group is adopting the PAA measurement model for the measurement of LRC for all its insurance contracts and reinsurance contracts. This is principally based on the eligibility test for fulfilment cash flows and that coverage period for most contracts are one year or less. Some contracts have coverage period more than one year, but passed the eligibility test.

For insurance contracts issued, on initial recognition, the Group measures the LRC at the amount of premiums received, less any acquisition cash flows paid.

For reinsurance contracts held, on initial recognition, the Group measures the remaining coverage at the amount of ceding premiums paid, plus broker fees paid to a party other than the reinsurer and any amounts arising from the derecognition of any other relevant pre-recognition cash flows.

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

- h. the LRC; and
- i. the Liability for Incurred Claims (“LIC”), comprising the fulfilment cash flows (“FCF”) related to past service allocated to the group at the reporting date.

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

- a. the remaining coverage; and
- b. the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

- j. increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC;
- k. decreased for insurance acquisition cash flows paid in the period;
- l. decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period;

3. Significant accounting policies (continued)

(e) IFRS 17: Insurance Contracts (continued)

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

- m. increased for ceding premiums paid in the period;
- n. increased for broker fees paid in the period, if any; and
- o. decreased for the expected amounts of ceding premiums and broker fees, if any, recognised as reinsurance expenses for the services received in the period.

The Group does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money, because insurance premiums are due within the coverage period of contracts, which is one year or less. The Group adjusts the remaining coverage for reinsurance contracts held for the effect of the risk of reinsurer's non- performance. There are no investment components within insurance contracts issued by the Group.

Liability for Incurred Claims "LIC"

The Group estimates the liability for incurred claims and expenses as the fulfillment cash flows related to incurred claims and expenses. The fulfillment cash flows are an explicit, unbiased, and probability-weighted estimate of the present value of the future cash flows, within the contract boundary of a group of contracts, that will arise as the entity fulfill its obligation under the insurance contracts, including a risk adjustment for non-financial risk.

The LIC will be adjusted for the time value of money except for those incurred claims which are expected to be paid out in less than one year.

Onerous contract

The Group assumes that no contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones.

If facts and circumstances indicate that a group of insurance contracts measured under the PAA is onerous on initial recognition or becomes onerous subsequently, the Group increases the carrying amount of the LRC to the amounts of the FCF determined under the GMM with the amount of such an increase recognised in insurance service expenses, and a loss component is established for the amount of the loss recognised. Subsequently, the loss component is remeasured at each reporting date as the difference between the amounts of the FCF determined under the GMM relating to the future service and the carrying amount of the LRC without the loss component.

When a loss is recognised on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, the carrying amount of the asset for remaining coverage for reinsurance contracts held measured under the PAA is increased by the amount of income recognised in profit or loss and a loss-recovery component is established or adjusted for the amount of income recognised. The referred income is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Group expects to recover from the reinsurance contract held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Group applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

3. Significant accounting policies (continued)

(e) IFRS 17: Insurance Contracts (continued)

Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts allocated to the period. The Group allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time.

Insurance service expenses

Insurance service expenses include the following:

- incurred claims for the period.
- other incurred directly attributable expenses.
- insurance acquisition cash flows expense.
- changes that relate to past service – changes in the FCF relating to the LIC.
- changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses.

Insurance acquisition costs

Insurance acquisition cash flows are the costs that are directly associated with selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to a portfolio of insurance contracts. Directly attributable expenses are the costs that can be fully or partially attributed to the fulfillment of the groups of insurance contracts. The Group allocates the attributable costs based on a number of drivers. Both acquisition and attributable costs fall under the insurance service expense. While the non-attributable costs are reported under other operating expenses. The Group will expense its insurance acquisition cash flows for its insurance products line immediately upon payment.

Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- the effect of the time value of money and changes in the time value of money; and
- the effect of financial risk and changes in financial risk.

For contracts measured under the PAA, the main amounts within insurance finance income or expenses are:

- interest accreted on the LIC; and
- the effect of changes in interest rates and other financial assumptions.

The Group will disaggregate the change in risk adjustment for nonfinancial risk between a financial and non-financial portion which will be presented in insurance finance income or expenses and in insurance service result respectively. The Group will include all insurance finance income or expenses for the period in profit or loss.

Net income (expenses) from reinsurance contracts held

The Company presents separately on the face of the statement of profit or loss and other comprehensive income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid.

Notes to the condensed consolidated interim financial information for the period from 1 January 2023 to 30 June 2023 (continued)

4. Cash and balances with UAE Central Bank

	30 June 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000
Cash in hand	838,183	711,362
Balances with the UAE Central Bank	-	109,379
Overnight Deposits with the UAE central Bank	2,300,000	1,700,000
Statutory deposit with the UAE Central Bank (a)	3,745,246	2,193,151
	6,883,429	4,713,892

- (a) The Central Bank of the UAE has prescribed reserve requirements on the deposits, 1% (31 December 2022: 1%) for time deposits and 11 % (31 December 2022: 7%) on current, saving, call and similar accounts. These are only available for day-to-day operations under certain specified conditions.

5. Due from other banks, net

	30 June 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000
Placements with other banks	2,239,600	514,066
Demand deposits	736,439	1,626,926
Banker's acceptances	2,799,693	3,958,875
Syndicated loans	4,243,057	3,664,294
Trade loans	2,730,627	1,724,013
Other	155,342	25,445
Total due from other banks	12,904,758	11,513,619
Provision for credit loss	(41,016)	(57,298)
Net due from other banks	12,863,742	11,456,321

The below represents deposits and balances due from:

Banks in UAE	1,201,452	357,897
Banks outside UAE	11,703,306	11,155,722
Total due from other banks	12,904,758	11,513,619

Notes to the condensed consolidated interim financial information for the period from 1 January 2023 to 30 June 2023 (continued)

6 Investment securities, net

	30 June 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000
<i>Securities at fair value through other comprehensive income (FVOCI)</i>		
Quoted equity securities	435,461	437,494
Unquoted equity securities	-	5,240
Quoted debt securities*	4,362,759	3,655,522
Unquoted debt securities	217,914	36,490
	5,016,134	4,134,746
<i>Securities at fair value through profit or loss (FVPL)</i>		
Quoted funds	67,903	66,071
Unquoted funds	43,103	41,425
Quoted debt securities	45,418	-
	156,424	107,496
Investment securities measured at fair value	5,172,558	4,242,242
<i>Securities held at amortised cost</i>		
Quoted debt securities*	6,619,416	7,163,089
Unquoted debt securities	-	115,841
	6,619,416	7,278,930
Provision for credit loss for securities held at amortised cost	(68,025)	(57,124)
Investment securities measured at amortised cost	6,551,391	7,221,806
Net investment securities	11,723,949	11,464,048

*As at 30 June 2023, quoted debt securities with fair value of AED 2,993 million (31 December 2022: AED 3,046 million) have been given as collateral against repo borrowings of AED 2,610 million (31 December 2022: AED 2,639 million) [Note 9].

Notes to the condensed consolidated interim financial information for the period from 1 January 2023 to 30 June 2023 (continued)

6 Investment securities, net (continued)

(b) The composition of the investment portfolio by category is as follows:

	30 June 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000
Federal and local Government – UAE	2,459,610	2,605,832
Government related entity – UAE	729,994	862,482
Government – GCC	800,899	572,937
Government – other	640,985	850,247
Banks and financial institutions - UAE	853,757	635,725
Banks and financial institutions - GCC	932,087	1,014,027
Banks and financial institutions - other	2,035,346	1,827,012
Public limited companies – UAE	421,547	381,795
Public limited companies – GCC	729,640	716,984
Public limited companies – other	1,641,642	1,503,901
Total Debt securities	11,245,507	10,970,942
Quoted equity securities	435,461	437,494
Quoted funds	67,903	66,071
Unquoted funds	43,103	41,425
Unquoted equity securities	-	5,240
Total investment securities	11,791,974	11,521,172

Notes to the condensed consolidated interim financial information for the period from 1 January 2023 to 30 June 2023 (continued)

7 Loans and advances, net

	30 June 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000
(a) Loans and advances:		
Retail banking loans	19,703,076	18,815,285
Wholesale banking loans	10,655,771	10,279,813
Business banking loans	9,543,881	9,049,221
Total loans and advances [Note 7(b)]	39,902,728	38,144,319
Provision for credit loss [Note 7(c)]	(2,271,862)	(2,073,052)
Net loans and advances	37,630,866	36,071,267

(b) Analysis of loans and advances:

Personal loans	5,635,591	5,545,961
Mortgage loans	8,540,930	7,670,327
Credit cards	2,287,065	2,196,406
Auto loans	445,028	400,301
RAK Business loans	3,756,195	3,404,286
Other Business banking loans	5,787,686	5,644,935
Wholesale banking loans	10,655,771	10,279,813
Other retail loans	2,794,462	3,002,290
Total loans and advances	39,902,728	38,144,319

(c) Provision for credit loss:

Balance at the beginning of the period/year	2,073,052	1,893,208
Impairment allowance for the period/year	540,298	702,030
Written-off during the period/year	(341,488)	(522,186)
Balance at the end of the period/year	2,271,862	2,073,052

(d) Provision for credit loss/release on loans and advances, net of recovery - for the six months period ended:

	30 June 2023 (un-audited) AED'000	30 June 2022 (un-audited) AED'000
Impairment allowance for the period	540,298	216,533
Net recovery during the period	(64,299)	(53,627)
Net impairment charge for the period (Note 21)	475,999	162,906

Notes to the condensed consolidated interim financial information for the period from 1 January 2023 to 30 June 2023 (continued)

7 Loans and advances, net (continued)

(e) Provision for credit loss/release on loans and advances, net of recovery - for the three months period ended:

	30 June 2023 (un-audited) AED'000	30 June 2022 (un-audited) AED'000
Impairment allowance for the period	261,159	122,987
Net recovery during the period	(35,324)	(30,657)
Net impairment charge for the period (Note 21)	225,835	92,330

(f) Islamic financing assets

The below table summarizes the Islamic financing assets that are part of loans and advances above:

	30 June 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000
i) Islamic financing assets		
Islamic retail financing assets	3,336,225	3,445,674
Islamic business banking assets	2,336,384	2,252,856
Islamic wholesale banking assets	349,266	412,679
Total Islamic financing assets	6,021,875	6,111,209
Provision for credit loss	(401,020)	(394,217)
	5,620,855	5,716,992

	30 June 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000
ii) Analysis of Islamic financing assets		
Islamic Salam Personal finance	2,045,981	2,082,846
Islamic Auto Murabaha	41,142	38,586
Islamic Business banking Finance	2,336,384	2,252,856
Islamic Ijara Property Finance	1,207,173	1,278,451
Islamic Credit Cards	40,194	43,995
Islamic wholesale banking	349,266	412,679
Islamic finance – other	1,735	1,796
	6,021,875	6,111,209

Notes to the condensed consolidated interim financial information for the period from 1 January 2023 to 30 June 2023 (continued)

8 Other assets

	30 June 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000 Restated
Interest receivable	535,077	446,933
Profit receivable on Islamic financing assets	77,802	64,310
Prepayments	53,896	39,927
Interest rate swaps and other derivatives	569,454	563,489
Insurance related receivables and assets net	5,007	2,510
Gold on hand	-	38,684
Islamic profit paid in advance	15,036	14,195
Assets acquired in settlements of debts*	83,310	11,395
Other	231,797	235,776
	1,571,379	1,417,219

*AED 83.3 million represents the fair value less of the asset acquired in settlement of debts as at 30 June 2023. The carrying amount will be recovered principally through a sale transaction rather than through continuing use. It is subject to revaluation at each reporting date, and the related fair value gain/(loss) would be accounted for in the statement of profit or loss.

9 Due to other banks

	30 June 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000
Term borrowings	2,360,871	3,289,580
Current account with UAE Central Bank	1,187,981	-
Repurchase agreements (Note 6)	2,609,874	2,638,670
Demand deposits	359,869	263,584
	6,518,595	6,191,834

*Overdrawn balance in UAE Central Bank current account was subsequently settled during first week of July.

10 Deposits from customers

	30 June 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000
Time deposits	15,776,183	13,287,179
Current accounts	28,658,139	27,088,001
Saving deposits	3,236,044	3,269,816
Call deposits	1,295,022	1,226,314
	48,965,388	44,871,310

Deposits include AED 1,639 million (31 December 2022: AED 1,509 million) held by the Group as cash collateral for loans and advances granted to customers.

The below table summarizes the Islamic deposits of customers that are part of deposits from customers above:

	30 June 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000
Wakala deposits	2,084,700	1,756,700
Mudaraba term investment deposits	11,658	11,401
Murabaha Term Deposit	1,658,907	1,465,862
Qard-E-Hassan - current accounts	1,080,874	987,471
Mudaraba - current accounts	565,300	526,405
Mudaraba - saving accounts	210,535	197,140
Mudaraba - call deposits	11,706	20,442
	5,623,680	4,965,421

Notes to the condensed consolidated interim financial information for the period from 1 January 2023 to 30 June 2023 (continued)

11 Debt securities in issue and other long-term borrowings

	30 June 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000
USD 500 million medium term note issued at discount in April 2019 (a)	1,835,556	1,834,955
USD 145 million private placement net of discount (a)	-	531,557
USD 75 million private placement (a)	275,475	275,475
USD 75 million private placement (a)	275,475	275,475
USD 100 million bilateral borrowing (b)	367,300	367,300
USD 125 million bilateral borrowing (c)	459,125	459,125
USD 75 million bilateral borrowing (d)	275,475	275,475
AED 370 million bilateral borrowing (e)	370,000	-
USD 50 million bilateral borrowing (f)	183,650	-
AED 370 million Islamic bilateral borrowing (g)	370,000	-
Less: Debt securities and other borrowing issue costs	(10,304)	(8,153)
Fair value adjustment on hedged medium term note	(9,740)	(11,466)
	4,392,012	3,999,743

- (a) In April 2019, the Group issued five year USD 500 million Euro Medium Term Notes (EMTN) under its USD 2 billion EMTN programme through its subsidiary RAK Funding Cayman Limited. This was issued at a discounted rate of 99.692% and carries a fixed interest rate of 4.125% per annum which is payable half yearly in arrears. These notes mature in April 2024.

The Group issued USD 145 million of floating rate notes in June 2018 through a private placement with an interest rate of USD 3 months LIBOR +1.4% which matured and repaid in June 2023.

The Group issued USD 75 million of floating rate notes on 24 May 2021 through a private placement with an interest rate of USD 3 months LIBOR +1% which matures on 24 November 2023.

The Group issued USD 75 million of floating rate notes on 27 May 2021 through a private placement with an interest rate of USD 3 months LIBOR +1% which matures on 27 November 2023.

- (b) In August 2021 the Group borrowed USD 100 million at an interest rate of 1.35% per annum which matures in August 2023.
- (c) In October 2021 the Group borrowed USD 125 million at an interest rate of 3 months LIBOR +0.80% per annum which matures in October 2023.
- (d) In November 2021 the Group borrowed USD 75 million at an interest rate of 3 months LIBOR +0.80% per annum which matures in November 2023.
- (e) In June 2023 the Group borrowed AED 370 million at an interest rate of 6 months EIBOR +0.90% per annum which matures in June 2026.
- (f) In June 2023 the Group borrowed USD 50 million at an interest rate of SOFR +1.10% per annum which matures in June 2026.

Notes to the condensed consolidated interim financial information for the period from 1 January 2023 to 30 June 2023 (continued)

11. Debt securities in issue and other long-term borrowings (continued)

- (g) In June 2023 the Group borrowed AED 370 million at a profit rate of 3 months EIBOR +0.90% per annum which matures in June 2026.

12. Other liabilities

	30 June 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000 Restated
Interest payable	244,113	170,772
Profit distributable on Islamic deposits	48,688	31,391
Accrued expenses	367,536	348,881
Provision for employees' end-of-service benefits	132,438	125,496
Foreign exchange and other derivatives derivative contracts	512,326	524,049
Credit card payables and liabilities	58,930	41,014
Managers cheques issued	352,179	185,479
Mortgage payables and liabilities	28,317	17,809
Insurance related payables and liabilities	16,595	18,717
Provision for credit loss on contingent assets and customer acceptances	29,449	27,700
Other	279,222	191,823
	2,069,793	1,683,131

13. Share capital and dividend

At 31 June 2023, the authorised, issued and fully paid share capital of the Bank comprised 2,011 million shares of AED 1 each (31 December 2022: 1,676 million shares of AED 1 each).

At the meeting held on 14 June 2023, the shareholders of the Bank approved issuance of bonus shares in respect of the year 2023 of 20% (335.25 million shares of AED 1 each) of the issued and paid up capital of 1,676 million (Bonus shares for year ended 31 December 2022 : Nil) . Subsequently the bonus shares was distributed on 26 June 2023 and authorized and issued share capital increased by this amount.

At the meeting held on 10 April 2023, the shareholders of the Bank approved a cash dividend of 34% amounting to AED 569.9 million of the issued and paid up capital in respect of the year ended 31 December 2022 (2021: 22.5% cash dividend amounting to AED 377.2 million). Subsequently the dividend was paid during May 2023.

Notes to the condensed consolidated interim financial information for the period from 1 January 2023 to 30 June 2023 (continued)

14. Contingencies and commitments

	30 June 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000
Irrevocable commitments to extend credit	4,137,648	4,492,089
Letters of guarantee – Financial	557,066	340,684
Letters of guarantee – Non Financial	538,534	804,121
Letters of credit	65,942	94,792
Capital commitments and others	26,132	35,870
	5,325,322	5,767,556

The Group is holding AED 28 million (31 December 2022: AED 27 million) provision for credit loss on contingencies and commitments as per IFRS 9.

Commitments to extend credit shown above represent unfunded amounts out of approved limits offered to customers, which are irrevocable by the Group. Commitments to extend credit amounting to AED 8,387 million (31 December 2022: AED 7,398 million) are revocable at the option of the Group and not included in the above table.

15. Forward foreign exchange and other derivative contracts

Foreign exchange contracts comprise commitments to purchase foreign and domestic currencies on behalf of customers and in respect of the Bank's undelivered spot transactions.

Outstanding forward foreign exchange contracts, interest rate swaps and other derivative contracts at 30 June 2023 and 31 December 2022 are as follows:

	Fair Values		
	Assets AED'000	Liability AED'000	Notional AED'000
30 June 2023			
Foreign exchange contracts	28,748	17,902	16,311,560
Interest rate swaps	504,405	368,044	13,856,594
Other derivative contracts	36,301	126,380	16,268,702
	569,454	512,326	46,436,856
31 December 2022			
Foreign exchange contracts	43,103	45,079	12,723,002
Interest rate swaps	512,124	382,118	14,408,288
Other derivative contracts	8,262	96,852	5,305,900
	563,489	524,049	32,437,190

Notes to the condensed consolidated interim financial information for the period from 1 January 2023 to 30 June 2023 (continued)

16. Interest income and expense

	Three months period ended 30 June		Six months period ended 30 June	
	2023 (un-audited) AED'000	2022 (un-audited) AED'000	2023 (un-audited) AED'000	2022 (un-audited) AED'000
Interest income				
Personal loans	63,667	56,015	124,081	111,790
Mortgage loans	61,662	39,470	117,378	77,243
Credit cards	79,413	76,018	156,461	155,461
Auto loans	6,142	5,197	11,718	10,165
RAK Business loans	111,252	82,365	212,492	159,251
Wholesale banking loans	170,049	67,886	317,808	119,378
Other Business banking loans	108,250	74,701	206,920	141,625
Other retail banking loans	40,913	20,633	80,672	36,465
Investment securities	122,595	53,624	244,579	117,135
Deposits with the U.A.E. Central Bank	9,440	1,705	30,695	1,966
Other banks	194,303	53,979	351,436	94,366
	967,686	531,593	1,854,240	1,024,845
Interest expense				
Due to customers	131,961	29,512	231,371	47,960
Debt securities issued and other borrowings	39,221	26,273	78,373	51,127
Borrowings from other banks	79,559	13,589	144,253	21,033
	250,741	69,374	453,997	120,120

17. Income from Islamic Financing and distribution to depositors

	Three months period ended 30 June		Six months period ended 30 June	
	2023 (un-audited) AED'000	2022 (un-audited) AED'000	2023 (un-audited) AED'000	2022 (un-audited) AED'000
Income from Islamic financing				
Islamic Salam personal finance	37,878	37,005	75,977	73,462
Islamic Auto Murabaha	692	620	1,357	1,274
Islamic business banking finance	71,966	56,089	139,503	109,620
Islamic wholesale banking finance	15,301	3,732	23,916	8,444
Islamic Ijara property finance	19,327	11,016	34,375	20,524
Islamic investment income	14,000	9,113	24,629	18,175
	159,164	117,575	299,757	231,499
Distribution to depositors				
Distribution of profit on Islamic term investment deposits	46,584	8,082	81,332	14,607
Bilateral long-term borrowings	827	8,435	827	17,686
Distribution of profit on Islamic demand deposits	327	267	629	497
	47,738	16,784	82,788	32,790

Notes to the condensed consolidated interim financial information for the period from 1 January 2023 to 30 June 2023 (continued)

18. Net fees and commission income

	Three months period ended 30 June		Six months period ended 30 June	
	2023 (un-audited) AED'000	2022 (un-audited) AED'000	2023 (un-audited) AED'000	2022 (un-audited) AED'000
Personal loans	2,482	735	5,830	4,310
Mortgage loans	442	4,295	3,649	7,561
Credit cards	59,297	54,225	117,941	117,036
Auto loans	1,036	1,418	2,572	3,523
RAK Business loans	15,039	12,291	27,591	24,067
Wholesale banking loans	29,979	17,687	50,756	32,629
Other Business banking	47,310	44,091	88,423	87,499
Fiduciary income	9,287	12,606	22,427	30,683
Bancassurance	6,053	6,027	12,660	12,082
Other	2,653	15,411	4,134	20,388
	173,578	168,786	335,983	339,778

19. Investment income

	Three months period ended 30 June		Six months period ended 30 June	
	2023 (un-audited) AED'000	2022 (un-audited) AED'000	2023 (un-audited) AED'000	2022 (un-audited) AED'000
Fair value (loss)/income	(4,746)	(11,719)	3,731	(21,277)
Dividend income	2,060	3,606	15,250	14,307
Net gain/(loss) on disposal of investments	7,993	(388)	12,521	6,811
	5,307	(8,501)	31,502	(159)

20. General and administrative expenses

	Three months period ended 30 June		Six months period ended 30 June	
	2023 (un-audited) AED'000	2022 (un-audited) AED'000	2023 (un-audited) AED'000	2022 (un-audited) AED'000
Staff costs	226,898	213,981	449,133	418,728
Outsourced staff costs	7,982	8,813	16,940	17,791
Occupancy costs	13,593	16,872	27,891	35,834
Marketing expenses	7,413	6,172	14,833	12,480
Depreciation and amortisation	30,460	29,497	58,403	59,625
Communication costs	11,066	12,239	23,019	26,223
Credit card expenses	34,975	28,535	68,691	57,838
Information and technology expenses	31,539	23,092	53,832	51,172
Other	41,661	28,510	81,822	60,394
	405,587	367,711	794,564	740,085

Notes to the condensed consolidated interim financial information for the period from 1 January 2023 to 30 June 2023 (continued)

21. Provision for credit loss, net

	Six months period ended 30 June	
	2023	2022
	(un-audited)	(un-audited)
	AED'000	AED'000
Net impairment charge on loans and advances	475,999	162,906
Net impairment release on due from other banks	(16,282)	(5,262)
Net impairment charge on Investment securities measured at fair value through OCI	18,567	83,289
Net impairment charge on Investment securities measured at amortised cost	10,901	20,200
Net impairment charge on insurance contracts	3,045	6,011
Net impairment charge/(release) on customer acceptances	307	(69)
Net impairment charge on off balance sheet items	1,130	7,386
Net impairment charge on other receivables	312	-
Net impairment charge for the period	493,979	274,461

(b) Provision for credit loss for the three months period ended

	Three months period ended 30 June	
	2023	2022
	(un-audited)	(un-audited)
	AED'000	AED'000
Net impairment charge on loans and advances	225,835	92,330
Net impairment release on due from other banks	(4,884)	(7,597)
Net impairment charge on Investment securities measured at fair value through OCI	19,423	36,639
Net impairment charge on Investment securities measured at amortised cost	14,515	10,704
Net impairment charge on insurance contracts	1,595	6,506
Net impairment charge/(release) on customer acceptances	399	(13)
Net impairment charge on off balance sheet items	2,872	1,399
Net impairment charge on other receivables	312	-
Net impairment charge for the period	260,067	139,968

Notes to the condensed consolidated interim financial information for the period from 1 January 2023 to 30 June 2023 (continued)

21. Provision for credit loss, net (continued)

Expected credit loss allowance

A summary of the provision for credit loss and the net movement on financial instruments by category are as follows:

	At 31 December 2022 AED'000	Net provided / (released) during the period AED'000	Other movement during the period AED'000	At 30 June 2023 AED'000
Due from other banks	57,298	(16,282)	-	41,016
Loans and advances	2,073,052	540,298	(341,488)	2,271,862
Investment Securities - FVOCI	144,128	18,567	(4,856)	157,839
Investment Securities – Amortised cost	57,124	10,901	-	68,025
Insurance contract assets and receivables*	29,048	3,045	(67)	32,026
Customer acceptances	682	307	-	989
Off balance sheet items	27,018	1,130	-	28,148
Other receivables	-	312	-	312
Total	2,388,350	558,278	(346,411)	2,600,217

* Break up of Insurance contract assets and other receivables

	At 31 December 2022 AED'000	Net provided / (released) during the period AED'000	Other movement during the period AED'000	At 30 June 2023 AED'000
Premium receivable	19,165	1,422	(67)	20,520
Reinsurance assets	5,526	1,018	-	6,544
Other insurance receivables	4,357	605	-	4,962
Total	29,048	3,045	(67)	32,026

Notes to the condensed consolidated interim financial information for the period from 1 January 2023 to 30 June 2023 (continued)

22. Earnings per share

The basic earnings per share is calculated by dividing the net profit attributable to owners of the Parent by the weighted average number of ordinary shares in issue during the period:

	Three months period ended 30 June		Six months period ended 30 June	
	2023	2022	2023	2022
	(un-audited)	Restated (un-audited)	(un-audited)	Restated (un-audited)
	AED'000	AED'000	AED'000	AED'000
Profit for the period (attributed to owners of the Bank)	449,552	310,453	900,761	531,273
Weighted average number of shares in issue (in thousands)	2,011,495	2,011,495	2,011,495	2,011,495
Basic earnings per share (AED)	0.22	0.15	0.45	0.26

As the number of ordinary shares outstanding increased as a result of bonus shares issued in June 2023, the calculation of basic and diluted earnings per share for all periods presented has been adjusted retrospectively as per IAS 33.

Notes to the condensed consolidated interim financial information for the period from 1 January 2023 to 30 June 2023 (continued)

23. Fiduciary activities

The Group holds assets in a fiduciary capacity for its customers without recourse. At 30 June 2023, market value of such assets amounted to AED 5,499 million (31 December 2022: AED 5,147 million) and are excluded from the condensed consolidated interim financial information of the Group.

24. Cash and cash equivalents

	30 June 2023 (un-audited) AED'000	30 June 2022 (un-audited) AED'000
Cash in hand and current account with UAE Central Bank	3,138,183	3,079,454
Due from other banks	12,904,758	9,369,739
	16,042,941	12,449,193
Less: Due from other banks with original maturity of three months or more	(10,832,710)	(8,118,905)
Less: Overdrawn account with UAE Central Bank	(1,187,981)	-
Cash and cash equivalents	4,022,250	4,330,288

25. Operating segments

Following the management approach of IFRS 8, operating segments are reported in accordance with the internal reporting to the management, which is responsible for allocating resources to the reportable segments and assesses its performance. All operating segments used by the Group meet the definition of a reportable segment under IFRS 8.

The Group has five main business segments:

- Retail banking – incorporating individual customer and certain business current accounts, savings accounts, deposits, credit and debit cards, individual customer loans and mortgages;
- Wholesale banking – incorporating transactions with corporate bodies including government and public bodies and comprising of loans, advances, deposits and trade finance transactions of corporate customers and financial institutions;
- Business banking – incorporating transactions comprising of loans, advances, deposits and trade finance transactions of SME;
- Treasury – incorporating activities of the dealing room, related money market, and foreign exchange transactions and hedging activities with other banks and financial institutions including the UAE Central Bank, none of which constitute a separately reportable segment; and
- Insurance business – incorporating all insurance related transactions of its subsidiary Ras Al Khaimah National Insurance Company P.S.C.

The above segments include conventional and Islamic products and services of the Group. As the Group's segment operations are all financial with a majority of revenues deriving from interest and fees and commission income, the management relies primarily on revenue and segmental results to assess the performance of the segment.

Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in inter-segment revenue. Interest charged for these funds is based on the Group's funds transfer pricing policy. There are no other material items of income or expense between the business segments.

The Group's management reporting is based on a measure of net profit comprising net interest income, loan impairment charges, net fee and commission income, other income and non-interest expenses.

Notes to the condensed consolidated interim financial information for the period from 1 January 2023 to 30 June 2023 (continued)

25. Operating segments (continued)

The segment information provided to the management for the reportable segments for the periods ended 30 June 2023 and 2022 is as follows:

	Retail Banking AED'000	Wholesale Banking AED'000	Business Banking AED'000	Treasury & other AED'000	Insurance business AED'000	Head office & Unallocated costs AED'000	Consolidation adjustments AED'000	Total AED'000
30 June 2023								
Net external interest income	410,288	479,179	384,490	124,432	6,805	(6,300)	1,349	1,400,243
Income from Islamic financing net of distribution to depositors	102,114	(35,042)	137,022	12,875	-	-	-	216,969
Internal revenue	(52,815)	(259,247)	161,887	(142,892)	-	293,067	-	-
Net interest income and net income from Islamic financing	459,587	184,890	683,399	(5,585)	6,805	286,767	1,349	1,617,212
Non-interest income	238,191	54,797	157,193	134,799	27,317	(34,018)	(6,155)	572,124
Operating income	697,778	239,687	840,592	129,214	34,122	252,749	(4,806)	2,189,336
Operating expense excluding depreciation & amortisation	(321,538)	(21,875)	(135,193)	(13,314)	(29,759)	(219,288)	4,806	(736,161)
Depreciation & amortisation	(17,626)	(744)	(4,659)	(1,990)	(1,155)	(32,229)	-	(58,403)
Total operating expense	(339,164)	(22,619)	(139,852)	(15,304)	(30,914)	(251,517)	4,806	(794,564)
Impairment charge, net	(107,305)	(102,791)	(255,768)	(25,062)	(3,053)	-	-	(493,979)
Net profit	251,309	114,277	444,972	88,848	155	1,232	-	900,793
Segment assets	19,695,495	20,313,689	8,643,849	21,201,170	606,261	1,719,116	(314,848)	71,864,732
Segment liabilities	17,422,510	13,450,366	20,264,145	9,874,434	465,289	1,183,523	(150,348)	62,509,919

Notes to the condensed consolidated interim financial information for the period from 1 January 2023 to 30 June 2023 (continued)

25. Operating segments (continued)

	Retail Banking AED'000	Wholesale Banking AED'000	Business Banking AED'000	Treasury & other AED'000	Insurance business AED'000	Head office & Unallocated costs AED'000	Consolidation adjustments AED'000	Total AED'000
30 June 2022								
Net external interest income	375,964	175,751	294,919	53,883	4,089	-	119	904,725
Income from Islamic financing net of distribution to depositors	93,885	(4,404)	109,270	(42)	-	-	-	198,709
Internal revenue	(66,869)	(52,894)	71,759	5,551	-	42,453	-	-
Net interest income and net income from Islamic financing	402,980	118,453	475,948	59,392	4,089	42,453	119	1,103,434
Non-interest income	240,575	34,174	146,510	16,967	10,107	1,996	(11,814)	438,515
Operating income	643,555	152,627	622,458	76,359	14,196	44,449	(11,695)	1,541,949
Operating expense excluding depreciation & amortisation	(321,876)	(22,071)	(135,108)	(11,543)	(27,015)	(166,855)	4,008	(680,460)
Depreciation & amortisation	(19,353)	(873)	(3,901)	(1,437)	(1,246)	(32,815)	-	(59,625)
Total operating expense	(341,229)	(22,944)	(139,009)	(12,980)	(28,261)	(199,670)	4,008	(740,085)
Impairment charge, net	(51,521)	(6,580)	(94,643)	(103,562)	(4,569)	(13,586)	-	(274,461)
Net profit	250,805	123,103	388,806	(40,183)	(18,634)	(168,807)	(7,687)	527,403
31 December 2022								
Segment assets	18,842,431	19,485,537	8,464,319	18,140,049	562,283	1,173,963	(318,386)	66,350,196
Segment liabilities	15,787,793	12,680,445	18,614,076	9,015,413	421,799	963,897	(153,878)	57,329,545

The comparative figures of 30 June 2022 and 31 December 2022 have been reclassified between operating segments due to movement of accounts among segments.

Notes to the condensed consolidated interim financial information for the period from 1 January 2023 to 30 June 2023 (continued)

26. Related parties

Related parties comprise key management, businesses controlled by shareholders and directors as well as businesses over which they exercise significant influence. During the period, the Group entered into transactions with related parties in the ordinary course of business. The transactions with related parties and balances arising from these transactions are as follows:

	Six-month period ended 30 June	
	2023	2022
	(un-audited)	(un-audited)
	AED'000	AED'000
Transactions during the period		
Interest income	23,682	5,768
Interest expense	30,798	4,576
Commission income	524	487
Other income	1,114	585
Other expenses	185	173
Directors' and key management personnel's remuneration, sitting and other expenses	21,109	20,670
	30 June	31 December
	2023	2022
	(un-audited)	(audited)
	AED'000	AED'000
Balances		
Loans and advances:		
- Shareholders and their related companies	1,104,123	753,948
- Directors and their related companies	115,671	134,178
- Key management personnel	5,479	6,994
	1,225,273	895,120
Deposits		
- Shareholders and their related companies	3,174,708	2,768,984
- Directors and their related companies	16,861	15,448
- Key management personnel	11,487	20,269
	3,203,056	2,804,701
Irrevocable commitments and contingent liabilities and forward contracts		
- Shareholders and their related companies	53,159	66,923
- Directors and their related companies	40	40
	53,199	66,963
Other Financial contracts		
- Shareholders and their related companies	4,750	4,750
- Directors and their related companies	75	75
	4,825	4,825

Notes to the condensed consolidated interim financial information for the period from 1 January 2023 to 30 June 2023 (continued)

26. Related parties (continued)

	30 June 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000
Insurance related receivables		
Due from policy holders	14,557	11,715
Insurance related payables		
Due to policy holders	500	862

27. Capital adequacy

Capital structure and capital adequacy as per Basel III requirement as at 30 June 2023

The Bank is required to report capital resources and risk-weighted assets under the Basel III from February 2017. Capital structure and capital adequacy as per Basel III requirement as at 30 June 2023 and 31 December 2022 (after applying prudential filter) is given below:

	30 June 2023 (un-audited) AED'000	31 December 2022 (audited) AED '000
Tier 1 capital		
Ordinary share capital	2,011,495	1,676,245
Legal and other reserves	4,134,321	3,992,606
Retained earnings	2,526,502	2,225,576
Current year profit	900,638	1,206,099
Dividend	-	(569,923)
Tier 1 capital base	9,572,956	8,530,603
Total regulatory adjustments	(362,977)	(364,856)
Tier 1 Capital base after Regulatory adjustments	9,209,979	8,165,747
Tier 2 capital base	605,865	601,194
Total capital base	9,815,844	8,766,941
Risk weighted assets		
Credit risk	48,469,239	48,095,557
Market risk	2,147,785	1,649,697
Operational risk	4,778,195	3,628,998
Total risk weighted assets	55,395,219	53,374,252
Capital adequacy ratio on Tier 1 capital	16.63%	15.30%
Capital adequacy ratio on Tier 2 capital	1.09%	1.13%
Total Capital adequacy ratio	17.72%	16.43%

As per the Central Bank of UAE Regulation for Basel III, the Minimum Capital requirement including Capital Conservation Buffer is 13.0% for year 2023. Additionally, Central Bank of UAE regulation dated 22 April 2020 provides for a "Prudential Filter" that permits Banks and Finance Companies to add back increases in IFRS 9 provisions to the regulatory capital over a transition period of 5 years, on a proportionate basis.

Notes to the condensed consolidated interim financial information for the period from 1 January 2023 to 30 June 2023 (continued)

28. Fair values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. Consequently, differences can arise between the carrying values and fair value estimates of financial assets and liabilities. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to materially curtail the scale of its operations or to undertake a transaction on adverse terms. At 30 June 2023, the carrying value of the Group's financial assets and liabilities approximate their fair values, except for the below mentioned financial assets and liabilities:

	Fair value		Carrying value	
	30 June 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000	30 June 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000
Assets				
Loan and advances	37,942,906	36,317,835	37,630,866	36,071,267
Investment securities measured at fair value	5,172,558	4,242,242	5,172,558	4,242,242
Investment securities measured at amortised cost	6,397,818	7,050,475	6,551,391	7,221,806
Cash and balances with the UAE Central Bank	6,883,429	4,713,892	6,883,429	4,713,892
Due from other banks	12,659,275	11,282,514	12,863,742	11,456,321
Total financial assets	69,055,986	63,606,958	69,101,986	63,705,528
Liabilities				
Due to other banks	6,664,404	6,286,678	6,518,595	6,191,834
Deposits from customer	48,992,341	44,887,239	48,965,388	44,871,310
Debt securities issued and other borrowing	4,481,468	4,050,230	4,392,012	3,999,743
Total financial liabilities	60,138,213	55,224,147	59,875,995	55,062,887

29. Fair value hierarchy

The fair value measurements are categorized into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

Quoted market prices - Level 1

Financial instruments are classified as Level 1 if their values are observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions.

Valuation techniques using observable inputs - Level 2

Financial instruments classified as Level 2 have been valued using models whose inputs are observable in an active market. Valuation based on observable inputs includes financial instruments such as forward foreign exchange contracts which are valued using market standard pricing techniques.

Notes to the condensed consolidated interim financial information for the period from 1 January 2023 to 30 June 2023 (continued)

29. Fair value hierarchy (continued)

Valuation techniques using significant unobservable inputs - Level 3

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). A valuation input is considered observable if it can be directly observed from a transaction in an active market.

Unobservable input levels are generally determined based on observable inputs of a similar nature, historical observations or other analytical techniques. This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible. The table below analyses recurring fair value measurements for assets and liabilities.

	Quoted market prices Level 1 AED'000	Observable inputs Level 2 AED'000	Significant unobservable inputs Level 3 AED'000	Total AED'000
30 June 2023 (un-audited)				
Assets at fair value				
<i>(Through other comprehensive income)</i>				
Investment securities - debt	4,362,759	217,914	-	4,580,673
Investment securities - equity	435,461			435,461
Foreign exchange contracts	-	28,748	-	28,748
Derivative financial instruments	-	540,706	-	540,706
<i>(Through profit and loss)</i>				
Investment market fund	67,903	-	43,103	111,006
Investment - debt securities <i>(Held at amortised cost)</i>	45,418	-	-	45,418
Investment securities - debt	6,397,818	-	-	6,397,818
	11,309,359	787,368	43,103	12,139,830
Liabilities at fair value				
Foreign exchange contracts	-	17,902	-	17,902
Derivative financial instruments	-	494,424	-	494,424
	-	512,326	-	512,326

29. Fair value hierarchy (continued)

	Quoted market prices Level 1 AED'000	Observable inputs Level 2 AED'000	Significant unobservable inputs Level 3 AED'000	Total AED'000
<i>31 December 2022</i>				
<i>Assets at fair value</i>				
<i>(Through other comprehensive income)</i>				
Investment securities - debt	3,655,522	36,490	-	3,692,012
Investment securities - equity	437,494	-	5,240	442,734
Foreign exchange contracts	-	43,103	-	43,103
Derivative financial instruments	-	520,386	-	520,386
<i>(through profit and loss)</i>				
Investment market fund	66,071	-	41,425	107,496
<i>Investment- debt securities</i>				
<i>(Held at amortised cost)</i>				
Investment securities - debt	6,933,915	-	116,560	7,050,475
	11,093,002	599,979	163,225	11,856,206
<i>Liabilities at fair value</i>				
Foreign exchange contracts	-	45,079	-	45,079
Derivative financial instruments	-	478,970	-	478,970
	-	524,049	-	524,049

There are no transfers between level 1, 2 to 3 during the period.

30. Critical accounting judgements and key sources of estimation of uncertainty

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The critical accounting judgements and key sources of estimation of uncertainty used in the preparation of these condensed consolidated interim financial information are consistent with those used in the audited annual consolidated financial statements for the year ended 31 December 2022.

Notes to the condensed consolidated interim financial information for the period from 1 January 2023 to 30 June 2023 (continued)

31. Right-of-use assets

	30 June 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000
Balance at the beginning of the period/year	112,657	134,424
Additions during the period/year	409	29,847
Increase / (decrease) due to changes in lease liability and contract period/year	7,726	(21,918)
Depreciation for the period/year	(11,449)	(29,696)
Balance at the closing of the period/year	109,343	112,657

32. Lease liabilities

	30 June 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000
Balance at the beginning of the period/year	102,912	130,600
Additions during the period/year	409	29,847
Increase due to changes in lease contract amount and contract period/year	6,202	(31,345)
Interest cost on lease liability for the period/year	2,045	5,387
Less: payments made during the period/year	(8,569)	(31,577)
Balance at the closing of the period/year	102,999	102,912

33. Seasonality of results

Dividend income of AED 15.3 million (30 June 2022: AED 14.3 million) of seasonal nature was recorded in the condensed consolidated interim financial information for the period.

34 Risk management

The Group monitors credit risk per class of financial instrument. Following are the identified classes of financial instruments.

- Due from other banks;
- Debt investment securities carried at FVOCI and amortised cost;
- Loans and advances to customers;
- Insurance assets and receivables;
- Customer acceptances and other financial assets;
- Loan commitments; and
- Financial guarantees and contracts.

34. Risk management (continued)

Measurement of Expected Credit loss (ECL)

IFRS 9 framework requires the estimation of Expected Credit Loss (“ECL”) based on current and forecast economic conditions. In order to assess ECL under forecast economic conditions, the Bank utilizes a range of economic scenarios of varying severity, and with appropriate weightings, to ensure that ECL estimates are representative of a range of possible economic outcomes. The Bank has robust governance in place to ensure the appropriateness of the IFRS 9 framework and resultant ECL estimates at all times. Specifically, all aspects of the IFRS 9 framework are overseen by an IFRS 9 Steering Committee with participation from the Chief Risk Officer, Chief Financial Officer and other members from Risk and Finance functions. The Bank, through this committee, reviews the appropriateness of inputs and methodology for IFRS 9 ECL, effectiveness and reliability of the reporting under IFRS 9 and other relevant matters pertaining to IFRS 9 on an ongoing basis.

The Group based on historical analysis determines key economic variables that impacts the credit risk of its various portfolios and uses macro-economic forecasts for these variables to estimate the Probability of Defaults (“PDs”). The Group employs experts who use external and internal information to generate 3 scenarios viz. Baseline, Upside and Downside, in accordance with the IFRS 9 requirements.

The Group has used the updated macro-economic forecasts for the year ended 31 December 2022 and is currently using the weightings of (40:30:30) for Baseline: Upside: Downside scenarios. The sensitivity to 10% increase in Downside Scenario, with a corresponding decrease of 10% in Upside scenario is AED 31.4 million as of 30 June 2023.

For the purpose of IFRS 9 related notes and disclosures, Non-Retail portfolio means Wholesale and Business Banking Loans excluding RAK Business Loans. An analysis of the Group’s credit risk exposures of major classes of financial instruments without taking into account the effects of any collateral or other credit enhancement is provided in the following tables.

Changes in the gross carrying for loans and advances at amortized cost

	30 June 2023 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month AED’000	Lifetime AED’000	Lifetime AED’000	AED’000
Gross carrying amount as at 1 January 2023	35,631,176	1,310,642	1,202,501	38,144,319
Transfer from Stage 1 to Stage 2	(760,659)	760,659	-	-
Transfer from Stage 2 to Stage 3	-	(464,126)	464,126	-
Transfer from Stage 2 to Stage 1	245,927	(245,927)	-	-
Transfer from Stage 3 to Stage 2	-	40,080	(40,080)	-
Change in Exposures during the year	(11,489,207)	(328,346)	(276,233)	(12,093,786)
New financial assets originated	14,103,450	72,395	17,838	14,193,683
Write-offs	-	-	(341,488)	(341,488)
Gross carrying amount as at 30 June 2023	37,730,687	1,145,377	1,026,664	39,902,728

Notes to the condensed consolidated interim financial information for the period from 1 January 2023 to 30 June 2023 (continued)

34. Risk management (continued)

Changes in the gross carrying for loans and advances at amortized cost (continued)

Loans and advances	31 December 2022 (audited)			AED '000
	Stage 1	Stage 2	Stage 3	Grand Total
Opening Balance 1 January 2022	32,305,320	1,696,188	1,454,947	35,456,455
Stage Transfer				
Stage 1 to Stage 2 Transfer	(1,178,528)	1,178,528	-	-
Stage 2 to Stage 3 Transfer	-	(627,848)	627,848	-
Stage 2 to Stage 1 Transfer	358,719	(358,719)	-	-
Stage 3 to Stage 2 Transfer	-	42,874	(42,874)	-
Change in Exposures during the year	(11,339,403)	(837,137)	(446,360)	(12,622,900)
New Financial Assets Originated	15,485,068	216,756	131,126	15,832,950
Write offs	-	-	(522,186)	(522,186)
Closing Balance 31 December 2022	35,631,176	1,310,642	1,202,501	38,144,319

Changes in the gross carrying for due from banks

	30 June 2023 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
Gross carrying amount as at 1 January 2023	11,510,110	3,509	-	11,513,619
Due to changes in PD's/ LGD's/ EAD	(6,042,736)	(3,116)	-	(6,045,852)
Due to new financial assets originated	7,436,991	-	-	7,436,991
Gross carrying amount as at 30 June 2023	12,904,365	393	-	12,904,758

Due from banks	31 December 2022(audited)			AED '000
	Stage 1	Stage 2	Stage 3	Grand Total
Opening balance 1 January 2022	7,780,561	687,562	-	8,468,123
Stage Transfers				
Stage 2 to Stage 1 transfer	616,932	(616,932)	-	-
Change in Exposures during the year	(3,157,673)	(67,121)	-	(3,224,794)
New Financial Assets Originated	6,270,290	-	-	6,270,290
Closing Balance 31 December 2022	11,510,110	3,509	-	11,513,619

Notes to the condensed consolidated interim financial information for the period from 1 January 2023 to 30 June 2023 (continued)

34 Risk management (continued)

Changes in the gross carrying for Investment securities – FVOCI*

	30 June 2023 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month AED'000	Lifetime AED'000	Lifetime AED'000	AED'000
Gross carrying amount as at 1 January 2023	3,653,255	-	182,885	3,836,140
Stage 1 to Stage 2 Transfer	(177,323)	177,323	-	-
Change in Exposures during the year	(753,242)	(84,533)	14,276	(823,499)
New Financial Assets Originated	1,725,871	-	-	1,725,871
Gross carrying amount as at 30 June 2023	4,448,561	92,790	197,161	4,738,512
	31 December 2022 (audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month AED'000	Lifetime AED'000	Lifetime AED'000	AED'000
Gross carrying amount as at 1 January 2022	4,147,291	157,630	-	4,304,921
Stage 1 to Stage 2 Transfer	(37,475)	37,475	-	-
Stage 2 to Stage 3 Transfer	-	(74,984)	74,984	-
Stage 2 to Stage 1 Transfer	82,646	(82,646)	-	-
Change in Exposures during the year	(1,686,898)	(37,475)	107,901	(1,616,472)
New Financial Assets Originated	1,147,691	-	-	1,147,691
Gross carrying amount as at 31 December 2022	3,653,255	-	182,885	3,836,140

* Exposures are gross of IFRS 9 provisions held

Notes to the condensed consolidated interim financial information for the period from 1 January 2023 to 30 June 2023 (continued)

34 Risk management (continued)

Changes in the gross carrying for Investment securities - Amortized Cost

	30 June 2023 (un-audited)			Total AED'000
	Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime	
	AED'000	AED'000	AED'000	
Gross carrying amount as at 1 January 2023	7,224,475	17,447	37,008	7,278,930
Transfer from Stage 1 to Stage 2	(195,826)	195,826	-	-
Change in Exposures during the year	(2,702,601)	(1,510)	(28)	(2,704,139)
New Financial Assets Originated	2,044,625	-	-	2,044,625
Gross carrying amount as at 30 June 2023	6,370,673	211,763	36,980	6,619,416

	31 December 2022 (audited)			Total AED'000
	Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime	
	AED'000	AED'000	AED'000	
Gross carrying amount as at 1 January 2022	4,418,527	173,469	-	4,591,996
Stage 2 to Stage 3 Transfer	-	(37,184)	37,184	-
Stage 2 to Stage 1 Transfer	81,908	(81,908)	-	-
Change in Exposures during the year	(767,495)	(36,930)	(176)	(804,601)
New Financial Assets Originated	3,491,535	-	-	3,491,535
Gross carrying amount as at 31 December 2022	7,224,475	17,447	37,008	7,278,930

Changes in the gross carrying for loans and advances at amortized cost - Wholesale Banking segment

	30 June 2023 (un-audited)			Total AED'000
	Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime	
	AED'000	AED'000	AED'000	
Gross carrying amount as at 1 January 2023	10,015,021	102,710	162,082	10,279,813
Transfer from Stage 1 to Stage 2	(9,818)	9,818	-	-
Transfer from Stage 2 to Stage 1	68,986	(68,986)	-	-
Change in Exposures during the year	(6,926,571)	(30,993)	(650)	(6,958,214)
New financial assets originated	7,434,443	8,206	-	7,442,649
Write-offs	-	-	(108,477)	(108,477)
Gross carrying amount as at 30 June 2023	10,582,061	20,755	52,955	10,655,771

Notes to the condensed consolidated interim financial information for the period from 1 January 2023 to 30 June 2023 (continued)

34 Risk management (continued)

Changes in the gross carrying for loans and advances at amortized cost - Wholesale Banking segment (continued)

	31 December 2022 (Audited)			Total AED'000
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	
Gross carrying amount as at 1 January 2022	8,119,997	377,497	193,253	8,690,747
Stage 1 to Stage 2 Transfer	(23,303)	23,303	-	-
Stage 2 to Stage 3 Transfer	-	(56,126)	56,126	-
Stage 2 to Stage 1 Transfer	117,977	(117,977)	-	-
Change in Exposures during the year	(3,966,229)	(141,292)	(90,128)	(4,197,649)
New Financial Assets Originated	5,766,579	17,305	4,711	5,788,595
Write offs	-	-	(1,880)	(1,880)
Gross carrying amount as at 31 December 2022	10,015,021	102,710	162,082	10,279,813

Changes in the gross carrying for loans and advances at amortized cost - Business Banking segment

	30 June 2023 (un-audited)			Total AED'000
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	
Gross carrying amount as at 1 January 2023	7,661,162	839,224	548,835	9,049,221
Stage 1 to Stage 2 Transfer	(355,618)	355,618	-	-
Stage 2 to Stage 3 Transfer	-	(297,840)	297,840	-
Stage 2 to Stage 1 Transfer	26,697	(26,697)	-	-
Stage 3 to Stage 2 Transfer	-	1,526	(1,526)	-
Change in Exposures during the year	(1,565,754)	(223,920)	(160,307)	(1,949,981)
New Financial Assets Originated	2,521,638	36,203	11,706	2,569,547
Write offs	-	-	(124,906)	(124,906)
Gross carrying amount as at 30 June 2023	8,288,125	684,114	571,642	9,543,881

	31 December 2022 (Audited)			Total AED'000
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	
Gross carrying amount as at 1 January 2022	6,544,039	918,063	591,099	8,053,201
Stage 1 to Stage 2 Transfer	(659,269)	659,269	-	-
Stage 2 to Stage 3 Transfer	-	(262,601)	262,601	-
Stage 2 to Stage 1 Transfer	103,479	(103,479)	-	-
Stage 3 to Stage 2 Transfer	-	9,273	(9,273)	-
Change in Exposures during the year	(2,043,351)	(504,461)	(153,963)	(2,701,775)
New Financial Assets Originated	3,716,264	123,160	84,591	3,924,015
Write offs	-	-	(226,220)	(226,220)
Gross carrying amount as at 31 December 2022	7,661,162	839,224	548,835	9,049,221

Notes to the condensed consolidated interim financial information for the period from 1 January 2023 to 30 June 2023 (continued)

34 Risk management (continued)

Changes in the gross carrying for loans and advances at amortized cost - Retail Banking segment

	30 June 2023 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month AED'000	Lifetime AED'000	Lifetime AED'000	AED'000
Gross carrying amount as at 1 January 2023	17,954,994	368,708	491,583	18,815,285
Stage 1 to Stage 2 Transfer	(395,223)	395,223	-	-
Stage 2 to Stage 3 Transfer	-	(166,286)	166,286	-
Stage 2 to Stage 1 Transfer	150,244	(150,244)	-	-
Stage 3 to Stage 2 Transfer	-	38,554	(38,554)	-
Change in Exposures during the year	(2,996,883)	(73,433)	(115,275)	(3,185,591)
New Financial Assets Originated	4,147,369	27,986	6,132	4,181,487
Write offs	-	-	(108,105)	(108,105)
Gross carrying amount as at 30 June 2023	18,860,501	440,508	402,067	19,703,076

	31 December 2022 (Audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month AED'000	Lifetime AED'000	Lifetime AED'000	AED'000
Gross carrying amount as at 1 January 2022	17,641,284	400,628	670,595	18,712,507
Stage 1 to Stage 2 Transfer	(495,956)	495,956	-	-
Stage 2 to Stage 3 Transfer	-	(309,121)	309,121	-
Stage 2 to Stage 1 Transfer	137,263	(137,263)	-	-
Stage 3 to Stage 2 Transfer	-	33,601	(33,601)	-
Change in Exposures during the year	(5,329,822)	(191,384)	(202,270)	(5,723,476)
New Financial Assets Originated	6,002,225	76,291	41,824	6,120,340
Write offs	-	-	(294,086)	(294,086)
Gross carrying amount as at 31 December 2022	17,954,994	368,708	491,583	18,815,285

Loss allowance for loans and advances measured at amortized cost

	30 June 2023 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month AED'000	Lifetime AED'000	Lifetime AED'000	AED'000
ECL allowance as at 1 January 2023	703,593	475,638	893,821	2,073,052
Stage 1 to Stage 2 Transfer	(84,978)	84,978	-	-
Stage 2 to Stage 3 Transfer	-	(149,295)	149,295	-
Stage 2 to Stage 1 Transfer	82,795	(82,795)	-	-
Stage 3 to Stage 2 Transfer	-	19,030	(19,030)	-
Due to changes in PD's/ LGD's/ EAD	141,576	80,557	55,261	277,394
Due to new financial assets originated	216,504	31,560	14,840	262,904
Write offs	-	-	(341,488)	(341,488)
ECL allowance as at 30 June 2023	1,059,490	459,673	752,699	2,271,862

Notes to the condensed consolidated interim financial information for the period from 1 January 2023 to 30 June 2023 (continued)

34 Risk management (continued)

Loss allowance for loans and advances measured at amortized cost (continued)

	31 December 2022 (Audited)			
	Stage 1	Stage 2	Stage 3	Grand Total
	AED'000	AED'000	AED'000	AED'000
ECL allowance as at 1 January 2022	682,854	300,583	909,771	1,893,208
Stage 1 to Stage 2 Transfer	(288,982)	288,982	-	-
Stage 2 to Stage 3 Transfer	-	(205,887)	205,887	-
Stage 2 to Stage 1 Transfer	51,123	(51,123)	-	-
Stage 3 to Stage 2 Transfer	-	22,322	(22,322)	-
Due to changes in PD's/ LGD's/ EAD	(24,466)	38,749	209,980	224,263
Due to new financial assets originated	283,064	82,012	112,691	477,767
Write offs	-	-	(522,186)	(522,186)
ECL allowance as at 31 December 2022	703,593	475,638	893,821	2,073,052

Loss allowance for due from Banks

	30 June 2023 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
ECL allowance as at 1 January 2023	57,153	145	-	57,298
Change in Exposures during the year	(29,058)	(133)	-	(29,191)
New Financial Assets Originated	12,909	-	-	12,909
ECL allowance as at 30 June 2023	41,004	12	-	41,016

	31 December 2022 (audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
ECL allowance as at 1 January 2022	33,549	5,720	-	39,269
Stage 2 to Stage 1 transfer	3,991	(3,991)	-	-
Due to changes in PD's/ LGD's/ EAD	(6,627)	(1,584)	-	(8,211)
Due to new financial assets originated	26,240	-	-	26,240
ECL allowance as at 31 December 2022	57,153	145	-	57,298

Loss allowance for Investment securities - FVOCI

	30 June 2023 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
ECL allowance as at 1 January 2023	7,816	-	136,312	144,128
Stage 1 to Stage 2 Transfer	(19,660)	19,660	-	-
Due to changes in PD's/ LGD's/ EAD	15,306	(3,223)	383	12,466
Due to new financial assets originated	1,245	-	-	1,245
ECL allowance as at 30 June 2023	4,707	16,437	136,695	157,839

Notes to the condensed consolidated interim financial information for the period from 1 January 2023 to 30 June 2023 (continued)

34 Risk management (continued)

Loss allowance for Investment securities – FVOCI (continued)

	31 December 2022 (audited)			
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
ECL allowance as at 1 January 2022	10,943	13,986	-	24,929
Stage 1 to Stage 2 Transfer	(106)	106	-	-
Stage 2 to Stage 3 Transfer	-	(13,670)	13,670	-
Stage 2 to Stage 1 Transfer	317	(317)	-	-
Due to changes in PD's/ LGD's/ EAD	(4,659)	(105)	122,642	117,878
Due to new financial assets originated	1,321	-	-	1,321
ECL allowance as at 31 December 2022	7,816	-	136,312	144,128

Loss allowance for Investment securities - Amortized Cost

	30 June 2023 (un-audited)			
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
ECL allowance as at 1 January 2023	18,557	9,183	29,384	57,124
Stage 1 to Stage 2 Transfer	(6,141)	6,141	-	-
Due to changes in PD's/ LGD's/ EAD	(13,102)	14,424	-	1,322
Due to new financial assets originated	9,579	-	-	9,579
ECL allowance as at 30 June 2023	8,893	29,748	29,384	68,025

	31 December 2022 (audited)			
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
ECL allowance as at 1 January 2022	9,957	14,983	-	24,940
Stage 2 to Stage 3 Transfer	-	(3,474)	3,474	-
Stage 2 to Stage 1 Transfer	1,146	(1,146)	-	-
Due to changes in PD's/ LGD's/ EAD	(1,556)	(1,180)	25,910	23,174
Due to new financial assets originated	9,010	-	-	9,010
ECL allowance as at 31 December 2022	18,557	9,183	29,384	57,124

Notes to the condensed consolidated interim financial information for the period from 1 January 2023 to 30 June 2023 (continued)

34 Risk management (continued)

Loss allowance for loans and advances measured at amortized cost – Wholesale Banking

	30 June 2023 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month AED'000	Lifetime AED'000	Lifetime AED'000	AED'000
ECL allowance as at 1 January 2023	109,951	20,118	146,522	276,591
Transfer from Stage 1 to Stage 2	(926)	926	-	-
Transfer from Stage 2 to Stage 1	2,348	(2,348)	-	-
Due to changes in PD's/ LGD's/ EAD	91,374	9,828	(643)	100,559
Due to new financial assets originated	16,510	898	-	17,408
Write-offs	-	-	(108,477)	(108,477)
ECL allowance as at 30 June 2023	219,257	29,422	37,402	286,081

	31 December 2022 (audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month AED'000	Lifetime AED'000	Lifetime AED'000	AED'000
ECL allowance as at 1 January 2022	70,572	38,820	134,064	243,456
Transfer from Stage 1 to Stage 2	(6,860)	6,860	-	-
Transfer from Stage 2 to Stage 3	-	(13,821)	13,821	-
Transfer from Stage 2 to Stage 1	3,026	(3,026)	-	-
Due to changes in PD's/ LGD's/ EAD	17,586	(10,858)	(4,194)	2,534
Due to new financial assets originated	25,627	2,143	4,711	32,481
Write-offs	-	-	(1,880)	(1,880)
ECL allowance as at 31 December 2022	109,951	20,118	146,522	276,591

Loss allowance for loans and advances measured at amortized cost - Business Banking

	30 June 2023 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month AED'000	Lifetime AED'000	Lifetime AED'000	AED'000
ECL allowance as at 1 January 2023	248,321	261,011	464,363	973,695
Transfer from Stage 1 to Stage 2	(37,036)	37,036	-	-
Transfer from Stage 2 to Stage 3	-	(77,720)	77,720	-
Transfer from Stage 2 to Stage 1	9,199	(9,199)	-	-
Transfer from Stage 3 to Stage 2	-	1,306	(1,306)	-
Due to changes in PD's/ LGD's/ EAD	124,759	(2,761)	43,157	165,155
Due to new financial assets originated	98,973	10,476	10,242	119,691
Write-offs	-	-	(124,906)	(124,906)
ECL allowance as at 30 June 2023	444,216	220,149	469,270	1,133,635

Notes to the condensed consolidated interim financial information for the period from 1 January 2023 to 30 June 2023 (continued)

34 Risk management (continued)

Loss allowance for loans and advances measured at amortized cost - Business Banking (continued)

	31 December 2022 (audited)			
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
ECL allowance as at 1 January 2022	246,888	139,258	479,800	865,946
Transfer from Stage 1 to Stage 2	(176,248)	176,248	-	-
Transfer from Stage 2 to Stage 3	-	(112,372)	112,372	-
Transfer from Stage 2 to Stage 1	13,757	(13,757)	-	-
Transfer from Stage 3 to Stage 2	-	8,051	(8,051)	-
Due to changes in PD's/ LGD's/ EAD	40,086	35,176	30,531	105,793
Due to new financial assets originated	123,838	28,407	75,931	228,176
Write-offs	-	-	(226,220)	(226,220)
ECL allowance as at 31 December 2022	248,321	261,011	464,363	973,695

Loss allowance for loans and advances measured at amortized cost – Retail Banking

	30 June 2023 (un-audited)			
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
ECL allowance as at 1 January 2023	345,321	194,509	282,936	822,766
Transfer from Stage 1 to Stage 2	(47,016)	47,016	-	-
Transfer from Stage 2 to Stage 3	-	(71,575)	71,575	-
Transfer from Stage 2 to Stage 1	71,248	(71,248)	-	-
Transfer from Stage 3 to Stage 2	-	17,724	(17,724)	-
Due to changes in PD's/ LGD's/ EAD	(74,557)	73,490	12,747	11,680
Due to new financial assets originated	101,021	20,186	4,598	125,805
Write-offs	-	-	(108,105)	(108,105)
ECL allowance as at 30 June 2023	396,017	210,102	246,027	852,146

	31 December 2022 (audited)			
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
ECL allowance as at 1 January 2022	365,394	122,505	295,907	783,806
Transfer from Stage 1 to Stage 2	(105,874)	105,874	-	-
Transfer from Stage 2 to Stage 3	-	(79,694)	79,694	-
Transfer from Stage 2 to Stage 1	34,340	(34,340)	-	-
Transfer from Stage 3 to Stage 2	-	14,271	(14,271)	-
Due to changes in PD's/ LGD's/ EAD	(82,138)	14,431	183,643	115,936
Due to new financial assets originated	133,599	51,462	32,049	217,110
Write-offs	-	-	(294,086)	(294,086)
ECL allowance as at 31 December 2022	345,321	194,509	282,936	822,766

Notes to the condensed consolidated interim financial information for the period from 1 January 2023 to 30 June 2023 (continued)

35. Restatement of comparative figures

The Group has applied IFRS 17 on 1 January 2023, using full retrospective approach. Due to the transition from IFRS 4 to IFRS 17, there are reclassification within assets & liabilities and between assets, liabilities and equity. The reclassification had an impact of AED 4,457 thousand on total shareholder's equity.

The impact of the restatements has set out below:

	As previously Reported AED'000	Restatement Increase / (Decrease) AED'000	As restated AED'000
<i>Statement of financial position as at 31 December 2022</i>			
Assets			
Insurance contract assets and receivables			
Net	280,928	(136,740)	144,188
Other assets	1,434,125	(16,906)	1,417,219
Total assets	1,715,053	(153,646)	1,561,407
Liabilities			
Insurance contract liabilities and payables	464,491	(129,849)	334,642
Other liabilities	1,702,471	(19,340)	1,683,131
Total	2,166,962	(149,189)	2,017,773
Equity			
<i>Equity attributable to owners of the Bank</i>			
Retained earnings	3,395,839	(3,532)	3,392,307
Non-controlling interests	27,267	(925)	26,342
Total equity	3,423,106	(4,457)	3,418,649
Total Liabilities and Equity	5,590,068	(153,646)	5,436,422

The disclosure above indicates the impact of transition to IFRS 17 for the Group. The management will continue to assess the IFRS 17 transition related disclosures for the users of the condensed consolidated interim financial statements.

36. UAE Corporate Income Tax

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the “Law”) to enact a Federal corporate tax regime in the UAE. Furthermore, on 16 January 2023, a Cabinet Decision was published specifying the threshold of AED 375,000 of taxable income above which taxable entities would be subject to a 9% corporate tax rate.

The Corporate Tax regime will become effective for the accounting year beginning on or after 1 June 2023 hence for the Group it will be effective from 1 January 2024. Management acknowledges that a number of regulations with regards to the application of tax legislation are published and as such management will continue to monitor developments in order to assess the impact of corporate tax including any deferred tax implications on the Group.

37. Approval of the condensed consolidated interim financial information

The condensed consolidated interim financial information were approved on 25 July 2023.