



REVIEW REPORT AND INTERIM FINANCIAL INFORMATION

January 1, 2023 to September 30, 2023



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



TABLE OF CONTENTS

<u>Review report on condensed consolidated interim financial information</u>	<u>1</u>
<u>Condensed consolidated interim statement of financial position</u>	<u>2</u>
<u>Condensed consolidated interim statement of profit or loss (un-audited)</u>	<u>3</u>
<u>Condensed consolidated interim statement of comprehensive income (un-audited)</u>	<u>4</u>
<u>Condensed consolidated interim statement of changes in equity</u>	<u>5</u>
<u>Condensed consolidated interim statement of cash flows (un-audited)</u>	<u>6</u>
<u>Notes to the condensed consolidated interim financial information</u>	<u>7 – 55</u>



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 referred to as "the group") as at 30 September 2023 and the related condensed consolidated interim statements of profit or loss, comprehensive income for the three-month and nine-month periods then ended, and the condensed consolidated interim statements of changes in equity and cash flows for the nine-month period then ended, and notes, comprising significant accounting policies 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 the condensed consolidated 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 Limited Partnership (Ras Al Khaimah Branch)
23 October 2023

Douglas O'Mahony
Registered Auditor Number 834
Place: Dubai, United Arab Emirates

PricewaterhouseCoopers Limited Partnership (Ras Al Khaimah Branch), Licence no. 41548
Julphar Towers, Level 24, Office No. 2402, Ras Al Khaimah -United Arab Emirates
T: +971 (0) 7 226 0222, F: +971 (0) 7 226 0555, www.pwc.com/me


Jacques Fakhoury, Douglas O'Mahony, Wassim El Afchal, Murad Alnsour, Rami Sarhan and Virendra Dhirajlal Lodhia are registered as practicing auditors with the UAE Ministry of Economy

Condensed consolidated interim statement of financial position as at 30 September 2023

	Notes	30 September 2023 (un-audited)	31 December 2022 (audited) Restated
		AED'000	AED'000
ASSETS			
Cash and balances with Central Bank of UAE	4	6,110,844	4,713,892
Due from other banks, net	5	10,813,562	11,456,321
Investment securities measured at fair value	6	5,730,686	4,242,242
Investment securities measured at amortised cost	6	7,455,818	7,221,806
Loans and advances, net	7	38,646,633	36,071,267
Insurance contract assets and receivables, net		182,027	144,188
Customer acceptances		59,386	145,973
Other assets	8	2,083,731	1,413,405
Property and equipment		471,414	454,134
Right-of-use assets	31	111,144	112,657
Goodwill and intangible assets		338,490	370,497
Total assets		72,003,735	66,346,382
LIABILITIES AND EQUITY			
Liabilities			
Due to other banks	9	6,151,815	6,191,834
Deposits from customers	10	48,463,517	44,871,310
Customer acceptances		59,386	145,973
Debt securities issued and other long term borrowings	11	4,486,313	3,999,743
Insurance contract liabilities and payables		399,269	334,053
Other liabilities	12	2,555,619	1,679,906
Lease liabilities	32	103,024	102,912
Total liabilities		62,218,943	57,325,731
Equity			
Share capital	13	2,011,495	1,676,245
Legal reserve		950,431	950,431
Retained earnings		3,838,725	3,392,307
Other reserves		2,956,823	2,975,326
Equity attributable to owners of the Bank		9,757,474	8,994,309
Non-controlling interests		27,318	26,342
Total equity		9,784,792	9,020,651
Total Liabilities and Equity		72,003,735	66,346,382



Raheel Ahmed
Chief Executive Officer



Mohammad Jaffer Nini
Chief Financial Officer

23 October 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 September 2023

	Notes	Three months period ended 30 September		Nine months period ended 30 September	
		2023 (un-audited) AED'000	2022 (un-audited) AED'000	2023 (un-audited) AED'000	2022 (un-audited) AED'000
Interest income	16	1,024,475	657,206	2,878,715	1,682,051
Interest expense	16	(292,823)	(113,785)	(746,820)	(233,905)
Net interest income		731,652	543,421	2,131,895	1,448,146
Income from Islamic financing	17	161,424	133,921	461,181	365,420
Distribution to depositors	17	(50,409)	(24,549)	(133,197)	(57,339)
Net income from Islamic financing		111,015	109,372	327,984	308,081
Net interest income and net income from Islamic financing		842,667	652,793	2,459,879	1,756,227
Net fees and commission income	18	175,355	163,861	511,338	503,639
Foreign exchange & derivative income		89,796	77,354	246,092	137,576
Gross insurance underwriting profit		10,910	233	26,407	3,721
Investment (loss)/income	19	2,777	(2,444)	34,279	(2,603)
Other operating income		15,299	23,336	48,145	58,522
Non-interest income		294,137	262,340	866,261	700,855
Operating income		1,136,804	915,133	3,326,140	2,457,082
General and administrative expenses	20	(434,137)	(372,871)	(1,228,701)	(1,112,956)
Operating profit before provision for credit loss		702,667	542,262	2,097,439	1,344,126
Provision for credit loss, net	21	(250,600)	(190,864)	(744,579)	(465,325)
Profit for the period		452,067	351,398	1,352,860	878,801
Attributed to:					
Owners of the Bank		450,955	353,119	1,351,716	884,392
Non-controlling interests		1,112	(1,721)	1,144	(5,591)
Profit for the period		452,067	351,398	1,352,860	878,801
Earnings per share:					
Basic and diluted in AED	22	0.22	0.18	0.67	0.44

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 September 2023

	Three months period ended 30 September		Nine months period ended 30 September	
	2023 (un-audited) AED'000	2022 (un-audited) AED'000	2023 (un-audited) AED'000	2022 (un-audited) AED'000
Profit for the period	452,067	351,398	1,352,860	878,801
Other comprehensive income:				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Profit on sale of equity investments held at fair value Through other comprehensive Income.	(56)	34	(158)	17,429
Changes in fair value of financial assets measured at fair value through other comprehensive income, net (equity instruments)	18,192	6,650	(8,988)	(12,642)
<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)	(38,685)	(8,776)	(10,311)	(183,889)
Profit on sale of debt instruments transferred to profit and loss	-	(1,258)	1,612	(6,172)
Net changes in fair value arising from cash flow hedges	(1,539)	(6,109)	(951)	(17,014)
Other comprehensive (loss) / income for the period	(22,088)	(9,459)	(18,796)	(202,288)
Total comprehensive income for the period	429,979	341,939	1,334,064	676,513
Attributed to:				
Owners of the Bank	429,106	344,343	1,333,088	684,913
Non-controlling interests	873	(2,404)	976	(8,400)
Total comprehensive income for the period	429,979	341,939	1,334,064	676,513

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 September 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	-	-	884,392	-	884,392	(5,591)	878,801
Other comprehensive income / (loss)	-	-	17,429	(216,908)	(199,479)	(2,809)	(202,288)
Total comprehensive income for the period	-	-	901,821	(216,908)	684,913	(8,400)	676,513
Dividend paid	-	-	(377,155)	-	(377,155)	(2,015)	(379,170)
At 30 September 2022 (un-audited)	1,676,245	950,431	3,109,530	2,914,168	8,650,374	28,811	8,679,185
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	-	-	1,351,716	-	1,351,716	1,144	1,352,860
Other comprehensive income / (loss)	-	-	(125)	(18,503)	(18,628)	(168)	(18,796)
Total comprehensive income for the period	-	-	1,351,591	(18,503)	1,333,088	976	1,334,064
Stock dividend paid	335,250	-	(335,250)	-	-	-	-
Dividend paid	-	-	(569,923)	-	(569,923)	-	(569,923)
At 30 September 2023 (un-audited)	2,011,495	950,431	3,838,725	2,956,823	9,757,474	27,318	9,784,792

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 September 2023

	Nine months period ended 30 September	
	2023 (un-audited) AED'000	2022 (un-audited) restated AED'000
<i>Cash flows from operating activities</i>		
Profit for the period	1,352,860	878,801
Adjustments:		
Provision for credit losses, net	744,579	465,325
Depreciation of property and equipment	121,375	89,206
Depreciation of Right-of-use assets	17,039	23,349
Interest cost on lease liability	3,137	4,310
Gain on disposal of property and equipment	(2,580)	(146)
Net changes in fair value arising from hedge and forex revaluation	41,329	212,081
Amortization of discount relating to investments securities	(79,588)	(17,091)
Gain on sale of investment securities	(15,419)	(10,437)
Fair value loss/(gain) on FVTPL investment securities	(1,695)	28,636
Amortisation of discount of debt securities	8,014	7,565
	2,189,051	1,681,599
Changes in operating assets and liabilities		
Increase in deposits with the UAE Central Bank	(1,546,363)	(89,725)
Increase in due from other banks with original maturities of three months or over	(34,313)	(2,046,572)
Increase in loans and advances, net	(3,310,724)	(2,168,863)
Decrease/(increase) in insurance contract assets & receivables	(41,601)	60,575
Increase in other assets	(586,437)	(548,574)
Increase / (decrease) in due to other banks and UAE Central bank	(40,019)	3,121,398
Increase in deposits from customers	3,592,207	2,608,123
(Decrease)/increase in insurance contract liabilities and payables	65,216	(12,196)
Increase in other liabilities	786,427	723,863
Net cash generated from operating activities	1,073,444	3,329,628
<i>Cash flows from investing activities</i>		
Purchase of investment securities	(10,679,723)	(6,942,534)
Proceeds from maturity/disposal of investment securities	8,968,720	5,076,739
Purchase of property and equipment	(110,756)	(58,724)
Proceeds from disposal of property and equipment	6,689	190
Net cash used in investing activities	(1,815,070)	(1,924,329)
<i>Cash flows from financing activities</i>		
Dividends paid	(569,923)	(379,170)
Payment for rentals on lease contracts	(15,854)	(24,583)
Payment of debt securities and other borrowings	(1,173,855)	(783,114)
Issue of debt securities and other borrowings	1,652,411	-
Net cash used in/generated from financing activities	(107,221)	(1,186,867)
Net Increase/(decrease) in cash and cash equivalents	(848,847)	218,432
Cash and cash equivalents, beginning of the period	4,329,226	3,324,614
Cash and cash equivalents, end of the period (Note 24)	3,480,379	3,543,046

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 September 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 September 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 nine months period ended 30 September 2023 comprises the Bank and following direct subsidiaries:

<i>Subsidiary</i>	<i>Authorized & Ownership issued capital interest</i>	<i>Incorporated</i>	<i>Principal Activities</i>	
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.

New and revised IFRSs	Effective for annual periods beginning on or after
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

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

3. Significant accounting policies

The significant accounting policies applied in the preparation of this 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 this 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 nine months period ended 30 September 2022 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.

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

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 Central Bank of UAE.

3. Significant accounting policies (continued)

(e) IFRS 17: Insurance Contracts

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 transfer 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, which 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.

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)

Recognition and derecognition (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 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 fulfillment 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 fulfillment 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
- 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 recognized in profit or loss over the expired portion of the coverage period based on the passage of time.

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 recognized in profit or loss over the expired portion of the coverage period based on the passage of time.

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.

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 establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group. The loss component is remeasured at each subsequent reporting date.

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)

Net insurance underwriting profit / loss

The Group presents net amount of below mentioned insurance income and expenditures under net insurance underwriting profit and loss on the face of the consolidated statement of profit or loss.

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.
- An element of time value of money of LIC for the period.

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.

Insurance finance income or expenses and reinsurance finance expense or income

Insurance finance income or expenses and reinsurance finance expense or income 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 & Assets of incurred claims (“AIC”); and
- the effect of changes in interest rates and other financial assumptions.

The Group disaggregates insurance finance income or expenses and reinsurance finance expense or income between profit or loss and OCI. The impact of changes in market interest rates on the value of the insurance assets and liabilities are reflected in OCI in order to minimise accounting mismatches between the accounting for financial assets and insurance assets and liabilities.

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

4. Cash and balances with Central Bank of the UAE

	30 September 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000
Cash in hand	891,163	711,362
Balances with the Central Bank of the UAE	1,480,167	109,379
Overnight Deposits with the Central Bank of the UAE	-	1,700,000
Statutory deposit with the Central Bank of the UAE (a)	3,739,514	2,193,151
	6,110,844	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 September 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000
Placements with other banks	1,055,011	514,066
Demand deposits	566,166	1,626,926
Banker's acceptances	3,316,804	3,958,875
Syndicated loans	4,003,439	3,664,294
Trade loans	1,867,878	1,724,013
Other	39,198	25,445
Total due from other banks	10,848,496	11,513,619
Provision for credit loss	(34,934)	(57,298)
Net due from other banks	10,813,562	11,456,321

The below represents deposits and balances due from:

Banks in the UAE	629,152	357,897
Banks outside the UAE	10,219,344	11,155,722
Total due from other banks	10,848,496	11,513,619

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

6. Investment securities, net

	30 September 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000
Securities at fair value through other comprehensive income (FVOCI)		
Quoted equity securities	453,120	437,494
Unquoted equity securities	-	5,240
Quoted debt securities*	4,677,384	3,655,522
Unquoted debt securities	347,739	36,490
	5,478,243	4,134,746
Securities at fair value through profit or loss (FVPL)		
Quoted funds	66,019	66,071
Unquoted funds	43,024	41,425
Quoted debt securities	143,400	-
	252,443	107,496
Investment securities measured at fair value	5,730,686	4,242,242
Securities held at amortised cost		
Quoted debt securities*	7,522,514	7,163,089
Unquoted debt securities	-	115,841
	7,522,514	7,278,930
Provision for credit loss for securities held at amortised cost	(66,696)	(57,124)
Investment securities measured at amortised cost	7,455,818	7,221,806
Net investment securities	13,186,504	11,464,048

*As at 30 September 2023, quoted debt securities with fair value of AED 2,556 million (31 December 2022: AED 3,046 million) have been given as collateral against repo borrowings of AED 2,246 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 September 2023 (continued)

6. Investment securities, net (continued)

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

	30 September 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000
Federal and local Government – UAE	2,921,067	2,605,832
Government related entity – UAE	849,362	862,482
Government - GCC	814,695	572,937
Government - other	711,310	850,247
Banks and financial institutions - UAE	1,035,434	635,725
Banks and financial institutions - GCC	981,011	1,014,027
Banks and financial institutions - other	2,229,485	1,827,012
Public limited companies – UAE	454,463	381,795
Public limited companies – GCC	825,539	716,984
Public limited companies – other	1,868,671	1,503,901
Total Debt securities	12,691,037	10,970,942
Quoted equity securities	453,120	437,494
Quoted funds	66,019	66,071
Unquoted funds	43,024	41,425
Unquoted equity securities	-	5,240
Total investment securities	13,253,200	11,521,172

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

7. Loans and advances, net

	30 September 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000
(a) Loans and advances:		
Retail banking loans	20,114,215	18,815,285
Wholesale banking loans	11,182,853	10,279,813
Business banking loans	9,793,579	9,049,221
Total loans and advances [Note 7(b)]	41,090,647	38,144,319
Provision for credit loss [Note 7(c)]	(2,444,014)	(2,073,052)
Net loans and advances	38,646,633	36,071,267
(b) Analysis of loans and advances:		
Personal loans	5,677,832	5,545,961
Mortgage loans	9,084,237	7,670,327
Credit cards	2,416,856	2,196,406
Auto loans	455,244	400,301
RAK Business loans	3,908,032	3,404,286
Other Business banking loans	5,885,547	5,644,935
Wholesale banking loans	11,182,853	10,279,813
Other retail loans	2,480,046	3,002,290
Total loans and advances	41,090,647	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	836,701	702,030
Written-off during the period/year	(465,739)	(522,186)
Balance at the end of the period/year	2,444,014	2,073,052
(d) Provision for credit loss/release on loans and advances, net of recovery - for the nine months period ended:		
	30 September 2023 (un-audited) AED'000	30 September 2022 (un-audited) AED'000
Impairment allowance for the period	836,701	335,163
Net recovery during the period	(101,343)	(78,284)
Net impairment charge for the period (Note 21)	735,358	256,879

Notes to the condensed consolidated interim financial information for the period from 1 January 2023 to 30 September 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 September 2023 (un-audited) AED'000	30 September 2022 (un-audited) AED'000
Impairment allowance for the period	296,403	118,630
Net recovery during the period	(37,044)	(24,657)
Net impairment charge for the period (Note 21)	259,359	93,973

(f) Islamic financing assets

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

	30 September 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000
i) Islamic financing assets		
Islamic retail financing assets	3,234,304	3,445,674
Islamic business banking assets	2,227,045	2,252,856
Islamic wholesale banking assets	309,116	412,679
Total Islamic financing assets	5,770,465	6,111,209
Provision for credit loss	(409,672)	(394,217)
	5,360,793	5,716,992

	30 September 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000
ii) Analysis of Islamic financing assets		
Islamic Salam Personal finance	1,993,490	2,082,846
Islamic Auto Murabaha	42,281	38,586
Islamic Business banking Finance	2,227,045	2,252,856
Islamic Ijara Property Finance	1,157,477	1,278,451
Islamic Credit Cards	39,369	43,995
Islamic wholesale banking	309,116	412,679
Islamic finance - other	1,687	1,796
	5,770,465	6,111,209

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

8. Other assets

	30 September 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000 Restated
Interest receivable	460,564	446,933
Profit receivable on Islamic financing assets	83,272	64,310
Prepayments	50,207	36,113
Interest rate swaps and other derivatives	861,739	563,489
Insurance related receivables and assets	7,118	2,510
Gold in hand	11	38,684
Islamic profit paid in advance	15,154	14,195
Assets acquired in settlements of debts*	81,600	11,395
Other	524,066	235,776
	2,083,731	1,413,405

*AED 81.6 million represents the fair value of the asset acquired in settlement of debts as at 30 September 2023. The carrying amount will be recovered principally through a sale transaction rather than through continuing use. It is subject to revaluation half yearly and the related fair value gain/(loss) would be accounted for in the statement of profit or loss.

9. Due to other banks

	30 September 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000
Term borrowings	3,356,867	3,289,580
Repurchase agreements (Note 6)	2,246,190	2,638,670
Demand deposits	548,758	263,584
	6,151,815	6,191,834

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

10. Deposits from customers

	30 September 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000
Time deposits	15,429,126	13,287,179
Current accounts	28,452,953	27,088,001
Saving deposits	3,118,372	3,269,816
Call deposits	1,463,066	1,226,314
	48,463,517	44,871,310

Deposits include AED 1,750 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 September 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000
Wakala deposits	1,350,884	1,756,700
Mudaraba term investment deposits	8,862	11,401
Murabaha Term Deposit	1,085,922	1,465,862
Qard-E-Hassan - current accounts	1,163,353	987,471
Mudaraba - current accounts	462,799	526,405
Mudaraba - saving accounts	205,611	197,140
Mudaraba - call deposits	8,170	20,442
	4,285,601	4,965,421

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

11. Debt securities issued and other long-term borrowings

	30 September 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000
USD 500 million medium term note issued at discount in April 2019 (a)	1,835,860	1,834,955
USD 145 million private placement net of discount (a)	-	531,557
USD 75 million private placement (a)	-	275,475
USD 75 million private placement (a)	275,475	275,475
USD 100 million bilateral borrowing (b)	-	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	-
USD 100 million bilateral borrowing (h)	367,300	-
USD 100 million bilateral borrowing (i)	367,300	-
Less: Debt securities and other borrowing issue costs	(10,178)	(8,153)
Fair value adjustment on hedged medium term note	(7,694)	(11,466)
	4,486,313	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 got 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% with maturity date of 24 November 2023. This was repaid in advance in August 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 got matured and repaid 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.

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

Debt securities issued and other long-term borrowings (continued)

- (f) In June 2023 the Group borrowed USD 50 million at an interest rate of daily SOFR +1.10% per annum which matures in June 2026.
- (g) In June 2023 the Group borrowed AED 370 million at a profit rate of 6 months EIBOR +0.90% per annum which matures in June 2026.
- (h) In July 2023 the Group borrowed USD 100 million at an interest rate of USD 3 month SOFR +1% which matures in July 2026.
- (i) In September 2023 the Group borrowed USD 100 million at an interest rate of USD daily SOFR +1% which matures in September 2026.

12. Other liabilities

	30 September 2023 (un-audited)	31 December 2022 (audited) Restated
	AED'000	AED'000
Interest payable	342,826	170,772
Profit distributable on Islamic deposits	25,188	31,391
Accrued expenses	397,228	348,881
Provision for employees' end-of-service benefits	133,934	125,496
Foreign exchange and other derivatives derivative contracts	767,239	524,049
Credit card payables and liabilities	162,251	41,014
Managers' cheques issued	319,351	185,479
Mortgage payables and liabilities	36,499	17,809
Insurance related payables and liabilities	14,501	15,492
Provision for credit loss on contingent assets and customer acceptances	29,448	27,700
Other	327,154	191,823
	<u>2,555,619</u>	<u>1,679,906</u>

13. Share capital and dividend

At 30 September 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 September 2023 (continued)

14. Contingencies and commitments

	30 September 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000
Irrevocable commitments to extend credit	4,649,780	4,492,089
Letters of guarantee – Financial	632,245	340,684
Letters of guarantee – Non Financial	602,463	804,121
Letters of credit	230,652	94,792
Capital commitments and others	94,991	35,870
	<u>6,210,131</u>	<u>5,767,556</u>

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 8,744 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 September 2023 and 31 December 2022 are as follows:

	Fair Values		
	Assets AED'000	Liability AED'000	Notional AED'000
30 September 2023			
Foreign exchange contracts	79,070	79,734	17,289,078
Interest rate swaps	754,256	558,871	16,514,780
Other derivative contracts	28,413	128,634	13,798,873
	<u>861,739</u>	<u>767,239</u>	<u>47,602,731</u>
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
	<u>563,489</u>	<u>524,049</u>	<u>32,437,190</u>

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

16. Interest income and expense

	Three months period ended 30 September		Nine months period ended 30 September	
	2023 (un-audited) AED'000	2022 (un-audited) AED'000	2023 (un-audited) AED'000	2022 (un-audited) AED'000
Interest income				
Personal loans	67,020	58,673	191,101	170,463
Mortgage loans	69,182	46,047	186,560	123,290
Credit cards	85,105	78,942	241,566	234,403
Auto loans	6,549	5,302	18,267	15,467
RAK business loans	122,539	90,147	335,031	249,398
Wholesale banking loans	185,717	92,174	503,525	211,552
Other business banking loans	97,973	86,144	304,893	227,769
Other retail banking loans	40,515	29,441	121,187	65,906
Investment securities	131,543	78,656	376,122	195,791
Deposits with the Central Bank of UAE	20,601	9,040	51,296	11,006
Other banks	197,731	82,640	549,167	177,006
	1,024,475	657,206	2,878,715	1,682,051
Interest expense				
Due to customers	163,370	45,638	394,741	93,598
Debt securities issued and other borrowings	30,755	29,134	109,128	80,261
Borrowings from other banks	98,698	39,013	242,951	60,046
	292,823	113,785	746,820	233,905

17. Income from Islamic Financing and distribution to depositors

	Three months period ended 30 September		Nine months period ended 30 September	
	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	37,746	38,052	113,723	111,514
Islamic Auto Murabaha	715	599	2,072	1,873
Islamic business banking finance	75,281	62,531	214,784	172,151
Islamic wholesale banking finance	15,734	9,948	39,650	18,392
Islamic investment income	16,035	9,702	40,664	27,877
Islamic Ijara property finance	15,913	13,089	50,288	33,613
	161,424	133,921	461,181	365,420
Distribution to depositors				
Distribution of profit on Islamic term investment deposits	44,117	22,518	125,449	37,125
Bilateral long-term borrowings	5,969	1,749	6,796	19,435
Distribution of profit on Islamic demand deposits	323	282	952	779
	50,409	24,549	133,197	57,339

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

18. Net fees and commission income

	Three months period ended 30 September		Nine months period ended 30 September	
	2023	2022	2023	2022
	(un-audited) AED'000	(un-audited) AED'000	(un-audited) AED'000	(un-audited) AED'000
Personal loans	4,679	4,377	10,509	8,687
Mortgage loans	559	1,938	4,208	9,499
Credit cards	63,984	57,728	181,925	174,764
Auto loans	1,167	1,494	3,739	5,017
RAK business loans	14,438	11,712	42,029	35,779
Wholesale banking loans	21,428	16,759	72,184	49,388
Other business banking loans	49,658	46,060	138,081	133,559
Fiduciary income	11,708	12,072	34,135	42,755
Bancassurance	6,399	6,606	19,059	18,688
Others	1,335	5,115	5,469	25,503
	175,355	163,861	511,338	503,639

19. Investment income

	Three months period ended 30 September		Nine months period ended 30 September	
	2023	2022	2023	2022
	(un-audited) AED'000	(un-audited) AED'000	(un-audited) AED'000	(un-audited) AED'000
Fair value (loss)/income	(2,036)	(7,359)	1,695	(28,636)
Dividend income	1,915	1,289	17,165	15,596
Net gain on disposal of Investments	2,898	3,626	15,419	10,437
	2,777	(2,444)	34,279	(2,603)

20. General and administrative expenses

	Three months period ended 30 September		Nine months period ended 30 September	
	2023	2022	2023	2022
	(un-audited) AED'000	(un-audited) AED'000	(un-audited) AED'000	(un-audited) AED'000
Staff costs	234,360	222,303	683,493	641,031
Outsourced staff costs	8,423	9,166	25,363	26,957
Occupancy costs	15,759	14,447	43,650	50,281
Marketing expenses	7,395	6,087	22,228	18,567
Depreciation and amortisation	62,972	29,581	121,375	89,206
Communication costs	13,524	12,200	36,543	38,423
Credit card expenses	36,363	28,216	105,054	86,054
Information and technology costs	28,431	26,496	82,263	77,668
Other	26,910	24,375	108,732	84,769
	434,137	372,871	1,228,701	1,112,956

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

21. Provision for credit loss, net

(a) Provision for credit loss for the nine months period ended

	Nine months period ended 30 September	
	2023	2022
	(un-audited) AED'000	(un-audited) AED'000
Net impairment charge on loans and advances	735,358	256,879
Net impairment charge /(release) on due from other banks	(22,364)	26,638
Net impairment charge/(release) on Investment securities measured at fair value through OCI	16,503	120,713
Net impairment charge/(release) on Investment securities measured at amortised cost	9,572	35,989
Net impairment charge/(release) on insurance contracts	3,762	6,442
Net impairment charge on customer acceptances	55	171
Net impairment charge on off balance sheet items	1,381	18,493
Net impairment charge on other receivables	312	-
Net impairment charge for the period	744,579	465,325

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

	Three months period ended 30 September	
	2023	2022
	(un-audited) AED'000	(un-audited) AED'000
Net impairment charge on loans and advances	259,359	93,973
Net impairment charge on due from other banks	(6,082)	31,900
Net impairment charge/(release) on Investment securities measured at fair value through OCI	(2,064)	37,424
Net impairment charge/(release) on Investment securities measured at amortised cost	(1,329)	15,789
Net impairment charge on insurance contracts	717	431
Net impairment charge on customer acceptances	(252)	240
Net impairment charge / (release) off balance sheet items	251	11,107
Net impairment charge on other receivables	-	-
Net impairment charge for the period	250,600	190,864

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

21. Provision for credit loss, net (continued)

(c) 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 September 2023 AED'000
Due from other banks	57,298	(22,364)	-	34,934
Loans and advances	2,073,052	836,701	(465,739)	2,444,014
Investment Securities - FVOCI	144,128	16,503	(5,961)	154,670
Investment Securities – Amortised cost	57,124	9,572		66,696
Insurance contract assets and receivables*	29,048	3,762	(689)	32,121
Customer acceptances	682	55		737
Off balance sheet items	27,018	1,381		28,399
Other receivables	-	312		312
Total	2,388,350	845,922	(472,389)	2,761,883

* 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 September 2023 AED'000
Premium receivable	19,165	851	(672)	19,344
Reinsurance assets	5,526	1,588	(17)	7,097
Other insurance receivables	4,357	1,323		5,680
Total	29,048	3,762	(689)	32,121

Notes to the condensed consolidated interim financial information for the period from 1 January 2023 to 30 September 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 September		Nine months period ended 30 September	
	2023 (un-audited) AED'000	2022 Restated (un-audited) AED'000	2023 (un-audited) AED'000	2022 Restated (un-audited) AED'000
Profit for the period (attributed to owners of the Bank)	450,955	353,119	1,351,716	884,392
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	0.18	0.67	0.44

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.

23. Fiduciary activities

The Group holds assets in a fiduciary capacity for its customers without recourse. At 30 September 2023, market value of such assets amounted to AED 5,195 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 September 2023 (un-audited) AED'000	30 September 2022 (un-audited) AED'000 restated
Cash in hand and current account with Central Bank of UAE	2,371,330	3,660,171
Due from other banks	10,848,496	10,468,605
	13,219,826	14,128,776
Less: Due from other banks with original maturity of three months or more	(9,739,447)	(9,041,797)
Less : Overdrawn account with UAE Central Bank	-	(1,543,933)
Cash and cash equivalents	3,480,379	3,543,046

25. Operating segments

Following the management approach of IFRS 8, operating segments are reported in accordance with the internal reporting to 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 Central Bank of UAE, 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, 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 September 2023 (continued)

25. Operating segments (continued)

The segment information provided to the management for the reportable segments for the periods ended 30 September 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 September 2023								
Net external interest income	625,444	721,512	580,930	196,333	10,598	(6,300)	3,378	2,131,895
Income from Islamic financing net of distribution to depositors	150,357	(50,670)	210,337	17,960	-	-	-	327,984
Internal revenue	(78,219)	(387,171)	249,355	(241,550)		457,585		-
Net interest income and net income from Islamic financing	697,582	283,671	1,040,622	(27,257)	10,598	451,285	3,378	2,459,879
Non-interest income	359,578	77,193	241,068	194,350	45,517	(39,823)	(11,622)	866,261
Operating income	1,057,160	360,864	1,281,690	167,093	56,115	411,462	(8,244)	3,326,140
Operating expense excluding depreciation & amortisation	(482,778)	(33,370)	(209,010)	(20,988)	(44,701)	(324,723)	8,244	(1,107,326)
Depreciation & amortisation	(45,017)	(1,820)	(13,093)	(2,999)	(1,646)	(56,800)	-	(121,375)
Total operating expense	(527,795)	(35,190)	(222,103)	(23,987)	(46,347)	(381,523)	8,244	(1,228,701)
Impairment charge, net	(167,752)	(134,411)	(417,165)	(20,994)	(4,257)	-	-	(744,579)
Net profit	361,613	191,263	642,422	122,112	5,511	29,939	-	1,352,860
Segment assets	19,834,195	20,229,414	8,773,280	20,883,081	592,964	1,965,259	(274,458)	72,003,735
Segment liabilities	17,722,729	12,850,624	20,723,212	9,236,442	447,810	1,348,109	(109,983)	62,218,943

Notes to the condensed consolidated interim financial information for the period from 1 January 2023 to 30 September 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 September 2022								
Net external interest income	581,494	307,709	464,353	87,051	6,571	10	958	1,448,146
Income from Islamic financing net of distribution to depositors	144,238	(12,786)	170,773	5,856	-	-	-	308,081
Internal revenue	(104,538)	(103,307)	129,118	(32,948)		111,675		-
Net interest income and net income from Islamic financing	621,194	191,616	764,244	59,959	6,571	111,685	958	1,756,227
Non-interest income	358,712	51,768	223,002	67,098	15,881	(810)	(14,796)	700,855
Operating income	979,906	243,384	987,246	127,057	22,452	110,875	(13,838)	2,457,082
Operating expense excluding depreciation & amortisation	(467,049)	(34,939)	(202,078)	(17,620)	(42,553)	(265,662)	6,151	(1,023,750)
Depreciation & amortisation	(28,643)	(1,237)	(6,008)	(2,189)	(1,837)	(49,292)	-	(89,206)
Total operating expense	(495,692)	(36,176)	(208,086)	(19,809)	(44,390)	(314,954)	6,151	(1,112,956)
Impairment charge, net	(69,217)	(57,949)	(155,422)	(157,646)	(4,983)	(20,108)	-	(465,325)
Net profit	414,997	149,259	623,738	(50,398)	(26,921)	(224,187)	(7,687)	878,801
31 December 2022								
Segment assets	18,842,431	19,485,537	8,464,319	18,140,049	562,283	1,170,149	(318,386)	66,346,382
Segment liabilities	15,787,793	12,680,445	18,614,076	9,015,413	421,799	960,083	(153,878)	57,325,731

The comparative figures of 30 September 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 September 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:

	Nine -month period ended 30 September	
	2023 (un-audited) AED'000	2022 (un-audited) AED'000
Transactions during the period		
Interest income	44,303	11,673
Interest expense	54,979	10,700
Commission income	802	550
Other income	1,777	878
Other expenses	277	259
Directors' and key management personnel's remuneration, sitting and other expenses	26,655	27,061
	30 September 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000
Balances		
<i>Loans and advances:</i>		
- Shareholders and their related companies	1,285,208	753,948
- Directors and their related companies	118,564	134,178
- Key management personnel	5,459	6,994
	1,409,231	895,120
Deposits		
- Shareholders and their related companies	3,201,395	2,768,984
- Directors and their related companies	14,855	15,448
- Key management personnel	5,616	20,269
	3,221,866	2,804,701
Irrevocable commitments and contingent liabilities and forward contracts		
- Shareholders and their related companies	159,697	66,923
- Directors and their related companies	40	40
	159,737	66,963
Other Financial contracts		
- Shareholders and their related companies	9,042	4,750
- Directors and their related companies	75	75
	9,117	4,825

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

26. Related parties (continued)

	30 September 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000
<i>Insurance related receivables</i>		
Due from policy holders	14,708	11,715
<i>Insurance related payables</i>		
Due to policy holders	1,238	862

27. Capital adequacy

Capital structure and capital adequacy as per Basel III requirement as at 30 September 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 September 2023 and 31 December 2022 (after applying prudential filter) is given below:

	30 September 2023 (un-audited) (after applying prudential filter) AED'000	31 December 2022 (audited) AED'000
<i>Tier 1 capital</i>		
Ordinary share capital	2,011,495	1,676,245
Legal and other reserves	4,148,306	3,990,045
Retained earnings	2,526,502	2,225,576
Current year profit	1,347,348	1,206,099
Dividend	-	(569,923)
Tier 1 capital base	10,033,651	8,528,042
Total regulatory adjustments	(330,512)	(362,295)
Tier 1 Capital base after Regulatory adjustments	9,703,139	8,165,747
Tier 2 capital base	609,707	601,194
Total capital base	10,312,846	8,766,941
<i>Risk weighted assets</i>		
Credit risk	48,776,578	48,095,557
Market risk	1,998,851	1,649,697
Operational risk	5,035,635	3,628,998
Total risk weighted assets	55,811,064	53,374,252
Capital adequacy ratio on Tier 1 capital	17.39%	15.30%
Capital adequacy ratio on Tier 2 capital	1.09%	1.13%
Total Capital adequacy ratio	18.48%	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 September 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. As at 30 September 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 September 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000	30 September 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000
Assets				
Loan and advances	38,906,259	36,317,835	38,646,633	36,071,267
Investment securities measured at fair value	5,730,686	4,242,242	5,730,686	4,242,242
Investment securities measured at amortised cost	7,239,103	7,050,475	7,455,818	7,221,806
Cash and balances with the Central Bank of UAE	6,110,844	4,713,892	6,110,844	4,713,892
Due from other banks	10,582,426	11,282,514	10,813,562	11,456,321
Total financial assets	68,569,318	63,606,958	68,757,543	63,705,528
Liabilities				
Due to other banks	6,265,107	6,286,678	6,151,815	6,191,834
Deposits from customer	48,455,713	44,887,239	48,463,517	44,871,310
Debt securities issued and other borrowing	4,566,498	4,050,230	4,486,313	3,999,743
Total financial liabilities	59,287,318	55,224,147	59,101,645	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.

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 September 2023 (un-audited)				
Assets at fair value				
<i>(Through other comprehensive income)</i>				
Investment securities - debt	4,677,384	347,739	-	5,025,123
Investment securities - equity	453,120	-	-	453,120
Foreign exchange contracts	-	79,070	-	79,070
Derivative financial instruments	-	782,669	-	782,669
<i>(Through profit and loss)</i>				
Investment market fund	66,019	-	43,024	109,043
Investment - debt securities <i>(Held at amortised cost)</i>	143,400	-	-	143,400
Investment securities - debt	7,239,103	-	-	7,239,103
	12,579,026	1,209,478	43,024	13,831,528
Liabilities at fair value				
Foreign exchange contracts	-	79,734	-	79,734
Derivative financial instruments	-	687,505	-	687,505
	-	767,239	-	767,239

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

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 <i>(through profit and loss)</i>	-	520,386	-	520,386
Investment market fund	66,071	-	41,425	107,496
Investment- debt securities <i>(Held at amortised cost)</i>				
Investment securities - debt	6,933,915	-	116,560	7,050,475
	<u>11,093,002</u>	<u>599,979</u>	<u>163,225</u>	<u>11,856,206</u>
<i>Liabilities at fair value</i>				
Foreign exchange contracts	-	45,079	-	45,079
Derivative financial instruments	-	478,970	-	478,970
	<u>-</u>	<u>524,049</u>	<u>-</u>	<u>524,049</u>

There were 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 September 2023 (continued)

31. Right-of-use assets

	30 September 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000
Balance at the beginning of the period	112,657	134,424
Additions during the period	409	29,847
Increase/(decrease) due to changes in lease contract amount and period	15,117	(21,918)
Depreciation for the period	(17,039)	(29,696)
Balance at the closing of the period	111,144	112,657

32. Lease liabilities

	30 September 2023 (un-audited) AED'000	31 December 2022 (audited) AED'000
Balance at the beginning of the period	102,912	130,600
Additions during the period	409	29,847
Increase / (decrease) due to changes in lease contract amount and period	12,420	(31,345)
Interest cost on lease liability for the period	3,137	5,387
Less: Rental payments made during the period	(15,854)	(31,577)
Balance at the closing of the period	103,024	102,912

33. Seasonality of results

Dividend income of AED 17.2 million (30 September 2022: AED 15.6 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.

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 30.5 million as of 30 September 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.

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

34. Risk management (continued)

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

	30 September 2023 (un-audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Opening balance as at 1 January 2023	35,631,176	1,310,642	1,202,501	38,144,319
Transfer from Stage 1 to Stage 2	(1,379,856)	1,379,856	-	-
Transfer from Stage 2 to Stage 3	-	(857,919)	857,919	-
Transfer from Stage 2 to Stage 1	315,060	(315,060)	-	-
Transfer from Stage 3 to Stage 2	-	50,228	(50,228)	-
Change in Exposures during the year	(19,756,098)	(718,495)	(381,590)	(20,856,183)
New financial assets originated	24,005,421	229,812	33,581	24,268,814
Write-offs	-	-	(466,303)	(466,303)
Closing balance as at 30 September 2023	38,815,703	1,079,064	1,195,880	41,090,647

	31 December 2022 (audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Opening Balance 1 January 2022	32,305,320	1,696,188	1,454,947	35,456,455
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

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

34. Risk management (continued)

Changes in the gross carrying for due from banks

	30 September 2023 (un-audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Opening balance as at 1 January 2023	11,510,110	3,509	-	11,513,619
Change in Exposures during the year	(10,346,352)	(3,159)	-	(10,349,511)
New Financial Assets Originated	9,684,388	-	-	9,684,388
Closing balance as at 30 September 2023	10,848,146	350	-	10,848,496

	31 December 2022(audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Grand Total AED'000
Opening balance 1 January 2022	7,780,561	687,562	-	8,468,123
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

Changes in the gross carrying for Investment securities – FVOCI*

	30 September 2023 (un-audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Opening balance 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	(1,059,210)	(88,522)	21,252	(1,126,480)
New Financial Assets Originated	2,470,133	-	-	2,470,133
Closing balance as at 30 September 2023	4,886,855	88,801	204,137	5,179,793

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

34. Risk management (continued)

Changes in the gross carrying for Investment securities – FVOCI (continued)

	31 December 2022 (audited)			Total AED'000
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	
Opening balance 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
Closing balance as at 31 December 2022	3,653,255	-	182,885	3,836,140

* Exposures are gross of IFRS 9 provisions held

Changes in the gross carrying for Investment securities - Amortized Cost

	30 September 2023 (un-audited)			Total AED'000
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	
Opening balance 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	(3,342,253)	(919)	(43)	(3,343,215)
New Financial Assets Originated	3,586,799	-	-	3,586,799
Closing balance as at 30 September 2023	7,273,195	212,354	36,965	7,522,514

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

34. Risk management (continued)

Changes in the gross carrying for Investment securities - Amortized Cost (continued)

	31 December 2022 (audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Opening balance 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
Closing balance 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 September 2023 (un-audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Opening balance as at 1 January 2023	10,015,021	102,710	162,082	10,279,813
Transfer from Stage 1 to Stage 2	(193,017)	193,017	-	-
Transfer from Stage 2 to Stage 1	68,986	(68,986)	-	-
Change in Exposures during the year	(10,238,828)	(105,122)	(30,556)	(10,374,506)
New financial assets originated	11,378,406	26,120	-	11,404,526
Write-offs	-	-	(126,980)	(126,980)
Closing balance as at 30 September 2023	11,030,568	147,739	4,546	11,182,853

Notes to the condensed consolidated interim financial information for the period from 1 January 2023 to 30 September 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)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Opening balance 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)
Closing balance 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 September 2023 (un-audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Opening balance as at 1 January 2023	7,661,162	839,224	548,835	9,049,221
Stage 1 to Stage 2 Transfer	(600,522)	600,522	-	-
Stage 2 to Stage 3 Transfer	-	(603,256)	603,256	-
Stage 2 to Stage 1 Transfer	28,943	(28,943)	-	-
Stage 3 to Stage 2 Transfer	-	3,304	(3,304)	-
Change in Exposures during the year	(4,826,908)	(500,029)	(193,590)	(5,520,527)
New Financial Assets Originated	6,258,148	162,364	23,449	6,443,961
Write offs	-	-	(179,076)	(179,076)
Closing balance as at 30 September 2023	8,520,823	473,186	799,570	9,793,579

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

34. Risk management (continued)

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

	31 December 2022 (Audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Opening balance 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)
Closing balance as at 31 December 2022	7,661,162	839,224	548,835	9,049,221

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

	30 September 2023 (un-audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Opening balance as at 1 January 2023	17,954,994	368,708	491,583	18,815,285
Stage 1 to Stage 2 Transfer	(586,317)	586,317	-	-
Stage 2 to Stage 3 Transfer	-	(254,663)	254,663	-
Stage 2 to Stage 1 Transfer	217,131	(217,131)	-	-
Stage 3 to Stage 2 Transfer	-	46,924	(46,924)	-
Change in Exposures during the year	(4,690,363)	(113,344)	(157,443)	(4,961,150)
New Financial Assets Originated	6,368,867	41,328	10,132	6,420,327
Write offs	-	-	(160,247)	(160,247)
Closing balance as at 30 September 2023	19,264,312	458,139	391,764	20,114,215

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

34. Risk management (continued)

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

	31 December 2022 (Audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Opening balance 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)
Closing balance as at 31 December 2022	17,954,994	368,708	491,583	18,815,285

The tables below analyse the movement of provision for credit loss for major classes of financial assets:

Loss allowance for loans and advances measured at amortized cost

	30 September 2023 (un-audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
ECL allowance as at 1 January 2023	703,593	475,638	893,821	2,073,052
Stage 1 to Stage 2 Transfer	(171,304)	171,304	-	-
Stage 2 to Stage 3 Transfer	-	(315,242)	315,242	-
Stage 2 to Stage 1 Transfer	117,134	(117,134)	-	-
Stage 3 to Stage 2 Transfer	-	23,942	(23,942)	-
Due to changes in PD's/ LGD's/ EAD	190,740	119,512	73,319	383,571
Due to new financial assets originated	356,331	68,505	28,294	453,130
Write offs	-	-	(465,739)	(465,739)
ECL allowance as at 30 September 2023	1,196,494	426,525	820,995	2,444,014

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

34. Risk management (continued)

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

	31 December 2022 (Audited)			Total AED'000
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 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 September 2023 (un-audited)			Total AED'000
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	
ECL allowance as at 1 January 2023	57,153	145	-	57,298
Change in Exposures during the year	(39,978)	(134)	-	(40,112)
New Financial Assets Originated	17,748	-	-	17,748
ECL allowance as at 30 September 2023	34,923	11	-	34,934

	31 December 2022 (audited)			Total AED'000
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 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)	-	-
Change in Exposures during the year	(6,627)	(1,584)	-	(8,211)
New financial assets originated	26,240	-	-	26,240
ECL allowance as at 31 December 2022	57,153	145	-	57,298

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

34. Risk management (continued)

Loss allowance for Investment securities - FVOCI

	30 September 2023 (un-audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total 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	-	-
Changes in exposures during the year	15,134	(6,575)	(242)	8,317
New financial assets originated	2,225	-	-	2,225
ECL allowance as at 30 September 2023	5,515	13,085	136,070	154,670

	31 December 2022 (audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 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)	-	-
Changes in exposures during the year	(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 September 2023 (un-audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 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	-	-
Changes in exposures during the year	(14,656)	14,477	-	(179)
Due to new financial assets originated	9,751	-	-	9,751
ECL allowance as at 30 September 2023	7,511	29,801	29,384	66,696

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

34. Risk management (continued)

Loss allowance for Investment securities - Amortized Cost (continued)

	31 December 2022 (audited)			Total AED'000
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 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)	-	-
Changes in exposures during the year	(1,556)	(1,180)	25,910	23,174
New financial assets originated	9,010	-	-	9,010
ECL allowance as at 31 December 2022	18,557	9,183	29,384	57,124

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

	30 September 2023 (un-audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
ECL allowance as at 1 January 2023	109,951	20,118	146,522	276,591
Transfer from Stage 1 to Stage 2	(6,620)	6,620	-	-
Transfer from Stage 2 to Stage 1	2,348	(2,348)	-	-
Due to changes in PD's/ LGD's/ EAD	114,534	28,878	(14,997)	128,415
Due to new financial assets originated	27,401	1,299	-	28,700
Write-offs	-	-	(126,980)	(126,980)
ECL allowance as at 30 September 2023	247,614	54,567	4,545	306,726

	31 December 2022 (audited)			Total AED'000
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 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

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

34. Risk management (continued)

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

	30 September 2023 (un-audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
ECL allowance as at 1 January 2023	248,321	261,011	464,363	973,695
Transfer from Stage 1 to Stage 2	(88,605)	88,605	-	-
Transfer from Stage 2 to Stage 3	-	(204,361)	204,361	-
Transfer from Stage 2 to Stage 1	11,081	(11,081)	-	-
Transfer from Stage 3 to Stage 2	-	2,734	(2,734)	-
Due to changes in PD's/ LGD's/ EAD	196,449	(15,380)	54,735	235,804
Due to new financial assets originated	167,867	37,053	20,438	225,358
Write-offs	-	-	(178,512)	(178,512)
ECL allowance as at 30 September 2023	535,113	158,581	562,651	1,256,345

	31 December 2022 (audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 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

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

34 Risk management (continued)

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

	30 September 2023 (un-audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 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	(76,079)	76,079	-	-
Transfer from Stage 2 to Stage 3	-	(110,881)	110,881	-
Transfer from Stage 2 to Stage 1	103,705	(103,705)	-	-
Transfer from Stage 3 to Stage 2	-	21,208	(21,208)	-
Due to changes in PD's/ LGD's/ EAD	(120,243)	106,014	33,581	19,352
Due to new financial assets originated	161,063	30,153	7,856	199,072
Write-offs	-	-	(160,247)	(160,247)
ECL allowance as at 30 September 2023	413,767	213,377	253,799	880,943

	31 December 2022 (audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 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 September 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	(20,720)	1,413,405
Total assets	1,715,053	(157,460)	1,557,593
Liabilities			
Insurance contract liabilities and payables	464,491	(130,438)	334,053
Other liabilities	1,702,471	(22,565)	1,679,906
Total	2,166,962	(153,003)	2,013,959
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	(157,460)	5,432,608

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.

In the prior period, the Bank presented the overdrawn balance in the Central Bank of UAE current account within "Due to other banks" and the amount was not considered as a component of cash and cash equivalent in the Condensed consolidated interim statement of cash flows for the period ended 30 September 2022.

For the period ended 30 September 2023, the Bank re-assessed the nature of the overdrawn current account and concluded the balance is an integral part of the Bank's cash management, is repayable on demand and fluctuates from being positive to overdrawn and meets the definition of cash and cash equivalents as defined in IAS 7- Statement of Cash Flows.

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

35. Restatement of comparative figures (Continued)

The above has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

	As previously Reported AED'000	Restatement Increase / (Decrease) AED'000	As restated AED'000
<u>Statement of Condensed consolidated interim statement of cash flows for the period ended 30 September 2022</u>			
Changes in operating assets and liabilities:			
Increase/(decrease) in due to other banks and UAE Central Bank	4,665,331	(1,543,933)	3,121,398
Cash and cash equivalent	5,086,979	(1,543,933)	3,543,046

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 was approved on 23 October 2023.