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

Review report and condensed consolidated interim financial information for the nine months period ended 30 September 2024

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

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

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of The National Bank of Ras Al-Khaimah (P.S.C.) ("the Bank") and its subsidiaries (together referred to as the "Group") as at 30 September 2024 and the related condensed consolidated interim statements of profit or loss and comprehensive income for the three-month and nine-month periods then ended and the condensed consolidated interim statements changes in equity and cash flows for the nine-month period then ended and other explanatory notes. The Directors are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of 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 - RAK Branch
21 October 2024

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

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

Condensed consolidated interim statement of financial position as at 30 September 2024

	Notes	30 September 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
ASSETS			
Cash and balances with UAE Central Bank	4	**7,275,033**	5,725,115
Due from other banks, net	5	**11,676,947**	12,386,496
Investment securities measured at fair value	6	**7,918,851**	6,038,538
Investment securities measured at amortised cost	6	**7,438,000**	7,199,529
Loans and advances, net	7	**46,197,732**	39,467,500
Reinsurance contract assets	12	**282,323**	176,312
Customer acceptances		**346,689**	273,350
Other assets	8	**1,743,381**	1,740,849
Property and equipment		**508,094**	485,153
Right-of-use assets		**113,313**	109,821
Goodwill and intangible assets		**390,448**	351,971
Total assets		**83,890,811**	73,954,634
LIABILITIES AND EQUITY			
Liabilities			
Due to other banks	9	**5,241,165**	6,717,589
Deposits from customers	10	**57,266,430**	50,395,142
Customer acceptances		**346,689**	273,350
Debt securities issued and other long term borrowings	11	**4,942,860**	3,482,001
Insurance contract liabilities	12	**483,474**	383,311
Other liabilities	13	**3,005,037**	2,231,677
Lease liabilities		**102,966**	103,304
Deferred tax liability	24	**26,187**	13,733
Subordinated note	14	**915,127**	-
Total liabilities		**72,329,935**	63,600,107
EQUITY			
Share capital	15	**2,011,495**	2,011,495
Legal reserve		**1,128,804**	1,128,804
Retained earnings		**5,076,592**	4,019,394
Other reserves		**3,313,182**	3,167,378
Equity attributable to owners of the Bank		**11,530,073**	10,327,071
Non-controlling interests		**30,803**	27,456
Total equity		**11,560,876**	10,354,527
Total liabilities and equity		**83,890,811**	73,954,634

This condensed consolidated interim financial information was duly approved and authorised by the Board of Directors on 21 October 2024 and signed on their behalf by:

Raheel Ahmed
Chief Executive Officer

Mohammad Jaffer Nini
Chief Financial Officer

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

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

Condensed consolidated interim statement of profit or loss (un-audited) for the nine months period ended 30 September 2024

	Notes	Three months period ended 30 September		Nine months period ended 30 September	
		2024 (un-audited) AED'000	2023 (un-audited) AED'000 (Restated)	**2024 (un-audited) AED'000**	2023 (un-audited) AED'000 (Restated)
Interest income	18	**1,190,192**	1,024,475	**3,403,887**	2,878,715
Interest expense	18	**(380,665)**	(292,823)	**(1,020,867)**	(746,820)
Net interest income		**809,527**	731,652	**2,383,020**	2,131,895
Income from Islamic financing	19	**159,509**	161,424	**481,129**	461,181
Distribution to depositors	19	**(67,368)**	(50,409)	**(200,696)**	(133,197)
Net income from Islamic financing		**92,141**	111,015	**280,433**	327,984
Net interest income and net income from Islamic financing		**901,668**	842,667	**2,663,453**	2,459,879
Net fees and commission income	20	**167,339**	175,355	**504,087**	511,338
Foreign exchange & derivative income		**89,393**	89,796	**264,193**	246,092
Insurance income		**140,559**	171,770	**521,127**	470,961
Insurance expense		**(142,959)**	(172,173)	**(552,192)**	(485,534)
Investment income	21	**16,532**	2,777	**75,585**	34,279
Other operating income		**31,523**	15,299	**76,100**	48,145
Non-interest income		**302,387**	282,824	**888,900**	825,281
Operating income		**1,204,055**	1,125,491	**3,552,353**	3,285,160
General and administrative expenses	22	**(403,930)**	(422,597)	**(1,192,740)**	(1,190,161)
Operating profit before net impairment charge and tax		**800,125**	702,894	**2,359,613**	2,094,999
Net impairment charge	23	**(141,352)**	(250,827)	**(505,565)**	(742,139)
Profit before tax		**658,773**	452,067	**1,854,048**	1,352,860
Tax expense	24	**(59,041)**	-	**(164,627)**	-
Profit for the period		**599,732**	452,067	**1,689,421**	1,352,860
Attributed to:					
Owners of the Bank		**597,803**	450,955	**1,687,132**	1,351,716
Non-controlling interests		**1,929**	1,112	**2,289**	1,144
Profit for the period		**599,732**	452,067	**1,689,421**	1,352,860
Earnings per share:					
Basic and diluted in AED	25	**0.30**	0.22	**0.84**	0.67

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

Condensed consolidated interim statement of comprehensive income (un-audited) for the nine months period ended 30 September 2024

	Three months period ended 30 September		Nine months period ended 30 September	
	2024 (un-audited) AED'000	2023 (un-audited) AED'000	**2024 (un-audited) AED'000**	2023 (un-audited) AED'000
Profit for the period	**599,732**	452,067	**1,689,421**	1,352,860
Other comprehensive income/ (loss):				
Items that will not be reclassified subsequently to profit or loss:				
Loss on sale of equity investments held at FVOCI	**(7,002)**	(56)	**(7,002)**	(158)
Changes in fair value of financial assets measured at fair value through other comprehensive income, net (equity instruments)	**53,936**	18,192	**22,914**	(8,988)
Income tax expense related to the above	**(4,224)**		**(1,432)**	-
Items that may be reclassified subsequently to profit or loss:				
Changes in fair value of financial assets measured at fair value through other comprehensive income, net (debt instruments)	**144,100**	(38,685)	**167,415**	(10,311)
P(Profit)/loss on sale of debt instruments transferred to profit and loss	**(9,056)**	-	**(20,345)**	1,612
Net changes in fair value arising from cash flow hedges	**2,149**	(1,539)	**(8,605)**	(951)
Deferred tax expense related to the above	**(12,348)**		**(12,454)**	-
Other comprehensive income/ (loss) for the period	**167,555**	(22,088)	**140,491**	(18,796)
Total comprehensive income for the period	**767,287**	429,979	**1,829,912**	1,334,064
Attributed to:				
Owners of the Bank	**764,240**	429,106	**1,826,565**	1,333,088
Non-controlling interests	**3,047**	873	**3,347**	976
Total comprehensive income for the period	**767,287**	429,979	**1,829,912**	1,334,064

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

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

Condensed consolidated interim statement of changes in equity for the nine months period ended 30 September 2024

	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 2022 (audited)	1,676,245	950,431	3,395,839	2,975,326	8,997,841	27,267	9,025,108
Impact of adopting IFRS 17	-	-	(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 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 during the period	-	-	(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
Balance at 1 January 2024 (audited)	**2,011,495**	**1,128,804**	**4,019,394**	**3,167,378**	**10,327,071**	**27,456**	**10,354,527**
Profit for the period	**-**	**-**	**1,687,132**	**-**	**1,687,132**	**2,289**	**1,689,421**
Other comprehensive income/(loss)	**-**	**-**	**(6,371)**	**145,804**	**139,433**	**1,058**	**140,491**
Total comprehensive income for the period	**-**	**-**	**1,680,761**	**145,804**	**1,826,565**	**3,347**	**1,829,912**
Dividend paid during the period	**-**	**-**	**(623,563)**	**-**	**(623,563)**	**-**	**(623,563)**
At 30 September 2024 (un-audited)	**2,011,495**	**1,128,804**	**5,076,592**	**3,313,182**	**11,530,073**	**30,803**	**11,560,876**

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

Condensed consolidated interim statement of cash flows (un-audited) for the nine months period ended 30 September 2024

	Nine months period ended 30 September	
	2024 (un-audited) AED'000	2023 (un-audited) AED'000 (Restated)
Cash flows from operating activities		
Profit for the period after tax	**1,689,421**	1,352,860
Adjustments:		
Provision for credit losses, net	**505,565**	742,139
Depreciation and amortization of property and equipment and intangibles	**93,764**	121,375
Net changes in fair value arising from hedge and forex revaluation	**(28,743)**	41,329
Depreciation of right-of-use assets	**14,824**	17,039
Interest cost on lease liability	**3,576**	3,137
Loss/(gain) on disposal of property and equipment	**1,903**	(2,580)
Amortization of discount relating to investments securities	**(116,598)**	(79,588)
Gain on sale of investment securities measured at FVOCI	**(20,345)**	(1,612)
Gain on sale of investment securities measured at FVTPL	**(20,033)**	(13,807)
Gain on sale of investment securities measured at amortized cost	**(230)**	-
Provision for tax	**164,627**	-
Fair value change on FVTPL investment securities	**(8,812)**	(1,695)
Amortization of discount of debt securities and subordinated note	**8,567**	8,014
Changes in operating assets and liabilities	**2,287,486**	2,186,611
Increase in due from other banks (original maturities of three month or over)	**(723,682)**	(34,313)
Increase in loans and advances, net	**(7,262,016)**	(3,310,724)
Decrease/(Increase) in investment securities measured at FVTPL	**83,931**	(129,445)
Increase in reinsurance contract assets	**(106,011)**	(41,601)
Increase in other assets	**(79,091)**	(586,437)
Decrease in due to other banks	**(1,684,942)**	(40,019)
Increase in deposits from customers	**6,871,286**	3,592,207
Increase in insurance contract liabilities	**100,163**	67,656
Increase in other liabilities	**673,529**	786,427
Net cash generated from operating activities	**160,653**	2,490,362

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 nine months period ended 30 September 2024 (continued)

	Nine months period ended 30 September	
	2024 (un-audited) AED'000	2023 (un-audited) AED'000 (Restated)
Cash flows from investing activities		
Purchase of investment securities	**(12,322,566)**	(8,593,231)
Proceeds from maturity/disposal of investment securities	**10,488,916**	7,011,673
Purchase of property and equipment	**(155,195)**	(110,756)
Proceeds from disposal of property and equipment	**33**	6,689
Net cash used in investing activities	**(1,988,812)**	(1,685,625)
Cash flows from financing activities		
Dividends paid	**(623,563)**	(569,923)
Issuance of other long-term borrowings	**3,288,829**	1,652,411
Issuance of subordinated debt	**915,090**	-
Repayment of debt securities and other long-term borrowings	**(1,836,500)**	(1,173,855)
Payment for rentals on lease contracts	**(19,348)**	(15,854)
Net cash used in financing activities	**1,724,508**	(107,221)
Net (decrease)/increase in cash and cash equivalents	**(103,651)**	697,516
Cash and cash equivalents, beginning of the period	**7,946,799**	6,522,377
Cash and cash equivalents, end of the period (Note 27)	**7,843,148**	7,219,893
Interest / profit paid during the period	**1,112,813**	714,166

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

Notes to the condensed consolidated interim financial information for the nine months period ended 30 September 2024

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, commercial, islamic banking and treasury services through a network of nineteen branches in the UAE. The Bank is controlled by the Government of Ras Al-Khaimah by majority of voting rights.

At 30 September 2024 The National Bank of Ras Al-Khaimah (P.S.C.) comprises the Bank and seven subsidiaries (together referred to as the "Group"). The consolidated financial statements for the nine months period ended 30 September 2024 comprises the Bank and following direct subsidiaries:

Subsidiary	Authorized & issued capital	Ownership interest	Incorporated	Principal Activities
Ras Al Khaimah National Insurance Company PSC	AED 121.275 million	79.23%	UAE	Underwriting all types of Insurance business.
BOSS FZCO	AED 500,000	80%*	UAE	Back office support services to the Bank.
RAK Technologies FZCO	AED 500,000	80%*	UAE	Technological support services to the Bank.
Rakfunding Cayman Limited	Authorized USD 50,000 Issued USD 100	100%	Cayman Island	To facilitate the issue Euro medium term notes (EMTN) under the Bank's EMTN program.
Rak Global Markets Cayman Limited	Authorized USD 50,000 Issued USD 1	100%	Cayman Island	To facilitate Treasury transactions.
RAK Financial Services Limited	USD 5,000,000	100%	Dubai International Financial Centre, UAE	Arranging and advising on Financial products, Investments and custody.
Protego Insurance Brokers L.L.C.	AED 8,500,000	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.

As part of ongoing efforts to streamline operations and optimize business structure, the Group has initiated the voluntary liquidation of three subsidiaries RAK Technology FZCO, RAKfunding Cayman Limited and RAK Financial Services Limited. The liquidation for all these companies is in process.

Notes to the condensed consolidated interim financial information for the nine months period ended 30 September 2024 (continued)

2 Application of new and revised IFRS Accounting Standards

(a) New and revised IFRS Accounting Standards applied with no material effect on the condensed consolidated financial information

The following new and revised IFRS Accounting Standards, which became effective for annual periods beginning on or after 1 January 2024 have been adopted in these condensed consolidated interim financial information. The application of these revised IFRS Accounting Standards and interpretations have not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for future transactions or arrangements.

New and revised IFRS Accounting Standards	Effective for annual periods beginning on or after
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16, In September 2022, the IASB finalised narrow-scope amendments to the requirements for sale and leaseback transactions in IFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction. The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.	1 January 2024
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.	1 January 2024
Non-current Liabilities with Covenants – Amendments to IAS 1, Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.	1 January 2024

Notes to the condensed consolidated interim financial information for the nine months period ended 30 September 2024 (continued)

2 Application of new and revised IFRS Accounting Standards (continued)

(a) New and revised IFRS Accounting Standards applied with no material effect on the condensed consolidated financial information (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Supplier finance arrangements – Amendments to IAS 7 and IFRS 7, The IASB has issued new disclosure requirements about supplier financing arrangements ('SFAs'), after feedback to an IFRS Interpretations Committee agenda decision highlighted that the information required by IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures falls short of meeting user information needs. The objective of the new disclosures is to provide information about SFAs that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk.	1 January 2024
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28, The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively.	Not applicable

3 Material accounting policies

3.1 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. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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) and also comply with the applicable requirements of the laws in the UAE.

The accounting policies used in the preparation of these condensed consolidated interim financial information are consistent with those used in the audited annual consolidated financial statements for the year ended 31 December 2023.

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 2023. In addition, results for the nine months period ended 30 September 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

The Group has applied IFRS 17 *Insurance contracts* for annual reporting periods commencing on 1 January 2023. On transition to IFRS17 a full retrospective approach was applied to the insurance contracts in force, as a result of which condensed consolidated statement of financial statement have been accordingly restated. The accounts impacted by the restatement on the transition as disclosed in Note 36 remain unaudited.

3.2 Consolidation

The condensed consolidated interim financial information incorporate the condensed consolidated interim financial information of The 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.

(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.

3 Material accounting policies (continued)

3.2 Consolidation (continued)

(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.

3.3 Cash and cash equivalents

For the purpose of condensed consolidated interim statement of cash flows, cash and cash equivalents comprise of cash on hand, unrestricted balances held with central banks and highly liquid financial assets (such as current, call accounts and placements) with original maturities of three months or less from the date of its acquisition.

4 Cash and balances with UAE Central Bank

	30 September 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
Cash in hand	**791,463**	819,513
Balances with the UAE Central Bank	**6,483,570**	4,905,602
	7,275,033	5,725,115

As per the CBUAE regulations, the Bank is allowed to draw their balances held in the UAE Central Bank reserve account, while ensuring that they meet the reserve requirements over 14 days period. Therefore the balances have been classified as part of cash and cash equivalent (Note 27).

Notes to the condensed consolidated interim financial information for the nine months period ended 30 September 2024 (continued)

5 Due from other banks, net

	30 September 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
Placements with other banks	**860,155**	1,069,269
Demand deposits	**549,764**	1,635,959
Banker's acceptances	**5,712,263**	4,053,914
Syndicated loans	**3,893,452**	4,083,711
Trade loans	**654,227**	1,548,797
Others	**46,891**	46,473
Total due from other banks	**11,716,752**	12,438,123
Provision for credit loss	**(39,805)**	(51,627)
Total due from other banks, net	**11,676,947**	12,386,496

The below represents deposits and balances due from:

Banks in UAE	**190,556**	927,050
Banks outside UAE	**11,526,196**	11,511,073
Total due from other banks	**11,716,752**	12,438,123

Notes to the condensed consolidated interim financial information for the nine months period ended 30 September 2024 (continued)

6 Investment securities, net

	30 September 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
Securities at fair value through other comprehensive income (FVOCI)		
Quoted equity securities	**453,711**	445,814
Quoted debt securities*	**6,903,394**	5,232,837
Unquoted debt securities	**370,808**	113,863
	7,727,913	5,792,514
Securities at fair value through profit or loss (FVTPL)		
Quoted funds	**90,682**	71,091
Unquoted funds	**47,255**	43,960
Quoted equity securities	**20,155**	18,964
Quoted debt securities	**32,846**	112,009
	190,938	246,024
Total Investment securities measured at fair value	**7,918,851**	6,038,538
Securities held at amortised cost		
Quoted debt securities*	**7,508,004**	7,277,237
	7,508,004	7,277,237
Provision for credit loss for securities held at amortised cost	**(70,004)**	(77,708)
Investment securities measured at amortised cost	**7,438,000**	7,199,529
Investment securities, net	**15,356,851**	13,238,067

* As at 30 September 2024, quoted debt securities with fair value of AED 2,708 million and carrying value of AED 3,074 million (31 December 2023: fair value of AED 2,627 million and carrying value AED 2,647 million) have been given as collateral against repo borrowings of AED 2,263 million (31 December 2023: AED 2,246 million) [Note 9].

As at 30 September 2024, the provision for credit loss on debt securities at FVOCI amounted to AED 181. 4 million (31 December 2023: AED 181.0 million) [Note 35 (g)]

Notes to the condensed consolidated interim financial information for the nine months period ended 30 September 2024 (continued)

6 Investment securities, net (continued)

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

	30 September 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
Federal and local Government - UAE	**3,329,072**	2,374,633
Government related entity - UAE	**1,021,665**	759,903
Government - GCC	**834,932**	461,613
Government - Other	**671,762**	574,348
Banks and financial institutions - UAE	**1,414,200**	1,270,199
Banks and financial institutions - GCC	**1,268,433**	1,003,797
Banks and financial institutions - Other	**2,572,534**	2,346,014
Public limited companies - UAE	**606,181**	785,653
Public limited companies - GCC	**1,476,597**	1,113,739
Public limited companies - Other	**1,619,676**	2,046,047
Total Debt securities	**14,815,052**	12,735,946
Quoted equity securities	**473,866**	464,778
Quoted funds	**90,682**	71,091
Unquoted funds	**47,255**	43,960
Total investment securities	**15,426,855**	13,315,775

7 Loans and advances, net

(a) Loans and advances:

	30 September 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
Retail banking loans	**22,524,323**	20,106,097
Wholesale banking loans	**15,747,517**	12,008,449
Business banking loans	**10,657,080**	9,867,841
Total loans and advances [Note 7(b)]	**48,928,920**	41,982,387
Provision for credit loss [Note 7(c)]	**(2,731,188)**	(2,514,887)
Loans and advances, net	**46,197,732**	39,467,500

Notes to the condensed consolidated interim financial information for the nine months period ended 30 September 2024 (continued)

7 Loans and advances, net (continued)

(b) Analysis of loans and advances:

	30 September 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
Personal loans	**5,624,736**	5,652,481
Mortgage loans	**11,071,141**	9,292,485
Credit cards	**2,495,410**	2,385,714
Auto loans	**442,038**	451,065
RAK Business loans	**4,075,724**	3,938,071
Other Business banking loans	**6,581,356**	5,929,770
Wholesale banking loans	**15,747,517**	12,008,449
Other retail loans	**2,890,998**	2,324,352
Total loans and advances	**48,928,920**	41,982,387

(c) Movement in provision for credit losses:

	30 September 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
Balance at the beginning of the period/year	**2,514,887**	2,073,052
Impairment allowance for the period/year	**640,650**	1,065,534
Written-off during the period/year	**(424,349)**	(623,699)
Balance at the end of the period/year	**2,731,188**	2,514,887

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

	30 September 2024 (un-audited) AED'000	30 September 2023 (un-audited) AED'000
Impairment allowance for the period	**640,650**	836,701
Net recovery during the period	**(108,866)**	(101,343)
Net impairment charge for the period (Note 23)	**531,784**	735,358

Notes to the condensed consolidated interim financial information for the nine months period ended 30 September 2024 (continued)

7 Loans and advances, net (continued)

(e) Islamic financing assets

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

	30 September 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
Islamic financing assets		
Islamic retail financing assets	**3,205,363**	3,138,902
Islamic business banking assets	**2,446,444**	2,226,653
Islamic wholesale banking assets	**578,613**	248,028
Total Islamic financing assets	**6,230,420**	5,613,583
Provision for credit loss	**(445,222)**	(411,976)
	5,785,198	5,201,607
Analysis of Islamic financing assets		
Islamic Business Banking Finance	**2,446,444**	2,226,653
Islamic Salam Personal finance	**2,043,955**	1,960,270
Islamic Ijara Property Finance	**1,080,556**	1,095,658
Islamic Wholesale Banking	**578,614**	248,028
Islamic Auto Murabaha	**37,532**	43,934
Islamic Credit Cards	**43,258**	38,797
Islamic finance - Other	**61**	243
	6,230,420	5,613,583

8 Other assets

	30 September 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
Interest receivable	**522,526**	519,593
Profit receivable on Islamic financing assets	**83,295**	94,147
Prepayments	**52,633**	67,613
Foreign exchange and other derivative contracts (Note 17)	**445,472**	516,092
Gold on hand	**20,293**	72,741
Islamic profit paid in advance	**17,874**	61,577
Assets acquired in settlements of debts*	**71,500**	73,500
Other	**529,788**	335,586
	1,743,381	1,740,849

* The carrying amount of assets acquired in settlement of debts will be recovered principally through a sale transaction rather than through continuing use. Assets acquired in settlement of debts are subject to revaluation, and is recorded at lower of fair value less cost of sale and the carrying amount in the books.

Notes to the condensed consolidated interim financial information for the nine months period ended 30 September 2024 (continued)

9 Due to other banks

	30 September 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
Term borrowings	**2,486,264**	4,185,160
Repurchase agreements (Note 6)	**2,262,529**	2,246,190
Current account with UAE Central Bank (Note 27)	**208,517**	-
Demand deposits	**283,855**	286,239
	5,241,165	6,717,589

10 Deposits from customers

	30 September 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
Current accounts	**31,444,097**	29,577,190
Time deposits	**21,560,059**	16,658,812
Saving deposits	**2,892,309**	3,024,141
Call deposits	**1,369,965**	1,134,999
	57,266,430	50,395,142

Deposits include AED 2,205 million (31 December 2023: AED 1,814 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 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
Murabaha term deposit	**3,522,447**	2,719,355
Wakala deposits	**583,072**	1,300,884
Qard-E-Hassan - current accounts	**1,343,162**	1,239,814
Mudaraba - current accounts	**396,776**	495,171
Mudaraba - saving accounts	**221,737**	214,513
Mudaraba - call deposits	**7,623**	9,787
Mudaraba term investment deposits	**4,493**	8,427
	6,079,310	5,987,951

Notes to the condensed consolidated interim financial information for the nine months period ended 30 September 2024 (continued)

11 Debt securities issued and other long term borrowings

	30 September 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
USD 500 million medium term note issued at discount in April 2019 (a)	**-**	1,836,170
AED 370 million bilateral borrowing (b)	**370,000**	370,000
USD 50 million bilateral borrowing (c)	**183,650**	183,650
AED 370 million Islamic bilateral borrowing (d)	**370,000**	370,000
USD 100 million bilateral borrowing (e)	**367,300**	367,300
USD 100 million bilateral borrowing (f)	**367,300**	367,300
AED 550 million bilateral borrowing (g)	**550,000**	-
AED 550 million Islamic bilateral borrowing (h)	**550,000**	-
USD 600 million medium term note issued at discount in July 2024 (i)	**2,197,911**	-
Less: Debt securities and other borrowing issue costs	**(13,301)**	(8,086)
Fair value adjustment on hedged medium term note	**-**	(4,333)
	4,942,860	3,482,001

(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. These were issued at a discounted rate of 99.692% and carried a fixed interest rate of 4.125% per annum. These notes got matured and were repaid in April 2024.

(b) 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.

(c) 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.

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

(e) In July 2023 the Group borrowed USD 100 million at an interest rate of USD 3 month SOFR + 1% which matures in July 2026.

(f) In September 2023 the Group borrowed USD 100 million at an interest rate of USD daily SOFR + 1% which matures in September 2026.

(g) In February 2024 the Group borrowed AED 550 million at an interest rate of 3 months EIBOR + 0.75% per annum which matures in February 2027.

(h) In March 2024 the Group borrowed AED 550 million at a profit rate of 3 months EIBOR + 0.75% per annum which matures in March 2027.

(i) In July 2024, the Group issued five-year USD 600 million EMTN Bonds under the Groups Social Finance Framework. These were issued at a discounted rate of 99.723% and carries a fixed interest rate of 5.375% per annum. These notes mature in July 2029.

Notes to the condensed consolidated interim financial information for the nine months period ended 30 September 2024 (continued)

12 Reinsurance contract assets and insurance contract liabilities

	30 September 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
Reinsurance contract assets		
Incurred claims for contracts under Premium Allocation Approach (PAA)		
Present value of future cashflows	**303,281**	308,316
Risk adjustment for non-financial risk	**10,286**	10,242
	313,567	318,558
Remaining coverage excluding loss-recovery component	**(33,942)**	(145,656)
Remaining coverage loss recovery component	**2,698**	3,410
	282,323	176,312
Insurance contract liabilities		
Liabilities for Incurred Claims (LIC) under Premium Allocation Approach (PAA)		
Present value of future cashflows	**345,293**	267,068
Risk adjustment for non-financial risk	**14,366**	13,688
	359,659	280,756
Liabilities for Remaining Coverage (LRC)		
Excluding loss component	**117,515**	96,193
Loss component	**6,300**	6,362
	123,815	102,555
	483,474	383,311

Notes to the condensed consolidated interim financial information for the nine months period ended 30 September 2024 (continued)

13 Other liabilities

	30 September 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
Interest payable	**439,230**	325,185
Profit distributable on Islamic deposits	**38,355**	43,650
Accrued expenses	**540,158**	421,363
Provision for employees' end-of-service benefits	**137,267**	126,793
Foreign exchange and other derivative contracts (Note 17)	**407,961**	455,027
Credit card payables and liabilities	**61,280**	169,940
Managers cheques issued	**712,804**	300,249
Mortgage payables and liabilities	**38,326**	28,339
Insurance related payables	**12,015**	13,496
Reinsurance contract liabilities	**37,451**	1,398
Provision for credit loss on contingent assets and customer acceptances	**18,617**	22,034
Provision for Corporate Tax	**166,059**	-
Others	**395,514**	324,203
	3,005,037	2,231,677

14 Subordinated note

	30 September 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
September 2024 issue (5.8732 percent fixed rate maturing on 10 December 2034)	**915,127**	-
	915,127	-

In September 2024, the Bank issued USD 250 million of Subordinated Tier 2 notes. The notes, were issued at a par with coupon rate of 5.8732 per cent. The notes, are callable after 5.0 years and have a final maturity of 10.25 years. The notes will rank pari passu among themselves, rank subordinate and junior to all senior obligations and rank in priority only to all junior obligations.

Notes to the condensed consolidated interim financial information for the nine months period ended 30 September 2024 (continued)

15 Share capital

At 30 September 2024, the authorised, issued and fully paid share capital of the Bank comprised 2,011 million shares of AED 1 each (31 December 2023: 2,011 million shares of AED 1 each).

Cash dividend of 31% amounting to AED 623.6 million of the issued and paid up capital for the year ended 31 December 2023 (2023: 34% amounting to AED 569.9 million) was paid after the shareholder's approval in the annual general meeting held on 18 March 2024.

16 Contingencies and commitments

	30 September 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
Irrevocable commitments to extend credit	**3,001,800**	3,646,516
Letters of guarantee - Financial	**1,358,414**	1,150,304
Letters of guarantee – Non Financial	**935,100**	696,093
Letters of credit	**293,530**	113,414
Capital commitments and other contingencies	**230,374**	20,025
	5,819,218	5,626,352

The Group is holding AED 25.1 million (31 December 2023: AED 24.8 million) provision for credit loss on contingencies and commitments.

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 9,717 million (31 December 2023: AED 8,179 million) are revocable at the option of the Group and not included in the above table.

Notes to the condensed consolidated interim financial information for the nine months period ended 30 September 2024 (continued)

17 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 2024 and 31 December 2023 are as follows:

	Fair Values		
	Assets AED'000	**Liability AED'000**	**Notional AED'000**
30 September 2024			
Foreign exchange contracts	**90,515**	**74,319**	**35,062,190**
Interest rate swaps	**253,579**	**168,214**	**12,636,472**
Other derivative contracts	**101,378**	**165,428**	**14,166,829**
	445,472	**407,961**	**61,865,491**
31 December 2023			
Foreign exchange contracts	56,968	52,613	17,637,681
Interest rate swaps	420,813	293,614	13,652,740
Other derivative contracts	38,311	108,800	14,508,774
	516,092	455,027	45,799,195

18 Interest income and expense

	Three months period ended 30 September		Nine months period ended 30 September	
	2024 (un-audited) AED'000	2023 (un-audited) AED'000	**2024 (un-audited) AED'000**	2023 (un-audited) AED'000
Interest income				
Personal loans	**67,624**	67,020	**199,975**	191,101
Mortgage loans	**83,635**	69,182	**239,132**	186,560
Credit cards	**80,274**	85,105	**244,789**	241,566
Auto loans	**6,921**	6,549	**20,501**	18,267
RAK Business loans	**134,413**	122,539	**393,640**	335,031
Wholesale banking loans	**236,222**	185,717	**658,037**	503,525
Other Business banking loans	**126,070**	97,973	**360,884**	304,893
Other retail banking loans	**30,199**	40,515	**94,371**	121,187
Investment securities	**171,826**	131,543	**482,259**	376,122
Deposits with the U.A.E. Central Bank	**28,149**	20,601	**69,624**	51,296
Other banks	**224,859**	197,731	**640,675**	549,167
	1,190,192	1,024,475	**3,403,887**	2,878,715
Interest expense				
Due to customers	**255,001**	163,370	**661,140**	394,741
Debt securities issued and other borrowings	**22,290**	30,755	**47,580**	109,128
Borrowings from other banks	**100,177**	98,698	**308,950**	242,951
Subordinated note	**3,197**	-	**3,197**	-
	380,665	292,823	**1,020,867**	746,820

Notes to the condensed consolidated interim financial information for the nine months period ended 30 September 2024 (continued)

19 Income from Islamic Financing and distribution to depositors

	Three months period ended 30 September		Nine months period ended 30 September	
	2024 (un-audited) AED'000	2023 (un-audited) AED'000	**2024 (un-audited) AED'000**	2023 (un-audited) AED'000
Income from Islamic financing				
Islamic Salam personal finance	**36,983**	37,746	**106,413**	113,723
Islamic Auto Murabaha	**729**	715	**2,320**	2,072
Islamic business banking finance	**68,441**	75,281	**210,113**	214,784
Islamic wholesale banking finance	**12,528**	15,734	**45,020**	39,650
Islamic Ijara property finance	**14,573**	15,913	**43,950**	50,288
Islamic investment income	**26,255**	16,035	**73,313**	40,664
	159,509	161,424	**481,129**	461,181
Distribution to depositors				
Distribution of profit on Islamic term investment deposits	**52,933**	44,117	**162,588**	125,449
Bilateral long-term borrowings	**14,237**	5,969	**37,293**	6,796
Distribution of profit on Islamic demand deposits	**198**	323	**815**	952
	67,368	50,409	**200,696**	133,197

20 Net fees and commission income

	Three months period ended 30 September		Nine months period ended 30 September	
	2024 (un-audited) AED'000	2023 (un-audited) AED'000	**2024 (un-audited) AED'000**	2023 (un-audited) AED'000
Personal loans	**5,893**	4,679	**15,837**	10,509
Mortgage loans	**3,114**	559	**10,575**	4,208
Credit cards	**51,923**	63,984	**154,188**	181,925
Auto loans	**778**	1,167	**4,791**	3,739
RAK Business loans	**4,930**	14,438	**9,147**	42,029
Wholesale banking loans	**21,691**	21,428	**55,091**	72,184
Other Business banking loans	**47,200**	49,658	**150,891**	138,081
Fiduciary income	**13,993**	11,708	**38,215**	34,135
Bancassurance	**9,733**	6,399	**20,137**	19,059
Other	**8,084**	1,335	**45,215**	5,469
	167,339	175,355	**504,087**	511,338

Notes to the condensed consolidated interim financial information for the nine months period ended 30 September 2024 (continued)

21 Investment income

	Three months period ended 30 September		Nine months period ended 30 September	
	2024 (un-audited) AED'000	2023 (un-audited) AED'000	**2024 (un-audited) AED'000**	2023 (un-audited) AED'000
Dividend income	**3,130**	1,915	**26,164**	17,165
Net gain on disposal of investments	**12,705**	2,898	**40,608**	15,419
Fair value income/(loss)	**697**	(2,036)	**8,813**	1,695
	16,532	2,777	**75,585**	34,279

22 General and administrative expenses

	Three months period ended 30 September		Nine months period ended 30 September	
	2024 (un-audited) AED'000	2023 (un-audited) AED'000 Restated	**2024 (un-audited) AED'000**	2023 (un-audited) AED'000 Restated
Staff costs	**241,596**	228,969	**714,311**	662,941
Outsourced staff costs	**9,844**	8,423	**24,842**	25,363
Occupancy costs	**12,132**	15,495	**36,869**	42,834
Marketing expenses	**10,676**	7,395	**28,765**	22,186
Depreciation and amortisation	**30,623**	62,626	**92,928**	120,020
Communication costs	**14,678**	13,397	**42,154**	36,097
Credit card expenses	**13,530**	36,363	**46,680**	105,054
Information and technology expenses	**39,745**	26,927	**121,603**	79,675
Other	**31,106**	23,002	**84,588**	95,991
	403,930	422,597	**1,192,740**	1,190,161

Notes to the condensed consolidated interim financial information for the nine months period ended 30 September 2024 (continued)

23 Net impairment charge

	Nine months period ended 30 September	
	2024 (un-audited) AED'000	2023 (un-audited) AED'000 Restated
Net impairment charge on loans and advances	**531,784**	735,358
Net impairment release on due from other banks	**(11,822)**	(22,364)
Net impairment charge on Investment securities measured at FVOCI	**(3,614)**	16,503
Net impairment charge on Investment securities measured at amortised cost	**(7,704)**	9,572
Net impairment charge on other receivables and acceptances	**(3,446)**	1,689
Net impairment charge on off balance sheet items	**367**	1,381
Total net impairment charge	**505,565**	742,139

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 2023 AED'000	**Net change AED'000**	**Other movement AED'000**	**At 30 September 2024 AED'000**
Due from other banks	51,627	(11,822)	-	**39,805**
Loans and advances	2,514,887	640,650	(424,349)	**2,731,188**
Investment Securities – FVOCI	181,012	(3,614)	3,976	**181,374**
Investment Securities – Amortised cost	77,708	(7,704)	-	**70,004**
Other receivables	33,441	3,621	106	**37,168**
Customer acceptances	7,115	(3,785)	-	**3,330**
Off balance sheet items	24,755	367	-	**25,122**
Total	2,890,545	617,713	(420,267)	**3,087,991**

Notes to the condensed consolidated interim financial information for the nine months period ended 30 September 2024 (continued)

24 Taxation

Below is an analysis of the group's income tax recognized during the period / year:

	Nine months period ended 30 September	
	2024 (un-audited) AED'000	2023 (un-audited) AED'000
Current tax recognized in profit or loss for the period		
Current tax expense on profits for the period	**164,627**	-
	164,627	-
Current tax recognized in Other comprehensive income for the period		
Current tax expense for the period recognized on items that will not be reclassified subsequently to profit or loss	**1,432**	-
	1,432	-

	30 September 2024 (un-audited) AED'000	31 December 2023 (un-audited) AED'000
Deferred income tax liability		
Deferred tax liability at the beginning of the period/year	**13,733**	-
Increase during the period/year recognized in OCI on items that may be reclassified subsequently to profit or loss	**12,454**	-
Increase during the period/year recognized in profit or loss	**-**	13,733
	26,187	13,733

For determining the tax expense for the period the accounting profit has been adjusted for tax purposes. Adjustments for tax purpose include items relating to both income and expense. After giving effect to these adjustments the average effective tax rate is estimated to 8.88%.

Notes to the condensed consolidated interim financial information for the nine months period ended 30 September 2024 (continued)

25 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	
	2024 (un-audited) AED'000	2023 (un-audited) AED'000	**2024 (un-audited) AED'000**	2023 (un-audited) AED'000
Profit for the period after tax (attributed to owners of the Bank)	**597,803**	450,955	**1,687,132**	1,351,716
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)	**0.30**	0.22	**0.84**	0.67

26 Fiduciary activities

The Group holds assets in a fiduciary capacity for its customers without recourse. At 30 September 2024, market value of such assets amounted to AED 6,118 million (31 December 2023: AED 5,627 million) and are excluded from the condensed consolidated interim financial information of the Group.

27 Cash and cash equivalents

	30 September 2024 (un-audited) AED'000	30 September 2023 (un-audited) AED'000 Restated
Cash in hand and balances with UAE Central Bank	**7,275,033**	6,110,844
Due from other banks	**11,716,752**	10,848,496
	18,991,785	16,959,340
Less: Due from other banks with original maturity of three months or more	**(10,940,120)**	(9,739,447)
Less: Overdrawn account with UAE Central Bank	**(208,517)**	-
Cash and cash equivalents	**7,843,148**	7,219,893

28 Operating segments

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

To align with the direction of the Group's strategy there is a reclassification and aggregation of segments. The Chief Operating Decision Maker (CODM) has reassessed the segments getting reported.

Following re-alignments and aggregation have been made within our internal reporting:

(a) Aggregation of business performance of "Treasury & other" with "Wholesale Banking", into one reporting segment of "Wholesale Banking" The shift in internal reporting and aggregation was further augmented to include financial information and metrics on the consumption of, and returns on, capital. The aggregated view of the operating segment is used by management to allocate resources and assess performance.

(b) Aggregation of business performance of "Head office & unallocated cost" and "Insurance business" into one reporting segment disclosed as "Head office & others" on reassessment of the financial significance of the reporting segments. Further, we have reviewed the central costs previously reported within "Head office & Unallocated cost" and reallocated them to the other operating segments as appropriate.

The Group has four 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, including Treasury related activities on the dealing room, related money market, and foreign exchange transactions and hedging activities with other banks and financial institutions;
- Business banking – incorporating transactions comprising of loans, advances, deposits and trade finance transactions of SME; and
- Head Office and Others – Comprises Central funding & other support functions including insurance related transactions of Raknic subsidiary.

The above segments include conventional and Islamic products and services of the Group.

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

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

Notes to the condensed consolidated interim financial information for the nine months period ended 30 September 2024 (continued)

28 Operating segments (continued)

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.

Operating segments are identified on the basis of internal reports about the components of the Group that are regularly reviewed by the CEO (the chief operating decision maker) in order to allocate resources to the segment and to assess its performance.

Notes to the condensed consolidated interim financial information for the nine months period ended 30 September 2024 (continued)

28 Operating segments (continued)

The segment information provided to the management for the reportable segments for the periods ended 30 September 2024 and 30 September 2023 are as follows:

	Retail Banking AED'000	Wholesale Banking AED'000	Business Banking AED'000	Head office & Others AED'000	Total AED'000
30 September 2024					
Net external interest income	**635,045**	**1,248,141**	**667,029**	**(167,195)**	**2,383,020**
Income from Islamic financing net of distribution to depositors	**131,110**	**(17,282)**	**204,674**	**(38,069)**	**280,433**
Internal revenue	**51,084**	**(555,418)**	**374,604**	**129,730**	**-**
Net interest income and net income from Islamic financing	**817,239**	**675,441**	**1,246,307**	**(75,534)**	**2,663,453**
Non-interest income	**359,728**	**305,259**	**239,440**	**(15,527)**	**888,900**
Operating income	**1,176,967**	**980,700**	**1,485,747**	**(91,061)**	**3,552,353**
General and administrative expenses	**(590,464)**	**(184,935)**	**(415,569)**	**(1,772)**	**(1,192,740)**
Operating profit before net impairment charge and tax	**586,503**	**795,765**	**1,070,178**	**(92,833)**	**2,359,613**
Net impairment charge	**(261,811)**	**(6,524)**	**(184,241)**	**(52,989)**	**(505,565)**
Profit before tax	**324,692**	**789,241**	**885,937**	**(145,822)**	**1,854,048**
Tax expense	**-**	**-**	**-**	**(164,627)**	**(164,627)**
Profit for the period after tax	**324,692**	**789,241**	**885,937**	**(310,449)**	**1,689,421**
As at 30 September 2024					
Segment assets	**22,038,342**	**49,741,567**	**10,123,063**	**1,987,839**	**83,890,811**
Segment liabilities	**18,660,166**	**21,912,877**	**22,806,723**	**8,950,169**	**72,329,935**

Notes to the condensed consolidated interim financial information for the nine months period ended 30 September 2024 (continued)

28 Operating segments (continued)

	Retail Banking AED'000	Wholesale Banking AED'000	Business Banking AED'000	Head office & Others AED'000	Total AED'000
30 September 2023					
Net external interest income	625,445	1,122,232	580,930	(196,712)	2,131,895
Income from Islamic financing net of distribution to depositors	150,421	(25,883)	210,420	(6,974)	327,984
Internal revenue	53,932	(500,196)	356,924	89,340	-
Net interest income and net income from Islamic financing	829,798	596,153	1,148,274	(114,346)	2,459,879
Non-interest income	338,740	270,003	247,508	(30,970)	825,281
Operating income	1,168,538	866,156	1,395,782	(145,316)	3,285,160
General and administrative expenses	(636,914)	(160,377)	(384,997)	(7,873)	(1,190,161)
Operating profit before net impairment charge and tax	531,624	705,779	1,010,785	(153,189)	2,094,999
Net impairment charge	(162,512)	23,398	(203,038)	(399,987)	(742,139)
Profit before tax	369,112	729,177	807,747	(553,176)	1,352,860
Tax expense	-	-	-	-	-
Profit for the period after tax	**369,112**	**729,177**	**807,747**	**(553,176)**	**1,352,860**
As at 31 December 2023					
Segment assets	19,943,928	43,045,849	8,841,635	2,123,222	73,954,634
Segment liabilities	17,806,382	22,404,453	21,759,554	1,629,718	63,600,107

Due to aggregation of segments in current period the comparative figures of 30 September 2023 have been reclassified between operating segments.

Notes to the condensed consolidated interim financial information for the nine months period ended 30 September 2024 (continued)

29 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. No stage 2 and 3 provisions for impairment have been recognized pertinent to related parties (2023: Nil). Further, stage 1 ECL amounted to AED 11.7 million (2023: AED 11.6 million).

The transactions with related parties and balances arising from these transactions are as follows:

	Nine month period ended 30 September	
	2024 (un-audited) AED'000	2023 (un-audited) AED'000
Transactions during the period		
Interest income	**100,548**	44,303
Insurance income	**63,748**	32,932
Commission income	**4,223**	802
Other income	**3,029**	1,777
Interest expense	**139,462**	54,979
Insurance expense	**35,878**	29,728
Other expenses	**202**	277
Directors' and key management personnel's remuneration and sitting fees	**60,048**	32,307

	30 September 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
Balances		
Loans and advances:		
Shareholders and their related companies	**1,992,450**	1,783,452
Directors and their related companies	**4,691**	116,617
Key management personnel	**15,702**	10,839
	2,012,843	1,910,908
Deposits:		
Shareholders and their related companies	**4,861,045**	3,278,338
Directors and their related companies	**35,744**	13,163
Key management personnel	**18,388**	13,060
	4,915,177	3,304,561
Other assets:		
Shareholders and their related companies	**21,586**	15,051
Other liabilities:		
Shareholders and their related companies	**1,230**	6,218
Post-retirement benefits payable	**9,518**	8,031
	10,748	14,249

Notes to the condensed consolidated interim financial information for the nine months period ended 30 September 2024 (continued)

29 Related parties (continued)

	30 September 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
Commitments, contingent liabilities and forward contracts		
Shareholders and their related companies	**5,901,044**	1,368,905
Directors and their related companies	**1,387**	34,582
Key management personnel	**1,767**	1,119
	5,904,198	1,404,606

Interest income and expense majorly relates to transactions with major shareholder and their related entities.

30 Capital adequacy

Capital structure and capital adequacy as per Basel III requirement as at 30 September2024

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 2024 and 31 December 2023 (after applying prudential filter) is given below:

	30 September 2024 (un-audited) AED'000	31 December 2023 (audited) AED '000
Tier 1 capital		
Ordinary share capital	**2,011,495**	2,011,495
Legal and other reserves	**4,301,668**	4,209,900
Retained earnings	**3,659,189**	2,632,066
Current year profit	**1,678,402**	1,782,917
Dividend	**-**	(623,563)
Tier 1 capital base	**11,650,754**	10,012,815
Total regulatory adjustments	**(376,338)**	(344,951)
Tier 1 Capital base after Regulatory adjustments	**11,274,416**	9,667,864
General Provisions	**707,433**	627,287
Subordinated note	**918,250**	-
Tier 2 capital base	**1,625,683**	627,287
Total capital base	**12,900,099**	10,295,151
Risk weighted assets		
Credit risk	**56,594,623**	50,182,963
Market risk	**2,998,867**	1,412,204
Operational risk	**6,210,430**	6,210,430
Total risk weighted assets	**65,803,920**	57,805,597
Capital adequacy ratio on Tier 1 capital	**17.13%**	16.72%
Capital adequacy ratio on Tier 2 capital	**2.47%**	1.09%
Total Capital adequacy ratio	**19.60%**	17.81%

Notes to the condensed consolidated interim financial information for the nine months period ended 30 September 2024 (continued)

30 Capital adequacy (continued)

As per the Central Bank of UAE Regulation for Basel III, the Minimum Capital requirement including Capital Conservation Buffer is 13.0% for both periods. 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.

31 Fair values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. Consequently, differences can arise between the carrying values and fair value estimates of financial assets and liabilities. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to materially curtail the scale of its operations or to undertake a transaction on adverse terms. At 30 September 2024, the carrying value of the Group's financial assets and liabilities approximates their fair values, except for the below mentioned financial assets and liabilities:

	Fair value		**Carrying value**	
	30 September 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000	**30 September 2024 (un-audited) AED'000**	31 December 2023 (audited) AED'000
Assets				
Loans and advances, net	**46,382,143**	39,649,047	**46,197,732**	39,467,500
Investment securities measured at fair value	**7,918,851**	6,038,538	**7,918,851**	6,038,538
Investment securities measured at amortised cost	**7,522,699**	7,147,308	**7,438,000**	7,199,529
Cash and balances with UAE Central Bank	**7,275,033**	5,725,115	**7,275,033**	5,725,115
Due from other banks, net	**11,496,759**	12,143,008	**11,676,947**	12,386,496
Total financial assets	**80,595,485**	70,703,016	**80,506,563**	70,817,178
Liabilities				
Due to other banks	**5,402,677**	6,858,658	**5,241,165**	6,717,589
Deposits from customers	**57,280,156**	50,358,220	**57,266,430**	50,395,142
Debt securities issued and other long term borrowings	**5,182,410**	3,529,614	**4,942,860**	3,482,001
Subordinated note	**932,217**	-	**915,127**	-
Total financial liabilities	**68,797,460**	60,746,492	**68,365,582**	60,594,732

32 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:

(a) 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.

(b) 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.

(c) 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.

Notes to the condensed consolidated interim financial information for the nine months period ended 30 September 2024 (continued)

32 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
30 September2024 (un-audited)				
Assets at fair value				
Through other comprehensive income				
Investment securities – debt	**6,903,394**	**370,808**	**-**	**7,274,202**
Investment securities – equity	**453,711**	**-**	**-**	**453,711**
Through profit and loss				
Investment market fund	**90,682**	**-**	**47,255**	**137,937**
Investment securities – debt	**32,846**	**-**	**-**	**32,846**
Investment securities – equity	**20,155**	**-**	**-**	**20,155**
Assets acquired in settlement of debts	**-**	**71,500**	**-**	**71,500**
Derivative financial instruments	**-**	**445,472**	**-**	**445,472**
	7,500,788	**887,780**	**47,255**	**8,435,823**
Liabilities at fair value				
Derivative financial instruments	**-**	**407,961**	**-**	**407,961**
	-	**407,961**	**-**	**407,961**

	Quoted market prices Level 1 AED'000	Observable inputs Level 2 AED'000	Significant unobservable inputs Level 3 AED'000	Total AED'000
31 December 2023				
Assets at fair value				
Through other comprehensive income				
Investment securities – debt	5,232,837	113,863	-	5,346,700
Investment securities – equity	445,814	-	-	445,814
Through profit and loss				
Investment market fund	71,091	-	43,960	115,051
Investment securities – debt	112,009			112,009
Investment securities – equity	18,964	-	-	18,964
Assets acquired in settlement of debts	-	73,500	-	73,500
Derivative financial instruments	-	516,092	-	516,092
	5,880,715	703,455	43,960	6,628,130
Liabilities at fair value				
Derivative financial instruments	-	455,027	-	455,027
	-	455,027	-	455,027

There were no transfers between levels during the period.

Notes to the condensed consolidated interim financial information for the nine months period ended 30 September 2024 (continued)

33 Critical accounting judgements and key sources of estimation of uncertainty

In the application of the Group's accounting policies, which are described in Note 2, 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 2023.

34 Seasonality of results

Dividend income of AED 26.2 million (30 September 2023: AED 17.2 million) of seasonal nature was recorded in the condensed consolidated interim financial information for the period.

35 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;
- Customer acceptances and other financial assets;
- Loan commitments; and
- Financial guarantees

Notes to the condensed consolidated interim financial information for the nine months period ended 30 September 2024 (continued)

35 Risk management (continued)

(a) 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 period 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 42.6 million as of 30 September 2024.

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.

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

	30 September 2024 (un-audited)			
	Stage 1 AED'000	**Stage 2 AED'000**	**Stage 3 AED'000**	**Grand Total AED'000**
Opening balance 1 January 2024	**39,854,363**	**971,807**	**1,156,217**	**41,982,387**
Transfer from Stage 1 to Stage 2	**(1,302,962)**	**1,302,962**	**-**	**-**
Transfer from Stage 2 to Stage 3	**-**	**(628,754)**	**628,754**	**-**
Transfer from Stage 2 to Stage 1	**234,267**	**(234,267)**	**-**	**-**
Transfer from Stage 3 to Stage 2	**-**	**40,309**	**(40,309)**	**-**
Change in Exposures during the period	**(21,656,259)**	**(473,887)**	**(203,589)**	**(22,333,735)**
New financial assets originated and other transfers	**29,543,816**	**109,271**	**51,530**	**29,704,617**
Write-offs	**-**	**-**	**(424,349)**	**(424,349)**
Closing balance 30 September 2024	**46,673,225**	**1,087,441**	**1,168,254**	**48,928,920**

Notes to the condensed consolidated interim financial information for the nine months period ended 30 September 2024 (continued)

35 Risk management (continued)

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

	31 December 2023 (audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Opening balance 1 January 2023	35,631,176	1,310,642	1,202,501	38,144,319
Stage Transfer				
Stage 1 to Stage 2 Transfer	(1,700,347)	1,700,347	-	-
Stage 2 to Stage 3 Transfer	-	(1,034,704)	1,034,704	-
Stage 2 to Stage 1 Transfer	384,992	(384,992)	-	-
Stage 3 to Stage 2 Transfer	-	59,886	(59,886)	-
Change in Exposures during the year	(28,835,896)	(964,811)	(443,359)	(30,244,066)
New Financial Assets Originated and other transfers	34,374,438	285,439	45,956	34,705,833
Write offs	-	-	(623,699)	(623,699)
Closing balance 31 December 2023	39,854,363	971,807	1,156,217	41,982,387

(b) Changes in the gross carrying for due from banks

	30 September 2024 (un-audited)			
	Stage 1 AED'000	**Stage 2 AED'000**	**Stage 3 AED'000**	**Grand Total AED'000**
Opening balance 1 January 2024	**12,437,045**	**1,078**	**-**	**12,438,123**
Change in Exposures during the period	**(7,847,763)**	**(48)**	**-**	**(7,847,811)**
Due to new financial assets originated	**7,126,440**	**-**	**-**	**7,126,440**
Closing balance 30 September 2024	**11,715,722**	**1,030**	**-**	**11,716,752**

	31 December 2023 (audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Grand Total AED'000
Opening balance 1 January 2023	11,510,110	3,509	-	11,513,619
Change in Exposures during the year	(12,374,179)	(2,431)	-	(12,376,610)
New Financial Assets Originated	13,301,114	-	-	13,301,114
Closing Balance 31 December 2023	12,437,045	1,078	-	12,438,123

Notes to the condensed consolidated interim financial information for the nine months period ended 30 September 2024 (continued)

35 Risk management (continued)

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

	30 September 2024 (un-audited)			
	Stage 1 AED'000	**Stage 2 AED'000**	**Stage 3 AED'000**	**Total AED'000**
Opening balance 1 January 2024	**5,190,248**	**103,749**	**233,715**	**5,527,712**
Stage 1 to Stage 2 transfer	**-**	**-**	**-**	**-**
Change in Exposures during the period	**(1,382,715)**	**18,611**	**7,675**	**(1,356,429)**
New Financial Assets Originated	**3,284,293**	**-**	**-**	**3,284,293**
Closing balance 30 September 2024	**7,091,826**	**122,360**	**241,390**	**7,455,576**

	31 December 2023 (audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Opening balance 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	(1,197,954)	(73,574)	50,830	(1,220,698)
New Financial Assets Originated	2,912,270	-	-	2,912,270
Closing balance 31 December 2023	5,190,248	103,749	233,715	5,527,712

* Exposures are gross of IFRS 9 provisions held.

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

	30 September 2024 (un-audited)			
	Stage 1 AED'000	**Stage 2 AED'000**	**Stage 3 AED'000**	**Total AED'000**
Opening balance as at 1 January 2024	**7,026,454**	**213,833**	**36,950**	**7,277,237**
Stage 1 to Stage 2 transfer				
Change in Exposures during the period	**(4,374,218)**	**9,192**	**(46)**	**(4,365,072)**
New Financial Assets Originated	**4,595,839**	**-**	**-**	**4,595,839**
Closing balance 30 September 2024	**7,248,075**	**223,025**	**36,904**	**7,508,004**

Notes to the condensed consolidated interim financial information for the nine months period ended 30 September 2024 (continued)

35 Risk management (continued)

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

	31 December 2023 (audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Opening balance 1 January 2023	7,224,475	17,447	37,008	7,278,930
Stage 1 to Stage 2 transfer	(195,826)	195,826	-	-
Change in Exposures during the year	(4,237,056)	560	(58)	(4,236,554)
New Financial Assets Originated	4,234,861	-	-	4,234,861
Closing balance 31 December 2023	7,026,454	213,833	36,950	7,277,237

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

	30 September 2024 (un-audited)			
	Stage 1 AED'000	**Stage 2 AED'000**	**Stage 3 AED'000**	**Grand Total AED'000**
ECL allowance as at 1 January 2024	**1,265,143**	**462,155**	**787,589**	**2,514,887**
Stage 1 to Stage 2 Transfer	**(221,852)**	**221,852**	**-**	**-**
Stage 2 to Stage 3 Transfer	**-**	**(270,306)**	**270,306**	**-**
Stage 2 to Stage 1 Transfer	**88,362**	**(88,362)**	**-**	**-**
Stage 3 to Stage 2 Transfer	**-**	**20,045**	**(20,045)**	**-**
Due to changes in PD's/ LGD's/ EAD	**(145,721)**	**185,631**	**112,290**	**152,200**
Due to new financial assets originated and other transfers	**387,863**	**56,913**	**43,674**	**488,450**
Write offs	**-**	**-**	**(424,349)**	**(424,349)**
ECL allowance as at 30 September 2024	**1,373,795**	**587,928**	**769,465**	**2,731,188**

	31 December 2023 (audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Grand 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	(224,766)	224,766	-	-
Stage 2 to Stage 3 Transfer	-	(393,398)	393,398	-
Stage 2 to Stage 1 Transfer	159,741	(159,741)	-	-
Stage 3 to Stage 2 Transfer	-	28,425	(28,425)	-
Due to changes in PD's/ LGD's/ EAD	138,740	203,708	113,912	456,360
Due to new financial assets originated and other transfers	487,835	82,757	38,582	609,174
Write offs	-	-	(623,699)	(623,699)
ECL allowance as at 31 December 2023	1,265,143	462,155	787,589	2,514,887

Notes to the condensed consolidated interim financial information for the nine months period ended 30 September 2024 (continued)

35 Risk management (continued)

(f) Loss allowance for due from Banks

	30 September 2024 (un-audited)			
	Stage 1 AED'000	**Stage 2 AED'000**	**Stage 3 AED'000**	**Total AED'000**
ECL allowance as at 1 January 2024	**51,594**	**33**	**-**	**51,627**
Due to changes in PD's/ LGD's/ EAD	**(47,939)**	**585**	**-**	**(47,354)**
New Financial Assets Originated	**35,532**	**-**	**-**	**35,532**
ECL allowance as at 30 September 2024	**39,187**	**618**	**-**	**39,805**

	31 December 2023 (audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
ECL allowance as at 1 January 2023	57,153	145	-	57,298
Due to changes in PD's/ LGD's/ EAD	(35,873)	(112)	-	(35,985)
Due to new financial assets originated	30,314	-	-	30,314
ECL allowance as at 31 December 2023	51,594	33	-	51,627

(g) Loss allowance for Investment securities - FVOCI

	30 September 2024 (un-audited)			
	Stage 1 AED'000	**Stage 2 AED'000**	**Stage 3 AED'000**	**Grand Total AED'000**
ECL allowance as at 1 January 2024	**5,246**	**15,188**	**160,578**	**181,012**
Stage 1 to Stage 2 transfer	**-**	**-**	**-**	**-**
Due to changes in PD's/ LGD's/ EAD	**(2,281)**	**(2,156)**	**214**	**(4,223)**
Due to new financial assets originated	**4,585**	**-**	**-**	**4,585**
ECL allowance as at 30 September 2024	**7,550**	**13,032**	**160,792**	**181,374**

Notes to the condensed consolidated interim financial information for the nine months period ended 30 September 2024 (continued)

35 Risk management (continued)

(g) Loss allowance for Investment securities – FVOCI (continued)

	31 December 2023 (audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Grand 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	-	-
Due to changes in PD's/ LGD's/ EAD	14,597	(4,472)	24,266	34,391
Due to new financial assets originated	2,493	-	-	2,493
ECL allowance as at 31 December 2023	5,246	15,188	160,578	181,012

(h) Loss allowance for Investment securities - Amortized Cost

	30 September 2024 (un-audited)			
	Stage 1 AED'000	**Stage 2 AED'000**	**Stage 3 AED'000**	**Grand Total AED'000**
ECL allowance as at 1 January 2024	**7,214**	**33,764**	**36,730**	**77,708**
Stage 1 to Stage 2 transfer	**-**	**-**	**-**	**-**
Due to changes in PD's/ LGD's/ EAD	**(2,717)**	**(5,621)**	**-**	**(8,338)**
Due to new financial assets originated	**634**	**-**	**-**	**634**
ECL allowance as at 30 September 2024	**5,131**	**28,143**	**36,730**	**70,004**

	31 December 2023 (audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Grand Total AED'000
ECL allowance as at 1 January 2023	18,557	9,183	29,384	57,124
Stage 1 to Stage 2 transfer	(6,141)	6,141	-	-
Due to changes in PD's/ LGD's/ EAD	(15,562)	18,440	7,346	10,224
Due to new financial assets originated	10,360	-	-	10,360
ECL allowance as at 31 December 2023	7,214	33,764	36,730	77,708

Notes to the condensed consolidated interim financial information for the nine months period ended 30 September 2024 (continued)

36 Restatement of comparative information

Management has re-evaluated the presentation of certain transactions and balances in the Statement of profit and loss and Statement of cash flows to determine if certain transactions and balances have been presented appropriately in line with the requirements of International Financial Reporting Standards ("IFRS"). Where necessary, changes in presentation were made in accordance with International Accounting Standard ("IAS 8") - Accounting policies, changes in accounting estimates and errors".

(a) Changes to the statement of profit and loss

(i) Presentation of insurance revenue and expenses on adoption of IFRS 17

In the prior year interim financial statement, the Group had applied IFRS 17 - Insurance Contracts from 1 January 2023. However, the Group had not considered the consequential amendments to the International Accounting Standard 1 ("IAS 1") - Presentation of Financial Statements which required the presentation of certain financial statement line items on the statement of profit and loss. The Group presented the insurance results majorly as a part of Net insurance underwriting profit. The Group has now presented separately the insurance revenue and insurance expenses in the statement of profit and loss.

As a result, management restated the comparatives as to correct the misstatements detailed below in the statement of profit or loss for the period ended 30 September 2023 as prior period restatements.

Consolidated statement of profit or loss

	As previously reported 30 September 2023 AED'000	Impact on adoption of IFRS 17 AED'000	As at 30 September 2023 (restated) AED'000
Insurance revenue	26,407	444,554	470,961
Insurance expense		(485,534)	(485,534)
General and administrative expenses	(1,228,701)	38,540	(1,190,161)

(1) Reclassification of "Statutory deposit with the UAE Central Bank from Operating activities to Cash and Cash Equivalent

In previous years, the Group had classified changes in "Statutory deposits with the UAE Central Bank" within "Net Cash generated from operating activities". According to the UAE Central Bank regulations, the Bank is allowed to draw on the statutory deposit with the UAE Central Bank on any day up to 100%, while ensuring that it meets the reserve requirements over a 14 day period. International Accounting Standard 7 ("IAS 7") - Statement of cash flows requires demand deposit to be classified as "Cash and Cash equivalents in the statement of cash flows.

Notes to the condensed consolidated interim financial information for the nine months period ended 30 September 2024 (continued)

36 Restatement of comparative information (continued)

(1) Reclassification of "Statutory deposit with the UAE Central Bank from Operating activities to Cash and Cash Equivalent (continued)

For the period ended 30 September 2023, the Company re-assessed the nature of the "Statutory deposits with the UAE Central Bank" and concluded that the balances are available on demand and meet the definition of Cash and Cash equivalents, and therefore should be classified as cash and cash equivalents in the consolidated statement of cash flows.

(2) Reclassification of cash flows arising from Investment securities held for trading from "investing activities to "Operating activities"

In previous years, the Group had classified cash flows arising from investment securities held for trading as "investing activities" in the consolidated statement of cash flows. IAS 7 requires cash flows arising from the purchase and sale of securities held for trading to be classified as operating activities.

For the period ended 30 September 2023, the Company re-assessed the above requirements and reclassified cash flows arising from investments securities held for trading from investing activities to operating activities in the consolidated statement of cash flows.
The above misstatements have been corrected by restating each of the affected financial statement line items for the prior periods as follows:

	Before restatement AED'000	**Restatement 1** AED'000	**Restatement 2** AED'000	**Adjusted** AED'000
Cash flows from operating activities				
(Increase)/ decrease in deposits with the UAE Central Bank	(1,546,363)	1,546,363	-	-
(Increase) / Decrease in Investment securities measured at fair value	-	-	(129,445)	(129,445)
Cash flows from investing activities				
Purchase of investment securities	(10,679,723)	-	2,086,492	(8,593,231)
Proceeds from maturity/ disposal of investment securities	8,968,720	-	(1,957,047)	7,011,673
Cash and cash equivalents, end of the period	3,480,379	3,739,514	-	7,219,893

Notes to the condensed consolidated interim financial information for the nine months period ended 30 September 2024 (continued)

37 Subsequent Events

There have been no events subsequent to the statement of financial position date that would significantly affect the amounts reported in the condensed consolidated interim financial information as at and for the period ended 30 September 2024.

38 Approval of the condensed consolidated interim financial information

The condensed consolidated interim financial information was approved on 21 October 2024.