

Ras Al Khaimah National Insurance Company P.S.C.

Condensed interim financial information (Unaudited)
For the nine-month period ended 30 September 2023

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	Pages
Directors' report	1
Review report on condensed interim financial information	2
Condensed interim statement of financial position	3
Condensed interim income statement	4
Condensed interim statement of comprehensive income	5
Condensed interim statement of changes in equity	6
Condensed interim statement of cash flows	7-8
Notes to the condensed interim financial information	9-44

Ras Al Khaimah National Insurance Company P.S.C.

Directors' report for the nine-month period ended 30 September 2023

The Board of Directors has pleasure in submitting their report and the condensed interim financial information as at 30 September 2023 and for the nine-month period (the "Period") ended 30 September 2023 which have been reviewed by the external auditors.

Incorporation and registered office

Ras Al Khaimah National Insurance Company P.S.C. ("RAK Insurance" or the "Company") was incorporated under an Emiri Decree Number 20/76 issued by HH Ruler of Ras Al Khaimah. The address of the registered office is RAK Insurance Head Office, 6th Floor RAK Bank ROC Office, Al Riffa, Ras Al Khaimah, United Arab Emirates.

Financial position and results

RAK Insurance has once again been one of the first Insurance Company to report under IFRS 17. The teams continuously compare their performance and level of reporting to the wider market to ensure best practices are adopted. As a result of reporting under IFRS 17, all prior period comparatives have been restated resulting in a one-off charge of AED 4.5 million that has been recorded in the Statement of Changes in Equity.

RAK Insurance earned a net profit of AED 5.5 million for the nine-month period ended 30 September 2023 as compared to a restated net loss of AED 28 million for the nine-month period ended 30 September 2022 (the "Previous Period"). This net profit of AED 5.5 million resulted in the Company's equity increasing from AED 140 million as at 31 December 2022 (restated) to AED 145 million as at 30 September 2023.

Basic earnings per share is AED 0.05 for the nine-month period ended 30 September 2023 as compared to a loss per share of AED 0.23 (restated) in the previous period on a capital base of AED 121 million.

On behalf of the Board of Directors of RAK Insurance, I would like to thank all who are working hard in the turnaround journey of the Company. Our sincere appreciation to the executive management and staff for their dedication, commitment, and constant hard work. The Directors would also like to acknowledge our reinsurance partners, customers and all the stakeholders of the Company.

Yours faithfully,



Sheikh Omar Bin Saqr Bin Khalid Al Qasimi
Chairman
25 October 2023

Review report of the Independent Auditor

To the Shareholders of Ras Al Khaimah National Insurance Company P.S.C.

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Ras Al Khaimah National Insurance Company P.S.C. (the “Company”) as at 30 September 2023 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows for the nine-month period then ended and other related explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

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

Other matter

The financial statements for the year ended 31 December 2022 and the condensed interim financial information for the period ended 30 September 2022 were audited and reviewed respectively by another auditor who expressed an unmodified opinion and unmodified conclusion on those statements on 20 February 2023 and 31 October 2022 respectively.

Conclusion

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


GRANT THORNTON
Farouk Mohamed
Registration No: 86



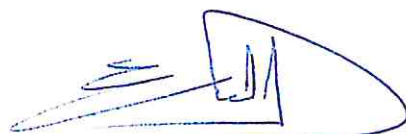
Dubai, 25 October 2023

Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)

Condensed interim statement of financial position
As at 30 September 2023

		(Unaudited) 30 September 2023 AED	<i>Restated</i> (Unaudited) 31 December 2022 AED
Assets			
Property and equipment	4	706,950	1,271,616
Intangible assets	5	4,464,085	5,641,820
Financial assets	6	118,909,714	108,410,347
Statutory deposit	7	10,000,000	10,000,000
Reinsurance contract assets	8	182,027,113	146,864,370
Other receivables	9	8,240,167	9,338,915
Cash and cash equivalents	10	11,201,320	9,628,747
Bank balances and fixed deposits	11	257,415,147	267,312,379
Total assets		592,964,496	558,468,194
Equity and liabilities			
Equity			
Share capital	12	121,275,000	121,275,000
Statutory reserve		49,756,048	49,756,048
Voluntary reserve		20,000,000	20,000,000
Reinsurance reserve		3,695,742	2,802,615
Cumulative changes in fair value of FVTOCI investments		(14,693,376)	(13,954,900)
Accumulated losses		(34,879,229)	(39,395,705)
Total equity		145,154,185	140,483,058
Liabilities			
Provision for employees' end of service indemnity		6,984,509	6,256,759
Insurance contract liabilities	8	377,617,501	329,883,549
Reinsurance contract liabilities	8	1,876,728	20,975,800
Bank borrowings	16	54,869,509	50,000,000
Other payables	14	6,462,064	10,869,028
Total liabilities		447,810,311	417,985,136
Total equity and liabilities		592,964,496	558,468,194

This condensed interim financial information was authorised for issue on 25 October 2023 by the Board of Directors and signed on their behalf by:



Sheikh Omar Bin Saqr Bin Khalid Al Qasimi
Chairman



Sanjeev Badyal
Acting Chief Executive Officer

The notes from 1 to 26 form an integral part of this condensed interim financial information.

Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)

Condensed interim income statement
For the period ended 30 September 2023

	Notes	Three-month period ended 30 September (Unaudited)		Nine month period ended 30 September (Unaudited)	
		2023 AED	2022 AED	2023 AED	2022 AED
Insurance revenue		118,279,240	109,787,574	342,367,160	345,426,430
Insurance service expenses	17	(117,825,327)	(107,269,848)	(329,258,538)	(296,920,715)
Insurance service result before reinsurance contracts held		453,913	2,517,726	13,108,622	48,505,715
Allocation of reinsurance premiums		(51,525,581)	(43,407,136)	(149,309,142)	(132,798,629)
Amounts recoverable from reinsurance for incurred claims		53,273,402	25,109,064	126,821,566	60,997,730
Net income/(expenses) from reinsurance contracts held		1,747,821	(18,298,072)	(22,487,576)	(71,800,899)
Insurance service result		2,201,734	(15,780,346)	(9,378,954)	(23,295,184)
Investment income	18	3,326,752	2,722,786	11,201,820	6,591,754
Insurance finance (expense)/income for insurance contracts issued	18	(2,821,450)	352,124	(6,966,153)	2,099,366
Reinsurance finance income/(expense) for reinsurance contracts held	18	6,939,079	(1,223,474)	17,491,916	(8,276,320)
Net insurance financial result		4,117,629	(871,350)	10,525,763	(6,176,954)
Mathematical reserves		(102,165)	(109,130)	(133,834)	(324,496)
Other operating expenses		(4,844,774)	1,567,523	(9,144,849)	(7,574,726)
Other underwriting income		656,717	1,255,153	2,441,322	2,732,147
Profit / (loss) for the period		5,355,893	(11,215,364)	5,511,268	(28,047,459)
Basic and diluted profit / (loss) per share	13	0.04	(0.09)	0.05	(0.23)

The notes from 1 to 26 form an integral part of this condensed interim financial information.

Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)

Condensed interim statement of comprehensive income
For the period ended 30 September 2023

	Three-month period ended 30 September (Unaudited)		Nine month period ended 30 September (Unaudited)	
	2023 AED	2022 AED <i>Restated</i>	2023 AED	2022 AED <i>Restated</i>
Profit / (loss) for the period	5,355,893	(11,215,364)	5,511,268	(28,047,459)
Other comprehensive income:				
<i>Items that will be reclassified subsequently to profit or loss:</i>				
Net change in fair value of debt investments designated at FVTOCI (Note 6)	(1,478,067)	(3,368,209)	(1,173,503)	(13,513,969)
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Net change in fair value of equity investments designated at FVTOCI (Note 6)	304,734	(59,799)	411,024	(151,987)
Capital reduction on equity investments	-	-	24,003	-
Total other comprehensive loss for the period	(1,173,333)	(3,428,008)	(738,476)	(13,665,956)
Total comprehensive income /(loss) for the period	4,182,560	(14,643,372)	4,772,792	(41,713,415)

The notes from 1 to 26 form an integral part of this condensed interim financial information.

**Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)**

**Condensed interim statement of changes in equity
For the period ended 30 September 2023**

	Share capital AED	Statutory reserve AED	Voluntary reserve AED	Reinsurance reserve AED	Reinsurance reserve AED	value of FVTOCI investments AED	Cumulative changes in fair value of FVTOCI investments AED	Accumulated losses AED	Total equity AED
Balance at 1 January 2022, as previously reported	121,275,000	49,756,048	20,000,000	1,872,070	-	(909,154)	10,668,762	202,662,726	
Adjustment on initial application of IFRS 17	-	-	-	-	-	-	(3,967,615)	(3,967,615)	
Restated balance at 1 January 2022	121,275,000	49,756,048	20,000,000	1,872,070	-	(909,154)	6,701,147	198,695,111	
Loss for the period (restated)	-	-	-	-	-	-	(28,047,459)	(28,047,459)	
Other comprehensive loss for the period	-	-	-	-	-	(13,665,956)	-	(13,665,956)	
Total comprehensive loss for the period	-	-	-	-	-	(13,665,956)	(28,047,459)	(41,713,415)	
Transfer to reinsurance reserve	-	-	-	725,841	-	-	(725,841)	-	
Dividend paid	-	-	-	-	-	-	(9,702,000)	(9,702,000)	
Balance at 30 September 2022 (Unaudited)	121,275,000	49,756,048	20,000,000	2,597,911	-	(14,575,110)	(31,774,153)	147,279,696	
Balance at 1 January 2023 (Audited)	121,275,000	49,756,048	20,000,000	2,802,615	-	(13,954,900)	(34,938,262)	144,940,501	
Adjustment on initial application of IFRS 17	-	-	-	-	-	-	(4,457,443)	(4,457,443)	
Restated balance as at 1 January 2023	121,275,000	49,756,048	20,000,000	2,802,615	-	(13,954,900)	(39,395,705)	140,483,058	
Profit for the period	-	-	-	-	-	-	5,511,268	5,511,268	
Other comprehensive loss for the period	-	-	-	-	-	(738,476)	-	(738,476)	
Total comprehensive (loss)/ income for the period	-	-	-	-	-	(738,476)	-	(738,476)	
Transfer to reinsurance reserve	-	-	-	893,127	-	-	(893,127)	-	
Capital reduction in equity investment	-	-	-	-	-	-	(101,665)	(101,665)	
Balance at 30 September 2023 (Unaudited)	121,275,000	49,756,048	20,000,000	3,695,742	-	(14,693,376)	(34,879,229)	145,154,185	

The notes from 1 to 26 form an integral part of this condensed interim financial information.

Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)

Condensed interim statement of cash flows
For the period ended 30 September 2023

	Notes	For the nine-month period ended 30 September (Unaudited)	
		2023	2022
		AED	AED
			<i>Restated</i>
Cash flows from operating activities			
Profit / (loss) for the period		5,511,268	(28,047,459)
Adjustments for:			
Depreciation of property and equipment		561,568	702,652
Amortisation of intangible assets	5	1,142,425	1,134,323
Provision for impairment		3,777,615	4,982,677
Provision for employees' end of service indemnity		1,454,830	1,414,832
Realised gain on disposal of financial asset at FVTPL equity investments	6	(864,540)	-
Realised gain on disposal of property and equipment		-	(96)
Write-off of property and equipment	4	139,358	37,630
Write-off of intangible assets	5	304,465	-
Amortisation of premium on FVTOCI debt investments	6	15,141	201,832
Interest income		(10,597,855)	(6,090,532)
Dividend income	18	(211,968)	(14,931)
Impairment losses on financial asset at FVTOCI investments	18	479,118	-
Operating cash flows before changes in working capital		1,711,425	(25,679,072)
Changes in working capital:			
Reinsurance contract assets and liabilities – net		(55,850,242)	46,563,556
Insurance contract liabilities		46,882,627	(19,924,318)
Other receivables		(3,786,934)	2,333,739
Other payables		(4,406,964)	39,443,997
Net cash (used in) / generated from operations		(15,450,088)	42,737,902
Directors' remuneration paid		-	(812,569)
Employees' end of service indemnity paid		(727,080)	(494,095)
Interest paid on bank borrowings		(1,481,883)	(504,007)
Net cash (used in) / generated from operating activities		(17,659,051)	40,927,231
Cash flows from investing activities			
Purchase of property and equipment	4	(136,260)	(196,435)
Purchase of intangible assets	5	(269,155)	(100,993)
Purchase of financial assets at FVTOCI	6	(13,739,897)	(21,358,130)
Purchase of financial assets at FVTPL	6	(2,518,040)	-
Proceeds from disposal of property and equipment		-	1,041
Proceeds from disposal of financial assets at FVTOCI	6	1,873,230	12,253,128
Proceeds from disposal of financial assets at FVTPL	6	3,382,580	-
Interest received		11,237,169	11,191,746
Dividend received		208,431	14,929
Maturities of fixed deposits with banks with original maturities greater than three months		193,187,098	242,125,250
Placements of fixed deposits with banks with original maturities greater than three months		(178,863,041)	(269,527,901)
Net cash generated from/(used in) investing activities		14,362,115	(25,597,365)

Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)

Condensed interim statement of cash flows (continued)
For the period ended 30 September 2023

	Notes	For the nine-month period ended 30 September (Unaudited)	
		2023	2022
		AED	AED
Cash flows from financing activities			<i>Restated</i>
Increase / (settlement) of borrowing		4,869,509	(33,056,997)
Dividends paid	15	-	(9,702,000)
Net cash generated from/(used in) financing activities		<u>4,869,509</u>	<u>(42,758,997)</u>
Net increase in cash and cash equivalents		1,572,573	(27,429,131)
Cash and cash equivalents at beginning of the period		<u>9,628,747</u>	<u>57,392,932</u>
Cash and cash equivalents at end of the period		<u>11,201,320</u>	<u>29,963,801</u>

The notes from 1 to 26 form an integral part of this condensed interim financial information.

Ras Al Khaimah National Insurance Company P.S.C. Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information For the period ended 30 September 2023

1 Legal status and activities

Ras Al Khaimah National Insurance Company P.S.C. (the “Company”) is a public joint-stock company, established and incorporated in the Emirate of Ras Al Khaimah by Emiri decree No. 20/76 dated 26 October 1976. The Company is subject to the regulations of the U.A.E. Federal Law No. 6 of 2007, as amended, concerning Financial Regulations of Insurance Companies issued by the Central Bank of UAE and regulation of its operations and is registered in the Insurance Companies Register of the Central Bank of the UAE, under registration number 7.

This condensed interim financial information has been prepared in accordance with the requirements of the applicable laws and regulations, including UAE Federal Law No. (32) of 2021.

The Company is a subsidiary of National Bank of Ras Al Khaimah P.S.C. (the “Parent company”) which is incorporated in the Emirate of Ras Al Khaimah, United Arab Emirates. The address of the Company’s registered head office is P. O. Box 506, Ras Al Khaimah, United Arab Emirates. The Company’s ordinary shares are listed on the Abu Dhabi Securities Exchange, United Arab Emirates. The principal activity of the Company is to undertake all classes of insurance business including life assurance, saving and accumulation of funds. The Company operates through its head office in Ras Al Khaimah and branch offices in Ras Al Khaimah, Dubai, and Abu Dhabi.

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax regime in the UAE. The Law was published in the official gazette on 10 October 2022 and became effective on 25 October 2022. The Corporate Tax law will apply to taxable persons for financial years beginning on or after 1 June 2023. The corporate tax will apply on the adjusted accounting net profits of a business. The Company is currently in the process of assessing the possible impact on its financial statements, both from current and deferred tax perspective, in preparation for full compliance with the new corporate tax law noting that the first tax period for the Company is starting on 1 January 2024.

2 Basis of preparation

This condensed interim financial information is for the nine-month period ended 30 September 2023 and is presented in United Arab Emirate Dirham (AED), which is also the functional currency of the Company. This condensed interim financial information has been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ and complies with the applicable requirements of the laws in the U.A.E.

This condensed interim financial information has been prepared on the historical cost basis, except for financial assets carried at fair value through other comprehensive income and financial assets carried at fair value through profit and loss which are carried at fair value and the provision for employees’ end of service indemnity which is calculated in line with UAE labour laws.

The Company’s condensed interim statement of financial position is not presented using a current / non-current classification. However, the following balances would generally be classified as current: cash and cash equivalents, financial assets at fair value through profit and loss, other receivables and other payables. The following balances would generally be classified as non-current: property and equipment, intangible assets, statutory deposit and provision for employees’ end of service indemnity. The following balances are of mixed nature (including both current and non-current portions): financial assets at fair value through other comprehensive income, reinsurance contract assets, insurance contract liabilities, reinsurance contract liabilities, bank balances, fixed deposits and bank borrowings.

This condensed interim financial information does not include all of the information required in annual financial statements in accordance with IFRS and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2022. Further, results for interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

3 Significant accounting policies

The accounting policies, critical accounting judgments and key source of estimation used in the preparation of this condensed interim financial information are consistent with those used in the audited financial statements for the year ended 31 December 2022, except for application of new standards effective as of 1 January 2023 and several amendments and interpretations apply for the first time in 2023.

The Company has not early adopted any standard, interpretation or amendment that has been issued but not yet effective.

Standards, interpretations and amendments to existing standards – Impact of new IFRS

IFRS 17 Insurance Contracts

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on the Company's estimates of the present value of future cash flows that are expected to arise as the Company fulfils the contracts, an explicit risk adjustment for non-financial risk and a contractual service margin.

Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. In addition, investment components are no longer included in insurance revenue and insurance service expenses.

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2023. The Company has restated comparative information applying the transitional provisions to IFRS 17. The nature of the changes in accounting policies can be summarised, as follows:

Changes to classification and measurement

The adoption of IFRS 17 did not change the classification of the Company's insurance contracts. The Company was previously permitted under IFRS 4 to continue accounting using its previous accounting policies. However, IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company.

Under IFRS 17, the Company's insurance contracts issued, and reinsurance contracts held are all eligible to be measured by applying the premium allocation approach (PAA). The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

The Company applies the PAA to simplify the measurement of all of its insurance and reinsurance contracts. When measuring liabilities for remaining coverage, the PAA is similar to the Company's previous accounting treatment. However, when measuring liabilities for outstanding claims, the Company now discounts the future cash flows and includes an explicit risk adjustment for non-financial risk.

Previously, all acquisition costs were recognised and presented as separate assets from the related insurance contracts ("deferred acquisition costs") until those costs were included in profit or loss and OCI. Under IFRS 17, only insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and are tested for recoverability. These assets are presented in the carrying amount of the related portfolio of contracts and are derecognised once the related contracts have been recognised.

Income and expenses from reinsurance contracts other than insurance finance income and expenses are now presented as a single net amount in profit or loss. Previously, amounts recovered from reinsurers and reinsurance expenses were presented separately.

The measurement principles of the PAA differ from the 'earned premium approach' used by the Company under IFRS 4 in the following key areas:

- The liability for remaining coverage reflects premiums received less deferred acquisition expenses less amounts recognised in revenue for insurance services provided;

Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

3 Significant accounting policies (continued)

Standards, interpretations and amendments to existing standards – Impact of new IFRS (continued)

IFRS 17 Insurance Contracts (continued)

Changes to classification and measurement (continued)

- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of coverage are more than 12 months apart;
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision); and
- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not-reported (IBNR)) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk.

The Company capitalises its insurance acquisition cash flows.. No separate asset is recognised for deferred acquisition costs. Instead, qualifying insurance acquisition cash flows are subsumed into the insurance liability for remaining coverage.

Changes to presentation and disclosure

For presentation in the condensed interim statement of financial position, the Company aggregates insurance and reinsurance contracts issued and reinsurance contracts held, respectively and presents separately:

- Groups of insurance and reinsurance contracts issued that are assets;
- Groups of insurance and reinsurance contracts issued that are liabilities;
- Groups of reinsurance contracts held that are assets; and
- Groups of reinsurance contracts held that are liabilities.

The groups referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

The line item descriptions in the condensed interim income statement and condensed interim statement of comprehensive income have been changed significantly compared with last year. Previously, the Company reported the following line items:

- Gross written premiums
- Net written premiums
- Changes in premium reserves
- Gross insurance claims
- Net insurance claims

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Insurance finance income or expenses
- Income or expenses from reinsurance contracts held

The Company provides disaggregated qualitative and quantitative information about:

- Amounts recognised in its financial statements from insurance contracts
- Significant judgements, and changes in those judgements, when applying the standard

Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

3 Significant accounting policies (continued)

Standards, interpretations and amendments to existing standards – Impact of new IFRS (continued)

IFRS 17 Insurance Contracts (continued)

Transition

Changes in accounting policies resulting from the adoption of IFRS 17 have been applied using a full retrospective approach to the extent practicable. Under the full retrospective approach, at 1 January 2022 the Company:

- identified, recognised and measured each group of insurance and reinsurance contracts as if IFRS 17 had always been applied;
- identified, recognised and measured any assets for insurance acquisition cash flows as if IFRS 17 had always been applied;
- derecognised previously reported balances that would not have existed if IFRS 17 had always been applied. These included some deferred acquisition costs for insurance contracts, intangible assets related to insurance contracts (previously referred to as ‘value of business acquired’), insurance receivables and payables, and provisions for levies that are attributable to existing insurance contracts. Under IFRS 17, they are included in the measurement of the insurance contracts; and
- recognised any resulting net difference in equity.

The Company has applied the transition provisions in IFRS 17 and has not disclosed the impact of the adoption of IFRS 17 on each condensed interim financial information line item and EPS. The effects of adopting IFRS 17 on the condensed interim financial information at 1 January 2022 are presented in the condensed interim statement of changes in equity.

Insurance and reinsurance contracts classification

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Insurance and reinsurance contracts accounting treatment

Separating components from insurance and reinsurance contracts

The Company assesses its insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Company applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Company’s products do not include any distinct components that require separation.

Some reinsurance contracts issued contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. The minimum guaranteed amounts have been assessed to be highly interrelated with the insurance component of the reinsurance contracts and are, therefore, non-distinct investment components which are not accounted for separately. However, receipts and payments of these investment components are recognised outside of profit or loss.

Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

3 Significant accounting policies (continued)

Standards, interpretations and amendments to existing standards – Impact of new IFRS (continued)

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Level of aggregation

IFRS 17 requires a company to determine the level of aggregation for applying its requirements. The Company previously applied aggregation levels under IFRS 4, which were significantly higher than the level of aggregation required by IFRS 17. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also notes that no group for level of aggregation purposes may contain contracts issued more than one year apart.

The Company has elected to group together those contracts that would fall into different groups only because law, regulation or internal policies specifically constrains its practical ability to set a different price or level of benefits for policyholders with different characteristics. The Company applied a full retrospective approach for transition to IFRS 17. The portfolios are further divided into groups of contracts by quarter of issue and profitability for recognition and measurement purposes. Hence, within each quarter of issue, portfolios of contracts are divided into three groups, as follows:

- A group of contracts that are onerous at initial recognition (if any)
- A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently (if any)
- A group of the remaining contracts in the portfolio (if any)

The profitability of groups of contracts is assessed by profitability committee that take into consideration existing and new business. The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances.

The Company has a Profitability Assessment Committee that meets at regular intervals to determine the profitability groupings of each portfolio of contracts. The committee acts as a forum to collect input from the pricing and underwriting functions and assess the relevant facts and circumstances which indicate that groups of contracts are onerous at initial recognition.

Below are some of the relevant facts and circumstances that the Company considers:

- Evaluation of expected combined ratios;
- Pricing information;
- Results of similar contracts it has recognised; and
- Environment factors, e.g., a change in market experience or regulations.

The Company divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

3 Significant accounting policies (continued)

Standards, interpretations and amendments to existing standards – Impact of new IFRS (continued)

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Recognition

The Company recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date;
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous the Company recognises a group of reinsurance contracts held;
- If the reinsurance contracts provide proportionate coverage at the later of the beginning of the coverage period of the group, or the initial recognition of any underlying contract; and
- In all other cases, from the beginning of the coverage period of the group the Company adds new contracts to the group when they are issued or initiated.

Contract boundary

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with services. A substantive obligation to provide services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or

Both of the following criteria are satisfied:

- The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
- The pricing of the premiums for coverage up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

Measurement - Premium Allocation Approach

Insurance contracts – initial measurement

The Company applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

- The coverage period of each contract in the group is one year or less, including coverage arising from all premiums within the contract boundary.

Or

- For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

3 Significant accounting policies (continued)

Standards, interpretations and amendments to existing standards – Impact of new IFRS (continued)

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Measurement - Premium Allocation Approach (continued)

Insurance contracts – initial measurement (continued)

The Company does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the period before a claim is incurred. Variability in the fulfilment cash flows increases with:

- The extent of future cash flows related to any derivatives embedded in the contracts.
- The length of the coverage period of the group of contracts.

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as the premiums, if any, received at initial recognition, minus any insurance acquisition cash flows at that date, with the exception of contracts which are one year or less where this is expensed, plus or minus any amount arising from the derecognition at that date of the asset or liability recognised for insurance acquisition cash flows that the Company pays or receives before the group of insurance contracts is recognised. There is no allowance for time value of money as the premiums are mostly received within one year of the coverage period.

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues, however, adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

Insurance contracts – subsequent measurement

The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus premiums received in the period;
- Minus capitalised insurance acquisition cash flows;
- Plus any amounts relating to the amortisation of the acquisition cash flows recognised as an expense in the reporting period for the group;
- Plus any adjustment to the financing component, where applicable;
- Minus the amount recognised as insurance revenue for the coverage period; and
- Minus any investment component paid or transferred to the liability for incurred claims.

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the entity, and include an explicit adjustment for non-financial risk (the risk adjustment). The Company does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

Insurance acquisition cash flows are allocated on a straight-line basis to profit or loss.

**Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)**

**Notes to the condensed interim financial information
For the period ended 30 September 2023**

3 Significant accounting policies (continued)

Standards, interpretations and amendments to existing standards – Impact of new IFRS (continued)

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Reinsurance contracts

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

Insurance contracts – modification and derecognition

The Company derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired);
- Or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract.

When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

Presentation

The Company has presented separately, in the statement of financial position, the carrying amount of groups of insurance contracts issued that are assets, groups of insurance contracts issued that are liabilities, reinsurance contracts held that are assets and groups of reinsurance contracts held that are liabilities.

Any assets or liabilities for insurance acquisition cash flows recognised before the corresponding insurance contracts are included in the carrying amount of the related groups of insurance contracts issued.

The Company disaggregates the total amount recognised in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Company disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion which will be presented in insurance finance income or expenses and in insurance service result respectively.

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Company allocates the expected premium receipts to each period of coverage on the basis of the passage of time; but if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then on the basis of the expected timing of incurred insurance service expenses.

The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

For the periods presented, all revenue has been recognised on the basis of the passage of time.

Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

3 Significant accounting policies (continued)

Standards, interpretations and amendments to existing standards – Impact of new IFRS (continued)

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Loss components

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. If at any time during the coverage period, the facts and circumstances indicate that a group of insurance contracts is onerous, the Company 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. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

Insurance finance income and expense

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

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

The Company disaggregates insurance finance income or expenses 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. The Company's financial assets are also measured at FVTOCI.

Net income or expense from reinsurance contracts held

The Company presents separately on the face of the statement of profit or loss and other comprehensive income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of profit or loss and other comprehensive income.

Judgements and estimates

The preparation of this condensed interim financial information requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied in the audited financial statements as at and for the year ended 31 December 2022. Except for the below judgements.

Insurance and reinsurance contracts

The Company applies the PAA to simplify the measurement of insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Company now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

**Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)**

**Notes to the condensed interim financial information
For the period ended 30 September 2023**

3 Significant accounting policies (continued)

Judgements and estimates (continued)

Liability for remaining coverage

For insurance acquisition cash flows, the Company is eligible and chooses to capitalise all insurance acquisition cashflows upon payments.

The effect of recognising insurance acquisition cash flows as an expense on initial recognition of group of insurance contracts is to increase the liability for remaining coverage on initial recognition and reduce the likelihood of any subsequent onerous contract loss. There would be an increased charge to profit or loss on initial recognition, due to expensing acquisition cash flows, offset by an increase in profit released over the coverage period. For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows.

Liability for incurred claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency exchange rates.

Discount rates

The Company use bottom-up approach to derive the discount rate. Under this approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an "illiquidity premium"). The risk-free rate was derived using swap rates available in the market denominated in the same currency as the product being measured. When swap rates are not available, highly liquid sovereign bonds with a AAA credit rating were used. Management uses judgment to assess liquidity characteristics of the liability cash flows.

**Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)**

**Notes to the condensed interim financial information
For the period ended 30 September 2023**

3 Significant accounting policies (continued)

Judgements and estimates (continued)

Discount rates (continued)

Discount rates applied for discounting of future cash flows are listed below:

	1 year		3 years		5 years		10 years		20 years	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Insurance contracts issued										
AED	6.02%	6.10%	5.35%	5.03%	5.13%	4.70%	4.65%	4.14%	2.30%	2.05%
Reinsurance contracts held										
AED	6.02%	6.10%	5.35%	5.03%	5.13%	4.70%	4.65%	4.14%	2.30%	2.05%

Risk adjustment for non-financial risk

The Company use Mack method or bootstrapping to determine its risk adjustment for non-financial risk. The bootstrap effectively allows the Company to measure the uncertainty about the amount and timing of the cash flows that arise from non-financial risk since bootstrapping the triangles aims to illustrate the variability of the paid claims.

The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 80th percentile. That is, the Company has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 80th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

Insurance and financial risk management

The Company's insurance and financial risk management objectives and policies are consistent with those disclosed in the audited financial statements as at and for the year ended 31 December 2022. There have been no changes in any risk management policies since the year end.

The accounting policies in respect of property and equipment, intangible assets and financial assets have been disclosed in this condensed interim financial information as required by Securities and Commodities Authority ("SCA") notification dated 12 October 2008.

Property and equipment

Land and buildings are recognised at historical cost, less subsequent depreciation and impairment if any for buildings only. All other property and equipment are carried at historical cost less accumulated depreciation and any identified impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit or loss during the reporting period in which they are incurred.

Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

3 Significant accounting policies (continued)

Property and equipment (continued)

Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of the assets, net of their residual values, over their estimated useful lives as follows:

	Years
Furniture and fixtures	4
Office equipment	4
Motor vehicles	4
Computer equipment	4

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Intangible assets

Intangible assets comprise computer software and are reported at cost less accumulated amortisation and identified impairment losses, if any. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The useful lives considered in the calculation of amortisation is 10 years.

Financial assets

Classification and measurement - Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss (FVTPL). Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Specifically:

- (i) debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;
- (ii) debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at fair value through other comprehensive income (FVTOCI);
- (iii) all other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL. However, the Company may make the following irrevocable election/designation at initial recognition of a financial asset on an asset-by-asset basis:
 - a. the Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, in other comprehensive income (OCI); and

Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

3 Significant accounting policies (continued)

Financial assets (continued)

Classification and measurement - Financial assets (continued)

- b. the Company may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

Equity instruments at FVTOCI

Investments in equity instruments/funds at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the cumulative changes in fair value of securities. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the investments in equity instruments/funds but reclassified to retained earnings. The Company has designated all investments in equity instruments that are not held for trading as FVTOCI.

Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Debt instruments at amortised cost or at FVTOCI

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Financial assets at FVTPL

Financial assets at FVTPL are:

- (i) assets with contractual cash flows that are not SPPI; or/and
- (ii) assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- (iii) assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowings for the proceeds received.

4 Property and equipment

All property and equipment are located in the United Arab Emirates.

During the nine-month period ended 30 September 2023, the Company purchased AED 136,260 (during the year ended 31 December 2022: AED 234,813) of various types of equipment, no disposals during the period ended 30 September 2023 (during the year ended 31 December 2022: AED 7,372) and net book value of write-offs of AED 139,358 (during the year ended 31 December 2022: AED 37,630).

Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

5 Intangible assets

Intangible assets include computer software.

During the nine-month period ended 30 September 2023, the Company recorded additions of AED 269,155 (during the year ended 31 December 2022: AED 538,388) to its computer software.

The amortisation charge for the nine-month period ended 30 September 2023 amounted to AED 1,142,425 (for the year ended 31 December 2022: AED 1,516,388) and net book value of write-offs of AED 304,465 (during the year ended 31 December 2022: Nil).

6 Financial assets

The Company's financial investments at the end of reporting period are detailed below:

	(Unaudited) 30 September 2023 AED	(Unaudited) 31 December 2022 AED
Investments at FVTOCI		
Quoted debt	115,279,282	106,559,639
Quoted equity securities	3,806,936	1,994,312
Allowance for impairment	(176,504)	(143,604)
	<u>118,909,714</u>	<u>108,410,347</u>

FVTOCI investments comprise of quoted equity and debt instruments within the G.C.C. region except one investment valued at AED 8.2 million as at 30 September 2023 (31 December 2022: AED 8.5 million) which is an investment outside the G.C.C. region. The Company has designated all investments in equity instruments that are not held for trading as at FVTOCI. Debt instruments carry an interest rate ranging from 1.96% to 6.75% per annum (31 December 2022: 1.96% to 6.75%) and they are redeemable at par from 2024 to 2033 (31 December 2022: 2022 to 2033) based on their maturity dates. There are no significant concentrations of credit risk for debt instruments and the carrying amount reflected above represents the Company's maximum exposure to credit risk for such assets.

The movement in the financial investments is as follows:

	FVTOCI debt AED	FVTOCI equity AED	Total AED
Balance at 31 December 2022 (Unaudited)	106,416,035	1,994,312	108,410,347
Additions during the period	11,781,517	1,958,380	13,739,897
Matured during the period	(1,873,230)	-	(1,873,230)
Net change in fair value	(1,173,503)	411,024	(762,479)
Capital reduction in equity	-	(77,662)	(77,662)
Impairment charges	-	(479,118)	(479,118)
Amortisation of premium on FVTOCI debt investments to profit or loss	(15,141)	-	(15,141)
Allowance for impairment	(32,900)	-	(32,900)
Balance at 30 September 2023 (Unaudited)	<u>115,102,778</u>	<u>3,806,936</u>	<u>118,909,714</u>

Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

6 Financial assets (continued)

	FVTOCI debt AED	FVTOCI equity AED	Total AED
Balance at 31 December 2021 (Unaudited)	111,801,771	733,705	112,535,476
Additions during the year	19,852,768	1,505,362	21,358,130
Maturity during the year	(12,253,130)	-	(12,253,130)
Net change in fair value	(12,800,991)	(244,755)	(13,045,746)
Amortisation of premium on FVTOCI debt investments to profit or loss	(229,465)	-	(229,465)
Release of impairment	45,082	-	45,082
Balance at 31 December 2022 (Unaudited)	<u>106,416,035</u>	<u>1,994,312</u>	<u>108,410,347</u>

Equity investments at fair value through profit or loss **30 September 2023**
AED

Balance at 31 December 2022 (Unaudited)	-
Additions during the period	2,518,040
Disposals during the period	(3,382,580)
Realised gain on disposal of FVTPL equity investments	864,540
Balance at 30 September 2023 (Unaudited)	-

Details of provision for impairment were as follows:

	(Unaudited) 30 September 2023 AED	(Unaudited) 31 December 2022 AED
Balance at the beginning of the period/year	143,604	188,686
Provision for/(reversal of) impairment during the period/year	32,900	(45,082)
Balance at the end of the period/year	<u>176,504</u>	<u>143,604</u>

There were no reclassifications between financial investment categories during 2023 and 2022.

All the investments in scope of the impairment model are in stage 1.

7 Statutory deposit

A deposit of AED 10 million (31 December 2022: AED 10 million) has been placed with one of the banks, in accordance with Article (42) of the UAE Federal Law No. (6) of 2007, as amended. This deposit has been pledged to the bank as security against a guarantee issued by the Bank in favour of the Central Bank of the United Arab Emirates ("CBUAE") for the same amount. This deposit cannot be withdrawn without prior approval of the CBUAE and bears an interest rate of 5.15% per annum (31 December 2022: 4.5% per annum).

**Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)**

**Notes to the condensed interim financial information
For the period ended 30 September 2023**

8 Insurance and reinsurance contracts

The breakdown of groups of insurance and reinsurance contracts issued, and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below:

	(Unaudited) 30 September 2023			(Unaudited) 31 December 2022		
	Assets	Liabilities	Net	Assets	Liabilities	Net
	AED	AED	AED	AED	AED	AED
Insurance contracts issued						
Life and Medical	-	(164,109,273)	(164,109,273)	-	(149,034,922)	(149,034,922)
General and Motor	-	(213,508,228)	(213,508,228)	-	(180,848,627)	(180,848,627)
Total insurance contracts issued	-	(377,617,501)	(377,617,501)	-	(329,883,549)	(329,883,549)
Reinsurance contracts held						
Life and Medical	78,689,021	-	78,689,021	48,589,531	-	48,589,531
General and Motor	103,338,092	(1,876,728)	101,461,364	98,274,839	(20,975,800)	77,299,039
Total reinsurance contracts held	182,027,113	(1,876,728)	180,150,385	146,864,370	(20,975,800)	125,888,570

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims.

The Company disaggregates information to provide disclosure in respect of major product lines separately: Life & Medical and General & Motor. This disaggregation has been determined based on how the company is managed.

The roll-forward of the net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims, is disclosed in the table on the next page:

**Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)**

Notes to the condensed interim financial information
For the period ended 30 September 2023

8 Insurance and reinsurance contracts (continued)

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

	Life and Medical		General and Motor						
	Liabilities for remaining coverage		Liabilities for incurred claims		Liabilities for incurred claims				
	Excluding loss component (Unaudited) AED	Loss component (Unaudited) AED	Estimates of the present value of future cash flows (Unaudited) AED	Risk adjustment (Unaudited) AED	Excluding loss component (Unaudited) AED	Loss component (Unaudited) AED	Estimates of the present value of future cash flows (Unaudited) AED		
								Risk adjustment (Unaudited) AED	Risk adjustment (Unaudited) AED
Insurance contract liabilities as at 1 January	59,066,072	427,931	87,122,767	2,418,152	46,581,835	5,267,649	121,587,398	7,411,745	329,883,549
Insurance revenue	(227,554,736)	-	-	-	(114,812,424)	-	-	-	(342,367,160)
Insurance service expenses	27,984,473	6,661,013	190,926,739	721,280	26,183,423	(4,686,941)	80,282,123	1,186,428	329,258,538
Incurrd claims and other expenses	-	-	218,515,598	5,154,233	-	-	108,796,087	4,601,991	337,067,909
Amortisation of insurance acquisition cash flows	27,984,473	-	-	-	26,183,423	-	-	-	54,167,896
Losses on onerous contracts and reversals of those losses	-	6,661,013	-	-	-	(4,686,941)	-	-	1,974,072
Changes to liabilities for incurred claims	-	-	(27,588,859)	(4,432,953)	-	-	(28,513,964)	(3,415,563)	(63,951,339)
Insurance service result	(199,570,263)	6,661,013	190,926,739	721,280	(88,629,001)	(4,686,941)	80,282,123	1,186,428	(13,108,622)
Insurance finance expenses	-	-	2,332,531	114,242	-	-	4,196,280	323,100	6,966,153
Total changes in the statement of comprehensive income	(199,570,263)	6,661,013	193,259,270	835,522	(88,629,001)	(4,686,941)	84,478,403	1,509,528	(6,142,469)
Cash flows									
Premiums received	201,175,153	-	-	-	126,549,919	-	-	-	327,725,072
Claims and other expenses paid	-	-	(165,892,735)	-	-	-	(57,538,351)	-	(223,431,086)
Insurance acquisition cash flows	(21,393,610)	-	-	-	(29,023,955)	-	-	-	(50,417,565)
Total cash flows	179,781,543	-	(165,892,735)	-	97,525,964	-	(57,538,351)	-	53,876,421
Net insurance contract liabilities as at 30 September	39,277,352	7,088,944	114,489,302	3,253,674	55,478,798	580,708	148,527,450	8,921,273	377,617,501

**Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)**

Notes to the condensed interim financial information
For the period ended 30 September 2023

8 Insurance and reinsurance contracts (continued)

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

	Life and Medical				General and Motor				Total (Unaudited) AED
	Liabilities for remaining coverage		Liabilities for incurred claims		Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component (Unaudited) AED	Loss component (Unaudited) AED	Estimates of the present value of future cash flows (Unaudited) AED	Risk adjustment (Unaudited) AED	Excluding loss component (Unaudited) AED	Loss component (Unaudited) AED	Estimates of the present value of future cash flows (Unaudited) AED	Risk adjustment (Unaudited) AED	
Insurance contract liabilities as at 1 January	47,262,845	595,177	103,943,651	2,683,388	36,092,619	4,171,878	129,991,608	7,657,215	332,398,381
Insurance revenue	(309,886,552)	-	-	-	(150,080,578)	-	-	-	(459,967,130)
Insurance service expenses	70,808,628	(167,246)	222,961,846	(309,246)	38,142,892	1,095,771	70,911,168	(377,565)	403,066,248
Incurrd claims and other expenses	-	-	270,295,642	5,034,859	-	-	105,152,974	3,978,283	384,461,758
Amortisation of insurance acquisition cash flows	70,808,628	-	-	-	38,142,892	-	-	-	108,951,520
Losses on onerous contracts and reversals of those losses	-	(167,246)	-	-	-	1,095,771	-	-	928,525
Changes to liabilities for incurred claims	-	-	(47,333,796)	(5,344,105)	-	-	(34,241,806)	(4,355,848)	(91,275,555)
Insurance service result	(239,077,924)	(167,246)	222,961,846	(309,246)	(111,937,686)	1,095,771	70,911,168	(377,565)	(56,900,882)
Insurance finance expenses	-	-	221,245	44,010	-	-	(945,551)	132,095	(548,201)
Total changes in the statement of comprehensive income	(239,077,924)	(167,246)	223,183,091	(265,236)	(111,937,686)	1,095,771	69,965,617	(245,470)	(57,449,083)
<i>Cash flows</i>									
Premiums received	316,061,700	-	-	-	161,434,591	-	-	-	477,496,291
Claims and other expenses paid	-	-	(240,003,975)	-	-	-	(78,369,827)	-	(318,373,802)
Insurance acquisition cash flows	(65,180,549)	-	-	-	(39,007,689)	-	-	-	(104,188,238)
Total cash flows	250,881,151	-	(240,003,975)	-	122,426,902	-	(78,369,827)	-	54,934,251
Net insurance contract liabilities as at 31 December	59,066,072	427,931	87,122,767	2,418,152	46,581,835	5,267,649	121,587,398	7,411,745	329,883,549

Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

8 Insurance and reinsurance contracts (continued)

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims

	Life and Medical				General and Motor				Total (Unaudited) AED
	Assets for remaining coverage		Amounts recoverable on incurred claims		Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss component (Unaudited) AED	Loss component (Unaudited) AED	Estimates of the present value of future cash flows (Unaudited) AED	Risk adjustment (Unaudited) AED	Excluding loss component (Unaudited) AED	Risk adjustment (Unaudited) AED	Estimates of the present value of future cash flows (Unaudited) AED	Risk adjustment (Unaudited) AED	
Reinsurance contract assets as at 1 January	(176,792,989)	346,066	223,719,817	1,316,637	(57,545,527)	1,676,865	149,459,094	4,684,407	146,864,370
Reinsurance contract liabilities as at 1 January	(91,777,162)	-	-	-	(127,655,881)	3,532	105,555,224	1,120,325	(20,975,800)
Net reinsurance contract (liabilities)/assets as at 1 January	(176,792,989)	346,066	223,719,817	1,316,637	(185,201,408)	1,680,397	255,015,318	5,804,732	125,888,570
Allocation of reinsurance premiums	-	-	-	-	(57,531,980)	-	-	-	(149,309,142)
Amounts recoverable from reinsurers for incurred claims	-	3,423,238	86,238,306	662,863	-	(1,472,783)	37,018,582	951,360	126,821,566
Amounts recoverable for incurred claims and other expenses	-	-	101,987,526	2,932,642	-	-	59,930,873	3,097,817	167,948,858
Loss-recovery on onerous underlying contracts and adjustments	-	3,423,238	-	-	-	(1,472,783)	-	-	1,950,455
Changes to amounts recoverable for incurred claims	-	-	(15,749,220)	(2,269,779)	-	-	(22,912,291)	(2,146,457)	(43,077,747)
Net income or expense from reinsurance contracts held	(91,777,162)	3,423,238	86,238,306	662,863	(57,531,980)	(1,472,783)	37,018,582	951,360	(22,487,576)
Reinsurance finance income	-	-	9,937,985	70,413	-	-	8,126,158	254,134	18,388,690
Effect of changes in non-performance risk of reinsurers	-	-	(1,556,673)	-	-	-	659,899	-	(896,774)
Total changes in the statement of comprehensive income	(91,777,162)	3,423,238	94,619,618	733,276	(57,531,980)	(1,472,783)	45,804,639	1,205,494	(4,995,660)
<i>Cash flows</i>									
Premiums paid	144,685,718	-	-	-	191,208,609	-	-	-	335,894,327
Amounts received	-	-	(121,585,195)	-	-	-	(155,051,657)	-	(276,636,852)
Total cash flows	144,685,718	-	(121,585,195)	-	191,208,609	-	(155,051,657)	-	59,257,475
Net reinsurance contract assets/(liabilities) as at 30 September	(123,884,433)	3,769,304	196,754,240	2,049,913	(51,524,779)	207,614	145,768,300	7,010,226	180,150,385
Reinsurance contract assets as at 30 September	(123,884,433)	3,769,304	196,754,240	2,049,913	(48,463,633)	207,614	144,620,400	6,973,708	182,027,113
Reinsurance contract liabilities as at 30 September	-	-	-	-	(3,061,146)	-	1,147,900	36,518	(1,876,728)
Net reinsurance contract assets/(liabilities) as at 30 September	(123,884,433)	3,769,304	196,754,240	2,049,913	(51,524,779)	207,614	145,768,300	7,010,226	180,150,385

Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

8 Insurance and reinsurance contracts (continued)

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)

2022

	Life and Medical			General and Motor			Total (Unaudited) AED	
	Assets for remaining coverage		Excluding loss recovery component (Unaudited) AED	Assets for remaining coverage		Excludes of the present value of future cash flows (Unaudited) AED		
	Excluding loss recovery component (Unaudited) AED	Loss component (Unaudited) AED		Excluding loss recovery component (Unaudited) AED	Loss component (Unaudited) AED			
Reinsurance contract assets as at 1 January	(182,384,303)	489,213	259,797,623	1,577,823	(159,030,436)	1,428,418	5,950,951	198,930,187
Reinsurance contract liabilities as at 1 January	-	-	-	-	(11,571,787)	-	148,700	(7,759,661)
Net reinsurance contract assets/(liabilities) as at 1 January	(182,384,303)	489,213	259,797,623	1,577,823	(170,602,223)	1,428,418	6,099,651	191,170,526
Allocation of reinsurance premiums	(91,705,253)	-	-	-	(82,785,486)	-	-	(174,490,739)
Amounts recoverable from reinsurers for incurred claims	-	(143,147)	65,942,376	(285,153)	-	251,979	(398,738)	84,461,227
Amounts recoverable for incurred claims and other expenses	-	-	92,972,256	2,270,108	-	-	2,443,512	147,281,884
Loss-recovery on onerous underlying contracts and adjustments	-	(143,147)	-	-	-	251,979	-	108,832
Changes to amounts recoverable for incurred claims	-	-	(27,029,880)	(2,555,261)	-	-	(2,842,250)	(62,929,489)
Net income or expense from reinsurance contracts held	(91,705,253)	(143,147)	65,942,376	(285,153)	(82,785,486)	251,979	(398,738)	(90,029,512)
Reinsurance finance income	-	-	2,607,564	23,967	-	-	103,819	3,466,634
Effect of changes in non-performance risk of reinsurers	-	-	1,395,541	-	-	-	(146,342)	1,249,199
Total changes in the statement of comprehensive income	(91,705,253)	(143,147)	69,945,481	(261,186)	(82,785,486)	251,979	(294,919)	(85,313,679)
<i>Cash flows</i>								
Premiums paid	97,296,567	-	-	-	68,186,301	-	-	165,482,868
Amounts received	-	-	(106,023,287)	-	-	-	(39,427,858)	(145,451,145)
Total cash flows	97,296,567	-	(106,023,287)	-	68,186,301	-	(39,427,858)	20,031,723
Net reinsurance contract assets/(liabilities) as at 31 December	(176,792,989)	346,066	223,719,817	1,316,637	(185,201,408)	1,680,397	5,804,732	125,888,570
Reinsurance contract assets as at 31 December	(176,792,989)	346,066	223,719,817	1,316,637	(57,545,527)	1,676,865	4,684,407	146,864,370
Reinsurance contract liabilities as at 31 December	-	-	-	-	(127,655,881)	3,532	1,120,325	(20,975,800)
Net reinsurance contract assets/(liabilities) as at 31 December	(176,792,989)	346,066	223,719,817	1,316,637	(185,201,408)	1,680,397	5,804,732	125,888,570

Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

9 Other receivables

	(Unaudited) 30 September 2023 AED	(Unaudited) 31 December 2022 AED
Accrual of interest and other income	1,641,806	795,702
Advances and prepayments	5,287,094	6,032,593
Other receivables	5,462,875	5,261,677
	<u>12,391,775</u>	<u>12,089,972</u>
Allowance for impairment	(4,151,608)	(2,751,057)
	<u>8,240,167</u>	<u>9,338,915</u>

Other receivables mainly pertain to an amount of AED 3.9 million (31 December 2022: AED 3.9 million) for the exposure to a Lebanese bank that does not meet the recognition and classification requirements of bank balances and fixed deposits (Note 11).

Movement in the allowance for impairment was as follows:

	(Unaudited) 30 September 2023 AED	(Unaudited) 31 December 2022 AED
Balance at the beginning of the period / year	2,751,057	2,352,382
Provision for impairment during the period / year	1,400,551	398,675
Balance at the end of the period / year	<u>4,151,608</u>	<u>2,751,057</u>

10 Cash and cash equivalents

	(Unaudited) 30 September 2023 AED	(Unaudited) 31 December 2022 AED
Cash in hand	21,796	19,295
Current accounts with banks	11,179,524	9,609,452
	<u>11,201,320</u>	<u>9,628,747</u>

11 Bank balances and fixed deposits

	(Unaudited) 30 September 2023 AED	(Unaudited) 31 December 2022 AED
Fixed deposits with original maturities greater than three months	256,935,705	266,850,379
Fixed deposits under lien	600,000	600,000
Allowance for impairment	(120,558)	(138,000)
Total fixed deposits	<u>257,415,147</u>	<u>267,312,379</u>

Certain fixed deposits with carrying amount of AED 600,000 as at 30 September 2023 (31 December 2022: AED 600,000) are under lien against letters of guarantee amounting to AED 550,000 (31 December 2022: AED 550,000). The interest rates on fixed deposits with banks range between 3.1% to 5.65% per annum (31 December 2022: 1.8% to 5.65% per annum). All fixed deposits are held in local banks in the United Arab Emirates.

Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

11 Bank balances and fixed deposits (continued)

As of 30 September 2023, fixed deposits with original maturities greater than three months disclosed on the previous page include deposits amounting to AED 63,364,282 (31 December 2022: AED 50,102,945) which are pledged against bank borrowings (Note 16). Details of allowance for impairment as per IFRS 9 were as follows:

	(Unaudited) 30 September 2023 AED	(Unaudited) 31 December 2022 AED
Balance at the beginning of the period / year	138,000	1,532,788
(Reversal) / provision for impairment during the period / year	(17,442)	928
Transfer of provision for asset in Lebanon (Note 9)	-	(1,395,716)
Balance at the end of the period / year	<u>120,558</u>	<u>138,000</u>

All the bank balances and fixed deposits in scope of the impairment model are in stage 1 and there have been no movements between the stages during the period / year.

12 Share capital

	(Unaudited) 30 September 2023 AED	(Unaudited) 31 December 2022 AED
Authorised, issued and fully paid:		
121.275 million ordinary shares of AED 1 each	<u>121,275,000</u>	<u>121,275,000</u>

(31 December 2022: 121.275 million ordinary shares of AED 1 each)

13 Basic and diluted profit / (loss) per share

	<i>Restated</i>		<i>Restated</i>	
	Three-month period ended 30 September (Unaudited)		Nine month period ended 30 September (Unaudited)	
	2023	2022	2023	2022
Profit/(loss) for the period (in AED)	<u>5,355,893</u>	<u>(11,215,364)</u>	<u>5,511,268</u>	<u>(28,047,459)</u>
Number of shares	<u>121,275,000</u>	<u>121,275,000</u>	<u>121,275,000</u>	<u>121,275,000</u>
Basic and diluted profit/(loss) per share (in AED)	<u>0.04</u>	<u>(0.09)</u>	<u>0.05</u>	<u>(0.23)</u>

Basic profit / (loss) per share is calculated by dividing the profit / (loss) for the period by the number of weighted average shares outstanding during the reporting period. Diluted profit / (loss) per share is equivalent to basic profit / (loss) per share as the Company did not issue any new instrument that would impact profit / (loss) per share when executed.

Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

14 Other payables

	(Unaudited) 30 September 2023 AED	<i>Restated</i> (Unaudited) 31 December 2022 AED
Due to related parties	314,683	1,513,044
Payables to suppliers	534,624	369,667
Accrued expenses	4,905,245	6,328,369
Other payable balances	707,512	732,576
Dividends payable	-	1,925,372
	<u>6,462,064</u>	<u>10,869,028</u>

15 Dividend and Directors' remuneration

At the Annual General Meeting held on 12 April 2023, the shareholders approved not paying a dividend or Board of Directors' remuneration for the year ended 31 December 2022. (At the Annual General Meeting held on 14 April 2022, the shareholders approved a dividend distribution of AED 8 fils per share resulting in a total dividend payable of AED 9,702,000 for the year ended 31 December 2021 and Board of Directors' remuneration of AED 835,780).

16 Bank borrowings

	(Unaudited) 30 September 2023 AED	(Unaudited) 31 December 2022 AED
Bank overdrafts	<u>54,869,509</u>	<u>50,000,000</u>

Overdraft facilities are secured against fixed deposit with carrying value of AED 63,364,282 (31 December 2022: AED 50,102,945). The overdraft carries an interest rate of 0.5% above the interest rate earned on the fixed deposits secured against the overdraft facilities and are repayable on demand.

Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

17 Insurance service expenses

For the nine-month period ended 30 September 2023	Life and medical (Unaudited) AED	General and motor (Unaudited) AED	Total (Unaudited) AED
Incurring claims and other expenses	223,669,833	113,398,076	337,067,909
Amortisation of insurance acquisition cash flows	27,984,473	26,183,423	54,167,896
Losses on onerous contracts and reversals of those losses	6,661,013	(4,686,941)	1,974,072
Changes to liabilities for incurred claims	<u>(32,021,812)</u>	<u>(31,929,527)</u>	<u>(63,951,339)</u>
	<u>226,293,507</u>	<u>102,965,031</u>	<u>329,258,538</u>
<i>Restated</i>			
For the nine-month period ended 30 September 2022			
Incurring claims and other expenses	201,589,714	78,932,589	280,522,303
Amortisation of insurance acquisition cash flows	57,957,387	28,747,075	86,704,462
Losses on onerous contracts and reversals of those losses	4,635	2,478,027	2,482,662
Changes to liabilities for incurred claims	<u>(40,427,598)</u>	<u>(32,361,114)</u>	<u>(72,788,712)</u>
	<u>219,124,138</u>	<u>77,796,577</u>	<u>296,920,715</u>
For the three month period ended 30 September 2023	Life and medical (Unaudited) AED	General and motor (Unaudited) AED	Total (Unaudited) AED
Incurring claims and other expenses	76,621,958	53,886,632	130,508,590
Amortisation of insurance acquisition cash flows	7,530,162	8,532,687	16,062,849
Losses on onerous contracts and reversals of those losses	4,354,341	(4,235,469)	118,872
Changes to liabilities for incurred claims	<u>(14,208,048)</u>	<u>(14,656,936)</u>	<u>(28,864,984)</u>
	<u>74,298,413</u>	<u>43,526,914</u>	<u>117,825,327</u>
<i>Restated</i>			
For the three month period ended 30 September 2022			
Incurring claims and other expenses	51,634,457	25,120,719	76,755,176
Amortisation of insurance acquisition cash flows	29,376,384	16,161,069	45,537,453
Losses on onerous contracts and reversals of those losses	(41,397)	775,336	733,939
Changes to liabilities for incurred claims	<u>(5,851,181)</u>	<u>(9,905,539)</u>	<u>(15,756,720)</u>
	<u>75,118,263</u>	<u>32,151,585</u>	<u>107,269,848</u>

Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

18 Total investment income and net insurance financial result

The table below presents an analysis of total investment income and insurance financial result recognised in profit or loss and OCI in the period:

For the nine-month period ended 30 September 2023	Life and Medical (Unaudited) AED	General and Motor (Unaudited) AED	Total (Unaudited) AED
Investment income			
Amounts recognised in the profit or loss			
Interest income	3,465,847	7,132,008	10,597,855
Dividend income from financial investments	-	211,968	211,968
Realised gain on disposal of financial investments at FVTPL	-	864,540	864,540
Impairment charge on financial investments at FVTOCI	-	(479,118)	(479,118)
Other income	-	6,575	6,575
	3,465,847	7,735,973	11,201,820
Insurance finance income/(expenses) from insurance contracts issued			
Interest accreted to insurance contracts using current financial assumptions	(2,553,637)	(4,793,004)	(7,346,641)
Due to changes in interest rates and other financial assumptions	90,040	290,448	380,488
Total insurance finance expenses from insurance contracts issued	(2,463,597)	(4,502,556)	(6,966,153)
Represented by:			
Amounts recognised in profit or loss	(2,463,597)	(4,502,556)	(6,966,153)
Amounts recognised in OCI	-	-	-
Reinsurance finance income/(expenses) from reinsurance contracts held			
Interest accreted to reinsurance contracts using current financial assumptions	10,555,616	8,962,367	19,517,983
Changes in non-performance risk of reinsurer	(1,556,673)	659,899	(896,774)
Due to changes in interest rates and other financial assumptions	(547,220)	(582,073)	(1,129,293)
Reinsurance finance income from reinsurance contracts held	8,451,723	9,040,193	17,491,916
Represented by:			
Amounts recognised in profit or loss	8,451,723	9,040,193	17,491,916
Amounts recognised in OCI	-	-	-
Total insurance finance expenses and reinsurance finance income			
Represented by:			
Amounts recognised in profit or loss	5,988,126	4,537,637	10,525,763
Amounts recognised in OCI	-	-	-

Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

18 Total investment income and net insurance financial result (continued)

The table below presents an analysis of total investment income and insurance financial result recognised in profit or loss and OCI in the period:

For the nine-month period ended 30 September 2022	Life and Medical (Unaudited) AED	General and Motor (Unaudited) AED	Total (Unaudited) AED
Investment income			
Amounts recognised in the profit or loss			
Interest income	1,815,201	4,755,690	6,570,891
Dividend income from financial investments	-	14,931	14,931
Other income	-	5,932	5,932
	<u>1,815,201</u>	<u>4,776,553</u>	<u>6,591,754</u>
<i>Insurance finance income/ (expenses) from insurance contracts issued</i>			
Interest accreted to insurance contracts using current financial assumptions	(543,011)	(970,747)	(1,513,758)
Due to changes in interest rates and other financial assumptions	790,558	2,822,566	3,613,124
Total insurance finance income from insurance contracts issued	<u>247,547</u>	<u>1,851,819</u>	<u>2,099,366</u>
Represented by:			
Amounts recognised in profit or loss	247,547	1,851,819	2,099,366
Amounts recognised in OCI	-	-	-
<i>Reinsurance finance income/ (expenses) from reinsurance contracts held</i>			
Interest accreted to reinsurance contracts using current financial assumptions	1,950,933	2,056,987	4,007,920
Changes in non-performance risk of reinsurer	(7,517,382)	(108,896)	(7,626,278)
Due to changes in interest rates and other financial assumptions	(1,338,181)	(3,319,781)	(4,657,962)
Reinsurance finance expenses from reinsurance contracts held	<u>(6,904,630)</u>	<u>(1,371,690)</u>	<u>(8,276,320)</u>
Represented by:			
Amounts recognised in profit or loss	(6,904,630)	(1,371,690)	(8,276,320)
Amounts recognised in OCI	-	-	-
Total insurance finance expenses and reinsurance finance income	<u>(6,657,083)</u>	<u>480,129</u>	<u>(6,176,954)</u>
Represented by:			
Amounts recognised in profit or loss	(6,657,083)	480,129	(6,176,954)
Amounts recognised in OCI	-	-	-

Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

18 Total investment income and net insurance financial result (continued)

The table below presents an analysis of total investment income and insurance financial result recognised in profit or loss and OCI in the period:

For the three month period ended 30 September 2023	Life and Medical (Unaudited) AED	General and Motor (Unaudited) AED	Total (Unaudited) AED
Investment income			
Amounts recognised in the profit or loss			
Interest income	1,230,633	2,561,868	3,792,501
Dividend income from financial investments	-	11,319	11,319
Impairment charge on financial investments at FVTOCI	-	(479,118)	(479,118)
Other income	-	2,050	2,050
	<u>1,230,633</u>	<u>2,096,119</u>	<u>3,326,752</u>
Insurance finance income/(expenses) from insurance contracts issued			
Interest accreted to insurance contracts using current financial assumptions	(1,084,111)	(1,791,481)	(2,875,592)
Due to changes in interest rates and other financial assumptions	(9,482)	63,624	54,142
Total insurance finance expenses from insurance contracts issued	<u>(1,093,593)</u>	<u>(1,727,857)</u>	<u>(2,821,450)</u>
Represented by:			
Amounts recognised in profit or loss	(1,093,593)	(1,727,857)	(2,821,450)
Amounts recognised in OCI	-	-	-
Reinsurance finance income/(expenses) from reinsurance contracts held			
Interest accreted to reinsurance contracts using current financial assumptions	5,070,153	2,910,898	7,981,051
Changes in non-performance risk of reinsurer	(3,360,338)	2,319,331	(1,041,007)
Due to changes in interest rates and other financial assumptions	30,934	(31,899)	(965)
Reinsurance finance income from reinsurance contracts held	<u>1,740,749</u>	<u>5,198,330</u>	<u>6,939,079</u>
Represented by:			
Amounts recognised in profit or loss	1,740,749	5,198,330	6,939,079
Amounts recognised in OCI	-	-	-
Total insurance finance expenses and reinsurance finance income			
Represented by:			
Amounts recognised in profit or loss	647,156	3,470,473	4,117,629
Amounts recognised in OCI	-	-	-

Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

18 Total investment income and net insurance financial result (continued)

The table below presents an analysis of total investment income and insurance financial result recognised in profit or loss and OCI in the period:

For the three month period ended 30 September 2022	Life and Medical (Unaudited) AED	General and Motor (Unaudited) AED	Total (Unaudited) AED
Investment income			
Amounts recognised in the profit or loss			
Interest income	782,628	1,936,931	2,719,559
Other income	-	3,227	3,227
	<u>782,628</u>	<u>1,940,158</u>	<u>2,722,786</u>
<i>Insurance finance income/ (expenses) from insurance contracts issued</i>			
Interest accreted to insurance contracts using current financial assumptions	(302,595)	(531,290)	(833,885)
Due to changes in interest rates and other financial assumptions	196,687	989,322	1,186,009
Total insurance finance (expenses)/ income from insurance contracts issued	<u>(105,908)</u>	<u>458,032</u>	<u>352,124</u>
Represented by:			
Amounts recognised in profit or loss	(105,908)	458,032	352,124
Amounts recognised in OCI	-	-	-
<i>Reinsurance finance income/ (expenses) from reinsurance contracts held</i>			
Interest accreted to reinsurance contracts using current financial assumptions	1,135,728	1,213,807	2,349,535
Changes in non-performance risk of reinsurer	(1,169,879)	(976,867)	(2,146,746)
Due to changes in interest rates and other financial assumptions	(373,462)	(1,052,801)	(1,426,263)
Reinsurance finance expenses from reinsurance contracts held	<u>(407,613)</u>	<u>(815,861)</u>	<u>(1,223,474)</u>
Represented by:			
Amounts recognised in profit or loss	(407,613)	(815,861)	(1,223,474)
Amounts recognised in OCI	-	-	-
Total insurance finance expenses and reinsurance finance income	<u>(513,521)</u>	<u>(357,829)</u>	<u>(871,350)</u>
Represented by:			
Amounts recognised in profit or loss	(513,521)	(357,829)	(871,350)
Amounts recognised in OCI	-	-	-

Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

19 Segment information

The Company is organised into two segments: Life and Medical as one segment and Motor and General as the other segment.

These segments are the basis on which the Company reports its primary segment information to the Chief Executive Officer. Insurance revenue represent the total income arising from insurance contracts. The Company does not conduct any business outside the UAE. There are no transactions between the business segments.

The following is an analysis of the Company's condensed interim income statement classified by major segments:

	For the nine-month period ended 30 September 2023 (Unaudited)		
	Life and Medical AED	Motor and General AED	Total AED
Insurance revenue	227,554,736	114,812,424	342,367,160
Insurance service expenses	(226,293,505)	(102,965,033)	(329,258,538)
Insurance service result before reinsurance contracts held	1,261,231	11,847,391	13,108,622
Allocation of reinsurance premiums	(91,777,162)	(57,531,980)	(149,309,142)
Amounts recoverable from reinsurance	90,324,407	36,497,159	126,821,566
Net expenses from reinsurance contracts held	(1,452,755)	(21,034,821)	(22,487,576)
Investment income	3,465,847	7,735,973	11,201,820
Finance expenses from insurance contracts issued	(2,446,773)	(4,519,380)	(6,966,153)
Finance income from reinsurance contracts held	8,451,725	9,040,191	17,491,916
Net insurance financial result	6,004,952	4,520,811	10,525,763
Mathematical reserves	(133,834)	-	(133,834)
Other operating expenses	(3,982,345)	(5,162,504)	(9,144,849)
Other underwriting income	2,441,322	-	2,441,322
Profit / (loss) for the period	7,604,418	(2,093,150)	5,511,268

Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

19 Segment information (continued)

	For the nine-month period ended 30 September 2022 (Unaudited)		
	Life and Medical AED	Motor and General AED	Total AED
Insurance revenue	237,483,570	107,942,860	345,426,430
Insurance service expenses	(219,124,138)	(77,796,577)	(296,920,715)
Insurance service result before reinsurance contracts held	18,359,432	30,146,283	48,505,715
Allocation of reinsurance premiums	(74,295,835)	(58,502,794)	(132,798,629)
Amounts recoverable from reinsurance	47,615,193	13,382,537	60,997,730
Net expenses from reinsurance contracts held	(26,680,642)	(45,120,257)	(71,800,899)
Investment income	1,815,201	4,776,553	6,591,754
Finance income from insurance contracts issued	247,545	1,851,821	2,099,366
Finance expenses from reinsurance contracts held	(6,904,630)	(1,371,690)	(8,276,320)
Net insurance financial result	(6,657,085)	480,131	(6,176,954)
Mathematical reserves	(324,496)	-	(324,496)
Other operating expenses	(4,852,385)	(2,722,341)	(7,574,726)
Other underwriting income	2,732,147	-	2,732,147
Loss for the period	(15,607,828)	(12,439,631)	(28,047,459)

Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

19 Segment information (continued)

	For the three month period ended 30 September 2023 (Unaudited)		
	Life and Medical AED	Motor and General AED	Total AED
Insurance revenue	77,122,820	41,156,420	118,279,240
Insurance service expenses	(74,298,410)	(43,526,917)	(117,825,327)
Insurance service result before reinsurance contracts held	2,824,410	(2,370,497)	453,913
Allocation of reinsurance premiums	(31,106,481)	(20,419,100)	(51,525,581)
Amounts recoverable from reinsurance	30,625,839	22,647,563	53,273,402
Net income / (expenses) from reinsurance contracts held	(480,642)	2,228,463	1,747,821
Investment income	1,230,633	2,096,119	3,326,752
Finance expenses from insurance contracts issued	(1,076,767)	(1,744,683)	(2,821,450)
Finance income from reinsurance contracts held	4,741,058	2,198,021	6,939,079
Net insurance financial result	3,664,291	453,338	4,117,629
Mathematical reserves	(102,165)	-	(102,165)
Other operating expenses	(1,740,424)	(3,104,350)	(4,844,774)
Other underwriting income	656,717	-	656,717
Profit/(loss) for the period	6,052,820	(696,927)	5,355,893

Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

19 Segment information (continued)

	For the three month period ended 30 September 2022 (Unaudited)		
	Life and Medical AED	Motor and General AED	Total AED
Insurance revenue	70,298,840	39,488,734	109,787,574
Insurance service expenses	(75,118,263)	(32,151,585)	(107,269,848)
Insurance service result before reinsurance contracts held	(4,819,423)	7,337,149	2,517,726
Allocation of reinsurance premiums	(22,952,751)	(20,454,385)	(43,407,136)
Amounts recoverable from reinsurance	16,008,088	9,100,976	25,109,064
Net expenses from reinsurance contracts held	(6,944,663)	(11,353,409)	(18,298,072)
Investment income	782,628	1,940,158	2,722,786
Finance (expenses)/income from insurance contracts issued	(105,910)	458,034	352,124
Finance expenses from reinsurance contracts held	(407,613)	(815,861)	(1,223,474)
Net insurance financial result	(513,523)	(357,827)	(871,350)
Mathematical reserves	(109,130)	-	(109,130)
Other operating expenses	2,065,129	(497,606)	1,567,523
Other underwriting income	1,255,153	-	1,255,153
Loss for the period	(8,283,829)	(2,931,535)	(11,215,364)

The following is an analysis of the Company's assets, liabilities and equity classified by segment:

	As at 30 September 2023 (Unaudited)		
	Life and Medical AED	Motor and General AED	Total AED
Total assets	194,617,034	398,347,462	592,964,496
Total equity	(9,060,935)	154,215,120	145,154,185
Total liabilities	203,677,969	244,132,342	447,810,311

	As at 31 December 2022 (Unaudited)		
	Life and Medical AED	Motor and General AED	Total AED
Total assets	182,144,238	376,323,956	558,468,194
Total equity	(9,877,294)	150,360,352	140,483,058
Total liabilities	199,649,558	225,963,604	425,613,162

Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

20 Related party balances and transactions

The Company, in the normal course of business, collects premiums, settles claims and enters into transactions with other business enterprises that fall within the definition of a related party. Related parties include the Company's major shareholders, directors and businesses controlled by them and their families over which they exercise significant management influence as well as key management personnel. The Company's management believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

At the end of the reporting period/year, amounts due from/to related parties were as follows:

	(Unaudited) 30 September 2023 AED	(Unaudited) 31 December 2022 AED
Due from Directors (insurance contract liabilities)	78,953	44,648
Due from other related parties under common control (insurance contract liabilities)	14,707,892	11,714,961
Total due from related parties	<u>14,786,845</u>	<u>11,759,609</u>
Due to Parent company (insurance contract liabilities)	(10,493,102)	(12,185,455)
Due to Parent company (other payables)	(314,683)	(1,513,044)
Due to other related parties under common control (insurance contract liabilities)	(1,238,292)	(861,765)
Total due to related parties	<u>(12,046,077)</u>	<u>(14,560,264)</u>
	(Unaudited) 30 September 2023 AED	(Unaudited) 31 December 2022 AED
Fixed deposits placed with Parent company	124,359,049	124,017,267
Bank balances placed with Parent company	10,367,387	8,634,651
Allowance for impairment on insurance contract liabilities (Parent company)	(59,699)	(466,474)

Balances due from and due to related parties are interest free and repayable on demand.

Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

20 Related party balances and transactions (continued)

During the period, the Company entered the following transactions with related parties:

	Three month period ended 30 September (Unaudited)		Nine month period ended 30 September (Unaudited)	
	2023	2022	2023	2022
	AED	AED	AED	AED
Insurance revenue (Parent company)	38,098,063	44,129,422	87,548,164	85,546,243
Insurance revenue (Directors)	28,755	23,974	53,400	31,989
Insurance revenue (other related parties)	12,901,917	2,996,117	32,932,423	6,310,505
Insurance service expenses (Parent company)	(20,390,012)	(31,834,595)	(52,762,344)	(70,547,311)
Insurance service expenses (Directors)	(164,129)	(57,900)	(176,865)	(57,900)
Insurance service expenses (other related parties)	(25,303,058)	(2,858,394)	(29,727,592)	(3,584,799)
Other expenses (Parent company)	(52,250)	(52,250)	(156,750)	(156,750)
Investment income (Parent company)	1,674,815	295,287	4,522,776	575,816
Dividends (Parent company)	-	-	-	(7,687,069)
Dividends (Directors)	-	-	-	(1,538,560)

During the nine-month period ended 30 September 2023, the Company has sold financial assets at AED 1.9 million (31 December 2022: AED 19.9 million) and purchased financial assets at FVTOCI amounting to AED 11.8 million (31 December 2022: nil) through the Parent company / from external parties.

Key management personnel compensation

	Three month period ended 30 September (Unaudited)		Nine month period ended 30 September (Unaudited)	
	2023	2022	2023	2022
	AED	AED	AED	AED
Board of Directors' remuneration and other expenses	668,437	-	668,437	-
Short-term benefits	1,019,483	1,906,654	4,186,816	5,349,702
Long-term benefits	91,183	89,986	208,087	409,308
	1,779,103	1,996,640	5,063,340	5,759,010

21 Contingent liabilities

	(Unaudited)	(Unaudited)
	30 September	31 December
	2023	2022
	AED	AED
Letters of guarantee	10,723,121	10,567,341

Letters of guarantee includes AED 10 million (31 December 2022: AED 10 million) issued in favour of the CBUAE (formerly, the UAE Insurance Authority). The above guarantees were issued in the normal course of business. The Company, in common with the significant majority of insurers, is subject to litigation in the normal course of its business. The Company, based on independent legal advice, does not expect that the outcome of these court cases will have a material impact on the Company's financial performance or financial position.

Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

22 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value of financial instruments carried at amortised cost

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the condensed interim financial information approximate their fair values except for financial investments measured at fair value through other comprehensive income of which fair value is determined based on the quoted market prices and disclosed in Note 6 of this condensed interim financial information.

Fair value of financial instruments carried at fair value

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of assets are determined using similar valuation techniques and assumptions as used in the audited annual financial statements for the year ended 31 December 2022.

Financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

The following table provides an analysis of financial and non-financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 the fair value of financial instruments traded in an active market is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the company is the current bid price. These instruments are included in Level 1.
- Level 2 the fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are unobservable, the instrument is included in Level 2.
- Level 3 if one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Some of the Company's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined:

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
	30 September 2023 (Unaudited) AED	31 December 2022 (Unaudited) AED				
FVTOCI:						
Debt securities	115,102,778	106,416,035	Level 1	Quoted bid prices in an active market	None	N/A
Quoted equity securities	<u>3,806,936</u>	<u>1,994,312</u>	Level 1	Quoted bid prices in an active market	None	N/A

Ras Al Khaimah National Insurance Company P.S.C.
Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 30 September 2023

22 Fair value measurements (continued)

There were no transfers between levels during the period. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

23 Capital risk management

The solvency regulations identify the required Solvency Margin to be held in addition to insurance liabilities. The Solvency Margin (presented in the table below) must be maintained at all times throughout the period. The Company is subject to solvency regulations which it has complied with during the year. The Company has incorporated in its policies and procedures the necessary tests to ensure continuous and full compliance with such regulations. The table below summarises the Minimum Capital Requirement, Minimum Guarantee Fund and Solvency Capital Requirement of the Company and the total capital held to meet these required Solvency Margins.

	(Unaudited) 30 September 2023 AED	(Unaudited) 31 December 2022 AED
Minimum Capital Requirement (MCR)	100,000,000	100,000,000
Solvency Capital Requirement (SCR)	64,377,776	56,600,411
Minimum Guarantee Fund (MGF)	69,174,735	71,909,398
Basic Own Funds	125,337,193	115,146,083
MCR Solvency Margin - Minimum Capital Requirement surplus	25,337,193	15,146,083
SCR Solvency Margin - Solvency Capital Requirement surplus	60,959,417	58,545,672
MGF Solvency Margin – Minimum Guarantee Fund surplus	<u>56,162,458</u>	<u>43,236,685</u>

24 Subsequent events

There have been no events subsequent to the condensed interim statement of financial position date that would significantly affect the amounts reported in the condensed interim financial information as at and for the nine-month period ended 30 September 2023.

25 Approval of the condensed interim financial information

The condensed interim financial information was approved by the Board of Directors and authorised for issue on 25 October 2023.

26 Comparatives

Certain prior period amounts have been regrouped to conform to current period's presentation. Such regrouping did not affect previously reported profit for the period or equity.