

Emirates NBD Securities LLC

Financial statements

For the year ended 31 December 2023

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DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of Emirates NBD Securities LLC (the "Company") for the year ended 31 December 2023.

Financial Results

The Company has reported a net profit of AED 13.67 million for the year ended 31 December 2023 (2022: AED 17.96 million).

Total equity holders' funds amount to AED 122.10 million as at 31 December 2023 (2022: AED 128.01 million).

Directors

The Directors of the Company during the year (and to date of this report) were as follows:

Mr. Ahmed Al Qassim	Chairman
Mr. Farid Al Mulla	Member
Mr. Marwan Mahmoud Hadi	Member
Mr. Mohammad Al Bastaki	Member
Mr. Ammar Al Haj	Member

Proposed appropriations

The Directors have recommended a cash dividend of AED 15.10 million to be paid out of the retained earnings.

Auditors

Deloitte & Touche (M.E.) were appointed as Auditors of Emirates NBD Securities LLC at the Emirates NBD Group Annual General Meeting held on 23 February 2023.

On behalf of the Board



Hessa Al Mulla

General Manager

Dubai, UAE

Date: 14 March 2024

INDEPENDENT AUDITOR'S REPORT

The Shareholders
Emirates NBD Securities LLC
Dubai
United Arab Emirates

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Emirates NBD Securities LLC (the "Company")**, which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement cash flows, and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of material accounting policies information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the other ethical requirements that are relevant to our audit of the Company's financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the Board of Directors' report of the Company. We obtained the Board of Directors' report prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Emirates NBD Securities LLC (continued)

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with applicable provisions of UAE Federal Decree Law No. (32) of 2021, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Emirates NBD Securities LLC (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by the UAE Federal Decree Law No. (32) of 2021, we report that:

- We have obtained all the information we considered necessary for the purposes of our audit;
- The financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021;
- The Company has maintained proper books of account;
- The financial information included in the Directors' report is consistent with the books of account and records of the Company;
- Note 8 to the financial statements discloses the Company's purchases or investments in shares or stocks during the year ended 31 December 2023;
- Note 11 to the financial statements discloses material related party transactions and the terms under which they were conducted and principles of managing conflict of interest;
- Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened during the year ended 31 December 2023 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2023; and
- Note 15 to the financial statements of the Company discloses social contributions made during the year ended 31 December 2023.

Deloitte & Touche (M.E.)

Akbar Ahmad
Registration No. 1141
14 March 2024
Dubai
United Arab Emirates

EMIRATES NBD SECURITIES LLC
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

		2023	2022
	<i>Notes</i>	AED 000	AED 000
Assets			
Property and equipment	7	8,494	6,653
Investment securities	8	357	354
Total non-current assets		8,851	7,007
Cash and bank balances	12	124,352	123,404
Trade and other debtors	9	-	-
Other receivables	10	9,922	9,425
Total current assets		134,274	132,829
Other payables	13	6,053	5,914
Due to Parent Bank	11	14,014	4,859
Client deposit		956	1,053
Total current liabilities		21,023	11,826
Net current assets		113,251	121,003
Net assets		122,102	128,010
Represented by			
Share capital	14	36,000	36,000
Statutory reserve	14	18,804	18,804
Fair value reserve		98	98
Capital contribution reserve		50,000	50,000
Retained earnings		17,200	23,108
Total equity holders' funds		122,102	128,010

The notes on pages 9 to 27 form an integral part of these financial statements.

The independent auditor's report is set out on page 2 to 4.

These financial statements were approved by the Board of Directors of Emirates NBD Securities LLC on 14 March 2024 and signed on their behalf by:



General Manager

EMIRATES NBD SECURITIES LLC**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

		2023	2022
	<i>Notes</i>	AED 000	AED 000
Commission income		35,154	38,007
Administrative and general expenses	15	(23,379)	(16,141)
Operating income		11,775	21,866
Other expenses - net	16	(1,454)	(5,061)
Interest income from parent bank	11	3,346	1,275
Impairment on trade and other debtors		-	(147)
Unrealized gain on investment securities		3	-
Profit for the year		13,670	17,933
Other comprehensive income		-	28
Total comprehensive income for the year		13,670	17,961

The notes on pages 9 to 27 form an integral part of these financial statements.

The independent auditors' report is set out on page 2 to 4.

EMIRATES NBD SECURITIES LLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

		2023	2022
	<i>Notes</i>	AED 000	AED 000
<u>OPERATING ACTIVITIES</u>			
Profit for the year		13,670	17,933
<u>Adjustments for non-cash items</u>			
Depreciation	15	1,738	519
Impairment on trade and other debtors		-	147
Unrealized loss on investment securities		(3)	1
Operating profit before changes in operating assets and liabilities		15,405	18,600
Change in other receivables		(497)	(6,920)
Change in due to Parent Bank		(10,423)	(8,192)
Change in other payables		139	295
Net cash flows from generated from operating activities		4,624	3,783
<u>INVESTING ACTIVITIES</u>			
Changes in property and equipment		(3,579)	(4,271)
Change in term deposits maturing after three months		(1,494)	(514)
Net cash flows used in investing activities		(5,073)	(4,785)
Net decrease in cash and cash equivalents		(449)	(1,002)
Cash and cash equivalents at the beginning of the year		31,404	32,406
Cash and cash equivalents at the end of the year	12	30,955	31,404

The notes on pages 9 to 27 form an integral part of these financial statements.

The independent auditors' report is set out on page 2 to 4.

EMIRATES NBD SECURITIES LLC**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Share Capital	Statutory reserve	Fair Value reserve	Capital contribution reserve	Retained earnings	Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Balance as at 1 January 2023	36,000	18,804	98	50,000	23,108	128,010
Total comprehensive income for the year	-	-	-	-	13,670	13,670
Dividend declared	-	-	-	-	(19,578)	(19,578)
Balance as at 31 December 2023	36,000	18,804	98	50,000	17,200	122,102
Balance as at 1 January 2022	36,000	18,804	70	50,000	5,175	110,049
Total comprehensive income for the year	-	-	28	-	17,933	17,961
Dividend paid	-	-	-	-	-	-
Balance as at 31 December 2022	36,000	18,804	98	50,000	23,108	128,010

The notes on pages 9 to 27 form an integral part of these financial statements.

The independent auditors' report is set out on page 2 to 4.

EMIRATES NBD SECURITIES LLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1 Legal status and principal activities

Emirates International Securities LLC (the "Company") is a limited liability company incorporated in the emirate of Dubai on 10 November 2001.

The Company is in compliance with the applicable provision of the UAE federal law no. 32 of 2021 on Commercial Companies which came into effect on 2 January 2022, replacing the Federal Law No. 2 of 2015.

The shareholding pattern in the Company is as follows:

Name of equity holders	Shareholding (%)
Emirates NBD Bank P.J.S.C. ("Parent Bank")	99%
Emirates NBD Capital P.S.C.	1%

The Company's majority shareholding is owned by Emirates NBD Bank P.J.S.C. (the "Parent Bank"). The ultimate parent company is Investment Corporation of Dubai, a company wholly owned by the Government of Dubai.

The principal activity of the Company is to act as an intermediary in dealings in shares, stocks, debentures and securities.

The registered address of the Company is P.O. Box 2923, Dubai, U.A.E.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and applicable requirements of the laws of the U.A.E.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented. Certain previous year amounts have been reclassified to conform to the current year presentation. These reclassifications do not have any effect on profit or equity of the Company. Such reclassifications have been made to improve the quality of information presented. These financial statements have been approved for issue by the Board of Directors on 14 March 2024.

(b) Basis of measurement

These financial statements are prepared under the historical cost convention, except for investment securities designated at Fair Value Through Profit or Loss (FVTPL) and Fair Value through Other Comprehensive Income (FVOCI) which are measured at fair value. The methods used to measure fair value are discussed further in note 4.

(c) Functional and presentation currency

These financial statements are presented in UAE Dirhams ("AED"), which is the functional currency of the Company, rounded to the nearest thousands, except unless otherwise stated.

EMIRATES NBD SECURITIES LLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2 Basis of preparation (continued)**(d) Use of estimates and judgments**

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the financial statements requires management to make certain estimates and assumptions that affect the reported amount of financial assets and liabilities and the resultant allowances for impairment and fair values. Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Financial instruments

Judgements made in applying accounting policies that have most significant effects on the amounts recognised in the financial statements of the year ended 31 December 2023 are:

- Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial assets are solely payment of principal and profit of the principal amount outstanding.
- Calculation of expected credit losses (ECL): changes to the assumptions and estimation uncertainties that have a significant impact on ECL. The impact is mainly driven by inputs, assumptions and techniques used for ECL calculation under IFRS 9 methodology.

EMIRATES NBD SECURITIES LLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****3 Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

(a) Revenue recognitions

Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Interest income is recognised in the statement of comprehensive income for all instruments measured at amortised cost using the effective interest method.

Realised gains and losses on investments sold are determined using the average cost basis and are disclosed net of sales commission.

Commission income

The Company earns commission income on those transactions in which it acts as an agent. Commission income is recognised on an accrual basis when the right to receive is established.

(b) Property and equipment

Property and equipment is stated at cost less accumulated depreciation and impairment losses, if any. Subsequent costs are included in the asset's carrying amount or are 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. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in statement of comprehensive income.

Useful lives of property and equipment

The estimated useful lives of the Company's property and equipment for calculating depreciation are in line with the Parent Bank's policies. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates. Estimated useful lives are as below:

Freehold improvements	10 years
Leasehold improvements	7 years
Office equipment	5 years
Computers	4 years
Right use of Assets	4 years

Capital work in progress is stated at cost. When completed, they are transferred to the appropriate property and equipment category and depreciated in accordance with the Company's policies.

EMIRATES NBD SECURITIES LLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****3 Significant accounting policies (continued)****(c) Financial instruments**

- Classification of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income (OCI). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

Business model assessment:

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual profit revenue, maintaining a particular profit rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about the future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

EMIRATES NBD SECURITIES LLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****3 Significant accounting policies (continued)****(c) Financial instruments (continued)***Business model assessment (continued):*

Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic financing risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money - e.g. periodical reset of profit rate.

- Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

- Impairment

The Company recognises loss allowances for ECL on financial instruments that are not measured at FVTPL, primarily financial assets that are financing instruments.

The Company measures loss allowances at an amount equal to lifetime ECL. For financial instruments on which credit risk has not increased significantly since their initial recognition, loss allowances are measured at 12-month ECL.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after reporting date.

- Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances with the Parent Bank.

EMIRATES NBD SECURITIES LLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

3 Significant accounting policies (continued)

(c) Financial instruments (continued)

• Derecognition of financial instruments

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.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(d) Offsetting

Financial assets and liabilities are offset and the net amount is reported on the statement of the financial position only when the Company has a legally enforceable right to set off the recognised amount and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS or IAS or if gains or losses are arising from a group of similar transactions.

(e) Foreign currencies

Monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date.

(f) Employee benefits

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

- A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(g) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable (more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

EMIRATES NBD SECURITIES LLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****3 Significant accounting policies (continued)****(h) Dividend income**

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(i) Related parties

A party is considered to be related to the Company if:

- (a) the party, directly or indirectly through one or more intermediaries,
 - (i) controls, is controlled by, or is under common control with, the Company;
 - (ii) has an interest in the Company that gives it significant influence over the Company; or
 - (iii) has joint control over the Company;
- (b) the party is an associate;
- (c) the party is a jointly-controlled entity;
- (d) the party is a member of the key management personnel of the Company;
- (e) the party is a close member of the family of any individual referred to in (a) or (d); or
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) the party is a post-employment benefit plan for the benefit of the employees of the Company, or of any entity that is a related party of the Company.

(j) Customer loyalty programme

The Company operates a rewards programme which allows customers to accumulate points when they trade with the Company. The points can then be redeemed and credited to customer trading account, subject to a minimum number of points being obtained.

The sale proceeds received are allocated between the customer trades and the points issued, with the proceeds allocated to the points being equal to their fair value. Fair value is determined by applying statistical techniques. The fair value of the points issued is deferred and recognised in revenue when the points are redeemed.

(k) Trade and other debtors

All receivables are stated at amortised cost less impairment losses, if any.

(l) Payables

Payables are stated at amortised cost.

EMIRATES NBD SECURITIES LLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****3 Significant accounting policies (continued)****(m) Lessee accounting**

The Company initially measures the right-of-use asset at cost and subsequently measures at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability.

The Company initially measures the lease liability at the present value of the future lease payments discounted using the discount rate implicit in the lease.

Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

(n) New standards and interpretations not yet effective

Certain new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2023, with the Company not opting for early adoption.

New and revised IFRSs

**Effective for
annual periods
beginning on or after
1 January 2024**

Amendments to *IAS 1 Presentation of Financial Statements* relating to Classification of Liabilities as Current or Non-Current

Amendments to *IAS 1 Presentation of Financial Statements* relating to Non-current Liabilities with Covenants

1 January 2024

Amendments to *IAS 7 Statement of Cash Flows* and *IFRS 7 Financial Instruments: Disclosures* relating to Supplier Finance Arrangements

1 January 2024

The Company anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of the Company in the period of initial application.

EMIRATES NBD SECURITIES LLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

4 Determination of fair value

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Investment securities

The fair value of financial assets at FVTPL and FVOCI is determined by reference to their quoted bid price at the reporting date. The fair value of investments in recognised financial markets is their quoted price.

Where the investments are not traded in an active market, traded in small volumes, or where there is no quoted market price, a reasonable estimate of fair value is determined by reference to the current market value of another instrument that is substantially the same or is based on discounted cash flow analysis or maintainable earnings models or other reliable valuation methods. Investments whose fair value cannot be reliably measured are carried at cost (being the most recent estimate of fair value) less any impairment losses.

5 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout in the financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has authorised the quality assurance department to develop and monitor the Company's risk management policies. The Quality Assurance Manager reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

EMIRATES NBD SECURITIES LLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****5 Financial risk management (continued)****Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. The Company has in place group standards; regulations of Securities and Commodities Authority ("SCA"), Abu Dhabi Securities Exchange ("ADX") and the Dubai Financial Market ("DFM"), and policies and procedures dedicated to monitor and manage risk from such activities.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company's credit risk is mainly attributable to the trade margin facilities extended to the Company's customers. The exposure to credit risk on these facilities is monitored on an on-going basis by the management.

The Company has a policy in place under which each new customer is analysed individually for creditworthiness before the Company allows these customers to open a trading account with the Company. A trading limit is established for each customer, which represents the maximum open amount of margin facilities that is available to the customer for trading purposes. These individual limits are monitored and reviewed on an on-going basis.

The Company's cash is placed with its Parent Bank and financial institutions of good repute.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2023	2022
	AED 000	AED 000
Cash and bank balances (note 12)	124,352	123,404
Other receivables (note 10)	9,922	9,425
Total	134,274	132,829

The unsettled trade debtors of the Company as at the reporting date are derived from Gulf Cooperation Council countries ("GCC").

ECL of these balances are not considered significant.

EMIRATES NBD SECURITIES LLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****5 Financial risk management (continued)****Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company is not significantly exposed to liquidity risks as its primary source of funding is through approved financing arrangements with the Parent Bank, which itself is a reputable bank in the UAE.

Further, the Company comprises mainly other payables which are non-interest bearing with a maturity of less than six months. The contractual cash flows are not materially different from their carrying amounts.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

All the company's transactions are conducted in AED or US Dollar ("USD"). The AED is currently pegged to the USD and while this continuous to be the case, the Company has no significant exposure to currency risk.

Interest rate risk

The Company has exposure to interest rate risk in relation to the amount due from Parent Bank. The Company pays/receives interest to/from the Parent Bank on intra-group net payables / receivables. All interest bearing financial assets and liabilities are at fixed interest rates.

At the reporting date, the interest profile of the Company's interest bearing financial instruments are as follows:

	2023	2022
	AED 000	AED 000
Fixed rate instruments:		
Fixed deposits (Note 12)	92,441	90,947
Variable rate instruments:		
Call accounts	17,828	17,830

EMIRATES NBD SECURITIES LLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

5 Financial risk management (continued)**Cash flow sensitivity analysis for variable rate instruments**

A change of 100 basis points in interest rates at the reporting date would have resulted in the following increases / (decreases) being recognised in the profit and loss account or directly in equity as shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit and Loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2023				
Financial instruments	<u>178</u>	<u>(178)</u>	<u>-</u>	<u>-</u>
31 December 2022				
Financial instruments	<u>178</u>	<u>(178)</u>	<u>-</u>	<u>-</u>

Equity price risk

Equity price risk arises from investment securities of the Company. Exposure to price risk is monitored by senior management on an ongoing basis to assess the impact of changes in market conditions. Investment securities are managed on a fair value basis.

The amounts mentioned in the table below reflect an equal but opposite potential effect on profit before tax and equity based on an assumed 5% strengthening or weakening in prices, with all other variables held constant:

	31 December 2023			31 December 2022		
	Total	Effect on profit	Effect on equity	Total	Effect on profit	Effect on equity
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Effect of change in equity price by 5%						
Equity Securities	<u>357</u>	<u>±10</u>	<u>±8</u>	<u>354</u>	<u>±10</u>	<u>±8</u>

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

To mitigate the operational risk, the Company has obtained fidelity and indemnity insurance cover against possible errors from its brokers while executing customers' orders for trade of securities in stock markets.

EMIRATES NBD SECURITIES LLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****6 Capital management**

The Company's capital management approach is driven by strategy and organisational requirements, taking into account the commercial environment in which it operates. The Company's capital management takes into account assets growth and the optimal amount and mix of capital required to support planned business growth.

Regulatory Capital

The Company is regulated by SCA, which sets and monitors the capital requirements for the Company. As per the Chairman of the Authority's Board of Directors' Decision No. (13/Chairman) of 2021 on the Regulations Manual of the Financial Activities and Status Regularisation Mechanisms, the minimum paid up capital for a brokerage company (Trading Member) must not be less than AED 30 million (2022: AED 30 million). The Company has complied with all externally imposed capital requirements throughout the period. There were no changes in the Company's approach to capital management during the year.

7 Property and equipment

Property and equipment of the Company comprises of freehold improvements, leasehold improvements, office equipment, computer, right of use asset and capital work in progress.

8 Investment securities

These comprise the following:

	2023 AED 000	2022 AED 000
Equity securities:		
FVTPL	195	192
FVOCI	162	162
	357	354

Included in FVTPL - equity securities are:

AED 195,000 (31 December 2022: AED 192,000) representing 1% equity interest in Egyptian Company for Electronic System Development ("Network International Egypt (NI-Egypt) (S.A.E)"). The remaining 99% equity interest in NI-Egypt is collectively owned by Network International Holdings Plc and Emirates NBD Capital (P.S.C) and the latter being a subsidiary of the Parent Bank.

Included in FVOCI - equity securities are:

AED 73,800 of Emirates NBD Egypt S.A.E., AED 88,000 of Emirates NBD Capital (P.S.C.). The Company has not purchased or invested in shares or stocks during the year ended 31 December 2023.

EMIRATES NBD SECURITIES LLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****9 Trade and other debtors**

Trade and other debtors include receivables from Margin Trading (MT), which the Company was previously engaged in. During 2011, SCA issued a circular that brokerage companies cannot carry out MT therefore, the Company has not engaged in any further transactions.

For the year ended 31 December 2023 and 31 December 2022, no accounts were transferred to Parent Bank. During the year ended 31 December 2022, receivable from MT amounting to AED 3,005 thousand were written off.

	2023	2022
	AED 000	AED 000
Customer receivables	-	3,005
Less: Expected credit loss	-	(3,005)
	-	-

All the debtors are classified as stage 3 under IFRS.

	2023	2022
	AED 000	AED 000
Movement in allowance for impairment loss		
Balance as on 1 st January	-	2,858
Allowance made during the year	-	147
	-	3,005

10 Other receivables

	2023	2022
	AED 000	AED 000
Interest receivable	3,039	1,187
Others	6,883	8,238
	9,922	9,425

Others includes AED 1,897,000 of cash placed with DGCX as collateral on 26 August 2013.

EMIRATES NBD SECURITIES LLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****11 Related party transactions**

The Company, in the normal course of business, carries out transactions with entities that fall within the definition of a related party contained in International Accounting Standard 24. The transactions and balances with the related parties, other than those as disclosed elsewhere in the financial statements, are as follows:

The total amount of compensation paid to directors and key management personnel during the year was as follows:

	2023	2022
	AED 000	AED 000
Short term employee benefits	1,710	1,670
Post-employment benefits	63	75

Key management personnel are those persons, including non-executive directors, having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

At the reporting date, balances with related parties were as follows:

	2023	2022
	AED 000	AED 000
Due to Parent Bank	14,014	4,859
Interest receivable from Parent Bank	3,039	1,187
Bank balances held with Parent Bank (Note 12)	124,352	123,404

ECL on these balances are not significant.

The transactions and balances with Parent Bank and related parties, other than as disclosed elsewhere in the financial statements, were as follows:

	2023	2022
	AED 000	AED 000
Commission income from related parties (note 11.1)	8,011	8,611
Interest income from Parent Bank on fixed deposit and call account	3,346	1,275
Group recharges expense / (reversal)	2,493	(2,583)

11.1 Commission income from related parties comprised:

	2023		2022	
	Trade value	Commission	Trade value	Commission
	AED 000	income	AED 000	income
		AED 000		AED 000
Subsidiary of the Parent Bank	186,218,729	6,906	170,348,268	6,115
Parent Bank	2,651,542	1,105	3,162,940	2,492
Directors of the Company	9	-	4,590	4
	188,870,280	8,011	173,515,798	8,611

EMIRATES NBD SECURITIES LLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****12 Cash and bank balances**

	2023	2022
	AED 000	AED 000
Current account	30,955	31,404
Cash and cash equivalents	30,955	31,404
Client money (Refer note 12.1)	956	1,053
Short term security deposit (maturity after three months)	92,441	90,947
	124,352	123,404

- 12.1** In accordance with the regulations issued by the SCA the Company maintains separate bank accounts for advances received from its customers ("Clients' Money"). The Client Money is not available to the Company other than to settle transactions executed on behalf of the customers maintaining deposits with the Company.

13 Other payables

	2023	2022
	AED 000	AED 000
Accrued loyalty points*	1,900	1,501
Accrued bonus	3,770	3,378
Others	383	1,035
	6,053	5,914

* Customer loyalty program was implemented in 2013. The program was designed to pay incentive "Points" to eligible customers based on customers trading volume per month. The total points are accrued each month and will be valid for redemption within 24 months. Points are credited to customer's trading account upon request. Each point has an equivalent value of AED 1.

14 Share capital and reserves

	2023	2022
	AED 000	AED 000
Authorised, issued and fully paid up:		
36,000 shares of AED 1,000 each	36,000	36,000

The Company is proposing a cash dividend of AED 419.54 per share for the year (2022: AED 543.83 per share) amounting to AED 15.10 million (2022: AED 19.58 million).

Statutory reserve

The total reserve of the Company has reached 50% of the issued capital, and therefore, no appropriation to statutory reserve (2022: AED Nil) was made.

EMIRATES NBD SECURITIES LLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****15 Administrative and general expenses**

	2023	2022
	AED 000	AED 000
Staff costs	15,071	14,186
Occupancy costs	151	137
Depreciation	1,738	519
Group recharges expense / (reversal)	2,343	(2,721)
Others	4,076	4,020
Total	23,379	16,141

The number of employees at 31 December 2023 were 45. (2022: 38).

The social contributions (including donations and charity) made during the year amount to nil (2022: nil).

16 Other expenses - net

	2023	2022
	AED 000	AED 000
Foreign exchange income	(6)	(9)
Clearing fee expense	2,495	3,538
Other operating (income) / expense	(1,035)	1,532
	1,454	5,061

17 Contingent liabilities

	2023	2022
	AED 000	AED 000
Letters of guarantee (Issued by the Parent Bank in favor of DGCX)	3,673	3,673
Letters of guarantee (Issued by the Parent Bank in favor of SCA)	1,000	1,000

EMIRATES NBD SECURITIES LLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****18 Fair value measurement principles*****Fair values*****Fair values versus carrying amounts**

The fair values of the financial instruments are not materially different from their carrying amounts.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In AED 000

31 December 2023

Equity Securities:

FVTPL

FVOCI

Level 3

195

162

357

31 December 2022

Equity Securities:

FVTPL

FVOCI

192

162

354

The fair value of financial instruments classified as level 3 are, in certain circumstances, measured using valuation techniques that incorporate assumptions that are not evidenced by the prices from observable current market transactions in the same instrument and are not based on observable market data. The Company employs valuation techniques, depending on the instrument type and available market data. For example, in the absence of active market, an investment's fair value is estimated on the basis of an analysis of the investee's financial position and results, risk profile and other factors. Favourable and unfavourable changes in the value of financial instruments are determined on the basis of changes in the value of the instruments as a result of varying the levels of the unobservable parameters, quantification of which is judgmental.

19 Corporate tax in UAE

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to enact a new CT regime in the UAE. The new CT regime will become effective for accounting periods beginning on or after 1 June 2023.

As the Company's accounting year ends on 31 December, accordingly the effective implementation date for the Company will start from 1 January 2024 to 31 December 2024, with the first return to be filed on or before 30 September 2025.

The CT Law confirms the rate of 9% to be applied to taxable income exceeding a specified threshold.

EMIRATES NBD SECURITIES LLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

20 Environmental, social and governance (ESG) risk

The rapidly changing global landscape, marked by challenges such as climate change, the evolving expectations of our stakeholders, as well as a continuous evolution of international standards, particularly in the areas of sustainability accounting, audit and ethics necessitates a proactive approach to ESG. The Company continues to develop its approach to ESG in line with progressing standards, both regionally and globally.

Impact of climate risk on accounting judgments and estimates

At this time, the Company believes that the effects climate related risks which could arise in the short and medium term will have limited effect on accounting judgements and estimates.