

EMIRATES NBD SECURITIES LLC

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024

EMIRATES NBD SECURITIES LLC

CONDENSED INTERIM FINANCIAL STATEMENTS

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The Board of Directors
Emirates NBD Securities LLC
Dubai
United Arab Emirates

Introduction

We have reviewed the accompanying condensed statement of financial position of **Emirates NBD Securities LLC** (the "Company"), **Dubai, United Arab Emirates** as at 30 September 2024 and the related condensed statements of comprehensive income, cash flows and changes in equity for the nine months period then ended and material accounting policy information and other explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 - *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects in accordance with IAS 34.

Deloitte & Touche (M.E.)



Akbar Ahmad
Registration No.: 1141
11 November 2024
Dubai
United Arab Emirates

EMIRATES NBD SECURITIES LLC**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024 (UNAUDITED)**

		Unaudited 30 September 2024 AED 000	Audited 31 December 2023 AED 000
	Notes		
Assets			
Property and equipment		7,583	8,494
Investment securities	5	187	357
Total non-current assets		7,770	8,851
Cash and bank balances	6	128,719	124,352
Other receivables		55,814	9,922
Total current assets		184,533	134,274
Other payables	7	9,309	6,053
Due to Parent Bank	9	47,288	14,014
Client deposit	6	853	956
Total current liabilities		57,450	21,023
Net current assets		127,083	113,251
Net assets		134,853	122,102
Represented by			
Share capital		36,000	36,000
Statutory reserve		18,804	18,804
Fair value reserve		(39)	98
Capital contribution reserve		50,000	50,000
Retained earnings		30,088	17,200
Total equity holders' funds		134,853	122,102

The attached notes 1 to 12 form an integral part of these condensed interim financial statements.

The independent auditor's report is set out on page 1.

These financial statements were approved by the Board of Directors of Emirates NBD Securities LLC on 11 November 2024 and signed on their behalf by;



General Manager

EMIRATES NBD SECURITIES LLC**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024 (UNAUDITED)**

		Unaudited three months period ended 30 September 2024 AED 000	Unaudited three months period ended 30 September 2023 AED 000	Unaudited nine months period ended 30 September 2024 AED 000	Unaudited nine months period ended 30 September 2023 AED 000
	Notes				
Net commission income		11,055	10,249	31,599	27,551
Administrative and general expenses		(6,829)	(6,057)	(21,528)	(17,608)
Operating income		4,226	4,192	10,071	9,943
Other income / (expenses) - net	8	(175)	(1,287)	467	(1,337)
Interest income from Parent Bank	9	1,316	1,075	3,642	2,271
Unrealised (loss) / gain on investment securities		-	-	(33)	3
Profit before taxation for the period		5,367	3,980	14,147	10,880
Taxation charge	12	(469)	-	(1,259)	-
Profit after taxation for the period		4,898	3,980	12,888	10,880
Other comprehensive loss for the period		(190)	-	(137)	-
Total comprehensive income for the period		4,708	3,980	12,751	10,880

The attached notes 1 to 12 form an integral part of these condensed interim financial statements.

The independent auditors' report is set out on page 1.

EMIRATES NBD SECURITIES LLC**CONDENSED INETRIM STATEMENT OF CASH FLOWS****FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024 (UNAUDITED)**

	Unaudited nine months period ended 30 September 2024 AED 000	Unaudited nine months period ended 30 September 2023 AED 000
<u>OPERATING ACTIVITIES</u>		
Profit for the period before taxation	14,147	10,880
<u>Adjustments for non-cash items</u>		
Depreciation and amortization	2,178	1,160
Unrealised loss / (gain) on investment securities	33	(3)
Operating profit before changes in operating assets and liabilities	16,358	12,037
Change in other receivables	(45,892)	5,238
Change in due from Parent Bank	-	(8,516)
Change in due to Parent Bank	33,274	(4,859)
Change in other payables	1,997	(415)
Net cash flows generated from operating activities	5,737	3,485
Taxes paid	-	-
Net cash flows generated from operating activities	5,737	3,485
<u>INVESTING ACTIVITY</u>		
Changes in property and equipment	(1,267)	(2,461)
Change in term deposits maturing after three months	(4,276)	(1,494)
Net cash flows used in investing activities	(5,543)	(3,955)
Net increase / (decrease) in cash and cash equivalents	194	(470)
Cash and cash equivalents at the beginning of the period	30,955	31,404
Cash and cash equivalents at the end of the period (Note 6)	31,149	30,934

The attached notes 1 to 12 form an integral part of these condensed interim financial statements.

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EMIRATES NBD SECURITIES LLC**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024 (UNAUDITED)**

	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 2024 (Audited)	36,000	18,804	98	50,000	17,200	122,102
Total comprehensive income for the period	-	-	(137)	-	12,888	12,751
Balance as at 30 September 2024 (Unaudited)	36,000	18,804	(39)	50,000	30,088	134,853
Balance as at 1 January 2023 (Audited)	36,000	18,804	98	50,000	23,108	128,010
Total comprehensive income for the period	-	-	-	-	10,880	10,880
Balance as at 30 September 2023 (Unaudited)	36,000	18,804	98	50,000	33,988	138,890

The attached notes 1 to 12 form an integral part of these condensed interim financial statements.

The independent auditors' report is set out on page 1.

EMIRATES NBD SECURITIES LLC**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024 (UNAUDITED)****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 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the last annual financial statements as at and for the year ended 31 December 2023. These condensed interim financial statements do not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards - Accounting Standards ("IFRS Accounting Standards") and should be read in conjunction with the financial statements as at and for the year ended 31 December 2023 except for the changes in accounting policies as explained in note 3.

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

Certain prior period comparatives have been reclassified wherever necessary to conform to the presentation adopted in the current period.

3 CHANGES IN ACCOUNTING POLICIES

In preparing these condensed interim financial statements, significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation were the same as those that were applied in the annual financial statements as at and for the year ended 31 December 2023, except for the accounting policy disclosed under note 12.

4 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements as at and for the year ended 31 December 2023.

EMIRATES NBD SECURITIES LLC**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024 (UNAUDITED)****5 INVESTMENT SECURITIES**

These comprise the following:

	Unaudited 30 September 2024 AED 000	Audited 31 December 2023 AED 000
Equity securities:		
FVTPL	162	195
FVOCI	25	162
	187	357

The Company has not purchased or invested in shares or stocks during the nine months period ended 30 September 2024.

Included in FVTPL - equity securities are:

AED 162,000 (31 December 2023: AED 195,000) representing 1% equity interest in Egyptian Company for Electronic System Development ("Network International Egypt (NI-Egypt) (S.A.E)").

Included in FVOCI - equity securities are:

AED 6,900 (31 December 2023: AED 73,700) of Emirates NBD Egypt S.A.E. and AED 17,700 (31 December 2023: 88,100) representing shares of Emirates NBD Capital (P.S.C.).

6 CASH AND BANK BALANCES

	Unaudited 30 September 2024 AED 000	Audited 31 December 2023 AED 000
Current account with Parent Bank	31,117	30,935
Current account with local banks	32	20
Cash and cash equivalents	31,149	30,955
Client money (Refer note 6.1)	853	956
Short term security deposit with Parent Bank (maturity after three months)	96,717	92,441
	128,719	124,352

- 6.1** 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.

EMIRATES NBD SECURITIES LLC**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024 (UNAUDITED)****7 OTHER PAYABLES**

	Unaudited 30 September 2024 AED 000	Audited 31 December 2023 AED 000
Accrued loyalty points*	2,014	1,900
Accrued bonus	4,550	3,770
Provision for taxation	1,259	-
Others	1,486	383
	9,309	6,053

* 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.

8 OTHER INCOME / (EXPENSES) - NET

	Unaudited nine months period ended 30 September 2024 AED 000	Unaudited nine months period ended 30 September 2023 AED 000
Foreign exchange income	5	6
Other operating income	2,044	1,229
Clearing fee income (expense)	(1,582)	(2,572)
	467	(1,337)

EMIRATES NBD SECURITIES LLC**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024 (UNAUDITED)****9 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 disclosed elsewhere in the financial statements, are as follows:

	Unaudited nine months period ended 30 September 2024 AED 000	Unaudited nine months period ended 30 September 2023 AED 000
Commission income from related parties (note 9.1)	9,333	6,104
Interest income from Parent Bank on fixed deposit and call account	3,642	2,271
Group recharges expense	2,428	2,036

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

	Unaudited nine months period ended 30 September 2024 AED 000	Unaudited nine months period ended 30 September 2023 AED 000
Short term employee benefits	725	1,614
Post-employment benefits	44	56

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:

	Unaudited 30 September 2024 AED 000	Audited 31 December 2023 AED 000
Due to Parent Bank	47,288	14,014
Interest receivable from Parent Bank	2,405	3,039
Bank balances held with Parent Bank (Note 6)	128,687	124,332

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:

9.1 Commission income from related parties comprised:

	Unaudited nine months period ended 30 September 2024		Unaudited nine months period ended 30 September 2023	
	Trade value AED 000	Commission income AED 000	Trade value AED 000	Commission income AED 000
Subsidiary of the Parent Bank	176,123,720	8,274	137,644,434	5,207
Parent Bank	3,340,550	1,053	1,997,961	897
Directors of the Company	10,344	6	9	-
	179,474,614	9,333	139,642,404	6,104

EMIRATES NBD SECURITIES LLC**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024 (UNAUDITED)****10 CONTINGENT LIABILITIES**

	Unaudited 30 September 2024 AED 000	Audited 31 December 2023 AED 000
Letter of guarantee (Issued by the Parent Bank in favor of DFM)	100,000	-
Letter of guarantee (Issued by the Parent Bank in favor of ADX)	75,000	-
Letters of guarantee (Issued by the Parent Bank in favor of DGCX)	3,673	3,673
Letter of guarantee (Issued by the Parent Bank in favor of NASDAQ)	3,673	-
Letters of guarantee (Issued by the Parent Bank in favor of SCA)	1,000	1,000

11 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).

	AED 000
Unaudited 30 September 2024	Level 3
Equity Securities:	
FVTPL	162
FVOCI	25
	187
Audited 31 December 2023	
Equity Securities:	195
FVTPL	162
FVOCI	357

EMIRATES NBD SECURITIES LLC**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024 (UNAUDITED)****11 FAIR VALUE MEASUREMENT PRINCIPLES (continued)**

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 an 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. Favorable and unfavorable 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.

12 INCOME TAXES AND DEFERRED TAXATION

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be settled with the tax authorities.

Deferred tax is accounted for using the asset and liability method. Deferred tax liabilities are recognised for the full tax consequences of all taxable temporary difference between the Company financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Recognition of deferred tax asset are, however, restricted to the extent that it is probable that sufficient taxable profits will be available against which the deductible temporary differences can be utilised. Deferred tax assets and liabilities are measured using tax rates that are expected to apply to the period in which the asset is expected to be realised or the liability is expected to be settled in line with the expected manner of recovery or settlement.

Deferred tax assets are reviewed periodically to reduce the carrying amount by the extent to which it is no longer probable that sufficient taxable profits will be available to utilise the differences.

Deferred tax assets and liabilities are off set when there is a legally enforceable right to set off current tax asset against current tax liabilities and when they relate to income taxes levied by the same tax authorities and the Company intends to settle its current tax assets and current tax liabilities on a net basis.

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 has become effective for the accounting periods beginning on or after 1 June 2023.

As the Company's accounting year ends on 31 December, the first tax period will be 1 January 2024 to 31 December 2024, with the first return to be filed on or before 30 September 2025.

The taxable income of the entities that are in scope for UAE CT purposes will be subject to the rate of 9% corporate tax. It is not currently foreseen that the Company's operations will be subject to the application of the Global Minimum Tax rate of 15% in 2024. The application is dependent on the implementation of Base Erosion Profit Shifting (BEPS 2) – Pillar Two rules by the countries where the Company operates and the implementation of a top-up tax regime by UAE MOF.

The tax charge for period ended 30 September 2024 is AED 1,259 thousand (30 September 2023: AED Nil), representing effective tax of 9% (30 September 2023: 0%). The delta in the ETR year-on-year is due to corporate tax being newly implemented in the UAE.