

ADCB Securities L.L.C.

**Review report and condensed interim financial information
for the three month period ended March 31, 2025**

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INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF ADCB SECURITIES L.L.C.

Introduction

We have reviewed the accompanying condensed interim statement of financial position of ADCB Securities L.L.C. (the "Company") as of 31 March 2025 and the related statements of comprehensive income, changes in equity and cash flows for the three-month period then ended and material accounting policy information and other explanatory notes. Management is responsible for the preparation and fair 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*. 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 of the Company is not prepared, in all material respects, in accordance with IAS 34.


Deloitte & Touche (M.E.)



Mohammad Khamees Al Tah
Registration No. 717
8 May 2025
Abu Dhabi
United Arab Emirates

Condensed interim statement of financial position
As at March 31, 2025

		As at March 31 2025 (unaudited) AED'000	As at December 31 2024 (audited) AED'000
	Notes		
ASSETS			
Non-current assets			
Property and equipment, net		139	207
Investment security	3	1,237	1,393
Total non-current assets		1,376	1,600
Current assets			
Trade and other receivables	4	52,668	75,872
Margin trade receivables	5	663,677	597,455
Due from parent company	10	-	798
Cash and bank balances	6	22,269	15,373
Total current assets		738,614	689,498
Total assets		739,990	691,098
EQUITY AND LIABILITIES			
Equity			
Share capital	7	71,000	71,000
Statutory reserve		14,312	14,312
Revaluation reserve of investment designated at FVTOCI		362	518
Retained earnings		103,027	98,339
Total equity		188,701	184,169
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefit		3,919	3,999
Subordinated debt	8	100,000	100,000
Total non-current liabilities		103,919	103,999
Current liabilities			
Bank overdraft	6	390,849	322,575
Trade and other payables	9	56,120	80,355
Due to Parent Company	10	401	-
Total current liabilities		447,370	402,930
Total liabilities		551,289	506,929
Total equity and liabilities		739,990	691,098

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Nabil Juma
Director

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Hassan Salem Al Hossani
General Manager

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Deepak Khullar
Group Chief Financial Officer

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

Condensed interim statement of comprehensive income (unaudited)
For the three-month period ended March 31, 2025

		3 months ended	
		March 31	
	Notes	2025	2024
		AED'000	AED'000
Income			
Brokerage commission		4,281	2,870
Interest income		10,577	9,799
Interest expense	10	(5,473)	(5,919)
Net interest income		5,104	3,880
		9,385	6,750
Expenses			
Staff expenses		(2,609)	(3,089)
Depreciation		(68)	(69)
Other operating expenses		(1,211)	(1,023)
		(3,888)	(4,181)
Profit before tax		5,497	2,569
Income tax charge	13	(809)	(231)
Profit for the period		4,688	2,338
Other comprehensive income			
<i>Items that will not be re-classified subsequently to profit or loss</i>			
Fair value changes of equity instrument designated at FVTOCI	3	(156)	82
Total comprehensive income for the period		4,532	2,420

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

ADCB Securities L.L.C.**Condensed interim statement of changes in equity (unaudited)**
For the three month period ended March 31, 2025

	Share capital AED'000	Statutory reserve AED'000	Revaluation reserve of investment designated at FVTOCI AED'000	Retained earnings AED'000	Total equity AED'000
Balance as at January 1, 2025	71,000	14,312	518	98,339	184,169
Profit for the period	-	-	-	4,688	4,688
Fair value changes of equity instrument designated at FVTOCI	-	-	(156)	-	(156)
Total comprehensive (loss)/income for the period	-	-	(156)	4,688	4,532
Balance as at March 31, 2025	71,000	14,312	362	103,027	188,701
Balance as at January 1, 2024	71,000	13,185	410	88,198	172,793
Profit for the period	-	-	-	2,338	2,338
Fair value changes of equity instrument designated at FVTOCI	-	-	82	-	82
Total comprehensive income for the period	-	-	82	2,338	2,420
Balance as at March 31, 2024	71,000	13,185	492	90,536	175,213

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

ADCB Securities L.L.C.**Condensed interim statement of cash flows (unaudited)
For the three month period ended March 31, 2025**

	<u>3 months ended March 31</u>	
	2025	2024
	AED'000	AED'000
Operating activities		
Profit before taxation	5,497	2,569
Adjustments for:		
Depreciation on property and equipment	68	69
Employees' end of service benefit charge	66	71
	5,631	2,709
Movements in working capital		
Decrease in trade and other receivables	23,204	3,289
(Increase)/decrease in margin trade receivables	(66,222)	30,215
Net movement in due to Parent Company *	1,199	(4,912)
Decrease in trade and other payables	(25,044)	(4,979)
Payment of end of service benefit	(146)	-
Net cash (used in)/generated from operating activities	(61,378)	26,322
Net (decrease)/increase in cash and cash equivalents	(61,378)	26,322
Cash and cash equivalents at the beginning of the period	(307,202)	(299,166)
Cash and cash equivalents at the end of the period (Note 6)	(368,580)	(272,844)
*Non-cash transactions:		
Transfer of employees' end of service benefit	-	106

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

**Notes to the condensed interim financial information
For the three month period ended March 31, 2025**

1 Activities and area of operations

ADCB Securities L.L.C. (the “Company”) is a limited liability company incorporated in the Emirate of Abu Dhabi, United Arab Emirates (U.A.E.). The Company was established on February 7, 2005 and commenced its operations on May 14, 2005 and is a wholly owned subsidiary of Abu Dhabi Commercial Bank P.J.S.C. (the “Parent Company” or “ADCB”), a public joint stock company incorporated and registered in the U.A.E. The registered head office of the Company is at Abu Dhabi Commercial Bank Head Office Building 2, Sheikh Zayed Bin Sultan Street, P. O. Box 939, Abu Dhabi, U.A.E.

The Company is registered as a brokerage company in accordance with U.A.E. Federal Law No. 4 of 2000.

The principal activities of the Company are to provide brokerage services pertaining to financial instruments and margin trading activity.

The Company conducts significant portion of its business through its Parent Company and customers, who are holding current accounts with ADCB.

2 Summary of material accounting policies

2.1 Basis of preparation

The condensed interim financial information has been prepared on a going concern basis and in accordance with *IAS 34 Interim Financial Reporting*. It does not include all of the information required for full annual financial statements and should be read in conjunction with the audited financial statements for the year ended December 31, 2024, which were prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standard Board (IASB) (IFRS Accounting standards), International Financial Reporting Interpretation Committee (IFRIC) Interpretations and requirements of applicable laws.

The same accounting policies, presentation and methods of computation have been followed in this condensed interim financial information as were applied in the preparation and presentation of the Company's financial statements for the year ended December 31, 2024.

The results for the three-month period ended March 31, 2025, are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2025.

This condensed interim financial information is prepared and presented in United Arab Emirates Dirhams (AED) which is the Company's functional and presentation currency and are rounded off to the nearest thousand (“000”) unless otherwise indicated.

The preparation of the condensed interim financial information in conformity with IFRS Accounting Standards 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 main areas of judgments, estimates and assumptions applied in this condensed interim financial information, including the key sources of estimation uncertainty were the same as those applied in the Company's financial statements for the year ended December 31, 2024.

Notes to the condensed interim financial information
For the three month period ended March 31, 2025
2 Summary of material accounting policies (continue)**2.2 Application of new and revised IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) (IFRS Accounting Standards)**

In the current period, the Company has applied the amendments to IAS 21. The application of these amendments to IFRS Accounting Standards has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for the Company's future transactions or arrangements.

Other than the above, there are no other significant IFRS Accounting Standards, amendments or interpretations that were effective for the first time for the financial year beginning on or after January 1, 2025.

2.3 Standards and Interpretations in issue but not yet effective

New standards and significant amendments to standards applicable to the Company:	Effective for annual periods beginning on or after
Amendments to IFRS 9 and IFRS 7 - The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9.	January 1, 2026
Annual improvements to IFRS Accounting Standards	January 1, 2026
IFRS 19 'Subsidiaries without Public Accountability' specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.	January 1, 2027
Presentation and disclosures in financial statements (IFRS 18) - The new standard contains requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements.	January 1, 2027

The Company has not early adopted any new and revised IFRS Accounting Standards that have been issued but are not yet effective. Management anticipates that these amendments will be adopted in the financial information in the initial period when they become mandatorily effective. The impact of these standards are currently being assessed by the management.

3 Investment security

	As at March 31 2025 (unaudited) AED'000	As at December 31 2024 (audited) AED'000
Investment in equity instrument designated at FVTOCI		
Quoted:		
Opening balance	1,393	1,274
Change in fair value	(156)	119
Closing balance	1,237	1,393

Notes to the condensed interim financial information
For the three month period ended March 31, 2025
3 Investment security (continued)

The above represents investment of 916,341 shares (December 31, 2024: 916,341 shares) in Dubai Financial Market P.J.S.C.

4 Trade and other receivables

	As at March 31 2025 (unaudited) AED'000	As at December 31 2024 (audited) AED'000
Trade receivables from customers	47,608	28,088
Receivables from exchanges	3,412	47,223
Prepayments and other receivables	1,648	561
	52,668	75,872

The credit period for trade receivables and receivable from exchanges are two days (trade date plus two working days). The Company has an obligation to settle these amounts to the eventual recipient, even if the equivalent amounts are not collected. The carrying value of trade and other receivables approximates their fair value.

5 Margin trade receivables

The Company has obtained the license from Securities and Commodities Authority (SCA) under registration no. 604028 dated November 24, 2013 for margin trading, whereby the Company would provide finance to its clients as a percentage of the market value of securities. These securities are considered as collateral. Additional cash or securities have to be contributed by the borrower, if the price of a stock financed on margin drops below the specified limit or otherwise, the Company is allowed to liquidate the collateral. The financing arrangements are short term and interest bearing.

	As at March 31 2025 (unaudited) AED'000	As at December 31 2024 (audited) AED'000
Margin trade receivables	663,677	597,455

The fair value of securities held as collateral against margin trade receivables amounts to AED 1,467,156 thousand as at March 31, 2025 (December 31, 2024: AED 1,303,728 thousand).

The carrying value of margin trade receivables approximates their fair value.

ADCB Securities L.L.C.**Notes to the condensed interim financial information
For the three month period ended March 31, 2025****6 Cash and cash equivalents**

	As at March 31 2025 (unaudited) AED'000	As at December 31 2024 (audited) AED'000
Cash	35	35
Call and current accounts	22,234	15,338
Cash and bank balances	22,269	15,373
Bank overdraft	(390,849)	(322,575)
Cash and cash equivalents	(368,580)	(307,202)

7 Share capital

	Authorised		Issued and fully paid	
	As at March 31 2025 (unaudited) AED'000	As at December 31 2024 (audited) AED'000	As at March 31 2025 (unaudited) AED'000	As at December 31 2024 (audited) AED'000
Ordinary shares of AED 1,000 each	141,000	141,000	71,000	71,000

8 Subordinated debt

The Company borrowed subordinated long term debt on May 20, 2024 from its Parent Company for a period of 5 years. The interest rate on this subordinated long-term debt is six month Eibor plus 100 basis points p.a.. The Company has the option to repay prior to maturity date subject to SCA approval.

This debt qualifies as tier 2 Capital as per SCA Board decision No. 13/Chairman of 2021 dated February 22, 2021, concerning criteria for capital adequacy of brokerage firms.

**Notes to the condensed interim financial information
For the three month period ended March 31, 2025****9 Trade and other payables**

	As at March 31 2025 (unaudited) AED'000	As at December 31 2024 (audited) AED'000
Trade payables to customers	48,447	75,182
Payable to exchanges	2,470	-
Income tax provision	1,934	1,125
Other payables	3,269	4,048
	56,120	80,355

The settlement date of trade payable to customers and exchanges are two working days (trade date plus two working days).

10 Transactions and balances with related parties

The Company enter into transactions with the Parent Company and its related entities, directors and senior management of the Parent Company, related entities of the directors and senior management of the Parent Company, the Government of Abu Dhabi ("Ultimate Controlling Party") and its related entities and directors of the Company in the ordinary course of business at agreed upon interest and commission rates.

Mubadala Investment Company is the Parent Company of ADCB, holding the majority of issued and fully paid-up share capital of ADCB through its wholly owned subsidiaries. The Government of Abu Dhabi owns 100% of Mubadala Investment Company and so the ultimate controlling party is the Government of Abu Dhabi.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company being the Parent Company's directors, Chief Executive Officer and his direct reports and the Company's directors and general manager.

**Notes to the condensed interim financial information
For the three month period ended March 31, 2025**
10 Transactions and balances with related parties (continued)

Related party balances and transactions included in the condensed interim statement of financial position and condensed interim statement of comprehensive income respectively are as follows:

	Ultimate controlling party and its related entities AED'000	Parent company and its related entities AED'000	Directors and key management personnel of the Company AED'000
Balances :			
As at March 31, 2025 (unaudited)			
Margin trade receivables	-	7,929	-
Bank balances with related parties:			
Current account	2,258	9,279	-
Bank overdraft	-	(390,849)	-
Due to Parent Company ¹	-	(401)	-
Subordinated debt	-	(100,000)	-
Other payable - interest payable	-	(44)	-
As at December 31, 2024 (audited)			
Margin trade receivables	-	4,038	490
Bank balances with related parties:			
Current account	3	9,419	-
Bank overdraft	-	(322,575)	-
Due from Parent Company ¹	-	798	-
Subordinated debt	-	(100,000)	-
Other payable - interest payable	-	(15)	-
Transactions:			
For the three month ended (unaudited)			
March 31, 2025			
Brokerage commission	-	49	2
Interest income	-	151	3
Interest expense	-	(5,473)	-
Commission expense on bank guarantee ²	-	(54)	-
Staff expenses	-	(106)	-
Rent	-	(186)	-
March 31, 2024 (unaudited)			
Brokerage commission	-	43	6
Interest income	-	87	15
Interest expense	-	(5,919)	-
Commission expense on bank guarantee ²	-	(54)	-
Staff expenses	-	(93)	-
Rent	-	(186)	-

¹ Net of AED nil (December 31, 2024: AED 113 thousand) transfer of employees' end of service benefit.

² For bank guarantees issued by the Parent Company refer note 11.

The Parent Company provides operational and functional support to the Company with respect to human resources, information technology, vendor payments and accounting services.

Notes to the condensed interim financial information
For the three month period ended March 31, 2025**11 Commitments and contingent liabilities**

	As at March 31 2025 (unaudited) AED'000	As at December 31 2024 (audited) AED'000
Bank guarantees	355,000	355,000

As per SCA regulations, a broker is required to have an enforceable bank guarantee payable to respective stock markets. The above bank guarantees have been issued by the Parent Company.

12 Fair value of financial instruments

Management considers that the carrying amounts of financial assets and liabilities in the financial statements approximate their fair values.

Financial assets classified as Investment securities are carried at fair value using the quoted prices (unadjusted) in active market. These are classified as Level 1 of fair value hierarchy.

Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

13 Taxation

The UAE Ministry of Finance (MoF) released Domestic Minimum Top-up Tax (DMTT), in line with the Pillar Two OECD Global Anti-Base Erosion ("GloBE") Model Rules. As at reporting date, DMTT has been substantially enacted and will be effective in the UAE for financial years starting on or after 1 January 2025. DMTT of 15% will apply to multinational enterprises operating in the UAE with consolidated global revenues of EUR 750 million or more in at least two out of the four financial years immediately preceding the financial year in which the DMTT applies.

The Parent Company is continuing to assess the impact of DMTT for the jurisdictions in which the Group operates.

The Parent Company has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Accordingly, the Company neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes"

14 Approval of condensed interim financial information

This condensed interim financial information was approved by the Board of Directors and authorised for issue on May 7, 2025.