

## Annual Report and Accounts 2008

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### Board of Directors

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Abdel Salam El Anwar, *Chairman and CEO*

Youssef Nasr, *Deputy Chairman*

Mounir El Zahid

Halla Sakr

David Hodgkinson

Medhat Hassanein

John Coverdale

Robert Gray

Mahmoud Abdallah

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## Report of the Directors

*The Board of Directors has pleasure in presenting the Annual Report of HSBC Bank Egypt S.A.E. for the year ended 31 December 2008.*

### **Economic review and future outlook**

The Egyptian economy continued to deliver an impressive performance during the year 2007/2008 with a 7.2% real GDP growth, slightly above the 7.1% posted in 2006/2007. Previously helped by the favorable external environment, the government's continuous implementation of reforms and its move towards economic liberalisation have contributed to this robust performance. The growth was driven by a strong domestic demand and as well by strong foreign exchange earnings including Tourism, Suez Canal receipts as well as Foreign Direct Investment billion inflows.

Year 2007/2008 was another record year for Tourism with the number of visitors going up by 19% to around 13 million and revenues growing to US\$11 billion, up 32% year on year. The Suez Canal revenues rose by 23.6% to a record US\$5.2 billion. Likewise, Foreign Direct Investment into the Egyptian economy witnessed a 19% growth from US\$11.1 billion in fiscal year 2006/2007 to US\$13.2 billion in 2007/2008, around half of which went into greenfield investments mainly in the energy sector.

Attracted by Egypt's geographical location, cheap and competitive labor and input costs, new foreign operators have contributed to higher growth in the industry/manufacturing sector by 8%. Other fast growing sectors of the economy over the past year include the Telecommunications and Construction sectors, which have expanded by 14.2% and 14.8%, respectively. Moreover, Real Estate has seen a surge in growth and received US\$400 million in foreign investments.

However, rising inflation has been the government's biggest challenge. After declining to 7% in late 2007, Consumer Price Index (CPI) inflation accelerated since January 2008, mostly due to rising commodity prices and expanding domestic demand. Consumer Price Index (CPI) inflation rate reached double-digit levels, peaking at 23.6% in August 2008, the highest level in 19 years. To curb rising inflation, the Central Bank of Egypt raised its benchmark corridor interest rates by 275 basis points between February and September 2008; thus, bringing the overnight deposit and lending rates to 11.5% and 13.5%, respectively. As global commodity prices started to fall, Egypt's inflation rates started to decline gradually.

The high inflation accompanied with a high fiscal deficit has led Moody's to lower the outlook on its Ba1 rating for Egypt to 'Negative' from 'Stable' and to revise

the local currency bond rating from Baa3 to Ba1 in June 2008. Shortly afterwards, and for the same macroeconomic concerns, Fitch downgraded Egypt's ratings outlook on the Long-Term Foreign Currency Issuer Default Rating to 'Stable' from 'Positive', and cut the country's local currency to BBB- from BBB, with the outlook remaining 'Stable'. Nevertheless, Standard and Poor's affirmed Egypt's ratings and outlook at BB+ and BBB- for its foreign currency rating and local currency long-term sovereign credit rating, with a 'Stable' outlook in September 2008.

Following the global financial crisis and sharp economic slowdown, GDP growth decelerated in Q1-2008/2009 to 5.8%. Yet, Egypt's outlook remains broadly positive. In fact, the country remains relatively sheltered from the financial crisis with the banking system having a limited exposure to troubled financial institutions and no exposure to the toxic assets that are troubling many western banks. It is also worth noting that the banking sector remains largely liquid with Loan-to-Deposit ratios in the neighborhood of 52%. Besides, domestic demand looks set to remain fairly resilient with the government having announced an EGP15 billion fiscal stimulus package that includes infrastructure spending, tax exemptions and tariff reductions. Whilst trading prospects will likely be hampered in the short term due to the European economic downturn, it is expected that the country's low cost of labor will continue to underpin growth through 2009.

### **HSBC Bank Egypt at a Glance**

#### **Results for the year ending 31 December 2008**

HSBC Bank Egypt performance progressed during 2008 with total assets up 24% to reach EGP34 billion at year-end. Customer deposits and loan portfolio increased by 32.2% and 34.6% respectively. Net operating profits increased by 39.5% and net profit by 28.5%, to record EGP1.16 billion for the year ending December 2008.

The Board of Directors proposes a distribution to shareholders, by way of cash dividends, the sum of EGP816 million, representing a coupon of EGP46.56 per share for fully paid shares and EGP42.68 per share for shares that have been paid in January 2008.

The Board of Directors also proposes a distribution of EGP116 million (10% of net profits for 2008) to bank staff as profit sharing. The balance of profits, amounting to EGP231 million, will be transferred to support the bank's reserves; distributed as EGP58 million for Statutory Reserve and EGP173 million for General Reserve.

## **Business and operational activities**

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### **Corporate and Investment Banking**

HSBC Bank Egypt remains a leading bank in Corporate Banking, providing a full range of diversified corporate products to a wide base of customers with different financial needs. True to the HSBC global brand "The world's local bank", HSBC Bank Egypt positions itself as the number-one local bank with global links, serving the growing needs of its Egyptian-based customers to reach out to global markets for reliable professional financial services and products.

During the second quarter of 2008, HSBC Bank Egypt launched its Small and Medium Enterprises proposition, targeted to an economic segment which presents substantial growth opportunities. Different financial packages have been tailor-made to serve the varying financial needs and sizes of Small and Medium Enterprises. HSBC's electronic banking tool, HSBC-net, has grown by 60%, offering a check outsourcing functionality which remains to be a unique service in the local market. Transaction electronic banking had almost doubled during 2008, earning HSBC the Number one Bank in Global Transaction Banking by Treasury Management International magazine.

Maintaining its leading position in the Custody business, HSBC Bank Egypt remains the Number one Global Custodian in Egypt, for the past 5 consecutive years, as rated by Global Custody magazine, in recognition of the 24% growth in business along with the acquisitions of major new customers from the Global Markets.

In 2008, HSBC Bank Egypt acquired many high profile landmark transactions including "Egyptian Offshore Drilling Company" Syndication Project Finance whereby HSBC Bank Egypt acted as Mandate Lead Arranger and Sole Book Runner for a US\$500 million financing deal in support of a major construction project by the latter. HSBC is also acting as Facility Agent, Japan Bank for International Cooperation agent, on-shore/off-shore account bank and security trustee for the transaction.

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### **Personal Financial Services PFS**

In pursuit of the Personal Financial Services strategy to grow its local market share and provide the utmost convenience to its customer base, HSBC Bank Egypt branch network increased to reach 75 branches and units, targeting new areas and frontiers such as the Delta and the Suez Canal strips, all offering the full range of retail products and services to the local market.

During the year, and in its effort to enhance customer retail experience, Personal Financial Services also focused on enhancing and promoting its direct

distribution channels, including e-banking, Telephone Banking, Automated Teller Machines (ATM's), as complementary channels offering customer convenience and 24/7 banking transactions capability at lower costs. Upwards of 25% of customer base are registered e-banking customers actively using internet banking systems, which are continuously upgraded to ensure highest security measures and greater functionality. HSBC Bank Egypt website was awarded "Best Consumer Internet Bank" in the region within the Global Finance 2008 awards.

HSBC Bank Egypt continued its focus on enhancing its propositions and products/services suites to its customers, providing its Premier customer base with the best-in-class global propositions and wealth management opportunities. The "Premier Children's Saving Accounts", which is a unique proposition to HSBC, catering for the children of Premier customers inside and outside Egypt, was introduced during the year. Other wealth management products encompass foreign and local currency Capital Protected Funds, Bancassurance propositions and saving certificates, all of which have shown strong demand and successful performance throughout the year.

Perpetuating its focus on service quality levels, higher customer satisfaction, and enhanced customer engagement and long-term relationships, HSBC Bank Egypt regularly conducts Customer Satisfaction Surveys and After-Sale Quality Check Programmes, aside from continuously engaging in promotional activities and sponsorship deals to ensure providing its customers with the highest service levels and the best promotional deals and benefits available in both the local and international markets.

Overall, Personal Financial Services witnessed a successful year and the momentum is being maintained to continue providing the local market with a best-in-class product and service proposition during a challenging 2009 ahead.

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### **Treasury**

The Egyptian pound continues to benefit from large interest rate differential with major currencies. This has resulted in a gradual appreciation for the Egyptian pound over the past couple of years.

The banking sector in Egypt has become more sophisticated and the spreads have sharply declined due to the increased competition. On the other hand, asset quality has become healthier due to capitalisations, mergers and foreign acquisitions.

HSBC Bank Egypt Treasury counts amongst the most active providers of treasury services in Egypt in the local foreign exchange market, money market,

## Report of the Directors (continued)

Treasury bill and bond market. It provides excellent customer service with very competitive pricing offering various foreign currencies hedging strategies using derivatives where HSBC Group has wide experience. Frequent market commentaries via internet and fax are regularly sent to customers.

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### Operational developments

Aligning with HSBC Group strategy, and in an attempt to minimise manual processes and reduce back office operations via "straight through processing", HSBC Bank Egypt is joined-up with the Group and Middle East for the OneHSBC initiative and will be a fast follower to the Group pilots for Account Opening project.

HSBC Bank Egypt was one of the early banks to integrate the newly established Credit Bureau functionality in its process and technology. This significantly improved managing the turnaround time for credit applications and printing requirements in line with our cost reductions and environmental objectives.

Technical and process enhancements have been introduced to the Information Technology Help Desk, the Disaster Recovery site, and all the bank's desktops and servers have been aligned with the latest Group recommendations and upgrades.

A state-of-the-art statement printing facility has been established, reducing the print cycle durations, catering for full colour statement generation and a high level of personalisation. A centralised printing solution was introduced for all Head Office staff in order to cater for printing, fax processing and scanning in one easy-to-use solution.

With HSBC Group pioneering in latest technologies, the bank applied the Six Sigma methodology in process re-engineering. A Six Sigma section was initiated and a team of certified Six Sigma Black and Green belts completed a number of projects which reduced cost, increased efficiency and introduced automation.

On 16 June 2008, HSBC Bank Egypt successfully inaugurated its New Head Office in Maadi. Considered one of the most prestigious office buildings in Egypt, the New Head Office is built in accordance with international standards meeting high level of working environment expectations.

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### Corporate Sustainability

HSBC Bank Egypt continued its efforts to deliver its corporate sustainability strategy, focusing on major educational projects including The American University in Cairo Public School Scholarship Fund programme, intended as an endowment scholarship for

talented students from Egypt's public schools, as well as The Association of Upper Egypt for supporting the education of 50 unprivileged students.

Stemming from its social responsibility towards the welfare of community and the betterment of its living conditions, HSBC Bank Egypt embarked on its "Upgrading of Informal Settlements" five-year programme, addressing one of the most pressing problems in Egypt, through a cumulative budget of EGP100 million - 120 million. Based on a comprehensive needs/capacities assessment conducted in 2008, HSBC Bank Egypt intends to undertake the betterment/ upgrade of the Dar El Salam informal area located to the rear zone of HSBC Bank Egypt new head office for the first phase of the programme (2008 - 2009).

In line with the same objective, HSBC Bank Egypt supported several social institutions during 2008, including: The Hope Village Society, donating medical and food supplies to the latter's Mobile Service Units reaching more than 120 street children a day in various parts of the country; El Nour Institution for the Blind, donating computers, Ibsar software and Optical Character Recognition software for establishing a computer centre for the education of the 280 blind students enrolled by the institution; and The Egyptian Society for Developing Skills of Special Needs Children, equipping their library with books, tools, softwares and flash cards for the use of autistic children and their parents besides from supporting their therapeutic programmes.

Regarding Health Care support, being another key area of corporate sustainability focus, HSBC Bank Egypt extended its support to major health care projects/ institutions, including: donation of a complete Endoscopy System, a Duodoscope, and a Colonvideoscope to The National Cancer Institute; an operation theatre to Yahia Arafa Children's Charity Foundation; medical supplies to Operation Smile Egypt's 2008 mission; and free health care for kidney patients of El Mansoura Hospital-Urology and Nephrology Centre.

Extending from its mission to perpetuate/preserve cultural heritage, HSBC Bank Egypt is also sponsoring the set-up of ten 25-desk classrooms in the educational centre of the Grand Egyptian Museum, a project that is expected to significantly contribute to the future development of Egypt.

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### Staff training and development

HSBC Bank Egypt sustained its commitments towards attracting a high caliber workforce and is today viewed as 'the best place to work' in the Financial Services sector.

The increase in number of staff in 2008 to 1,931

(from 1,580 in 2007) to cater for aggressive growth necessitated focus on training and developing its staff members in order to sustain our identity and ensure high standard of services extended to our customer. This entailed several training events in Personal Financial Services, Corporate or Short and Medium Enterprises.

Hence, HSBC Bank Egypt staff members were provided with specially tailored programmes in the form of classroom training, on-the-job training, front line accreditation and off-site courses.

Our local Learning and Development department delivered 12,250 trainee days in 2008. In-house courses were attended by 3,928 staff members, and 433 staff members attended on-the-job training conducted by HSBC Bank Egypt Training department.

Additionally, the bank supported 26 staff members in acquiring their diplomas and certificates, 903 staff members in attending external courses held by the most reputable training institutions in Egypt and 29 staff members in attending overseas courses in UAE, USA, the UK, Luxemburg, Prague and Bahrain.

### **Board of Directors**

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- In January 2008, Mahmoud Abdallah, Chairman of the Insurance Holdings Company, was appointed as a Director representing Misr Insurance Company (previously Egyptian Re-Insurance Company) replacing Mohamed Gamal El Din Hamza
- As of 31 December 2008, David Hodgkinson retired from HSBC Group.

## Auditors' Report to the Shareholders

### Report on the Financial Statements

We have audited the accompanying unconsolidated financial statements of HSBC Bank Egypt S.A.E, which comprise the unconsolidated balance sheet as at 31 December 2008, and the unconsolidated statements of income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Financial Statements

These financial statements are the responsibility of the bank's management. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Central Bank of Egypt's rules issued on 27 June 2002 and its amendments for the preparation and presentation of banks' financial statements and in the light of the prevailing Egyptian laws. Management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. This responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the bank's preparation and fair presentation of the financial statements 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 bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

In our opinion, the financial statements referred to above, present fairly, in all material respects, the unconsolidated financial position of HSBC Bank Egypt S.A.E as of 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with the Central Bank of Egypt's rules issued on 27 June 2002 and its amendments for the preparation and presentation of banks' financial statements including those amendments relating to financial investments issued on 16 December 2008 and the Egyptian laws and regulations relating to the presentation of these financial statements.

### Report on Other Legal and Regulatory Requirements

It was not revealed to us that the bank had violated any of the provisions of the Central Bank of Egypt, Banking and Monetary Institution Law no. 88 of 2003 during the financial year ended 31 December 2008.

The Bank maintains proper books of account, which include all that is required by law and the statutes of the bank, and the financial statements are in agreement thereto.

The financial information included in the Board of Directors' report, prepared in accordance with Law No.159 of 1981 and its executive regulations, is in agreement with the bank's books of account.

**KPMG Hazem Hassan**

Hassan Basyoni  
Cairo

10 February 2009

**Ernst and Young**

Nabil Istanbouli  
Cairo

**Balance Sheet as at 31 December 2008**

	<i>Notes</i>	<b>2008</b>	2007
		<b>EGP</b>	EGP
<b>Assets</b>			
Cash and due from the Central Bank of Egypt	4	<b>2,296,374,817</b>	1,936,797,778
Due from banks		<b>510,249,045,367</b>	10,552,277,773
Treasury bills	6	<b>5,771,558,538</b>	2,947,065,547
Loans and advances (net of provision)	9,813	<b>13,574,880,931</b>	10,083,837,609
Financial derivatives	15	—	570,364
Financial assets:			
Investments available for sale	7	<b>35,255,678</b>	20,341,088
Investments held-to-maturity	7	<b>1,316,281,103</b>	1,217,064,946
Investments in subsidiaries	10	<b>35,516,810</b>	15,916,810
Debit balances and other assets	11	<b>389,822,704</b>	471,186,737
Fixed assets (net of accumulated depreciation)	12	<b>370,208,653</b>	199,112,775
Total assets		<b>34,038,944,601</b>	127,444,171,427
<b>Liabilities</b>			
Due to banks	13	<b>845,874,074</b>	2,469,544,186
Customers' deposits	14	<b>29,225,538,259</b>	22,114,834,435
Financial derivatives	15	<b>1,286,928</b>	—
Credit balances and other liabilities	16	<b>530,166,352</b>	355,268,355
Dividends payable		—	722,555,607
Other provisions	17	<b>199,096,758</b>	154,386,607
Total liabilities		<b>30,801,962,371</b>	125,816,589,190
<b>Shareholders' equity</b>			
Issued and paid up capital	18	<b>1,508,500,056</b>	1,072,500,072
Reserves	19	<b>564,583,229</b>	555,082,165
Total shareholders' equity		<b>2,073,083,285</b>	1,627,582,237
Net profit for the year		<b>1,163,898,945</b>	—
Total shareholders' equity and net profit for the year		<b>3,236,982,230</b>	1,627,582,237
Total liabilities, shareholders' equity and profit for the year		<b>34,038,944,601</b>	127,444,171,427
<b>Contingent liabilities and commitments</b>			
Bank's liabilities for letters of credit, letters of guarantee, acceptances and others	20	<b>4,347,288,308</b>	4,214,586,110

The accompanying notes are an integral part of these financial statements.  
Auditors' Report included.

Abdel Salam El Anwar, *Chairman and CEO*

**Income Statement for the Financial Year Ended 31 December 2008**

	<i>Notes</i>	<b>2008</b>	2007
		<b>EGP</b>	EGP
<b>Income</b>			
Interest income on loans and balances with banks		<b>1,884,731,392</b>	1,316,297,778
Discount and interest income on treasury bills and bonds		<b>437,653,211</b>	374,596,435
Interest expenses on deposits and borrowings		<b>(1,167,521,154)</b>	(907,864,726)
<b>Net interest income</b>		<b>1,154,863,449</b>	783,029,487
Fees and commission income		<b>343,854,946</b>	268,139,577
Dividends		<b>23,283,418</b>	21,124,675
Gains from trading income		<b>317,635,095</b>	227,269,353
Gains from sale of financial investments		<b>13,972,510</b>	5,500,041
Other operating income		<b>8,222,476</b>	3,655,392
Provision no longer used		<b>62,650,640</b>	65,651,429
<b>Net operating income</b>		<b>1,924,482,534</b>	1,374,369,954
Fees and commission expenses		<b>(25,107,076)</b>	(13,545,088)
Provisions		<b>(88,161,882)</b>	(75,554,982)
General administrative expenses, depreciation and amortisation		<b>(498,097,136)</b>	(343,876,946)
Operating profit		<b>1,313,116,440</b>	941,392,938
Non-operating (loss/gain)		<b>(587,428)</b>	69,666
Net profit before taxes		<b>1,312,529,012</b>	941,462,604
Income tax		<b>(151,336,754)</b>	(38,002,209)
Deferred tax	21	<b>2,706,687</b>	2,005,965
<b>Net profit after taxes</b>		<b>1,163,898,945</b>	905,466,360
Earning per share	22	<b>59.77</b>	63.83

The accompanying notes are an integral part of these financial statements.



## Changes in Shareholders' Equity Statement for the Financial year Ended 31 December 2008

	<i>Issued and paid up capital</i>	<i>Legal reserve</i>	<i>General reserve</i>	<i>Share premium</i>	<i>Fair value reserve for investment available for sale</i>	<i>Net profit</i>	<i>Total</i>
	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>
Balance as at 31 December 2006	1,072,500,072	102,478,957	262,964,569	6,727,886	—	—	1,444,671,484
Net profit for 2007	—	—	—	—	—	905,466,360	905,466,360
Transferred to reserves	—	45,273,318	137,637,435	—	—	(182,910,753)	—
Dividends paid	—	—	—	—	—	(722,555,607)	(722,555,607)
Balance as at 31 December 2007	1,072,500,072	147,752,275	400,602,004	6,727,886	—	—	1,627,582,237
Capital increase	435,999,984	—	—	—	—	—	435,999,984
Net profit for 2008	—	—	—	—	—	1,163,898,945	1,163,898,945
Revaluation differences for investments available for sale after tax	—	—	—	—	9,501,064	—	9,501,064
<b>Balance as at 31 December 2008</b>	<b>1,508,500,056</b>	<b>147,752,275</b>	<b>400,602,004</b>	<b>6,727,886</b>	<b>9,501,064</b>	<b>1,163,898,945</b>	<b>3,236,982,230</b>

## Appropriation Statement for the Financial Year Ended 31 December 2008

	2008 EGP	2007 EGP
<b>Profit available for appropriation</b>		
Net profits for the year	<b>1,163,898,945</b>	905,466,360
Net profits available for appropriation	<b><u>1,163,898,945</u></b>	<b><u>905,466,360</u></b>
<b>Appropriations</b>		
Legal reserve	<b>58,194,947</b>	45,273,318
General reserve	<b>173,313,119</b>	137,637,435
Shareholders' dividends	<b>816,000,984</b>	632,008,971
Employees' profit share	<b>116,389,895</b>	90,546,636
	<b><u>1,163,898,945</u></b>	<b><u>905,466,360</u></b>

**Cash Flow Statement for the Financial Year Ended 31 December 2008**

	2008 EGP	2007 EGP
<b>Cash flow from operating activities</b>		
Net profit before income tax	<b>1,312,529,012</b>	941,462,604
Adjustments to reconcile net income to net cash flow from operating activities		
Depreciation and amortisation	<b>35,853,066</b>	23,916,157
Provisions formed during the year	<b>80,443,808</b>	75,554,982
Revaluation difference of bonds in US dollars	<b>19,534</b>	(8,074,254)
Amortisation of unearned discount of bonds	<b>(121,379)</b>	(724,735)
Amortisation of bonds premium	<b>420,048</b>	1,074,191
Increase in end of service compensation provision	<b>21,546,205</b>	21,110,983
Loss/gain on sale of fixed assets	<b>578,428</b>	(69,666)
Gain from assets reverted to the bank	<b>(2,458,086)</b>	—
Revaluation differences for provisions other than loans provision	<b>20,510</b>	(20,637)
Provisions used other than loans provision	<b>(2,222,721)</b>	(214,260)
Provisions no longer required	<b>(62,650,640)</b>	(44,291,569)
Income tax paid during the year	<b>(38,020,209)</b>	—
Net operating profit before changes in assets and liabilities	<b>1,345,937,576</b>	1,009,723,796
<b>Net decrease/(increase) in assets</b>		
Deposits with banks	<b>742,117,093</b>	(5,195,996,060)
Treasury bills	<b>(2,017,371,350)</b>	(1,095,457,888)
Central Bank of Egypt certificates of deposits	<b>—</b>	3,568,086,377
Financial derivatives net	<b>1,286,928</b>	570,364
Loans to customers	<b>(3,489,263,768)</b>	(4,844,001,190)
Debit balances and other assets	<b>40,997,203</b>	(150,976,605)
<b>Net increase/(decrease) in liabilities</b>		
Due to banks	<b>(1,623,670,112)</b>	2,278,327,999
Customers' deposits	<b>7,110,703,824</b>	6,906,897,545
Credit balances and other liabilities	<b>62,133,816</b>	13,368,877
Net cash provided from operating activities	<b>2,172,871,210</b>	2,490,543,215

**Cash Flow Statement for the Financial Year Ended 31 December 2008** (continued)

	2008 EGP	2007 EGP
<b>Cash flow from investing activities</b>		
Payments for purchase of investments held-to-maturity	(429,831,120)	(247,363,379)
Payments for purchase of investments in subsidiaries	(19,600,000)	—
Proceeds from sale/refund of investments held-to-maturity	330,296,760	85,409,000
Payment for purchase of fixed assets and establishing new branches	(163,663,807)	(169,910,757)
Investments available for sale	(5,976,428)	(1,580,283)
Proceeds from sale of fixed assets and assets reverted to banks	3,722,764	101,849
	<u>(285,051,831)</u>	<u>(333,343,570)</u>
<b>Cash flow from financing activities</b>		
Capital increase	435,999,984	—
Dividends paid	(722,555,607)	(471,781,670)
	<u>(286,555,623)</u>	<u>(471,781,670)</u>
Net cash (used in)/provided from financing activities		
	<u>(286,555,623)</u>	<u>(471,781,670)</u>
Net increase in cash and cash equivalents during the year	1,601,263,756	1,685,417,975
Cash and cash equivalents at the beginning of the year	3,000,158,951	1,314,740,976
	<u>4,601,422,707</u>	<u>3,000,158,951</u>
Cash and cash equivalents at year end		
	<u>4,601,422,707</u>	<u>3,000,158,951</u>
<b>Cash and cash equivalents are represented in:</b>		
Cash and due from the Central Bank of Egypt	2,296,374,817	1,936,797,778
Due from banks	10,249,045,367	10,552,277,773
Treasury bills	5,771,558,538	2,947,065,547
Deposits with banks	(9,648,432,308)	(10,390,549,401)
Treasury bills due over three months	(4,067,123,707)	(2,045,432,746)
	<u>4,601,422,707</u>	<u>3,000,158,951</u>
Cash and cash equivalents		
	<u>4,601,422,707</u>	<u>3,000,158,951</u>

The accompanying notes are an integral part of these financial statements.

## Notes on the Accounts

### 1 Status and activities

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HSBC Bank Egypt S.A.E, an Egyptian joint stock company, was established under the Investment Law in accordance with the Minister of Investment and International Cooperation's decree No 60 of 1982 published in the Egyptian Official Gazette on 17 May 1982. The bank started its banking activities on 5 December 1982. It provides a comprehensive range of banking and related financial services through its Head Office in Cairo, 74 branches and outlets in prominent cities in Egypt.

### 2 Significant accounting policies

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#### a *Basis of preparing the financial statements*

The financial statements are prepared in accordance with the instructions of the preparation and presentation of financial statements for Egyptian banks issued by the Central Bank of Egypt dated 27 June 2002, as well as with the relevant local laws and regulations.

The bank also prepares consolidated financial statements which include the financial statements of the bank and its subsidiaries.

The bank changed the accounting policies for the investments available for sale and held-to-maturity in accordance with the instructions issued by The Central Bank of Egypt dated 16 December 2008, and these changes are as follows:

- Evaluate the investments available for sale at fair value and charges the share holders equity with the evaluation differences instead of using the lower of cost or market.
- Premium/discount is amortised using the effective interest rate method instead of using the straight line method when valuating the investments held-to-maturity using the amortised cost method and no material differences were noted.
- The mutual fund certificate held by the bank till the maturity of the mutual fund are evaluated at cost and any impairment losses included in the difference between cost and redemption for each fund instead of charging it to the income statement.
- Recognition for the financial derivatives is in the financial position and recognised at fair value.

#### b *Foreign currency transactions and balances*

The bank maintains its accounts in Egyptian pounds. Transactions in foreign currencies are translated into Egyptian pounds at the prevailing exchange rates at the dates of the transactions. At the date of the balance sheet, balances of monetary assets and liabilities denominated in foreign currencies are translated at the prevailing exchange rates at that date. Any gains or losses resulting from the translation are taken to the income statement:

- Net trading income or net income arising from financial instruments originally classified as change in fair value through profit and loss for financial assets/liabilities held for trading or originally recorded at fair value through profit and loss.
- Equity derivatives to cover the cash flows or to cover the investments.
- Other operating income ( expenses) for the other items

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between transaction differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Transaction differences related to changes in the amortised cost are recognised in profit and loss, and other changes in the carrying amount are recognised in equity.

Translation differences on monetary items, such as equity held at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on monetary items such as equities classified as available for sale financial assets are included in the fair value reserve in equity.

#### c *Revenue recognition*

Revenue is recognised on an accrual basis, except the recognition of interest on doubtful loans which ceases when the recovery of interest or principal is in doubt. Dividend income is recognised when the dividends are declared.

#### d *Treasury bills*

Treasury bills are recorded at their nominal value. Unearned discount on treasury bills is included under the caption of 'Credit balances and other liabilities'. Treasury bills are presented in the balance sheet net of the unearned discount.

## Notes on the Accounts (continued)

### 2 Significant accounting policies (continued)

#### e Financial assets

The Bank classified its financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments; available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

#### i Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and financial assets designated at fair value through profit or loss at inception.

- Financial assets are classified as held for trading if they are acquired or incurred principally for the purpose of selling in the near term or if part of a portfolio of identified financial instruments that are managed together and for which there is evidence of recent actual pattern of short-term profit taking. Derivatives are also categorised as held for trading unless they are designated as hedging instruments.
- Financial assets and financial liabilities are designated at fair value through profit or loss when:
- Doing so significantly reduces measurement inconsistencies that would arise if the related derivatives were treated as held for trading and underlying the financial instruments were carried at amortised cost for such as loans and advances to customers or banks and debt securities in issue.
- Certain investments, such as equity investments that are managed and evaluated at the fair value basis in accordance with a documented risk management or investment strategy and reported to key management on that basis are designated at fair value through profit and loss
- Financial instruments such as debt securities held containing one or more embedded derivatives significantly modify the cash flows are designated at fair value through profit and loss
- Gain and losses arising from changes in the fair value of derivatives that are managed in conjunction with designated financial assets or financial liabilities are included in the net income from financial instruments designated at fair value
- No reclassification of any financial derivatives from the financial instrument group at fair value through profit and losses at during the held-to-maturity period and there is no reclassification at fair value through profit and losses in case that the bank had declared at initial recognition the treatment at fair value from profit and losses

#### ii Held-to-maturity investments financial assets

Held-to-maturity is non derivative financial assets with fixed or determinable payments and fixed maturities that the bank's management has positive intention and ability to hold it to maturity.

If the bank was to sell other than an insignificant amount of held-to-maturity assets, the entire category would be reclassified as available for sale except in necessary cases.

#### iii Available for sale investment

These are non derivatives financial assets available for sale and the bank has the intention to keep them for an undefined period of time which may be sold in response to the need for liquidity, or change in the interest rates, exchange rates or equity prices

The financial assets treatment is as follows:-

- Financial assets are initially recognised at fair value, regular way purchase and sales of financial assets at fair value through profit or loss, held-to-maturity and available for sale are recognised on trade date, the date on which the group communicate to purchase or sell the asset.
- Financial assets are initially recognised at fair value plus transaction cost for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss. Financial assets carried at the fair value through profit and loss are initially recognised at fair value and transaction costs are expensed in the income statement
- Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired where the group has transferred substantially all risks rewards of ownership. Financial liabilities are recognised when they are extinguished that is when the obligation is discharged, canceled or expires.
- Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value, loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest rate method.
- Gains and losses arising from changes in fair value of the financial assets at fair value through profit or loss category are included in income statement in the period in which they arise
- Gains and losses arising from changes in the fair value of available for sale are recognised directly in equity is recognised in profit and loss however interest calculated using effective interest rate method and foreign currency gains are recognised in the income statement.

## 2 Significant accounting policies (continued)

- Dividends on available for sale equity instruments are recognised in the income statement when the entity right to receive payment is established.
- The fair value of quoted investments in an active market is based on the current bid prices if there is no active market for a financial asset, the group establishes fair value using valuation techniques, these include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.
- The bank can reclassify the financial assets to held-to-maturity that are no longer for the purpose of sale or repurchase in the near future. The reclassification to financial assets from available for sale if the bank has the intention and the capacities to keep them in future or it can be reclassified to financial assets held-to-maturity or to loans and receivables if the loans and receivables conditions applies if the bank has the intention for keeping the assets till the date of maturity
- Financial assets with fixed or determinable payments and fixed maturity valued at amortised cost, using the effective interest method in case of impairment the profits and losses that has been previously recognised directly in equity is removed from equity and recognised in the income statement.
- Profits and losses related to financial assets without fixed or determinable maturity are held in equity till selling or dispose the asset then removed from equity and recognised in the income statement. In case of impairment the profits and losses that has been previously recognised directly in equity is removed from equity and recognised in the income statement.
- The reclassified held-to-maturity characterised with determined principal amount at maturity or can be determined and measured at amortised cost, which represents the face value plus/ minus the premium / discount that will be amortised through the income statement using the effective rate method.
- In all cases if the bank reclassifies a financial asset as noted, then at subsequent date, the bank increases its estimate of future cash flows due to the increase in the return from these cash flows, the recognition of the effect of the increase as a reconciliation of the actual rate of return from change and at the date of the estimate change.

### iv Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market other than:

- Those that the entity intends to sell immediately or in the near term, which shall be classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss.
- Those that the entity upon initial recognition designates as available for sale.
- Those for which the holder may not recover substantially all of its initial investment, for reason other than because of credit deterioration, which shall be classified as available for sale.

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### f Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in when, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

The transactions of purchase treasury bills with commitment to resale are classified within the Treasury bills items in the balance sheet.

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### g Derivative financial instruments and hedging accounting

- Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Fair values are obtained from quoted market prices in active markets, including recent markets transaction and valuation techniques including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.
- Certain derivatives embedded in other financial instruments such as the conversion option and convertible bond are treated as separate derivative when their economic characteristics and risks are not closely related to those of host contract and the host contract is not carried at fair value through profit and loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement unless the group chooses to designate the hybrid contracts at fair value through profit and loss
- Derivatives that do not qualify for hedge accounting  
Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement under net trading income. However, the gain and losses arising from changes in the fair value of derivatives that are managed in conjunction with designated financial assets or financial liabilities are included in the “net income” from financial instruments designated at fair value.

## Notes on the Accounts (continued)

### 2 Significant accounting policies (continued)

#### h *Repos and reverse Repos transaction*

Repos (reverse Repos) agreement are eliminated (recorded) on the financial position under “Treasury bills and other notes discountable at the Central Bank of Egypt. Whereas its cost (revenue) is recorded in “interest received from treasury bills and bonds” item in income statement using the effective interest method

#### i *Impairment of financial assets*

##### i *Assets carried at amortised cost:*

The bank assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred “loss event”) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

The criteria that the bank uses to determine that there is objective evidence of an impairment loss includes:

- The debtors or a group of debtors is experiencing significant financial difficulty.
- Defaulter delinquency in interest or principal payments.
- Intention of bankruptcy proceedings.
- Deterioration of the borrower competitive position.
- Changes in arrears or economic conditions that correlate with defaults.
- Deterioration in the value of the collaterals.
- Deterioration in the credit grade level.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

In general the period used to vary between three months and twelve months in exceptional cases longer period are warranted.

The bank first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

If the bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of the loss as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is recognised in the income statement.

If the loan or held-to-maturity investment has a variable interest rate the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract as a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price

##### ii *Assets classified as available for sale*

The bank assesses at each balance sheet date whether there is objective evidence that a financial assets or a group of financial assets is impaired included the available for sale or the held-to-maturity.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether or not the assets are impaired.

During the period starting first July until 31 December 2008 the decline in the market prices is not an indicator for impairments

#### j *Financial investments in subsidiaries*

These investments are evaluated at cost. In the case of impairment in the fair value, the book value is reduced by the impaired value for each investment. Such decrease shall be charged to the income statement under the caption of ‘Investments evaluation differences’. In case of an increase in the fair value, such increase shall be added to the same item within the limits of amounts charged to the income statement for previous financial periods.



## 2 Significant accounting policies (continued)

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### **k** *Evaluation of assets reverted to the bank in settlement of some customers' debts*

These assets are stated in the balance sheet under the caption of 'Debit balances and other assets' on the basis of their assigned value. In case the fair value of these assets, at the balance sheet date, is below the value by which they were reverted to the bank, the difference is charged to the income statement. In case of an increase in the fair value, such increase shall be credited to the income statement within the limits of amounts charged to the income statement in previous financial periods.

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### **l** *Provisions for loans and provisions for contingent liabilities*

The bank established a provision for specific debts, in addition to a general provision for the other debts and contingent liabilities within a percentage ranging from 1 to 5 in line with Central Bank of Egypt new regulations issued on 6 June 2005 in respect of Obligor Risk Rating and Provisioning.

Non performing loans, which are deemed uncollectible, are written off against the provision. Collections from loans previously written off are added back to the provision.

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### **m** *Contingent liabilities and commitments*

Contingent liabilities, in which the bank is party are disclosed under the caption of 'Contingent liabilities and commitments' as they do not represent actual assets or liabilities at balance sheet date.

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### **n** *Cash and cash equivalents*

For the purpose of preparing the cash flow statement, cash and cash equivalents include cash on hand, cash with the Central Bank of Egypt, current accounts with banks and treasury bills with a maturity of less than three months from the date of acquisition.

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### **o** *Fixed assets and depreciation*

Fixed assets are stated at historical cost less accumulated depreciation. Depreciation is computed by the straight line method over the estimated useful life of each asset.

Fixed assets are depreciated according to the following:

Buildings	20	Years
Furniture and office equipment	10	Years
Communication equipment and computers	five	Years
Motor vehicles	five	Years
Fixtures	three	Years

Fixtures in the rented branches are depreciated over the shorter of the estimated useful life or the rental contract term.

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### **p** *End of service benefits*

#### **i** *End of service bonus*

The bank contributes to the social insurance scheme related to the social insurance authority for the benefit of its employees according to the Social Insurance Law No 79 of 1975 and its amendments. The income statement is charged with these contributions on an accrual basis.

Based on the bank's internal regulations, employees are granted end of service bonus according to their periods of service. Provision is provided based on the present value in light of actuarial assumptions determined as balance sheet date.

#### **ii** *Medical care programme*

The amount of medical care liability is calculated according to the present value of these liabilities in light of the determined actuarial assumptions at the balance sheet date.

#### **iii** *Shares based payment*

HSBC in United Kingdom grants some employees shares based in its internal regulations'. HSBC Bank Egypt is responsible for the payment of cost of these shares and charging the amount on the income statement using fixed installments.

## Notes on the Accounts (continued)

### 2 Significant accounting policies (continued)

#### q Taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except that which relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred tax resulting from temporary time differences between the carrying amounts of assets and liabilities is recognised according to the accounting and tax basis. The amount of deferred tax is determined based on the expected manner of realisation or settlement of assets and liabilities using tax rates prevailing at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised in future years. If expected tax benefits increase, deferred tax assets increase within the amount previously reduced.

### 3 Financial instruments and risk management

#### a Financial instruments

The bank's financial instruments consist of financial assets and liabilities. Financial assets include cash, amounts due from banks, investments and loans. Financial liabilities include customers' deposits and amounts due to banks. Financial instruments also include the rights and obligations to others included in the contingent liabilities.

Note 2 includes the significant accounting policies applied to measure and recognise these financial instruments and the related revenues and expenses.

On the balance sheet date. The fair value, on the balance sheet date, of the financial investments is indicated in Notes 7 and 10.

##### i Fair value of financial instruments

According to the evaluation basis of the bank's assets and liabilities stated in the notes to the financial statements, the fair value of the financial instruments does not materially differ from their book value.

##### ii Forward contracts

Pursuant to the instructions of the Central Bank of Egypt, the bank does not enter into forward contracts except to cover the requirements of foreign currencies or its customers to fulfill their obligations in foreign currencies resulting from their short term transactions.

#### b Risk management

##### i Interest rate risk

The values of some financial instruments fluctuate due to the changes in related interest rates. The bank follows some procedures to minimise the risk such as:

- Correlating between the interest on borrowing and lending.
- Determining the applied interest rates in consideration with the prevailing discounted rates on various currencies.

Note 26 represents the average interest rates applied by the bank during the period on financial assets and liabilities.

##### ii Credit risk

Loans to customers, financial investments in the form of bonds, amounts due from banks, rights and obligations from others are considered financial assets exposed to credit risk represented in the inability of those parties to settle part or whole of their indebtedness on the date of maturity. The bank minimises the effect of this risk through the following:

- Preparing detailed credit studies about customers before granting the loan.
- Obtaining adequate guarantees to reduce the possibility of loss in case of a customer failure.
- Regular review and study of customers to evaluate their financial and credit position followed by an estimation of required provisions.
- Distribution of loans portfolio among various sectors to reduce the concentration of credit risk.

Note 28 shows the diversification of the loans portfolio among various sectors.

##### iii Foreign currency risk

The bank's activity involves dealing in many foreign currencies which exposes the bank to the risk of loss as a result of the fluctuation of exchange rates. In order to reduce this risk, the bank monitors the balancing of foreign currency positions according to the instructions issued by the Central Bank of Egypt. Major foreign currency positions at the date of the financial position are disclosed in Note 29.

#### 4 Cash and due from the Central Bank of Egypt

	2008 EGP	2007 EGP
Cash in hand	328,149,441	237,794,597
Statutory reserve deposits with the Central Bank of Egypt	1,968,225,376	1,699,003,181
Total	<u>2,296,374,817</u>	<u>1,936,797,778</u>

#### 5 Due from banks

	2008 EGP	2007 EGP
<b>a</b> <i>Central Bank of Egypt</i>		
Current accounts	2,756,850	2,757,250
Deposits	5,539,427,651	5,756,641,045
	<u>5,542,184,501</u>	<u>5,759,398,295</u>
<b>b</b> <i>Local banks</i>		
Current accounts	38,072,525	91,521,161
Deposits	409,276,187	220,580,000
	<u>447,348,712</u>	<u>312,101,161</u>
<b>c</b> <i>Foreign banks</i>		
Current accounts	62,490,239	67,449,962
Deposits	4,197,021,915	4,413,328,355
	<u>4,259,512,154</u>	<u>4,480,778,317</u>
Total	<u>10,249,045,367</u>	<u>10,552,277,773</u>

#### 6 Treasury bills

	2008 EGP	2007 EGP
<i>Treasury bills</i>		
Treasury bills with original maturity of 91 days	1,725,950,000	906,375,000
Treasury bills with original maturity of 182 days	1,443,050,000	718,400,000
Treasury bills with original maturity of 273 days	1,064,600,000	—
Treasury bills with original maturity of 364 days	1,777,125,000	1,383,450,000
	<u>6,010,725,000</u>	<u>3,008,225,000</u>
Unearned discount	(239,166,462)	(61,159,453)
Treasury bills (net)	<u>5,771,558,538</u>	<u>2,947,065,547</u>

**Notes on the Accounts** (continued)**7 Financial assets**

	2008 EGP	2007 EGP
<b>a</b> <i>Investments available for sale</i>		
Equity instruments unquoted	35,255,678	20,341,088
Total available for sale investment	<u>35,255,678</u>	<u>20,341,088</u>
<b>b</b> <i>Investments held-to-maturity</i>		
Debt instruments quoted	1,311,281,103	1,212,064,946
Debt instruments unquoted	5,000,000	5,000,000
Total held-to-maturity investment	<u>1,316,281,103</u>	<u>1,217,064,946</u>
Total financial assets	<u>1,351,536,781</u>	<u>1,237,406,034</u>
Active	1,311,281,103	1,212,064,946
Inactive	<u>40,255,678</u>	<u>25,341,088</u>
	<u>1,351,536,781</u>	<u>1,237,406,034</u>
Debt instruments fixed return	1,150,486,636	1,038,200,703
Debt instruments variable return	<u>165,794,467</u>	<u>178,864,243</u>
	<u>1,316,281,103</u>	<u>1,217,064,946</u>

As illustrated in note (2-a) there is changes in the accounting policies for the premium/discount using effective interest rate and no material differences were noted

**8 Loans and advances (net of provision)**

	2008 EGP	2007 EGP
Customers' loans	13,730,989,599	10,307,627,394
Bills discounted	<u>100,818,207</u>	<u>91,912,252</u>
	<u>13,831,807,806</u>	<u>10,399,539,646</u>
Unearned discount for discounted bills	256,826	276,030
Loans provisions	234,996,041	273,671,949
Interest in suspense	<u>21,674,008</u>	<u>41,754,058</u>
	<u>13,574,880,931</u>	<u>10,083,837,609</u>

## 9 Loans provisions (performing/non performing)

	2008			2007		
	<i>Specific</i>	<i>General</i>	<i>Total</i>	<i>Specific</i>	<i>General</i>	<i>Total</i>
	EGP	EGP	EGP	EGP	EGP	EGP
Balance at the beginning of the year	171,546,990	102,124,959	273,671,949	196,260,137	72,215,405	268,475,542
Formed during the year	12,738,362	24,428,908	37,167,270	6,684,914	29,909,554	36,594,468
Revaluation differences	10,803	—	10,803	(50,358)	—	(50,358)
	<b>184,296,155</b>	<b>126,553,867</b>	<b>310,850,022</b>	202,894,693	102,124,959	305,019,652
Used during the year	(38,198,025)	—	(38,198,025)	(12,602,201)	—	(12,602,201)
Provisions no longer required	(37,655,956)	—	(37,655,956)	(18,745,502)	—	(18,745,502)
Balance at year end	<b>108,442,174</b>	<b>126,553,867</b>	<b>234,996,041</b>	171,546,990	102,124,959	273,671,949

## 10 Investments in subsidiaries

	2008		2007	
	<i>Amount</i>	<i>Equity participation (percent)</i>	<i>Amount</i>	<i>Equity participation (percent)</i>
	EGP		EGP	
HSBC Securities (Egypt) S.A.E.	35,516,810	98%	15,916,810	98%
	<b>35,516,810</b>		<b>15,916,810</b>	

Investments in subsidiaries are unlisted in capital markets

## 11 Debit balances and other assets (net)

	2008 EGP	2007 EGP
Accrued revenues	210,701,357	258,662,072
Prepaid expenses	17,346,982	15,421,019
Advance payments for purchasing fixed assets	982,829	1,098,488
Assets reverted to the bank	6,549,732	7,871,848
Refundable deposits with others	915,920	1,224,589
Other debit balances	40,396,402	33,347,526
HSBC Investment Company Egypt (under liquidation)	3,750,000	3,750,000
Down payment for establishing new branches	109,179,482	149,811,195
Total	<b>389,822,704</b>	<b>471,186,737</b>

**Notes on the Accounts** (continued)**12 Fixed assets (net of accumulated depreciation)**

	<i>Land</i>	<i>Buildings</i>	<i>Furniture and office equipment</i>	<i>Computers</i>	<i>Vehicles</i>	<i>Fixtures</i>	<i>Total</i>
	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>
<b>Cost</b>							
As at 1 January 2008	38,915,011	105,658,642	31,586,242	77,510,949	8,903,175	39,815,424	302,389,443
Additions during the year	—	147,200,929	25,279,984	18,148,711	814,900	16,109,047	207,553,571
Disposals during the year	—	—	(1,083,831)	(1,901,634)	(7,500)	(2,969,420)	(5,962,385)
<b>As at 31 December 2008</b>	<b>38,915,011</b>	<b>252,859,571</b>	<b>55,782,395</b>	<b>93,758,026</b>	<b>9,710,575</b>	<b>52,955,051</b>	<b>503,980,629</b>
<b>Accumulated depreciation</b>							
As at 1 January 2008	—	24,601,749	13,991,008	42,795,820	4,242,056	17,646,035	103,276,668
Depreciation for the year	—	6,466,694	3,316,879	12,185,923	1,490,288	12,393,282	35,853,066
Accumulated depreciation/ disposals	—	—	(836,237)	(1,894,756)	(7,500)	(2,619,265)	(5,357,758)
<b>As at 31 December 2008</b>	<b>—</b>	<b>31,068,443</b>	<b>16,471,650</b>	<b>53,086,987</b>	<b>5,724,844</b>	<b>27,420,052</b>	<b>133,771,976</b>
<b>Net book value</b>							
<b>As at 31 December 2008</b>	<b>38,915,011</b>	<b>221,791,128</b>	<b>39,310,745</b>	<b>40,671,039</b>	<b>3,985,731</b>	<b>25,534,999</b>	<b>370,208,653</b>
As at 31 December 2007	38,915,011	81,056,893	17,595,234	34,715,129	4,661,119	22,169,389	199,112,775

At balance sheet date the fixed assets (after depreciation) include assets amounted to EGP33,665,596 which have not yet been notarised under the name of the bank.

The legal notarisation procedures of these assets are currently in process.

The bank is renting some floors in the main building in Maadi according to Central Bank of Egypt approval dated 9 June 2004

**13 Due to banks**

	<b>2008</b>	<b>2007</b>
	<b>EGP</b>	<b>EGP</b>
<b>a</b> <i>Central Bank of Egypt</i>		
Deposits	—	1,378,625,000
	—	1,378,625,000
<b>b</b> <i>Local banks</i>		
Deposits	—	30,000,000
	—	30,000,000
<b>c</b> <i>Foreign banks</i>		
Current accounts	<b>623,234,951</b>	991,134,348
Deposits	<b>222,639,123</b>	69,784,838
	<b>845,874,074</b>	1,060,919,186
<b>Total</b>	<b>845,874,074</b>	2,469,544,186

## 14 Customers' deposits

	2008 EGP	2007 EGP
Demand deposits	9,007,726,292	6,905,815,134
Time and call deposits	8,861,077,316	6,737,549,290
Certificates of deposits and saving accounts	3,756,412,392	2,811,323,893
Saving deposits	6,863,631,408	4,976,123,313
Other deposits	736,690,851	684,022,805
Total	<u>29,225,538,259</u>	<u>22,114,834,435</u>

## 15 Financial derivative

The bank uses the following derivatives for hedging and non-hedging purposes:

- The forward currency contracts represent commitments to buy foreign and local currencies, including the unexercised part of the transactions.
- The contracts related to currency exchange and / or return represent commitments to exchange a group of cash flows with others, which results in exchanging the currencies or the return rate (fixed rate with variable rate) or altogether (ie. exchange return and currencies' contracts).
- The credit risk at the bank is represented in the contingent cost of exchanging the swap contracts if any of the parties default. The risk is continuously monitored in relation to the fair value and a percentage of the contract value. In order to monitor the existing credit risk, the bank evaluates the other parties on the same basis as the lending activities.
- The foreign currency and rate of return option contracts represent contractual arrangements by which the seller gives the buyer the right but not an obligation to either buy or sell, on a specified day, or during a specified period for a certain amount of foreign currency or a financial instrument at a predetermined price. The seller receives a commission in return for accepting the foreign currency or the rate of return risks. Option contracts are either dealt with in the market or agreed upon between the bank and the clients. The bank is exposed to credit risk from the purchased option contracts and is limited to the book value represented in its fair value.

	2008			2007		
	<i>Contracted amount</i>	<i>Assets</i>	<i>Liabilities</i>	<i>Contracted amount</i>	<i>Assets</i>	<i>Liabilities</i>
	EGP	EGP	EGP	EGP	EGP	EGP
Derivatives held for trading						
Foreign currency derivatives						
Currency forward contracts	333,084,044	2,296,719	(3,583,647)	268,840,607	1,380,954	(810,590)
Interest rate derivatives						
Forward contracts	661,644,000	15,029,108	(15,029,108)			
Total assets (Liabilities) of derivatives held for trading		17,325,827	(18,612,755)		1,380,954	(810,590)
Net ( Liabilities) assets of derivatives held for trading		—	(1,286,928)		570,364	—

**Notes on the Accounts** (continued)**16 Credit balances and other liabilities**

	<b>2008</b>	2007
	<b>EGP</b>	EGP
Accrued interest payable	<b>144,956,478</b>	117,857,145
Unearned revenues	<b>43,650,528</b>	29,519,470
Accrued expenses	<b>51,715,623</b>	62,291,150
Creditors	<b>40,904,671</b>	13,650,651
Liabilities for the staff medical care*	<b>41,700,000</b>	33,000,000
Income tax for the year	<b>140,463,093</b>	38,002,209
Deferred tax liabilities	<b>2,375,266</b>	—
Other credit balances	<b>64,400,693</b>	60,947,730
<b>Total</b>	<b>530,166,352</b>	355,268,355

\*The balance represents the present value of liabilities of employees' medical care installments determined by the actuarial expert. The interest rate applied on a discount basis by the actuarial expert was 9% annually.

**17 Other provisions**

	<i>Provision for end of service compensation</i>	<i>Provision for contingent claims</i>	<i>Provision for contingent liabilities</i>	<i>Total</i>
<b>2008</b>	<b>2008</b>	<b>2008</b>	<b>2008</b>	<b>2008</b>
	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>
Balance as at the beginning of the year	<b>75,063,149</b>	<b>60,445,484</b>	<b>18,877,974</b>	<b>154,386,607</b>
Formed during the year	<b>23,069,441</b>	<b>42,494,046</b>	<b>8,282,492</b>	<b>73,845,979</b>
Provision evaluation difference	<b>19,858</b>	<b>(20,510)</b>	<b>—</b>	<b>(652)</b>
	<b>98,152,448</b>	<b>102,919,020</b>	<b>27,160,466</b>	<b>228,231,934</b>
Used during the year	<b>(1,543,094)</b>	<b>(2,222,721)</b>	<b>—</b>	<b>(3,765,815)</b>
Provision no longer required	<b>—</b>	<b>(24,994,684)</b>	<b>—</b>	<b>(24,994,684)</b>
Transferred to credit balances and other liabilities	<b>—</b>	<b>(374,677)</b>	<b>—</b>	<b>(374,677)</b>
<b>Balance at year end</b>	<b>96,609,354</b>	<b>75,326,938</b>	<b>27,160,466</b>	<b>199,096,758</b>
	<i>Provision for end of service compensation</i>	<i>Provision for contingent claims</i>	<i>Provision for contingent liabilities</i>	<i>Total</i>
<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>
	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>
Balance as at the beginning of the year	53,952,166	54,028,656	12,296,161	120,276,983
Formed during the year	21,984,946	32,197,791	6,581,813	60,764,550
Provision evaluation difference	(344,124)	(20,637)	—	(364,761)
	75,592,988	86,205,810	18,877,974	180,676,772
Used during the year	(529,839)	(214,260)	—	(744,099)
Provision no longer required	—	(25,546,066)	—	(25,546,066)
Transferred to credit balances and other liabilities	—	—	—	—
<b>Balance at year end</b>	<b>75,063,149</b>	<b>60,445,484</b>	<b>18,877,974</b>	<b>154,386,607</b>



## 18 Capital

### a *Authorised capital*

The authorised capital amounted to EGP750,000,000.

By virtue of the Extraordinary General Assembly resolution passed on 12 March 2006, the authorised capital has been increased to EGP1,750,000,000.

### b *Issued and paid up capital*

The issued and paid up capital amounted to EGP500,000,004 represented in 5,952,381 fully paid shares at par value of EGP84 each. The foreign shareholders own 94.53% of the capital, fully paid in US dollars at the prevailing rate on date of subscription.

By virtue of the Extraordinary General Assembly resolution passed on 12 March 2006, the issued and paid up capital has been increased by EGP572,500,068 by issuing 6,815,477 shares. The foreign shareholders own 94.53% of the capital, fully paid in US dollars at the prevailing rates on the subscription dates accordingly the issued and paid up capital has become EGP1,072,500,072 represented in 12,767,858 fully paid shares at par value of EGP84 each.

According to the Board of Directors decision on 30 October 2007, the issued capital has been increased by EGP 435,999,984 by issuing 5,190,476 shares. The increase was fully paid, of which foreign shareholders own 94.53% that was paid in US Dollars at the prevailing rates on the subscription dates. Accordingly, the issued and fully paid up capital is EGP 1,508,500,056 represented in 17,958,334 fully paid shares at par value of EGP84 each.

## 19 Reserves

As an HSBC Bank Egypt statutory requirement, 5% of the net profit for the year is transferred to the legal reserve. This transfer ceases when the balance of the legal reserve reaches 20% of the paid up capital.

## 20 Contingent liabilities and commitments

	2008	2007
	EGP	EGP
Letters of guarantee	3,459,333,059	2,871,740,522
Letters of credit (import and export)	1,162,448,426	1,519,642,291
Acceptances	236,348,878	287,716,917
Other contingent liabilities	17,610,553	28,981,411
Margin deposits	(528,452,608)	(493,495,031)
Total	<u>4,347,288,308</u>	<u>4,214,586,110</u>

## 21 Deferred tax assets (liabilities)

Deferred tax assets or liabilities are attributable to the following:

### *Deferred tax*

	2008	
	<u>Assets</u>	<u>Liabilities</u>
	EGP	EGP
Fixed assets	—	(1,561,309)
Investments evaluation differences	—	(41,245)
Other provisions	4,309,241	—
Total deferred tax asset/liability	<u>4,309,241</u>	<u>(1,602,554)</u>
Net deferred tax assets	<u>2,706,687</u>	<u>—</u>

**Notes on the Accounts** (continued)**22 Earning per share**

	2008 EGP	2007 EGP
Net profit for the year	1,163,898,945	905,466,360
Employees' profit share for the year (proposed / approved)	<u>(116,389,895)</u>	<u>(90,546,636)</u>
Shareholder's profit share for the year (suggested to be distributed)	1,047,509,050	814,919,724
Weighted average of shares	<u>17,525,794</u>	<u>12,767,858</u>
Earning per share	<u>59.77</u>	<u>63.83</u>

**23 Reconciliation of effective tax rate**

	2008 EGP	2007 EGP
Net profit before income tax	1,312,529,012	941,462,604
Tax rate	<u>20%</u>	<u>20%</u>
Income tax calculated on accounting profit	262,505,802	188,292,521
Non-deductible expenses	285,869	142,390
Tax exemptions	<u>(109,605,004)</u>	<u>(155,026,086)</u>
Effect of provisions	3,609,771	8,321,846
Interest in suspense	<u>(4,016,010)</u>	<u>(1,739,678)</u>
Depreciation	<u>(1,443,674)</u>	<u>(1,988,784)</u>
Total differences	<u>(111,169,048)</u>	<u>(150,290,312)</u>
Actual income tax according to tax return	<u>151,336,754</u>	<u>38,002,209</u>
Effective tax rate	<u>11.53%</u>	<u>4.04%</u>

**24 Capital commitments***New branches and renovations*

The remaining cost for completing and establishing new branches amounted to EGP15,971,121

**25 Maturity of assets and liabilities**

	<i>Maturity within one year</i>	<i>Maturity after one year</i>
	EGP	EGP
<b>a Assets</b>		
Due from banks	10,249,045,367	—
Treasury bills deductible from Central Bank of Egypt	5,771,558,538	—
Loans and advances	5,526,349,222	8,305,458,584
Investments available for sale	—	35,255,678
Investments held-to-maturity	145,392,118	1,170,888,985
Investments in subsidiaries	—	35,516,810
Debit balances and other assets	376,833,767	12,988,937
Total	<u>22,069,179,012</u>	<u>9,560,108,994</u>
<b>b Liabilities</b>		
Amounts due to banks	845,874,074	—
Customers' deposits	24,023,036,121	5,202,502,138
Credit balances and other liabilities	<u>530,166,352</u>	<u>—</u>
Total	<u>25,399,076,547</u>	<u>5,202,502,138</u>

## 26 Applied interest rates

The average yield rates for assets and liabilities are 7.08% and 3.56% respectively.

## 27 Taxation

A summary of HSBC Bank Egypt S.A.E. tax position is as follows:

### a Corporate tax

- Years from the inception of activities until 1988  
These years were inspected and disputes were settled in the Internal Committee.
- Years from 1989 until 1990  
These years were inspected and there is a dispute between the bank and the Tax Authority. The Court of Appeal issued its decision to reduce the tax base.  
The Tax Authority submitted an appeal to the decision.
- Years from 1991 until 2004  
These years were inspected and disputes were settled in the Internal Committee and tax was fully settled
- Years 2005 until 2007  
The bank filed tax declaration for these years within the legal permitted period according to the Income Tax Law number 91 of 2005. The bank started preparing to inspect for 2005 and 2006.

### b Salary tax

- Years from 1982 until 2006, these years were settled.
- Year 2007, this year was inspected and settlement is in process.

### c Stamp duty

- Years from 1982 until 2000  
These years were inspected and disputes were settled in the Internal Committee and tax was fully settled
- Years from 2001 until 31 July 2006  
These years were inspected and the internal committees were completed for all branches and disputed items were transferred to the Appeal Committee. Tax also was fully settled.
- Period from 1 August 2008 until 31 December 2008  
The bank filed quarterly tax returns for this period in compliance with the stamp Tax Law No. 111 for 1980 amended by the Law No. 143 for 2006 and its executive regulations.

## 28 Distribution of Assets & Liabilities

Customers' loans and customers' deposits are diversified among various economic activity sectors as of 31 December 2008 as follows:

	<i>Agricultural sector</i>	<i>Industrial sector</i>	<i>Trade sector</i>	<i>Service sector</i>	<i>Other sectors</i>	<i>Total</i>
	<b>EGP(000)</b>	<b>EGP(000)</b>	<b>EGP(000)</b>	<b>EGP(000)</b>	<b>EGP(000)</b>	<b>EGP(000)</b>
Loans and advances	<b>6,791</b>	<b>4,932,371</b>	<b>1,494,673</b>	<b>3,614,368</b>	<b>3,783,605</b>	<b>13,831,808</b>
Customers' deposits	<b>22,322</b>	<b>2,838,414</b>	<b>3,203,127</b>	<b>5,852,161</b>	<b>17,309,514</b>	<b>29,225,538</b>

## 29 Positions of major currencies

	<b>2008 EGP(000)</b>		2007 EGP(000)	
	<i>Surplus</i>	<i>Deficit</i>	<i>Surplus</i>	<i>Deficit</i>
EGP	<b>2,400</b>	—	—	27,771
USD	—	<b>8,590</b>	21,054	—
GBP	—	<b>1,836</b>	—	553
EUR	<b>1,422</b>	—	1,630	—

**Notes on the Accounts** (continued)**30 Related party transactions**

In the ordinary course of business, the bank conducts transactions with certain shareholders and companies (HSBC Group) and subsidiaries. Such transactions are conducted according to ordinary banking and commercial terms.

	<b>2008</b>	2007
	<b>EGP</b>	EGP
Due from banks	<b>1,585,008,496</b>	1,224,220,418
Investments in subsidiaries	<b>35,516,810</b>	15,916,810
Due to banks	<b>401,268,975</b>	803,919,483
Customers' deposits	<b>47,303,117</b>	20,109,035
Cost of services rendered by others	<b>75,123,402</b>	63,657,268
Income of services rendered to others	<b>331,649</b>	—

On 17 September 2007 HSBC Bank Middle East Limited agreed with HSBC Bank Egypt to sell to HSBC Bank Egypt part of its loans portfolio amounting to US\$192,332 Thousands (EGP1,025,727 Thousands). HSBC Bank Egypt purchased these loans based on nominal value with no recourse. According to the above mentioned agreement, interest will be split between both parties, based on the percentage of loans bought by HSBC Bank Egypt to total loan portfolio granted by HSBC Bank Middle East Limited. As of 31 December 2008, loan balance amounted to US\$ 109,161 Thousands (EGP601,884 Thousands) that has been included under the caption of 'Loans and advances'.

On 2 November 2007 HSBC Bank Middle East Limited agreed with HSBC Bank Egypt to sell to HSBC Bank Egypt its share of the syndicated loan managed by HSBC London for US\$50,000 Thousands (EGP266,655 Thousands) that has been included under the caption of 'Loans and advances'. As of 31 December 2008, loan balance amounted to US\$40,168 Thousands (EGP221,476 Thousands).

On 28 August 2008 HSBC Middle East Bank agreed with HSBC Bank Egypt to sell to HSBC Bank Egypt part of loans portfolio amounting to US\$ 80,000 Thousands (EGP437,272 Thousands). HSBC Bank Egypt purchased these loans based on nominal value with no recourse. According to the above mentioned agreement, interest will be split between both parties based on the percentage of loans brought by HSBC Bank Egypt to total loan portfolio granted by HSBC Bank Middle East. As of 31 December 2008, loan balance amounted to US\$80,000 Thousand (EGP441,096 Thousands) that has been included under the caption of loans and advances.

On 4 November 2008 HSBC Bank Middle East agreed with HSBC Bank Egypt to sell to HSBC Bank Egypt part of loans portfolio amounting to US\$ 80,000 Thousands (EGP443,600 Thousands) . HSBC Bank Egypt purchased these loans based on nominal value with no recourse. Accordingly to the above mentioned agreement interest will be split between both parties based on the percentage of loans brought by HSBC Bank Egypt to total loan portfolio granted by HSBC Bank Middle East. As of 31 December 2008, loan balance amounted to US\$80,000 Thousands (EGP441,096 Thousands) that has been included under loans and advances.

These loans are subject to loans classification and provisioning rules as set out by Central Bank of Egypt.

**31 Trust Activities**

Assets held on account or on behalf of other parties

	<i>Total value</i>	<i>Related liabilities</i>
	<b>EGP(000)</b>	EGP(000)
Shares	<b>41,289,821</b>	(110,573)
Treasury bills and Central Bank of Egypt certificates of deposits	<b>1,535,725</b>	—
Bonds and investment certificates	<b>844,907</b>	—
Total	<b>43,670,453</b>	(110,573)

### **32 Mutual funds**

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Given that the annual report this year will not be printed but only posted on the Intranet and the Internet websites besides being presented on CD's, I recommend that the following paragraphs of the disclaimer at the bottom of the last page be cancelled in both the English and the Arabic languages.

### **33 Comparative figures**

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Comparative figures have been reclassified to conform to this year's financial statements classification. Profit for the year ended 31 December 2007 was distributed according to the resolution passed during the Annual General Meeting held on 14 February 2008.

## HSBC Bank Egypt Head Office and Branches

### *Head Office*

306 Corniche El Nil, Maadi, Cairo, Egypt  
 Tel : (202) 2529 8000  
 Fax: (202) 2529 8080  
 BIC EBBK EG CX

### *Cairo Branch*

3 Aboul Feda Street, Zamalek, Cairo, Egypt.  
 Tel : (202) 2739 6001  
 Fax: (202) 2736 4010

### *Gezira Sporting Club Branch*

Gezira Sporting Club, Sarayah El Gezira Street,  
 Zamalek, Cairo, Egypt.  
 Tel : (202) 2736 0863  
 Fax: (202) 2736 0879

### *Mohandessin Branch*

8 Geziret El Arab Street, Mohandessin, Giza, Egypt.  
 Tel : (202) 3337 0481  
 Fax: (202) 3337 0813

### *Lebanon Street Branch*

25 Lebanon Street, Mohandessin, Giza, Egypt.  
 Tel : (202) 3346 7090  
 Fax: (202) 3346 7092

### *Gameet El Dewal Branch*

54 Gameet El Dewal Street, Mohandessin, Giza, Egypt.  
 Tel : (202) 33748 6831  
 Fax: (202) 33748 6878

### *Sphinx Branch*

1 Ahmed Orabi Street, Sphinx Square, Mohandessin,  
 Giza, Egypt.  
 Tel : (202) 33303 5725  
 Fax: (202) 33303 5817

### *Dokki Branch*

80 Mosadak Street, Dokki, Giza, Egypt.  
 Tel : (202) 3762 0589  
 Fax: (202) 3762 0592

### *Vinni Branch*

8 El Sad El Aaly Street, Vinni, Dokki, Giza, Egypt  
 Tel : (202) 3749 6325  
 Fax: (202) 3749 6329

### *Shooting Club Branch*

40 Kambiz Street, Shooting Club Side, Giza, Egypt  
 Tel : (202) 3760 7936  
 Fax: (202) 3760 8298

### *Messaha Branch*

10 A Hussein Wassef Street, Dokki, Giza, Egypt.  
 Tel : (202) 3748 6537  
 Fax: (202) 3748 6574

### *Agouza Branch*

128 El Nile Street , Agouza, Giza, Egypt  
 Tel : (202) 3761 8126  
 Fax: (202) 3761 8154

### *Down Town Branch*

13 Kasr El Nil Street, Down Town, Cairo, Egypt.  
 Tel : (202) 2578 8324  
 Fax: (202) 2578 8455

### *Maspiro Branch*

Radio & Television Building  
 Corniche El Nil, Cairo, Egypt.  
 Tel : (202) 2576 9415  
 Fax: (202) 2576 9659

### *Nile City Branch*

Nile City Building, Corniche El Nil, Ramlet Beaulac  
 North Tower, Retail No. 13 - Cairo, Egypt.  
 Tel: (202) 2461 9701  
 Fax: (202) 2461 9703

### *Sixth of October City Branch*

Block No 43A, Central Industrial Area, Bank's Area,  
 Sixth of October City, Egypt.  
 Tel : (202) 3832 7940  
 Fax: (202) 3832 7941

### *Dandy Mall Branch*

28th Kilometre, Cairo/Alexandria Desert Road, Egypt.  
 Tel : (202) 3539 0173  
 Fax: (202) 3539 0174

### *Hyper One Market Branch*

Hyper One Market, El Shiekh Zayed City, Entrance 1.  
 Sixth of October City, Egypt  
 Tel : (202) 3850 9901  
 Fax: (202) 3850 9903

### *Azhar Branch*

160 Gohar El Kaed Street, Cairo, Egypt.  
 Tel : (202) 2589 0865  
 Fax: (202) 2589 0857

### *Mokattam Branch*

3 El Nafoura Square, Mokattam, Cairo, Egypt.  
 Tel : (202) 2667 9891  
 Fax: (202) 2667 9894

### *Heliopolis Branch*

I Roxy Square, Heliopolis, Cairo, Egypt.  
 Tel : (202) 2451 1480  
 Fax: (202) 2258 3152

### *El Shams Club Branch*

15 Abdel Hamid Badawy Street,  
 Heliopolis, Cairo, Egypt.  
 Tel : (202) 2620 4988  
 Fax: (202) 2620 4982

### *El Orouba Branch*

90 Beirut Street, Heliopolis, Cairo, Egypt.  
 Tel : (202) 2415 3371  
 Fax: (202) 2415 3321

### *Masaken Sheraton Branch*

3 Khaled Ibn El Walid Street, Masaken Sheraton  
 Heliopolis, Cairo, Egypt.  
 Tel : (202) 22666 426  
 Fax: (202) 2480 2358

*El Obour Buildings Branch*

13 El Obour Buildings, Salah Salem Street,  
Cairo, Egypt.  
Tel : (202) 2403 1379  
Fax: (202) 2403 1408

*El Thawra Branch*

109 El Thawra Street, Heliopolis, Cairo, Egypt.  
Tel : (202) 2414 2157  
Fax: (202) 2417 4428

*City Stars Branch*

Tower A2 City Stars project, Heliopolis, Cairo, Egypt.  
Tel : (202) 2480 2356  
Fax: (202) 2480 2357

*Korba Branch*

4 Ibrahim Street, El Korba Square, Heliopolis,  
Cairo, Egypt  
Tel : (202) 2291 1609  
Fax: (202) 2291 1618

*Nasr City Branch*

29 El Batrawy Street, Nasr City, Cairo, Egypt.  
Tel : (202) 2401 7147  
Fax: (202) 2401 3562

*Abou Dawoud El Zahry Branch*

62 Abou Dawoud El Zahry Street, Nasr City,  
Cairo, Egypt.  
Tel : (202) 2672 0522  
Fax: (202) 2672 0526

*El Sherouk Branch*

El Sherouk Academy, El Sherouk City, Cairo, Egypt.  
Tel : (202) 2688 0210  
Fax: (202) 2688 0220

*El Tagamoo Branch*

106 Town Centre, off 90 Street, Beside GASCO  
(NATA), Tagamoo 5, Cairo, Egypt.  
Tel : (202) 2920 1716  
Fax: (202) 2920 0123

*Abassya Branch*

95 El Abassya Street, Abassya, Cairo, Egypt  
Tel : (202) 2684 4859  
Fax: (202) 2684 4838

*Shoubra Branch*

71 Shoubra Street, Shoubra, Cairo, Egypt  
Tel : (202) 2431 2512  
Fax: (202) 2431 6026

*10th of Ramadan Branch*

Gawhara Village, 10th of Ramadan City,  
Gawhara Mall, Egypt.  
Tel : (2015) 386 266  
Fax: (2015) 386 310

*Obour City Branch*

3 Obour City Club Fence, Obour City, Egypt.  
Tel : (202) 4610 4196  
Fax: (202) 4610 4362

*Maadi Branch*

IB Road 256, New Maadi, Cairo, Egypt.  
Tel : (202) 2519 5459  
Fax: (202) 2519 5458

*Maadi Sporting Club Branch*

Maadi Sporting Club, Demeshq Street Maadi,  
Cairo, Egypt.  
Tel : (202) 2380 4729  
Fax: (202) 2380 4757

*Corniche El Maadi Branch*

306, Corniche El Nil, Maadi, Cairo, Egypt  
Tel : (202) 2529 8000  
Fax: (202) 2529 8080

*New Maadi Branch*

10/2 El Nasr Road, New Maadi, Cairo, Egypt.  
Tel : (202) 2754 4816  
Fax: (202) 2754 5521

*Alexandria Branch*

47 Sultan Hussein Street, Alexandria, Egypt.  
Tel : (203) 487 2949  
Fax: (203) 487 2925

*Semouha Branch*

Plot 74A Mohamed Ali Road, (Fawzy Muaz Street now)  
Semouha, Sidy Gaber, Alexandria, Egypt.  
Tel : (203) 421 0004  
Fax: (203) 421 0008

*Saraya Branch*

38 El Shaheed Abbas El Aasar Street, Sidi Beshr,  
Alexandria, Egypt.  
Tel : (203) 358 2202  
Fax: (203) 358 2339

*Sidi Gaber Branch*

103 Tanzeem Sidi Gaber Street, Alexandria, Egypt.  
Tel : (203) 523 2057  
Fax: (203) 523 3915

*Yacht Club Branch*

Kalaet Kaytbay Street, El Anfoushy,  
Alexandria, Egypt.  
Tel : (203) 483 0538  
Fax: (203) 483 0537

*Mirage Mall Branch*

Cairo Alexandria Desert Road entrance  
International Garden, Egypt.  
Tel : (203) 381 5232  
Fax: (203) 380 2575

*Borg El Arab Branch*

Services Area, Fifth District, facing Police Station,  
Borg El Arab, Alexandria, Egypt.  
Tel : (203) 459 5470  
Fax: (203) 459 5473

**HSBC Bank Egypt Head Office and Branches** (continued)*Mansoura Branch*

182 Tanzeem El Geish Street and El Seka El Hadid  
El Fransaway Street, Mansoura, Egypt.  
Tel : (2050) 230 8124  
Fax: (2050) 230 8122

*Sharm El Sheikh Branch*

Shamandoura Mall, Ne'ema Bay, Sharm El Sheikh,  
Egypt.  
Tel : (2069) 360 0615  
Fax: (2069) 360 0613

*Tirana Branch*

Ne'ema Centre, Ne'ema Bay, Sharm El Sheikh, Egypt.  
Tel : (2069) 360 0615  
Fax: (2069) 360 0613

*Sharm Azur Branch*

Peace Road, Criss Resort, Building No 8,  
Sharm El Sheikh, Egypt.  
Tel : (2069) 360 3790  
Fax: (2069) 360 3793

*Nabq Branch*

Oriental Resort Main Gate, Nabq Bay,  
Sharm El Sheikh, Egypt.  
Tel : (2069) 371 0072  
Fax: (2069) 371 0390

*Ritz Carlton Branch*

Ritz Carlton Hotel, Hadabet Om El Seed,  
Sharm El Sheikh, Egypt  
Tel : (2069) 366 6009  
Fax: (2069) 366 6012

*Hilton Dreams Branch*

Hilton Dreams Hotel, Sharm El Sheikh, Egypt  
Tel : (2069) 360 3040 Ext (306)

*Sheraton Road Branch*

Sheraton Road, Hurghada, Egypt  
Tel : (2065) 345 0106  
Fax: (2065) 345 0110

*Hurghada Branch*

Kotta's West Side Mall, Villages Road,  
Hurghada, Egypt.  
Tel : (2065) 3440 741  
Fax: (2065) 3440 742

*El Gouna Branch*

Abu Tig Marina, El Gouna, Hurghada, Egypt.  
Tel : (2065) 354 9702  
Fax: (2065) 358 0570

*Marmara Branch*

Village Road, Club Marmara, Hurghada, Egypt.  
Tel : (2065) 346 5231  
Fax: (2065) 346 5232

*Makadi Branch*

Makadi Bay, K 32 Safaga Road, Hurghada, Egypt.  
Tel : (2065) 359 0552  
Fax: (2065) 359 0551

*Hurghada Marina Branch*

Sakkala Square, New Marina, Hurghada, Egypt.  
Tel : (2065) 345 0113  
Fax: (2065) 345 0115

*Nabq Travco*

Mirabel Resort, South Sinai, Egypt.

*Luxor Branch*

Iberotel Hotel Luxor, Qenna, Egypt.  
Tel : (2095) 235 7853  
Fax: (2095) 235 7786

*Port Said Branch*

27 El Gomhoreya Street, Port Said, Egypt  
Tel : (2066) 324 4657  
Fax: (2066) 324 4694

*Damietta Branch*

Damietta Port, Automatic Management Centre,  
Damietta, Egypt.  
Tel : (2057) 292 112  
Fax: (2057) 292 113



## The HSBC Group: International Network (as at 2 March 2009)

Services are provided by around 9,500 offices in 86 countries and territories:

<b>Europe</b>	<i>Offices</i>		<i>Offices</i>
Armenia	13	Luxembourg	4
Austria	1	Malta	54
Belgium	2	Monaco	2
Channel Islands	38	Netherlands	1
Cyprus	1	Poland	24
Czech Republic	7	Russia	12
France	454	Slovakia	4
Georgia	1	Spain	4
Germany	13	Sweden	3
Greece	27	Switzerland	17
Hungary	11	Turkey	229
Ireland	7	Ukraine	1
Isle of Man	8	United Kingdom	1,618
Italy	3		
<b>Asia-Pacific</b>			
Australia	34	Macau Special Administrative Region	7
Bangladesh	10	Malaysia	49
Brunei Darussalam	12	Maldives	1
China	136	New Zealand	11
Cook Islands	1	Pakistan	9
Hong Kong Special Administrative Region	325	Philippines	27
India	155	Singapore	27
Indonesia	114	Sri Lanka	15
Japan	14	Taiwan	43
Kazakhstan	3	Thailand	1
Korea, Republic of	15	Vietnam	4
<b>Americas</b>			
Argentina	226	El Salvador	90
Bahamas	8	Honduras	87
Bermuda	15	Mexico	1,265
Brazil	1,889	Nicaragua	3
British Virgin Islands	3	Panama	83
Canada	292	Paraguay	6
Cayman Islands	13	Peru	17
Chile	2	United States of America	1,584
Colombia	32	Uruguay	11
Costa Rica	46	Venezuela	1
<b>Middle East and Africa</b>			
Algeria	2	Libya	2
Bahrain	9	Mauritius	12
Egypt	76	Oman	9
Iran	1	Palestinian Autonomous Area	1
Iraq	15	Qatar	6
Israel	3	Saudi Arabia	88
Jordan	5	South Africa	5
Kuwait	1	United Arab Emirates	33
Lebanon	7		

*Associated companies are included in the network of offices.*

## The HSBC Group

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HSBC Bank Egypt S.A.E.'s ultimate parent company is HSBC Holdings plc. Headquartered in London, HSBC Holdings plc is one of the largest banking and financial services organisations in the world. The HSBC Group's international network comprises around 9,500 offices in 86 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa.

With listings on the London, Hong Kong, New York, Paris and Bermuda stock exchanges, shares in HSBC Holdings plc are held by around 200,000 shareholders in over 100 countries and territories. The shares are traded on the New York Stock Exchange in the form of American Depositary Receipts.

Through an international network linked by advanced technology, HSBC provides a comprehensive range of financial services: Personal Financial Services (including consumer finance); Commercial Banking; Global Banking and Markets; and Private Banking.

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