

HSBC Bank Egypt S.A.E.

Annual Report and Accounts 2009

HSBC 

The world's local bank

HSBC Bank Egypt S.A.E

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Annual Report and Accounts 2009

Board of Directors

Abdel Salam El Anwar, *Chairman and CEO*

Simon Cooper, *Deputy Chairman*

Mounir El Zahid

Halla Sakr

Ibrahim Fawzy

Mahmoud Abdallah

Robert Gray

Richard Groves

Alexander Hungate

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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 2009.

Economic review and future outlook

Egypt's 2009 economic performance was quite resilient despite the impact of the global financial crisis. Although GDP growth regressed from 7.1% in the financial year 2008 to 4.7% and unemployment increased to 9.4% from 8.4% a year earlier, this performance exceeded expectations and favourably compares to other economies and most emerging markets. In fact, domestic demand has remained relatively strong and many sectors actually managed to maintain high growth rates including information and communication technology (up by 15%) followed by construction (up by 11.4%).

The main impact of the global crisis on Egypt's real economy occurred through a fall in external demand and channels that affect foreign exchange earnings including: (i) merchandise exports declining to US\$25.2 billion from US\$29.4 billion (down by 14% year-on-year), (ii) Suez Canal receipts which also fell to US\$4.7 billion from US\$5.2 billion (down by 8.4% year-on-year), as global trade remains significantly below pre-crisis levels and, (iii) tourism earnings dropped to US\$10.5 billion from US\$10.8 billion (down by 3% year-on-year). As a result, the current account posted a deficit (of 2.3% of GDP) for the first time since financial year 2001. Foreign Direct Investment was also affected with Egypt attracting around US\$8.1 billion of Foreign Direct Investment inflows, a drop of 39% from last year's US\$13.2 billion. This decrease led to an overall balance of payments deficit of 1.8% of GDP compared with a 3.3% surplus a year earlier.

However, aside from the negative impact of the global economic slowdown, inflation significantly subsided owing to falling international commodity prices and the lagged effect of a tight monetary policy in 2008. The inflation rate has steadily declined from a peak of 24% last August 2008 to a low of 9% in August 2009 averaging around 16% in the financial year 2009. Receding inflationary pressures have allowed the government to shift its policy focus from inflation to growth and to provide monetary stimulus. The Central Bank of Egypt cut policy rates six times between February and September 2009, taking overnight deposit and lending policy rates down by 325 and 375 basis points respectively.

On the other hand, the Government also implemented an expansionary fiscal policy to help preserve growth momentum and introduced two fiscal stimulus packages in the financial year 2009 worth EGP15 billion and EGP8 billion earmarked for infrastructure and utility projects

The fiscal stimulus package was deficit neutral in financial year 2009, with the overall fiscal deficit remaining unchanged at 6.9% of GDP, owing to a drop in subsidies as a result of falling international commodity prices for most of 2008/2009 as well as higher than expected tax revenues. In November 2009, the Government announced a third fiscal stimulus package of EGP10 billion for in the financial year 2010 to be spent on labor-intensive projects targeting in particular water and waste water treatment projects and the upgrading of roads and bridges.

Overall, Egypt's outlook remains broadly positive. Results for the first quarter of financial year 2010 so far confirm the early beginning of a recovery with GDP growth at 4.9%. Although this remains still below the pre-crisis level, it is above the 4.7% for financial year 2009, possibly indicating that the worst of the economic downturn has passed. Private investment also remains strong in the construction sector and a renewed Public Private Partnership in 2010 and 2011 should help boost demand in the sector.

Moody's, the prominent international rating agency, has recently changed its outlook for Egypt from negative to stable. This upgrade reflects factors such as easing inflation, contained fiscal pressures as well as a relatively resilient economy and banking system.

HSBC Bank Egypt at a Glance

Results for the year ending 31 December 2009
Despite the challenging environment, HSBC Bank Egypt posted satisfactory results in 2009 with total assets up 6% to reach EGP36 billion at year-end. Customer deposits and loan portfolio increased by 8% and 2% respectively. Profits before tax increased by 5% and net profit by 1%, to record EGP1.18 billion for the year ending 31 December 2009.

The Board of Directors proposes a distribution to shareholders, by way of cash dividends, the sum of EGP823.6 million, representing a coupon of EGP45.86 per share.

The Board of Directors also proposes a distribution of EGP117.6 million (10% of net profits for 2009) to bank staff as profit sharing. The balance of profits, amounting to EGP235.2 million, will be transferred to support the bank's reserves; distributed as EGP58.8 million for Statutory Reserve and EGP176.4 million for General Reserve.

Business and operational activities

Corporate and Investment Banking

HSBC Bank Egypt maintained its position as one of the market leaders in Corporate Banking. Capitalising on its fully fledged range of products coupled with its distinctive level of

service, HSBC Bank Egypt was awarded “Best Foreign Bank in Egypt” by the London based emeaFinance Ltd.

With continued focus on its Small and Medium Enterprises proposition in 2009, HSBC Bank Egypt further cemented its position in this market segment with the launch of the "Business Internet Banking" solutions. This unique electronic tool highly contributed towards the robust growth in revenues and the addition of 2,700 new relationships to the SMEs portfolio. Online banking continued to grow rapidly, whereby the number of HSBCnet users has grown to 2,750 corporate customers with Internet Trade Services gaining recognition as more than 20% of all Import Credits are issued via HSBCnet.

The Bank's Custody business was once again recognised for its superior performance and rated Number 1 in the 2009 Global Investor Sub-custody Survey. Despite challenging economic conditions, Investment Banking division succeeded to engage in a number of landmark transactions including advising France Telecom on its tender offer for the acquisition of the Egyptian Company for Mobile Services, and co-arranging the EGP4.65 billion asset-backed bond for Taameer Securitization. This contributed to HSBC being awarded the "Best Foreign Investment Bank in Africa - 2009" by emea Finance Ltd.

During 2009, HSBC Bank Egypt acquired many high profile transactions including "Al Futtaim for Commercial and Administrative Centres" whereby HSBC Bank Egypt acted as Mandated Lead Arranger and Facility Agent for an EGP2 billion syndicated facility in support of the development of its landmark retail centre. HSBC Bank Egypt also acted as Mandated Lead Arranger for Egyptian General Petroleum Corporation US\$900 million Syndicated Pre-export facility.

Personal Financial Services (PFS)

Personal Financial Services (PFS) faced a challenging year given the down-sloping local currency interest rates, the meager foreign currency rates and customers' continuous pursuit for high interest paying savings vehicles.

HSBC Bank Egypt's 2009 strategic intent focused on growing the branch network to 89 branches and units, in order to stretch the Bank's frontiers and grow the Bank's penetration to high net-worth customers (HNW). A second dimension of Personal Financial Services 2009 growth strategy was Virtual frontiers, in which HSBC Bank Egypt enhanced the e-banking proposition and extended this service to almost 40% of its customer base. Personal Financial Services efforts in this direction were complimented by winning, for the 2nd year, the award of “Best Global Consumer Internet Bank” by Global Finance - North Africa. HSBC Bank Egypt was also locally voted as “The Best Bank Offering Internet

Services”. New e-banking functionalities of Global Account Viewing (GAV) for HNW cross-border accounts were introduced, internet security measures were enhanced as well as controls to ensure customer welfare.

HSBC Bank Egypt launched its first Money Market Fund (Kol Yom), in April 2009, which was highly received by customers and achieved slightly over EGP1 Billion in subscribed funds by year end. Other wealth products, as insurance, showed strong performance during the year, with increasing demand for policies wrapping life protection with investment.

The momentum to gauge customer service satisfaction was relentless in 2009, providing HSBC Bank Egypt customers with high quality customer experience. Means of implementation encompassed the application of Mystery Shopping, After Sale Quality Calling, Customer experience branch surveys and root cause analysis of customer complaints / inconveniences; all in an attempt to boost the customers' banking journey with HSBC.

On the whole, HSBC Bank Egypt PFS had a successful year that asserted its eminent position on Egypt's retail map, despite global and local economic conditions which hampered a number of other markets.

Treasury

The Egyptian pound was stable ending the year with no change against the US\$. This was despite the turmoil in international markets that occurred in 2009, including the Dubai debt issues that surfaced towards the end of the year. Egyptian interest rates trended higher as inflation pressures resulting from higher commodity prices impacted the domestic economy.

The Central Bank declaration guaranteeing all deposits in local banks, gave the market comfort that problems similar to those encountered in countries where some large banks were in danger of failing, are less likely to occur in Egypt.

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

Operational developments

Aligning with the Group strategy, HSBC Bank Egypt continued the joined up efforts with the Group and Middle East region by actively engaging in the One HSBC (OH) Programme which aims to change the organisation by improving work processes. Many

Report of the Directors

initiatives took place in 2009 such as identifying future processes with the purpose of reducing manual intervention, identifying financial impacts of future One HSBC (OH) deployments and initiating a Paper Reduction Programme throughout the Bank.

In line with and to provide for the bank's growth, HSBC Bank Egypt Operations was restructured in 2009 to cater for a centralised Planning and Finance Department which manages financial plans, expenditures, Asset Management and leverages the shared services organisation in IT and Operations. Additionally, a new Security and Fraud Department was created to oversee physical and travel security as well as access control and administration.

Continuing with its trend to pioneer the latest methodologies, HSBC Bank Egypt initiated several Six Sigma process improvement initiatives which greatly reduced process time, process costs, and increased automation as well as mitigated operational risks in several operational processes and areas.

In 2009, the Information Technology Department successfully implemented several key technical projects along with the digitisation of all mandate files. The efficiency of infrastructure was increased by the introduction of the latest communication protocols, firewall implementation, mass data storage as well as server virtualisation, all in line with Group standards. Customer facing systems were also upgraded, with the initiation of Premier Me2Me, B2G autopay and the successful processing of the Bulk Cash Deposit Machine and Mobile ATM. The Group-standard GSD system was implemented in the IT Help Desk in 2009, contributing to resolving around 36 thousand trouble tickets in 2009.

Throughout 2009, significant progress was made in the Smart Village building that will host Egypt's Group Service Centre (GSC), which was culminated by its completion and a prestigious LEED (Leadership in Energy and Environmental Design) Gold Rating Certificate awarded by the US Green Building Council. This rating makes the Smart Village GSC, the first LEED rated premises (amongst all the categories) in Africa, the first LEED rated premises (amongst all the categories) of HSBC in Middle East Region, and the seventh LEED rated premises (amongst all the categories) of HSBC in the world.

Housing for the Poor

In 2009 HSBC Bank Egypt worked actively on "Housing for the Poor" initiative. The 5-year engagement protocol signed between Cairo Governorate and HSBC Bank Egypt for upgrading of informal settlements project on 02 February 2009, staged the project into separate phases. The first phase addressed Dar El Salam informal area located to the rear

of HSBC Bank Egypt New Head Office and featured the renovation of 4 schools enrolling 10,650 students; the rehabilitation and equipment of a medical centre, and other projects upgrading Dar EL Salam life conditions.

Corporate Sustainability

In 2009 HSBC Bank Egypt continued its efforts to deliver its Corporate Sustainability strategy focusing on major educational projects. HSBC Bank Egypt sponsored a 160 seat Lecture Theatre, within a 5 year payment schedule for Nile University, effected the third installment out of 5 years commitment to The American University in Cairo (AUC) Public School Scholarship Fund Programme and contributed to Al Yasser Charity complex with a fully equipped library, a computer centre and a polyclinic.

To assist people with special needs, HSBC Bank Egypt financially sponsored the education of 4 students enrolled by The Right to Live Association for Intellectually Disabled, continued in extending a hand to Egyptian Society for Developing Skills of Special Needs Children "ADVANCE" by regularly equipping their resource library with books, tools, and software for the use of autistic children and donated Ibsar and Optical Character Recognition software to Demonstration Centre for the Rehabilitation of the Blind.

In line with HSBC Bank Egypt's reputation of preserving cultural heritage, the Bank donated a substantial amount of money for the Restoration of Old Cairo, honored its third commitment in payment for the Grand Egyptian Museum educational centre of ten—25 desk classrooms and sponsored Bahaa El Din Cultural Centre for the purpose of providing a sustainable educational and cultural system to its inhabitants.

Joining forces with the Egyptian NGOs, HSBC Bank Egypt equipped the Pediatric General Surgery Unit at Ain Shams University Hospitals with a complete operational theatre developed and renovated by Yehia Arafa Children's Charity Foundation, donated significant amounts of money to major public hospitals and centres in Egypt, including Mansoura Kidney Centre, Kasr El Einy, Fakous Cancer Centre and Qalawon Eyes Hospital.

HSBC Bank Egypt extended human support to JA More than Money to build tomorrow's leaders through education whereby 6 HSBC Bank Egypt volunteers gave financial literacy sessions at 2 public schools on weekly basis and fifty three HSBC Bank Egypt volunteers contributed to Run for Cure breast cancer awareness marathon intended to familiarise the public with Breast Cancer Foundation diagnostic services, treatment and research in that field.

HSBC Bank Egypt's commitment to raise awareness of environmental issues is seen in its support to Peace and Plenty donating solid waste containers to Ezbet Khairallah.

Staff training and development

HSBC Bank Egypt sustained its commitment 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 to 2118 in 2009 (from 1,931 in 2008) to cater for aggressive growth, necessitated focus on training and developing its staff members in order to sustain HSBC Bank Egypt identity and ensure high standard of services extended to the Bank's customers. This entailed several training events for Personal Financial Services, Corporate, Small 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.

The Bank's local Learning and Development Department delivered 9840 trainee days in 2009. In house courses were attended by 3424 staff members, and 658 staff members attended on-the-job training conducted by HSBC Bank Egypt Learning and Development Department.

Additionally, the bank supported 7 staff members in acquiring their diplomas and certificates, 2396 staff members in attending external courses held by the most reputable training institutions in Egypt and 13 staff members in attending overseas courses in UAE, USA, the UK, Luxembourg, Prague and Bahrain.

Board of Directors

In May 2009 following Directors joined HSBC Bank Egypt Board:

- Richard W L Groves, Managing Director SABB, was appointed replacing John Coverdale who retired from the Board in March 2009
- Alexander C Hungate, Group Managing Director PFS & Marketing.
- Simon N Cooper, CEO HSBC Middle East Limited

- In July 2009 Dr Ibrahim Fawzy joined the Board as non-executive Director, replacing Dr Medhat Hassanein who retired from the Board in June 2009.
- In November 2009 Simon N Cooper was appointed Deputy Chairman of HSBC Bank Egypt replacing Youssef A Nasr who retired from the Board in same month.

Auditors' Report to the Shareholders

Report on the Financial Statements

We have audited the accompanying financial statements of HSBC Bank Egypt S.A.E, which comprise the balance sheet as at 31 December 2009, the statements of income, changes in equity and cash flows for the financial year then ended, 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 the responsible for the preparation and fair presentation of these financial statements in accordance with Central Bank of Egypt's rules, pertaining to the preparation and presentation of the financial statements, issued on 27 June 2002 and its amendments, including amendments that relate to financial investments issued on 16 December 2008 and in 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; management 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 entity'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 entity'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 the Central Bank of Egypt all material respects, the financial position of HSBC Bank Egypt S.A.E as at 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with Central Bank of Egypt's rules, pertaining to the preparation and presentation of the financial statements, issued on 27 June 2002 and its amendments, including amendments that relate to financial investments issued on 16 December 2008 and the Egyptian laws and regulations relating to the preparation of these financial statements

Report on Other Legal and Regulatory Requirements

According to the information and explanations given to us-during the financial year ended 31 December 2009 no contravention of the Central Bank, Banking and Monetary Institution law No 88 of 2003.

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

The financial information included in the Report of the Directors, 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

8 February 2010

Ernst and Young

Nabil Istanbouli
Cairo

Balance Sheet as at 31 December 2009

	<i>Notes</i>	2009 EGP	2008 EGP
Assets			
Cash and balances with the Central Bank of Egypt	5	2,536,733,574	2,296,374,817
Due from banks	6	8,190,962,687	10,249,045,367
Treasury bills	7	6,985,200,819	5,771,558,538
Loans and advances (net of provision)	9,10	13,909,497,207	13,574,880,931
Derivatives Financial Investments	16	17,647,503	17,325,827
Financial Investments:			
Investments available for sale	(8-A)	3,484,637,743	1,321,307,148
Investments held-to-maturity	(8-B)	29,999,737	5,000,000
Investments in subsidiaries	11	35,516,810	35,516,810
Debit balances and other assets	12	251,499,596	376,144,911
Deferred tax asset	22	18,552,274	13,837,722
Fixed assets (net of accumulated depreciation)	13	582,942,907	370,208,653
		<hr/>	<hr/>
Total assets		36,043,190,857	34,031,200,724
		<hr/>	<hr/>
Liabilities			
Due to banks	14	449,487,619	845,874,074
Customers' deposits	15	31,551,059,610	29,225,538,259
Derivatives Financial Investments	16	18,504,267	18,612,755
Credit balances and other liabilities	17	420,545,136	530,326,281
Dividends payable		—	932,390,879
Other provisions	18	187,604,452	199,096,758
		<hr/>	<hr/>
Total liabilities		32,627,201,084	31,751,839,006
		<hr/>	<hr/>
Shareholders' equity			
Issued and Paid In Capital	19	1,508,500,056	1,508,500,056
Reserves	20	731,030,146	770,861,662
		<hr/>	<hr/>
Total shareholders' equity		2,239,530,202	2,279,361,718
Net profit for the year		1,176,459,571	—
		<hr/>	<hr/>
Total shareholders' equity and net profit for the year		3,415,989,773	2,279,361,718
		<hr/>	<hr/>
Total liabilities, shareholders' equity and net profit for the year		36,043,190,857	34,031,200,724
		<hr/>	<hr/>
Contingent liabilities and commitments			
Letters of credit, letters of guarantee, and others	21	17,795,394,194	4,347,288,308
		<hr/>	<hr/>

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 2009

	<i>Notes</i>	2009 EGP	2008 EGP
Income			
Interest and similar income	25	2,338,638,323	2,322,384,603
Interest and similar charges	25	(1,093,185,570)	(1,167,521,154)
Net interest income		<u>1,245,452,753</u>	<u>1,154,863,449</u>
Fees and commission income		360,323,429	343,854,946
Fees and commission expense		(21,999,738)	(25,107,076)
Net Fees and Commission Income		<u>338,323,691</u>	<u>318,747,870</u>
Dividends income		23,571,129	23,283,418
Net trading income	26	264,822,362	317,635,095
Provisions		(83,659,011)	(88,161,882)
Gains from sale of financial investments		11,589,319	13,972,510
Administrative expenses		(540,843,805)	(498,097,136)
Other operating income		27,397,449	8,222,476
Non-operating income (loss)		547,240	(587,428)
Provision no longer required		87,170,247	62,650,640
Profit before tax		<u>1,374,371,374</u>	<u>1,312,529,012</u>
Income tax		(202,626,355)	(151,336,754)
Deferred tax		4,714,552	2,706,687
Net profit for the year		<u>1,176,459,571</u>	<u>1,163,898,945</u>
Earning per share	23	58.96	59.77

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

Changes in Shareholders' Equity Statement for the Financial Year Ended 31 December 2009

	<i>Issued and Paid-In Capital</i>	<i>Legal reserve</i>	<i>General reserve</i>	<i>Share premium</i>	<i>Revaluation reserve for AFS Investment</i>	<i>Net profit</i>	<i>Total</i>
	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance as at 31 December 2007 as previously issued	1,072,500,072	147,752,275	400,602,004	6,727,886	—	—	1,627,582,237
Net effect of investment reclassification	—	—	—	—	28,240,877	—	28,240,877
Balance as at 31 December 2007 after reclass	1,072,500,072	147,752,275	400,602,004	6,727,886	28,240,877	—	1,655,823,114
Capital increase	435,999,984	—	—	—	—	—	435,999,984
Net profit for 2008	—	—	—	—	—	1,163,898,945	1,163,898,945
Net change in AFS investment	—	—	—	—	(43,969,446)	—	(43,969,446)
Transferred to reserves	—	58,194,947	173,313,119	—	—	(231,508,066)	—
Dividends paid	—	—	—	—	—	(932,390,879)	(932,390,879)
Balance as at 31 December 2008	1,508,500,056	205,947,222	573,915,123	6,727,886	(15,728,569)	—	2,279,361,718
Balance as at 31 December 2008 as previously issued	1,508,500,056	205,947,222	573,915,123	6,727,886	9,501,064	—	2,304,591,351
Net effect of investment reclassification	—	—	—	—	(25,229,633)	—	(25,229,633)
Balance as at 31 December 2008 after reclassification	1,508,500,056	205,947,222	573,915,123	6,727,886	(15,728,569)	—	2,279,361,718
Net profit for the year	—	—	—	—	—	1,176,459,571	1,176,459,571
Net change in in AFS Investments	—	—	—	—	(39,831,516)	—	(39,831,516)
Balance as at 31 December 2009	1,508,500,056	205,947,222	573,915,123	6,727,886	(55,560,085)	1,176,459,571	3,415,989,773

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

Appropriation Statement for the Financial Year Ended 31 December 2009

	2009 EGP	2008 EGP
Profit available for appropriation		
Net profits for the year	1,176,459,571	1,163,898,945
Net profits available for appropriation	<u>1,176,459,571</u>	<u>1,163,898,945</u>
Appropriation		
Legal reserve	58,822,979	58,194,947
General reserve	176,421,438	173,313,119
Shareholders' dividends	823,569,197	816,000,984
Employees' profit share	117,645,957	116,389,895
	<u>1,176,459,571</u>	<u>1,163,898,945</u>

Cash Flow Statement for the Financial Year Ended 31 December 2009

	2009 EGP	2008 EGP
Cash flow from operating activities		
Net profit before income tax	1,374,371,374	1,312,529,012
Adjustments to reconcile net income to net cash flow from operating activities		
Depreciation and amortisation	48,223,017	35,853,066
Provisions	83,659,011	80,443,808
Amortisation of unearned discount of bonds	(50,184)	(121,379)
Amortisation of bonds premium	554,755	420,048
Increase in end of service compensation provision	27,672,690	21,546,205
(Gain)/Loss from sale fixed assets	(547,240)	578,428
Loss /(Gain) from sale assets reverted to the bank	131,232	(2,458,086)
Revaluation differences for provisions other than loans provision	(93,235)	20,510
Other provisions used	(9,966,945)	(2,222,721)
Provisions no longer required	(87,170,247)	(62,650,640)
Gain from derivatives revaluation	(4,566,269)	—
Operating income before changes in assets and liabilities from operating activities	1,432,217,959	1,383,938,251
Net decrease/(increase) in assets		
Deposits with banks	9,434,706,010	742,117,093
Treasury bills	(2,053,589,512)	(2,017,371,350)
Derivatives financial instruments (net)	4,136,105	1,286,928
Available for sale investments	(2,203,666,682)	—
Loans to customers	(389,263,428)	(3,489,263,768)
Debit balances and other assets	50,256,836	40,997,203
Net increase/(decrease) in liabilities		
Due to banks	(396,386,455)	(1,623,670,112)
Customers' deposits	2,325,521,351	7,110,703,824
Credit balances and other liabilities	(48,910,762)	62,133,816
Income tax paid during the year	(234,443,166)	(38,020,209)
Net cash flows provided from operating activities	7,920,578,256	2,172,851,676

Cash Flow Statement for the Financial Year Ended 31 December 2009 (continued)

	2009 EGP	2008 EGP
Cash flow from investing activities		
Purchase of investments held-to-maturity	(24,999,737)	(429,831,120)
Payments for purchase of investments in subsidiaries	—	(19,600,000)
Proceeds from sale of financial investments held-to-maturity	—	330,296,760
Payment for purchase of fixed assets and branches improvement	(186,866,493)	(163,663,807)
Purchase of financial investments available for sale	—	(5,956,894)
Proceeds from sale of fixed assets and assets reverted to the Bank	713,709	3,722,764
	<u>(211,152,521)</u>	<u>(285,032,297)</u>
Cash flow from financing activities		
Capital increase	—	435,999,984
Dividends paid	(932,390,879)	(722,555,607)
	<u>(932,390,879)</u>	<u>(286,555,623)</u>
Net cash (used in) financing activities	<u>(932,390,879)</u>	<u>(286,555,623)</u>
Net increase in cash and cash equivalents during the year	6,777,034,856	1,601,263,756
Cash and cash equivalents at the beginning of the year	4,601,422,707	3,000,158,951
Cash and cash equivalents at year end	<u>11,378,457,563</u>	<u>4,601,422,707</u>
Cash and cash equivalents are represented in:		
Cash and balances with the Central Bank of Egypt	2,536,733,574	2,296,374,817
Due from banks	8,190,962,687	10,249,045,367
Treasury bills	6,985,200,819	5,771,558,538
Deposits with banks	(213,726,298)	(9,648,432,308)
Treasury bills due over three months	(6,120,713,219)	(4,067,123,707)
Cash and cash equivalents at year end	<u>11,378,457,563</u>	<u>4,601,422,707</u>

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

Notes on the Accounts

1 Status and activities

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, 89 branches and outlets in prominent cities in Egypt.

2 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

a *Basis of preparing the financial statements*

The financial statements are prepared in accordance with the rules of the preparation and presentation of financial statements for Egyptian banks issued by the Central Bank of Egypt on 27 June 2002, in addition to amendments made to the financial investments issued on 16 December 2008 and in accordance with the related Egyptian Laws & Regulations.

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

Changes that are applicable for the financial periods starting on or after 01 January 2010 include:

- Risk management objectives, policies and procedures disclosure requirements and capital risk management disclosure requirements and other notes to the financial statements.
- Reconsider residual values of the fixed assets to determine materiality of their effect on the depreciable values, and determine useful lives of the fixed assets additions over the significant components of the assets.
- Re-determining related parties in accordance to the amended requirements and adding some new notes on related parties' transactions.
- Changing the method of measurement of impairment loss for loans, facilities, and other debt instruments measured at the amortised cost, under the new method banks will make collective impairment for groups of assets carrying similar credit risk and characteristic instead of the general provision made for the loans and facilities. Surplus of the outstanding provisions on the first of January 2009 over the collective impairment calculated according to the new method will be transferred to special reserve in the owner's equity .
- When determining the effective interest rate for the purpose of applying the amortised cost fees and commissions associated in acquiring or issuing debt instruments will be added or deducted from acquisition/issuance value as part of the transaction cost.

The figures, results, presentation and disclosures of the attached financial statements may differ when presented as the comparative figures of 2010 financial statements as for the application of the new framework mentioned above.

b *Foreign currency transactions and balances*

The Bank maintains its accounts in Egyptian Pounds. Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities balances in foreign currencies at balance sheet date are translated at the exchange rates prevailing at that date. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the following items in 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.
- Other operating income (loss) for the other items.

The changes in the fair value of monetary securities denominated in foreign currency classified as available for sale (debt securities) are analysed between differences resulting from changes in the amortised cost of the security, differences arising from foreign exchange rate changes and differences arising from change in fair value.

Differences resulting from changes in the amortised cost are recognised in "interest and similar income" in the income statement, differences arising from foreign exchange rate changes are recognised in "other operating income" in the profit and loss while the differences arising from change in fair value are recorded in "fair value reserve for available for sale investments" in the equity.

Notes on the Accounts *(continued)*

Translation differences on non-monetary items, such as equity held at fair value through profit or loss are reported in the income statement whereas for those classified as available for sale financial assets are recorded in “fair value reserve for available for sale investments” in the equity.

c *Revenue recognition*

i *Interest on loans and similar income/ Interest expenses and similar charges:*

Interest income and expense for all interest-bearing financial instruments, except for those classified as held for trading or designated at fair value through profit or loss, are recognised within ‘interest income’ and ‘interest expense’ in the income statement using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Interest income on loans is recognised on accrual basis except for the interest income on non performing loans, which ceases to be recognised as revenue when the recovery of interest or principle is in doubt.

ii *Dividends income*

Dividends are recognised in the income statement when the Bank’s right to receive payment is established.

iii *Fees and commission income:*

Fees and commissions are generally recognised on an accrual basis.

d *Treasury bills*

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

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; available-for-sale loans and receivables. Management determines the classification of its investments at initial recognition.

i *Financial assets designated at fair value through profit or loss*

This category consists of financial assets held for trading and financial assets designated at fair value through profit or loss at inception and the related changes reported in the profit and loss.

- 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 designated at fair value through profit or loss are recognised when:
 - Doing so significantly reduces measurement inconsistencies that would arise if the related derivatives were treated as held for trading and the underlying financial instruments were carried at amortised cost such as loans and advances to customers or banks and issued debt securities.
 - 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 which contain one or more embedded derivatives which may significantly affect the cash flows, are designated at fair value through profit and loss

2 Significant accounting policies (continued)

- Gains and losses arising from changes in the fair value of derivatives that are managed in conjunction with designated financial assets or financial liabilities are recorded in the “net income from financial instruments designated at fair value”
- The bank is not permitted to reclassify any derivative financial asset out of the designated at fair value through profit or loss category. Also, the bank is not permitted to reclassify any financial instrument out of the designated at fair value through profit or loss category if it has been designated at initial recognition by the bank as at fair value through profit or loss.
- In all cases the bank should not reclassify any financial instruments into financial instrument measured at fair value with changes through profit and loss or to the held for trading investments.

ii Held-to-maturity investments financial assets

Held to maturity financial investments are non derivative assets which carry fixed or determinable payments and where the bank has the intention and the ability to hold to maturity. Any sale of a significant amount, not close to the date of its maturity, would result in the reclassification of all held to maturity investments as available for sale. (except in the emergency cases).

iii Available for sale investment

Available for sale financial investments are non derivatives financial assets that are intended to be held for an unspecified period and maybe sold to provide liquidity or due to changes in prices of shares, foreign currencies, or interest rate.

For the financial assets the following applies:-

- Purchases or sales of financial assets designated at fair value through profit and loss, held-to-maturity financial investments and available for sale financial investments are recognised at the trade date which is the date the bank is committed to purchase or sell the financial asset.
- Financial assets that are not classified as designated at fair value through profit and loss at initial recognition, are recognised at fair value plus transaction cost, while the financial assets classified as designated at fair value through profit and loss are initially recognised at fair value only and the transaction cost is recognised in the profit and loss in “net trading income”
- Financial assets are derecognised when the rights to receive cash flows have expired or when the Bank transfers all the risks and rewards of the asset to another party, while a financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.
- Available for sale financial investments and financial assets designated at fair value through profit and loss are subsequently measured at fair value and at amortised cost for loans and advances and held-to-maturity investments.
- Gains and losses arising from changes in fair value of financial assets designated at fair value through profit and loss are recorded in income statement during the period it occurred.
- Gains and losses arising from changes in fair value of available for sale financial investments are recognised in “fair value reserve for available for sale investments” in equity until the financial asset is sold, collected, impaired or otherwise disposed of, at which time, the cumulative gain or loss previously recognised in equity should be recognised in profit or loss.
- Monetary assets’ interest income is recognised based on the amortised cost method in the income statement. The foreign currency revaluation differences related to available for sale investments are recognised in the income statement. Dividends related to available for sale equity instruments are recognised in the income statement when they are declared.
- Fair values are obtained from quoted market prices in active markets based on Bid prices. Where no active market exists, or quoted prices are unobtainable, the fair value is estimated using a variety of valuation techniques – including discounted cash flow and other pricing models. Inputs to pricing models are generally market-based when available and taken from reliable external data sources. If the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, an entity can measure the equity instrument at cost less any impairment losses
- Debt instruments can be reclassified from the available for sale investments to “loans and receivables” or “held-to-maturity” at fair value when the bank has the intention and ability to hold the instrument to maturity. Any related profits or losses that have been previously recognised in equity are treated as follows:

Notes on the Accounts *(continued)*

2 Significant accounting policies *(continued)*

- Financial assets with fixed or determinable payments and fixed maturity valued at amortised cost, using the effective interest method. The difference between the amortised cost using the effective interest method and the repayment value is amortised using the effective interest rate method.
In case of financial asset's impairment the profits and losses that has been previously recognised in equity is charged to the income statement.
- Profits and losses related to the financial assets without fixed or determinable maturity are recorded in equity till selling or disposing of the assets at the time it is removed from equity and recognised in the income statement.
In case of impairment, profits and losses that have been previously recognised directly in equity are charged to income statement.

f *Netting between financial instruments*

Financial Assets and Liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realize an asset and settle the liability simultaneously.

Treasury bills, Repos and reverse Repos agreements are netted on the balance sheet and disclosed under "treasury bills".

g *Derivative financial instruments*

Derivatives are recognised at fair value at the date of the derivative contract, and are subsequently revaluated by fair value. Fair values are obtained from quoted market prices in active markets, or according to the recent market deals, or the revaluation methods as the deducted cash flow forms and the pricing list forms, as appropriate.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

h *Impairment of financial assets*

i *Financial assets held to maturity:*

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 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 indicators which the bank uses to identify the existence of an objective evidence of impairment loss include:

- The debtors are experiencing significant financial difficulty,
- Prediction of bankruptcy of the debtor or being sued for liquidation case

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 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 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 bank may measure impairment on the basis of an instrument's fair value using an observable market price

ii *Financial investment available for sale:*

The bank assesses, at each balance sheet date, whether there is objective evidence that a financial asset or a group of financial assets included in the "available for sale" or the "held-to-maturity" investments is impaired. For equity investments classified as available-for-sale, a significant or prolonged decline in its fair value below its cost is considered an impairment.

2 Significant accounting policies (continued)

i Financial investments in subsidiaries

Investments in subsidiaries are valued at cost. In case of impairment of its fair value, the book value is adjusted by such impairment and is charged to the income statement under “other investments valuation differences”. Subsequent increase in the fair value is credited to the same item in the income statement within the limits of amounts previously charged.

j Evaluation of assets reverted to the bank in settlement of some customers' debts

These assets are recorded in the balance sheet under “Debit balances and other assets” at acquisition cost. In case of the decrease in fair value of these assets at the balance sheet date, the difference is charged to the income statement and the increase of the fair value should be credited to the income statement within the limit of amounts previously charged during past financial periods.

k Provisions for loans and 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.

l 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.

m 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.

n Fixed assets and depreciation

Fixed assets are recorded at acquisition 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
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.

o End of service benefits

i End of service benefits

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 Shares based payment

HSBC Holdings plc grants shares to eligible employees under a share based payment scheme, Equity settled. HSBC Bank Egypt bears the cost of these shares and amortised on income statement on a straight line basis.

Notes on the Accounts *(continued)*

2 Significant accounting policies *(continued)*

P Taxes

The income tax on the Bank's profits includes both the current tax (calculated according to the prevailing rules and regulations, using the tax rates as of balance sheet date), and deferred tax. The due income tax is directly recognised in the income statement, and the income taxes related to shareholders' equity items are directly recognised in shareholders' equity.

a Current tax

- The current due tax is calculated according to the prevailing rules and regulations applied in Egypt.
- A provision is formed for the previous years' tax liabilities after performing the necessary studies in the light of tax claims.

b Deferred tax

- Deferred tax is recognised due to the temporary differences resulting from reporting the value of assets and liabilities in one period for tax purposes, and in another period for financial accounting purposes. Deferred tax is determined based on the method used to realize or settle the current values of these assets and liabilities, using the tax rates prevailing as of the balance sheet date.
- Deferred tax is recognised as bank's assets to the extent it is probable to use this asset to reduce the Bank's due tax during the future years. Deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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.

i 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 Financial instruments 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 29 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 dealing with them..
- Obtaining adequate guarantees to reduce the possibility of loss in case of a customer default
- Monitoring and preparing regular studies on customers in order to evaluate their financial and credit position and estimate the required provisions for non-performing balances.
- Diversifying loans portfolio among various sectors to reduce the concentration of credit risk
- Distribution of loans portfolio among various sectors to reduce the concentration of credit risk.

Note 31 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 32.

4 Significant Accounting Estimates

The Bank makes subjective estimates and judgments that affect the amounts of assets and liabilities through the next financial year, consistent estimations and judgments are based on historical experience and other factors, including the expectations of future events that are reasonably estimated in accordance with the available information.

i *The impairment of Available for Sale equity instruments*

In the case of available for sale equity instruments, a significant or prolonged decline in the fair value of the security below its cost is considered an impairment. Where such evidence exists, significant or prolonged decline needs a personal judgment. To make this judgment the bank assesses, besides other factors, the common share price volatility. In addition, impairment exists when there is objective evidence that a certain company has a financial difficulty in its cash flow from operating and financing activities industry sector.

ii *Derivatives fair value*

For the unquoted financial instruments, the fair value is determined using a variety of valuation techniques which are tested and reviewed periodically by high qualified staffs that are independent of those who created the models. The models used are validated prior to use. Inputs to pricing models are generally market-based when available and taken from reliable and taken from reliable external data sources. While areas like the bank credit risk, counterparties, volatility and correlations require management to make judgments and estimations. Changes in the assumptions related to these factors may affect the financial instruments fair value.

iii *Financial investments held-to-maturity*

Non- derivative financial assets with fixed or determinable payments and fixed maturity are classified as investments held-to-maturity. This category requires personal judgment therefore the bank tests whether there is a genuine intent and ability to hold such investments to maturity. If the bank fails to hold such investments till maturity (except for certain tightly defined circumstance such as if an entity sells an insignificant amount of held to maturity investments close to maturity date), investments should be reclassified as available for sale, which will be measured at fair value instead of amortised cost.

5 Cash and balances with the Central Bank of Egypt

	2009 EGP	2008 EGP
Cash in hand	351,816,368	328,149,441
Statutory reserve deposits with the Central Bank of Egypt	2,184,917,206	1,968,225,376
Total	<u>2,536,733,574</u>	<u>2,296,374,817</u>

6 Due from Banks

	2009 EGP	2008 EGP
a <i>Central Bank of Egypt</i>		
Current accounts	2,742,800	2,756,850
Deposits	4,744,061,014	5,539,427,651
	<u>4,746,803,814</u>	<u>5,542,184,501</u>
b <i>Local banks</i>		
Current accounts	77,016,186	38,072,525
Deposits	160,000,000	409,276,187
	<u>237,016,186</u>	<u>447,348,712</u>
c <i>Foreign banks</i>		
Current accounts	226,299,967	62,490,239
Deposits	2,980,842,720	4,197,021,915
	<u>3,207,142,687</u>	<u>4,259,512,154</u>
Total	<u>8,190,962,687</u>	<u>10,249,045,367</u>

Notes on the Accounts (continued)

7 Treasury bills

	2009 EGP	2008 EGP
<i>Treasury bills</i>		
Treasury bills with original maturity of 91 days	880,950,000	1,725,950,000
Treasury bills with original maturity of 182 days	1,211,425,000	1,443,050,000
Treasury bills with original maturity of 273 days	2,074,220,000	1,064,600,000
Treasury bills with original maturity of 364 days	3,117,425,000	1,777,125,000
	<u>7,284,020,000</u>	<u>6,010,725,000</u>
Unearned income	(298,819,181)	(239,166,462)
	<u>6,985,200,819</u>	<u>5,771,558,538</u>

8 Financial investments

	2009 EGP	2008 EGP
a Investments available for sale		
Equity instruments unlisted (at cost)	25,730,418	35,255,678
Debt instruments listed (at FMV)	3,458,907,325	1,286,051,470
	<u>3,484,637,743</u>	<u>1,321,307,148</u>
Total available for sale investment (1)	<u>3,484,637,743</u>	<u>1,321,307,148</u>
b Investments held-to-maturity		
Debt instruments unlisted* (Mutual fund certificate)	29,999,737	5,000,000
	<u>29,999,737</u>	<u>5,000,000</u>
Total held-to-maturity investment (2)	<u>29,999,737</u>	<u>5,000,000</u>
Total financial assets (1+2)	<u>3,514,637,480</u>	<u>1,326,307,148</u>
listed	3,458,907,325	1,286,051,470
unlisted	55,730,155	40,255,678
	<u>3,514,637,480</u>	<u>1,326,307,148</u>
Debt instruments fixed return	2,484,225,518	839,260,718
Debt instruments variable return	1,004,681,544	451,790,752
	<u>3,488,907,062</u>	<u>1,291,051,470</u>

* The net realisable value of mutual funds certificates as of 31 December 2009 amounted to EGP30,372,992 against an amount of EGP4,231,500 as of 31 December 2008.

On 31 December 2009, the Bank re-assessed its intention and ability to hold its held-to-maturity investments till maturity. Accordingly, the total held-to-maturity portfolio has been reclassified to available for sale caption except for the obligatory held certificates in the two mutual funds established by the Bank, which represent the statutory percentage in accordance with Capital Market Law No 95/1992 and its executive regulations. In addition, one investment has been reclassified to loans and receivables to reflect the intent at initial acquisition (correction of error). According to the Central Bank of Egypt instructions issued on 16 December 2008, the tainting rule applies and the Bank cannot classify any financial asset as held-to-maturity during the current year and the coming two financial years.

The comparative figures have been reclassified as well and note (36) shows the effect of these changes.

9 Loans and advances (net of provision)

	2009 EGP	2008 EGP
Customers' loans	14,207,142,746	13,822,648,422
Bills discounted	7,609,679	9,159,384
	<u>14,214,752,425</u>	<u>13,831,807,806</u>
Less:		
Unearned bills discount	300,587	256,826
Loans provisions	277,813,230	234,996,041
Interest in suspense	27,141,401	21,674,008
	<u>13,909,497,207</u>	<u>13,574,880,931</u>

10 Loans provisions (performing/non performing)

	2009			2008		
	<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	108,442,174	126,553,867	234,996,041	171,546,990	102,124,959	273,671,949
Formed during the year	29,844,964	33,242,658	63,087,622	12,738,362	24,428,908	37,167,270
Recoveries from balances previously written off	892,558	—	892,558	—	—	—
Revaluation differences	11,099	—	11,099	10,803	—	10,803
	<u>139,190,795</u>	<u>159,796,525</u>	<u>298,987,320</u>	<u>184,296,155</u>	<u>126,553,867</u>	<u>310,850,022</u>
Used during the year	(12,733,625)	—	(12,733,625)	(38,198,025)	—	(38,198,025)
Provisions no longer required	(8,440,465)	—	(8,440,465)	(37,655,956)	—	(37,655,956)
Balance at year end	<u>118,016,705</u>	<u>159,796,525</u>	<u>277,813,230</u>	<u>108,442,174</u>	<u>126,553,867</u>	<u>234,996,041</u>

11 Investments in subsidiaries

	2009		2008	
	<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%	35,516,810	98%
	<u>35,516,810</u>		<u>35,516,810</u>	

Investments in subsidiaries are unlisted in the stock exchange market.

Notes on the Accounts (continued)

12 Debit balances and other assets (net)

	2009 EGP	2008 EGP
Accrued revenues	166,913,943	210,701,357
Prepaid expenses	16,563,266	17,346,982
Advance for purchasing fixed assets	1,744,695	982,829
Assets reverted to the bank	1,268,500	6,549,732
Other debit balances	29,936,957	31,384,529
Costs of establishing new branches	35,072,235	109,179,482
Total	251,499,596	376,144,911

13 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>
	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost							
As at 1 January 2009	38,915,011	252,859,571	55,789,449	93,758,026	9,710,575	52,947,996	503,980,628
Additions during the year	15,000,000	194,925,882	18,746,374	16,006,666	1,049,955	15,244,863	260,973,740
Disposals during the year	—	—	(292,058)	(12,282,201)	(995,850)	(11,650)	(13,581,759)
As at 31 December 2009	53,915,011	447,785,453	74,243,765	97,482,491	9,764,680	68,181,209	751,372,609
Accumulated depreciation							
As at 1 January 2009	—	31,068,443	16,471,650	53,086,987	5,724,844	27,420,051	133,771,975
Depreciation for the year	—	13,459,025	5,345,881	13,265,797	1,516,409	14,635,905	48,223,017
Related to disposals	—	—	(289,385)	(12,282,201)	(982,100)	(11,604)	(13,565,290)
As at 31 December 2009	—	44,527,468	21,528,146	54,070,583	6,259,153	42,044,352	168,429,702
Net book value							
As at 31 December 2009	53,915,011	403,257,985	52,715,619	43,411,908	3,505,527	26,136,857	582,942,907
As at 31 December 2008	38,915,011	221,791,128	39,317,799	40,671,039	3,985,731	25,527,945	370,208,653

Fixed assets (net of accumulated depreciation) at the balance sheet date includes EGP20,525,720 representing assets not registered yet in the Bank's name as the legal procedures are currently undertaken to register such assets.

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

14 Due to banks

	2009 EGP	2008 EGP
a Local banks		
Current accounts	1,008,148	—
	<u>1,008,148</u>	<u>—</u>
b Foreign banks		
Current accounts	446,525,041	623,234,951
Deposits	1,954,430	222,639,123
	<u>448,479,471</u>	<u>845,874,074</u>
Total	<u>449,487,619</u>	<u>845,874,074</u>

15 Customers' deposits

	2009 EGP	2008 EGP
Demand deposits	9,787,108,031	9,007,726,292
Time and call deposits	8,476,550,574	8,861,077,316
Certificates of deposits and saving accounts	4,371,675,261	3,756,412,392
Saving deposits	8,153,027,060	6,863,631,408
Other deposits	762,698,684	736,690,851
	<u>31,551,059,610</u>	<u>29,225,538,259</u>

16 Financial derivatives

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

- Currency forwards represent commitments to purchase/sell foreign and domestic currency, including undelivered spot transactions. Foreign currency and interest rate futures are contractual obligations to receive or pay a net amount based on changes in currency rates or interest rates, or to buy or sell foreign currency or a financial instrument on a future date at a specified price, established in an organised financial market.
- The credit risk is negligible, as future contracts are collateralised by cash or marketable securities, and changes in the future contracts value are settled daily with the exchange. Forward rate agreements are individually negotiated interest rate future that call for a cash settlement at a future date for the difference between the contracted rate of interest and the current market rate, based on a notional principal amount.
- Currency and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies or interest rates (i.e. fixed rate for floating rate) or a combination of all these (i.e. cross-currency interest rate swaps). No exchange of principal takes place, except for certain currency swaps. The Bank's credit risk represents the potential cost to replace the swap contracts if counterparties fail to fulfill their obligation.
- This risk is monitored on an ongoing basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the Bank assesses counter parties using the same techniques as for its lending activities
- The notional amounts of certain types of financial instrument provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks.
- The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favorable or unfavorable, and thus the aggregate fair values of derivative financial assets and liabilities, can fluctuate significantly from time to time.

Notes on the Accounts (continued)

16 Financial derivative (continued)

	31 December 2009				31 December 2008		
	<i>Contract amount Asset</i>	<i>Contract amount Liability</i>	<i>Assets</i>	<i>Liabilities</i>	<i>Contract amount</i>	<i>Assets</i>	<i>Liabilities</i>
	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Derivatives held for trading							
Foreign currency derivatives							
Currency swap contracts	—	(109,823,956)	—	(473,972)	—	—	—
Currency forward contracts	245,999,788	(245,999,788)	158,564	(541,356)	333,084,044	2,296,719	(3,583,647)
Interest rate derivatives							
Interest rate swap contracts	954,993,090	954,993,090	17,488,939	(17,488,939)	661,644,000	15,029,108	(15,029,108)
Total assets (liabilities) of derivatives held for trading			<u>17,647,503</u>	<u>(18,504,267)</u>		<u>17,325,827</u>	<u>(18,612,755)</u>

17 Credit balances and other liabilities

	2009 EGP	2008 EGP
Accrued interest	123,966,912	144,956,478
Deferred revenues	57,370,756	43,650,528
Accrued expenses	51,794,058	51,715,623
Creditors	36,471,036	40,904,671
Income tax for the year	108,646,282	140,463,093
Other credit balances	42,296,092	108,635,888
Total	<u>420,545,136</u>	<u>530,326,281</u>

18 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>
2009	2009 EGP	2009 EGP	2009 EGP	2009 EGP
Balance as at the beginning of the year	96,609,354	75,326,938	27,160,466	199,096,758
Formed during the year	27,672,690	19,723,640	847,749	48,244,079
Transferred from other credit balances	—	29,810,996	—	29,810,996
Provisions evaluation difference	(92,445)	(790)	—	(93,235)
	<u>124,189,599</u>	<u>124,860,784</u>	<u>28,008,215</u>	<u>277,058,598</u>
Used during the year	(2,322,686)	(7,644,259)	—	(9,966,945)
Provisions no longer required	—	(78,729,777)	—	(78,729,777)
Transferred to credit balances and other liabilities	—	(757,424)	—	(757,424)
Balance at year end	<u>121,866,913</u>	<u>37,729,324</u>	<u>28,008,215</u>	<u>187,604,452</u>

Other provisions (continued)

	<i>Provision for end of service compensation</i>	<i>Provision for contingent claims</i>	<i>Provision for contingent liabilities</i>	<i>Total</i>
2008	2008 EGP	2008 EGP	2008 EGP	2008 EGP
Balance as at the beginning of the year	75,063,149	60,445,484	18,877,974	154,386,607
Formed during the year	23,069,441	42,494,046	8,282,492	73,845,979
Provisions evaluation difference	19,858	(20,510)	—	(652)
	<u>98,152,448</u>	<u>102,919,020</u>	<u>27,160,466</u>	<u>228,231,934</u>
Used during the year	(1,543,094)	(2,222,721)	—	(3,765,815)
Provisions no longer required	—	(24,994,684)	—	(24,994,684)
Transferred to credit balances and other liabilities	—	(374,677)	—	(374,677)
Balance at year end	<u>96,609,354</u>	<u>75,326,938</u>	<u>27,160,466</u>	<u>199,096,758</u>

19 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 In capital

The issued and Paid In 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, which was paid in US\$ at the prevailing rates on the subscription dates.

By virtue of the Extraordinary General Assembly resolution passed on 12 March 2006, the Issued Capital has been increased by EGP572,500,068 by issuing 6,815,477 shares. The foreign shareholders own 94,53% of the capital which was paid in US\$ at the prevailing rates on the subscription dates. Accordingly, the Issued and Paid-In Capital is EGP1,072,500,072 represented in 12,767,858 fully paid shares at par value of EGP84 each.

By virtue of the Board of Directors resolution passed on 30 October 2007, the Issued Capital was increased by EGP435,999 984 by issuing 5,190,476 shares. The increase was fully paid, of which foreign shareholders own 94,53% that was paid in US\$ at the prevailing rates on the subscription dates. Accordingly, the issued and fully Paid-In Capital is EGP1,508,500,056 represented in 17,958,334 fully paid shares at par value of EGP84 each.

20 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-In Capital.

21 Contingent liabilities and commitments

	2009 EGP	2008 EGP
Letters of guarantee(*)	16,837,137,618	3,459,333,059
Letters of credit (import and export)	1,229,740,628	1,162,448,426
Acceptances for suppliers facilities	199,028,816	236,348,878
Other contingent liabilities	30,450,878	17,610,553
Cash margin	(500,963,746)	(528,452,608)
Total	<u>17,795,394,194</u>	<u>4,347,288,308</u>

Notes on the Accounts *(continued)***Contingent liabilities and commitments** *(continued)*

(*) The letters of guarantee outstanding balance at 31 December 2009 includes an amount of EGP13 055 459 031 which represents the value of issued letters of guarantee backed by counter guarantees from other HSBC Group members.

22 Deferred tax assets (liabilities)

Deferred tax assets or liabilities are attributable to the temporary difference of the following assests and liabilities:

Deferred tax

	2009	2008
	<i>Assets</i>	<i>Liabilites</i>
	EGP	EGP
Fixed assets (depreciation)	(6,978,665)	(5,841,706)
Other provisions	25,528,781	19,677,270
Investments evaluation differences	2,158	2,158
	18,552,274	13,837,722
Balance at the beginning of year	13,837,722	11,131,035
Movement during the year	4,714,552	2,706,687
Balance at year end	18,552,274	13,837,722

The Bank did not recognise deferred tax asset of total amount EGP13,373,544 as of 31 December 2009 (2008: EGP16,897,482) related to doubtful loans and contingent liabilities as the Bank has doubt that it can create future benefit.

23 Earning per share

	2009	2008
	EGP	EGP
Net profit for the year	1,176,459,571	1,163,898,945
Employees' profit share	(117,645,957)	(116,389,895)
Shareholder's profit share for the year	1,058,813,614	1,047,509,050
Weighted average of shares	17,958,334	17,525,794
Earning per share	58.96	59.77

24 Reconciliation of effective tax rate

	2009 EGP	2008 EGP
Net profit before income tax	1,374,371,374	1,312,529,012
Tax rate	20%	20%
Income tax calculated on accounting profit	274,874,275	262,505,802
Add (Less)		
Non-deductible expenses	143,800	285,869
Tax exemptions	(73,855,134)	(109,605,004)
Effect of provisions	(4,458,961)	(540,590)
Interest in suspense	1,207,823	(4,016,010)
Total differences	(76,962,472)	(113,875,735)
Tax	197,911,803	148,630,067
Effective tax rate	14%	11%

25 Interest income and similar revenues

	2009 EGP	2008 EGP
a Interest received from loans and similar income:		
Loans and facilities		
Customers	1,085,428,837	1,091,488,229
Treasury bills and bonds	690,961,736	324,917,009
Deposits and current accounts	380,295,456	793,243,163
Financial investments in debt instruments available for sale	181,952,294	112,736,202
	<u>2,338,638,323</u>	<u>2,322,384,603</u>
b Interest paid on deposits and similar charges:		
Deposits and current accounts		
Banks	4,709,775	12,242,094
Customers	1,088,475,795	1,155,279,060
	<u>1,093,185,570</u>	<u>1,167,521,154</u>
Net	<u>1,245,452,753</u>	<u>1,154,863,449</u>

26 Net Trading income

	2009 EGP	2008 EGP
Gains from foreign exchange	270,404,695	315,280,337
Revaluation gain from forward contracts	4,566,269	1,371,093
Trading debt instruments	(10,148,602)	983,665
Total	<u>264,822,362</u>	<u>317,635,095</u>

Notes on the Accounts *(continued)*

27 Capital commitments

New branches and fixtures

The capital commitments related to the completion and construction of new branches amounted to EGP24,482,000 that have not been executed till 31 December 2009. The paid amount till 31 December 2009 was EGP12,188,965

28 Maturity of assets and liabilities

	<i>Maturity within one year</i>	<i>Maturity after one year</i>
	EGP	EGP
a Assets		
Due from banks	8,190,962,687	—
Treasury bills deductible from Central Bank of Egypt	6,985,200,819	—
Loans and advances	3,677,843,540	10,536,908,885
Investments available for sale	162,657,443	3,321,980,300
Investments held-to-maturity	—	29,999,737
Investments in subsidiaries	—	35,516,810
Debit balances and other assets	241,599,291	9,900,305
Total	<u>19,258,263,780</u>	<u>13,934,306,037</u>
b Liabilities		
Amounts due to banks	499,487,619	—
Customers' deposits	24,777,311,451	6,773,748,159
Credit balances and other liabilities	420,545,136	—
Total	<u>25,697,344,206</u>	<u>6,773,748,159</u>

29 Applied interest rates

The average yield rates for assets and liabilities are 6.44% and 3.01% respectively.

30 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 2008
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 the years 2005 and 2006.

b Salary tax

- Years from 1982 until 2008, these years were inspected and were settled.

c Stamp duty

- Years from 1982 till 31 July 2006
These years were inspected and tax was fully settled
- Years from 1 August 2006 till 31 December 2008
This period is under inspection

31 Distribution of assets & liabilities

Customers' loans and customers' deposits are diversified among various economic activity sectors as at 31 December 2009 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>
	EGP(000)	EGP(000)	EGP(000)	EGP(000)	EGP(000)	EGP(000)
Loans and advances	16,970	5,028,945	1,454,269	3,665,994	4,048,574	14,214,752
Customer deposits	111,227	2,524,044	3,355,884	5,654,029	19,905,876	31,551,060

32 Positions of major currencies

	2009 EGP(000)		2008 EGP(000)	
	<i>Surplus</i>	<i>Deficit</i>	<i>Surplus</i>	<i>Deficit</i>
EGP	—	99	2,400	—
USD	—	7,296	—	8,590
GBP	551	—	—	1,836
EUR	174	—	1,422	—

33 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.

	2009 EGP	2008 EGP
a HSBC Group and top management		
<i>Balance sheet</i>		
Due from banks	864,124,352	1,585,008,496
Investments held to maturity	29,999,737	5,000,000
Due to banks	324,220,363	401,268,975
Customers' deposits	11,387,984	16,025,203
<i>Income statement</i>		
Cost of services rendered by others	84,194,452	75,123,402

HSBC Bank Egypt agreed with HSBC Middle East on 17 September 2007, and with HSBC Bahrain on 2 November 2007 to sell to HSBC Bank Egypt part of their loans portfolio. HSBC Bank Egypt purchased these loans based on nominal value with no recourse according to the above mentioned agreement, interest will be split between the three parties based on the percentage of loans bought by HSBC Bank Egypt to total loan portfolio granted by HSBC Middle East Bank and HSBC Bahrain bearing that these loans are subject to loans classification and provisioning rules as set out by Central Bank of Egypt. As at 31 December 2009, loan balance amounted to US\$116,808 thousands that has been included under loans and advances.

	2009 EGP	2008 EGP
b HSBC Securities (Egypt) SAE		
<i>Balance sheet</i>		
Investments in subsidiaries	35,516,810	35,516,810
Customers' deposits	59,490,464	31,277,914
<i>Income statement</i>		
Revenue of services rendered to others	1,336,834	331,649

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34 Trust Activities

Assets held on account or on behalf of other parties	<i>Total value</i>
	EGP(000)
Shares	55,225,999
Treasury bills and Central Bank of Egypt certificates of deposits	2,584,600
Bonds and investment certificates	355,313
Total	58,165,912

35 Mutual funds

HSBC Second Mutual fund (Estikrar)

The mutual fund is an activity authorised for the bank by virtue of the Capital Market Law No 95/1992 and its executive Regulations. The fund is managed by Hermes for Asset Management .The certificates of the fund reached 1,000,000 certificates with an amount of EGP100,000,000 of which 50,000 certificates (with nominal value of EGP5,000,000) were allocated to the bank to undertake the funds' activity.

The Bank holds at 31 December 2009 a number of 50,000 certificates, with an amount of EGP5,000,000, with a redeemable value at the balance sheet date of EGP4,595,500

The redeemable value of the certificate at the balance sheet date amounted to EGP91,91 and the outstanding of the fund certificates at that date reached 1,579,284 certificates.

According to the fund's management contract and its prospectus, HSBC Bank will obtain fee and commission for supervision on the fund and other managerial services rendered by the Bank. Total commission amounting to EGP2,487,050 for the period ended 31 December 2009 under the caption of "fees and commissions" in the income statement.

HSBC first Mutual fund (money market fund)

The mutual fund is an activity authorised for the bank by virtue of Capital Market Law No 95/1992 and its Executive Regulations. The fund is managed by Beltone for Managing Mutual Funds .The certificates of the fund reached 1,000,000 certificates with an amount of EGP100,000,000 of which 50,000 certificate (with nominal value of EGP5,000,000) were allocated to the bank to undertake the funds' activity.

The Bank holds at 31 December 2009 a number of 244,760 certificates, with an amount of EGP24,999,737 with redeemable value at the balance sheet date EGP25,777,492

The redeemable value of the certificate at the balance sheet date amounted to EGP105,32 and outstanding of the fund certificates at that date reached with an amount of 10,150,342 certificates.

According to the fund's management contract and its prospectus HSBC Bank Egypt will obtain fee and commission for supervision on the fund and other managerial services rendered by the bank. Total commission amounting to EGP1,729,866 for the period ended 31 December 2009 under the caption of "fees and commissions" in the income statement.

36 Comparative figures

Comparative figures have been adjusted retrospectively as a result of reclassification of "held-to-maturity investments" to "available for sale" and "loans and advances" captions to conform with the current period financial statement.

Description	Balance before adjustment	Balance After adjustment
	EGP(000)	EGP(000)
Available for sale Investments	35,255,678	1,321,307,148
Held-to-maturity investments	1,316,281,103	5,000,000
Reserves	796,091,295	770,861,662

HSBC Bank Egypt Head Office and Branches Network

Head Office & Corniche El Maadi Branch

306 Corniche El Nil, Maadi, Cairo, Egypt
 Tel: (202) 2529 8000 /2529 8570
 Fax: (202) 2529 8080
 BIC EBBK EG CX

Cairo Branch

3 Aboul Feda Street, Zamalek, Cairo, Egypt.
 Tel: (202) 2739 6001
 Fax: (202) 2735 9497

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 0756
 Fax: (202) 3337 0813

Lebanon Branch

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

Gameat El Doual Branch

54 Gameet El Doual Street, Mohandessin, Giza, Egypt.
 Tel: (202) 3748 6831
 Fax: (202) 3748 6878

Sphinx Branch

1 Ahmed Orabi Street, Mohandessin, Giza, Egypt.
 Tel: (202) 3303 5842
 Fax: (202) 3303 5817

Dokki Branch

80 Mosadak Street, Dokki, Giza, Egypt.
 Tel: (202) 3762 0589
 Fax: (202) 3762 0568

Vinni Branch

8 El Sad El Aaly Street, Dokki, Giza, Egypt
 Tel: (202) 3749 6336
 Fax: (202) 3749 6329

Shooting Club Branch

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

Messaha Branch

10A Hussein Wassef Street, Messaha, Dokki, Giza,
 Egypt.
 Tel: (202) 3748 6512
 Fax: (202) 3748 6574

Agouza Branch

128 El Nil 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 8819
 Fax: (202) 2578 8455

Kasr El Nil Branch

41 Kasr El Nil Street, Mostafa Kamel Square,
 Down Town, Cairo, Egypt.
 Tel: (202) 2393 0571
 Fax: (202) 2393 0872

Maspiro Branch

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

Nile City Branch

Nile City Tower, Corniche El Nil, Ramlet Beaulac
 Cairo, Egypt.
 Tel: (202) 2461 9701
 Fax: (202) 2461 9703

Manial Branch

67 Abdel Aziz Al Saoud Street, El Manial ,Cairo, Egypt
 Tel: (202) 2361 1151
 Fax:(202) 2361 1158

Haram Branch

179 Haram Street, Haram, Giza, Egypt
 Tel: (202) 3981 6875
 Fax:(202) 3743 1514

Sixth of October City Branch

Block No 43A, Industrial Area, Sixth of October City, Egypt.
 Tel: (202) 3832 7938
 Fax: (202) 3834 6900

Raya Branch

Raya Building, Sixth of October City, Egypt.
 Tel: (202) 3835 3968
 Fax: (202) 3835 3969

Dandy Mall Branch

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

Hyper One Branch

Hyper One Market, El Shiekh Zayed City, Egypt
 Tel: (202) 3850 7990
 Fax: (202) 3850 7994

Smart Village Branch

Building 122B, Smart Village
 28th Km Cairo/ Alexandria Desert Road, Egypt
 Tel: (202) 3537 0602
 Fax: (202) 3537 0606

Azhar Branch

160 Gohar El Kaed Street, Darrasah, Cairo, Egypt.
 Tel: (202) 2589 0724
 Fax: (202) 2589 0857

Mokattam Branch

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

I Roxy Square, Heliopolis,
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 Tel: (202) 2451 1480
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El Shams Club Branch

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El Orouba Branch

90 Beirut Street, Heliopolis,
Cairo, Egypt.
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Fax: (202) 2415 3378

Masaken Sheraton Branch

3 Khaled Ibn El Walid Street, Masaken Sheraton
Heliopolis, Cairo, Egypt.
Tel: (202) 2266 6426
Fax: (202) 2266 6430

El Obbour Buildings Branch

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

Hegaz Branch

70 El Hegaz Street, Heliopolis, Cairo, Egypt
Tel: (202) 2241 7372
Fax: (202) 2241 7232

El Thawra Branch

109 El Thawra Street, Ard El Golf, Nasr City, Cairo, Egypt.
Tel: (202) 2414 2157
Fax: (202) 2417 4428

Baghdad Premier Centre

10 Baghdad Street, El Korba, Cairo, Egypt
Tel: (202) 2418 9948
Fax: (202) 2418 9953

City Stars Branch

Tower A2 City Stars, Omar Ibn El Khattab street,
Heliopolis, Cairo, Egypt.
Tel: (202) 2480 2356
Fax: (202) 2480 2358

Korba Branch

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

Safir Branch

1 El Sheikh Hassouna El Nawawi Street, Heliopolis,
Cairo, Egypt.
Tel: (202) 2418 9938
Fax: (202) 2418 9943

Nasr City Branch

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

Abou Dawoud El Zahiry Branch

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

El Sherouk Branch

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

El Tagamoo Branch

106 Town Centre Mall, Tagamoo 5, Cairo, Egypt.
Tel: (202) 2920 1716
Fax: (202) 2920 0123

Katameya Heights Branch

Katameya Heights, Fifth District, New Cairo, Egypt.
Tel: (202) 2984 0998
Fax: (202) 2759 3887

Abbaseya Branch

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

Shoubra Branch

71 Shoubra Street, Shoubra,
Cairo, Egypt
Tel: (202) 2431 5271
Fax: (202) 2431 6026

Tenth of Ramadan Branch

Gawhara Village, Gawhara Mall, Behind El Rowad
Club, 10th Ramadan City, Egypt.
Tel : (2015) 386 317
Fax : (2015) 386 310

Obbour City Branch

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

Maadi Branch

1B Road 256, Maadi, Cairo, Egypt.
Tel: (202) 2519 5459
Fax: (202) 2519 5458

Maadi Club Branch

Maadi Club, Maadi, Egypt.
Tel: (202) 2380 4729
Fax: (202) 2380 4775

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, Azarita, Alexandria, Egypt.
Tel: (203) 487 2949
Fax: (203) 487 2925

Semouha Branch

Azhar El Saraya Buildings, Semouha, Alexandria.
Tel: (203) 421 0002
Fax: (203) 421 0008

Saraya Branch

Borg El Delta, Corniche El Saraya, Sidi Beshr,
Alexandria, Egypt.
Tel: (203) 358 2202
Fax: (203) 358 2339

Sidi Gaber Branch

Panorama El Sharq Tower, 103 Sidi Gaber Street,
Sidi Gaber, Alexandria.

Tel: (203) 523 2057

Fax: (203) 523 3915

Yacht Club Branch

Kalaet Kaytbay Street, El Anfoushy,

Alexandria, Egypt.

Tel: (203) 483 0506

Fax: (203) 483 0537

Mirage Mall Branch

International Garden, Alexandria / Cairo Desert Road
entrance, Alexandria, Egypt..

Tel: (203) 381 5232

Fax: (203) 380 2575

Glym Branch

556 Horreya Road, Glym, Alexandria.

Tel: (203) 583 6711

Fax: (203) 584 5562

Borg El Arab Branch

Services Area, Fifth District, facing Police Station,
Borg El Arab, Alexandria, Egypt.

Tel: (203) 459 5470

Fax: (203) 459 5473

Hacienda Branch

(operates during summer only)

Hacienda White Mall, Alexandria Marsa Matrouh Road,
138th Km, Sidi Abdel Rahman, Northern Coast.

Tel: (2046) 922 4319

Fax: (2046) 922 4323

Mansoura Branch

182 Geish Street, El Mansoura, Dakhahleya.

Tel: (2050) 230 8124

Fax: (2050) 230 8122

Sharm El Sheikh Branch

Shamandoura Mall, Ne'ema Bay, Sharm El Sheikh,
Egypt.

Tel: (2069) 3600 615

Fax: (2069) 3600 613

Tirana Branch

Ne'ema Centre, Ne'ema Bay, Sharm El Sheikh, Egypt.

Tel: (2069) 360 1182

Fax: (2069) 360 0613

Sharm Azur Branch

Villa Chris Village, Peace Road, 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

Carlton Mall, 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

Sokhna Branch

1st Industrial Park, El Ein El Sokhna, Suez

Tel: (062) 339 2035

Fax:(062) 339 2038

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, Red Sea, Egypt

Tel : (2065) 346 5231

Fax : (2065) 346 5232

Makadi Branch

Makaddi Bay Km32 Safaga Road, Hurghada, Egypt.

Tel : (2065) 359 0550

Fax: (2065) 359 0551

Hurghada Marina Branch

Sakkala Square, New Marina, Hurghada, Egypt.

Tel: (2065) 345 0113

Fax: (2065) 345 0115

Ras Shokeir Branch

(operates from 11 till 30 of each month)

Km112 Hurghada Road, Ras Shokeir, Egypt.

Tel: (2065) 2737 4002

Fax: (2065) 2737 4001

Nabq Travco

Mirabel Resort, Jaz, Nabq Bay, Sharm El Sheikh, Egypt.

Tel: (2069) 371 0072

Fax: (2069) 371 0390

Luxor Branch

Khaled Ibn El Walid Street, Iberotel Hotel, Luxor,
Quenna, Egypt.

Tel: (2095) 235 7853

Fax:(2095) 235 7786

Assiut Branch

Assiut University, Assiut , Egypt.

Tel: (088) 237 3680

Fax:(088) 237 3686

Port Said Branch

27 El Gomhoureya Street, Port Said, Egypt

Tel: (2066) 324 4698

Fax: (2066) 324 4694

Damietta Branch

Damietta Port, Damietta, Egypt

Tel: (2057) 292 114

Fax (2057) 292 113

The HSBC Group: International Network (as at 1 March 2010)

Services are provided by around 8,000 offices in 88 countries and territories:

Europe	<i>Offices</i>		<i>Offices</i>
Armenia	7	Luxembourg	4
Austria	1	Malta	49
Belgium	2	Monaco	2
Channel Islands	39	Netherlands	1
Cyprus	1	Poland	16
Czech Republic	4	Russia	8
France	423	Slovakia	2
Georgia	2	Spain	4
Germany	14	Sweden	2
Greece	20	Switzerland	16
Hungary	1	Turkey	339
Ireland	7	Ukraine	1
Isle of Man	5	United Kingdom	1,555
Italy	3		
Asia-Pacific			
Australia	34	Macau Special Administrative Region	7
Bangladesh	11	Malaysia	51
Brunei Darussalam	12	Maldives	1
China	170	New Zealand	11
Cook Islands	1	Pakistan	12
Hong Kong Special Administrative Region	330	Philippines	27
India	150	Singapore	27
Indonesia	211	Sri Lanka	16
Japan	14	Taiwan	44
Kazakhstan	4	Thailand	1
Korea, Republic of	15	Vietnam	12
Americas			
Argentina	181	Guatemala	1
Bahamas	6	Honduras	79
Bermuda	14	Mexico	1,206
Brazil	1,518	Nicaragua	1
British Virgin Islands	3	Panama	78
Canada	268	Paraguay	6
Cayman Islands	13	Peru	22
Chile	3	United States of America	528
Colombia	28	Uruguay	12
Costa Rica	39	Venezuela	1
El Salvador	82		
Middle East and Africa			
Algeria	2	Libya	2
Bahrain	9	Mauritius	12
Egypt	79	Nigeria	1
Iran	1	Oman	9
Iraq	17	Palestinian Autonomous Area	1
Israel	3	Qatar	6
Jordan	5	Saudi Arabia	94
Kuwait	1	South Africa	5
Lebanon	8	United Arab Emirates	30

Associated companies are included in the network of offices.