

HSBC BANK EGYPT S.A.E.

**REVIEW REPORT AND INTERIM
CONDENSED SEPARATE FINANCIAL
STATEMENTS
FOR THE PERIOD ENDED 30 June 2024**

Contents**Page**

Auditors' limited review report

Interim condensed separate statement of financial position 1

Interim condensed separate statement of income 2

Interim condensed separate statement of comprehensive income 3

Interim condensed separate statement of cash flows 4

Interim condensed separate statement of changes in equity 5

Notes to the interim condensed separate financial statements 6 – 32

Translation of limited review report
originally issued in Arabic

Limited Review Report on the interim condensed separate financial statements

To/ the Board of Directors of HSBC Bank Egypt "S.A.E"

Introduction

We have reviewed the accompanying interim condensed separate statement of financial position of HSBC Bank Egypt "S.A.E" as of 30 June 2024 and the related interim condensed separate statements of income, comprehensive income, cash flows and changes in equity for the six-months period then ended. Management is responsible for the preparation and fair presentation of these interim condensed separate financial statements in accordance with the rules of preparation and presentation of banks' financial statements approved by the Central Bank of Egypt's board of directors on 16 December 2008 as amended by regulations issued on 26 February 2019 and its subsequent interpretive instructions and the resolution of Central Bank of Egypt's board of directors on 3 May 2020 regarding issuing interim condensed financial statements and in light of the applicable Egyptian laws and regulations. Our responsibility is limited to expressing a conclusion on these interim condensed separate financial statements based on our review.

Scope of Review

We conducted our review in accordance with the Egyptian Standard on review engagements No. (2410) "Review of interim financial statements performed by the Independent Auditor of the Entity". A review of interim condensed separate financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the bank, and applying analytical and other limited review procedures. A review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit, and accordingly, we do not express an audit opinion on these interim condensed separate financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed separate financial statements are not prepared, in all material respects, in accordance with the rules of preparation and presentation of banks' financial statements approved by the Central Bank of Egypt's board of directors on 16 December 2008 as amended by regulations issued on 26 February 2019 and its subsequent interpretive instructions and the resolution of Central Bank of Egypt's board of directors on 3 May 2020 regarding issuing interim condensed financial statements and in light of the applicable Egyptian laws and regulations.

Cairo: August 14, 2024

Auditors

Amr Wahid

Amr Wahid Abdel Ghaffar
R.A.A. (29566)
F.R.A. (406)

Baker Tilly Mohamed Hilal - Wahid Abdel Ghaffar
Public Accountants & Consultants



Kamel Magdy Saleh

Kamel Magdy Saleh
R.A.A. (8510)
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Saleh, Barsoum & Abdel Aziz - Grant Thornton
Accountants & Auditors



HSBC BANK-EGYPT S.A.E**Condensed separate statement of financial position 30 June 2024****(All amounts in EGP 000)**

	Note	30 June 2024	31 December 2023
Assets			
Cash and balances with Central Bank of Egypt		14,560,311	17,475,283
Due from banks		137,721,478	110,350,468
Financial assets at fair value through profit or loss		69,734	27,789
Loans and advances to banks	(10)	219,006	134,790
Loans and advances to customers	(11)	48,589,893	36,977,417
Financial derivatives		28,182	40,949
Financial investments	(12)	7,694,804	6,074,742
Treasury bills	(13)	51,278,622	71,811,980
Investment in subsidiary	(14)	12,046	12,046
Intangible assets	(15)	1,207,776	954,276
Other assets	(16)	5,295,691	3,210,942
Investment property	(18)	41,017	45,215
Fixed assets	(17)	1,078,632	1,039,889
Deferred tax assets		64,809	162,100
Total assets		267,862,001	248,317,886
Liabilities and shareholders' equity			
Liabilities			
Due to banks		6,867,018	10,865,934
Customers' deposits	(19)	202,254,279	184,064,919
Financial derivatives		27,266	185,643
Subordinated loans	(27)	2,072,000	2,072,000
Other liabilities	(20)	13,620,728	13,760,603
Other provisions	(21)	794,004	805,955
Current income tax liabilities		3,020,340	3,596,379
Defined benefits obligations liabilities		712,527	629,704
Total liabilities		229,368,162	215,981,137
Shareholders' equity			
Issued and paid-up capital	(22)	5,000,000	5,000,000
Reserves	(23)	6,421,903	4,878,622
Retained earnings	(23)	27,071,936	22,458,127
Total shareholders' equity		38,493,839	32,336,749
Total liabilities and shareholders' equity		267,862,001	248,317,886

The accompanying notes from (1) to (29) form an integral part of these separate financial statements and are to be read therewith. These separate financial statements were approved by the board of directors on 01 August 2024 and Signed on their behalf by

Rodney Todd Wilcox
(Deputy Chairman and CEO)

Auditors' review attached

HSBC BANK-EGYPT S.A.E
Interim condensed separate statement of income

(All amounts in EGP 000)	<u>Note</u>	<u>For the six months ended</u>		<u>For the three months ended</u>	
		<u>30 June 2024</u>	<u>30 June 2023</u>	<u>30 June 2024</u>	<u>30 June 2023</u>
Interest income from loans and similar income		18,414,715	10,835,935	9,310,087	5,910,012
Interest expense on deposits and similar expense		(2,816,734)	(2,626,047)	(1,600,280)	(1,375,331)
Net interest income		15,597,981	8,209,888	7,709,807	4,534,681
Fees and commissions income		1,644,367	1,366,815	926,469	740,458
Fees and commissions expense		(374,647)	(260,167)	(207,007)	(134,312)
Net fees and commissions income		1,269,720	1,106,648	719,462	606,146
Dividends		804	13,722	804	13,722
Net trading income		137,310	221,907	(50,556)	116,429
Financial investment income / (Loss)		144,340	13,889	20,222	7,205
Expected credit loss charges	(8)	(332,540)	(362,582)	478	(52,776)
Administrative expenses		(3,148,820)	(2,356,764)	(1,543,446)	(1,242,381)
Other operating income (expenses)		447,063	168,545	(255,452)	182,736
Profit before income tax		14,115,858	7,015,253	6,601,319	4,165,762
Income tax expenses		(3,880,000)	(1,911,424)	(1,919,121)	(1,057,961)
Net profit for the period		10,235,858	5,103,829	4,682,198	3,107,801
Earnings per share (EGP/Share)	(9)	154.77	77.17	70.79	46.99

The accompanying notes from (1) to (29) form an integral part of these separate financial statements and are to be read therewith.

HSBC BANK-EGYPT S.A.E
Interim condensed separate statement of comprehensive income

(All amounts in EGP 000)	Note	For the six months ended		For the three months ended	
		30 June 2024	30 June 2023	30 June 2024	30 June 2023
Net profit for the period		10,235,858	5,103,829	4,682,198	3,107,801
Changes on fair value of financial investment through OCI		232,064	191,605	(154,399)	82,179
Deferred tax for financial investment at FVOCI		(53,603)	(6,838)	(47,563)	57,306
Expected credit loss on financial investment at fair value through OCI	(8)	139,218	77,613	(65,902)	(14,834)
Total impact related to other comprehensive income		317,679	262,380	(267,864)	124,651
Total other comprehensive income		10,553,537	5,366,209	4,414,334	3,232,452

The accompanying notes from (1) to (29) form an integral part of these separate financial statements and are to be read therewith.

HSBC BANK-EGYPT S.A.E
Interim condensed separate statement of cash Flows
(All amounts in EGP 000)

	For the six months ended 30 June 2024	For the six months ended 30 June 2023
<u>Cash Flows from Operating Activities</u>		
Net profit before income tax	14,115,858	7,015,253
Adjustments to reconcile net profit to net cash flows from operating activities		
Depreciation and amortization	249,671	147,827
Expected credit losses of other assets	(1,007)	1,690
Expected credit losses of customers	174,924	264,552
Revaluation differences for customers in foreign currency	1,018,170	210,339
Dividends received	(804)	(13,722)
Expected credit losses of cash	59	1,911
Expected credit losses of due from banks	19,346	16,816
Expected credit losses of financial Investments	139,218	77,613
Other provisions (Formed)	58,243	135,873
Other provision (Used)	(77,168)	(39,241)
Other Provisions no longer required	(103,573)	(1,451)
Revaluation differences for provisions in foreign currency other than loans provision	110,547	15,765
(Gain) / Loss from sale of investments	(144,340)	(13,889)
Pension fromed during the period	111,519	74,734
FVOCI investments exchange revaluation differences	(856,920)	(505,287)
Operating income before changes in Assets & liabilities from operating activities	14,813,743	7,388,783
<u>Net changes in assets and liabilities</u>		
Cash and balances with Central Bank of Egypt	519,512	(1,251,961)
Loans and advances to customers	(12,805,566)	(1,740,986)
Loans and advances to banks	(84,216)	(317,013)
Trading financial assets	(41,945)	56,874
Other assets	(2,100,507)	(328,793)
Due to banks	(3,998,916)	2,132,250
Customers' deposits	18,189,360	12,996,939
Other liabilities	(262,435)	3,595,992
Financial derivatives (net)	(145,610)	107,384
Defined benefits obligations	(28,696)	(15,806)
Income tax paid	(4,412,352)	(1,602,164)
Net cash flows generated from operating activities	9,642,372	21,021,499
<u>Cash flows from investing activities</u>		
Payments to purchase fixed assets	(123,324)	(239,505)
Proceeds from sale of fixed assets	-	44,789
Payments for purchase of financial investments at FVOCI	(2,442,979)	(11,961,676)
Proceeds from sales of financial investments at FVOCI	1,772,770	2,830,645
Payments to purchase Treasury bills	(103,348,225)	(37,343,639)
Proceeds from sale of Treasury bills	115,997,678	40,133,427
Proceeds from dividendes received	804	13,722
Net cash flows generated from (used in) investing activities	11,459,097	(6,643,420)
<u>Cash flows from financing activities</u>		
Dividends paid	(4,273,887)	(548,543)
Net cash flows used in financing activities	(4,273,887)	(548,543)
Net change in cash and cash equivalents during the period	16,827,582	13,829,536
Cash and cash equivalents at the beginning of the period	123,726,909	72,298,611
Cash and cash equivalents at the end of the period	140,554,491	86,128,147
<u>Cash and cash equivalents are represented in:</u>		
Cash and balances with Central Bank of Egypt	14,560,370	14,045,990
Due from Banks	137,788,099	91,843,724
Treasury bills	51,278,622	45,605,179
Balance with Central Bank of Egypt as statutory reserve	(23,871,388)	(19,787,216)
Treasury bills of maturity more than 3 months from date of acquisition	(39,201,212)	(45,579,530)
Cash and cash equivalents	140,554,491	86,128,147

The accompanying notes from (1) to (29) form an integral part of these separate financial statements and are to be read therewith.

HSBC BANK-EGYPT S.A.E

Interim condensed separate statement of change in equity at 30 June 2024

						Reserve for excess over par value - issuance premium	Fair value reserve	General risk reserves	General bank risk reserves	Retained earnings	Total
(All amounts in EGP 000)	Note	Issued and paid up capital	General reserve	Legal reserve	Capital reserve						
Balances as of 31 December 2022		5,000,000	2,513,464	1,397,782	51,752	6,728	(656,372)	491,666	89,661	11,168,174	20,062,855
Dividends paid for year 2022		-	-	-	-	-	-	-	-	(548,543)	(548,543)
Transferred to general reserve		-	-	274,272	-	-	-	-	-	(274,272)	-
Transferred to capital reserve		-	274,272	-	-	-	-	-	-	(274,272)	-
<u>Items included in Other comprehensive income</u>											
Net change in FV financial investments at fair value through other comprehensive income		-	-	-	-	-	439,975	-	-	-	439,975
Deferred tax for financial investment through OCI		-	-	-	-	-	(28,070)	-	-	-	(28,070)
ECL for change in fair value of financial investments through other comprehensive income		-	-	-	-	-	23,492	-	-	-	23,492
<u>Net change in other comprehensive income</u>		-	-	-	-	-	435,397	-	-	-	435,397
Transfer to Banking System Support and Development Fund		-	-	-	-	-	-	-	-	(54,854)	(54,854)
Net profit for the year ended 31 December 2023		-	-	-	-	-	-	-	-	12,275,788	12,275,788
Actuarial loss		-	-	-	-	-	-	-	-	166,106	166,106
Balances as of 31 December 2023		5,000,000	2,787,736	1,672,054	51,752	6,728	(220,975)	491,666	89,661	22,458,127	32,336,749
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Balances as of 31 December 2023		5,000,000	2,787,736	1,672,054	51,752	6,728	(220,975)	491,666	89,661	22,458,127	32,336,749
Dividends paid for year 2023	(24)	-	-	-	-	-	-	-	-	(4,273,887)	(4,273,887)
Transferred to legal reserve	(23)	-	-	612,801	-	-	-	-	-	(612,801)	-
Transferred to general reserve	(23)	-	612,801	-	-	-	-	-	-	(612,801)	-
<u>Items included in Other comprehensive income</u>											
Net change in FV financial investments at fair value through other comprehensive income		-	-	-	-	-	232,064	-	-	-	232,064
Deferred tax for financial investment through OCI		-	-	-	-	-	(53,603)	-	-	-	(53,603)
ECL for change in fair value of financial investments through other comprehensive income		-	-	-	-	-	139,218	-	-	-	139,218
<u>Net change in other comprehensive income</u>		-	-	-	-	-	317,679	-	-	-	317,679
Transfer to Banking System Support and Development Fund	(23)	-	-	-	-	-	-	-	-	(122,560)	(122,560)
Net profit for the year ended 30 June 2024		-	-	-	-	-	-	-	-	10,235,858	10,235,858
Balances as of 30 June 2024		5,000,000	3,400,537	2,284,855	51,752	6,728	96,704	491,666	89,661	27,071,936	38,493,839

The accompanying notes from (1) to (29) form an integral part of these separate financial statements and are to be read therewith.

Notes to the interim condensed separate financial statements - for the six months ended 30 June 2024
(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

1. Background

HSBC Bank Egypt SAE provides retail, corporate and investment banking services in the Arab Republic of Egypt through 47 branches and 7 small units served by more than 1,684 staff at the date of the financial position.

HSBC Bank Egypt SAE is established according to the Investment Law, in accordance with the decision no.60 for year 1982 taken by the minister of investment and international co-operation and published in "El Waqaa El Masria" newspaper on 17 May 1982 in the Arab Republic of Egypt. The head office is located in Cairo. The Bank started its operation on the 15th of December 1982. The Bank's shares have been delisted from the Egyptian stock exchange market on the 31st December 2009.

The interim condensed separate financial statements for the period ended 30 June 2024 have been approved for issuance by the Board of Directors on 01 August 2024 in light of the related Egyptian laws & regulations.

2- Basis of preparation of financial statements

The interim condensed separate financial statements are prepared in accordance with the Central Bank of Egypt's (CBE) instructions approved by its Board of Directors on 16 December 2008 as amended by regulations issued on 26 February 2019 and its subsequent interpretive instructions and Central Bank of Egypt board of Directors resolution on 3 May 2020 regarding issuing interim condensed financial statements for banks and with the requirements of applicable Egyptian Laws & Regulations.

The interim condensed separate financial statements of the Bank have been prepared in accordance with the relevant domestic laws and the Egyptian accounting standards.

The interim condensed separate financial statements do not include all the information and disclosures required in the annual separate financial statements and should be read along with the Bank's annual separate financial statements for the year ended 31 December 2023. In addition, results for the six months' period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024. The accounting policies used in preparation the interim condensed separate financial statements are consistent with those used in preparing the bank's financial statements on 31 December 2023.

3- Fair Value hierarchy

Fair values of financial assets and liabilities are determined according to the following hierarchy:

Level 1 – valuation technique using quoted market price: financial instruments with quoted prices for identical instruments in active markets that the bank can access at the measurement date.

Level 2 – valuation technique using observable inputs, whether direct (such as prices) or indirect (derived from prices). This category includes instruments that are valued using market prices listed on active markets, financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3 – valuation technique with significant unobservable inputs: financial instruments valued using valuation techniques where one or more significant inputs are unobservable. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Notes to the interim condensed separate financial statements - for the six months ended 30 June 2024
(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

3- Fair Value hierarchy (Continued)

	<u>30 June 24</u>	
	Level 2	Total
	EGP '000	EGP '000
Recurring fair value measurements		
Financial Investments at fair value through OCI	56,570,666	56,570,666
Financial assets at fair value through profit or loss	69,734	69,734
Financial Derivatives Assets	28,182	28,182
Financial Derivatives Liability	(27,266)	(27,266)
	<u>31 December 23</u>	
	Level 2	Total
	EGP '000	EGP '000
Recurring fair value measurements		
Financial Investments at fair value through OCI	72,344,546	72,344,546
Financial assets at fair value through profit or loss	27,789	27,789
Financial Derivatives Assets	40,949	40,949
Financial Derivatives Liability	(185,643)	(185,643)

4. Financial risk management and financial instruments

The Bank's activities are exposed to a variety of financial risks: credit risk, liquidity risk, and market risk (including currency risk, interest rate risk, and price risk) The interim condensed separate financial statements do not include all financial risk management information and disclosures required in the annual financial statements. They should be read in conjunction with the separate annual financial statements as at 31 December 2023.

A- Credit Risk

The Bank is exposed to credit risk, which is the risk resulting from failure of one party to meet its contractual obligations towards the Bank. The credit risk is considered to be the most significant risk for the Bank. The Bank sets specific procedures to manage that risk. The credit risk in the lending and investments activities that are representing the Bank's assets contains debt instruments. The credit risk is also found in off-balance sheet financial instruments, like loan commitments. The managing and monitoring process on credit risk is centralized at credit risk team management at the risk department, which prepares reports for the Board of Directors and heads of units on a regular basis.

A.1.Credit risk measurement

Loans and advances to banks and customers

Loans to customers and banks, financial investments debt securities, current accounts and deposits at banks 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 following table shows the rating scale which reflects the range of default probabilities or payment delays by each credit rating category, which means that credit positions may transfer from one rating to other depending on the change in the expected degree of risk. The customer's rating and the rating process are proactively reviewed on timely basis. The Bank evaluates the rating process and their expectations regarding the customers' defaults.

Bank's internal ratings scale

<u>Rating description</u>	<u>Rating</u>
Performing loans	1-6
Regular watching	7
Watch list	8
Non-performing loans	9-10

Notes to the interim condensed separate financial statements - for the six months ended 30 June 2024
(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

A.2. Impairment and provisioning policies

The internal rating systems described in Note (A.1) focus more on credit quality at the inception of lending and investment activities. Otherwise, expected credit loss recognized at the balance sheet date for financial reporting purposes based on objective evidence of impairment, as will be mentioned below. Due to the different methodologies applied, the amounts of incurred credit losses charged to the financial Statements are usually lower than the expected amount determined from the expected loss models used.

Credit quality of financial instruments

All loans and advances in the Bank are classified according to asset quality. Regular accounts include all facilities that demonstrate good financial conditions, risk factors and ability to repay in accordance with the original terms of the approval granted.

Credit Review and Risk Identification teams regularly review exposures and processes in order to provide an independent, rigorous assessment of the credit risk management framework across the HSBC group, reinforce secondary risk management controls and share best practice. Internal audit, as a tertiary control function, focuses on risks with a global/Local perspective and on the design and effectiveness of primary and secondary controls, carrying out oversight audits via the sampling of global/regional control frameworks, themed audits of key or emerging risks and project audits to assess major change initiatives.

The five credit quality classifications defined below each encompass a range of more granular, internal credit rating grades assigned to wholesale and retail lending businesses, as well as the external ratings attributed by external agencies to debt securities.

Credit quality classification

Quality classification	Debt securities and other bills External credit rating	Wholesale lending internal credit rating	Retail lending internal credit rating
Strong	A– and above	CRR0.1 to CRR2	Band 1 and 2
Good	BBB+ to BBB–	CRR3	Band 3
Satisfactory	BB+ to B and unrated	CRR4 to CRR5	Band 4 and 5
Sub-standard	B– to C	CRR6 to CRR8	Band 6
Impaired	Default	CRR9 to CRR10	Band 7

1. Customer risk rating.

2. 12-month point-in-time ('PIT') probability weighted probability of default ('PD').

Gross provisions to net loans

<u>30 June 24</u>	Loans and advances to customers	Allowance / provision for ECL %
Stage 1	39.23%	0.15%
Stage 2	55.00%	9.77%
Stage 3	5.77%	70.98%
	100.00%	9.53%
<u>31 December 23</u>	Loans and advances to customers	Allowance / provision for ECL %
Stage 1	36.17%	0.19%
Stage 2	57.27%	7.44%
Stage 3	5.60%	83.24%
	100.00%	9.79%

Notes to the interim condensed separate financial statements - for the six months ended 30 June 2024
(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

	Non-credit impaired				Credit impaired		Total	
	Stage 1		Stage 2		Stage 3			
	Gross carrying / nominal amount	Allowance for ECL	Gross carrying / nominal amount	Allowance for ECL	Gross carrying / nominal amount	Allowance for ECL	Gross carrying / nominal amount	Allowance for ECL
	EGP '000	EGP '000	EGP '000	EGP '000	EGP '000	EGP '000	EGP '000	EGP '000
At 01 January 2024	14,826,101	(28,809)	23,475,375	(1,746,031)	2,690,097	(2,239,316)	40,991,573	(4,014,156)
Transfers from Stage 1 to Stage 2	(1,142,802)	(556,791)	996,057	527,174	-	-	(146,745)	(29,617)
Transfers from Stage 2 to Stage 1	225,010	2,397	(232,364)	(2,122)	-	-	(7,354)	275
Transfers from stage 2 to Stage 3	-	-	(30,584)	(3,454)	30,584	3,454	-	-
Transfers from Stage 3 to stage 2	-	-	7,731	2,795	(7,727)	(2,791)	4	4
ECL(Charges)/Reversal	-	551,825	-	(1,665,215)	-	37,565	-	(1,075,825)
Balance Volume movement	7,159,192	-	5,324,539	-	388,003	-	12,871,734	-
At 30 June 2024	21,067,501	(31,378)	29,540,754	(2,886,853)	3,100,957	(2,201,088)	53,709,212	(5,119,319)

	Non-credit impaired				Credit impaired		Total	
	Stage 1		Stage 2		Stage 3		Gross carrying / nominal amount	Allowance for ECL
	Gross carrying / nominal amount	Allowance for ECL	Gross carrying / nominal amount	Allowance for ECL	Gross carrying / nominal amount	Allowance for ECL		
	EGP '000	EGP '000	EGP '000	EGP '000	EGP '000	EGP '000		
At 01 January 2023	15,186,969	(40,806)	23,424,423	(1,116,637)	2,292,752	(1,822,283)	40,904,144	(2,979,726)
Transfers from Stage 1 to Stage 2	(2,138,852)	(24,047)	2,063,156	22,326	-	-	(75,696)	(1,721)
Transfers from Stage 2 to Stage 1	952,570	8,438	(835,870)	(8,685)	-	-	116,700	(247)
Transfers from stage 2 to Stage 3	-	-	(77,321)	(6,592)	77,354	(4,045)	33	(10,637)
Transfers from Stage 3 to stage 2	-	-	15,239	4,960	(15,236)	(4,960)	3	-
ECL(Charges)/Reversal	-	27,606	-	(641,403)	-	(408,028)	-	(1,021,825)
Balance Volume movement	825,414	-	(1,114,252)	-	335,227	-	46,389	-
At 31 December 2023	14,826,101	(28,809)	23,475,375	(1,746,031)	2,690,097	(2,239,316)	40,991,573	(4,014,156)

30-Jun-24

Item	Gross balance subject to ECL	Expected credit Loss			
		Stage one	Stage two	Stage three	Total ECL
Balances at central banks	10,751,479	-	59	-	59
Due from banks	138,007,105	66,620	-	-	66,620
Loans and Advances to Customers	53,709,212	31,378	2,886,853	2,201,088	5,119,319
Accrued revenues	1,480,312	90	1,844	-	1,934
Financial investment	58,973,426	177,165	-	-	177,165
commitment and contingent liabilities	78,670,136	39,540	480,951	176,273	696,764
Total	341,591,670	314,793	3,369,707	2,377,361	6,061,861

31-Dec-23

Item	Gross balance subject to ECL	Expected credit Loss			
		Stage one	Stage two	Stage three	Total ECL
Balances at central banks	15,464,092	-	-	-	-
Due from banks	110,532,533	47,263	12	-	47,275
Loans and Advances to Customers	40,991,573	28,809	1,746,031	2,239,316	4,014,156
Accrued revenues	840,910	72	2,869	-	2,941
Financial investment	77,886,722	37,947	-	-	37,947
commitment and contingent liabilities	60,944,276	25,192	573,932	99,023	698,147
Total	306,660,106	139,283	2,322,844	2,338,339	4,800,466

Notes to the interim condensed separate financial statements - for the six months ended 30 June 2024
(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

A.3. Measurement module banking general risk

In addition to the four categories of credit rating indicated in note (A.1), the management makes more detailed groups in accordance with the CBE requirements. Assets exposed to credit risk in these categories are classified according to detailed conditions and terms depending on the information related to the customer, their activities, financial position and payment schedules.

The Bank calculates the provisions required for impairment of assets exposed to credit risk, including commitments relating to credit on the basis of rates determined by CBE. In case, the provision for impairment losses according to credit worthiness rules issued by CBE exceeds the provision required according to discounted cash flow and historical default rates methods, this increase shall be debited from the retained earnings and credited to the 'general banking risk reserve' under the equity caption. This reserve is regularly adjusted with this increase and decrease, to equal the amount of increase and decrease in the two provisions. This reserve is not distributable. Note (23) shows the 'general banking risk reserve' movement during the period.

Below is a statement of institutional worthiness according to internal ratings, compared to CBE ratings and rates of provisions needed for assets impairment related to credit risk

CBE classification	CBE Categorization	CBE Rating
1	Low risk	-
2	Average risk	1%
3	Satisfactory risk	1%
4	Reasonable risk	2%
5	Acceptable risk	2%
6	Marginally	3%
7	Watch list	5%
8	Substandard	20%
9	Doubtful	50%
10	Bad debts	100%

Credit characteristics that are used to determine the staging are different from ORR customer classification.

Notes to the interim condensed separate financial statements - for the six months ended 30 June 2024
(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

A.4. Maximum limits for credit risk before collaterals

	<u>30-Jun-24</u> <u>EGP '000</u>	<u>31-Dec-23</u> <u>EGP '000</u>
<u>Balance sheet items exposed to credit risks</u>		
Due from banks	137,788,099	110,397,743
Financial investment at FVPL	69,734	27,789
Loans and advances to banks	219,006	134,790
<u>Loans and advances to customers:</u>		
<u>Retail loans:</u>		
Overdrafts	54,792	58,091
Credit cards	3,260,720	2,739,865
Personal loans	10,249,889	7,722,116
Mortgage loans	295	425
<u>Corporate loans:</u>		
Overdrafts	3,841,471	2,797,696
Direct loans	24,919,312	19,196,626
Syndicated loans	11,382,732	8,476,754
Financial derivative instruments	28,182	40,949
<u>Financial investments:</u>		
Debt instruments	58,769,560	77,817,732
Other assets	1,480,312	840,910
Total	<u>252,064,104</u>	<u>230,251,486</u>
<u>Off-balance sheet items exposed to credit risk</u>		
Loan commitments and other irrevocable commitments related to credit	1,604,565	2,704,374
Letters of credit	3,891,631	2,539,149
Letters of guarantee	73,173,940	55,700,753
Total	<u>78,670,136</u>	<u>60,944,276</u>

The above table represents the maximum limit for credit risk as of 30 June 2024 and 31 December 2023, without taking into consideration any collateral. For on-balance-sheet items, amounts stated depend on net carrying amounts shown in the balance sheet.

Notes to the interim condensed separate financial statements - for the six months ended 30 June 2024
(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

A.5. Concentration of risks of financial assets exposed to credit risk. Geographical sectors

The following table represents a breakdown of the Bank's significant credit risk limits at their carrying amounts distributed by geographical sector.

	Cairo	Alexandria and Delta	Upper Egypt Sinai and Red sea	Other countries	Total EGP000
Due from banks	70,961,696	-	-	66,826,403	137,788,099
Financial assets at fair value through profit or loss	69,734	-	-	-	69,734
Loans and advances to bank	-	-	-	219,006	219,006
Loans and advances to customers					
Retail:					
Overdrafts	44,899	8,698	1,194	-	54,791
Credit cards	3,260,720	-	-	-	3,260,720
Personal loans	9,138,158	814,664	297,067	-	10,249,889
Mortgage loans	295	-	-	-	295
Corporate:					
Overdrafts	3,841,471	-	-	-	3,841,471
Direct loans	24,919,312	-	-	-	24,919,312
Syndicated loans	11,382,732	-	-	-	11,382,732
Derivative financial instruments	28,182	-	-	-	28,182
Financial investment:					
Debt instruments	46,800,159	-	-	11,969,401	58,769,560
Other assets	1,388,460	87,608	4,244	-	1,480,312
Total as of 30 June 2024	171,835,818	910,970	302,505	79,014,810	252,064,103
Total as of 31 December 2023	177,493,478	678,525	220,965	51,858,517	230,251,485

Business sectors

The following table represents breakdown of the most significant credit risk limits at their carrying amounts distributed according to the business of the Bank's customers:

	Industrial sector	Commercial sector	Service sector	Governmental sector	Other activities	Individuals	Total EGP000
Due from banks	-	-	-	137,788,099	-	-	137,788,099
Financial investment at fair value through profit or loss	-	-	-	69,734	-	-	69,734
Loans and advances to banks	-	-	-	-	219,006	-	219,006
Loans and advances to customers							
Retail:							
Overdrafts	-	-	-	-	-	54,791	54,791
Credit cards	-	-	-	-	-	3,260,720	3,260,720
Personal loans	-	-	-	-	-	10,249,889	10,249,889
Mortgage loans	-	-	-	-	-	295	295
Corporate:							
Overdrafts	1,612,383	1,247,469	981,619	-	-	-	3,841,471
Direct loans	13,177,018	4,020,960	7,721,334	-	-	-	24,919,312
Syndicated loans	3,353,288	-	158,571	7,426,119	444,754	-	11,382,732
Derivative financial instruments	-	-	28,182	-	-	-	28,182
Financial investment:							
Debt instruments	-	-	-	58,769,560	-	-	58,769,560
Other assets	-	-	-	-	1,480,312	-	1,480,312
Total as of 30 June 2024	18,142,689	5,268,429	8,889,706	204,053,512	2,144,072	13,565,695	252,064,103
Total as of 31 December 2023	12,498,311	4,203,534	8,010,713	193,493,315	1,365,086	10,680,526	230,251,485

Notes to the interim condensed separate financial statements - for the six months ended 30 June 2024
(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

B. Liquidity risk

Liquidity risk represents the Bank's difficulty in meeting its financial commitments when they fall due and replacing funds when they are withdrawn. This may result in failure in fulfilling the Bank's obligation to repay depositors and fulfilling lending commitments.

Liquidity Risk Management Organization and Measurement Tools

Liquidity Risk is governed by Asset and Liability Committee (ALCO) and Board Risk Committee subject to provisions of Investment Policy Guide.

Board Risk Committee:

Provides oversight of risk management functions and assesses compliance to the set risk strategies and policies approved by the Board of Directors through periodic reports submitted by the Risk Group. The committee makes recommendations to the with regards to risk management strategies and policies (including those related to capital adequacy, liquidity management, various types of risks: credit, market, operation, geopolitical, reputation and any other risks the Bank may be exposed to).

Asset & Liability Committee (ALCO):

Optimizes the allocation of assets and liabilities, taking into consideration expectations of the potential impact of future interest rate fluctuations, liquidity constraints, and foreign exchange exposures. ALCO monitors the Bank's liquidity and market risks, economic developments, market fluctuations, and risk profile to ensure ongoing activities are compatible with the risk/ reward guidelines approved by the Board of Directors.

The Bank's liquidity management process carried out by the bank treasury department includes:

- Daily funding managed by monitoring future cash flows to ensure that all requirements can be met when due. This includes availability of liquidity as they due or to be borrowed to customers. To ensure that the Bank reaches its objective, the Bank maintains an active presence in global money markets.
- The Bank maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption of cash flow.
- Monitoring liquidity ratios in relation with internal requirements and CBE requirements.
- Managing loans' concentration and dues.

Monitoring and reporting take the form of cash flow measurement and projections for the next working day, week and month respectively, as these are key periods for liquidity management. The starting point of calculating these expectations is analyzing the financial liabilities dues and expected financial assets collections.

The Credit Risk department monitors the mismatch between medium-term assets, the level and nature of unused loans limits, overdraft utilizations, and the effect of contingent liabilities such as letters of guarantees and letters of credit.

Off-balance sheet items

According to the table below and note (25):

30-Jun-24

	Up to 1 year	Over 1 year and less than 5 years	More than 5 years	Total EGP000
Loan commitments and other irrevocable commitments related to credit	1,604,566	-	-	1,604,566
Letters of credit	2,339,989	-	-	2,339,989
Letters of guarantee	68,616,227	-	-	68,616,227
Operating lease commitments	7,229	15,536	999	23,764
Total	72,568,011	15,536	999	72,584,546

31-Dec-23

	Up to 1 year	Over 1 year and less than 5 years	More than 5 years	Total EGP000
Loan commitments and other irrevocable commitments related to credit	2,704,374	-	-	2,704,374
Letters of credit	874,671	-	-	874,671
Letters of guarantee	50,189,447	-	-	50,189,447
Operating lease commitments	14,253	16,501	2,498	33,252
Total	53,782,745	16,501	2,498	53,801,744

Notes to the interim condensed separate financial statements - for the six months ended 30 June 2024
(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

C. Market risk

The Bank is exposed to market risk, which is the risk of fair value or future cash flow fluctuations from changes in open market price changes. Market risks arise from open market related to interest rate, currency, and equity products of which each is exposed to general and specific market movements and changes in sensitivity levels of market rates or prices, such as interest rates, foreign exchange rates and equity instrument prices. The Bank divides its exposure to market risk into trading and non-trading portfolios.

The Bank Treasury is responsible for managing the market risks arising from trading and non-trading activities which are monitored by two separate teams. Regular reports about market risk are submitted to the Board of Directors and each business unit head yearly.

Trading portfolios include transactions where the Bank deals direct with clients or with the market; no trading portfolios primarily arise from managing assets and liabilities interest rate price relating to retail transactions. Non-trading portfolios also include foreign exchange risk and equity instruments risks arising from the Bank's held-to-maturity and available-for-sale investments portfolios.

5.Regulatory Disclosures

A. Capital management

The Bank's objectives behind managing capital include elements in addition to the equity shown in the balance sheet are represented in the following:

- Compliance with capital legal requirements in Egypt.
- Protecting the Bank's ability to continue as a going concern and enabling it to generate yield for shareholders and other parties dealing with the Bank.
- Maintaining a strong capital base to enhance growth.

Capital adequacy and uses are reviewed according to the regulatory authority's requirements (CBE) by the Bank's management through model based Basel committee for banking control instructions. These data are submitted to CBE on a quarterly basis.

- CBE requires the following from the Bank:
- Maintaining EGP 5 billion as a minimum requirement for the issued and paid-up capital
- Maintaining a ratio between capital elements and asset and contingent liability elements weighted by risk weights at 10 % or more.

The numerator in capital adequacy comprises the following two tiers:

Tier 1: It is the basic capital comprising (going concern capital and additional going concern capital)

Tier 2: It is the gone concern capital comprising:

- 45% of the increase between the fair value and carrying amount for (fair value reserve if positive, available-for-sale investments, held-to-maturity investments, investments in subsidiaries)
- 45% of the special reserves
- 45% of positive foreign currency reserves
- Hybrid instruments
- Loans (deposits) subordinated.
- Provision for impairment losses for loans and contingent liabilities (not exceeding 1.25% of total assets and contingent liabilities applying the risk weights, the provision for the non-performing loans, contingent liabilities) must be enough to face any liabilities it formed for.

Notes to the interim condensed separate financial statements - for the six months ended 30 June 2024
(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

The denominator of the capital adequacy comprises:

- 1) Credit risk
- 2) Market risk
- 3) Operation risk

Assets are weighted by risk in a range from 0% to 100%. Classification is made according to the debit party for each asset to reflect the related credit risk, taking into consideration cash guarantees. The same treatment is used for the off-balance sheet amounts after making relevant adjustments to reflect the contingent nature and the potential loss for these amounts.

The Bank complied with all internal requirements during the last years. The schedule below shows the calculation of the capital adequacy according to Basel II:

	<u>30-Jun-24</u> <u>EGP000</u>	<u>31-Dec-23</u> <u>EGP000</u>
Capital		
Tier 1 after disposals (going concern capital) (1)		
Share capital	5,000,000	5,000,000
Reserves	5,737,145	4,511,543
General risk reserve	491,666	491,666
Retained earnings	21,851,649	16,276,886
Change In fair value for investment at fair value through OCI	96,705	(220,975)
Total disposals from going concern capital	(2,204,942)	(2,118,456)
Total going concern capital after disposals (common equity)	30,972,223	23,940,664
Tier 1		
Tier 2 after disposals (going concern capital)		
Subordinated (deposits) loans	937,600	1,297,600
Impairment losses & provision for performing loans and advances and contingent liabilities	314,793	139,282
Total Tier 2 after disposals (going concern capital)	1,252,393	1,436,882
Total capital adequacy after disposals (1+2)	32,224,616	25,377,546
Risk (credit, market and operation)		
Credit risk	93,160,755	67,604,160
Excess of top 50 customers' exposures	21,610,311	17,419,400
Capital requirements for market risk	179,033	23,661
Capital requirements for operation risk	11,775,686	8,865,824
Total credit, market and operation risk	126,725,785	93,913,045
Capital adequacy ratio (%)	25.43%	27.02%

Notes to the interim condensed separate financial statements - for the six months ended 30 June 2024
(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

B.Leverage financial ratio

The table below summarizes the leverage financial ratio:

	30-Jun-24	31-Dec-23
	EGP000	EGP000
Tier 1 after disposals (going concern capital)	30,972,223	23,940,664
Total on-balance sheet exposures, derivatives contracts and financial papers operations	265,620,705	246,210,806
Total off-balance sheet exposures	44,226,959	35,240,680
Total exposures on balance sheet and off-balance sheet	309,847,664	281,451,486
Leverage financial ratio (%)	10.00%	8.51%

6.Significant accounting estimates and assumptions

The Bank makes subjective estimates and judgments that affect the reported amounts of assets and liabilities in the next financial period. Consistent estimations and judgments are continually evaluated and are based on historical experience and other factors, including the expectations of future events that are believed to be reasonable through the available information and circumstances.

The preparation of these interim condensed separate financial statements requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, and expense. Actual results may differ from the estimates.

In preparing these condensed separate interim financial statements, the significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the annual separate financial statements for the year ended 31 December 2023.

Notes to the interim condensed separate financial statements - for the six months ended 30 June 2024
(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

7.Segment analysis

A) By activity segment

30-Jun-24

	Corporate	Investment	Retail	Other activities	Total EGP000
Income and expenses according to activity segment					
Income by activity segment	10,672,350	3,051,077	4,232,760	(243,730)	17,712,458
Expenses by activity segment	(1,503,155)	(288,268)	(1,311,334)	(46,064)	(3,148,821)
Provisions	(381,066)	(59,958)	(8,955)	2,200	(447,779)
Profit before tax	8,788,130	2,702,852	2,912,471	(287,595)	14,115,858
Tax	(2,374,390)	(761,718)	(743,892)	-	(3,880,000)
Profit for the period	6,413,740	1,941,134	2,168,579	(287,595)	10,235,858
Assets and liabilities according to activity segment					
Assets of activity segment	49,076,256	190,270,601	13,834,246	14,680,899	267,862,001
Total assets	49,076,256	190,270,601	13,834,246	14,680,899	267,862,001
Liabilities of activity segment	91,978,764	24,501,662	93,661,302	19,226,434	229,368,162
Total liabilities	91,978,764	24,501,662	93,661,302	19,226,434	229,368,162

30-Jun-23

	Corporate	Investment	Retail	Other activities	Total EGP000
Income and expenses according to activity segment					
Income by activity segment	5,238,910	1,668,499	2,837,868	123,744	9,869,021
Expenses by activity segment	(868,922)	(191,155)	(874,750)	(421,937)	(2,356,764)
Provisions	(399,494)	(80,417)	(13,937)	(3,156)	(497,004)
Profit before tax	3,970,494	1,396,927	1,949,181	(301,349)	7,015,253
Tax	(1,117,478)	(311,484)	(482,462)	-	(1,911,424)
Profit for the period	2,853,016	1,085,443	1,466,719	(301,349)	5,103,829
Assets and liabilities according to activity segment					
Assets of activity segment	40,919,710	143,715,372	9,160,042	12,239,809	206,034,933
Total assets	40,919,710	143,715,372	9,160,042	12,239,809	206,034,933
Liabilities of activity segment	81,885,966	4,775,332	76,785,764	17,762,204	181,209,266
Total liabilities	81,885,966	4,775,332	76,785,764	17,762,204	181,209,266

Notes to the interim condensed separate financial statements - for the six months ended 30 June 2024
(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

B) Analysis according to the geographical segment

30-Jun-24

	Cairo	Alexandria & Delta	Upper Egypt, Sinai & Red sea	Total EGP000
Income and expenses according to geographical segment				
Income by geographical segment	17,017,933	607,623	86,901	17,712,457
Expenses by geographical segment	(3,087,342)	(47,718)	(13,760)	(3,148,820)
Provisions	(467,595)	19,828	(12)	(447,779)
Profit before tax	13,462,996	579,733	73,129	14,115,858
Tax	(3,700,549)	(159,350)	(20,101)	(3,880,000)
Profit for the period	9,762,447	420,383	53,028	10,235,858
Assets and liabilities according to geographical segment				
Assets of geographical segment	261,326,511	5,915,369	620,121	267,862,001
Total assets	261,326,511	5,915,369	620,121	267,862,001
Liabilities of geographical segment	212,377,241	12,880,076	4,110,845	229,368,162
Total liabilities	212,377,241	12,880,076	4,110,845	229,368,162

30-Jun-23

	Cairo	Alexandria & Delta	Upper Egypt, Sinai & Red sea	Total EGP000
Income and expenses according to geographical segment				
Income by geographical segment	9,400,493	415,942	52,586	9,869,021
Expenses by geographical segment	(2,316,743)	(31,851)	(8,170)	(2,356,764)
Provisions	(418,227)	(78,857)	80	(497,004)
Profit before tax	6,665,523	305,234	44,496	7,015,253
Tax	(1,816,134)	(83,166)	(12,124)	(1,911,424)
Profit for the period	4,849,389	222,068	32,372	5,103,829
Assets and liabilities according to geographical segment				
Assets of geographical segment	200,578,546	4,766,909	689,478	206,034,933
Total assets	200,578,546	4,766,909	689,478	206,034,933
Liabilities of geographical segment	167,266,612	10,020,997	3,921,657	181,209,266
Total liabilities	167,266,612	10,020,997	3,921,657	181,209,266

Notes to the interim condensed separate financial statements - for the six months ended 30 June 2024
(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

8. Expected credit (charges)

	For the six months ended		For the three months ended	
	30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23
	EGP000	EGP000	EGP000	EGP000
Loans and advances to customers	(174,924)	(264,552)	(65,734)	(63,727)
Cash and balances with Central Bank	(59)	(1,911)	(59)	(2,102)
Due from Banks	(19,346)	(16,816)	372	(1,781)
Financial Investments at fair value through OCI	(139,218)	(77,613)	65,902	14,834
Other assets	1,007	(1,690)	(3)	-
Net	(332,540)	(362,582)	478	(52,776)

9. Earnings per share

Earnings per share are calculated by dividing profit related to the shareholders by the ordinary shares' weighted average issued during the period after, excluding the average repurchased shares during the period/year and kept as Treasury stocks.

	For the six months ended		For the three months ended	
	30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23
	EGP000	EGP000	EGP000	EGP000
Net profit distributable for the period	10,235,858	5,103,829	4,682,198	3,107,801
Employees' profit share (estimated)	(1,023,586)	(510,383)	(468,220)	(310,780)
Net Profit attributable to shareholders of the bank	9,212,272	4,593,446	4,213,978	2,797,021
Common shares issued - weighted average (1,000 shares)	59,524	59,524	59,524	59,524
Earnings per share/EGP	154.77	77.17	70.79	46.99

10. Loans and advances to banks

	30-Jun-24	31-Dec-23
	EGP000	EGP000
Term loans	219,006	134,790
Current balances	9,445	-
Non-current balances	209,561	134,790
	219,006	134,790

Notes to the interim condensed separate financial statements - for the six months ended 30 June 2024
(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

11. Loans and advances to customers

	<u>30-Jun-24</u> <u>EGP000</u>	<u>31-Dec-23</u> <u>EGP000</u>
Retail:		
Overdrafts	54,792	58,091
Credit cards	3,260,720	2,739,865
Personal loans	10,249,889	7,722,116
Mortgage loans	295	425
Total	<u>13,565,696</u>	<u>10,520,497</u>
Corporate loans including small loans:		
Overdrafts	3,841,472	2,797,696
Direct loans	24,919,312	19,196,626
Syndicated loans	11,382,732	8,476,754
Total	<u>40,143,516</u>	<u>30,471,076</u>
Total loans and advances to customers	<u>53,709,212</u>	<u>40,991,573</u>
Less: expected credit loss " ECL "	(5,119,319)	(4,014,156)
Net	<u>48,589,893</u>	<u>36,977,417</u>

Notes to the interim condensed separate financial statements - for the six months ended 30 June 2024
(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

Expected credit loss:

The expected credit losses movement for loans and advances to customers classified according to their types is as follows:

30-Jun-24

	Retail			Total
	Overdrafts	Credit cards	Personal loans	EGP000
Balance at beginning of the year	1,311	16,967	23,985	42,263
Expected credit losses charged/(reversed)	37	5,643	11,351	17,031
Amounts written off during the year	(187)	(8,859)	(11,590)	(20,636)
Amounts recovered during year	-	5,419	3,700	9,119
Foreign revaluation difference related to provision	17	-	602	619
Balance at the end of the period	1,178	19,170	28,048	48,396

	Corporate			Total
	Overdrafts	Direct loans	Syndicated loans	EGP000
Balance at beginning of the year	584,899	3,157,592	229,401	3,971,892
Expected credit losses (charged)/reversed	242,234	(84,341)	-	157,893
Amounts written off during the year	(76,885)	-	-	(76,885)
Amounts recovered during the year	-	472	-	472
Foreign revaluation difference related to provision	279,047	738,504	-	1,017,551
Balance at the end of the period	1,029,295	3,812,227	229,401	5,070,923

31-Dec-23

	Retail			Total
	Overdrafts	Credit cards	Personal loans	EGP000
Balance at beginning of the year	2,523	18,343	25,863	46,729
Expected credit losses charged/(reversed)	(1,206)	3,815	9,175	11,784
Amounts written off during the year	(56)	(15,115)	(17,806)	(32,977)
Amounts recovered during year	-	9,924	6,326	16,250
Foreign revaluation difference related to provision	50	-	427	477
Balance at the end of the year	1,311	16,967	23,985	42,263

	Corporate			Total
	Overdrafts	Direct loans	Syndicated loans	EGP000
Balance at beginning of the year	481,755	2,221,841	229,401	2,932,997
Expected credit losses (charged)/reversed	206,195	976,894	-	1,183,089
Amounts written off during the year	(393,519)	(9,008)	-	(402,527)
Amounts recovered during the year	-	518	-	518
Foreign revaluation difference related to provision	290,468	(32,653)	-	257,815
Balance at the end of the year	584,899	3,157,592	229,401	3,971,892

Notes to the interim condensed separate financial statements - for the six months ended 30 June 2024
(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

12. Financial investments

	<u>30-Jun-24</u>	<u>31-Dec-23</u>
	<u>EGP000</u>	<u>EGP000</u>
<u>Financial investments at fair value through OCI</u>		
Equity instruments unlisted	164,085	32,869
Debt instruments listed Government Bonds (at fair value)	5,088,178	4,459,912
Debt instruments unlisted (Mutual fund)	39,781	36,120
Financial investments at fair value through OCI	5,292,044	4,528,901
	5,292,044	4,528,901
Current balances	3,054,898	4,306,115
Non-current balances	2,237,146	222,786
Fixed-income debt instruments	5,292,044	4,528,901
<u>Financial assets at amortized cost</u>		
Debt instruments listed - Government bonds	2,402,760	1,545,841
Total financial investments	7,694,804	6,074,742

Financial Investments at fair value through other comprehensive income rather than T-Bills

	<u>EGP000</u>
<u>30-Jun-24</u>	
Balance at beginning of the period	6,074,742
Additions	2,442,979
Disposals (sale/redemption)	(1,772,770)
Monetary assets revaluation	856,920
Loss from change in fair value	92,933
Balance at end of the period	7,694,804
<u>31-Dec-23</u>	
Balance at beginning of the year	15,061,265
Additions	25,684
Disposals (sale/redemption)	(9,558,112)
Monetary assets revaluation	202,275
Loss from change in fair value	343,630
Balance at end of the year	6,074,742

Financial Investments details

	Fair Value	Fair Value	Cost / Amortized Cost	Cost / Amortized Cost
	<u>30-Jun-24</u>	<u>31-Dec-23</u>	<u>30-Jun-24</u>	<u>31-Dec-23</u>
	<u>EGP000</u>	<u>EGP000</u>	<u>EGP000</u>	<u>EGP000</u>
Equity instruments unlisted	164,085	32,869	25,536	25,536
Debt instruments listed (at FMV)	5,088,178	4,459,912	5,187,213	4,739,178
Mutual Fund (Unlisted)	39,781	36,120	9,142	9,142
Debt instruments listed - Government bonds	2,402,760	1,545,841	2,402,760	1,545,841
	7,694,804	6,074,742	7,624,651	6,319,697

Notes to the interim condensed separate financial statements - for the six months ended 30 June 2024
(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

13. Treasury bills

	T.Bills through OCI		T.Bills at amortized cost		Total	
	<u>30-Jun-24</u>	<u>31-Dec-23</u>	<u>30-Jun-24</u>	<u>31-Dec-23</u>	<u>30-Jun-24</u>	<u>31-Dec-23</u>
	<u>EGP000</u>	<u>EGP000</u>	<u>EGP000</u>	<u>EGP000</u>	<u>EGP000</u>	<u>EGP000</u>
Treasury bills – Egyptian	39,309,221	50,514,614	-	3,996,336	39,309,221	54,510,950
Treasury bills – United states of America	11,969,401	13,892,122	-	-	11,969,401	13,892,122
Treasury bills – France	-	3,408,908	-	-	-	3,408,908
Total	51,278,622	67,815,644	-	3,996,336	51,278,622	71,811,980

Treasury bills represent the following:

	T.Bills through OCI		T.Bills at amortized cost		Total	
	<u>30-Jun-24</u>	<u>31-Dec-23</u>	<u>30-Jun-24</u>	<u>31-Dec-23</u>	<u>30-Jun-24</u>	<u>31-Dec-23</u>
	<u>EGP000</u>	<u>EGP000</u>	<u>EGP000</u>	<u>EGP000</u>	<u>EGP000</u>	<u>EGP000</u>
91 days maturity	12,077,410	20,244,783	-	-	12,077,410	20,244,783
182 days maturity	212,186	39,268,619	-	3,996,336	212,186	43,264,955
273 days maturity	762,592	-	-	-	762,592	-
364 days maturity	38,226,434	8,302,242	-	-	38,226,434	8,302,242
Total	51,278,622	67,815,644	-	3,996,336	51,278,622	71,811,980

Treasury bills includes EGP 366,661 thousand related to end of service compensation benefits, the fair value reserve is EGP 9,996 thousands (End of Service Treasury bills amounted to EGP 789,770 thousand as of 31 December 2023)

Treasury bills fair value reserve reached EGP (117,991) as of 30 June 2024 against EGP (71,726) as of 31 December 2023 (with net change of EGP 189,717 thousand).

Notes to the interim condensed separate financial statements - for the six months ended 30 June 2024
(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

14. Investment in subsidiary

A.

	<u>30-Jun-24</u>	<u>31-Dec-23</u>
	<u>EGP000</u>	<u>EGP000</u>
Cost	35,517	35,517
Impairment	(23,471)	(23,471)
Net	12,046	12,046

B. The Extraordinary General Assembly of the company decided on November 1, 2021 to put the company under liquidation and appoint a liquidator, and a provision for impairment of EGP 23 471 thousand has been formed.

C. The following table shows the percentage of HSBC Securities - Egypt's "under liquidation" balance sheet on December 31, 2022 from HSBC's consolidated balance sheet.

	<u>Company's country</u>	<u>Company's assets</u>	<u>Company's liabilities (without equity)</u>	<u>Company's revenues</u>	<u>Company's gains</u>
HSBC Securities Egypt Company SAE	Egypt	98.00%	0.01%	0.01%	-0.35%

15. Intangible assets

	<u>30-Jun-24</u>	<u>31-Dec-23</u>
	<u>EGP000</u>	<u>EGP000</u>
Balance at the beginning of the current year		
Cost	1,397,425	722,744
Accumulated amortization	(440,772)	(223,905)
Impairment provision Charge	(2,377)	-
Net book value at the beginning of the current year	954,276	498,839
	-	-
Additions	397,627	674,681
Disposals (Cost)	-	-
Amortization	(144,127)	(216,867)
Impairment provision reversal	-	(2,377)
Net book value at the end of the current period	1,207,776	954,276
	-	-
Balance at the end of the current period		
Cost	1,795,052	1,397,425
Accumulated amortization	(584,899)	(440,772)
Impairment provision Charge	(2,377)	(2,377)
Net book value at the end of the current period	1,207,776	954,276

Notes to the interim condensed separate financial statements - for the six months ended 30 June 2024
(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

16. Other assets

	30-Jun-24	31-Dec-23
	EGP000	EGP000
Accrued revenues	1,480,312	840,910
Prepaid expenses	93,970	37,116
Ownership assets transferred to B&D (net of impairment)	10,293	10,293
Costs of branches under construction	33,799	50,564
Due from CBE from selling GOV. bills and bonds	2,600,924	1,032,720
Others	1,060,340	1,224,293
Advanced for projects under process	17,987	17,987
Impairment from provision ECL	(1,934)	(2,941)
Total	5,295,691	3,210,942

17. Fixed assets

	Land & buildings	Leasehold improvement	Machines and equipment	Others	Total EGP000
Balance at the beginning of the current year					
Cost	347,403	245,585	1,015,048	278,559	1,886,595
Accumulated depreciation	(259,851)	(192,209)	(224,510)	(170,136)	(846,706)
Net book value at the beginning of the current year	87,552	53,376	790,538	108,423	1,039,889
Additions	-	-	127,339	12,750	140,089
Disposals (Cost)	-	-	(1,783)	(7,400)	(9,183)
Disposals (Accumulated depreciation)	-	-	1,783	7,400	9,183
Depreciation for the year	(5,924)	(8,726)	(69,486)	(17,210)	(101,346)
Net book value at the end of the period	81,628	44,650	848,391	103,963	1,078,632
Balance at the end of the current period					
Cost	347,403	245,585	1,140,604	283,909	2,017,501
Accumulated depreciation	(265,775)	(200,935)	(292,213)	(179,946)	(938,869)
Net book value at the end of the current period	81,628	44,650	848,391	103,963	1,078,632

Notes to the interim condensed separate financial statements - for the six months ended 30 June 2024
(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

18. Investment property

As per CBE approval dated 9 June 2004, the Bank leased some of its head office floors which are located at Cornish El Nile Maadi and Smart Village.

	30-Jun-24	31-Dec-23
	EGP000	EGP000
Balance at the beginning of the year		
Cost	163,112	163,112
Accumulated depreciation	(117,897)	(110,866)
Net book value at the beginning of the year	45,215	52,246
Depreciation	(4,198)	(7,031)
Net book value at the end of the period	41,017	45,215
Balance at the end of the period		
Cost	163,112	163,112
Accumulated depreciation	(122,095)	(117,897)
Net book value at the end of the period	41,017	45,215

19. Customers' deposits

	30-Jun-24	31-Dec-23
	EGP000	EGP000
Demand deposits	96,026,299	94,827,407
Time and call deposits	41,255,782	37,301,979
Certificates of savings and deposits	12,747,141	12,074,237
Saving deposits	45,366,606	31,724,372
Other deposits	6,858,451	8,136,924
	202,254,279	184,064,919
Corporate deposits	93,276,311	106,690,215
Retail deposits	108,977,968	77,374,704
	202,254,279	184,064,919
Non-interest bearing balances	97,262,973	99,884,890
Interest bearing balances	104,991,306	84,180,029
	202,254,279	184,064,919

20. Other liabilities

	30-Jun-24	31-Dec-23
	EGP000	EGP000
Accrued interest	800,685	732,403
Deferred income	97,995	99,343
Accrued expenses	1,844,662	663,579
Creditors	1,841,458	4,259,695
Due to CBE from selling GOV. bills and bonds	2,221,117	6,478,072
Other credit balances	6,814,811	1,527,511
Total	13,620,728	13,760,603

Notes to the interim condensed separate financial statements - for the six months ended 30 June 2024
(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

21. Other provisions

	Provision for claims		Provision for contingent liabilities (ECL)		Total	
	30-Jun-24	31-Dec-23	30-Jun-24	31-Dec-23	30-Jun-24	31-Dec-23
	EGP000	EGP000	EGP000	EGP000	EGP000	EGP000
Balance at the beginning of the period /year	107,808	69,764	698,147	257,937	805,955	327,701
Formed during the year	58,243	98,679	-	432,468	58,243	531,147
Provisions valuation differences	11,039	2,226	99,508	11,580	110,547	13,806
	177,090	170,669	797,655	701,985	974,745	872,654
Used during the period	(77,168)	(61,410)	-	-	(77,168)	(61,410)
No longer required	(2,682)	(1,451)	(100,891)	(3,838)	(103,573)	(5,289)
Balance at the end of the period / year	97,240	107,808	696,764	698,147	794,004	805,955

22. Paid up capital.

	Cost of Common		Issuance premium included in other reserve-issuance premium
	Number of shares	Shares	
	EGP000	EGP000	EGP000
Balance at the beginning of the current year	59.523810	5,000,000	5,000,000
At 30 June 2024	59.523810	5,000,000	5,000,000
Balance at the beginning of the year	59.523810	5,000,000	5,000,000
Balance at end of year	59.523810	5,000,000	5,000,000

- According to the extraordinary general assembly's decision on 17 March 2021, it was approved to increase the issued capital to EGP 5,000,000,040 by an increase of EGP 2,204,432,496 representing 26,243,244 shares from retained earnings, Accordingly, the issued and fully paid-up capital is EGP 5,000,000,040 represented in 59,523,810 fully paid shares at par value of EGP 84 each, the authorized capital has been increased to EGP 10,000,000,000 approved from the General Investment Authority.

Notes to the interim condensed separate financial statements - for the six months ended 30 June 2024
(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

23. Reserves and retained earnings.

	<u>30-Jun-24</u>	<u>31-Dec-23</u>
	<u>EGP000</u>	<u>EGP000</u>
Reserves		
General reserve	3,400,537	2,787,736
Legal reserve	2,284,855	1,672,054
Capital reserve	51,752	51,752
Reserve for excess over par value - issuance premium	6,728	6,728
Fair value reserve	96,704	(220,975)
General bank risk reserve	89,661	89,661
General risk reserve	491,666	491,666
Total reserves at the end of the period	6,421,903	4,878,622

Reserves movements during the period are as follows:

A) General reserve

	<u>30-Jun-24</u>	<u>31-Dec-23</u>
	<u>EGP000</u>	<u>EGP000</u>
Balance at the beginning of the year	2,787,736	2,513,464
Transferred from prior year profits	612,801	274,272
Balance at the end of the period	3,400,537	2,787,736

B) Legal reserve

	<u>31-Mar-24</u>	<u>31-Dec-23</u>
	<u>EGP000</u>	<u>EGP000</u>
Balance at the beginning of the year	1,672,054	1,397,782
Transferred from prior year profits	612,801	274,272
Balance at the end of the period	2,284,855	1,672,054

In accordance with local laws, 5% of the net profit shall be transferred to non-distributable reserve until it reaches 50% of the capital.

C) Capital reserve

	<u>30-Jun-24</u>	<u>31-Dec-23</u>
	<u>EGP000</u>	<u>EGP000</u>
Balance at the beginning of the year	51,752	51,752
Transferred from prior year profit	-	-
Balance at the end of the period	51,752	51,752

D) Reserves for excess over par value - issuance premium

	<u>30-Jun-24</u>	<u>31-Dec-23</u>
	<u>EGP000</u>	<u>EGP000</u>
Balance at the beginning of the year	6,728	6,728
Balance at the end of the period	6,728	6,728

This reserve represents the difference between the value of shares acquired by the shareholders and employees during capital increase in years 1998 and 1999 (price per share was EGP 168) and its par value (price per share

Notes to the interim condensed separate financial statements - for the six months ended 30 June 2024
(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

EGP 84) in addition to the gain resulted from sale of Treasury shares in year 2000 after deducting the capital increase that occurred in year 2002.

E) Fair value reserve

	<u>30-Jun-24</u>	<u>31-Dec-23</u>
	<u>EGP000</u>	<u>EGP000</u>
Balance at the beginning of the year	(220,975)	(656,372)
Net change in investments FVOCI- T Bills	(46,266)	96,344
Net change in investments FVOCI- Bonds	180,231	338,407
Net change in investments FVOCI- Mutual funds	3,661	5,223
Net change in investments FVOCI- Equity instruments	94,438	-
Deferred tax for financial investment through OCI	(53,603)	(28,069)
Expected credit loss - Financial investment at FVOCI	139,218	23,492
Balance at the end of the period	96,704	(220,975)

Fair reserve represents the revaluation of financial instruments that measured through other comprehensive income.

F) General risk reserves

	<u>30-Jun-24</u>	<u>31-Dec-23</u>
	<u>EGP000</u>	<u>EGP000</u>
Balance at the beginning of the year	491,666	491,666
Balance at the end of the period	491,666	491,666

As per CBE instructed the Special reserve & IFRS 9 reserve have been merged into the General risk reserves.

G) General bank risk reserves

	<u>30-Jun-24</u>	<u>31-Dec-23</u>
	<u>EGP000</u>	<u>EGP000</u>
Balance at the beginning of the year	89,661	89,661
Balance at the end of the period	89,661	89,661

H) Retained earnings

	<u>30-Jun-24</u>	<u>31-Dec-23</u>
	<u>EGP000</u>	<u>EGP000</u>
Movement on retained earnings		
Balance at the beginning of the year	22,458,127	11,168,174
Net profit for the year	10,235,858	12,275,788
Dividends for the year	(3,290,476)	-
Employees profit share	(983,411)	(548,543)
Transferred to legal reserve	(612,801)	(274,272)
Transferred to Banking systems support and development Fund	(122,560)	(54,854)
Actuarial Gain /(Losses)	-	166,106
Transferred from general reserve	(612,801)	(274,272)
Balance at the end of the period	27,071,936	22,458,127

Notes to the interim condensed separate financial statements - for the six months ended 30 June 2024
(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

24. Dividends

Payment of dividends is not recorder until being approved by the general assembly. The General assembly that held on 18 March 2024 approved a payment of EGP 55.28 per share as cash dividends for the year 2023 with a total amount of EGP 3,290,476,217 (as per CBE decision, no dividends was paid to shareholders for the year 2022), The general assembly that held on 18 March 2024 approved the distribution of EGP 983,410,816 as employees' distribution related to the profit for year 2023. (The actual employees' dividends distributed for 2022 amount to EGP 548,543,739).

25. Commitment and contingent liabilities

A) Legal claims

There are lawsuits filed against the bank as at 30 June 2024. There is a revelal from legal provision with EGP 405,972.

B) Commitments for loans, guarantees and facilities

Bank commitments for loans, guarantees and facilities are represented as follows:

	<u>30-Jun-24</u>	<u>31-Dec-23</u>
	<u>EGP000</u>	<u>EGP000</u>
Acceptances	913,633	872,993
Letters of guarantee	73,173,940	55,700,753
Letters of credit (import and export)	3,891,631	2,539,149
Other contingent liabilities	251,001	51,997
Commitments for loans	439,931	1,779,384
Cash margin	(6,109,356)	(7,175,784)
Total	<u>72,560,780</u>	<u>53,768,492</u>

C) Commitments for operating lease contracts

The total minimum lease payments for irrevocable operating leases are as follows:

	<u>30-Jun-24</u>	<u>31-Dec-23</u>
	<u>EGP000</u>	<u>EGP000</u>
Less than one year	7,229	14,253
More than one year and less than five years	15,536	16,501
More than five years	999	2,498
	<u>23,764</u>	<u>33,252</u>

Notes to the interim condensed separate financial statements - for the six months ended 30 June 2024
(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

26. Related party transactions

The Bank is a subsidiary of parent HSBC Holdings B.V, which owns 94.54% of ordinary shares. The remaining percentage 5.46% is owned by other shareholders.

HSBC Bank Egypt owns 98% of HSBC Securities Egypt (S.A.E).

The Extraordinary General Assembly of the company decided on November 1, 2021 to put the company under liquidation and appoint a liquidator, and a provision for impairment of EGP 23 471 thousand has been formed.

Number of banking transactions with related parties has been conducted in the normal course of the business, including loans, deposits and foreign currency swaps. Dividends have been announced for the parent company, as shown in Note (24).

Related parties' transactions and balances at the end of the financial period are as follows:

A- Subordinated loans

	HSBC Group	
	30-Jun-24	31-Dec-23
	EGP000	EGP000
Statement of financial position		
Subordinated loans note (40)	2,072,000	2,072,000
Statement of income statement		
Interest expenses	272,633	425,266

B- Deposits from related parties

	Subsidiaries	
	30-Jun-24	31-Dec-23
	EGP000	EGP000
Due to customers		
Deposits at the beginning of the year	13,408	15,224
Deposits redeemed during the year	(228)	(1,817)
Deposits at the end of the period	13,180	13,407

C- Other related party transactions

	HSBC Group	
	30-Jun-24	30-Jun-23
	EGP000	EGP000
Statement of income statement		
Operating lease	27,222	50,232
Head office services revenue	94,214	54,517
Cost of services provided by HSBC Group	(1,809,528)	(1,425,777)
Total	(1,688,092)	(1,321,028)

	HSBC Group	
	30-Jun-24	31-Dec-23
	EGP000	EGP000
Statement of financial position		
Due from banks	3,018,141	408,010
Loans and advances to banks	219,006	134,790
Due to banks	3,553,987	6,395,476
Total	6,791,134	6,938,276

Notes to the interim condensed separate financial statements - for the six months ended 30 June 2024
(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

27. Subordinated loans

	<u>Current interest</u> <u>rate</u>	<u>30-Jun-24</u> <u>EGP000</u>	<u>31-Dec-23</u> <u>EGP000</u>
Subordinated loans, variable interest rate (1)	31.75%	272,000	272,000
Subordinated loans, variable interest rate (2)	30.00%	1,800,000	1,800,000
Total		2,072,000	2,072,000

- Subordinated loan, variable interest rate (1) obtained from HSBC holdings BV by EGP 272 million, according to an agreement extension of 15 years. (Starting from December 2013 and ending in December 2028).
- Subordinated loan, variable interest rate (2) obtained from HSBC holdings BV by EGP 1,800 million, according to an agreement extension of 10 years. (Starting from March 2017 and ending in March 2027).

28. Mutual funds

HSBC first Mutual fund (Kol Yom):

The mutual fund is an activity authorized for the Bank by virtue of Capital Market Law No.95 for year1992 and its Executive Regulations. The fund is managed by Hermes for Managing Mutual Funds. The certificates of the fund reached 1,000,000 certificates with an amount of EGP 100,000,000 of which 50,000 certificate (with nominal value of EGP 5,000,000) were allocated to the Bank to undertake the funds' activity.

The Bank held as of 30 June 2024, 78,559 certificates amounting to EGP 9,141,998 with a redeemable value amounting to EGP 39,780,865 against 78,559 certificates amounting to EGP 9,141,998 with redeemable value amounting to EGP 36,120,258 as of 31 December 2023.

The redeemable value of the certificate amounted to EGP 506.38 against EGP 459.79 as of 31 December 2023. The outstanding certificates reached 2,486,326 certificates against 2,567,763 certificates as of 31 December 2023.

29 Important events

- On the 1st of February 2024, the Monetary Policy Committee (MPC) decided to raise the Central Bank of Egypt's (CBE) overnight deposit rate, overnight lending rate, and the rate of the main operation by 200 basis points to 21.25%, 22.25%, and 21.75%, respectively. The discount rate was also raised by 200 basis points to 21.75% , which may affect the bank's policies in pricing current and future banking products.
- On the 6th of March 2024, the Monetary Policy Committee (MPC) decided to raise the Central Bank of Egypt's (CBE) overnight deposit rate, overnight lending rate, and the rate of the main operation by 600 basis points to 27.25%, 28.25%, and 27.75%, respectively. The discount rate was also raised by 600 basis points to 27.75%, which may affect the bank's policies in pricing current and future banking products.
- Based on the change in the US dollar exchange rate during the month of March from 31 pounds per dollar to 47 pounds per dollar, the values of assets and liabilities of monetary nature in foreign currencies, as well as the income statement, were affected by the results of evaluating the existing currency positions at the date of the financial position.
- On May 23, 2024, the Monetary Policy Committee of the Central Bank of Egypt decided to maintain the overnight deposit and lending rates and the Central Bank's main operation rate at 27.25%, 28.25%, and 27.75%, respectively. It also decided to keep the credit and discount rates at 27.75%. This decision reflects the latest developments and expectations at the global and local levels since the previous meeting of the Monetary Policy Committee.