

**HSBC BANK EGYPT S.A.E.**

**LIMITED REVIEW REPORT AND INTERIM  
CONDENSED SEPARATE FINANCIAL  
STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER  
2022**

**Contents****Page**

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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 – 40

**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 September 2022 and the related interim condensed separate statements of income, comprehensive income, cash flows and changes in equity for the nine month 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 limited 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.

**Auditors**

Mohamed Elmoataz  
F.R.A. "133"  
R.A.A. 12747

CBE Register No. (231)

PricewaterhouseCoopers Ezzeldeen, Diab &  
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Kamel Magdy Saleh  
F.R.A. "69"  
R.A.A. 8510

CBE Register No. (136)

Deloitte - Saleh, Barsoum & Abdel Aziz  
Accountants & Auditors

Cairo: November 30, 2022

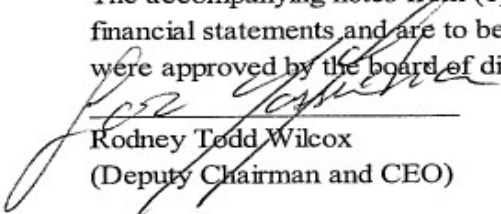
# HSBC BANK- EGYPT S.A.E.

## Interim condensed separate statement of financial position

(All amounts in EGP 000)

	<u>Note</u>	<u>30 September 2022</u>	<u>31 December 2021</u>
<b><u>Assets</u></b>			
Cash and balances with Central Bank of Egypt		9,935,849	8,643,628
Due from banks		59,216,752	35,635,993
Financial assets at fair value through profit or loss		90,668	-
Loans and advances to banks	( 10)	85,309	337,144
Loans and advances to customers	( 11)	37,233,888	32,811,375
Financial derivatives		194,276	189,285
Financial investments at fair value through OCI	( 12)	12,791,923	17,059,513
Treasury bills at fair value through OCI	( 13)	39,059,899	34,131,632
Investment in subsidiary	( 14)	12,046	35,517
Intangible assets	( 15)	391,531	346,367
Other assets	( 16)	2,579,424	2,282,257
Investment property	( 18)	54,594	62,091
Fixed assets	( 17)	764,988	621,786
Deferred tax assets		213,769	108,816
<b>Total assets</b>		<b>162,624,916</b>	<b>132,265,404</b>
<b><u>Liabilities and shareholders' equity</u></b>			
<b><u>Liabilities</u></b>			
Due to banks		2,103,424	1,415,553
Customers' deposits	( 19)	131,619,779	106,451,121
Financial derivatives		129,654	267,191
Subordinated loans	( 27)	2,072,000	2,072,000
Other liabilities	( 20)	6,911,797	2,357,163
Other provisions	( 21)	388,785	421,396
Current income tax		809,496	843,444
Defined benefits obligations		595,981	566,319
<b>Total liabilities</b>		<b>144,630,916</b>	<b>114,394,187</b>
<b><u>Shareholders' equity</u></b>			
Paid-up capital	( 22)	5,000,000	2,795,567
Amounts reserved under capital increase	( 22)	-	2,204,433
Reserves	( 23)	3,809,627	4,423,133
Retained earnings	( 23)	9,184,373	8,448,084
<b>Total shareholders' equity</b>		<b>17,994,000</b>	<b>17,871,217</b>
<b>Total liabilities and shareholders' equity</b>		<b>162,624,916</b>	<b>132,265,404</b>

The accompanying notes from (1) to (29) form an integral part of these Interim condensed separate financial statements and are to be read therewith. These Interim condensed separate financial statements were approved by the board of directors on 15 November 2022 and Signed on their behalf by

  
Rodney Todd Wilcox  
(Deputy Chairman and CEO)

Auditors' limited review report

HSBC BANK- EGYPT S.A.E.

Interim condensed separate statement of income

(All amounts in EGP 000)	For the nine months ended		For the three months ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
Note				
Interest income from loans and similar income	8,451,520	6,732,977	3,175,116	2,406,926
Interest expense on deposits and similar expense	(2,597,283)	(2,053,435)	(1,006,109)	(727,463)
Net interest income	5,854,237	4,679,542	2,169,007	1,679,463
Fees and commissions income	1,233,039	902,730	449,387	327,880
Fees and commissions expense	(257,184)	(158,116)	(98,219)	(58,132)
Net fees and commissions income	975,855	744,614	351,168	269,748
Dividends	5,685	14,727	-	10,708
Net trading income	505,429	313,408	111,824	68,350
Financial investment (loss) / income	(23,471)	2,180	-	-
Expected credit loss (charges) ( 8)	(641,492)	(418,908)	65,270	(152,096)
Administrative expenses	(2,137,391)	(1,890,652)	(736,466)	(622,006)
Other operating income	195,578	131,738	48,294	(11,630)
Profit before income tax	4,734,430	3,576,649	2,009,097	1,242,537
Income tax expenses	(1,300,219)	(1,098,851)	(417,607)	(360,578)
Net profit for the Period	3,434,211	2,477,798	1,591,490	881,959
Earnings per share (EGP/Share) Basic (9)	51.93	37.46	24.06	13.34

The accompanying notes from (1) to (29) form an integral part of these Interim condensed 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)	<u>Note</u>	<u>For the nine</u> <u>months ended</u>	<u>For the nine</u> <u>months ended</u>	<u>For the three months ended</u>	
		<u>30-Sep</u> <u>2022</u>	<u>30-Sep</u> <u>2021</u>	<u>30-Sep</u> <u>2022</u>	<u>30-Sep</u> <u>2021</u>
Net profit for the Period		3,434,211	2,477,798	1,591,490	881,959
Changes on fair value of financial investment through OCI		(1,004,735)	(61,563)	(66,416)	33,543
Deferred tax for financial investment at FVOCI		119,215	-	119,215	-
Expected credit loss on financial investment at fair value through OCI	( 8)	5,921	6,175	3,399	(9,861)
<b>Total impact related to other comprehensive income</b>		<u>(879,599)</u>	<u>(55,388)</u>	<u>56,198</u>	<u>23,682</u>
<b>Total other comprehensive income</b>		<u><b>2,554,612</b></u>	<u><b>2,422,410</b></u>	<u><b>1,647,688</b></u>	<u><b>905,641</b></u>

The accompanying notes from (1) to (29) form an integral part of these Interim condensed 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)

### Cash Flows from Operating Activities

	For the nine months ended <u>30-Sep</u> <u>2022</u>	For the nine months ended <u>30-Sep</u> <u>2021</u>
Net profit before income tax	4,734,430	3,576,649
<b><u>Adjustments to reconcile net profit to net cash flows from operating activities</u></b>		
Depreciation and amortization	189,418	128,388
Impairment of assets	641,492	418,908
Other provisions(Formed)	32,043	26,722
Provisions no longer required	(69,754)	(49,793)
Revaluation differences for provisions other than loans provision	43,958	(337)
Gain from sale of property and equipment	(1,358)	(8,852)
Loss from Intangible assets	186,657	-
Impairment of Investments in Subsidiaries	23,471	-
Other valuation differences on financial investments	42,743	9,422
Dividends received	(5,685)	(14,727)
Operating income net changes in Assets & liabilities	<b>5,817,415</b>	<b>4,086,380</b>

### Net change in assets and liabilities

Due from banks	(17,124,775)	1,036,444
Balances with Central Bank	(647,111)	-
Treasury bills at fair value through OCI	395,025	2,845,002
Loans and advances to customers	(5,051,390)	(615,484)
Loans and advances to banks	251,835	(76,963)
Financial derivatives (net)	(142,528)	(8,694)
Other assets	(298,571)	(1,196,640)
Due to banks	687,871	475,703
Customers' deposits	25,168,658	8,174,706
Other liabilities	4,521,880	(796,218)
Defined benefits obligations	29,662	42,422
Utilized from other provisions	(38,858)	(31,483)
Income tax paid	(1,439,120)	(1,190,668)

### **Net cash flows generated from operating activities**

**12,129,993** **12,744,507**

### Cash flows from investing activities

Payments to purchase fixed assets and branches preparation	(237,183)	(112,586)
Proceeds from sale of fixed assets	1,696	12,944
Payments to purchase intangible assets	(320,099)	(46,762)
Payments for purchase of financial investments	(1,246,409)	(5,060,660)
Proceeds from sales (redemption) of financial investments	4,974,282	709,953
Dividends collected	5,685	14,727
<b>Net cash flows generated (used in) from investing activities</b>	<b>3,177,972</b>	<b>(4,482,384)</b>

### Cash flows from financing activities

Dividends paid	(2,398,834)	(367,333)
<b>Net cash flows used in financing activities</b>	<b>(2,398,834)</b>	<b>(367,333)</b>

Net change in cash and cash equivalents during the period

12,909,131 7,894,790

Cash and cash equivalents at the beginning of the period

20,484,142 21,875,925

### **Cash and cash equivalents at the end of the period**

**33,393,273** **29,770,715**

### Cash and cash equivalents are represented in:

Cash and balances with Central Bank of Egypt	9,936,990	6,663,310
Due from Banks	59,229,116	32,188,768
Treasury bills at fair value through OCI	39,059,899	30,143,405
Balance with Central Bank of Egypt as statutory reserve	(7,583,564)	(4,882,608)
Due from banks of maturity more than 3 months from date of acquisition	(33,992,016)	(4,198,755)
Treasury bills at fair value through OCI of maturity more than 3 months from date c	(33,257,152)	(30,143,405)
<b>Cash and cash equivalents</b>	<b>33,393,273</b>	<b>29,770,715</b>

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

## Notes to the interim condensed separate financial statements - for the nine months ended 30 September 2022

(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

## HSBC BANK- EGYPT S.A.E.

## Interim condensed separate statement of changes in equity

(All amounts in EGP 000)

	Note	Paid up capital	Amounts reserved under capital increase	General reserve	Legal reserve	Capital reserve	Reserve for excess over par value - issuance premium	Fair value reserve	General risk reserves	General bank risk reserves	Retained earnings	Total
<b>Balances as of 31 December 2020</b>		<b>2,795,567</b>	-	<b>2,164,822</b>	<b>1,397,782</b>	<b>40,295</b>	<b>6,728</b>	<b>218,260</b>	<b>491,666</b>	<b>66,609</b>	<b>7,815,864</b>	<b>14,997,593</b>
Amounts reserved under capital increase		-	2,204,433	-	-	-	-	-	-	-	(2,204,433)	-
Dividends paid for year 2020		-	-	-	-	-	-	-	-	-	(367,333)	(367,333)
Transferred to general reserve		-	-	183,667	-	-	-	-	-	-	(183,667)	-
Transferred to general bank risk reserve		-	-	-	-	-	-	-	-	(66,609)	66,609	-
<b>Items included in Other comprehensive income</b>												
Net change in fair value of financial investments through		-	-	-	-	-	-	(61,563)	-	-	-	(61,563)
ECL for change in fair value of financial investments through other comprehensive income		-	-	-	-	-	-	6,175	-	-	-	6,175
<b>Net change in other comprehensive income</b>		-	-	-	-	-	-	(55,388)	-	-	-	(55,388)
Transfer to Banking System Support and Development Fund		-	-	-	-	-	-	-	-	-	(36,733)	(36,733)
Net profit for the period ended 30 September 2021		-	-	-	-	-	-	-	-	-	2,477,798	2,477,798
<b>Balances as of 30 September 2021</b>		<b>2,795,567</b>	<b>2,204,433</b>	<b>2,348,489</b>	<b>1,397,782</b>	<b>40,295</b>	<b>6,728</b>	<b>162,872</b>	<b>491,666</b>	-	<b>7,568,105</b>	<b>17,015,937</b>
<b>Balances as of 31 December 2021</b>		<b>2,795,567</b>	<b>2,204,433</b>	<b>2,348,489</b>	<b>1,397,782</b>	<b>40,295</b>	<b>6,728</b>	<b>138,173</b>	<b>491,666</b>	-	<b>8,448,084</b>	<b>17,871,217</b>
Transfer to Capital account	(22)	2,204,433	(2,204,433)	-	-	-	-	-	-	-	-	-
Dividends paid for year 2021	(24)	-	-	-	-	-	-	-	-	-	(2,398,834)	(2,398,834)
Transferred to general reserve	(23)	-	-	164,975	-	-	-	-	-	-	(164,975)	-
Transferred to capital reserve	(23)	-	-	-	-	11,457	-	-	-	-	(11,457)	-
Transferred to general bank risk reserve	(23)	-	-	-	-	-	-	-	-	89,661	(89,661)	-
<b>Items included in Other comprehensive income</b>												
Net change in investments at fair value through other comprehensive income		-	-	-	-	-	-	(1,004,735)	-	-	-	(1,004,735)
Deferred tax through OCI		-	-	-	-	-	-	119,215	-	-	-	119,215
ECL for change in fair value of financial investments through other comprehensive income		-	-	-	-	-	-	5,921	-	-	-	5,921
<b>Net change in other comprehensive income</b>	(23)	-	-	-	-	-	-	(879,599)	-	-	-	(879,599)
Transfer to Banking System Support and Development Fund		-	-	-	-	-	-	-	-	-	(32,995)	(32,995)
Net profit for the period ended 30 September 2022		-	-	-	-	-	-	-	-	-	3,434,211	3,434,211
<b>Balances as of 30 September 2022</b>		<b>5,000,000</b>	-	<b>2,513,464</b>	<b>1,397,782</b>	<b>51,752</b>	<b>6,728</b>	<b>(741,426)</b>	<b>491,666</b>	<b>89,661</b>	<b>9,184,373</b>	<b>17,994,000</b>

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



Notes to the interim condensed separate financial statements - for the nine months ended 30 September 2022

**(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)**

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## **1. Background**

HSBC Bank Egypt SAE provides retail, corporate and investment banking services in the Arab Republic of Egypt through 49 branches and 7 small units served by more than 1,570 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 15<sup>th</sup> of December 1982. The Bank's shares have been delisted from the Egyptian stock exchange market on the 31<sup>st</sup> December 2009.

The interim condensed separate financial statements for the period ended 30 September 2022 have been approved for issuance by the Board of Directors on 15 November 2022 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 2021. The accounting policies adopted in the preparation of the interim condensed separate financial information are consistent with those followed in the preparation of the Bank's annual separate financial statements for the year ended 31 December 2021. In addition, results for the Nine months' period ended 30 September 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022. 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 2021.

## **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.

Notes to the interim condensed separate financial statements - for the nine months ended 30 September 2022

(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

**Fair Value hierarchy (continued)**

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.

**30-Sep-22**

	<b>Level 2</b>	
	<b>Using observable inputs</b>	<b>Total</b>
	<b>EGP '000</b>	<b>EGP '000</b>
<b>Recurring fair value measurements</b>		
Financial assets at fair value through other comprehensive income	51,851,822	51,851,822
Financial assets at fair value through profit & loss	90,668	90,668
Financial Derivatives Assets	194,276	194,276
Financial Derivatives Liability	(129,654)	(129,654)

**31-Dec-21**

	<b>Level 2</b>	
	<b>Using observable inputs</b>	<b>Total</b>
	<b>EGP '000</b>	<b>EGP '000</b>
<b>Recurring fair value measurements</b>		
Financial assets at fair value through other comprehensive income	51,191,145	51,191,145
Financial Derivatives Assets	189,285	189,285
Financial Derivatives Liability	(267,191)	(267,191)

**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 2021.

**A- Credit Risk**

The Bank is exposed to the 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 commitment. The managing and monitoring

Notes to the interim condensed separate financial statements - for the nine months ended 30 September 2022

(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

#### 4. Financial risk management and financial instruments (continued)

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 reviewed when necessary. 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

##### 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 Bank, reinforce secondary risk management controls and share best practice. Internal audit, as a tertiary control function, focuses on risks with a global 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.

Notes to the interim condensed separate financial statements - for the nine months ended 30 September 2022

(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

**4. Financial risk management and financial instruments (continued)**

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**

<b>Quality classification</b>	<b>Debt securities and other bills External credit rating</b>	<b>Wholesale lending internal credit rating</b>	<b>Retail lending internal credit rating</b>
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**

<b>30-Sep-22</b>	<b>Loans and advances to customers</b>	<b>Allowance/ provision for ECL %</b>
Stage 1	61.04%	0.22%
Stage 2	33.01%	7.86%
Stage 3	5.95%	79.85%
	<b>100%</b>	<b>7.48%</b>

<b>31-Dec-21</b>	<b>Loans and advances to customers</b>	<b>Allowance/ provision for ECL %</b>
Stage 1	71.30%	0.31%
Stage 2	19.48%	5.73%
Stage 3	9.22%	65.21%
	<b>100%</b>	<b>7.35%</b>

Notes to the interim condensed separate financial statements - for the nine months ended 30 September 2022

(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

**4. Financial risk management and financial instruments (continued)****Loans and Advances to Customers**

Reconciliation of changes in gross carrying/nominal amount and allowances for loans and advances customers

30-Sep-22

	Non-credit impaired				Credit impaired		Total		EGP000
	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 Jan 2022	25,249,817	(77,511)	6,898,719	(395,386)	3,264,252	(2,128,516)	35,412,788	(2,601,413)	
Transfers from Stage 1 to Stage 2	(7,856,998)	26,509	7,856,998	(26,509)	-	-	-	-	
Transfers from Stage 2 to Stage 1	7,643,822	(57,382)	(7,643,822)	57,382	-	-	-	-	
Transfers from stage 2 to Stage 3	-	-	(53,910)	(31,549)	53,910	31,549	-	-	
Transfers from Stage 3 to stage 2	-	-	-	-	-	-	-	-	
ECL other movement	-	53,305	-	(648,323)	-	185,118	-	(409,900)	
Balance Volume movement	(469,915)	-	6,226,060	-	(923,732)	-	4,832,413	-	
At 30 September 2022	24,566,726	(55,079)	13,284,045	(1,044,385)	2,394,430	(1,911,849)	40,245,201	(3,011,313)	

31-Dec-21

	Non-credit impaired				Credit impaired		Total		EGP000
	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 Jan 2021	26,309,774	(71,634)	9,884,949	(495,743)	2,765,900	(2,078,578)	38,960,623	(2,645,955)	
Transfers from Stage 1 to Stage 2	(11,194,949)	25,328	11,194,949	(25,328)	-	-	-	-	
Transfers from Stage 2 to Stage 1	8,266,427	(44,489)	(8,266,427)	44,489	-	-	-	-	
Transfers from stage 2 to Stage 3	-	-	(1,316,674)	53,309	1,316,674	(53,309)	-	-	
Transfers from Stage 3 to stage 2	-	-	358,981	(81,870)	(358,981)	81,870	-	-	
ECL other movement	-	13,284	-	109,757	-	(78,499)	-	44,542	
Balance Volume movement	1,868,565	-	(4,957,059)	-	(459,341)	-	(3,547,835)	-	
At 31 Dec 2021	25,249,817	(77,511)	6,898,719	(395,386)	3,264,252	(2,128,516)	35,412,788	(2,601,413)	

Notes to the interim condensed separate financial statements - for the nine months ended 30 September 2022

(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

**4. Financial risk management and financial instruments (continued)**

Items affected by IFRS 9

30-Sep-2022

Item	Gross balance subject to ECL	ECL Stage one	ECL Stage two	ECL Stage three	Total ECL
Cash and balances at central banks	7,583,564	1,141	-	-	1,141
Due from banks	59,314,425	12,364	-	-	12,364
Loans and Advances to Customers	40,245,201	55,078	1,044,385	1,911,850	3,011,313
Accrued revenues	1,244,940	716	2,026	389	3,131
Financial investment	51,851,822	19,304	-	-	19,304
commitment and contingent liabilities ECL	40,543,761	55,206	240,800	43,987	339,993
<b>Total</b>	<b>200,783,713</b>	<b>143,809</b>	<b>1,287,211</b>	<b>1,956,226</b>	<b>3,387,246</b>

Items affected by IFRS 9

31-Dec-2021

Item	Gross balance subject to ECL	ECL Stage one	ECL Stage two	ECL Stage three	Total ECL
Cash and balances at central banks	6,936,453	938	-	-	938
Due from banks	35,980,414	7,277	-	-	7,277
Loans and Advances to Customers	35,412,788	77,511	395,386	2,128,516	2,601,413
Accrued revenues	1,452,299	1,597	130	-	1,727
Financial investment	51,191,145	13,383	-	-	13,383
commitment and contingent liabilities ECL	34,069,269	48,603	286,554	31,732	366,889
<b>Total</b>	<b>165,042,368</b>	<b>149,309</b>	<b>682,070</b>	<b>2,160,248</b>	<b>2,991,627</b>

**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.

Notes to the interim condensed separate financial statements - for the nine months ended 30 September 2022

(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

#### 4. Financial risk management and financial instruments (continued)

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

<u>CBE classification</u>	<u>CBE Categorization</u>	<u>CBE Rating</u>
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 nine months ended 30 September 2022

(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

**4. Financial risk management and financial instruments (continued)****A.4. Maximum limits for credit risk before collaterals**

	<b><u>30-Sep</u></b> <b><u>2022</u></b>	<b><u>31-Dec</u></b> <b><u>2021</u></b>
<b><u>Balance sheet items exposed to credit risks</u></b>		
Due from banks	59,229,116	35,643,270
Loans and advances to banks	85,309	337,144
<b>Loans and advances to customers:</b>		
<b>Retail loans:</b>		
Overdrafts	93,830	78,256
Credit cards	1,925,665	1,545,576
Personal loans	5,205,961	4,139,475
Mortgage loans	805	1,019
<b>Corporate loans:</b>		
Overdrafts	3,401,742	2,493,786
Direct loans	20,897,928	17,464,880
Syndicated loans	8,719,270	9,689,796
Financial derivative instruments	194,276	189,285
<b>Financial investments:</b>		
Debt instruments	51,879,622	51,131,200
Other assets	1,898,971	1,559,016
<b>Total</b>	<b><u>153,623,163</u></b>	<b><u>124,272,703</u></b>
<b><u>Off-balance sheet items exposed to credit risk</u></b>		
Loan commitments and other irrevocable commitments related to credit	1,881,970	2,595,251
Letters of credit	3,412,289	2,172,329
Letters of guarantee	35,249,502	29,301,689
<b>Total</b>	<b><u>40,543,761</u></b>	<b><u>34,069,269</u></b>

The above table represents the maximum limit for credit risk as of 30 September 2022 and 31 December 2021, without taking into consideration any collateral. For on-balance-sheet items, amounts stated depend on net carrying amounts shown in the balance sheet.

**4. Financial risk management and financial instruments (continued)**



Notes to the interim condensed separate financial statements - for the nine months ended 30 September 2022

(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.

	Arab Republic of Egypt				Total
	Cairo	Alexandria and Delta	Upper Egypt Sinai and Red sea	Other countries	
Due from banks	34,160,078	-	-	25,069,038	59,229,116
Financial assets at fair value through profit or loss	90,668	-	-	-	90,668
Loans and advances to bank	-	-	-	85,309	85,309
<b><u>Loans and advances to customers</u></b>					
<b>Retail:</b>					
Overdrafts	82,384	10,189	1,257	-	93,830
Credit cards	1,925,665	-	-	-	1,925,665
Personal loans	4,634,366	426,122	145,473	-	5,205,961
Mortgage loans	805	-	-	-	805
<b>Corporate:</b>					
Overdrafts	3,229,673	170,244	1,825	-	3,401,742
Direct loans	17,943,308	2,949,677	4,943	-	20,897,928
Syndicated loans	8,595,213	-	124,057	-	8,719,270
Derivative financial instruments	194,276	-	-	-	194,276
<b>Financial investment:</b>					
Debt instruments	51,879,622	-	-	-	51,879,622
Other assets	1,870,528	26,986	1,457	-	1,898,971
<b>Total as of 30 September 2022</b>	<b>124,606,586</b>	<b>3,583,218</b>	<b>279,012</b>	<b>25,154,347</b>	<b>153,623,163</b>
<b>Total as of 31 December 2021</b>	<b>104,167,329</b>	<b>3,192,988</b>	<b>272,106</b>	<b>16,640,280</b>	<b>124,272,703</b>

Notes to the interim condensed separate financial statements - for the nine months ended 30 September 2022

(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

**4. Financial risk management and financial instruments (continued)****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
Due from banks	-	-	-	59,229,116	-	-	59,229,116
Financial assets at fair value through profit or loss	-	-	-	90,668	-	-	90,668
Loans and advances to banks	-	-	-	-	85,309	-	85,309
<b><u>Loans and advances to customers</u></b>							
<b><u>Retail:</u></b>							
Overdrafts	-	-	-	-	-	93,830	93,830
Credit cards	-	-	-	-	-	1,925,665	1,925,665
Personal loans	-	-	-	-	-	5,205,961	5,205,961
Mortgage loans	-	-	-	-	-	805	805
<b><u>Corporate:</u></b>							
Overdrafts	1,306,622	932,223	1,157,917	4,980	-	-	3,401,742
Direct loans	10,907,126	3,769,879	6,220,923	-	-	-	20,897,928
Syndicated loans	2,578,472	-	978,612	3,817,718	1,344,468	-	8,719,270
Derivative financial instruments	-	-	194,276	-	-	-	194,276
<b><u>Financial investment:</u></b>							
Debt instruments	-	-	-	51,879,622	-	-	51,879,622
Other assets	-	-	-	-	1,898,971	-	1,898,971
<b>Total as of 30 September 2022</b>	<b>14,792,220</b>	<b>4,702,102</b>	<b>8,551,728</b>	<b>115,022,104</b>	<b>3,328,748</b>	<b>7,226,261</b>	<b>153,623,163</b>
<b>Total as of 31 December 2021</b>	<b>13,997,384</b>	<b>3,857,123</b>	<b>6,188,819</b>	<b>90,687,672</b>	<b>3,777,379</b>	<b>5,764,326</b>	<b>124,272,703</b>

**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, compliance, reputation and any other risks the Bank may be exposed to).

Notes to the interim condensed separate financial statements - for the nine months ended 30 September 2022

(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

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#### **4. Financial risk management and financial instruments (continued)**

##### **B. Liquidity risk (continued)**

###### **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.

Notes to the interim condensed separate financial statements - for the nine months ended 30 September 2022

(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

**4. Financial risk management and financial instruments (continued)****B. Liquidity risk (continued)****Off-balance sheet items**

According to the table below and note (25):

**30-Sep-22**

	Up to 1 year	Over 1 year and less than 5 years	Total
Loan commitments and other irrevocable commitments related to credit	1,881,970	-	1,881,970
Letters of credit	2,476,601	-	2,476,601
Letters of guarantee	33,613,602	-	33,613,602
Operating lease commitments	10,995	6,519	17,514
<b>Total</b>	<b>37,983,168</b>	<b>6,519</b>	<b>37,989,687</b>

**31-Dec-21**

	Up to 1 year	Over 1 year and less than 5 years	Total
Loan commitments and other irrevocable commitments related to credit	2,595,251	-	2,595,251
Letters of credit	1,961,344	-	1,961,344
Letters of guarantee	27,697,738	-	27,697,738
Operating lease commitments	10,476	10,820	21,296
<b>Total</b>	<b>32,264,809</b>	<b>10,820</b>	<b>32,275,629</b>

**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.

Notes to the interim condensed separate financial statements - for the nine months ended 30 September 2022

(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

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## 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.

#### **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:

Notes to the interim condensed separate financial statements - for the nine months ended 30 September 2022

(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

**5. Regulatory Disclosures (continued)****A. Capital management(continued)**

	<b>30-Sep 2022</b>	<b>31-Dec 2021</b>
<b>Capital</b>		
<b><u>Tier 1 after disposals (going concern capital) (1)</u></b>		
Share capital	5,000,000	2,795,567
Reserves	3,962,998	3,786,566
General risk reserve	491,666	491,666
Retained earnings	5,750,163	7,236,320
Additional going concern capital	343,421	208,113
Change In fair value investment at fair value through OCI	(741,425)	138,173
Total disposals from going concern capital	(1,270,827)	(1,088,379)
<b>Total going concern capital after disposals (common equity)</b>	<b>13,535,996</b>	<b>13,568,026</b>
<b>Tier 2 after disposals (going - concern capital)</b>		
Subordinated (deposits) loans	1,712,000	2,072,000
Impairment losses & provision for performing loans and advances and contingent liabilities	143,811	149,309
<b>Total Tier 2 after disposals (going - concern capital)</b>	<b>1,855,811</b>	<b>2,221,309</b>
<b>Total capital adequacy after disposals (1+2)</b>	<b>15,391,807</b>	<b>15,789,335</b>
<b>Risk (credit, market and operation)</b>		
Credit risk	62,307,992	53,674,394
Capital requirements for market risk	44,330	452,040
Capital requirements for operation risk	7,961,175	12,841,230
<b>Total credit, market and operation risk</b>	<b>70,313,497</b>	<b>66,967,664</b>
<b>Capital adequacy ratio (%)</b>	<b>21.89%</b>	<b>23.58%</b>

Notes to the interim condensed separate financial statements - for the nine months ended 30 September 2022

(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

## 5. Regulatory Disclosures (continued)

### B.Leverage financial ratio

The table below summarizes the leverage financial ratio:

	30-Sep 2022	31-Dec 2021
<b><u>Tier 1 after disposals (going concern capital)</u></b>	<b>13,535,996</b>	<b>13,568,027</b>
Total on balance sheet exposures, derivatives contracts and financial papers operations	161,781,626	131,359,691
Total exposures off-balance sheet	25,830,369	21,340,795
<b>Total exposures on balance sheet and off-balance sheet</b>	<b>187,611,995</b>	<b>152,700,486</b>
<b>Leverage financial ratio (%)</b>	<b>7.21%</b>	<b>8.89%</b>

## 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 2021.

Notes to the interim condensed separate financial statements - for the nine months ended 30 September 2022

(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

**7. Segment analysis****A) By activity segment****30-Sep-22**

	Corporate	Investment	RBWM	Other activities	Total
<b>Income and expenses according to activity segment</b>					
Income activity segment	3,503,370	1,699,251	2,165,746	107,235	<b>7,475,602</b>
Expenses activity segment	(909,113)	(154,013)	(1,010,133)	(64,132)	<b>(2,137,391)</b>
Provisions	(588,864)	(1,265.00)	(10,662)	(2,990)	<b>(603,781)</b>
<b>Profit before tax</b>	<b>2,005,393</b>	<b>1,543,973</b>	<b>1,144,951</b>	<b>40,113</b>	<b>4,734,430</b>
Tax	(847,439)	(209,564)	(243,216)	-	<b>(1,300,219)</b>
<b>Profit for the year</b>	<b>1,157,954</b>	<b>1,334,409</b>	<b>901,735</b>	<b>40,113</b>	<b>3,434,211</b>
Assets activity segment	37,987,997	109,596,957	7,261,276	7,778,686	<b>162,624,916</b>
<b>Total assets</b>	<b>37,987,997</b>	<b>109,596,957</b>	<b>7,261,276</b>	<b>7,778,686</b>	<b>162,624,916</b>
Liabilities activity segment	66,366,203	4,253,679	60,579,103	13,431,931	<b>144,630,916</b>
<b>Total liabilities</b>	<b>66,366,203</b>	<b>4,253,679</b>	<b>60,579,103</b>	<b>13,431,931</b>	<b>144,630,916</b>

**30-Sep-21**

	Corporate	Investment	RBWM	Other activities	Total
<b>Income and expenses according to activity segment</b>					
Income activity segment	2,579,261	1,520,683	1,655,330	107,864	<b>5,863,138</b>
Expenses activity segment	(757,846)	(163,768)	(889,045)	(79,993)	<b>(1,890,652)</b>
Provisions	(398,164)	(5,314.00)	3,463	4,178	<b>(395,837)</b>
<b>Profit before tax</b>	<b>1,423,251</b>	<b>1,351,601</b>	<b>769,748</b>	<b>32,049</b>	<b>3,576,649</b>
Tax	(644,219)	(249,327)	(205,305)	-	<b>(1,098,851)</b>
<b>Profit for the year</b>	<b>779,032</b>	<b>1,102,274</b>	<b>564,443</b>	<b>32,049</b>	<b>2,477,798</b>
<b>Assets and liabilities according to activity segment</b>					
Assets activity segment	43,972,709	68,387,871	6,006,793	8,018,199	<b>126,385,572</b>
<b>Total assets</b>	<b>43,972,709</b>	<b>68,387,871</b>	<b>6,006,793</b>	<b>8,018,199</b>	<b>126,385,572</b>
Liabilities activity segment	40,833,403	1,536,194	54,562,776	12,437,262	<b>109,369,635</b>
<b>Total liabilities</b>	<b>40,833,403</b>	<b>1,536,194</b>	<b>54,562,776</b>	<b>12,437,262</b>	<b>109,369,635</b>



Notes to the interim condensed separate financial statements - for the nine months ended 30 September 2022

(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

## Segment analysis (continued)

## B) Analysis according to the geographical segment

30-Sep-22

	Arab Republic of Egypt			Total
	Cairo	Alex & Delta	Upper Egypt, Sinai & Red sea	
<b>Income and expenses according to geographical segment</b>				
Income geographical segment	7,073,496	364,093	38,013	<b>7,475,602</b>
Expenses geographical segment	(2,074,652)	(48,328)	(14,411)	<b>(2,137,391)</b>
Provisions	(488,549)	(136,875)	21,643	<b>(603,781)</b>
<b>Profit before tax</b>	<b>4,510,295</b>	<b>178,890</b>	<b>45,245</b>	<b>4,734,430</b>
Tax	(1,238,546)	(49,224)	(12,449)	<b>(1,300,219)</b>
<b>Profit for the year</b>	<b>3,271,749</b>	<b>129,666</b>	<b>32,796</b>	<b>3,434,211</b>
<b>Assets and liabilities according to geographical segment</b>				
Assets geographical segment	158,686,779	3,122,749	815,388	<b>162,624,916</b>
<b>Total assets</b>	<b>158,686,779</b>	<b>3,122,749</b>	<b>815,388</b>	<b>162,624,916</b>
Liabilities geographical segment	132,776,965	8,457,766	3,396,185	<b>144,630,916</b>
<b>Total liabilities</b>	<b>132,776,965</b>	<b>8,457,766</b>	<b>3,396,185</b>	<b>144,630,916</b>

30-Sep-21

	Arab Republic of Egypt			Total
	Cairo	Alex & Delta	Upper Egypt, Sinai & Red sea	
<b>Income and expenses according to geographical segment</b>				
Income geographical segment	5,639,542	194,971	28,625	<b>5,863,138</b>
Expenses geographical segment	(1,844,291)	(37,910)	(8,451)	<b>(1,890,652)</b>
Provisions	(367,821)	(45,627)	17,611	<b>(395,837)</b>
<b>Profit before tax</b>	<b>3,427,430</b>	<b>111,434</b>	<b>37,785</b>	<b>3,576,649</b>
Tax	(1,053,007)	(34,236)	(11,608)	<b>(1,098,851)</b>
<b>Profit for the year</b>	<b>2,374,423</b>	<b>77,198</b>	<b>26,177</b>	<b>2,477,798</b>
<b>Assets and liabilities according to geographical segment</b>				
Assets geographical segment	121,355,116	3,753,751	1,276,705	<b>126,385,572</b>
<b>Total assets</b>	<b>121,355,116</b>	<b>3,753,751</b>	<b>1,276,705</b>	<b>126,385,572</b>
Liabilities geographical segment	99,809,692	6,659,587	2,900,356	<b>109,369,635</b>
<b>Total liabilities</b>	<b>99,809,692</b>	<b>6,659,587</b>	<b>2,900,356</b>	<b>109,369,635</b>

Notes to the interim condensed separate financial statements - for the nine months ended 30 September 2022

(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

**8. Expected credit loss (charges)**

	<u>For the nine months ended</u> <u>30-Sep-22</u> <u>EGP000</u>	<u>For the nine months ended</u> <u>30-Sep-21</u> <u>EGP000</u>	<u>For the three months ended</u>	
			<u>30-Sep-22</u> <u>EGP000</u>	<u>30-Sep-21</u> <u>EGP000</u>
Loans and advances to customers	(628,877)	(411,365)	49,250	(160,552)
Cash and balances with Central Bank	(203)	654	65	(338)
Due from Banks	(5,087)	(1,731)	(5,090)	(1,023)
Financial Investments at fair value through OCI	(5,921)	(6,174)	(3,399)	9,862
Other assets	(1,404)	(292)	24,444	(45)
<b>Net</b>	<b>(641,492)</b>	<b>(418,908)</b>	<b>65,270</b>	<b>(152,096)</b>

**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.

	<u>For the nine months ended</u> <u>30-Sep-22</u> <u>EGP000</u>	<u>For the nine months ended</u> <u>30-Sep-21</u> <u>EGP000</u>	<u>For the three months ended</u>	
			<u>30-Sep-22</u> <u>EGP000</u>	<u>30-Sep-21</u> <u>EGP000</u>
Net profit distributable for the period	3,434,211	2,477,798	1,591,490	881,959
Employees' profit share (estimated)	(343,421)	(247,780)	(159,149)	(88,196)
<b>Profit attributable to shareholders of the bank</b>	<b>3,090,790</b>	<b>2,230,018</b>	<b>1,432,341</b>	<b>793,763</b>
Common shares issued - weighted average (1,000 shares)	59,524	59,524	59,524	59,524
<b>Earnings per share/EGP</b>	<b>51.93</b>	<b>37.46</b>	<b>24.06</b>	<b>13.34</b>

- The bank increased its paid up capital on 31 March 2022, and number of shares reached 59 523 810 shares with the same nominal value per share, which is 84 Egyptian pounds. The increase was made by deduction from the retained earnings and bonus shares were issued in exchange for that increase, and accordingly the number of shares was adjusted at the beginning of the presented financial period in application of the Egyptian Standard (22) paragraph 28.

Notes to the interim condensed separate financial statements - for the nine months ended 30 September 2022

(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

**10.Loans and advances to banks**

	<b><u>30-Sep-22</u></b> <b><u>EGP000</u></b>	<b><u>31-Dec-21</u></b> <b><u>EGP000</u></b>
Term loans	85,309	337,144
Current balances	-	268,570
Non-current balances	85,309	68,574
	<b><u>85,309</u></b>	<b><u>337,144</u></b>

**11. Loans and advances to customers**

	<b><u>30-Sep-22</u></b> <b><u>EGP000</u></b>	<b><u>31-Dec-21</u></b> <b><u>EGP000</u></b>
<b>Retail:</b>		
Overdrafts	93,830	78,256
Credit cards	1,925,665	1,545,576
Personal loans	5,205,961	4,139,475
Mortgage loans	805	1,019
<b>Total</b>	<b><u>7,226,261</u></b>	<b><u>5,764,326</u></b>
<b>Corporate loans including small loans:</b>		
Overdrafts	3,401,742	2,493,786
Direct loans	20,897,928	17,464,880
Syndicated loans	8,719,270	9,689,796
<b>Total</b>	<b><u>33,018,940</u></b>	<b><u>29,648,462</u></b>
<b>Total loans and advances to customers</b>	<b><u>40,245,201</u></b>	<b><u>35,412,788</u></b>
Less: expected credit loss " ECL "	(3,011,313)	(2,601,413)
<b>Net</b>	<b><u>37,233,888</u></b>	<b><u>32,811,375</u></b>

During the period ended 30 September 2022, the Bank has accepted trading financial securities with a fair value amounting to EGP 415,141 thousand as a commercial loan guarantee (EGP 541,818 as at 31 December 2021).

Notes to the interim condensed separate financial statements - for the nine months ended 30 September 2022

(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

**11.Loans and advances to customers (continued)****Expected credit loss:**

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

**30-Sep-22**

	Retail			EGP000	
	Overdrafts	Credit cards	Personal loans	Mortgage loans	Total
Balance at beginning of the period	1,193	16,089	26,818	-	44,100
Expected credit losses charged	622	3,794	5,887	-	10,303
Amounts written off during the period	-	(14,824)	(18,212)	-	(33,036)
Amounts recovered during period	5	10,732	10,659	-	21,396
Foreign revaluation difference related to provision	-	-	367	-	367
<b>Balance at the end of the period</b>	<b>1,820</b>	<b>15,791</b>	<b>25,519</b>	<b>-</b>	<b>43,130</b>

	Corporate		EGP000	
	Overdrafts	Direct loans	Syndicated loans	Total
Balance at beginning of the period	1,260,588	1,077,890	218,835	2,557,313
Expected credit losses charged	(665,688)	1,312,462	(28,200)	618,574
Amounts written off during the period	(404,612)	-	-	(404,612)
Amounts recovered during the period	-	16,160	-	16,160
Foreign revaluation difference related to provision	47,740	124,720	8,288	180,748
<b>Balance at the end of the period</b>	<b>238,028</b>	<b>2,531,232</b>	<b>198,923</b>	<b>2,968,183</b>

Notes to the interim condensed separate financial statements - for the nine months ended 30 September 2022

(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

**11.Loans and advances to customers (continued)****31-Dec-21**

	Retail				EGP000
	Overdrafts	Credit cards	Personal loans	Mortgage loans	Total
Balance at beginning of the year	6,110	44,639	66,955	10	117,714
Expected credit losses reversed	(4,733)	519	(8,122)	(10)	(12,346)
Amounts written off during the year	(251)	(41,582)	(44,991)	-	(86,824)
Amounts recovered during year	75	12,513	13,041	-	25,629
Foreign revaluation difference related to provision	(8)	-	(65)	-	(73)
<b>Balance at the end of the year</b>	<b>1,193</b>	<b>16,089</b>	<b>26,818</b>	<b>-</b>	<b>44,100</b>

	Corporate			EGP000
	Overdrafts	Direct loans	Syndicated loans	Total
Balance at beginning of the year	389,889	1,891,317	247,035	2,528,241
Expected credit losses charged	875,376	(387,424)	(28,200)	459,752
Amounts written off during the year	(11,193)	(411,850)	-	(423,043)
Amounts recovered during year	6,516	-	-	6,516
Foreign revaluation difference related to provision	-	(14,153)	-	(14,153)
<b>Balance at the end of the year</b>	<b>1,260,588</b>	<b>1,077,890</b>	<b>218,835</b>	<b>2,557,313</b>

Notes to the interim condensed separate financial statements - for the nine months ended 30 September 2022

(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

**12. Financial investments at fair value through OCI**

	<u>30-Sep-22</u> <u>EGP000</u>	<u>31-Dec-21</u> <u>EGP000</u>
<b><u>Financial investments at fair value through OCI</u></b>		
Equity instruments unlisted (at cost)	32,869	31,964
Debt instruments listed Government Bonds (at FMV)	12,729,055	16,999,568
Debt instruments unlisted (Mutual fund)	29,999	27,981
Financial investments at fair value through OCI	<u>12,791,923</u>	<u>17,059,513</u>
<b>Total financial investments</b>	<u>12,791,923</u>	<u>17,059,513</u>
Current balances	5,590,206	4,330,641
Non-current balances	7,201,717	12,728,872
Total	<u>12,791,923</u>	<u>17,059,513</u>

**Financial Investments details**

	<u>Fair Value</u> <u>30-Sep-22</u> <u>EGP000</u>	<u>Fair Value</u> <u>31-Dec-21</u> <u>EGP000</u>	<u>Cost /</u> <u>Amortized</u> <u>Cost</u> <u>30-Sep-22</u> <u>EGP000</u>	<u>Cost /</u> <u>Amortized</u> <u>Cost</u> <u>31-Dec-21</u> <u>EGP000</u>
Equity instruments unlisted (at cost)	32,869	31,964	25,536	25,536
Debt instruments listed (at FMV)	12,729,055	16,999,568	13,148,562	16,885,429
Mutual Fund	29,999	27,981	9,142	9,142
	<u>12,791,923</u>	<u>17,059,513</u>	<u>13,183,240</u>	<u>16,920,107</u>

Notes to the interim condensed separate financial statements - for the nine months ended 30 September 2022

(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

**13. Treasury bills at fair value through OCI**

	<u>30-Sep-22</u> <u>EGP000</u>	<u>30-Sep-21</u> <u>EGP000</u>
Treasury bills – Egyptian	31,238,979	30,209,941
Treasury bills – United states of America	7,820,920	3,921,691
<b>Total</b>	<b>39,059,899</b>	<b>34,131,632</b>

**Treasury bills represent the following:**

	<u>30-Sep-22</u> <u>EGP000</u>	<u>30-Sep-21</u> <u>EGP000</u>
91 days maturity	5,802,747	-
182 days maturity	6,090,636	196,580
273 days maturity	1,421,633	1,436,778
364 days maturity	25,744,883	32,498,274
<b>Total</b>	<b>39,059,899</b>	<b>34,131,632</b>

Treasury bills includes EGP 594,855 thousands related to end of service compensation benefits and related Treasury bills fair value reserve 2,484 thousand (End of Service Treasury bills amounted to EGP 502,916 thousand as of 31 December 2021)

Treasury bills fair value reserve reached EGP (403,163) as of 30 September 2022 against EGP (14,617) as of 31 December 2021 (with net change of EGP (388,546) thousands).

**Treasury bills details**

	<u>Fair Value</u> <u>30-Sep-22</u> <u>EGP000</u>	<u>Fair Value</u> <u>31-Dec-21</u> <u>EGP000</u>	<u>Cost /</u> <u>Amortized</u> <u>Cost</u> <u>30-Sep-22</u> <u>EGP000</u>	<u>Cost /</u> <u>Amortized</u> <u>Cost</u> <u>31-Dec-21</u> <u>EGP000</u>
Treasury bills through OCI	39,059,899	34,131,632	39,548,527	34,146,249
	<b>39,059,899</b>	<b>34,131,632</b>	<b>39,548,527</b>	<b>34,146,249</b>

Notes to the interim condensed separate financial statements - for the nine months ended 30 September 2022

(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

**14. Investment in subsidiary**

A.

	<b>30-Sep-22</b> <b><u>EGP000</u></b>	<b>31-Dec-21</b> <b><u>EGP000</u></b>
Cost	35,517	35,517
Impairment	<u>(23,471)</u>	<u>-</u>
Net	<u><u>12,046</u></u>	<u><u>35,517</u></u>

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, 2021 from HSBC's consolidated balance sheet.

	<b>Company's</b> <b>country</b>	<b>Ownership</b> <b>%</b>	<b>Company's Assets</b>	<b>Company's</b> <b>liabilities</b>	<b>Company's</b> <b>Loss</b>
HSBC Securities Egypt Company SAE	Egypt	98.00%	0.02%	0.01%	(0.55%)



Notes to the interim condensed separate financial statements - for the nine months ended 30 September 2022

(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

**15. Intangible assets**

	<b>Computer software</b>	
	<b>30-Sep-22</b>	<b>31-Dec-21</b>
<b>Balance at the beginning of the current period</b>		
Cost	537,162	288,246
Accumulated amortization	(147,338)	(68,496)
Impairment provision	(43,457)	(43,457)
<b>Net book value at the beginning of the current period</b>	<b>346,367</b>	<b>176,293</b>
Additions	320,099	255,020
Disposals (Cost)	(186,657)	(6,104)
Amortization	(88,278)	(78,842)
<b>Net book value at the end of the current period</b>	<b>391,531</b>	<b>346,367</b>
<b>Balance at the end of the current period</b>		
Cost	670,604	537,162
Accumulated amortization	(235,616)	(147,338)
Impairment provision	(43,457)	(43,457)
<b>Net book value at the end of the current period</b>	<b>391,531</b>	<b>346,367</b>

**16. Other assets**

	<b>30-Sep-22</b>	<b>31-Dec-21</b>
Accrued interest	1,244,940	1,452,299
Prepaid expenses	26,866	23,234
Ownership assets transferred to B&D	10,293	10,293
Costs of branches under construction	34,187	18,177
Due from CBE from selling GOV. bills and bonds	654,031	106,717
Others	612,238	673,264
Expected credit losses	(3,131)	(1,727)
<b>Total</b>	<b>2,579,424</b>	<b>2,282,257</b>

Notes to the interim condensed separate financial statements - for the nine months ended 30 September 2022

(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

**17. Fixed assets**

	Land & buildings	Leasehold improvement	Machines and equipment	Others	Total
<b>Balance at the beginning of the current period</b>					
Cost	357,528	257,136	441,328	165,939	<b>1,221,931</b>
Accumulated depreciation	(211,299)	(154,886)	(148,951)	(85,009)	<b>(600,145)</b>
<b>Net book value at the beginning of the current period</b>	<b>146,229</b>	<b>102,250</b>	<b>292,377</b>	<b>80,930</b>	<b>621,786</b>
 Additions	-	-	237,183	-	<b>237,183</b>
Disposals (Cost)	-	(1,764)	(560)	-	<b>(2,324)</b>
Disposals (Accumulated depreciation)	-	1,741	245	-	<b>1,986</b>
Depreciation for the period	(31,448)	(12,210)	(330)	(49,655)	<b>(93,643)</b>
<b>Net book value at the end of the period</b>	<b>114,781</b>	<b>90,017</b>	<b>528,915</b>	<b>31,275</b>	<b>764,988</b>
 <b>Balance at the end of the current period</b>					
Cost	357,528	255,372	677,951	165,939	<b>1,456,790</b>
Accumulated depreciation	(242,747)	(165,355)	(149,036)	(134,664)	<b>(691,802)</b>
<b>Net book value at the end of the current period</b>	<b>114,781</b>	<b>90,017</b>	<b>528,915</b>	<b>31,275</b>	<b>764,988</b>

Notes to the interim condensed separate financial statements - for the nine months ended 30 September 2022

(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.

	<u>30-Sep-22</u>	<u>31-Dec-21</u>
<b>Balance at the beginning of the period</b>		
Cost	163,112	183,783
Accumulated depreciation	<u>(101,021)</u>	<u>(100,256)</u>
<b>Net book value at the beginning of the period</b>	<b>62,091</b>	<b>83,527</b>
Transferred from fixed assets (cost)	-	(20,671)
Transfer from fixed assets (Accumulated Depreciation)	-	9,336
Depreciation	<u>(7,497)</u>	<u>(10,101)</u>
<b>Net book value at the end of the period</b>	<b>54,594</b>	<b>62,091</b>
<b>Balance at the end of the period</b>		
Cost	163,112	163,112
Accumulated depreciation	<u>(108,518)</u>	<u>(101,021)</u>
<b>Net book value at the end of the period</b>	<b>54,594</b>	<b>62,091</b>

**19. Customers' deposits**

	<u>30-Sep-22</u>	<u>31-Dec-21</u>
Demand deposits	55,065,497	42,845,955
Time and call deposits	30,942,984	22,501,074
Certificates of deposits	15,042,108	14,161,670
Saving deposits	27,557,474	24,827,364
Other deposits	3,011,716	2,115,058
	<b>131,619,779</b>	<b>106,451,121</b>
Corporate deposits	68,365,035	49,436,695
Retail deposits	63,254,744	57,014,426
	<b>131,619,779</b>	<b>106,451,121</b>
Non-interest bearing balances	57,412,852	42,779,957
Interest bearing balances	74,206,927	63,671,164
	<b>131,619,779</b>	<b>106,451,121</b>

Customers' deposits include deposits of EGP 2,571,588 thousand as of 30 September 2022 against EGP 1,814,936 thousand as of 31 December 2021, which represent collateral for irrecoverable commitments. There is no major difference between its carrying value and fair value.

Notes to the interim condensed separate financial statements - for the nine months ended 30 September 2022

(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

**20. Other liabilities**

	<b>30-Sep-22</b>	<b>31-Dec-21</b>
Accrued interest	321,690	337,330
Deferred income	99,614	102,159
Accrued expenses	550,452	377,760
Creditors	3,037,984	706,885
Due to CBE from selling GOV. bills and bonds	2,215,429	6,896
Other credit balances	686,628	826,133
<b>Total</b>	<b>6,911,797</b>	<b>2,357,163</b>

**21. Other provisions**

	<b>Provision for claims</b>		<b>Provision for contingent liabilities (ECL)</b>		<b>Total</b>	
	<b>30-Sep 2022</b>	<b>31-Dec 2021</b>	<b>30-Sep 2022</b>	<b>31-Dec 2021</b>	<b>30-Sep 2022</b>	<b>31-Dec 2021</b>
Balance at the beginning of the period/year	54,507	47,933	366,889	408,027	421,396	455,960
Formed during the period/year	32,043	48,765	-	-	32,043	48,765
Provisions valuation differences	1,100	(11)	42,858	(325)	43,958	(336)
	<b>87,650</b>	<b>96,687</b>	<b>409,747</b>	<b>407,702</b>	<b>497,397</b>	<b>504,389</b>
Used during the period/year	(38,858)	(41,538)	-	-	(38,858)	(41,538)
No longer required	-	(642)	(69,754)	(40,813)	(69,754)	(41,455)
<b>Balance at the end of the period/year</b>	<b>48,792</b>	<b>54,507</b>	<b>339,993</b>	<b>366,889</b>	<b>388,785</b>	<b>421,396</b>

Notes to the interim condensed separate financial statements - for the nine months ended 30 September 2022

(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

**22. Paid up capital**

	Number of shares (in millions)	Cost of Common Shares EGP000	Total EGP000	Issuance premium included in other reserve-issuance premium EGP000
Balance at the beginning of the current period	33.280566	2,795,567	2,795,567	6,728
Transfer to Capital account *	26.243244	2,204,433	2,204,433	-
<b>Balance at 30 September 2022</b>	<b>59.523810</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>6,728</b>
Balance at the beginning of the last year	33.280566	2,795,567	2,795,567	6,728
<b>Balance at 31 December 2021</b>	<b>33.280566</b>	<b>2,795,567</b>	<b>2,795,567</b>	<b>6,728</b>

- 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.

**A. Authorized capital**

- The authorized capital amounted to EGP 1,750,000,000.
- According to the extraordinary general assembly decision on 30 November 2010, the authorized capital has been increased to EGP 5,000,000,000.
- According to the extraordinary general assembly decision on 17 March 2021, the authorized capital has been increased to EGP 10,000,000,000 approved from the General Investment Authority.

**B. Issued and paid up capital**

- The issued and paid up capital as of 31 December 2008, amounted to EGP 1,508,500,056 represented in 17,958,334 fully paid shares at par value of EGP 84 each. The foreign shareholders own 94.54% of the capital which was paid in US dollars at the prevailing rates on the subscription dates.
- According to the extraordinary general assembly decision on 30 November 2010, the issued capital has been increased to EGP 2,078,500,116 increasing by EGP 570,000,060 by issuing 6,785,715 shares.
- According to the extraordinary general assembly's decision on 26 September 2013, it was approved to increase the issued capital to an amount not exceeding EGP 2,796,006,192, by an increase of EGP 717,506,076 representing 8,541,739 shares, in which the paid amount was EGP 717,067,428, representing 8,536,517 shares.
- Accordingly, the issued and fully paid-up capital is EGP 2,795,567,544 represented in 33,280,566 fully paid shares at par value of EGP 84 each.

Notes to the interim condensed separate financial statements - for the nine months ended 30 September 2022

(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

**23. Reserves and retained earnings**

	<u>30-Sep-22</u>	<u>31-Dec-21</u>
<b>Reserves</b>		
General reserve	2,513,464	2,348,489
Legal reserve	1,397,782	1,397,782
Capital reserve	51,752	40,295
Reserve for excess over par value - issuance premium	6,728	6,728
Fair value reserve	(741,426)	138,173
General bank risk reserve	89,661	-
General risk reserve	491,666	491,666
<b>Total reserves at the end of the period/year</b>	<u><b>3,809,627</b></u>	<u><b>4,423,133</b></u>

**Reserves movements during the period are as follows:****A) General reserve**

	<u>30-Sep-22</u>	<u>31-Dec-21</u>
Balance at the beginning of the period/year	2,348,489	2,164,822
Transferred from prior year profits	164,975	183,667
<b>Balance at the end of the period/year</b>	<u><b>2,513,464</b></u>	<u><b>2,348,489</b></u>

**B) Legal reserve**

	<u>30-Sep-22</u>	<u>31-Dec-21</u>
Balance at the beginning of the period/year	1,397,782	1,397,782
<b>Balance at the end of the period/year</b>	<u><b>1,397,782</b></u>	<u><b>1,397,782</b></u>

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

Notes to the interim condensed separate financial statements - for the nine months ended 30 September 2022

(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

**C) Capital reserve**

	<u>30-Sep-22</u>	<u>31-Dec-21</u>
Balance at the beginning of the period/year	40,295	40,295
Transferred from net profit of the previous year	11,457	-
<b>Balance at the end of the period/year</b>	<u><b>51,752</b></u>	<u><b>40,295</b></u>

**D) Reserves for excess over par value - issuance premium**

	<u>30-Sep-22</u>	<u>31-Dec-21</u>
Balance at the beginning of the period/year	6,728	6,728
<b>Balance at the end of the period</b>	<u><b>6,728</b></u>	<u><b>6,728</b></u>

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 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-Sep-22</u>	<u>31-Dec-21</u>
Balance at the beginning of the period/year	138,173	218,260
Net change in investments FVOCI- T Bills	(474,011)	(41,208)
Net change in investments FVOCI- Bonds	(533,646)	(43,615)
Net change in investments FVOCI- Mutual funds	2,018	2,426
Net change in investments FVOCI- Equity instruments	904	252
Deferred tax through OCI	119,215	-
Release of expected credit loss - Debt instruments	5,921	2,058
<b>Balance at the end of the period/year</b>	<u><b>(741,426)</b></u>	<u><b>138,173</b></u>

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

**F) General risk reserves**

	<u>30-Sep-22</u>	<u>31-Dec-21</u>
<b>Balance at the begining of the period/year</b>	491,666	491,666
<b>Balance at the end of the period/year</b>	<u><b>491,666</b></u>	<u><b>491,666</b></u>

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

Notes to the interim condensed separate financial statements - for the nine months ended 30 September 2022

(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

**G) General bank risk reserves**

	<u>30-Sep-22</u>	<u>31-Dec-21</u>
Balance at the beginning of the period/year	-	66,609
Transferred from previous year profit	89,661	(66,609)
<b>Balance at the end of the period</b>	<u><b>89,661</b></u>	<u><b>-</b></u>

The general banking risk reserve were approved by the Board of Directors at the General Assembly meeting that held on March 17, 2022.

**H) Retained earnings**

	<u>30-Sep-22</u>	<u>31-Dec-21</u>
<b>Movement on retained earnings</b>		
Balance at the beginning of the period/year	8,448,084	7,815,864
Amounts reserved under capital increase	-	(2,204,433)
Net profit for the period/year	3,434,211	3,400,607
Dividends for the previous year	(2,398,834)	(367,333)
Transferred to Banking systems support and development Fund	(32,995)	(36,733)
Actourial profit / Losses	-	(42,830)
Transferred to capital reserve	(11,457)	-
Transferred to general reserve	(164,975)	(183,667)
Transferred to genral bank risk reserve	(89,661)	66,609
<b>Balance at the end of the period/year</b>	<u><b>9,184,373</b></u>	<u><b>8,448,084</b></u>

**24. Dividends**

Payment of dividends is not registered unless being approved by the general assembly. The General assembly that held on 17March 2022 approved a payment of EGP 59.48per share as cash dividends for the year 2021 with a total amount of EGP 1,979,528,066 (as per CBE decision, no dividends was paid to shareholders for the year 2020), The general assembly that held on 17March 2022 approved the distribution of EGP 419,305,818 as employees' distribution related to the profit for year 2021. (The actual employees' dividends distributed for 2020 amount to EGP 367,333,088).

**25. Commitment and contingent liabilities****A) Legal claims**

There are lawsuits filed against the bank as at 30 September 2022. There is provision formed with EGP 2,796 thousand during this period against these lawsuits and no refund from legal provision and utilized the amount of EGP 21 thousand from legal provision during the current period.



Notes to the interim condensed separate financial statements - for the nine months ended 30 September 2022

(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

## B) Commitments for loans, guarantees and facilities

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

	<u>30-Sep-22</u>	<u>31-Dec-21</u>
Acceptances	1,055,349	873,603
Letters of guarantee	35,249,502	29,301,689
Letters of credit (import and export)	3,412,289	2,172,329
Other contingent liabilities	118,592	260,186
Commitments for loans	708,029	1,461,462
Cash margin	(2,571,588)	(1,814,936)
<b>Total</b>	<b><u>37,972,173</u></b>	<b><u>32,254,333</u></b>

## C) Commitments for operating lease contracts

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

	<u>30-Sep-22</u>	<u>31-Dec-21</u>
Less than one year	10,995	10,476
More than one year and less than five years	6,519	10,820
<b>Total</b>	<b><u>17,514</u></b>	<b><u>21,296</u></b>

## 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

Notes to the interim condensed separate financial statements - for the nine months ended 30 September 2022

(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

	<b>HSBC Group</b>	
	<b>30-Sep-22</b>	<b>30-Sep-21</b>
<b>Statement of financial position</b>		
Subordinated loans note (27)	<b>2,072,000</b>	<b>2,072,000</b>
<b>Statement of income statement</b>		
Interest expenses	<b>195,461</b>	<b>174,032</b>

**B- Deposits from related parties**

	<b>Subsidiaries</b>	
	<b>30-Sep-22</b>	<b>31-Dec-21</b>
<b>Due to customers</b>		
Deposits at the beginning of the period/year	26,791	40,968
Deposits received during the period/year	973	17,839
Deposits redeemed during the period/year	(13,844)	(32,016)
<b>Deposits at the end of the period/year</b>	<b>13,920</b>	<b>26,791</b>

**C- Other related party transactions**

	<b>HSBC group</b>	
	<b>30-Sep-22</b>	<b>30-Sep-21</b>
<b>Statement of income statement</b>		
Operating lease	32,135	34,537
Cost of services provided by HSBC Group	833,801	712,826
<b>Total</b>	<b>865,936</b>	<b>747,363</b>

	<b>HSBC group</b>	
	<b>30-Sep-22</b>	<b>31-Dec-21</b>
<b>Statement of financial position</b>		
Due from banks	1,172,981	1,132,041
Loans and advances to banks	85,309	68,574
Due to banks	1,022,678	455,098
<b>Total</b>	<b>2,280,968</b>	<b>1,655,713</b>

Notes to the interim condensed separate financial statements - for the nine months ended 30 September 2022

(In the notes, all amounts are shown in thousands of Egyptian pounds unless otherwise stated)

## 27. Subordinated loans

	<u>Current interest rate</u>	<u>30-Sep-22</u>	<u>31-Dec-21</u>
Subordinated loans, variable interest rate (1)	15.75%	272,000	272,000
Subordinated loans, variable interest rate (2)	14.00%	1,800,000	1,800,000
		<u><b>2,072,000</b></u>	<u><b>2,072,000</b></u>

- 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 September 2022, 78,559 certificates amounting to EGP 9,141,998 with a redeemable value amounting to EGP 29,998,914 against 78,559 certificates amounting to EGP 9,141,998 with redeemable value amounting to EGP 27,981,093 as of 31 December 2021.

The redeemable value of the certificate amounted to EGP 381.86 against EGP 356.18 as of 31 December 2021. The outstanding certificates reached 3,072,346 certificates against 3,840,876 certificates as of 31 December 2021.

According to the fund's management contract and its prospectus, HSBC Egypt shall obtain fee and commission for supervision on the fund and other managerial services rendered by the Bank. Total commission amounted to EGP 4,176 thousand for the period ended 30 September 2022 against EGP 4,132 thousand for the period ended 30 September 2021 under the item of fees and commission income caption in the income statement.

## 29 - Subsequent events

On 27 October 2022, the global economy faced multiple shocks and challenges, against that the Central Bank of Egypt (CBE) moved to a durably flexible exchange rate regime, leaving the forces of supply and demand to determine the value of the Egyptian currency "EGP" against other foreign currencies, while prioritizing the primary goal of achieving price stability, and building up sustainable, adequate levels of Foreign Exchange Reserves. Furthermore, in order to uphold the CBE's mandate of ensuring price stability over the medium term, the monetary policy committee (MPC) has decided in its special meeting to raise the overnight deposit rate, the overnight lending rate, and the rate of the main operation by 200 basis points to 13.25 percent, 14.25 percent, and 13.75 percent, respectively. The discount rate was also raised by 200 basis points to 13.75 percent.