HSBC BANK EGYPT S.A.E.

SEPARATE INTERIM FINANCIAL STATEMENTS AND LIMITED REVIEW REPORT FOR THE PERIOD ENDED 30 JUNE 2026

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

United for Auditing and Taxes
UHY- UNITED

Limited Review Report on the Separate Interim financial statements

To: The Board of Directors of HSBC Bank Egypt "S.A.E"

Introduction

We have reviewed the accompanying separate interim statements of financial position of HSBC Bank Egypt "S.A.E" as of 30 June 2026, and the related separate interim statements of income, comprehensive income, cash flows and changes in equity for the six-months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these separate interim financial statements in accordance with the rules of preparation and presentation of banks' financial statements approved by Central Bank of Egypt's board of directors on 16 December 2008 as amended by the regulations issued on 26 February 2019 and its subsequent interpretive instructions and in light of the applicable Egyptian laws and regulations. Our responsibility is to express a conclusion on these separate interim financial statements based on our limited review.

Scope of Limited Review

We conducted our limited review in accordance with the Egyptian Standard on Review Engagements 2410, "Limited Review of Interim Financial Statements Performed by the Independent Auditor of the Entity". A limited review of separate interim 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 limited 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 separate interim financial statements.

Conclusion

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

Cairo: August 5, 2026

Auditors

Amr Wahid

Amr Wahid Abdel Ghaffar

C.B.E. (613)
R.A.A. (29566)
F.R.A. (406)
Baker Tilly Mohamed Hilal - Wahid Abdel Ghaffar
Public Accountants & Consultants

UHY United
Auditing Tax Advisory & Financial Services
37 , Street 200 , Maadi

Nabil Akram Istanbuly

C.B.E. (89)
R.A.A. (5947)
F.R.A. (71)
United for Auditing and Taxes
UHY- UNITED

HSBC

Translation of financial statements originally issued in Arabic

HSBC BANK EGYPT S.A.E

Separate interim statement of financial position 30 June 2026

(All amounts in EGP 000)

	Note	30 June 2026	31 December 2025
Assets			
Cash and balances with Central Bank of Egypt (Net)	(15)	44,491,859	22,122,935
Due from banks (Net)	(16)	75,177,138	107,089,695
Financial assets at fair value through profit or loss	(20)	985,721	314,345
Loans and advances to customers (Net)	(18)	57,443,083	53,948,884
Financial derivatives	(19)	903,457	158,147
Financial investments	(21)	85,944,610	81,653,687
Treasury bills	(22)	83,505,419	80,765,575
Intangible assets	(24)	1,387,096	1,469,946
Other assets	(25)	5,440,687	3,684,249
Investment property	(27)	27,197	30,573
Fixed assets	(26)	1,267,741	1,241,134
Deferred tax assets	(32)	263,502	13,085
Total assets		**356,837,510**	**352,492,255**
Liabilities and shareholders' equity			
Liabilities			
Due to banks	(28)	7,050,997	7,266,419
Customers' deposits	(29)	275,288,845	266,108,821
Financial derivatives	(19)	392,020	178,989
Subordinated loans	(39)	2,072,000	2,072,000
Other liabilities	(30)	8,669,802	11,060,652
Other provisions	(31)	717,946	805,692
Current income tax liabilities		6,046,166	6,251,910
Defined benefits obligations	(33)	1,287,480	1,177,115
Total liabilities		**301,525,256**	**294,921,598**
Shareholders' equity			
Issued and paid-up capital	(34)	5,000,000	5,000,000
Reserves	(35)	8,408,797	7,859,970
Retained earnings	(35)	41,903,457	44,710,687
Total shareholders' equity		**55,312,254**	**57,570,657**
Total liabilities and shareholders' equity		**356,837,510**	**352,492,255**

The accompanying notes from (1) to (42) form an integral part of these separate interim financial statements and are to be read therewith.These separate financial statements were approved by the board of directors on 04 August 2026 and Signed on their behalf by

Rodney Todd Wilcox
(Deputy Chairman and CEO)

Auditors' report "attached"

HSBC BANK EGYPT S.A.E

Separate interim statement of income for the period ended 30 June 2026

(All amounts in EGP 000)	Note	For the six months ended 30 June 2026	For the six months ended 30 June 2025	For the three months ended 30 June 2026	For the three months ended 30 June 2025
Interest income from loans and similar income	(6)	26,425,311	21,108,455	13,640,154	10,442,583
Interest expense on deposits and similar expense	(6)	(8,382,452)	(3,587,897)	(4,525,795)	(1,796,612)
Net interest income		**18,042,859**	**17,520,558**	**9,114,359**	**8,645,971**
Fees and commissions income	(7)	2,239,211	1,877,267	1,219,009	986,336
Fees and commissions expense	(7)	(657,658)	(457,991)	(337,059)	(238,460)
Net fees and commissions income		**1,581,553**	**1,419,276**	**881,950**	**747,876**
Dividends	(8)	19,104	1,206	19,104	-
Net trading income	(9)	559,418	233,637	(95,757)	7,113
Financial investment income		306,338	10,776	153,866	(46,766)
Expected credit loss charges	(12)	253,309	(213,081)	173,506	(25,177)
Administrative expenses	(10)	(4,991,977)	(4,726,407)	(2,642,864)	(2,548,050)
Other operating expenses	(11)	1,089,948	(634,100)	848,463	(1,232,103)
Profit before income tax		**16,860,552**	**13,611,865**	**8,452,627**	**5,548,864**
Income tax expenses	(13)	(4,500,523)	(4,032,609)	(2,089,185)	(1,833,738)
Net profit for the period		**12,360,029**	**9,579,256**	**6,363,442**	**3,715,126**
Earnings per share (EGP/Share)	(14)	**186.88**	**144.84**	**96.21**	**56.17**

The accompanying notes from (1) to (42) form an integral part of these separate interim financial statements and are to be read therewith.

Separate interim statement of comprehensive income for the period ended 30 June 2026

(All amounts in EGP 000)	Note	For the six months ended		For the three months ended	
		30 June 2026	30 June 2025	30 June 2026	30 June 2025
Net profit for the Period		12,360,029	9,579,256	6,363,442	3,715,126
Changes on fair value of financial investment through OCI		(595,861)	(82,237)	678,082	(324,496)
Deferred tax for financial investment at FVOCI		61,084	(263,029)	(53,249)	(79,946)
Expected credit loss on financial investment at fair value through OCI	(12)	17,273	37,792	(34,449)	(26,713)
Actuarial gain- net of tax		-	13,822	-	13,822
Total impact related to other comprehensive income		(517,504)	(293,652)	590,384	(417,333)
Total other comprehensive income		**11,842,525**	**9,285,604**	**6,953,827**	**3,297,793**

The accompanying notes from (1) to (42) form an integral part of these separate interim financial statements and are to be read therewith.

HSBC BANK EGYPT S.A.E

Separate interim statement of cash Flows for the period ended 30 June 2026

(All amounts in EGP 000)	**For the six months ended**	
	30 June 2026	**30 June 2025**
Cash Flows from Operating Activities		
Net profit before income tax	16,860,552	13,611,865
Adjustments to reconcile net profit to net cash flows from operating activities		
Depreciation and amortization	400,796	333,443
Expected credit losses of other assets	-	(4,162)
Expected credit losses of customers	(309,935)	(16,359)
Revaluation differences for customers in foreign currency	132,521	139,179
Dividends received	(19,104)	(1,206)
Expected credit losses of cash	22	12
Expected credit losses of due from banks	39,332	195,798
Expected credit losses of financial Investments	17,273	37,792
Impairment losses of intangible assets	-	(2,377)
Other provisions (Formed)	223,274	56,597
Differences of other provision	(213,501)	(145,479)
Other Provisions no longer required	31,726	9,455
(Gain) / Loss from sale of fixed assets	8,578	-
Revaluation differences for banks in foreign currency	-	5,385
(Gain) / Loss from sale of financial investments	(306,338)	(10,776)
Revaluation differences related to other assets	-	2,110
Pension formed during period	158,465	80,856
FVOCI investments exchange revaluation differences	1,563,348	(85,157)
Operating income before changes in Assets & liabilities from operating activities	**18,587,009**	**14,206,976**
Net changes in assets and liabilities		
Cash and balances with Central Bank of Egypt	(21,728,200)	(3,907,803)
Loans and advances to customers	(3,316,784)	(2,299,468)
Financial assets through profit and loss	(671,376)	199,289
Other assets	(1,973,287)	(1,951,509)
Due to banks	(215,422)	7,187,979
Customers' deposits	9,180,024	10,441,052
Other liabilities	(2,595,237)	2,714,007
Financial derivatives (net)	(532,279)	216,733
Defined benefits obligations	(48,100)	(18,727)
Utilized from other provision	(129,246)	(110,711)
Income tax paid	(4,895,600)	(5,687,409)
Net cash flows (Used in) / generated from operating activities	**(8,338,497)**	**20,990,409**
Cash flows from investing activities		
Payments to purchase fixed assets	-	(96,157)
Proceeds from sale of fixed assets	27,273	-
Payments to purchase intangible assets	(164,525)	(266,930)
Payments for purchase of financial investments at FVOCI	(80,281,675)	(8,965,974)
Proceeds from sale of financial investments at FVOCI	75,327,264	1,929,474
Payments to purchase Treasury bills	(88,639,484)	(98,649,845)
Proceeds from sale of Treasury bills	84,862,551	102,540,583
proceeds from dividends received	19,104	1,206
Net cash flows used in investing activities	**(8,849,492)**	**(3,507,643)**
Cash flows from financing activities		
Dividends paid	(13,896,543)	(11,830,020)
Net cash flows used in financing activities	**(13,896,543)**	**(11,830,020)**
Net change in cash and cash equivalents during the period	(31,084,532)	5,652,746
Cash and cash equivalents at the beginning of the period	98,276,312	103,223,593
Cash and cash equivalents at the end of the period	**67,191,780**	**108,876,339**
Cash and cash equivalents are represented in:		
Cash and balances with Central Bank of Egypt	44,491,898	15,785,714
Due from Banks	76,038,304	114,704,873
Treasury bills	83,505,419	67,844,294
Balance with Central Bank of Egypt as statutory reserve	(54,001,114)	(26,232,713)
Deposits with Central Bank of Egypt more than 3 months	(834,000)	-
Treasury bills of maturity more than 3 months from date of acquisition	(82,008,727)	(63,225,828)
Cash and cash equivalents	**67,191,780**	**108,876,339**

The accompanying notes from (1) to (42) form an integral part of these separate interim financial statements and are to be read therewith.

HSBC BANK EGYPT S.A.E

Separate interim statement of changes in equity for the period ended 30 June 2026

(All amounts in EGP 000)	Note	Issued and paid up capital	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
Balances as of 31 December 2024		**5,000,000**	**3,400,537**	**2,284,855**	**71,519**	**6,728**	**150,816**	**491,666**	**89,661**	**37,685,133**	**49,180,915**
Dividends paid for year 2024		-	-	-	-	-	-	-	-	(11,830,019)	**(11,830,019)**
Transferred to legal reserve		-	-	215,145	-	-	-	-	-	(215,145)	-
Transferred to general reserve		-	1,046,866	-	-	-	-	-	-	(1,046,866)	-
Transferred to capital reserve		-	-	-	16,371	-	-	-	-	(16,371)	-
Net change in FV financial investments at fair value through other comprehensive income		-	-	-	-	-	(82,237)	-	-	-	**(82,237)**
Deferred tax for financial investment through OCI		-	-	-	-	-	(263,029)	-	-	-	**(263,029)**
ECL for change in fair value of financial investments through other comprehensive income		-	-	-	-	-	37,793	-	-	-	**37,793**
Net change in other comprehensive income		-	-	-	-	-	**(307,473)**	-	-	-	**(307,473)**
Transfer to Banking System Support and Development Fund		-	-	-	-	-	-	-	-	(209,372)	**(209,372)**
Net profit for the period ended 30 June 2025		-	-	-	-	-	-	-	-	9,579,256	**9,579,256**
Actuarial gain		-	-	-	-	-	-	-	-	13,822	**13,822**
Balances as of 30 June 2025		**5,000,000**	**4,447,403**	**2,500,000**	**87,890**	**6,728**	**(156,657)**	**491,666**	**89,661**	**33,960,438**	**46,427,129**
Balances as of 31 December 2025		**5,000,000**	**4,447,403**	**2,500,000**	**87,890**	**6,728**	**236,623**	**491,666**	**89,661**	**44,710,687**	**57,570,658**
Dividends paid for year 2025	(35)	-	-	-	-	-	-	-	-	(13,896,543)	**(13,896,543)**
Transferred to general reserve	(35)	-	1,021,935	-	-	-	-	-	-	(1,021,935)	-
Transferred to capital reserve	(35)	-	-	-	44,394	-	-	-	-	(44,394)	-
Net change in FV financial investments at fair value through other comprehensive income		-	-	-	-	-	(595,861)	-	-	-	**(595,861)**
Deferred tax for financial investment through OCI		-	-	-	-	-	61,084	-	-	-	**61,084**
ECL for change in fair value of financial investments through other comprehensive income		-	-	-	-	-	17,273	-	-	-	**17,273**
Net change in other comprehensive income		-	-	-	-	-	**(517,504)**	-	-	-	**(517,504)**
Transfer to Banking System Support and Development Fund		-	-	-	-	-	-	-	-	(204,387)	**(204,387)**
Net profit for the period ended 30 June 2026		-	-	-	-	-	-	-	-	12,360,029	**12,360,029**
Balances as of 30 June 2026		**5,000,000**	**5,469,338**	**2,500,000**	**132,284**	**6,728**	**(280,881)**	**491,666**	**89,661**	**41,903,457**	**55,312,253**

The accompanying notes from (1) to (42) form an integral part of these separate interim financial statements and are to be read therewith.

1. General information

HSBC Bank Egypt SAE provides retail, corporate and investment banking services in the Arab Republic of Egypt through 43 branches and 7 small units served by 1,495 staff at the date of the financial position.

HSBC Bank Egypt SAE (Egyptian Joint Stock Company according to the investment law) 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 separate financial statements for the period ending 30 June 2026 have been approved for issuance by the Board of Directors on 04 August 2026 and the shareholders have the right to amend the statements after their issuance.

2. Summary of accounting policies

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

A. Basis of preparation of financial statements

The financial statements are prepared in accordance with the rules of preparation and presentation of the banks' financial statements, basis of recognition and measurement issued by Central Bank of Egypt on December 16, 2008, as amended by the regulations issued on February 26, 2019, and in light of the prevailing Egyptian laws and regulations.

B. Subsidiaries

- Subsidiaries are all companies (including special purpose entities) over which the Bank has owned directly or indirectly the power to govern the financial and operational policies and generally, the bank owns more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Bank has the ability to control the entity.

- The purchase method is used to account for the acquisition of subsidiaries by the Bank. The cost of an acquisition is measured as the fair value of the assets, or/and asset given or/and equity instruments issued, and loans assumed at the date of exchange, plus costs directly attributable to the acquisition. Net assets, including contingent liabilities assumed in a business combination, are measured initially at their fair values at the acquisition date, irrespective of the minority interest. The excess of acquisition cost over the Bank's share fair value in the net assets acquired is recorded as goodwill. If the acquisition cost is less than the fair value of the net assets, the difference is recognized directly in the income statement under the item 'Other operating income / (expenses).

- Investments in subsidiaries in the separate financial statements are accounted for using the cost method. According to this method, investments recorded at cost of acquisition including goodwill and less any impairment losses. Dividends are recorded in the income statement when the right of distribution is authorized.

C. Segment reports

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns which are different from those of other business segments. A geographical segment is a segment which provides products or services within a particular economic environment that are subject to risks and returns different from those of segments operating in other economic environments.

D. Functional and presentation currency

The Bank presents its financial statements in Egyptian pound and it is the functional and presentation currency.

E. Foreign currency transactions and balances

The Bank keeps its accounting records in Egyptian pound. Foreign currency transactions are translated into Egyptian pound using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies are retranslated at the end of each period at the exchange rates then prevailing. Foreign exchange gains and losses resulting from settlement of such transactions and valuation differences are recognized in the income statement under the following items:

- Net trading income for the assets/liabilities held for trading
- Equity derivatives as a qualifying cash flow hedge or as a qualified net investment hedge.
- Other operating income (expenses) for the other items

Changes in the fair value of monetary financial instruments in foreign currencies classified as investments through OCI (debt instruments) represents valuation differences resulting from changes in cost of the instrument and differences resulted from changes in applicable exchange rates and differences resulting from changes in the instrument fair value. Differences relating to changes in amortized cost are recognized in income statement under 'Interest and similar income', while differences relating to changes in exchange rates are recognized under item 'Other operating income (expenses)'. Differences resulting from changes in fair value are recognized under 'Fair value reserve – through OCI investments' in the equity caption.

Translation differences on non-monetary items carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets such as equities held at fair value through profit or loss are recognized in income statement as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as financial assets at FVOCI are recognized in equity reserves "Net change in investments at FVOCI".

F. Financial assets

The Bank classifies financial assets in the following measurement categories: FVTPL, FVOCI and AC.
The classification and subsequent measurement of debt financial assets depends on:
(i) the Bank's business model for managing the related assets portfolio, and
(ii) the cash flow characteristics of the asset.

G. Valuation of financial instruments

All financial instruments are recognized initially at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of a financial instrument on initial recognition is generally its transaction price (that is, the fair value of the consideration given or received). However, if there is a difference between the transaction price and the fair value of financial instruments whose fair value is based on a quoted price in an active market or a valuation technique that uses only data from observable markets, the bank recognizes the difference as a trading gain or loss at inception (a 'day 1 gain or loss'). In all other cases, the entire day 1 gain or loss is deferred and recognized in the income statement over the life of the transaction either until the transaction matures or is closed out, the valuation inputs become observable or the bank enters into an offsetting transaction.

Financial instruments measured at amortized cost
Financial assets that are held to collect the contractual cash flows and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest, such as loans and advances to banks and customers and some debt securities, are measured at amortized cost. In addition, most financial liabilities are measured at amortized cost. The bank accounts for regular way amortized cost financial instruments using trade date accounting previously. The carrying value of these financial assets at initial recognition includes any directly attributable transactions costs. If the initial fair value is lower than the cash amount advanced, such as in the case of some leveraged finance and syndicated lending activities, the difference is deferred and recognized over the life of the loan through the recognition of interest income.

Financial assets measured at fair value through other comprehensive income ('FVOCI')
Financial assets held for a business model that is achieved by both collecting contractual cash flows and selling and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at FVOCI.

These comprise primarily debt securities. They are recognized on the trade date when the bank enters into contractual arrangements to purchase and are normally derecognized when they are either sold or redeemed. They are subsequently re-measured at fair value and changes therein (except for those relating to impairment, interest income and foreign currency exchange gains and
losses) are recognized in other comprehensive income until the assets are sold. Upon disposal, the cumulative gains or losses in other comprehensive income are recognized in the income statement as 'Gains less losses from financial instruments'. Financial assets measured at FVOCI are included in the impairment calculations and impairment is recognized in profit or loss.

Financial instruments designated at fair value through profit or loss

Financial instruments, other than those held for trading, are classified in this category if they meet one or more of the criteria set out below and are so designated irrevocably at inception:

- The use of the designation removes or significantly reduces an accounting mismatch;
- When a group of financial assets and liabilities or a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; and
- Where the financial liability contains one or more non-closely related embedded derivatives.

Designated financial assets are recognized when the bank enters into contracts with counterparties, which is generally on trade date, and are normally derecognized when the rights to the cash flows expire or are transferred. Designated financial liabilities are recognized when the bank enters into contracts with counterparties, which is generally on settlement date, and are normally derecognized when extinguished. Subsequent changes in fair values are recognized in the other comprehensive income.

H. Netting between financial instruments

Financial assets and liabilities are offset when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

I. Financial Liabilities

Measurement categories
Financial liabilities are classified at Amortized cost, except for:
financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognized by an acquirer in a business combination and other financial liabilities designated as such at initial recognition, and
Derecognition
Financial liabilities are derecognized when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

J. 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: 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.

Following are the investments in fair value and their valuation methods

	30 June 2026	
	Level 2	Total
	EGP '000	EGP '000
Recurring fair value measurements		
Financial Investments at fair value through OCI	152,889,247	152,889,247
Financial assets at fair value through profit or loss	985,721	985,721
Financial Derivatives Assets	903,457	903,457
Financial Derivatives Liabilities	(392,020)	(392,020)

	31 December 2025	
	Level 2	Total
	EGP '000	EGP '000
Recurring fair value measurements		
Financial Investments at fair value through OCI	148,320,580	148,320,580
Financial assets at fair value through profit or loss	314,345	314,345
Financial Derivatives Assets	158,147	158,147
Financial Derivatives Liability	(178,989)	(178,989)

K. Derivative financial instruments

Derivatives are recognized at fair value at the date of the derivative contract and are subsequently revaluated at fair value. Fair values are obtained from quoted market prices in active markets, or according to the recent market deals, or the revaluation methods as the discounted cash flow modules and the pricing lists modules, as appropriate. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

K.1. Derivatives that do not qualify for hedge accounting.

Derivative instruments that do not qualify for hedge accounting and changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in the income statement under 'Net trading income'.

L. Interest income and expense

Interest income and expense related to bearing interest financial instruments, except for held-for-trading investments or recorded at fair value through profit or loss, are recognized using effective interest rate method under 'Interest and similar income' or 'Interest and similar charges'.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating the interest income or interest expense over the life of the financial instrument. The effective interest rate is the rate that discounts estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period when it is appropriate to reach the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Bank estimates cash flows, considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses.

The calculation includes all fees and points paid or received between parties of the contract that are considered part of the effective interest rate. Transaction costs include all other premiums or discounts. When loans or debts are classified as non-performing or impaired, related interest income is not recognized but is rather carried off-balance sheet in statistical records and is recognized under revenues according to cash basis as per the following:

I.1. When collected and after recovery of all arrears for retail loans, mortgage loans for personal housing and small loans for businesses.

I.2. For loans granted to corporates interest income is recognized on a cash basis after the Bank collects 25% of the scheduling installments and after the installments continued to be regular for at least one year. Interest income will not be recognized as revenue until full payment of the loan balance before the rescheduling and client is considered to be performing.

M. Fees and commission income

Fees and commissions related to loan and advances are recognized as income when the service is rendered. Fees and commissions income related to non-performing or impaired loans or debts are suspended and are carried off-balance sheet and are recognized under income according to the cash basis when interest income is recognized in accordance with note (I/2) above. Fees and commissions that represent part of the financial asset effective rate are recognized as adjustment to the effective interest rate.

Commitment fees on a loan are deferred when there is probability that this loan will be used by the customer, as commitment fees represent compensation for the continuing interfere to own the financial asset. Subsequently it is recognized as adjustment to the effective interest rate of the loan. If the commitment period passed without issuing the loan, commitment fees are recognized as income at the end of the commitment period.

Fees and commissions related to debt instruments measured by fair value are recognized as income at initial recognition. Fees and commissions related to marketing of a syndicated loan are recognized as income when the marketing is completed and the loan is fully used or the Bank kept its share of the syndicated loan using the effective interest rate as used by the other participants.

Commissions and fees arising from negotiation or participating in a negotiation to the favor of a third party as in share acquisition arrangements or purchase of securities or purchase or sale of businesses are recognized as income when the transaction is completed. Commissions and fees related to management advisory and other services are recognized as income based on the contract terms, usually on a time-appropriation basis. Long period financial planning and custody services and management fees are recognized over the period in which the service is provided.

N. Dividends income

Dividends are recognized in the income statement when the Bank's right to receive those dividends is established.

O. Sale and Re-purchase agreements, purchase and Re-sale agreements

Financial instruments sold according to Sale and Re-purchase agreements are presented in the assets in Treasury bills & other governmental instruments in the financial position. The liability (repurchase agreements) is presented deducted from the balances of treasury bills and other government securities in the balance sheet, in addition to balances due to banks (due to the Central Bank of Egypt). Difference between face value & purchase amount is recorded as interest realized over the contractual period using effective interest method.

P. Impairment of financial assets

Expected credit loss.

Credit-impaired (stage 3)
The Bank determines that a financial instrument is credit-impaired and in stage 3 by considering relevant objective evidence, primarily.

Whether:

- Contractual payments of either principal or interest are past due for more than 90 days;
- There are other indications that the borrower is unlikely to pay such as that a concession has been granted to the borrower for economic or legal reasons relating to the borrower's financial condition; and
- The loan is otherwise considered to be in default.

If such unlikeliness, even where regulatory rules permit default to be defined based on 90 days past due. Therefore, the definitions of credit-impaired and default are aligned as far as possible so that stage 3 represents all loans which are considered defaulted or otherwise credit-impaired.
Interest income is recognized by applying the effective interest rate to the amortized cost amount, i.e. gross carrying amount less ECL allowance.

Write-off
Financial assets (and the related impairment allowances) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, this is generally after receipt of any proceeds from the realization of security. In circumstances where the net realizable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier.

Renegotiation
Loans are identified as renegotiated and classified as credit- impaired when we modify the contractual payment terms due to significant credit distress of the borrower. Renegotiated loans remain classified as credit-impaired until there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows and retain the designation of renegotiated until maturity or derecognized.

A loan that is renegotiated is derecognized if the existing agreement is cancelled and a new agreement is made on substantially different terms or if the terms of an existing agreement are modified such that the renegotiated loan is a substantially different financial instrument. Any new loans that arise following derecognized events in these circumstances are considered to be purchased or originated credit-impaired (POCI) and will continue to be disclosed as renegotiated loans.

Other than originated credit-impaired loans, all other modified loans could be transferred out of stage 3 if they no longer exhibit any evidence of being credit-impaired and, in the case of renegotiated loans, there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows, over the minimum observation period, and there is no other
indicators of impairment. These loans could be transferred to stage 1 or 2 based on the mechanism as described below by comparing the risk of a default occurring at the reporting date (based on the modified contractual terms) and the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms). Any amount written off as a result of the modification of contractual terms would not be reversed.

Loan modifications that are not credit-impaired
Loan modifications that are not identified as renegotiated are considered to be commercial restructuring. Where a commercial restructuring results in a modification (whether legalized through an amendment to the existing terms or the issuance of a new loan contract) such that group's rights to the cash flows under the original contract have expired, the old loan is derecognized and the new loan is recognized at fair value. The rights to cash flows are generally considered to have expired if the commercial restructure is at market rates and no payment-related concession has been provided.

Significant increase in credit risk (stage 2)
An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default occurring over the remaining life of the financial instrument. The assessment explicitly or implicitly compares the risk of default occurring at the reporting date compared to that at initial recognition, taking into account reasonable and supportable information, including information about past events, current conditions and future economic conditions. The assessment is unbiased, probability-weighted, and to the extent relevant, uses forward-looking information consistent with that used in the measurement of ECL. The analysis of credit risk is multifactor. The determination of whether a specific factor is relevant and its weight compared with other factors depends on the type of product, the characteristics of the financial instrument and the borrower, and the geographical region. Therefore, it is not possible to provide a single set of criteria that will determine what is considered to be a significant increase in credit risk and these criteria will differ for different types of lending, particularly between retail and wholesale.

However, unless identified at an earlier stage, all financial assets are deemed to have suffered a significant increase in credit risk when 30 days past due. In addition, wholesale loans that are individually assessed, typically corporate and commercial customers, and included on a watch or worry list are included in stage 2.

For wholesale portfolios, the quantitative comparison assesses default risk using a lifetime probability of default which encompasses a wide range of information including the obligor's customer risk rating, macroeconomic condition forecasts and credit transition probabilities. Significant increase in credit risk is measured by comparing the average PD for the remaining term estimated at origination with the equivalent estimation at reporting date (or that the origination PD has doubled in the case of origination CRR greater than 3.3).

The significance of changes in PD was informed by expert credit risk judgment, referenced to historical credit migrations and to relative changes in external market rates. The quantitative measure of significance varies depending on the credit quality at origination as follows:

Origination CRR to	Significance trigger- PD to increase by
0.1–1.2	15bps
2.1–3.3	30 bps
Greater than 3.3 and not impaired	2x

For loans initiated prior to the adoption of IFRS 9, the quantitative comparison with the current limits based on the deterioration of the additional credit risk classification as shown in the table below:

For loans originated prior to the implementation of IFRS 9, the origination PD does not include adjustments to reflect expectations of future macroeconomic conditions since these are not available without the use of hindsight. In the absence of this data, origination PD must be approximated assuming through-the-cycle ('TTC') PDs. For these loans, the quantitative comparison is supplemented with additional CRR deterioration based thresholds as set out in the table below:

Origination CRR as significant CRR grade notches deterioration Deterioration (stage 2) (> or equal to)	**Additional significance criteria – Number required to identify as significant credit**
0.1	5 notches
1.1–4.2	4 notches
4.3–5.1	3 notches
5.2–7.1	2 notches
7.2–8.2	1 notch
8.3	0 notch

For certain portfolios of debt securities where external market ratings are available and credit ratings are not used in credit risk management, the debt securities will be in stage 2 if their credit risk increases to the extent they are no longer considered investment grade. Investment grade is where the financial instrument has a low risk of incurring losses, the structure has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil their contractual cash flow obligations.

For retail portfolios, default risk is assessed using a reporting date 12-month PD derived from credit scores which incorporate all available information about the customer. This PD is adjusted for the effect of macroeconomic forecasts for periods longer than 12 months and is considered to be a reasonable approximation of a lifetime PD measure. Retail exposures are first segmented into homogeneous portfolios, generally by country, product and brand. Within each portfolio, the stage 2 accounts are defined as accounts with an adjusted 12-month PD greater than the average 12-month PD of loans in that portfolio 12 months before they become 30 days past due. The expert credit risk judgments is that no prior increase in credit risk is significant. This portfolio-specific threshold identifies loans with a PD higher than would be expected from loans that are performing as originally expected and higher than that which would have been acceptable at origination. It therefore approximates a comparison of origination to reporting date PDs.

Unimpaired and without significant increase in credit risk – (stage 1)
ECL resulting from default events that are possible within the next 12 months ('12-month ECL') are recognized for financial instruments that remain in stage 1.

Purchased or originated credit-impaired (POCI)
Financial assets that are purchased or originated at a deep discount that reflects the incurred credit losses are considered to be POCI.
This population includes the recognition of a new financial instrument following a renegotiation where concessions have been granted for economic or contractual reasons relating to the borrower's financial difficulty that otherwise would not have been considered. The amount of change-in-lifetime ECL is recognized in profit or loss until the POCI is derecognized, even if the lifetime ECL are less than the amount of ECL included in the estimated cash flows on initial recognition.

Movement between stages
Financial assets can be transferred between the different categories (other than POCI) depending on their relative increase in credit risk since initial recognition. Financial instruments are transferred out of stage 2 if their credit risk is no longer considered to be significantly increased since initial recognition based on the assessments described above. Except for renegotiated loans, financial instruments are transferred out of stage 3 when they no longer exhibit any evidence of credit impairment as described above. Renegotiated loans that are not POCI will continue to be in stage 3 until there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows, observed over a minimum one-year period and there are no other indicators of impairment. For loans that are assessed for impairment on a portfolio basis, the evidence typically comprises a history of payment performance against the original or revised terms, as appropriate to the circumstances. For loans that are assessed for impairment on an individual basis, all available evidence is assessed on a case-by-case basis.

Measurement of ECL
The assessment of credit risk, and the estimation of ECL, are unbiased and probability-weighted, and incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money.

In general, the bank calculates ECL using three main components, a probability of default, and a loss given default and the exposure at default ('EAD').

The 12-month ECL is calculated by multiplying the 12-month PD, LGD and EAD. Lifetime ECL is calculated using the lifetime PD instead.

The 12-month and lifetime PDs represent the probability of default occurring over the next 12 months and the remaining maturity of the instrument respectively.
The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realized and the time value of money.

The bank leverages the Basel II IRB framework where possible, with recalibration to meet the differing IFRS 9 requirements as follows.

The ECL for wholesale stage 3 is determined on an individual basis using a discounted cash flow ('DCF') methodology. The expected future cash flows are based on the credit risk officer's estimates as of the reporting date, reflecting reasonable and supportable assumptions and projections of future recoveries and expected future receipts of interest. Collateral is taken into account if it is likely that the recovery of the outstanding amount will include realization of collateral based on its estimated fair value of collateral at the time of expected realization, less costs for obtaining and selling the collateral. The cash flows are discounted at a reasonable approximation of the original effective interest rate. For significant cases, cash flows under four different scenarios are probability-weighted by reference to the three economic scenarios applied more generally by the Bank and the judgment of the credit risk officer in relation to the likelihood of the workout strategy succeeding or receivership being required. For less significant cases, the effect of different economic scenarios and work-out strategies is approximated and applied as an adjustment to the most likely outcome.

Critical accounting estimates and judgements
The calculation of the bank's ECL under IFRS 9 requires the bank to make a number of judgements, assumptions and estimates. The most significant are set out below:

Judgements Estimates
• Defining what is considered to be a significant increase in credit risk
• Determining the lifetime and point of initial recognition of overdrafts and credit cards
• Selecting and calibrating the PD, LGD and EAD models, which support the calculations, including making reasonable and supportable judgements about how models react to current and future economic conditions
• Selecting model inputs and economic forecasts, including determining whether sufficient and appropriately weighted economic forecasts are incorporated to calculate unbiased expected loss

Period over which ECL is measured
Expected credit loss is measured from the initial recognition of the financial asset. The maximum period considered when measuring ECL (be it 12-month or lifetime ECL) is the maximum contractual period over which the bank is exposed to credit risk. For wholesale overdrafts, credit risk management actions are taken no less frequently than on an annual basis and therefore this period is to the expected date of the next substantive credit review. The date of the substantive credit review also represents the initial recognition of the new facility. However, where the financial instrument includes both a drawn and undrawn commitment and the contractual ability to demand repayment and cancel the undrawn commitment does not serve to limit group's exposure to credit
risk to the contractual notice period, the contractual period does not determine the maximum period considered. Instead, ECL is measured over the period the group remains exposed to credit risk that is not mitigated by credit risk management actions. This applies to retail overdrafts and credit cards, where the period is the average time taken for stage 2 exposures to default or close as performing accounts, determined on a portfolio basis and ranging from between two and six years. In addition, for these facilities it is not possible to identify the ECL on the loan commitment component separately from the financial asset component.

Allowance for the financial asset unless the total ECL exceeds the gross carrying amount of the financial asset, in which case the ECL is recognized as a provision.

Credit-impaired (Stage 3)
A financial instrument is credit-impaired when there is observable data that the following events have taken place, which on their own or in combination would have a detrimental impact on its cash flows.

- Significant financial difficulty of the issuer or the borrower, eg known cash flow difficulties experienced by the borrower, or deterioration in the financial condition or outlook of the borrower such that its ability to repay is considered doubtful.

- A breach of contract, such as a default or past due event, eg contractual payments of either principal or interest being past due for more than 90 days.

  a) It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

  b) Where relevant, the disappearance of an active market for that financial asset because of financial difficulties (experienced by the issuer); and

  c) A concession granted to the borrower for economic or legal reasons relating to the borrower's financial difficulty that HSBC would not otherwise consider, eg forgiveness or postponement of principal, interest or fees, where the concession is not insignificant

It should be noted that a downgrade of an entity's external credit rating is not, of itself, evidence of impairment, although it may be evidence of impairment when considered with other available information.

A financial instrument that is not Purchased or originated credit impaired "POCI" and meets any these criteria will be allocated to Stage 3. If the financial instrument no longer meets these criteria, it will be transferred to other stages as appropriate.

Definition of default
IFRS 9 requires an assessment of the extent of increase in credit risk of a financial instrument since initial recognition. This assessment is performed by considering the change in the risk of default occurring over the remaining life of the financial instrument as a result, the definition of default is important.

IFRS 9 does not specifically define default, but requires it to be applied on a consistent basis with internal credit risk management practice for the relevant instruments and consider qualitative factors where appropriate. In addition, IFRS 9 also introduces a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging criterion is more appropriate.

In addition, default is defined under Basel for regulatory reporting purposes. The Basel regulation provides a clear definition by referring to the number of days past due and criteria for unlikeliness to pay. The criteria for unlikeliness to pay are similar to the definition of credit-impaired under IFRS 9 and in general, default for regulatory reporting purposes does not occur later than when a financial asset is 90 days past due as well.

In view of the above, HSBC has decided to align the IFRS 9 definition of default and Basel definition of 'default' whenever possible. HSBC has decided not to rebut the presumption introduced by IFRS 9, i.e. default does not occur later than when a financial asset is 90 days past due. The use of the same default definition ensures that a single and consistent view of credit risk is applied for internal risk management, regulatory capital, and impairment calculations. In addition, since the criteria for credit-impaired under IFRS 9 can be interpreted consistently with the accounting default definition, all accounting defaults are considered to be credit-impaired, and all credit-impaired assets are considered to be defaulted for accounting purposes.

Upgrading from Stage 2 to Stage 1:
The financial asset shall not be moved from Stage 2 to Stage 1 before meeting all the quantitative and qualitative elements of Stage 1 and full repayment of past-dues (principal & interest), and after the lapse of 3 months of regular repayment and fulfillment of Stage 1 requirements.

Upgrading from Stage 3 to Stage 2:
The financial asset shall not be moved from Stage 3 to Stage 2 before meeting all the following conditions:
1- Meeting all the quantitative and qualitative elements of Stage 2.
2- Paying 25% of the outstanding balances of the financial asset after paying the reserved/suspended interest, as the case may be.
3- Punctual payment for 12 months at least.

Future Economic Inputs

The Bank employs several forward-looking global economic scenarios to determine its expected future external distributions. These scenarios represent our view of anticipated economic conditions and employ a consensus economic scenario approach. This approach is sufficient to calculate an unbiased expected loss in most economic environments. It comprises the "most likely outcome" (the central scenario) and three less likely "external" scenarios, referred to as the positive scenario, the negative/downward scenario, and additional negative scenarios. The central scenario is used in the annual operating planning process and will also be used, with regulatory adjustments, in stress testing across the institution.

The positive, negative, and additional negative scenarios were developed following a standardized process supported by a scenario narrative reflecting the major and emerging risks currently present at the bank, and in consultation with external and internal experts. The probability weight between other scenarios and Central scenario was fixed with the Central scenario being assigned a weighting of 65%, the Downside scenario 25%, the Upside 5% and Additional Downside 5% each.

The relationship between the external and central scenarios will generally be determined by the central scenario itself, with the difference between the external and central scenarios being based on the severity of the economic downturn, as measured by the dispersion of expected external distributions among professional industry forecasts. In reality, the external scenarios are economically plausible with the rest of the world and will not necessarily be as severe as the scenarios used in stress tests.

The forecast period is five years, after which the forecasts revert to a view based on the average of past experiences. The spread between the central and external scenarios is based on a consensus-based distribution of the projected GDP for the Arab Republic of Egypt. Economic factors include, but are not limited to, GDP, unemployment, interest rates, and commercial property prices in all countries where the Bank operates. Generally, the consequences of assessing credit risk and the resulting expected credit loss outputs will be weighted using standard probability weights. This probability weight may be applied directly or the effect of probability weighting may be applied periodically, at least annually, and then applied as an adjustment to the central economic forecasts. The central economic forecasts are updated quarterly.

The bank recognizes that the four-scenario economic scenario approach will not be sufficient in all economic environments. Further analysis, including the development of additional scenarios, may be requested at management's discretion. These circumstances may lead to managerial complications arising from economic uncertainties included in the expected credit loss.

Critical accounting estimates and judgments

In determining ECL, management is required to exercise judgment in defining what is considered to be a significant increase in credit risk and in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecasts of economic conditions. Judgment has been applied in determining the lifetime and point of initial recognition of revolving facilities.

The PD, LGD and EAD models which support these determinations are reviewed regularly considering differences between loss estimates and actual loss experience but given that IFRS 9 requirements have only just been applied, there has been little time available to make these comparisons. Therefore, the underlying models and their calibration, including how they react to forward-looking economic conditions, remain subject to review and refinement. This is particularly relevant for lifetime PDs, which have not been previously used in regulatory modelling and for the incorporation of 'Upside scenarios' which have not generally been subject to experience gained through stress testing.
The exercise of judgment in making estimations requires the use of assumptions which are highly subjective and very sensitive to the risk factors, in particular to changes in economic and credit conditions across a large number of geographical areas. Many of the factors have a high degree of interdependency and there is no single factor to which loan impairment allowances as a whole are sensitive.

Q. Investment property

Investment property represents land and buildings owned by the Bank and used to earn rental income or capital appreciation. Investment property does not include properties used by the Bank during its normal course of operation or foreclosed assets. The accounting policy for investment property is the same as for fixed assets.

The depreciation of investment property is calculated by using fixed installment method to distribute the cost over the assets' residual values and useful lives as follows:

Buildings	20 Years

R. Intangible assets

Software (computer programmes)
The expenses related to upgrading or maintenance of computer programs are to be recognized as expenses in the income statement when incurred. The expenses connected directly with specific software, which are subject to the Bank's control and expected to produce economic benefits exceeding their cost for more than one year, are to be recognized as an intangible asset. The direct expenses include staff cost of software upgrading teamwork, in addition to a suitable portion of respective overhead expenses.

The expenses which lead to the increase or expansion of computer software beyond their original specifications are recognized as an upgrading cost and are added to the original software cost.

The computer software cost recognized as an asset shall be amortized over the expected useful life (not more than five years).

S. Fixed assets

They represent land and buildings related to head office, branches and offices, and all fixed assets are reported at historical cost minus depreciation and impairment losses. The historical cost includes the charges directly related to acquisition of fixed assets items.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. Maintenance and repair expenses are charged to other operating expenses during the financial period in which they are incurred.
Land is not depreciated. Depreciation of other assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20 years
Leasehold improvement	3 to 10 years or over lease tenor if less
Furniture and safes	10 years
Typewriters calculators and air conditions	10 years
Motor vehicles	5 years
Computers and core systems	5 years
ATMs	7 years
Fixtures and fitting	3 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The recoverable amount is the higher of the asset's fair value less costs to sell or value in use.
Gains and losses on disposals are determined by comparing net proceeds with asset carrying amount. These gain and losses are included in other operating income (expenses) in the income statement.

T. Impairment of non-financial assets

Assets having no fixed useful life shall not be amortized (Except goodwill), and their impairment shall be tested at least annually. The impairment of amortized assets is studied to determine if there are events or changes in the circumstances indicating that the book value may not be recoverable as at the date of preparation of each financial statement.

The impairment loss is recognized by the excess amount of book value over the recoverable value. The recoverable value represents net realizable value of the asset or the usage amount, whichever is higher. For the purpose of estimating impairment, the asset is grouped with the smallest cash generating unit. At each balance sheet date, non-financial assets with impairment have to be reviewed to determine if there is impairment reversal made to the income statement, at the date of each financial statement.

U. Leases

The accounting treatment for the finance lease is in accordance with law 95 of year 1995. If the contract entitles the lessee to purchase the asset at a specified date and amount, and the contract term is more than 75% of the asset's expected useful life, or the current value of the total lease payments represents at least 90% of the value of the asset, then this lease is considered finance lease. Other than that, the lease has to be considered operating lease.

T/1. Leasing

For finance leases, the cost of the lease, including the cost of maintenance of the leased assets, is recognized as an expense in the income statement for the period in which it occurred.

If the Bank decides to purchase the right to purchase the leased assets, the cost of the purchase right is capitalized as an asset within the fixed assets and is depreciated over the remaining useful life of the asset in the same way as for similar assets.

Payments under operating lease less any discounts obtained from the lessor are recognized as expenses in the income statement on a straight-line basis over the period of the contract.

T/2. Leasing out

Operating lease assets are accounted for at the Investment Properties caption in the balance sheet and depreciated over the asset expected useful life using the same method applicable to similar assets. The lease rent income less any discount granted to the lessee will be recognized in the income statement using the straight line method over the contract term.

V. Cash and cash equivalents

For the purposes of the cash flows statement, cash and cash equivalents include balances due within three months from the date of acquisition, cash and balances due from the CBE other than the mandatory reserve, and current accounts with banks and Treasury bills.

W. Other provisions

Provisions for restructuring costs and legal claims are recognized when the Bank has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow is required to settle an obligation is determined, taking into consideration the group of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any obligation in the group is minimal.

Provisions no longer required are reversed in other operating income (expense). Provisions are measured at the present value of the best estimate of the consideration required to settle the obligations after one year from the financial statement date using the appropriate rate in accordance with the terms of settlement ignoring the tax effect which reflects the time value of money. If the settlement term is less than one year, the provision is booked using the present value unless time consideration has a significant effect.

The assessment of credit risk, and the estimation of ECL of non-funded liabilities, are unbiased and probability-weighted, and incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money, overall the bank calculates the ECL at the same way shown in previous points.

X. Financial guarantees contracts

Financial guarantees require the Bank to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantees are initially recognized at their fair value, which is normally evidenced by the amount of fees received. This amount is amortized on a straight line basis over the life of the guarantee. At the end of each reporting period, the guarantees are measured at the higher of (i) the amount of the loss allowance for the guaranteed exposure determined based on the expected loss model and (ii) the remaining unamortized balance of the amount at initial

recognition. In addition, an ECL loss allowance is recognized for fees receivable that are recognized in the statement of financial position as an asset.

Y. Employees benefits

End of service benefits

The Bank contributes to the social insurance scheme related to the social insurance authority for the benefit of its employees according to the social insurance law number 79 of 1975 and its amendments. The income statement is charged with these contributions on an accrual basis.

Based on the Bank's internal scheme, employees are granted end of service bonus according to the service period. Provision is provided based on the present value in light of the actuarial assumptions determined at balance sheet date and is recognized in the consolidated profit or loss under the caption of general and administrative expenses. This provision is presented in the balance sheet under defined benefits obligations .

Share-based payments

HSBC Holding plc (UK) grants shares to eligible employees under a share-based payment scheme, 'equity settled'. HSBC Egypt bears the cost of these shares which are charged in the income statement in light of the bank's shares in the expenses sent from the head office which are paid by the bank.

Z. Income tax

The income tax on the Bank's income or loss at the end of period includes both the current and deferred taxes. Income tax is recognized in the income statement, except income taxes related to shareholders' equity items that are recognized directly in the shareholders' equity.

The income tax is calculated on the net taxable income using the effective tax rate at the balance sheet date in addition to prior year tax adjustments.

Deferred tax is recognized due to the temporary differences resulting from reporting the value of assets and liabilities in one period for tax purpose and in another period for financial accounting purpose. Deferred tax is determined based on the method used to realize or settle the current values of these assets and liabilities using the tax rates prevailing at the balance sheet date.

The deferred tax assets shall be recognized if it is probable that sufficient taxable profits shall be realized in the future whereby the asset can be utilized, and the value of deferred tax assets shall be reduced by the value of portion not yielding the expected tax benefit. However, in case tax benefit is highly expected, the deferred tax assets shall increase to the extent of previous reduction.

AA. Capital

1. Capital cost

Issuance cost directly related to issuing new shares or issuing shares related to acquisition or share options is charged to shareholders' equity of total proceeds net of tax.

2. Dividends

Dividends are recognized as a liability when declared by the General Assembly of shareholders. Those dividends include employees' share in the profits and the Board of Directors' remuneration as prescribed by the articles of association and law.

AA. Custody activities

The Bank practices the custody activities that result in ownerships or management of assets on behalf of individuals, trusts, and retirement benefit plans. These assets and related income are excluded from the Bank's financial statements as they are assets not owned by the Bank.

AB. 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 year and kept as Treasury stocks.

The Bank has no dilutive potential ordinary shares; therefore, the diluted earnings per share equal the basic earnings per share.

AC. Comparative Figures

Comparative figures are reclassified whenever necessary to confirm with the changes in presentation applied in the current period.

3. Financial risk management

The bank, as a result of the activities it exercises, is exposed to various financial risks. Since the basis of financial activity is to accept risks, some risks or group of risks are analyzed, evaluated and managed altogether. The Bank intends to strike a balance between the risk and return and to reduce the probable adverse effects on the Bank's financial performance.

The most important types of risks are credit risk, market risk, liquidity risk and other operating risks. Market risk comprises foreign exchange volatility risk, interest rate risk and other pricing risks.

The risk management policies have been laid down to determine and analyses the risks, set limits to the risk and control them through reliable methods and updated systems.

The Bank regularly reviews the risk management policies and systems and amends them to reflect the changes in market, products and services, and the best updated applications.

Those risks are managed by the Risk department in the light of policies approved by Board of Directors. The Risk department determines, evaluates and covers the financial risks, in collaboration with the Bank's various operating units, and the Board of Directors provides written policies for management of risks as a whole, in addition to written policies covering specific risk areas like credit risk, foreign exchange rate risk,

interest rate risk and using the financial derivative and non-derivative instruments. Moreover, the Risk department is independently responsible for annual review of risk management and control environment.

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 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, rights and obligations from others are considered financial assets exposed to credit risk represented in the inability of those parties to settle part or whole of their indebtedness on the date of maturity. The Bank minimizes the effect of this risk by the following:

- Preparing detailed credit studies about customers and banks before dealing with them to assess and determine the rates of the credit risk rates related to these
- Obtaining adequate guarantees to reduce the possibility of loss in case of a customer or bank default
- Diversifying loans portfolio among various sectors to minimize the concentration of credit risk

- Monitoring and preparing regular studies on customers in order to evaluate their financial and credit position and estimate the required provisions for non-performing balances.

Note No. (A/7) shows the sector diversification of the loans and advances portfolio.

The Bank evaluates the customer risk using internal policies for different customer categories. These policies are updated taking into consideration financial analysis and statistical analysis for each customer category in addition to the personal judgment of the credit officer to reach the appropriate grading. The customers are classified into 10 grading, which are divided into four ratings.

Bank's internal ratings scale

The amount of default represents the outstanding balances at the time when a late settlement occurred, for example the loans expected amount of default represents its book value. For commitments, the default amount represents all actual withdrawals in addition to any withdrawals occurred until the date of the late payment, if any.

The expected losses or specific losses represent the Bank's loss expectation of when the settlement is due, which is loan loss percentage that differs according to the type of facility, the availability of guarantees and any other credit cover.

Debt instruments and Treasury bills

The same methods used for credit customers are used for debt instruments and Treasury bills. They represent better credit method and a readily available source to meet the funding requirements bills. The Bank uses external ratings such as Standard & Poor's rating, MERIS MODES rating and Fitch rating to manage its credit risk.

A.2. Limiting and preventing risks policies

The Bank manages and controls credit concentrations at the borrowers' level, groups of borrowers' level, industries level and countries level.

The Bank manages the credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single borrower or groups of borrowers and to the geographical and industry segments. Such risks are monitored on a regular basis and subject to an annual or more frequent review when considered necessary. The top management reviews on regular basis the sectoral and country credit concentration.

Exposure to credit risk is also managed through regular analysis of the existing and potential borrowers' ability to meet their obligations and through changing the lending limits where appropriate.

The following are other controls used by the Bank to limit the credit risk:
Collaterals

The bank uses different methods to limit its credit risk. One of these methods is accepting collaterals against loans and advances granted by the Bank. The Bank implements guidelines for collaterals to be accepted. The major types of collateral against loans and advances are:

- Real estate mortgage
- Business assets mortgage, such as machines and goods
- Financial instruments mortgage, such as debt and equity instruments

The Bank is keen to obtain the appropriate guarantees against corporate entities of long-term finance while individual credit facilities are generally unsecured.

In addition, to minimize the credit loss, the Bank will seek additional collaterals from all counterparties as soon as impairment indicators are noticed for a loan or advance.

The Bank determines type of collaterals held to secure financial assets other than loans and advances according to the nature of the instrument. Generally, debt securities and Treasury bills are unsecured except for asset-backed securities and similar instruments that are secured by a financial instrument portfolio.

Derivatives
The Bank maintains strict control limits over amounts and terms for the net value of opened derivative positions, i.e. the difference between purchase and sale contracts. In all cases, the amount subject to credit risk is limited to the current fair value of instruments in which the Bank could gain a benefit from it (i.e. assets that have positive fair value), which represents a small value of the contract or the notional value. The Bank manages this credit risk, which is considered part of the total customer limit with expected market changes risk all together. Generally, no collateral is obtained for credit risk related to these instruments, except for marginal deposits required by the Bank from other parties.
Settlement risk arises when cash, equity instruments or other financial papers are used in the settlement process or if there is expectation to receive cash, equity instruments or other financial papers. Daily settlement limits are established for each counterparty to cover the aggregate settlement risk arising from the daily Bank transactions.

Master netting arrangements
The Bank further restricts its exposure to credit losses by entering into master netting arrangements with counterparties of significant volume of transactions. Generally, no netting is made between assets and liabilities at the balance sheet data relating to the master netting arrangements as aggregate settlements are made. However, the credit risk related to contracts to the favor of the Bank is reduced by a master netting arrangement as netting will be made with the counterparty to settle all transactions. The value of the credit risk faced by the Bank changes substantially within a short period of time as it is affected by each transaction occurring in the arrangement.

Credit-related commitment.
The primary purpose of these commitments is to ensure that funds are available to customer when required. Guarantees and standby letters of credit are of the same credit risks as loans. Documentary

and commercial letters of credit, which are issued by the Bank on behalf of customers, by which authorizing a third-party to draw within a certain limit in accordance to specific terms and conditions and guaranteed by the goods under shipment, are of lower risk than a direct loan.
Credit-related commitment represents the unused portion of credit limit of loans, guarantees or letters of credit. With respect to credit risk related to credit-related commitments, the Bank is exposed to probable loss of amount equal to the total unused limit. However, the probable amount of loss is less than the unused limit commitments as most commitments represent commitments to customers maintaining certain credit standards. The Bank monitors the maturity term of the credit commitments because long-term commitments are of higher credit risk than short-term commitments.

A.3. 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, impairment provisions recognized at the balance sheet date using expected credit loss, 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

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.
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.
There is no direct correlation between the internal and external ratings at granular level, except to the extent each falls within a single quality classification.

Credit quality classification

Quality classification	Debt securities and other bills External credit rating	Wholesale lending internal credit rating	Retail lending internal credit rating2
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').
Distribution of loans and facilities to customers for which the impairment requirements of IFRS9 are applicable in terms of credit quality and allocation at the stage.

30 June 2026	**Loans and advances to customers**	**Allowance / provision for ECL %**
Stage 1	76.4%	0.2%
Stage 2	15.3%	4.0%
Stage 3	8.3%	78.6%
Total Loans and advances to customers / Provision for ECL	100.0%	7.3%

31 December 2025	**Loans and advances to customers**	**Allowance / provision for ECL %**
Stage 1	73.3%	0.1%
Stage 2	16.5%	3.4%
Stage 3	10.2%	82.5%
Total Loans and advances to customers / Provision for ECL	100.0%	9.1%

Reconciliation of changes in allowances for loans and advances Customers including the loans, advances and financial guarantees.

Items affected by IFRS 9

	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 2026	43,465,735	(57,549)	9,815,265	(334,520)	6,057,122	(4,997,169)	59,338,122	(5,389,238)
Transfers from Stage 1 to Stage 2	(1,028,803)	(882)	1,151,669	880	-	-	122,866	(2)
Transfers from Stage 2 to Stage 1	1,016,322	15,222	(952,916)	(18,491)	-	-	63,406	(3,269)
Transfers from stage 2 to Stage 3	-	-	(94,218)	(4,477)	94,218	4,477	-	-
Transfers from Stage 3 to stage 2	-	-	5,556	1,258	(5,556)	(1,258)	-	-
ECL(Charges)/Reversal	-	(28,144)	-	(22,546)	-	932,228	-	881,538
Balance Volume movement	3,843,844	-	(433,424)	-	(980,760)	-	2,429,660	-
At 30 June 2026	**47,297,098**	**(71,353)**	**9,491,932**	**(377,896)**	**5,165,024**	**(4,061,722)**	**61,954,054**	**(4,510,971)**

	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 2025	33,038,345	(93,848)	22,509,475	(3,412,759)	2,917,931	(2,615,098)	58,465,751	(6,121,705)
Transfers from Stage 1 to Stage 2	(1,377,024)	(12,384)	1,427,072	16,400	-	-	50,048	4,016
Transfers from Stage 2 to Stage 1	2,216,811	821,011	(2,383,541)	(1,014,864)	-	-	(166,730)	(193,853)
Transfers from stage 2 to Stage 3	-	-	(137,582)	(13,525)	137,582	13,525	-	-
Transfers from Stage 3 to stage 2	-	-	91,729	35,067	(91,729)	(35,067)	-	-
ECL(Charges)/Reversal	-	(772,328)	-	4,055,161	-	(2,360,529)	-	922,304
Balance Volume movement	9,587,603	-	(11,691,888)	-	3,093,338	-	989,053	-
At 31 December 2025	**43,465,735**	**(57,549)**	**9,815,265**	**(334,520)**	**6,057,122**	**(4,997,169)**	**59,338,122**	**(5,389,238)**

30 June 2026

Item	Gross balance subject to ECL	Expected credit Loss			
		Stage one	Stage two	Stage three	Total ECL
Balances at central banks	40,907,128	39	-	-	39
Due from banks	75,204,304	27,166	214,793	-	241,959
Loans and Advances to Customers	61,954,054	71,353	377,896	4,061,722	4,510,971
Accrued revenues	3,753,840	5,942	-	-	5,942
Financial investment	169,211,305	74,883	-	-	74,883
Commitment and contingent liabilities	108,227,700	39,728	387,350	151,390	578,468
Total	**459,258,331**	**219,111**	**980,039**	**4,213,112**	**5,412,262**

31 December 2025

Item	Gross balance subject to ECL	Expected credit Loss			
		Stage one	Stage two	Stage three	Total ECL
Balances at central banks	19,874,639	19	-	-	19
Due from banks	107,322,818	25,129	207,994	-	233,123
Loans and Advances to Customers	59,338,122	57,549	334,520	4,997,169	5,389,238
Accrued revenues	2,339,580	599	996	-	1,595
Financial investment	162,183,779	57,610	-	-	57,610
Commitment and contingent liabilities	84,969,178	49,293	367,512	207,155	623,960
Total	**436,028,116**	**190,199**	**911,022**	**5,204,324**	**6,305,545**

Credit quality classification definitions.

- 'Strong' exposures demonstrate a strong capacity to meet financial commitments, with negligible or low probability of default and/or low levels of expected loss.
- 'Good' exposures require closer monitoring and demonstrate a good capacity to meet financial commitments, with low default risk.
- 'Satisfactory' exposures require closer monitoring and demonstrate an average to fair capacity to meet financial commitments, with moderate default risk.
- 'Sub-standard' exposures require varying degrees of special attention and default risk is of greater concern.
- 'Impaired' exposures have been assessed as impaired. These also include retail accounts classified as Band 1 to Band 6 that are delinquent by more than 90 days, unless individually they have been assessed as not impaired; and renegotiated loans that have met the requirements to be disclosed as impaired and have not yet met the criteria to be returned to the unimpaired portfolio.

Risk rating scales

The customer risk rating ('CRR') 10-grade scale summarizes a more granular underlying 23-grade scale of obligor probability of default ('PD'). All HSBC customers are rated using the 10- or 23-grade scale, depending on the degree of sophistication of the Basel II approach adopted for the exposure.

Previously, retail lending credit quality was disclosed under IAS 39, which was based on expected-loss percentages. Now, retail lending credit quality is disclosed on an IFRS 9 basis, which is based on a 12-month point-in-time ('PIT') probability weighted probability of default ('PD').

For debt securities and certain other financial instruments, external ratings have been aligned to the five quality classifications. The ratings of Standard and Poor's are cited, with those of other agencies being treated equivalently. Debt securities with short-term issue ratings are reported against the long-term rating of the issuer of those securities. If major rating agencies have different ratings for the same debt securities, a prudent rating selection is made in line with regulatory requirements.

A.4. 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 (35) 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%

The credit characteristics used to determine the stages differ from the ORR rating.

A.5. Maximum limits for credit risk before collaterals

	30 June 2026 EGP '000	31 December 2025 EGP '000
Balance sheet items exposed to credit risks		
Due from banks	75,204,304	107,114,824
Financial investment at FVPL	985,721	314,345
Loans and advances to customers:		
Retail loans:		
Overdrafts	65,721	60,388
Credit cards	5,528,027	5,738,800
Personal loans	13,872,991	13,177,493
Mortgage loans	-	15
Corporate loans:		
Overdrafts	4,610,582	4,847,541
Direct loans	26,659,914	23,917,276
Syndicated loans	11,216,819	11,596,609
Financial derivative instruments	903,457	158,147
Financial investments:		
Debt instruments	169,209,387	162,183,779
Other assets	3,753,840	2,339,580
Total	**312,010,763**	**331,448,795**
Off-balance sheet items exposed to credit risk		
Loan commitments and other irrevocable commitments related to credit	40,180,932	20,733,416
Letters of credit	5,394,558	3,135,511
Letters of guarantee	62,652,210	61,100,251
Total	**108,227,700**	**84,969,178**

As shown in the previous table, 19.86% of the maximum credit risk exposure arises from loans and facilities to customers, compared to 17.90% as at 31 December 2025.

The previous table represents the maximum exposure limit as of June 2026 and the end of December 2025, without taking into account any collateral. For balance sheet items, the amounts presented are based on the net carrying value disclosed in the balance sheet.

Management is confident in its ability to continue controlling and maintaining the minimum credit risk arising from both the loans and facilities portfolio and debt instruments, based on the following:

A.6. Debt instruments and treasury bills

The table below shows an analysis of debt instruments and Treasury bills (with Egyptian government) according to the rating agencies at the end of the financial period (MERIS and Reuters).

30 June 2026	Treasury bills EGP '000	Investments in securities EGP '000	Total EGP '000
Caa1	83,505,419	86,691,606	**170,197,025**
Total	**83,505,419**	**86,691,606**	**170,197,025**

A.7. 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	36,284,792	-	-	38,919,512	**75,204,304**
Financial assets at fair value through profit or loss	985,721	-	-	-	**985,721**
Loans and advances to customers					
Retail:					
Overdrafts	52,308	11,807	1,606	-	**65,721**
Credit cards	5,528,027	-	-	-	**5,528,027**
Personal loans	10,185,262	3,262,328	425,401	-	**13,872,991**
Mortgage loans	-	-	-	-	**-**
Corporate:	-	-	-	-	**-**
Overdrafts	4,610,582	-	-	-	**4,610,582**
Direct loans	26,659,914	-	-	-	**26,659,914**
Syndicated loans	10,379,190	837,629	-	-	**11,216,819**
Derivative financial instruments	903,457	-	-	-	**903,457**
Financial investment:	-	-	-	-	**-**
Debt instruments	162,540,112	-	-	6,669,275	**169,209,387**
Other assets	3,736,789	11,807	5,244	-	**3,753,840**
Total as of 30 June 2026	**261,866,154**	**4,123,571**	**432,251**	**45,588,787**	**312,010,763**
Total as of 31 December 2025	**273,196,162**	**4,219,534**	**373,969**	**53,659,131**	**331,448,797**

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	-	-	-	75,204,304	-	-	**75,204,304**
Financial investment at fair value through profit or loss	-	-	-	985,721	-	-	**985,721**
Loans and advances to customers	-	-	-	-	-	-	**-**
Retail:							
Overdrafts	-	-	-	-	-	65,721	**65,721**
Credit cards	-	-	-	-	-	5,528,027	**5,528,027**
Personal loans	-	-	-	-	-	13,872,991	**13,872,991**
Mortgage loans	-	-	-	-	-	-	**-**
Corporate:							
Overdrafts	2,133,110	1,347,254	1,130,218	-	-	-	**4,610,582**
Direct loans	17,244,424	1,937,510	7,477,980	-	-	-	**26,659,914**
Syndicated loans	2,775,245	1,114,191	745,000	5,402,596	1,179,787	-	**11,216,819**
Derivative financial instruments	-	-	903,457	-	-	-	**903,457**
Financial investment:	-	-	-	-	-	-	**-**
Debt instruments	-	-	-	169,209,387	-	-	**169,209,387**
Other assets	-	-	-	-	3,753,840	-	**3,753,840**
Total as of 30 June 2026	**22,152,779**	**4,398,955**	**10,256,655**	**250,802,008**	**4,933,627**	**19,466,739**	**312,010,763**
Total as of 31 December 2025	**19,900,198**	**4,337,622**	**8,973,187**	**275,673,061**	**3,588,032**	**18,976,696**	**331,448,796**

B. 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. Periodic reports about market risk are submitted to the Board of Directors and each business unit head Periodically.

Trading portfolios include transactions where the Bank deals directly with clients or with the market; non-trading portfolios primarily arise from managing assets and liabilities interest rate price relating to retail transactions. These portfolios include foreign currency risks and equity instruments resulting from investments held to maturity and investments through other comprehensive income.

Financial risk management (continued)

B.1) Market risk measurement techniques

As part of market risk management, the Bank undertakes various hedging strategies and enters into swaps to match the interest rate risk associated with the fixed-rate long-term loans if the fair value option has been applied. The major measurement techniques used to measure and control market risk are outlined below:

Value at Risk

The Bank applies a 'value at risk' methodology (VAR) for trading and non-trading portfolios to estimate the market risk of positions held and the maximum expected losses based on a number of assumptions for various changes in market conditions. The Board sets separate limits for the value of risk that may be accepted by the Bank for trading and non-trading portfolios and monitored by the ALCO committee.

VAR is a statistical estimation of the expected losses on the current portfolio from adverse market movements in which it represents the 'maximum' amount the Bank expects to lose using confidence level of 98%. Therefore, there is a statistical probability of 2% that actual losses could be greater than the VAR estimation. The VAR module assumes that the holding period is 10 days before closing the opening position. It also assumes that market movements during the holding period will be the same as 10 days before. The Bank's assessment of past movements is based on data for the current period. The Bank applies these historical changes in rates, prices, indicators etc. directly to its current positions. This approach is called historical simulation. Actual outcomes are monitored regularly to test the validity of the assumptions and factors used in the VAR calculation.

The use of this approach does not prevent losses from exceeding these limits, if there are significant market movements.

As VAR is considered a primary part of the Bank's market risk control technique, VAR limits are established by the Board annually for all trading and non-trading transactions and allocated to business units. Actual values exposed to market risk are compared to the limits established by the Bank and reviewed by the ALCO committee.

The average daily VAR for the Bank during the current year was EGP 634,885 thousand against EGP 385,136 thousand for 31 December 2025.

The quality of the VAR model is continuously monitored through examining the VAR results for the trading portfolio, and results are reported to the top management and Board of Directors.

Stress testing

Stress testing provides an indicator of the expected losses that may arise from sharp adverse circumstances. It is designed to match business using standard analysis for specific scenarios. It is carried out by the Bank Treasury. It includes risk factor stress testing where sharp movements are applied to each risk category and tests emerging market stress as emerging market portfolios are subject to sharp movements and special stress, including possible stress events to specific positions or regions, for example the stress outcome to a region applying a free currency rate.

The results of the stress testing are reviewed by top management and Board of directors.

B.2) VAR summary

Total VAR according to risk type

	EGP '000 30 June 2026			EGP '000 31 December 2025		
	Average	High	Low	Average	High	Low
Foreign exchange risk	627,067	11,899,971	30,939	382,037	1,759,163	4,433
Interest rate risk	7,818	502,883	3,003	3,099	4,290	1,430
Total VAR	**634,885**	**12,402,854**	**33,942**	**385,136**	**1,763,453**	**5,863**

Trading portfolio VAR by risk type

	EGP '000 30 June 2026			EGP '000 31 December 2025		
	Average	High	Low	Average	High	Low
Foreign exchange risk	627,067	11,899,971	30,939	382,037	1,759,163	4,433
Interest rate risk	3,146	205,177	667	524	953	143
Total VAR	**630,213**	**12,105,148**	**31,606**	**382,561**	**1,760,116**	**4,576**

Non-trading portfolio VAR by risk type

	EGP '000 30 June 2026			EGP '000 31 December 2025		
	Average	High	Low	Average	High	Low
Foreign exchange risk	310,101	461,552	3,194	36,421	188,397	95
Interest rate risk	6,483	403,394	2,241	2,813	4,195	1,239
Total VAR	**316,584**	**864,946**	**5,435**	**39,234**	**192,592**	**1,334**

The above three VAR results are calculated independently from the underlying positions and historical market movements. The aggregate of the trading and non-trading VAR results does not represent the Bank's VAR due to correlations of risk types and portfolio types and their effect. (The above three VAR results are before stress testing.)

B.3) Foreign exchange volatility risk

The Bank is exposed to foreign exchange rate volatility risk in terms of the financial position and cash flows. The Board of Directors sets aggregate limits for foreign exchange in the total value (summation value) for each position at the end of the day and during the day that is controlled on a timely basis. The following table summarizes the Bank' exposure to foreign exchange volatility risk at the end of the period. The following table includes the carrying amounts of the financial instruments in their currencies:

30 June 2026						Equivalent in EGP000
	EGP	USD	EUR	GBP	Other	Total
Financial assets:						
Cash and balances with Central bank	(43,614,082)	(614,429)	(117,856)	(56,402)	(89,090)	**(44,491,859)**
Due from banks	(22,098,951)	(46,997,865)	(160,565)	(4,860,194)	(1,059,563)	**(75,177,138)**
Financial assets at fair value through profit or loss	(985,721)	-	-	-	-	**(985,721)**
Loans and advances to banks	-	-	-	-	-	**-**
Loans and advances to customers	(42,105,140)	(7,527,972)	(7,789,059)	(20,912)	-	**(57,443,083)**
Derivative financial instruments	-	(903,187)	(243)	(26)	-	**(903,457)**
Financial investments:	-	-	-	-	-	**-**
Financial investment at Fair value through other comprehensive income	(45,079,924)	(35,812,553)	(5,054,051)	-	-	**(85,946,528)**
Treasury bills at fair value through OCI	(64,628,982)	(12,207,162)	-	-	(6,669,275)	**(83,505,419)**
Other financial assets	(6,952,791)	-	(2,894,330)	215,548	5,877,732	**(3,753,840)**
Total financial assets	**(225,465,591)**	**(104,063,169)**	**(16,016,104)**	**(4,721,987)**	**(1,940,195)**	**(352,207,046)**
Financial liabilities						
Due to banks	6,184,872	499,874	362,736	-	3,515	**7,050,997**
Customer deposits	141,603,411	112,969,518	14,940,753	4,355,419	1,419,743	**275,288,845**
Financial derivative	-	216,449	175,571	-	-	**392,020**
Other financial liabilities	5,390,442	2,494,316	284,025	362,335	138,685	**8,669,802**
Subordinated loans	2,072,000	-	-	-	-	**2,072,000**
Total financial liabilities	**155,250,725**	**116,180,156**	**15,763,086**	**4,717,754**	**1,561,943**	**293,473,664**
Net financial position - Balance sheet	**(70,214,865)**	**12,116,987**	**(253,019)**	**(4,233)**	**(378,251)**	**(58,733,382)**
Commitments related to credit & contingent liabilities	**16,022,237**	**47,295,159**	**15,155,039**	**39,000**	**630,281**	**79,141,716**
31 December 2025						
Total financial assets	**(220,744,828)**	**(111,213,706)**	**(9,182,911)**	**(4,061,544)**	**(3,189,860)**	**(348,392,848)**
Total financial liabilities	**158,759,834**	**107,554,435**	**15,247,696**	**3,962,425**	**1,162,491**	**286,686,881**
Net financial position - balance sheet	**(61,984,994)**	**(3,659,271)**	**6,064,785**	**(99,119)**	**(2,027,369)**	**(61,705,967)**
Commitments related to credit & contingent liabilities	**16,022,237**	**47,295,159**	**15,155,039**	**39,000**	**630,281**	**79,141,715**

B.4) Interest Rate Risk

The Bank is exposed to the effects of fluctuations in market interest rate levels. This includes cash flow interest rate risk, which is the risk that future cash flows of a financial instrument will fluctuate due to changes in the interest rate of that instrument, and fair value interest rate risk, which is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The interest margin may increase because of such changes; however, profits may decline in the event of unexpected movements. The Bank's Board of Directors sets limits on the level of interest rate repricing mismatches that the Bank may maintain, and this is monitored daily by the Bank's Treasury Department.

The table below summarizes the Bank's exposure to interest rate risks. It includes the Bank's financial instruments at carrying amounts categorized by the earlier of repricing or maturity dates:

30 June 2026	Up to one month	Months 1-3	Months 3-12	years 1-5	5 years or more	Without Interest	Total EGP000
Financial assets:							
Cash and balances with Central bank	-	-	-	-	-	(44,491,859)	**(44,491,859)**
Due from banks	(14,324,225)	(41,824,667)	(19,028,247)	-	-	-	**(75,177,138)**
Financial assets at fair value through profit or loss	-	-	(4,355)	(981,366)	-	-	**(985,721)**
Loans and advances to banks	-	-	-	-	-	-	**-**
Loans and advances to customers	(5,358,362)	(13,697,164)	(7,366,398)	(25,679,945)	(5,341,214)	-	**(57,443,083)**
Financial derivatives	(903,457)	-	-	-	-	-	**(903,457)**
Financial investment At fair value through other comprehensive income	(20,002,263)	-	(5,181,587)	(60,762,678)	-	-	**(85,946,528)**
Treasury bills at fair value through OCI	-	(1,496,692)	(82,008,727)	-	-	-	**(83,505,419)**
Other financial assets	-	-	-	-	-	(5,440,687)	**(5,440,687)**
Total financial assets	**(40,588,306)**	**(57,018,523)**	**(113,589,314)**	**(87,423,989)**	**(5,341,214)**	**(49,932,546)**	**(353,893,892)**
Financial liabilities							
Due to banks	7,050,997	-	-	-	-	-	**7,050,997**
Customer deposits	71,569,266	25,553,186	41,725,503	136,339,677	101,214	-	**275,288,845**
Financial derivatives	392,020	-	-	-	-	-	**392,020**
Other financial liabilities	-	-	-	-	-	8,669,802	**8,669,802**
Subordinated loans	-	-	-	2,072,000	-	-	**2,072,000**
Total financial liabilities	**79,012,283**	**25,553,186**	**41,725,503**	**138,411,677**	**101,214**	**8,669,802**	**293,473,664**
Interest repricing gap	**38,423,976**	**(31,465,337)**	**(71,863,811)**	**50,987,688**	**(5,240,001)**	**(41,262,744)**	**(60,420,228)**
Total as of 31 December 2025							
Total financial assets	**(103,108,965)**	**(28,684,728)**	**(77,665,184)**	**(58,435,024)**	**(455)**	**(15,563,524)**	**(283,457,880)**
Total financial liabilities	**55,202,537**	**19,113,383**	**40,052,837**	**106,087,485**	**2,072,000**	**11,748,723**	**234,276,965**
Interest repricing gap	**(47,906,428)**	**(9,571,345)**	**(37,612,347)**	**47,652,461**	**2,071,545**	**(3,814,801)**	**(49,180,915)**

C. 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

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 board 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).

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.

Liquidity risk management process

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.

Funding approach
Sources of liquidity are regularly reviewed by management and the bank's treasury to maintain a wide diversification by currency, geography region, source, products and terms.

Off-balance sheet items
According to the table below and note (38):

30 June 2026

	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	40,180,932	-	-	**40,180,932**
Letters of credit	5,394,558	-	-	**5,394,558**
Letters of guarantee	62,652,210	-	-	**62,652,210**
Operating lease commitments	2,998	9,743	-	**12,741**
Total	**108,230,698**	**9,743**	**-**	**108,240,441**

31 December 2025

	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	20,733,416	-	-	**20,733,416**
Letters of credit	3,135,511	-	-	**3,135,511**
Letters of guarantee	61,100,251	-	-	**61,100,251**
Operating lease commitments	2,998	11,242	-	**14,240**
Total	**84,972,176**	**11,242**	**-**	**84,983,418**

D) Fair value of financial assets and liabilities

D.1) Financial instruments measured at fair value using a valuation method
The change in estimated fair value of financial investments measured at FVOCI using valuation methods for the period amounted to EGP 1,276,509 thousand as of 30 June 2026 against EGP (193,783) thousand for the year ended 31 December 2025.

D.2) Financial instruments not measured at fair value
The table below summarizes the carrying amounts and fair values for those financial assets and liabilities not presented on the Bank's balance sheet at their fair value.

	Book value EGP000	Fair value EGP000
	30 June 2026	30 June 2026
Financial assets		
Due from banks	75,177,138	75,177,138
Loans and advances to banks	-	-
Loans and advances to customers		
Retail	19,466,739	19,436,912
Corporate	42,487,315	38,147,129
Financial liabilities		
Due to banks	7,050,997	7,261,529
Customer deposits		
Retail	134,817,908	134,731,480
Corporate	140,470,937	141,188,187
Subordinated loans	2,072,000	2,072,000

Due from banks
Fair value of placements and deposits bearing variable interest rate for one day is its current value. The expected fair value for deposits bearing variable interest is based on the discounted cash flow using the rate of similar asset of similar credit risk and due dates.

Loans and advances to customers
Loans and advances are net of provisions for impairment losses. Fair value expected for loans and advances represents the discounted value of future cash flows expected to be collected, and cash flows are discounted using the current market interest rate to determine fair value.

Due to banks and customers
The estimated fair value of deposits of indefinite maturity, which includes interest-free deposits, is the amount paid on call. The estimated fair value of fixed interest-bearing deposits and other Loans not traded in an active market is based on discounted cash flows using interest rates for new debts of similar maturity dates.

E. 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 models 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 12.5 % 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 going concern capital comprising:

- 45% of the increase between the fair value and carrying amount for (fair value reserve if positive, financial investments through OCI, held-to-maturity investments, investments in subsidiaries)
- 45% of the special reserves
- 45% of positive difference foreign currency reserves
- Hybrid financial instruments
- Loans (deposits) subordinated.
- (It should not exceed 1.25% of the total credit risk of risk-weighted on-balance sheet assets and regular off-balance sheet commitments, and the impairment loss provision for loans, credit facilities, and irregular off-balance sheet commitments should be sufficient to cover the obligations for which the provision was made.)

The denominator of the capital adequacy comprises:

1) Credit risk.
2) Market risk
3) Operational 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 tier 1 & tier 2the capital adequacy according to Basel II:

	30 June 2026 EGP000	31 December 2025 EGP000
Capital		
Tier 1 after disposals (going concern capital) (1)		
Share capital	5,000,000	5,000,000
Reserves	8,101,624	7,035,293
General risk reserve	491,666	491,666
Retained earnings	30,655,830	30,167,690
Change In fair value for investment at fair value through OCI	(280,881)	236,650
Total disposals from going concern capital	(3,222,645)	(2,971,739)
Total going concern capital after disposals (common equity) Tier 1	**40,745,594**	**39,959,560**
Tier 2 after disposals (going concern capital)		
Subordinated (deposits) loans	108,800	468,800
Impairment losses & provision for performing loans and advances and contingent liabilities	242,644	163,855
Total Tier 2 after disposals (going concern capital)	**351,444**	**632,655**
Total capital adequacy after disposals (1+2)	**41,097,038**	**40,592,215**
Risk (credit, market and operation)		
Credit risk	104,520,038	95,960,000
Excess of top 50 customers' exposures	24,856,760	22,085,780
Capital requirements for market risk	2,760,756	647,967
Capital requirements for operation risk	42,292,628	12,693,800
Total credit, market and operation risk	**174,430,182**	**131,387,547**
Capital adequacy ratio (%)	**23.56%**	**30.90%**

Financial leverage:

F. Financial leverage ratio

Central Bank of Egypt Board of Directors had approved in its meeting held on July 7, 2015 on special supervisory instructions related to leverage ratio which maintaining a minimum level of leverage ratio of 3% to be reported in quarterly basis as follows:

- Guidance ratio started from reporting period September 2015 till December 2017.
- Obligatory ratio started from year 2018.

This ratio will be included in Basel requirement tier 1 in order to maintain Egyptian Banking system strong and safe, as long to keep up with best international regulatory treatments. Leverage ratio reflect relationship between tier 1 for capital that is used in capital adequacy ratio (after disposals) and other assets (on balance sheet and off-balance sheet) that are not risk weighted assets.

Ratio elements

A) The numerator elements

The numerator consists of tier 1 capital that are used in capital adequacy ratio (after disposals) in accordance with the requirements of the regulatory authority represented by the Central Bank of Egypt (CBE).

B) The dominator elements

The dominator consists of all bank assets (on balance sheet and off-balance sheet according to the financial statements called "Bank exposures" which include total the following:

1- On balance sheet items after deducting some of tier 1 exclusions for capital base
2- Derivatives contracts exposures

3- Financing financial papers operations exposures.
4- Off-balance sheet exposures (weighted by conversion factor)

The table below summarizes the leverage financial ratio:

	30 June 2026 EGP000	31 December 2025 EGP000
Tier 1 after disposals (going concern capital)	**40,745,594**	**39,959,560**
Total on-balance sheet exposures, derivatives contracts and financial papers operations	355,482,223	350,036,471
Total off-balance sheet exposures	47,087,390	43,959,620
Total exposures on balance sheet and off-balance sheet	**402,569,613**	**393,996,091**
Leverage financial ratio (%)	10.12%	10.14%

	30 June 2026			31 December 2025		
LCR	Local currency	Foreign currencies	Total	Local currency	Foreign currencies	Total
High quality liquid assets	133,020,596	67,431,664	200,452,260	131,890,406	51,283,615	183,174,021
Total cash outflows	42,223,473	31,624,756	73,848,229	42,449,482	28,389,760	70,839,242
Total cash inflows considered valid within the established limit (less than: total cash inflows, 75% of total cash outflows)	31,667,605	23,718,567	55,386,172	31,837,112	21,292,320	53,129,432
Net cash outflows = Gross cash outflows - Validated cash inflows	**10,555,868**	**7,906,189**	**18,462,057**	**10,612,371**	**7,097,440**	**17,709,811**
Liquidity Coverage Ratio	**1260.16%**	**852.90%**	**1085.75%**	**1242.80%**	**722.56%**	**1034.31%**

NSFR	Amount		Weighted value		
30 June 2026	Local currency	Foreign currencies	Local currency	Foreign currencies	Total
Total available stable funding	204,251,694	137,430,544	139,245,176	100,174,473	239,419,649
Total required stable funding	289,059,910	230,724,934	41,832,619	26,701,672	68,534,291
Net Stable Funding Ratio			**332.86%**	**375.16%**	**349.34%**

NSFR	Amount		Weighted value		
31 December 2025	Local currency	Foreign currencies	Local currency	Foreign currencies	Total
Total available stable funding	207,086,086	127,911,441	136,569,204	93,309,362	229,878,566
Total required stable funding	276,086,505	223,807,304	35,671,530	27,999,758	63,671,288
Net Stable Funding Ratio			**382.85%**	**333.25%**	**361.04%**

G. Sensitivity of Risks

Measurement uncertainty and sensitivity analysis of ECL estimates

- Expected credit loss impairment allowances recognized in the financial statements reflect the effect of a range of possible economic outcomes, calculated on a probability-weighted basis, based on the economic scenarios described below. The recognition and measurement of ECL involves the use of significant judgment and estimation. It is necessary to formulate multiple forward-looking economic forecasts and incorporate them into the ECL estimates. HSBC Bank Egypt uses a standard framework to form economic scenarios to reflect assumptions about future economic conditions, supplemented with the use of management judgment, which may result in using alternative or additional economic scenarios and/or management adjustments.

Methodology for Developing Forward Looking Economic Scenarios

- The Bank in general use three economic scenarios representative of HSBC's view of forecast economic conditions, sufficient to calculate unbiased expected loss in most economic environments. In 2020, and due to the economic effects of Covid-19 outbreak, the Bank applied four forward-looking global scenarios. They represent a 'most likely outcome', (the Central scenario) and three, less likely, 'outer' scenarios referred to as the Upside and Downside and Additional Downside scenarios. The probability weight between Other scenarios and Central scenario was fixed with the Central scenario being assigned a weighting of 65%, the Downside scenario 25%, the Upside 5 % and Additional Downside 5 % each.
- For the Central scenario, HSBC Bank Egypt sets key assumptions such as GDP growth, using either the average of external forecasts (commonly referred to as consensus forecasts) for most economies, or market prices. An external provider's global macro model, conditioned to follow the consensus forecasts, projects the other paths required as inputs to credit models. This external provider is subject to HSBC Bank Egypt's risk governance framework, with oversight by a specialist internal unit.

Wholesale analysis

- HSBC has developed a globally consistent methodology for the application of economic scenarios into the calculation of ECL by incorporating those scenarios into the estimation of the term structure of probability of default ('PD') and loss given default ('LGD'). For PDs, we consider the correlation of economic guidance to default rates for a particular industry in a country. For LGD calculations we consider the correlation of economic guidance to collateral values and realization rates for a particular country and industry. PDs and LGDs are estimated for the entire term structure of each instrument.
- For impaired loans, LGD estimates take into account independent recovery valuations provided by external consultants where available, or internal forecasts corresponding to anticipated economic conditions and individual company conditions. In estimating the ECL on impaired loans that are individually considered not to be significant, HSBC incorporates economic scenarios proportionate to the probability-weighted outcome and the central scenario outcome for non-stage 3 populations.

Retail analysis

HSBC has developed and implemented a globally consistent methodology for incorporating forecasts of economic conditions into ECL estimates. The impact of economic scenarios on PD is modelled at a portfolio level. Historic relationships between observed default rates and macro-economic variables are integrated into ('IFRS 9 ECL') estimates by leveraging economic response models. The impact of these scenarios on PD is modelled over a period equal to the remaining maturity of underlying asset or assets. The impact on (LGD) is modelled for mortgage portfolios by forecasting future loan-to-value ('LTV') profiles for the remaining maturity of the asset by leveraging national level forecasts of the house price index and applying the corresponding LGD expectation.

Economic scenarios sensitivity analysis of ECL estimates

The ECL outcome is sensitive to judgment and estimations made with regards to the formulation and incorporation of multiple forward looking economic conditions described above. As a result, management assessed and considered the sensitivity of the ECL outcome against the forward looking economic conditions as part of the ECL governance process by recalculating the ECL under each scenario described above for selected portfolios, applying a 100% weighting to each scenario in turn. The weighting is reflected in both the determination of significant increase in credit risk as well as the measurement of the resulting ECL.

4- 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.

A - Expected Credit Loss measurement

Measurement of ECLs is a significant estimate that involves determination of methodology, models and data inputs. Details of ECL measurement methodology are disclosed in Note "N. Impairment of financial assets". The following components have a major impact on credit loss allowance: definition of default, SICR, probability of default ("PD"), exposure at default ("EAD"), and loss given default ("LGD"), as well as models of macro-economic scenarios. The Bank regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience. The Bank used supportable forward looking information for measurement of ECL, primarily an outcome of its own macro-economic forecasting model.

B - Fair value of financial instruments

Fair value of financial instruments not quoted in an active market is determined using valuation techniques. These techniques (as models) are tested and reviewed yearly using qualified independently personnel other than those who prepared the techniques. All the models were prepared before and after using them to ensure that their results reflect accurate data and prices comparable to the market. These models are used to the extent it is practical actual data; however, some areas such as credit risk related to the Bank and counterparty volatility and correlations require management estimations. Changes in these estimation factors can affect the financial instrument's fair value disclosure.

C - Tax provision

The Bank is subject to tax which requires the use of estimates to calculate the tax provision. There are a number of complicated processes and calculations to determine the final tax. The Bank records a liability related to the tax inspection estimated results. When there is a difference between the final result of the actual tax inspection and the amounts previously recorded by the Bank, such differences will be recorded in the year where differences are noted. Tax and deferred tax will be recorded in that year.

D- Employees' benefits

Disclosure No. (33):

The Bank contributes to the Social Insurance System of the Social Insurance Authority for the benefit of employees in accordance with the Social Insurance Authority Law No. 79 of 1975 and its amendments, and the income statement is charged with these contributions according to the principle of accrual.

There is also an internal system in the Bank whereby employees of the Bank are granted severance pay in proportion to the length of service, and a provision is made for this purpose - based on the current value in light of the actuarial assumptions specified on the date of the independent financial statements - charged to the income statement under the item of administrative and general expenses, and the balance of this provision appears within the obligations of the specified benefit systems in the budget.

Share-based payments

In the United Kingdom, by granting some members of the senior management and employees of the Bank (HSBC), the head office of the Group some shares in its capital based on its own system, and HSBC Bank Egypt bears the cost of these shares and charges them to the income statement in light of the Bank's share in the expenses sent from the head office, which the Bank pays.

E-The fair value of financial instruments

Disclosure No. (21 & 22) Policy number (G)

5- Segment analysis

A) By activity segment

Activity segment includes operations and assets used in providing banking services and managing related risks and yields which may differ from other activities. The segmentation analyses of operations according to the Banking activities are as follows:

- **Large enterprises medium and small**
  Activities include current accounts deposits, overdraft, loans, credit facilities and financial derivatives.
- **Investment**
  Includes merging of the company's purchase of investments, financing company's restructure and financial instruments.
- **Individuals**
  Activities include current account savings deposits, credit cards, personal loans and mortgage loans.
- **Other activities**
  Includes other banking activities such as fund management, Inter-segment transactions occur in the normal course of the Bank's business. Assets and liabilities include the operating assets and liabilities as presented in the balance sheet.

30 June 2026

	Corporate	Investment	Retail	Other activities	Total EGP000
Income and expenses according to activity segment					
Income by activity segment	23,108,797	19,356,496	9,783,862	(22,699,770)	**29,549,384**
Expenses by activity segment	(12,125,240)	(16,924,627)	(6,965,341)	23,073,067	**(12,942,141)**
Provisions	371,778	(56,628)	(61,841)	-	**253,309**
Profit before tax	**11,355,335**	**2,375,241**	**2,756,679**	**373,297**	**16,860,552**
Tax	(3,074,519)	(649,553)	(737,951)	(38,500)	**(4,500,523)**
Profit for the period	**8,280,816**	**1,725,688**	**2,018,728**	**334,797**	**12,360,029**
Assets and liabilities according to activity segment					
Assets of activity segment	60,892,224	262,417,341	20,431,822	13,098,042	**356,839,428**
Total assets	**60,892,224**	**262,417,341**	**20,431,822**	**13,098,042**	**356,839,428**
Liabilities of activity segment	140,917,588	2,601,065	135,968,817	22,037,786	**301,525,256**
Total liabilities	**140,917,588**	**2,601,065**	**135,968,817**	**22,037,786**	**301,525,256**

30 June 2025

	Corporate	Investment	Retail	Other activities	Total EGP000
Income and expenses according to activity segment					
Income by activity segment	14,618,003	14,618,003	8,655,962	(14,660,627)	**23,231,341**
Expenses by activity segment	(7,223,932)	(13,372,689)	(6,081,455)	17,271,681	**(9,406,395)**
Provisions	48,421	(233,602)	(32,062)	4,162	**(213,081)**
Profit before tax	**7,442,492**	**1,011,712**	**2,542,445**	**2,615,216**	**13,611,865**
Tax	(2,503,993)	(304,023)	(587,848)	(636,746)	**(4,032,609)**
Profit for the period	**4,938,499**	**707,689**	**1,954,597**	**1,978,470**	**9,579,256**
Assets and liabilities according to activity segment					
Assets of activity segment	67,881,373	197,388,923	18,790,248	18,163,061	**302,223,605**
Total assets	**67,881,373**	**197,388,923**	**18,790,248**	**18,163,061**	**302,223,605**
Liabilities of activity segment	111,002,503	-	123,037,543	25,054,224	**259,094,271**
Total liabilities	**111,002,503**	**-**	**123,037,543**	**25,054,224**	**259,094,271**

B) Analysis according to the geographical segment

30 June 2026

	Cairo	Alexandria & Delta	Upper Egypt, Sinai & Red sea	Total EGP000
Income and expenses according to geographical segment				
Income by geographical segment	28,100,205	1,128,253	320,925	**29,549,383**
Expenses by geographical segment	(12,201,442)	(553,005)	(187,694)	**(12,942,141)**
Provisions	148,739	101,713	2,857	**253,309**
Profit before tax	**16,047,502**	**676,961**	**136,088**	**16,860,551**
Tax	(4,283,122)	(181,012)	(36,388)	**(4,500,522)**
Profit for the period	**11,764,380**	**495,949**	**99,700**	**12,360,029**
Assets and liabilities according to geographical segment				
Assets of geographical segment	351,380,486	4,616,073	842,869	**356,839,428**
Total assets	**351,380,486**	**4,616,073**	**842,869**	**356,839,428**
Liabilities of geographical segment	276,090,074	19,690,661	5,744,521	**301,525,256**
Total liabilities	**276,090,074**	**19,690,661**	**5,744,521**	**301,525,256**

30 June 2025

	Cairo	Alexandria & Delta	Upper Egypt, Sinai & Red sea	Total EGP000
Income and expenses according to geographical segment				
Income by geographical segment	21,653,224	1,262,669	315,448	**23,231,341**
Expenses by geographical segment	(8,664,363)	(563,131)	(178,901)	**(9,406,395)**
Provisions	(215,036)	(318)	2,273	**(213,081)**
Profit before tax	**12,773,825**	**699,220**	**138,820**	**13,611,865**
Tax	(3,802,414)	(192,063)	(38,131)	**(4,032,609)**
Profit for the period	**8,971,411**	**507,157**	**100,689**	**9,579,256**
Assets and liabilities according to geographical segment				
Assets of geographical segment	294,422,345	4,914,624	990,014	**300,326,983**
Total assets	**294,422,345**	**4,914,624**	**990,014**	**300,326,983**
Liabilities of geographical segment	232,155,710	17,041,343	4,702,802	**253,899,855**
Total liabilities	**232,155,710**	**17,041,343**	**4,702,802**	**253,899,855**

During the year, the bank updated its disclosure method to reflect the results of interest income across different sectors, including inter-sector financing and cost of funds allocations. This was applied retrospectively for presentation purposes only, with no impact on the income statement or statement of equity.

6. Net interest income

	For the six months ended		For the three months ended	
	30 June 2026 EGP000	30 June 2025 EGP000	30 June 2026 EGP000	30 June 2025 EGP000
Interest from loans and similar income:				
Loans and advances to customers	5,040,557	5,189,125	2,688,135	2,626,453
Treasury bills	8,905,164	9,167,733	4,503,887	4,667,921
Deposits and current accounts	4,934,067	4,317,889	2,322,451	1,888,002
Financial investement at fair value through other comprehensive income	7,545,523	2,433,707	4,125,681	1,260,206
	26,425,311	**21,108,454**	**13,640,154**	**10,442,582**
Interest on Deposits and similar Expenses:				
Deposits and current accounts:				
Banks	(1)	(874)	-	(474)
Customers	(8,151,659)	(3,276,762)	(4,412,252)	(1,640,321)
Other loans	(230,792)	(310,261)	(113,543)	(155,816)
	(8,382,452)	**(3,587,897)**	**(4,525,795)**	**(1,796,611)**
Net	**18,042,859**	**17,520,557**	**9,114,359**	**8,645,971**

7. Net fees and commissions income

	For the six months ended		For the three months ended	
	30 June 2026 EGP000	30 June 2025 EGP000	30 June 2026 EGP000	30 June 2025 EGP000
Fees and commissions income:				
Fees and commissions related to credit	2,119,778	1,798,801	1,162,341	946,659
Custody fees	115,016	75,370	54,195	38,034
Other fees	4,417	3,096	2,473	1,643
	2,239,211	**1,877,267**	**1,219,009**	**986,336**
Fees and commissions expenses:				
Brokerage fees paid	(56)	-	(30)	23
Other fees paid	(657,602)	(457,991)	(337,029)	(238,483)
	(657,658)	**(457,991)**	**(337,059)**	**(238,460)**
Net	**1,581,553**	**1,419,276**	**881,950**	**747,876**

8. Dividends

	For the six months ended		For the three months ended	
	30 June 2026 EGP000	30 June 2025 EGP000	30 June 2026 EGP000	30 June 2025 EGP000
Equity instruments	19,104	1,206	19,104	-
	19,104	**1,206**	**19,104**	**-**

9. Net trading income

	For the six months ended		For the three months ended	
	30 June 2026 EGP000	30 June 2025 EGP000	30 June 2026 EGP000	30 June 2025 EGP000
Foreign exchange operations:				
Gain / loss from foreign currency transactions	548,856	176,894	(135,659)	(28,619)
Gain / loss from Debt instruments at fair value	12,697	57,445	28,389	36,035
Gain / loss from forward deals revaluation and currency swap	(2,135)	(702)	11,513	(303)
Net	**559,418**	**233,637**	**(95,757)**	**7,113**

10. Administrative expenses

	For the six months ended		For the three months ended	
	30 June 2026	30 June 2025	30 June 2026	30 June 2025
	EGP000	EGP000	EGP000	EGP000
Staff costs				
Wages, salaries and benefits	693,678	787,590	354,890	515,648
Social insurance	28,545	25,898	14,165	13,065
End of Service Compensation	158,465	80,856	79,242	19,179
	880,688	**894,344**	**448,297**	**547,892**
Cost of Services provided by HSBC Group	2,643,822	2,780,340	1,396,375	1,495,528
Other administraive expenses	1,467,467	1,051,723	798,192	504,630
	4,991,977	**4,726,407**	**2,642,864**	**2,548,050**

11. Other operating income (Loss)

	For the six months ended		For the three months ended	
	30 June 2026	30 June 2025	30 June 2026	30 June 2025
	EGP000	EGP000	EGP000	EGP000
Gain from revaluation of monetary assets and liabilities determined in foreign currency other than those classified for trading or originally classified at fair value through profit and loss	540,517	352,345	335,451	94,867
Gain / (Loss) from sale of property and equipment	(8,578)	-	-	-
Operating lease	96,643	98,620	48,322	42,890
Investment property depreciation	(3,376)	(3,383)	(1,685)	(1,692)
Other provision	206,715	88,882	326,167	(77,265)
Head office services revenue	249,005	215,591	140,166	95,252
Other *	9,022	(1,386,155)	42	(1,386,155)
	1,089,948	**(634,100)**	**848,463**	**(1,232,103)**

*The clause represents a financial penalty imposed by the Central Bank of Egypt, and corrective actions are currently being implemented by the bank as agreed with the Central Bank of Egypt.

12. Expected credit loss charges

	For the six months ended		For the three months ended	
	30 June 2026	30 June 2025	30 June 2026	30 June 2025
	EGP000	EGP000	EGP000	EGP000
Loans and advances to customers	309,936	16,359	142,844	(42,492)
Cash and balances with Central Bank	(22)	(12)	(33)	(16)
Due from Banks	(39,332)	(195,798)	(33,559)	2,449
Financial Investments at fair value through OCI	(17,273)	(37,792)	64,267	26,713
Other assets	-	4,162	(13)	(11,831)
Net	**253,309**	**(213,081)**	**173,507**	**(25,177)**

13. Income tax expenses

	For the six months ended		For the three months ended	
	30 June 2026	30 June 2025	30 June 2026	30 June 2025
	EGP000	EGP000	EGP000	EGP000
Current tax	4,689,855	4,060,000	2,156,795	1,855,000
Deferred tax	(189,332)	(27,391)	(67,610)	(21,262)
Net	**4,500,523**	**4,032,609**	**2,089,185**	**1,833,738**

Note 32 shows additional information about deferred income tax. Income taxes differ when current applicable tax rates are used, as follows:

	For the six months ended	
	30 June 2026	30 June 2025
	EGP000	EGP000
Profit before tax	16,860,552	13,611,865
Tax rate	22.50%	22.50%
Income tax calculated on accounting profit	3,793,624	3,062,670
Add		
Not recognized tax expenses	706,899	969,939
Net Income Tax	4,500,523	4,032,609
Effective tax rate	**26.69%**	**29.63%**

Taxation position

A summary of HSBC Bank Egypt's tax position is as follows:

A) Corporate tax

Years since inception till year 2019

These years were inspected and disputes were settled in the tax authority, and all tax liabilities have been paid.

Year 2020

Tax inspection in progress.

Year 2021 - 2023

Tax inspection preparations in progress.

B) Salary tax

Years since inception until 2023

These years were inspected and were settled.

Years from 2024 until 2025

Tax preparations in progress.

C) Stamp duty tax

Years since inception to 2022

These years were inspected, and tax was fully settled.

Years from 2023 until 2024

Tax inspection preparations in progress.

14. Earnings per share

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

	For the six months ended		For the three months ended	
	30 June 2026	30 June 2025	30 June 2026	30 June 2025
	EGP000	EGP000	EGP000	EGP000
Net profit distributable for the period	12,360,029	9,579,256	6,363,442	3,715,126
Employees' profit share (estimated)	(1,236,003)	(957,926)	(636,344)	(371,513)
Net Profit attributable to shareholders of the bank	**11,124,026**	**8,621,330**	**5,727,098**	**3,343,614**
Common shares issued - weighted average (1,000 shares)	59,524	59,524	59,524	59,524
Earnings per share (EGP/Share)	**186.88**	**144.84**	**96.21**	**56.17**

15. Cash and balances with the central bank of Egypt (Net)

	30 June 2026	31 December 2025
	EGP000	EGP000
Cash	3,584,770	2,248,314
Due from Central Bank (within the statutory reserve)	40,907,128	19,874,639
Deduct : ECL	(39)	(19)
	44,491,859	**22,122,934**
Non-interest bearing balances	**44,491,859**	**22,122,934**

16. Due from banks (Net)

	30 June 2026	31 December 2025
	EGP000	EGP000
Current accounts	3,767,070	3,755,674
Deposits	71,437,234	103,359,150
	75,204,304	**107,114,824**
Deduct : ECL	(27,166)	(25,129)
	75,177,138	**107,089,695**
Due from Central Bank (other than the statutory reserve) *	35,696,895	52,994,603
Local banks	587,897	2,727,786
Foreign banks	38,919,512	51,392,435
	75,204,304	**107,114,824**
Deduct : ECL	(27,166)	(25,129)
	75,177,138	**107,089,695**
Non-interest bearing balances	10,535,330	10,523,934
Interest bearing balances	64,668,974	96,590,890
	75,204,304	**107,114,824**
Deduct : ECL	(27,166)	(25,129)
	75,177,138	**107,089,695**
Current balances	**75,177,138**	**107,089,695**

*This item includes a financial penalty from the Central Bank of Egypt, being a non-interest-bearing deposit placed at the CBE and corrective actions are currently being implemented by the bank as agreed with the Central Bank of Egypt.

17. Loans and advances to banks (Net)

	30 June 2026 EGP000	31 December 2025 EGP000
Term loans	-	-
Non-current balances	214,793	207,994
Deduct : ECL	(214,793)	(207,994)
Net balance	-	-

18. Loans and advances to customers (Net)

	30 June 2026 EGP000	31 December 2025 EGP000
Retail:		
Overdrafts	65,721	60,388
Credit cards	5,528,027	5,738,800
Personal loans	13,872,991	13,177,493
Mortgage loans	-	15
Total	**19,466,739**	**18,976,696**
Corporate loans including small loans:		
Overdrafts	4,610,582	4,847,541
Direct loans	26,659,914	23,917,276
Syndicated loans	11,216,819	11,596,609
Total	**42,487,315**	**40,361,426**
Total loans and advances to customers	**61,954,054**	**59,338,122**
Deduct : ECL	(4,510,971)	(5,389,238)
Net	**57,443,083**	**53,948,884**

Expected credit loss:

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

30 June 2026

	Retail			
	Overdrafts	Credit cards	Personal loans	Total EGP000
Balance at beginning of the period	580	38,025	50,964	**89,569**
Expected credit losses charged/(reversed)	224	25,009	36,608	**61,841**
Amounts written off during the period	(27)	(31,943)	(24,818)	**(56,788)**
Amounts recovered during period	-	8,668	1,549	**10,217**
Foreign revaluation difference related to provision	-	-	247	**247**
Balance at the end of the period	**777**	**39,759**	**64,550**	**105,086**

	Corporate			
	Overdrafts	Direct loans	Syndicated loans	Total EGP000
Balance at beginning of the period	95,951	4,974,317	229,401	**5,299,669**
Expected credit losses (charged)/reversed	454,965	(826,742)	-	**(371,777)**
Amounts written off during the period	(482,438)	(6)	-	**(482,444)**
Amounts recovered during the period	-	46,802	-	**46,802**
Capitalisation of accrued interest on balances	-	(218,639)	-	**(218,639)**
Foreign revaluation difference related to provision	860	131,414	-	**132,274**
Balance at the end of the period	**69,338**	**4,107,146**	**229,401**	**4,405,885**

31 December 2025

	Retail			
	Overdrafts	Credit cards	Personal loans	Total EGP000
Balance at beginning of the period	1,833	19,350	36,745	**57,928**
Expected credit losses charged/(reversed)	(526)	47,234	30,832	**77,540**
Amounts written off during the period	2	(38,823)	(25,880)	**(64,701)**
Amounts recovered during period	-	12,956	6,131	**19,087**
Foreign revaluation difference related to provision	(729)	(2,692)	3,136	**(285)**
Balance at the end of the period	**580**	**38,025**	**50,964**	**89,569**

	Corporate			
	Overdrafts	Direct loans	Syndicated loans	Total EGP000
Balance at beginning of the period	426,711	5,312,656	229,401	**5,968,768**
Expected credit losses charged/(reversed)	533,977	(830,167)	-	**(296,190)**
Amounts written off during the period	(859,760)	-	-	**(859,760)**
Amounts recovered during the period	-	374,657	-	**374,657**
Capitalisation of accrued interest on balances	-	262,270	-	**262,270**
Foreign revaluation difference related to provision	(4,977)	(145,099)	-	**(150,076)**
Balance at the end of the period	**95,951**	**4,974,317**	**229,401**	**5,299,669**

19. Financial derivatives and coverage activities

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

- Currency forward contracts represent commitments to purchase/sell foreign and local currencies, including the unexecuted portion of spot transactions.
  Credit risk at the Bank is considered low. Future interest rate agreements represent future interest rate contracts negotiated on a case-by-case basis. These contracts require financial settlements of any differences in contractual interest rates and prevailing market interest rates on future dates based on contractual amount/nominal value agreed on.

- Currency or/and interest swap contracts represent the commitments to exchange a group of cash flows with another. These contracts' result is the exchange of currencies or interest rates (i.e. fixed rate for floating rate) or both (i.e. cross-currency interest rate swaps). No exchange of principal takes place except in certain currency swaps.
  The Bank's credit risk represents the potential cost to replace the swap contracts if counterparties fail to fulfill their obligation. This risk is monitored on an ongoing basis by comparing current fair value and contractual amount. To control an existing credit risk, the Bank assesses counterparties using the same techniques as for its lending activities.

- The seller (issuer) gives the buyer (holders) a right, not an obligation, to buy (buy option) or to sell (sell option) at a certain date or within a certain period of time by a certain amount denominated in a foreign currency or a financial instrument with prior agreed price. The buyer receives, in return, a commission against the burden of risk he took on option contracts that are either traded in the market or negotiable between the Bank and one of its customers. The Bank is exposed to credit Risk for the purchased options' contracts only and to the extent of its book value which represent its fair value.

- The notional amounts of certain types of financial instrument are used as a basis for comparison purpose, with financial instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows or the current fair value of the instruments and therefore, do not indicate the Bank's exposure to credit or price risks.

  The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in the market interest rates or foreign exchange rates related to them. The aggregate contractual or notional amount of the existing financial derivative instruments, the duration to which instruments are favorable or unfavorable, and the aggregate fair value of financial assets and liabilities derivatives can fluctuate significantly from time to time.

The table below represents the fair value of financial derivatives existing at the balance sheet date.

30 June 2026

	Contract amount/notional Assets	Contract amount/notional Liabilities	Assets	Liabilities
	EGP000	EGP000	EGP000	EGP000
Derivatives held for trading				
Foreign currency derivatives				
Currency Options	9,538,147	(9,538,147)	140,904	(140,904)
Currency forward contracts	34,824,500	(34,824,500)	762,553	(251,116)
Total assets (liabilities) of derivatives held for trading			**903,457**	**(392,020)**

31 December 2025

	Contract amount/notional Assets	Contract amount/notional Liabilities	Assets	Liabilities
	EGP000	EGP000	EGP000	EGP000
Derivatives held for trading				
Foreign currency derivatives				
Currency Options	13,538,001	(13,538,001)	49,220	(49,220)
Currency forward contracts	16,699,611	(16,699,611)	108,927	(129,769)
Total assets (liabilities) of derivatives held for trading			**158,147**	**(178,989)**

20. Financial assets at fair value through profit or loss

	30 June 2026 EGP000	31 December 2025 EGP000
Financial assets at fair value through profit or loss		
Debt instruments listed		
Government Bonds	985,721	314,345
Total financial assets at fair value through profit or loss	**985,721**	**314,345**

21. Financial investments

	30 June 2026 EGP000	31 December 2025 EGP000
Financial investments at fair value through OCI		
Equity instruments unlisted	181,294	181,278
Debt instruments listed Government Bonds (at fair value)	69,143,186	67,319,522
Debt instruments unlisted (Mutual fund)	59,348	54,205
Financial investments at fair value through OCI	**69,383,828**	**67,555,005**
Current balances	22,965,501	30,215,496
Non-current balances	46,418,327	37,339,509
Fixed-income debt instruments	**69,383,828**	**67,555,005**
Financial assets at amortized cost		
Debt instruments listed - Governmet bonds	16,560,782	14,098,682
Total financial investments	**85,944,610**	**81,653,687**

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

	EGP000
30 June 2026	
Balance at beginning of the period	**81,653,687**
Additions	80,281,675
Disposals (sale/redemption)	(75,327,264)
Monetary assets revaluation	(117,981)
Loss from change in fair value	(545,506)
Balance at end of the period	**85,944,611**
31 December 2025	
Balance at beginning of the period	**31,707,603**
Additions	55,688,403
Disposals (sale/redemption)	(5,706,640)
Monetary assets revaluation	(518,669)
Loss from change in fair value	482,990
Balance at end of the period	**81,653,687**

- Debt instruments include local bonds amounting to EGP 16,560,782 thousand as of June 2026 (EGP 14,098,682 thousand on 31 December 2025) secured by the Egyptian Ministry of Finance.

Financial Investments details:

	Fair Value 30 June 2026 EGP000	Fair Value 31 December 2025 EGP000	Cost / Amortized Cost 30 June 2026 EGP000	Cost / Amortized Cost 31 December 2025 EGP000
Equity instruments unlisted	181,294	181,278	25,536	-
Debt instruments listed (at FMV)	69,143,186	67,319,522	-	67,309,916
Mutual Fund (Unlisted)	59,348	54,205	-	9,142
Debt instruments listed - Governmet bonds	16,560,782	14,098,682	16,560,782	-
	85,944,610	**81,653,687**	**16,586,318**	**67,319,058**

Debt instruments listed on the market at fair value include treasury notes amounting to EGP 40,493 million.

22. Treasury bills

	T.Bills through OCI		T.Bills at amortized cost		Total	
	30 June 2026 EGP000	31 December 2025 EGP000	30 June 2026 EGP000	31 December 2025 EGP000	30 June 2026 EGP000	31 December 2025 EGP000
Treasury bills – Egyptian	76,836,144	78,498,878	-	-	76,836,144	78,498,878
Treasury bills – Japan	6,669,275	2,266,697	-	-	6,669,275	2,266,697
Total	**83,505,419**	**80,765,575**	**-**	**-**	**83,505,419**	**80,765,575**

Treasury bills represent the following:

	T.Bills through OCI		T.Bills at amortized cost		Total	
	30 June 2026 EGP000	31 December 2025 EGP000	30 June 2026 EGP000	31 December 2025 EGP000	30 June 2026 EGP000	31 December 2025 EGP000
91 days maturity	1,496,692	1,311,450	-	-	1,496,692	1,311,450
182 days maturity	3,907,500	138,752	-	-	3,907,500	138,752
273 days maturity	6,018,487	9,069,140	-	-	6,018,487	9,069,140
364 days maturity	72,082,740	70,246,233	-	-	72,082,740	70,246,233
Total	**83,505,419**	**80,765,575**	**-**	**-**	**83,505,419**	**80,765,575**

Financial assets at fair vaue through OCI	30 June 2026
T.Bills	EGP000
Balance at beginning of the period	80,765,575
Addition	87,993,270
Deduction (Sale/Redemption)	(83,757,705)
Monetry assets revaluation differences for foreign financial assets other variables	(1,445,367)
losses from fair value difference***	(50,353)
Balance at end of the period	**83,505,419**

***Treasury bills fair value reserve reached EGP (575,223) as of 30 June 2026 against EGP (524,870) as of 31 December 2025 (with net change of EGP 50,353 thousand).

Financial Investments details

	Fair Value	Fair Value	Cost / Amortized Cost	Cost / Amortized Cost
	30 June 2026	31 December 2025	30 June 2026	31 December 2025
	EGP000	EGP000	EGP000	EGP000
Treasury bills at fair value through OCI	83,505,419	80,765,575	84,080,642	81,290,445
	83,505,419	**80,765,575**	**84,080,642**	**81,290,445**

23. Investment in subsidiary

A.

	30 June 2026	31 December 2025
	EGP000	EGP000
Cost	35,517	35,517
Impairment	(35,517)	(35,517)
Net	-	-

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 35,517 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.

	Company's country	Contribution	Company's assets	Company's liabilities	Company's losses
HSBC Securities Egypt Company SAE	**Egypt**	98.00%	0.01%	0.01%	(0.35%)

24. Intangible assets

	30 June 2026 EGP000	31 December 2025 EGP000
Balance at the beginning of the current period		
Cost	2,690,545	2,069,319
Accumulated amortization	(1,220,599)	(754,160)
Impairment provision Charge	-	(2,377)
Net book value at the beginning of the current period	**1,469,946**	**1,312,782**
Additions	164,525	621,226
Amortization	(247,375)	(466,439)
Impairment provision reversal	-	2,377
Net book value at the end of the current period	**1,387,096**	**1,469,946**
Balance at the end of the current period		
Cost	2,855,070	2,690,545
Accumulated amortization	(1,467,974)	(1,220,599)
Net book value at the end of the current period	**1,387,096**	**1,469,946**

25.Other assets

	30 June 2026 EGP000	31 December 2025 EGP000
Accrued revenues	3,753,840	2,339,580
Prepaid expenses	79,645	40,201
Ownership assets transferred to B&D (net of impairment)	170,986	3,977
Costs of branches under construction	21,767	234,269
Others	1,418,568	1,065,994
Advanced for projects under process	1,823	1,823
Impairment from provision ECL	(5,942)	(1,595)
Total	**5,440,687**	**3,684,249**

26.Fixed assets

30 June 2026	Land & buildings	Leasehold improvement	Machines and equipment	Others	Total EGP000
Balance at the beginning of the current period					
Cost	332,743	245,585	1,576,887	324,915	**2,480,130**
Accumulated depreciation	(273,184)	(213,668)	(538,545)	(213,598)	**(1,238,995)**
Net book value at the beginning of the current period	**59,559**	**31,917**	**1,038,342**	**111,317**	**1,241,135**
Additions	-	-	135,616	49,614	**185,230**
Disposals (Cost)	-	-	(11,567)	(1,543)	**(13,110)**
Disposals (Accumulated depreciation)	-	-	3,447	1,084	**4,531**
Depreciation for the period	(6,155)	(354)	(117,968)	(25,568)	**(150,045)**
Net book value at the end of the period	**53,404**	**31,563**	**1,047,870**	**134,904**	**1,267,741**
Balance at the end of the current period					
Cost	332,743	245,585	1,700,936	372,986	**2,652,250**
Accumulated depreciation	(279,339)	(214,022)	(653,066)	(238,082)	**(1,384,509)**
Net book value at the end of the current period	**53,404**	**31,563**	**1,047,870**	**134,904**	**1,267,741**

27. Investment property

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

	30 June 2026 EGP000	31 December 2025 EGP000
Balance at the beginning of period		
Cost	163,112	163,112
Accumulated depreciation	(132,539)	(125,773)
Net book value at the beginning of period	**30,573**	**37,339**
Depreciation	(3,376)	(6,766)
Net book value at the end of period	**27,197**	**30,573**
Balance at the end of period		
Cost	163,112	163,112
Accumulated depreciation	(135,915)	(132,539)
Net book value at the end of period	**27,197**	**30,573**

28. Due to banks

	30 June 2026 EGP000	31 December 2025 EGP000
Current accounts	7,050,997	7,266,419
	7,050,997	**7,266,419**
Foreign banks	7,050,997	7,266,419
	7,050,997	**7,266,419**
Non-interest bearing balances	7,050,997	7,266,419
	7,050,997	**7,266,419**

29. Customers' deposits

	30 June 2026 EGP000	31 December 2025 EGP000
Demand deposits	124,714,756	110,441,599
Time and call deposits	78,093,130	90,127,430
Certificates of savings and deposits	14,977,535	14,638,073
Saving deposits	53,000,107	47,407,954
Other deposits	4,503,317	3,493,765
	275,288,845	**266,108,821**
Corporate deposits	140,470,937	143,343,349
Retail deposits	134,817,908	122,765,472
	275,288,845	**266,108,821**
Non-interest bearing balances	129,218,073	112,260,126
Interest bearing balances	146,070,772	153,848,695
	275,288,845	**266,108,821**

30. Other liabilities

	30 June 2026	31 December 2025
	EGP000	EGP000
Accrued interest	874,654	832,901
Deferred income	29,887	17,148
Accrued expenses	1,767,923	1,580,590
Creditors	141,596	277,422
Other credit balances	5,855,742	8,352,591
Total	**8,669,802**	**11,061,652**

31. Other provisions

	Provision for claims		Provision for contingent liabilities (ECL)		Total	
	30 June 2026	31 December 2025	30 June 2026	31 December 2025	30 June 2026	31 December 2025
	EGP000	EGP000	EGP000	EGP000	EGP000	EGP000
Balance at the beginning of the period /period	**181,730**	**145,373**	**623,962**	**577,704**	**805,692**	**723,077**
Formed during the period	89,780	151,200	133,494	212,538	**223,274**	**363,738**
Provisions valuation differences	213	(434)	31,513	(17,896)	**31,726**	**(18,330)**
	271,723	**296,139**	**788,969**	**772,346**	**1,060,692**	**1,068,485**
Used during the period	(129,246)	(114,409)	-	-	**(129,246)**	**(114,409)**
No longer required	(3,000)	-	(210,501)	(148,384)	**(213,501)**	**(148,384)**
Balance at the end of the period	**139,477**	**181,730**	**578,468**	**623,962**	**717,945**	**805,692**

32. Deferred tax

Deferred income taxes calculated entirely on the differences of deferred tax in accordance with balance sheet method using local statutory tax rate of 22.5% for the current financial year.

Offset between deferred tax assets and deferred tax liabilities is being done if there is legal reason to set off taxes resulting from assets against taxes resulting from liabilities and when the deferred income taxes belong to the same tax jurisdiction.

Deferred tax assets that are not expected to be benefited from in the future are not recognized.

Deferred tax assets and liabilities

The movement of deferred tax assets and liabilities are as follows:

	Deferred tax assets		Deferred tax liabilities	
	30 June 2026	31 December 2025	30 June 2026	31 December 2025
	EGP000	EGP000	EGP000	EGP000
Fixed assets	-	-	(284,568)	(311,592)
Defined benefit obligation	228,890	207,982	-	-
Deferred tax for financial investment through OCI	95,084	34,097	-	-
other	224,096	82,598	-	-
Total tax assets (liabilities)	**548,070**	**324,677**	**(284,568)**	**(311,592)**
Net deferred tax assets	**263,502**	**13,085**	**-**	**-**

Deferred tax assets and liabilities movements

	Deferred tax assets		Deferred tax liabilities	
	30 June 2026	31 December 2025	30 June 2026	31 December 2025
	EGP000	EGP000	EGP000	EGP000
Balance at the beginning of the period/period	324,677	387,109	-	(304,640)
Additions	223,393	(62,432)	-	(6,952)
Balance at the end of the period	**548,070**	**324,677**	**-**	**(311,592)**

33. Defined benefits obligations

The end of service compensation benefits amounted to EGP 1,287,480 thousand as of 30 June 2026 (EGP 1,177,115 thousand as of 31 December 2025).
The movement of the liabilities in the defined benefit are as follows:

	30 June 2026	31 December 2025
	EGP000	EGP000
Liability recorded on balance sheet		
End of service compensation	1,287,480	1,177,115

	30 June 2026	31 December 2025
	EGP000	EGP000
Amounts recognised on income statement		
End of service compensation (Note 10)	158,465	80,856

The principal actuarial assumptions used are as follows:

- Rates of death/disability of the British table AF92-AM92
- Rate of salary increase Sx=S20 *(1.05)^(X-20).
- Discount rate used (24.46%)

34. Issued and Paid up capital

	Number of shares (Million)	Cost of Common Shares EGP000	Total EGP000	Issuance premium included in other reserve-issuance premium EGP000
Balance at the beginning of the current year	59.524	5,000,000	5,000,000	6,728
At 30 June 2026	**59.524**	**5,000,000**	**5,000,000**	**6,728**
Balance at the beginning of the year	59.524	5,000,000	5,000,000	6,728
Balance at end of year	**59.524**	**5,000,000**	**5,000,000**	**6,728**

*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 cash shares from retained earnings, Accordingly, the issued and fully paid-up capital as of 31 December 2022 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. which has been fully paid.

- 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.

35. Reserves and retained earnings

	30 June 2026	31 December 2025
	EGP000	EGP000
Reserves		
General reserve	5,469,338	4,447,403
Legal reserve	2,500,000	2,500,000
Capital reserve	132,284	87,890
Reserve for excess over par value - issuance premium	6,728	6,728
Fair value reserve	(280,880)	236,622
General bank risk reserve	89,661	89,661
General risk reserve	491,666	491,666
Total reserves at the end of the period	**8,408,797**	**7,859,970**

Reserves movements during the period are as follows:

A) General reserve

	30 June 2026	31 December 2025
	EGP000	EGP000
Balance at the beginning of the period	4,447,403	3,400,537
Transferred from prior period profits	1,021,935	1,046,866
Balance at the end of the period	**5,469,338**	**4,447,403**

B) Legal reserve

	30 June 2026	31 December 2025
	EGP000	EGP000
Balance at the beginning of the period	2,500,000	2,500,000
Balance at the end of the period	**2,500,000**	**2,500,000**

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

	30 June 2026	31 December 2025
	EGP000	EGP000
Balance at the beginning of the period	87,890	71,519
Transferred from prior period profit	44,394	16,371
Balance at the end of the period	**132,284**	**87,890**

D) Reserves for excess over par value - issuance premium

	30 June 2026	31 December 2025
	EGP000	EGP000
Balance at the beginning of the period	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 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

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

	30 June 2026	31 December 2025
	EGP000	EGP000
Balance at the beginning of the period	236,622	150,816
Net change in investments FVOCI- T Bills	(50,353)	(244,567)
Net change in investments FVOCI- Bonds	(550,650)	438,349
Net change in investments FVOCI- Mutual funds	14,285	10,049
Net change in investments FVOCI- Equity instruments	(9,141)	34,592
Deferred tax for financial investment through OCI	61,084	(164,487)
Expected credit loss - financial investment at FVOCI	17,273	11,870
Balance at the end of the period	**(280,880)**	**236,622**

F) General risk reserves

	30 June 2026	31 December 2025
	EGP000	EGP000
Balance at the beginning of the period	491,666	491,666
Balance at the end of the period	**491,666**	**491,666**

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

G) General bank risk reserves

	30 June 2026	31 December 2025
	EGP000	EGP000
Balance at the beginning of the period	89,661	89,661
Balance at the end of the period	**89,661**	**89,661**

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

	30 June 2026	31 December 2025
	EGP000	EGP000
Movement on retained earnings	44,710,687	37,685,133
Net profit for the period	12,360,029	20,483,096
Dividends for the period	(12,263,221)	(10,476,846)
Employees profit share	(1,633,322)	(1,353,174)
Transferred to legal reserve	-	(215,145)
Transferred to Banking systems support & development Fund	(204,387)	(209,373)
Acturial Gain /(Losses)	-	(139,767)
Transferred from capital reserve	(44,394)	(16,371)
Transferred from general reserve	(1,021,935)	(1,046,866)
Balance at the end of the period	**41,903,457**	**44,710,687**

36. Dividends

Payment of dividends is not recorded until approved by the general assembly. The General assembly that held on 17 March 2026 approved a payment of cash dividends for the year 2025 with a total amount of EGP 12,263,221, The general assembly that held on 17 March 2026 approved the distribution of EGP 1,633,322 as employees' distribution related to profit for the year 2025. (the actual employees dividends distributed for 2024 amount to EGP 1,353,174)

37. Cash and cash equivalents

For the purpose of preparing the statement of cash flow, cash and cash equivalents include the following balance of maturity dates within less than three months from the date of acquisition:

	30 June 2026 EGP000	31 December 2025 EGP000
Cash and balances with Central Bank of Egypt (note 15)	3,584,770	2,914,974
Due from banks (note 16)	62,110,317	101,342,899
Treasury bills (included in note 22)	1,496,692	5,156,747
	67,191,779	**109,414,620**

38. Commitment and contingent liabilities

A) Legal claims

There are lawsuits filed against the bank as at 30 June 2026.
legal provision for these cases for the period ended 30 June 2026 amounting 7,189 EGP thousands.

B) Commitments for loans, guarantees and facilities

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

	30 June 2026 EGP000	31 December 2025 EGP000
Acceptances	4,136,320	1,794,899
Letters of guarantee	62,652,210	61,100,251
Letters of credit (import and export)	5,394,558	3,135,511
Other contingent liabilities	34,853,923	16,699,611
Commitments for loans	1,190,689	2,238,906
Cash margin	(1,923,287)	(2,141,422)
Total	**106,304,413**	**82,827,756**

C) Commitments for operating lease contracts

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

	30 June 2026 EGP000	31 December 2025 EGP000
Less than one year	2,998	2,998
More than one year and less than five years	9,743	11,242
	12,741	**14,240**

39. Related party transactions

The Bank is a subsidiary of parent HSBC Holdings B.V headquarter in London, 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 September 1, 2021, to put the company under liquidation and appoint a liquidator, and a provision for impairment of EGP 35,517 thousand has been formed.

Number of banking transactions with related parties have 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 (36).

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

A- Subordinated loans

	HSBC Group	
	30 June 2026	31 December 2025
	EGP000	EGP000
Statement of financial position		
Subordinated loans note (40)	**2,072,000**	**2,072,000**
	30 June 2026	**30 June 2025**
	EGP000	**EGP000**
Statement of income statement		
Interest expenses	**230,792**	**154,445**

B- Deposits from related parties

	Subsidaries	
	30 June 2026	31 December 2025
	EGP000	EGP000
Due to customers		
Deposits at the beginning of the period	14,879	14,930
Deposits received during the period	(51)	(51)
Deposits at the end of the period	**14,828**	**14,879**

The preceding deposits are of no guarantee and of fixed interest rate and recoverable on call.

C- Other related party transactions

	HSBC Group	
	30 June 2026	30 June 2025
	EGP000	EGP000
Statement of income statement		
Operating lease	73,455	42,776
Head office services revenue	249,005	120,339
Cost of services provided by HSBC Group	(2,643,822)	(1,284,812)
Total	**(2,321,362)**	**(1,121,697)**

	HSBC Group	
	30 June 2026	31 December 2025
Statement of financial position	EGP000	EGP000
Due from banks	355,775	2,044,169
Due to banks	1,352,702	2,436,402
Total	**1,708,477**	**4,480,571**

D- Board of Directors and Top Management's benefits

The average net monthly salary paid to the top 20 employees in the Bank for the period ended June 2026 amounted to EGP 7,616 thousand (EGP 7,831 thousand average net monthly salary paid to the top 20 employees for the year ended 2025).

40. Subordinated loans

	Current interest rate	30 June 2026 EGP000	31 December 2025 EGP000
Subordinated loans, variable interest rate (1)	24.50%	272,000	272,000
Subordinated loans, variable interest rate (2)	22.75%	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). with variable interest rate.

- 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). with variable interest rate.

41. 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 2026, 78,559 certificates amounting to EGP 9,141,998 with a redeemable value amounting to EGP 59,347,685 against 78,559 certificates amounting to EGP 9,141,998 with redeemable value amounting to EGP 54,204,736 as of 31 December 2025.

The redeemable value of the certificate in the FS date amounted to EGP 755.4537 against EGP 689.98760 as of 31 Dec 2025. The outstanding certificates reached 2,988,304 certificates against 2,539,616certificates as of 31 December 2025.

42. Subsequent events

On 2 August 2026, HSBC Bank Egypt S.A.E., entered into a binding agreement to sell its retail banking business to Emirates NBD Egypt (S.A.E), a direct subsidiary of Emirates NBD Bank PJSC. The transaction, which remains subject to regulatory approval, is expected to be completed in the second half of 2027.

The disposal group, comprising $0.4 bn in assets and $2.8 bn in liabilities at 30 June 2026, will be classified as held for sale in the third quarter of 2026.