

# HSBC Bank Middle East Limited

**Interim Financial Statements 2024**



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## Presentation of information

This document comprises the Interim Condensed Financial Statements 2024 for HSBC Bank Middle East Limited ('the bank') and its subsidiary undertakings (together 'the group'). It contains Interim Condensed Financial Statements, together with the Auditor's review report. References to 'HSBC' or 'the HSBC Group' within this document mean HSBC Holdings plc together with its subsidiaries.

In accordance with IAS 34, the Interim Report is intended to provide an update on the Annual Report and Accounts 2023 and therefore focuses on events during the first six months of 2024 rather than duplicating information previously reported.

## Interim condensed financial statements

### Consolidated income statement

	Notes	Half-year to	
		30 Jun 2024 US\$000	30 Jun 2023 US\$000
Net interest income		803,806	763,507
– interest income		1,322,761	1,088,564
– interest expense		(518,955)	(325,057)
Net fee income	3	260,301	243,109
– fee income		339,020	303,812
– fee expense		(78,719)	(60,703)
Net income from financial instruments held for trading or managed on a fair value basis		166,940	212,056
Changes in fair value of long-term debt and related derivatives		(6,499)	(16,091)
Changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss		2,576	654
Gains less losses from financial investments		(2,196)	(5,867)
Other operating income		31,353	1,035
<b>Net operating income before change in expected credit losses and other credit impairment charges</b>		<b>1,256,281</b>	<b>1,198,403</b>
Change in expected credit losses and other credit impairment charges	10	(101,772)	43
<b>Net operating income</b>		<b>1,154,509</b>	<b>1,198,446</b>
Employee compensation and benefits		(296,192)	(277,232)
General and administrative expenses		(249,887)	(210,368)
Depreciation and impairment of property, plant and equipment and right-of-use assets		(13,706)	(14,261)
Amortisation and impairment of intangible assets		(31,446)	(22,913)
<b>Total operating expenses</b>		<b>(591,231)</b>	<b>(524,774)</b>
<b>Operating profit</b>		<b>563,278</b>	<b>673,672</b>
Share of loss in associates		(42)	(56)
<b>Profit before tax</b>		<b>563,236</b>	<b>673,616</b>
Tax expense		(165,492)	(97,846)
<b>Profit for the period</b>		<b>397,744</b>	<b>575,770</b>
Attributable to:			
– shareholder of the parent company		397,744	575,770
<b>Profit for the period</b>		<b>397,744</b>	<b>575,770</b>

The accompanying notes on pages 7 to 21 form an integral part of these financial statements.

## Consolidated statement of comprehensive income

	Half-year to	
	30 Jun 2024 US\$000	30 Jun 2023 US\$000
Profit for the period	397,744	575,770
<b>Other comprehensive income/(expense)</b>		
<b>Items that will be reclassified subsequently to profit or loss when specific conditions are met:</b>		
Debt instruments at fair value through other comprehensive income/(expense)	(1,852)	5,738
– fair value gains/(losses)	3,522	15,312
– fair value (gains)/losses transferred to the income statement on disposal	(2,196)	(5,867)
– expected credit losses recognised in income statement	(1,980)	67
– income taxes	(1,198)	(3,774)
Cash flow hedges	(25,235)	(14,036)
– fair value gains/(losses)	(27,828)	(16,614)
– income taxes	2,593	2,578
Exchange differences	(505)	6,768
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
Remeasurement of defined benefit liability	(3,063)	(4,311)
Changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	(5,924)	(137)
Fair value gains on equity instruments designated at fair value through other comprehensive income	2,273	5,141
<b>Other comprehensive income/(expense) for the period, net of tax</b>	<b>(34,306)</b>	<b>(837)</b>
<b>Total comprehensive income/(expense) for the period</b>	<b>363,438</b>	<b>574,933</b>
Attributable to:		
– shareholder of the parent company	363,438	574,933
<b>Total comprehensive income/(expense) for the period</b>	<b>363,438</b>	<b>574,933</b>

The accompanying notes on pages 7 to 21 form an integral part of these financial statements.

## Consolidated statement of financial position

	Notes	At	
		30 Jun 2024 US\$000	31 Dec 2023 US\$000
<b>Assets</b>			
Cash and balances at central banks		1,028,183	911,615
Items in the course of collection from other banks		98,944	72,535
Trading assets	6	1,969,694	1,779,460
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	6	34,997	32,630
Derivatives	6	903,793	1,141,800
Loans and advances to banks		10,693,918	8,081,173
Loans and advances to customers	10	20,505,913	20,072,182
Reverse repurchase agreements – non-trading		6,808,194	6,388,753
Financial investments	6	12,957,939	10,402,064
Prepayments, accrued income and other assets		1,990,834	1,363,726
Current tax assets		9	9
Interests in associates		2,310	2,353
Intangible assets		250,417	247,441
Deferred tax assets		74,817	115,887
<b>Total assets</b>		<b>57,319,962</b>	<b>50,611,628</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Deposits by banks		6,181,034	4,395,836
Customer accounts		32,934,998	31,366,721
Repurchase agreements – non-trading		4,842,770	1,801,365
Items in the course of transmission to other banks		581,067	289,975
Trading liabilities	6	605,676	807,757
Financial liabilities designated at fair value	6,8	1,402,374	1,429,282
Derivatives	6	872,391	1,063,259
Debt securities in issue	9	1,219,612	1,518,317
Accruals, deferred income and other liabilities		2,799,142	2,180,280
Current tax liabilities		122,452	163,539
Provisions		180,069	48,151
<b>Total liabilities</b>		<b>51,741,585</b>	<b>45,064,482</b>
<b>Equity</b>			
Called up share capital		931,055	931,055
Share premium account		61,346	61,346
Other equity instruments		967,500	967,500
Other reserves		(237,410)	(212,728)
Retained earnings		3,855,886	3,799,973
<b>Total equity</b>		<b>5,578,377</b>	<b>5,547,146</b>
<b>Total liabilities and equity</b>		<b>57,319,962</b>	<b>50,611,628</b>

The accompanying notes on pages 7 to 21 form an integral part of these financial statements.

**Stephen Moss**  
Chief Executive Officer / Director

**Daniel Hankinson**  
Chief Financial Officer / Director

## Consolidated statement of changes in equity

	Called up share capital and share premium		Retained earnings	Other reserves				Total equity	
	US\$000	US\$000		US\$000	Financial assets at FVOCI reserves	Cash flow hedging reserve	Foreign exchange reserve		Merger and other reserves <sup>1</sup>
<b>At 1 Jan 2024</b>	<b>992,401</b>	<b>967,500</b>	<b>3,799,973</b>	<b>(57,558)</b>	<b>2,463</b>	<b>(142,280)</b>	<b>(15,353)</b>	<b>5,547,146</b>	
Profit for the period	—	—	397,744	—	—	—	—	397,744	
Other comprehensive income/(expense) (net of tax)	—	—	(9,624)	417	(25,235)	136	—	(34,306)	
– debt instruments at fair value through other comprehensive income	—	—	—	(1,852)	—	—	—	(1,852)	
– equity instruments designated at fair value through other comprehensive income	—	—	—	2,273	—	—	—	2,273	
– cash flow hedges	—	—	—	—	(25,235)	—	—	(25,235)	
– changes in fair value of financial liabilities designated at fair value arising from changes in own credit risk	—	—	(5,924)	—	—	—	—	(5,924)	
– remeasurement of defined benefit liability	—	—	(3,063)	—	—	—	—	(3,063)	
– exchange differences	—	—	(637)	(4)	—	136	—	(505)	
<b>Total comprehensive income/(expense) for the period</b>	<b>—</b>	<b>—</b>	<b>388,120</b>	<b>417</b>	<b>(25,235)</b>	<b>136</b>	<b>—</b>	<b>363,438</b>	
Dividends	—	—	(335,186)	—	—	—	—	(335,186)	
Other movements	—	—	2,979	—	—	—	—	2,979	
<b>At 30 Jun 2024</b>	<b>992,401</b>	<b>967,500</b>	<b>3,855,886</b>	<b>(57,141)</b>	<b>(22,772)</b>	<b>(142,144)</b>	<b>(15,353)</b>	<b>5,578,377</b>	
At 1 Jan 2023	992,401	967,500	3,767,148	(106,932)	(12,188)	(150,000)	(15,353)	5,442,576	
Profit for the period	—	—	575,770	—	—	—	—	575,770	
Other comprehensive income/(expense) (net of tax)	—	—	(4,084)	10,832	(14,036)	6,451	—	(837)	
– debt instruments at fair value through other comprehensive income	—	—	—	5,738	—	—	—	5,738	
– equity instruments designated at fair value through other comprehensive income	—	—	—	5,141	—	—	—	5,141	
– cash flow hedges	—	—	—	—	(14,036)	—	—	(14,036)	
– changes in fair value of financial liabilities designated at fair value arising from changes in own credit risk	—	—	(137)	—	—	—	—	(137)	
– remeasurement of defined benefit liability	—	—	(4,311)	—	—	—	—	(4,311)	
– exchange differences	—	—	364	(47)	—	6,451	—	6,768	
<b>Total comprehensive income/(expense) for the period</b>	<b>—</b>	<b>—</b>	<b>571,686</b>	<b>10,832</b>	<b>(14,036)</b>	<b>6,451</b>	<b>—</b>	<b>574,933</b>	
Dividends	—	—	(379,882)	—	—	—	—	(379,882)	
Other movements	—	—	(7,015)	—	—	—	—	(7,015)	
<b>At 30 Jun 2023</b>	<b>992,401</b>	<b>967,500</b>	<b>3,951,937</b>	<b>(96,100)</b>	<b>(26,224)</b>	<b>(143,549)</b>	<b>(15,353)</b>	<b>5,630,612</b>	

<sup>1</sup> The merger reserve pertains to the acquisition of HBME Algeria in 2009.

The accompanying notes on pages 7 to 21 form an integral part of these financial statements.

## Consolidated statement of cash flows

	Half-year to	
	30 Jun 2024 US\$000	30 Jun 2023 US\$000
<b>Profit before tax</b>	<b>563,236</b>	673,616
<b>Cash flows from operating activities</b>		
<b>Adjustments for:</b>		
Net gain from investing activities	2,196	5,985
Share of (profit)/loss in associates	42	56
Other non-cash items included in profit before tax	207,690	89,396
Change in operating assets	(2,172,425)	(103,399)
Change in operating liabilities	6,488,817	2,906,503
Elimination of exchange differences <sup>1</sup>	12,355	(1,010)
Tax paid	(164,219)	(54,831)
<b>Net cash generated from/(used in) operating activities</b>	<b>4,937,692</b>	3,516,316
<b>Cash flows from investing activities</b>		
Purchase of financial investments	(6,302,597)	(8,565,214)
Proceeds from the sale and maturity of financial investments	3,957,481	5,276,685
Net cash flows from the purchase and sale of property, plant and equipment	(7,039)	(6,667)
Net investment in intangible assets	(34,446)	(43,623)
<b>Net cash generated from/(used in) investing activities</b>	<b>(2,386,601)</b>	(3,338,819)
<b>Cash flows from financing activities</b>		
Dividends paid to shareholders of the parent company	(335,186)	(379,882)
<b>Net cash generated from/(used in) financing activities</b>	<b>(335,186)</b>	(379,882)
<b>Net decrease in cash and cash equivalents</b>	<b>2,215,905</b>	(202,385)
Cash and cash equivalents at 1 Jan	7,026,635	9,432,395
Exchange differences in respect of cash and cash equivalents	(11,216)	1,590
<b>Cash and cash equivalents at 30 Jun</b>	<b>9,231,324</b>	9,231,600

<sup>1</sup> Adjustment to bring changes between opening and closing balance sheet amounts to average rates. This is not done on a line-by-line basis, as details cannot be determined without unreasonable expense.

The accompanying notes on pages 7 to 21 form an integral part of these financial statements.



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# Notes on the interim condensed financial statements

## 1 Legal status and principal activities

The bank has its place of incorporation and head office in Dubai International Financial Centre ('DIFC'), in the United Arab Emirates, under a category 1 licence issued by the Dubai Financial Services Authority ('DFSA').

The bank's registered office is Level 4, Gate Precinct Building No. 2, Dubai International Financial Centre, Dubai, United Arab Emirates.

The group through its branch network and subsidiary undertakings provides a range of banking and related financial services in the Middle East and North Africa.

The immediate parent company of the group is HSBC Middle East Holdings B.V. and the ultimate parent company of the group is HSBC Holdings plc, which is incorporated in England.

## 2 Basis of preparation and material accounting policies

### (a) Compliance with International Financial Reporting Standards

The interim condensed consolidated financial statements of the group have been prepared on the basis of the policies set out in the 2023 annual financial statements. They have also been prepared in accordance with IAS 34 'Interim Financial Reporting' ('IAS 34') as issued by the International Accounting Standards Board ('IASB') and IAS 34 as adopted by the UK. Therefore they include an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the group since the end of 2023. These interim condensed consolidated financial statements should be read in conjunction with the Annual Report and Accounts 2023.

At 30 June 2024, there were no IFRS Accounting Standards effective for the half-year to 30 June 2024 affecting these interim condensed consolidated financial statements that were not approved for adoption in the UK by the UK Endorsement Board. There was no difference between IFRS Accounting Standards adopted by the UK and IFRS Accounting standards issued by the IASB in terms of their application to the group.

#### **Standards applied during the half-year to 30 June 2024**

There were no new standards or amendments to standards that had an effect on these interim condensed consolidated financial statements.

### (b) Use of estimates and judgements

Management believes that the group's critical estimates and judgements are those which relate to impairment of amortised cost and fair value through other comprehensive income ('FVOCI') financial assets, the valuation of financial instruments, recognition of deferred tax assets, post employment benefit plans and provisions. There were no material changes in the current period to the critical estimates and judgements disclosed in 2023, which are stated in the Annual Report and Accounts 2023.

### (c) Composition of the group

The bank established a new wholesale banking branch in Oman during the first half of 2024. There were no other material changes in the composition of the group.

### (d) Future accounting developments

#### **Amendments to IAS 21 'Lack of Exchangeability'**

In August 2023, the IASB published amendments to IAS 21 'Lack of Exchangeability' effective from 1 January 2025. The HSBC Group is undertaking an assessment of the potential impact, which is not expected to be significant.

#### **Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures'**

In May 2024, the IASB issued amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures', effective for annual reporting periods beginning on, or after, 1 January 2026. In addition to guidance as to when certain financial liabilities can be deemed settled when using an electronic payment system, the amendments also provide further clarification regarding the classification of financial assets that contain contractual terms that change the timing or amount of contractual cash flows, including those arising from ESG related contingencies, and financial assets with certain non-recourse features. The HSBC Group is undertaking an assessment of the potential impact.

#### **IFRS 18 'Presentation and Disclosure in Financial Statements'**

In April 2024, the IASB issued IFRS 18 'Presentation and Disclosure in Financial Statements', effective for annual reporting periods beginning on or after 1 January 2027. The new accounting standard aims to give users of financial statements more transparent and comparable information about an entity's financial performance. It will replace IAS 1 'Presentation of Financial Statements' but carries over many requirements from that IFRS Accounting Standard unchanged. In addition, there are three sets of new requirements relating to the structure of the income statement, management-defined performance measures and the aggregation and disaggregation of financial information.

While IFRS 18 will not change recognition criteria or measurement bases, it might have a significant impact on presenting information in the financial statements, in particular the income statement. The HSBC Group is currently assessing any impacts as well as data readiness before developing a more detailed implementation plan.

### (e) Accounting policies

The accounting policies applied by the group for these interim condensed consolidated financial statements are consistent with those described in the Annual Report and Accounts 2023, as are the methods of computation.

## Notes on the interim condensed financial statements (unaudited)

### (f) Going concern

The interim condensed financial statements are prepared on a going concern basis, as the Directors are satisfied that the group has the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a range of information relating to present and future conditions, including future projections of profitability, cash flows, capital requirements, capital resources and the impact of stressed scenarios on the group's operations.

### (g) Tax

#### UAE Emirates Tax Law – Dubai Deferred Tax Asset 'DTA' remeasurement due to a change in substantively enacted tax rate

On 7 March 2024, Law No. (1) of 2024 (the 'Law') on Taxation of Foreign Banks operating in Dubai was issued by the Ruler of Dubai, His Highness Sheikh Mohammed bin Rashid Al Maktoum. This Law is effective from the date of its publication in the official gazette which is 8 March 2024 and shall apply to tax and accounting periods beginning on or after 8 March 2024. Following subsequent clarification provided by the Dubai Department of Finance in June 2024, management has concluded that the Law amends the existing Emirate level tax rules imposing income tax at 20% on the profits of foreign banks operating in Dubai. The clarification confirmed a reduction in the rate of Emirate tax applicable on Dubai profits from 20% to 11%, with the Bank being subject to a federal tax rate of 9%.

This rate reduction, in isolation, has resulted in a write-down of the Bank's deferred tax asset of US\$42 million on its Dubai branches' profits, and is recognised in the consolidated income statement for the six months ended 30 June 2024.

## 3 Net fee income

	At	
	30 Jun 2024 US\$000	30 Jun 2023 US\$000
Cards	98,656	83,808
Credit facilities	28,220	20,092
Account services	22,952	20,888
Unit trust	20,588	14,160
Performance/Tender bonds	33,961	31,265
Global custody	18,525	21,538
Remittances	22,153	19,953
Imports/exports	29,388	29,393
Insurance agency commission	7,737	6,742
Corporate/project finance	6,842	4,538
Others	49,998	51,435
<b>Total Fee Income</b>	<b>339,020</b>	<b>303,812</b>
Fee Expense	(78,719)	(60,703)
<b>Net Fee Income</b>	<b>260,301</b>	<b>243,109</b>

## 4 Dividends

### Dividends to shareholders of the parent company

	30 Jun 2024		30 Jun 2023	
	Per share US\$	Total US\$000	Per share US\$	Total US\$000
<b>Dividends paid on ordinary shares</b>				
In respect of:				
– final dividend for 2023	0.3222	300,000	—	—
– final dividend for 2022	—	—	0.3759	350,000
<b>Total</b>	<b>0.3222</b>	<b>300,000</b>	<b>0.3759</b>	<b>350,000</b>
Total dividends on undated preference shares including Perpetual Additional Tier 1 preference shares classified as equity		35,186		29,882
<b>Dividends to shareholder</b>		<b>335,186</b>		<b>379,882</b>

## 5 Segmental analysis

### Our global businesses

The group manages products and services to its customers in the region through global businesses:

- Wealth and Personal Banking ('WPB') provides a full range of retail banking and wealth products to our customers from personal banking to ultra-high net worth individuals. Typically, customer offerings include retail banking products, such as current and savings accounts, mortgages and personal loans, credit cards, debit cards and local and international payment services. WPB also provides wealth management services, including insurance and investment products, global asset management services, investment management and Private Wealth Solutions for customers with more sophisticated and international requirements.
- Commercial Banking ('CMB') offers a broad range of products and services to serve the needs of our commercial customers, including small- and medium-sized enterprises, mid-market enterprises and corporates. These include credit and lending, international trade and receivables finance, treasury management and liquidity solutions (payments and cash management and commercial cards) and investments. CMB also offers customers access to products and services offered by other global businesses, such as GB and MSS, which include foreign exchange products, raising capital on debt and equity markets and advisory services.

- Global Banking ('GB') provides tailored financial solutions to major government, corporate and institutional clients worldwide. The client-focused business line delivers a full range of banking capabilities including structured financing, advisory, capital markets, liquidity and cash management services.
- Markets and Securities Services ('MSS') enables our corporate and institutional clients to access financial markets and liquidity, unlock investment opportunities, manage risk and transact seamlessly. Bringing together financing solutions; sales, trading and distribution across multiple asset classes; research; clearing and settlement; global and direct custody; and asset servicing.
- Corporate Centre comprises interests in associates and central stewardship costs that support our businesses.

Profit/(loss) for the period

	2024					
	Wealth and Personal Banking	Commercial Banking <sup>1</sup>	Global Banking <sup>1</sup>	Markets and Securities Services	Corporate Centre <sup>2</sup>	Total
Half-year to 30 Jun	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
Net interest income	359,406	212,539	198,337	82,977	(49,453)	803,806
Net fee income/(expense)	73,202	70,327	82,433	34,506	(167)	260,301
Net income from financial instruments held for trading or managed on a fair value basis	29,596	28,800	4,937	57,014	46,593	166,940
Other income	7,815	1,240	(2,171)	1,458	16,892	25,234
<b>Net operating income before change in expected credit losses and other credit impairment charges</b>	<b>470,019</b>	<b>312,906</b>	<b>283,536</b>	<b>175,955</b>	<b>13,865</b>	<b>1,256,281</b>
Change in expected credit losses and other credit impairment charges	(6,660)	(80,641)	(14,290)	(181)	—	(101,772)
<b>Net operating income</b>	<b>463,359</b>	<b>232,265</b>	<b>269,246</b>	<b>175,774</b>	<b>13,865</b>	<b>1,154,509</b>
Total operating expenses	(217,282)	(137,875)	(108,800)	(78,030)	(49,244)	(591,231)
<b>Operating profit/(loss)</b>	<b>246,077</b>	<b>94,390</b>	<b>160,446</b>	<b>97,744</b>	<b>(35,379)</b>	<b>563,278</b>
Share of profit/(loss) in associates	—	—	—	—	(42)	(42)
<b>Profit/(loss) before tax</b>	<b>246,077</b>	<b>94,390</b>	<b>160,446</b>	<b>97,744</b>	<b>(35,421)</b>	<b>563,236</b>
<b>By geographical region</b>						
U.A.E <sup>3</sup>	208,156	84,833	100,865	57,582	(34,516)	416,920
Qatar	23,964	(115)	36,487	25,847	1,546	87,729
Rest of Middle East	13,957	9,672	23,094	14,315	(2,451)	58,587
<b>Profit/(loss) before tax</b>	<b>246,077</b>	<b>94,390</b>	<b>160,446</b>	<b>97,744</b>	<b>(35,421)</b>	<b>563,236</b>

	2023					
Half-year to 30 Jun						
Net interest income	337,550	213,717	203,666	66,397	(57,823)	763,507
Net fee income/(expense)	65,798	68,333	67,472	41,506	—	243,109
Net income from financial instruments held for trading or managed on a fair value basis	24,939	25,735	747	113,825	46,810	212,056
Other income	(771)	(1,027)	(13,146)	(21,980)	16,655	(20,269)
Net operating income before change in expected credit losses and other credit impairment charges	427,516	306,758	258,739	199,748	5,642	1,198,403
Change in expected credit losses and other credit impairment charges	(19,864)	13,482	6,463	(38)	—	43
Net operating income	407,652	320,240	265,202	199,710	5,642	1,198,446
Total operating expenses	(190,578)	(119,438)	(91,246)	(69,045)	(54,467)	(524,774)
Operating profit/(loss)	217,074	200,802	173,956	130,665	(48,825)	673,672
Share of profit/(loss) in associates	—	—	—	—	(56)	(56)
<b>Profit/(loss) before tax</b>	<b>217,074</b>	<b>200,802</b>	<b>173,956</b>	<b>130,665</b>	<b>(48,881)</b>	<b>673,616</b>
<b>By geographical region</b>						
U.A.E <sup>3</sup>	174,604	136,037	118,188	95,764	(46,719)	477,874
Qatar	24,976	35,334	35,880	25,539	166	121,895
Rest of Middle East	17,494	29,431	19,888	9,362	(2,328)	73,847
<b>Profit/(loss) before tax</b>	<b>217,074</b>	<b>200,802</b>	<b>173,956</b>	<b>130,665</b>	<b>(48,881)</b>	<b>673,616</b>

<sup>1</sup> In the first half of 2024, following an internal review, a portfolio of our customers within the Kuwait branch was transferred from Commercial Banking to Global Banking. The transfer has been reflected prospectively in the current period.

<sup>2</sup> The intra-group elimination items for the global businesses are presented in Corporate Centre.

<sup>3</sup> Includes UAE branch and Head office of the group.

## Notes on the interim condensed financial statements (unaudited)

### Balance sheet information

	2024					
	Wealth and Personal Banking	Commercial Banking <sup>1</sup>	Global Banking <sup>1</sup>	Markets and Securities Services	Corporate Centre <sup>2</sup>	Total
At 30 Jun	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
Loans and advances to customers (net)	3,768,981	6,884,224	9,438,859	413,849	—	20,505,913
Interest in associates	—	—	—	—	2,310	2,310
Total assets	12,619,236	11,154,596	18,360,445	15,515,788	(330,103)	57,319,962
Customer accounts	16,067,299	7,133,152	7,607,857	2,126,690	—	32,934,998
Total liabilities	17,714,539	9,168,101	13,575,587	11,877,942	(594,584)	51,741,585

  

	2023					
At 31 Dec						
Loans and advances to customers (net)	3,824,371	6,640,306	8,646,574	960,931	—	20,072,182
Interest in associates	—	—	—	—	2,353	2,353
Total assets	10,910,548	10,109,931	15,718,176	13,097,184	775,789	50,611,628
Customer accounts	15,570,991	6,789,552	7,352,602	1,653,576	—	31,366,721
Total liabilities	16,085,294	8,154,642	11,194,542	8,986,028	643,976	45,064,482

- 1 In the first half of 2024, following an internal review, a portfolio of our customers within the Kuwait branch was transferred from Commercial Banking to Global Banking. The transfer has been reflected prospectively in the current period.
- 2 The intra-group elimination items for the global businesses are presented in Corporate Centre.

## 6 Fair values of financial instruments carried at fair value

The accounting policies, control framework and the hierarchy used to determine fair values at 30 June 2024 are consistent with those applied in the Annual Report and Accounts 2023.

### Financial instruments carried at fair value and bases of valuation

	At 30 Jun 2024				At 31 Dec 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	Quoted market price	Using observable inputs	With significant unobservable inputs	Total	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
<b>Recurring fair value measurements</b>								
<b>Assets</b>								
Trading assets	354,767	1,460,400	154,527	1,969,694	266,473	1,127,735	385,252	1,779,460
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	10,367	—	24,630	34,997	10,114	—	22,516	32,630
Derivatives	—	871,174	32,619	903,793	—	1,096,376	45,424	1,141,800
Financial investments	6,573,035	1,600,000	480,666	8,653,701	4,461,225	1,091,181	431,903	5,984,309
<b>Liabilities</b>								
Trading liabilities	152,419	453,257	—	605,676	197,930	609,827	—	807,757
Financial liabilities designated at fair value	—	1,309,721	92,653	1,402,374	—	1,429,282	—	1,429,282
Derivatives	—	850,236	22,155	872,391	—	1,047,383	15,876	1,063,259

Transfers between levels of the fair value hierarchy are deemed to occur at the end of each semi-annual reporting period. Transfers into and out of levels of the fair value hierarchy are primarily attributable to observability of valuation inputs and price transparency.

During 2024, US\$139m of Financial investments were transferred from Level 2 to Level 1 (2023: US\$72m).

## Fair value valuation bases

Financial instruments measured at fair value using a valuation technique with significant unobservable inputs – Level 3

	Assets					Liabilities		
	Financial investments US\$000	Trading Assets US\$000	Designated and otherwise mandatorily measured at fair value through profit or loss US\$000	Derivatives US\$000	Total US\$000	Financial liabilities designated at fair value US\$000	Derivatives US\$000	Total US\$000
Private equity including strategic investments	39,844	—	24,630	—	64,474	—	—	—
Other derivatives	—	—	—	32,619	32,619	—	22,155	22,155
Other portfolios	440,822	154,527	—	—	595,349	92,653	—	92,653
<b>At 30 Jun 2024</b>	<b>480,666</b>	<b>154,527</b>	<b>24,630</b>	<b>32,619</b>	<b>692,442</b>	<b>92,653</b>	<b>22,155</b>	<b>114,808</b>
Private equity including strategic investments	37,414	—	22,516	—	59,930	—	—	—
Other derivatives	—	—	—	45,424	45,424	—	15,876	15,876
Other portfolios	394,489	385,252	—	—	779,741	—	—	—
At 31 Dec 2023	431,903	385,252	22,516	45,424	885,095	—	15,876	15,876

The basis for determining the fair value of the financial instruments in the table above is explained in the Annual Report and Accounts 2023.

## Reconciliation of fair value measurements in Level 3 of the fair value hierarchy

Movement in Level 3 financial instruments

	Assets				Liabilities	
	Financial investments US\$000	Trading Assets US\$000	Designated and otherwise mandatorily measured at fair value through profit or loss US\$000	Derivatives US\$000	Financial liabilities designated at fair value US\$000	Derivatives US\$000
<b>At 1 Jan 2024</b>	<b>431,903</b>	<b>385,252</b>	<b>22,516</b>	<b>45,424</b>	<b>—</b>	<b>15,876</b>
Total gains/(losses) recognised in profit or loss	—	(2,322)	2,357	(9,324)	—	6,279
– net income from financial instruments held for trading or managed on a fair value basis	—	(2,322)	—	(9,324)	—	6,279
– changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss	—	—	2,357	—	—	—
Total gains recognised in other comprehensive income	8,640	—	—	—	—	—
– financial investments: fair value gains/(losses)	8,647	—	—	—	—	—
– exchange differences	(7)	—	—	—	—	—
Purchases	43,756	—	—	—	—	—
Sales	—	—	(243)	—	—	—
Settlements	—	(228,403)	—	(1,941)	—	—
Transfers in	—	—	—	—	92,653	—
Transfers out	(3,633)	—	—	(1,540)	—	—
<b>At 30 Jun 2024</b>	<b>480,666</b>	<b>154,527</b>	<b>24,630</b>	<b>32,619</b>	<b>92,653</b>	<b>22,155</b>
Unrealised gains/(losses) recognised in profit or loss relating to assets and liabilities held at 30 Jun 2024	—	(2,322)	2,357	(9,324)	—	6,279
– net income from financial instruments held for trading or managed on a fair value basis	—	(2,322)	—	(9,324)	—	6,279
– changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss	—	—	2,357	—	—	—

## Notes on the interim condensed financial statements (unaudited)

### Movement in Level 3 financial instruments (continued)

	Assets				Liabilities	
	Financial investments	Trading Assets	Designated and otherwise mandatorily measured at fair value through profit or loss	Derivatives	Financial liabilities designated at fair value	Derivatives
At 1 Jan 2023	33,011	295,976	22,913	1,232	—	8,266
Total gains/(losses) recognised in profit or loss	—	(3,637)	554	583	—	(111)
– net income/expense from financial instruments held for trading or managed on a fair value basis	—	(3,637)	—	583	—	(111)
– changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss	—	—	554	—	—	—
Total gains recognised in other comprehensive income	5,141	—	—	—	—	—
– financial investments: fair value losses	5,141	—	—	—	—	—
Purchases	—	—	—	128	—	—
Settlements	—	(78,014)	—	—	—	—
Transfers out	—	—	—	—	—	—
Transfers in	—	—	—	2,238	—	396
At 30 Jun 2023	38,152	214,325	23,467	4,181	—	8,551
Unrealised gains/(losses) recognised in profit or loss relating to assets and liabilities held at 30 Jun 2023	—	(3,637)	554	583	—	(111)
– net income from financial instruments held for trading or managed on a fair value basis	—	(3,637)	—	583	—	(111)
– changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss	—	—	554	—	—	—

### Effect of changes in significant unobservable assumptions to reasonably possible alternatives

#### Sensitivity of Level 3 fair values to reasonably possible alternative assumptions

	At 30 Jun 2024				At 31 Dec 2023			
	Reflected in profit or loss		Reflected in OCI		Reflected in profit or loss		Reflected in OCI	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
Derivatives and trading assets <sup>1</sup>	11,753	(11,753)	—	—	4,801	(4,801)	—	—
Financial assets/liabilities designated and otherwise mandatorily measured at fair value through profit or loss	1,250	(1,250)	—	—	1,711	(1,711)	—	—
Financial investments	—	—	7,136	(5,310)	—	—	6,433	(4,709)
<b>Total</b>	<b>13,003</b>	<b>(13,003)</b>	<b>7,136</b>	<b>(5,310)</b>	<b>6,512</b>	<b>(6,512)</b>	<b>6,433</b>	<b>(4,709)</b>

<sup>1</sup> Derivatives and trading assets are presented as one category to reflect the manner in which these instruments are risk-managed.

#### Sensitivity of Level 3 fair values to reasonably possible alternative assumptions by instrument type

	At 30 Jun 2024				At 31 Dec 2023			
	Reflected in profit or loss		Reflected in OCI		Reflected in profit or loss		Reflected in OCI	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
Private equity including strategic investments	1,232	(1,232)	3,652	(1,826)	1,711	(1,711)	3,472	(1,748)
Other derivatives	11,219	(11,219)	—	—	1,818	(1,818)	—	—
Other portfolios	552	(552)	3,484	(3,484)	2,983	(2,983)	2,961	(2,961)
<b>Total</b>	<b>13,003</b>	<b>(13,003)</b>	<b>7,136</b>	<b>(5,310)</b>	<b>6,512</b>	<b>(6,512)</b>	<b>6,433</b>	<b>(4,709)</b>

## 7 Fair values of financial instruments not carried at fair value

The bases for measuring the fair values of financial instruments not carried at fair value are explained in the Annual Report and Accounts 2023.

### Fair values of financial instruments not carried at fair value

	At 30 Jun 2024		At 31 Dec 2023	
	Carrying amount US\$000	Fair value US\$000	Carrying amount US\$000	Fair value US\$000
<b>Assets</b>				
Loans and advances to banks	10,693,918	10,693,824	8,081,173	8,081,010
Loans and advances to customers	20,505,913	20,160,735	20,072,182	19,718,081
Reverse repurchase agreements – non-trading	6,808,194	6,833,451	6,388,753	6,409,726
Financial Investments – at amortised cost	4,304,238	4,258,339	4,417,755	4,397,568
<b>Liabilities</b>				
Deposits by banks	6,181,034	6,213,265	4,395,836	4,432,325
Customer accounts	32,934,998	32,835,838	31,366,721	31,356,414
Repurchase agreements – non-trading	4,842,770	4,840,905	1,801,365	1,801,355
Debt securities in issue	1,219,612	1,240,599	1,518,317	1,529,070

## 8 Financial liabilities designated at fair value

	At	
	30 Jun 2024 US\$000	31 Dec 2023 US\$000
Deposits by bank and customer accounts	762,555	734,949
Debt securities in issue (Note 9)	639,819	694,333
<b>Total</b>	<b>1,402,374</b>	<b>1,429,282</b>

At 30 June 2024, the accumulated amount of change in fair value attributable to changes in credit risk was a gain of US\$0.3m (31 December 2023: loss of US\$1.0m).

## 9 Debt securities in issue

	At	
	30 Jun 2024 US\$000	31 Dec 2023 US\$000
Medium-term notes	1,384,431	1,737,650
Non-equity preference shares	475,000	475,000
<b>Total debt securities in issue</b>	<b>1,859,431</b>	<b>2,212,650</b>
<b>Included within:</b>		
Financial liabilities designated at fair value (Note 8)	(639,819)	(694,333)
<b>Total</b>	<b>1,219,612</b>	<b>1,518,317</b>

### Movement in medium-term notes at amortised cost

	At	
	30 Jun 2024 US\$000	31 Dec 2023 US\$000
Balance as at 1 Jan	1,043,317	1,070,420
New issues	310,852	61,278
Repayments	(600,785)	(104,250)
Other movements	(8,772)	15,869
<b>Closing balance</b>	<b>744,612</b>	<b>1,043,317</b>

## 10 Risk management

All the group's activities involve, to varying degrees, the analysis, evaluation, acceptance and active management of risks or combinations of risks. The key financial risks which the group is exposed to are retail and wholesale credit risk (including cross-border country risk), market risk (predominantly foreign exchange and interest rate risks), liquidity and funding risk and strategic risk (including reputational risk). The group is also exposed to non-financial risk in various forms (including Resilience risk, Financial Crime and Fraud Risk, People Risk, Regulatory Compliance Risk, Legal Risk, Financial Reporting and Tax risks and Model Risks). The Group is committed to managing and mitigating climate-related risks, both physical and transition risks, and continue to incorporate consideration of these into how we manage and oversee risks internally and with our customers.

The implementation of our business strategy, which includes transformation, remains a key focus. As we implement change initiatives, we actively manage the execution risks. We aim to use a comprehensive risk management approach across the organisation and across all risk types, underpinned by our culture and values. This is outlined in our risk management framework, including the key principles and practices that we employ in managing material risks, both financial and non-financial. The framework fosters continual monitoring, promotes risk awareness and encourages a sound operational and strategic decision making process. It also supports a consistent approach to identifying, assessing, managing and reporting the risks we accept and incur in our activities. We actively review and enhance our risk management framework and our approach to managing risk, through our activities with regard to: people and capabilities; governance; reporting and management information; credit risk management models; and data.

The interim condensed consolidated financial statements do not include all risk management information and disclosures required in the annual financial statements, they should be read in conjunction with the Annual Report and Accounts 2023. There have been no material changes to our policies and practices regarding risk management and governance as described in the Annual Report and Accounts 2023.

### Geopolitical and macroeconomic risk

Geopolitical risk remains heightened and impacts on maritime traffic through the Red Sea and Egypt's Suez Canal revenues are evident. Tensions between Israel and Hezbollah are rising. The outcome of the Iran presidential election is not expected to have a material impact on Iran's foreign policy and the overall regional security environment. The overall macro-economic outlook across GCC remains stable.

The Russia-Ukraine war continues to have geopolitical and economic implications. HSBC, including the group, is monitoring the impacts of the war, and continues to respond to the significant sanctions and trade restrictions imposed against Russia by the UK, the US and the EU, as well as other countries. In response to such sanctions and trade restrictions, as well as to asset flight, Russia has implemented certain countermeasures. The global economy has largely adapted to the imposition of significant sanctions and trade restrictions, with European countries diversifying their energy sources to reduce their dependence on Russian energy supplies.

To help mitigate these risks, model outputs and management adjustments are closely monitored and independently reviewed at country level for reliability and appropriateness.

### Summary of credit risk

#### Summary of financial instruments to which the impairment requirements in IFRS 9 are applied

	At 30 Jun 2024		At 31 Dec 2023	
	Gross carrying/ nominal amount US\$000	Allowance for ECL US\$000	Gross carrying/ nominal amount US\$000	Allowance for ECL US\$000
Loans and advances to customers at amortised cost	21,065,782	(559,869)	20,759,342	(687,160)
Loans and advances to banks at amortised cost	10,696,029	(2,111)	8,082,899	(1,726)
Other financial assets measured at amortised cost	13,864,424	(2,346)	12,798,519	(5,097)
– cash and balances at central banks	1,028,194	(11)	911,620	(5)
– items in the course of collection from other banks	98,944	–	72,535	–
– reverse repurchase agreements – non-trading	6,808,194	–	6,388,753	–
– financial investments	4,305,177	(939)	4,418,343	(588)
– prepayments, accrued income and other assets	1,623,915	(1,396)	1,007,268	(4,504)
<b>Total gross carrying amount on balance sheet</b>	<b>45,626,235</b>	<b>(564,326)</b>	<b>41,640,760</b>	<b>(693,983)</b>
Loans and other credit-related commitments	8,867,557	(20,839)	8,764,016	(8,597)
Financial guarantee and similar contract	2,053,123	(2,817)	1,950,389	(556)
<b>Total nominal amount off balance sheet</b>	<b>10,920,680</b>	<b>(23,656)</b>	<b>10,714,405</b>	<b>(9,153)</b>
		<b>Memorandum allowance for ECL</b>		<b>Memorandum allowance for ECL</b>
	<b>Fair value</b>	<b>US\$000</b>	<b>Fair value</b>	<b>US\$000</b>
Debt instruments measured at FVOCI	8,613,857	(1,258)	5,946,895	(3,238)



The following table provides an overview of the group's credit risk by stage, and the associated ECL coverage. The financial assets recorded in each stage have the following characteristics:

Stage 1: Unimpaired and without significant increase in credit risk on which a 12-month allowance for ECL is recognised.

Stage 2: A significant increase in credit risk has been experienced since initial recognition on which a lifetime ECL is recognised.

Stage 3: Objective evidence of impairment, and are therefore considered to be in default or otherwise credit impaired on which a lifetime ECL is recognised.

POCI: Purchased or originated at a deep discount that reflects the incurred credit losses on which a lifetime ECL is recognised.

**Summary of credit risk (excluding debt instruments measured at FVOCI) by stage distribution and ECL coverage at 30 June 2024**

	Gross carrying/nominal amount					Allowance for ECL				
	Stage 1 US\$000	Stage 2 US\$000	Stage 3 US\$000	POCI US\$000	Total US\$000	Stage 1 US\$000	Stage 2 US\$000	Stage 3 US\$000	POCI US\$000	Total US\$000
Loans and advances to customers at amortised cost	18,560,615	1,636,475	864,621	4,071	21,065,782	(39,860)	(41,484)	(477,133)	(1,392)	(559,869)
Loans and advances to banks at amortised cost	10,348,489	347,540	—	—	10,696,029	(1,139)	(972)	—	—	(2,111)
Other financial assets measured at amortised cost	13,804,146	56,923	3,355	—	13,864,424	(1,584)	(228)	(534)	—	(2,346)
Loans and other credit-related commitments	8,676,635	178,990	11,932	—	8,867,557	(6,337)	(11,797)	(2,705)	—	(20,839)
Financial guarantee and similar contracts	1,965,993	73,293	13,837	—	2,053,123	(292)	(262)	(2,263)	—	(2,817)
<b>At 30 Jun 2024</b>	<b>53,355,878</b>	<b>2,293,221</b>	<b>893,745</b>	<b>4,071</b>	<b>56,546,915</b>	<b>(49,212)</b>	<b>(54,743)</b>	<b>(482,635)</b>	<b>(1,392)</b>	<b>(587,982)</b>
Loans and advances to customers at amortised cost	18,030,066	1,785,470	940,776	3,030	20,759,342	(35,601)	(42,283)	(607,734)	(1,542)	(687,160)
Loans and advances to banks at amortised cost	7,874,187	208,712	—	—	8,082,899	(1,103)	(623)	—	—	(1,726)
Other financial assets measured at amortised cost	12,745,167	49,396	3,956	—	12,798,519	(1,535)	(158)	(3,404)	—	(5,097)
Loans and other credit-related commitments	8,445,460	273,753	44,803	—	8,764,016	(4,986)	(531)	(3,080)	—	(8,597)
Financial guarantee and similar contracts	1,880,359	57,449	12,581	—	1,950,389	(220)	(281)	(55)	—	(556)
<b>At 31 Dec 2023</b>	<b>48,975,239</b>	<b>2,374,780</b>	<b>1,002,116</b>	<b>3,030</b>	<b>52,355,165</b>	<b>(43,445)</b>	<b>(43,876)</b>	<b>(614,273)</b>	<b>(1,542)</b>	<b>(703,136)</b>

**Measurement uncertainty and sensitivity analysis of ECL estimates**

Expected credit loss impairment allowances recognised 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 judgement and estimation. It is necessary to formulate multiple economic scenarios based on economic forecasts, apply these assumptions to credit risk models to estimate future credit losses and probability weight the results to determine an unbiased ECL estimate. The group uses a standard framework to form economic scenarios to reflect assumptions about future economic conditions, supplemented with the use of management judgement, which may result in using alternative or additional economic scenarios and/or management adjustments.

**Methodology for Developing Forward Looking Economic Scenarios**

The group has adopted four global economic scenarios which are used to capture the current economic environment and to articulate management's view of the range of potential outcomes. Scenarios produced to calculate ECL are aligned to our top and emerging risks.

Three of the scenarios are drawn from consensus forecasts and distributional estimates. The Central scenario is deemed the 'most likely' scenario, and usually attracts the largest probability weighting, while the outer scenarios represent the tails of the distribution, which are less likely to occur. The Central scenario is created using the average of a panel of external forecasters. Consensus Upside and Downside scenarios are created with reference to distributions for select markets that capture forecasters' views of the entire range of outcomes. In the later years of the scenarios, projections revert to long-term consensus trend expectations. In the consensus outer scenarios, reversion to trend expectations is done mechanically with reference to historically observed quarterly changes in the values of macroeconomic variables.

The fourth scenario, Downside 2, is designed to represent management's view of severe downside risks. It is a globally consistent narrative-driven scenario that explores more extreme economic outcomes than those captured by the consensus scenarios. In this scenario, variables do not, by design, revert to long-term trend expectations. They may instead explore alternative states of equilibrium, where economic activity moves permanently away from past trends. The consensus Downside and the consensus Upside scenarios are each constructed to be consistent with a 10% probability. The Downside 2 is constructed with a 5% probability. The Central scenario is assigned the remaining 75%. This weighting scheme is deemed appropriate for the unbiased estimation of ECL in most circumstances. However, management may depart from this probability-based scenario weighting approach when the economic outlook is determined to be particularly uncertain and risks are elevated.

## Notes on the interim condensed financial statements (unaudited)

### Description of Consensus Economic Scenarios

The following table describes key macroeconomic variables and the probability assigned in the consensus Central scenario for the UAE.

#### Consensus Central scenario

Consensus Central scenario 3Q24-2Q29 (as at 2Q24)	UAE	
	2024	2023
<b>Probability (%)</b>	<b>75</b>	75
<b>GDP growth rate (%)</b>		
2024: Annual average growth rate	<b>3.8</b>	3.7
2025: Annual average growth rate	<b>4.1</b>	4.0
2026: Annual average growth rate	<b>3.7</b>	3.8
2027: Annual average growth rate	<b>3.6</b>	3.4
2028: Annual average growth rate	<b>3.0</b>	3.4
5-year average	<b>3.6</b>	3.6
<b>Oil price (US\$/barrel)</b>		
2024: Average oil price	<b>80.9</b>	79.6
2025: Average oil price	<b>75.6</b>	75.9
2026: Average oil price	<b>72.9</b>	73.0
2027: Average oil price	<b>71.0</b>	70.7
2028: Average oil price	<b>69.6</b>	70.7
5-year average	<b>74.0</b>	74.0
<b>House price growth (%)</b>		
2024: Annual average growth rate	<b>16.1</b>	12.6
2025: Annual average growth rate	<b>6.9</b>	7.7
2026: Annual average growth rate	<b>4.2</b>	4.4
2027: Annual average growth rate	<b>2.8</b>	2.6
2028: Annual average growth rate	<b>1.6</b>	2.3
5-year average	<b>4.6</b>	5.9
<b>Inflation rate (%)</b>		
2024: Annual average rate	<b>2.5</b>	2.3
2025: Annual average rate	<b>2.1</b>	2.2
2026: Annual average rate	<b>2.2</b>	2.1
2027: Annual average rate	<b>2.0</b>	2.1
2028: Annual average rate	<b>1.9</b>	2.1
5-year average	<b>2.1</b>	2.1

The following table describes the probabilities assigned in the consensus upside scenario, consensus downside scenario and additional downside scenario, the key macroeconomic variables for each scenario and the largest quarterly measure observed for each variable over the forecast period. The additional downside scenario features a global recession and has been created to reflect management's view of severe risks.

#### Outer scenarios (less likely) - UAE

	2024		
	Consensus upside scenario	Consensus downside scenario	Downside 2 scenario
<b>Probability (%)</b>	<b>10</b>	<b>10</b>	<b>5</b>
GDP level (%) <sup>1</sup>	<b>27.4 (2Q29)</b>	<b>0.3 (3Q24)</b>	<b>(7.0) (4Q25)</b>
Oil price (US\$)	<b>74.77 (3Q24)</b>	<b>69.34 (4Q28)</b>	<b>56.49 (1Q26)</b>
House price index (%) <sup>1</sup>	<b>26.8 (2Q29)</b>	<b>(0.2) (3Q24)</b>	<b>(14.0) (4Q26)</b>
Inflation rate (%) <sup>2</sup>	<b>1.4 (2Q25)</b>	<b>2.6 (2Q25)</b>	<b>3.5 (2Q25)</b>
	2023		
Probability (%)	10	10	5
GDP level (%) <sup>1</sup>	30.7 (4Q28)	1.4 (1Q24)	(4.9) (2Q25)
Oil price (US\$)	79.7 (1Q24)	70.4 (4Q27)	58.2 (3Q25)
House price index (%) <sup>1</sup>	34.2 (4Q28)	0.3 (1Q24)	(2.9) (4Q25)
Inflation rate (%) <sup>2</sup>	1.4 (1Q25)	3.0 (1Q24)	3.5 (2Q24)

1 For consensus upside scenario, this is cumulative change to the highest level of the series during the 20-quarter projection, and for consensus downside and downside 2 scenarios, this is cumulative change to the lowest level of the series during the 20-quarter projection.

2 For consensus upside scenario, this is lowest projected year-on-year percentage change in inflation, and for consensus downside and downside 2 scenarios, this is highest projected year-on-year percentage change in inflation.

## How economic scenarios are reflected in the wholesale calculation of ECL

HSBC has developed a globally consistent methodology for the application of forward economic guidance into the calculation of ECL by incorporating these scenarios into the estimation of the term structure of probability of default ('PD'), loss given default ('LGD') and through the exposure at default ('EAD') for the UAE.

For PDs, we consider the correlation of forward economic guidance to default rates. For LGD calculations, we consider the correlation of forward economic guidance to collateral values and realisation rates. For EAD calculations, we consider the correlation of forward economic guidance to potential utilization.

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, The group incorporates forward economic guidance proportionate to the probability-weighted outcome and the central scenario outcome for non-stage 3 populations.

### IFRS 9 ECL sensitivity to economic scenarios<sup>1</sup>

	UAE	
	Jun 2024 US\$m	Dec 2023 US\$m
Reported ECL <sup>2</sup>	54	32
Gross carrying/nominal amount <sup>3</sup>	56,876	52,074
Consensus Central scenario	52	32
Consensus Upside scenario	45	30
Consensus Downside scenario	61	34
Downside 2 scenario	104	40

1 Excludes ECL and financial instruments relating to defaulted obligors because the measurement of ECL is relatively more sensitive to credit factors specific to the obligor than future economic scenarios.

2 Includes off-balance sheet financial instruments that are subject to significant measurement uncertainty.

3 Includes low credit-risk financial instruments such as debt instruments at FVOCI, which have high carrying amounts but low ECL under all the above scenarios.

## How economic scenarios are reflected in the retail calculation of ECL

The group has adopted 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. Historical relationships between observed default rates and macro-economic variables are integrated into IFRS 9 ECL estimates by using 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 also modelled only for mortgage portfolios using an expert panel model which considers several factors.

### IFRS 9 ECL sensitivity to future economic scenarios<sup>1</sup>

	UAE					
	Gross carrying amount US\$m	Reported ECL <sup>2</sup> US\$m	Central scenario ECL US\$m	Upside scenario ECL US\$m	Downside scenario ECL US\$m	Downside 2 scenario ECL US\$m
<b>At 30 Jun 2024</b>						
Mortgages	1,879	16	16	16	16	17
Credit cards	476	26	25	25	26	35
Other	681	20	19	19	20	29
<b>At 31 Dec 2023</b>						
Mortgages	2,001	25	25	25	25	25
Credit cards	471	24	24	22	25	32
Other	721	20	20	19	21	28

1 ECL sensitivities exclude portfolios utilising less complex modelling approaches.

2 ECL sensitivity includes only on-balance sheet financial instruments to which IFRS 9 impairment requirements are applied.

## Economic scenarios sensitivity analysis of ECL estimates

The ECL outcome is sensitive to judgement 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.

The economic scenarios are generated to capture the group's view of a range of possible forecast economic conditions that is sufficient for the calculation of unbiased and probability-weighted ECL. As a result, the ECL calculated for the upside and downside scenarios should not be taken to represent the upper and lower limits of possible actual ECL outcomes. There are a very wide range of possible combinations of inter-related economic factors that could influence actual credit loss outcomes, accordingly the range of estimates provided by attributing 100% weightings to scenarios are indicative of possible outcomes given the assumptions used. A wider range of possible ECL outcomes reflects uncertainty about the distribution of economic conditions and does not necessarily mean that credit risk on the associated loans is higher than for loans where the distribution of possible future economic conditions is narrower. The recalculated ECLs for each of the scenarios should be read in the context of the sensitivity analysis as a whole and in conjunction with the narrative disclosures.

## Notes on the interim condensed financial statements (unaudited)

### Management judgemental adjustments

In the context of IFRS 9, management judgemental adjustments are short-term increases or decreases to the ECL at either a customer or portfolio level to account for late breaking events, model deficiencies and expert credit judgement applied following management review and challenge. Management judgements were applied to reflect credit risk dynamics not captured by our models. The drivers of the management judgemental adjustments reflect the changing economic outlook and evolving risks. Where the macroeconomic and portfolio risk outlook continues to improve, supported by low level of observed defaults, adjustments initially taken to reflect increased risk expectation can be retired or reduced.

At 30 June 2024 the management judgemental adjustments in the wholesale portfolio is US\$31m (31 December 2023: nil) and there is overlay of US\$13m in the retail portfolio (31 December 2023: overlay of US\$18m).

### Reconciliation of changes in gross carrying/nominal amount and allowances for loans and advances to banks and customers including loan commitments and financial guarantees

The following disclosure provides a reconciliation by stage of the group's gross carrying/nominal amount and allowances for loans and advances to banks and customers, including loan commitments and financial guarantees. Movements are calculated on a quarterly basis and therefore fully capture stage movements between quarters. If movements were calculated on a year-to-date basis they would only reflect the opening and closing position of the financial instrument. The transfers of financial instruments represent the impact of stage transfers upon the gross carrying/nominal amount and associated allowance for ECL.

The net remeasurement of ECL arising from stage transfers represents the increase or decrease due to these transfers, for example, moving from a 12-month (stage 1) to a lifetime (stage 2) ECL measurement basis. Net remeasurement excludes the underlying customer risk rating ('CRR')/probability of default ('PD') movements of the financial instruments from stage transfers. This is captured, along with other credit quality movements in the 'Changes to risk parameters - further lending/repayments (including changes in credit quality)'.

Changes in 'New financial assets originated or purchased', and 'assets derecognised (including final repayments)' represent the impact from volume movements within the group's lending portfolio.

### Reconciliation of changes in gross carrying/nominal amount and allowances for loans and advances to banks and customers including loan commitments and financial guarantees at 30 June 2024

	Non-credit impaired				Credit impaired				Total	
	Stage 1		Stage 2		Stage 3		POCI			
	Gross carrying/nominal amount US\$000	Allowance for ECL US\$000	Gross carrying/nominal amount US\$000	Allowance for ECL US\$000	Gross carrying/nominal amount US\$000	Allowance for ECL US\$000	Gross carrying/nominal amount US\$000	Allowance for ECL US\$000	Gross carrying/nominal amount US\$000	Allowance for ECL US\$000
<b>At 1 Jan 2024</b>	<b>36,230,072</b>	<b>(41,910)</b>	<b>2,325,384</b>	<b>(43,718)</b>	<b>998,160</b>	<b>(610,869)</b>	<b>3,030</b>	<b>(1,542)</b>	<b>39,556,646</b>	<b>(698,039)</b>
Transfers of financial instruments:	<b>(703,237)</b>	<b>(5,631)</b>	<b>573,679</b>	<b>25,439</b>	<b>129,558</b>	<b>(19,808)</b>	—	—	—	—
– Transfers from stage 1 to stage 2	<b>(1,593,199)</b>	<b>3,284</b>	<b>1,593,199</b>	<b>(3,284)</b>	—	—	—	—	—	—
– Transfers from stage 2 to stage 1	<b>889,962</b>	<b>(8,915)</b>	<b>(889,962)</b>	<b>8,915</b>	—	—	—	—	—	—
– Transfers to stage 3	—	—	<b>(130,908)</b>	<b>20,324</b>	<b>130,908</b>	<b>(20,324)</b>	—	—	—	—
– Transfers from stage 3	—	—	<b>1,350</b>	<b>(516)</b>	<b>(1,350)</b>	<b>516</b>	—	—	—	—
Net remeasurement of ECL arising from transfer of stage	—	<b>1,813</b>	—	<b>(2,102)</b>	—	<b>(36)</b>	—	—	—	<b>(325)</b>
New financial assets originated or purchased	<b>6,247,052</b>	<b>(6,442)</b>	—	—	—	—	—	—	<b>6,247,052</b>	<b>(6,442)</b>
Asset derecognised (including final repayments)	<b>(2,294,699)</b>	<b>3,251</b>	<b>(107,035)</b>	<b>4,371</b>	<b>(34,643)</b>	<b>19,846</b>	—	—	<b>(2,436,377)</b>	<b>27,468</b>
Changes to risk parameters – further lending/repayments (including changes in credit quality)	<b>76,140</b>	<b>1,238</b>	<b>(555,492)</b>	<b>(38,512)</b>	<b>(78,308)</b>	<b>11,428</b>	<b>1,041</b>	<b>150</b>	<b>(556,619)</b>	<b>(25,696)</b>
Assets written off	—	—	—	—	<b>(124,319)</b>	<b>124,319</b>	—	—	<b>(124,319)</b>	<b>124,319</b>
Foreign exchange	<b>(3,596)</b>	<b>3</b>	<b>(238)</b>	<b>4</b>	<b>(58)</b>	<b>36</b>	—	—	<b>(3,892)</b>	<b>43</b>
Others	—	<b>50</b>	—	<b>3</b>	—	<b>(7,017)</b>	—	—	—	<b>(6,964)</b>
<b>At 30 Jun 2024</b>	<b>39,551,732</b>	<b>(47,628)</b>	<b>2,236,298</b>	<b>(54,515)</b>	<b>890,390</b>	<b>(482,101)</b>	<b>4,071</b>	<b>(1,392)</b>	<b>42,682,491</b>	<b>(585,636)</b>
ECL release/(charge) for the period	—	<b>(140)</b>	—	<b>(36,243)</b>	—	<b>31,238</b>	—	<b>150</b>	—	<b>(4,995)</b>
Recoveries	—	—	—	—	—	—	—	—	—	—
Others	—	<b>(14)</b>	—	—	—	<b>23</b>	—	—	—	<b>9</b>
<b>Total ECL release/(charge) for the period</b>	<b>—</b>	<b>(154)</b>	<b>—</b>	<b>(36,243)</b>	<b>—</b>	<b>31,261</b>	<b>—</b>	<b>150</b>	<b>—</b>	<b>(4,986)</b>

Reconciliation of changes in gross carrying/nominal amount and allowances for loans and advances to banks and customers including loan commitments and financial guarantees at 30 June 2024 (continued)

	At 30 Jun 2024		Six months ended
	Gross carrying/ nominal amount US\$000	Allowance for ECL US\$000	30 Jun 2024 ECL and other credit charges US\$000
<b>As above</b>	<b>42,682,491</b>	<b>(585,636)</b>	<b>(4,986)</b>
Other financial assets measured at amortised cost	13,864,424	(2,346)	(395)
Performance and other guarantees not considered for IFRS 9	N/A	N/A	109,133
<b>Summary of financial instruments to which the impairment requirements in IFRS 9 are applied/Summary consolidated income statement</b>	<b>56,546,915</b>	<b>(587,982)</b>	<b>103,752</b>
Debt instruments measured at FVOCI	8,613,857	(1,258)	(1,980)
<b>Change in expected credit losses and other credit impairment charges</b>	<b>N/A</b>	<b>(589,240)</b>	<b>101,772</b>

As shown in the previous table, the allowance for ECL for loans and advances to customers and banks and relevant loan commitments and financial guarantees decreased by \$112m during the period from \$698m at 31 December 2023 to \$586m at 30 June 2024.

This decrease was primarily driven by:

- \$124m of assets written off; and
- \$27m due to assets derecognised.

These were partly offset by:

- \$6m relating to new financial assets originated or purchased;
- \$26m relating to changes in risk parameters; and
- \$7m relating to other movements.

The ECL charge of \$5m for the period presented in the previous table consist of \$26m charge relating to underlying credit quality changes, \$6m from new assets originated or purchased partially offset by \$27m due to assets derecognised.

Reconciliation of changes in gross carrying/nominal amount and allowances for loans and advances to banks and customers including loan commitments and financial guarantees at 31 December 2023

	Non-credit impaired				Credit impaired				Total	
	Stage 1		Stage 2		Stage 3		POCI		Total	
	Gross carrying/ nominal amount US\$000	Allowance for ECL US\$000	Gross carrying/ nominal amount US\$000	Allowance for ECL US\$000	Gross carrying/ nominal amount US\$000	Allowance for ECL US\$000	Gross carrying/ nominal amount US\$000	Allowance for ECL US\$000	Gross carrying/ nominal amount US\$000	Allowance for ECL US\$000
At 1 Jan 2023	36,959,602	(40,301)	2,199,737	(60,230)	1,047,241	(736,879)	3,677	(2,855)	40,210,257	(840,265)
Transfers of financial instruments:	(148,623)	(8,357)	(134,501)	39,263	283,124	(30,906)	—	—	—	—
– Transfers from stage 1 to stage 2	(1,871,388)	11,507	1,871,388	(11,507)	—	—	—	—	—	—
– Transfers from stage 2 to stage 1	1,722,765	(19,864)	(1,722,765)	19,864	—	—	—	—	—	—
– Transfers to stage 3	—	—	(307,022)	35,380	307,022	(35,380)	—	—	—	—
– Transfers from stage 3	—	—	23,898	(4,474)	(23,898)	4,474	—	—	—	—
Net remeasurement of ECL arising from transfer of stage	—	9,879	—	(13,571)	—	(1,845)	—	—	—	(5,537)
New financial assets originated or purchased	12,256,029	(25,536)	—	—	—	—	—	—	12,256,029	(25,536)
Asset derecognised (including final repayments)	(13,170,294)	9,993	(146,289)	7,672	(40,516)	11,729	—	—	(13,357,099)	29,394
Changes to risk parameters – further lending/repayments (including changes in credit quality)	294,894	12,586	404,142	(16,930)	(31,280)	(100,202)	(647)	1,313	667,109	(103,233)
Assets written off	—	—	—	—	(260,758)	260,758	—	—	(260,758)	260,758
Foreign exchange	38,420	(30)	2,278	(12)	352	(233)	—	—	41,050	(275)
Others	44	(144)	17	90	(3)	(13,291)	—	—	58	(13,345)
At 31 Dec 2023	36,230,072	(41,910)	2,325,384	(43,718)	998,160	(610,869)	3,030	(1,542)	39,556,646	(698,039)
ECL release/(charge) for the period	—	6,922	—	(22,829)	—	(90,318)	—	1,313	—	(104,912)
Recoveries	—	—	—	—	—	18,747	—	—	—	18,747
Others	—	—	—	(214)	—	—	—	—	—	(214)
Total ECL release/(charge) for the period	—	6,922	—	(23,043)	—	(71,571)	—	1,313	—	(86,379)

## Notes on the interim condensed financial statements (unaudited)

### Reconciliation of changes in gross carrying/nominal amount and allowances for loans and advances to banks and customers including loan commitments and financial guarantees at 31 December 2023 (continued)

	At 31 Dec 2023		Twelve months ended 31 Dec 2023
	Gross carrying/ nominal amount	Allowance for ECL	ECL and other credit charges
	US\$000	US\$000	US\$000
As above	39,556,646	(698,039)	(86,379)
Other financial assets measured at amortised cost	12,798,519	(5,097)	(665)
Performance and other guarantees not considered for IFRS 9	—	—	(842)
Summary of financial instruments to which the impairment requirements in IFRS 9 are applied/Summary consolidated income statement	52,355,165	(703,136)	(87,886)
Debt instruments measured at FVOCI	5,946,895	(3,238)	(2,373)
Change in expected credit losses and other credit impairment charges	—	(706,374)	(90,259)

### Concentration of exposure

#### Gross loans and advances to customers by industry sector

	Gross loans and advances to customers	
	Total US\$000	As a % of total gross loans %
At 30 Jun 2024		
<b>Personal</b>		
– residential mortgages	1,931,299	9.2
– other personal	1,781,268	8.5
<b>Total</b>	<b>3,712,567</b>	<b>17.6</b>
<b>Corporate and commercial</b>		
– commercial, industrial and international trade	9,743,556	46.3
– commercial real estate and other property-related	2,281,019	10.8
– government	803,345	3.8
– other commercial	2,881,731	13.7
<b>Total</b>	<b>15,709,651</b>	<b>74.6</b>
<b>Financial</b>		
– non-bank financial institutions	1,643,564	7.8
<b>Total gross loans and advances to customers</b>	<b>21,065,782</b>	<b>100.0</b>
<b>Impaired loans (%)</b>		
– as a percentage of gross loans and advances to customers	4.12	
<b>Total impairment allowances (%)</b>		
– as a percentage of gross loans and advances to customers	2.66	
At 31 Dec 2023		
Personal		
– residential mortgages	1,978,486	9.5
– other personal	1,799,519	8.7
<b>Total</b>	<b>3,778,005</b>	<b>18.2</b>
Corporate and commercial		
– commercial, industrial and international trade	8,559,185	41.2
– commercial real estate and other property-related	2,470,899	11.9
– government	627,790	3.0
– other commercial	4,497,628	21.7
<b>Total</b>	<b>16,155,502</b>	<b>77.8</b>
Financial		
– non-bank financial institutions	825,835	4.0
<b>Total gross loans and advances to customers</b>	<b>20,759,342</b>	<b>100.0</b>
<b>Impaired loans (%)</b>		
– as a percentage of gross loans and advances to customers	4.55	
<b>Total impairment allowances (%)</b>		
– as a percentage of gross loans and advances to customers	3.31	

## 11 Contingent liabilities, contractual commitments and guarantees

	At	
	<b>30 Jun 2024 US\$000</b>	31 Dec 2023 US\$000
<b>Guarantees and other contingent liabilities</b>		
<b>Guarantees</b>	<b>18,339,576</b>	17,625,891
<b>Commitments</b>		
Documentary credits and short-term trade-related transactions	<b>790,857</b>	792,914
Undrawn formal standby facilities, credit lines and other commitments to lend	<b>21,265,294</b>	21,171,720
<b>Total</b>	<b>22,056,151</b>	21,964,634

The above table discloses the nominal principal amounts, which represent the maximum amounts at risk should the contracts be fully drawn upon and clients default. As a significant portion of guarantees and commitments are expected to expire without being drawn upon, the total of the nominal principal amounts is not indicative of future liquidity requirements.

## 12 Legal proceedings and regulatory matters

The group is party to legal proceedings and regulatory matters in a number of jurisdictions arising out of its normal business operations. Apart from the matters described below, the group considers that no other matters are material. The recognition of provisions is determined in accordance with the accounting policies set out in Note 2 of the group's Annual Report and Accounts 2023. While the outcome of legal proceedings and regulatory matters are inherently uncertain, management believes that, based on the information available to it, appropriate provisions have been made in respect of these matters as at 30 June 2024. Where an individual provision is material, the fact that a provision has been made is stated and quantified, except to the extent doing so would be seriously prejudicial. Any provision recognised does not constitute an admission of wrongdoing or legal liability. It is not practicable to provide an aggregate estimate of potential liability for our legal proceedings and regulatory matters as a class of contingent liabilities.

### US Anti-Terrorism Act Related Litigation

Since November 2014, a number of lawsuits have been filed in federal courts in the US against various HSBC companies including HSBC Bank Middle East Limited and others on behalf of plaintiffs who are, or are related to, victims of terrorist attacks in the Middle East. In each case, it is alleged that the defendants aided and abetted the unlawful conduct of various sanctioned parties in violation of the US Anti-Terrorism Act or provided banking services to customers alleged to have connections to terrorism financing. Seven actions, which seek damages for unspecified amounts, remain pending in federal courts and HSBC's motions to dismiss have been granted in three of these cases. These dismissals are subject to appeals and/or the plaintiffs re-pleading their claims. The four remaining actions are at an early stage.

Based on the facts currently known, it is not practicable at this time for HSBC to predict the resolution of these matters, including the timing or any possible impact on HSBC, which could be significant.

### Other litigation

The group was named as one of the defendants in a lawsuit filed in the Courts of Dubai in the United Arab Emirates by a Jordanian company. The lawsuit sought damages from the defendants, including the group, in the amount of US\$33m for losses allegedly suffered by the plaintiff arising out of a series of payments made between 2007 and 2009. In November 2023, the Dubai Court of Appeal reversed an earlier dismissal of the claim and held the defendants jointly liable for the full amount claimed. In December 2023, the plaintiff appealed the quantum of damages awarded by the Court of Appeal and sought US\$330m. The defendants also appealed the Court of Appeal's decision before the Court of Cassation. In June 2024, the Court of Cassation denied all appeals and upheld the earlier Court of Appeal judgment, determining that the plaintiff is entitled to approximately US\$40m, including interest. The group has applied for the Court of Cassation judgment to be retracted on the basis that it breaches various judicial principles. In the meantime, execution of the Court of Appeal judgment has been suspended while the Court of Appeal considers separate applications seeking clarification on the extent of the liability owed by each defendant under the judgment.

In March 2022, a claim was filed before the Urgent Matters Court in Algeria against the group and one other defendant claiming US\$40m in relation to a court hold received by the group in 2019 which related to a customer of the group. In April 2023, following an appeal by the plaintiff, the Court of Cassation remanded the case to the Court of Appeal for reconsideration by a different panel of judges and in January 2024, the Court of Appeal decided to dismiss the plaintiff's appeal in its entirety. Although the plaintiff enjoys a right to appeal this judgment before the Court of Cassation, the group is not aware of any such appeal having been filed to date.

Based on the facts currently known, it is not practicable at this time for the group to predict the resolution of the above matters, including the timing or any possible impact on the group, which could be significant.

## 13 Related party transactions

There were no changes in the related party transactions described in the Annual Report and Accounts 2023 that have had a significant effect on the financial position or performance of the group in the half-year to 30 June 2024. All related party transactions that took place in the half-year to 30 June 2024 were similar in nature to those disclosed in the Annual Report and Accounts 2023.

## 14 Events after the balance sheet date

These accounts were approved by the Board of Directors on 31 July 2024 and authorised for issue.

# Independent Review Report to HSBC Bank Middle East Limited

## Review report on condensed consolidated interim financial information to the board of directors of HSBC Bank Middle East Limited

### Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of HSBC Bank Middle East Limited and its subsidiaries (the 'Group') as at 30 June 2024 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 – 'Interim Financial Reporting' as issued by the International Accounting Standards Board ('IASB') and as adopted by the United Kingdom. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International 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. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 – 'Interim Financial Reporting' as issued by the IASB and as adopted by the United Kingdom.

**PricewaterhouseCoopers Limited**

Date: 31 July 2024

**Audit Principal: Stuart Scoular (Reference Number I013742)**

Dubai, United Arab Emirates



**HSBC BANK MIDDLE EAST LIMITED**

*Incorporated in the Dubai International Financial Centre number – 2199*

*Regulated by the Dubai Financial Services Authority.*

REGISTERED OFFICE

Level 4, Gate Precinct Building No. 2, Dubai International Financial Centre, Dubai, United Arab Emirates.

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