DISCLOSURE REPORT as of 31.12.2020

MISR BANK – EUROPE GMBH

pursuant to Articles 435 to 455 of Regulation (EU) No 575/2013 (CRR)

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SINCE 1992 IN FRANKFURT

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1. Table of Abbreviations

AT1	Additional Tier 1 Capital
BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht Federal Financial Supervisory Authority
CET1	Common Equity Tier 1
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulation
EBA	European Banking Authority
ECAI	External Credit Assessment Institution
EU	European Union
GmbHG	Law relating to private limited companies
InstitutsVergV	Regulation on the supervisory requirements for institutions' remuneration systems
IRB	Internal Ratings Based Approach
KWG	Banking Act
NPV	Net present value
SACR	Standardised approach to credit risk
SFT	Securities Financing Transaction
SREP	Supervisory Review and Evaluation Process
§ ()	Section (paragraph)

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2. Reason and objectives of the Disclosure Report

In accordance with Part 8 of the Regulation (EU) No 575/2013 (hereinafter referred to as CRR), which came into force on 1 January 2014, Misr Bank-Europe GmbH is required to publish on an annual basis qualitative and quantitative information on the following topics:

- Risk management objectives and policies,
- Scope of application,
- Capital and capital adequacy requirements,
- Countercyclical capital buffers,
- Exposure to borrower / credit default risk,
- Exposure to market risks - risks relating to changes in market prices,
- Interest rate risk in non-trading book,
- Operational risk
- Unencumbered assets,
- Corporate governance rules,
- Remuneration policy and
- Leverage

This report serves to comply with Misr Bank-Europe GmbH's disclosure requirements as per reporting date 31 December 2020. The Bank's internet site www.misr.de is used as the medium for this disclosure.

Pursuant to Art. 432 CRR and in accordance with EBA/GL/2014/14 relating to materiality and confidentiality of the disclosure, the information provided in this Report is subject to the principle of materiality. Legally protected or confidential information is not included in this Report. To ensure satisfactory disclosure practice, reviews of its contents are conducted regularly. The relevant areas of responsibility and procedural framework are laid out in working procedures instructions. Misr Bank-Europe GmbH considers that the contents of the Report provide comprehensive information on the Bank's overall risk profile.

This Disclosure Report has to be read in conjunction with the annual financial statements and status report. These have been published in the Bundesanzeiger (Federal Gazette), accessible under www.bundesanzeiger.de.

The current Disclosure Report as of the 31 December 2020 reporting date is published pursuant to the requirements of Regulation (EU) No 575/2013 that came into force on 1 January 2014.

The following CRR articles currently do not apply to Misr Bank-Europe GmbH. This Disclosure Report thus contains no detailed information in relation to these articles:

- CRR Art. 441: Misr Bank-Europe GmbH is not an institution of global systemic importance.
- CRR Art. 449: There are no securitisation positions.
- CRR Art. 452: To calculate credit risk exposures, the Bank uses the Standard Approach to Credit Risk (SACR) and not the Internal Ratings Based Approach (IRB).

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- CRR Art. 454: To evaluate operational risk, the Bank uses the Basis Indicator Approach and not the Advanced Measurement Approach.
- CRR Art. 455: The Bank does not use any Internal Market Risk models.

3. Risk Management objectives and policies (CRR Art. 435)

Statement on the adequacy of risk management procedures (CRR Art. 435 (1. (e))

The main objective of risk management at Misr Bank-Europe GmbH is to ensure the Bank's ability to withstand risks arising from its business activities and its continued existence, while generating a sustainable and at the same time risk-adequate return on the capital employed by its shareholders. Under this premise, the Bank is prepared to accept risks in a conscious, controlled and economically acceptable manner.

The structure of the Bank's risk management system is determined by its business and risk strategy. The Executive Board is responsible for the development and implementation of these strategies. The risk strategy is derived consistently from the Bank's business strategy. It defines rules for dealing with risks arising directly or indirectly from the Bank's business activities. These rules form the basis for a uniform company-wide understanding of corporate objectives in connection with risk management.

In particular, the risk strategy encompasses the objectives of risk management for the main business activities and is an instrument geared to market activities and internal management that is reviewed and, if necessary, adjusted at least once a year.

Risks may only be assumed within the scope of the risk-bearing capacity. The necessary risk awareness and the opportunity and risk-oriented corporate and risk culture are supported by effective communication and the handling of risks. In summary, Misr Bank-Europe GmbH assumes that the methods, models and processes implemented are suitable at all times for ensuring a risk management system that is geared to strategy and the overall risk profile.

Statement by executive management on the risk profile of Misr Bank-Europe GmbH (CRR Art. 435 (1. (f))

The Bank’s risk management is conducted within the framework of the Basel III Pillar 2. In the context of § 25a KWG and various circulars, the legislator has commented extensively on this issue. For Misr Bank-Europe GmbH the primary objective is to ensure its risk-bearing capacity at all times.

As part of its risk inventory, the Bank has identified the following significant risks:
1. Counterparty credit risk, including country risks
2. Risks from changes in market prices
3. Operational risks
4. Liquidity risks

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Provided they are reasonably quantifiable, these risks are limited accordingly as part of the risk-bearing capacity calculation. On this basis, the limit utilisations as of 31 December 2020 are as follows:

Table 1: Risk-bearing capacity limit utilisation as of 31 December 2020

	31.12.2020		31.12.2019	
Risk	**Limit**	**Utilisation**	**Limit**	**Utilisation**
	€ in thousands	€ in thousands	€ in thousands	€ in thousands
Credit risk	29.034	10.983	17.400	10.136
Market risk	12.097	5.305	8.120	1.955
Liquidity risk	4.839	0	580	55
Operational risk	2.419	917	2.900	2.739
Gesamt	**48.389**	**17.205**	**29.000**	**14.885**

The Bank uses an ICAAP approach based on recognised scenario analyses and present value procedures. The "Gordy" model is used for counterparty default risks. More detailed information is provided in the Risk Section of our Status Report.

4. Scope of application (CRR Art. 436)

Misr Bank-Europe GmbH is a CRR credit institution, having its registered office in Frankfurt am Main.

The Bank does not consolidate financial statements on the basis of commercial-code or regulatory statutes. The Disclosure Report is prepared at single-entity level.

5. Own funds / equity capital (CRR ART. 437)

On 31st December 2020, Misr Bank-Europe GmbH’s own funds pursuant to Art. 72 CRR amounted to € 58,511k and consisted of Common Equity Tier 1.

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Table 2: Breakdown of own funds / equity capital as at 31 December 2020

	Breakdown of own funds	(A) Amount	(B) Reference to Articles in Regulation (EU) No 575/2013
		€k	
	Common Equity Tier 1 capital: instruments and reserves		
1	Capital instruments and related share premium accounts	60,000	26 (1), 27, 28, 29, EBA list pursuant to Art. 26 (3)
2	Retained earnings	1,400	26 (1) (c)
3	Cumulative other income (and other reserves in respect of unrealised profits and losses in accordance with applicable accounting standards)	-2,841	26 (1)
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**58,559**	
8	Intangible assets (net of related tax liability) (negative amount)	-48	36 (1) (b), 37, 472 (4)
28	Total regulatory adjustments to Common Equity Tier 1 (CET1) capital	-48	
29	**Common Equity Tier 1 (CET1) capital**	**58,511**	
44	Additional Tier 1 (AT1) capital	0	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**58,504**	
58	Tier 2 (T2) capital	0	
59	**Total capital (TC = T1 + T2)**	**58,504**	
60	Total risk-weighted assets	204,728	
61	Common Equity Tier 1 (as a percentage of the amount of total risk exposure)	28,58%	92 (2) (a), 465
62	Tier 1 capital (as a percentage of the amount of total risk exposure)	28,58%	92 (2) (b), 465
63	Total capital (as a percentage of the amount of total risk exposure)	28,58%	92 (2) (c)
64	Institution-specific capital buffer requirement (minimum CET1 requirement pursuant to Art. 92 (1 (a)) plus capital conservation and countercyclical buffer requirements plus systemic risk buffer, plus the systemically important institution (G-SII or O-SII) buffer, expressed as a percentage of the amount of risk exposure)	2.51%	CRD 128, 129, 130
65	of which: capital conservation buffer	2.50%	
66	of which: countercyclical capital buffer	0.01%	
68	Common Equity Tier 1 available for buffers (as a percentage of the amount of total risk exposure)	26.07%	CRD 128

In the interests of easier legibility and clarity, only those positions relevant to Misr Bank-Europe GmbH are shown.

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6. Reconciliation of equity capital / own funds with figures shown in the audited financial statements

The equity capital components in the commercial-code balance sheet are elaborated upon in the table below so that all elements are shown as in Table 2 “Breakdown of own funds / equity capital”. At the same time, they are mapped with cross-references to the corresponding row numbers in the above-mentioned table.

Table 3: Breakdown of equity capital components in the commercial-code balance sheet and mapping to equity capital structure as of 31 December 2020

	Commercial-code balance sheet	Cross reference to breakdown of equity capital
	€k	
Assets		
Intangible assets	-48	8
Liabilities		
Own Funds / Equity capital	58,752	6
of which: subscribed capital	60,000	1
of which: retained earnings	1,400	2
of which: balance sheet loss	-2,648	3a

7. Capital requirements (CRR ART. 438)

Adequacy of internal capital

The adequacy of the Bank’s internal capital is assessed by means of the risk-bearing capacity concept described in the Risk Report contained in the Status Report.

Regulatory requirements for capital adequacy

Misr Bank-Europe GmbH calculates the regulatory requirements for capital adequacy in compliance with the CRR provisions.

Exposure to counterparty credit risk is calculated according the Standardised Approach to Credit Risk pursuant to Part 3, Title II, Chapter 2 CRR, operational risk according to the Basic Indicator Approach pursuant to Part 3, Title III CRR and market risk according to Part 3, Title IV CRR.

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The table below gives an overview of the Bank's regulatory capital requirements.

Table 4: Regulatory capital requirements as at 31 December 2020

	Capital requirements €k
Credit risk	
Standardised Approach to Credit Risk	**193,277**
Central governments or central banks	1,851
Regional or local authorities / municipalities	0
Public authorities / public sector entities	0
Multilateral development banks	0
International organisations	0
Institutions	27,327
Corporations	156,746
Retail business	0
Secured by mortgages on real estate	0
Amounts in default	6,518
Particularly high-risk positions	0
Covered bonds / debentures	0
Securitisation positions	0
Banks / companies with short-term external rating	0
Collective investment undertakings (CIU)	0
Non-trading-book equity exposure	0
Other items	835
Market risk	
Standard approach	**0**
Foreign currency risk	0
Operational risk	**11,413**
Basic indicator approach	11,413
Adaptation credit valuation adjustment (CVA)	**38**
Standard method	38
Total	**204,728**

The Bank received the result of the Supervisory Review and Evaluation Process (SREP) from BaFin. Taking these requirements into account, a Common Equity Tier 1 of minimum 9.5 % for the bank is necessary.

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On 31st December 2020 our capital ratios can be summarised as follows:

Table 5: Summary of capital adequacy ratios

	31.12.2020
Common Equity Tier 1 ratio	28,58%
Tier 1 ratio	28,58%
Total capital ratio	28,58%

Our capital ratios are thus comfortably above the regulatory minimum requirements in each case.

8. Countercyclical capital buffer (CRR ART. 440)

According to CRR Art. 440 in conjunction with the Delegated Regulation (EU) No. 1555/2015 of 28 May 2015, institutions are obliged to state the geographical distribution of the credit risk positions essential for the calculation of the countercyclical capital buffer and the institution-specific level. The countercyclical capital buffer can be between 0 % and 2.5 % of the sum of the risk-weighted assets and has to be coveredby Tier 1 capital. The level of the countercyclical capital buffer in Germany is determined by BaFin, taking into account possible recommendations by the Committee on Financial Stability. For the fiscal year 2020 BaFin set the buffer at 0%. Other countries, such as UK, Sweden and Slovakia have lowered their capital buffer, too.

The following table shows the allocation of the risk-weighted assets by geographical areas and the level of the institution-specific countercyclical capital buffer of Misr Bank-Europe GmbH (the bank does not hold a trading book nor any securitization positions):

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Table 6: Geographical allocation of the credit risk positions essential for the calculation of the countercyclical capital buffer:

Country	Counterparty credit risk	Capital requirements	Weighting of capital requirements	Level of countercyclical capital buffer
	€k	€k	%	%
Germany [1)]	-127,176	-55,571	28.7	0.0
Egypt	-52,228	-40,700	21.1	0.0
Austria	-42,212	-26,086	13.5	0.0
Italy	-49,556	-9,829	5.1	0.0
France	-9,265	-9,215	4.8	0.0
Switzerland	-9,468	-9,121	4.7	0.0
United Kingdom	-10,579	-8,339	4.3	0.0
USA	-12,178	-8,181	4.2	0.0
Oman	-6,536	-6,536	3.4	0.0
VAE	-6,523	-6,523	3.4	0.0
Jordan	-7,063	-4,653	2.4	0.0
Kuwait	-8,522	-4,446	2.3	0.0
Burundi	-4,080	-4,080	2.1	0.0
Total	**-345,386**	**-193,280**	**100**	**0.0**

[1)] According to delegated regulation (EU) No. 1152/2014, all foreign risk positions with less than 2 % of its risk-weighted positions are included in "Germany". These are: Armenia, Belgium, Denmark, Lebanon, Luxembourg, Mexico, Netherlands, Portugal, Romania, Spain, Hungry, and British Virgin Islands.

Table 7: Level of the institution-specific countercyclical capital buffer

	31.12.2020
Total counterparty credit risk	345,386
Institution-specific anticyclical capital buffer	0,01%
Requirement for the institution-specific capital buffer	€ 20.000

9. Exposure to credit risk (CRR ART. 442)

Pursuant to Art. 442 CRR, the credit volume has to be broken down according to credit-risk-bearing instruments, significant geographic areas, main industry sectors and residual term to maturity. The following quantitative information for the entire loan portfolio represents Misr Bank-Europe GmbH's maximum credit risk. The maximum credit risk exposure is a gross figure. The credit-risk-bearing instruments are shown without taking into account credit-risk-mitigation and after credit risk adjustments (loan loss provisions). For credits and unused loan commitments, the gross credit volume is based on book values; for non-trading-book securities and the liquidity reserve, on acquisition cost / lower market value. The gross credit volume includes credit lines not yet drawn down.

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Table 8: Gross credit volume as at 31 December 2020 broken down by exposure classes / type of borrower

Regulatory exposure classes	**Gross credit volume**	**Average credit volume**
	€k	€k
Central governments or central banks	-45,389	-38,460
Regional or local authorities / municipalities	0	460
Public authorities / public sector entities	0	-1,198
Multilateral development banks	0	0
Institutions	-116,529	-125,843
Corporations	-169,806	-184,193
Retail business	-3	-3
Amounts in default	-12,819	-11,256
Covered bonds / debentures	0	-232
Other items	-840	-959
Total	**-345,386**	**-362,604**

The average amount of the gross credit volume is derived from the averages of the individual quarterly reports in 2020.

The three tables below show the gross credit volume according to significant geographic area, industry sector and contractual residual term to maturity.

Table 9: Gross credit volume as at 31 December 2020 according to geographic region

Regulatory exposure classes	**Germany**	**Other EU-states**	**Rest of the world**
	€k	€k	€k
Central governments or central banks	-27,633	-15,185	-2,571
Regional or local authorities / municipalities	0	0	0
Public authorities / public sector entities	0	0	0
Multilateral development banks	0	0	0
Institutions	-39,405	-71,996	-5,128
Corporations	-26,846	-59,292	-83,668
Retail business	-3	0	0
Amounts in default	-4,508	-1.000	-7,311
Covered bonds / debentures	0	0	0
Other items	-840	0	0
Total	**-99,235**	**-147,473**	**-98,678**

From the table it can be seen that the predominant portion of the credit portfolio is spread across Germany and other EU states, which is the focus of the Bank's lending.

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Table 10: Gross credit volume as at 31 December 2020 according to industry sector

Regulatory exposure classes	Banks	Public authorities	Private persons and corporations	Not allocated to any sector
	€k	€k	€k	€k
Central governments or central banks	-27,633	-17,756	0	0
Regional or local authorities / municipalities	0	0	0	0
Public authorities / public sector entities	0	0	0	0
Multilateral development banks	0	0	0	0
Institutions	-116,529	0	0	0
Corporations	-30,607	0	-139,199	0
Retail business	0	0	-3	0
Amounts in default	0	0	-12,819	0
Covered bonds / debentures	0	0	0	0
Other items	0	0	0	-840
Total	**-174,769**	**-17,756**	**-152,021**	**-840**

Table 11: Gross credit volume as at 31 December 2020 broken down by residual tenor

Regulatory exposure classes	Less than 1 year	1 year to 5 years	Over 5 years to indefinite tenor
	€k	€k	€k
Central governments or central banks	-30,205	-15,185	0
Regional or local authorities / municipalities	0	0	0
Public authorities / public sector entities	0	0	0
Multilateral development banks	0	0	0
Institutions	-98,632	-17,896	0
Corporations	-71,157	-98,649	0
Retail business	-3	0	0
Amounts in default	-8,807	-4,012	0
Covered bonds / debentures	0	0	0
Other items	0	0	-840
Total	**-208,804**	**-135,742**	**-840**

10. Loan loss provisions and definitions

Details of past due and impaired positions and loan loss provisions

All credit exposures are subject to regular review. This involves determining the extent to which the receivables are partially or completely uncollectible. An extraordinary

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review of the receivables, including collateral, is carried out if the credit institution becomes aware of information indicating a negative change in the risk assessment of the exposures or the collateral.

A credit exposure is basically considered past due when the borrower is in arrears with a significant portion of its total debt to the Bank for more than 90 consecutive days and at a significant level.

Such arrears are calculated and monitored at single-borrower level.

If a provision has been set aside for a credit exposure, then the exposure is considered impaired.

A value adjustment must be made if there are concrete indications that the debtor will not meet or will not fully meet its payment obligations to the bank from credit liabilities and if, even taking into account proceeds from the realisation of any security available or other recovery measures, full satisfaction of the bank's credit claim is not to be expected.

Approaches and methods for determining risk provisioning

The Bank has management tools at its disposal to identify, manage and evaluate counterparty default risks for credit exposures at an early stage and to take them into account in the annual financial statements through risk provisions (individual value adjustments, general provisions).

The amount of the risk provision to be formed in individual cases is based on the probability that the borrower will no longer be able to meet its contractual obligations (on the basis of an assessment of the economic situation) and on the payment experience with the customer. To estimate the amount of the expected payments after the occurrence of default collateral, if available, is taken into account with its probable liquidation value.

Decisions regarding value adjustments, provisions or direct write-downs are made on the basis of the applicable regulations. With regard to existing loan loss provisions, regular reviews of their appropriateness and any adjustments resulting from the review, are carried out. If there is a sustained improvement in the borrower's financial situation, or if there is no doubt that the loan will be repaid from existing collateral, the provision for possible loan losses is reversed.

General value adjustments for latent default risks in the loan portfolio are determined in accordance with the BMF letter of 10.01.1994.

The additional general allowance for country risks created in 2019 was slightly reduced.

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Table 12: Development of loan loss provisions in the balance sheet for fiscal year 2020

	Opening balances 01.01.2020	**Additions**	**Reversals**	**Used**	**Exchange rate and other changes**	**Closing balances 31.12.2020**
	€k	€k	€k	€k	€k	€k
Specific loan loss provisions	8,136	1,077	-58	0	-284	8,871
Reserves	0	0	0	0	0	0
Country risk provisions	600	57	-240	0	0	417
General loan loss provisions	515	0	-40	0	0	475
Total	**9,251**	**1,134**	**-338**	**0**	**-284**	**9,763**

Table 13: Non-performing loans and arrears broken down by main sector as at 31 December 2020

	Banks	**Public authorities**	**Corporations and private persons**	**Not allocated to any sector**	**Total**
	€k	€k	€k	€k	€k
Loans in arrears not needing provisions	0	0	0	0	0
Total amount of impaired credit exposures (non-performing loans)	0	0	-12,819	0	-12,819
Specific loan loss provisions and reserves	0	0	8,871	0	8,871
Country risk provisions	61	0	356	0	417
General loan loss provisions	0	0	475	0	475
Net addition or reversal (-)	0	0	735	0	735
Write offs	0	0	0	0	0
Recoveries of written-off loans	0	0	0	0	0

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Table 14: Non-performing loans and arrears broken down by main geographical region as at 31 December 2020

	Germany	Other EU states	Rest of the world	Total
	€k	€k	€k	€k
Loans in arrears not needing provisions	0	0	0	0
Total amount of impaired credit exposures (non-performing loans)	-4,508	-1,000	-7,311	-12,819
Specific loan loss provisions and reserves	1,534	200	7,138	8,872
General loan loss provisions	141	311	440	892
Net addition or reversal (-)	622	200	-87	735
Write offs	0	0	0	0
Recoveries of written-off loans	0	0	0	0

11. Use of nominated rating agencies – ECAI (CRR ART. 444)

The capital requirements, in the credit risk standard approach for the exposure categories "institutions" and "corporates", are determined on the basis of internal ratings which are based on evaluations of the Standard & Poor's databases. For the assessment of country risks, the Bank uses public ratings from Moody's.

Transfers of issuer / issue ratings to comparable, similar or higher-level credit exposures were not made in the reporting year.

12. Credit risk mitigation (CRR ART. 453)

In the financial year 2020, on-balance sheet and off-balance sheet netting was not used.

For credit risk mitigation purposes Misr Bank-Europe GmbH uses collateral on a case-by-case basis, both in the form of physical collateral (mortgage liens, liens on cash balances or assignments of claims) and personal security (guarantees).

The valuation and management of collateral is carried out on the basis of uniform and recognised principles. According to these principles loan collateral has to be assessed with regard to its sustainable value. If the value of collateral depends essentially on the credit standing of a third party (e.g. guarantee, assignment of receivables), the circumstances of the third party must be examined in the same way as for the borrower. The intrinsic value of the collateral taken and any changes, particularly due to wear and tear and variations in market price and creditworthiness, are reviewed by means of regular and unscheduled collateral valuations. The regular collateral valuations depend on the type of collateral and the amount of the collateral lending value. Unscheduled collateral valuations are performed upon receipt of negative information on collateral or for receivables at risk of default.

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The risk exposure value pursuant to Art. 111 CRR describes the amount at risk of default and thus forms the basis of determining the risk-weighted position amounts and capital backing.

In the context of credit risk mitigation techniques for regulatory purposes, only financial collateral in the form of cash deposits with Misr Bank-Europe GmbH are applied.

The consideration of guarantees and guarantees received with regard to risk reduction is reflected in the risk substitution or risk transfer.

The information mentioned in Art. 453 e-g CRR will not be disclosed and the exception under Art. 432 (2) CRR is asserted, as the competitive position would be weakened due to special circumstances such as size, scope and the area of business activity of the credit institution.

13. Non-trading-book equity exposure (CRR ART. 447)

On 31st December 2020, Misr Bank-Europe GmbH had no non-trading-book equity exposure.

14. Exposure to counterparty credit risk (CRR ART. 439)

Derivative counterparty default risk items, consisting of foreign currency swaps existed during the financial year and as of the balance sheet date. These are used by the Bank for liquidity management purposes.

In line with its overall management policy, Misr Bank-Europe concludes no transactions to hedge interest rate and market price involved in its general banking business.

On 31st December 2020, one forward foreign exchange transaction was booked with a nominal value of GBP 950k and a book value of EUR 1.057k. The exposure value was EUR 21k and was calculated using the standard approach.

15. Unencumbered assets (CRR ART. 443)

The encumbered assets relate exclusively to pledged collateral for refinancing at the central bank. The bank regards assets as encumbered if not available for immediate liquidity procurement.

The encumbrance rate for 2020 was 16.81 percent (the encumbrance rate is calculated from the quotient of the sum of encumbered assets and collateral, to the total of all assets and collateral).

Table 15: Assets, encumbered and unencumbered, of Misr Bank-Europe GmbH

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	Carrying amount of encumbered assets EUR in thousands			Carrying amount of non-encumbered assets EUR in thousands		
		of which: issued by other entities of the group	of which: central bank's eligible		of which: issued by other entities of the group	of which: central bank's eligible
Assets of the reporting institution	43,453	0	43,453	215,017	4,351	0
Loans on demand	0	0	0	32,636	1	0
Debt securities	11,491	0	11,491	60,248	0	0
Loans and advances other than loans on demand	31,962	0	31,962	164,698	4,350	0
Other assets	0	0	0	889	0	0

Table 16: Sources of encumbrance of Misr Bank-Europe GmbH

	Matching liabilities, contingent liabilities or securities lent in EUR in thousands		Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered		
		of which: issued by other entities of the group		of which: collateral received re-used	of which: own debt securities encumbered
Carrying amount of selected financial liabilities	31.812	0	38.456	0	0
Deposits	31.812	0	38.456	0	0
Collateralised deposits other than repurchase agreements	31.812	0	38.456	0	0
of which: central banks	31.812	0	38.456	0	0
Total sources of encumbrance	31.812	0	38.456	0	0

16. Exposure to market risk (CRR ART. 445)

With regard to risk-bearing capacity and the adequacy of equity capital / own funds, we refer to our remarks in the section “Capital adequacy requirements”.

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As a non-trading bank, Misr Bank-Europe GmbH has no exposure to market risk in the trading book. Due to the nature of the transactions entered into, it also has no significant market position risks. The market price risk of interest-bearing securities (bonds) in the liquidity reserve is calculated using a scenario-based approach.

17. Operational risk (CRR ART. 446)

We refer to the comments on capital adequacy requirements for operational risks under the point "Capital adequacy requirements".

Capital adequacy requirements for operational risk are calculated according to the Basic Indicator Approach pursuant to Art. 315 CRR.

18. Exposure to interest rate risk on non-trading book positions (CRR ART. 448)

Interest rate risks arise from differences in the fixed-rate periods and interest rate adjustment options between all fixed and variable interest rate assets and liabilities. MBE has assigned all interest-bearing transactions to the banking book.

The interest rate risk in the banking book thus plays a key role in risk management and bank control. It is calculated quarterly. The interest-specific market risk model used was implemented in accordance with the regulatory requirements according to the BaFin Circular 06/2019 (BA). This is a present value approach that takes into account the major currencies USD and EUR using currency-matched swap zero-curve interest rates for the duration of the transaction using the respective stress scenarios.

For the regular evaluation of the risk relating to changes in interest rates, an interest rate shock of ± 200 basis points set by the banking regulator is used.

The quantitative effects are as follows:

Table 17: Interest rate shock effects as at 31 December 2020

	+200 BP, interest rate increase	-200 BP, interest rate decrease
	€ in thousands	€ in thousands
Absolute Change of NPV	-2,128	+466
Interest rate change in %	-3.64%	+0.80%

Misr Bank-Europe GmbH has defined foreign currency exposure in USD as relevant for interest rate risk. Foreign currency exposure in other currencies is not relevant for interest rate risk and is shown under "Exposure in EUR".

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19. Corporate governance arrangements (CRR ART. 435)

Members of Misr Bank-Europe GmbH's executive management board do not carry out management or supervisory functions further to their roles as managing directors of the Bank.

In accordance with the provisions of the GmbHG and KWG, the managing directors are appointed by the Supervisory Board. Here, technical know-how and a balance and diversity of expertise, skills and experience play key roles.

The Bank's board of managing directors currently consists of two members with a functional distinction of responsibilities in Sales and Customer Relationship and Back-Office and Risk Management ("Markt" and "Marktfolge").

The Bank has established a risk and audit committee as a subcommittee of the supervisory board comprising mandated members of the supervisory board. The internal auditor, in addition to the managing directors, also reports regularly to the committee. The committee meets at least four times a year.

Risk management informs the executive board regularly on significant, risk-relevant issues, particularly within quarterly risk reporting. In addition, the Bank uses an extensive management information system, through which important information is provided in customised form regularly on a daily, weekly, monthly and / or, if required, on an ad hoc basis.

20. Remuneration policy (CRR ART. 450)

The disclosure obligations for the bank are based on § 16 InstitutsVergV. Disclosure is made on the Bank's website (www.misr.de).

Misr Bank-Europe GmbH's remuneration policy is outlined in the remuneration guideline "MBE salary and benefits policy".

The objectives of the Bank's remuneration structures and practices are geared to the following remuneration principles:

- Maximising the performance of the staff and the company
- Gaining and securing the best staff potential
- Alignment with the various business areas and the levels of responsibility
- Simple and transparent remuneration model

These remuneration principles form the basis for compliance with regulatory requirements and achieving a balanced remuneration structure. The Bank pursues these principles, not only to safeguard the interests of the staff, management and shareholders but also, to motivate the staff to act in the Bank's interests and to give their best at all times.

By far the largest number of employees at Misr Bank-Europe GmbH annual salary is contractually fixed and is paid in twelve equal monthly amounts irrespective of the business and / or revenues that an employee has transacted / earned for the Bank.

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The staff's fixed remuneration is made up of:

- Gross annual salary (payable in 12 monthly amounts)
- Contribution to BVV pension scheme (variable according to employment contract)
- Allowance for meals in the form of vouchers
- The members of the executive board are entitled to use a company car for private purposes, and the related expenses are an additional component of the fixed remuneration.

The regularly applied and most important component of variable remuneration is voluntary bonus payments. The total amount of variable remuneration is primarily based on the economic success of the Bank and is quite limited. Similarly, individual bonus payments are limited to a partial amount of the annual remuneration. This variable component of the total remuneration is not linked to specific targets for individual employees, but is linked on the one hand to the development of the Bank and on the other hand to the personal performance of the employee during the year, which is evaluated on the basis of defined criteria. This regulation applies to all employees, including the management of the institute.

Due to the Bank's size and structure Risk-taker functions, in the broader sense are limited to the supervisory body, the executive board and a few employees of the bank on the 2nd management level.

In view of the small number of employees and the low share of variable remuneration in its total remuneration, the Bank refrains from disclosing the total amounts of the fixed and variable remuneration components, in line with the principles of materiality, protection and confidentiality.

In the past financial year 2020, the total fixed remuneration, including social security contributions and pension expenses, amounted to € 3.2 million. In addition, provisions in the amount of € 0.16 million were made for bonus payments for the financial year. The ratio of variable to fixed remuneration for the past 2020 financial year is therefore 5%.

21. Leverage (CRR ART. 451)

The following information complies with the provisions of the new Delegated Regulation (EU) 2015/62 and Implementing Regulation 2016/200 governing the disclosure of the leverage ratio.

Applying the provisions of the new Delegated Regulation Misr Bank-Europe GmbH's leverage ratio as of 31 December 2020 was 18.61%.

The following table gives an overview of the positions and the calculation.

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Table 18: Common disclosure of the leverage ratio

31.12.2020		€k
On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	302,557
2	Asset amounts deducted in determining Tier 1 capital	-48
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	302,509
11	Derivatives exposures	21
16	Securities financing transaction exposures (SFT)	0
19	Other off-balance sheet exposures	11,844
EU-19 a/b	On- and off-balance sheet exposures exempted pursuant to Art. 429 (14) of Regulation (EU) No 575/2013	0
Equity capital and total exposure measure		
20	Tier 1 capital	58,511
21	**Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a/b)**	**314,374**
Leverage ratio		
22	**Leverage ratio**	**18.61%**
Choice of transitional arrangements		
EU-23	Choice of transitional arrangements for the definition of the capital measure	Art.499 (1) (a) CRR

Table 19: Summary reconciliation of accounted assets and leverage ratio exposures

31.12.2020		€k
1	Total assets as per published financial statements	301,936
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	0
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013)	0
4	Adjustments for derivative financial instruments	21
5	Adjustment for securities financing transactions (SFTs)	0
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	11,844
EU-6a	Adjustment for intra-group exposures excluded from the leverage ratio total exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013	0
EU-6b	Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with Article 429 (14) of Regulation (EU) No 575/2013	0
7	Other adjustments	572
8	**Leverage ratio total exposure measure**	**314,373**

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Table 20: Breakdown of on-balance sheet exposure positions (excluding derivatives, SFTs and exempted exposure)

31.12.2020		€k
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	319,199
EU-2	Trading book exposures	0
EU-3	Banking book exposures, of which: (Total of rows EU-4 to EU-12)	319,199
EU-4	Covered bonds / debentures	0
EU-5	Exposures treated as sovereign exposures	42,818
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereign exposures	0
EU-7	Institutions	116,529
EU-8	Secured by mortgages of immovable properties / real estate	0
EU-9	Retail exposures	3
EU-10	Corporates	146,190
EU-11	Exposures in default	12,819
EU-12	Other exposures (e.g. equity, securitisations and other non-credit obligation assets)	840

Misr Bank-Europe GmbH monitors its balance sheet development on an ongoing basis and also analyses the key balance sheet figures, including the leverage ratio. As part of the monitoring of regulatory capital resources, the debt ratio is an integral part of overall bank management.

The leverage ratio has generally risen moderately over the years in line with the Bank's growth strategy. During the course of the year - as in the year under review - there are temporary fluctuations due to special factors arising from the Bank's refinancing structure.

22. Closing statement

With its signature, Misr Bank-Europe GmbH’s board of managing directors declares that the risk management methods and procedures used by the Bank are appropriate to convey a comprehensive picture of the Bank’s risk profile at all times. In particular with the support of the models used, the Bank is in a position to sustainably ensure its risk-bearing capacity.

Frankfurt/Main, 22. December 2021

Bülent Menemenci
Geschäftsführer

Richard Schmidt
Geschäftsführer

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