ANNUAL REPORT 2015

Content

I. Status Report of the Management for the Business Year running from January 1, 2015 to December 31, 2015

1. General comments

For the fiscal year 2015 the bank could achieve an operating result that surpassed the projections made the previous year by far. Worth mentioning is the charge to profitability due to the risk-averse business strategy favouring liquidity and security. After impairments the bank has to show a net loss for the year which surpasses the profit carried forward from previous years. The main part concerns the business partner mentioned in a previous report, whose activity was interrupted due to being listed on the SDN list by OFAC. Although the company was rehabilitated completely, this interruption of business activities made a restructuring unavoidable, the probability of succeeding this restructuring had been confirmed by independent experts' opinion. Nevertheless the build-up of substantial reserves had to be made after all.

Likewise risks connected with Egypt, the bank's core market, had to be treated. First signs of economic recovery can be seen, reflected in improved credit ratings. The EGYPTIAN ECONOMIC DEVELOPMENT CONFERENCE titled "Egypt the Future" which took place early March 2015 was generally considered being a success. The efforts to improve the economic development were followed through, growth rate increased and budget deficit decreased. On the other hand, a still tight foreign currency situation, the region's political state and the world economic conjuncture contribute to persisting challenges.

Evidently the continued low interest rate policy of the European Central Bank is weights on the revenues of the bank. The more as holding a high liquidity reserve is a main pillar of the risk strategy. Adding to this is a regulation, whose implications for an institute of the size and complexity like ours are severe, and, seen in the context of the ECB policies could at least in parts been seen as contradictory. Cost and work load of the staff caused by the regulatory environment remain high, as the impact on the business model as well.

The volume of trade handled through us on the basis of commercial letters of credit and commission income showed a considerable increase. The same growth rate cannot be expected in the next years. In the inter-bank money market Egyptian banks were mainly depositors. The securities portfolio increased again. The business with medium size corporate customers has been expanded according to the Bank's strategy.

Management proposes to carry forward the balance sheet loss of € 2,786k.

2. Assets and liabilities

The item due from banks decreased by 27.0 % from € 386.2 million to € 282.0 million which reflects the decrease of the deposits from banks and customers as well as the regrouping of investments.

The position due from customers increased by 7.9 % from € 89.0 million to € 96.0 million.

The volume of the securities amounts to € 29.5 million compared to € 18.8 million the year before. The portfolio exclusively includes bonds issued by large European corporations and commercial banks, and for the liquidity reserve in form of HQLA (High Quality Liquid Assets) bonds of European countries and supranational institutions.

Liabilities to banks decreased from € 49.6 million to € 5.3 million, liabilities to customers also decreased by € 26.8 million to € 392.9 million (previous year € 419.7 million).

3. Liquidity

The bank's ability to honour its payment obligations was secured at any time of the year. The bank finances itself almost exclusively in Egypt. Placements are done with matching maturities in the currencies of the monies received. This strategy together with the sufficient availability of unutilised refinancing facilities shall secure the ability to pay.

4. Profit and loss

Net interest income of € 3,359k was slightly higher than last year's € 3,329k. Net Commission income stood at € 1,589k – a considerable increase from previous year's € 1,147k. The net income from foreign currency transactions amounted to € 1,544k compared to € 37k in the previous year. The bank carries out these transactions only on customers' behalf. Usually the net income from foreign currency transactions is largely less than the income achieved in 2015.

Staff costs increased from € 2,029k to € 2,122k, general and administrative expenses increased from € 2,319k to € 2,453 due to non-recurring items.

After impairments the loss for the year is shown at € 3,517k compared with previous year's profit of € 256k. The loss carried forward amounts to € 2,786k.

In view of the ongoing challenges we project an overall stable earnings situation on operational level, meaning low positive results. Non-recurring items impacted positively the operating profit for the year 2015, as impairments did negatively. For further information on impairments please refer to the Pillar 3 Report.

5. Balance sheet structure

Equity represents 6.7 % of Total Assets, bank deposits 1.2 % and customer deposits 91.6 %. Capital to Equity stood at 13.02 %. Further information to be found in the Pillar 3 Report.

6. Addendum Report

There were no events of particular importance after the close of the business year.

7. Risk report

We explicitly point to the Pillar 3 Report of the bank, to be found on the website.

Misr Bank-Europe GmbH assumes risk in a controlled way applying a risk bearing capacity concept and a profit oriented management. Part of the steering process is the allocation of risk covering potential in order to secure the risk bearing capacity and the calculation of capital costs. Consciously assuming, actively managing and systematically transforming risk are essential functions of the bank which serve the generation of profits and competitiveness. A comprehensive and forward looking management of risks is a determining factor of the bank's success. The revision of the Risk Management Systems has become a continuous task due to the ongoing development of the supervisory system and the subsequent increase of the exigencies imposed. The bank is convinced to be well prepared for the existing challenges by its conservative guidelines. The restrictive allocation of risk capital in the frame of the yearly up-date of the risk strategy plays hereby an important role.

The risk strategy is derived from the business plan and defines the parameters and limits of the risk the bank has identified during the risk inventory process. The implemented risk steering and risk controlling system encompasses an appropriate identification, assessment, steering, controlling and communication of the essential risks of the bank. As result of the process of identifying and assessing risks and taking into consideration the balance sheet structure, Misr Bank-Europe GmbH classifies address, concentration and liquidity risks as essential. Consequently these risks are monitored more closely than the less essential risk categories market risk and operational risk.

Informing the functional units thoroughly about the risks is the basis of an effective risk management. It is necessary to provide complete and liable information about the risks in order to enable appropriate reaction. To document this as well as the compliance with limits and the strategy, the risk manager reports monthly in the frame of a risk report.

The risks in the general business development and especially the country risk for Egypt – which, due to our business structure, is the driving risk for us - are closely monitored. By reason of the above reported developments in Egypt we see - despite a generally positive assessment of medium and long term perspectives - still an increased risk in the short term. Consequently the bank prepares itself by following the above mentioned conservative policy and special consideration of the country risk inside the framework for the calculation of the risk bearing capacity.

Counterparty risks in connection with the handling of Egyptian- German trade are managed by partially taking collateral. When acquiring risks in the secondary market we concentrate mainly on bank or bank-guaranteed or insurance-covered risk and on investment grade countries and only a few selected non-investment grade countries. Regarding the corporate bonds portfolio we look at a wide diversification of industry risk. In any event a credit decision is reached on a case by case basis after analysing the respective actual global situation. Address risks in the inter-bank money market are limited due to our concentration on European names of very good quality. The management and controlling of address risk is done with computer based applications. The risk class are mapped to probabilities of default which are calculated by an independent third party.

The impairments which determined the results of the fiscal year 2015 stem from the already mentioned single case and risk connected with the economic development of Egypt. Management and Risk Controlling of the bank consider them as sufficient.

Close monitoring, controlling and management of market risk, less important for us in our capacity as a non-trading institution, is facilitated by computer based applications as well. This is true for price risks in securities and currencies but also for interest rate risks. We consider the current markdowns on the securities booked as fixed assets which significantly decreased compared to last year, as market driven and not reflecting the credit risk. Inter-bank placing and foreign exchange trading is done within a detailed framework. The management has established relatively restrictive limits.

The liquidity risk is minimized by keeping large amounts of liquidity and structuring assets and liabilities conservatively.

Via outsourcing to competent third parties we have reduced the electronic data processing risk and secured back-up facilities. Other operational risks are reduced by employing qualified banking professionals, strict written procedures issued by the management and frequent as well as timely controls.

Besides the above commented impairments, there were no material changes of the above mentioned risks compared to last year.

Internal audit is an independent supervising entity. Based on audit plans approved by the Managing Directors, Internal Audit inspects effectiveness, adequacy and efficiency of the risk management and points out possible deficiencies.

The analysis of the results of the risk management system and the financial statements of 2015 does not reveal any risk which could endanger the existence or the going concern of the bank. Risks impacting the financial standing and / or the profit situation of the bank are identified, monitored and controlled appropriately in a timely fashion.

The strain put on the revenues by the continuing low interest rate levels, increased costs resulting from regulation (e.g. the enormous time, effort and expenses in order to meet ever growing requirements for reporting) and the structure of the bank's liability side belong to these.

Opportunities are arising from a beginning improvement of economic conditions in the core markets, an expected rise of interest rate levels for investments in US dollars (as liabilities and assets of the bank are USD denominated to a substantial part) and an enduring progression of the market share in German Egyptian trade.

8. Forecast Report

The bank will stick to the strategy approved by the supervisory board which has its focal point in the development of business with European corporate customers. Adaption to current market developments is an ongoing task. Safety and liquidity are clearly priority objectives. We assume that under the current conditions profitability in the coming years will remain on low positive levels, but that despite the existing challenges the bank can withstand adverse developments. Further significant improvement can only be achieved if the contribution through the intended restructuring of the refinancing materializes.

Support by the Shareholders, whose form is discussed since some time, will improve the future prospects of the bank, who could achieve the above mentioned increase of the profitability at an earlier time. But type and extent of this support depend on the development of the environment and the economic conditions in Egypt.

9. Acknowledgement

We thank our employees for their dedicated effort and our business partners for the trustful cooperation. We also thank the supervisory authorities for their constructive dialog with our institution.

Frankfurt am Main, May 20th, 2016

Ulrich Thomas Bartoszek Managing Director	Hubert F. Bock Managing Director

II. Balance Sheet as at December 31, 2015

1. Assets

Assets			
	€k	€k	previous year €k
1. Cash reserve			
a) Cash	0.4		1
b) Due from central banks	16,546.4	16,546.8	4,241
thereof: Deutsche Bundesbank	16,546.4		
2. Due from banks			
a) payable on demand	756.3		1,769
b) other	281,217.3	281,973.6	384,434
3. Due from customers		95,997.8	88,957
thereof: collateralised by mortgages	0.0		
Thereof: due from municipalities	0.0		
4. Bonds and other fixed rate securities			
b) Bonds and debentures			
ab) public issuers	4,039.8		2,009
bb) other issuers	25,462.8	29,502.6	16,809
thereof: eligible as collateral at Deutsche Bundesbank	7,797.4		
5. Equities and other non-fixed-income securities		0.0	0
6. Intangible fixed assets			
b) Non-gratuitous concessions, industrial property rights and similar rights and assets as well as licences regarding such rights and assets		181.3	209
7. Tangible fixed assets		4,353.7	4,461
8. Other assets		565.0	243
9. Deferred expenses and accrued income		40.0	60
	Total assets	429,160.8	503,193

2. Liabilities and equity

Liabilities and equity		€k	€k	previous year €k
1.	**Due to banks**			
	a) payable on demand	3,328.9		3,385
	b) with contractual notices or periods of notice	1,964.9	5,293.8	46,233
2.	**Due to customers**			
	b) other liabilities			
	ba) payable on demand	108,688.6		46,237
	bb) with contractual notices or periods of notice	284,249.3	392,937.9	373,472
3.	**Other liabilities**		238.4	124
4.	**Deferred income and accrued expenses**		64.3	20
5.	**Provisions**			
	b) provisions for taxes	0.1		45
	c) other provisions	1,012.4	1,012.5	546
6.	**Fund for general banking risk**		1,000.0	1,000
7.	**Equity**			
	a) capital	30,000.0		30,000
	c) revenue reserves			
	cd) other revenue reserves	1,400.0		1,400
	d) balance sheet loss / profit	-2,786.1	28,613.9	731
		Total liabilities and equity	**429,160.8**	**503,193**
			€k	previous year €k
1.	**Contingent liabilities**			
	b) liabilities from guarantees and indemnity agreements		29,488.0	5,272
2.	**Other obligations**			
	c) irrevocable loan commitments		3,265.3	1,860

III. Profit and loss statement as of 31.12.2015

1. Expenses

Expenses							
				€k	€k	€k	previous year €k
1.	Interest expenses					545.0	519
2.	Commission expenses					38.1	28
3.	General administrative expenses						
	a)	personnel expenses					
		aa)	salaries and wages	1,825.6			1,741
		ab)	compulsory social security contributions and expenses for pensions and other employee benefits	296.2	2,121.8		288
			thereof: for pensions	59.6			
	b)	other general administrative expenses			2,453.5	4,575.3	2,319
4.	Depreciation of and allowances for intangible and tangible fixed assets					257.8	262
5.	Other operating expenses					1.3	2
6.	Write-offs and valuation allowances on loans and certain securities as well as allocations to loan loss provisions					5,405.3	0
	thereof: appropriation to funds for general banking risks (Sec. 340g HGB)				0.0		
7.	Write-offs and valuation allowances on investments, shares in related companies and securities treated as fixed assets					6.5	0
8.	Income taxes					-73.1	151
9.	Other taxes					10.6	-2
10.	Net income for the year					0.0	256
					Total expenses	10,766.8	5,564

2. Income

Income				
		€k	€k	previous year €k
1.	Interest income from			
	a) loans and money market transactions	3,476.7		3,638
	b) bonds and other fixed interest rate securities	427.1	3,903.8	210
2.	Current income from			
	a) equities and other non-fixed-income securities		0.0	211
3.	Commission income		1,627.2	1,175
4.	Income from revaluation to loans and certain securities as well as from the release of provisions from lending business		0.0	62
5.	Income from revaluation of investments, shares in related companies and securities treated as fixed assets		0.0	22
6.	Other operating income		1,718.5	246
7.	Net loss for the year		3,517.3	0
	Total income		**10,766.8**	**5,564**
			€k	previous year €k
1.	Net loss / net profit for the year		-3,517.3	256
2.	Profit carried forward from previous years		731.2	475
			-2,786.1	731
3.	Transfer to revenue reserves			
	a) To other revenue reserves		0.0	0
4.	Balance sheet loss / profit		**-2,786.1**	**731**

IV. Notes to the financial statements as of December 31, 2015

1. Preparation of the financial statements

The financial statements as of December 31, 2015 have been prepared in accordance with the provisions set out in the "Handelsgesetzbuch" ["HGB", German Commercial Code], the "Gesetz betreffend die Gesellschaften mit beschränkter Haftung" [GmbHG, German Limited Liability Companies Act], and the "Verordnung über die Rechnungslegung von Kreditinstituten" [RechKredV, German Bank Accounting Directive].

The income statement is based on form 2 of the RechKredV (account form). Disclosures that can be made in either the balance sheet or the notes to the financial statements are made in the notes to the financial statements.

2. Accounting and valuation methods

Assets and liabilities are stated prudently in accordance with generally accepted German accounting principles and provisions of German commercial law.

- The cash reserve is recognized at nominal value.
- Assets and liabilities are generally recognized at nominal value or settlement value and include accrued interest.
- Bad debt allowances are deducted from the relevant asset items.
- The bank assigned securities to liquidity reserve and to financial fixed assets. The liquidity reserve are reassess on a tight-line basis, the financial fixed assets are written down to their nominal value on a straight-line basis over their residual term. They are disclosed in the statement of changes in fixed assets.
- Foreign currency receivables and liabilities are converted at the applicable references rates of the European Central Bank of the balance sheet date.
- There were no unsettled foreign exchange, interest-related or other forward transactions as of the balance sheet date.
- The development of fixed assets is shown in the statement of changes in fixed assets. Tangible assets are carried at cost less accumulated depreciation charged over their expected useful lives and impairment losses. The amount of scheduled depreciation is based on allowable tax depreciation rates. For low-value assets the measurement option provided by Sec. 6 (2) et seq. "Einkommensteuergesetz" [EStG, German Income Tax Act] is exercised.
- Provisions are set up for uncertain liabilities in the amount of the expected settlement amount.
- Since the introduction of the sixth amendment of the "Kreditwesengesetz" [KWG, German Banking Act] the Bank uses the provisions for non-trading book institutions. The legal requirements pursuant to Sec. 2 (11) KWG for use of the simplified procedure are satisfied.

- The computed deferred tax asset resulted from temporary differences and was not recognized in the fiscal year in accordance with the option provided by Sec. 274 HGB. Deferred tax assets mainly relate to temporary differences in land and buildings. The calculation was based on a tax rate of 31.925%.

3. Balance sheet disclosures

Loan volume

The gross loan volume is as follows:

				Prior year
Due from central banks	€	16.5 m	€	4.2 m
Due from banks	€	282.0 m	€	386.2 m
Due from non-banks	€	102.1 m	€	90.9 m
Securities	€	29.6 m	€	18.8 m
Guarantees and letters of credit	€	121.0 m	€	45.7 m
Irrevocable loan commitments	€	3.3 m	€	1.9 m
Loan volume	€	554.4 m	€	547.7 m

Due from banks

				Prior year
Total	€k	281,974	€k	386,203
Payable on demand	€k	756	€k	1,769
With fixed terms	€k	281,217	€k	384,434

The fixed term assets due from banks break down as follows:

Due with a residual term of:				Prior year
up to 3 months	€k	270,272	€k	381,210
3 months to 1 year	€k	4,271	€k	3,224
1 to 5 years	€k	6,674	€k	0
more than 5 years	€k	0	€k	0

Due from shareholder banks are included as follows:

				Prior year
Payable on demand	€k	0	€k	0
With fixed terms	€k	890	€k	1,058

Due from affiliated banks are included as follows:

				Prior year
Payable on demand	€k	0	€k	0
With fixed terms	€k	0	€k	0

Due from customers

				Prior year
Total (after bad debt allowances)	€k	95,998	€k	88,957
Thereof: payable on demand	€k	6,187	€k	14,329

Amounts due from customers break down as follows:

Due with a residual maturity of:				Prior year
up to 3 months	€k	8,195	€k	14,944
3 months to 1 year	€k	16,130	€k	14,285
1 to 5 years	€k	65,486	€k	41,398
more than 5 years	€k	0	€k	4,000

Fixed assets

Statement of changes in fixed assets 2015								
Fixed assets	Acquisition cost	Fiscal year			Depreciation write-downs		Residual book value	Residual book value
	Jan. 1, 2015	Additions	Disposals	Exchange rate changes	Total	Fiscal year	Dec. 31, 2015	Dec. 31, 2014
	€k	€k	€k	€k	€k	€k	€k	€k
Securities	9,763	4,903	6,242	537	9	7	8,952	9,799
(Financial assets)	(9,763)	(4,903)	(6,242)	(537)	(9)	(7)	(8,952)	(9,799)
Land and buildings	5,706	0	0	0	1,631	138	4,075	4,213
Office equipment	1,251	43	0	57	1,072	69	279	248
(Tangible assets)	(6,957)	(43)	(0)	(57)	(2,703)	(207)	(4,354)	(4,461)
Intangible assets	1,315	23	0	0	1,156	51	182	209
Total	18,035	4,969	6,242	594	3,868	265	13,488	14,470

Bonds and other fixed rate securities

				Prior year
Total	€k	29,503	€k	18,817

Bonds and other fixed rate securities include the following:

	negotiable	thereof: listed	thereof: not listed	non-negotiable
	€k	€k	€k	€k
Debt securities and other fixed-interest securities	29,503	29,503	0	0
Equities and other non-fixed-income securities	0	0	0	0
Total	29,503	29,503	0	0

Thereof: Securities classified as financial fixed assets

			Prior year	
Total	€k	8.952	T€	9.799
Securities classified as financial fixed assets were recognized with the following residual terms:				
Up to 3 months	€k	0	€k	0
3 months to 1 year	€k	3,233	€k	1,252
1 to 5 years	€k	5,719	€k	6,538
More than 5 years	€k	0	€k	2,009

This includes the following interest accruals with a residual term of:

Up to 3 months	€k	0
3 months to 1 year	€k	2

Securities classified as financial fixed assets break down as follows:

Debt securities and other fixed-interest securities	€k	8,952
Shares and other variable-yield securities	€k	0
Total	€k	8,952

There were no securities pledged to Deutsche Bundesbank or another commercial bank as of the balance sheet date.

Valuation at market value would have resulted in impairment losses. The carrying amounts and fair values of the securities not measured at the lower of cost or market and the unrealized losses on securities classified as fixed assets were as follows as of the balance sheet date:

	Carrying amount		Fair value		Unrealized losses	
Debt securities	€k	1,853	€k	1,846	€k	7
Shares	€k	0	€k	0	€k	0
Total	€k	1,853	€k	1,846	€k	7

The affected securities are held-to-maturity debt securities.

Negotiable bonds and debt securities not valued at lower of cost or market amounted to € 3,567k.

Tangible fixed assets

			Prior year	
Total	€k	4,354	€k	4,461

Tangible fixed assets include the business property acquired in 2004. It is fully used for operating activities and solely by the Bank. It was disclosed as of the balance sheet date at a residual book value of € 4,075k (prior year: € 4,213k) including capitalisable incidental acquisition cost.

Furniture, fixtures and office equipment was recognized at a book value of € 279k (prior year: € 248k). The above items are shown in the statement of changes in fixed assets.

Intangible fixed assets

				Prior year
Total	€k	181	€k	209

This item discloses the residual book value of our purchased application software. Amortisation of this item is shown in the statement of changes in fixed assets.

Other assets

				Prior year
Total	€k	565	€k	243

This item mainly includes capitalized claims against the tax office resulting from corporate income tax including the solidarity surcharge (€ 299k), from trade earnings tax (€ 171k) and from sales tax refunds (€ 93k). Miscellaneous other assets such as other advances amount to € 1k in total.

Deferred expenses and accrued income

				Prior year
Total	€k	40	€k	60

This item chiefly includes prepaid expenses for 2016.

Due to banks

				Prior year
Total	€k	5,294	€k	49,617
Payable on demand	€k	3,329	€k	3,385
With an agreed term or period of notice	€k	1,965	€k	46,233

Amounts due to banks break down as follows:

Debts due with a residual term of				Prior year
Up to 3 months	€k	1,965	€k	46,233
3 months to 1 year	€k	0	€k	0
1 to 5 years	€k	0	€k	0
more than 5 years	€k	0	€k	0

Due to shareholder banks are included as follows:

				Prior year
Payable on demand	€k	324	€k	837
With an agreed term or period of notice	€k	0	€k	2,934

Shareholder banks have pledged € 324k (prior year: € 2.834k) to us as collateral for contingent assets arising from letters of credit.

Due to affiliated banks are included as follows:

				Prior year
Payable on demand	€k	18	€k	124
With an agreed term or period of notice	€k	0	€k	0

Due to customers

				Prior year
Total	€k	392,938	€k	419,710
Payable on demand	€k	108,689	€k	46,237
With an agreed term or period of notice	€k	284,249	€k	373,472

Amounts due to customers break down as follows:

Debts due with a residual term of				Prior year
up to 3 months	€k	281,553	€k	370,972
3 months to 1 year	€k	2,696	€k	2,500
1 to 5 years	€k	0	€k	0
more than 5 years	€k	0	€k	0

The following amounts due to customers are pledged as collateral for contingent assets arising from bank guarantees and letters of credit:

				Prior year
Payable on demand	€k	50,841	€k	13,731
With agreed term or period of notice	€k	4,803	€k	3,864

Other liabilities

				Prior year
Total	€k	238	€k	124

Liabilities relating to outstanding taxes including solidarity surcharge and outstanding social insurance contributions amount to € 39k. In addition this item includes amounts of € 199k, which are largely payable in the subsequent months of 2016.

Deferred income and accrued expenses

				Prior year
Total	€k	64	€k	20

This item relates to discount proceeds and charges from receivables purchased as from letters of credit without recourse which are attributable to future accounting years.

Provisions

				Prior year
Total	€k	1,012	€k	591

The provisions for taxation amount to € 52.00 and relate to trade tax of the fiscal year 2015. Other provisions of € 1,012k relate to contingent costs incurred in fiscal year 2015 such as audit fees for the financial statements, the recognition of vacation obligations, bonus provisions, costs of the Supervisory Board meeting to approve the financial statements and other as yet unbilled costs.

Fund for general banking risks

				Prior year
Total	€k	1,000	€k	1,000

In the years 2008 and 2012 the bank allocated the amount of € 500k to the fund for general banking risks pursuant to Sec. 340g HGB.

Subscribed capital

				Prior year
Total	€k	30,000	€k	30,000

The following banks hold a share in the above subscribed capital:

Banque Misr S.A.E., Cairo (Egypt)	69.747%	€k	20,924
National Bank of Egypt S.A.E., Cairo (Egypt)	10.253%	€k	3,076
Banque du Caire S.A.E., Cairo (Egypt)	10.000%	€k	3,000
National Investment Bank, Cairo (Egypt)	10.000%	€k	3,000

Other revenue reserves

				Prior year
Total	€k	1,400	€k	1,400

Other revenue reserves remain unchanged at € 1,400k.

Net balance sheet loss / net balance sheet profit

			Prior year	
Total	€k	-2,786	€k	731

The Bank's retained net balance sheet profit developed as follows in the fiscal year:

Net loss for fiscal year 2015	€k	-3,517
Plus income carried forward from the prior year	€k	731
Net balance sheet loss	€k	-2,786

The management proposes that the net loss of € -2,786k be brought forward to new account.

Contingent liabilities

			Prior year	
Total	€k	29,488	€k	25,272

This item contains the remaining risks from issued guarantees as well as from confirmations of letters of credit.

The total volume of guarantees and letters of credit, not taking into account amounts pledged as collateral, stood at € 85,456k (prior year: € 45,700k) as of the balance sheet date.

In addition we had irrevocable loan commitments made to business partners amounting to € 3,265 (prior year: € 1,860k).

The assessment of the risk of utilization arising from contingent liabilities depends in particular on the collateral provided, as well as on the counterparty's credit rating. From the Bank's perspective, therefore, the risk of utilization is deemed to be low.

Foreign currency assets and liabilities

As of the balance sheet date foreign currency assets and liabilities were as follows:

			Prior year	
Assets	€k	272,685	€k	391,928
Liabilities	€k	282,068	€k	391,184

The result from the conversion of balance sheet items denominated in foreign currencies is disclosed in the income statement under "Other operating income".

4. Notes to the income statement

Net interest income (interest income less interest expense) amounted to € 3,359k (prior year € 3,329k). Current income from other variable-yield securities amounted to € 0k (prior year

€ 211k). Net commission income (commission income less commission expense) stood at € 1,589k (prior year € 1,147k). Other operating income of € 1,718k (prior year: € 246k) mainly represents the result of foreign currency transactions, the release of other provisions from the prior year and capitalised sales tax refund claims.

The main expenses reducing income were general administrative expenses (non-personnel expense for banking business) of € 2,453k (prior year € 2,319k) and personnel expenses of € 2,122k (prior year € 2,029k).
Other operating expenses amounted to € 1k (prior year € 2k).
Depreciation of and allowances for intangible and tangible fixed assets amounted to € 258k (prior year € 262k).
Loan loss provisions and write-offs amounted to € 5,405k (prior year € -62k).
Income taxes were € -73k in the fiscal year (prior year € 151k). Other taxes amounted to € 11k (prior year € -2k).

5. Other financial obligations

Costs for information services such as Reuters and S.W.I.F.T. total to € 141k p.a. The agreements have a term of one year. The costs of outsourcing electronic data processing and software maintenance charges amount to € 434k p.a. The residual term of the agreement is four years.

6. Auditor's fees

The auditor's fees for the fiscal year amounted to

a) for auditing services € 78k
b) for audit-related services € 0k
c) for tax services € 22k
d) for other services € 21k

7. Memberships

Misr Bank-Europe GmbH is a member of the following associations and organisations:

- Bundesverband deutscher Banken e.V. [Association of German Banks]
- Bankenverband Hessen e.V. [Association of Hessian Banks]
- Prüfungsverband deutscher Banken e.V. [Auditing Association of German Banks]
- Arbeitgeberverband des privaten Bankgewerbes e.V. [Employers' Association of the Private Banking Industry]
- Verband der Auslandsbanken in Deutschland e.V. [Association of Foreign Banks in Germany]
- Vereinigung für Bankbetriebsorganisation e.V. [Association of Banking Organisation]
- Nah- und Mittel-Ost Verein e.V. [German Near and Middle East Association]
- Ghorfa Arab-German Chamber of Commerce and Industry e.V.

- Deutsch-Arabische Industrie- und Handelskammer [German-Arab Chamber of Industry and Commerce]
- Union of Arab Banks

8. Employees

During fiscal year 2015 the Bank employed 20 persons on average. As of the balance sheet date 21 persons were employed, of whom 8 were female and 13 male.

9. Bodies of the Bank

Supervisory board

Mounir Abdel Wahab El Zahid, Chairman
Chairman and CEO, Banque du Caire S.A.E., Cairo

Effat Ishak
General Manager, Banque Misr S.A.E., Cairo

Hazem Hassan Mokbel (until June 25, 2015)
General Risk Management, Chief Risk Officer, Banque Misr S.A.E., Cairo

Hisham Okasha (until March 31, 2015)
Chairman, National Bank of Egypt S.A.E., Cairo

Ahmed El Sayyad
Deputy Chairman and Managing Director, National Investment Bank S.A.E., Cairo

Mohamed Hamed (since July 1, .2015)
General Manager Risk Management, Banque Misr S.A.E., Cairo

Yehia Aboul Fottouh (since April 1, 2015)
Board Member and CRO, National Bank of Egypt S.A.E., Cairo

Dina Shehata (since April 1, 2015)
Independent Consultant, Claygate

Hisham Hassan (since July 1, 2015)
Ex-Chairman, Export Development Bank of Egypt, Cairo

Ayman Foda (since August 1, 2015)
General Manager, Banque Misr, Paris

Management

Hubert F. Bock

Ulrich Thomas Bartoszek

Compensation of the executive and supervisory bodies

Management compensation amounted to € 394k in the fiscal year and supervisory board compensation to € 40k including assumed taxes.

Frankfurt am Main, May 20, 2016

Hubert F. Bock Managing Director	Ulrich Thomas Bartoszek Managing Director

V. Auditor's opinion

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of Misr Bank-Europe GmbH, Frankfurt am Main, for the fiscal year from 1 January 2015 to 31 December 2015. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Institution's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Sec. 317 HGB ["Handelsgesetzbuch": German Commercial Code] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with [German] principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Institution and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Institution in accordance with [German] principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Institution's position and suitably presents the opportunities and risks of future development.

Eschborn/Frankfurt am Main, 25 May, 2016

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Griess	Pfeil
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

VI. Approval of the annual financial statements and resolution on the allocation of the net income

The supervisory board representing the shareholders (Section 2g of the by-laws of the Supervisory Board) has approved the financial statements of Misr Bank-Europe GmbH, Frankfurt am Main, as of December 31, 2015 on May 26, 2016.

The supervisory board agreed to the management's proposal on the allocation of the bank's net loss of EUR 3,517k.

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