MISR BANK - EUROPE
بنك مصر أوروبا

ANNUAL REPORT 2012

CONTENT

1. STATUS REPORT OF THE MANAGEMENT FOR THE BUSINESS YEAR RUNNING FROM JANUARY 1, 2012 TO DECEMBER 31, 2012

1. GENERAL COMMENTS

Despite the impact of the ongoing crises in Egypt and Europe, the main markets of Misr Bank-Europe GmbH on the business year 2012, the bank could maintain its profitability. It is important to point out that the risk-averse business strategy favours liquidity and security over profitability.

The expected political stabilisation after the presidential election did not materialise. The political conflicts have sharpened in the second half of the year and the developments in early 2013 give no reason to hope for political conciliation. The severe negative impact on the Egyptian economy did not fail to show. This has been reflected by several rating downgrades of the sovereign Egypt as well as of the most important Egyptian banks - thereunder shareholders of our institute. The foreign currency reserves only cover approximately 2.5 months of imports of basic goods. The negotiations about an IMF-Loan-Agreement are still ongoing. Help only comes from some Arab neighbouring states, especially Qatar. A solution of the political and social conflict is an indispensable requirement for the economic rebound. We estimate that rebound not to start before 2014.

The „Euro-Crisis“ leads to a continued phase of low interest rates with negative impact on the interest revenue. This situation will also affect our business results in 2013. This is aggravated by the fact that Misr Bank-Europe GmbH keeps liquidity levels high in order to be able to react to any unexpected withdrawal of deposits from Egyptian institutional customers.

It has to be taken into account that the business model of the bank is significantly influenced by the regulatory environment. The expected expenses and work load for employees will be very high.

The volume of trade handled through us on the basis of **commercial letters of credit** and commission income was volatile due to the political events in Egypt. In the **inter-bank money market** Egyptian banks were mainly depositors. The **securities portfolio** decreased further due to non replaced maturing assets. The business with medium size corporate customers has been expanded according to the Bank‘s strategy.

The bank increased the „Fund of generally bank risks according § 340 g HGB“. The management proposes to carry forward the new balance sheet profit of € 419.5 k.

2. ASSETS AND LIABILITIES

The item **due from banks** decreased by 13.7% from € 328.1 million to € 283.0 million which reflects the reduction of the deposits from customers.

The position **due from customers** increased by 8.9 % from € 60.5 million to € 65.9 million.

The volume of the **securities** amounts to € 9.8 million compared to € 11.2 million the year before. The portfolio exclusively includes bonds and profit participation certificates issued by large European corporations and commercial banks.

Liabilities to banks decreased from € 48.5 million to € 42.7 million, while **liabilities to customers** also decreased by € 40.0 million to € 289.7 million (previous year € 329.7 million).

3. LIQUIDITY

The difference between the positions due to banks and customers payable on demand and due from banks and customers payable on demand amounted to € -49.3 million at the balance sheet date. 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. Of the balance sheet total the capital represents 8.7%, bank deposits 11.7 % and customer deposits 79.1 %.

4. PROFIT AND LOSS

Net interest income decreased from € 3.74 million to € 3.35 million. Net Commission income stood at € 1.09 million slightly below previous year's level. The net income from foreign currency transactions amounted to € 0.18 million compared to € 0.11 million in the previous year.

Staff costs increased from € 1.86 million to € 2.03 million while **general and administrative expenses** remained nearly unchanged with € 1.87 million.

The **profit for the year** - after the allocation to the „Fund of generally bank risks" (€ 0.50 million) - is shown at € 0.34 million (previous year € 0.53 million). **The profit** carried forward amounts to € 0.42 million.

In view of the challenges in 2013 we project a temporary weakening of the overall stable earnings situation.

5. ADDENDUM REPORT

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

6. RISK REPORT

During the reporting year the revision of the Risk Management Systems has been completed to a large extent. Only a few final works are still pending, taking into account the amended version of the MaRisk - published at the end of 2012 - as well as the implementation of a new core banking software and the resulting change of procedures. The bank is nevertheless convinced to be well prepared by its conservative guidelines, i.e. the restrictive allocation of risk capital in the frame of the yearly up-date of the risk strategy.

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 events in Egypt we see a sharp increase of risk - in spite of our in principle positive evaluation of the medium and long term perspectives. Consequently the bank prepares itself by following the above mentioned conservative policy.

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 analyzing 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.

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. Risks in the context with the implementation of a new core banking software are countered by a professional project management. Other **operational risks** are reduced by employing qualified banking professionals, strict written procedures issued by the management and frequent as well as timely controls.

There were no material changes of the above mentioned risks compared to last year.

7. 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 the profitability will weaken in 2013 and only in the following years a significant improvement can be achieved. The retaining of profits in order to strengthen the capital base and especially a restructuring of the funding therefore have to contribute essentially.

8. 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, April 24th, 2013

Hubert F. Bock
Managing Director

Ulrich Thomas Bartoszek
Managing Director

2. BALANCE SHEET AS AT DECEMBER 31, 2012
MISR BANK-EUROPE GMBH, FRANKFURT AM MAIN

Assets		EUR	EUR	previous year EURk
1. Cash reserve				
a) Cash		817,51		5
b) Due from central banks		2.122.950,14	2.123.767,65	6.181
thereof: Deutsche Bundesbank				
	EUR 2.122.950,14			
2. Due from banks				
a) payable on demand		6.752.889,74		10.716
b) other		276.209.417,68	282.962.307,42	317.358
3. Due from customers			65.925.389,20	60.522
thereof: Collateralized by				
mortgages	EUR 0,00			
due from municipalities	EUR 0,00			
4. Bonds and other fixed rate securities				
a) Bonds and debentures				
aa) other issuers			6.838.064,88	8.241
thereof: eligible as collateral at Deutsche Bundesbank				
	EUR 0,00			
5. Equities and other non-fixed-income securities			3.000.786,50	3.001
6. Intangible fixed assets				
a) nongratuitous concessions, industrial property rights and similar rights and assets as well as licences regarding such rights and assets			124.529,34	137
7. Tangible fixed assets			4.662.419,22	4.848
8. Other assets			299.211,29	98
9. Deferred expenses and accrued income			207.864,89	184
		Total assets	**366.144.340,39**	**411.291**

Liabilities and equity	EUR	EUR	previous year EURk
1. Due to banks			
a) payable on demand	1.648.646,92		1.513
b) with contractual notices or periods of notice	41.025.668,79	42.674.315,71	47.014
2. Due to customers			
b) other liabilities			
ba) payable on demand	66.237.372,49		52.186
bb) with contractual notices or periods of notice	223.494.389,16	289.731.761,65	277.515
3. Other liabilities		68.253,60	111
4. Deferred income and accrued expenses		65.737,89	107
5. Provisions			
b) provisions for taxes	13.810,44		170
c) other provisions	770.966,98	784.777,42	698
6. Fund for general banking risks		1.000.000,00	500
7. Equity			
a) capital	30.000.000,00		30.000
c) revenue reserves			
cd) other revenue reserves	1.400.000,00		1.400
d) balance sheet loss / profit	419.494,13	31.819.494,13	77
Total liabilities and equity		**366.144.340,39**	**411.291**

	EUR	previous year EURk
1. Contingent liabilities		
a) Liabilities from guarantees and indemnity agreements	30.699.236,13	32.987
2. Other obligations		
a) Irrevocable loan commitments	2.828.983,07	478

3. PROFIT AND LOSS STATEMENT FOR THE FINANCIAL YEAR JANUARY 1, 2012 TO DECEMBER 31, 2012 MISR BANK-EUROPE GMBH, FRANKFURT AM MAIN

Expenses	EUR	EUR	EUR	previous year EURk
1. Interest expenses			1.418.470,17	1.564
2. Commission expenses			37.318,69	25
3. General administrative expenses				
a) personnel expenses				
aa) salaries and wages	1.721.944,32			1.628
ab) compulsory social security contributions and expenses for pensions and other employee benefits	307.647,36	2.029.591,68		231
thereof: for pensions EUR 74.406,20				
b) other general administrative expenses		1.864.863,71	3.894.455,39	1.865
4. Depreciation of and allowances for intangible and tangible fixed assets			279.368,68	287
5. Other operating expenses			0,10	1
6. Write-offs and valuation allowances on loans and certain securities as well as allocations to loan loss provisions			577.311,18	541
thereof: Appropriation to funds for general banking risks (§ 340g HGB)		EUR 500.000,00		
7. Write-offs and valuation allowances on investments, shares in related companies and securities treated as fixed assets			0,00	2
9. Income taxes			415.237,91	253
10. Other taxes			21.236,98	34
11. Net income for the year			342.255,04	534
		Total expenses	**6.985.654,14**	**6.965**

Income	EUR	EUR	previous year EURk
1. Interest income from			
a) loans and money market transactions	4.543.349,43		4.790
b) bonds and other fixed interest rate securities	224.378,16	4.767.727,59	514
2. Current income from			
a) equities and other non-fixed-income securities		283.140,00	283
3. Commission income		1.126.388,08	1.154
4. Income from revaluation of investments, shares in related companies and securities treated as fixed assets		96.353,75	0
5. Other operating income		712.044,72	224
7. Net loss for the year		0,00	0
	Total income	**6.985.654,14**	**6.965**

	EUR	previous year EURk
1. Net loss / net profit for the year	342.255,04	534
2. Profit carried forward from previous years	77.239,09	-457
	419.494,13	77
3. Transfer to revenue reserves		
d) to other revenue reserves	0,00	0
4. Balance sheet loss / profit	**419.494,13**	**77**

4. NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2012

PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements as of December 31, 2012 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.

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.
– All securities are assigned to financial fixed assets. They 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%.

BALANCE SHEET DISCLOSURES

Loan volume	€	€
		Prior year
The gross loan volume is as follows:		
Due from central banks	2.1 m	6.2 m
Due from banks	283.0 m	328.8 m
Due from non-banks	67.7 m	61.5 m
Securities classified as fixed assets	9.8 m	12.3 m
Guarantees and letters of credit	69.8 m	64.5 m
Irrevocable loan commitments	2.8 m	0.5 m
Loan volume	435.2 m	473.8 m

Due from banks	€k	€k
		Prior year
Total	282,962,307.42	328,074
Payable on demand	6,752,889.74	10,716
With fixed terms	276,209,417.68	317,358
The fixed term assets due from banks break down as follows:		
Due with a residual term of:		
up to 3 months	271,841,779.48	301,469
3 months to 1 year	4,343,298.81	9,768
1 to 5 years	24,339.39	6,121
more than 5 years	0.00	0
Due from shareholder banks are included as follows:		
Payable on demand	0	0
With fixed terms	0	11,597
Due from affiliated banks are included as follows:		
Payable on demand	23.07	0
With fixed terms	0.00	0

Due from customers	€k	€k
		Prior year
Total (after bad debt allowances)	65,925,389.20	60,522
Thereof: payable on demand	11,834,232.88	9,194
Amounts due from customers break down as follows:		
Due with a residual maturity of:		
up to 3 months	1,945,274.64	3,950
3 months to 1 year	14,623,880.62	16,034
1 to 5 years	37,483,848.90	31,289
more than 5 years	38,152.16	56

FIXED ASSETS

Statement of changes in fixed assets in 2012

Fixed assets	Acquisition cost	Fiscal year			Depreciation write-downs		Residual book value	Residual book value
	Jan. 1, 2012	addi-tions	dispo-sals	Exchange rate changes	Total	Fiscal year	Dec. 31, 2012	Dec. 31, 2011
	€k	€k	€k	€k	€k	€k	€k	€k
Securities	14,374	3,715	8,258	5	2	116	9,839	11,242
(Financial assets)	(14,374)	(3,715)	(8,258)	(5)	(2)	(116)	(9,839)	(11,242)
Land and buildings	5,706	0	0	0	1,218	138	4,488	4,626
Office equipment	1,070	4	0	0	900	52	174	222
(tangible assets)	(6,776)	(4)	(0)	(0)	(2,118)	(190)	(4,662)	(4,848)
Intangible assets	1,034	77	0	0	987	89	125	137
Total	22,184	3,796	8,258	5	3,107	395	14,626	16,227

Securities classified as fixed assets	€	€k
		Prior year
Total	9,838,851.38	11,241
Securities classified as financial fixed assets were recognized with the following residual terms:		
Up to 3 months	3,996.34	2,019
3 months to 1 year	35,464.28	2,084
1 to 5 years	9,799,390.76	7,138
More than 5 years	0.00	0

	€
This includes the following interest accruals with a residual term of	
Up to 3 months	3,996.34
3 months to 1 year	35,464.28

Securities classified as financial fixed assets break down as follows:	
Debt securities and other fixed-interest securities	6,838,064.87
Shares and other variable-yield securities	3,000,786.50
Total	9,838,851.38

Securities classified as financial fixed assets include the following:

	negotiable	thereof: listed	thereof: not listed	non negotiable
	€k	€k	€k	€k
Debt securities and other fixed-interest securities	4,847	4,847	0	1,991
Shares and other variable-yield securities	3,001	3,001	0	0
Total	7,848	7,848	0	1,991

Nominal €k 6,138 value of our securities classified as financial fixed assets was pledged to an associated commercial bank as collateral for a confirmed credit line.

There were no securities pledged to Deutsche Bundesbank 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 €k	Fair value €k	Unrealized losses €k
Debt securities	6,799	6,732	67
Shares	0	0	0
Total	6,799	6,732	67

The affected securities are held-to-maturity debt securities.
Negotiable bonds and debt securities not valued at lower of cost or market amounted to € 4,811k.

Tangible fixed assets	€	€k
		Prior year
Total	4,662,419.22	4,848

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 € 4,488,476.23 (prior year: € 4,626k) including capitalisable incidental acquisition cost.
Furniture, fixtures and office equipment was recognized at a book value of € 173,942.99 (prior year: € 222k). The above items are shown in the statement of changes in fixed assets.

Intangible fixed assets	€	€k
		Prior year
Total	124,529.34	137

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	€	€k
		Prior year
Total	299,211.29	98

This item mainly includes capitalized claims against the tax office resulting from corporate income taxincluding the solidarity surcharge (€ 107,000.00), from trade earnings tax (€ 109,400.00) and from sales tax refunds (€ 77,132.45). Miscellaneous other assets such as travel expense advances and other advances amount to € 5,678.84 in total.

Deferred expenses and accrued income	€	€k
		Prior year
Total	207,864.89	184

This item chiefly includes prepaid expenses for 2013.

Due to banks	€	€k
		Prior year
Total	42,674,315.71	48,528
Payable on demand	1,648,646.92	1,513
With an agreed term or period of notice	41,025,668.79	47,014
Amounts due to banks break down as follows:		
Debts due with a residual term of:		
Up to 3 months	26,923,585.46	47,014
3 months to 1 year	0.00	0
1 to 5 years	14,102,083.33	0
More than 5 years	0.00	0
Due to shareholder banks are are included as follows:		
Payable on demand	1,177,508.34	1,420
With an agreed term or period of notice	5,000,000.00	22,535
Shareholder banks have pledged € 5,000,000.00 (prior year: € 10,000k) to us as collateral for contingent assets arising from letters of credit.		
Due to affiliated banksare are included as follows:		
Payable on demand	6,587.67	3
With an agreed term or period of notice	0.00	0

Due to customers	€	€k
		Prior year
Total	289,731,761.65	329,700
Payable on demand	66,237,372.49	52,186
With an agreed term or period of notice	223,494,389.16	277,515
Amounts due to customers break down as follows:		
Debts due with a residual term of:		
Up to 3 months	221,394,143.09	275,502
3 months to 1 year	2,100,246.07	2,013
1 to 5 years	0.00	0
More than 5 years	0.00	0
The following amounts due to customers are pledged as collateral for contingent assets arising from bank guarantees and letters of credit:		
Payable on demand	35,618,389.89	17,992
With agreed term or period of notice	3,495,000.00	4,135

Other liabilities	€	€k
		Prior year
Total	68,253.60	111

Liabilities relating to outstanding taxes including solidarity surcharge and outstanding social insurance contributions amount to € 38,330.81. In addition this item includes amounts of € 29,922.79, which are largely payable in the subsequent months of 2013.

Deferred income and accrued expenses	€	€k
		Prior year
Total	65,737.89	107

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

Provisions	€	€k
		Prior year
Total	784,777.42	868,

The provisions for taxation amount to € 13,810.44 and relate to corporation income tax including solidarity surcharge and trade tax of the fiscal year 2012.
Other provisions of € 770,966.98 relate to contingent costs incurred in fiscal year 2012 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	€	€k
		Prior year
Total	1,000,000.00	500

An initial amount of € 500,000.00 was allocated to the fund for general banking risks pursuant to Sec. 340g HGB always in fiscal year 2008 and 2012.

Subscribed capital	€	€k
		Prior year
Total	30,000,000.00	30,000

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

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

Other revenue reserves	€	€k
		Prior year
Total	1,400,000.00	1,400

Other revenue reserves remain unchanged at € 1,400,000.00.

Net balance sheet profit	€	€k
		Prior year
Total	419,494.13	77

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

Net profit for fiscal year 2012	342,255.04
Plus income carried forward from the prior year	77,239.09
Net balance sheet profit	419,494.13

The management proposes that the net profit of € 419,494.13 be brought forward to new account.

Contingent liabilities	€	€k
		Prior year
Total	30,699,236.13	32,987

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 € 69,812,626.02 (prior year: € 64,475k) as of the balance sheet date.
In addition we had irrevocable loan commitments made to business partners amounting to € 2,828,983.07 (prior year: € 478k).
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	€	€k
As of the balance sheet date foreign currency assets and liabilities were as follows:		Prior year
Assets	260,260,651.74	303,419
Liabilities	260,274,738.18	303,458

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

NOTES ON THE INCOME STATEMENT

Net interest income (interest income less interest expense) amounted to € 3,349,257.42 in the fiscal year (prior year: € 3,740k). Current income from other variable-yield securities amounted to € 283,140.00 (prior year: € 283k). Net commission income (commission income less commission expense) stood at € 1,089,069.39 (prior year: € 1,129k). Income from securities treated as fixed assets amounted to € 96,353.75 (prior year: € -2k). Other operating income of € 712,044.72 (prior year: € 224k) mainly represents the result of foreign currency transactions and the translation of balance sheet items denominated in foreign currencies, 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 € 1,864,863.71 (prior year: € 1,865k) and personnel expenses of € 2,029,591.68 (prior year: € 1,859k). Other operating expenses amounted to € 0.10 (prior year: € 1k). Depreciation of and allowances for intangible and tangible fixed assets amounted to € 279,368.68 (prior year: € 287k). Loan loss provisions and write-offs amounted to € 577,311.18 (prior year: € 541k). Income taxes were € 415,237.91 in the fiscal year (prior year: € 253k). Other taxes amounted to € 21,236.98 (prior year: € 34k).

OTHER FINANCIAL OBLIGATIONS

Costs for information services such as Reuters and S.W.I.F.T. total to € 140k p.a. The agreements have a term of one year. The costs of outsourcing electronic data processing amount to € 212k p.a. The residual term of the agreement is one year. Software maintenance charges are € 213k p.a.

AUDITOR'S FEES

The auditor's fees for the fiscal year amounted to

a) € 61k for auditing services
b) € 0k for audit-related services
c) € 8k for tax services
d) € 0k for other services

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

EMPLOYEES

During fiscal year 2012 the Bank employed 20 persons on average. As of the balance sheet date 21 persons were employed, of whom 9 were female and 12 male.

BODIES OF THE BANK

Supervisory board

Mohamed Naguib Ibrahim Abd El Meguid, Chairman (until April 4, 2012)
Vice Chairman, Banque Misr S.A.E., Cairo

Mounir Abdel Wahab El Zahid, Chairman (from April 4, 2012)
Chairman and CEO, Banque du Caire S.A.E., Cairo

Mohamed El Dib, Vice Chairman (until April 4, 2012)
Chairman, National Société Générale Bank S.A.E., Cairo

Mohamed Abbas Hassan Fayed, Vice Chairman (from April 4, 2012)
Vice Chairman Banque Misr S.A.E., Cairo

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

Hazem Hassan Mokbel (from July 4, 2012)
General Risk Management, Chief Risk Officer, Banque Misr S.A.E., Cairo

Jean Olivier Bartholin
Directeur Général, Banque Misr S.A.E., Paris

Hisham Okasha
Deputy Chairman, National Bank of Egypt S.A.E., Cairo

Hany Kadry Dimian
First Deputy Minister of Finance, Representative of National Investment Bank S.A.E., Cairo

Rania Essam Abdel Hakim (until March 31, 2012),
Chief Risk Officer, Banque Misr S.A.E., Cairo

Mohamed Fathy Awad (until April 4, 2012)
Member of the Executive Committee, National Société Générale Bank S.A.E., Cairo

Mohamed Kafafi (until April 4, 2012)
Chairman, The Egyptian Credit Bureau S.A.E. (I-Score), Cairo

Management

Hubert F. Bock
Ulrich Thomas Bartoszek

Compensation of the executive and supervisory bodies

Management compensation amounted to € 425,946.78 in the fiscal year and supervisory board compensation to € 63,610.52 including assumed taxes.

Frankfurt am Main (Germany), April 24th, 2013

Hubert F. Bock Ulrich Thomas Bartoszek

5. 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, 2012 on June 25, 2013.
The supervisory board agreed to the management‘s proposal on the allocation of the bank‘s net income of EUR 342.255,04.

6. 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 2012 to 31 December 2012. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and supplementary provisions of the articles of incorporation and bylaws are the responsibility of the Company'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 Company 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 bylaws and give a true and fair view of the net assets, financial position and results of operations of the Company 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 Company's position and suitably presents the opportunities and risks of future development.

Eschborn/Frankfurt am Main, May 22nd 2013

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Griess
Wirtschaftsprüfer
[German Public Auditor]

Pfeil
Wirtschaftsprüferin
[German Public Auditor]

MISR BANK - EUROPE
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