MISR BANK - EUROPE
بنك مصر أوروبا

ANNUAL REPORT 2013

CONTENT

1. STATUS REPORT OF THE MANAGEMENT FOR THE BUSINESS YEAR RUNNING FROM JANUARY 1, 2013 TO DECEMBER 31, 2013

1. GENERAL COMMENTS

As in the previous year, the ongoing crisis in Egypt and Europe, the bank‘s core markets, continued to have an impact on Misr Bank-Europe‘s results. However, the bank was still able to achieve a break-even result during fiscal year 2013. It must be noted that the bank‘s risk averse strategy favouring liquidity and security over profitability puts pressure on its results.

The displacement of the president by the Egyptian Army in July 2013, which was preceded by a storm of protests, has further intensified the division of the Egyptian society. The stabilization of the political conditions which took place during the end of the year came at the price of massive repressions of the Muslim Brotherhood, who appear to have lost the support of the majority of the community.
The impact on the Egyptian economy is not clear. A return to the growth rates of the years before the revolution is highly unlikely within the foreseeable future. After several rating downgrades in 2012 of the sovereign debt of Egypt, accompanied by rating downgrades of the major Egyptian financial institutions (thereunder shareholders of our institute), the ratings in 2013 have improved slightly although they still remain in the non-investment grade sector. The foreign currency reserves should recover, especially due to the assistance provided from neighbouring Arab states. Qatar, the former principal supporter, has been substituted by other Golf monarchies due to its support of the now displaced government. Resolving the political and social turmoil is essential for an economic recovery, but will not be attained during 2014. Furthermore, the social problems of the country are extremely far reaching. The Egyptian population is currently placing their hope on Field Marshal Al Sisi, whose election as President in May is practically unquestionable.

The continuing phase of low interest rate levels with a corresponding negative impact on the bank‘s interest rate revenue, has continued to affect business results during 2013. This is aggravated by the fact that Misr Bank-Europe maintains high liquidity levels in order to be able to quickly react to any unexpected withdrawals of deposits from Egyptian institutional customers.

The business model of the bank is significantly influenced by the regulatory environment. The expected expenses and work load for the employees will be very high.

The volume of trade handled through the bank on the basis of **commercial letters of credit** and commission income continued to be volatile due to the political events in Egypt. In the **inter-bank money market**, Egyptian banks were mainly depositors. The **securities portfolio** increase for the first time after several reporting periods. The business with medium size corporate customers has been expanded in accordance with the bank’s strategy.

The management proposes to carry forward the new balance sheet profit of € 474.9 k.

2. ASSETS AND LIABILITIES

The item **due from banks** increased by 22.5 % from € 283.0 million to € 346.6 million which reflects the growth of the deposits from customers.

The position **due from customers** increased by 20.2 % from € 65.9 million to € 79.2 million.

The volume of the **securities** amounts to € 10.8 million compared to € 9.8 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 € 42.7 million to € 41.4 million but **liabilities to customers** increased by € 81.0 million to € 370.7 million (previous year € 289.7 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
€ -36.5 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 7.2 %, bank deposits 9.3 % and customer deposits 83.2 %.

4. PROFIT AND LOSS

Net interest income decreased from T€ 3,349 to T€ 2,882. Net Commission income stood at T€ 1,090 nearly unchanged to the previous year's level. The net income from foreign currency transactions amounted to T€ 82 compared to T€ 176 in the previous year.

Staff costs increased from T€ 2,030 to T€ 2,061, **general and administrative expenses** from T€ 1,865 to T€ 1,905.

The **profit for the year** is shown at T€ 55 (previous year T€ 342 after the allocation to the „Fund of generally bank risks" in the amount of T€ 500). The profit carried forward amounts to T€ 475.

In view of the continuous challenges and assuming stable earnings we expect a break-even result for 2014.

5. ADDENDUM REPORT

OFAC (Office of Foreign Assets Control) has put one of our business partners on the List of Special Designed Persons. The concerned company is currently applying for a delisting. The period of the proceeding is not foreseeable. For the time being the impact on the bank can not be evaluated.

6. RISK REPORT

The revision of the Risk Management Systems will be a revolving process due to the continuous development of the regulatory environment. The corresponding increase of the requirements is in the meantime a permanent assignment. The repeated amendment of the MaRisk at the end of 2012 will be also considered as the impact of the implementation of a new core banking software on November 1, 2013 and the resultant 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 as well as the separate consideration in the calculation of the risk strategy.

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 during the implementation of a new core banking software have been restricted 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 in 2014 will stay on the reported low level. 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 are essential factors.

The way of support by the shareholders is being discussed at the reporting date. A committed solution would improve the future prospects of the bank. In this case the bank could achieve the above mentioned increase of the profitability at an earlier time.

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 29, 2014

Hubert F. Bock
Managing Director

Ulrich Thomas Bartoszek
Managing Director

2. BALANCE SHEET AS AT DECEMBER 31, 2013
MISR BANK-EUROPE GMBH, FRANKFURT AM MAIN

Assets

		EUR	EUR	previous year EURk
1. Cash reserve				
a) Cash		1,350.68		1
b) Due from central banks		3,849,082.46	3,850,433.14	2,123
thereof: Deutsche Bundesbank				
	EUR 3,849,082.46			
2. Due from banks				
a) payable on demand		2,440,579.40		6,951
b) other		344,171,731.50	346,612,310.90	276,012
3. Due from customers			79,228,891.22	65,925
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			7,793,865.90	6,838
thereof: eligible as collateral at Deutsche Bundesbank				
	EUR 0.00			
5. Equities and other non-fixed-income securities			3,000,000.00	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			251,533.72	125
7. Tangible fixed assets			4,509,161.76	4,662
8. Other assets			174,319.37	298
9. Deferred expenses and accrued income			352,706.76	208
		Total assets	**445,773,222.77**	**366,144**

Liabilities and equity

	EUR	EUR	previous year EURk
1. Due to banks			
a) payable on demand	2,234,597.01		1,756
b) with contractual notices or periods of notice	39,207,051.30	41,441,648.31	40,918
2. Due to customers			
b) other liabilities			
ba) payable on demand	45,406,650.00		66,322
bb) with contractual notices or periods of notice	325,261,929.66	370,668,579.66	223,410
3. Other liabilities		54,222.37	68
4. Deferred income and accrued expenses		39,225.52	66
5. Provisions			
b) provisions for taxes	14,600.00		14
c) other provisions	680,096.62	694,696.62	771
6. Fund for general banking risks		1,000,000.00	1,000
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	474,850.29	31,874,850.29	419
Total liabilities and equity		**445,773,222.77**	**366,144**

	EUR	previous year EURk
1. Contingent liabilities		
a) Liabilities from guarantees and indemnity agreements	27,526,043.22	30,699
2. Other obligations		
a) Irrevocable loan commitments	916,249.09	2,829

3. PROFIT AND LOSS STATEMENT FOR THE FINANCIAL YEAR JANUARY 1, 2013 TO DECEMBER 31, 2013 MISR BANK-EUROPE GMBH, FRANKFURT AM MAIN

Expenses

	EUR	EUR	EUR	previous year EURk
1. Interest expenses			674,819.91	1,418
2. Commission expenses			26,376.87	37
3. General administrative expenses				
a) personnel expenses				
aa) salaries and wages	1,765,828.35			1,722
ab) compulsory social security contributions and expenses for pensions and other employee benefits	295,538.08	2,061,366.43		308
thereof: for pensions EUR 65,045.16				
b) other general administrative expenses		1,905,087.87	3,966,454.30	1,865
4. Depreciation of and allowances for intangible and tangible fixed assets			234,799.94	279
5. Other operating expenses			1,395.61	0
6. Write-offs and valuation allowances on loans and certain securities as well as allocations to loan loss provisions			133,067.15	577
thereof: Appropriation to funds for general banking risks (§ 340g HGB)		EUR 0.00		
7. Write-offs and valuation allowances on investments, shares in related companies and securities treated as fixed assets			11,040.55	0
9. Income taxes			78,816.83	415
10. Other taxes			15,354.48	21
11. Net income for the year			55,356.16	342
		Total expenses	**5,197,481.80**	**6,984**

Income

	EUR	EUR	previous year EURk
1. Interest income from			
a) loans and money market transactions	3,358,014.14		4,543
b) bonds and other fixed interest rate securities	198,985.69	3,556,999.83	224
2. Current income from			
a) equities and other non-fixed-income securities		282,353.50	283
3. Commission income		1,116,154.45	1,126
4. Income from revaluation of investments, shares in related companies and securities treated as fixed assets		0.00	96
5. Other operating income		241,974.02	712
7. Net loss for the year		0.00	0
	Total income	**5,197,481.80**	**6,984**

	EUR	previous year EURk
1. Net loss / net profit for the year	55,356.16	342
2. Profit carried forward from previous years	419,494.13	77
	474,850.29	419
3. Transfer to revenue reserves		
d) to other revenue reserves	0.00	0
4. Balance sheet loss / profit	**474,850.29**	**419**

4. NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2013

PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements as of December 31, 2013 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	3.8 m	2.1 m
Due from banks	346.6 m	283.0 m
Due from non-banks	81.1 m	67.7 m
Securities classified as fixed assets	10.8 m	9.8 m
Guarantees and letters of credit	48.5 m	69.8 m
Irrevocable loan commitments	0.9 m	2.8 m
Loan volume	491.8 m	435.2 m

Due from banks	€k	€k
		Prior year
Total	346,612,310.91	282,962
Payable on demand	2,440,579.41	6,951
With fixed terms	344,171,731.50	276,012
The fixed term assets due from banks break down as follows:		
Due with a residual term of:		
up to 3 months	335,795,609.13	271,660
3 months to 1 year	8,376,122.37	4,352
1 to 5 years	0.00	0
more than 5 years	0.00	0
Due from shareholder banks are included as follows:		
Payable on demand	0	0
With fixed terms	989,594.52	0
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)	79,228,891.22	65,925
Thereof: payable on demand	8,677,786.24	12,110
Amounts due from customers break down as follows:		
Due with a residual maturity of:		
up to 3 months	13,409,527.22	1,945
3 months to 1 year	10,351,786.40	14,565
1 to 5 years	44,289,791.36	37,305
more than 5 years	2,500,000.00	0

Statement of changes in fixed assets in 2013

Fixed assets	Acquisition cost	Fiscal year			Depreciation write-downs		Residual book value	Residual book value
	Jan. 1, 2013	addi-tions	dispo-sals	Exchange rate changes	Total	Fiscal year	Dec. 31, 2013	Dec. 31, 2012
	€k	€k	€k	€k	€k	€k	€k	€k
Securities	9,839	1,189	39	184	11	13	10,794	9.839
(Financial assets)	(9,839)	(1,189)	(39)	(184)	(11)	(13)	(10,794)	(9.839)
Land and buildings	5,706	0	0	0	1,355	138	4,351	4,488
Office equipment	1,070	23	0	0	938	38	159	174
(tangible assets)	(6,780)	(23)	(0)	(0)	(2,293)	(176)	(4,510)	(4,662)
Intangible assets	1,111	186	0	0	1,046	59	252	125
Total	17,730	1,398	39	184	3,350	248	15,556	14,626

Securities classified as fixed assets

	€	€k
		Prior year
Total	10,793,865.90	9,839
Securities classified as financial fixed assets were recognized with the following residual terms:		
Up to 3 months	2,003,833.11	4
3 months to 1 year	3,746,716.43	35
1 to 5 years	5,043,316.36	9,799
More than 5 years	0.00	0

	€
This includes the following interest accruals with a residual term of	
Up to 3 months	3,833.11
3 months to 1 year	11,411.00

Securities classified as financial fixed assets break down as follows:	
Debt securities and other fixed-interest securities	7,793,865.90
Shares and other variable-yield securities	3,000,000.00
Total	10,793,865.90

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	4,710	4,710	0	3,084
Shares and other variable-yield securities	3,000	3,000	0	0
Total	7,714	7,714	0	3,084

Nominal €k 6,088 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	4,694	4,643	51
Shares	0	0	0
Total	4,694	4,643	51

The affected securities are held-to-maturity debt securities.
Negotiable bonds and debt securities not valued at lower of cost or market amounted to € 1,611k.

Tangible fixed assets	€	€k
		Prior year
Total	4,509,161.76	4,662

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 € 4,350,632.35 (prior year: € 4,488k) including capitalisable incidental acquisition cost. Furniture, fixtures and office equipment was recognized at a book value of € 158,529.41 (prior year: € 174k). The above items are shown in the statement of changes in fixed assets.

Intangible fixed assets	€	€k
		Prior year
Total	251,533.72	125

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	174,319.36	299

This item mainly includes capitalized claims against the tax office resulting from corporate income tax including the solidarity surcharge (€ 36,100.00) and from sales tax refunds (€ 106,242.03). Miscellaneous other assets such as other advances and a demand on the German Banking Federation amount to € 31,977.34 in total.

Deferred expenses and accrued income	€	€k
		Prior year
Total	352,706.76	208

This item chiefly includes prepaid expenses for 2014.

Due to banks	€	€k
		Prior year
Total	41,441,648.31	42,674
Payable on demand	2,234,597.01	1,756
With an agreed term or period of notice	39,207,051.31	40,918
Amounts due to banks break down as follows:		
Debts due with a residual term of:		
Up to 3 months	25,038,251.30	47,014
3 months to 1 year	168,800.00	0
1 to 5 years	14,000,000.00	14,000
More than 5 years	0.00	0
Due to shareholder banks are are included as follows:		
Payable on demand	1,235,086.87	1,178
With an agreed term or period of notice	5,181,984.68	5,000
Shareholder banks have pledged € 5,000,000.00 (prior year: € 5,000k) to us as collateral for contingent assets arising from letters of credit.		
Due to affiliated banksare are included as follows:		
Payable on demand	26,372.58	7
With an agreed term or period of notice	0.00	0

Due to customers	€	€k
		Prior year
Total	370,668,579.66	289,732
Payable on demand	45,406,650.00	66,322
With an agreed term or period of notice	325,261,929.66	223,410
Amounts due to customers break down as follows:		
Debts due with a residual term of:		
Up to 3 months	322,941,258.87	221,318
3 months to 1 year	2,320,670.79	2,092
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	15,043,690.40	35,618
With agreed term or period of notice	3,860,248.49	3,495

Other liabilities	€	€k
		Prior year
Total	54,222.37	68

Liabilities relating to outstanding taxes including solidarity surcharge and outstanding social insurance contributions amount to € 37,960.68. In addition this item includes amounts of € 16,261.69, which are largely payable in the subsequent months of 2014.

Deferred income and accrued expenses	€	€k
		Prior year
Total	39,225.52	66

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	694,696.62	785

The provisions for taxation amount to € 14,600.00 and relate trade tax of the fiscal year 2013. Other provisions of € 680,096.62 relate to contingent costs incurred in fiscal year 2013 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	11000

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	474,850.29	419
The Bank's retained net balance sheet profit / loss developed as follows in the fiscal year:		
Net profit for fiscal year 2013	55,356.16	
Plus income carried forward from the prior year	419,494.13	
Net balance sheet profit	474,850.29	

The management proposes that the net profit of € 474,850.29 be brought forward to new account.

Contingent liabilities	€	€k
		Prior year
Total	27,526,043.22	30,699

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 € 48,481,724.96 (prior year: € 69,813k) as of the balance sheet date. In addition we had irrevocable loan commitments made to business partners amounting to € 916,249.09 (prior year: € 2,829k).
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	347,185,182.61	260,261
Liabilities	347,015,091,17	260,275

NOTES TO THE INCOME STATEMENT

Net interest income (interest income less interest expense) amounted to € 2,882,179.92 in the fiscal year (prior year: € 3,349k). Current income from other variable-yield securities amounted to € 282,353.50 (prior year: € 283k). Net commission income (commission income less commission expense) stood at € 1,089,777.58 (prior year: € 1,089k). Other operating income of € 241,974.02 (prior year: € 712k) 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 € 1,905,087.87 (prior year: € 1,865k) and personnel expenses of € 2,061,366.43 (prior year: € 2,030k). Other operating expenses amounted to € 1,395.61 (prior year: € 0k). Depreciation of and allowances for intangible and tangible fixed assets amounted to € 234,799.94 (prior year: € 279k). Loan loss provisions and write-offs amounted to € 133,067.15 (prior year: € 577k). Income taxes were € 78,816.83 in the fiscal year (prior year: € 415k). Other taxes amounted to € 15,354.48 (prior year: € 21k).

OTHER FINANCIAL OBLIGATIONS

Costs for information services such as Reuters and S.W.I.F.T. total to € 146k p.a. The agreements have a term of one year. The costs of outsourcing electronic data processing and Software maintenance charges amount to € 521k p.a. The residual term of the agreement is one and six year.

AUDITOR'S FEES

The auditor's fees for the fiscal year amounted to
a) € 74k for auditing services
b) € 0k for audit-related services
c) € 12k 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 2013 the Bank employed 19 persons on average. As of the balance sheet date 20 persons were employed, of whom 9 were female and 11 male.

BODIES OF THE BANK

Supervisory board

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

Mohamed Abbas Hassan Fayed, Vice Chairman
Vice Chairman Banque Misr S.A.E., Kairo

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

Hazem Hassan Mokbel
General Risk Management, Chief Risk Officer, Banque Misr S.A.E., Kairo

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

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

Hany Kadry Dimian (until 28/08/2013)
First Deputy Minister of Finance, Representative of National Investment Bank S.A.E., Kairo

Ahmed Elsayyad (from 28/08/2013)
Vice Chairman and Managing Director, National Investment Bank S.A.E., Kairo

Management

Hubert F. Bock
Ulrich Thomas Bartoszek

Compensation of the executive and supervisory bodies

Management compensation amounted to € 428,788.08 in the fiscal year and supervisory board compensation to € 38,038.00 including assumed taxes.

Frankfurt am Main (Germany), April 25th, 2014

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, 2013 on June 17, 2014.
The supervisory board agreed to the management‘s proposal on the allocation of the bank‘s net income of EUR 55.356,16.

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 2013 to 31 December 2013. 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, 26 May 2014

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Griess
Wirtschaftsprüfer
[German Public Auditor]

Pfeil
Wirtschaftsprüferin
[German Public Auditor]

MISR BANK - EUROPE
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