



***Misr Bank-Europe GmbH
Frankfurt am Main***

***Annual financial statements for the fiscal year
from January 1, 2023 to December 31, 2023***

***and disclosure pursuant to § 26 (1) of the
German Banking Act (KWG)***

Management report of the Executive Board for the financial year from January 1, 2023 to December 31, 2023



1. fundamentals of the company

The ownership structure with four state-owned banks in Egypt focuses our activities on relationships with banks, companies and other institutions in Egypt and several other countries in the Middle East and North Africa ("MENA") region. We concentrate on sub-participations in financing and on supporting the export and import business. We are also active with companies in Germany, Austria and Switzerland as well as selected customers in Central and Eastern Europe (with the exception of Russia and Ukraine), whom we support with customized financing. We also invest surplus liquidity in securities.

2. economic report

Macroeconomic, industry-related framework conditions:

With a population of more than 110 million, Egypt has a large domestic market, although its purchasing power is limited. The industrial base is relatively broad. Strategically located between Europe, Africa and Asia, the country is becoming increasingly important for trade and logistics.

In a regional comparison, Egypt stands out with its diversified industry and well-developed infrastructure. New rail networks and dry ports improve transportation flows. The oil and gas sector and public infrastructure projects are the main contributors to economic growth. Mining, tourism and agriculture are other important sectors. The chemical industry is benefiting in particular from the production of fertilizers. Egypt will intensify its cooperation with Germany and the EU in the areas of gas and green energy.

In 2016, the Egyptian government launched an ambitious reform program aimed at achieving rapid and sustainable economic growth: Egypt's "Vision 2030" is a long-term strategic plan for sustainable development in all areas of society.

The country was therefore able to face the COVID pandemic with considerable resilience, especially as measures to ease monetary conditions, support selected sectors and mobilize foreign financing were adopted very quickly at the beginning of the pandemic. As a result, Egypt's economic recovery accelerated rapidly after the end of the pandemic. Real GDP growth amounted to 6.6% in the 2021/22 financial year. Growth was primarily driven by the export-oriented sectors, including tourism, gas extraction and the Suez Canal. These sectors benefited in particular from the resumption of international travel and trade.

The fact that Egypt's economic recovery was subsequently halted was not of its own making. It was due to unfavorable global developments. This effect was exacerbated by the ongoing disruptions to global supply chains caused by the Russia-Ukraine conflict. As global demand began to fall, GDP declined by 4.0% according to IMF estimates (financial year 2022/23).



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The currency has been devalued four times in just over a year. Since January 2022, the Egyptian pound has lost almost 70% of its value against the US dollar.

Annual headline inflation rose to 25.8% in January 2023, the highest level in five years. Egypt's debt burden increased and, according to government estimates, amounted to 93% of GDP at the end of 2022/23. The unstable exchange rate, high public debt and growing inflation increased the pressure on the already strained public finances and balance of payments. However, the IMF positively assessed the fact that the Egyptian government continued its efforts to improve the investment environment and strengthen the private sector. The government's decision in February 2023 to offer the private sector investment opportunities in 32 state-owned companies was of particular importance.

The economic reforms should give lenders the confidence to provide sufficient funds to cover external financing requirements.

Financial aid from the IMF, World Bank, EU, Japan, UK and investments from the UAE stabilize the economy

In spring 2024, an investment commitment by the United Arab Emirates for the Egyptian Mediterranean coast became concrete. The area around Ras El Hekma is to be developed for a total of up to USD 150 billion, with USD 35 billion flowing to Egypt from the UAE sovereign wealth fund in the short term. A deal that is set to become a game changer for Egypt in the medium term and could solve its foreign exchange problem. However, not all details of the deal are publicly known.

In addition, Egypt is once again relying primarily on an aid package from the International Monetary Fund (IMF), which was initially concluded in December 2022 in the amount of USD 3 billion with a term of 46 months and was extended to USD 8 billion in March 2024. In addition to the IMF funds, there is also support from the World Bank, the EU (Macro Financial Assistance of up to EUR 7.4 billion), Japan and the UK, with the main pillars of the IMF aid package being the floating of the Egyptian pound and a privatization programme for state and military-owned enterprises. The IMF would like to see concrete measures to strengthen the private sector, particularly with regard to privatization. The Egyptian government has therefore developed a state ownership policy on the basis of which companies are earmarked for (partial) privatization.

Business performance:

The targets for the 2023 financial year provided for a stronger focus of the balance sheet structure on a sustainable increase in interest income. The further rise in interest rates and the ongoing tight monetary policy by the FED/ECB only allowed for low interest margins. Despite the increase in interest rates and low activity in foreign trade, net commission income was maintained at the previous year's level. Personnel costs increased again compared to the previous year due to external support and an increase in staff. IT costs also increased compared to the previous year.



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The planned result of EUR -2.7 million was missed with a realized result of EUR -4.5 million due to the creation of a provision for impending losses of EUR 1.8 million to take into account the loss-free valuation of the investment book.

The increased exposure in Egypt is also reflected in higher country risk provisions. For the 2023 financial statements, a calculation of the PWB in accordance with the rules of IDW RS BFA 7 has been applied.

Total assets decreased to EUR 352 million in 2023 (previous year: EUR 478 million), falling well short of the planned total assets of EUR 468 million.

In 2023, a large proportion of the new deposits were still subject to uncertainty, meaning that these funds were available for interest-bearing, medium-term assets to a much lesser extent and were predominantly invested in short-term money market investments. This guaranteed a high level of liquidity, but correspondingly lower interest income.

The bilateral loan volume with suitable counterparties in Egypt was restricted due to the ongoing difficult economic situation in Egypt.

The continuous rise in interest rates, which was already apparent in the previous year, led to valuation losses in the securities portfolio over the course of the year. Market price adjustments due to reduced creditworthiness also led to discounts.

Location

Financial position

Loans and advances to banks fell slightly by 9.5% from EUR 271 million to EUR 246 million, which is mainly due to normal fluctuations in the bank's money market activities. Loans and advances to customers fell by 40.9% from EUR 71 million to EUR 42 million due to the repayment of existing exposures and a reluctance to grant new loans.

The securities portfolio amounted to EUR 55 million compared to EUR 99 million in the previous year. No securities transactions were carried out in the reporting year, meaning that the change resulted solely from maturities. Most of the securities held are bonds issued by European countries and supranational institutions, which are primarily suitable as HQLA (High Quality Liquid Assets) for the liquidity reserve as part of the LCR calculation, as well as bonds issued by major European companies and credit institutions with fixed and variable interest rates.

Liabilities to banks amounted to EUR 100 million (previous year: EUR 65 million), which is attributable to general fluctuations in the Bank's interbank money market activities. As at the reporting date, the bank participated in open market transactions with the ECB in the amount of EUR 37 million.

Liabilities to customers fell from EUR 367 million to EUR 188 million due to unexpected outflows.

Off-balance sheet liabilities amounted to EUR 13.9 million (previous year: EUR 30.0 million). There were no irrevocable loan commitments as at the reporting date (previous year: EUR 7.5 million).



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Financial position

The Bank's solvency and ability to pay were secured at all times in the past financial year. The bank refinanced itself almost exclusively through deposits from Egyptian institutions. Investments are made at matching currencies and, for the most part, at matching maturities. This, together with sufficient unutilized refinancing facilities, ensures solvency at all times.

Earnings situation

Net interest income of EUR 4,117 thousand was slightly below the previous year's result of EUR 4,716 thousand.

At EUR 1,424 thousand, net commission income was slightly higher than the previous year's figure of EUR 1,290 thousand, driven primarily by increased business in the trading sector and in export financing for Egypt

The net result from foreign exchange transactions included in other operating income amounted to EUR 339 thousand, compared to EUR 696 thousand in the previous year. The bank conducted these transactions exclusively on behalf of clients.

Personnel expenses increased from EUR 3,653 thousand to EUR 4,513 thousand, while other administrative expenses rose from EUR 3,773 thousand to EUR 3,908 thousand, mainly due to consultancy fees for project support, legal and auditing costs.

A risk provision of EUR 849 thousand was recognized in the lending business, which was offset by a reversal of EUR 1,550 thousand at .

The net loss for the year after risk provisioning amounted to EUR 4,535 thousand, compared to a net loss of EUR 11,965 thousand in the previous year. The loss carried forward will increase from EUR 16,847 thousand at the end of 2022 to EUR 21,381 thousand.

Overall, the Bank's business performance was not satisfactory, and the high pension expenses had a negative impact on the overall result. Nevertheless, the bank's net assets and financial position are in good order.

Financial performance indicators

We consider the liquidity ratio LCR, ratios of equity to certain segments of the balance sheet and the regulatory total capital ratio to be performance indicators.

The LCR is the ratio of prime liquid assets to the total net cash outflow within the next 30 calendar days. If the LCR defined in this way does not fall below a value of 100%, the bank's short-term liquidity is sufficient from the perspective of the banking supervisory authority.

The total capital ratio describes the percentage ratio of own funds, consisting of core capital and supplementary capital, to the bank's total risk amount.

Capital accounts for 17.0% of total assets, bank deposits for 28.5% of total assets and customer deposits for 53.5% of total assets.



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As at the reporting date, the total capital ratio (CoRep) was 38.04% according to the accounts, compared to 15.98% in the previous year, which is equally attributable to the increase in equity and the reduction in risk-weighted assets.

Further information can be found in the disclosure report.

Capital injection

The shareholders approved a capital increase totaling EUR 40 million in 2022, which is to be paid out in two tranches. The first tranche of EUR 20 million was paid in January 2023. This was allocated to other reserves pending approval by BaFin.

This will significantly improve the bank's financial health and ability to build new business and clearly demonstrates that shareholders continue to support MBE.

3. risk and opportunity report

Overview of risk management

Risk management is of central importance to the Bank in order to ensure long-term stability and profitability. In the past financial year, we further refined and strengthened our risk management practices in order to meet the challenges of the global financial market and the specific conditions in our operating markets.

The structure of the Bank's risk management system is determined by its business and risk strategy. The Executive Board is responsible for developing and implementing these strategies. The risk strategy is consistently derived from the bank's business strategy and defines the risk appetite of the Executive Board. It defines rules based on a materiality concept for dealing with risks and opportunities that arise directly or indirectly from the Bank's business activities. These rules form the basis for a uniform company-wide understanding of the corporate objectives in connection with risk management and for the business model. Key features are monitored on an ongoing basis using an internal limit system.

Risk management process

The risk management process comprises all activities in dealing with risks. This includes identifying, analyzing, assessing, managing, documenting and communicating risks as well as reviewing the effectiveness and appropriateness of risk management measures.

The Bank's risk management process is based on the national requirements of BaFin and the Bundesbank as well as the guidelines of the EBA, the ECB, the principles of the Basel Committee on Banking Supervision (BCBS) and the Financial Stability Board (FSB).

All risks are reviewed for materiality as part of the regular annual risk inventory. As part of the calculation of risk-bearing capacity, all risks classified as material are quantified using risk measurement methods. The results are used to check whether the bank is capable of



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bearing risk and is liquid in both the base scenario and the adverse scenario. In addition to normal market conditions, ongoing reporting is supplemented by additional scenarios under adverse, extraordinary events (stress tests).

Risk structure and assessment

The business and risk strategy defined by the Executive Board forms the basis for managing and monitoring risks. They define the guidelines for dealing with risks within the organizational and operational structure.

We divide our risks into various categories, including credit risks, market price risks including interest rate risks, operational risks, liquidity risks and business risks. Each of these risk categories is regularly assessed and continuously monitored in order to identify potential threats at an early stage and take appropriate countermeasures.

Credit risks

These represent the most significant financial risk category for the bank. We minimize the default risk through strict credit checks and continuous monitoring of borrowers. Due to our activities in various countries, particularly in Egypt and the MENA region, we are exposed to political and economic risks. By constantly monitoring political and economic developments in our core markets, we have been able to successfully manage country risk as a sub-risk type of credit risk. Credit risks comprise the following main sub-risk types:

Default risk	Risk that a contractual partner does not meet its contractual payment obligations to MBE, or only partially meets them, resulting in payment defaults.
Migration risk	Risk that the creditworthiness of a counterparty changes to such an extent that this counterparty migrates to a different scoring or rating class with a higher probability of default. In this respect, it refers to the risk of a deterioration in the value of loans due to increased default risks without the borrower concerned having already defaulted.
Country risk	Country risk describes the risk that a debtor will not be able to settle its debts on time despite having sufficient liquidity of its own, as the country in question is unable or unwilling to make transfers. The reasons for this can be both economic (e.g. lack of currency reserves) and political (political unwillingness or inability to make transfers).
Sustainability risk	<u>Transition risks:</u> Risk that the business model of a contractual partner may be significantly impaired due to political decisions on ESG issues. <u>Physical risks:</u> Risk that a contractual partner is significantly affected by external environmental events (drought, flood, etc.).



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Concentration risk Risk from a concentration on one address (customer), one sector, one country or region or one product.

Market price risks incl. interest rate risks

Due to its international orientation, the bank is exposed to market fluctuations and interest rate fluctuations. The risks are well manageable thanks to a strict selection of transactions and continuous monitoring. Market price risks comprise the following main sub-risk types:

Interest rate risk	Potential additional expenses due to changes in market interest rates. A distinction is made between three types of interest rate risk. Interest rate risks can arise if fixed-interest periods between interest-bearing products on the assets side and interest-bearing products on the liabilities side are not congruent (gap risk). They can also arise when variable interest rate positions on the assets side and interest rate positions on the liabilities side are compared due to different interest rate sensitivities (basis risk). The third type is option risk (automatic and behavioral options), which represents the risk from (embedded and explicit) interest-related options that give the institution or its customer the opportunity to change the amount and timing of the associated cash flows, i.e. on the one hand, the risk from interest rate-sensitive instruments where the holder is very likely to exercise the option if this is in his financial interest (embedded or explicit automatic options) and, on the other hand, the risk from the implicit or contractually defined flexibility of interest rate-sensitive instruments, according to which changes in interest rates can lead to a change in customer behavior (embedded behavioral option risk).
Credit spread risk	Risk from changes in the market perception of the prices of credit risks, liquidity premiums and other possible components of instruments in credit risk, which can lead to price fluctuations in these credit risks, liquidity premiums and other possible components that do not fall under interest rate risk or expected credit risk.
Foreign currency risk	Risk that the market value of investments or liabilities that are dependent on exchange rates will develop negatively due to changes in exchange rates.

Operational risks

The Bank has further developed its internal processes and control systems and intensified communication and employee training in order to minimize these risks. Operational risks comprise the following main sub-risk types:

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Legal and compliance risk incl. money laundering risk

Legal risk: The risk that non-compliance with legal regulations may result in financial disadvantages, for example through legal disputes and possible compensation or other penalties.

Compliance risk: Risk that laws, regulations or internal rules are violated, resulting in financial losses for MBE. Compliance risk includes MaRisk compliance, WpHG compliance and the compliance function in connection with the prevention of money laundering, terrorist financing or other criminal acts within the meaning of Section 7 GwG and Section 25h KWG.

Money laundering risk including fraud risk: Money laundering risk is the risk that a customer will use the bank to launder money. Fraud risk is the risk of unexpected financial, material or reputational loss as a result of fraudulent actions by persons inside or outside the company.

IT/ICT risk

IT risks: Risks to the financial position and financial performance that arise due to deficiencies in IT management or IT control, the availability, confidentiality, integrity and authenticity of data, the internal control system of the IT organization, the IT strategy, the guidelines and aspects of the rules of procedure or the use of information technology.

ICT risks: the risks of loss due to a breach of confidentiality, failure of integrity of systems and data, inadequacy or unavailability of systems and data or the inability to change IT in a reasonable time and at a reasonable cost when environmental or business requirements change are considered in the risk subtypes External fraud and Business interruption risk/System failure.

Behavioral risk

MBE defines conduct risk in accordance with the EBA definition as the existing or future risk of losses to the bank arising from intentional or negligent misconduct (including the inappropriate provision of financial services).

Model risk

In accordance with Article 3 (1) no. 11 CRD IV, model risk refers to the potential loss arising from decisions that could in principle be based on the results of internal models if these models contain errors in their design, execution or use. Model risk comprises two different forms of risk: The risk of underestimation of capital requirements by the models subject to approval is not relevant for MBE, as it does not use models subject to approval to determine Pillar I risks. The risk of losses that may be caused by other developed, implemented or incorrectly used models for decision-making processes (e.g. product pricing, valuation of financial instruments, monitoring of risk limits) is reviewed for materiality as part of the risk

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	inventory and is included in the determination of the operational risk included.
Outsourcing risk	Risks that may arise from the commissioning of external service providers, e.g. from the inadequate provision of agreed services.
Concentration risk	An operational risk concentration is a single operational risk exposure or a group of operational risk exposures that has the potential to cause losses large enough to deteriorate the bank's overall risk profile in a way that jeopardizes its financial health or its ability to maintain its core business. It is not always obvious that multiple risk factors are correlated, as this only becomes apparent in stressed market conditions.

Liquidity risks

Sufficient liquidity is essential in order to meet current obligations. The bank is working to optimize its liquidity management in order to remain capable of acting at all times. Liquidity risks comprise the following main sub-risk types:

Insolvency risk	The risk that MBE will no longer be able to meet its current and/or future payment obligations in full and on time. The insolvency risk cannot be meaningfully limited by risk coverage potential and is therefore not considered in the risk-bearing capacity calculation
Refinancing risk	The risk that financing is only possible on less favorable terms. In contrast to interest rate risk, which comprises the negative change in the general interest rate level, refinancing risk includes a deterioration in conditions due to MBE's own creditworthiness.
Market liquidity risk	Risk that financial market transactions can only be concluded at a worse price than expected due to a lack of market liquidity (e.g. sale or lending of securities). As a result, market liquidity risks can influence both insolvency risks and refinancing risks.
Liquidity risk in foreign currencies	Liquidity risk in a currency other than the currency of the liquidity buffer.
Concentration risk	Risk from a concentration on one refinancing partner.

Business risks

The Bank's business risk is largely linked to its ability to generate adequate income and revenue on a sustained basis and thus ensure its long-term profitability. Business risks comprise the following main sub-risk types:



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Reputational risk incl. sustainability risk	Risk of loss due to a negative perception of the MBE brand on the part of current/future employees, customers, service providers, counterparties, owners, investors, media and supervisory authorities (e.g. due to non-compliance with certain sustainability targets). Reputational risk is not an independent type of risk, but is subsumed into other types of risk such as earnings and cost risks and insolvency risks.
Strategic risk	Strategic risks arise from incorrect assessments or failure to recognize significant developments and trends in the company's own business environment in good time. This can have a negative impact on profitability and the risk profile.
Earnings risk	Risk of deviating, unexpected income, commission and cost trends with negative consequences

Risk-bearing capacity and solvency

Risks may only be taken within the scope of the risk-bearing capacity. The necessary risk awareness and the opportunity- and risk-oriented corporate and risk culture are supported by effective communication and the conscious handling of risks.

For the overall risk profile, the Bank ensures at all times that the risks classified as material are covered by the available risk coverage potential, thereby ensuring risk-bearing capacity. The Bank determines its risk-bearing capacity on the basis of national regulatory requirements (ICAAP)¹. The methods are set out in writing in the risk manual "Manual of Risk Management".

The economic perspective compares economically derived risks and the correspondingly derived risk coverage potential in the 1-year horizon. The risk coverage potential as at December 31, 2023 in the economic perspective is (in EUR thousand):

Risk coverage potential	58.165
Management buffer	-1.448
Risk cover funds	56.717

Limits have been set for the main risk types in the economic perspective.

- Credit risk: 60% of the risk cover amount
- Market price risk: 20% of the risk cover amount
- Liquidity risk: 5% of the risk cover amount
- Operational risk: 15% of the risk cover amount

¹ See Supervisory assessment of internal bank risk-bearing capacity concepts and their procedural integration into overall bank management ("ICAAP") - realignment.



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The Bank's risk-bearing capacity was ensured throughout 2023 from both an economic and normative perspective.

Solvency was not jeopardized at any time during the reporting period. Due to the refinancing structure and the Bank's business model, sufficiently high liquidity reserves are maintained, which can be adjusted appropriately as required.

Risk control and limitation

We have defined clear risk limits and tolerances, which are regularly reviewed and adjusted to reflect changing market conditions. Our risk management systems and processes are continuously developed and reviewed by internal and external auditors.

Risk provisioning

Risk provisioning in the lending business comprises specific valuation allowances, general valuation allowances and country risk provisioning.

The most important criterion for the creation of specific bad debt allowances is the impending default of a specific receivable resulting from the debtor's permanently impaired ability to service the debt. The amount of the specific valuation allowance to be recognized is determined by the balance of the receivable less the value of any collateral ("unsecured portion") and the risk classification of the debtor, from which the risk provision ratio is derived. If necessary, securities are written down at the end of the year in accordance with the lower of cost or market principle.

General valuation allowances for latent default risks in the credit portfolio were calculated in accordance with IDW RS BFA 7.

In addition, the instrument of open risk provisioning in accordance with Section 340g HGB (fund for general banking risks) is also available.

Regulatory compliance

Compliance with regulatory requirements is a top priority for us. Through regular training and the implementation of a robust compliance management system, we ensure that our employees are always informed about the latest regulatory developments.

Risk-conscious corporate culture

A risk-aware corporate culture is essential to ensure effective risk management. We actively promote a culture in which risks are communicated transparently and handled responsibly. Through targeted training programs and the integration of risk management into all business processes, we strengthen the awareness and competence of our employees in dealing with risks.

In addition, integrative interaction between the three lines of defense (different functional areas) creates the conditions for effective holistic risk management. The individual lines of defense assume the following roles:



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- First line: operational, active risk exposure on the market and reporting to the management
- Second line: independent monitoring and further development of the legal basis with supplementary reporting to the Executive Board and Supervisory Board
- Third line: immanent and resilient review of monitoring processes.

Outlook

In the coming financial year, we will continue to improve our risk management practices and adapt them to changing market conditions. By continuously expanding our risk management capacities and promoting a strong risk culture, we are confident that we will also be able to successfully master future challenges.

Opportunities

Opportunities for the Bank arise from the Bank's focus on the trade finance business, particularly between Germany and Egypt, which result from the economic dynamics of both countries and their bilateral relations. The main opportunities are

1. Strong bilateral trade relations: Germany and Egypt have a long-standing trade relationship. Germany is one of Egypt's most important trading partners in the EU, which provides a solid basis for the trade finance business.
2. Growth market Egypt: Egypt is an important market with a large population and a growing economy. The demand for German machinery, technology, automobiles and chemicals offers numerous financing opportunities for importers and exporters.
3. Infrastructure projects: Egypt is investing heavily in infrastructure projects such as the expansion of the Suez Canal, the construction of new cities and the modernization of the energy supply. These projects require extensive financing solutions in which trade finance can play an important role.
4. Free trade agreements and trade promotion programs: Agreements such as the Association Agreement between the EU and Egypt facilitate trade and create more favorable conditions for the trade finance business. There are also numerous support programs and export guarantees that German exporters can take advantage of.
5. Financing solution by MBE: The bank has extensive experience and expertise in trade finance. It can offer customized financing solutions that meet the specific requirements of the Egyptian market.
6. Diversification of the Egyptian economy: Egypt is making efforts to diversify its economy, particularly through the development of sectors such as tourism, agriculture and manufacturing. This opens up new business areas for trade finance.
7. Technological cooperation: German companies are known for their innovative strength and technological expertise. Cooperation in the fields of renewable energies, automation and digital technologies can be supported by trade finance.
8. Political support and business delegations. Government initiatives and business delegations promote bilateral trade and provide platforms for companies to identify business opportunities and explore financing solutions.



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Overall, the economic and political framework conditions as well as the existing trade relations between Germany and Egypt offer a promising basis for the growth of the trade finance business. For information on the risks that may arise from the Bank's business model, we refer to the previous section.

4. FORECAST REPORT

2024 is a transition year for MBE. The bank is endeavoring to restore profitability.

The losses in recent years are mainly attributed to elevated costs of risk and negative mark-to-market impacts from legacy business.

The bank has taken the following measures to return to profitability:

- I. On the 6th of November 2023, the bank launched the RESTORE project (Restore Earnings and Security Through Operational and Risk Enhancement).
- II. The new business strategy aims to achieve an optimal balance between return, liquidity and risks. Such strategy revolves around six main pillars:

1. Recentring the business on the core activity, Trade finance: It has always constituted an important pillar within the group and is efficiently managed. The associated risks are well understood and considered acceptable, while the products of this activity allow achieving good returns in short term tenors. The bank's track record in this domain is positive, with low or no defaults, aligning with industry statistics.
2. Derisking: Going forward, all newly generated assets will focus on Trade Finance or Investment grade rated entities. The bank will reduce exposure on small and mid-sized companies presenting higher credit risks. Furthermore, exposures will either be very short dated or on a floating-rate basis to mitigate interest rate risks.
3. Maintaining a high level of liquidity with enhanced return. This is achieved by building up a portfolio of floating-rate bonds that exclusively comprises issuers with good ratings.
4. Increasing and diversifying liabilities: The expansion of total assets is essential for the bank to achieve profitability.
5. The bank strives to continuously improve its internal control system, operational efficiency and risk management. This is essential to support and secure the bank's strategy. To accelerate the process that bank will utilize external resources.
6. ESG risk is now at the heart of MBE's strategy. The action plans cover both the structure of the bank's asset portfolio and the bank's internal management, through the reduction of the bank's carbon footprint, energy consumption and actions in favour of gender equality at MBE. The actions on the portfolio will aim to actively integrate ESG criteria into the loan origination, investment process and new product/new activity process to contribute to the global transition to a greener economy.

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From a risk perspective, MBE will continue to focus on the MENA region and Europe, i.e. on countries and regions that the Bank knows well.

Based on the Bank's main business areas and products, credit risks (particularly from the trade finance business), market price risks (particularly from investments in bonds) and liquidity risks (in connection with our customers' deposits) are derived in particular. Country risks are of particular importance as a sub-risk type of credit risk, partly due to the focus on the MENA region. By contrast, the default risk from the lending business is expected to decrease as the lending business itself is being reduced in line with the business strategy. The Bank expects the IRRBB and CSRBB to increase as a result of the increase in investments in bonds (compared to the Bank's previous business model). As the Bank conducts the majority of its business in USD and intends to continue to do so in the coming years, the concentration risk in USD remains, although this is mainly relevant in terms of business risk due to the currency congruence. The Bank will continue to enter into currency swaps, which will lead to a CVA risk, but which should remain stable. The increased investment in investment grade bonds reduces the liquidity risk.

Operational risk is a significant risk for the Bank and is closely managed. Over the next few years, the Bank will reduce its operational risk and continuously improve risk management and controlling as part of the RESTORE project. In addition, the operational risk, in particular the AML risk, will decrease due to the exit from the correspondent banking business and the decline in the payment transaction business. Due to the increasing dependence on IT systems, both IT/ICT and outsourcing risks will remain significant for the Bank in the coming years.

The bank's profitability depends closely on the success of its business strategy. This has already proven successful in other branches of the Group, but also depends on the individual circumstances of MBE. There is a risk that the business strategy will be slower than planned or will not achieve the planned results due to unforeseeable, very negative macroeconomic shocks. The Bank monitors developments on an ongoing basis in order to be able to intervene at an early stage if the Bank does not develop as planned. It is also supported in this by the Bank's shareholders.

Frankfurt am Main, May 31, 2024

Dina Shehata
Managing Director

Ayman Foda
Managing Director

Balance Sheet as at December 31, 2023

Assets

	EUR	EUR	previous year EURk
1. Cash reserve			
a) Cash	5.977,07		3
b) Due from central banks	6.244.006,93	6.249.984,00	36.103
thereof: Deutsche Bundesbank			
6.244.006,93 EUR (prev.yr. TEUR 36.103)			
2. Due from banks			
a) payable on demand	109.696.132,41		2.142
b) other	136.122.685,09	245.818.817,50	269.204
3. Due from customers		41.983.871,95	71.021
thereof: Collateralized by			
mortgages	EUR 0,00 (prev.yr. TEUR 0)		
due from municipalities	EUR 0,00 (prev.yr. TEUR 0)		
4. Bonds and other fixed rate securities			
a) Bonds and debentures			
aa) public issuers	12.030.267,66		15.011
thereof: eligible as collateral at Deutsche Bundesbank			
5.435.050,24 EUR (prev.yr. TEUR 7.843)			
ab) other issuers	42.992.963,95	55.023.231,61	83.606
thereof: eligible as collateral at Deutsche Bundesbank			
21.553.373,98 EUR (prev.yr. TEUR 29.520)			
5a. Equities and other non-fixed-income securities		0,00	0
Trading Portfolio		1.518.220,67	0
6. Intangible fixed assets			
b) nongratuitous concessions, industrial property rights and similar rights and assets as well as licences regarding such rights and assets		585,05	12
7. Tangible fixed assets		400.604,21	447
8. Other assets		959.829,82	404
9. Deferred expenses and accrued income		278.398,69	145
Total assets		352.233.543,50	478.098

Liabilities and equity

	EUR	EUR	previous year EURk
1. Due to banks			
a) payable on demand	2.120.853,37		4.015
b) with contractual notices or periods of notice	98.357.466,06	100.478.319,43	61.251
2. Due to customers			
b) other liabilities			
ba) payable on demand	27.972.061,90		16.859
bb) with contractual notices or periods of notice	160.492.421,64	188.464.483,54	350.142
3. Other liabilities		668.809,71	91
4. Deferred income and accrued expenses		19.710,98	44
5. Provisions			
b) provisions for taxes	0,00		0
c) other provisions	2.583.648,89	2.583.648,89	1.143
6. Fund for general banking risks			
7. Equity	60.000.000,00		60.000
a) capital	20.000.000,00		
c) revenue reserves			
cd) other revenue reserves	1.400.000,00		1.400
d) balance sheet loss / profit	-21.381.429,05	60.018.570,95	-16.847
Total liabilities and equity		352.233.543,50	478.098

	EUR	previous year EURk
1. Contingent liabilities		
a) Liabilities from guarantees and indemnity agreements	13.939.993,40	22.458
2. Other obligations		
a) Irrevocable loan commitments	0,00	7.500

Profit and loss statement for the financial year January 1st, 2023 to December 31st, 2023

Expenses	EUR	EUR	EUR	previous year EURk
1. Interest expenses			<u>12.856.580,88</u>	<u>7.670</u>
2. Commission expenses			<u>139.796,01</u>	<u>177</u>
3. General administrative expenses				
a) personnel expenses				
aa) salaries and wages	<u>3.836.303,23</u>			<u>3.105</u>
ab) compulsory social security contributions and ex-				
penses for pensions and other employee benefits	<u>676.353,76</u>	<u>4.512.656,99</u>		<u>548</u>
thereof: for pensions				
EUR <u>155.048,84</u> (prev.yr. TEUR (152))				
b) other general administrative expenses		<u>3.908.003,47</u>	<u>8.420.660,46</u>	<u>3.773</u>
4. Depreciation of and allowances for intangible and tangible fixed assets			<u>93.076,47</u>	<u>96</u>
5. Other operating expenses			<u>2.200.568,52</u>	<u>47</u>
6. Write-offs and valuation allowances on loans and certain securities as well as allocations to loan loss provisions			<u>0,00</u>	<u>10.227</u>
7. Write-offs and valuation allowances on investments, shares in related companies and securities treated as fixed assets			<u>1.321.931,34</u>	<u>1.147</u>
8. Income taxes			<u>0,00</u>	<u>0</u>
9. Other taxes			<u>32.883,38</u>	<u>16</u>
10. Net income for the year			<u>0,00</u>	<u>0</u>
		Total expenses	25.065.497,06	26.806

Income	EUR	EUR	previous year EURk
1. Interest income from			
a) loans and money market transactions	<u>13.961.007,40</u>		<u>8.842</u>
b) bonds and other fixed interest rate securities	<u>3.012.963,28</u>	<u>16.973.970,68</u>	<u>3.544</u>
2. Current income from			
a) equities and other non-fixed-income securities		<u>0,00</u>	<u>0</u>
3. Commission income		<u>1.564.195,78</u>	<u>1.468</u>
4. Income from revaluation to loans and certain securities as well as from the release of provisions from lending business		<u>1.311.185,66</u>	<u>0</u>
5. Income from revaluation of investments, shares in related companies and securities treated as fixed assets		<u>0,00</u>	<u>0</u>
6. Other operating income		<u>681.286,09</u>	<u>987</u>
7. Income from the release of funds for general banking risks § 340g HGB		<u>0,00</u>	<u>0</u>
8. Net loss for the year		<u>4.534.858,85</u>	<u>11.965</u>
		Total income	25.065.497,06

	EUR	previous year EURk
1. Net loss / net profit for the year	-4.534.858,85	-11.965
2. Loss carried forward from previous years	<u>-16.846.570,20</u>	<u>-4.881</u>
	<u>-21.381.429,05</u>	<u>-16.846</u>
3. Transfer to revenue reserves		
d) to other revenue reserves	<u>0,00</u>	<u>0</u>
4. Balance sheet loss	<u>-21.381.429,05</u>	<u>-16.846</u>

Notes to the financial statements as of December 31, 2023

Preparation of the financial statements

The financial statements as of December 31, 2023 were 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.
- The bank assigned securities to liquidity reserve and to financial fixed assets. Securities held in the liquidity reserve are valued strictly at the lower of cost or market; in the case of securities held as fixed assets, the difference between the acquisition cost and the nominal value is spread over the remaining term on a pro rata basis. They are disclosed in the statement of changes in fixed assets.
- Marketable Securities are measured at fair value less a risk discount. The hidden reserves arising on the balance sheet date correspond to the risk discount.
- 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 § 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.
- Currency receivables and liabilities were translated at the reference rates of the European Central Bank on the balance sheet date. The result of foreign currency translation is reported under other operating expenses or income. Foreign currency transactions which are specifically covered by balance sheet items are valued on the basis of the spot rate plus swap accrual and deferral. Provisions are created for unrealised exchange losses resulting from the comparison with the contract rates. The swap rate is deferred over the term of the transactions, and the deferral is shown under deferred items. The income or expense from these swap transactions is shown under interest income or interest expense.
- Negative interest on financial assets or financial liabilities is deducted from the relevant interest income or interest expense in the income statement.
- For interest-related transactions in the banking book, the valuation was carried out in accordance with IDW RS BFA 3 n. F. using the static (present value) method. This resulted in a liability surplus from the (pending) interest claims and interest obligations

still outstanding on the reporting date. It was therefore necessary to recognize a provision for onerous contracts in accordance with Section 340a in conjunction with Section 249 (1) sentence 1 HGB.

- 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 computed deferred tax asset resulted from temporary differences and was not recognized in the fiscal year in accordance with the option provided by § 274 HGB.
- All transactions with shareholders and related parties were concluded at arm's length; there are no transactions with related parties or associated companies.

Balance sheet disclosures

Loan volume

The gross loan volume is as follows:

			Prior year
Due from central banks	€	6.2 m	€ 36.1 m
Due from banks	€	246.9 m	€ 272.5 m
Due from non-banks	€	46.6 m	€ 83.7 m
Securities	€	56.6 m	€ 98.6 m
Guarantees and letters of credit	€	19.5 m	€ 28.2 m
Irrevocable loan commitments	€	0.0 m	€ 7.5 m
Loan volume	€	375.8 m	€ 526.6 m

Cash Reserve

The cash reserve includes the bank's cash in hand amounting to €5,977.07 (previous year € 2,637.76) and the credit balance at Deutsche Bundesbank amounting to €6,244,006.93 (previous year € 36,103,161.89).

Due from banks

			Prior year
Total	€	245,818,817.50	€k 271,345
Payable on demand	€	109,696,132.41	€k 2,141
With fixed terms	€	136,122,685.09	€k 269,204

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

Due with a residual term of:			Prior year
up to 3 months	€	108,651,847.25	€k 232,608
3 months to 1 year	€	27,470,87.84	€k 8,509
1 to 5 years	€	0.00	€k 28,087
more than 5 years	€	0.00	€k 0

Due from shareholder banks are included as follows:

			Prior year
Payable on demand	€	525.58 €k	1
With fixed terms	€	7,863,963.09 €k	7,620

Receivables from banks relate to affiliated companies:

			Prior year
Payable on demand	€	103,049.17 €k	0
With fixed terms	€	0.00 €k	0

Due from customers

			Prior year
Total (after bad debt allowances)	€	41,983,871.95 €k	71,021
payable on demand	€	936,122.63 €k	3,446

Amounts due from customers break down as follows:

Due with a residual maturity of:			Prior year
up to 3 months	€	2,893,491.87 €k	8,344
3 months to 1 year	€	14,954,257.45 €k	20,258
1 to 5 years	€	23,200,000.00 €k	38,973
more than 5 years	€	0.00 €k	0

Bonds and other fixed rate securities

			Prior year
Total	€	55,023,231.61 €k	98,617

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	55,023	55,023	0	0

- thereof:

eligible with Deutsche Bundesbank			Prior year
Total	€	26,988,424.22 €k	37,363

- thereof:

Securities classified as Fixed Assets			Prior year
Total	€	49,467,580.33 €k	61,457

Bonds and other fixed rate securities were recognized with the following residual terms:

Up to 3 months	€	3,708,580.01	€k	15,489
3 months to 1 year	€	15,656,669.92	€k	14,269
1 to 5 years	€	35,657,981.68	€k	68,860
More than 5 years	€	0.00	€k	0

This includes interest accruals in the total amount of € 744,717.16.

Securities with a total carrying amount of € 22,942,316.45 were pledged as collateral as of December 31, 2023 for participation in refinancing transactions with Deutsche Bundesbank.

The carrying amounts and fair values of securities not measured at the lower of cost or market and the unrealized price losses on securities held as fixed assets are as follows as of the reporting date:

	Book Value (net of accr.int.)	Market Value	unrealized losses (net)
Securities...	€k 48,886	€k 45,985	€k 2,901

The securities concerned are debt securities that are expected to be held to maturity. No impairment losses were recognized in the year under review, as the temporary reduction in value is interest-related.

In the reporting year, write-downs to the lower of cost or market on securities held as liquid assets amounted to € 144,690.00. Write-ups amounted to € 171,235.29 in the same period.

Equities and other non-fixed-income securities

	2023	Prior year
Total	€ 1,518,220.67	T€ 0

The security is an original promissory note loan that was converted into shares. The listed security is held in the trading portfolio. As at the balance sheet date, there were hidden reserves in the amount of € 170 thousand. A flat-rate risk discount of the same amount was taken into account in the valuation of the share as at the balance sheet date.

Intangible fixed assets

	Prior year
Total	€ 585.05 €k 12

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

Tangible fixed assets

Total	€	400,604.21	€k	Prior year	447
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Fixed assets

Securities classified as financial fixed assets, tangible and intangible fixed assets can be displayed as follows:

	Office Equipment in €k	Tangible Assets Total in €k	Intangible Assets in €k	Securities (financial assets) in €k ^{1) 2)}
Acquisition Cost as of 01. January 2023	989	989	500	61,331
Additions	36	36	0	0
Disposals	0	0	0	10,333
Acquisition Cost as of 31. December 2023	1,025	1,025	500	50,998
Accumulated Depreciation as of 01. January 2023	542	542	488	1,742
Additions (including additions in the reporting year)	82 (4)	82 (4)	11 (0)	1,322 (0)
Disposals	0	0	0	556
Accumulated Depreciation as of 31. December 2023	624	624	499	2,501
Exchange Rate Changes as of 31. December 2022	0	0	0	1,050
Exchange Rate Changes as of 31. December 2023	0	0	0	-661
Residual Bookvalue as of 31. December 2022	447	447	12	60,636
Residual Bookvalue as of 31. December 2023	401	401	1	48,886

¹⁾ Compared to the previous year, interest accruals and deferrals shown in the balance sheet form are not taken into account in the statement of changes in fixed assets for 2023.

²⁾ In comparison to the previous year, changes in value due to changes in the exchange rate are summarized in one amount.

Other assets

			Prior year
Total	€	959,829.82 €k	404

This item mainly consists of pending settlements from payment transactions in the amount of €535,833.32, VAT refund claims against the tax office totaling €299,897.56 and rent deposits paid in the total amount of €113,164.57. A total of €10,934.37 is attributable to other miscellaneous assets.

Deferred expenses and accrued income

			Prior year
Total	€	278,398.69 €k	145

This item mainly consists of pending settlements from payment transactions in the amount of €535,833.32, VAT refund claims against the tax office totaling €299,897.56 and rent deposits paid in the total amount of €113,164.57. A total of €10,934.37 is attributable to other miscellaneous assets.

Due to banks

			Prior year
Total	€	100,478,319.43 €k	65,265
Payable on demand	€	2,120,853.37 €k	4,015
With an agreed term or period of notice	€	98,357,466.06 €k	61,251

Amounts due to banks break down as follows:

Debts due with a residual term of:			Prior year
up to 3 months	€	61,357,466.06 €k	25,251
3 months to 1 year	€	37,000,000.00 €k	0
1 to 5 years	€	0.00 €k	37,000
more than 5 years	€	0.00 €k	0

Due to shareholder banks are included as follows:

			Prior year
Payable on demand	€	476,843.65 €k	82
With an agreed term or period of notice	€	60,000,000.00 €k	0

Shareholder banks have pledged €226,633.64 (prior year: €4,001k) to us for contingent receivables from the letter of credit business.

Due to affiliated banks are included as follows:

			Prior year
Payable on demand	€	156,231.67 €k	964
With an agreed term or period of notice	€	60,000,000.00 €k	3,750

The item includes accrued interest in the amount of €21,725.76

Due to customers

			Prior year
Total	€	188,464,483.54 €k	367,001
Payable on demand	€	27,972,061.90 €k	16,859
With an agreed term or period of notice	€	160,492,421.64 €k	350,142

Amounts due to customers break down as follows:

Debts due with a residual term of:			Prior year
up to 3 months	€	94,104,703.41	€k 276,518
3 months to 1 year	€	66,105,365.29	€k 73,623
1 to 5 years	€	0.00	€k 0
more than 5 years	€	0.00	€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	€	3,975,064.27	€k 3,792
With agreed term or period of notice	€	1,308,383.21	€k 1,427

Other liabilities

			Prior year
Total	€	668,809.71	€k 91

This item includes liabilities from pending settlements from foreign business and payment transactions in the amount of € 482,718.63. It also includes taxes still to be paid including the solidarity surcharge and social security contributions still to be paid in the amount of € 147,930.04. Other liabilities account for € 38,161.04.

Deferred income and accrued expenses

			Prior year
Total	€	19,710.98	€k 44

This item includes discount income and fees from receivables purchased à forfait and from letters of credit in the amount of € 3,437.49. In addition, loan commissions received and premiums on loans totaling € 15,811.65 are reported here. Other accrued interest accounts for € 461.84. This future income is to be allocated to subsequent financial years.

Provisions

			Prior year
Total	€	2,583,648.89	€k 1,143

This item consists exclusively of other provisions and includes uncertain costs for the 2023 financial year, such as the audit costs for the annual financial statements, the recognition of vacation obligations, the costs of the Supervisory Board meeting to approve the annual financial statements, court and legal fees for non-performing loans and other costs relating to the 2023 financial year that have not yet been invoiced. In addition, the valuation of interest-related transactions in the banking book in accordance with IDW RS BFA 3 n.F. resulted in the need to recognize a provision for onerous contracts in the amount of € 1,798,141.28, which is also included in this item. There is no need to discount the provisions due to the maturities of less than 12 months.

Subscribed capital

			Prior year
Total	€	60,000,000.00	€k 60,000

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

Banque Misr S.A.E., Cairo, Egypt	74.747%	€k	44,848
National Bank of Egypt S.A.E., Cairo, Egypt	10.253%	€k	6,152
Banque du Caire S.A.E., Cairo, Egypt	10.000%	€k	6,000
National Investment Bank, Cairo, Egypt	5.000%	€k	3,000

Capital reserve

			Prior year
Total	€	20,000,000.00	T€ 0

In the financial year, Banque Misr S.A.E., Cairo, paid in the amount of €20,000,000.00 for the purpose of increasing capital, which was transferred to the capital reserve pending approval by the banking supervisory authority.

Other revenue reserves

			Prior year
Total	€	1,400,000.00	€k 1,400

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

Net balance sheet loss

			Prior year
Total	€	-21,381,429.05	€k -16,847

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

Net loss for fiscal year 2023	€	-4,534,858.85
Plus income carried forward from the prior year	€	-16,846,570.20
Net balance sheet loss	€	-21,381,429.05

The management proposes that the accumulated loss be carried forward to new account.

Contingent liabilities

			Prior year
Total	€	13,939,993.40	€k 29,958

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 €19,448,379.43 (prior year: €28,157k) as of the balance sheet date.

Of the contingent liabilities, shareholder banks account for € 4,923,035.34 (previous year: € 7,855k)

There were no irrevocable loan commitments to business partners at the end of the financial year (previous year: € 7,500k).

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.

Derivatives

As of the balance sheet date, there was a forward exchange transaction in the amount of GBP 1,000,000.00 (previous year GBP 800k) with a nominal value of € 1,150,681.78 converted at the closing rate and a market value of € -3,066.17 for the purpose of procuring liquidity in the export finance business. The remaining term of the transaction is 22 days.

Foreign currency assets and liabilities

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

			Prior year
Assets	€	166,151,358.47	€k 333,171
Liabilities	€	164,687,871.10	€k 356,835

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

Notes to the income statement

Net interest income (interest income less interest expense) amounted to €4,117,389.80 in the fiscal year (prior year: €4,716k). Interest expenses resulted at €730,735.40 (prior year €250k) from liabilities to banks and at €12,125,845.48 (prior year €7,420k) from liabilities to other creditors. Of the interest income, €3,012,963.28 (prior year €3,544k) came from fixed-interest securities and debt register claims and €13,961,007.40 (prior year €8,842k) from lending and money market transactions. The latter resulted at €10,585,390.60 (prior year €6,267k) from loans and advances to banks, at €3,102,929.77 (prior year €2,393k) from loans and advances to customers and at €272,687.03 (prior year €182k) from other interest income. Negative interest on financial assets or financial liabilities has been deducted from the relevant interest income or interest expenses in the income statement. Interest expenses amounted to €30,891.89 (previous year: €203k). As in the previous year, there was no negative interest on interest income. The commission surplus (commission income less commission expenses) amounted to €1,424,399.77 (previous year €1,291k). This resulted from commission expenses of €139,796.01 (previous year €177k) and commission income of €1,564,195.78 (previous year €1,468k), which can be broken down by origin as follows:

- Comm. from the LC business	€751,828.30	(prior yr. €588k)
- Loan commissions	€426,105.17	(prior yr. €617k)
- Comm. from payment transactions and acct maintenance fees	€297,576.61	(prior yr. €222k)
- Commissions from guarantees	€88,635.70	(prior yr. €113k)
- Other commissions	€50.00	(prior yr. €0k)

Interest Income, commission income and other operating income can be broken down by geographical region as follows:

	Total	of which – domestic	of which – EU countries	of which – third countries
Interest Income from Lending and Money Market Transactions	€13,961,007.40	€3,203,528.44	€4,049,462.90	€6,708,016.06
Current Income from Fixed-Income Securities	€3,012,963.28	€82,541.01	€1,768,829.29	€1,161,592.98
Total Interest Income	€16,973,970.68	€3,286,069.45	€5,818,292.19	€7,869,609.04
Share of earnings in % of total revenues	100,00%	19,36%	34,28%	46,36%
Commission Income	€1,564,195.78	€629,492.70	€108,509.56	€826,193.52
Share of earnings in % of total revenues	100,00%	40,24%	6,94%	52,82%
Other operating income	€681,286.09	€681,286.09	€0,00	€0,00
Share of earnings in % of total revenues	100,00%	100,00%	0,00%	0,00%

The main expenses reducing income were general administrative expenses (non-personnel expense for banking business) of € 3,908,003.47 (prior year: € 3,773k) and personnel expenses of € 4,512,656.99 (prior year: € 3,653k). Significant items included in other operating expenses are:

- IT Costs	€ 1,316,836.98	(prior yr.€ 1,107k)
- Legal, Auditing and Consultancy Costs	€ 708,375.75	(prior yr.€ 1,103k)
- Communication & Information Systems	€ 434,806.47	(prior yr.€ 433k)
- Costs for Recruitment and Temporary Staff	€ 410,124.11	(prior yr.€ 341k)
- Office Rent	€ 356,282.72	(prior yr.€ 361k)
- Contributions and Insurance	€ 223,011.46	(prior yr.€ 188k)

Depreciation of and allowances for intangible and tangible fixed assets amounted to € 93,076.47 (prior year € 96k).

Other operating expenses amounted to € 2,200,568.52 (previous year: € 47k) and include € 1,798,141.28 (previous year: € 0k) from additions to provisions for onerous contracts in accordance with IDW RS BFA 3 n.F. and fines totaling € 382,500.00 (previous year: € 0k).

Loan loss provisions and write-offs amounted to € 1,092,570.20 (prior year € 11,374k). These were offset against income from write-ups on receivables in accordance with Section 340f (3) HGB.

Taxes on income and earnings amounted to € 0.00 (previous year € 0k) in the financial year. The other taxes amounted to € 32,883.38 (previous year € 16k).

For 2023, this results in a net loss for the year of € 4,534,858.85..

Other financial obligations

The costs for information services such as Reuters, S&P and S.W.I.F.T. amount to € 297k p.a. (previous year € 311k). The costs of outsourcing electronic data processing and software maintenance fees amount to € 1,151k p.a. (previous year € 1,010k). The remaining terms of these contracts are one year each. The costs for the rented business premises at Marienstrasse 15 in 60329 Frankfurt amount to € 250k p.a. (previous year € 230k). The remaining term of the contract is 4 years. Leasing costs for vehicles amounted to € 10 thousand (previous year € 0k). The remaining term is 3 years and 2 months.

Auditor's fees

The auditor's fees for the fiscal year amounted net to

- € 140 for statutory auditing services (prior year € 115k)
- € 5k for audit-related services (prior year € 5k)
- € 0k for tax services (prior year € 0k)
- € 0k for other services (prior year € 0k)

Addendum Report

No events of particular significance for the net assets, financial position and results of operations of the Company have occurred since the end of fiscal year 2023.

The effects of the Russia-Ukraine crisis, which has been ongoing since the beginning of 2022, were absorbed without direct material damage due to the fact that the bank has consistently refrained from doing business with the countries involved in recent years. For further information on the expected business development in 2024, please refer to the forecast report in the management report.

General Information

Misr Bank-Europe GmbH established in Frankfurt am Main is registered in the commercial register Frankfurt am Main under No. HRB 34940.

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]
- Österreichisch-Arabische Handelskammer [Austrian-Arab Chamber of Commerce]
- Union of Arab Banks

Employees

In accordance with Section 267 (5) of the German Commercial Code (HGB), we had an average of 36 employees during the financial year 2023 (previous year: 30). At the balance sheet date, we had 39 employees, of whom 19 were female and 20 male (previous year 35, of whom 15 were female and 20 male).

Bodies of the Bank

Supervisory board

Akef Abdel Latif El Maghraby, Chairman (until 13.10.2023)
Vice Chairman, Banque Misr S.A.E., Cairo

Hossam Abdelwahab,
Ordinary Member since 23.08.2023, Chairman since 14.10.2023
Vice Chairman, Banque Misr S.A.E., Cairo

Ashraf Tolba
Chief Risk Officer, Banque Misr S.A.E., Cairo

Shahir Zaki (since 01.12.2023)
General Manager, National Bank of Egypt S.A.E., Cairo

Ayman Foda (until 31.12.2023)
General Manager, Banque Misr, Paris

Mohamed Afifi (since 01.01.2023)
Chief Compliance Officer, Banque Misr S.A.E., Cairo

Moustafa Gamal (since 01.01.2023)
Chief Treasurer and Director of F.I., Banque Misr S.A.E., Cairo

Bahaa El-Shafei
Executive Vice Chairman, Banque du Caire, Cairo

Mohamed Aba Zaid
Legal Advisor to the Minister of Planning, Kairo

Management

Dina Shehata (Market Division), Chairwoman of the Executive Board

Dr. Helmut Gottlieb (Back Office, Credit and Organisation), until 31.12.2023

Ayman Foda (Market Division), since 01.01.2024

Compensation of the executive and supervisory bodies

Management compensation amounted to € 462,660.00 (prior year € 562k) in the fiscal year and supervisory board compensation to € 140,448.00 (prior year € 66k) including assumed taxes.

Frankfurt am Main, May 31, 2024

Dina Shehata
Managing Director

Ayman Foda
Managing Director

Misr Bank-Europe GmbH

Disclosure according to Section 26 (1) KWG 12/31/2023

Set 2 No. 1	Company Name	Misr Bank-Europe GmbH	
	Type of activity	Credit Institution	
	Geographical location of the bank	Frankfurt am Main, Germany	
Set 1	Legal Structure	Limited Liability Company (GmbH)	
	Organizational Structure	<p>Misr Bank-Europe has no branches or subsidiaries. Shareholders of the bank are four state-owned Egyptian banks: Banque Misr S.A.E. (74.747%), National Bank of Egypt S.A.E. (10.253%), Banque du Caire S.A.E. (10.000%) and National Investment Bank (5.000%). Banque du Caire is a 100% subsidiary of Banque Misr S.A.E.</p>	
	Principles of proper management	<p>The management of Misr Bank-Europe GmbH is responsible for the proper business organization of the bank. The business organization ensures that the legal obligations to be fulfilled by the bank as well as the business management requirements are complied with at all times. An essential component of the business organization is the design of a risk management system, which is determined by the defined business and risk strategy of the bank. A further component is the establishment of an internal control system based on a clear organizational and operational structure, strict segregation of duties, and clearly defined and fixed processes. In addition, a proper business organization includes adequate staffing and technical equipment, the definition of a suitable contingency plan, especially for IT equipment, and an appropriate, transparent compensation system that is geared to the sustainable development of the Bank.</p>	
		12/31/2023	12/31/2022
Set 2 No. 2	Turnover (interest income + commission income + other operating income)	19.219.452,55 EUR	14.841.349,97 EUR
Set 2 No. 3	Number of wage and salary earners in full-time equivalents	40	34
Set 2 No. 4	Profit or Los (-) before tax	-4.534.858,85 EUR	-14.537.397,79 EUR
Set 2 No. 5	Taxes on profit or loss	0,00 EUR	0,00 EUR
Set 2 No. 6	Public aid received	none	none
Set 4	Return on Investment (net profit / balance sheet total)	-1,2875%	-3,0554%

4 Reproduction of the audit opinion

We issued our unqualified audit opinion on June 24, 2024 as follows:

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Independent Auditor's Report

To Misr Bank-Europe GmbH, Frankfurt / Main

Report on the audit of the annual financial statements and the management report

Audit Opinions

We have audited the annual financial statements of Misr Bank-Europe GmbH, Frankfurt am Main, comprising the balance sheet and the income statement as of December 31, 2023, and the notes to the financial statements, including a description of the accounting policies. We have also audited the management report of Misr Bank-Europe GmbH, Frankfurt am Main, for the fiscal year from January 1, 2023 to December 31, 2023.

In our opinion, based on the findings of our audit, the consolidated financial statements are as follows

- & the accompanying annual financial statements comply in all material respects with the provisions of German commercial law applicable to corporations and give a true and fair view of the net assets and financial position of the Company as of December 31, 2023 and of its results of operations for the fiscal year from January 1, 2023 to December 31, 2023 in accordance with German principles of proper accounting; and
 - & the accompanying management report as a whole provides a suitable view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and accurately presents the opportunities and risks of future development.
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In accordance with Section 322 (3) Sentence 1 of the German Commercial Code (HGB), we declare that our audit has not led to any reservations concerning the correctness of the annual financial statements and the management report.

Basis for the audit opinions

We conducted our audit of the annual financial statements and the management report in accordance with Section 317 HGB and the EU Regulation on the Audit of Annual Financial Statements (No. 537/2014; hereinafter "EU-APrVO") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibility under those regulations and standards is further described in the "Auditor's Responsibility for the Audit of the Annual Financial Statements and Management Report" section of our auditor's report. We are independent of the Company in accordance with European law and German commercial and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. Furthermore, in accordance with Article 10 (2) (f) EU-APrVO, we declare that we have not performed any prohibited non-audit services as defined in Article 5 (1) EU-APrVO. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and management report

Management's Responsibility for the Financial Statements and the Management Report

Management is responsible for the preparation and fair presentation of these financial statements in accordance with German principles of proper accounting and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error (i.e., accounting manipulations and misstatements of assets).

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern. Furthermore, they are responsible for disclosing, as applicable, matters related to the Company's ability to continue as a going concern. Furthermore, they are responsible for preparing the financial statements on the basis of the going concern principle, unless factual or legal circumstances prevent this.

Furthermore, management is responsible for the preparation of the management report, which as a whole provides a suitable view of the Company's position and is consistent in all material respects with the annual financial statements, complies with German legal

requirements, and suitably presents the opportunities and risks of future development. Furthermore, management is responsible for the arrangements and measures (systems) that it determines are necessary to enable the preparation of a management report in accordance with the applicable German legal requirements and to provide sufficient appropriate evidence for the statements made in the management report.

Auditor's Responsibility for the Audit of the Annual Financial Statements and the Management Report

Our objective is to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides a suitable view of the Company's position and is consistent, in all material respects, with the annual financial statements and the audit findings, complies with German legal requirements, and suitably presents the opportunities and risks of future development, and to issue an auditor's report that includes our audit opinions on the annual financial statements and the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU-APrVO and in compliance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and management report.

During the audit, we exercise professional judgment and maintain a critical attitude. Furthermore, we

- & Identify and assess the risks of material misstatement of the annual financial statements and management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error because fraud may involve collusion, forgery, intentional omissions, misleading representations, or the override of internal control.
 - & Obtain an understanding of internal control relevant to the audit of the financial statements and the arrangements and actions relevant to the audit of the management report in order to design audit procedures that are
-

appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those systems of the Company.

- & Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - & Conclude on the appropriateness of the going concern basis of accounting used by management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and management report or, if such disclosures are inadequate, to modify our respective audit opinion. We draw our conclusions based on the audit evidence obtained up to the date of our audit opinion. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
 - & We assess the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in such a way that the annual financial statements 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.
 - & We assess the consistency of the management report with the annual financial statements, its compliance with the law and the understanding of the Company's position given by it.
 - & We perform audit procedures on the forward-looking statements made by management in the management report. In particular, based on sufficient appropriate audit evidence, we reproduce the significant assumptions underlying the forward-looking statements made by management and evaluate the appropriateness of the information derived from these assumptions. We do not express an independent opinion on the forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events may differ materially from the forward-looking statements.
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We discuss with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We make a declaration to those charged with governance that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that may reasonably be thought to bear on our independence and, where relevant, the actions taken or safeguards implemented to address independence threats.

From the matters we discussed with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure of the matter.

Other statutory and other legal requirements

Other information according to Article 10 EU-APrVO

We were elected as auditor for the financial year 2023 by the shareholders' meeting on September 12, 2023 and engaged by the management of the bank on November 6, 2023 to audit the financial statements.

We have been the auditor of Misr Bank-Europe GmbH, Frankfurt am Main, without interruption since the financial year 2022.

We declare that the audit opinions contained in this audit opinion are consistent with the additional report to the Audit Committee pursuant to Article 11 EU-APrVO (Audit Report).

Responsible Auditor

The auditor responsible for the audit is Dipl. Kfm. Lutz Schöcker.

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5 Final remarks

We have prepared this report based on our audit of the financial statements for the year ended December 31, 2023, which we conducted during the period from January to August 2023, and our report thereon.

Reinheim, 24 Jun3 2024

ABRT Allgemeine BankRevision und Treuhand GmbH
Wirtschaftsprüfungsgesellschaft

-signature-

Schöcker
Wirtschaftsprüfer

Adoption of the annual financial statements and resolution on the appropriation of profits

On July 03, 2024, the shareholders' meeting adopted the annual financial statements as of December 31, 2023 of Misr Bank-Europe GmbH, Frankfurt am Main, and resolved to use the net loss for the year of € 4,534,858.85 as proposed by the management.