



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

***Annual financial statements for the fiscal year  
from January 1, 2024 to December 31, 2024***

***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, 2024 to December 31, 2024**



## **1. Fundamentals of the company**

As MBE, we have a mission: to contribute to strengthening trade relations between Germany and the EU on the one hand and Egypt on the other.

MBE is owned by four Egyptian state-owned banks, two of which are the largest banks in Egypt. This ownership structure of the bank ensures its strong network in the Egyptian market and thus its unique position to provide its services to European and Egyptian customers.

Egypt is a fast-growing market with a young and dynamic population that requires a wide range of products and raw materials. Egypt is also striving to improve its trade balance and is making efforts to support exporting companies with the aim of growing exports.

As MBE, we have extensive know-how in the field of trade finance and thus offer our customers added value, whether on the import or export side. In addition to our trade finance specialists, we use our export finance expertise to provide our customers with the best possible support for their business.

We have also expanded our contacts in the entire MENA region (including Turkey) and are successfully supporting our customers here too.

## **2. Economic report**

### **Macroeconomic, industry-related framework conditions:**

Our core market Egypt is developing very strongly. The Egyptian government is pursuing a long-term reform program as part of "Vision 2030", which aims to achieve social and infrastructural improvements as well as economic ones. Cooperation with the IMF and the receipt of financial aid from various international sources (e.g. IMF, World Bank, EU) also play an important role in stabilizing the economy.

The decision to privatize state-owned companies is a central component of the reforms to strengthen the private sector and increase investment attractiveness.

The UAE's planned investment of up to USD 150 billion could be a turning point for Egypt, in particular it would allow significant investment in the development of the Mediterranean coast and infrastructure. In the short term, the first USD 35 billion received could help to boost economic growth.

Overall, Egypt is facing an intensive phase of adjustment and transformation. Thanks to its geostrategic importance, its resources and its reform efforts, the country has the potential to establish itself as a stable business location.

However, the success of the reforms will largely depend on the ability to gain the trust of international investors and overcome domestic political challenges.



## Opportunities & risks

Against the background of the general economic conditions, there are a number of opportunities and possibilities for MBE that arise from its special positioning:

1. Our most important core market, Egypt, provides a strong basis for our business:
  - Egypt's geographical proximity to Europe
  - Egypt's largest trading partner is the EU
  - Germany and Egypt have long-standing trade relations
  - Germany is a producer and main supplier of machines and tools for the Egyptian market
  - Egypt has a large and growing population whose needs make the country an important trading market
  - Egypt has concluded free trade agreements and initiated trade promotion programs (e.g. the Association Agreement between the EU and Egypt)
2. Our bank is uniquely positioned and well-positioned in its structure to be economically successful:
  - The bank is based in Frankfurt - a leading financial center
  - The bank's shareholder structure offers a decisive advantage over competitors (local information, product expertise, access to local institutions and authorities, etc.).
  - The bank has strong and historical ties to its largest depositors - the Egyptian Embassy and its representative offices
  - The Bank and its shareholders have extensive expertise in trade finance products
  - In addition to MBE, the majority shareholder has a branch in the EU, which provides MBE with opportunities to exploit synergies

These are some of the reasons why we as MBE are in a unique position to support our customers in their foreign trade business.

There are a number of risks that could jeopardize the successful implementation of our strategy. Among other things, there could be distortions in the international trade markets, particularly against the backdrop of increased political risks, although trade with Europe could also benefit from this. Furthermore, there could be delays in the implementation of our growth strategy. For further risks associated with the implementation of our business strategy, please refer to section 3 Risk and opportunity report.



### **Business performance:**

2024 was dominated by our strategic realignment. Our overall result in 2024 was negative (EUR -10.1 million) in connection with our business transformation and due to follow-up costs from the previous business alignment, including costs from streamlining our portfolio.

The result for 2024 was not satisfactory overall, but was not unexpected in light of the transformation and was in line with our planning.

Although the result was negative, we made progress in our transformation in the reporting year:

- Over the course of the year, we adjusted our business model in several steps with the aim of improving the risk profile of our portfolio and thus generating stable income.
- As a first step, we have shifted our business focus from the previous focus on correspondent banking, payment transactions and lending to small and micro customers in Egypt to export and trade finance.
- In a further step, we have consistently driven forward the adjustment of our portfolio by selling positions from our old portfolio that did not correspond to our new business model and target risk profile.
- We have gradually increased our flexibility in liquidity management in order to support the optimization of our earnings structure in this area as well. Among other things, we have shifted the focus of our bond investments to investment grade bonds and highly liquid securities (HQLA).
- Parallel to the realignment of our portfolio described above, we have adapted our organization to the new business model and driven forward the improvement and optimization of our processes.
- Over the course of the year, we strengthened our workforce, including through the targeted recruitment of qualified and experienced colleagues, and aligned it with the requirements of our business model and our expectations in terms of process stability, control quality and the fulfillment of regulatory expectations.
- We have consistently strengthened our risk culture and increased risk awareness at all levels.

Our portfolio realignment also included a reassessment of our existing customer relationships. This resulted in a significant decline in export and trade finance volumes in the first half of the year.

In the second half of the year, we were then able to successfully expand our business activities with the new focus (growth rate in export and trade finance: +33%).

Our total assets as at December 31, 2024 amounted to EUR 353 million and were therefore roughly at the previous year's level (EUR 352 million). In 2025, we will continue to drive forward the transformation of the bank. The further optimization and improvement of our processes as well as the renewal of our IT infrastructure are key areas of focus.



We are investing heavily in this transformation and therefore also expect a negative overall result in 2025. We will therefore continue to focus consistently on our ambitious growth targets in subsequent years and essentially complete our transformation. We expect to achieve operating profitability in 2026 and overall profitability in 2027 at the latest.

## **Location**

### Financial position

While the change in our loans and advances to banks is within the normal fluctuation range of our money market activities (EUR 263 million vs. EUR 246 million in the previous year), the effects of the adjustment of our business model and the streamlining of our portfolio are clearly visible in the loans and advances to customers item (EUR 17 million vs. EUR 42 million in the previous year). In the second half of the year, we were already able to successfully launch our growth strategy based on the new business model.

The optimization of our liquidity management is also reflected in a slight increase in our securities position (EUR 70 million compared to EUR 55 million in the previous year, of which EUR 51 million were new investments). In line with the realignment of our securities portfolio, we have invested in investment grade bonds and highly liquid securities. Only a few non-investment grade securities (EUR 8 million) remained in the overall portfolio at the end of the year.

Our liabilities to banks have hardly changed compared to the previous year (EUR 109 million vs. EUR 100 million in the previous year).

Our liabilities to customers are stable year-on-year (EUR 192 million vs. EUR 188 million in the previous year).

Off-balance sheet liabilities amounted to EUR 9.3 million (previous year: EUR 13.9 million). As in the previous year, there were no irrevocable loan commitments as at the reporting date.

### Financial position and liquidity situation

The Bank's solvency and ability to pay were ensured at all times in the past financial year. We complied with the minimum liquidity requirements at all times. Our refinancing is based on long-standing and well-established relationships with our financing partners and customers, particularly in Egypt. The stable refinancing situation also benefits from the fact that our central financing partners - in addition to our shareholders - provide clear and sustained support for our bank and the ongoing transformation. This, supplemented by a committed, unutilized refinancing facility, ensures our solvency and refinancing at all times.

At the end of 2024, both the LCR of 406% and the structural liquidity ratio (NSFR) of 205% were well above the respective minimum level of 100%.



### Earnings situation

As expected, the transformation of our business model driven forward in 2024 is reflected in the overall result (net loss of EUR -10,068 thousand).

Against the backdrop of the realignment of our business model with initially declining sales in the first half of the year and a consistently implemented risk culture in parallel with the reorganization of the bank, net interest income and net fee and commission income were down on the previous year (net interest income EUR +3,319 thousand vs.

+4,117 thousand in the previous year and net commission income EUR +949 thousand vs. EUR +1,424 thousand in the previous year).

Personnel expenses increased slightly (EUR 4,888 thousand compared to EUR 4,512 thousand in the previous year) due to the targeted recruitment of qualified and experienced colleagues. Due to additional costs from the transformation (primarily costs for external support), other administrative expenses were significantly higher than in the previous year (EUR 5,732 thousand compared to EUR 3,908 thousand in the previous year).

A risk provision of EUR 3,635 thousand was recognized in the lending business, which was offset by a reversal of EUR 2,229 thousand. Overall, the realignment and streamlining of our portfolio also had an impact on the overall result.

We are generally satisfied with business performance in the second half of 2024 against the backdrop of our transformation efforts and the positive start to the new business model

The total capital ratio (CoRep) was 46.20% as at the reporting date, compared to 38.04% in the previous year, which is primarily due to the reduction in risk-weighted assets in our portfolio. The capital requirements were met throughout the financial year. The capital situation therefore remains comfortable.

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.

Further information can be found in the disclosure report.

## **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 encompasses 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 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 in the banking book, 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:



Counterparty default risk	The risk of loss due to the inability of a counterparty to meet its financial obligations to MBE on time.
Migration risk	Risk that the creditworthiness of a counterparty changes in such a way that it migrates to another scoring or rating class with a higher probability of default. This is the risk of a deterioration in the value of loans due to increased default risks without the borrowers concerned having already defaulted.
Country risk	Country risk describes the risk that a debtor is unable to settle its debts on time despite having sufficient liquidity because the country in question lacks the ability or willingness to transfer funds. The reasons for this can be both economic (e.g. lack of currency reserves) and political (politically induced unwillingness or inability to transfer).
ESG risk	<p>Risk that the business model of a contractual partner could be significantly impaired due to political decisions on ESG issues.</p> <p>Risk that a contractual partner is significantly affected by external environmental events (drought, flooding, etc.).</p>
Risk of loss with foreign currency loans	<p>The risk of loss on foreign currency loans describes the risk that MBE suffers financial losses because borrowers are unable to meet their obligations from loans granted in a foreign currency due to changes in exchange rates.</p> <p>The risk arises from exchange rate risks, creditworthiness risks and refinancing risks.</p>
Counterparty default risk	Risk that a counterparty (e.g. a customer, another bank or an institutional partner) fails to meet its contractual obligations to MBE in trading transactions, derivatives or other bilateral contracts, which may lead to financial losses.

#### 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 in the banking book

Interest rate risks comprise 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 comparing variable interest rate positions on the assets side and interest rate positions on the liabilities side 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 rate-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 in the banking book

The credit spread is a risk premium for positions subject to credit risk compared to a risk-free interest rate with matching maturities. The credit spread risk is defined as the risk resulting from the change in market value due to fluctuations in the credit spread. The actual risk consists of an increase in this risk premium.

### 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:

Legal and compliance risk incl.

Money laundering risk

- Legal risk: Losses resulting from actions that violate labor, health or safety laws or agreements, from the payment of compensation claims for personal injury or from diversity/discrimination-related events
- Compliance risk: Risk that laws, regulations or internal rules are violated, resulting in a financial loss for MBE. The compliance risk includes the

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: Risk that MBE becomes involved in activities aimed at concealing illegal proceeds and feeding them into the legal financial system. This risk consists of funds originating from criminal activities being manipulated through various transactions and mechanisms in such a way that they appear to originate from legal sources.

#### IT/ICT risk

IT risks, i.e. risks to the financial position and financial performance that arise due to deficiencies affecting IT management or IT control, the availability, confidentiality, integrity and authenticity of data, the internal control system of the IT organization, the IT strategy, guidelines and aspects of the rules of procedure or the use of information technology, and ICT risks, i.e. the risks of loss due to a breach of confidentiality, a failure in the integrity of systems and data, inadequacy or unavailability of systems and data, or an inability to change IT within a reasonable time and cost frame when the environment or business requirements change<sup>1</sup>, are considered in the risk subtypes External fraud and Business interruption risk / System failures.

The EBA has defined the following five ICT risk categories<sup>(2)</sup>:

- ICT availability and continuity risk: Risk that the performance and availability of ICT systems and data are adversely affected, including the inability to restore ICT hardware or software components in a timely manner as a result of a failure, or that MBE's services are adversely affected as a result of weaknesses in ICT system management or another event become

<sup>1</sup> See European Banking Authority, Guidelines on common procedures and methodologies for the Supervisory Review and Evaluation Process (SREP) and for supervisory stress testing, EBA/GL/2022/03, March 18, 2022.

<sup>2</sup> See European Banking Authority, Guidelines on ICT risk assessment as part of the Supervisory Review and Evaluation Process (SREP), EBA/GL/2017/05, September 11, 2017, p. 27 et seq.

- ICT security risk: Risk of unauthorized access to ICT systems and data access from inside or outside the institute (e.g. cyber attacks)
- ICT change risk: Risk arising from the inability to manage ICT system changes in a timely and controlled manner, particularly with regard to extensive and complex change programs
- ICT data integrity risk is the risk that data stored and processed by ICT systems is incomplete, inaccurate or inconsistent across different ICT systems, for example due to poor or missing ICT controls during the different phases of the ICT data lifecycle (i.e. design of data architecture, development of data model and/or data description directories, verification of data inputs, control of data extractions, transfers and processing, including rendered data outputs), resulting in an impaired ability to provide services and to produce (risk) management and financial information in a proper and timely manner

ICT outsourcing risk: Risk that the commissioning of a third party or another Group company (intra-Group outsourcing) to provide ICT systems or related services may adversely affect the institution's performance and risk management

(Mis)behavioral risk

Conduct risk is defined as the existing or future risk of losses incurred by MBE as a result of the inappropriate provision of financial services, including cases of intentional or negligent misconduct.

Model risk

Model risk is assessed as part of the (transaction) execution, delivery and process management risk subtype. In accordance with Art. 3 (1) No. 11 CRD IV, it refers to the potential loss arising as a result of decisions that could in principle be based on the outcome of internal models if these models contain errors in their design, execution or use. Model risk comprises two different types



Forms of risk: The risk of an underestimation of capital requirements due to models subject to approval is not relevant for MBE, as it does not use models subject to approval to determine risks in Pillar I. The risk of losses that can be caused by developed, implemented or incorrectly used other models for decision-making processes (e.g. product pricing, valuation of financial instruments, monitoring of risk limits) are reviewed for materiality as part of the risk inventory and, if material, included in the calculation of operational risk.

Outsourcing (ICT) service provider risk	Inadequate service provision, poorly prepared outsourcing, especially to offshore regions, incomplete cost calculations, loss of control and dependencies as well as the irreversible loss of in-house expertise can lead to serious consequences for MBEs.
External risk	The risk of (potential) loss due to theft, fraud, external attacks, theft of information, natural disasters, vandalism and terrorism.
Litigation risk	Process risk describes the risk that errors, weaknesses or deficiencies in MBE's internal business processes could lead to financial losses, reputational damage or regulatory violations.

### Liquidity risks

Sufficient liquidity is essential in order to meet current obligations. The bank is working on optimizing 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 an institution is no longer able to meet its payment obligations without restriction, i.e. is unable to meet its current or future payment obligations, or at least not in full or on time.
Market liquidity risk	Risk that financial market transactions can only be concluded at a lower price than expected due to a lack of market liquidity (e.g. sale or loan against collateral)



of securities). The market liquidity risk is determined in particular for MBE's bond portfolio.

### 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:

Reputational risk	The risk of loss due to a negative perception of the MBE brand on the part of current/future employees, customers, suppliers, counterparties, shareholders, investors, media and regulatory authorities.
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	Earnings risk refers to the risk that MBE will not be able to generate sufficient income to cover its costs and become or remain profitable.

### Concentration risks

Concentration risks arise in all of the Bank's risk types. Concentration risks comprise the following main sub-risk types:

Geographical concentration	Geographical concentration refers to the distribution of risks arising from a bank's business activities in certain geographical regions.
Sectoral concentration	Risk of loss that arises when MBE has disproportionate credit or investment exposure to a particular sector of the economy and that sector is adversely affected by economic, regulatory or other specific factors.
Customer concentration	Risk of losses that can arise if a disproportionately large share of banking business is conducted with a small number of customers and these customers default.



Focus on refinancing partners

The risk of concentrating on refinancing partners arises if the bank is heavily dependent on a limited number of partners or sources for its refinancing.

Focus on forms of refinancing

The risk of concentration on refinancing forms describes the danger that a bank is heavily dependent on one or a few specific types of refinancing. The risk arises if the bank relies predominantly on certain refinancing instruments or methods, such as deposits, interbank loans or capital market products.

Concentration of maturities of cash and cash equivalents

The risk arising from the concentration of maturities of liquid funds refers to the vulnerability of a bank if a large proportion of its liquid funds are concentrated in certain maturity ranges. The risk arises if inadequate management of maturities leads to liquidity bottlenecks or inefficient use of funds.

Concentration on external service providers

The risk arises when a bank is heavily dependent on a limited number of service providers or on specific critical services provided by external partners.

Yield concentrations

The risk describes the danger that the bank may depend excessively on a few sources of income, customer groups, products, markets or regions is dependent.

### **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



on the basis of national regulatory requirements (ICAAP)<sup>3</sup>. The methods are set out in writing in the risk manual.

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, 2024 in the economic perspective is as follows (in EUR thousand)

Risk coverage potential	41.052
Management buffer	-1.464
<b>Risk cover funds</b>	<b>39.587</b>

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

The Bank's risk-bearing capacity was ensured throughout 2024 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**

The risk provisioning in the lending business comprises specific loan loss provisions, general loan loss provisions and country risk provisions.

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 bad debt 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 rate of the specific bad debt allowance is derived.

<sup>3</sup> Cf. supervisory assessment of internal bank risk-bearing capacity concepts and their procedural Integration into overall bank management ("ICAAP") - realignment.



risk provision 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:

- First line: Operational, active risk exposure on the market and reporting to the Executive Board
- 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**

We will continue to continuously improve our risk management in 2025. With this and the consistent promotion of a strong risk culture, we are convinced that we are well equipped for the growth we are aiming for in the coming years.

## **4. FORECAST REPORT**

Following the successful implementation of key initial steps in the Bank's transformation in 2024, we will continue to invest significantly in our further transformation in 2025. We will drive forward our business growth in 2025 in order to significantly increase interest and commission income. We expect to achieve operational profitability in 2026 and plan to reach overall profitability by 2025 at the latest.



2027 to be achieved. There are no plans to change our main focus in the MENA region (including Turkey).

The implementation of the new business strategy aims to achieve sustainable profitability with controlled or conservative risk-taking. This objective is supported by the optimization of our liquidity management in order to strengthen profitability from this side as well. In order to build up our bond portfolio, we will continue to invest primarily in investment grade bonds, which can also be used for liquidity management (particularly highly liquid assets).

In order to further optimize costs while continuing to grow, we will invest heavily in our IT infrastructure in 2025, among other things. This will form the basis for further increasing the efficiency and reliability of our processes.

In addition, our activities are focused on working through the outstanding findings from regulatory audits, which primarily concerned our IT organization.

Following the realignment of our workforce in 2024, we are only planning targeted changes on a small scale in 2025 in order to further optimize the basis for implementing our business strategy.

The success of our business strategy and our transformation depends largely on the further positioning and growth in our target business areas (export and trade finance, investments in bonds) as well as the successful implementation of our IT infrastructure renewal in 2025.

A temporary decline in business volume in the area of export and trade financing in conjunction with high liquidity costs could delay the bank's return to profitability. To hedge against such a scenario, MBE is working on optimizing its liquidity situation by investing more heavily in bonds.

The Bank monitors developments on an ongoing basis in order to take measures at an early stage to ensure the successful implementation of the strategy. The Bank's shareholders support the Bank's realignment in the long term.

Frankfurt am Main, February 28, 2025

Ayman Foda Managing  
Director

## Balance Sheet as at December 31, 2024

### Assets

	EUR	EUR	previous year EURk
<b>1. Cash reserve</b>			
a) Cash	0,00		6
b) Due from central banks	1.672.193,89	1.672.193,89	6.244
thereof: Deutsche Bundesbank			
1.672.193,89 EUR (prev.yr. TEUR 36.103)			
<b>2. Due from banks</b>			
a) payable on demand	129.227.641,35		109.696
b) other	133.447.720,78	262.675.362,13	136.123
<b>3. Due from customers</b>		17.219.760,29	41.984
thereof: Collateralized by			
mortgages EUR 0,00 (prev.yr. TEUR 0)			
due from municipalities EUR 0,00 (prev.yr. TEUR 0)			
<b>4. Bonds and other fixed rate securities</b>			
a) Bonds and debentures			
aa) public issuers	10.092.046,67		12.030
thereof: eligible as collateral at Deutsche Bundesbank			
5.435.050,24 EUR (prev.yr. TEUR 7.843)			
ab) other issuers	59.999.724,95	70.091.771,62	42.993
thereof: eligible as collateral at Deutsche Bundesbank			
21.553.373,98 EUR (prev.yr. TEUR 29.520)			
<b>5a Trading Portfolio</b>		0,00	1.518
<b>6. Intangible fixed assets</b>			
b) nongratuitous concessions, industrial property rights and			
similar rights and assets as well as licences regarding such rights and assets		28.723,16	1
<b>7. Tangible fixed assets</b>		628.098,01	401
<b>8. Other assets</b>		633.063,90	960
<b>9. Deferred expenses and accrued income</b>		134.141,87	278
<b>Total assets</b>		<b>353.083.114,87</b>	<b>352.234</b>

### Liabilities and equity

	EUR	EUR	previous year EURk
<b>1. Due to banks</b>			
a) payable on demand	322.615,21		2.121
b) with contractual notices or periods of notice	108.736.980,27	109.059.595,48	98.357
<b>2. Due to customers</b>			
b) other liabilities			
ba) payable on demand	22.851.357,48		27.972
bb) with contractual notices or periods of notice	168.990.811,26	191.842.168,74	160.492
<b>3. Other liabilities</b>		287.699,05	669
<b>4. Deferred income and accrued expenses</b>		81.674,15	20
<b>5. Provisions</b>			
b) provisions for taxes	0,00		0
c) other provisions	1.860.938,69	1.860.938,69	2.584
<b>6. Fund for general banking risks</b>			
<b>7. Equity</b>	60.000.000,00		60.000
a) capital	20.000.000,00		20.000
c) revenue reserves			
cd) other revenue reserves	1.400.000,00		1.400
d) balance sheet loss / profit	-31.448.961,25	49.951.038,75	-21.381
<b>Total liabilities and equity</b>		<b>353.083.114,86</b>	<b>352.234</b>

	EUR	previous year EURk
<b>1. Contingent liabilities</b>		
a) Liabilities from guarantees and indemnity agreements	9.344.272,65	13.940
<b>2. Other obligations</b>		
a) Irrevocable loan commitments	0,00	0

## Profit and loss statement for the financial year January 1st, 2024 to December 31st, 2024

### Expenses

	EUR	EUR	EUR	previous year EURk
1. Interest expenses			9.940.275,12	12.856
2. Commission expenses			74.544,94	140
3. Net expense of the trading portfolio			956.055,89	0
4. General administrative expenses				
a) personnel expenses				
aa) salaries and wages	4.126.340,43			3.836
ab) compulsory social security contributions and ex-				
penses for pensions and other employee benefits	762.138,11	4.888.478,54		676
thereof: for pensions				
EUR 165.381,00 (prev.yr. TEUR (152))				
b) other general administrative expenses		5.732.502,54	10.620.981,08	3.908
5. Depreciation of and allowances for intangible and tangible fixed assets			120.178,11	93
6. Other operating expenses			1.639.707,03	2.201
7. Write-offs and valuation allowances on loans and certain securities as well as allocations to loan loss provisions			1.478.503,78	0
8. Write-offs and valuation allowances on investments, shares in related companies and securities treated as fixed assets			1.776.184,71	1.322
9. Income taxes			0,00	0
10. Other taxes			2.759,61	33
11. Net income for the year			0,00	0
		<b>Total expenses</b>	<b>26.609.190,27</b>	<b>25.065</b>

### Income

	EUR	EUR	previous year EURk
1. Interest income from			
a) loans and money market transactions	10.727.497,57		13.961
b) bonds and other fixed interest rate securities	2.531.724,01	13.259.221,58	3.013
2. Current income from			
a) equities and other non-fixed-income securities		0,00	0
3. Commission income		1.023.735,63	1.564
4. Income from revaluation to loans and certain securities as well as from the release of provisions from lending business		0,00	1.311
5. Income from revaluation of investments, shares in related companies and securities treated as fixed assets		0,00	0
6. Other operating income		2.258.700,87	681
7. Income from the release of funds for general banking risks § 340g HGB		0,00	0
8. Net loss for the year		10.067.532,19	4.535
		<b>Total income</b>	<b>26.609.190,27</b>

	EUR	previous year EURk
1. Net loss / net profit for the year	-10.067.532,19	-4.535
2. Loss carried forward from previous years	-21.381.429,05	-16.846
	<b>-31.448.961,24</b>	<b>-21.381</b>
3. Transfer to revenue reserves		
d) to other revenue reserves	0,00	0
4. Balance sheet loss	<b>-31.448.961,24</b>	<b>-21.381</b>

# Notes and explanatory notes to the balance sheet and income statement as at 31.12.2024



## Preparation of the financial statements

The annual financial statements as at December 31, 2024 were prepared in accordance with the provisions of the German Commercial Code, the German Limited Liability Companies Act and the Ordinance on Accounting for Banks and Financial Services Institutions.

Form 2 of the RechKredV (account form) was used as the basis for the income statement. Where disclosures can be made either in the balance sheet or in the notes, the disclosures were presented in the notes.

## Accounting and valuation methods

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

- The cash reserve is recognized at nominal value.
- claims and liabilities are in principle at nominal values or settlement amounts and are reported including pro rata interest.
- Value adjustments are deducted from the corresponding receivables.
- The Bank holds securities as a liquidity reserve and in the investment portfolio. Securities 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 acquisition cost and nominal value is spread pro rata temporis over the remaining term. They are reported 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 property, plant and equipment can be found in the statement of changes in non-current assets. Property, plant and equipment is carried at cost less depreciation over the expected useful life and impairment losses. Scheduled depreciation is calculated on the basis of depreciation rates recognized for tax purposes. For low-value assets, use was made of the valuation exemption pursuant to Section 6 (2) et seq. EStG was used for low-value assets.
- Provisions were formed for uncertain liabilities in the amount of the expected utilization in accordance with prudent business practice.
- Foreign currency receivables and liabilities were translated at the reference rates of the European Central Bank applicable on the balance sheet date. The result of foreign currency translation is reported under other operating expenses or income. Foreign exchange transactions for which there is special cover for balance sheet items are valued on a spot basis plus swap accruals. Provisions are made for unrealized exchange rate losses resulting from the comparison with the contract rates. The swap rate is accrued over the term of the transactions and the accrual is reported under prepaid expenses and deferred income. The income or expense from these swap transactions is reported under interest income or interest expense.
- Negative interest on financial assets or financial liabilities is deducted from the relevant interest income or interest expenses in the income statement.
- For interest-related transactions in the banking book, the valuation in accordance with IDW RS BFA 3 n. F. using the static (present value) method. This did not result in a liability surplus from the (pending) interest claims and interest obligations still outstanding on the reporting date. A provision for impending losses in accordance with Section 340a in conjunction with Section 249 (1) sentence 1 HGB can therefore be waived.



## Notes and explanatory notes to the balance sheet and income statement as at 31.12.2024



- Since the introduction of the 6th KWG amendment, the Bank has applied the regulations for non-trading book institutions.
- The resulting deferred tax assets result from temporary differences and were not recognized in the financial year in accordance with the option under Section 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.

### Notes to the balance sheet items

#### Credit volume

The gross loan volume including accrued interest was as follows:

		2024	Previous year
Balances with central banks	€	1.7 million	6.2 million
Receivables from banks	€	263.1 million	246.9 million
Loans and advances to non-banks	€	20.6 million	46.6 million
Securities	€	70.1 million	56.6 million
Guarantees and letters of credit	€	19.2 million	19.5 million
Irrevocable loan commitments	€	0.0 million	0.0 million
Credit volume	€	374.7 million	375.8 million

#### Cash reserve

The cash reserve consists exclusively of the credit balance at the Deutsche Bundesbank in the amount of € 1,672,193.89 (previous year € 6,244,006.93).

#### Receivables from banks

		2024	Previous year
Total (after deduction of value adjustments)	€	262.675.362,13 T€	245.819
Receivables due on demand	€	129.227.641,35 T€	109.696
Other claims	€	133.447.720,78 T€	136.123

Other receivables from banks are broken down as follows:

Receivables with a remaining term of:		2024	Previous year
up to 3 months	€	131.188.774,97 T€	108.652
3 months to 1 year	€	630.111,81 T€	27.471
1 year to 5 years	€	1.628.834,00 T€	0
5 years and more	€	0,00 T€	0

## Notes and explanatory notes to the balance sheet and income statement as at 31.12.2024



Receivables from banks are attributable to shareholder banks:

		2024		previous year
Receivables due on demand	€	366,51	T€	1
Temporary receivables	€	2.879.015,40	T€	7.864

Receivables from banks relate to other affiliated companies:

		2024		Previous year
Receivables due on demand	€	0,00	T€	103
Temporary receivables	€	0,00	T€	0

### Receivables from customers

		2024		Previous year
Total (after deduction of value adjustments)	€	17.219.760,29	T€	41.984
due daily	€	2.219.760,27	T€	936

Other receivables from customers break down as follows:

Receivables with a remaining term of:		2024		Previous year
Up to 3 months	€	0,00	T€	2.893
3 months to 1 year	€	0,00	T€	14.954
1 year to 5 years	€	15.000.000,02	T€	23.200
5 years and more	€	0,00	T€	0

### Bonds and other fixed-income securities

		2024		Previous year
Total	€	70.091.771,62	T€	55.023

The bonds and other fixed-income securities include

	marketable	dv. listed	dv. not listed	not marketable
	T€	T€	T€	T€
Debt securities and other	70.092	70.092	0	0
Fixed-interest securities				

- of which: eligible as collateral with Deutsche Bundesbank:

		2024		Previous year
Total	€	24.662.304,53	T€	26.988

## Notes and explanatory notes to the balance sheet and income statement as at 31.12.2024



- of which: securities held as fixed assets

		2024	Previous year
Total	€	14.353.370,43 T€	49.468

The bonds and other fixed-income securities are		2024	previous year
with the following residual terms:			
Up to 3 months	€	0,00 T€	3.708
3 months to 1 year	€	0,00 T€	15.657
1 year to 5 years	€	43.525.692,52 T€	35.658
5 years and more	€	25.908.221,30 T€	0

This includes accrued interest in the amount of € 673,857.80.

Securities with a total carrying amount of € 34,429,038.95 were pledged as collateral for participation in refinancing transactions with Deutsche Bundesbank as at December 31, 2024.

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 amounted to

	Book value (without interest deduction)	Time value	Not realized Price losses
Debt securities...	T€ 14.093	T€ 13.703	T€ 392

The securities concerned are bonds that are expected to be held to maturity. Impairment losses were not recognized in the reporting year, as the temporary impairment is interest-induced.

In the reporting year, write-downs to the lower of cost or market were made on securities held as liquidity assets in the amount of € 5,709.31. Write-ups amounted to € 86,500.14 in the same period.

### Shares and other variable-yield securities

	2024	Previous year
Total	€ 0,00 T€	1.518

The security sold in the reporting year was an original promissory note loan that was converted into shares. The listed security was held in the trading portfolio. The sale resulted in a realized price loss of € 956 thousand.

### Intangible assets

	2024	Previous year
Total	€ 28.723,16 T€	1

## Notes and explanatory notes to the balance sheet and income statement as at 31.12.2024



Here takes place among other things the identification of the residual carrying amount of our purchased user software. The amortization schedule is shown in the statement of changes in non-current assets.

### Property, plant and equipment

		2024	Previous year
Total	€	628.098,01 T€	401

### Fixed assets

The development of non-current securities, property, plant and equipment and intangible assets is as follows:

	Operating and business equipment in T€	Total property, plant and equipment in T€	Intangible assets in T€	Securities held as fixed assets (in) (k€) 1) 2)
Acquisition costs as of 01. January 2024	1.025	1.025	500	50.998
Additions	338	338	37	0
Departures	43	43	0	36.592
Acquisition costs as of 31. December 2024	1.320	1.320	537	14.406
Accumulated depreciation as of January 01, 2024	624	624	499	2.501
Additions (including additions in the reporting year)	111 (24)	111 (24)	9 (9)	814 (0)
Departures	43	0	0	2.664
Accumulated depreciation as of December 31, 2024	692	692	508	651
Exchange rate changes 12/31/2023	0	0	0	389
Exchange rate changes 31.12.2024	0	0	0	-50
Net book value as of December 31, 2023	401	401	29	48.886
Net book value as of December 31, 2024	628	628	1	14.094

<sup>1)</sup>As in the previous year, accrued interest shown in the balance sheet form is not taken into account in the statement of changes in non-current assets for 2024.

## Notes and explanatory notes to the balance sheet and income statement as at 31.12.2024



<sup>2)</sup>As in the previous year, the changes in value due to changes in the exchange rate are summarized in one amount.

### Other assets

		2024	previous year
Total	€	633.063,90 T€	960

This item mainly consists of VAT refund claims against the tax office totaling € 498,147.01 and rent deposits paid totaling € 109,904.57. Other miscellaneous assets total € 25,012.32.

### Prepaid expenses and deferred charges

		2024	Previous year
Total	€	134.141,87 T€	278

This item includes expenses already paid for 2025, including € 113,903.01 for deferrals from the export finance and lending business and € 19,902.28 for administrative expenses.

### Liabilities to banks

		2024	Previous year
Total	€	109.059.595,48 T€	100.478
Due daily	€	322.615,21 T€	2.121
With an agreed term or period of notice	€	108.736.980,27 T€	98.357

Other liabilities to banks break down as follows:

Liabilities with a remaining term of:		2024	Previous year
Up to 3 months	€	108.736.980,27 T€	61.357
3 months to 1 year	€	0,00 T€	37.000
1 year to 5 years	€	0,00 T€	0
5 years and more	€	0,00 T€	0

Liabilities to banks are attributable to shareholder banks:

		2024	Previous year
Liabilities due on demand	€	97.006,99 T€	477
Temporary liabilities	€	70.000.000,00 T€	60.000

## Notes and explanatory notes to the balance sheet and income statement as at 31.12.2024



As cover assets to secure contingent receivables from the letter of credit business, € 97,006.99 (previous year € 227 thousand) have been pledged to us by shareholder banks.

Liabilities to banks relate to other affiliated companies:

		2024	previous year
Liabilities due on demand	€	77,32 T€	156
Temporary liabilities	€	0,00 T€	0

This item includes accrued interest in the amount of € 79,855.86.

### Liabilities to customers

		2024	Previous year
Total	€	191.842.168,74 T€	188.464
Due daily	€	22.851.357,48 T€	27.972
With an agreed term or period of notice	€	168.990.811,26 T€	160.492

Other liabilities to customers break down as follows:

Liabilities with a remaining term of:		2024	previous year
Up to 3 months	€	163.437.840,75 T€	94.105
3 months to 1 year	€	5.262.122,02 T€	66.105
1 year to 5 years	€	290.848,49 T€	0
5 years and more	€	0,00 T€	0

Of the liabilities to customers, cover assets are pledged as collateral for contingent receivables from guarantees and the letter of credit business:

		2024	Previous year
Liabilities due on demand	€	6.911.302,57 T€	3.975
Temporary liabilities	€	1.614.395,12 T€	1.308

### Other liabilities

		2024	Previous year
Total	€	287.699,05 T€	669

This item includes taxes still to be paid, including the solidarity surcharge, as well as taxes still to be social security contributions to be paid in the amount of € 120,834.20. €



## Notes and explanatory notes to the balance sheet and income statement as at 31.12.2024



99,149.77 for invoices relating to administrative expenses, which are payable at the beginning of January 2025 but economically relate to the year 2024. Liabilities from pending settlements from foreign and payment transactions amount to € 35,813.32. Other liabilities account for € 31,901.76.

### Accruals and deferred income

		2024	Previous year
Total	€	81.674,15 T€	20

This item includes discount income and fees from receivables purchased à forfait and from letters of credit in the amount of € 5,877.55. In addition, loan commissions received and premiums on loans totaling € 75,796.60 are reported here.

### Provisions

		2024	Previous year
Total	€	1.860.938,69 T€	2.584

This item contains only other provisions and includes uncertain costs for the 2024 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 2024 financial year that have not yet been invoiced. There is no need to discount the provisions due to the maturities of less than 12 months.

### Subscribed capital

		2024	previous year
Total	€	60.000.000,00 T€	60.000

The subscribed capital in the aforementioned amount is held by the following shareholders:

Banque Misr S.A.E., Cairo (Egypt)	74,747%	T€	44.848
National Bank of Egypt S.A.E., Cairo (Egypt)	10,253%	T€	6.152
Banque du Caire S.A.E., Cairo (Egypt)	10,000%	T€	6.000
National Investment Bank, Cairo (Egypt)	5,000%	T€	3.000

### Capital reserve

		2024	Previous year
Total	€	20.000.000,00 T€	20.000

The capital reserve remains unchanged at € 20,000,000.00.

## Notes and explanatory notes to the balance sheet and income statement as at 31.12.2024



### Other retained earnings

		2024	Previous year
Total	€	1.400.000,00 T€	1.400

The other revenue reserves remain unchanged at € 1,400,000.00.

### Accumulated deficit

		2024	Previous year
Total	€	-31.448.961,25 T€	-21.381

The company's position or accumulated deficit developed as follows in the financial year:

Net loss for the 2024 financial year	€	-10.067.532,19
plus loss carried forward from the previous year	€	-21.381.429,05
Accumulated deficit	€	-31.448.961,24

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

### Contingent liabilities and other obligations

		2024	Previous year
Total	€	9.344.272,65 T€	13.940

This item includes residual own risks from guarantees and warranties issued and from the confirmation of letters of credit.

The total volume of guarantees and letters of credit, without taking into account the cover assets and before deduction of provisions, amounted to € 19,243,077.33 (previous year: € 19,448 thousand) as at the reporting date.

Of the contingent liabilities, shareholder banks account for € 5,866,746.37 (previous year T€ 4.923)

As in the previous year, there were no irrevocable loan commitments to business partners at the end of the financial year.

In addition to the creditworthiness of the counterparty, the collateral provided is particularly important for assessing the risk of utilization from contingent liabilities. From the bank's perspective, the risk of utilization is considered to be low.

### Derivatives

On the balance sheet date, there was a forward exchange transaction in the amount of GBP 800,000 (previous year GBP 1,000 thousand) with a nominal value of € 924,808.61 converted at the closing rate and a market value of € - 2,336.36 for the purpose of procuring liquidity in the export finance business. The remaining term of the transaction is 6 days.

# Notes and explanatory notes to the balance sheet and income statement as at 31.12.2024



## Foreign currency volume

As at the balance sheet date, the foreign currency denominated

		2024	Previous year
Assets	€	174.700.411,57 T€	166.151
Liabilities	€	171.726.655,60 T€	164.688

The translation result of balance sheet items denominated in foreign currencies is shown under the item "Other operating income" in the income statement.

## Notes to the items of the income statement

Net interest income (interest income less interest expenses) amounted to € 3,318,946.46 in the financial year (previous year: € 4,117 thousand). Of the interest expenses, € 2,241,415.49 (previous year € 731 thousand) resulted from liabilities to banks and € 7,698,859.63 (previous year € 12,126 thousand) from liabilities to other creditors. Interest income of € 2,531,724.01 (previous year: € 3,013 thousand) came from fixed-interest securities and debt register claims and € 10,727,497.57 (previous year: € 13,961 thousand) from lending and money market transactions. The latter resulted in € 9,046,775.03 (previous year € 10,585 thousand) from receivables from banks, € 1,670,940.09 (previous year € 3,103 thousand) from receivables from customers and € 9,782.45 (previous year € 272 thousand) from other interest income. There was no negative interest on financial assets or financial liabilities (interest expenses previous year € 31 thousand). Net commission income (commission income less commission expenses) amounted to € 949,190.69 (previous year € 1,424 thousand). This resulted from commission expenses of € 74,544.94 (previous year € 140,000) and commission income of € 1,023,735.63 (previous year € 1,564,000), which can be broken down by origin as follows:

- Commissions from the letter of credit business € 533.874,13 (previous year: T€ 752)
- Loan commissions and account management € 222.617,01 (previous year: T€ 426)
- ZV commissions and account management fees € 187.664,76 (previous year € 298 thousand)
- Commissions from guarantees € 79.579,73 (previous year T€ 89)

Interest income, commission income and other operating income can be broken down according to the following geographical aspects:

	in total	thereof domestic	thereof Other EU countries	thereof Third country
Interest income from lending and money market transactions	€ 10.727.497,57	€ 4.949.982,33	€ 2.486.986,17	€ 3.290.529,07
Current income from fixed-interest securities	€ 2.531.724,01	€ 182.447,28	€ 1.454.750,75	€ 894.525,98
Total interest income	€ 13.259.221,58	€ 5.132.429,61	€ 3.941.736,92	€ 4.185.055,05
Revenue shares in %	100,00%	38,71%	29,73%	31,56%
Commission income	€ 1.023.735,63	€ 431.182,33	€ 236.324,55	€ 356.228,75
Revenue shares in %	100,00%	42,12%	23,08%	34,80%
Other operating income	€ 2.258.700,87	€ 2.258.700,87	€ 0,00	€ 0,00
Revenue shares in %	100,00%	100,00%	0,00%	0,00%

## Notes and explanatory notes to the balance sheet and income statement as at 31.12.2024



The income was offset by in essentially administrative expenses (operating expenses for banking business) in the amount of € 5,732,502.54 (previous year € 3,908 thousand) and personnel expenses in the amount of € 4,888,478.54 (previous year € 4,513 thousand). The main items included in operating expenses are

• Legal, audit and consulting costs	€ 2.027.439,70	(previous year € 708 thousand)
• IT costs	€ 1.430.236,96	(previous year € 1,317 thousand)
• Communication and information systems	€ 588.208,77	(previous year € 435 thousand)
• Costs for rented office space	€ 526.527,32	(previous year: € 356 thousand)
• Costs for recruitment and temporary staff	€ 506.353,03	(previous year: € 410 thousand)
• Contributions and insurance	€ 212.871,29	(previous year € 223 thousand)

Depreciation of property, plant and equipment and amortization of intangible assets amounted to € 120,178.11 (previous year: € 93 thousand).

Other operating expenses amounted to € 1,639,707.03 (previous year: € 2,201 thousand) and mainly include € 1,636,545.66 (previous year: € 9 thousand) in expenses for operational risks.

Write-downs and value adjustments on receivables and certain securities as well as additions to provisions in the lending business amounted to € 3,827,072.54 (previous year: € 1,093 thousand). Income of € 2,348,568.76 from write-ups on receivables in accordance with Section 340f (3) HGB was offset against this.

Taxes on income amounted to € 0.00 in the financial year (previous year: € 0 thousand). Other taxes amounted to € 2,759.61 (previous year: € 33 thousand).

For 2024, this results in a net loss for the year of € 10,067,532.19.

### Other financial obligations

The costs for information services such as Reuters, S&P, D&B and S.W.I.F.T. amount to € 456 thousand p.a. (previous year € 297 thousand). The costs for the outsourcing of electronic data processing and software maintenance fees amount to € 1,304 thousand p.a. (previous year € 1,151 thousand). The remaining terms of these contracts are one year in each case. The costs for the rented business premises at Marienstraße 15 in 60329 Frankfurt amount to € 360 thousand p.a. (previous year € 250 thousand). The remaining term of the contract is 3 years. Leasing costs for vehicles amount to € 18 thousand (previous year € 10 thousand). The remaining term is 2 years and 2 months.

### Auditors' fees

The auditors' fee for the financial year amounts to net

- for statutory audit services € 130 thousand (previous year € 140 thousand)
- for other assurance services € 5 thousand (previous year € 5 thousand)
- for tax consultancy services € 0 thousand (previous year € 0 thousand)

## Notes and explanatory notes to the balance sheet and income statement as at 31.12.2024



d) for other services € 0 thousand (previous year € 0 thousand)

### Supplementary report

No events of particular significance for the net assets, financial position and results of operations of the company occurred after the end of the 2024 financial year.

The effects of the Russia-Ukraine crisis, which has been ongoing since the beginning of 2023, could be 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 performance in 2024, please refer to the forecast report in the management report.

There have been changes in the shareholder structure. In 2023, the bank's largest shareholder, Banque Misr, paid in EUR 20 million. This was recognized as capital reserves. Subsequently, the three other shareholders sold shares in the same amount to Banque Misr. The shareholdings have changed as follows since April 2025:

Banque Misr S.A.E., Cairo (Egypt)	81,06%
National Bank of Egypt S.A.E., Cairo (Egypt)	7,69%
Banque du Caire S.A.E., Cairo (Egypt)	7,50%
National Investment Bank, Cairo (Egypt)	3,75%

### General information

Misr Bank-Europe GmbH, based in Frankfurt am Main, is registered in the Frankfurt am Main commercial register under the number HRB 34940. The business address is Marienstraße 19, 60329 Frankfurt am Main.

### Memberships

Misr Bank-Europe GmbH is a member of the following associations, societies and organizations:

- Association of German Banks
- Bankenverband Hessen e.V.
- Auditing Association of German Banks
- Employers' Association of the Private Banking Industry e.V.
- Association of Foreign Banks in Germany e.V.
- Association for Bank Business Organization e.V.
- Near and Middle East Association e.V.
- Ghorfa Arab-German Chamber of Commerce and Industry e.V.
- German-Arab Chamber of Industry and Commerce
- Austrian-Arab Chamber of Commerce
- Union of Arab Banks

# Notes and explanatory notes to the balance sheet and income statement as at 31.12.2024



## Information on employees

During the 2024 financial year, we employed an average of 41 employees (previous year: 36). As at the reporting date, we had 46 employees, of which 20 were female and 26 male (previous year: 39, of which 19 were female and 20 male).

## Bodies of the Bank

### Supervisory Board

Hossam Abdelwahab, Chairman, Vice Chairman, Banque Misr S.A.E., Cairo Ashraf Tolba, Chief Risk Officer, Banque Misr S.A.E., Cairo

Shahir Zaki, General Manager, National Bank of Egypt S.A.E., Cairo

Mohamed Afifi (until 12/2024), Chief Compliance Officer, Banque Misr S.A.E., Cairo Moustafa Gamal, 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, Cairo

Mohamed Sherif (from 10/2024), Chief Financial Officer. Banque Misr S.A.E., Cairo

### Management

Ayman Foda, Managing Director (Market division), from 01.01.2024

Dina Shehata, Managing Director (Back Office), until 31.07.2024

Christian Veit, Managing Director (Back Office), from 01.08.2024 until 15.11.2024

### Remuneration of the executive bodies

The remuneration of the Management Board in the financial year amounted to€ 578,731.94 (previous year € 463 thousand) and that of the Supervisory Board to€ 114,646.02 (previous year € 140 thousand), including taxes paid.

Frankfurt am Main, March 27, 2025

Ayman Foda Managing Director



# Misr Bank-Europe GmbH

## Disclosure according to Section 26 (1) KWG 12/31/2024

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>	
		<b>12/31/2024</b>	<b>12/31/2023</b>
Set 2 No. 2	Turnover (interest income + commission income + other operating income)	16.541.658,08 EUR	19.219.452,55 EUR
Set 2 No. 3	Number of wage and salary earners in full-time equivalents	43	40
Set 2 No. 4	Profit or Los (-) before tax	-10.067.532,19 EUR	-4.534.858,85 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)	-2,8513%	-1,2875%

## 16      **Reproduction of the audit opinion**

We issued our unqualified audit opinion on May 28, 2025 as follows



### **Independent Auditor's Report of the Independent Auditor**

To Misr Bank-Europe GmbH, Frankfurt am Main

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

##### **Audit assessments**

We have audited the annual financial statements of Misr Bank-Europe GmbH, Frankfurt am Main, which comprise the balance sheet as at December 31, 2024 and the income statement for the financial year from January 1, 2024 to December 31, 2024, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Misr Bank-Europe GmbH, Frankfurt am Main, for the financial year from January 1, 2024 to December 31, 2024.

In our opinion, based on the findings of our audit

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2024 and of its financial performance for the financial year from January 1, 2024 to December 31, 2024 in compliance with German Legally Required Accounting Principles, 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 appropriately presents the opportunities and risks of future development.

Pursuant to § 322 Abs. 3 Satz 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

### **Basis for the audit opinions**

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the section "Auditor's responsibilities for the audit of the annual financial statements and of the management report" of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. 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 on the management report.

### **Management's responsibility for the annual financial statements and the management report**

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e. accounting fraud or fraudulent misrepresentation) or error.

In preparing the annual financial statements, the legal representatives are responsible for assessing the company's ability to continue as a going concern. Furthermore, they are responsible for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless factual or legal circumstances dictate otherwise.

Furthermore, management is responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

**Auditor's responsibilities for the audit of the annual financial statements and of the management report**

Our objectives are 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 an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits 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 annual financial statements and management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. In addition

- Identify and assess the risks of material misstatement of the annual financial statements and of the 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 opinions. The risk that material misstatements resulting from fraud may not be detected

The risk of fraud being detected is higher than the risk of material misstatements resulting from errors not being detected, as fraudulent acts may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) 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 these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of accounting estimates and related disclosures made by the executive directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting 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 the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. We draw our conclusions on the basis of the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the company in compliance with German Legally Required Accounting Principles.

- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the legal representatives in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.

We communicate with those charged with governance regarding, 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 provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to address independence threats.

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

### **Other statutory and other legal requirements**

### **Other information pursuant to Article 10 EU-APrVO**

We were elected as auditor for the financial year 2024 by the shareholders' meeting on July 3, 2024 and engaged by the management on July 17, 2024 to audit the financial statements.

**Misr Bank-Europe GmbH** Audit  
report Annual financial statements as at  
31.12.2024 and management report

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 expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (audit report).

**Responsible auditor**

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

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