ANNUAL REPORT
December 31 2018

MISR BANK – EUROPE GMBH

OVER
25 YEARS
IN SERVICE

MISR BANK – EUROPE GMBH
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Content

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1. STATUS REPORT OF THE MANAGEMENT

Misr Bank - Europe GmbH is focused on commercial lending business with a focus on trade finance, especially with Egypt, but also in the extended Arab region. Our target markets are Egypt and certain MENA countries; in Europe the focus is on Germany, Austria and Switzerland as well as selected customers in Central and Eastern Europe.

Excess liquidity is also invested in syndicated loans, promissory notes and securities. In this case, maturity transformation is only carried out to a limited extent. We counter interest rate risks by investing to a large extent with variable interest rates.

Macroeconomic, industry-specific conditions

The overall economic development in Egypt has been retained very positive in 2018. The high inflation was significantly reduced as a result of the release of the exchange rate. In particular the tourism and the manufacturing industry are showing very good progress, whereby export-oriented textile industry and fresh and frozen food production should be mentioned in particular. The exchange rate against USD / EUR also proved to be quite stable. At the same time, Egypt has established itself as political anchor of stability in the region.

The European Central Bank's ongoing low-interest-rate policy continues to affect the bank's income side. Our customers expect at least 0% interest on their EUR deposits, while EUR can only be placed on the market with a negative rate of return. The majority of our deposits are denominated in USD and are invested in a currency-conform manner.

The increasingly tighter regulation of banks and the additional reporting requirements are placing a considerable burden on a bank of our size and are reflected especially in the increase in personnel costs.

Business developement

The financial year 2018 shall be seen as a new beginning after years of weak performance, which can be seen on different levels:

The provision for non-performing loans no longer had to be increased; the loan portfolio actually has been adjusted, as already stated in the previous management report.

Furthermore, the capital was increased to € 60 million in 2 steps and can be considered as sufficient for the Bank's core business.

Last but not least, the trend reversal is underpinned by an - albeit modest - positive operating result.

The volume of trading conducted via the bank on the basis of **letters of credit** and the commission income from this business showed a satisfactory result, which can be attributed to the improved economic conditions in our target country.

We expanded our **securities investments.**

Business with medium-sized clients, both in Egypt and in Germany, was significantly expanded in line with the strategy.

The positive overall result of € 410 thousand for 2018 will reduce the net loss carried forward from € 1,934 thousand to € 1,523 thousand.

Our Financials

Loans and advances to banks increased by 32,8 % from € 234 million to € 311 million, **loans and advances to customers** increased by 7.4 % from € 104 million to € 112 million.

The portfolio of **securities** amounts to € 60 million compared with € 38 million in the previous year. The majority of the bonds held are bonds issued by European countries and supranational institutions, which are particularly suitable for the liquidity reserve within the framework of HQLA (High Quality Liquid Assets), as well as bonds with variable interest rates issued by major European companies and credit institutions.

Liabilities to banks increased from € 24 million to € 48 million, **liabilities to customers** increased by € 55 million to € 389 million.

The willingness to pay and solvency of the Bank were assured at times in the past financial year. The Bank refinances itself almost exclusively through deposits from Egyptian institutions. Investments are made in relevant currencies and for the most part in matching terms. This as well as sufficient unused refinancing facilities ensure payment ability at any times.

Through its key clients, the Bank is able to extend the maturity structure of the liabilities side if necessary. This may increase interest expenses, but also is improving the refinancing profile. In the meantime this also opens up the possibility of increasing further earnings potential.

At € 3,531 thousand, net **interest income** was well above the previous year's figure of € 2,787 thousand.

At € 1,917 thousand, **net commission income was** also up on the previous year's figure of € 1,756 thousand, driven primarily by an improvement of business activities in the trading sector and in export financing for Egypt.

The net result from **foreign exchange transactions** amounted to € 60 thousand after € 359 thousand in the previous year. The Bank carried out these transactions exclusively on behalf of clients.

Profit-taking from **securities transactions** was realized in the amount of € 199 thousand. (previous year: € 185 thousand)

Personnel expenses rose from € 2,315 thousand to € 2,717 thousand, other administrative expenses fell from € 2,326 thousand to € 2,146 thousand, mainly due to lower allocations to the Deposit Protection Fund and the absence of costs for moving to new office premises after the sale of property.

In the lending business, a risk provision of € 526 thousand was formed, offset by reversals of € 473 thousand.

Net income for the year after risk provisioning will amount to € 410 thousand after a net income of € 4,263 thousand. The loss carried forward will be reduced to € 1,523 thousand, compared with the loss carried forward of € 1,934 thousand at the end of 2017.

The capital increase to € 60 million has significantly increased the Bank's scope for further business growth.

Despite persistent challenges, especially in the regulatory environment, we forecast a sustained positive overall earnings situation at the operating level in the medium term. In addition, we expect a further reduction of the loss carried forward in 2019.

For further information, please refer to the section Opportunities and Risks and the Disclosure Report.

Financial performance indicators

We consider the liquidity ratio LCR, ratios of equity to certain segments of the balance sheet and the solvency ratio as performance indicators.

The liquidity ratio according to LCR was 185.81 % on the reporting date.

Capital accounts for 12 % of total assets, bank deposits for 9.7 % and customer deposits for 77.9 % of total assets.

The equity ratio (CoRep) was 22.71 % as of balance sheet date.

Further information can be found in the disclosure report.

Risk Report

Opportunities and risks

The main objective of risk management at Misr Bank - Europe GmbH is to ensure the Bank's ability to withstand risks arising from its business activities and its continued existence, together with generating a sustainable and at the same time risk-adequate return on the capital invested by its shareholders. Under this premise, the Bank is prepared to accept risks in a conscious, controlled and economically acceptable manner.

The structure of the Bank's risk management system is determined by its business and risk strategy. The management is responsible for the development and implementation of these strategies. The risk strategy is derived consistently from the Bank's business strategy. It defines or assigns rules for dealing with risks arising directly or indirectly from the Bank's business activities. These rules form the basis for a company-wide uniform common understanding of the corporate objectives in connection with risk management.

The risk strategy is covering in particular the objectives of risk management for the main business activities and is a control instrument geared to market activities and internal management that is reviewed at least once a year and adjusted if necessary.

Risks may only be assumed according to 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 risk management.

Risk Management

The risk management process contains all activities relating to the handling of risks. This includes the identification, analysis, evaluation, management, documentation and communication of risks as well as the review of the effectiveness and appropriateness of risk management measures.

As part of the regular risk inventory, the following risks were identified as significant risks, which are also the subject of the risk-bearing capacity analysis:

- Counterparty default risks
- Market price risks
- Interest rate risks
- Operational risks

The Bank subsumes possible losses from the non-performance of payment obligations by borrowers, in money market transactions with other banks and issuers of securities under **counterparty default risks.** The counterparty default risk is managed in accordance with the requirements of the risk strategy. A careful creditworthiness analysis and risk classification are decisive for the credit decision. For credit transactions, a two-vote process must be followed by the front and back office divisions when granting credit. A credit analysis is carried out at least once a year. Appropriate processing methods have been implemented for loans requiring intensive support and for problem loans. Credit decisions are subject to the rules for credit approval laid out in the rules of procedure. Only the managing directors are authorized to make decisions.

The management and control of counterparty risks is supported by IT applications. The counterparty default risk is quantified using generally accepted procedures. Based on independent third-party opinions probabilities of default are determined and assigned to the risk classes.

Market risks relate to those risks which, as a result of changes in market parameters (e.g. interest rates, exchange rates, bond prices, etc.), can change the market prices of assets to the detriment of the Bank and thus result in temporary amortisations or realised losses.
For the Bank, the interest-rate-change risk, the currency risk and the price risk in the securities portfolio are relevant market risks, even though less important than the counterparty default risk.

Interest rate change risks that may arise from different interest rate periods for assets and liabilities are limited by a proactive and extensive congruence of fixed interest rates for receivables and deposits. The interest rate change risk is quantified and monitored through internal methods.

Currency risks are relevant to the extent that the Bank refinances its assets to a significant extent with USD deposits, so that the income mainly generated in USD is offset by administrative expenses in EURO. This risk is taken into account in the budgeting process. Based on the Bank's strategic decision not to hold open foreign exchange positions, USD deposits are invested exclusively in the same currency. Open currency risks are limited to the difference between future inflows or outflows of interest on loans and deposits. In certain individual cases, an open currency position may also be held for a longer period with the approval of the Supervisory Board. The resulting open positions are strictly limited.

For the evaluation of the **market price risk of the securities portfolio,** the Bank distinguishes between long term assets and assets for liquidity management.

Operational risks include events that individually or collectively could jeopardise the Bank's operational performance or even its existence. These are generally the result of inappropriateness or failure of internal procedures, errors by employees, errors in IT systems or the result of external events as well as legal risks.

Operational risk is determined and calculated on the basis of a self-assessment in all areas.

Significant operational risks exist in the divisions:

- IT
- Operations / Interruption of operation
- Staff

In order to minimize IT risks, the Bank operates IT systems designed to support its business processes. By outsourcing to competent external service providers, risks associated with electronic data processing are reduced. The adequacy of IT systems is reviewed annually in the planning process. The Bank's IT strategy will be defined separately.

The operational availability is guaranteed through the installation of external back-up solutions as well as external workstations and external data access to all IT applications.

With regard to personnel risks, the Bank pursues in particular the approach of employing qualified personnel and training them in accordance with the necessary requirements. This is further supported by close coordination of the departments with the management and clear communication within the departments, together with the prompt implementation of controls.

Other operating risks are countered primarily by employing qualified staff and steadily anchoring the risk culture and process orientation.

The Bank uses the basic indicator approach to quantify operational risk.

The **liquidity risk** is reduced by high liquidity provisions and a high congruence structure of the maturities of assets and liabilities or high marketability of the assets.

Risk-bearing capacity

The Bank determines its risk-bearing capacity on the basis of a P&L-oriented approach based on the going concern principle.

The allocation within the framework of the risk-bearing capacity calculation to cover the quantified expected and unexpected loss potential after deduction of the regulatory own funds required for the continued existence of the company as of 31 December 2018 is as follows

	Per 31.12.2018 TEUR
Core capital	**60.341**
Risk-weighted assets ("Pillar 1")	265.738
Solvency ratio (SolvV)	**22.7**
8% RWA according to minimum capital requirements ("Pillar 1")	(-) 21.259
1% Pillar 1 "plus" according to Supervisory Review and Evaluation Process (SREP)	(-) 2.657
Subtotal II	36.425
Provisional net income as at 31.12.2018	410
Risk coverage potential (regulatory perspective)	36.835
Capital maintenance buffer (2.625 % of risk-weighted assets)	(-) 6.976
Allocated risk cover amount	29.859

Loss ceilings for the individual risk types are derived from the allocated risk cover funds and compared with the actual utilisation. These are as follows:

	31.12.2018			31.12.2017		
	Limit	Utilization		Limit	Utilization	
	in TEUR	in TEUR	in %	in TEUR	in TEUR	in %
Counterparty Risk – (expected and unexpected loss)	17,915	5,935	33	8,073	4,690	58
Market Risik - (expected and unexpected loss for 2018 only)	6,868	3.431	50	65	53	82
Funding Risk – Liquidity Risk (expected and unexpected loss for 2018 only)	**597**	29	37	65	53	82
Operational Risk - (expected and unexpected loss for 2018 only)	4,479	1,656	37	913	805	88
Total	**29,859**	**11,051**	**37**	**9,051**	**5,548**	**61**

Due to a more conservative calculation method for individual risk components, the figures cannot be compared with 2017.

The Bank's risk-bearing capacity was maintained throughout 2018 and improved significantly as a result of the capital increase.

The risks arising from the **general development of business** and the **country risk** inherent in our business structure, Egypt, are closely monitored. Due to the fundamentally more positive assessment of the medium- and long-term prospects in Egypt, the Bank is sticking to a moderate and proportional expansion of business.

When acquiring risks in the secondary market, we concentrate mainly on OECD countries and only a few selected non-OECD countries.

With regard to the non-bank loan portfolio, we pay attention to a broad diversification with regard to sector risks. We limit counterparty risks in money market trading with banks by focusing on international names with unquestionable credit ratings.

Compliance with the guidelines and work instructions issued by the management is subject to frequent and timely checks. The internal audit department supports the management as an independent monitoring body. Based on audit plans approved by management, internal audit is reviewing the overall effectiveness, appropriateness and efficiency of risk management and identifies any weaknesses.

Risks that could have a significant influence on the net assets, financial position and results of operations are identified at an early stage by the risk management system, monitored and controlled in a timely manner. This also includes a further burden on the income side from the ongoing low-interest phase as well as additional operating expenses as a result of regulation. Opportunities for the Bank arise from the positive economic development in the target markets. Even if the market share in the German-Egyptian trade remains unchanged, the expected growth of the German-Egyptian trade will result in an increase in commission income. Additional earnings potential lies in the targeted sustainable increase in our market share in German-Egyptian trading in the planning period 2019 - 2022.

The Bank's significantly improved equity base opens up new potential for business expansion, especially in the case of counterparties and transactions which, in terms of size, have not yet been possible or only possible to a limited extent. In addition, the shareholders' confidence in the bank strengthens its market position.

On the basis of the 2018 annual financial statements and the analysis of the results from the risk management system, there are currently no identifiable risks to the Bank as a going concern.

Outlook

Essentially, the Bank will maintain its business activities with a focus on developing business with Egyptian exporters and European corporate customers.

As in the previous year, the Bank plans to leave its balance sheet total size unchanged in the coming years. Due to the significant improvement in own funds, some of the short-term money market transactions with banks are being reallocated to loans to companies with an Egyptian background or in Egypt. Overall, a significant increase in net revenues is planned.

The refinancing structure will remain unchanged for the time being. Despite the existing challenges, the Bank will also be able to counter unfavourable developments, especially as considerable provision has been made for latent risks from the lending business on the basis of cautious valuations.

After substantial growth already in 2018, we plan to expand our export financing from Egypt to the EU with credit insurance in particular and expect - compared with 2018 - a 50 % increase in volume for 2019 with a corresponding impact on earnings.

The Bank is also planning to increase its involvement in the financing of renewable energies, in particular through Egyptian companies, in partnership with European technology partners.

2. BALANCE SHEET AS AT DECEMBER 31st, 2018

Assets

				EUR	EUR	Previous year T€
1	**Cash reserve**					
a)	Cash			1,057		0
b)	Due from central banks			14,705,570	14,706,627	27,730
	thereof: Deutsche Bundesbank	EUR	14,705,570			
2.	**Due from banks**					
a)	payable on demand			2,011,702		1,679
b)	other			308,753,093	310,764,796	232,292
3.	**Due from customers**				111,733,319	104,050
	thereof: Collateralized by					
	mortgages	EUR	0			
	due from municipalities	EUR	0			
4.	**Bonds and other fixed rate securities**					
b)	Bonds and debentures					
ab)	public issuers			29,407,422		18,548
	thereof: eligible as collateral at Deutsche Bundesbank	EUR	16,232,857			
bb)	other issuers			30,903,124	60,310,546	19,435
	thereof: eligible as collateral at Deutsche Bundesbank	EUR	8,139,688			
5.	**Equities and other non-fixed-income securities**				0	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				125,377	198
7.	**Tangible fixed assets**				539,706	577
8.	**Other assets**				817,078	148
9.	**Deferred expenses and accrued income**				46,471	101
	Total assets				**499,043,920**	**404,758**

Liabilities

		EUR	EUR	Previous year T€
1.	**Due to banks**			
a)	payable on demand	6,513,167		1,055
b)	with contractual notices or periods of notice	41,809,601	48,322,769	23,000
2.	**Due to customers**			
b)	other liabilities			
	ba) payable on demand	41,113,185		72,489
	bb) with contractual notices or periods of notice	347,838,520	388,951,706	261,180
3.	**Other liabilities**		144,737	15,448
4.	**Deferred income and accrued expenses**		151,369	79
5.	**Provisions**			
b)	provisions for taxes	183		419
c)	other provisions	596,334	596,517	622
6.	**Fund for general banking risks**		1,000,000	1,000
7.	**Equity**			
a)	capital	60,000,000		30,000
c)	revenue reserves			
	cd) other revenue reserves	1,400,000		1,400
d)	balance sheet loss / profit	-1,523,178	59,876,822	-1,934
	Total liabilities and equity		**499,043,920**	**404,758**

		EUR	Previous year T€
1.	**Contigent liabilities**		
b)	Liabilities from guarantees and indemnity agreements	36,182,661	39,188
2.	**Other obligations**		
c)	Loan commitments	12,022,766	7,564

3. PROFIT AND LOSS STATEMENT per December 31st 2018

Expenses

		EUR	EUR	EUR	Previous year T€
1.	**Interest expenses**			6,166,793	3,651
2.	**Commission expenses**			39,502	35
3.	**General administrative expenses**				
a)	personnel expenses				
	aa) salaries and wages	2,317,925			1,935
	ab) compulsory social security contributions and expenses for pensions and other employee	399,180	2,717,106		380
	thereof: for pensions EUR 112,464				
b)	other general administrative expenses		2,146,249	4,863,355	2,326
4.	**Depreciation of and allowances for intangible and tangible fixed**			174,297	216
5.	**Other operating expenses**			4,308	622
6.	**Write-offs and valuation allowances on loans andcertain securities as well as allocations to loan loss provisions**			310,958	726
	thereof: Appropriation to general banking risks (§ 340g HGB)	0			
7.	**Write-offs and valuation allowances on investments, shares in related**			57,748	0
8.	**Income taxes**			0	419
9.	**Other taxes**			21,424	17
10.	**Net income for the year**			410,396	4,263
	Total expenses			**12,048,781**	**14,590**

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Income

		EUR	EUR	Previous year T€
1.	**Interest income from**			
a)	loans and money market transactions	8,695,471		5,913
b)	bonds and other fixed interest rate	1,002,623	9,698,093	525
2.	**Current income from**			
	a) equities and other non-fixed-income securities		0	0
3.	**Provisionserträge Commission income**		1.956,079	1,791
4.	**Income from revaluation to loans and certain as well as from the release of provisions from lending business**		0	0
5.	**Income from revaluation of investments, shares in related companies and securities treated as fixed**		0	161
6.	**Other operating income**		394,609	6,200
7.	**Net loss for the year**		0	0
	Total income		**12,048,781**	**14,590**
1.	**Net loss / net profit for the year**		410,396	4,263
2.	**Profit carried forward from previous years**		-1,933,573	-6,197
			-1,523,178	-1,934
3.	**Transfer to revenue reserves**			
	d) to other revenue reserves		0	0
4.	**Balance sheet loss / profit**		**-1,523,178**	**-1,934**

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4. NOTES TO THE FINANCIAL STATEMENT

The financial statements as of December 31, 2018 have been prepared in accordance with the provisions set out in the "Handelsgesetzbuch" ["HGB", German Commercial Code], the GmbH Gesetz [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.

Loan Loss Provisions are deducted from the relevant asset items.

The bank assigned securities to liquidity reserve and to financial fixed assets. The liquidity reserve are reassessed on a tight-line basis, the financial fixed assets are written down to their nominal value on a straight-line basis over their residual term. They are disclosed in the statement of changes in fixed assets.

Currency receivables and liabilities were translated at the reference rates of the European Central Bank in effect on the balance sheet date. The result of foreign currency conversion is shown under other operating expenses or income. Foreign exchange transactions for which there is special coverage of balance sheet items are valued on the basis of cash plus swap deferrals. Provisions have been made for unrealized currency losses resulting from the comparison with contract rates. The swap rate is accrued over the term of the transactions, the accrual is shown under prepaid expenses. The change in the spot rate was determined by comparing the contracted spot basis with the spot rate on the balance sheet date. The spot rate difference was reported under provisions. The income or expense from these swap transactions is reported under interest income.

There were no unsettled foreign exchange, interest-related or other forward transactions as of the balance sheet date.

The development of fixed assets is shown in the statement of changes in fixed assets. Tangible assets are carried at cost less accumulated depreciation charged over their expected useful lives and impairment losses. The amount of scheduled depreciation is based on allowable tax depreciation rates. For low-value assets the measurement option provided by Sec. 6 (2) et seq. “Einkommensteuergesetz” [EStG, German Income Tax Act] is exercised.

Provisions are set up for uncertain liabilities in the amount of the expected settlement amount.

For interest-related transactions in the banking book, the valuation was carried out in accordance with IDW RS BFA 3 n.F. using the periodic (profit and loss oriented) method. According to this method, a provision for onerous contracts in accordance with section 340a in conjunction with section 249 (1) sentence 1 HGB must be set up if the balance of the discounted profit contributions for the period from the transactions concerned is negative. The valuation calculation did not result in any need for provisions for the Bank.

Since the introduction of the sixth amendment of the "Kreditwesengesetz" [KWG, German Banking Act] the Bank uses the regulations for non-trading book institutions. The legal requirements pursuant to Sec. 2 (11) KWG for use of the simplified procedure are satisfied.

The computed deferred tax asset resulted from temporary differences and was not recognized in the fiscal year in accordance with the option provided by Sec. 274 HGB.

Balance sheet disclosures

Loan volume

The gross loan volume is as follows:

				Prior Year
Due from central banks	€	14,7 Mio.	€	27,7 Mio.
Due from banks	€	310,8 Mio.	€	234,0 Mio.
Due from non-banks	€	117,5 Mio.	€	112,9 Mio.
Securities	€	60,3 Mio.	€	37,9 Mio.
Guarantees and letters of credit	€	70,5 Mio.	€	89,3 Mio.
Irrevocable loan commitments	€	12,0 Mio.	€	7,6 Mio.
Loan volume	€	585,8 Mio.	€	509,4 Mio.

Due from banks

				Prior Year
Total	€	310,764,.796	T€	233,971
On demand	€	2,011,702	T€	1,679
With fixed terms	€	308,753,093	T€	232,292

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

Receivables with a remaining term of:				Prior year
Up to 3 months	€	241,604,622	T€	168,504
3 months to 1 year	€	33,327,511	T€	49,616
1 year to 5 years	€	33,820,961	T€	14,172
5 years and more	€	0	T€	0

Due from shareholder banks are included as follows:

				Prior year
On demand	€	0	T€	0
With fixed terms	€	4,752,851	T€	206

Receivables from banks relate to affiliated companies:

				Prior year
On demand	€	23,07	T€	0
With fixed terms	€	0	T€	0

Due from customers

				Prior year
Total (after bad debt allowances)	€	111,733,319	T€	104,050
Thereof: payable on demand	€	3,672,152	T€	3,110

Amounts due from customers break down as follows:

Due with a residual maturity of:				
up to 3 months	€	15,276,003	T€	7,822
3 months to 1 year	€	7,427,642	T€	14,761
1 to 5 years	€	85,357,522	T€	78,357
more than 5 years	€	0	T€	0

Fixed assets

Securities held as fixed assets, property, plant and equipment and intangible assets developed as follows:

In EUR thousands	Land and buildings	Office equipment	Total Fixed assets	Intangible assets	Investment securities
Acquisition costs January 1st 2018	0	734	734	467	23,628
additions	0	48	48	16	33,562
disposals	0	0	0	0	9,241
Exchange rate changes, transfers	0	0	0	0	122
Acquisition costs January December 1st 2018	0	782	782	483	48,071
Accumulated Depreciation January 1st 2018	0	157	157	269	66
Additions	0	85	85	89	239
Disposals	0	0	0	0	-3
Exchange rate changes, transfers	0	0	0	0	8
Accumulated Depreciation December 31st 2018	0	242	242	358	300
Residual book value December 31st 2018	0	540	540	125	47,771
Residual book value December 31st 2017	0	577	577	198	23,359

[1)] The acquisition costs of securities held as fixed assets as at 01.01.2018 were adjusted as at 31.12.2017 from €K 23,425 to €K 23,628 due to adjustments in foreign currency rates. The difference of €K 203 results from exchange rate fluctuations between the acquisition date and the balance sheet date.

Bonds and other fixed rate securities

				Prior year
Total	€	60,310,547	T€	37,983

Bonds and other fixed rate securities include the following:

	marketable	listed	Non listed	Non marketable
	T€	T€	T€	T€
Debt securities and other fixed interest securities	60,311	58,311	2,000	0
Total	60,311	58,311	2,000	0

Thereof: Securities classified as financial fixed assets

				Prior year
Total	€	47,771,411	T€	23,359
Bonds and other fixed rate securities were recognized with the following residual terms:				
up to 3 months	€	1,323,385	T€	843
3 months to 1 year	€	17,269,565	T€	3,318
1 to 5 years	€	27,912,937	T€	22,428
more than 5 years	€	13,804,660	T€	11,394

This includes interest accruals in the total amount of € 705,574.

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

The carrying amounts and fair values of the securities not measured at the lower of cost or market as well as unrealized losses on securities classified as fixed assets were as follows as of the balance sheet date:

	Book value		Fair value		Unrealized losses	
Debt securities	T€	35,311	T€	34,769	T€	542
Total	T€	35,311	T€	34,769	T€	542

The affected securities are proposed to be held to maturity.

Tangible fixed assets

				Prior Year
Total	€	539,706	T€	577

Operating and office equipment has a book value of € 539,706 (previous year €K 577). The afore-mentioned items are shown in the statement of changes in fixed assets.

Intangible fixed assets

				Prior year
Total	€	125,377	T€	198

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

Other assets

				Prior year
Total	€	817,078	T€	148

This item mainly consists of a security deposit in court in connection with a suretyship suit amounting to € 584,000, VAT refund claims against the tax office amounting to € 169,945 and a security deposit of € 59,378 for rented office space. Other assets account for a total of € 3,755.

Deferred expenses and accrued income

				Prior year
Total	€	46,471	T€	101

This position consists of prepaid expenses for 2019, thereof € 17,321 for general administrative expenses, € 24,458 deferrals from export finance business and € 4,691 accruals from credit fees.

Due to banks

				prior year
Total	€	48,322,769	T€	24,055
Payable on demand	€	6,513,167	T€	1,055
With an agreed term or period of notice	€	41,809,601	T€	23,000

Amounts due to banks break down as follows:

Debts due with a residual term of:				Prior year
up to 3 months	€	18,809,601	T€	0
3 months to 1 year	€	0	T€	0
1 to 5 years	€	23,000,000	T€	23,000
more than 5 years	€	0	T€	0

Due to affiliated banks are included as follows:

				Prior year
Payable on demand	€	615,412	T€	250
With an agreed term or period of notice	€	17,467,249	T€	0

Due to shareholder banks are included as follows:

				Prior year
Payable on demand	€	539,164	T€	192
With an agreed term or period of notice	€	0	T€	0

Shareholder banks have pledged € 1,605,368 (prior year: €K 192) to us as collateral for contingent assets arising from letters of credit.

Due to customers

				prior year
Total	€	388,951,706	T€	333,670
Payable on demand	€	41,113,185	T€	72,489
With an agreed term or period of notice	€	347,838,520	T€	261,180

Amounts due to customers break down as follows:

Debts due with a residual term of:				Prior Year
up to 3 months	€	255,952,065	T€	198,416
3 months to 1 year	€	84,061,903	T€	54,333
1 to 5 years	€	7,824,552	T€	8,432
more than 5 years	€	0	T€	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	€	29,868,576	T€	47,227
With an agreed term or period of notice	€	2,886,459	T€	2,645

Other liabilities

				Prior year
Total	€	144,737	T€	15,448

This item contains liabilities from taxes outstanding including solidarity surcharge as well as social security contributions outstanding in the amount of € 60,782. In addition, this item contains liabilities in the amount of € 57,600 for administrative expenses (including € 39,530 for Deposit Protection Fund) as well as € 18,319 commission payable in the first months of 2019.

Deferred income and accrued expenses

				Vorjahr
Gesamt	€	151,369	T€	79

This item includes discount income and fees from receivables purchased à forfait and from letters of credit amounting to € 27,216. In addition, Credit commissions received and premiums on loans totalling € 124,153 are reported here. This future income is attributable to the following accounting years.

Provisions

				Prior year
Total	€	596,517	T€	1,041

Tax provisions amount to € 183 and relate to corporation tax and trade tax for the year 2017. Other provisions of € 596 thousand relate to contingent costs incurred in fiscal year 2018 such as audit fees for the financial statements, the recognition of vacation obligations, bonus provisions, costs of the Supervisory Board Court and legal fees in connection with non-performing

loans and other unbilled costs relating to the 2018 financial year.
In addition, this item includes a provision for onerous contracts for a pending forward exchange transaction in the amount of € 32. Due to the maturities of less than 12 months, there was no need to discount the provisions.

Fund for general banking risk

			Prior year	
Total	€	1,000,000	T€	1,000

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

Subscribed capital

During the meeting on 22.12.2017, the shareholders of Misr Bank-Europe GmbH decided to increase the share capital by € 30,000,000 in two tranches of € 15,000,000, which became effective with entries in the commercial register of 29.01.2018 and 23.07.2018.

			Prior year	
Total	€	60,000,000	T€	30,000

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

Banque Misr S.A.E., Cairo (Egypt)	74.75%	T€	44,848
National Bank of Egypt S.A.E., Cairo (Egypt)	10.25%	T€	6,152
Banque du Caire S.A.E., Cairo (Egypt)	10.00%	T€	6,000
National Investment Bank, Cairo (Egypt)	5.00%	T€	3,000

Other revenue reserves

			Prior year	
Total	€	1,400,000	T€	1,400

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

Net balance sheet loss

			Prior year	
Total	€	-1,523,178	T€	-1,934

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

Net profit for fiscal year 2018	€	410,396
Loss carried forward from the prior year	€	-1,933,573
Balance sheet losst	€	-1,523,178

The management proposes that the net loss of von € -1,523,178 be brought forward to new fiscal year.

MISR BANK – EUROPE GMBH
Marienstr. 15
D-60329 Frankfurt am Main

Contingent liabilities

				Prior year
Total	€	48,205,427	T€	46,752

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 € 70,543 thousand (prior year: T€ 89,252) as of the balance sheet date.

In addition we had irrevocable loan commitments made to business partners amounting to € 12,022,766 (prior year: T€ 7,564).

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

At the balance sheet date there were two forward exchange transactions totalling GBP 185,000 (previous year: GBP 0 thousand) with a book value of € 206,812 and a market value of € 206,780 for the purpose of raising liquidity in the Export Finance business. The remaining terms of the transactions were 7 and 15 days respectively. A resulting provision for onerous contracts amounting to € 32.16 is reported under "Other provisions".

Foreign currency assets and liabilities

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

				Prior year
Assets	€	361,965,351	T€	246,199
Liabilities	€	361,523,077	T€	246,214

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

5. NOTES TO THE INCOME STATEMENT

Net interest income (interest income less interest expense) amounted to € 3,531,301 in the fiscal year (prior year: T€ 2,787).

The interest expenses resulted at € 63,031 (previous year € 55 thousand) from liabilities to banks and at € 6,103,762 (previous year € 3,596 thousand) from liabilities to other creditors. Interest income of € 1,002,623 (previous year: € 525 thousand) is from fixed-interest securities and debt register claims and € 8,695,471 (previous year: € 5,913 thousand) from lending and money market transactions. The latter resulted at € 5,638,540 (previous year € 3,658 thousand) from loans and advances to banks, at € 3,004,063 (previous year € 2,253 thousand) from loans and advances to customers and at € 52,868 (previous year € 2 thousand) from other interest income.

Net commission income (commission income less commission expenses) amounted to € 1,916,577 (previous year € 1,756 thousand). This resulted from commission expenses of € 39,502 (previous year: € 35 thousand) and commission income of € 1,956,079 (previous year: € 1,791 thousand), which can be broken down by origin as follows:

	2018 (€)	previous year (T€)
Commissions from the letter of credit business	676.806	825
Commission from guarantees	443.534	387
Loan commissions	712.387	475
Payments and account maintenance fees	113.352	103
Other commissions	10.000	0

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

	total	domestic	EU	other
Interest income from Loans and Money Market business	8,695,471 €	2,427,328 €	3,065,150 €	3,202,993 €
current interest from interest bearing securities	1,002,623 €	263,030 €	615,044 €	124,549 €
interest income total	9,698,093 €	2,690,358 €	3,680,194 €	3,327,542 €
share of earnings in %	100	27,74	37,95	34,31
commission income total	1,956,079 €	400,290 €	400,566 €	1,155,222 €
share of earnings in %	100	20,46	20,48	59,06
other income	229,328 €	229,328 €	- €	- €
share of earnings in %	100	100	0	0

Income was mainly offset by administrative expenses (operating expenses for banking business) of € 2,146,249 (previous year € 2,326 thousand) and personnel expenses of € 2,717,106 (previous year € 2,315 thousand). Expenses of € 35,297 (previous year € 36 thousand) for voluntary insurance contributions assumed by the Bank from a group insurance policy are shown as of 31 December 2018 in the income statement item social security contributions and expenses for pensions and other employee benefits, including: for pensions. The previous year's figures were adjusted accordingly.

Significant items included in other operating expenses are:

	2018 (€)	previous year (T€)
IT costs	669,437	568
Communication and Information Systems	227,216	239
Legal, auditing and consulting costs	403,195	386
Premiums and insurance	246,713	658

Other operating expenses amounted to € 4,308 (previous year € 622 thousand). Other operating income amounted to € 394,609 (previous year: € 6,200 thousand) and mainly comprised income from foreign exchange transactions amounting to € 59,904, income from the reversal of provisions amounting to € 104,323 and capitalized input tax claims from supplier invoices amounting to € 111.358, a subsidy of € 70,000 for expansion costs in connection with rented office space and reimbursements of € 46,734 from utility companies in connection with energy costs from previous years. Other income accounted for € 2,290.

Loan loss provisions and write-offs amounted to T€ 174,297 (prior year: €K 216).

Valuation allowances on receivables amounted to € 310,958 thousand (previous year € 726 thousand).

There were no income taxes in the financial year (previous year € 419 thousand). Other taxes amounted to € 21,424 (previous year € 17 thousand).

Other financial obligations

The costs for information services such as Reuters and S.W.I.F.T. amount to € 142 thousand per year. (previous year T€ 144).

The costs for the outsourcing of electronic data processing and the software maintenance fees amount to T€ 527 p.a.. (previous year € 474 thousand). The remaining terms of these contracts each amount to one year.

The costs for the rented business premises at Marienstrasse 15, 60329 Frankfurt, are amounting to € 196 thousand per annum. (previous year € 0 thousand). The remaining term of the contract is 9 years. A rent-free period up to and including January 2019 was contractually agreed.

Leasing costs for vehicles amount to € 14 thousand per annum. (previous year T€ 0). The remaining term is 2 years.

Auditor's fees

The auditor's fees for the fiscal year amounted to

a) T€ 71 for auditing services
b) T€ 5 for audit-related services
c) T€ 12 for tax services

Addendum Report

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

General Information

Misr Bank-Europe GmbH, incorporated in Frankfurt am Main, is listed in the Frankfurt am Main commercial register [Handelsregister] under reference number 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. [German Near and Middle East Association]
- Deutsch-Arabische Industrie- und Handelskammer [German-Arab Chamber of Industry and Commerce]
- Union of Arab Bank

Employees

During fiscal year 201 the Bank employed 23 persons on average. As of the balance sheet date 26 persons were employed, of whom 11 were female and 15 male.

Bodies of the Bank

Supervisory board

Akef Abdel Latif El Maghraby, Chairman
Vice Chairman, Banque Misr S.A.E., Cairo

Mohamed Hamed
General Manager Risk Management, Banque Misr S.A.E., Cairo

Hesham Mohamed Adel Elsafty
Group Head, Foreign Relations & International Financial Services,
National Bank of Egypt S.A.E., Cairo

Amr El Shafei (since 15.02.2018)
Executive Vice President, Banque du Caire, Kairo

Dina Shehata

Independent Consultant, Claygate, UK

Hisham Hassan
Ex-Chairman, Export Development Bank of Egypt, Cairo
Ayman Foda
General Manager, Banque Misr, France, Paris

Management

- Bülent Menemenci
- Dr. Gerald Bumharter

Compensation of the executive and supervisory bodies

Management compensation amounted to € 367,072 (prior year €K 394) in the fiscal year and supervisory board compensation to € 77,539 (prior year €K 61) including assumed taxes.

6. AUDITOR'S OPINION

Auditor's reports on the audit of the annual financial statements and the status report of the Management

Opinions

We have audited the annual financial statements of Misr Bank-Europe GmbH, Frankfurt am Main, which comprise the balance sheet as at 31st of December 2018, and the income statement for the fiscal year from 1st of January 2018 to 31st of December 2018, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of 31st of December 2018 for the fiscal year from 1st of January 2018 to 31st of December 2018.

In our opinion, on the basis of the knowledge obtained in the 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 31st of December 2018 and of its financial performance for the fiscal year from 1st ofJanuary 2018 to 31st of December 2018 in compliance with German legally required accounting principles, and the accompanying management report as a whole provides an appropriate 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 Sec. 322 (3) Sentence 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.

Frankfurt am Main, 13 June 2019

Mazars GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

signed	signed
Steffen Neuweiler	**Michael Skall**
Wirtschaftsprüfer	**Wirtschaftsprüfer**

7. APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS AND RESOLUTION ON THE ALLOCATION OF THE NET INCOME

The annual assembly of the shareholders convened on June 24th 2019 and has approved the financial statements of Misr Bank-Europe GmbH, Frankfurt am Main, as of December 31, 2018 and agreed to the management's proposal on the allocation of the bank's net income of € 410,396.

June 24th 2019