ANNUAL REPORT
December 31st 2017

MISR BANK – EUROPE GMBH

OVER
25 YEARS
IN SERVICE

MISR BANK – EUROPE GMBH
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ANNUAL REPORT 2017

Content

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1. STATUS REPORT OF THE MANAGEMENT

Misr Bank – Europe GmbH is focused on commercial lending business with an emphasis on Trade Finance, especially with Egypt and the Middle East. Target markets are Egypt and certain MENA countries. In Europe the focus is on Germany, Austria and specific clients in Central and Eastern Europe.

Misr Bank – Europe GmbH places surplus liquidity in syndicated loans, certificates of debt and securities. Maturity transformations are kept at low levels. Interest rate risks are largely mitigated through investments at variable interest rates.

Macroeconomic, industry-specific conditions

Macroeconomic developement in Egypt has been very positive in 2017. High inflation from previous years came down significantly as a result of the decision to liberalize the exchange rate mechanism. Above all, tourism and the manufacturing industry are showing very good progress here. The exchange rate against USD / EUR has also proved to be very stable. At the same time, Egypt demonstrated to be politically an anchor of stability in the region.

The ongoing low interest rate policy of the European Central Bank continues to burden the income side of the bank. Our clients expect at least a return on their EUR deposits at 0%, while EUR can only be placed in the market with negative interest rates. Most of our deposits are denominated in USD and are invested in this currency as well. These deposits could only be kept at the price of higher interest rates which put some burden on the interest result significantly.

The ever-tightening regulation on banks and the additional reporting requirements also put pressure on the financial results for a bank of our size, which is reflected above all, in rising general administrative expenses.

Business developement

The 2017 financial year can be seen as a period of consolidation after 2 years with a negative net result.

The provision for impaired loans for the previous two years and the resulting loss carried forward had significantly reduced the Bank's equity. This measure of risk provisioning was painful but necessary in order to settle the loan portfolio sustainably. In 2017, we consider this adjustment essentially as completed.

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As a first step to strengthen equity and to increase the risk-bearing capacity, the sale of the bank's own building at Neue Mainzer Str. 82 in Frankfurt was initiated at the beginning of 2017 and successfully completed in August 2017.

The expected developments in the Forecast Report 2016 have largely materialized, the Bank is showing a slightly positive operating result. Restructuring of the refinancing with the largest depositor takes place on an ongoing basis and now allows for medium term commitments.

For 2018 the equity ratio will improve significantly. In November 2017 the owners approved a capital increase in two phases with a total amount of EUR 30 million. The first tranche of EUR 15 million was certified and paid in December 2017 and closed with registration in January 2018. The second tranche of a further EUR 15 million will follow in the course of 2018, following a decision by the Supervisory Board on 3 May 2018. This measure will give the bank new prospects and will improve opportunities in a competitive market.

Following the sale of the real estate the bank also moved into new business premises in the financial district of Frankfurt. This will have a positive impact on work organization and will also lead to a permanent reduction in maintenance and operating cost.

The volume of trade finance activities processed by us on the basis of letters of credit and commission income from this business showed a satisfactory growth, which is attributable to the improved economic conditions in our target country.

In the interbank money market we experience the adverse impact of the negative interest rates for EUR and the difficulty of investing customer deposits at matching maturities at reasonable interest rates. We have strengthened the securities investments, above all by investing the proceeds from the sale of the building as medium-term fixed assets with a low risk weighting.

Business with SME customers in both Egypt and Germany was expanded in line with the strategy.

The positive overall result of T€ 4,263 for the year 2017 will reduce the loss carried forward from T€ 6,196 to T€ 1,934.

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Our Financials

Loans and advances to banks increased by 13.6% from € 206 million to € 234 million, while loans and advances to customers fell by 5.5% from € 110 million to € 104 million.

The portfolio of securities amounts to € 38 million compared with € 24 million in the previous year. Debt securities issued by European countries and supranational institutions are held as well as bonds issued by major European companies and credit institutions, which are particularly suitable for the liquidity reserve under the HQLA (High Quality Liquid Assets).

Liabilities to banks increased from € 18 million to € 24 million, while liabilities to customers increased by € 16 million to € 334 million (previous year: € 318 million).

The Bank's ability to pay and its solvency were secured at all times in the past financial year. The bank´s refinancing takes place almost exclusively through deposits from Egyptian institutions. Investments are made largely at matching maturities and in the same currency. This, as well as sufficiently available unused refinancing facilities, safeguards our ability to pay at all times.

Net interest income at T€ 2,787 was significantly below the previous year's result of T€ 3,375.

By contrast, net fee and commission income of T€ 1,756 was significantly higher than the previous year's T€ 1,399, mainly due to the upturn in trade and export finance for Egypt.

The net result from foreign exchange transactions amounted to T€ 359 after T€ 79 in the previous year. The bank performs these transactions exclusively on behalf of the customer.

Profit-taking from securities transactions was realized in the amount of T€ 161.

Personnel expenses increased from T€ 2,173 to T€ 2,315, while other general administrative expenses increased from T€ 2,088 to T€ 2,326, mainly due to higher contributions to the Deposit Protection Fund, IT and costs associated with the move to new office space after the real estate sale.

Loan loss provisions amounting to T€ 600 were set up for one event of insolvency, which corresponds to a default rate of 40%.

The **net profit** after risk provisions amounts to T€ 4,263 compared to a loss for the previous year amounting to T€ 3,411. The loss carried forward was reduced to T€ 1,934 from T€ 6,196 at the end of 2016.

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Despite continuing challenges, above all in the regulatory environment, we are forecasting sustained overall positive earnings in the medium term operationally. In addition we expect a substantial adjustment of the loss carried forward already in 2018.

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

Financial performance indicators

The liquidity ratio according to LiqV as at the reporting date was 1.18, according to LCR 2.73.

The solvency ratio applicable at the reporting date was 12.47%, before the increase of capital.

Further information can be found in the disclosure report.

Opportunities and risks

The main objective of risk management at Misr Bank Europe GmbH is to ensure the Bank's resilience to risks arising from its business activities and its business going forward, along with the generation of sustainable and at the same time risk-adjusted interest on the capital invested by its shareholders. Under this premise the bank is ready to take risks consciously in a controlled and economically viable manner.

Risks may only be entered into within the framework of the risk-bearing capacity. The necessary risk awareness as well as the opportunity- and risk-oriented corporate culture are supported by open communication and the continuous handling of risks.

In the framework of the risk-bearing capacity calculation we especially consider:

- Counterparty risk
- Market risk
- Interest rate risk
- Operational risks

Under counterparty default risks, the bank subsumes calculation of potential losses from the non-fulfillment of payment obligations of borrowers, in money market transactions with other banks and issuers of securities.

The counterparty risk is managed in accordance with the requirements of the risk strategy. Decisive for the credit decision are a thorough analysis of creditworthiness as well as the risk classification.

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The steering and control of credit risks is supported by IT. The quantification of the counterparty default risk takes place by means of generally accepted procedures. In this case, probabilities of default determined by independent third parties are assigned to the risk classes.

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Market risks refer to those risks that may change the market prices of assets at the expense of the bank due to changes in market parameters (eg interest rates, exchange rates, bond prices, etc.) and thus temporary write-downs or realized losses can draw.

For the Bank, interest rate risk, currency risk and price risk in the securities portfolio are relevant market risks, albeit of less importance than counterparty default risk.

Interest rate risks, which may arise from different interest period for assets and liabilities, are limited by a proactive and wide-spread congruency of interest rate tenors on receivables and deposits. Interest rate risk is quantified and monitored using internally defined procedures.

Currency risks are relevant as the Bank refinances its assets with US$ deposits to a substantial extent, so that the income in USD is offset by administrative expenses in Euros. This risk is taken into account in the budgeting process. Due to the Bank's strategic decision not to hold any open currency positions, USD deposits will be invested in the same currency only. Open currency risks are therefore limited to the difference between future inflows and outflows of interest on loans and deposits. Open positions are therefore quite limited.

For assessing the market price risk of the securities portfolio the Bank distinguishes between the held-to-maturity assets and those used to manage liquidity.

Operational risks include events which, individually or in their entirety, could jeopardize the operational performance or even the existence of the bank. These are usually the result of inadequacy or failure of internal procedures, errors of employees, errors in IT systems or the result of external events and legal risks.

The operational risk is rated and calculated on the basis of a self-assessment in all areas.

By outsourcing to professional external service providers, risks of electronic data processing are reduced. The adequacy of IT systems is reviewed annually in the planning

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process. The operational readiness is ensured by the installation of external back-up solutions as well as external workplaces and external data access to all IT applications.

With regard to personnel risks, the Bank is pursues an approach of employing qualified personnel and training them in accordance with the necessary requirements. Furthermore, close coordination of the departments with the management and a clear communication within the departments together with the timely execution of controls shall contribute to this task.

Risk-bearing capacity

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

The risk cover amount as at 31.12.2017 was as follows:

Regulatory own equity	26,005	T€
Balance sheet profit 31 December 2017	4,263	T€
Tier 1 capital (Pillar I)	-18,776	T€
Available risk bearing capacity	11,492	T€
Used risk bearing capacity	10,029	T€

The Bank's risk-bearing capacity, which deteriorated due to loan loss provisions and resulting losses in the financial years 2015 and 2016, improved through the gradual reduction of risk-weighted assets and the realization of hidden reserves. The risk-bearing capacity was given at all time throughout 2017.

The risks from the general business development and the country risk Egypt which are inherent to our business structure are closely monitored. Due to the generally more positive assessment of the medium and long-term perspectives in Egypt, the Bank has maintained a moderate and proportional expansion of business.

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

The bank's significantly improved equity base will open up new potential for business expansion, especially in the case of addresses and transactions that were previously not or only partially feasible in terms of size. In addition, the shareholders' trust in the bank strengthens our market position.

On the basis of the annual financial statements for 2017 and the analysis of the results from the risk management system, there are currently no identifiable risks to the Bank that threaten the existence of the company.

Outlook

Essentially, the bank will continue its business activities with a focus on expanding business with Egyptian exporters and European corporate clients.

The bank plans to keep its balance sheet structure 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 redeployed to loans to companies with Egyptian backgrounds or in Egypt directly. Overall we are expecting a significant increase in net revenues.

The refinancing structure will initially remain unchanged. Alternative sources of funding will be considered from 2019 onwards. Despite the existing challenges, the Bank will be able to cope with unfavorable developments, especially there is considerable provision for latent risks from the lending business already now due to cautious valuations.

Among other things, we plan in particular to massively expand the credit-insured export financing from Egypt to the EU and expect - compared to 2017 - a doubling of the volume for 2018 with a corresponding impact on earnings.

The support from the shareholders will significantly improve the future prospects of the bank and enable an increase in profitability faster than previously planned.

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2. BALANCE SHEET AS AT DECEMBER 31st 2017

Assets

				EUR	EUR	previous Year €k
1	**Cash reserve**					
a)	Cash			106		0
b)	Due from central banks			27,729,582	7,729,689	17,288
	thereof: Deutsche Bundesbank					
		EUR	27,729,582			
2.	**Due from banks**					
a)	payable on demand			1,678,756		1,187
b)	other			232,292,136	233,970,892	205,825
3.	**Due from customers**				104,050,302	110,102
	thereof: collateralised by mortgages	EUR	0			
	thereof: due from municipalities	EUR	0			
4.	**Bonds and other fixed rate securities**					
b)	Bonds and debentures					
	other public issuers			18,547,892		2,026
	thereof: eligible as collateral at Deutsche Bundesbank					
		EUR	18547,892			
bb)	other issuers			19,435,014	37,982,906	21,832
	thereof: eligible as collateral at Deutsche Bundesbank					
		EUR	6,224,834			
5.	**Equities and other non-fixed-income securities**				**0**	**0**
6.	**Intangible fixed assets**					
b)	Non-gratuitous concessions, industrial property rights and similar rights and assets as well as licences regarding such rights and assets				197,696	209
7.	**Tangible fixed assets**				577,207	4,079
8.	**Other assets**				148,540	208
9.	**Deferred expenses and accrued in-come**				101,270	106
				Total assets	**404,758,503**	**362,862**

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Liabilities

			EUR	EUR	Previous year €k
1	**Due to banks**				
	a)	payable on demand	1,055,336		1,970
	b)	with contractual notices or periods of notice	23,000,000	24,055,336	15,837
2	**Due to customers**				
	b)	other liabilities			
	ba)	payable on demand	72,489,232		41,298
	bb)	with contractual notices or periods of notice	261,180,383	333,669,615	276,384
3	**Other liabilities**			15,447,635	444
4	**Deferred income and accrued expenses**			78,689	96
5	**Provisions**				
	b)	provisions for taxes	419,300		0
	c)	other provisions	621,500	1,040,800	630
6	**Fund for general banking risk**			1,000,000	1,000
7	**Equity**				
	a)	subscribed capital	30,000,000		30,000
	c)	revenue reserves			
	cd)	other revenue reserves	1,400,000		1,400
	d)	balance sheet loss / profit	1,933,573	29,466,426	-6,197
		Total liabilities and equity		**404,758,502**	**362,862**

			EUR	Vorjahr TEUR
1	**Contingent liabilities**			
	b)	liabilities from guarantees and indemnity agreements	39,188,470	33,758
2	**Other obligations**			
	c)	loan commitments	7,563,659	8,882

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3. PROFIT AND LOSS STATEMENT

Expenses

		EUR	EUR	EUR	Previous year €k
1	**Interest expenses**			3,650,958	1,514
2	**Commission expenses**			34,612	34
3	**General administrative expenses**				
	a) personnel expenses				
	aa) salaries and wages	1,970,839			1,873
	ab) compulsory social security contributions and expenses for pensions and other employee benefits	344,234	2,315,073		300
	thereof: for pensions: EUR 71,248				
	b) other general administrative expenses		2,325,800	4,640,873	2,088
4	**Depreciation of and allowances for intangible and tangible fixed assets**			215,731	273
5	**Other operating expenses**			622,465	0
6	**Write-offs and valuation allowances on loans and certain securities as well as allocations to loan loss provisions**			726,083	4,311
	thereof: appropriation to funds for general banking risks (Sec. 340g HGB)	EUR	0		
7	**Write-offs and valuation allowances on investments, shares in related companies and securities treated as fixed assets**			0	17
8	**Income taxes**			419,233	9
9	**Other taxes**			16,781	15
10	**Net income for the year**			4,263,149	0
			Total expenses	**14,589,886**	**10,434**

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Income

		EUR	EUR	previous year €k
1	Interest income from			
	a) loans and money market transactions	5,913,067		4,462
	b) bonds and other fixed interest rate securities	525,069	6,438,137	427
2	Current income from			
	a) equities and other non-fixed-income securities		0	0
3	Commission income		1,790,789	1,433
4	Income from revaluation to loans and certain securities 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 assets		161,095	0
6	Other operating income		6,199,864	702
7	Net loss for the year		0	3,410
		Total income	14,589,886	10,434

		EUR	previous year €k
1	Net loss / net profit for the year	4,263,149	3,410
2	loss carried forward from previous years	-6,196,722	-2,786
		-1,933,573	-6,196
3	Transfer to revenue reserves		
	a) to other revenue reserves	0	0
4	Balance sheet loss / profit	**-1,933,573**	**-6,196**

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4. NOTES TO THE FINANCIAL STATEMENT

The financial statements as of December 31, 2017 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.

Bad debt allowances 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.

Foreign currency receivables and liabilities are converted at the applicable references rates of the European Central Bank of the balance sheet date.

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

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

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

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

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

Balance sheet disclosures

Loan volume

The gross loan volume is as follows:

				Prior year
Due from central banks	€	27.7 Mio.	€	17.3 Mio.
Due from banks	€	234.0 Mio.	€	207.0 Mio.
Due from non-banks	€	112.9 Mio.	€	119.2 Mio.
Securities	€	37.9 Mio.	€	23.9 Mio.
Guarantees and letters of credit	€	89.3 Mio.	€	60.3 Mio.
Irrevocable loan commitments	€	7.6 Mio.	€	8.9 Mio.
Loan volume	€	509.4 Mio.	€	436.6 Mio.

Due from banks

				Prior year
Total	€	233,970,892	T€	207,012
On demand	€	1,678,756	T€	1,187
With fixed terms	€	232,292,136	T€	205,825

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

Due with a residual term of:				Prior year
up to 3 months	€	168,503,843	T€	162,448
3 months to 1 year	€	49,616,276	T€	26,834
1 to 5 years	€	14,172,017	T€	16,543
more than 5 years	€	0	T€	0

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Due from shareholder banks are included as follows:

				Prior year
On demand	€	0	T€	0
With fixed terms	€	206,456	T€	194

Due from customers

				Prior year
Total (after bad debt allowances)	€	104,050,302	T€	110,102
Thereof: payable on demand	€	3,110,213	T€	1,015

Amounts due from customers break down as follows:

Due with a residual maturity of:				
up to 3 months	€	7,821,600	T€	8,166
3 months to 1 year	€	14,761,238	T€	10,798
1 to 5 years	€	78,357,252	T€	90,123
more than 5 years	€	0	T€	0

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Fixed assets

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

	Land and buildings	Office equipment	Total Fixed assets	Intangible assets	Investment securities
Acquisition costs January 1st 2017	5,706 T€	1,282 T€	6,988 T€	1,432 T€	6,798 T€
additions	0 T€	563 T€	563 T€	70 T€	28,125 T€
disposals	5,706 T€	1,108 T€	6,814 T€	1,035 T€	10,922 T€
Exchange rate changes, transfers	0 T€	0 T€	0 T€	0 T€	-576 T€
Acquisition costs January December 1st 2017	0 T€	737 T€	737 T€	467 T€	23,425 T€
Accumulated Depreciation January 1st 2017	1,769 T€	1,141 T€	2,910 T€	1,223 T€	-2 T€
Additions	80 T€	54 T€	134 T€	81 T€	85 T€
Disposals	1,849 T€	1,035 T€	2,884 T€	1,035 T€	17 T€
Exchange rate changes, transfers	0 T€	0 T€	0 T€	0 T€	0 T€
Accumulated Depreciation December 31st 2017	0 T€	160 T€	160 T€	269 T€	66 T€
Residual book value December 31st 2017	0 T€	577 T€	577 T€	198 T€	23,359 T€
Residual book value December 31st 2016	3,937 T€	142 T€	4,079 T€	209 T€	6,797 T€

Bonds and other fixed rate securities

				Prior year
Total	€	37,982,906	T€	23,858

Bonds and other fixed rate securities include the following:

	negotiable	thereof: listed	thereof: not listed	Non negotiable
	T€	T€	T€	T€
Debt securities and other fixed interest securities	37,983	35,972	2,011	0
Total	37,983	35,972	2,011	0

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Thereof: Securities classified as financial fixed assets

			Prior year	
Total	€	23,358,618	T€	6,798
Bonds and other fixed rate securities were recognized with the following residual terms:				
up to 3 months	€	843,028	T€	0
3 months to 1 year	€	3,317,765	T€	8,678
1 to 5 years	€	22,428,159	T€	12,380
more than 5 years	€	11,393,952	T€	2,800

This includes interest accruals in the total amount of T€ 350.

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

Valuation at market value would have resulted in impairment losses. The carrying amounts and fair values of the securities not measured at the lower of cost or market and the unrealized losses on securities classified as fixed assets were as follows as of the balance sheet date:

		Book value		Fair value		Unrealized losses
Debt securities	T€	7,448	T€	7,395	T€	53
Total	T€	7,448	T€	7,395	T€	53

The affected securities are proposed to be held to maturity.

Tangible fixed assets

				Prior Year
Total	T€	577,207	T€	4,079

In 2017 the operating real estate acquired in 2004, which was used entirely by the Bank as part of its operating activities, was sold.

Intangible fixed assets

			Prior year	
Total	€	197,96	T€	209

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.

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Other assets

				Prior year
Total	€	148,539	T€	208

This item mainly includes VAT refund claims against the tax office amounting to € 147.361.

Deferred expenses and accrued income

				Prior year
Total	€	101,270	T€	106

This position consists of prepaid expenses for 2018, thereof T€ 35 for general administrative expenses, € 46k deferrals from export finance business and T€ 20 accruals from credit fees.

Due to banks

				Prior year
Total	€	24,055,336	T€	17,807
Payable on demand		1,055,336	T€	1,970
With an agreed term or period of notice		23,000,000	T€	15,837

Amounts due to banks break down as follows:

Debts due with a residual term of:				Prior year
up to 3 months	€	0	T€	2,106
3 months to 1 year	€	0	T€	2,730
1 to 5 years	€	23,000,000	T€	11,000
more than 5 years	€	0	T€	0

Due to affiliated banks are included as follows:

				Prior year
Payable on demand	€	249,880	T€	80
With an agreed term or period of notice	€	0	T€	0

Due to shareholder banks are included as follows:

				Prior year
Payable on demand	€	191,655	T€	416
With an agreed term or period of notice	€	0	T€	0

Shareholder banks have pledged T€ 192 (prior year: T€ 416) to us as collateral for contingent assets arising from letters of credit.

Due to customers

				Prior year
Total	€	333,669,615	T€	317,682
Payable on demand	€	72,489,232	T€	41,298
With an agreed term or period of notice	€	261,180,383	T€	276,384

Amounts due to customers break down as follows:

Debts due with a residual term of:				Prior year
up to 3 months	€	198,415,523	T€	231,558
3 months to 1 year	€	54,332,643	T€	36,711
1 to 5 years	€	8,432,217	T€	8,115
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	€	47,226,915	T€	22,326
With an agreed term or period of notice	€	2,645,000	T€	3,885

Other liabilities

				Prior year
Total	€	15,447,635	T€	444

EUR 15 Million of this position are pay-ins made by the four shareholders of the bank for the capital increase registered on 29.01.2018.

Deferred income and accrued expenses

				Prior year
Total	€	78,689	T€	96

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

Provisions

				Prior year
Total	€	1,040,800	T€	630

Tax provisions amount to T€ 419 and relate to corporation tax and trade tax for the year 2017. Other provisions of T€ 622 relate to contingent costs incurred in fiscal year 2017 and other as yet unbilled costs.

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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

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

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

Banque Misr S.A.E., Cairo (Egypt)	69.75%	T€	20,924
National Bank of Egypt S.A.E., Cairo (Egypt)	10.25%	T€	3,076
Banque du Caire S.A.E., Cairo (Egypt)	10.00%	T€	3,000
National Investment Bank, Cairo (Egypt)	10.00%	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	€	-1,933,573	T€	-6,197

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

Net profit for fiscal year 2017	T€	4,263,149
Loss carried forward from the prior year	T€	-6,196,722
Net balance sheet loss	T€	-1,933,573

The management proposes that the net loss of von T€ -1,933,573 be brought forward to new fiscal year.

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Contingent liabilities

				Prior Year
Total	€	46,752,129	T€	42,640

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 T€ 89,252 (prior year: T€ 60,385) as of the balance sheet date.

In addition irrevocable loan commitments made to business partners are amounting to T€ 7,563 (prior year: T€ 8,882).

The assessment of the risk of utilization arising from contingent liabilities depends in particular on the collateral provided, as well as on the counterparty's credit rating. From the Bank's perspective, therefore, the risk of utilization is deemed to be low.

Foreign currency assets and liabilities

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

				Prior year
Assets	€	246.199.090	€k	251.367
Liabilities	€	246.214.431	€k	251.410

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 T€ 2,787 in the fiscal year (prior year: T€ 3,375). Net commission income (commission income less commission expense) stood at T€ 1,756 (prior year: T€ 1,399).

The main expenses reducing income were general administrative expenses (non-personnel expense for banking business) of T€ 2,326 (prior year: T€ 2,088) and personnel expenses of T€ 2,315 (prior year: T€ 2,173).

Other operating expenses amounted to T€ 622 (prior year: € 0), consisting of additional costs related to the sale of our own real estate and losses from the disposal of other assets.

Other operating income of T€ 6,200 (prior year: T€ 702) mainly represents the result of sales of our own real estate, income from foreign exchange transactions, income from the reversal of accruals and other income.

Depreciation of and allowances for intangible and tangible fixed assets amounted to T€°216 (prior year: T€ 273).

Loan loss provisions and write-offs amounted to T€ 726 (prior year: T€ 4,311).

Income taxes were T€ 419 in the fiscal year (prior year: T€ 9). Other taxes amounted to T€ 17 (prior year: T€ 15).

Other financial obligations

Costs for information services such as Reuters and S.W.I.F.T. total to T€ 144 p.a. The agreements have a term of one year. The costs of outsourcing electronic data processing and Software maintenance charges amount to T€ 474 p.a.

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€ 21 for tax services

Addendum Report

The shareholders of the Misr Bank-Europe GmbH decided on December 22nd 2017 to increase the base capital by € 15 million. This became legally effective upon entry into the commercial register on January 29th 2018. 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 Banks

Employees

During fiscal year 2017 the Bank employed 20 persons on average. As of the balance sheet date 22 persons were employed, of whom 9 were female and 13 male.

Bodies of the Bank

Supervisory board

- **Akef Abdel Latif El Maghraby**, Chairman (from March 28 2017)
  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
- **Dina Shehata**
  Independent Consultant, Claygate, UK
- **Hisham Hassan**
  Ex-Chairman, Export Development Bank of Egypt, Cairo
- **Ayman Foda**
  General Manager, Banque Misr, Paris, France
- **Mounir Abdel Wahab El Zahid,** Chairman (until March 28 2017)
  Chairman and CEO, Banque du Caire S.A.E., Cairo
- **Dr. Nihal El Megharbel** (from March 01 2017 to December 18 2017)
  Vice Minister for Monitoring, Ministry of Planning, Monitoring and Administrative Reform, National Investment Bank
- **Effat Ishak** (until March 28 2017)
  General Manager, Banque Misr S.A.E., Cairo
- **Ahmed El Sayyad** (until February 28 2017)
  Deputy Chairman and Managing Director,
  National Investment Bank S.A.E., Cairo

Management

- **Hubert F. Bock** (until September 26 2017)
- **Bülent Menemenci**
- **Dr. Gerald Bumharter** (from December 04 2017)

Compensation of the executive and supervisory bodies

Management compensation amounted to T€ 394 in the fiscal year and supervisory board compensation to T€ 61 including assumed taxes.

6. INDEPENDENT AUDITOR'S OPINION

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

Opinions (summarized comments)

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 2017, and the income statement for the fiscal year from 1st of January 2017 to 31st of December 2017, 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 2017 for the fiscal year from 1st of January 2017 to 31st of December 2017.

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 2017 and of its financial performance for the fiscal year from 1st ofJanuary 2017 to 31st of December 2017 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.

Eschborn/Frankfurt am Main, 22 June 2018

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

signed	signed
Hultsch	**Stier**
Wirtschaftsprüfer	**Wirtschaftsprüfer**
(German Public Auditor)	**(German Public Auditor)**

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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 25th 2018 and has approved the financial statements of Misr Bank-Europe GmbH, Frankfurt am Main, as of December 31, 2017 and agreed to the management's proposal on the allocation of the bank's net income of € 4,263,149.

June 25th 2018

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