ANNUAL REPORT
December 31 2021

MISR BANK – EUROPE GMBH

(This English version serves as a convenience translation of the legally binding German version only)

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SINCE 1992 IN FRANKFURT

Management Report for the
Fiscal Year from January 1, 2021 to December 31, 2021

1. Basics of the company

The ownership structure with 4 state-owned banks of Egypt focuses our activities on relationships with banks, companies, as well as other institutions in Egypt and some other countries in the MENA region. We participate in sub-participations in financing transactions and are supporting export and import business. We also engage with companies in Germany, Austria and Switzerland, as well as selected customers in Central and Eastern Europe, whom we support with customized financing. We additionally invest surplus liquidity in syndicated loans, promissory bills and fixed-income securities.

2. Economic report

Macroeconomic, industry-related framework conditions:

As in 2020, 2021 was also decisively shaped by the effects of the Corona pandemic, which presented the entire banking world with new challenges. This effect will also have an impact on 2022.

For Egypt, tourism has collapsed as the most important source of foreign exchange income and showed first signs of recovery in fall 2021. With the lifting of travel restrictions, we notice a significant increase in bookings and occupancy. Many businesses in export-oriented industries such as textiles and agro-food have been affected by closure measures in buyer countries. Added to this are logistical hurdles caused by a disruption in the global movement of goods and, above all, a lack of transport capacity, mainly due to a shortage of freight containers. These have drastically increased transport costs in particular.

The situation is improving only slightly, even though Egypt's domestic economy is coming through the pandemic relatively well.

The ongoing low interest rate policy of the European Central Bank continues to have a negative impact on the bank; during 2021 a short-term interest rate close to 0% was also reached in the USD. The bank has countered this by expanding its exposure to securities, some of which have variable interest rates but medium maturities.

The general increase in administrative expenses due to compliance with regulatory requirements continued in 2021. In particular, risk management, outsourcing management and IT were strengthened in terms of personnel.

Business performance:

The targets for fiscal 2021 envisaged a stronger focus of the balance sheet structure on a sustainable increase in interest income. This was achieved by increasing investments in securities with adequate margins. At the same time, the decline in short-term interest rates on deposits ensured a significant reduction in interest expense. Overall, net interest income increased by 7%. The reduced activity in foreign trade was reflected in somewhat lower net fee and commission income.

Assumptions regarding operating costs, interest rates and contributions from various asset types proved largely accurate. Personnel costs were in line with expectations and remained at the level of the previous year, while we had to manage additional operating costs due to external consultancy support and investments in IT.

Some basic assumptions underlying the planning with regard to the structure of assets/liabilities have developed differently than expected, e.g:

- The balance sheet total was calculated with a target figure of around € 300 million, but thanks to unexpected new deposits it rose to € 326 million on average for the year and reached € 362 million at the turn of the year.
- A large proportion of the new deposits are subject to uncertainties regarding a new disposition, so that these funds were available for interest-bearing, medium-term assets to a much lesser extent and were parked primarily in short-term money market investments. This resulted in significantly higher liquidity holding and correspondingly lower earnings.
- For the above reasons, it was not possible to implement the increase in securities investments to the planned amount of approximately € 120 million by the end of 2021 as a major source of interest income.
- The increase in bilateral lending volume with suitable counterparties in Egypt through cooperation or participation in syndications has been achieved to the expected extent; the expansion of lending in cooperation with Egyptian financial institutions can still be expanded.

The effects of the prolonged lockdown, the subsequent disruption to the flow of goods and logistical difficulties, and the impact on important sectors such as the automotive industry and its suppliers, textile retailing and tourism, as well as the general economic slowdown, led to the need to increase risk provisioning in individual cases. In addition, a provision for guarantees assumed had to be recognized for one insolvency case.

The slight turnaround in interest rates, which first became apparent in September, led to valuation losses in the securities portfolio at the turn of the year. Market price adjustments due to reduced creditworthiness also led to markdowns.

The increased exposure to Egypt is reflected in higher country risk provisions. The general allowance for doubtful accounts was also increased to the level possible from a tax perspective. For the 2022 financial statements, a calculation of the PWB is being prepared in accordance with the rules of IDW RS BFA7, which provides for a continuous increase to the expected level through the formation of monthly provisions.

Status

Net assets

Loans and advances to banks increased by 35.0% from € 105 million to € 141 million, while **loans and advances to customers** decreased by 7.1% from € 97 million to € 90 million.

The portfolio of **securities** amounts to € 111 million compared with € 72 million in the previous year. The portfolio consists mainly of bonds issued by European countries and supranational institutions, which are primarily suitable as HQLA (high quality liquid assets) for the liquidity reserve as part of the LCR calculation, as well as fixed- and floating-rate bonds issued by major European companies and banks.

Liabilities to banks amounted to € 59 million (previous year € 35 million), while **liabilities to customers** increased from € 207 million to € 245 million.

Off-balance sheet commitments amounted to € 24.6 million (previous year € 30.0 million). This includes **irrevocable loan commitments in the** amount of € 8.3 million (previous year: € 9.7 million).

Financial position

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

In 2021, the bank created the possibility of attracting deposits from third parties through the use of brokers. Initial transactions have been concluded to a limited extent of approximately € 34.3 million despite sufficient liquidity. The Bank intends to extend the maturity structure of the liabilities side via this route, if this is necessary. The bank has made use of the option to participate in the ECB's open market operations in the amount of € 85 million.

Earnings

Net **interest income** amounted to € 5,196 thousand, slightly above the previous year's figure of € 4,866 thousand.

At € 1,190k, **net fee and commission income was** significantly down on the previous year's figure of € 1,257k, mainly due to a slight decline in business in the foreign trade sector.

The net result from **foreign exchange transactions** included in other operating income amounted to € 6 thousand, compared to € 231 thousand in the previous year. The Bank conducted these transactions exclusively on behalf of customers.

Net income of € 479 thousand (previous year: € 981 thousand) was realized from **transactions with securities held as** fixed assets and the liquidity reserve.

Personnel expenses increased slightly from € 3,214 thousand to € 3,221 thousand, while other administrative expenses rose from € 2,751 thousand to € 2,987 thousand, mainly as a result of consulting fees for project support, legal costs and investments in IT.

In the lending business, an allowance for losses on loans and advances was recognized in the amount of € 1,941 thousand, which was offset by a reversal of € 77 thousand.

The net **loss for the year** after risk provisioning amounts to € 2,234k, following a surplus of € 194k in the previous year. The loss carried forward will increase from € 2,647k to € 4,881k at the end of 2020.

Overall, the bank's business performance was not satisfactory, and the high level of provisional expenses depressed the overall result. Nevertheless, the bank's net assets, financial position and results of operations are in order.

Financial performance indicators

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

The LCR sets the stock of first-class liquid assets in relation to the total net cash outflow within the next 30 calendar days. If the LCR defined in this way does not fall below a value of 100 percent, the bank's liquidity in the short term is sufficient from the point of view of banking supervision.

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

The liquidity coverage ratio (LCR) was 141.4% at the reporting date, compared with 202.4% in the previous year. The main factor behind this was a reduction in the liquidity buffer due, among other things, to a reduction in the collateral deposited with the Bundesbank with no equivalent increase in cash reserves.

Capital accounts for 15.6% of total assets, bank deposits for 16.4% of total assets, and customer deposits for 67.6% of total assets.

The total capital ratio (CoRep) was 18.63% as of the reporting date, compared with 28.99% in the previous year, which is mainly attributable to the increase in total assets and the associated increase in risk-weighted assets.

Further information can be found in the disclosure report.

3. Risk report

3.1 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 continued existence as a going concern, accompanied by the generation of 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 take risks in a conscious, controlled and economically acceptable manner. Risks may arise from adverse developments or unexpected future deviations in the financial or liquidity situation.

The design of the Bank's risk management system is determined by its business and risk strategies. The Management Board is responsible for the development and implementation of these strategies. The risk strategy is derived consistently from the bank's business strategy. It defines rules according to 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 understanding throughout the bank on the corporate objectives in connection with risk management, and features essential to the business model are monitored on an ongoing basis via an internal limit system.

The risk strategy covers in particular the objectives of risk management and is commensurate with the opportunities taken. Key business activities, market-driven developments on the one hand and instruments provided for internal management on the other, are reviewed at least annually and adjusted appropriately where necessary.

Opportunities for the bank arise from the positive economic development in the target markets. Even if our market share in German-Egyptian trading remains unchanged, the growth expected in this market under normal circumstances will result in increased commission income. Additional earnings potential lies in the targeted sustainable increase in our market share in German-Egyptian trade in the planning period 2021 - 2024.

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

In the fiscal year Misr Bank - Europe GmbH always remained within the defined risk-bearing capacity. All applicable regulatory capital adequacy requirements were met at all times.

The solvency of Misr Bank - Europe GmbH was not at risk 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. In addition, the regulatory requirements for liquidity adequacy were met at all times.

Based on the 2021 annual financial statements and the analysis of the results from the risk management system, there are currently no discernible risks to the bank as a going concern.

3.2 Bank governance & risk culture

The fundamental internal understanding of governance and risk culture builds on the risk strategy adopted by the management. It is based on a comprehensible management culture and transparent communication.

Management defines clear expectations for dealing with risks and itself acts in an exemplary manner in implementing them. Deployed employees understand their contribution to risk management and take responsibility for their decisions (risk appetite).

Existing expert knowledge is continuously adapted to the ongoing framework conditions. Divergent opinions are respected and a targeted analysis of risks is encouraged.

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

- First line: operational, active risk exposure on the market and reporting to management
- Second line: independent monitoring and further development of the legal basis (pillar 1) with supplementary reporting to the management and supervisory board
- Third line: intrinsic and resilient review of monitoring processes (pillars 1 & 2) and external communication with the regulator.

3.3 Risk management process

The risk management process comprises all activities involved in dealing with risks. These include the identification, analysis, assessment, management, documentation and communication of risks as well as the review of the effectiveness and appropriateness of risk management measures.

For the design of the risk management process, the Bank follows the guidelines of the EBA and the principles of the Basel Committee on Banking Supervision (BCBS) and the Financial Stability Board (FSB).

As part of the regular annual risk inventory, all risks classified as material are quantified using risk measurement methods and taken into account as part of the risk-bearing capacity. The ongoing reporting is supplemented by additional scenarios under adverse, extraordinary events (stress tests) in addition to normal market conditions.

3.3.1 Risk management objectives

The risks arising from **general business development** and the **country risk** inherent in our business structure, Egypt, are being closely monitored. Based on the fundamentally 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 focus mainly on OECD countries and only a few selected non-OECD countries.

With regard to the non-bank loan portfolio, we ensure broad diversification in terms of sector risks and avoidance of concentration risks. We limit counterparty risks in money market trading with banks by focusing on international names with stable credit ratings.

Compliance with the guidelines and work instructions issued by the management is subject to ongoing controls. The management is supported in this by the internal audit department as an independent monitoring body.

Risks that could have a significant impact on the net assets, financial position and results of operations are identified at an early stage and monitored and managed in a timely manner by the risk management system. These also include further pressure on earnings from the ongoing low-interest phase and additional operating expenses as a result of increased regulatory requirements.

3.3.2 Definition of risk types

The Bank subsumes under **counterparty risk** possible losses from the non-fulfillment of payment obligations by borrowers, within syndicated transactions, in money trading business with other banks as well as issuers of securities or, in the classical sense, from defaults on receivables or counterparties. This also includes risks that may arise from unexpected changes in the creditworthiness of customers or from international import & export business. Country risk is also subsumed here on a cumulative level.
Credit risk is managed in accordance with the requirements of the risk strategy. The credit decision is based on a careful creditworthiness analysis and individual risk classification. A two-vote process by the front and back office units must be observed when granting

loans. A continuous creditworthiness review is carried out at least once a year. Appropriate processing procedures have been established for loans requiring intensive support and for problem loans.
Quantification is carried out using generally accepted rating-dependent procedures. In this process, probabilities of default determined by recognized rating agencies are assigned to the risk classes and expected and anticipated losses are calculated using an analytical procedure.

Market price risks refer to those risks which, due to changes in market parameters, may unexpectedly change the market prices of assets to the detriment of the Bank and thus result in temporary write-downs or realized losses.

Due to the defined strategy, interest rate risk, currency risk and price risk from bond positions held are relevant market price risks for the Bank, although of less significance than counterparty risk, as the duration of the banking book is kept short.

Interest rate risks which may arise from different interest rate periods for assets and liabilities are limited by proactive and extensive matching of the tenor for receivables and deposits. Interest rate risk is calculated using the requirement from Circular 06/2019(BA).

Currency risks are relevant to the extent that the bank refinances its assets to a significant extent with USD deposits, so that income generated predominantly in USD is offset by administrative expenses in euros. This risk is taken into account as part of the budgeting process. Due to the Bank's strategic decision not to hold any open currency 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 individual justified cases, an open foreign currency position may also be held for a longer period with the approval of the Supervisory Board. The resulting open positions are strictly limited.

Credit spread risks are also quantified for the securities portfolio held as current assets.

Market price risk is calculated using scenario analyses.

Liquidity risk is defined as a further significant risk. This includes unexpected changes in cash and cash equivalents, structural changes on the assets/liabilities side or unexpected changes in the maturity/capital commitment structure that trigger a liquidity requirement. These risks are measured using a worst-case scenario in compliance with the minimum liquidity ratio (LCR). Liquidity risk is mitigated by high liquidity provisioning, increased use of high quality liquid assets (HQLA) and high matching of asset and liability maturities. The aim of liquidity management is to identify liquidity requirements in good time and to maintain sufficient liquidity on an ongoing basis, in addition to complying with the specified level of 120% for LCR. An action plan is defined for crisis situations. In addition to the statutory requirements of the LCR, a liquidity maturity balance sheet is established on an ongoing basis for a period of 5 years.

Operational risk comprises risks from unexpected developments in personnel, IT/information security, legal, reputational, general business interruption incidents or natural hazards. Included here are risks from outsourcing relationships or improper application of models. This also includes the risk of failure to meet the defined information security objectives.

Operational risk is assessed qualitatively on an ongoing basis in the first line of defense and recorded in a loss database, which provides a basis for deriving risk management measures.

To minimize IT risks, the bank operates IT systems that are geared to supporting business processes. Electronic data processing risks are reduced by way of outsourcing to competent external service providers. The adequacy of IT systems is reviewed annually. The Bank's IT strategy is defined separately.

Operational readiness is ensured at all times by installing external back-up solutions as well as external workstations, external data access to all IT applications.

With regard to personnel risks, the bank pursues in particular the approach of deploying qualified personnel and providing them with further training in line with the necessary requirements. Furthermore, close coordination between the departments and the management and clear communication within the departments, together with the timely implementation of controls, should contribute to this.

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

Other, immaterial risks include the business risk that may arise from unexpected developments in business, earnings and commission figures.

3.3.3 Risk provisioning

The allowance for losses on loans and advances comprises specific valuation allowances, the general allowance for losses on loans and advances, and the country risk allowance.

The most important criterion for the recognition of a specific valuation allowance is the impending default of a particular receivable resulting from a sustained impairment of the debtor's ability to service its debt. The amount of the specific valuation allowance to be recognized is determined by the balance of the receivable less the value of any collateral ("unsecured portion") and the debtor's risk classification, from which the rate of the allowance for losses on loans and advances is derived.

General allowances for latent default risks in the loan portfolio were calculated in accordance with the BMF letter of January 10, 1994.

In addition, the instrument of open risk provisioning in accordance with Section 340g of the German Commercial Code (Fund for General Banking Risks) is available.

3.3.4 Risk-bearing capacity

The Bank determines risk-bearing capacity on the basis of national regulatory requirements (ICAAP)[1] . The methods are set out in writing in the "Manual of Risk Management".

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

The risk coverage potential as of December 31, 2021 in the economic perspective amounts to:

	31.12.2021 TEUR
Interest book value	**62.750**
Total capital requirements (Overall Capital Requirements + Pillar II)	-9.852
Expected regulatory costs	-1.209
Unexpected costs from operational risks (basis: loss database)	-315
Standard risk costs (expected loss from lending business)	-1.928
Management buffer	-1.508
Risk coverage potential	**47.938**

From the risk cover amount, upper loss limits are derived for the individual risk types in the economic perspective, which are compared with the exposed risk.

These are as follows:

	31.12.2021		**31.12.2020**	
	Limit	Risk	Limit	Risk
Risk types	in TEUR	in TEUR	in TEUR	in TEUR
Counterparty default risk	28.763	13.504	29.034	10.983
Market price risk	11.985	4.171	12.097	5.305
Liquidity risk	4.794	5.252	4.839	0
Operational risk	2.397	983	2.419	917
Total	**47.938**	**23.911**	**48.390**	**17.206**

The Bank's risk-bearing capacity was given throughout 2021 in both the economic and normative perspectives and under the event-driven consideration of the Covid 19 scenarios.

4. FORECAST REPORT

In principle, the bank will maintain its business activities with Egyptian exporters. Business as a partner for financial institutions in the region and as their representative in Central Europe is to be significantly expanded. The aim here is primarily to act as a service provider in foreign business with letters of credit and guarantees.

The impact of the Corona pandemic, mainly by disrupting the flow of goods and logistics, makes it difficult to elaborate a reasonable forecast for 2022. We expect to see a recovery of the tourism sector in Egypt, an increase in the movement of goods, but also a continued disruption of container traffic due to the situation in China.

In recent years, the bank has consistently refrained from doing business with Russia, but also Ukraine, and is therefore only marginally affected by the current conflict.

The additional increase in energy prices as a result of the war in Ukraine will also have an impact and make production increasingly local again. In Europe, but also in Egypt and the MENA region, the role of the state will play a decisive role in overcoming the economic challenges. Here, however, the investments of the state of Egypt in the development of energy production geared to renewable energies will also play an increasing role.

We see that in view of the progress made prior to the pandemic in stabilizing the Egyptian economy and the ongoing modernization of infrastructure, foreign investors' interest in this location has fundamentally increased.

Overall, in the current situation, the bank expects rising interest rates also for deposits and the resulting effects on net interest income. This has already been countered with a relatively short average remaining term to maturity, but further measures cannot be ruled out and are accordingly included in the planning.

With regard to the liquidity situation, the bank will continue to take deposits from Egyptian institutional investors, but will also strengthen the refinancing base in Germany in order to be able to compensate for any funds from Egypt, which have so far represented the main refinancing base, in the course of 2022. The bank will set a minimum LCR ratio of 150% in its investment policy in order to be able to sufficiently absorb liquidity fluctuations.

The share of deposits from non-banks will tend to increase further, but bank deposits may also play a greater role as part of the new business orientation.

The aim is to maintain the total capital ratio at a level around 18%.

Despite the continuing challenges, particularly in the regulatory environment, we forecast positive earnings at the operating level in the medium term.

The result for the first quarter of 2022 allows the conclusion that there is still a hard way to go to get back into positive earnings.

5. ACKNOWLEDGMENT

We would like to thank our employees for their commitment and our business partners for their trusting cooperation. The supervisory authorities deserve our thanks for the constructive dialogue with our institution.

Frankfurt am Main, June 10, 2022

Dina Shehata	Richard Schmidt
Managing Director	Managing Director

Balance sheet as at December 31, 2021 Misr Bank-Europe GmbH, Frankfurt am Main

Assets

	EUR	EUR	previous year EURk
1. Cash reserve			
a) Cash	3.087,76		6
b) Due from central banks	18.137.645,45	18.140.733,21	27.633
thereof: Deutsche Bundesbank EUR 18.137.645,45 *(prev.yr. TEUR 27.633)*			
2. Due from banks			
a) payable on demand	7.804.591,97		5.047
b) other	133.293.011,97	141.097.603,94	99.496
3. Due from customers		90.235.579,65	97.121
thereof: Collateralized by			
mortgages EUR 0,00 *(prev.yr. TEUR 0)*			
due from municipalities EUR 0,00 *(prev.yr. TEUR 0)*			
4. Bonds and other fixed rate securities			
a) Bonds and debentures			
aa) public issuers	17.278.688,09		15.185
thereof: eligible as collateral at Deutsche Bundesbank EUR 10.286.786,05 *(prev.yr. TEUR 11.483)*			
ab) other issuers	94.116.311,34	111.394.999,43	56.566
thereof: eligible as collateral at Deutsche Bundesbank EUR 25.052.935,59 *(prev.yr. TEUR 6.488)*			
5. Equities and other non-fixed-income securities		0,00	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		27.831,87	48
7. Tangible fixed assets		496.552,17	431
8. Other assets		318.586,17	337
9. Deferred expenses and accrued income		58.580,06	66
Total assets		**361.770.466,50**	**301.936**

Liabilities and equity

	EUR	EUR	previous year EURk
1. Due to banks			
a) payable on demand	4.700.307,55		2.997
b) with contractual notices or periods of notice	54.572.842,57	59.273.150,12	32.314
2. Due to customers			
b) other liabilities			
ba) payable on demand	18.200.324,36		11.128
bb) with contractual notices or periods of notice	226.389.770,93	244.590.095,29	195.836
3. Other liabilities		139.391,63	220
4. Deferred income and accrued expenses		54.292,49	59
5. Provisions			
b) provisions for taxes	0,00		0
c) other provisions	1.194.709,38	1.194.709,38	630
6. Fund for general banking risks		0,00	0
7. Equity			
a) capital	60.000.000,00		60.000
c) revenue reserves			
cd) other revenue reserves	1.400.000,00		1.400
d) balance sheet loss / profit	-4.881.172,41	56.518.827,59	-2.648
Total liabilities and equity		**361.770.466,50**	**301.936**

	EUR	previous year EURk
1. Contingent liabilities		
a) Liabilities from guarantees and indemnity agreements	16.327.427,24	18.323
2. Other obligations		
a) Irrevocable loan commitments	8.317.050,94	9.653

Shehata

Schmidt

Profit and loss statement for the financial year January 1st, 2021 to December 31st, 2021 Misr Bank-Europe GmbH, Frankfurt am Main

Expenses

	EUR	EUR	EUR	previous year EURk
1. Interest expenses			510.648,14	1.950
2. Commission expenses			85.320,88	74
3. General administrative expenses				
a) personnel expenses				
aa) salaries and wages	2.673.702,46			2.704
ab) compulsory social security contributions and expenses for pensions and other employee benefits	547.560,17	3.221.262,63		510
thereof: for pensions EUR 133.429,91 *(prev.yr. TEUR (129)*				
b) other general administrative expenses		2.986.576,43	6.207.839,06	2.751
4. Depreciation of and allowances for intangible and tangible fixed assets			87.645,15	102
5. Other operating expenses			0,21	2
6. Write-offs and valuation allowances on loans and certain securities as well as allocations to loan loss provisions			2.315.676,41	503
thereof: Appropriation to general banking risks (§ 340g HGB)	EUR	0,00		
7. Write-offs and valuation allowances on investments, shares in related companies and securities treated as fixed assets			240.716,89	0
8. Income taxes			0,00	0
9. Other taxes			21.524,86	17
10. Net income for the year			0,00	193
		Total expenses	**9.469.371,60**	**8.806**

Income

	EUR	EUR	previous year EURk
1. Interest income from			
a) loans and money market transactions	2.963.405,14		4.439
b) bonds and other fixed interest rate securities	2.743.446,37	5.706.851,51	2.377
2. Current income from			
a) equities and other non-fixed-income securities		0,00	0
3. Commission income		1.274.928,11	1.331
4. Income from revaluation to loans and certain securities as well as from the release of provisions from lending business		0,00	0
5. Income from revaluation of investments, shares in related companies and securities treated as fixed assets		0,00	280
6. Other operating income		254.085,82	379
7. Income from the release of funds for general banking risks § 340g HGB		0,00	0
8. Net loss for the year		2.233.506,16	0
	Total income	**9.469.371,60**	**8.806**

	EUR	previous year EURk
1. Net loss / net profit for the year	-2.233.506,16	193
2. Loss carried forward from previous years	-2.647.666,25	-2.841
	-4.881.172,41	-2.648
3. Transfer to revenue reserves		
d) to other revenue reserves	0,00	0
4. Balance sheet loss	**-4.881.172,41**	**-2.648**

Shehata Schmidt

Notes to the financial statements as of December 31, 2021

Preparation of the financial statements

The financial statements as of December 31, 2021 were prepared in accordance with the provisions set out in the "Handelsgesetzbuch" ["HGB", German Commercial Code], the “Gesetz betreffend die Gesellschaften mit beschränkter Haftung” [GmbHG, German Limited Liability Companies Act], and the “Verordnung über die Rechnungslegung von Kreditinstituten” [RechKredV, German Bank Accounting Directive].
The income statement is based on form 2 of the RechKredV (account form). Disclosures that can be made in either the balance sheet or the notes to the financial statements are made in the notes to the financial statements.

Accounting and valuation methods

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

- The cash reserve is recognized at nominal value.
- Assets and liabilities are generally recognized at nominal value or settlement value and include accrued interest.
- Bad debt allowances are deducted from the relevant asset items.
- The bank assigned securities to liquidity reserve and to financial fixed assets. The liquidity reserve are reassess 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 on the balance sheet date. The result of foreign currency translation is reported under other operating expenses or income. Foreign currency transactions which are specifically covered by balance sheet items are valued on the basis of the spot rate plus swap accrual and derferral. Provisions are created for unrealised exchange losses resulting from the comparison with the contract rates. The swap rate is deferred over the term of the transactions, and the deferral is shown under deferred items. The income or expense from these swap transactions is shown under interest income or interest expense.
- The development of fixed assets is shown in the statement of changes in fixed assets. Tangible assets are carried at cost less accumulated depreciation charged over their expected useful lives and impairment losses. The amount of scheduled depreciation is based on allowable tax depreciation rates. For low-value assets the measurement option provided by § 6 (2) et seq. “Einkommensteuergesetz” [EStG, German Income Tax Act] is exercised.
- Provisions are set up for uncertain liabilities in the amount of the expected settlement amount.
- Negative interest on financial assets or financial liabilities is deducted from the relevant interest income or interest expense in the income statement.
- For interest-related transactions in the banking book, the valuation was carried out in accordance with IDW RS BFA 3 n. F. using the static (present value) method. This did not result in an obligation overhang from the (pending) interest claims and interest obligations still open on the balance sheet date. The formation of a provision for impending losses in accordance with § 340a in conjunction with § 249 (1) sentence 1 HGB can therefore be dispensed with.

- 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 § 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 § 274 HGB.

Balance sheet disclosures

Loan volume

The gross loan volume is as follows:

				Prior year
Due from central banks	€	18.1 m	€	27.6 m
Due from banks	€	141.1 m	€	104.5 m
Due from non-banks	€	96.5 m	€	106.9 m
Securities	€	111.4 m	€	71.8 m
Guarantees and letters of credit	€	21.1 m	€	23.5 m
Irrevocable loan commitments	€	8.3 m	€	9.7 m
Loan volume	€	396.6 m	€	344.0 m

Due from banks

				Prior year
Total	€	141,097,603.94	€k	104,543
Payable on demand	€	7,804,591.97	€k	5,047
With fixed terms	€	133,293,011.97	€k	99,496

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

Due with a residual term of:				Prior year
up to 3 months	€	102,831,252.65	€k	77,274
3 months to 1 year	€	5,182,162.28	€k	15,498
1 to 5 years	€	25,279,597.04	€k	6,723
more than 5 years	€	0.00	€k	0

Due from shareholder banks are included as follows:

				Prior year
Payable on demand	€	424.48	€k	1
With fixed terms	€	16,598,975.81	€k	4,342

Due from affiliated banks are included as follows:

				Prior year
Payable on demand	€	0,00	€k	0
With fixed terms	€	0.00	€k	0

Due from customers

				Prior year
Total (after bad debt allowances)	€	90,235,579.65	€k	97,121
Thereof: payable on demand	€	4,879,795.30	€k	5,333

Amounts due from customers break down as follows:

Due with a residual maturity of:				Prior year
up to 3 months	€	9,551,026.08	€k	20,418
3 months to 1 year	€	6,726,699.44	€k	14,350
1 to 5 years	€	69,078,058.83	€k	57,021
more than 5 years	€	0.00	€k	0

Fixed assets

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

	Office Equipment in €k	Tangible Assets Total in €k	Intangible Assets in €k	Securities (financial assets) in €k [1] [2]
Acquisition Cost as of 01. January 2021	827	827	500	14,492
Additions	133	133	0	61,708
Disposals	1	1	0	11,855
Acquisition Cost as of 31. December 2021	958	958	500	64,345
Accumulated Depreciation as of 01. January 2021	396	396	452	195
Additions	67	67	21	268
Disposals	1	1	0	-173
Accumulated Depreciation as of 31. December 2021	462	462	472	637
Exchange Rate Changes as of 31. December 2020	0	0	0	469
Exchange Rate Changes as of 31. December 2021	0	0	0	117
Residual Bookvalue as of 31. December 2020	431	431	48	13,828
Residual Bookvalue as of 31. December 2021	496	496	28	63,825

[1] Compared to the previous year, interest accruals and deferrals shown in the balance sheet form are not taken into account in the statement of changes in fixed assets for 2021.
[2] In comparison to the previous year, changes in value due to changes in the exchange rate are summarized in one amount.

Bonds and other fixed rate securities

				Prior year
Total	€	111,394,999.43	€k	71,751

Bonds and other fixed rate securities include the following:

	negotiable €k	thereof: listed €k	thereof: not listed €k	non-negotiable €k
Debt securities and other fixed-interest securities	111,395	109,395	2,000	0
Total	111,395	109,395	2,000	0

thereof:
Securities classified as financial fixed assets

				Prior year
Total	€	64,627,713.48	€k	13,955

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

Up to 3 months	€	3,827,044.58	€k	4,699
3 months to 1 year	€	11,891,529.28	€k	8,748
1 to 5 years	€	85,382,988.45	€k	58,304
More than 5 years	€	10,293,437.12	€k	0

This includes interest accruals in the total amount of € 1,004,259.85.

Securities with a total carrying amount of € 34,988,819.43 were pledged as collateral as of December 31, 2021 for participation in refinancing transactions with Deutsche Bundesbank.

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

		Carrying amount		Fair value		Unrealized losses
Debt securities	€k	53,631	€k	52,523	€k	1,107
Total	€k	53,631	€k	52,523	€k	1,107

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

Intangible fixed assets

				Prior year
Total	€	27,831.87	€k	48

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

Tangible fixed assets

				Prior year
Total	€	496,552.17	€k	431

Fittings, fixtures and office equipment is recognized at a book value of € 496,552.17 (prior year: € 431k). The above item is shown in the statement of changes in fixed assets.

Other assets

				Prior year
Total	€	318,586.17	€k	337

This item mainly consists of VAT refund claims against the tax office totalling € 243,495.12, a deposit paid for rented office space totalling € 59,378.46, and interest on securities due totalling € 9,592.56. Other miscellaneous assets account for a total of € 6,120.03.

Deferred expenses and accrued income

				Prior year
Total	€	58,580.06	€k	66

This item includes expenses already paid for the year 2022, including € 41,331.41 for administrative expenses and € 17,248.65 for accruals from export finance business.

Due to banks

				Prior year
Total	€	59,273,150.12	€k	35,311
Payable on demand	€	4,700,307.55	€k	2,997
With an agreed term or period of notice	€	54,572,842.57	€k	32,314

Amounts due to banks break down as follows:

Debts due with a residual term of:				Prior year
up to 3 months	€	12,572,842.57	€k	12,240
3 months to 1 year	€	5,000,000.00	€k	20,074
1 to 5 years	€	37,000,000.00	€k	0
more than 5 years	€	0.00	€k	0

Due to shareholder banks are included as follows:

				Prior year
Payable on demand	€	239,819.70	€k	91
With an agreed term or period of notice	€	0.00	€k	0

Due to affiliated banks are included as follows:

				Prior year
Payable on demand	€	1,231,908.08	€k	928
With an agreed term or period of notice	€	3,531,696.98	€k	0

Shareholder banks have pledged € 172,338.21 (prior year: € 421 k) to us as collateral for contingent assets arising from letters of credit.

Due to customers

				Prior year
Total	€	244,590,095.29	€k	206,964
Payable on demand	€	18,200,324.36	€k	11,128
With an agreed term or period of notice	€	226,389,770.93	€k	195,836

Amounts due to customers break down as follows:

Debts due with a residual term of:				Prior year
up to 3 months	€	191,673,894.08	€k	145,752
3 months to 1 year	€	28,715,953.85	€k	1,449
1 to 5 years	€	5,999,923.00	€k	48,635
more than 5 years	€	0.00	€k	0

The following amounts due to customers are pledged as collateral for contingent assets arising from bank guarantees and letters of credit:

				Prior year
Payable on demand	€	1,806,494.64	€k	3,248
With agreed term or period of notice	€	1,878,744.84	€k	1,804

Other liabilities

				Prior year
Total	€	139,391.63	€k	220

This item includes liabilities from taxes still to be paid, including the solidarity surcharge, and social security contributions still to be paid in the amount of € 67,704.38. The item also includes liabilities of € 57,127.31 from supplier invoices that will not be paid until 2022. Other liabilities account for € 14,559.94.

Deferred income and accrued expenses

				Prior year
Total	€	54,292.49	€k	59

This item includes discount income and fees from receivables purchased à forfait and from letters of credit in the amount of € 5,472.61. In addition, loan commissions received and premiums on loans totalling € 48,541.91 are reported here. Other accrued interest amounts to € 277.97. This future income is to be allocated to subsequent accounting years.

Provisions

				Prior year
Total	€	1,194,709.38	€k	630

This item relates exclusively to other provisions and includes uncertain costs for the financial year 2021, such as the audit costs for the annual financial statements, the recognition of vacation obligations as liabilities, bonus provisions, 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 financial year 2021 that have not yet been invoiced. There is no discounting requirement for the provisions due to maturities of less than 12 months.

Subscribed capital

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

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

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

Other revenue reserves

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

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

Net balance sheet loss

				Prior year
Total	€	-4,881,172.41	€k	-2,648

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

Net loss for fiscal year 2021	€	-2,233,506.16
Plus income carried forward from the prior year	€	-2,647,666.25
Net balance sheet loss	€	-4,881,172.41

The management proposes that the net loss of € -4,881,172.41 be brought forward to new account.

Contingent liabilities

				Prior year
Total	€	24,644,478.18	€k	27,976

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 € 21,055,621.27 (prior year: € 23,547k) as of the balance sheet date.
In addition we had irrevocable loan commitments made to business partners amounting to € 8,317,050.94 (prior year: € 9,653k).
The assessment of the risk of utilization arising from contingent liabilities depends in particular on the collateral provided, as well as on the counterparty's credit rating. From the Bank's perspective, therefore, the risk of utilization is deemed to be low.

Derivatives
As of the balance sheet date, there was a forward exchange transaction in the amount of GBP 800,000 (previous year: TGBP 950) with a nominal value of € 952,063.60 converted at the closing rate and a fair value of € 15,600.09 for the purpose of procuring liquidity in the export finance business. The remaining term of the transaction is 10 days.

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

				Prior year
Assets	€	207,695,410.92	€k	190,619
Liabilities	€	207,637,434.72	€k	189,777

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

Notes to the income statement

Net interest income (interest income less interest expense) amounted to € 5,196,203.37 in the fiscal year (prior year: € 4,866k). Interest expenses resulted at € -88,112.55 (prior year € -41k) from liabilities to banks and at € 598,760.69 (prior year € 1,990k) from liabilities to other creditors. Of the interest income, € 2,743,446.37 (prior year € 2,377k) came from fixed-interest securities and debt register claims and € 2,963,405.14 (prior year € 4,439k) from lending and money market transactions. The latter resulted at € 704,973.14 (prior year € 1,433k) from loans and advances to banks, at € 2,240,367.48 (prior year € 3,006k) from loans and advances to customers and at € 18,064.52 (prior year € 0k) from other interest income. Negative interest on financial assets or financial liabilities has been deducted from the relevant interest income or interest expenses in the income statement. Interest expenses accounted for € 295,264.61 (prior year € 106k) of this amount and interest income for € 34,796.86 (prior year € 10k). Net commission income (commission income less commission expense) amounted to € 1,189,607.23 (prior year: € 1,257k). This resulted from commission expenses of € 85,320.88 (prior year € 74k) and commission income of € 1,274,928.11 (prior year € 1,331k), which can be broken down by origin as follows:

- Comm. from the LC business	€ 280,683.56	(prior yr. € 288k)
- Comm. from guarantees	€ 157,916.64	(prior yr. € 239k)
- Loan commissions	€ 709,703.59	(prior yr. € 692k)
- Comm. from payment transactions and acct maintenance fees	€ 129,624.32	(prior yr. € 111k)

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

	Total	of which – domestic	of which – EU countries	of which – third countries
Interest Income from Lending and Money Market Transactions	€ 2,963,405.14	€ 519,276.75	€ 484,575.56	€ 1,959,552.83
Current Income from Fixed-Income Securities	€ 2,743,446.37	€ 55,066.11	€ 1,663,124.71	€ 1,025,255.55
Total Interest Income	€ 5,706,851.51	€ 574,342.86	€ 2,147,700.27	€ 2,984,808.38
Share of earnings in % of total revenues	100,00%	10,07%	37,63%	52,30%
Commission Income	€ 1,274,928.11	€ 262,450.79	€ 76,066.37	€ 936,410.95
Share of earnings in % of total revenues	100,00%	20,58%	5,97%	73,45%
Other operating income from customer-related banking business	€ 220,328.23	€ 220,328.23	€ 0,00	0,00
Share of earnings in % of total revenues	100,00%	100,00%	0,00%	0,00%

The main expenses reducing income were general administrative expenses (non-personnel expense for banking business) of € 2,986,576.43 (prior year: € 2,751k) and personnel expenses of € 3,221,262.63 (prior year: € 3,214k). Significant items included in other operating expenses are:

- Legal, Auditing and Consultancy Costs	€ 954,330.36	(prior yr.€ 925k)
- IT Costs	€ 698,347.80	(prior yr.€ 616k)
- Communication & Information Systems	€ 322,608.46	(prior yr.€ 343k)
- Office Rent	€ 306,227.34	(prior yr € 298k)
- Contributions and Insurance	€ 219,564.45	(prior yr.€ 299k)

Other operating expenses amounted to € 0.21 thousand (previous year: € 2k). Other operating income amounted to € 254,085.82 (previous year: € 379k) and mainly comprised capitalized input tax claims from supplier invoices in the amount of € 213,900.67, income from the reversal of provisions in the amount of € 28,253.37, and income from foreign currency translation in the amount of € 5,504.22.

Depreciation of and allowances for intangible and tangible fixed assets amounted to € 87,645.15 (prior year € 102k).
Loan loss provisions and write-offs amounted to € 2,315,676.41 (prior year € 503k).
Taxes on income and earnings amounted to € 0.00 (previous year € 0k) in the financial year. The other taxes amounted to € 21,524.86 (previous year € 17k).

Other financial obligations

The costs for information services such as Reuters and S.W.I.F.T. amount to € 226k p.a. (previous year € 248k). The costs of outsourcing electronic data processing and software maintenance fees amount to € 643k p.a. (previous year € 476k). The remaining terms of these contracts are one year each. The costs for the rented business premises at Marienstraße 15 in 60329 Frankfurt amount to € 214k p.a. (previous year € 201k). The remaining term of the contract is 6 years.

Auditor's fees

The auditor's fees for the fiscal year amounted to
a) € 83k for statutory auditing services (prior year € 81k)
b) € 4k for audit-related services (prior year € 4k)
c) € 0k for tax services (prior year € 0k)
d) € 8k for other services (prior year € 70k)

Addendum Report

No events of particular significance for the net assets, financial position and results of operations of the Company have occurred since the end of fiscal year 2021.
The effects of the Russia-Ukraine crisis, which has been ongoing since the beginning of 2022, were absorbed without direct material damage due to the fact that the bank has consistently refrained from doing business with the countries involved in recent years. For further information on the expected business development in 2022, please refer to the forecast report in the management report.

General Information

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

Memberships

Misr Bank-Europe GmbH is a member of the following associations and organisations:

- Bundesverband deutscher Banken e.V. [Association of German Banks]
- Bankenverband Hessen e.V. [Association of Hessian Banks]
- Prüfungsverband deutscher Banken e.V. [Auditing Association of German Banks]
- Arbeitgeberverband des privaten Bankgewerbes e.V. [Employers' Association of the Private Banking Industry]
- Verband der Auslandsbanken in Deutschland e.V. [Association of Foreign Banks in Germany]
- Vereinigung für Bankbetriebsorganisation e.V. [Association of Banking Organisation]
- Nah- und Mittel-Ost Verein e.V. [German Near and Middle East Association]
- Ghorfa Arab-German Chamber of Commerce and Industry e.V.
- Deutsch-Arabische Industrie- und Handelskammer [German-Arab Chamber of Industry and Commerce]
- Österreichisch-Arabische Handelskammer [Austrian-Arab Chamber of Commerce]
- Union of Arab Banks

Employees

During fiscal year 2021 the Bank employed 26 (prior year 25) persons on average. As of the balance sheet date 29 persons were employed, of whom 14 were female and 15 male (prior year 24, thereof 11 female and 13 male).

Bodies of the Bank

Supervisory board

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

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

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

Dina Shehata (until 31.12.2021)
Independent Consultant, Claygate

Hisham Hassan
Ex-Chairman, Export Development Bank of Egypt, Cairo

Amr El Shafei (until 23.06.2021)
Executive Vice President, Banque du Caire, Cairo

Hazem Hussein Hegazy (since 23.06.2021, until 30.09.2021)
Executive Vice Chairman, Banque du Caire, Cairo

Ayman Foda
General Manager, Banque Misr, Paris

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

Bahaa El-Shafei (since 01.01.2022)
Executive Vice Chairman, Banque du Caire, Kairo

Management

Dr. Gerald Bumharter (Market Division), until 28.02.2021
Bülent Menemenci (Back Office, Risk Management and Operations), until 31.12.2021
Richard Schmidt (Market Division, since 01.01.2022 Back Office, Credit and Organisation)
Dina Shehata (Market Division), since 01.01.2022

Compensation of the executive and supervisory bodies

Management compensation amounted to € 427,212.97 (prior year € 565k) in the fiscal year and supervisory board compensation to € 84,140.24 (prior year € 89k) including assumed taxes.

Frankfurt am Main (Germany), June 10th, 2022

Dina Shehata Richard Schmidt

Financial Statements and Management Report as at 31 December 2021

Misr Bank - Europe GmbH
Frankfurt am Main

SHORT FORM AUDIT REPORT

Legally non-binding English translation of the original independent auditor's report concerning the audit of the annual financial statements and management report prepared in German. The sole authoritative version is the signed original German report.

Mazars GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

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Special Engagement Terms

General Engagement Terms

INDEPENDENT AUDITOR'S REPORT

To Misr Bank – Europe GmbH, Frankfurt am Main

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

Audit Opinion

We have audited the annual financial statements of Misr Bank – Europe GmbH which comprise the balance sheet as at 31 December 2021, and the statement of profit and loss for the financial year from 1 January to 31 December 2021, 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 for the financial year from 1 January to 31 December 2021.

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 applicable German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2021 and of its financial performance for the financial year from 1 January to 31 December 2021 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 § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch – German Commercial Law], 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 Opinion

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the Regulation (EU) No 537/2014 on specific requirements regarding statutory audit of public-interest entities 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 "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, we declare pursuant to Article 10 (2) (f) Regulation (EU) No 537/2014 that we have not provided any prohibited nonaudit services pursuant to Article 5 (1) of Regulation (EU) No 537/2014. 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.

Particularly important audit issues in the audit of the annual accounts

The most important matters in our audit are those that, in our professional judgment, were most significant in our audit of the financial statements for the year from 1 January 2021 to 31 December 2021. These matters have been considered in the context of our audit of the financial statements as a whole and in the preparation of our opinion thereon; we do not express a particular opinion on these matters.

Identification and measurement of impaired loans and advances to customers in the corporate loan portfolio

Related information in the financial statements and management report

The annual financial statements of Misr Bank-Europe GmbH as at 31 December 2021 show loans and advances to customers in the amount of kEUR 90,236. Loans and advances to customers relate primarily to loans to medium-sized customers in Egypt, MENA countries and Germany. Value adjustments are shown in the income statement under the items write-downs and value adjustments on loans and advances and certain securities as well as allocations to provisions in the lending business. The company's information on individual value adjustments on loans and advances to customers is contained in the section "Accounting and valuation methods" in the notes and on credit risks in the management report in the sections "2. Economic report" and "3. Risk report".

Facts and risk for the audit

The identification and measurement of impaired loans and advances to customers is a key area in which management makes discretionary decisions.
The identification and measurement of impaired loans and advances to customers is subject to uncertainty and involves various factors and assumptions that allow management room for interpretation and require individual calculations. On the basis of an assessment of the economic situation of the customers and the collateral provided, expected values for future cash flows are to be calculated.

Since the discretionary decisions of the management have a significant influence on the formation and the amount of any necessary value adjustments, and since these value adjustments are therefore subject to considerable uncertainties, the identification and valuation of impaired receivables was of particular importance within the scope of our audit.

Audit procedures and findings

As part of the audit of the annual financial statements, we first examined the effectiveness of the Bank's relevant internal control system with regard to the identification and measurement of impaired loans and advances to customers and tested the controls implemented. We also considered the relevant business organisation, IT systems and the processes and procedures for identifying and measuring impaired loans and advances to customers. Building on this, we examined the lending business using a risk-oriented sample. We paid special attention to those borrowers among the Bank´s clients whose business development was negatively impacted by the Covid-19 pandemic. As part of this audit, we examined the correctness of the lending, the creditworthiness, the risk classification and the appropriateness of the risk provisions. For the assessment of the collateral, we have examined the Bank's assumptions on the basis of the financial statements and cash flow plans of the customers.

Our audit procedures did not lead to any objections regarding the identification and measurement of impaired loans and advances to customers in the corporate loan portfolio. The value adjustments made are within reasonable ranges.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report

The executive directors are 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, the executive directors are 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 or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company’s ability to continue as a going concern. They also have the responsibility 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, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are 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, the executive directors are 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.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of 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 audit 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 § 317 HGB and the Regulation (EU) No 537/2014 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 this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud 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 audit 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 estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' 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 audit opinions. Our conclusions are based on 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 executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors 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 audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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 make a declaration to those responsible for monitoring that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that are reasonably believed to affect our independence and the precautions that have been put in place to that effect.

From among the matters discussed with those responsible for monitoring, we identify those matters that were most significant in the audit of the annual financial statements for the current reporting period and are therefore the most important matters for the audit. We describe these matters in the auditor's report unless laws or other legal provisions exclude public disclosure of the facts.

OTHER STATUTORY AND OTHER LEGAL REQUIREMENTS

Other information pursuant to Article 10 of the Regulation (EU) No 537/2014

We were elected as statutory auditors by the shareholders' meeting on 23 June 2021. We were appointed by the Executive Board on 20 October 2021. We have been the uninterrupted auditors of Misr Bank - Europe GmbH since the 2018 financial year.

We declare that the audit opinions contained in this opinion are consistent with the additional report to the Audit Committee pursuant to Article 11 of the Regulation (EU) No 537/2014 (Audit Report).

RESPONSIBLE AUDITOR

The auditor responsible for the audit is Mr. Marvin Strache.

Frankfurt am Main, 12 August 2022

Mazars GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Steffen Neuweiler
Wirtschaftsprüfer
[German Public Auditor]

Marvin Strache
Wirtschaftsprüfer
[German Public Auditor]