

**CENTRAL BANK OF EGYPT**

**Financial Statements  
and Auditor's Report Thereon**

**for the year ended June 30, 2023**



# Hazem Hassan

Public Accountants & Consultants

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*Translation of Auditors' Report  
originally issued in Arabic*

## AUDITORS' REPORT

**To the Board of Directors of the Central Bank of Egypt (C.B.E.)**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Central Bank of Egypt – Public Entity - which are represented in the Balance Sheet Statement as of June 30, 2023, and the statements of income, Comprehensive income, changes in equity and cash flows for the fiscal year then ended, and a summary of significant accounting policies and other explanatory notes.

#### *Management's Responsibility for the Financial Statements*

These financial statements are the responsibility of the Bank's Management as Management is responsible for the preparation and fair and clear presentation of the financial statements in accordance with the Egyptian Accounting Standards, and the nature of the Central Banks activities pursuant to the accounting bases indicated in Note No.(2) of the notes to the financial statements and in the light of Egyptian laws and regulations relevant to the preparation of these financial statements . The Management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair and clear presentation of the financial statements that are free from material and significant misstatement, whether due to fraud or error. This responsibility also includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with the Professional Code of conduct, plan and perform the audit to obtain reasonable assurance that the financial statements are free from any significant and material misstatement.

An audit involves performing procedures to obtain audit evidences about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of significant and material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the bank's preparation and fair and clear presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of significant accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.



**Hazem Hassan**

We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

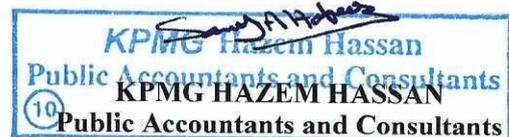
*Opinion*

In our opinion, the aforementioned financial statements present fairly and clearly , in all material respects, the financial position of the Central Bank of Egypt as of June 30, 2023 and its financial performance and its cash flows for the fiscal year then ended according to the Egyptian Accounting Standards and the nature of the Central Banks Activities pursuant to the accounting bases indicated in Note No.(2) of the notes to the financial statements and in the light of Egyptian laws and regulations relevant to the preparation of these financial statements.

**Report on Other Legal and Regulatory Requirements**

The Bank maintains proper books of accounts that include all that is required by Law and the Bank's Articles of Association to be recorded therein, and the financial statements are in agreement therewith.

The financial information included in the Board of Directors' report, prepared in accordance with the requirements of Law No., 194 of 2020 is in agreement with the relevant information recorded in the Bank's books of accounts within the limits that such information is recorded therein .



Cairo, August 15, 2023

Central Bank of Egypt  
Statement of Financial Position  
As at June 30, 2023

	Note	"Amounts in EGP million"	
		30/6/2023	30/6/2022
<b>Assets</b>			
Gold	6	238,604	137,107
Cash on hand		12,004	9,179
Due from banks	7	400,090	264,100
Due from International Monetary Fund (IMF)	8	12,266	7,751
Reverse repo Securities purchases	9	511,305	220,450
Financial assets at fair value through profit and loss	10/A	16,161	11,400
Financial assets at fair value through other comprehensive income	10/B	9,903	6,025
Financial assets at amortized cost	11	1,083,568	790,141
Investments in the capital of international financial institutions	12	19,378	15,711
Investments in the capital of subsidiaries and associates	13	45,644	27,479
Non-current assets held for sale	14	3,500	3,500
Loans and deposits to banks	15	317,120	319,162
Property, plant, and equipment after depreciation	16	6,677	3,847
Intangible assets after amortization	17	76	90
Other debit balances	18	1,804,405	1,171,042
<b>Total assets</b>		<b>4,480,701</b>	<b>2,986,984</b>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
Banknotes on issue	6	1,082,486	837,359
Governmental deposits		6	4
Due to banks in local currency	19	1,467,716	1,139,451
Due to banks in foreign currencies	20	1,510,984	778,383
Due to International Monetary Fund (IMF)	21	118,411	70,656
Repo Securities sale	22	143,960	79,123
Financial derivatives	23	956	-
Other credit balances and provisions	24	155,227	80,760
Retirement benefits obligations	25	659	969
Deferred tax liabilities	26	276	259
<b>Total liabilities</b>		<b>4,480,681</b>	<b>2,986,964</b>
<b>Equity</b>			
Capital	27	21,600	21,600
Reserves	28	371,281	210,584
Retained earnings / losses*		(306,578)	(108,670)
<b>Total Equity</b>		<b>86,303</b>	<b>123,514</b>
Net profits / losses		(86,283)	(123,494)
<b>Total equity and net profits / losses</b>		<b>20</b>	<b>20</b>
<b>Total liabilities and equity</b>		<b>4,480,701</b>	<b>2,986,984</b>

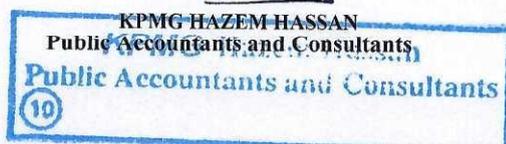
\*An amount of 74 billion EGP is included according to the decision of the board of directors on February 9, 2023.

The attached Notes from (1) to (42) form an integral part of these financial statements and are to be read therewith.  
The auditors' report attached

*Ashraf Elgably*  
General Manager  
Financial Statements

*Mervat Mahmoud*  
Assistant Sub-Governor  
Finance Sector

*[Signature]*  
Governor



Central Bank of Egypt

**Income Statement**

For the Year ended June 30, 2023

*Amounts in EGP million*

	<i>Note</i>	<i>30/6/2023</i>	<i>30/6/2022</i>
Interest on loans and balances at banks	29/A	165,548	35,692
Interest on treasury bills and bonds	29/B	133,607	63,525
		<b>299,155</b>	<b>99,217</b>
<b><u>Less:</u></b>			
Cost of deposits and borrowing	29/C	(291,474)	(183,527)
<b>Net Interest Income</b>	29	<b>7,681</b>	<b>(84,310)</b>
Commission and banking service fees	30	12,864	8,483
Dividend distribution	40/B	1,100	634
Net trading income	32	(1,482)	(7,708)
Profits / Losses from sale of financial investments at fair value	34	-	(731)
Profits / Losses from investments in associates	35	2,990	1,966
Expected Credit losses	36	(4,457)	(168)
Other operating expenses / revenue	31	(56,462)	(10,209)
Administrative and general expenses and depreciation	33	(14,086)	(13,483)
Provisions	23	(812)	(169)
<b>Loss / profit before tax</b>		<b>(52,664)</b>	<b>(105,695)</b>
Tax expense	37	(33,619)	(17,799)
<b>Net profits / loss for the Year</b>		<b>(86,283)</b>	<b>(123,494)</b>

The attached Notes from (1) to (42) an integral part of these financial statements and are to be read therewith.

Central Bank of Egypt

**Comprehensive Income Statement**

For the financial year ended June 30, 2023

	<i>Amounts in EGP million</i>	
	<i>30/6/2023</i>	<i>30/6/2022</i>
Net Profit /loss	<u>(86,283)</u>	<u>(123,494)</u>
Net change in the fair value reserve of equity instruments at fair value through other Comprehensive Income	3,079	658
The bank's share in the comprehensive income from associates	(1,162)	534
Net change in the fair value reserve of debt instruments at fair value through other Comprehensive Income	(15)	(75)
Expected Credit losses of the debt instruments through other comprehensive income*	0000	0000
Net change in the reserve of foreign exchange translation differences	<u>18,337</u>	<u>3,674</u>
<b>Total Other Comprehensive Income</b>	<b><u>20,239</u></b>	<b><u>4,791</u></b>
<b>Total Comprehensive Income</b>	<b><u>(66,044)</u></b>	<b><u>(118,703)</u></b>

\* Expected Credit losses include an amount of EGP 0.7 thousand

The attached Notes from (1) to (42) an integral part of these financial statements and are to be read therewith.

Central Bank of Egypt

Statement of Changes in Equity

For the financial Year ended June 30, 2023

Amounts in EGP million

	Capital	Legal reserve	General reserve	Other reserves	Associates' equities change reserve	Foreign currency Translation Reserves	Gold valuation differences reserve	Coverage of debit equity	The impact of moving exchange rate	Fair value reserve through other comprehensive income	Retained earnings/ losses	Net Profit / loss for the Year	Total
Balance as of July 1, 2021	21,600	7,016	6,004	506	(847)	8,071	21,848	43,500	-	137	(47,592)	(60,207)	36
Impact of Changes resulting from the initial application of EAS (47)	-	-	-	-	-	-	-	-	-	-	(871)	-	(871)
<b>Re-presented balances</b>	<b>21,600</b>	<b>7,016</b>	<b>6,004</b>	<b>506</b>	<b>(847)</b>	<b>8,071</b>	<b>21,848</b>	<b>43,500</b>	<b>-</b>	<b>137</b>	<b>(48,463)</b>	<b>(60,207)</b>	<b>(835)</b>
Transferred to retained losses	-	-	-	-	-	-	-	-	-	-	(60,207)	60,207	-
Change in reserves	-	-	-	-	(168)	3,674	-	-	-	-	-	-	3,506
Net change of fair value reserve	-	-	-	-	-	-	-	-	-	1,117	-	-	1,117
Change in coverage of debit equity	-	-	-	-	-	-	-	119,726	-	-	-	-	119,726
Net profits / loss of the year	-	-	-	-	-	-	-	-	-	-	-	(123,494)	(123,494)
<b>Balance as of June 30, 2022</b>	<b>21,600</b>	<b>7,016</b>	<b>6,004</b>	<b>506</b>	<b>(1,015)</b>	<b>11,745</b>	<b>21,848</b>	<b>163,226</b>	<b>-</b>	<b>1,254</b>	<b>(108,670)</b>	<b>(123,494)</b>	<b>20</b>
Transferred to retained losses	-	-	-	-	-	-	-	-	-	-	(123,494)	123,494	-
Changes in reserves	-	-	-	-	(1,981)	18,337	-	-	(100,487)	-	-	-	(84,131)
Transferred to retained losses	-	-	-	-	-	-	-	-	100,487	-	(74,414)	-	26,073
Net change in fair value reserve	-	-	-	-	-	-	-	-	-	1,902	-	-	1,902
Change in Coverage of debit equity	-	-	-	-	-	-	-	142,439	-	-	-	-	142,439
Net profits / loss of the year	-	-	-	-	-	-	-	-	-	-	-	(86,283)	(86,283)
<b>Balance as of June 30, 2023</b>	<b>21,600</b>	<b>7,016</b>	<b>6,004</b>	<b>506</b>	<b>(2,996)</b>	<b>30,082</b>	<b>21,848</b>	<b>305,665</b>	<b>-</b>	<b>3,156</b>	<b>(306,578)</b>	<b>(86,283)</b>	<b>20</b>

The attached notes from (1) to (42) an integral part of these financial statements and are to be read therewith

Central Bank of Egypt  
Statement of Cash Flows  
For the year ended as of June 30, 2023

	Amounts in EGP million	
	30/6/2023	30/6/2022
<b>Cash flows from operating activities</b>		
Loss / profits before tax	(52,664)	(105,695)
<b>Adjustments to reconcile net profits / loss to cash flows from operating activities:</b>		
Depreciation	1,064	486
Provisions formed	812	173
Provisions used	(362)	(26)
Expected credit losses	4,457	168
Gain from sale of property, plant and equipment	(1)	(7)
Gain (Loss) from sale of financial investments	0000	769
Gain (Loss) from investments in associates	(2,990)	(1,966)
Valuation of investments held for trading	(2,757)	361
<b>Operating Profit /Losses before changes in assets and liabilities used in operating activities</b>	<b>(52,441)</b>	<b>(105,737)</b>
<b>Net decrease (increase) in assets</b>		
Due from banks	(175,089)	122,549
Due from the International Monetary Fund (IMF)	(4,515)	1,575
Loans and deposits to banks	2,042	(159,787)
Other debit balances	(635,265)	(866,466)
<b>Net increase (decrease) in liabilities</b>		
Bank notes on issue	245,127	115,645
Governmental deposits	2	(4)
Dues to banks in local currency	328,265	361,303
Dues to banks in foreign currencies	728,233	367,428
Due to the International Monetary Fund (IMF)	47,755	50,502
Reserve Repo Securities Purchases	64,837	16,425
Financial derivatives	956	-
Other credit balances	74,017	42,516
Employee's benefits Obligations	(310)	449
Income tax paid	(31,255)	(17,693)
<b>Net cash flows resulting from (used in) operating activities</b>	<b>592,359</b>	<b>(71,295)</b>

**Central Bank of Egypt**  
**Statement of Cash Flows**

For the year ended as of June 30, 2023

	<i>Amounts in EGP million</i>	
<b>Cash flows resulting from (used in) investment Activities</b>		
Gold	(101,497)	(72,899)
Financial assets at fair value through profits and losses	(2,004)	61,034
Financial assets at fair value through other comprehensive income	(4,256)	88,676
Financial assets at amortized cost	(297,851)	(77,273)
Investments in the capital of International Financial Institutions	(3,667)	(4,867)
Investments in the capital of subsidiaries and associates	1,181	(47)
Purchases of property, plant and equipment and projects under constructions	(2,075)	(3,001)
Proceeds from sale of fixed assets	1	7
<b>Net cash flows from (used in) investment activities</b>	<b>(410,168)</b>	<b>(8,370)</b>
 <b>Cash flows resulting from (used in) financing Activities</b>		
Long term loans	4,368	4,275
Coverage of debit Equity	142,439	119,726
Changes in reserves and retained losses	(74,414)	0000
<b>Net cash flows resulting from (used in) financing activities</b>	<b>72,393</b>	<b>124,001</b>
 Net cash during the Year	 254,584	 44,336
Cash and cash equivalents at the beginning of the Year	341,796	297,460
Cash and cash equivalents at the end of the Year	<b>596,380</b>	<b>341,796</b>
 Cash and cash equivalents at the end of the Year are represented as follows:		
Cash on hand	12,004	9,179
Due From Banks / Current account	114,071	153,167
Foreign treasury bills (Due three months or less)	470,305	179,450
	<b>596,380</b>	<b>341,796</b>

The attached notes from (1) to (42) an integral part of these financial statements and are to be read therewith.

Central Bank of Egypt

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2023

**1 Bank's Activity**

The Central Bank of Egypt (CBE) was established on January 1, 1961 and carries out its activity through its Head Office – and four branches located in Cairo, Giza (Mohandessin), Alexandria, and Port Said. The Bank aims to achieve price stability and soundness of the banking system within the state's overall economic public policy, the bank is also responsible for issuing banknotes, managing cash liquidity, supervising banking system units in addition to managing the State's reserves of gold and foreign exchange, regulating, and managing foreign exchange market, overseeing the national payments system, and providing all banking services to the Government and various Ministries.

**2 Significant Accounting Policies Applied**

**2.1 Significant accounting policies applied**

- The Financial Statements were prepared in accordance with the Egyptian Accounting Standards and the nature of the activity of central banks and the prevailing Egyptian laws and regulations. Due to the specialized nature of the Central Bank of Egypt deemed as an independent regulatory body, with a public entity and having technical, financial and administrative independence as well as unique powers and responsibilities in respect of its activity as a central bank in respect of managing monetary policy, the Bank follows some specialized accounting principles and practices that it deems as appropriate to the nature and function of the Central Bank.
- Due to the nature of the Central Bank and as part of its central banking functions, in specific circumstances, it may not be to the public interest to disclose certain transactions wherein the Central Bank of Egypt is involved. It is to be noted that its accounting impact is reflected on the financial statements properly according to the applicable policies.
- The financial statements are prepared based on the amended historical Cost Principle, to include the computation of some financial assets at fair values.
- In the event that Equity is presented in the financial statements at a negative value it shall be covered by proving the indebtedness of the Ministry of Finance (debtor) in implementation of Article No.(4) of the Central Bank Act No. 194 of 2020, whereas the event that shall give rise to the liability of the Ministry of Finance is the date of presenting Equity at the monthly and annual reporting date with a negative value before submitting the financial statements and getting them approved by the Board of Directors of the Central Bank of Egypt, in this case the Equity shall be directly recorded under the item of "reserve for covering equity presented in negative value" (creditor) according to the two resolutions of the BOD s Nos. 2107/2021 dated 26/10/2021 and No. 2310/2021 dated 23/11/2021.
- The financial statements are presented in Egyptian Pounds.

Central Bank of Egypt

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2023

**2- Significant accounting policies applied- continued**

Pursuant to the provisions of Article No. (6) of the Central bank Law No. 194 of 2020, which It states that central bank aim to ensure the safety of the monetary and banking system and the stability of Prices within the framework of the state's overall economic policy. It is in the light of the specialized nature of the Central Bank of Egypt and its non-profit status under the terms of article (39) of Central Bank Law No. 194 of 2020, the special accounting framework followed by the Central Bank of Egypt to prepare its financial statements is the Egyptian accounting standards (EAS) And the nature of the activity of central banks, which differs from the Egyptian accounting standards in some aspects and the most significant are the following:

- 1- Recognition of some debt instruments classified within the bank's assets, which carry a lower rate of return from the market or without a rate of return at contractual value. The return on debt instruments is also recognized debt using the contractual rate of return. In keeping with the nature of those instruments, the aim of its acquisition and within the framework of the bank's role in monetary policy management specially and to support the economic policies of the state in general.
- 2- Exception some debt instruments that are measured at amortized cost or those that are measured at fair value through other comprehensive income from applying the expected credit loss model.
- 3- Accounting for subsidiaries using the equity method in the bank's financial statements and not Preparing consolidated financial statements that include the consolidated financial position and results of the Bank's activities as The Central Bank of Egypt and its subsidiaries as single economic entity. And that's because of the non-profit nature of the CBE is different from its commercial subsidiaries that aims for profit. The objectives and terms of CBE do not include the establishment or direct investment in subsidiaries and a affiliates profit companies for the purpose of maximizing the return on those investments. Exceptional circumstances as one of the means to ensure the stability of the banking sector and the cash system of the state.
- 4- Measurement of some investments in the capital of international financial institutions at cost.
- 5- Given the nature of central bank activities, less detailed financial information are disclosed of those required in accordance with Egyptian accounting standards to ensure effectiveness and efficiency of management of monetary policy and stability of the state's financial system. The most significant of these data include the following:
  - Some disclosures of financial risks.
  - Sectors of activity and geographical sectors.
  - Fair value.
  - Related parties.
  - Some of the Central Bank's commitments and initiatives under its role in the management of the State's monetary and banking system.

Central Bank of Egypt

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2023

**Significant accounting policies applied- continued**

▪ Changes in Accounting Policies

- The Board of Directors of the Central Bank of Egypt approved the application of EAS No. 47- "Financial Instruments" according to the nature of the activity of central banks as detailed in the policies below – on the financial statements of the Central Bank of Egypt as of the current financial year 2021/2022 using the expected credit losses and according to the requirements of the Standard, the financial assets were classified based on their measurement whether at fair value, through profits and losses, or at fair value, through other comprehensive income or at amortized cost according to the Board of Director's Resolution No. 2309/2021 on 23/11/2021.
- The bank's board of directors approved the accounting policy with the exception for the Central Bank of Egypt from the preparation of consolidated financial statements due to the nature of the bank's activity in accordance with th Bank Board of Director's decision No. 2002/2022 on 28/9/2022.
- The Board of Directors of the Central Bank of Egypt approved the special accounting treatment dealing with the effects of moving foreign exchange rates so that they recognize the debit and credit foreign exchange differences resulting from the retranslation of monetary asset balances and liabilities outstanding at the end of December 31, 2022 using the existing exchange price on that date included in other comprehensive income instead of recognition in the income statement, this differences are included in retained profits and losses at the end of the current financial year, in accordance with Board of Directors decision No 300/3/2023 on 9/2/2023.
- Re-lending Financial liabilities in foreign currencies in Egyptian pounds to local entities with the pledge to those parties to pay the value of these obligations in Egyptian pounds on due dates in accordance with the exchange rate prevailing on the date of payment and until the final payment, recording those re-lending amounts associated with those liabilities at a value equivalent to the balances of those Liabilities in foreign currencies in accordance with the exchange rate at the date of the preparation of the financial statements with inclusion of any differences on the income statement within difference from valuation of foreign assets and liabilities balance.

**2.2 Foreign Currency Transactions**

The bank's accounts are maintained in Egyptian pounds and other foreign currency transactions are recorded during the fiscal year using the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities in foreign currencies are revalued at the end of the fiscal period at exchange rates prevailing on this date, a cooperation protocol agreement no. (1) was signed between the Ministry of Finance and the Central Bank of Egypt in a manner that as of July 1, 2020, the Central Bank of Egypt is obliged to record the revaluation differences resulting from the revaluation of the Bank's assets and liabilities in foreign currencies, exchange rate differences and foreign debts installments in its financial statements according to their accounting treatment without any liability or commitment on the part of the Ministry of Finance.

Central Bank of Egypt

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2023

These differences, whether recognized or not, shall be recorded in the Income Statement of the CBE; provided that it is prohibited in all cases to distribute any dividends of unrealized profits according to Article No. (43) of Law No. (194) of 2020 as promulgated by the Law of the Central Bank of Egypt and the banking system provided that they shall be recorded under the Equity at the end of the year.

**2.3 Revenue Recognition**

loans Interest income, balances at banks and debt instruments are recognized in the Income Statement on an accrual basis, using the contractual interest rate except for interests on non-performing loans whose recognition as income shall cease, in case of uncertainty of recovery of these interests or the principal amount of the indebtedness. Revenues from financial investments (share capital participations) are recognized when related dividends are declared.

**2.4 Gold**

Gold deposited is valued as issuance cover at the rate of 100% of the price per ounce prevailing in London Market (closing price) at the end of each month and at the end of each fiscal year and the entire Valuation differences of gold (gain or losses) are to be recorded in CBE Income statement, according to the CBE Board of Directors Resolution No. 205/2021 on 24/1/2021 and No.804/2022 on 29/3/2022.

Upon acquisition of gold for depositing it as issuance cover, this gold must be recognized at fair value in addition to the cost of the transaction directly related to the acquisition process according to the resolution of the Board of Directors of the Central Bank of Egypt No. 1600/2020 issued on June28, 2020,

The physical count of gold inventory is performed every five years according to the decision of the Board of Directors of Central Bank No. 1701/2006 at the session held on August1, 2006. An additional physical inventory count is made at the end of each financial year for the gold purchased during the financial year only, according to the Board of Directors' resolution No. 2506/2016 at the session held on December 28, 2016.

In accordance with the decision of the Board of Director No. 2302/2022 issued on December 13, 2022, the postponed partial gold physical count for year 2021 has been carried for gold deposited in the vaults of the Bank's head office .

In all cases, it is prohibited to make any distributions of unrealized profits according to Article No. 43 of Law No. 194 of 2020 as promulgated by Law of the Central Bank of Egypt and the banking system provided that they must be recorded at the end of the year under the Equity.

**2.5 Derivatives Financial Instruments**

Derivatives are initially recognized at fair value on the date of entering into the derivative contract Subsequently measured at their fair value, fair values are obtained from quoted market prices declared in active markets, including recent market transactions, or valuation techniques such as discounted cash flow model. In general, the best evidence of the fair value of a derivative is upon the first recognition is the transaction price (i.e., the fair value of the paid or received). All derivatives are shown Within the assets if their fair value is positive, or within the liabilities if their fair value is negative. The bank does not apply the hedge accounting rules contained in Egyptian Accounting Standard No. (47).

Central Bank of Egypt

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2023

**Financial Assets -The Financial Policy applied for the Classification and Measurement of the Financial Assets and Liabilities**

On initial recognition, financial assets are classified at amortized cost, or at fair value through other comprehensive income or at fair value through profits and losses. Financial assets are classified according to the business model according to which these financial assets and their contractual cash flows are managed.

**2-6-1 Financial Assets Classified at Fair Value Through Profits and Losses**

All other financial assets are classified at Fair Value Through Profits and Losses.

In addition, on initial recognition, the Bank may irrevocably specify a financial asset that meet the requirements which will be measured at amortized cost or at fair value through other comprehensive income as being measured at fair value through Profits and Losses.

However, in doing so this will significantly eliminate or reduce the accounting incompatibility that may otherwise arise, provided that it is prohibited in all cases to distribute any dividends of unrealized profits according to Article No. (43) of Law No. (194) of 2020 as promulgated by the Law of the Central Bank of Egypt and the banking system provided that they shall be recorded under the Equity at the end of the year.

**2-6-2 Financial Asset Measured at Fair Value Through Other Comprehensive Income**

Debt instruments shall be measured at fair value through other comprehensive income and not at fair value through profits and losses only if the following conditions are met:

- The financial asset is held within a business model whose objective is achieved via collecting contractual cash flows and selling financial assets and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding due amount.

on initial recognition of the investment in shares not held for trading; the bank may decisively choose to measure the subsequent changes in fair value under the items of other comprehensive income. This choice is made based on each investment on a case-by-case basis.

At the end of each fiscal period, it is valued at its fair value prevailing at this date (representing market price) and compared to the book value -after amortizing the issuance premium/discount using the Straight-line Method while the unrealized differences (profits /losses) are recorded in the Comprehensive Income Statement.

**2-6-3 Financial Assets at Amortized Cost**

Financial asset is measured at amortized cost and not at fair value through profits and losses only if the two following conditions are met:

- The financial asset is held within a business model whose objective is to hold and maintain financial assets to collect contractual cash flows.
- The contractual terms of the financial assets give rise on specific dates to cash flows that are solely payments of principal and interest on the principal outstanding due amount.

Egyptian Government Bonds that are not traded in the Stock Exchange and which are held to maturity are recorded at nominal value.

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Debt instruments purchased at the time of initial issuance are recorded at amended cost, which represents the nominal value plus issuance premium or less issuance discount. The issuance premiums/discounts are amortized using the straight-line method, and the amortization is recorded under the item of "Interest on Treasury Bills and Bonds" in the Income Statement. The same valuation method is used in respect of the bonds purchased from the market at a value more or less than the nominal value, while the cost shall be reduced by the portion of the coupon value related to the period prior to the purchase date (accrued interests).

**2-6-4 Business Model Valuation**

The Bank evaluates the objective of the business model according to which the asset is held at portfolio level, as this best reflects the way the business is managed, and information is provided to Management.

**Information considered includes:**

A-The declared policies and objectives of the portfolio and the working mechanism of these policies in practice to particularly determine whether the management strategy focuses on earning contractual interest income, matching the duration of financial assets with the duration of financial obligations that finance these assets or achieving cash flows through the sale of assets.

B- How to assess portfolio performance and report this to the Bank's Management.

C-Risks affecting the performance of the business model and the financial assets held under this business model and how to manage these risks.

D-Number of business transactions, size and timing of sales in previous periods, reasons of these sales and expectations of the sale activity in the future. However, information on the sale activity is not considered separately as it is deemed as an integral part of a comprehensive assessment of how to achieve the bank's declared objective in respect of managing financial assets and how to generate cash flows.

Financial assets held for trading or whose performance are valued based on the fair value are measured at fair value through profits or losses since they are not held to collect Contractual cash flows only nor held to collect contractual cash flows from the sale of financial assets.

**Evaluating Whether the Contractual Cash Flows Are Solely Payments of Principal Amount and Interest on The Principal Outstanding Amount.**

For the purposes of this assessment, the principal amount is defined as the fair value of the financial asset on initial recognition. Interest is defined as the cash amount equivalent to the time value of money and credit risks associated with the principal amount under payment over a certain period in addition to the other main lending risks and costs (e.g., liquidity risk and administrative costs), as well as profit margin.

when assessing whether contractual cash flows are mere payments of the principal amount and Interest, the Bank considers the contractual terms of the instrument the matter which entails evaluating whether the financial asset contains contractual terms that may change the timing and amount of contractual cash flows deeming that this will not satisfy this condition.

**2-7 Impairment of Financial Assets**

- Expected Credit Loss Model applies to all debt instruments measured at amortized cost or those measured at fair value through other comprehensive income except for some exceptions according to the nature of central bank activity as follows:
  - Debt instruments issued by the Egyptian Government in local currency.
  - Deposits at banks (with a maturity date of a month or less) from the date of the financial position.
  - Current accounts at banks.
  - Guarantees and pledges issued by the Central Bank of Egypt in return for guarantees issued by the Ministry of Finance.
  - Subordinated deposits.
  - loans granted to some Egyptian banks whose shares are entirely owned by the State or the Central Bank of Egypt.

All Guarantees and pledges issued by the Egyptian Government to meet the due claims in local currency are deemed as sufficient for the purpose of computing the Expected credit losses.

- According to Egyptian Accounting Standard No. 47, credit losses are recognized earlier than was before.

The Bank applies a three-stage approach to measure expected credit losses of financial assets recorded at amortized cost and debt instruments at fair value through other comprehensive income.

Assets move between the next three stages based on the change in credit quality since their initial recognition.

**First stage: Expected Credit Losses Over a Period Of 12 Months**

First stage includes financial assets at the time of initial recognition which do not entail a significant increase in credit risks since initial recognition or that entail relatively low credit risk.

As for these assets, expected credit losses are recognized over a period of 12 months and interest is calculated on the total book value of the assets (without deducting the credit provision).

Expected credit losses over 12 months are the expected credit losses that may result from the probability of default that may take place within 12 months after the financial statements date.

**Second Stage: Expected Credit Losses Recognized Over the Lifetime of The Financial Asset Without Impairment in The Value of Credit**

Second Stage includes financial assets that encounter a significant increase in credit risks since Initial recognition but there is no objective evidence of impairment in value. The expected credit losses shall be recognized over the lifetime of these assets however interest continues to be calculated on the total book value of these assets.

Life-time expected credit losses are the expected losses resulting from the probability of default that may occur over the expected lifetime of the financial instrument.

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**Third Stage: Expected Credit Losses Recognized Over the Lifetime of the Financial Asset - Impairment in The Value of Credit**

Third Stage includes financial assets accompanied by objective evidence of impairment in value prevailing on the financial statements date.

As for these assets, expected credit losses are recognized over the Lifetime of the Financial Asset.

**2.8 Investments in International Financial Institutions**

Investments in International Financial Institutions are valued at cost. In case of impairment in their fair value below the book value. Book value shall be adjusted accordingly for each individual investment on a case-by-case basis while such impairment shall be charged to the Income Statement under the item of "Gain/Losses of Financial Investments", if an increase takes place in the fair value of this investment the difference shall be charged to the Income Statement under the same item within the limits of the amounts previously charged to the Income Statement pertaining to prior fiscal periods.

**2.9 Investments in Subsidiaries and Associates**

Associates are entities over which the Bank has a (direct/undirect) significant influence, but not control. Usually, the Bank has a shareholding percentage that varies from 20% to 50 % of the voting rights.

Subsidiaries are companies wherein the Bank has direct/indirect ability to control their financial and operational policy, or wherein the Bank holds a share capital participation percentage exceeding (50%) of their shares or voting rights.

Associates and subsidiaries are accounted for using the Equity Method of accounting using the latest available financial statements as the investment is initially recognized at cost and the carrying value of the investment is to be increased or reduced to reflect the investor's share in the profits or losses of the investee company after the acquisition date. The investor's share in the profit or losses of the investee company shall be recognized under profits or losses of the investor. The book value of the investment shall be reduced by the dividends received from the investee company.

**2-10 Non-Current Assets Held for Sale**

They are classified as non-current assets held for sale when it is expected that the carrying amount of the asset will be recovered mainly through a sale transaction and not from continuing to use them. The non-current assets held for sale which are classified as assets held for sale are measured using the carrying value or fair value less sales costs whichever is lower.

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**2-11 Property, Plant, Equipment and Accumulated Depreciation**

Property, Plant and Equipment are recorded at cost and are presented in the balance sheet net of accumulated depreciation. Depreciation is calculated using the Straight-Line Method at appropriate depreciation rates to be determined based on the estimated useful life of each asset as follows:

<i>Asset</i>	<i>Estimated Useful life</i>
Buildings and constructions	20 – 40 years
Fixture & installations	3 – 17 years
Vehicles& means of transportation	5 years
Computers	5 years

**2-12 Intangible assets and Accumulated Amortization**

Intangible assets are recorded at cost and are presented in the balance sheet net of accumulated amortization. Amortization is calculated using the Straight-Line Method and appropriate depreciation rates to be determined based on the estimated useful life of the asset determined at three years maximum.

**2-13 Projects in Progress**

Projects in progress related to the head office and Banknote Printing House are recorded in the balance sheet at cost.

**2-14 Provisions**

- Provision for contingent claims formed for legal lawsuits.  
This provision is formed to meet any liabilities or expected claims in respect of the lawsuits filed against the bank.
- Provision for operational risk losses  
This provision is formed for the losses of accidents related to operational risks.
- Provision for contingent tax claims  
This provision is formed for the contingent tax differences due to the Tax Authority.

**2-15 Cash and Cash Equivalents**

For the cash flow statement preparation, cash and cash equivalents item includes cash balances, cheques under collection, and treasury bills whose maturity dates are 3 months or less.

**2-16 Taxes**

- Income tax includes the tax on profit or loss for the year and the deferred tax. Income tax is recognized on the base of net taxable profit using a tax rate of 40%.
- Deferred tax is recognized for the time differences between the carrying value of assets and liabilities according to the accounting basis and their values according to the tax basis. The value of deferred tax is to be determined according to the method expected to be used to realize or settle the values of assets and liabilities using the aforementioned tax rates.

- Deferred tax assets of the Bank are recognized only to the extent that it is probable that future taxable profits will be available through which the asset can be utilized. The value of deferred tax assets is reduced by the portion of which it is no longer probable that related tax benefit will be realized in the subsequent years, provided that if there is an increase in the expected tax benefit the deferred tax assets will be increased to the limit of the amount previously reduced.

### **3 Management of Central and Information Security Risk**

- The bank's activities and operations are exposed to various kinds of risks thus credit risks, market risks, operational risks, continuity (Going concern) risks and information security risks are assessed, measured, and monitored in a manner that their adverse negative effects are minimized and hedged for.
- The Bank has laid down special policies to manage each kind of these risks to ensure that the top management is committed to manage, continue monitoring, analyse and encounter them in a proper manner. These policies are periodically reviewed and updated to cope with the latest developments on the international and local levels, in a manner that makes the CBE a role model for effective management of various risks.

#### **3.1 Credit Risks**

- These risks represent losses resulting from the inability of financial institutions dealing with the CBE to fulfil some or all their financial obligations towards the bank on their maturity dates. The Credit Risk Department works on mitigating the occurrence of these losses under the accredited credit policy of the CBE which includes a group of general principles, rules and guidance that must be observed to manage these risks and minimize them to the least possible limit. It also specifies the responsibilities and obligations of all parties involved in this frame.
- The Credit Risk Department studies and analyses risk for countries and financial institutions that need to be granted credit limits, for investing in money markets which are represented in deposits maintained at overseas banks and foreign exchange transactions (Money Market & FX deals ) which are managed through the Foreign Reserve Department at the CBE, as well as letters of guarantees and bank accounts in which the CBE maintains balances to manage its external operational liabilities (Nostro) which are managed through the Banking operations sector. The Credit Risk Department studies and follows up the creditworthiness of international institutions trading in securities (traders) dealing with the CBE.
- While studying the credit limits to be granted , the Credit Risk Department relies on quantitative and qualitative analysis of the countries and financial institutions which involves analysing the political, financial and economic status of countries as well as the banking sector, in addition to the financial analysis of organizations while taking into account that the " Obligor Risk Rating – ORR " of the CBE is to be determined based on the lowest credit rating granted by the Credit Rating Agencies "S&P-Moody's-Fitch" for each separate financial institution on a case by case basis. In addition, the Credit Risk Department continuously follows up all the developments that may affect the countries and /or banks dealing with the CBE in order to monitor any developments that may increase the credit risk encountered by the CBE and take the necessary measures to reduce them (if necessary).

Expected credit loss calculations:

In accordance with the application of Standard 47 of the Egyptian Accounting Standards, a special model is used to calculate the expected credit losses on assets in the financial statements of the Central Bank, where the credit rating of all counterparties that the Central Bank deals with is added, and the lowest credit rating granted by the credit rating agencies S & P, Moody's, and Fitch is added for each financial institution separately. Depends on the increase in credit risk of financial institutions on the existence of arrears as well as monitoring any downgrade / deterioration of the credit rating of this financial institution.

The model used calculates expected credit losses as follows:

$ECL \text{ (Expected Credit Loss)} = PD\% \times EAD \times LGD\%$

➤ Probability of default - PD

The probability of default is taken into account for a period of 12 months for the assets included in the first stage but for the assets included in the second and third stages, the probability of default is taken into account over the life of the asset, based on historical data and future information of macroeconomic indicators.

➤ Exposure at Default – EAD

It is the estimate of the amount subject to default at a future date, taking into account changes to the amount outstanding after the reporting date, including payments to repay the principal amount or any future uses.

➤ Loss Given Default – LGD

It is the estimate of the loss arising in the case that default occurs at a specific time, and it represents the difference between the contractual flows due and the amount expected to be collected, including liquefiable guarantees (if any).

The following schedule includes the balances due from banks according to the credit rating of the financial institutions dealing with the Central Bank of Egypt regarding the balances of the fiscal year ended 30/6/2023 where the credit rating is made according to the external credit rating based on the credit ratings published by credit rating agencies Standard & Poor's, Moody's, and Fitch. However, if there is a discrepancy in the ratings, the lowest rating must be used.

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As of June 30 (value in million pounds)	30-6-2023			30-6-2022		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
<b>Balances Due from banks</b>						
AAA	25,121	-	-	6,130	-	-
Aa1	85	-	-	118	-	-
Aa2	-	-	-	3,343	-	-
Aa3	7,233	-	-	606	-	-
A1	106,239	-	-	66,952	-	-
A2	233	-	-	931	-	-
A3	2,796	-	-	94,237	-	-
Baa1	-	34	-	-	27	-
Baa2	123,341	11	-	74,989	9	-
Baa3	12	7	-	7	4	-
Ba1	-	-	-	-	-	-
Ba2	-	-	-	-	-	-
Ba3	-	-	-	-	-	-
B1	-	-	-	-	-	-
B2	-	-	-	16,001	157	-
B3	133,584	206	-	35	558	-
Caa1	-	1,195	-	-	-	-
Caa2	-	-	-	-	-	-
Caa3	-	-	-	-	-	-
Ca	-	-	-	-	-	-
D	-	-	-	-	-	-
Not rated	-	-	-	-	-	-
<b>Total book value</b>	<b>398,644</b>	<b>1,453</b>	<b>-</b>	<b>263,349</b>	<b>755</b>	<b>-</b>
<i>Provision for loss</i>	(7)	-	-	(4)	-	-
<b>Net book value</b>	<b>398,637</b>	<b>1,453</b>	<b>-</b>	<b>263,345</b>	<b>755</b>	<b>-</b>

- The following schedule includes balances due from banks according to the geographical distribution of the financial institutions dealing with the Central Bank of Egypt in respect of the balances of the fiscal year ended on 30/6/2023 and 30/6/2022.

Classification according to the geographical distribution (Amounts in EGP million)	Balances due from banks			
	stage 1	stage 2	stage 3	Total
Arab Republic of Egypt	133,510	1,390	-	134,900
Africa other than the Arab Republic of Egypt	-	7	-	7
Europe	29,028	30	-	29,058
Asia and Pacific	103,590	-	-	103,590
Gulf	3,286	-	-	3,286
North America	3,058	26	-	3,084
Supranational	126,172	-	-	126,172
<b>June30, 2023</b>	<b>398,644</b>	<b>1,453</b>	<b>-</b>	<b>400,097</b>

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Classification according to the geographical distribution (Amounts in EGP million)	Balances due from banks			
	stage 1	stage 2	stage 3	Total
Arab Republic of Egypt	15,986	606	-	16,592
Africa other than the Arab Republic of Egypt	-	4	-	4
Europe	9,547	30	-	9,577
Asia and Pacific	63,617	-	-	63,617
Gulf	94,197	-	-	94,197
North America	3,607	115	-	3,722
Supranational	76,395	-	-	76,395
<b>June30, 2022</b>	<b>263,349</b>	<b>755</b>	<b>-</b>	<b>264,104</b>

- The following table presents the calculation of expected credit losses on financial assets at amortized cost of which expected credit losses to be calculated and distributed according to the credit rating, for the year fiscal year ending June 30, 2023, and June 30, 2022.

As of June 30 (value in million pounds)	30-6-2023			30-6-2022		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
<b>Balances Due from banks</b>						
AAA	-	-	-	-	-	-
Aa1	-	-	-	-	-	-
Aa2	-	-	-	-	-	-
Aa3	-	-	-	-	-	-
A1	-	-	-	-	-	-
A2	-	-	-	-	-	-
A3	-	-	-	-	-	-
Baa1	-	-	-	-	-	-
Baa2	-	-	-	-	-	-
Baa3	-	-	-	-	-	-
Ba1	-	-	-	-	-	-
Ba2	-	-	-	-	-	-
Ba3	-	-	-	-	-	-
B1	-	-	-	-	-	-
B2	-	-	-	97,673	-	-
B3	160,651	-	-	-	-	-
Caa1	-	-	-	-	-	-
Caa2	-	-	-	-	-	-
Caa3	-	-	-	-	-	-
Ca	-	-	-	-	-	-
D	-	-	-	-	-	-
Not rated	-	-	-	-	-	-
<b>Total book value</b>	<b>160,651</b>	<b>-</b>	<b>-</b>	<b>97,673</b>	<b>-</b>	<b>-</b>
<i>Provision for loss</i>	(5,455)	-	-	(1,030)	-	-
<b>Net book value</b>	<b>155,196</b>	<b>-</b>	<b>-</b>	<b>96,643</b>	<b>-</b>	<b>-</b>

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The following table presents the calculation of expected credit losses on other debit balances which expected credit losses to be calculated and distributed according to the credit rating, for the financial year ending June 30, 2023, and June 30, 2022.

As of June 30 (value in million pounds)	30-6-2023			30-6-2022		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
<b>Balances Due from banks</b>						
AAA	8	-	-	5	-	-
Aa1	221	-	-	-	-	-
Aa2	-	-	-	27	-	-
Aa3	8,975	-	-	-	-	-
A1	4,525	-	-	158	-	-
A2	6,609	-	-	-	-	-
A3	1,872	-	-	-	-	-
Baa1	-	23,115	-	-	-	-
Baa2	8	-	-	471	-	-
Baa3	-	-	-	-	-	-
Ba1	-	-	-	-	-	-
Ba2	-	-	-	-	-	-
Ba3	-	-	-	-	-	-
B1	-	-	-	-	-	-
B2	-	-	-	249,638	-	-
B3	461,033	-	-	-	5,846	-
Caa1	-	43,257	-	-	-	-
Caa2	-	-	-	-	-	-
Caa3	-	-	-	-	-	-
Ca	-	-	-	-	-	-
D	-	-	-	-	-	-
Not rated	-	-	-	-	-	-
<b>Total book value</b>	<b>483,251</b>	<b>66,372</b>	<b>-</b>	<b>250,299</b>	<b>5,846</b>	<b>-</b>
<i>Provision for loss</i>	(23)	(11)	-	(4)	-	-
<b>Net book value</b>	<b>483,228</b>	<b>66,361</b>	<b>-</b>	<b>250,295</b>	<b>5,846</b>	<b>-</b>

### 3-2 Credit Execution and Follow-Up

The General Department of Credit Implementation and Follow-up ensures the efficiency of credit operations executed , completion of measurements and reporting process , and ensures that there are adequate controls on credit risks pertaining to the central bank's financial statements that may result in financial losses to the Bank according to the best international practices within the framework of enterprise risk management, which ensures adequate monitoring and reporting, along with ensuring that appropriate corrective actions are carried out.

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The department's scope of work includes ensuring that there are approved credit limits for all transactions of the Central Bank of Egypt with foreign financial institutions in light of the approved credit policy, as well as that these credit limits meet the required approvals from the bank's credit committee in accordance with their legal quorum, in addition to the compatibility of those limits with the maximum limit for the employment of One financial institution, within the framework of the approved investment policy.

The department also monitors the uses of those credit limits by the concerned sectors/departments of the bank, and reports on any violations that may occur in the uses of the approved limits, and follows up on the implementation of the necessary corrective measures/controls in this regard. The department also follows up and monitors the commitment to carry out trading operations of foreign securities through banking and non-banking financial institutions operating in trading foreign securities that are approved in advance, in order to limit the level of settlement risks associated with these transactions.

**3-3 Market risks**

Market risk is represented in the risk of fluctuations in fair value and cash flows of the financial instruments resulting from the change in market prices, including the change in the interest rates and exchange rates. Risk is also monitored, valued and measured through investment policies and periodic reports submitted to the top management. A follow up of the foreign exchange reserve is performed on a daily basis through:

- Following up the cash flow movements, market, foreign exchange, and investments operations.
- Assessing the securities related to the internally held investment portfolios using the prices announced by the custodian of Bank of New York.
- Assessing the liquidity risk to ensure the availability of sufficient cash liquidity in respect of foreign currencies to meet basic national needs and cover any external short term or long-term obligations, whereas the invested portfolios must be as liquid as possible to overcome any negative effects that may arise due to market price changes.
- Following up the performance of investment portfolios whether those managed internally by the Market Sector or by the external investment managers through calculating the rate of Value at Risk (VaR) and risk rate according to the duration of each individual portfolio separately and through monitoring the commitment to the investment's rules approved by the Board of directors of the Central Bank of Egypt.

Date	Daily 95% VaR (m) (Portfolio)	Daily 95% VaR (m) (Benchmark)	Daily 95% VaR (m) Active
1-Jul-22	192	194	- 0.94%
30-Jun-23	312	315	- 0.98%

The above schedule indicates the value at risk (VaR) which represents the value of the negative risks of the invested portfolios of the Central Bank of Egypt under normal market movements, which is the maximum loss per day at a confidence rate of 95% and the value at risk is used as an internal risk assessment model.

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Date	Duration		
	Portfolio	Benchmark	Active
1-Jul-22	1.85	1.85	0.21%
30-Jun-23	1.83	1.83	0.12%

The table above shows the payback period (Duration) where it represents the payback period of the invested portfolios and the measurement of the sensitivity of these portfolios to the change in the market return rate and thus the impact of this on the value of the portfolios and the return on them.

- Strategic Asset Allocation: assessment is made on quarterly basis at a confidence rate of 95% with a value at Risk (VAR) scope that ranges from+ 0.5% to - 0.5% to maintain an acceptable degree of portfolio risk.
  - Following up the distribution of the various foreign reserves as per the investment rules approved by the Board of Directors of the Central Bank of Egypt.
  - Monitoring the gold prices due to their impact on gold inventory which is maintained by CBE, resources, and the utilizations during the month, and analyzing them to identify their impact on the foreign exchange reserve.
  - Following up the repo bonds agreement in foreign currencies issued by the Ministry of Finance concluded with a number of foreign banks in order to follow up the increase or decrease in the guaranteed margin.
  - Following up the value of the internal and external deposit portfolio and the balances of current accounts kept at the foreign correspondent banks prorated to the reserve volume.
  - Daily follow up of the global markets to be aware of all what is related to the interest rates, exchange rates and financial indicators 'markets and their impact on the local market and the reserve of foreign exchange.
  - Reviewing the invoices of the external investment managers before getting them approved
- CBE follows conservative investment controls in respect of its investment activities within the frame of the investment policy approved by the CBE's Board of Directors. The bank's investments shall be confined to the financial assets of high quality and low risks.

The financial securities invested in must be evaluated by at least two of the Big Three Credit Rating Agencies (S&P, Moody's Fitch). The decision to invest will be based on the least credit rating provided that the credit rating must not fall below grade "A". In case the credit rating is less than grade "A". the security must be sold within one month.

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**Risk of fluctuations in Foreign Exchange Rates**

The Bank is exposed to the risk of fluctuations in foreign exchange rates which affect the balance sheet and cash flows.

The following schedule summarizes the extent of the bank's exposure to fluctuations in exchange rates risk at the end of the financial year. The following schedule includes the book values of the financial instruments distributed over the currencies comprising them:

*Amounts in EGP million*

	<i>EGP</i>	<i>USD</i>	<i>EUR</i>	<i>GBP</i>	<i>Other</i>	<i>Total</i>
<b><u>Financial Assets</u></b>						
Gold	0	238,604	0	0	0	238,604
Cash on hand	0	11,982	13	2	7	12,004
Balances due from banks	10	266,408	21,445	4,276	107,951	400,090
Balances at International Monetary Fund (IMF)	0	0	0	0	12,266	12,266
Reverse repo securities purchases	41,000	470,305	0	0	0	511,305
Financial assets at fair value through profits and losses	12,775	3,386	0	0	0	16,161
Financial assets at fair value through other comprehensive income	0	4,029	0	0	5,874	9,903
Financial assets at amortized cost	922,917	160,651	0	0	0	1,083,568
Investments in the capital of International Financial Institutions	0	12,498	59	0	6,821	19,378
Investments in the capital of associates and subsidiaries	42,784	2,860	0	0	0	45,644
Non-current assets held for sale	3,500	0	0	0	0	3,500
Subordinated Loans and deposits to banks	316,534	586	0	0	0	317,120
Other debit balances	1,439,124	5,229	3	0	123	1,444,479
<b>Total financial assets</b>	<b>2,778,644</b>	<b>1,176,538</b>	<b>21,520</b>	<b>4,278</b>	<b>133,042</b>	<b>4,114,022</b>
<b><u>Financial Liabilities</u></b>						
Governmental deposits	(65,652)	50,774	12,935	1,147	802	6
Due to banks in local currency	1,467,716	0	0	0	0	1,467,716
Due to banks in foreign currencies	0	1,466,871	23,773	2,666	17,674	1,510,984
Due to International Monetary Fund (IMF) repo securities sale	0	0	0	0	118,411	118,411
Financial Derivatives	0	143,960	0	0	0	143,960
Other credit balances and provisions	45,798	956	0	0	0	956
Fair value reserve through Comprehensive income	45,798	24,316	2,510	4	11,678	84,306
	(628)	3,784	0	0	0	3,156
<b>Total financial liabilities</b>	<b>1,447,234</b>	<b>1,690,661</b>	<b>39,218</b>	<b>3,817</b>	<b>148,565</b>	<b>3,329,495</b>
<b>Net financial position on June 30,2023</b>	<b>1,331,410</b>	<b>(514,123)</b>	<b>(17,698)</b>	<b>461</b>	<b>(15,523)</b>	<b>784,527</b>
<b>Net financial position on June 30,2022</b>	<b>864,956</b>	<b>(225,633)</b>	<b>(5,984)</b>	<b>300</b>	<b>(12,867)</b>	<b>620,772</b>

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**Interest Rate Risk**

The Bank is exposed to the effects of fluctuations in the levels of interest rates prevailing in the market which is a cash flow risk of interest rate represented in the fluctuations of future cash flows of a financial instrument due to changes in the interest rate of the financial instrument and the fair value risk of interest rate represented in the fluctuation of the financial instrument due to the changes in the interest rates prevailing in the market.

The following schedule summarizes the extent of the bank's exposure to fluctuations in interest rates that includes the book value of financial instruments allocated based on maturity dates:

*Amounts in EGP million*

	<u>Up to 1 Month</u>	<u>More than 1 to 3 months</u>	<u>More than 3 to 12 months</u>	<u>More than 1 to 5 years</u>	<u>More than 5 years</u>	<u>Free interest</u>	<u>Total</u>
<b><u>Financial Assets</u></b>							
Gold	0	0	0	0	0	238,604	238,604
Cash on hand	0	0	0	0	0	12,004	12,004
balances due from banks	222,228	124	61,670	30,835	0	85,233	400,090
Balances due from International Monetary Fund (IMF)	0	0	0	0	0	12,266	12,266
Reverse repo securities purchases	470,305	0	0	0	41,000	0	511,305
Financial assets at fair value through profits and losses	0	0	0	0	16,161	0	16,161
Financial assets at fair value through other comprehensive income	0	0	0	2,078	7,825	0	9,903
Financial Assets at amortized cost	0	26,084	86,954	120,622	849,908	0	1,083,568
Investments in the capital of International Financial Institutions	0	0	0	0	19,378	0	19,378
Investments in the capital of associates and subsidiaries	0	0	0	0	45,644	0	45,644
Non-current assets held for sale	0	0	3,500	0	0	0	3,500
Subordinated Loans and deposits to banks	67,837	70,551	3,540	156	175,030	6	317,120
Other debit balances	183,205	0	0	0	897,608	363,666	1,444,479
<b>Total financial assets</b>	<b>943,575</b>	<b>96,759</b>	<b>155,664</b>	<b>153,691</b>	<b>2,052,554</b>	<b>711,779</b>	<b>4,114,022</b>

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	<i>Amounts in EGP million</i>						<i>Total</i>
	<u>Up to 1 Month</u>	<u>More than 1 to 3 months</u>	<u>More than 3 to 12 Months</u>	<u>More than 1 to 5 years</u>	<u>More than 5 years</u>	<u>free interest</u>	
<b><u>Financial Liabilities</u></b>							
Governmental deposits	0	0	0	0	0	6	6
Due to banks in local currency	942,011	0	0	0	0	525,705	1,467,716
Due to banks in foreign currencies	753,769	504,964	215,531	30,835	0	5,885	1,510,984
Due to the International Monetary Fund (IMF)	0	0	0	0	0	118,411	118,411
Repo Securities Sales	0	0	0	143,960	0	0	143,960
Financial derivatives	0	0	0	0	0	956	956
Other credit balances and provisions	83	1	0	0	0	84,222	84,306
Fair value reserve through comprehensive income	0	0	0	0	0	3,156	3,156
<b>Total financial liabilities</b>	<b>1,695,863</b>	<b>504,965</b>	<b>215,531</b>	<b>174,795</b>	<b>0</b>	<b>738,341</b>	<b>3,329,495</b>
<b>Interest repricing gap on June 2023</b>	<b>(752,288)</b>	<b>(408,206)</b>	<b>(59,867)</b>	<b>(21,104)</b>	<b>2,052,554</b>	<b>(26,562)</b>	<b>784,527</b>
<b>Interest repricing gap on June 2022</b>	<b>(617,758)</b>	<b>(327,061)</b>	<b>545,597</b>	<b>30,486</b>	<b>523,732</b>	<b>465,776</b>	<b>620,772</b>

**3-4 Operational risks**

Operational risks represent risks arising from failure or incompetence of internal procedures, human factor and electronic systems used inside the bank or as a result of external events. This definition includes legal risks and does not include reputational risks or strategic risks.

The Operation Risk Department framework includes the operational risk policy, procedures and various instruments applied to identify all operational risks related to banking operations which may threaten and hinder the attainment of the goals of various CBE's departments or their operations, assesses such risks, and lays down the appropriate regulatory controls in order to mitigate its effects or avoid them through relying on outsourcing to perform these operations. This also involves presenting the reports that include the controls and directives to be agreed upon in coordination with the relevant departments related to CBE's top management for approval and implementation thereof.

The policies and procedures management process are part of the scope of the management work where coordination, between all CBE's departments, is made to prepare the necessary policies and operating procedures manuals pertaining to each department according to best practices followed in this regard.

- Within the framework of the continuous structural updates of the bank's sectors/departments and according to the plan approved by the Bank's Top Management for continuous enhancement, the operating procedures manuals are currently updated in participation with the concerned departments/sectors for all activities and operations of the Central Bank and reviewed for approval by the Central Risk Management and Information Security Sector, (153) manuals were completed out of a total of (229) manuals, i.e. at a completion percentage of (67%) of the plan.

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- The headcount of operation risk coordinators in the various bank sectors/departments is 111 coordinators.
- (34) training courses were conducted for (2345) employees, in addition to the awareness course prepared during the financial year ended June 30, 2023 for (229) new employees to continuously increase their awareness of all operation risks that may encounter the bank's activities and operations.
- The bank gradually implements the self-assessment of operational risks and prepares semi-annual periodic reports to the top management on the outcomes and the most significant relevant operational risks which were applied to some special assignments pertaining to the departments affiliated to the market sector, the payment and IT systems sector, the central administrative affairs sector, the human resources sector, the banking operations sector, financial department sector, legal affairs sector and Banknote Printing House sector.
- The bank established a pooled database of operational risk losses to avoid the recurrence of such incidents in the future and reduce their negative effects through the preparation of periodic reports thereon to be submitted to the management. The number of incidents that have been recorded so far is (2276) incidents since 2005 till the end of the financial year 2022/2023 where (201) incidents out of these ones belong to the financial 2022/2023.
- The mechanism of operational risk assessment was applied to all central bank's new or existing projects (products, services, operations, and systems) and verification was made regarding the required supervisory controls which are made available, before starting to activate these projects in addition a document was prepared for authenticating all related operations and procedures by the competent departments and getting them approved by the bank's top management.
- Continuous follow-up to update all CBE's policies to be presented to the top management for approval, in accordance with the international best practices and latest developments in the banking sector.

### **3.5 Business Continuity Risk**

This risk is represented in the inability of the Central Bank of Egypt to continue practicing its activities, operations and services rendered thereby to its customers, banking sector when it is exposed to any emergency or abnormal circumstances.

The Central Bank of Egypt obtained the ISO 22301:2019 certificate in the field of business continuity after undergoing audit procedures, and meets all standard requirements, and successfully passing the audit process, as the framework of the bank's incitement to apply the best international standards and practices to ensure business continuity and readiness to address potential risks. This came because of the efforts and procedures undertaken by the Bank to ensure the continuity of all its activities and all core operations and banking services with the required efficiency and quality during times of crises and emergencies to achieve banking stability and enhance confidence in fulfilling the Bank's local and international obligations.

Emergency plans Department aims to maintain / ensure the continuity of practicing all the main and significant activities, operations, and services of the bank under any abnormal circumstances, as it focuses on ensuring the bank's ability to encounter crises, protect its employees and continue to practice its significant activities /services through:

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- Ensuring the continued execution of the main activities in emergency cases and the related activities from the beginning till the end.
- Mitigating the associated risks and protecting the Central Bank of Egypt from any potential losses, whether financial or non-financial, in case of cessation of work.
- Ensuring that the CBE has a prearranged plan that was previously tested and accredited, to ensure reducing the loss of lives and resources to the minimum limit
- Ensuring the ability of the Central Bank of Egypt to continue practising significant activities when encountering an emergency ASAP and with the least interruption of work.
- Ensuring the protection of the Egyptian banking system to perform its duties when it encounters national crises.
- Ensuring that the CBE can fulfil its domestic and international obligations on maturity dates and safeguard the Bank's reputation.
- Ensuring the continuity / stability of work in the Egyptian Banking System in case of emergencies

Emergency Plans Management Policies Include the following:

- Emergency plan Management policies according to the modern methods, international standards and practices applied to guarantee continuity of work in the CBE.
- The business continuity and emergency plans are a group of documented operations and procedures to ensure the continuity\restoration of core and significant activities of the bank with the minimal human and tangible resources, and within the acceptable time frame along with being committed to take all precautionary measures and regulatory controls.
- Business Impact Analysis model to identify the essential and highly important processes to categorize the bank's operations / activities / services in terms of their financial impact taking into account CBE reputation.
- A questionnaire for external parties to analyze the ability of external parties to manage business continuity and provide services to the Central Bank to continue essential activities and operations in emergency situations to ensure that the Central Bank plays its role in the banking sector during emergencies.
- Emergency Management Committee and the Work Continuity Program.
- Incident management team, casualty assessment as well as stages of incident escalation.
- Actual testing for the approved emergency plans and scenarios including dealing with epidemics, tests for 2022/2023 were conducted to confirm the central bank's ability to operate during emergencies.

The bank's sectors/departments coordinate with each other on an ongoing basis to determine the maximum acceptable and affordable period for the cessation of any business activities / operations/services, and the intended time to resume significant operations, the point in time to retrieve missing data and take backup copies of the data on periodic basis

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to ensure their retrieval when the systems fails. In addition, the departments, the external and internal bodies related to their activities shall be determined as well.

Emergency plan awareness courses are prepared to guarantee that all workers are aware of their duties during tests or emergency cases.

**3.6 Information Security Risk**

Represents the risk of loss, damage, and threat of misuse, whether intentionally or unintentionally, of the informational assets of the CBE or the risks of natural disasters that may be inflicted on the informational assets of the CBE.

The CBE's information security framework includes the following:

- Information security policy.
- Carrying out hacking and information security testing and making an overall periodic assessment of the information security risks.
- Making interim review of the information technology risks, developing corrective plans and supervising the implementation thereof.
- Coordinating with the high committee of information security assigned for laying down strategies and guiding the utilization of information technology in CBE and all the bank's regulatory sectors.
- Conducting information security awareness courses for the CBE's employees.

**4 Banknote Printing House**

The CBE has a Banknote Printing House, which is deemed as one of the units of the Bank. The fixed assets and projects in progress are recorded in the head office accounts under similarly classified items. Other assets are recorded under the caption of "other debit balances". The liabilities of the Banknote Printing House are recorded under the caption of "other credit balances and provisions", while the expenses of the Banknote Printing House are recorded under similar items of expenses, while revenues shall be recorded under the item of "revenues from other operations".

**5 Contingent Liabilities**

Net contingent liabilities, including letters of credit, guarantees, and commitments deemed as off balance sheet items are recorded under the caption of "Contra Accounts and Contingent Liabilities" as they do not represent actual assets or liabilities on the financial statements date.

**6 Banknotes on Issue and Cover Components**

	<i>30/6/2023</i>		<i>30/6/2022</i>	
	<i>Value</i>	<i>%</i>	<i>Value</i>	<i>%</i>
Issued banknotes	1,082,486	100	837,359	100
Cover components				
Gold (*)	238,604	22	137,107	16,4
Egyptian Government Bonds	0000	0000	190,897	22,8
Foreign exchange and notes	843,882	78	509,355	60,8

(\*) Gold valuation differences on 30/6/2023 includes profit amounting to EGP 100,5 billion which is recorded in the Income Statement.

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**7 Balances Due from Banks**

	<i>Amounts in EGP million</i>	
	<i>30/6/2023</i>	<i>30/6/2022</i>
Balances due from banks in local currency	<u>10</u>	<u>10</u>
Balances due from banks in foreign currencies:		
<b><u>Local banks</u></b>		
Deposits with interest	133,406	15,905
Current accounts with interest	1,240	554
Current accounts - free interest	<u>239</u>	<u>108</u>
	<u>134,885</u>	<u>16,567</u>
<b><u>Foreign banks</u></b>		
Deposits with interest	150,246	92,166
Current accounts with interest	3,334	3,603
Current accounts -free-interest	<u>4,405</u>	<u>95,719</u>
	<u>157,985</u>	<u>191,488</u>
<b><u>Central banks</u></b>		
Deposits with interest	2,363	2,856
Current accounts with interests	24,295	4,187
Current accounts – free interest	<u>80,559</u>	<u>48,996</u>
	<u>107,217</u>	<u>56,039</u>
<b>Total balances dues from banks</b>	<u><b>400,097</b></u>	<u><b>264,104</b></u>
Expected credit losses provision	<u>(7)</u>	<u>(4)</u>
<b>Net book value of balances due from banks</b>	<u><b>400,090</b></u>	<u><b>264,100</b></u>

**8 Balances Due from International Monetary Fund (IMF)**

	<i>Amounts in EGP million</i>	
	<i>30/6/2023</i>	<i>30/6/2022</i>
Special drawing rights (*) (SDR)	12,194	7,708
Free Interest Deposit at IMF- in EGP.	<u>72</u>	<u>43</u>
<b>Total balances at the IMF</b>	<u><b>12,266</b></u>	<u><b>7,751</b></u>

(\*)Special drawing rights represent the amounts deposited at the IMF as a reserve complementary to the official assets pertaining to the member countries which can be exchanged with any of the free trading currencies.

**9 Reverse Repo Securities Purchases**

	<i>Amounts in EGP million</i>	
	<i>30/6/2023</i>	<i>30/6/2022</i>
Reverse repo - foreign treasury bills purchase	470,305	179,450
Reverse repo - local treasury bills purchase	<u>41,000</u>	<u>41,000</u>
	<u><b>511,305</b></u>	<u><b>220,450</b></u>

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**10 Financial Investments**

**10/A Financial Assets at fair value through profit and loss**

	<i>Amounts in EGP Million</i>	
	<i>30/6/2023</i>	<i>30/6/2022</i>
Foreign portfolios managed by third parties	3,386	2,050
local portfolios managed by third parties	12,775	9,350
<b>Total book value</b>	<b>16,161</b>	<b>11,400</b>

**10/B Financial Assets at fair value through Comprehensive Income**

	<i>Amounts in EGP Million</i>	
	<i>30/6/2023</i>	<i>30/6/2022</i>
Foreign Governments bonds	569	350
International institutions' notes	1,509	930
Current Mutual Funds	7,825	4,745
<b>Total book value</b>	<b>9,903</b>	<b>6,025</b>
Expected credit losses provision	0000	0000
<b>Net book value</b>	<b>9,903</b>	<b>6,025</b>

**11 Financial Assets at amortized cost**

	<i>Amounts in EGP million</i>	
	<i>30/6/2023</i>	<i>30/6/2022</i>
Governmental bonds with interest - in local currency *	758,533	632,533
Free interest Governmental bonds - in local currency	0000	43,500
Marketable Governmental bonds - in local currency **	60,452	17,465
Egyptian Governmental bonds in US Dollar	160,651	97,673
Traded Treasury Bills***	109,387	0000
<b>Total book value</b>	<b>1,089,023</b>	<b>791,171</b>
Expected Credit loss provision	(5,455)	(1,030)
<b>Net book Value</b>	<b>1,083,568</b>	<b>790,141</b>

(\*) Interest rate on bonds with an amount of EGP. 591,5 billion 14.084% and Interest rate on bonds with an amount of EGP 25 billion 11,75% Bonds of EGP 42 billion 7%, Bond of EGP 100 billion at Return 13.75% Issue 15/12/2022.

(\*\*) Include EGP 57.8 billion marketable treasury bonds against repo deals.

(\*\*\*) Includes EGP 88.9 billion in traded treasury bills against repo deals.

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**12 Investments in the capital of International Financial Institutions**

	<i>Amounts in EGP million</i>	
	<i>30/6/2023</i>	<i>30/6/2022</i>
Investments in the capital of International Financial Institutions	<u>19,378</u>	<u>15,711</u>

The list of participations in the capital of International Financial Institutions is as follows:

<i>Name</i>	<i>Percentage of participation to the paid capital %</i>	<i>Headquarters Country</i>	<i>cost of investment (Participation)</i>		<i>Amounts in EGP million</i>		<i>currency</i>
			<i>30/6/2023</i>	<i>30/6/2022</i>	<i>Investment cost paid in foreign currency</i>	<i>Investment cost not paid in foreign currency</i>	
<b>Investments in the capital of International Financial Institutions:</b>							
Arab Fund for Economic and Social Development	%6.3	Kuwait	1,409	1,409	71.0	-	Kuwaiti Dinar
Arab Trade Financing Programs	%0.7	UAE	51	51	7.3	-	US Dollar
Islamic Bank for Development	%7.1	Saudi Arabia	5,310	4,376	471	3500,4	Islamic Dinar
Solidarity Islamic Fund	%0.4	Saudi Arabia	64	64	10.0	-	US Dollar
Islamic Corporation for the Insurance of Investment and Export Credit	%4.5	Saudi Arabia	103	103	6.7	6.7	Islamic Dinar
Islamic Corporation for Private Sector Development	%1.7	Saudi Arabia	312	312	24.2	-	US Dollar
International Islamic Trade Finance Corporation	%2.1	Saudi Arabia	95	95	15.6	-	US Dollar
Africa Fund 50 - Project Finance Company	%11.5	Morocco	912	912	67.5	22.5	US Dollar
Africa Fund 50 - Projects Development Company	%10.5	Morocco	101	101	7.5	2.5	US Dollar
African bank for Export and Import	%14.6	Egypt	8,515	8,220	542.1	770,5	US Dollar
Union of Arab and French Banks, UBAF-Paris	%5.9	France	59	59	14.8	-	EUR
UBAC Curacao	%12.9	France	9	9	6.7	-	US Dollar
Africa Finance Foundation		Nigeria	2,438	-	98	7	US Dollar
			<u>19,378</u>	<u>15,711</u>			

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**13 Investments in the Capital of Associates and Subsidiaries**

	<i>Amounts in EGP million</i>	
	<i>30/6/2023</i>	<i>30/6/2022</i>
Investments (share capital participations in banks)	42,784	25,140
Investments (share capital participations in companies)	2,860	2,339
	<u>45,644</u>	<u>27,479</u>

The list of investments in associates and subsidiaries is as follows:

<i>Name</i>	<i>Percentage of share capital participation to the paid capital %</i>	<i>Headquarters Country</i>	<i>Investment cost</i>		<i>Investment cost paid</i>	<i>Investment cost not paid in foreign Currency</i>	<i>currency</i>
			<i>30/6/2023</i>	<i>30/6/2022</i>			
<b>Investments in the capital of banks:</b>							
Arab African International Bank	%49.4	Egypt	32,608	19,119	49.4		US Dollar
Arab International Bank	%38.8	Egypt	10,176	6,021	228.4		US Dollar
			<u>42,784</u>	<u>25,140</u>			
<b>Investments in the share capital of companies:</b>							
Egyptian Mortgage Refinance Company	%25	Egypt	147	143	-		EGP
Egyptian Banks Company for Technological Development (*)	%53.8	Egypt	1,636	1,601	-		EGP
Credit Guarantee Company	%20.0	Egypt	513	329	-		
Egy Cash for cash solutions	%35.0	Egypt	109	76			
Altera Digital Financial Infrastructure Company (under establishment )	%100	Egypt	126	125			
Misr for Central Depository and Registry-MCDR	%70.0	Egypt	54	65			
Digital Financial Identity Company – (under establishment)	%55.0	Egypt	275	-			
			<u>2,860</u>	<u>2,339</u>			
<b>Total</b>			<u>45,644</u>	<u>27,479</u>			

**14 Non-Current Assets Held for Sale**

	<i>Amounts in EGP million</i>	
	<i>30/6/2023</i>	<i>30/6/2022</i>
United Bank (*)	3,500	3,500
	<u>3,500</u>	<u>3,500</u>

(\*) The necessary procedures are currently being taken in this regard.

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**15 Loans and Deposits to Banks**

	<i>Amounts in EGP million</i>	
	<i>30/6/2023</i>	<i>30/6/2022</i>
<b>Loans to banks:</b>		
Loans without guarantees	2,517	2,644
Loans against other guarantees	3,486	3,594
Loans against securities as guarantees	18,617	20,424
	<u>24,620</u>	<u>26,662</u>
Subordinated loans and deposits to banks (*)	292,500	292,500
	<u>317,120</u>	<u>319,162</u>

(\*) A list of Subordinated loans and deposits to banks is as follows:

	<i>Amounts in EGP million</i>	
	<i>30/6/2023</i>	<i>30/6/2022</i>
<b>Maturity</b>		
Until 2026	54,000	56,000
Until 2030	44,000	44,000
Until 2036	184,500	182,500
Until 2038	10,000	10,000
	<u>292,500</u>	<u>292,500</u>

**16 Property, plant, and equipment after Depreciation**

	<i>Amounts in EGP million</i>	
	<i>30/6/2023</i>	<i>30/6/2022</i>
Property, plant and equipment after depreciation	<u>6,677</u>	<u>3,847</u>

A list of Property, plant and equipment and accumulated depreciation is as follows:

	<i>Amounts in EGP million</i>					
	<i>Land</i>	<i>Buildings &amp; constructions</i>	<i>Motor vehicles</i>	<i>Fixtures &amp; installments</i>	<i>Computers</i>	<i>Total</i>
<b>Cost:</b>						
As at July1, 2022	840.5	931.6	152.1	3388.3	415.6	5728.1
Additions during the year	0.0	6.5	2.7	3861.6	25.6	3896.4
Transfers	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	0.4	1.2	80.8	0.0	82.4
June 30 ,2023	<u>840.5</u>	<u>937.7</u>	<u>153.6</u>	<u>7169.1*</u>	<u>441.2</u>	<u>9542.1</u>
<b>Accumulated depreciation:</b>						
As at July 1,2022	0.0	361.2	95.4	1226.1	198.2	1880.9
Depreciation during the year	0.0	47.1	18.4	864.7	69.4	999.6
Transfers	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	0.2	0.7	14.7	0.0	15.6
June 30, 2023	<u>0.0</u>	<u>408.1</u>	<u>113.1</u>	<u>2076.1</u>	<u>267.6</u>	<u>2864.9</u>
<b>Net book value:</b>						
June 30,2023	<u>840.5</u>	<u>529.6</u>	<u>40.5</u>	<u>5093</u>	<u>173.6</u>	<u>6677.2</u>
June30, 2022	<u>840.5</u>	<u>570.4</u>	<u>56.7</u>	<u>2162.2</u>	<u>217.4</u>	<u>3847.2</u>

The value of banknote printers at the Banknote Printing House on 30/6/2023 amounted to EGP. 4.839 million.

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17 Intangible Assets After Amortization

	<i>Amounts in EGP million</i>	
	<i>30/6/2023</i>	<i>30/6/2022</i>
Intangible assets after amortization (*)	76	90

(\*) A list of Intangible assets and the accumulated amortization is as follows:

	<i>Amounts in EGP million</i>	
	<b>Computer programs and licenses</b>	
<b>Cost</b>		
As at July 1, 2022		226.9
Additions during the year		49.8
Transfers		0.0
On June 30, 2023		<u>276.7</u>
<b>Accumulated Amortization:</b>		
On July 1, 2022		136.5
Amortization during the year		63.8
Transfers		0.0
On June 30, 2023		<u>200.3</u>
<b>Net book value:</b>		
On June 30, 2023		<u>76.4</u>
On June 30, 2022		<u>90.4</u>

18 Other Debit Balances

	<i>Amounts in EGP million</i>	
	<i>30/6/2023</i>	<i>30/6/2022</i>
Debit balance of the government general account	183,200	183,030
Loans granted to the Ministry of Finance	137,782	57,177
Other debit accounts	887,633	585,511
Projects in progress	11,548	13,419
Assets and other debit balances related to Banknote Printing House	2,228	1,944
Accrued interests	191,460	15,940
Entries -under adjustment	2,537	16,146
Dues from Ministry of Finance against negative equity coverage *	205,665	119,726
Ministry of Finance account / balances of foreign currency revaluation differences **	152,153	178,153
Accrued Drevitives	30,234	0000
Total book value	<u>1,804,440</u>	<u>1,171,046</u>
Expected Credit losses provision	<u>(35)</u>	<u>(4)</u>
Net book value	<u>1,804,405</u>	<u>1,171,042</u>

\* The debt of the Ministry of Finance has been reduced by EGP 100 billion at the rate of return of 13.75%

\*\* Bonds were issued for EGP 26 billion for 10 years with 7% return rate.

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**19 Due to banks in local currency**

	<i>Amounts in EGP million</i>	
	<i>30/6/2023</i>	<i>30/6/2022</i>
<b>Banks' deposits within the limits of the reserve percentage</b>		
State-owned banks	147,391	152,910
Banks established under investment laws or private laws	187,881	162,979
Foreign banks' branches	110,257	38,953
	<u>445,529</u>	<u>354,842</u>
<b>Interest bearing banks' deposits</b>	942,011	735,827
<b>Central banks' deposits</b>	80,176	48,782
	<u>1,467,716</u>	<u>1,139,451</u>

**20 Dues to banks in foreign currencies**

	<i>Amounts in EGP million</i>	
	<i>30/6/2023</i>	<i>30/6/2022</i>
Local banks' deposits	503,910	212,767
Foreign banks' deposits	86,984	68,289
Central banks' deposits	351,521	187,472
Financial institutions' deposits and loans*	568,569	309,855
	<u>1,510,984</u>	<u>778,383</u>

\* It includes accrued balances -swap contracts amounting 30.8 billion Egyptian pounds, equivalent to one billion dollars.

**21 Balances Due to the International Monetary Fund (IMF)**

	<i>Amounts in EGP million</i>	
	<i>30/6/2023</i>	<i>30/6/2022</i>
Amount in consideration of special drawing rights (provisions account)	118,411	70,656
	<u>118,411</u>	<u>70,656</u>

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**22 Repo Securities Sales**

	<i>Amounts in EGP million</i>	
	<i>30/6/2023</i>	<i>30/6/2022</i>
Repo Foreign bonds sales	59,163	51,002
Repo Current treasury bonds sales	46,253	14,060
Repo Local treasury bills sales	38,544	14,061
	<u>143,960</u>	<u>79,123</u>

**23 Derivatives**

	<u>Face Value</u>	<i>Amounts in EGP million</i>			
		<i>30/6/2023</i>		<i>30/6/2022</i>	
		<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Sawp Contracts	30,234				
Change in Fair value of interest and currencies prices		0000	956	0000	0000
	<u>30,234</u>	<u>0000</u>	<u>956</u>	<u>0000</u>	<u>0000</u>

**24 Other Credit Balances and Provisions**

	<i>Amounts in EGP million</i>	
	<i>30/6/2023</i>	<i>30/6/2022</i>
Letters of credit cover in local and foreign currencies	1,529	1,345
Provisions *	1,090	635
Accrued interest payable	41,970	12,357
Liabilities and other credit balances related to Banknote Printing House	101	320
Other accounts	110,537	66,103
	<u>155,227</u>	<u>80,760</u>

The movement on the provision account during the financial year 2022/2023 is as follows:

	<i>30/6/2022</i>	<i>During the year</i>		<i>30/6/2023</i>
		<i>Used</i>	<i>Additions</i>	
Provision for banking operating loss	13.7	0.0	0.5	14.2
Provision for contingent tax claims	319.8	(95.3)	99	323.5
Provision for contingent claims arising from lawsuits	301.8	(266.3)	716.4*	751.9
	<u>635.3</u>	<u>(361.6)</u>	<u>815.9</u>	<u>1089.6</u>

\* Includes revaluation differences amounting to EGP 4 million.

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**Provision movement during the financial year 2021/2022 is as follows:**

	30/6/2021	Amounts in EGP million During the year		30/6/2022
		Used	Additions	
Provision for operating risks	13.2	-	0.5	13.7
Provision for contingent tax claims	244.8	-	75.0	319.8
Provision for contingent claims arising from lawsuits	230.7	(26.5)	97.6*	301.8
	<u>488.7</u>	<u>(26.5)</u>	<u>173.1</u>	<u>635.3</u>

\* Includes revaluation differences amounting to EGP 4 million.

**25. Retirement Benefits Obligations**

	Amounts in EGP million	
	30/6/2023	30/6/2022
Obligations pertaining to the benefits of pensions medical treatment scheme	244	639
Obligations pertaining to private pension fund benefits	415	330
	<u>659</u>	<u>969</u>

- The obligations of medical treatment benefits for pensioners were estimated by the actuarial expert assuming an average inflation rate of 30% for future medical treatment costs.
- The bank is committed to pay a percentage of monthly subscription fees for the members subscribing to the fund which is currently estimated at the rate of 115% according to the study conducted by the actuarial expert with respect to determining the present value of the bank's obligations towards the Fund in case the benefits granted to employees will not change in the future. However, if a change in the benefits granted to the employees subscribing to the Fund takes place, the present value of the Bank's liabilities shall be reassessed.

**26 Deferred Tax Liability**

	Amounts in EGP million			
	30/6/2023		30/6/2022	
	Assets	Liabilities	Assets	Liabilities
Fixed assets	-	(582)	-	(385)
Provisions	306	-	126	-
Total tax that gives rise to assets/(liabilities)	306	(582)	126	(385)
Net tax that gives rise to a liability	-	(276)	-	(259)

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**27 Capital**

	<i>Amounts in EGP million</i>	
	<i>30/6/2023</i>	<i>30/6/2022</i>
Capital (*)	<u>21,600</u>	<u>21,600</u>

(\*) The paid capital amounted to EGP 21.6 billion. The CBE's capital is increased by virtue of a resolution to be issued by the board of directors through setting aside a percentage of net annual profits, reserves or direct finance from the public treasury after obtaining the approval of the minister of finance, according to Law No. 194 for the year 2020.

**28 Reserves**

	<i>Amounts in EGP million</i>	
	<i>30/6/2023</i>	<i>30/6/2022</i>
Legal reserve (*)	7,016	7,016
General reserve (**)	6,004	6,004
Other reserves	506	506
Special reserve (***)	18,852	20,833
Translation of Foreign Exchange differences Reserve	30,082	11,745
Coverage of Debit Equity	305,665	163,226
Fair Value Reserve through comprehensive income (****)	3,156	1,254
	<u>371,281</u>	<u>210,584</u>

(\*) According to CBE 's rules approved by its Board of Directors, 5% of the annual distributable profits must be transferred to increase the legal reserve.

(\*\*) The general reserve of the Bank is increased by 5% of the annual distributable profits for the year as approved by the CBE's board of directors on August 13, 2013.

(\*\*\*) Reserve of gold valuation differences includes an amount of EGP 21.8 billion.

(\*\*\*\*) This balance represents net unrealized profits and losses resulting from the revaluation of investments at fair value through comprehensive income.

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**29 Net Interest Income**

	<i>Amounts in EGP million</i>	
	<i>30/6/2023</i>	<i>30/6/2022</i>
<b>(A) <u>Interest on Loans and Banks' Balances</u></b>		
Interest on debit government account	40,298	13,619
Interest on loans granted to local banks	12,610	6,786
Interest on balances at foreign banks	12,326	1,231
Interest on loans granted to the Ministry of Finance	4,292	2,210
Interest on sundry accounts	96,022	11,846
	<b>165,548</b>	<b>35,692</b>
<b>(B) <u>Interest on treasury bills and bonds</u></b>		
<i>In Local currency</i>		
Interest on Governmental bonds (*)	104,635	55,909
Discount on reverse repo- Egyptian treasury bills	8,983	894
<i>In Foreign currencies</i>		
Interest on foreign Governmental bonds	9,838	6,291
Discount on foreign government treasury bills	10,151	431
	<b>133,607</b>	<b>63,525</b>
<b>Total interest income</b>	<b>299,155</b>	<b>99,217</b>
<b>(C) <u>Cost of deposits and borrowing</u></b>		
Cost of local bank deposits	130,543	84,915
Cost of foreign bank deposits	43,704	13,378
Cost of sundry accounts	117,227	85,234
	<b>291,474</b>	<b>183,527</b>
<b>Net interest income (A) + (B) - (C)</b>	<b>7,681</b>	<b>(84,310)</b>

(\*) Tax on interest income from Governmental bonds at a rate of 32% amounted to EGP 31,2 billion compared to the previous year amounting to EGP 17,6 billion.

**30 Commissions and banking fees**

	<i>Amounts in EGP million</i>	
	<i>30/6/2023</i>	<i>30/6/2022</i>
Earned commissions	12,864	8,483
	<b>12,864</b>	<b>8,483</b>

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**31 Other Operating Income (Expenses)**

	<i>Amounts in EGP million</i>	
	<i>30/6/2023</i>	<i>30/6/2022</i>
Differences from valuation of Foreign Assets and Liabilities balances – unrealized	(59,128)	(12,321)
Differences from foreign exchange -realized	(851)	47
Income in return for credit and control expenses	248	542
Revenues (Losses) of Banknote Printing House	(55)	163
Other revenues	3,324	1,360
	<u>(56,462)</u>	<u>(10,209)</u>

**32 Net Trading Income**

	<i>Amounts in EGP million</i>	
	<i>30/6/2023</i>	<i>30/6/2022</i>
Foreign exchange differences from valuation of foreign assets and liabilities balances -unrealized	(484)	517
Differences from foreign exchange - realized	(8,023)	(19,992)
Income from forex operations	3,095	12,574
Change in Valuation of financial Investments at fair value through profit and loss	2,756	(361)
Profits (Losses) from Selling Financial Assets	549	(470)
Loss from valuation of exchange interest and currencies' s prices contracts.	(956)	0000
Interest from exchange interest and currencies' s prices contracts.	1,581	0000
Discount on foreign treasury bills	0000	24
	<u>(1,482)</u>	<u>(7,708)</u>

**33 General and Administrative Expenses and Depreciation**

	<i>Amounts in EGP million</i>	
	<i>30/6/2023</i>	<i>30/6/2022</i>
<b>33/1 Salaries</b>		
Cash salaries	8,008	7,633
In-kind benefits	1,083	1,270
Cash benefits	102	86
	<u>9,193</u>	<u>8,989</u>
<b>33/2 Operating supplies</b>		
Commodity requirements expenses	2,157	1,913
Services requirements expenses	1,638	2,077
	<u>3,795</u>	<u>3,990</u>
<b>33/3 Current expenses</b>	<u>35</u>	<u>18</u>
<b>33/4 Assets Depreciation*</b>	<u>1,063</u>	<u>486</u>
	<u>14,086</u>	<u>13,483</u>

\*Includes an amount of EGP 64 million representing amortization of intangible assets.

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**34 Profits (loss) on sale of financial investments**

	<i>Amounts in EGP million</i>	
	<i>30/6/2023</i>	<i>30/6/2022</i>
Foreign bonds	0.0	(677)
Foreign bills	0.0	(54)
	<u>0.0</u>	<u>(731)</u>

**35 Profit (loss) From Investments in Associates**

	<i>Amounts in EGP million</i>	
	<i>30/6/2023</i>	<i>30/6/2022</i>
Arab African International Bank	1,614	1,285
Arab International Bank	738	274
Egyptian Mortgage Refinance Company	13	11
Egyptian Banks Company	390	293
Credit Guarantee Company	198	84
Nile Company for the transfer of funds	0000	16
Egyptian Central Securities and Depository	(11)	(5)
Egy cash for cash solutions	47	8
Al-Tera Digital Financial Infrastructure Company	1	0.0
	<u>2,990</u>	<u>1,966</u>

**36. Expected Credit losses**

	<i>Amounts in EGP million</i>	
	<i>30/6/2023</i>	<i>30/6/2022</i>
Balances at Banks	(3)	1
Egyptian Government Bonds	(4,424)	(172)
Bonds at fair value through other comprehensive income	0	0
Bills at fair value through other comprehensive income	0	0
Other Assets	(13)	0
Collectible due interests	(17)	3
	<u>(4,457)</u>	<u>(168)</u>

**37. Tax expenses**

	<i>Amounts in EGP million</i>	
	<i>30/6/2023</i>	<i>30/6/2022</i>
Tax on bonds	31,955	17,625
Tax on dividends	37	71
Tax on traded treasury bills	1,610	0000
Deferred Tax	17	103
	<u>33,619</u>	<u>17,799</u>

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**38. Position of Main Currencies**

<i>Currency</i>	<i>Amounts in EGP million</i>	
	<i>30/6/2023</i>	<i>30/6/2022</i>
	<i>Surplus/ (Deficit)</i>	<i>Surplus/ (Deficit)</i>
Egyptian pound	1,331,410	864,956
US Dollar	(514,123)	(225,633)
Sterling Pound	461	300
Euro	(17,698)	(5,984)
Other currencies	(15,523)	(12,867)

**39 Bank's Contra Accounts and Contingent Liabilities**

	<i>Amounts in EGP million</i>	
	<i>30/6/2023</i>	<i>30/6/2022</i>
<b>Contra accounts</b>		
Rescheduling balance	31,010	23,998
Loan agreements with international institutions	207,027	121,108
Bank's commitments for currency permits	1,535,640	819,361
Documentary credits	21	19
Banknotes - issuance in progress	12,140	51,539
Other	2,608	2,409
	<u>1,788,446</u>	<u>1,018,434</u>
<b>Contingent liabilities</b>		
Letters of guarantees upon banks' request	25	17
<b>Total</b>	<u><b>1,788,471</b></u>	<u><b>1,018,451</b></u>

**40 Related Parties' Transactions**

	<i>Amounts in EGP million</i>	
	<i>30/6/2023</i>	<i>30/6/2022</i>
<b>A) Change in investments (participations)</b>		
Arab African Bank	13,489	3,241
African Export - Import Bank	295	4,540
Arab International Bank	4,155	875
Islamic Development Bank	934	327
Egyptian Mortgage Refinance Company	4	5
Credit Risk Insurance Company	184	83
Egyptian Banks Company for Technological Advancement	35	1,314
Egy cash for cash solutions	33	6
The Egyptian Company for Central Depository and Registry	(11)	(5)
Digital Financial Identity Company	275	0000
Al-Tera Digital Financial Infrastructure Company	1	0000
Africa Finance Foundation	2,438	0000
	<u><b>21,832</b></u>	<u><b>10,386</b></u>

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	30/6/2023	30/6/2022
<b>B) Dividends</b>		
African Export - Import Bank	819	447
Other *	281	187
	<u>1,100</u>	<u>634</u>

\* Includes an amount of EGP. 4.2 million pertaining to the Arab Trade Financing Program.

**41 Tax position**

• **Tax on governmental bonds interest**

CBE is subject to a tax amounting to EGP. 97,6 billion at the rate of 32% on the total governmental bonds' interest (amounting to EGP 31,2 billion). Also, a tax on both traded Treasury bonds amounting EGP 0.7 billion and traded Treasury bills amounting EGP 1,6 billion. It is worth is deducted at source, when the coupons fall due, according to the provisions of Article No. 58 of Law No. 91 of 2005.

• **Corporate Tax**

When preparing the CBE's tax return and according to Tax Form No. 28 and Article No. 81 of the Executive Regulations of Law No. 91 of 2005, total Governmental bonds' interests are recorded in the tax return as revenues before deducting the tax (amounting to EGP. 31,2 billion) at the rate of 32% from this revenue.

The taxable income indicated in the tax return was negative thus no corporate tax shall fall due on the legal entity. Tax inspection and final adjustment were made till 2015/2016. While the tax inspection for the years 2016/2017 till 2019/2020 is in process.

• **Salary tax**

- According to the provisions of Law No. 91 of 2005 the bank's employees are subject to salary tax, which is deducted monthly from their salaries at source and remitted to the Tax Authority on legal due dates.

- Tax inspection of salaries and wages was made till year 2016. The CBE requested the Tax Authority to notify it of the position of delay interests due from the bank and no reply has been received until this date. The tax inspection work of year 2017 is in progress.

• **Stamp tax**

The CBE is not subject to stamp tax as the bank deducts and remits the stamp tax due from other parties dealing with it to the Tax Authority according to the prevailing laws, regulations, and instructions.

**42 Translation**

These financial statements are a translation only into English from original Arabic statements. The original Arabic statements are the official statements.

The original Arabic statement are jointly audited by Samy Abdelhafez Ahmed and Mona Salah Noseir from KPMG Hazem Hassan and Accountability State Authority, respectively.

In the event of any discrepancies between this version and the financial statements in the Arabic language, what is stated in the financial statements in the Arabic language shall prevail.