THE ARAB REPUBLIC OF EGYPT

U.S.$860,000,000 7.125% Notes due 2026

and

U.S.$1,710,000,000 7.625% Notes due 2030

The U.S.$860,000,000 7.125% Notes due 2026 (the "**Series D Notes**") (Issue Price: 100.0%) and the U.S.$1,710,000,000 7.625% Notes due 2030 (the "**Series E Notes**") (Issue Price: 100.0%) (collectively, the "**Notes**") are being issued by The Arab Republic of Egypt (the "**Issuer**", the "**Republic**" or "**Egypt**"). The Issuer will pay interest on the Notes semi-annually in arrear on 10 May and 10 November in each year, commencing on 10 May 2019, except that the first payment of interest, to be made on 10 May 2019, will be in respect of the period from, and including, 19 November 2018 to, but excluding, 10 May 2019. The Series D Notes mature on 10 November 2026 and the Series E Notes mature on 10 November 2030. Payments on the Notes will be made without deduction for or on account of taxes imposed by the Republic or any political subdivision thereof or any authority therein or thereof having power to tax, to the extent described under "*Terms and Conditions of the Notes—Taxation*".

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or with any securities regulatory authority of any State or other jurisdiction of the United States, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a summary of certain restrictions on resales of Notes, see "*Placing of the Notes and Selling Restrictions*". The Notes will be offered and sold outside the United States in reliance on Regulation S under the Securities Act ("**Regulation S**").

INVESTING IN THE NOTES INVOLVES RISKS. SEE "RISK FACTORS" FOR A DISCUSSION OF CERTAIN FACTORS TO BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE NOTES.

The Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under Directive 2003/71/EC, as amended (which includes the amendments made by Directive 2010/73/EU) (the "**Prospectus Directive**"). The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish law and European Union ("**EU**") law pursuant to the Prospectus Directive. Such approval relates only to the Notes, which are to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU ("**MiFID II**") or which are to be offered to the public in any member state of the EU ("**Member State**"). The Prospectus constitutes a prospectus for the purposes of the Prospectus Directive. Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") for the Notes to be admitted to the official list (the "**Official List**") and trading on its Main Securities Market (the "**Market**"). The Market is a regulated market for the purposes of the Markets in Financial Instruments Directive. Egypt's long-term foreign currency debt is currently assigned a rating of B with a stable outlook by Standard & Poor's Credit Market Services Europe Limited ("**S&P**"), a rating of B3 with a positive outlook by Moody's Investors Service Limited ("**Moody's**") and a rating of B with a positive outlook by Fitch Rating Ltd ("**Fitch**"). Each of Fitch, Moody's and S&P is established in the European Union and is registered under Regulation (EC) № 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "**CRA Regulation**"). The Notes themselves will not be rated by any credit rating organisation upon their issue, although the Issuer has applied for the Notes to be rated by S&P and Fitch following their issue.

The Notes will be offered and sold in registered form in denominations of U.S.$200,000 or any amount in excess thereof, which is an integral multiple of U.S.$1,000. Each of the Series D Notes and Series E Notes will be represented by either beneficial interests in a global note (each, a "**European Global Note**") in registered form without interest coupons attached, which will be registered in the name of a nominee for and will be deposited on or about 19 November 2018 (the "**Issue Date**") with a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") or will be represented by beneficial interests in one or more global notes (each a "**DTC Global Note**") in registered form without interest coupons attached, which will be deposited on or about the Issue Date with Citibank N.A., London Branch, as custodian (the "**Custodian**") for, and registered in the name of Cede & Co., as nominee for, The Depository Trust Company ("**DTC**"). Beneficial interests in the European Global Notes and DTC Global Notes (collectively, the "**Global Notes**") will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear, Clearstream, Luxembourg, DTC and their respective participants. Except in the limited circumstances as described herein, definitive note certificates will not be issued in exchange for beneficial interests in the Global Notes.

SETTLEMENT MANAGER

HSBC

The date of this Prospectus is 16 November 2018

IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (having made all reasonable enquiries and having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import and completeness of such information.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or HSBC Bank plc (the "**Settlement Manager**") to subscribe or purchase any of the Notes. The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required to inform themselves about and to observe any such restrictions.

For a description of further restrictions on offers and sales of Notes and distribution of this Prospectus, see "*Placing of the Notes and Selling Restrictions*".

No person is authorised in connection with the offering of the Notes to give any information or to make any representation regarding the Republic or the Notes not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Republic or the Settlement Manager. A potential investor should carefully evaluate the information provided herein in light of the total mix of information available to it, recognising that neither the Republic nor any other person can provide any assurance as to the reliability of any information not contained in this document. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Republic since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial, political and/or economic position of the Republic since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

To the fullest extent permitted by law, the Settlement Manager accepts no responsibility whatsoever for the contents of this Prospectus or for any other statement, made or purported to be made by the Settlement Manager or on its behalf in connection with the Republic or the issue and offering of the Notes. The Settlement Manager accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement. The Fiscal Agent, the Registrar, the Paying Agents and the Transfer Agents referred to herein make no representation regarding this Prospectus or the Notes.

MiFID II Product Governance: Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

PRESENTATION OF INFORMATION

Annual fiscal information presented in this Prospectus is based upon 1 July to 30 June periods (which is the fiscal year of the Republic), unless otherwise indicated. Certain figures and percentages included in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown in the same category presented in different tables may vary slightly, and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures, which precede them. It should be noted that certain historic data set out herein may be subject to minor amendment as a result of more accurate and updated information becoming available.

Statistical information reported herein has been derived from official publications of, and information supplied by, a number of agencies of the Republic, including, *inter alia*, the Central Agency for Public Mobilisation and Statistics ("**CAPMAS**"), as well as the Central Bank of Egypt (the "**CBE**"). Certain statistical information has also been derived from information publicly made available by the International Monetary Fund (the "**IMF**"). Certain historical statistical information contained herein is based on estimates that the Republic or its agencies believe to be based on reasonable assumptions.

See "*Risk Factors—Risks Relating to the Republic—The statistics published by the Republic may differ from those produced by other sources*".

The Republic's official financial and economic statistics are subject to review as part of a regular confirmation process. Accordingly, financial and economic information presented herein may differ from previously published figures and may be subsequently adjusted or revised. Certain of the information and data contained in this Prospectus for all or part of the fiscal years 2016/17 and 2017/18 is preliminary and subject to further adjustment or revision. While the government of the Republic (the "**Government**") does not expect revisions to be material, no assurance can be given that material changes will not be made. Final figures will be published on the relevant Government website, when available. Results for interim periods are not necessarily indicative of full year results. The language of the Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Information contained herein that is identified as being derived from a publication of the Republic or one of its agencies or instrumentalities is included herein on the authority of such publication as an official public document of the Republic. All other information contained herein with respect to the Republic is included as an official public statement made on the authority of the Minister of Finance of the Republic.

Websites referred to in this Prospectus and the websites of the Government and the CBE and any information contained therein do not form part of, and are expressly not incorporated by reference into, this Prospectus.

Data Dissemination

The Republic is a subscriber to the IMF's Special Data Dissemination Standard (the "**SDDS**"), which is designed to improve the timeliness and quality of information of subscribing member countries. The SDDS requires subscribing member countries to provide schedules indicating, in advance, the date on which data will be released, the so-called "Advance Release Calendar". For the Republic, precise dates or "no-later-than dates" for the release of data under the SDDS are disseminated no later than three months in advance through the Advance Release Calendar, which is published on the Internet under the IMF's Dissemination Standards Bulletin Board. Summary methodologies of all metadata to enhance transparency of statistical compilation are also provided on the Internet under the IMF's Dissemination Standard Bulletin Board.

Certain Conventions

The following terms have the following meanings for the purposes of this Prospectus:

- Gross domestic product, or "**GDP**", is a measure of the total value of final products and services produced in a country in a specific year. Nominal GDP measures the total value of final production in current prices. "**Real GDP**" measures the total value of final production in constant prices of a particular year, thus allowing historical GDP comparisons that exclude the effect of inflation. In this Prospectus, Real GDP figures for Egypt are based on constant 2011/12 prices for each year from 2012/13 to 2016/17 and constant 2016/17 prices for all subsequent years and periods.

- The inflation rate provides an aggregate measure of the rate of change in the prices of goods and services in the economy. The Republic measures the inflation rate by the percentage change between two periods in the consumer price index (the "**CPI**"), unless otherwise specified. The CPI is based on a basket of goods and services that reflects the pattern of consumption of Egyptian households. The Republic calculates the CPI on the basis of a weighted basket derived from the 2008/09 income, expenditure and consumption survey conducted by CAPMAS.

- Annual headline inflation, as measured by the CPI, is not adjusted for seasonality or volatility in food and energy prices. Annual headline inflation figures are published by CAPMAS.

- Core inflation figures are computed by the CBE and remove certain volatile CPI components.

- Net unrequited transfer figures are computed and published by the CBE.

Currencies and Exchange Rates

All references in this Prospectus to:

- "**CNY**" are to Chinese Yuan, the legal currency of the People's Republic of China;

- "**Egyptian Pounds**" and "**LE**" are to the Egyptian Pound, the legal currency of the Republic;

- "**Euros**" and "**€**" are to the currency introduced at the start of the third stage of the Treaty on the Functioning of the EU, as amended;

- "**KWD**" are to Kuwaiti Dinar, the legal currency of the State of Kuwait;

- "**SDR**" are to special drawing rights, as allocated by the IMF; and

- "**U.S. Dollars**" and "**U.S.$**" are to United States Dollars, the legal currency of the United States of America.

For ease of presentation, the Issuer presents certain financial information as translated into U.S. Dollars. Unless otherwise indicated, such translations have been performed using the weighted average exchange rate for the year to which the translated amount relates. The CBE calculated this weighted average exchange rate for amounts prior to 1 January 2005 based on the official exchange rate and, since the introduction of the Egyptian interbank market for foreign currency in December 2004, based on spot transactions in the interbank market. These translations, including translations of Egyptian Pounds into U.S. Dollars, have been performed solely for convenience purposes and should not be construed as a representation that the amounts in question have been, could have been or could be, converted into any particular denomination at any particular rate or at all.

On 15 November 2018, the market exchange rate (buy rate), as published by the CBE, was U.S.$1.00 = LE 17.858. See "*Monetary System—Foreign Exchange Rates*".

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “anticipates”, “projects”, “expects”, “intends”, “may”, “will”, “shall”, “seeks” or “should” or, in each case, their negative or other variations or comparable terminology, or in relation to discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements are statements that are not historical facts, including statements about the Issuer’s beliefs and expectations. These statements are based on current plans, estimates and projections and, therefore, undue reliance should not be placed on them. Forward-looking statements speak only as of the date they are made. Although the Government believes that beliefs and expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such beliefs and expectations will prove to have been correct.

Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those expressed in any forward-looking statement. The information contained in this Prospectus identifies important factors that could cause such differences, including, but not limited to:

- adverse external factors, such as changes in international oil and other commodity prices, high international interest rates and recession, continuing or increased regional instability, international terrorism, low economic growth in the Issuer’s trading partners, reduced international trade (including shipping through the Suez Canal), changes in policies of international institutions, credit downgrades or changes in foreign aid policies. Changes in international commodity prices and high international interest rates could increase the Issuer’s current account deficit and budgetary expenditures. Recession, international terrorism or low economic growth in the Issuer’s trading partners could decrease exports, tourism receipts, induce a contraction of the Issuer’s economy and, indirectly, reduce tax revenues and other public sector revenues and adversely affect the Issuer’s fiscal accounts. Changes in the policies of international institutions, such as the IMF or the World Bank, or countries’ foreign aid policies could affect the Issuer’s future access to funding;

- adverse domestic factors, such as: (i) continuing or increased political and socio-economic unrest; (ii) declines in foreign direct investment (“**FDI**”), taxation receipts or GDP growth; (ii) increases in domestic inflation, unemployment, Government expenditures (including subsidies) or the current account deficit; (iii) high domestic interest rates and exchange rate volatility; and (iv) increases in domestic terrorism; all of which could lead to lower economic growth or a decrease in the Issuer’s international reserves; and

- other adverse factors that may affect the Middle East and North Africa (“**MENA**”) region.

ENFORCEMENT OF CIVIL LIABILITIES

The Republic is a foreign sovereign state. Consequently, it may be difficult for investors to obtain or realise upon judgments of courts in England and Wales, the United States or any other country against the Republic, including actions under the civil liability provisions of the U.S. securities laws or any state or territory of the United States. In addition, it may be difficult for Noteholders to enforce, in original actions brought in courts in jurisdictions located outside the United States or the United Kingdom, liabilities predicated upon English laws or upon U.S. laws.

The Republic has irrevocably appointed its Ambassador to the Court of St. James, and each of his successors, as its authorised agent in the United Kingdom on whom process may be served in any action arising out of, or based on, the Notes. The Republic will irrevocably submit to, and accept the non-exclusive jurisdiction of, the courts of England and Wales, with respect to any suit, action or proceeding arising out of or based on the Notes and will irrevocably and unconditionally waive, to the fullest extent permitted by law, any objection which the Republic may have based on improper venue or forum *non conveniens* to the conduct of any such suit, action or proceeding in any such court.

Enforcement of foreign court judgments in the Republic is subject to the following conditions:

- the foreign courts rendering the relevant judgment must offer reciprocal treatment to judgments obtained in the courts of the Republic; if such reciprocal treatment is not offered by the foreign court where the judgment is obtained, the Republic's courts will re-examine the merits of the case;
- the courts of the Republic are not exclusively competent to hear the dispute that is the subject of the foreign judgment, and the foreign courts are shown to have been competent to hear the dispute in accordance with their own respective laws;
- the parties to the dispute were duly notified and properly represented in the proceedings;
- the foreign judgment is final, non-appealable and conclusive in accordance with relevant law; and
- the foreign judgment does not conflict with a prior Egyptian judgment or a court order on the same subject matter and is not contrary to public order in the Republic.

There is no treaty between the Republic and the United Kingdom as to the enforcement of foreign court judgments which would satisfy the first criterion above. See "*Risk Factors—Risks relating to the Notes— Investors may experience difficulty in enforcing foreign judgments in the Republic.*"

To the extent that the Republic may in any jurisdiction claim or acquire for itself or its assets immunity (sovereign or otherwise) from suit, execution, attachment or other legal process (whether through service or notice or otherwise), the Republic irrevocably agrees for the benefit of holders of Notes not to claim, and irrevocably waives such immunity, to the fullest extent permitted by the laws of such jurisdiction.

The Republic's waiver of sovereign immunity shall constitute a limited and specific waiver for the purposes of the Fiscal Agency Agreement, the Deed of Covenant (each as defined herein) and the Notes, and, under no circumstances shall such waiver be interpreted as a general waiver by the Republic or a waiver of immunity in respect of: (i) property used by a diplomatic or consular mission of the Republic; (ii) property of a military character and under the control of a military authority or defence agency of the Republic; or (iii) property located in the Republic and dedicated to a public or governmental use (as distinct from property dedicated to a commercial use) by the Republic.

Without limiting the generality of (i), (ii) or (iii) in the preceding sentence, the holders of Notes shall have no recourse to the assets of the CBE held for its own account.

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RISK FACTORS

An investment in the Notes involves risks. Accordingly, prospective investors should carefully consider, amongst other things, the risks described below, as well as the detailed information set out elsewhere in this Prospectus, and reach their own views before making an investment decision. The risks and uncertainties described below are not the only risks and uncertainties related to the Republic and the Notes. Additional risks and uncertainties not presently known or currently believed to be immaterial could also impair the ability to make payments on the Notes. If any of the following risks actually materialise, the financial condition and prospects of the Republic could be materially adversely affected. If that were to happen, the trading price of the Notes could decline, and the Republic may be unable to make payments due on the Notes, and investors may lose all or part of their investment.

Risk Factors Relating to Egypt

Significant political unrest and political and social instability since January 2011 has had and could continue to have a material adverse effect on the Republic generally and on its economic growth.

On 25 January 2011 as part of the Arab Spring, demonstrations and protests began in Cairo, Alexandria and a number of other Egyptian cities, with protestors demanding the overthrow of President Mubarak. Following several weeks of unrest, President Mubarak dissolved the government of the Republic (the "**Government**") and resigned, ending 30 years in power (the "**2011 Revolution**"). Power was then assumed by the Supreme Council of the Armed Forces (the "**SCAF**"), which suspended the constitution and announced it would govern Egypt until elections were held. Demonstrations and protests, which often escalated into violence, continued throughout 2011 in response to the perceived slow pace of political change. Egypt experienced continued political uncertainty and instability over the course of 2012. Presidential elections were held in June 2012 and were won by the Freedom and Justice Party candidate, Mr. Morsi, who took office on 30 June 2012.

Following further demonstrations and protests in 2013, which culminated in a revolution on 30 June 2013 calling for President Morsi's resignation, the Egyptian military removed President Morsi from office. Following protests and demonstrations by supporters of former President Morsi in August 2013, the then-interim Government declared a state of emergency and a curfew was imposed (which was lifted in November 2013). In September 2013, following a number of terrorist attacks on army personnel, the military launched a campaign against militants in northern Sinai, and a court banned the Muslim Brotherhood from carrying out any activities in Egypt. In December 2013, the interim Government declared the Muslim Brotherhood a terrorist organisation following a bomb blast in Mansoura. In April 2015, Muslim Brotherhood leader, Mr. Mohammed Badie, and 13 other senior members of the organisation were sentenced to death and a number of other members of the organisation were sentenced to life imprisonment, in connection with the violence following the removal of President Morsi. Subsequently, former President Morsi and a number of other Muslim Brotherhood members were sentenced to 20 years in prison for ordering the arrest and torture of protestors during a sit-in held outside the presidential palace in December 2012. On 23 October 2016, the Court of Cassation upheld the 20-year sentence issued in April 2015 against Mr. Morsi and other members of the Muslim Brotherhood. In May 2015, following a retrial, former President Mr. Mubarak was convicted of corruption charges relating to his time in office. In May 2015, Mr. Morsi and 105 others were sentenced to death for their role in planning jailbreaks and attacks on police during the 2011 Revolution. In May 2015, the Cairo Criminal Court requested the opinion of the Grand Mufti as to whether or not death sentences in respect of former President Morsi, as well as Mr. Badie and other individuals for other convictions would be in accordance with principles of Sharia. In June 2016, Mr. Morsi's death sentence was confirmed by the Grand Mufti in June 2015 but was overturned by the Court of Cassation in November 2016, which ordered a retrial. In addition, on 2 March 2017, the Court of Cassation acquitted Mr. Mubarak of all charges relating to the killing of protestors during the 2011 Revolution. Although the corruption conviction against Mr. Mubarak still stands, Mr. Mubarak was released from detention on 24 March 2017. There can be no assurance that there will not be protests, attacks or other violent or political reactions to further or new proceedings, which could, in turn, have a material adverse effect on the political climate and economic activity of the Republic.

In January 2014, the current constitution (the "**Constitution**"), which was prepared by a panel of judges and legal scholars and approved by an assembly of political, religious, union and other representatives and public figures, was adopted by referendum. The Constitution came into force on 18 January 2014. In March 2014, the then-defence minister, Field Marshal Al-Sisi, announced his intention to run for president and resigned from the military. Mr. Al-Sisi won the presidential election in 2014 with approximately 96.9% of the valid votes cast. President Al-Sisi was sworn in on 8 June 2014. Presidential elections took place between 26 and 28 March 2018. On 2 April 2018, the National Elections Authority declared President Al-Sisi the winner of the elections, securing a second four-year term after winning 97.08% of valid votes cast. According to Article 140 of the Constitution, the President serves for a four-year term and may be re-elected once. Accordingly, this is President Al-Sisi's second and final term. The next presidential elections are due to take place in March 2022. See "*The Arab Republic of Egypt—Constitutional System—Executive Branch—The President of the Republic*". Parliamentary elections were held between October and December 2015. In January 2016, the House of Representatives held its first session, the first parliamentary session in more than three years.

Since the parliamentary elections in 2015, the Government has been reshuffled on a number of occasions, including, most recently, in June 2018, when a new 32-member cabinet headed by Prime Minister Mostafa Madbouly and including 12 new ministers (including a new Minister of Finance) was sworn in. The Government is likely to continue to face social, economic and political challenges and the risk of instability that often accompanies political transition. Any change in policy or any delay or reversal of economic reforms may lead to political instability or uncertainty regarding the completion of economic reforms, which could, in turn, negatively affect Egypt and its economy. These challenges, together with incidents of social and political unrest and violence in Egypt and in the wider region, have had and may continue to have a significant adverse effect on the Egyptian economy. There can be no assurance that further incidents of political or social instability, terrorism, protests or violence will not directly or indirectly negatively affect Egypt and its economy.

The Egyptian economy is experiencing, and may continue to experience, high inflation

Annual headline inflation, as measured by the consumer price index ("**CPI**"), has been relatively high in recent years. It was 10.1% in 2011, 7.1% in 2012, 9.5% in 2013, 10.1% in 2014, 10.4% in 2015, 13.7% in 2016 and 29.5% in 2017. Following the liberalisation of the Egyptian Pound in November 2016, the CPI increased significantly, reaching 33.0% in July 2017 (with core inflation reaching 35.3% in July 2017), although the CPI has since declined and was 14.2% in August 2018. The CPI was 16.0% in September 2018. The IMF has identified high and persistent inflation as one of the key risks to Egypt's macroeconomic stability, the credibility of Egypt's new monetary policy framework and Egypt's ability to comply with the targets set out in the three-year extended fund facility ("**EFF**") with the IMF.

The Egyptian economy is subject to a continued risk of high or increasing inflation due to the effects of the recently implemented VAT law, the devaluation of the Egyptian Pound since the 2011 Revolution and, in particular, following the liberalisation of the Egyptian Pound in November 2016, as well as any further potential depreciation resulting from future pressure on the Egyptian Pound, rising food prices as a result of subsidy reform, volatility in global wheat harvests and other factors), rising energy prices (as a result of subsidy reform, including recent increases in petroleum, gasoline, diesel, kerosene and fuel oil prices, and future increases in international energy prices) and an expected recovery in GDP (as defined below) growth rates as economic, fiscal and monetary reforms are implemented. In addition, further planned reductions of fuel subsidies and other measures as part of the Government's economic reform programme may have an adverse impact on inflation, and, in past years, most recently in 2018, price increases, particularly in respect of food and transportation, have led to social unrest.

The Central Bank of Egypt (the "**CBE**") has implemented a number of measures to try to contain inflationary pressures. Between November 2016 and July 2017, the Monetary Policy Committee of the CBE (the "**MPC**") raised benchmark policy rates by an aggregate of 700 basis points. In addition, the CBE has used deposit auctions to reduce balances on banks' overnight and seven day deposits. In May 2017, the CBE announced an inflation target of 13% by the fourth quarter of 2018 and single digits thereafter. As a result of the moderation of underlying inflationary pressures, on 15 February 2018, the MPC reduced the overnight deposit rate, the overnight lending rate and the discount rate by 100 basis points each, to 17.75%, 18.75% and 18.25%, respectively. This was the first reduction of the CBE's key policy rates since 2015 and was intended to support the CBE's inflation target. On 29 March 2018, the MPC again reduced the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate by a further 100 basis points to 16.75%, 17.75%, 17.25% and 17.25%, respectively. There can be no assurance, however, that measures taken by the CBE and the Government will be successful in meeting this inflation target or otherwise controlling inflation. Increases in the CBE's benchmark policy rates have also increased the Government's domestic borrowing costs and may result in lower levels of lending and a decrease in economic growth. A failure to control inflation could have a material adverse effect on the investment climate in Egypt and negatively affect the Egyptian economy.

Egypt has experienced several terrorist attacks, which have contributed to a decline in tourism, a key sector of the economy, among other adverse consequences

In recent years, Islamic militants, including the so-called "Islamic State", have operated in a number of countries in the region. In common with other countries in the Middle East, Egypt has experienced a number of terrorist attacks. Since the removal of President Morsi, terrorist attacks in North Sinai on Egyptian military bases, in particular, have increased, resulting in the deaths of soldiers and police. In July 2015, the so-called "Islamic State" launched a wave of further attacks in North Sinai, which have continued in subsequent periods, including in 2018. As a result of these attacks and the related security situation prevailing in North Sinai, Egyptian Natural Gas Holding Company ("**EGAS**") is facing difficulties transporting gas through the Sinai Peninsula to Jordan. Smaller scale attacks have also occurred in Cairo and other cities.

In October 2015, the so-called "Islamic State" claimed responsibility for the destruction of a Russian airliner in Sinai, which was flying from Sharm el Sheikh airport. All crew and 224 passengers were killed.

Sporadic terrorist attacks resulting in fatalities have continued. In January 2016, there were attacks in the tourist resorts of Giza and Hurghada. In December 2016, a bomb explosion in Kafr al-Sheikh in the Nile Delta killed a civilian and injured three policemen, and a separate bomb explosion killed six policeman near Giza. Also in December 2016, 25 people were killed in a bomb explosion in the Coptic Cathedral complex in Cairo. In April 2017, explosions occurred at two Coptic Christian churches in Tanta and Alexandria, which killed 47 people. The so-called "Islamic State" claimed responsibility for the attacks. In response, President Al-Sisi declared a three-month state of emergency and ordered the deployment of the military across Egypt to protect vital infrastructure. In November 2017, an attack on a Sufi Mosque in the town of Bir al-Abed in north Sinai, which is believed to have been carried out by the so-called "Islamic State", killed 305 people. In December 2017, nine people were killed by a gunman at Mar Mina Church, south of Cairo. On 2 November 2018, seven Coptic Christians were killed in an attack on two buses near a monastery in Minya and the so-called "Islamic State" claimed responsibility for the attack. On 4 November 2018, the Ministry of Interior announced that 19 Islamist militants accused of carrying out this attack had been killed in a shootout with Egyptian police. The state of emergency was extended by a further three months in July 2017 and again in October 2017, January 2018, April 2018, July 2018 and October 2018 in order to take measures "necessary to confront the dangers and funding of terrorism and safeguard security in all parts of the country".

These events have affected the Egyptian economy and, in particular, the tourism sector. While combatting terrorism continues to be a priority of the Government, there can be no assurance that extremists or terrorist groups will not continue violent activities in Egypt. Terrorist attacks in Egypt have adversely affected, and may continue to adversely affect, the Egyptian economy.

Egypt is located in a region that has been subject to ongoing political and security concerns

Egypt is located in a region that has been subject to ongoing political and security concerns, especially in recent years. Political instability in the Middle East has increased since the terrorist attacks of 11 September 2001, the U.S.-led intervention in Iraq, the ongoing conflict in Syria, the threat of the so-called "Islamic State", the ongoing conflict in Yemen, instability and conflict in Libya and the crisis involving Qatar. Some Middle Eastern and North African countries have experienced in the recent past or are currently experiencing political, social and economic instability, extremism, terrorism, armed conflict and war. Within Egypt, state and civilian institutions have been the targets of terrorist attacks in recent years.

A number of Arab countries have experienced significant political and military upheaval, conflict and revolutions as part of the Arab Spring, which has led to the departure of long-time rulers in Tunisia, Egypt, Yemen and Libya. Among the short-term effects of the Arab Spring has been a destabilisation of the region and increased political and social instability. This instability is likely to continue for some years. In addition, a number of Arab countries, including Iraq, Libya, Syria and Yemen, have continued to experience significant civil unrest and internal conflict. In particular, the ongoing conflict in Syria has been the subject of significant international attention and intervention, including by the Russian military, and its impact and resolution are difficult to predict. Any further escalation of this conflict, additional international military intervention in Syria or a more aggressive stance by parties to the conflict could further destabilise the region. The instability caused by the ongoing conflict has been exacerbated by terrorist attacks by the so-called "Islamic State" in the region and internationally, which has, in turn, increased the security challenges faced by Egypt, as well as other countries in the region and beyond.

In March 2015, a coalition of Arab countries led by Saudi Arabia and including other Gulf Co-operation Council ("**GCC**") members, Egypt, Jordan, Morocco, Sudan and others, supported by the United States and other western governments, announced its intention to intervene in the civil war in Yemen on the side of the Yemeni government against the Houthi rebels, who have taken control of Yemen's capital, Sana'a.

On 5 June 2017, Saudi Arabia, the United Arab Emirates ("**UAE**") and Bahrain, as well as Egypt and certain other countries, severed diplomatic, trade and transport links with, and imposed sanctions on, Qatar, citing Qatar's support for terrorist and extremist organisations, including Qatar's interference in other countries' internal affairs. Diplomatic efforts to end the crisis are being undertaken by Kuwait and several other countries. It is uncertain at this stage how the events relating to Qatar will develop or how the situation may impact Egypt, the region or emerging markets generally.

The continuation of such events or the occurrence of new, similar events in the region could further strain political stability in the region and the Government's finances. These events have had, and are likely to continue to have, a material adverse impact on the Egyptian economy, including, but not limited to, by reducing tourism (which historically has been an important source of foreign currency). Any of the foregoing could also lead to a reduction in, and increased difficulty in, attracting foreign direct investment ("**FDI**") to Egypt, as well as the diversion of Government resources towards increased military and security spending.

International investors' reactions to events occurring in one emerging market, country or region sometimes appear to demonstrate a contagion effect, in which an entire region or class of investment is disfavoured by such investors. If such a “contagion” effect occurs, Egypt could be adversely affected by negative economic, security or financial developments in other emerging market countries. Egypt has been adversely affected by “contagion” effects in the past, including recent events in Sudan, Yemen and Libya, violence involving the so-called “Islamic State” and other recent events in the Middle East and North Africa region (the “**MENA region**”), as well as global events, such as the Eurozone crisis and the global financial crisis. No assurance can be given that it will not be affected by similar events in the future.

In addition, certain emerging markets, including Turkey and Argentina, are currently experiencing adverse economic events, including depreciation of the local currency and rising inflation. Such events may reduce investors’ interest in emerging markets in general, including Egypt, and there can be no assurance that Egypt will not be affected by investors’ reactions to the negative economic conditions in Turkey, Argentina or elsewhere or more generally if a “contagion” effect occurs.

The Egyptian economy has faced significant challenges since the 2011 Revolution, which has put increasing pressure on its public finances and has led to a rising balance of payments deficit

The 2011 Revolution and subsequent events have had material negative macroeconomic consequences for the Egyptian economy. These events have contributed to declines in economic growth, as well as decreases in FDI and tourism revenues. The real GDP growth rate slowed in recent years following the economic shock that occurred primarily due to the effects of the Arab Spring and the 2011 Revolution. Although real GDP growth has increased in recent periods, growth rates still remain below 2009/10 levels. Net FDI inflows have followed a similar trend.

Tourism income was U.S.$4.4 billion in 2016/17, as compared to U.S.$3.8 billion in 2015/16 and U.S.$7.4 billion in 2014/15. Tourism income was U.S.$7.3 million for the nine months ended 31 March 2018, as compared to U.S.$2.8 million in the corresponding period in 2016/17. The decrease in tourism income from 2014/15 through 2016/17 reflects the impact of terrorist attacks and security concerns in Egypt. Although the tourism industry has shown signs of recovery since 2017, there can be no assurance that this recovery will continue.

The current account deficit increased from U.S.$2.8 billion in 2013/14 to U.S.$19.8 billion in 2015/16 before narrowing to U.S.$14.4 billion in 2016/17 and to U.S.$6.0 billion in 2017/18. Notwithstanding the increase in net current transfers in 2017/18, in recent years, decreases in net transfers (principally grants from GCC countries), the reduction in tourism activity from historic levels and a decrease in the level of remittances from Egyptian workers abroad have contributed to the current account deficit. Further increases in the current account deficit could have a material adverse effect on the Egyptian economy, the Government’s finances and its ability to service its foreign currency debt. Such factors have also contributed to Egypt’s increasing fiscal deficit. See “*—Egypt’s fiscal deficit remains high*”.

Following the liberalisation of the Egyptian Pound in November 2016 and the CBE’s subsequent policy of non-intervention in foreign exchange markets, net international reserves with the CBE increased by U.S.$13.0 billion, or 41.5%, to U.S.$44.3 billion as at 30 June 2018, equivalent to 8.4 months of merchandise imports, as compared to U.S.$31.3 billion as at 30 June 2017, equivalent to 6.4 months of merchandise imports and U.S.$17.5 billion as at 30 June 2016, equivalent to 3.7 months of merchandise imports. Net international reserves increased to U.S.$44.5 billion as at 31 October 2018 (according to provisional figures). There can be no assurance, however, that net international reserves will continue to increase or be maintained at such levels.

There can be no assurance that Egypt will be able to adequately address these and other economic issues or that economic growth will continue. Any failure to maintain economic growth or address continuing economic issues will negatively affect investor confidence in Egypt and the willingness of investors to invest money, and engage in transactions in, Egypt and will affect the Government’s finances and, accordingly, the Republic’s capacity to service its debt (including the Notes). See “*Public Debt*”.

Egypt’s fiscal deficit remains high

Egypt’s fiscal deficits have led to increased levels of Government borrowing, which has, in turn, increased the public debt. See “*—High levels of debt could have a material adverse effect on Egypt’s economy and its ability to service its debt, including the Notes*”. Although Egypt’s fiscal deficit decreased from 12.0% of GDP in 2013/14 to 9.7% of GDP in 2017/18 (according to preliminary estimates), the fiscal deficit remains high.

If the Republic is unable to continue to reduce its fiscal deficit and the resulting effect on the public debt, it could raise the Republic’s cost of funding of its debt, negatively affect the Egyptian economy, strain the general resources of the Government and the Government’s finances, hinder the Government’s structural reform efforts and materially impair the Republic’s capacity to service its debt (including the Notes).

High levels of debt could have a material adverse effect on Egypt's economy and its ability to service its debt, including the Notes

Over the past five fiscal years, public debt, as a percentage of GDP, has remained high. As at 30 June 2018, general Government debt represented 93.3% of GDP (according to preliminary estimates), as compared to 103.0% of GDP as at 30 June 2017, 96.9% of GDP as at 30 June 2016, 88.9% of GDP as at 30 June 2015 and 86.2% of GDP as at 30 June 2014. Total budget sector debt is forecasted to be approximately 92% of GDP in the 2018/19 budget. Total external debt has also increased since 2015, from 14.4% of GDP as at 30 June 2015 to 16.8% of GDP as at 30 June 2016 and 41.0% of GDP as at 30 June 2017, before decreasing to 37.5% of GDP as at 30 June 2018. The Government also is facing significant levels of debt service and scheduled repayments in respect of public external indebtedness in the relatively near future, with such service and repayment requirements expected to amount to U.S.$6.7 billion in 2019 and U.S.$8.8 billion in 2020 as at 30 June 2018. High levels of indebtedness, which may increase as a result of continued borrowing, could negatively impact Egypt's credit rating and could have a material adverse effect on the Egyptian economy, the Government's finances and its ability to service its debt.

The Government's ability to finance its public debt depends in part on the ability and willingness of Egyptian banks to purchase securities and other credit instruments issued by the Government. In addition, a significant portion of short-term treasury instruments issued by the Government are purchased by international investors. Any market development associated with increases in yields and decreases in the values of such securities and other credit instruments issued by the Government, including sell-offs or other events leading to diminished international investor interest in such instruments, could have an adverse effect on Egypt's credit rating, economy and public finances, as well as its ability to service debt. In particular, if such developments were to contribute to a situation in which the portion of the aggregate asset portfolio of Egyptian banks represented by Government securities and other credit instruments became materially greater than is currently the case, due in part to a decline in international investor interest in such instruments, while the yields on such instruments increased and their values declined, this could have an adverse effect on Egyptian banks' balance sheets and the Egyptian banking system generally while also adversely affecting the Government's ability to finance its public debt.

Any failure to address structural reforms may result in reduced support from multilateral and bilateral creditors, including the IMF

As at 30 June 2018, multilateral and bilateral debt accounted for approximately 30.7% and 11.2% of Egypt's external debt, respectively. Egypt expects to rely on multilateral and bilateral support to provide a significant portion of its public and external financing requirements in the coming years. Changes in the level of support by Egypt's multilateral and bilateral creditors or changes in the terms on which such creditors provide financial assistance to the Republic or fund new or existing projects could have a significant adverse effect on the financial position of the Republic.

In November 2016, the Executive Board of the IMF approved the three-year EFF for Egypt in an amount of 8.597 billion Special Drawing Rights ("**SDRs**") (approximately U.S.$12 billion). The EFF is aimed at supporting the Government's economic reform programme (see "*The Economy—Government Programme, Recent Developments and Reforms*") and is intended to help restore macroeconomic stability and promote inclusive growth. The approval of the EFF allowed for the immediate disbursement of SDR 1.970 billion (approximately U.S.$2.75 billion).

In July 2017, the IMF completed its first review under the EFF, which permitted the disbursement of the equivalent of SDR 895.5 million (approximately U.S.$1.25 billion). This amount was disbursed in July 2017. As part of this first review, the Executive Board of the IMF approved the Egyptian authorities' request for waivers of the June 2017 performance criteria for the primary fiscal balance and the fuel subsidy bill, which were missed due to higher costs of imported food and fuel products, due to the depreciation of the Egyptian Pound. In its report relating to the first review published in September 2017, the IMF noted that the financing gap for 2017/18 following planned disbursements under the EFF was U.S.$2 billion to be financed through multilateral and bilateral financing. There can be no assurance, however, that the Government will be successful in obtaining financing to close this financing gap.

The second review under the EFF was completed in December 2017, which permitted the disbursement of the equivalent of SDR 1.4 billion (approximately U.S.$2.0 billion). This amount was disbursed in December 2017. As part of this second review, the Executive Board of the IMF approved the Egyptian authorities' request for modifications to the December 2017 and June 2018 performance criterion for net domestic assets and the June 2018 performance criterion for the primary fiscal balance.

The third review under the EFF was completed in June 2018, which permitted the disbursement of the equivalent of SDR 1,432.8 million (approximately U.S.$2.0 billion). This amount was disbursed in June 2018, bringing total disbursements under the EFF to SDR 5,731.1 million (approximately U.S.$8.1 billion). As part of this third review, the Executive Board of the IMF approved the Egyptian authorities' request for a waiver of non-observance of the December 2017 performance criterion for the primary fiscal balance and the modification of the June 2018 performance criterion in respect of the fuel subsidy bill. See "*Public Debt—Debt Restructuring—International Support—International Monetary Fund*".

Further disbursements under the EFF will be phased throughout the remainder of the programme, subject to the completion of biannual reviews. Such disbursements are subject to either the successful completion of certain structural reforms and the achievement of certain macroeconomic targets in line with the Government's economic reform programme or, during the IMF's biannual review, the IMF's agreement that Egypt has made sufficient progress in achieving such reforms or targets or agreeing the waiver of any performance criteria or targets that have not been satisfied. Any failure to complete such reforms or meet or agree waivers of such targets could result in the withholding of disbursements under the EFF.

In December 2015, the Government and the World Bank Group approved the Country Partnership Framework 2015-19. This framework, which is based on the Government's medium-term strategy and national priorities for economic development, envisages the disbursement of approximately U.S.$8 billion to Egypt between 2015-2019. In September 2016, a first disbursement of U.S.$1.0 billion was made under this framework and a further loan of U.S.$500 million was approved by the World Bank. Further loans were agreed with the World Bank, which were disbursed in March 2017 (U.S.$1.0 billion), December 2017 (U.S.$1.2 billion) and March 2018 (U.S.$1 billion), each of which is to support the Government's economic reform programme. Any failure to complete reforms under the Government's economic reform programme may result in the withholding of future disbursements from the World Bank Group.

The Government has also entered into other funding arrangements with bilateral and multilateral creditors. Disbursements of certain amounts under these arrangements are contingent on the completion of certain reforms and the satisfaction of other conditions precedent. See "*Public Debt—Debt Restructuring—International Support*".

If Egypt is unable to satisfy the conditions for disbursement in order to allow it to receive further funding under the EFF or other arrangements with multilateral or bilateral creditors or is otherwise unable to borrow at an acceptable cost, it could have a material adverse effect on the Egyptian economy, the Government's structural reform efforts, the Government's finances and its ability to service its debt.

The Government's failure to implement economic, fiscal and monetary reforms may have a negative effect on the performance of the Egyptian economy, including by preventing the Government from realising its economic targets, and may result in the withholding of funds under external financing

The Government's programme, which was approved by the House of Representatives in April 2016 sets out economic targets, including increasing annual GDP growth from 4.2% in 2014/15 (subsequently revised to 4.4%) to 5.5-6.0% in 2018/19 (subsequently revised to 5.5%) and reducing the fiscal deficit to approximately 7% of GDP by 2018/19 (subsequently revised to 8.4%). A number of the targets in the Government's programme, including the inflation and fiscal deficit targets have subsequently been revised. The aim of the Government's economic, fiscal and monetary reforms is to increase revenue and job creation, to reallocate public spending to productive and socially inclusive uses and to decrease the Republic's fiscal deficit. Disagreements among political parties, social discontent and protest against the introduction of such reforms and the subsequent rising cost of living, any reduction in external support (including from GCC countries, other bilateral creditors and multilateral creditors) or additional reforms, required under the EFF with the IMF, the political situation in the region and changes in international energy, food and other commodity prices, in particular those that are subsidised by the Government (including wheat prices) could delay the implementation of this programme. Any failure to implement the programme or meet the targets included therein may prevent the Government from addressing the structural imbalances in Egypt's economy. Any such failure may also hinder the Republic's ability to obtain external financing. Although the Government intends to proceed with its economic, fiscal and monetary reforms, there can be no assurance that these reforms will be fully implemented or that, if implemented, they will achieve the anticipated results or meet anticipated targets.

Significant depreciation of the Egyptian Pound against the U.S. Dollar, the Euro or other major currencies have had and, if they continue to occur, will have, a material adverse effect on Egypt's ability to service its debt denominated in currencies other than the Egyptian Pound, including amounts due under the Notes

The exchange rate of the Egyptian Pound has been volatile when measured against the U.S. Dollar, the Euro and other major foreign currencies and has generally declined in recent years. While the CBE historically managed the Egyptian Pound/U.S. Dollar exchange rate, it does not do so any longer; and the value of the Egyptian Pound has been and continues to be impacted by a number of factors, many of which are outside of the control of the Government and the CBE. In addition, restrictions in auctions and on the interbank market, as well as only partial clearance of foreign exchange requests from commercial banks, historically generated a parallel market for foreign exchange. From time to time, there has also been a shortage of U.S. Dollars in the Egyptian market to service foreign currency transactions, as a result of which, the ability to repatriate foreign currency has been limited or curtailed, which has resulted and may, in the future, continue to result in reduced FDI and, therefore, reduced economic growth in Egypt. Since the 2011 Revolution, the currency has depreciated in value, and any future currency depreciation would increase, external debt servicing costs. See "*Monetary System—Foreign Exchange Rates*".

In March 2016, the Egyptian Pound was devalued against the U.S. Dollar by 13%, representing the then-largest devaluation of the Egyptian Pound in more than ten years. On 3 November 2016, the CBE announced the move to a liberalised exchange rate regime and other measures in order to quell distortions in the domestic foreign currency market and reduce foreign exchange shortages. Pursuant to the new exchange rate regime, banks and other market participants are at liberty to quote and trade at any exchange rate, and bid and ask exchange rates are determined by supply and demand. As a result, the Egyptian Pound depreciated against the U.S. Dollar to LE 14.64 per U.S.$1.00 (buy rate) on 3 November 2016, as compared to LE 8.77 (buy rate) per U.S.$1.00 on 2 November 2016. Since 3 November 2016, the U.S. Dollar to Egyptian Pound exchange rate (buy rate) has fluctuated between a high of U.S.$1.00 = LE 14.64 on 3 November 2016 and a low of U.S.$1.00 = LE 19.15 on 20 December 2016. In 2017, the average U.S. Dollar to Egyptian Pound exchange rate (buy rate), as published by the CBE, was U.S.$1.00 = LE 17.78, fluctuating between a monthly average high of U.S.$1.00 = LE 16.90 in February 2017 and a low of U.S.$1.00 = LE 18.54 in January 2017, including daily fluctuations from a high of U.S.$1.00 = LE 15.72 on 20 February 2018 to a low of U.S.$1.00 = LE 18.76 on each of 24 January 2017 and 30 January 20018. According to statistics published by the CBE, for the six months ended 30 June 2018, the average U.S. Dollar to Egyptian Pound exchange rate (buy rate) was U.S.$1.00 = LE 17.68, depreciating from a monthly average exchange rate high of U.S.$1.00 = 17.65 in January 2018 to a low of U.S.$1.00 = LE 17.83 in June 2018, including daily fluctuations from a high of U.S.$1.00 = LE 17.56 on 5 March 2018 to a low of U.S.$1.00 = LE 17.87 on 15 May 2018. In July 2018, the average U.S. Dollar to Egyptian Pound exchange rate (buy rate) was U.S.$1.00 = LE 17.84; in August 2018, the average U.S. Dollar to Egyptian Pound exchange rate (buy rate) was U.S.$1.00 = LE 17.83; and in September 2018, the average U.S. Dollar to Egyptian Pound exchange rate (buy rate) was U.S.$1.00 = LE 17.86. On 15 November 2018, the market exchange rate (buy rate), as published by the CBE, was U.S.$1.00 = LE 17.858. See "*Monetary System—Foreign Exchange Rates*". There can be no assurance that the currency will not depreciate further and exhibit a higher degree of volatility than it historically displayed.

The depreciation of the Egyptian Pound against the U.S. Dollar, the Euro or other major foreign currencies could have an effect on Egypt's ability to repay its debt denominated in currencies other than the Egyptian Pound, including amounts due under Notes issued under the Programme. Furthermore, there may be mismatches between U.S. Dollar denominated loans and individual borrowers' access to U.S. Dollar denominated revenues, as well as between U.S. Dollar denominated loans and deposits within individual banks, which could enhance the impact of depreciations. In addition, a significant depreciation of the Egyptian Pound against the U.S. Dollar, the Euro or other foreign currencies may result in reduced Government and other revenues and outflows of capital from Egypt, each of which could have a material adverse effect on Egypt's economy. As at 30 June 2018, 63.5% of Egypt's total public external debt was denominated in U.S. Dollars and 15.0% was denominated in Euros (as compared to 69.8% and 12.6%, respectively, as at 30 June 2017 and 71.8% and 12.4%, respectively, as at 30 June 2016) and, as a result of the liberalisation of the Egyptian Pound in November 2016 and its resulting depreciation against foreign currencies, the cost for Egypt to repay its foreign currency denominated external debt has increased. Recent depreciation in the value of the Egyptian Pound has led, and future depreciation could lead, to greater inflation, which, in turn, could have an adverse effect on the Egyptian economy, as well as on bank capitalisation. See "*—The Egyptian economy is experiencing, and may continue to experience, high inflation*". Significant interventions in the exchange rate (or a lack thereof), however, may affect Egypt's foreign currency reserves and may, in turn, have a material adverse effect on the Egyptian economy, the Government's finances and its ability to service its external debt.

The Republic's foreign currency credit rating is sub-investment grade

The rating of Egypt's long-term foreign currency debt was downgraded in recent years due to, among other things, the political and economic challenges faced by Egypt following, and as a result of, the political protests and uprisings. Certain ratings agencies have upgraded Egypt's credit ratings in light of post-2011 Revolution policies adopted by the Government.

Egypt's long-term foreign currency debt is currently assigned a rating of "B" with a stable outlook by S&P, a rating of B3 with a positive outlook by Moody's and a rating of "B" with a positive outlook by Fitch. On 16 January 2018, Fitch revised its outlook on Egypt's long-term foreign currency debt from stable to positive. On 11 May 2018, S&P revised Egypt's long-term foreign currency rating from B- with a positive outlook to B with a stable outlook. On 28 August 2018, Moody's revised its outlook on Egypt's long-term issuer ratings from stable to positive.

These ratings are sub-investment grade, and past rating downgrades have negatively affected, and may continue to negatively affect, investor confidence in Egypt. There can be no assurance that a credit rating will remain for any given period of time or that a credit rating will not be downgraded or withdrawn entirely by the relevant rating agency if, in its judgment, circumstances in the future so warrant. The Republic has no obligation to, and will not, inform the holders of

Notes of any such revision, downgrade or withdrawal. A suspension, downgrade or withdrawal at any time of the credit rating assigned to the Republic may adversely affect the market price of the Notes.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Any decrease in the rating of the Notes could raise the cost of financing required by the Republic so as to put further pressure on fiscal deficits and adversely affect the price that a purchaser will be willing to pay for the Notes, cause trading in the Notes to be volatile, adversely affect the trading price of the Notes and limit the Republic's access to the debt capital markets.

The statistics published by the Republic may differ from those produced by other sources

A range of Ministries, public statistic agencies (including the Central Agency for Public Mobilisation and Statistics ("**CAPMAS**")) and the CBE produce statistics relating the Republic and its economy, including statistics in relation to GDP, balance of payments, revenues and expenditure of the Government and indebtedness of the Republic. The statistical data appearing in this Prospectus has been obtained from public sources and documents. Investors may be able to obtain similar statistics from other sources, but the underlying assumptions, methodology and, consequently, the resulting data may vary from source to source.

Additionally, the statistics produced by the Republic may have certain weaknesses that could impede an analysis of the Egyptian economy. The Republic subscribed to the IMF's Special Data Dissemination Standard ("**SDDS**") of the International IMF in January 2005, but data improvements in certain areas are still required. For example, in 2015, the IMF reported that while Egypt met all SDDS requirements for coverage, advance release calendar and integrity for all data categories, it did not meet requirements for periodicity, timeliness and punctuality in certain data categories, which included general government operations, central government operations and central government debt. In its 2017 annual observance report for SDDS, the IMF noted, *inter alia*, that while Egypt met the SDDS requirements for coverage for all data categories and the periodicity and timeliness requirements for most data categories (with some being exceeded), there were delays in respect of the release of certain data, including national accounts and balance of payments data, and periodicity requirements were not met for certain labour and central Government operating data. In addition, the Government does not currently publish breakdowns of Government-guaranteed debt and is in the process of developing a comprehensive system to evaluate and govern the decision-making process regarding Government guarantees. Any estimate which includes the guaranteed debt of state-owned enterprises that are not economic authorities ("**Economic Authorities**") or service authorities ("**Service Authorities**") will be approximate.

As a result of the foregoing, financial and economic information may differ from previously published figures and may subsequently be adjusted or revised. No assurance can be given that material changes will not be made. Consequently, the statistical data contained in this Prospectus should be treated with caution by prospective investors.

Failure to adequately address actual and perceived risks of corruption may adversely affect Egypt's economy and its ability to attract FDI

The incidence and perception of elevated levels of corruption remains a significant issue in Egypt. Egypt was ranked 117 out of 180 countries in Transparency International's 2017 Corruption Perceptions Index. Egypt's score in the 2017 index was 32 (with 1 the most corrupt score and 100 being the least corrupt).

Egypt's business climate and competitive indicators are also negatively affected by bureaucracy, infrastructure bottlenecks, cumbersome regulations, an unpredictable judicial system and poor enforcement of contracts and protections for minority investors. In the World Bank's *2018 Doing Business Survey*, Egypt ranked 128 out of 190 countries for ease of doing business and 100 out of 137 countries in the World Economic Forum *2017-2018 Global Competitiveness Index.*

Failure to address continued or perceived corruption and governance failures in the public sector and any future allegations, or perceived risk, of corruption in Egypt, as well as failure to implement the proposed reforms to improve Egypt's business climate, including proposed changes to investment, bankruptcy and corporate laws and regulations, could have a material adverse effect upon Egypt's ability to attract FDI, lead to further instances of political instability, and have a material adverse effect on the Egyptian economy.

The level of foreign grants to Egypt has declined in recent years

Since the 2011 Revolution, the Government's budget has benefited from foreign grants. Grants amounted to LE 95.9 billion, or 21.0% of total revenues and grants, in 2013/14 and LE 25.4 billion, or 5.5% of total revenues and grants, in 2014/15, before decreasing further to LE 3.5 billion, or 0.7% of total revenue and grants in 2015/16, although subsequently increasing to LE 17.7 billion, or 2.7% of revenue and grants in 2016/17 before decreasing to LE 2.0 billion, or 0.2% of revenue and grants in 2017/18. The largest foreign grants have typically come from GCC countries. The increase in foreign grants in 2016/17 was primarily due to capital grants received from the UAE, which were not continued in 2017/18. Since 2014/15, the reduction in foreign grants has been primarily due to historically low international oil prices in 2015/16, which have, in turn, negatively affected the economies of donor countries in the GCC. In addition, in August 2017, the United States announced that it had withheld U.S.$95.7 million in military aid from Egypt and delayed a further U.S.$195 million, citing the slow progress of certain reforms. This was subsequently released. While the U.S. Consolidated Appropriations Act 2018 provides for a total of U.S.$1.4 billion in military and economic aid to Egypt, such aid is subject to conditions, including the withholding of U.S.$300 million until the U.S. Secretary of State certifies that the Government is taking steps in respect of, *inter alia*, human rights and democratic norms, or waives this requirement. Although foreign grants increased in 2016/17, foreign grants decreased in 2017/18, and the 2018/19 budget forecasts that grants will further decrease to LE 1.1 billion. There can be no assurance that the Republic will be able to attract the same level or increased foreign grants in the future, that it will be able to fulfil any conditions attached to grants or aid or that it will be able to raise sufficient funds to fill the gaps left by previous foreign grants, which could, in turn, lead to increased fiscal deficits, further straining Government financials and forcing the Government to rely on more costly funding sources.

Egypt faces socio-economic challenges, including high youth unemployment

Egypt faces certain socio-economic challenges, including high levels of youth unemployment. These challenges require continuing attention by the Government. The unemployment rate was 11.3% in 2017, as compared to 12.5% in 2016 and 12.8% in 2015. The percentages of the labour force aged 15 to 19 and 20 to 24 who were out of the workforce as at 31 December 2017 (the most recently available information from CAPMAS) were 84.5% and 56.4%, respectively. In addition, the impact of the recent terrorist attacks in Egypt and the subsequent decline in tourism receipts has led to an increase in unemployment in the tourism sector, as the difficulties in the tourism sector result in lay-offs and fewer seasonal job opportunities. In addition, structural reforms, which Egypt is in the process of implementing as a condition for receiving funds from creditors, such as the IMF, require actions, including subsidy reform, which may have an adverse impact on the financial circumstances of certain sectors of the Egyptian population, which have in the past and may continue to lead to instances of social unrest. See "*—Any failure to address structural reforms may result in reduced support from multilateral and bilateral creditors, including the IMF*".

Deterioration of economic conditions in the EU and the wider global economy could adversely affect the Egyptian economy

The EU is Egypt's largest trading partner, and trade with the EU accounted for 34.9% of exports and 26.5% of imports in 2017/18, as compared to 32.3% of exports and 26.9% of imports in 2016/17. FDI inflows from the EU were U.S.$7.9 billion for 2017/18, representing approximately 60.4% of total FDI inflows, as compared to U.S.$8.7 billion for 2016/17, representing approximately 65.2% of total FDI inflows. As a result, the Egyptian economy is impacted by events in the EU, including events affecting the Euro and the Eurozone.

A decline in economic growth in Eurozone countries, any inability of such countries to issue securities in the sovereign debt market or to service existing debt or a protracted period of slow or negative economic growth in the Eurozone would reduce demand for Egyptian imports and may lead to reduced levels of FDI and tourism revenues received from the Eurozone. Economic weakness in the EU and other European and Mediterranean countries could lead to declines in Suez Canal traffic as import demand weakens in such countries, which could reduce the revenues the Government receives from such traffic. In addition, the impact of the United Kingdom's decision to leave the EU on the EU and Egypt cannot yet be determined but may be negative. These events could have a material adverse impact on Egypt's balance of trade and have a material adverse effect on the Egyptian economy.

More broadly, Egypt's economy is vulnerable to external shocks, such as those which have previously been caused, and may in the future be caused, by instability in the global financial markets. Should current macroeconomic conditions deteriorate, it could result in Egypt experiencing volatility in exchange rates, increases in interest rates or inflation or liquidity shortfalls. Furthermore, a negative external shock, particularly on a global level or to one or more of Egypt's primary export markets, could result in decreased demand for Egyptian goods and services, which would, in turn, put pressure on Egypt's balance of payments and foreign currency reserves.

A significant portion of the Egyptian economy is not recorded

A significant portion of the Egyptian economy is comprised of an informal, or shadow, economy. The informal economy is not recorded and is only partially taxed. This results in a reduction of potential tax and other revenue for the Government in respect of this portion of the economy, ineffective regulation, unreliable statistical information (including a possible understatement of GDP and the contribution to GDP of various sectors) and an inability to otherwise monitor this portion of the economy. Although the Government is attempting to reform the informal economy, there can be no assurance that such reforms will adequately address the issues and bring the informal economy into the formal economy, which could, in turn, have a material adverse effect on the Egyptian economy.

Egypt has in the past and continues to trade with certain sanctioned countries or entities

Egypt has had, and continues to have, trade relations with certain countries or entities subject to sanctions administered by the Office of Foreign Assets Control ("**OFAC**") of the U.S. Department of the Treasury, the EU and other member states of the EU and the U.N. Security Council (collectively, "**Sanctions**"). Egypt also maintains diplomatic relations with, and has embassies in, certain countries subject to Sanctions. Egypt believes that these trade relations and diplomatic activities have not violated, and do not violate, any Sanctions. If such trade transactions were engaged in by U.S. persons (as such term is defined in 31 C.F.R. § 538.315 (2018)) and/or transacted in U.S. Dollars, such transactions could potentially be subject to sanctions administered by OFAC. The application of Sanctions, in particular in circumstances in respect of sovereigns (such as, the Republic), is to a degree situational and discretionary, and likely to be related to foreign policy considerations. The existence of Sanctions, however, leaves open the possibility of interpretations or actions that could adversely affect Egypt's trade flows or other activities with such sanctioned countries or entities and/or Egypt's ability to attract third-party financing.

Investment treaty arbitrations and cases challenging the privatisation of formerly public sector companies may have an impact on the financial condition of the Republic if material adverse awards or judgments are issued against Egypt or further cases are brought seeking to invalidate privatisation transactions

During the 1990s, a number of public sector companies were privatised by the Republic as part of an effort to deal with macroeconomic imbalances. Since 2010, a number of cases have been filed before the State Council challenging the validity of the privatisation of companies that are alleged to have been undervalued and not disposable in accordance with Egyptian law. In certain of these cases, the Republic has been named as a defendant. In the majority of these cases, the Supreme Administrative Court has upheld the decisions of the State Council invalidating the privatisations. The State Council has cited allegations of corruption and violation of laws and Governmental decrees in connection with certain cases. The State Council considers a number of matters when judging a privatisation dispute, including the fairness of the financial evaluation of the company, the preservation of employees, the continuation of existing activities and the disposal of land. In addition, arbitration initiated by investors challenging the renationalisation of certain companies are also being disputed in international arbitrations pursuant to the rules of the International Center for Settlement of Investment Disputes ("**ICSID**"). These cases, and the consequent uncertainty surrounding privatisations or acquisitions of State-owned enterprises, may deter foreign investment, which could have a negative impact on the Republic's overall balance of payments deficit and adversely affect its economy if more lawsuits are filed and successful.

In April 2014, the then-interim President Adly Mansour issued Law № 32 of 2014 ("**Law 32**") by Presidential decree, which regulates the process of challenging the contracts to which the State or any Government authorities are a party ("**State Contracts**"). Law 32 limited contractual parties' rights to file any lawsuit contesting the validity of any State Contracts and provided that courts should *ex officio* hold all lawsuits pending before the courts or any future lawsuits yet to be filed, inadmissible without prejudice to the *res judicata* effects of the final verdicts. A claim before the Supreme Constitutional Court has, however, been made challenging the constitutionality of Law 32, and, accordingly, there is a risk that Law 32 may be revoked and that, in turn, such lawsuits will continue or further lawsuits may arise. No final judgment has yet been issued by the Supreme Constitutional Court.

In June 2017, a new investment law was passed (Law № 72 of 2017) (the "**New Investment Law**"), which provides for the formation of two ministerial committees: one for the resolution of investment disputes and the other for the settlement of investment contract disputes. The New Investment Law further provides for the establishment of one or more committees at the General Authority of Investment and Free Zones ("**GAFI**") to review complaints against administrative decisions. The resolution procedures set out in the New Investment Law are, however, new and untested and there can be no assurance that they will be effective in the successful management of investor disputes.

There are a number of ongoing investment treaty arbitrations and arbitral awards issued against Egypt and companies ultimately owned by the State. For example, in August 2018, an arbitral award ordering Egypt to compensate a claimant in an amount of U.S.$2.013 billion (plus interest) was issued. In January 2018, an arbitral tribunal ordered EGPC and EGAS, which are companies ultimately owned by the State, to pay U.S.$1.03 billion in a commercial arbitration (although the Republic is not liable for any awards rendered in this commercial arbitration).

If these awards are not successfully annulled, or if other proceedings are adversely determined or further awards are rendered, Egypt or the relevant company may face significant payment obligations, which could have a material adverse impact on Egypt's financial position and liquidity.

See "*The Arab Republic of Egypt—Legal Proceedings—Certain International Investment Treaty Claims*".

Ethiopia is constructing a dam, which could reduce Nile River flows

In April 2011, the Ethiopian government began construction of the Grand Ethiopian Renaissance Dam ("**GERD**") on the Blue Nile River, a tributary of the Nile River. The Government has stated its opposition to the construction of this dam. In November 2017, talks among Ethiopia, Egypt and Sudan regarding how best to manage the impact of the project ended. Further talks were held in January 2018, May 2018 and August 2018.

In May 2018, the National Independent Scientific Research Study Group ("**NISRSG**") was established. The NISRSG is comprised of 15 members, with five members nominated by each of the Egyptian, Sudanese and Ethiopian governments. The NISRSG was established to hold meetings and formal communications regarding the GERD. In September 2018, ministers from the Egyptian, Sudanese and Ethiopian governments met to discuss the findings of a report compiled by the NISRSG. No agreement regarding the GERD or its operations has been reached.

The GERD is expected to be constructed by the end of 2019, although the Ethiopian Prime Minister announced in September 2018 that construction was behind schedule. As at August 2018, construction of the GERD was approximately two-thirds complete. A new project manager was appointed by the Ethiopian government in October 2018.

When completed, Nile River flows reaching Egypt may be reduced over several years as the reservoir behind the GERD fills. In future years, Nile River flows may also be reduced, as may the energy-generation capacity of the Aswan High Dam due to increased water volumes being retained in Ethiopia, rather than behind the Aswan High Dam. The impacts of such reduced flows cannot presently be assessed but may adversely affect agriculture and industry in the Republic and lead to social unrest and other economic and political challenges, which may have a significant adverse effect on the Egyptian economy.

The Egyptian legal system may create an uncertain environment for investment or business activity and may take longer to resolve economic disputes than is the case in non-emerging market jurisdictions

Egypt's legal and regulatory systems and institutions are in various stages of development and are not yet as sophisticated as similar institutions in more developed markets. As a result, procedural safeguards, as well as formal regulations and laws, may not be applied consistently. In certain circumstances, it may not be possible to obtain the legal remedies provided under the relevant law and regulations in a timely manner, or at all. As the legal environment remains subject to ongoing development, investors in Egypt may face uncertainty as to the security of their investments. Any unexpected changes in Egypt's legal system may have a material adverse effect on the rights of Noteholders.

Risk Factors Relating to Investing in Emerging Markets

Investing in securities involving emerging markets generally involves a higher degree of risk

Investors in emerging markets, such as Egypt, should be aware that these markets are subject to greater risk than more developed markets, including in some cases significant legal, economic and political risks. These risks have been exacerbated by the 2011 Revolution and subsequent events in Egypt. Investors should also note that emerging economies, such as the Egyptian economy, are subject to rapid change and that the information set out herein may become outdated relatively quickly. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in the light of those risks, their investment is appropriate. Generally, investment in emerging markets is suitable only for sophisticated investors who fully appreciate the significance of the risks involved.

In addition, market participants in countries in emerging markets, including Egypt, may be particularly susceptible to disruptions in the capital markets and the resulting reductions in the availability of credit or increases in financing costs, which could result in them experiencing financial difficulty and limit their ability to service their indebtedness, including the Notes.

Risks relating to the Notes

The CBE is expected to enter into a number of repurchase transactions with an undertaking to repurchase the Notes before they mature

Consideration for the Notes to be given by the CBE will consist of the cancellation of indebtedness due to the CBE by the Issuer in an Egyptian-Pound amount corresponding to the aggregate principal amount of the Notes. There will be no cash consideration payable by the CBE to the Issuer.

It is expected that the CBE will enter into a series of repurchase transactions with a limited number of international financial institutions with an undertaking by the CBE to repurchase the Notes after one year, as such date may be accelerated or extended pursuant to the terms of the respective repurchase agreements to be entered into by the CBE. See "*Use of Proceeds*" for further information.

Payments on the Notes are subject to exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in U.S. Dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than U.S. Dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of U.S. Dollars or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to U.S. Dollars would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities (including where the investor is domiciled) may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The Notes are subject to interest rate risks

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

Investors may experience difficulty in enforcing foreign judgments in the Republic

Payments under the Notes are dependent upon the Issuer making payments to investors in the manner contemplated under the Notes. If the Issuer fails to do so, it may be necessary for an investor to bring an action against the Issuer to enforce its obligations and/or to claim damages, as appropriate, which may be costly and time-consuming.

The Conditions, the Notes, the Fiscal Agency Agreement and the Deed of Covenant are governed by English law. The Republic will irrevocably submit to, and accept the non-exclusive jurisdiction of, the courts of England and Wales, with respect to any suit, action or proceeding arising out of or based on the Notes and will irrevocably and unconditionally waive, to the fullest extent permitted by law, any objection which the Republic may have based on improper venue or forum *non conveniens* to the conduct of any such suit, action or proceeding in any such court. Enforcement of foreign court judgments in the Republic is subject to the following conditions:

- the foreign courts rendering the relevant judgment must offer reciprocal treatment to judgments obtained in the courts of the Republic; if such reciprocal treatment is not offered by the foreign court where the judgment is obtained, the Republic's courts will re-examine the merits of the case;
- the courts of the Republic are not exclusively competent to hear the dispute that is the subject of the foreign judgment, and the foreign courts are shown to have been competent to hear the dispute in accordance with their own respective laws;
- the parties to the dispute were duly notified and properly represented in the proceedings;
- the foreign judgment is final, non-appealable and conclusive in accordance with relevant law; and
- the foreign judgment does not conflict with a prior Egyptian judgment or a court order on the same subject matter and is not contrary to public order in the Republic.

There is no treaty between the Republic and the United Kingdom as to the enforcement of foreign court judgments which would satisfy the first criterion above.

In addition, the Republic is a foreign sovereign state. Consequently, it may be difficult for investors to obtain or realise upon judgments of courts in England and Wales or any other country against the Republic, as described in *"Enforcement of Civil Liabilities"*. The Republic's waiver of sovereign immunity constitutes a limited and specific waiver for the purposes of the Fiscal Agency Agreement, the Deed of Covenant and the Notes. Investors should not under any circumstances interpret the Republic's waiver as a general waiver by the Republic or a waiver of immunity in respect of legal actions arising out of property that is: (a) used by a diplomatic or consular mission of the Republic; (b) of a military character and under the control of a military authority or defense agency of the Republic; or (c) located in the Republic and dedicated to a public or governmental use (as distinct to property dedicated to a commercial use) by the Republic.

Without limiting the generality of (a), (b) or (c) in the preceding sentence, the holders of Notes shall have no recourse to the assets of the CBE held for its own account.

An investment in the Notes may not be suitable for all investors

Generally, investment in emerging markets such as Egypt is only suitable for sophisticated investors who fully appreciate the significance of the risks involved in, and are familiar with, investing in emerging markets. Investors are urged to consult their own legal, tax and financial advisers before making an investment. Each potential investor in the Notes must determine the suitability of that investment with regard to its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus or, any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact which the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rates and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, and/or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Notes are legal investments for it, (ii) the Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

The liquidity of the Notes may be limited and trading prices may fluctuate

There will not be an established trading market for the Notes upon issue and one may never develop. In addition, the Notes are expected to be subscribed for in their entirety by the CBE in a private placement arranged by the Settlement Manager (see "*Use of Proceeds*" for further details). In the event that a market does develop, it may not be very liquid. There can be no assurance that a secondary market will develop for the Notes or, if a secondary market therein does develop at any time, that it will continue. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that are sold more widely or that have a developed secondary market. Illiquidity may have a severe adverse effect on the market value of the Notes.

If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering prices, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of The Arab Republic of Egypt.

Definitive Notes not denominated in an integral multiple of U.S.$200,000 or its equivalent may be illiquid and difficult to trade

The Notes have denominations consisting of a minimum of U.S.$200,000 plus integral multiples of U.S.$1,000 in excess thereof. It is possible that the Notes may be traded in amounts that are not integral multiples of U.S.$200,000. Any holder who, as a result of trading such amounts, holds an amount which is less than U.S.$200,000 in his account with the relevant clearing system at the relevant time may not receive a certificate in definitive form (a "**Note Certificate**") in respect of such holding (should Note Certificates be printed) and would need to purchase a principal amount of Notes such that its holding amounts to U.S.$200,000.

If Note Certificates are issued, holders should be aware that Note Certificates which have a denomination that is not an integral multiple of U.S.$200,000 may be illiquid and more difficult to trade than Notes denominated in an integral multiple of U.S.$200,000.

The Issuer is not required to effect equal or rateable payment(s) with respect to its other debt obligations, and is not required to pay other debt obligations at the same time or as a condition of paying sums on the Notes and vice versa

The Notes will at all times rank at least *pari passu* with all other unsecured and unsubordinated obligations of the Republic. The Republic will have no obligation to effect equal or rateable payment(s) at any time with respect to any other unsubordinated and unsecured obligations and, in particular, will have no obligation to pay other unsubordinated and unsecured obligations at the same time or as a condition of paying sums due on the Notes and *vice versa*. Accordingly, the Republic may choose to grant preferential treatment to, and therefore prioritise payment obligations to, other unsecured and unsubordinated creditors as payments fall due.

The Notes contain a "collective action" clause under which the terms of the Notes may be amended, modified or waived without the consent of all the holders of the Notes

The Conditions (as defined below) contain provisions regarding amendments, modifications and waivers, commonly referred to as "collective action" clauses. Such clauses permit defined majorities to bind all Noteholders, including Noteholders who did not vote and Noteholders who voted in a manner contrary to the majority.

In the future, the Republic may issue debt securities which contain collective action clauses in the same form as the collective action clauses in the Conditions. If this occurs, then this could mean that the Notes would be capable of aggregation with any such future debt securities. This means that a defined majority of the holders of such debt securities (when taken in the aggregate) would be able to bind all holders of debt securities in all the relevant aggregated series, including the Notes.

Any modification or action relating to Reserved Matters (as defined in the Conditions), including in respect of payments and other important terms, may be made to the Notes with the consent of the holders of 75% of the aggregate principal amount outstanding of the Notes. Any such modification or action relating to Reserved Matters may also be made to multiple series of debt securities issued by the Issuer, including the Notes themselves, with the consent of both (i) the holders of $66^2/_3$% of the aggregate principal amount outstanding of all debt securities being aggregated and (ii) the holders of 50% in aggregate principal amount outstanding of each series of debt securities being aggregated. In addition, under certain circumstances, including the satisfaction of the Uniformly Applicable condition (as more particularly described in the Conditions), any such modification or action relating to Reserved Matters may be made to multiple debt securities, including the Notes themselves, with the consent of only 75% of the aggregate principal amount outstanding of all debt securities being aggregated, without requiring a particular percentage of the holders in any individual affected debt securities to vote in favour of any proposed modification or action. Any modification or action proposed by the Issuer may, at the option of the Issuer, be made in respect of some debt securities only and, for the avoidance of doubt, the provisions may be used for different groups of two or more debt securities simultaneously. At the time of any proposed modification or action, the Issuer will be obliged, *inter alia*, to specify which method or methods of aggregation will be used by the Issuer.

There is a risk, therefore, that the Conditions may be amended, modified or waived in circumstances whereby the holders of debt securities voting in favour of an amendment, modification or waiver may not be Noteholders themselves but may be holders of different debt securities; as such, no minimum percentage of the Noteholders themselves would be required to have voted in favour of such amendment, modification or waiver for it to become effective. In addition, there is a risk that the provisions allowing for aggregation across multiple debt securities may make the Notes less attractive to purchasers in the secondary market on the occurrence of an Event of Default or in a distress situation. Further, any such amendment, modification or waiver in relation to the Notes may adversely affect their trading price.

The Conditions restrict the ability of an individual holder to declare an Event of Default, and permit a majority of holders to rescind a declaration of such an Event of Default

The Notes contain a provision which, if an Event of Default occurs, allows the holders of at least 25%, in aggregate nominal amount of the outstanding Notes to declare all the Notes to be immediately due and payable by providing notice in writing to the Republic, whereupon the Notes shall become immediately due and payable, at their nominal amount with accrued interest, without further action or formality.

The Conditions also contain a provision permitting the holders of at least 50%, in aggregate nominal amount of the outstanding Notes to notify the Republic to the effect that the Event of Default or Events of Default giving rise to any above-mentioned declaration is or are cured following any such declaration and that such holders wish the relevant declaration to be withdrawn. The Republic shall give notice thereof to the Noteholders, whereupon the relevant declaration shall be withdrawn and shall have no further effect.

Credit ratings are subject to revision or withdrawal, either of which could adversely affect the trading price of the Notes

One or more independent credit rating agencies may assign credit ratings to the Republic. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the relevant rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency being included in such list as there may be delays between certain supervisory measures being taken against a relevant rating agency and publication of an updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Prospectus.

TERMS AND CONDITIONS OF THE SERIES D NOTES

The following is the text of the Conditions (as defined below) of the Series D Notes which (subject to modification) will be endorsed on the Certificates issued in respect of the Series D Notes and will (subject to the provisions thereof) apply to each Global Note in respect thereof:

The issue of the Notes was authorised by State Budget Law № 100 of 2018. A fiscal agency agreement dated 19 November 2018 (the "**Fiscal Agency Agreement**") has been entered into in relation to the Notes between The Arab Republic of Egypt (the "**Issuer**" or the "**Republic**"), Citibank N.A., London Branch as fiscal agent and principal paying agent, Citigroup Global Markets Europe AG as registrar and the other agents referred to therein. The Notes have the benefit of a deed of covenant (the "**Deed of Covenant**") dated 19 November 2018 executed by the Issuer relating to the Notes. The fiscal agent, the registrar and any transfer agent for the time being are referred to below respectively as the "**Fiscal Agent**", the "**Registrar**" and the "**Transfer Agents**". "**Agents**" means the Fiscal Agent, the Registrar, the Transfer Agents and any other agent or agents appointed from time to time with respect to the Notes. The Fiscal Agency Agreement includes the forms of the Notes. Copies of the Fiscal Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified offices of the Fiscal Agent, the Registrar and any Transfer Agents. The holders of the Notes (the "**Noteholders**") are deemed to have notice of all the provisions of the Fiscal Agency Agreement applicable to them. All capitalised terms that are not defined in these terms and conditions (the "**Conditions**") will have the meanings given to them in the Fiscal Agency Agreement.

1. Form, Specified Denomination and Title

The Notes are issued in the specified denomination of U.S.$200,000 and higher integral multiples of U.S.$1,000.

The Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(a) below, each Certificate shall represent the entire holding of Notes by the same holder.

Title to the Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar outside the United Kingdom in accordance with the provisions of the Fiscal Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate representing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" and "**holder**" means the person in whose name a Note is registered in the Register.

Upon issue, the Notes will be represented by Global Notes which will be registered in the name of nominees for Euroclear, Clearstream, Luxembourg and DTC (as applicable). Ownership interests in the Global Notes will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear, Clearstream, Luxembourg and DTC (as applicable) and their respective participants. Payments of interest and principal in respect of the Notes will be effected in accordance with investors' holdings through participants in Euroclear, Clearstream, Luxembourg and DTC (as applicable).

2. Transfers of Notes

(a) **Transfer**: A holding of Notes may, subject to Condition 2(d) below, be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Notes to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Notes to a person who is already a holder of Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Notes and entries on the Register will be made in accordance with the detailed regulations concerning transfers of Notes scheduled to the Fiscal Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Fiscal Agent. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(b) **Delivery of New Certificates**: Each new Certificate to be issued pursuant to Condition 2(a) shall be available for delivery within three business days of receipt of a duly completed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer

Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(b), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(c) **Transfer or Exercise Free of Charge:** Certificates, on transfer, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(d) **Closed Periods:** No Noteholder may require the transfer of a Note to be registered during the period of 15 days ending on (and including) the due date for redemption of that Note or during the period of seven days ending on (and including) any Payment Record Date (as defined in Condition 7(a)(ii) below).

3. Status

The Notes constitute direct, general, unconditional, unsubordinated and (subject to Condition 4) unsecured obligations of the Issuer. The full faith and credit of the Issuer is pledged for the due and punctual payment of principal of, and interest on, the Notes and for the performance of all other obligations of the Issuer in respect of the Notes and the Deed of Covenant. The Notes shall at all times rank *pari passu* without any preference among themselves and at least *pari passu* with all other unsecured External Indebtedness of the Issuer from time-to-time outstanding. The Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to other External Indebtedness and, in particular, the Issuer shall have no obligation to pay other External Indebtedness at the same time or as a condition of paying sums due under the Notes, and *vice versa*.

4. Negative Pledge

So long as any Note remains outstanding, the Issuer will not create or permit to subsist any Security Interest other than a Permitted Security Interest upon the whole or any part of its present or future assets or revenues to secure any Public External Indebtedness of the Issuer or any other Person or any Guarantee thereof unless, at the same time or prior thereto, the obligations of the Issuer under the Notes and the Deed of Covenant are secured equally and rateably therewith or have the benefit of such other arrangements as may be approved by an Extraordinary Resolution or a Written Resolution of the Noteholders.

For the avoidance of doubt, any right granted to holders of *sukuk* representing the credit of The Arab Republic of Egypt or any other similar instruments to redeem or enforce such certificates or instruments by requiring the issuer thereof to sell the relevant underlying asset(s) to the Issuer (or any person on its behalf) or by any other mechanism provided for and implemented in accordance with the applicable laws and regulations having an analogous effect (and howsoever documented) shall not of itself comprise a Security Interest or guarantee or indemnity for the purposes of this Condition 4.

In these Conditions:

"**External Indebtedness**" means any indebtedness of any Person for money borrowed or raised, which is payable, or which at the option of the relevant creditor or holder thereof may be payable, in a currency other than the lawful currency of the Republic;

"**Guarantee**" means, in relation to any indebtedness of any Person, any obligation of another Person to pay such indebtedness including (without limitation): (i) any obligation to purchase such indebtedness; (ii) any obligation to lend money, to purchase or subscribe for shares or other securities or to purchase assets or services in order to provide funds for the payment of such indebtedness; (iii) any indemnity against the consequences of a default in the payment of such indebtedness; and (iv) any other agreement to be responsible for such indebtedness;

"**Permitted Security Interest**" means:

(a) any Security Interest upon property incurred for the purpose of financing the acquisition or construction of such property or any renewal or extension of any such Security Interest, which is limited to the original property covered thereby and which secures any renewal or extension of the original secured financing;

(b) any Security Interest existing on any property at the time of its acquisition and any renewal or extension of any such Security Interest which is limited to the original property covered thereby and which secures any renewal or extension of the original secured financing;

(c) any Security Interest in existence on 16 November 2018; and

(d) any Security Interest incurred for the purpose of financing all or part of the costs of the acquisition, construction, development or expansion of any project (including costs such as escalation, interest during construction and financing and refinancing costs), provided that the property over which such Security Interest is granted consists solely of the assets and revenues of such project;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, unincorporated organisation, trust or any other juridical entity, including, without limitation, state or agency of a state or other entity, whether or not having separate legal personality;

"**Public External Indebtedness**" means any External Indebtedness, which: (i) is in the form of, or represented by, any bond, debenture, note or other similar instrument; and (ii) as of the date of its issue is, or is capable of being, quoted, listed or ordinarily purchased and sold on any stock exchange, automated trading system or over-the-counter or other securities market; and

"**Security Interest**" means any lien, pledge, mortgage, security interest, deed of trust, charge or other encumbrance or arrangement having a similar effect.

5. Interest

The Notes bear interest on their outstanding principal amount from and including 19 November 2018 at the rate of 7.125% *per annum*, payable semi-annually in arrear in equal instalments of U.S.$35.63 per Calculation Amount (as defined below) on 10 May and 10 November in each year (each an "**Interest Payment Date**") commencing on 10 May 2019, except that the first payment of interest, to be made on 10 May 2019, will be in respect of the period from, and including, 19 November 2018 to, but excluding, 10 May 2019 and will amount to U.S.$34.64 per Calculation Amount. Each Note will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing such Note, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder; and (b) the day seven days after the Fiscal Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

In these Conditions, the period beginning on and including 19 November 2018 and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**".

Interest in respect of any Note shall be calculated per U.S.$1,000 in principal amount of the Notes (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

6. Redemption and Purchase

(a) **Final Redemption**: Unless previously purchased and cancelled, the Notes will be redeemed at their principal amount on 10 November 2026.

(b) **Purchase:** The Issuer and any Public Sector Instrumentality (as defined in Condition 12(i)) may at any time purchase Notes in the open market or otherwise and at any price. Such Notes may be held, resold or, at the discretion of the holder thereof, surrendered for cancellation and, upon surrender thereof, all such Notes will be cancelled forthwith. Any Notes so purchased, while held by, or on behalf of, the Issuer or any Public Sector Instrumentality, shall not entitle the holder to vote at any meeting of Noteholders and shall not be deemed to be outstanding for the purposes of meetings of Noteholders or for the purposes of any Written Resolution (as defined in Condition 12(a)) or for the purposes of Conditions 9, 12 or 13, all as more particularly set out in Condition 12(i).

(c) **Cancellation:** Any Certificates surrendered for cancellation in accordance with Condition 6(b) above may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

7. Payments

(a) **Method of Payment:**

(i) Payments of principal shall be made (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Notes represented by such Certificates) in the manner provided in paragraph (ii) below.

(ii) Interest on each Note shall be paid to the person shown on the Register at the close of business on the business day before the due date for payment thereof (the "**Payment Record Date**"). Payments of interest on each Note shall be made in U.S. Dollars by transfer to an account in U.S. Dollars maintained by the payee with a bank that processes payments in U.S. Dollars.

(iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Issuer or a Noteholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest so paid.

(b) **Payments subject to Fiscal Laws:** All payments of principal and interest in respect of the Notes are subject in all cases to: (i) any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 8; (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto; and (iii) any withholding or deduction required pursuant to Egyptian Tax Law №91 of 2005 of the Republic, or any similar laws, regulations and directives passed in the Republic, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Registered Noteholders in respect of such payments.

(c) **Payment Initiation:** Where payment is to be made by transfer to an account in U.S. Dollars, payment instructions (for value on the due date, or if that is not a business day, for value the first following day which is a business day) will be initiated on the last day on which the Fiscal Agent is open for business preceding the due date for payment or, in the case of payments of principal where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on a day on which the Fiscal Agent is open for business and on which the relevant Certificate is surrendered.

(d) **Appointment of Agents:** The Fiscal Agent, the Registrar and the Transfer Agents initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Registrar and the Transfer Agents act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, the Registrar or any Transfer Agent and to appoint additional or other Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar, (iii) a Transfer Agent; and (iv) such other agents as may be required by any other stock exchange on which the Notes may be listed.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(e) **Delay in Payment:** Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Note if the due date is not a business day, if the Noteholder is late in surrendering or cannot surrender its Certificate (if required to do so).

(f) **Non-Business Days:** If any date for payment in respect of any Note is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London, New York and the place in which the specified office of the Registrar is located.

8. Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Republic shall pay such additional amounts as will result in receipt by the Noteholders, after such withholding or deduction, of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note:

(a) **Other connection**: held by or on behalf of a holder, that would not have been payable or due but for the holder being liable for such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the Republic, or any political subdivision or any authority thereof or therein having power to tax, other than the mere acquisition or holding of any Note or the enforcement or receipt of payment under or in respect of any Note; or

(b) **Surrender more than 30 days after the Relevant Date**: in respect of which the Certificate representing it is surrendered for payment more than 30 days after the Relevant Date, except to the extent that the holder of such Note would have been entitled to such additional amounts on surrendering such Note for payment on the last day of such period of 30 days; or

(c) **FATCA:** where such withholding or deduction is required pursuant to Section 1471(b) of the Code, or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.

"**Relevant Date**" in respect of any Note means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders in accordance with Condition 15 that, upon further surrender of the Certificate representing such Note being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender.

9. Events of Default

If any of the following events shall have occurred and be continuing (each an "**Event of Default**"):

(a) ***Non-payment***: the Issuer fails to pay any amount of principal or interest in respect of the Notes when due and payable and such failure continues for a period of 15 days; or

(b) ***Breach of other obligations***: the Issuer fails to perform any other obligations in respect of the Notes, and that failure continues unremedied for 30 days after written notice to remedy such failure, addressed to the Issuer by any Noteholder, has been delivered to the Issuer and to the specified office of the Fiscal Agent; or

(c) ***Cross-acceleration of the Issuer***: (A) any other Public External Indebtedness of the Issuer becomes due and payable prior to its stated maturity by reason of default; (B) any such Public External Indebtedness is not paid at maturity thereof or (C) any Guarantee of such Public External Indebtedness is not honoured when due and called upon, and, in the case of either sub-paragraph (B) or (C) above, such failure continues beyond any applicable grace period; *provided that* the amount of Public External Indebtedness referred to in sub-paragraph (A) and/or (B) above and/or the amount payable under any Guarantee referred to in sub-paragraph (C) above, as applicable, either alone or when aggregated with all other indebtedness in respect of which such an event shall have occurred and be continuing shall be more than U.S.$20,000,000 (or its equivalent in any other currency or currencies); or

(d) ***IMF Membership***: the Issuer ceases to be a member in good standing, or becomes ineligible to use the resources of, the International Monetary Fund (the "**IMF**") or of any successor of which the Issuer shall have become a member that performs the function of, or functions similar to, the IMF; or

(e) ***Moratorium***: the Issuer shall have declared a general moratorium on the payment of principal of, or interest on, all or any part of its Public External Indebtedness; or

(f) ***Unlawfulness***: for any reason whatsoever, the obligations under any Notes or the Fiscal Agency Agreement become unlawful or are declared by a court of competent jurisdiction to be no longer binding on, or no longer enforceable against, the Issuer; or

(g) ***Validity***: the Issuer or any of its political sub-divisions on behalf of the Issuer contest the validity of any Notes,

then the holders of at least 25% in aggregate principal amount of the outstanding Notes may, by notice in writing to the Issuer (with a copy to the Fiscal Agent), declare all the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest to the date of payment without further action or formality (any such declaration, a "**Default Declaration**"). Notice of any Default Declaration shall promptly be given to all Noteholders by the Issuer in accordance with Condition 15.

If the Issuer receives notice in writing from holders of at least 50% in aggregate principal amount of the outstanding Notes to the effect that the Event of Default or Events of Default giving rise to any Default Declaration is or are cured following any such Default Declaration and that such Noteholders wish such Default Declaration to be withdrawn, the Issuer shall give notice thereof to the Noteholders (with a copy to the Fiscal Agent), whereupon such Default Declaration shall be withdrawn and shall have no further effect but without prejudice to any rights or obligations which may have arisen before the Issuer gives such notice (whether pursuant to these Conditions or otherwise). No such withdrawal shall affect any other or any subsequent Event of Default or any right of any Noteholder in relation thereto.

10. Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8) in respect of them.

Any money paid by the Issuer to the Fiscal Agent for payment due under any Note that remains unclaimed at the end of two years after the due date for payment of such Note will be repaid to the Issuer, and the holder of such Note shall thereafter look only to the Issuer for payment.

11. Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or such other Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the costs, expenses, taxes and duties incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12. Meetings of Noteholders; Written Resolutions

(a) Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions

(i) The Issuer may convene a meeting of the Noteholders at any time in respect of the Notes in accordance with the provisions of the Fiscal Agency Agreement. The Issuer will determine the time and place of the meeting and will notify the Noteholders of the time, place and purpose of the meeting not less than 21 and not more than 45 days before the meeting.

(ii) The Issuer or the Fiscal Agent will convene a meeting of Noteholders if the holders of at least 10% in principal amount of the outstanding Notes (as defined in the Fiscal Agency Agreement and described in Condition 12(i)) have delivered a written request to the Issuer or the Fiscal Agent (with a copy to the Issuer) setting out the purpose of the meeting. The Fiscal Agent will agree the time and place of the meeting with the Issuer promptly. The Issuer or the Fiscal Agent, as the case may be, will notify the Noteholders within 10 days of receipt of such written request of the time and place of the meeting, which shall take place not less than 21 and not more than 45 days after the date on which such notification is given.

(iii) The Issuer (with the agreement of the Fiscal Agent) will set the procedures governing the conduct of any meeting in accordance with the Fiscal Agency Agreement. If the Fiscal Agency Agreement does not include such procedures, or additional procedures are required, the Issuer and the Fiscal Agent will agree such procedures as are customary in the market and in such a manner as to facilitate any multiple series aggregation, if in relation to a Reserved Matter the Issuer proposes any modification to the terms and conditions of, or action with respect to, two or more series of debt securities issued by it.

(iv) The notice convening any meeting will specify, *inter alia*:

(A) the date, time and location of the meeting;

(B) the agenda and the text of any Extraordinary Resolution (as defined below) to be proposed for adoption at the meeting;

(C) the record date for the meeting, which shall be no more than five business days before the date of the meeting;

(D) the documentation required to be produced by a Noteholder in order to be entitled to participate at the meeting or to appoint a proxy to act on the Noteholder's behalf at the meeting;

(E) any time deadline and procedures required by any relevant international and/or domestic clearing systems or similar through which the Notes are traded and/or held by Noteholders;

(F) whether Condition 12(b), Condition 12(c) or Condition 12(d) shall apply and, if relevant, in relation to which other series of debt securities it applies;

(G) if the proposed modification or action relates to two or more series of debt securities issued by it and contemplates such series of debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group of debt securities;

(H) such information that is required to be provided by the Issuer in accordance with Condition 12(f);

(I) the identity of the Aggregation Agent and the Calculation Agent, if any, for any proposed modification or action to be voted on at the meeting, and the details of any applicable methodology referred to in Condition 12(g); and

(J) any additional procedures which may be necessary and, if applicable, the conditions under which a multiple series aggregation will be deemed to have been satisfied if it is approved as to some but not all of the affected series of debt securities.

(v) In addition, the Fiscal Agency Agreement contains provisions relating to Written Resolutions. All information to be provided pursuant to Condition 12(a)(iv) shall also be provided, *mutatis mutandis*, in respect of Written Resolutions.

(vi) A "**record date**" in relation to any proposed modification or action means the date fixed by the Issuer for determining the Noteholders and, in the case of a multiple series aggregation, the holders of debt securities of each other affected series that are entitled to vote on a Multiple Series Single Limb Extraordinary Resolution or a Multiple Series Two Limb Extraordinary Resolution, or to sign a Multiple Series Single Limb Written Resolution or a Multiple Series Two Limb Written Resolution as set out below.

(vii) An "**Extraordinary Resolution**" means any of a Single Series Extraordinary Resolution, a Multiple Series Single Limb Extraordinary Resolution and/or a Multiple Series Two Limb Extraordinary Resolution, as the case may be.

(viii) A "**Written Resolution**" means any of a Single Series Written Resolution, a Multiple Series Single Limb Written Resolution and/or a Multiple Series Two Limb Written Resolution, as the case may be.

(ix) Any reference to "**debt securities**" means any notes (including the Notes), bonds, debentures or other debt securities (which for these purposes shall be deemed to include any sukuk representing the credit of the Arab Republic of Egypt or any other similar instrument) issued directly or indirectly by the Issuer in one or more series with an original stated maturity of more than one year.

(x) "**Debt Securities Capable of Aggregation**" means those debt securities which include or incorporate by reference this Condition 12 and Condition 13 or provisions substantially in these terms which provide for the debt securities which include such provisions to be capable of being aggregated for voting purposes with other series of debt securities.

(b) **Modification of this Series of Notes only**

(i) Any modification of any provision of, or any action in respect of, these Conditions or the Fiscal Agency Agreement in respect of the Notes may be made or taken if approved by a Single Series Extraordinary Resolution or a Single Series Written Resolution as set out below.

(ii) A "**Single Series Extraordinary Resolution**" means a resolution passed at a meeting of Noteholders duly convened and held in accordance with the procedures prescribed by the Issuer and the Fiscal Agent pursuant to Condition 12(a) by a majority of:

(A) in the case of a Reserved Matter, at least 75% of the aggregate principal amount of the outstanding Notes; or

(B) in the case of a matter other than a Reserved Matter, more than 50% of the aggregate principal amount of the outstanding Notes.

(iii) A "**Single Series Written Resolution**" means a resolution in writing signed or confirmed in writing by or on behalf of the holders of:

(A) in the case of a Reserved Matter, at least 75% of the aggregate principal amount of the outstanding Notes; or

(B) in the case of a matter other than a Reserved Matter, more than 50% of the aggregate principal amount of the outstanding Notes.

Any Single Series Written Resolution may be contained in one document or several documents in the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders.

(iv) Any Single Series Extraordinary Resolution duly passed or Single Series Written Resolution approved shall be binding on all Noteholders, whether or not they attended any meeting, whether or not they voted in favour thereof and whether or not they signed or confirmed in writing any such Single Series Written Resolution, as the case may be.

(c) **Multiple Series Aggregation – Single limb voting**

(i) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Single Limb Extraordinary Resolution or by a Multiple Series Single Limb Written Resolution as set out below, provided that the Uniformly Applicable condition is satisfied.

(ii) A "**Multiple Series Single Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer and the Fiscal Agent pursuant to Condition 12(a), as supplemented if necessary, which is passed by a majority of at least 75% of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate).

(iii) A "**Multiple Series Single Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of at least 75% of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate). Any Multiple Series Single Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

(iv) Any Multiple Series Single Limb Extraordinary Resolution duly passed or Multiple Series Single Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Single Limb Written Resolution, as the case may be.

(v) The "**Uniformly Applicable**" condition will be satisfied if:

(A) the holders of all affected series of Debt Securities Capable of Aggregation are invited to exchange, convert, or substitute their debt securities, on the same terms, for (1) the same new instrument or other consideration or (2) a new instrument, new instruments or other consideration from an identical menu of instruments or other consideration; or

(B) the amendments proposed to the terms and conditions of each affected series of Debt Securities Capable of Aggregation would, following implementation of such amendments, result in the amended instruments having identical provisions (other than provisions which are necessarily different, having regard to the currency of issuance).

(vi) It is understood that a proposal under Condition 12(c)(i) above will not be considered to satisfy the Uniformly Applicable condition if each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation (or, where a menu of instruments or other consideration is offered, each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation electing the same option from such menu of instruments).

(vii) Any modification or action proposed under Condition 12(c)(i) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 12(c) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

(d) **Multiple Series Aggregation – Two limb voting**

(i) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Two Limb Extraordinary Resolution or by a Multiple Series Two Limb Written Resolution as set out below.

(ii) A "**Multiple Series Two Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer and the Fiscal Agent pursuant to Condition 12(a), as supplemented if necessary, which is passed by a majority of:

(A) at least 66⅔% of the aggregate principal amount of the outstanding debt securities of affected series of Debt Securities Capable of Aggregation (taken in aggregate); and

(B) more than 50% of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

(iii) A "**Multiple Series Two Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of:

(A) at least 66⅔% of the aggregate principal amount of the outstanding debt securities of all the affected series of Debt Securities Capable of Aggregation (taken in aggregate); and

(B) more than 50% of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

Any Multiple Series Two Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

(iv) Any Multiple Series Two Limb Extraordinary Resolution duly passed or Multiple Series Two Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Two Limb Written Resolution, as the case may be.

(v) Any modification or action proposed under Condition 12(d)(i) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 12(d) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

(e) **Reserved Matters**

In these Conditions, "**Reserved Matter**" means any proposal:

(i) to change the date, or the method of determining the date, for payment of principal, interest or any other amount in respect of the Notes, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the Notes or to change the method of calculating the amount of principal, interest or any other amount payable in respect of the Notes on any date;

(ii) to change the currency in which any amount due in respect of the Notes is payable or the place in which any payment is to be made;

(iii) to change the majority required to pass an Extraordinary Resolution, a Written Resolution or any other resolution of Noteholders or the number or percentage of votes required to be cast, or the number or percentage of Notes required to be held, in connection with the taking of any decision or action by or on behalf of the Noteholders or any of them;

(iv) to change this definition, or the definition of "Extraordinary Resolution", "Single Series Extraordinary Resolution", "Multiple Series Single Limb Extraordinary Resolution", "Multiple Series Two Limb Extraordinary Resolution", "Written Resolution", "Single Series Written Resolution", "Multiple Series Single Limb Written Resolution" or "Multiple Series Two Limb Written Resolution";

(v) to change the definition of "debt securities" or "Debt Securities Capable of Aggregation";

(vi) to change the definition of "Uniformly Applicable";

(vii) to change the definition of "outstanding" or to modify the provisions of Condition 12(i);

(viii) to change the legal ranking of the Notes;

(ix) to change any provision of the Notes describing circumstances in which Notes may be declared due and payable prior to their scheduled maturity date, set out in Condition 9;

(x) to change the law governing the Notes, the courts to the jurisdiction of which the Issuer has submitted in the Notes, any of the arrangements specified in the Notes to enable proceedings to be taken or the Issuer's waiver of immunity, in respect of actions or proceedings brought by any Noteholder, set out in Condition 18;

(xi) to impose any condition on or otherwise change the Issuer's obligation to make payments of principal, interest or any other amount in respect of the Notes, including by way of the addition of a call option;

(xii) to modify the provisions of this Condition 12(e);

(xiii) except as permitted by any related guarantee or security agreement, to release any agreement guaranteeing or securing payments under the Notes or to change the terms of any such guarantee or security; or

(xiv) to exchange or substitute all the Notes for, or convert all the Notes into, other obligations or securities of the Issuer or any other person, or to modify any provision of these Conditions in connection with any exchange or substitution of the Notes for, or the conversion of the Notes into, any other obligations or securities of the Issuer or any other person, which would result in the Conditions as so modified being less favourable to the Noteholders which are subject to the Conditions as so modified than:

(A) the provisions of the other obligations or debt securities of the Issuer or any other person resulting from the relevant exchange or substitution or conversion; or

(B) if more than one series of other obligations or debt securities results from the relevant exchange or substitution or conversion, the provisions of the resulting series of debt securities having the largest aggregate principal amount.

(f) **Information**

Prior to or on the date that the Issuer proposes any Extraordinary Resolution or Written Resolution pursuant to Condition 12(b), Condition 12(c) or Condition 12(d), the Issuer shall publish in accordance with Condition 13, and provide the Fiscal Agent with the following information:

(i) a description of the Issuer's economic and financial circumstances which are, in the Issuer's opinion, relevant to the request for any potential modification or action, a description of the Issuer's existing debts and a description of its broad policy reform programme and provisional macroeconomic outlook;

(ii) if the Issuer shall at the time have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, a description of any such arrangement or agreement and where permitted under the information disclosure policies of the multilateral or such other creditors, as applicable, copies of the arrangement or agreement shall be provided;

(iii) a description of the Issuer's proposed treatment of external debt securities that fall outside the scope of any multiple series aggregation and its intentions with respect to any other debt securities and its other major creditor groups; and

(iv) if any proposed modification or action contemplates debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group, as required for a notice convening a meeting of the Noteholders in Condition 12(a)(iv)(G).

(g) **Claims Valuation**

For the purpose of calculating the par value of the Notes and any affected series of debt securities which are to be aggregated with the Notes in accordance with Condition 12(c) and Condition 12(d), the Issuer may appoint a Calculation Agent. The Issuer shall, with the approval of the Aggregation Agent and any appointed Calculation Agent, promulgate the methodology in accordance with which the Calculation Agent will calculate the par value of the Notes and such affected series of debt securities. In any such case where a Calculation Agent is appointed, the same person will be appointed as the Calculation Agent for the Notes and each other affected series of debt securities for these purposes, and the same methodology will be promulgated for each affected series of debt securities.

(h) **Manifest error, etc.**

The Notes, these Conditions and the provisions of the Fiscal Agency Agreement may be amended without the consent of the Noteholders to correct a manifest error. In addition, the parties to the Fiscal Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature or it is not materially prejudicial to the interests of the Noteholders.

(i) **Notes controlled by the Issuer**

For the purposes of (a) determining the right to attend and vote at any meeting of Noteholders, or the right to sign or confirm in writing, or authorise the signature of, any Written Resolution, (b) this Condition 12 and (c) Condition 9, any Notes which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled directly or indirectly by the Issuer or by any Public Sector Instrumentality of the Issuer shall be disregarded and be deemed not to remain outstanding; where:

(i) "**Public Sector Instrumentality**" means the Central Bank of Egypt and any department, ministry or agency of the government of The Arab Republic of Egypt; and

(ii) "**control**" means the power, directly or indirectly, through the ownership of voting securities or other ownership interests or through contractual control or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other entity.

A Note will also be deemed to be not outstanding if the Note has previously been cancelled or delivered for cancellation or held for reissuance but not reissued, or, where relevant, the Note has previously been called for redemption in accordance with its terms or previously become due and payable at maturity or otherwise and the Issuer has previously satisfied its obligations to make all payments due in respect of the Note in accordance with its terms.

In advance of any meeting of Noteholders, or in connection with any Written Resolution, the Issuer shall provide to the Fiscal Agent a copy of the certificate prepared pursuant to Condition 13(d) which includes information on the total number of Notes which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled directly or indirectly by the Issuer or by any Public Sector Instrumentality of the Issuer and, as such, such Notes shall be disregarded and deemed not to remain outstanding for the purposes of ascertaining the right to attend and vote at any meeting of Noteholders or the right to sign, or authorise the signature of, any Written Resolution in respect of any such meeting. The Fiscal Agent shall make any such certificate available for inspection during normal business hours at its specified office and, upon reasonable request, will allow copies of such certificate to be taken.

(j) **Publication**

The Issuer shall publish all Extraordinary Resolutions and Written Resolutions which have been determined by the Aggregation Agent to have been duly passed in accordance with Condition 13(g).

(k) **Exchange and Conversion**

Any Extraordinary Resolutions or Written Resolutions which have been duly passed and which modify any provision of, or action in respect of, the Conditions may be implemented at the Issuer's option by way of a mandatory exchange or conversion of the Notes and each other affected series of debt securities, as the case may be, into new debt securities containing the modified terms and conditions if the proposed mandatory exchange or conversion of the Notes is notified to Noteholders at the time notification is given to the Noteholders as to the proposed modification or action. Any such exchange or conversion shall be binding on all Noteholders.

13. Aggregation Agent; Aggregation Procedures

(a) **Appointment**

The Issuer will appoint an Aggregation Agent to calculate whether a proposed modification or action has been approved by the required principal amount outstanding of Notes and, in the case of a multiple series aggregation, by the required principal amount of outstanding debt securities of each affected series of debt securities. In the case of a multiple series aggregation, the same person will be appointed as the Aggregation Agent for the proposed modification of any provision of, or any action in respect of, these Conditions or the Fiscal Agency Agreement in respect of the Notes and in respect of the terms and conditions or bond documentation in respect of each other affected series of debt securities. The Aggregation Agent shall be independent of the Issuer.

(b) **Extraordinary Resolutions**

If an Extraordinary Resolution has been proposed at a duly convened meeting of Noteholders to modify any provision of, or action in respect of, these Conditions and other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as practicable after the time the vote is cast, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have voted in favour of the Extraordinary Resolution such that the Extraordinary Resolution is passed. If so, the Aggregation Agent will determine that the Extraordinary Resolution has been duly passed.

(c) **Written Resolutions**

If a Written Resolution has been proposed under these Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as reasonably practicable after the relevant Written Resolution has been signed or confirmed in writing, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have signed or confirmed in writing in favour of the Written Resolution such that the Written Resolution is passed. If so, the Aggregation Agent will determine that the Written Resolution has been duly passed.

(d) **Certificate**

For the purposes of Condition 13(b) and Condition 13(c), the Issuer will provide a certificate to the Aggregation Agent up to three days prior to, and in any case no later than, with respect to an Extraordinary Resolution, the date of the meeting referred to in Condition 12(b), Condition 12(c) or Condition 12(d), as applicable, and, with respect to a Written Resolution, the date arranged for the signing of the Written Resolution.

The certificate shall:

(i) list the total principal amount of Notes and, in the case of a multiple series aggregation, the total principal amount of each other affected series of debt securities outstanding on the record date; and

(ii) clearly indicate the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities which shall be disregarded and deemed not to remain outstanding as a consequence of Condition 12(i) on the record date identifying the holders of the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities.

The Aggregation Agent may rely upon the terms of any certificate, notice, communication or other document believed by it to be genuine.

(e) **Notification**

The Aggregation Agent will cause each determination made by it for the purposes of this Condition 13 to be notified to the Fiscal Agent and the Issuer as soon as practicable after such determination. Notice thereof shall also promptly be given to the Noteholders.

(f) **Binding nature of determinations; no liability**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 13 by the Aggregation Agent and any appointed Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Fiscal Agent and the Noteholders and (subject as aforesaid) no liability to any such person will attach to the Aggregation Agent or the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(g) **Manner of publication**

The Issuer will publish all notices and other matters required to be published pursuant to the Fiscal Agency Agreement including any matters required to be published pursuant to Condition 9, Condition 12 and this Condition 13:

(i) through Euroclear Bank SA/NV, Clearstream Banking S.A., The Depository Trust Company and/or any other clearing system in which the Notes are held;

(ii) in such other places and in such other manner as may be required by applicable law or regulation; and

(iii) in such other places and in such other manner as may be customary.

14. Further Issues

The Issuer may from time to time without the consent of the Noteholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding Notes; provided that, either (i) such additional Notes, for purposes of U.S. federal income taxation (regardless of whether any holders of such Notes are subject to the U.S. federal income tax laws), are not treated as issued with original issue discount (or are issued with a *de minimis* amount of original issue discount as defined in U.S. Treasury Regulation 1.1273-1(d)) or (ii) such additional securities are issued in a “qualified reopening” for U.S. federal income tax purposes. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes.

15. Notices

Notices required to be given to the holders of Notes pursuant to these Conditions shall be valid if mailed to them at their respective addresses in the Register and shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Notes shall also, for so long as the Notes are listed on the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") and the rules of Euronext Dublin so require, be sent to the Companies Announcement Office of Euronext Dublin for publication.

16. Currency Indemnity

U.S. Dollars is the sole currency of account and payment for all sums payable by the Issuer under or in connection with the Notes, including damages. Any amount received or recovered in a currency other than U.S. Dollars (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Noteholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the U.S. Dollar amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that U.S. Dollar amount is less than the U.S. Dollar amount expressed to be due to the recipient under any Note, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it will be sufficient for the Noteholder to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any other judgment or order.

17. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

18. Governing Law and Jurisdiction

(a) **Governing Law:** The Fiscal Agency Agreement, the Deed of Covenant and the Notes (including the remaining provisions of this Condition 18) and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) **Jurisdiction:** The Issuer agrees for the benefit of the Noteholders that the courts of England and Wales shall have jurisdiction to hear and determine any suit, action or proceedings which may arise out of or in connection with the Notes ("**Proceedings**") and to settle any dispute or difference of whatever nature howsoever arising under, out of or in connection with the Notes (including a dispute or difference as to the breach, existence or validity of the Notes) ("**Disputes**") and, for such purposes, irrevocably submits to the jurisdiction of such courts.

(c) **Appropriate forum:** The Issuer irrevocably waives any objection which it might now or hereafter have to the courts of England and Wales being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and agrees not to claim that any such court is not a convenient or appropriate forum.

(d) **Service of Process:** The Issuer irrevocably appoints the Ambassador of the Republic to the Court of St James's as its authorised agent for the service of process in England and Wales. Nothing in this Condition 18(d) shall affect the right of any Noteholder to serve process in any other manner permitted by law.

(e) **Non-exclusivity:** The submission to the jurisdiction of the courts of England and Wales shall not (and shall not be construed so as to) limit the right of any Noteholder to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

(f) **Consent to enforcement etc.:** Subject to Condition 18(g) and for the purposes of the State Immunity Act 1978, the Issuer consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such Proceedings.

(g) **Waiver of Immunity:** To the extent that the Republic may in any jurisdiction claim or acquire for itself or its assets immunity (sovereign or otherwise) from suit, execution, attachment or other legal process (whether through service or notice or otherwise), the Republic irrevocably agrees for the benefit of holders of Notes not to claim, and irrevocably waives such immunity, to the fullest extent permitted by the laws of such jurisdiction (other than immunity from pre-judgment attachments, which is expressly not waived). The Republic's waiver of sovereign immunity shall constitute a limited and specific waiver for the purposes of the Fiscal Agency Agreement, the Deed of Covenant and the Notes and under no circumstances shall such waiver be interpreted as a general waiver by the Republic or a waiver of immunity in respect of: (a) property used by a diplomatic or consular mission of the Republic; (b) property of a military character and under the control of a military authority or defence agency of the Republic; or (c) property located in the Republic and dedicated to a public or governmental use (as distinct from property dedicated to a commercial use) by the Republic. Without limiting the generality of (a), (b) or (c) in the preceding sentence, the holders of Notes shall have no recourse to the assets of the Central Bank of Egypt held for its own account.

TERMS AND CONDITIONS OF THE SERIES E NOTES

The Terms and Conditions of the Series D Notes shall apply, *mutatis mutandis*, to the Series E Notes, save that the Series E Notes shall bear interest at the rate of 7.625% per year (and references to the "rate of interest" shall be construed accordingly), payable, subject as provided in the following sentence, semi-annually in arrear in equal instalments of U.S.$38.13 per Calculation Amount on 10 May and 10 November of each year, commencing 10 May 2019, up to, and including, 10 November 2030, and (unless previously purchased and cancelled), will be redeemed at their principal amount on 10 November 2030. The first payment of interest, to be made on 10 May 2019, will be in respect of the period from, and including, 19 November 2018 to, but excluding, 10 May 2019 and will amount to U.S.$37.07 per Calculation Amount.

THE GLOBAL NOTES

The Global Notes contain the following provisions which apply to the Notes in respect of which they are issued whilst they are represented by the Global Notes, some of which modify the effect of the Terms and Conditions of the Notes. Terms defined in the Terms and Conditions of the Notes have the same meaning in paragraphs 1 to 6 below.

The following provisions apply equally to the Global Notes issued in respect of the Series D Notes and the Series E Notes.

1. Accountholders

For so long as any of the Notes are represented by one or more Global Notes, each person (other than another clearing system) who is for the time being shown in the records of DTC or Euroclear or Clearstream, Luxembourg (as the case may be) as the holder of a particular aggregate principal amount of such Notes (each, an "**Accountholder**") (in which regard any certificate or other document issued by DTC or Euroclear or Clearstream, Luxembourg (as the case may be) as to the aggregate principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of such aggregate principal amount of such Notes (and the expression "**Noteholders**" and references to "**holding of Notes**" and to "**holder of Notes**" shall be construed accordingly) for all purposes other than with respect to payments on such Notes, the right to which shall be vested, as against the Issuer, solely in the nominee for the relevant clearing system (the "**Relevant Nominee**") in accordance with, and subject to, the terms of the Global Notes. Each Accountholder must look solely to DTC or Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the Relevant Nominee.

2. Cancellation

Cancellation of any Note following its purchase by the Issuer will be effected by reduction in the aggregate principal amount of the relevant Global Note in the Register.

3. Payments

Payments of principal and interest in respect of Notes represented by a Global Note will be made, in the case of payment of principal, against presentation and surrender of such Global Note to, or to the order of, the Fiscal Agent, or such other Agent as shall have been notified to the holders of one or more Global Note for such purpose.

All payments in respect of the Notes represented by a Global Note will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means a day on which each clearing system for which a Global Note is being held is open for business.

Holders of book-entry interests in the Notes held through DTC will receive, to the extent received by the Fiscal Agent, all distributions of amounts with respect to book-entry interests in such Notes from the Fiscal Agent through DTC. Distributions in the United States will be subject to relevant U.S. tax laws and regulations.

A record of each payment made will be entered in the Register by or on behalf of the Fiscal Agent and shall be *prima facie* evidence that payment has been made.

4. Notices

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled Accountholders in substitution for delivery as required by Condition 15. Any such notice shall be deemed to have been given to the Noteholders on the day after the day on which such notice is delivered to the relevant clearing system.

Whilst any Notes held by a Noteholder are represented by a Global Note, notices to be given by such Noteholder may be given by such Noteholder (where applicable) through the relevant clearing system and otherwise in such manner as the Fiscal Agent and the relevant clearing system may approve for this purpose.

The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any notice shall be deemed to have been given on the day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

5. Transfers

Transfers of book-entry interests in the Notes will be effected through the records of Euroclear, Clearstream, Luxembourg and DTC and their respective participants in accordance with the rules and procedures of Euroclear, Clearstream, Luxembourg and DTC and their respective) direct and indirect participants, as more fully described under "*Clearing and Settlement Arrangements*".

6. Exchange

Each European Global Note will be exchangeable, free of charge to the holder, in whole (but not in part), for Note Certificates if: (i) it is held by or on behalf of a clearing system and such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, by the holder giving notice to the Registrar; or (ii) any of the circumstances described in Condition 9 (*Events of Default*) occurs, by the holder giving notice to the Registrar.

Each DTC Global Note will be exchangeable, free of charge to the holder, in whole (but not in part), for Note Certificates if: (i) DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depository with respect to a DTC Global Note or ceases to be a "**clearing agency**" (as defined in the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), or is at any time no longer eligible to act as such, and the Issuer is (in the case of DTC ceasing to be a depository) unable to locate a qualified successor within 90 days of receiving notice or becoming aware of such ineligibility on the part of DTC, by the Issuer giving notice to the Registrar and the holders; or (ii) any of the circumstances described in Condition 9 (*Events of Default*) occurs, by the holder giving notice to the Registrar, in each case of its intention to exchange interests in a DTC Global Note for Note Certificates.

The Issuer has agreed to notify Noteholders of the occurrence of any of the events specified in the previous two paragraphs as soon as practicable thereafter.

CLEARING AND SETTLEMENT ARRANGEMENTS

The Issuer has obtained the information in this section from third party sources including DTC, Euroclear and Clearstream, Luxembourg. Such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by DTC, Euroclear and Clearstream, Luxembourg, no facts have been omitted which would render the reproduced information inaccurate or misleading, however, the Issuer takes no responsibility for the accuracy of this information. Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the following procedures in order to facilitate transfers of interests in the European Global Notes and in the DTC Global Notes among participants of DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Issuer nor the Fiscal Agent will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

DTC

DTC is a limited-purpose trust company organised under the New York Banking Law, a "banking organisation" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participating organisations ("**DTC Participants**") and to facilitate the clearance and settlement of securities transactions between DTC Participants through electronic book-entry changes in accounts of its DTC Participants, thereby eliminating the need for physical movement of certificates. DTC Participants include securities brokers and dealers, brokers, banks, trust companies and clearing corporations and may include certain other organisations. Indirect access to the DTC system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly ("**Indirect DTC Participants**").

Because DTC can only act on behalf of DTC Participants, who, in turn, act on behalf of Indirect DTC Participants and certain banks, the ability of a person having a beneficial interest in a Note to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate of such interest. The Rules applicable to DTC and its Participants are on file with the U.S. Securities and Exchange Commission.

Registration of Title

Registration of title to Notes in a name other than that of the Relevant Nominee will not be permitted unless DTC notifies the Issuer that it is unwilling or unable to continue as a clearing system in connection with a Global Note or DTC ceases to be a clearing agency registered under the Exchange Act and in each case a successor clearing system is not appointed by the Issuer within 90 days after receiving such notice from DTC or becoming aware that DTC is no longer so registered. In these circumstances, title to a Note may be transferred into the names of holders notified by the Relevant Nominee in accordance with the Conditions, except that Certificates in respect of Notes so transferred may not be available until 21 days after the request for transfer is duly made.

The Registrar will not register title to the Notes in a name other than that of the Relevant Nominee for a period of 15 calendar days preceding the due date for any payment of principal, or interest in respect of the Notes.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg hold securities for participating organisations, and facilitate the clearance and settlement of securities transactions between their respective participants, through electronic book entry changes in accounts of such participants. Euroclear and Clearstream, Luxembourg provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg interface with domestic securities markets. Euroclear and Clearstream, Luxembourg participants are recognised financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organisations and includes the Settlement Manager. Indirect access to Euroclear or Clearstream, Luxembourg is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

Book-Entry Ownership

Euroclear and Clearstream, Luxembourg

The European Global Notes will have an ISIN and a Common Code and will be registered in the name of a nominee for, and deposited with a common depositary on behalf of Euroclear and Clearstream, Luxembourg. The address of Euroclear is 1 Boulevard du Roi Albert II. Bl210 Brussels, Belgium, and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy. L-1855, Luxembourg.

DTC

The DTC Global Notes will have a CUSIP number and will be deposited with a custodian (the "**Custodian**") for and registered in the name of Cede & Co., as nominee of DTC. The Custodian and DTC will electronically record the principal amount of the Notes held within the DTC system. The address of DTC is 55 Water Street, New York, NY 10041, USA.

Relationship of Participants with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the holder of a Note evidenced by a Global Note must look solely to Euroclear, Clearstream, Luxembourg or DTC (as the case may be) for his share of each payment made by the Issuer, to the holder of such Global Note and in relation to all other rights arising under the Global Note, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or DTC (as the case may. be). The Issuer expects that, upon receipt of any payment in respect of Notes evidenced by a Global Note, the common depositary by whom such Global Note is held, or nominee in whose name it is registered, will immediately credit the relevant participants' or account holders' accounts in the relevant clearing system with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Note as shown on the records of the relevant clearing system or its nominee. The Issuer also expects that payments by direct participants in any clearing system to owners of beneficial interests in any Global Note held through such direct participants in any clearing system will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are evidenced by such Global Note and the obligations of the Issuer will be discharged by payment to the registered holder of such Global Note in respect of each amount so paid. None of the Issuer, the Fiscal Agent or any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Note or for maintaining, supervising or reviewing any records relating to such ownership interests.

Settlement and Transfer of Notes

Subject to the rules and procedures of each applicable clearing system, purchases of Notes held within a clearing system must be made by or through direct participants, which will receive a credit for such Notes on the clearing system's records. The ownership interest of each actual purchaser of each such Note (the "**Beneficial Owner**") will, in turn, be recorded on the direct and indirect participants' records. Beneficial Owners will not receive written confirmation from any clearing system of their purchase, but are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participant through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in Notes held within the clearing system will be effected by entries made on the books of participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes, unless and until interests in any Global Note held within a clearing system are exchanged for interests evidenced by a Note Certificate.

No clearing system has knowledge of the actual Beneficial Owners of the Notes held within such clearing system and their records will reflect only the identity of the direct participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the clearing systems to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants Beneficial Owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Global Note to such persons may be limited. Because DTC can only act on behalf of DTC Participants, who, in turn, act on behalf of Indirect DTC Participants, the ability of a person having an interest in a DTC Global Note to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by a lack of physical certificate in respect of such interest.

Investors that hold their interests in the Notes through DTC will follow the settlement practices applicable to global bond issues. Investors' securities custody accounts will be credited with their holdings against payment in same-day funds on the settlement date.

Investors that hold their interests in the Notes through Clearstream, Luxembourg or Euroclear accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. The interests will be credited to the securities custody accounts on the settlement date against payment in same-day funds.

Secondary Market Trading

Since the purchaser determines the place of delivery, it is important to establish at the time of trade where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Trading between DTC Participants

Secondary market trading between DTC Participants will be settled using the procedures applicable to global bond issues in same-day funds.

Trading between Euroclear and/or Clearstream, Luxembourg participants

Secondary market trading between Euroclear participants and/or Clearstream, Luxembourg participants will be settled using the procedures applicable to conventional Eurobonds in same-day funds.

Trading between DTC seller and Euroclear or Clearstream, Luxembourg purchaser

When Notes are to be transferred from the account of a DTC Participant to the account of a Clearstream, Luxembourg or Euroclear participant, the purchaser will send instructions to Clearstream, Luxembourg or Euroclear through a Clearstream, Luxembourg or Euroclear participant, as the case may be, at least one business day prior to settlement. Clearstream, Luxembourg or the Euroclear operator will instruct its respective depositary to receive the Notes against payment. Payment will include interest accrued on such beneficial interest on the Note from and including the last interest payment date to and excluding the settlement date. Payment will then be made by the depositary to the DTC Participant's account against delivery of Notes. After settlement has been completed, the Notes will be credited to the respective clearing system, and by the clearing system, in accordance with its usual procedures, to the Clearstream, Luxembourg or Euroclear participant's account. The securities credit will appear the next day (European time) and the cash debit will be back-valued to, and the interest on the Note will accrue from, the value date (which would be the preceding day when settlement occurred in New York). If settlement is not completed on the intended value date (*i.e.*, the trade fails), the Clearstream, Luxembourg or Euroclear cash debit will be valued instead as of the actual settlement date.

Euroclear and Clearstream, Luxembourg participants will need to make available to the respective clearing system the funds necessary to process same-day funds settlement. The most direct means of doing so is to pre-position funds for settlement, either from cash on-hand or existing lines of credit. Under this approach, participants may take on credit exposure to the Euroclear operator or Clearstream, Luxembourg until the interests in the Note are credited to their accounts one day later.

As an alternative, if Clearstream, Luxembourg or Euroclear has extended a line of credit to a Clearstream, Luxembourg or Euroclear participant, as the case may be, such participant may elect not to pre-position funds and may allow that credit line to be drawn upon to finance settlement. Under this procedure, Clearstream, Luxembourg participants or Euroclear participants purchasing interests in a Note would incur overdraft charges for one day, assuming they cleared the overdraft when the interest in the Note was credited to their accounts. However, interest on the Note would accrue from the value date. Therefore, in many cases, the investment income on the interest in the Note would accrue from the value date and the investment income on the interest in the Note earned during that one-day period may substantially reduce or offset the amount of such overdraft charges, although this result will depend on each participant's particular cost of funds.

Since the settlement is taking place during New York business hours, DTC Participants can employ their usual procedures for transferring interests in the Global Notes to the respective depositaries of Clearstream, Luxembourg or Euroclear for the benefit of Clearstream, Luxembourg participants or Euroclear participants. The sale proceeds will be available to the DTC seller on the settlement date. Thus, to the DTC Participants, a cross-market sale transaction will settle no differently than a trade between two DTC Participants.

Trading between Clearstream, Luxembourg or Euroclear Seller and DTC purchaser

Due to time zones differences in their favour, Clearstream, Luxembourg and Euroclear participants may employ their customary procedures for transactions in which interests in a Note are to be transferred by their respective clearing system, through its respective depositary, to a DTC Participant, at least one business day prior to settlement. In these cases, Clearstream, Luxembourg or Euroclear will instruct its respective depositary to deliver the interest in the Note to the DTC Participant's account against payment. Payment will include interest accrued on such beneficial interest in the Note from and including the last interest payment date to and excluding the settlement date. The payment will then be reflected in the account of the Clearstream, Luxembourg participant or Euroclear participant the following day, and receipt of the cash proceeds in the Clearstream, Luxembourg or Euroclear participant's account would be back-valued at the value date (which would be the preceding day, when settlement occurred in New York). Should the Clearstream, Luxembourg or Euroclear participant have a line of credit in its respective clearing system and elect to be in debit in anticipation of receipt of the sale proceeds in its account, the back-valuation will extinguish any overdraft charges incurred over that one-day period. If settlement is not completed on the intended value date (*i.e.*, the trade fails), receipt of the cash proceeds in the Clearstream, Luxembourg or Euroclear participant's account would instead be valued as of the actual settlement date.

Finally, day traders that use Clearstream, Luxembourg or Euroclear to purchase interests in a Note from DTC Participants for delivery to Clearstream, Luxembourg participants or Euroclear participants should note that these trades will automatically fail on the sale side unless affirmative action is taken. At least three techniques should be available to eliminate this potential problem:

- borrowing through Clearstream, Luxembourg or Euroclear for one day (until the purchase side of the day trade is reflected in their Clearstream, Luxembourg or Euroclear accounts) in accordance with the clearing system's customary procedures;

- borrowing the interests in the United States from a DTC Participant no later than one day prior to settlement, which would give the interests sufficient time to be reflected in their Clearstream, Luxembourg or Euroclear account in order to settle the sale side of the trade; or

- staggering the value date for the buy and sell sides of the trade so that the value date for the purchase from the DTC Participant is at least one day prior to the value date for the sale to the Clearstream, Luxembourg participant or Euroclear participant.

USE OF PROCEEDS

The Notes will be issued at par and subscribed for in their entirety by the CBE in a private placement.

Consideration for the Notes to be given by the CBE will consist of the cancellation of indebtedness due to the CBE by the Issuer in an Egyptian-Pound amount corresponding to U.S.$2,570,000,000, calculated at the LE/U.S.$ market exchange rate (buy rate), as published by the CBE, on 15 November 2018. The consideration for the Notes complies with Articles 7 and 8 of State Budget Law № 100 of 2018. There will be no cash consideration payable by the CBE to the Issuer.

It is expected that the CBE will enter into a series of repurchase transactions with a limited number of international financial institutions, including either HSBC Bank plc or an affiliate of HSBC Bank plc, with an undertaking by the CBE to repurchase the Notes after one year, as such date may be accelerated or extended pursuant to the terms of the respective repurchase agreements to be entered into by the CBE (collectively, the "**Repurchase Transactions**").

Neither the Issuer nor HSBC Bank plc (acting in its capacity as Settlement Manager) is a party to the Repurchase Transactions, and this Prospectus does not purport to be a description of the Repurchase Transactions.

THE ARAB REPUBLIC OF EGYPT

Area and Population

Egypt occupies 386,662 square miles (1,001,450 square kilometres) of North Africa, bordering the Mediterranean Sea, the Red Sea, Libya, the Gaza Strip, Israel and Sudan. The terrain is mostly a vast desert plateau, interrupted by the Nile River valley and delta (the "**Delta**"). The Western Desert accounts for approximately two thirds of Egypt's land area. Approximately 3% of the land is arable and approximately 3.2% of the total land area is under irrigation. Agricultural land is currently being lost due to urbanisation and windblown sands, although some land is being reclaimed through irrigation. There are limited fresh water resources other than the Nile, which is the only perennial fresh water source in Egypt. The climate is hot and dry, with the temperature in Cairo during the mid-winter months ranging from 46°F to 64°F (8°C to 18°C), rising to an average maximum temperature of 97°F (36°C) in July, the warmest month on average. Even in the wettest months (December, January and February), an average of only one fifth of an inch (five millimetres) of rainfall is recorded. Egypt's natural resources include petroleum, natural gas, coal, iron ore, phosphates, manganese, limestone, gypsum, talc, lead and zinc.

Egypt is the most populous country in the Middle East and the third most populous country on the African continent. According to CAPMAS estimates, as at January 2018, Egypt had a population of 96.6 million, reflecting an annual growth rate of 2.6% since January 2017. CAPMAS estimates that the population is 51.5% male and 48.5% female. According to CAPMAS estimates, the birth rate increased between 2004 and 2016 to 28.6 per 1,000 population in 2016 (as compared to 25.7 per 1,000 in 2004), although it declined in 2017 to 26.8 per 1,000 population in 2017. The death rate decreased to 5.7 per 1,000 in 2017 (as compared to 6.4 per 1,000 in 2004). Major cities in Egypt include Cairo, the capital of Egypt, Alexandria, Aswan, Asyut, Port Said, Suez and Ismailia. According to the 2017 Census, the overwhelming majority of Egypt's population live along the Nile River, the Nile Delta and the Suez Canal, particularly in Cairo and Alexandria with metropolitan populations of 24.1 million (including Giza and Kalyobeya) and 5.2 million, respectively, making these areas among the most densely populated areas in the world. There are small communities throughout the desert regions of Egypt, which are clustered around oases and historic trade and transportation routes. The number of Egyptians living in rural areas of Egypt continues to decrease as people move to the cities in search of employment and higher living standards.

Egyptians are fairly homogeneous, with 99% of the population coming from an Eastern Hamitic origin (Egyptians, Bedouins and Berbers). Approximately 90% of the Egyptian population is made up of Sunni Muslims, and the remaining 10% is made up mostly of Coptic Christians. Arabic is the official and dominant language, however, English and French are widely understood by the educated classes. According to data published by CAPMAS, in 2017, the female literacy rate (10+ years) was 78.8% and the male literacy rate (10+ years) was 69.2%, reflecting improvements in the literacy rate, as compared to prior years.

Egypt is generally classified as a lower-middle-income developing country.

The following table sets forth selected comparative statistical data for the countries indicated.

Comparative Statistics[(1)(2)]

	Egypt	Tunisia	Morocco	Jordan	Philippines	South Africa	Indonesia	United Kingdom
Gross national income *per capita* (*U.S.$*)[(3)(4)]...	3,010	3,500	2,860	3,980	3,660	5,430	3,540	40,530
Average annual growth of GDP (*%*)[(4)]	4.2	2.0	4.1	2.0	6.7	1.3	5.1	1.8
Life expectancy: Male (*years*)[(5)]	69	74	74	73	66	58	67	80
Life expectancy: Female (*years*)	74	78	77	76	73	66	71	83
Literacy rate: Adult Male (*%*) ages 15 and older[(6)]	83	88	76	98	95	95	97	—
Literacy rate: Adult Female (*%*) ages 15 and older[(6)]	67	72	58	94	93	93	94	—
Under 5 mortality (*per 1,000 live births*)..........	19	12	23	15	22	34	22	4
National poverty rate (*%*)[(7)]	27.8	15.5	8.9	14.4	25.2	54	10.9	—

Source: The World Bank, World Development Indicators

Notes:

(1) World Bank figures may differ from figures published by other organisations, including CAPMAS and other Government agencies.

(2) Figures are for 2016, except where indicated.

(3) Figures are calculated based on the World Bank atlas method. The atlas method represents the sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output, plus net receipts of primary income (compensation of employees and property income) from abroad.

(4) Figures for survey year 2017.

(5) Figures for survey year 2015.

(6) Survey year: Egypt, 2013; Tunisia, 2011; Morocco, 2011; Jordan, 2012; Philippines, 2008; South Africa, 2012; and Indonesia, 2016.

(7) Survey year: Egypt, 2015; Tunisia, 2014; Morocco, 2007; Jordan, 2010; Philippines, 2012; South Africa, 2010; and Indonesia, 2016.

History

Egypt has endured as a unified state for over 5,000 years, despite approximately 2,500 years of occupation by Persian, Greek, Roman, Turkish, Mameluke, French and British troops. Egypt's location has made it a natural hub for trade routes: westward along the coast of North Africa, northwest to Europe, northeast to the Levant, south along the Nile to Africa and southeast to the Indian Ocean and Far East. The opening of the Suez Canal in 1869 enhanced this natural advantage, connecting the Mediterranean to the Red Sea and had an immediate and dramatic effect on world trade. The strategic and commercial value of the Suez Canal to European powers (primarily the French and British) made it one of the most important factors influencing the history of Egypt in the 19th century.

The Ottomans, French and British struggled for financial and political control of Egypt throughout the nineteenth century. Napoleon Bonaparte's Egypt campaign ended in 1801, following which Anglo-Ottoman forces controlled Egypt until 1882, which was followed by complete occupation and virtual inclusion of Egypt within the British Empire. Britain declared an official protectorate over Egypt in 1914 in order to secure British interests during World War I. The British protectorate lasted until February 1922 when, in deference to increasing nationalism, Britain unilaterally declared Egypt's independence. In 1936, the Anglo-Egyptian Treaty was signed requiring the withdrawal of British troops from Egypt, except those necessary to protect the Suez Canal and its environs. The Wafd Government unilaterally abrogated the treaty in 1951. Three years later, Britain agreed to withdraw its troops. The withdrawal was finalised in July 1956, which Egyptians view as the date of full independence.

The Kingdom of Egypt, which lasted until the revolution of 1952, was a constitutional monarchy. During this post-independence period, three political forces competed with one another: the King, the Wafd (a broadly based nationalist political party opposed to British influence) and the British, who were determined to maintain control over the Suez Canal.

Following the creation of the State of Israel in 1948, Egypt, together with Iraq, Jordan, Lebanon and Syria, engaged in the first of four wars that it fought with Israel.

Following World War II and the first Arab-Israeli War in 1948, Egypt was in an unstable condition, the King was highly unpopular among the Egyptian population, and anti-British sentiment grew. In July 1952, a group of army officers led by Colonel Gamal Abdel Nasser, known as the "Free Officers Movement", toppled the monarchy, and in 1953, Egypt was declared a republic. Colonel Nasser became president in 1954 and over time, became a leader of Egypt and of the Arab world as a whole. President Nasser is regarded as one of the most important political figures in both modern Arab history and Third World politics in the 20th century.

On 26 July 1956, in retaliation for the loss of funding and to help pay for the Aswan High Dam project following the United States and the World Bank's withdrawal of their respective offers to help finance the Aswan High Dam, President Nasser nationalised the privately-owned Suez Canal Company, which provoked the Suez Canal Crisis, in which Britain, France and Israel invaded the Sinai Peninsula in order to assume control of the Suez Canal. The crisis ended in November 1956 after a ceasefire was agreed.

Egypt, under President Nasser, fought two major wars: the Suez War in 1956, following the joint British, French and Israeli invasion, and the war with Israel in 1967, the latter resulting in Israeli occupation of the Gaza Strip and Sinai Peninsula (which has since been returned to Egypt), in addition to the Golan Heights and the West Bank (which remain under Israeli control).

President Nasser died on 28 September 1970 and was succeeded by his vice president, Anwar El-Sadat. In the October 1973 war with Israel, the Egyptian army succeeded in crossing the Suez Canal, partially liberating the Egyptian territories occupied by Israel. In 1977, President Sadat became the first Arab leader to visit Israel and, in 1978, made history by signing the Camp David Accords, which, in turn, led to the 1979 signing of the Egypt-Israel peace treaty. As a result of this, President Sadat won the Nobel Peace Prize. Following the peace treaty, all occupied territories in the Sinai Peninsula were returned to Egypt. Domestically, President Sadat relaxed Government controls over the economy and encouraged private investment. On 6 October 1981, President Sadat was assassinated by Islamic extremists and Mr. Hosni Mubarak succeeded him as president.

In the period following the Camp David Accords, Egypt adopted a moderate approach to foreign policy, neither backing away from the peace with Israel nor loosening ties with the United States, and the occupied Sinai Peninsula was returned to Egyptian sovereignty in April 1982. While economic conditions in the Republic improved due to the adoption of liberal economic policies, leading to increases in international reserves and FDI, public discontent at the lack of social and political freedoms grew. This culminated in the 2011 Revolution, which ended Mubarak's 30 years in power.

Recent Events

Commencing on 25 January 2011 and precipitated by the uprising in Tunisia, which led to the Arab Spring and the departure of Tunisia's long-standing president in December 2010, demonstrations and protests occurred in Cairo, Alexandria and a number of other Egyptian cities with protestors demanding the overthrow of President Mubarak. Following several weeks of unrest, President Mubarak dissolved the Government and resigned, ending 30 years in power. Power was then assumed by the SCAF, which suspended the 1971 Constitution and announced it would govern Egypt until elections were held. Demonstrations and protests, which often escalated into violence, continued throughout 2011 in response to the perceived slow pace of political change.

Egypt experienced continued political uncertainty and instability over the course of 2012. Although power was transferred to the House of Representatives, as a result of a ruling of the Supreme Constitutional Court that the law on parliamentary elections was unconstitutional, the SCAF issued an interim declaration on 17 June 2012 (the "**Interim Declaration**") granting itself more extensive powers and dissolving the House of Representatives following the Interim Declaration. Presidential elections were held in June 2012 and were won by the Freedom and Justice Party candidate, Mr. Morsi, who took office on 30 June 2012. President Morsi revoked the Interim Declaration and transferred all legislative powers to the Presidency. On 22 November 2012, President Morsi issued a decree, which, among other things, exempted presidential decisions from judicial review and tasked a constitutional assembly with drafting the 2012 Constitution. This decree sparked further unrest among protestors, who argued its effect was to immunise the actions of the President from judicial challenge and to grant him far-reaching powers. The President rescinded the majority of the provisions of the decree on 20 December 2012. The 2012 Constitution was approved by House of Representatives on 30 November 2012, although the vote was boycotted by a number of members, and approved by popular referendum on 26 December 2012.

Following further demonstrations and protests in 2013, which culminated in a revolution on 30 June 2013 calling for President Morsi's resignation following his appointment of allies as governors in 13 of Egypt's 27 governorates, the Egyptian military removed President Morsi from office. Supreme Court Chief Justice Mansour was appointed as interim President, and Mr. El-Bablawi was appointed Prime Minister of the interim Government. Prime Minister El-Bablawi resigned on 1 March 2014, and Mr. Mahlab was appointed to replace Mr. El-Bablawi.

Following further protests and demonstrations in August 2013 and a terrorist attack on the army in the Sinai Peninsula, the interim Government declared a state of emergency and imposed a curfew (which was lifted in November 2013). In September 2013, the military launched a campaign against militants in northern Sinai, and a court banned the Muslim Brotherhood from carrying out any activities in Egypt. In December 2013, the interim Government declared the Muslim Brotherhood a terrorist organisation following a bomb blast in Mansoura. In April 2015, Muslim Brotherhood leader, Mr. Mohammed Badie, and 13 other senior members of the organisation were sentenced to death and a number of other members of the organisation were sentenced to life imprisonment, in connection with the violence following the removal of President Morsi. Subsequently, former President Morsi and a number of other Muslim Brotherhood members were sentenced to 20 years in prison for ordering the arrest and torture of protestors during a sit-in held outside the presidential palace in December 2012. On 23 October 2016, the Court of Cassation upheld the 20-year sentence issued in April 2015 against Mr. Morsi and other members of the Muslim Brotherhood. In May 2015, following a retrial, former President Mr. Mubarak was convicted of corruption charges relating to his time in office. In May 2015, Mr. Morsi and 105 others were sentenced to death for their role in planning jailbreaks and attacks on police during the 2011 Revolution. In May 2015, the Cairo Criminal Court requested the opinion of the Grand Mufti as to whether or not death sentences in respect of former President Morsi, as well as Mr. Badie and other individuals for other convictions would be in accordance with principles of Sharia. In June 2016, Mr. Morsi's death sentence was confirmed by the Grand Mufti in June 2015 but was overturned by the Court of Cassation in November 2016, which ordered a retrial. *See* "*Risk Factors—Risk Factors Relating to Egypt—Significant political unrest and political and social instability since January 2011 has had and could continue to have a material adverse effect on the Republic generally and on its economic growth*".

In January 2014, the Constitution, which was prepared by a panel of judges and legal scholars and approved by an assembly of political, religious, union and other officials, was adopted by referendum. The Constitution came into force on 18 January 2014. In March 2014, the then-defence minister, Field Marshal Abdel Fattah Al-Sisi, announced his intention to run for the presidency and resigned from the military. Mr. Al-Sisi ran against Mr. Sabahi, the leader of the Egyptian Popular Current, in the elections and won with approximately 96.9% of the valid votes cast.

President Al-Sisi was sworn in on 8 June 2014. On 9 June 2014, Prime Minister Mahlab tendered his and the resignation of the Council of Ministers' to President Al-Sisi; who reappointed Mr. Mahlab as Prime Minister on the same day and asked him to form a new interim Government. The interim Government took office on 17 June 2014 and consisted of 34 ministers.

In November 2014, an Egyptian court acquitted former President Mubarak in connection with charges related to the killing of 240 protestors during the Revolution, but, in May 2015, former President Mubarak was convicted of corruption charges related to his time in office. On 2 March 2017, the Court of Cassation acquitted Mr. Mubarak of all charges relating to the killing of protestors during the 2011 Revolution. Although the corruption conviction against Mr. Mubarak still stands, Mr. Mubarak was released from detention on 24 March 2017.

In February 2015, Egyptian aircraft bombed positions of the so-called "Islamic State" in eastern Libya, following the killing of 21 Egyptian Coptic Christians in Libya.

In March 2015, a coalition of Arab countries led by Saudi Arabia and including other GCC members, Egypt, Jordan, Morocco, Sudan and others, supported by the United States and other western governments, announced its intention to intervene in the civil war in Yemen on the side of the Yemeni government against the Houthi rebels, who have taken control of Yemen's capital, Sana'a. The coalition continues to conduct operations in Yemen. See "*Risk Factors—Risk Factors Relating to Egypt—Egypt is located in a region that has been subject to ongoing political and security concerns*".

In September 2015, President Al-Sisi swore in a new interim Government headed by Prime Minister Mr. Sherif Ismail, the former Petroleum Minister, following the resignation of Mr. Mahlab's interim Government.

In October 2015, the so-called "Islamic State" claimed responsibility for the destruction of a Russian airliner in Sinai, which had departed from Sharm El Sheikh airport, in which all crew and 224 passengers were killed. Sporadic terrorist attacks resulting in fatalities have continued in 2015 and 2016, including attacks against tourists at Giza and Hurghada in January 2016. In December 2016, a bomb explosion in Kafr al-Sheikh in the Nile Delta killed a civilian and injured three policemen, and a separate bomb explosion killed six policeman near Giza. Also in December 2016, 25 people were killed in a bomb explosion in the Coptic Cathedral complex in Cairo. See "*Risk Factors—Risk Factors Relating to Egypt—Egypt has experienced several terrorist attacks, which have contributed to a decline in tourism, a key sector of the economy, among other adverse consequences".* In May 2016, an EgyptAir aircraft en route from Paris to Cairo crashed into the Mediterranean Sea, resulting in 66 fatalities. The causes of this crash remain under investigation.

Parliamentary elections, which were originally due to take place in March and April 2015 but were postponed following a ruling by the Supreme Constitutional Court regarding the constitutionality of certain provisions of the electoral constituencies law, took place between October and December 2015. On 10 January 2016, the House of Representatives held its first session, the first parliamentary session in more than three years. See "*—Constitutional System—Legislative Branch—Parliamentary Elections*".

Since the removal of President Morsi, terrorist attacks in North Sinai, in particular, on Egyptian military bases, have increased, resulting in the deaths of soldiers and police. In July 2015, the so-called "Islamic State" launched a wave of further attacks in North Sinai which have continued through 2017. As a result of such attacks and the related security situation prevailing in North Sinai, EGAS is facing difficulties transporting gas through the Sinai Peninsula to Jordan. Smaller scale attacks have also occurred in Cairo and other cities.

In August 2016, the House of Representatives passed a VAT law, which introduced VAT at a rate of 13% for 2016/17 and 14% for 2017/18, subject to certain customary exemptions. See "*The Economy—Government Programme, Recent Developments and Reform*".

On 9 April 2017, explosions occurred at two Coptic Christian churches in Tanta and Alexandria, which killed 47 people. The so-called "Islamic State" claimed responsibility. In response, President Al-Sisi declared a three-month state of emergency and ordered the deployment of the military across Egypt to protect vital infrastructure. The state of emergency was extended by three months in July 2017 and again in October 2017 as a result of further unrest in the Sinai region. In January 2018, the state of emergency was extended by a further three months in order to take measures "necessary to confront the dangers and funding of terrorism and safeguard security in all parts of the country". In each of April 2018, July 2018 and October 2018, the state of emergency was extended by a further three months, as a result of continuing security challenges.

On 5 June 2017, Saudi Arabia, the UAE and Bahrain, as well as Egypt and certain other countries, severed diplomatic trade and transport links with, and imposed sanctions on, Qatar, citing Qatar's support for terrorist and extremist organisations, including Qatar's interference in other countries' internal affairs. Measures taken by the affected countries included the closure of land, sea and air links to Qatar, and requesting certain Qatari officials, residents and visitors to leave the territories of the affected countries. In order to resolve the situation, the affected countries have expressed a willingness to discuss a restoration of ties and the lifting of the other boycott measures on the condition that Qatar commits to agreements it signed, cease support of terrorist and extremist organisations and stop interfering in other countries' affairs. In November 2017, Bahrain introduced visa requirements for Qatari nationals and residents. In December 2017, Saudi Arabia, the UAE and Bahrain attended the annual GCC summit amid the ongoing dispute with Qatar. Diplomatic efforts to end the crisis are being undertaken by Kuwait and several other countries.

In November 2017, an attack on a Sufi Mosque in the town of Bir al-Abed in North Sinai killed 305 people. The attack is believed to have been carried out by the so-called "Islamic State". In response to the attacks, in February 2018 the military launched a campaign aimed at combatting terrorism and promoting stability and security in the Sinai Peninsula. In August 2018, the Government announced that Egyptian forces had killed 72 Islamic militants in two operations in al-Arish and throughout northern and central Sinai. In October 2018, the Government announced that Egyptian forces had killed 52 and detained a further 49 Islamic militants. See "*—National Security*".

In December 2017, nine people were killed by a gunman at Mar Mina Church, south of Cairo. During the Christmas celebrations, 230,000 personnel were deployed by police to secure churches, parks and key public institutions.

Presidential elections took place between 26 and 28 March 2018. On 2 April 2018, the National Elections Authority declared President Al-Sisi the winner of the elections, securing a second four-year term after winning 97.08% of valid votes. According to Article 140 of the Constitution, the President serves for a four-year term and may be re-elected once. Accordingly, this is President Al-Sisi's second and final term. See "*The Executive Branch—The President of the Republic*".

In May 2018, the Government announced an increase in the prices of metro tickets from a flat rate of LE 2 to LE 3, LE 5 and LE 9, depending on the length of the journey. After the announcement, there were protests at several metro stations in Cairo, following which more than 20 protestors were detained.

In June 2018, following the presidential elections, a new 32-member cabinet headed by Prime Minister Mostafa Madbouly was sworn in, including 12 new ministers: the Minister of Youth and Sports, the Minister of Civil Aviation, the Minister of Finance, the Minister of Telecommunications, the Minister of Trade and Industry, the Minister of Defense, the Minister of Health, the Minister of Interior, the Minister of Agriculture, the Minister of Local Development, the Minister of Public Business and the Minster of Environment.

In September 2018, the Cairo Criminal Court sentenced 75 people, including members of the Muslim Brotherhood, to death for manslaughter and other crimes committed during the 2013 protests in Rabaa al-Adawiya Square in Cairo following the overthrow of President Morsi.

On 2 November 2018, seven Coptic Christians were killed in an attack on two buses near a monastery in Minya and the so-called "Islamic State" claimed responsibility for the attack. On 4 November 2018, the Ministry of Interior announced that 19 Islamist militants accused of carrying out this attack had been killed in a shootout with Egyptian police.

Constitutional System

Prior to the 1952 revolution, Egypt was a constitutional monarchy. The first Egyptian constitution was enacted in 1923, following the declaration of the end of the British protectorate. It stated that Egypt was an independent sovereign "Islamic State" with Arabic as its official language and provided for a representative Parliament. This constitution was abolished in 1952 and political parties were dissolved in 1953, and a new constitution was proclaimed in 1956. The 1956 constitution granted the President extensive executive and legislative powers. In 1958, the constitution of the United Arab Republic was enacted, following the political union of Egypt and Syria. The union was dissolved in 1961.

In 1964, a new constitution was enacted. It emphasised the socialist nature of the Government, proclaiming Egypt an Arab Democratic State with a socialist economy.

In 1971, during President Sadat's era, the 1971 constitution was enacted, and it was further amended in 1980, 2005 and 2007. It stated that Egypt was a democratic state based on citizenship, with Islam as its state religion and Arabic as its official language. Among its notable features, the constitution recognised three types of ownership, being public, cooperative and private and granted vast powers to the President.

In December 2012, the 2012 Constitution was adopted by referendum but has since been replaced by the current Constitution.

The referendum to approve the current Constitution in January 2014 was the first public vote since the removal of President Morsi in July 2013 and was supported by the majority of Egypt's secular and liberal political parties, as well as the Nour Party, the political arm of conservative Salafis. The referendum was approved by 98% of the vote.

The Constitution provides for three branches of government: the legislative branch, the executive branch and the judicial branch, and provides for the right of the SCAF to appoint the Minister of Defence for the eight years following its entry into force. The Constitution further provides that Islam is the state religion and Arabic is the official language. It also provides that the principles of Sharia are the main source of legislation. Article 9 of the Constitution enshrines the principle of equal opportunities for all citizens without discrimination. The Constitution also guarantees, *inter alia*: (i) the rights of Christians and Jews to apply their respective religious principles to personal status, religious affairs and leadership matters; (ii) equality between genders; (iii) healthcare and social insurance services; (iv) education; (v) personal freedom; (vi) privacy; and (vii) rights of the accused. Article 94 of the Constitution enshrines the principle of the rule of law.

Legislative Branch

The Constitution provides for a unicameral Parliament consisting of the House of Representatives, which must be comprised of no less than 450 directly-elected members, elected by a direct secret public ballot. The President may appoint additional members who do not exceed 5% of the elected members. Members of the House of Representatives serve for a term of five years.

The principal role of the House of Representatives is to propose and approve laws, which, in turn, are implemented by the President, and to approve the Government's national policy, economic and social development plan, and national budget and to generally oversee the Government's performance, although the President and the Council of Ministers may also propose laws. Once passed by the House of Representatives, the President has the right either to sign or veto laws. The President must exercise his veto right within 30 days of passage or the law automatically comes into force. By a two-thirds vote, the House of Representatives may override a presidential veto.

The House of Representatives must approve the national budget, which must include all Government revenues and expenditures. Any amendments to the approved national budget must be approved by the House of Representatives. Final accounts for each year must be presented to the House of Representatives within six months from the end of the relevant fiscal year, together with a report of the Central Audit Bureau.

Under Article 146 of the Constitution, the President nominates a Prime Minister to form the Government and submit the Government's programme to the House of Representatives. If the Government does not win a vote of confidence of a majority of the members of the House of Representatives within 30 days of the nomination, the President must appoint a Prime Minister who is nominated by the party or coalition that holds the majority or, failing a majority, the largest number of seats in the House of Representatives. If the Prime Minister is nominated in this way, the President must also, in consultation with the Prime Minister, nominate the Ministers of Defence, Interior, Foreign Affairs and Justice. If the government of this Prime Minister fails to win the confidence of the majority of the members of the House of Representatives within 30 days, the House of Representatives shall be deemed to be dissolved, and the President must call for the election of a new House of Representatives.

The House of Representatives has the power to pass motions of no confidence with respect to the Prime Minister, or one of his/her deputies, or a minister, or one of his/her deputies. If the House of Representatives withdraws its confidence from any such person and the Government has announced its solidarity with such person prior to the vote of no confidence, then the Government must resign; otherwise, any vote of no-confidence only applies to the subject of the vote.

Pursuant to Article 161 of the Constitution, the House of Representatives has the power to pass motions of no confidence with respect to the President by a two-thirds vote. If the House of Representatives approves a motion to withdraw its confidence from the President, the question of withdrawal of confidence and whether to call early presidential elections must be put to a referendum. If the referendum rejects the withdrawal of confidence, then the House of Representatives shall be deemed dissolved and the President must call for new parliamentary elections within 30 days of the dissolution. If the referendum approves the withdrawal of confidence, the presidency shall be deemed vacant and new elections must be called and held within 60 days of announcing the results of the referendum.

The President cannot dissolve the House of Representatives except under special circumstances and following approval by referendum. The House of Representatives cannot be dissolved for the same reason that caused the dissolution of the previous House of Representatives. If the referendum approves the dissolution, the President must issue a decree dissolving the House of Representatives and calling parliamentary elections within no more than 30 days from the date of the decision.

The new House of Representatives was elected in 2015 and its first parliamentary session began in January 2016. Prior to the election of the House of Representatives and pursuant to Article 156 of the Constitution of 2014, the President had legislated through presidential decrees. Following the convening of the House of Representatives such laws needed to be debated and approved within a 15-day constitutional deadline to remain in force. Between the date of appointment of President Al-Sisi in June 2014 and the first parliamentary session in January 2016, the President had issued 342 decrees. In order to debate and approve these laws, 19 parliamentary committees were formed to discuss the proposed legislative ratifications. All but one of the proposed laws (the Civil Service Law) were approved by the House of Representatives within the constitutional deadline. The Civil Service Law was not approved within the deadline but was provisionally approved by the House of Representatives in a revised form in July 2016 (a new Civil Service Law was promulgated in November 2016). The Constitution provides that the House of Representatives must enact laws relating to the media, the building of churches, education and health during its first parliamentary session. In August 2016, the House of Representatives approved Law № 80 of 2016, which sets out conditions for the construction of Christian churches in Egypt (including as to location and the process for obtaining the necessary approvals).

In line with the requirements of the Constitution, the Government presented its programme to the House of Representatives in March 2016. This programme sets out a number of economic, fiscal, monetary and structural targets. The House of Representatives passed a vote of confidence in the Government and approved the Government's programme on 20 April 2016 by a margin of 433 to 38 votes. See "*The Economy—Government Programme, Recent Developments and Reform*".

Parliamentary Elections

Parliamentary elections, which were originally due to take place in March and April 2015 but were postponed following a ruling by the Supreme Constitutional Court regarding the constitutionality of certain provisions of the electoral constituencies law, took place between October and December 2015. Of the 595 newly-elected members of the House of Representatives, 350 are independent members unaffiliated with any political party, and 245 are affiliated with various political parties (with the Free Egyptians Party holding the highest number of seats (65)). A further 27 members are appointed by the President, and there are 90 female members of the House of Representatives, representing approximately 14% of the members. According to statistics announced by the House of Representatives, turnout for the first and second stages of the elections was 28.3%.

The following table sets out the composition of the House of Representatives following the 2015 elections:

Composition of the House of Representatives following the 2015 elections

Party	Seats
Independent members	350
Free Egyptians Party	65
Nation's Future Party	53
New Wafd Party	36
Nour Party	11
Other Parties	80
President-appointed members	27
Total	**622**

In August 2016, the speaker of the House of Representatives, Mr. Ali Abdel-Al, announced that the "Support Egypt" coalition, which comprises 315 members of the House of Representatives (both independent and party-affiliated members), would be the first coalition to be officially recognised by the House of Representatives.

In line with the five-year parliamentary terms set out in the Constitution, the next parliamentary elections are scheduled to take place in 2020.

Executive Branch

Under the Constitution, executive power in Egypt is exercised by (i) the President of the Republic, (ii) the Government and (iii) the local administrations.

The President of the Republic

The President is the Head of State and head of the executive branch and is elected for a four-year term. Each President can serve no more than two consecutive terms. During his presidency, the President may not hold any partisan position.

The President is elected by an absolute majority of votes of the Egyptian people. A presidential candidate must be nominated by (i) at least 20 elected members of the House of Representatives or (ii) 25,000 citizens who are entitled to vote from at least 15 governorates, provided that at least 1,000 citizens from each such governorates nominate such candidate.

The procedural steps for the holding of presidential elections are set out in Article 141 of the Constitution, which provides that a presidential candidate must be an Egyptian born to Egyptian parents, and neither the candidate nor his parents or spouse may have held any other nationality. The candidate must enjoy civil and political rights, must have completed military service (or have been exempted by law), and shall not be less than forty years old on the day of registration of his candidacy for President.

Presidential elections took place between 26 and 28 March 2018. On 2 April 2018, the National Elections Authority declared President Al-Sisi the winner of the elections, securing a second four-year term after winning 97.08% of valid votes. According to Article 140 of the Constitution, the President serves for a four-year term and may be re-elected once. Accordingly, this is President Al-Sisi's second and final term. See "*Risk Factors—Risk Factors Relating to Egypt—Significant political unrest and political and social instability since January 2011 has had and could continue to have a material adverse effect on the Republic generally and on its economic growth*".

Presidential powers include (*inter alia*):

- jointly with the Government, formulating general policy and supervising its implementation;
- relieving the Government of its duties, subject to the approval of a majority of the members of the House of Representatives;
- reshuffling the Council of Ministers, after consulting with the Prime Minister and subject to the approval of an absolute majority of the members of the House of Representatives;
- acting as supreme commander of the Egyptian armed forces, provided that the President may not declare war or send armed forces on a combat mission outside of Egypt, except after consultation with the National

Defence Council and with the approval of a two-thirds majority of the House of Representatives, except when the House of Representatives is not in session (in which event, the Constitution provides that the SCAF must be consulted and the approval of the Council of Ministers and the National Defence Council must be obtained);

- appointing and dismissing civil and military employees in accordance with applicable law;
- after consultation with the Council of Ministers, declaring a state of emergency in accordance with applicable law, which must be approved by a majority of the members of the House of Representatives within seven days of declaring the state of emergency;
- after consultation with the Council of Ministers, issuing pardons or reducing sentences;
- calling the House of Representatives into session for emergency sessions; and
- calling referendums.

The next presidential elections are due to take place in March 2022.

The Government

The Government consists of the Prime Minister, the deputy prime ministers and the ministers. The functions of the Government include:

- together with the President, developing the general policy of the State and supervising its implementation;
- maintaining the security of the nation and protecting the rights of citizens and the interest of the State;
- directing, co-ordinating and following-up on the work of ministries and their affiliated public bodies and organisations;
- preparing and submitting laws to the House of Representatives;
- issuing administrative decrees in accordance with the law and following-up on their implementation;
- drafting the national plan of the State;
- drafting and preparing the annual budget of the State;
- obtaining financing or raising debt in accordance with the Constitution; and
- implementing laws.

The Prime Minister supervises the work of the Government, and each Minister is responsible for the performance of his Ministry before the House of Representatives. The responsibilities of the Council of Ministers include the preparation of draft laws and decrees, as well as the preparation of the national budget and the national plan. Under the Constitution, if the President resigns, dies or becomes incapacitated, the Prime Minister shall act in his or her place.

In September 2015, President Al-Sisi swore in a new Government headed by Prime Minister Ismail, the former petroleum minister, following the resignation of Mr. Mahlab's interim Government. In March 2016, ten new ministers, including the Minister of Justice, the Minister of Transportation, the Minister of Civil Aviation and the Minister of Finance, were sworn in following a reshuffle of the Council of Ministers.

In February 2017, nine new ministers, including the Minister for Investment and the Minister for Agriculture, were sworn in by President Al-Sisi following a reshuffle of the Council of Ministers. As a result of this reshuffle, the Ministry of Investment was merged with the Ministry of International Co-operation. In January 2018, the House of Representatives approved a further reshuffle of the Council of Ministers, which included the appointment of four new ministers at the Ministries of National Development, Tourism, Culture and the Business Sector.

In June 2018, following the presidential elections, a new 32-member cabinet headed by Prime Minister Mostafa Madbouly was sworn in, including 12 new ministers: the Minister of Youth and Sports, the Minister of Civil Aviation, the Minister of Finance, the Minister of Telecommunications, the Minister of Trade and Industry, the Minister of Defense, the Minister of Health, the Minister of Interior, the Minister of Agriculture, the Minister of Local Development, the Minister of Public Business and the Minster of Environment.

Local Administrations

Article 175 of the Constitution provides that the Republic is divided into administrative units, including governorates, cities and villages. Local councils are elected by direct and secret ballot for terms of four years and are empowered to oversee local government matters, such as development plans, exercising oversight authority and withdrawing confidence in the heads of local units. Other administrative units may also be established. Article 176 of the Constitution enshrined the principle of decentralisation. Local administrations are required to develop their own budgets and have the authority to levy taxes and duties of a local nature.

Judicial Branch

The Constitution provides for an independent judicial branch headed by a Supreme Council. The judiciary has an independent budget that, following examination by the House of Representatives, is included in the State budget as a single line item. The judiciary is also entitled to be consulted with respect to any draft laws that regulate its affairs.

Article 189 of the Constitution provides that the Prosecutor General shall head the Public Prosecution, which is an integral part of the judiciary. The Public Prosecution carries out the investigation and prosecution of criminal cases.

The State Council is an autonomous judicial body with exclusive jurisdiction to settle administrative disputes. It also reviews and drafts bills and decrees of a legislative nature and reviews draft contracts to which the state or another public authority is a party.

The Supreme Constitutional Court was first established in 1979 and its powers are set out in Article 191 *et seq.* of the Constitution. In particular, the Supreme Constitutional Court has the sole constitutional power to: (i) determine the constitutionality of laws and regulations; (ii) interpret legislative provisions; and (iii) adjudicate on disputes pertaining to affairs of its members, certain jurisdictional matters, the implementation of certain contradictory judgments and on the execution of its judgments and decisions.

The Constitution also provides for two additional judicial authorities, which are (i) the Administrative Prosecution, which is responsible for the investigation of administrative and financial violations committed by public officials and filing disciplinary actions, and (ii) the State Lawsuits Authority, which represents the State in legal proceedings and drafts contracts referred to it by the relevant governmental authorities and to which the State is a party, in accordance with the applicable laws.

In order to improve the Egyptian economic and investment landscape, in 2008, the Government enacted Law № 120 of 2008 establishing the Economic Court, which specialises in disputes arising under certain laws, including laws relating to bankruptcies, consumer protection, capital markets and intellectual property. The Economic Court handles disputes relating to such laws between the State and private citizens, as well as disputes among private citizens.

Political Parties

There are currently more than 80 political parties in Egypt. Article 74 of the Constitution states that all citizens shall have the right to form political parties by notification under law. According to the same article, no political activity may be practiced and no political parties may be formed on the basis of religion or discrimination based on sex or origin or on a sectarian basis or geographic location. The Constitution also provides that a political party may not be dissolved unless such dissolution is sanctioned by a court order.

In September 2013, a court ruling banned the Muslim Brotherhood from carrying out any activities in Egypt. A new law regulating public protests was passed in November 2013. In December 2013, the Government declared the Muslim Brotherhood a terrorist organisation following bomb blasts in Mansoura and other areas of Egypt.

See "*Risk Factors—Risk Factors Relating to Egypt— Significant political unrest and political and social instability since January 2011 has had and could continue to have a material adverse effect on the Republic generally and on its economic growth*", "*Risk Factors—Risk Factors Relating to Egypt—Egypt has experienced several terrorist attacks, which have contributed to a decline in tourism, a key sector of the economy, among other adverse consequences*" and "*—Constitutional System—Legislative Branch—Parliamentary Elections*".

National Security

Egypt's armed forces, which are among the largest in the region, include the Republic's Army, Air Force, Air Defence and Navy. The armed forces use equipment from the United States, the United Kingdom, Russia, France and China. Articles 200 and 201 of the Constitution provides that the Egyptian armed forces be headed by the SCAF, are regulated by law and the Minister of Defence must be drawn from the officers of the armed forces. The Constitution also established a National Defence Council, chaired by the President and comprised of the Prime Minister, the Speaker of the House of Representatives, the Minister of Defence, the Minister of Foreign Affairs, the Minister of Finance, the Minister of Interior, the Chief of the General Intelligence Services, the Chief of Staff of the Armed Forces, as well as the Commanders of the Navy, Air Force and Air Defence, the Chief of Operations of the Armed Forces and the Head of Military Intelligence.

Egypt's police authority has the power to preserve public order, security and morals; protect lives and properties and to prevent crimes and seize criminals. It is also responsible for ensuring tranquillity and security for citizens of all types and for performing all duties afforded to it by laws and regulations. Amendments to the Police Authority Law, which were approved by the House of Representatives in August 2016 and promulgated as Law № 64 of 2016, prohibit police from providing information to the media without the permission of the Government. See "*—Press and Media*".

Egypt and the United States share a bilateral relationship, an important aspect of which is U.S. military and economic assistance to Egypt. This relationship expanded following the signing of the Camp David Egyptian-Israeli peace treaty in 1979 and Egypt's participation in the Gulf War. U.S. assistance to Egypt has been in excess of U.S.$75.2 billion (not adjusted for inflation) since 1978. U.S. assistance to Egypt has concentrated on health, economic growth, education, improvements to economic policy and the business environment.

Partially as a result of smuggling activity through man-made tunnels under Egypt's border with the Gaza Strip, the Government has increased its surveillance of the border and constructed a 10 km wall to combat such smuggling activity and the threat it poses to the Republic's national security.

In February 2015, President Al-Sisi established a new Council for National Security. The Council for National Security is responsible for investigating matters and methods to ensure the safety and security of the Republic, as well as for preparing national security strategies.

In April 2015, the President stated that the security of the Kingdom of Saudi Arabia and other GCC countries and safe maritime passage through the Bab al-Mandab strait are national security issues for Egypt. In March 2015, a coalition of Arab countries led by Saudi Arabia and including Egypt, other GCC members, Jordan, Morocco, Sudan and others, supported by the United States and other western governments, intervened in the civil war in Yemen on the side of the Yemeni government against the Houthi rebels, who have taken control of Yemen's capital, Sana'a. The coalition continues to conduct operations in Yemen. See "*Risk Factors—Risk Factors Relating to Egypt—Egypt is located in a region that has been subject to ongoing political and security concerns*".

In February 2015, Law № 8 of 2015 was promulgated regarding the maintenance of a "terrorist list". Both natural and legal persons may be listed on the "terrorist list". Persons on the terrorist list are subject to a number of sanctions, including, *inter alia*, travel bans, prohibitions on entering Egypt, closures of business premises and seizures and freezing of assets. In April 2017, Law № 8 of 2015 was amended by placing a five-year limit on the number of years a natural or legal person may be listed on the "terrorist list", prohibiting natural or legal persons on the "terrorist list" from participating in rallies or other gatherings in support of nationalist or militant causes and expanding the Prosecutor General's authority to temporarily freeze the assets of terrorism suspects, regardless of whether such natural or legal persons are listed on the "terrorist list", pending review by the relevant courts.

In August 2015, a new anti-terrorism law was approved by the House of Representatives. The law provides state security officers with wider immunity from prosecution, expands the Government's surveillance powers and imposes penalties on journalists who contradict official accounts of militant attacks. The anti-terrorism law was passed in the context of increasing violence in the Sinai Peninsula and other terrorist and militant attacks in Egypt. The anti-terrorism law was amended in April 2017 to: (i) permit courts to require individuals or entities to be placed on the "terrorist list" once such individual or entity had been convicted of a terrorism-related crime; (ii) increase the permitted pre-charge period of detainment for individuals accused of terrorism from seven to 14 days; and (iii) amend certain procedures related to replacing a judge assigned to a terrorism-related trial. See "*Risk Factors—Risk Factors Relating to Egypt— Egypt has experienced several terrorist attacks, which have contributed to a decline in tourism, a key sector of the economy, among other adverse consequences*".

In July 2016, the Government signed a co-operation agreement with the German government aimed at strengthening efforts to prevent crime and reinforce security, including in the areas of illegal immigration, counter-terrorism and airport security. The co-operation agreement also envisages the sharing of information and technical expertise, as well as the provision of training on security matters. See "*—Foreign Relations and International Organisations*".

In November 2017, an attack on a Sufi Mosque in the town of Bir al-Abed in North Sinai killed 305 people. The attack is believed to have been carried out by the so-called "Islamic State". In response to the attacks, in February 2018 the military launched a campaign aimed at combatting terrorism and promoting stability and security in the Sinai Peninsula. In August 2018, the Government announced that Egyptian forces had killed 72 Islamic militants in two operations throughout northern and central Sinai. In October 2018, the Government announced that Egyptian forces had killed 52 and detained a further 49 Islamic militants. See "*—Recent Developments*".

In April 2018, Law № 22 of 2018, which established the Committee for Confiscation, Management and Disposal of Assets of Terrorist Groups and Terrorists ("**CMDAT**"), was promulgated. The CMDAT is responsible for classifying groups and individuals as "terrorist groups" or "terrorists", respectively. Law № 22 of 2018 also requires banks and governmental entities to cooperate with, and assist, CMDAT by providing documents and data.

In April 2018, Law № 25 of 2018, which established the Supreme Council for Countering Terrorism and Extremism ("**SCCTE**"), was promulgated. The SCCTE, which is led by the President, replaced the National Council for Countering Terrorism and Extremism and aims to combat terrorism and identify funding flows supporting terrorist organisations. The SCCTE is funded through the national budget, as well as through independent loans and donations. Governmental entities are required to support the SCCTE, including, *inter alia*, by providing the SCCTE with documents and data required by the SCCTE to fulfil its mandate.

In April 2018, the Egyptian Criminal Code was amended to: (i) provide for the death penalty for offences of possessing, importing or producing explosives used for terrorist attacks; (ii) provide for the imprisonment for persons who were aware of a potential terrorist crime and did not report it to the authorities; and (iii) provide for the confiscation of any assets, properties, movables, equipment or other items used for committing terrorist attacks.

Legal System

Article 2 of the Constitution provides that the principles of Shariah are the main source of legislation. Egypt's legal system is also based on the Napoleonic codes, including the French *Code Civil*, upon which the Egyptian civil code has been largely based. Marriage and family laws are based on the religious law of the individual concerned, which for most Egyptians is Islamic law. Islamic law is not forced upon non-Muslims, and non-Muslims have their own courts to settle marriage and family matters. Under Article 3 of the Constitution, certain affairs of Christians and Jews in the Republic are based on the general principles of their respective religions. While there have been moves to consolidate the influence of the Sharia in the Constitution, commercial law remains based on modern commercial practices.

Egypt's Arbitration Law № 27 of 1994, as amended, serves as a framework for arbitration of domestic and international commercial disputes, as well as disputes between public enterprises and the private sector. Egypt acceded to the International Convention for the Settlement of Investment Disputes in 1972 and is a member of ICSID. Egypt adheres to the 1958 New York Convention on Enforcement of Arbitration Awards; the 1965 Washington Convention on the Settlement of Investment Disputes between States and the Nationals of Other States.

Foreign Relations and International Organisations

The Republic's foreign policy is not formally aligned with or against any major bloc. In addition, factors such as population size, historical events, military strength, diplomatic expertise and a strategic geographical position give the Republic extensive political influence in the Middle East, Africa and within the Non-Aligned Movement. In addition, Cairo has been at the crossroads of Arab commerce and culture for generations, and its intellectual and religious institutions are at the centre of the region's social and cultural development.

The Republic's foreign policy has not significantly changed since the 2011 Revolution, and Egypt maintains diplomatic relations with its trade and treaty partners. While the Republic has engaged in increasing cooperation with Arab countries, in particular, the Kingdom of Saudi Arabia and the United Arab Emirates, this has not been at the expense of its existing relations with non-Arab states.

Egypt maintains diplomatic relations with substantially all of the countries that are members of the United Nations, and its participation in international organisations includes: the African Development Bank; the Arab Fund for Economic and Social Development; the Arab League; the Arab Monetary Fund; the Arab Petroleum Investment Corporation, the Council of Arab Economic Unity; the IMF and related organisations; the Non-Aligned Movement; the Organisation of African Unity; the Organisation of Arab Petroleum Exporting Countries; the United Nations and related organisations; the World Bank and the World Trade Organisation.

In 1997, Egypt signed the Greater Arab Free Trade Agreement ("**GAFTA**"), which aims to liberalise trade between Arab nations. Of the 22 Arab League member states, 17 are signatories of GAFTA. Since 1 January 2005, full customs duty exemptions and charges with equivalent effect among all signatory members came into effect. GAFTA also envisages the gradual reduction of taxes and elimination of customs and non-tariff barriers on goods traded among the signatory nations.

In June 1998, Egypt joined the 21 member Common Market for Eastern and Southern Africa ("**COMESA**") (which currently comprises 19 members (with Tunisia's membership pending), including Egypt) which eliminates tariffs with other COMESA countries, with a view to the implementation of a common external tariff, based on a four band tariff structure of capital goods, raw materials, intermediate goods and final goods, respectively. In addition, the members are committed to establishing a monetary union.

In July 1999, Egypt and the United States signed a trade and investment free agreement ("**TIFA**"). TIFA's objective is to enhance trade co-operation between the two countries, by facilitating greater reciprocal access to the respective markets of both countries through the removal of non-tariff barriers and other impediments to trade and investment flows.

In June 2001, Egypt signed an Association Agreement with the Member States of the EU, establishing the Euro-Mediterranean Partnership (also known as the Barcelona Process) (the "**Association Agreement**"), a wide framework of political, economic and social relations between the Member States and countries of the Southern Mediterranean, including Egypt, which enhances co-operation in a number of key sectors, ranging from trade and investment to energy and education. The Association Agreement also provides for sustained and substantial EU assistance for reform efforts. The Association Agreement, which was approved by the House of Representatives in March 2003, establishes a free trade area with the elimination of tariffs on industrial products and concessions on agricultural products. In June 2010, an agreement between Egypt and the EU regarding agriculture and processed agricultural and fisheries products entered into force. In recent years, approximately three quarters of FDI inflows to Egypt have originated from the EU. Since 2004, bilateral trade of goods between the EU and Egypt has more than doubled, reaching €27.9 billion in 2017. The EU remains Egypt's largest export market (accounting for approximately 30% of Egyptian exports in 2017) with Egyptian exports to the EU amounting to €8.1 billion in 2017. See "*External Sector—Foreign Trade*".

In February 2004, Egypt signed the Agadir Agreement with Morocco, Tunisia and Jordan, which came into force in March 2007. The Agadir Agreement aims, among other things, to establish a free trade area in accordance with the provisions of the General Agreement on Tariffs and Trade of 1994. It is open to further membership by all Arab countries that are members of the Arab League and GAFTA and linked to the EU through an association agreement or free trade agreement. In March 2017, Lebanon and Palestine acceded to the Agadir Agreement.

In December 2004, Egypt and Israel entered into a "Qualified Industrial Zones" protocol pursuant to which qualified manufacturing companies located in specified zones in Egypt (the Greater Cairo Zone, the Alexandria Zone, the Suez Canal Zone, the Central Delta Zone and two governorates in Upper Egypt (Minya and Beni Suef)) are eligible to export products to the United States duty free under the same terms as those governing trade under the U.S.-Israel Free Trade Area Agreement, provided that certain requirements as to Egyptian and Israeli content are met. The agreement entered into force in February 2005.

With effect from January 2005, the Government has committed to observing the obligations of Article VIII, Sections 2, 3 and 4 of the IMF's Articles of Agreement. Pursuant to these sections, IMF members undertake not to impose restrictions on the making of payments and transfers for current international transactions and from engaging in any discriminatory currency arrangements or multiple currency practices without IMF approval.

In December 2005, Egypt signed a free trade agreement with Turkey, which entered into force in March 2007. The free trade agreement provides that imports of Egyptian products into Turkey (excluding agricultural goods) are free of duties and those duties and trade restrictions for Turkish products imported to Egypt will be eliminated in four stages by 2020.

In March 2006, negotiations began between countries in the Euro-Mediterranean region concerning liberalisation of services and right of establishment and a dispute settlement mechanism for trade between members. Egypt is one of the partners of the Euro-Mediterranean Partnership.

In August 2007, the free trade agreement between Egypt and the European Free Trade Association ("**EFTA**") entered into force. The agreement aims to liberalise trade in industrial products and processed agricultural products between Egypt and the four EFTA members: Switzerland, Iceland, Liechtenstein and Norway. The agreement also contains provisions on protection of intellectual property rights, as well as competition and technical cooperation.

In March 2007, the Egyptian European Action Plan under the European Political Neighbourhood framework was ratified. Under this action plan, Egypt and the EU have agreed to enter into political, security, economic, trade, investment, scientific, technological and cultural relations, with shared responsibility for establishing an area of peace and stability, including the prevention and settlement of conflicts in the region and reinvigorating regional and sub-regional cooperation.

In July 2007, Egypt became the 40th country to adhere to the Organisation for Economic Cooperation and Development Declaration on International Investment and Multinational Enterprises. Under this Declaration, Egypt is committed to improving its investment climate, ensuring equal treatment for foreign and domestic investors and promoting responsible international business conduct.

In 2010, Egypt signed a free trade agreement with the *Mercado Común del Sur* ("**MERCOSUR**"), which is comprised of Argentina, Brazil, Paraguay and Uruguay. The agreement entered into force on 1 September 2017, following its ratification by all parties. The agreement aims to enhance economic and trade relationships between Egypt and the MERCOSUR member states through the gradual liberalisation of trade and the promotion of bilateral investment.

In January 2015, the Executive Board of the IMF concluded its Article IV consultation with Egypt, the first since the 2011 Revolution. In its report, among other things, the Executive Board welcomed the Egyptian authorities' focus on improving infrastructure and reforming the energy sector.

In April 2015, Kuwait, Saudi Arabia and the United Arab Emirates each deposited U.S.$2 billion with the CBE (for a total of U.S.$6 billion), which demonstrated such countries' continued support of the Egyptian economy. The interest rate on the deposits is 2.5%, and the maturities range from three to five years.

In December 2015, the Government and the World Bank Group approved the Country Partnership Framework 2015-19. In September 2016, the World Bank disbursed U.S.$1 billion to Egypt, the first loan under the Country Partnership Framework. See "*Public Debt—Debt Restructuring—International Support—World Bank*".

In January 2016, the Government announced a U.S.$15 billion financing programme from China, which is expected to finance projects including the development of a China-Egypt Suez Economic and Trade Cooperation Zone, as well as other projects in the energy, transportation and sanitation sector.

In September 2018, Egypt signed a number of agreements with Chinese companies for seven priority projects in key priority sectors, including textiles, petrochemicals, manufacturing, electricity generation, renewable energy and storage and construction (in respect of the New Capital City Project (as defined below), with an estimated investment amount of U.S.$18 billion. The agreements were signed while Egyptian officials were attending the 2018 China-Africa Co-Operation Forum in Beijing.

In April 2016, President Al-Sisi announced the transfer of sovereignty over Tiran and Sanafir, two islands at the mouth of the Gulf of Aqaba, to Saudi Arabia during a visit to Egypt by the Saudi monarch, King Salman. The status of these islands had been disputed between Egypt and Saudi Arabia. This transfer led to protests in Cairo. In June 2016, Egypt's State Council annulled the maritime border agreement transferring the islands. The Government appealed this decision to the Supreme Administrative Court of the Egyptian Council of State. In September 2016, the "Urgent Matters Court" issued an injunction against the freezing of the transfer. In December 2016, the Government approved the transfer of the islands and asked for parliamentary ratification of the transfer. In January 2017, the Supreme Administrative Court of the Egyptian Council of State ruled that the Government had failed to provide sufficient evidence that Saudi Arabia originally had sovereignty over Tiran and Sanafir and that, accordingly, the transfer of the islands should be halted. The Supreme Administrative Court of the Egyptian Council of State's decision was declared null and void by the Court of Urgent Matters in April 2017. In response, the State Lawsuits Authority filed a case before the Egyptian Constitutional Court requesting the cancellation of the Supreme Administrative Court of the Egyptian Council of State's decision. The Egyptian Constitutional Court rendered a temporary judgement for the stay of execution of the two judgements issued by the Supreme Administrative Court of the Egyptian Council of State and the Court of Urgent Matters. The lawsuit before the Constitutional Court is still in process. In parallel, the matter was referred to the House of Representatives for examination by a legislative committee. On 14 June 2017, the House of Representatives issued its decision approving the agreement between the Government and Saudi Arabia for the determination of international borders, including the transfer of sovereignty over Tiran and Sanafir to Saudi Arabia. On 17 June 2017, the agreement was also approved by President Al-Sisi, following which, the transfers were completed. On 3 March 2018, the Constitutional Court issued a ruling overturning the previous rulings passed by the Supreme Administrative Court of the Egyptian Council of State and the Court of Urgent Matters regarding all outstanding legal challenges to the transfer of the islands of Tiran and Sanafir to Saudi Arabia.

In July 2016, the Republic signed an agreement with Germany regarding security co-operation.

In August 2016, the United Arab Emirates deposited U.S.$1 billion with the CBE to support the Republic's foreign exchange reserves. This deposit has a maturity of six years.

In September 2016, Saudi Arabia deposited U.S.$2 billion with the CBE to support the Republic's foreign exchange reserves.

In November 2016, the Executive Board of the IMF approved a three-year EFF for Egypt in an amount of approximately U.S.$12 billion. The EFF is aimed at supporting the Government's economic reform programme (see "*The Economy—Government Programme, Recent Developments and Reforms*") and is intended to help restore macroeconomic stability and promote inclusive growth.

In December 2016, the CBE entered into a CNY 18 billion, three-year bilateral currency swap agreement with the People's Bank of China. The agreement is expected to facilitate trade and improve foreign currency liquidity in Egypt. The currency swap arrangement can be extended by mutual agreement and is to be renewed on an annual basis for revaluation purposes. In December 2017, the CNY 18 billion currency swap transaction was renewed for one year until December 2018.

The United States provides certain economic assistance to the Republic, and the amount varies from year-to-year. The total amount of economic assistance provided by the United States to the Republic in each of 2012, 2013 and 2014 was U.S.$190 million. In October 2013, the United States temporarily suspended military aid to Egypt in protest at the removal of President Morsi. In 2014, six new agreements and two amendment agreements were signed to provide U.S.$268 million to support the education (basic and higher education) justice, antiquities, tourism and agriculture sectors, as well as small- and medium-sized enterprises ("**SMEs**") and other economic sectors. In March 2015, the United States announced that military aid and deliveries would be resumed. In August 2017, the United States announced that it had withheld U.S.$95.7 million in military aid from Egypt and delayed a further U.S.$195 million, citing the slow progress of certain reforms. These funds were subsequently released. The U.S. Consolidated Appropriations Act 2018 provides for a total of U.S.$1.4 billion in military and economic aid to Egypt, subject to certain conditions, including a provision that withholds U.S.$300 million until the U.S. Secretary of State certifies that the Government is taking certain steps in respect of, *inter alia*, human rights and democratic reforms, or waives this requirement.

Regional Security

The Republic is a key partner in the search for peace in the Middle East and a peaceful resolution to the Israeli-Palestinian conflict. Egypt played an important role in the negotiations leading to the Madrid Peace Conference in 1991, which, under U.S. and Russian sponsorship, brought together all parties in the region to discuss peace in the region.

During the 1991 Gulf War, Egypt formed part of the international coalition which opposed Iraq's invasion of Kuwait. Egypt deployed 35,000 troops as part of the United Nations coalition forces to liberate Kuwait, making Egypt the third largest coalition force, after the United States and the United Kingdom.

In 2000, Egypt hosted two summits at Sharm El Sheikh and one at Taba in an effort to resume the Camp David negotiations suspended in July 2000. In June 2003, Egypt hosted another summit on the Middle East peace process. A further summit was convened in Sharm El Sheikh in early 2005, which was attended by Egypt, Israel, the Palestinian Authority and Jordan. In addition, Egypt continues to play a substantial role in negotiations between the Israeli and Palestinian sides.

In November 2007, Egypt attended the international peace conference held at Annapolis, Maryland and continues to be a major regional player by attending major peace conferences and organizing bilateral and multilateral meetings in order to work to resolve the Palestinian-Israeli conflict, as well as the conflicts in Darfur, Sudan, the Republic's southern neighbour. Since the 2011 Revolution, Egypt's position as a mediator between the main Palestinian groups in Gaza and Israel has been revived, including brokering ceasefires between the two sides following a confrontation in November 2012 and August 2014.

In March 2015, the Government announced its intention to participate in Operation Decisive Storm. In April 2015, Saudi Arabia announced the end of Operation Decisive Storm and the beginning of Operation Restoring Hope, which is intended to focus on a political solution to the conflict, as well as to focus on counter-terrorism, in Yemen. The Government is also participating in Operation Restoring Hope. See "*—History—Recent Events*" and "*Risk Factors—Risk Factors Relating to Egypt—Egypt is located in a region that has been subject to ongoing political and security concerns*".

On 5 June 2017, Saudi Arabia, the UAE and Bahrain, as well as Egypt and certain other countries, severed diplomatic, trade and transport links with, and imposed sanctions on, Qatar, citing Qatar's support for terrorist and extremist organisations, including Qatar's interference in other countries' internal affairs. Measures taken by the affected countries included the closure of land, sea and air links to Qatar, and requesting certain Qatari officials, residents and visitors to leave the territories of the affected countries. In order to resolve the situation, the affected countries have expressed a willingness to discuss a restoration of ties and the lifting of the other boycott measures on the condition that Qatar commits to agreements it signed, ceases to support terrorist and extremist organisations and stops interfering in other countries' affairs. Diplomatic efforts to end the crisis are being undertaken by Kuwait and several other countries. Qatar was absent from the Arab Parliamentary Union meetings held in Egypt in September 2018.

Egypt's policy seeks to promote the security, stability and unity of Libya, as well as its sovereignty over its territories. In recent periods, representatives of the Government have met with various Libyan leaders and representatives and worked to combat terrorism, including by lifting the arms embargo imposed on the Libyan national army and undertaking efforts to dismantle armed militias.

In December 2017, the President of the United States announced the recognition by the United States of Jerusalem as the capital of Israel and that the United States would move the U.S. embassy to Jerusalem. The Government opposes this decision and, in December 2017, the Arab League (of which the Republic is a founding member) criticised the decision. The Republic proposed a resolution to the U.N. Security Council on this matter in December 2017, which was vetoed by the United States. On 22 December 2017, the U.N. General Assembly voted in favour of a further resolution criticising the decision to relocate the U.S. embassy to Jerusalem (by 128 votes in favour, nine votes against and 35 abstentions). The U.S. embassy was moved to Jerusalem in May 2018.

Press and Media

Egypt has a varied press with publications in Arabic, French and English.

Article 70 of the Constitution provides for freedom of the press, printing and paper, visual, audio and electronic publication. According to the same article, every Egyptian, whether a natural or legal, public or private person, shall have the right to own and publish newspapers and establish visual, audio and digital media outlets. Newspapers may be published once the required legal notifications have been made.

Article 211 of the Constitution provides for the establishment of a Supreme Council for the Regulation of the Media, an independent entity with the power to regulate audio and visual media, the printed and digital press and other media outlets. Articles 212 and 213 of the Constitution also provide for the establishment of a National Press Organisation and a National Media Organisation. In December 2016, Law № 92 of 2016 ("**Law 92**") was passed regarding the institutional organisation of the press and media. In 2017, the Prime Minister issued Decision № 2315 of 2017 issuing the executive regulations for the law.

In August 2018, a new law regulating the press (the "**New Press Law**") was passed, replacing Law № 96 of 1996 ("**Law 96**"). The New Press Law, *inter alia*, expands the scope of Law 96 to include audiovisual and electronic media. Article 3 of the New Press Law states that Government scrutiny of the press is prohibited, save for during war or emergency situations for national security purposes. Law № 178 of 2018 ("**Law 178**"), which regulates the National Media Organisation, and Law № 179 of 2018 ("**Law 179**"), which regulates the National Press Organisation, were also promulgated in August 2018.

Law 92 (and its executive regulations), the New Press Law, Law 179 and Law 179, *inter alia*, implement the constitutional aims of establishing a Supreme Council for the Regulation of the Media, a National Press Organisation and a National Media Organisation, and set forth the objectives and competencies of such bodies.

The anti-terrorism law, introduced in August 2015, imposes penalties on journalists who contradict official accounts of militant attacks. See "*—National Security*".

Health

Article 18 of the Constitution guarantees every citizen the right to health and to comprehensive health care. It also requires the State to maintain and support public health facilities, to allocate funds representing a minimum of 3% of the gross national product to health spending and to establish a comprehensive health insurance system.

The Government is committed to fulfilling the constitutional mandate to increase health and education spending and aims to establish a programme-based budgeting framework to improve monitoring and evaluation of such spending. In this respect, the Government has allocated LE 63.58 billion for public health expenditure in the 2018/19 budget, as compared to LE 54.9 billion for public health expenditure in the 2017/18 budget, which represents a 15.8% increase in budgeted funding over the period.

The Egyptian healthcare system is served by the Government and private sector service providers. Government providers include, among others: (i) the Ministry of Health (accounting for 27% of healthcare services); (ii) university hospitals (accounting for 7% of healthcare services); and (iii) other ministries (accounting for less than 1% of healthcare services). Government providers account for approximately 35% of healthcare services in Egypt.

The following table sets out the number of health units with hospital beds, by sector, for the years indicated:

Health Units with Beds by Sector[(1)]

	2013	2014	2015	2016	2017
Government sector	657	659	660	662	676
Private sector	1,422	1,403	1,406	1,497	1,545
Total	**2,079**	**2,062**	**2,066**	**2,159**	**2,221**

Source: CAPMAS

Note:

(1) The figures in this table have been revised and differ from previously published data. See "*Presentation of Information*".

There are 533 hospitals in Egypt, including 387 hospitals offering curative and critical care, eight curative care organisations, 23 general organisations for teaching hospitals and institutes, 55 specialist centres, 41 health insurance organisation hospitals and 19 centres for the treatment of mental health and addiction.

In July 2013, Law № 74 for 2013 was passed, which established a faculty of medicine affiliated with the Egyptian armed forces. According to this law, the Republic is responsible for all costs associated with educating, training, clothing, curing, transporting and accommodating students of the faculty until their graduation and placement with medical establishments.

The Government is implementing a number of measures to reform the healthcare sector, including a national plan for upgrading Egypt's emergency services to develop a framework for the provision of quality and free emergency medical services for all citizens. National plans for cancer control for the period 2016-2020 and for the prevention, care and treatment of viral hepatitis for the period 2014-2018 have also been established.

In December 2017, Decree № 2813 of 2017 establishing a Supreme Committee for Medical Tourism was passed, which aims to attract foreign investment for medical tourism projects and to help achieve Egypt's medical tourism targets set out in its National Development Plan for 2030.

In January 2018, a new health insurance law (Law № 2 of 2018) (the "**Universal Health Insurance Law**") was passed, which, together with its executive regulations, applies to Egyptian nationals residing in Egypt (on a mandatory basis) and Egyptian nationals who reside abroad (on an optional basis). The Universal Health Insurance Law will not apply to persons serving in, or retired from, the armed forces or their families. The Universal Health Insurance Law provides for the establishment of: (i) The General Authority for Health Insurance, which will have the authority to manage and fund the implementation of a medical insurance system; (ii) the General Authority for Medical Care, which will be affiliated with, and supervised by, the Ministry of Health and whose main objective will be to provide healthcare services and treatment to all insured nationals residing in Egypt; and (iii) the General Authority for Accreditation and Health Control, which will aim, *inter alia*, to determine and monitor minimum quality standards to be applied to all medical institutions and their staff.

In June 2018, the World Bank announced the launch of "Transforming Egypt's Healthcare System Project", a U.S.$530 million project to improve Egyptian public healthcare over a period of five years, with the aim of improving the quality of primary and health care services, enhancing demand for health and family planning services, preventing Hepatitis C and supporting the universal health insurance system put into place pursuant to the Universal Health Insurance Law. See "*Public Debt—Debt Restructuring—International Support—World Bank*".

The Government has announced that the new Universal Health Insurance Law will commence implementation in Port Said governorate by the end of 2018, including, *inter alia*, the reduction of patient waiting lists for surgery and other critical medical procedures, the provision of infant formula and vaccines and the treatment of the Hepatitis C virus. The project will be implemented by the Ministry of Health and Population.

In September 2018, the World Bank announced a U.S.$300 million loan to support the ongoing Sustainable Rural Sanitation Services Programme. The programme aims to increase access and improve rural sanitation services in Egypt.

Education

Education has long been considered an important factor in Egypt's development, and the Government has allocated LE 115.7 billion to education in the 2018/19 budget, as compared to estimated actual expenditures of LE 107.1 billion to education in 2017/18.

Article 19 of the Constitution guarantees every citizen the right to education. Education is compulsory until the end of secondary education (or equivalent) and the State must provide free education. In addition, Article 80 of the Constitution provides that every child shall be entitled to an early education in a childhood centre until the age of six. Article 19 also requires the state to allocate funds representing a minimum of 4% of the gross national product to education spending. The Government is committed to fulfilling the constitutional mandate to increase education and health spending.

The table below sets out the number of students and schools by educational stage (excluding Al-Azhar) for 2017/18:

Number of Students and Schools by Educational Stage

	Total	Females	Males	Schools
	(thousands of students)			*(number)*
Pre-University Education (excluding Al-Azhar)				
Pre-Primary	1,302	629	673	11,524
Primary	11,579	5,615	5,964	18,515
Preparatory	4,820	2,355	2,465	11,960
General Secondary	1,709	925	784	3,468
Industrial	897	325	572	1,157
Agricultural	215	34	181	243
Commercial	752	436	316	866
Handicapped Schools	38	14	24	955
Other	129	91	38	4,899
Total	**21,441**	**10,424**	**11,017**	**53,587**

The table below sets out the number of students and schools at Al-Azhar by educational stage for 2016/17:

Number of Students and Schools at Al-Azhar by Educational Stage(1)

	Total	Females	Males	Schools
	(thousands of students)			*(number)*
Al-Azhar Pre-University Education				
Primary	937	440	497	3,567
Preparatory	401	178	223	3,333
Secondary	391	169	222	2,181
Other	25	13	12	125
Total	**1,754**	**800**	**954**	**9,206**

Source: CAPMAS

Note:

(1) Figures for 2017/18 are not available.

In 2016/17, 2.3 million students were enrolled in 25 Egyptian state universities and 0.15 million students were enrolled in 23 private universities in Egypt.

In April 2018, the World Bank announced its five-year "Supporting Egypt Education Reform", comprising a U.S.$500 million loan to support investment in Egypt's education reforms, including, *inter alia*, through improving access to kindergarten and early childhood education, supporting the adoption of digital technology and resources in the classroom, developing a reliable student assessment and examination system and enhancing the capacity of teachers. See "*Public Debt—Debt Restructuring—International Support—World Bank*".

Legal Proceedings

There are 16 investment treaty arbitrations and international litigation proceedings against Egypt, of which seven are ICSID arbitrations. Egypt is vigorously defending these claims and, save as set out below, does not believe that these claims, taken singly or collectively, as and when adjudicated, will have a significant effect on Egypt's financial position.

Certain International Investment Treaty Claims

Ampal-American Israel Corporation, EGI-Fund (08-10) Investors LLC, EGI-Series Investments LLC, BSS-EMG Investors LLC and David Fischer v. the Arab Republic of Egypt and Yosef Maiman, Merhav (mnf) Ltd., Merhav Ampal Group Ltd. and Merhav Ampal Energy Holdings Limited Partnership v. the Arab Republic of Egypt

Egypt is the respondent party in two investment treaty arbitrations brought against it on the basis of identical facts by direct and indirect shareholders of East Mediterranean Gas S.A.E. ("**EMG**"). The dispute concerns the performance and termination of a gas supply and purchase agreement concluded by EMG with Egyptian General Petroleum Corporation ("**EGPC**") and EGAS, pursuant to which EMG purchased gas for onward sale to customers in Israel, which EGPC and EGAS terminated in April 2012 following EMG's decision not to pay invoices for gas delivered for over a year.

The arbitration captioned *Ampal-American Israel Corporation, EGI-Fund (08-10) Investors LLC, EGI-Series Investments LLC, BSS-EMG Investors LLC and David Fischer v. the Arab Republic of Egypt* is brought pursuant to the Egypt-United States and Egypt-Germany Bilateral Investment Treaties, under the auspices of ICSID. The arbitration captioned *Yosef Maiman, Merhav (mnf) Ltd., Merhav Ampal Group Ltd. and Merhav Ampal Energy Holdings Limited Partnership v. the Arab Republic of Egypt* is brought pursuant to the Egypt-Poland Bilateral Investment Treaty and administered by the Permanent Court of Arbitration ("**PCA**").

In each arbitration the claimants allege that Egypt violated multiple obligations under the relevant treaties and customary international law, including by failing to accord fair and equitable treatment, taking arbitrary and discriminatory measures, failing to provide full protection and security, failing to observe undertakings and expropriating their investments. Egypt considers the claims to be unfounded and is vigorously defending its rights in both arbitrations.

Hearings took place in the PCA arbitration in September 2014 and in the ICSID arbitration in October and November 2014.

On 1 February 2016, the tribunal in the ICSID arbitration decided that it has jurisdiction over only some of the claimants; it has dismissed the claim of Mr. Fischer and required Ampal-American Israel Corporation and its subsidiaries to pursue their claims either in the ICSID arbitration or the PCA arbitration. The claimants in the ICSID and PCA arbitrations withdrew parts of the claims previously made in both arbitrations as a result of the ICSID tribunal's decision.

On 21 February 2017, the arbitral tribunal in the ICSID arbitration issued a Decision on Liability and Heads of Loss (the "**21 February 2017 Decision on Liability and Heads of Loss**"). The arbitral tribunal found the Republic liable for expropriating the claimants' investment in EMG through the termination of the Gas Supply and Purchase Agreement and dismissed a substantial part of the claimants' claims, including their claim that an amendment to the Gas Supply and Purchase Agreement was procured by coercion and/or fraud and their claim for damages due to alleged delivery failures. This should reduce the overall damages the claimants are ultimately awarded. The ICSID arbitral tribunal directed further briefing from the parties before it decides the quantum of the claimants' claims for which it has found Egypt liable.

Following the 21 February 2017 Decision on Liability and Heads of Loss, the claimants in the ICSID arbitration have submitted a revised damages claim quantified at U.S.$302.3 million, excluding interest. The tribunal stated in September 2018 that it expected to render its final award by the end of 2018. Thereafter, on 2 October 2018, the parties were informed that the arbitrator appointed by the claimants had died and the arbitration was automatically suspended until the claimants have appointed a replacement arbitrator. It appears unlikely that a reconstituted tribunal would render a final award before 2019. It is not possible to predict the ultimate amount of Egypt's liability to the claimants.

On 28 December 2017, the arbitral tribunal in the PCA arbitration issued a partial award (the "**28 December 2017 Partial Award**") in which it determined that it has jurisdiction to consider the claimants' claims. In the 28 December 2017 Partial Award, the PCA arbitral tribunal also found the Republic liable for expropriating the claimants' investment in EMG through the termination of the Gas Supply and Purchase Agreement and dismissed a substantial part of the claimants' claims, including their claim that an amendment to the Gas Supply and Purchase Agreement was procured by coercion and/or fraud, their claim that Egypt failed to protect the claimants' investments and their claim for damages due to alleged delivery failures. This should reduce the overall damages the claimants are ultimately awarded. The PCA tribunal deferred its determination of the quantum of the claimants' claims for which it has found Egypt liable until it has received and reviewed the award on damages to be issued in the related commercial arbitration captioned Egyptian *General Petroleum Corporation and Egyptian Natural Gas Holding Company v. East Mediterranean Gas S.A.E*. That award was issued on 31 January 2018 and the Tribunal has informed the Parties that it expected to issue its Final Award by the end of 2018. See "*The Economy—Commodity Sector—Extractive Industry*".

The claimants in the PCA arbitration claim damages from Egypt, quantified at U.S.$755.4 million, including interest calculated to April 2014. To date, the claimants have not provided a revised quantification of their claim, reflecting the consequences of the 28 December 2017 Partial Award and it is not possible to predict the ultimate amount of Egypt's liability to the claimants.

Unión Fenosa Gas, S.A. v. Arab Republic of Egypt

Egypt was the respondent party in an investment treaty arbitration brought against it by Unión Fenosa Gas, S.A. ("**UFG**"). The dispute concerned gas shortages experienced by the Damietta natural gas liquefaction plant, for which UFG alleged that Egypt and its instrumentalities EGAS and EGPC were responsible. UFG's predecessor-in-interest, Unión Fenosa Desarrollo y Acción Exterior, S.A. entered into a Natural Gas Sale and Purchase Agreement dated 1 August 2000 (the "**SPA**") with EGPC, which subsequently assigned its rights and responsibilities under the SPA to EGAS. UFG claimed that Egypt's conduct was inconsistent with obligations under the SPA and led to a situation where the natural gas supply obligations to the Damietta plant set forth in the SPA were not met.

The arbitration was commenced by UFG on 27 February 2014 pursuant to the Agreement on the Reciprocal Promotion and Protection of Investments between the Kingdom of Spain and the Republic (the "**Spain-Egypt BIT**"), under the auspices of ICSID.

UFG alleged that Egypt violated multiple obligations under the Spain-Egypt BIT, including by failing to grant fair and equitable treatment to UFG's investment, hampering by means of unjustified or discriminatory measures the management, maintenance, use, enjoyment, expansion or disposal of UFG's investment, failing to protect UFG's investment, and failing to provide UFG's investment with treatment not less favorable than that accorded to investments made by its own nationals or investors of a third country. A hearing on jurisdictional and merits issues took place in Washington, D.C. from 6-11 March 2017.

In an award issued on 31 August 2018, a majority of the arbitral tribunal found that jurisdiction had been established and that Egypt was liable for breaching the fair and equitable treatment standard under the Spain-Egypt BIT due to the failure of EGAS to deliver gas under the SPA. The award orders Egypt to compensate UFG in an amount of U.S.$2.013 billion, plus interest. One member of the arbitral tribunal issued a dissenting opinion disagreeing with the majority's findings on jurisdiction, liability and compensation. Egypt is considering the legal remedies available to challenge the award.

THE ECONOMY

Background

Successive Governments appointed by President Nasser between 1954 and 1970 adopted socialist and inward-looking policies aimed at reducing foreign influences, which were believed to be responsible for the inequalities in Egyptian society. The upper class and wealthy land owners did not support Nasser's plans, and capital flight was pervasive. Consequently, the Government became primarily responsible for industrial development in Egypt. As the Government's role in the economy grew, inefficiencies accumulated, quality and innovation suffered and enterprises became overstaffed.

President Sadat's "Open-Door Policy", introduced in 1974, took steps towards economic liberalisation and developing a closer relationship with Europe and the United States. His policy encouraged private sector activity and sought foreign investment through the passage of new laws, including the adoption of Law 43, which provided guarantees against nationalisation, legalised foreign investments in most economic sectors, granted tax incentives and created free trade zones.

In 1981, President Mubarak embarked on a major economic reform programme in order to improve the Egyptian economy by increasing exports, reducing unemployment and poverty and increasing the private sector's role in the economy. His policies encouraged private sector activity in the Egyptian economy and attracted investment through legalising foreign investment in most sectors of the economy.

The Republic's economy grew significantly in the period from 2004/05 to 2009/10 (at an average annual rate of 5.9%), primarily due to economic reforms implemented during that period. Economic growth was driven primarily by domestic consumption, while investment grew at a slower rate and the external sector contributed negatively. However, while the unemployment rate fell during this period, it remained high among young people. Following the 2011 Revolution, the growth rate of the economy (in real GDP terms) slowed to 2.2% in 2011/12, 2.2% in 2012/13 and 2.9% in 2013/14 before increasing to 4.4% in 2014/15, decreasing to 4.3% in 2015/16 and 4.2% in 2016/17 and increasing to 5.3% in 2017/18.

For the period from July 2017 to March 2018, real GDP grew by 5.3%, as compared to 3.8% in the corresponding period in 2016/17. The acceleration in real GDP growth in July 2017 to March 2018, as compared to July 2016 to March 2017 was primarily due to increased investment and the increased contribution of exports. In particular, GDP grew in the commodities sector, including, in particular, the manufacturing industries, the extractive industries and the natural gas sector, as well as in the production services sector, including, in particular, the wholesale and retail trade and financial intermediation sectors, in the period from July 2017 to March 2018.

Given the diversified nature of the Egyptian economy, a broad range of sectors, including agriculture, manufacturing and tourism, have contributed to the overall recovery of the economy in recent years, thereby reducing the economy's reliance on any one sector.

The IMF has forecast real GDP growth at 5.2% for 2018 and 5.5% for 2019.

Government Programme, Recent Developments and Reforms

Egypt possesses one of the more developed and diversified economies in the Middle East, with sectors such as tourism, agriculture, industry and services at almost equal shares in national production.

In line with the requirements of the Constitution, the Government presented its programme to the House of Representatives in March 2016. Since June 2018, the Government has been working on an updated strategic reform programme in co-ordination with the CBE and Government ministries.

Economic targets included in the Government's programme include:

- increasing annual real GDP growth from 4.4% in 2014/15 to 5.5% in 2018/19;

- reducing the unemployment rate from 12.7% in 2014/15 to 10-11% in 2018/19 while focusing on measures to reduce the high youth unemployment rate;

- increasing savings and investment rates from 5.9% and 14.4%, respectively, in 2014/15 to 10.0% and 19.0%, respectively, by 2017/18;

- reducing annual inflation (as measured by the CPI) to 13% by the fourth quarter of 2018 and single digits thereafter);

- increasing Egypt's foreign exchange reserves to cover 6-6.5 months of imports by the end of 2018/19;
- reducing the overall fiscal deficit to approximately 8.4% of GDP by 2018/19 and to 5.2% by 2021/22; and
- reducing the debt to GDP ratio.

The Government's programme was approved by the House of Representatives on 20 April 2016 by 433 votes in favour to 38 votes against (with five abstentions and 118 members of the House of Representatives absent).

The Ministry of Planning, Monitoring and Institutional Reform is currently in the process of updating its strategy and reform programme, as part of its standard five-year planning cycle.

In November 2016, the Executive Board of the IMF approved a three-year EFF for Egypt, which was primarily prepared by Egyptians, in an amount of SDR 8.597 billion (approximately U.S.$12 billion). The EFF is aimed at supporting the Government's economic reform programme and is intended to help restore macroeconomic stability and promote inclusive growth. Policies supported by the EFF aim to correct external imbalances and restore competitiveness, place the fiscal deficit and public debt on a declining path, boost growth and create jobs while protecting vulnerable groups. See "*Risk Factors—Risk Factors Relating to Egypt—Any failure to address structural reforms may result in reduced support from multilateral and bilateral creditors, including the IMF*" and "*Public Debt—Debt Restructuring—International Support—International Monetary Fund*".

In addition to the Government's economic targets, the Government announced a number of additional reforms to support macroeconomic growth and stability through the implementation of monetary, fiscal and structural reforms, as well as undertaking measures to enhance social protection and human development. Reforms to support macroeconomic growth and stability include:

- diversifying the financing mix for Government borrowing needs;
- adopting a new civil service law (which was promulgated in November 2016) and its executive regulations (which were promulgated in May 2017) to contain the public sector wage bill and introduce a performance-based payment structure;
- increasing electricity and fuel tariffs with the goal of improving the efficiency of the energy sector and reducing consumption;
- amending the law regarding the Egyptian Competition Authority ("**ECA**") to strengthen the institutional, financial, operational independence and transparency of the authority;
- implementing the VAT law (which was passed in August 2016) and its executive regulations (which were promulgated in March 2017) with the goal of expanding the tax base and improving revenue collection;
- simplifying the tax regime for SMEs, introducing a new tax dispute settlement scheme and further tax administration reforms designed to improve revenue collection and the efficiency of tax authorities;
- issuing new telecoms licences (see "*—Production Services Sector—Telecommunications*") and considering which state-owned companies may be privatised (see "*—Privatisation and State-Owned Companies Restructuring*") in order to diversify and expand Government revenues;
- implementing further subsidies reform (see "*—Public Finance— Social Spending and Subsidies*");
- selling government-owned land;
- divesting minority shares in certain state-owned companies (see "*—Privatisation and State-Owned Companies Restructuring*");
- issuing the Universal Health Insurance Law (see "*The Arab Republic of Egypt—Health*"); and
- passing a new bankruptcy law, which aims to encourage companies, in particular, SMEs, to resume economic activities following bankruptcy (see "*External Sector—Foreign Direct Investment—Investment Projects and Initiatives*".

In addition to considering privatisations, the Government's structural reform programme includes measures to prepare a modern insolvency law, adopt a law intended to promote the integration of informal businesses into the formal economy and encourage SMEs. The Government's social protection measures are focused on increasing Government spending on human development, promoting job creation and improving the focus of social spending so as to benefit lower-income groups with the aim of lowering poverty rates from 27% in 2015 to 24% in 2019, as well as allocating additional resources to cash transfers to benefit 2-2.5 million families (8-10 million individuals) in Egypt's poorest villages by 2018/19. Fuel subsidy reform is also intended to reduce the budget deficit and make available more resources for social programmes to support vulnerable populations.

Since 2017/18, the Government has introduced two sets of social protection measures, which aim to mitigate adverse impacts of the Government's fiscal reform programme. The first set of social protection measures was introduced for the 2017/18 fiscal year and included, *inter alia*: (i) bi-annual bonuses of 7% and 10% of base salary for civil servants and special cadres (which include teachers and physicians), respectively; (ii) an increase in the tax exemption threshold from LE 6,500 to LE 7,200; (iii) a three-year tax exemption for agricultural land; (iv) an increase in food subsidy cash allowances from LE 21 to LE 50, or by 140%; and (v) a LE 100 increase in cash transfer programmes (*Takaful and Karama*) for 1.7 million families. The second set of social protection measures was introduced for the 2018/19 fiscal year and includes, *inter alia*: (i) annual bonuses of 7% and 10% of base salary for civil servants and special cadres, as well as an additional nominal bonus of LE 180 to LE 200; (ii) a 15% increase in pensions for almost ten million pensioners; and (iii) an increase in the tax exemption threshold from LE 7,200 to LE 8,000.

The Government has announced its intention to upgrade Egypt's infrastructure by: (i) doubling Egypt's electricity supply, including by adding 30 gigawatts ("**GW**") by the end of 2018/19; (ii) increasing daily production of natural gas from 3.8 billion cubic feet ("**bcf**") to 7.7 bcf by the end of 2018/19; (iii) increasing the share of renewable energy in the energy mix (see "*—Commodity Sector—Energy Reform Strategy*"); (iv) adding approximately 4,900 km of new roads to Egypt's road network (representing one-third of the current network) (see "*—Production Services Sector—Transport and Warehousing—Roadways*"); (v) completing the Cairo Metro's third line, beginning work on a fourth line, entering into financial arrangements for a fifth line and upgrading the first line (see "*—Production Services Sector—Transport and Warehousing—Railways and the Cairo Metro*" and "*Public Debt—Debt Restructuring—International Support—European Bank for Reconstruction and Development*"); (vi) upgrading and expanding the refining sector's capacity to 41 million tonnes per year by the end of 2020/21; and (vii) developing large inland dry ports, including a PPP project at 6th October City with direct rail connectivity to major cities and an inland customs clearance depot, which is expected to be operational by the end of 2020. See "*—Public Private Partnership*".

Key Government reforms implemented in recent years include:

- the transition to a flexible exchange rate through the liberalisation of the Egyptian Pound and consequential reduction of the parallel market for foreign exchange in November 2016 (see "*Monetary System*");
- the introduction in 2017 of a new investment law and industrial licensing law (see "*External Sector—Foreign Direct Investment—Investment Projects and Initiatives*");
- reforming the food subsidy system, introducing a ration card system to access certain subsidised products and implementing fuel price increases (see "*Public Finance— Social Spending and Subsidies*");
- passing the New Civil Service Law (as defined below), which aims to contain the wage bill and introduce a performance based salary structure (see "*—Employment and Labour—Labour Law*");
- amending the competition law, the labour law and the procurement law to encourage investment and FDI and increase transparency;
- passing a VAT law, which introduced VAT at a rate of 13% for 2016/17 and 14% for 2017/18, subject to certain customary exemptions;
- the introduction of a new 10% tax on capital gains and dividends (although the implementation of the capital gains tax has been postponed and is expected to become effective in May 2020; the dividend tax came into effect on 30 June 2014);
- introducing a property tax on residential and commercial units valued at over LE 2 million, subject to certain exemptions (which became effective in 2014);
- increasing excise tax on cigarettes in each of 2015, 2016 and 2017 and on alcoholic beverages in 2015 and 2016;

- introducing a new mining law in 2014, which aims to increase fees and royalties due to the Government while incentivising new investment in the mining sector;

- reducing the top corporate tax rate to 22.5% and extending this rate to all economic zones in 2015; and

- implementing fuel subsidy reforms to increase efficiency and reduce subsidy-related expenditures.

Privatisation and State-Owned Companies Restructuring

The role of the private sector in the Egyptian economy has increased considerably since 1991. Government ownership of companies has been reduced through privatisation and the private sector has grown significantly. However, the Government's privatisation programme was discontinued in 2009, and no further privatisations have since been conducted.

The restructuring and reengineering of state-owned companies and the introduction of principles of corporate governance are key objectives of the Government, and a programme of privatisation and joint ventures with the private sector was announced in 2018. See "*—Recent Initiatives*".

The following table sets forth the main indicators of the state-owned companies:

State-Owned Companies(1)

	2013/14	2014/15(2)	2015/16	2016/17
Number of state-owned company affiliates	124	125	121	121
Number of profitable state-owned companies	58	72	66	73
Number of Workers	234,781	226,213	229,031	221,662
Salaries (*LE millions*)	12,418	13,093	13,800	14,500
Total Operating Revenue (*LE millions*)	51,715	55,523	61,900	84,700
Net Profit (net of losses) (*LE millions*)	(1,271)	(324)	1,675	7,455
Net Equity (*LE millions*)	2,089	6,555	N/A	N/A
Investments during the fiscal year (restructuring, modernisation, renovations) (*LE millions*)	3,257	3,025	N/A	N/A
Share of Ministry of Finance in Holding Companies' profits (*LE millions*)(3)	809	1,034	1,131	1,500

Notes:
(1) Figures for 2017/18 are not available.
(2) Figures for 2014/15 exclude data for the affiliates of the food industries holding company, which have been transferred to the Ministry of Supply and Internal Trade.
(3) Estimated figures.

Any Government decision to restructure a state-owned company is influenced by a number of factors, including financial considerations (such as return on investment) and socio-economic considerations. Public commercial banks may no longer provide any financing to a state-owned company unless they are satisfied that the relevant state-owned company will be able to repay any such debts incurred. Certain state-owned companies, such as aluminium and steel companies and those in the chemical and insurance industries, among others, require extensive restructuring, including by way of cash injection or a partial retention of profits. In 2017, feasibility studies and preparatory work for modernisation projects at Egyptian Iron and Steel Co, Al Nasr for Coke and Chemicals and Delta Steel Co. were conducted.

Recent Initiatives

As part of the Government's economic reform programme, the Ministry of Public Business Sector has been developing initiatives to encourage partnerships between the public and private sector, including:

- Since June 2018, state-owned companies have been classified according to their profitability, as well as the viability of their operations.
    - o Those companies classified in the highest tier are companies that are potential candidates for initial public offerings.

- The companies classified in the lowest tier are distressed companies, which are potential candidates for restructuring and sale of idle assets (including land). For example, 23 spinning and weaving companies have been placed in this category, together with certain metallurgical companies. Restructurings are generally based on a technical audit and assessment of the viability of the existing plant and required investments and are conducted by specialised consultants with international experience.

- Promoting partnership initiatives with the private sector as a means to gain technical know-how, modern management techniques and financial expertise; these partnership initiatives are encouraged, in particular, in the restructuring of facilities and expansion projects. Examples of announced invitations for expressions of interest from specialised strategic partners include the project for the renovation of the Shepherd Hotel and the restructuring of certain transport and engineering companies.

In March 2018, the Prime Minister announced the first phase of the Government's privatisation programme, pursuant to which the Government intends to offer a 15-30% stake in a number of state-owned companies over the next two to three years to external investors. In July 2018, the Government announced the first five state-owned companies that are expected to offer shares under the programme: (i) Alexandria Mineral Oils Company; (ii) Eastern Tobacco; (iii) Alexandria Container and Cargo handling; (iv) Abou Kir Fertilizers; and (v) Heliopolis Housing. No transactions have yet been completed.

Any initial public offering or other sale of a minority stake in a state-owned company is expected to be structured to: (i) attract FDI; (ii) enhance transparency and corporate governance in such companies; (iii) improve stock market liquidity and introduce new sectors to the Egyptian Stock Exchange (the "**EGX**"); (iv) diversify Government revenue sources; and (v) widen stock ownership in Egypt.

Principles of Corporate Governance, Good Management and Disclosure

The Government has encouraged the modernisation of public sector enterprise management through the introduction and adoption of best practice corporate governance and improved disclosure. The Egyptian Institute of Directors, established in 2003 by the Ministry of Investment, is in charge of the adoption of corporate governance principles by both public and private sector companies in Egypt and provides workshops and training courses to acquaint management with these principles. In 2011, the Egyptian Institute of Directors was transferred from the authority of Ministry of Investment to the Egyptian Financial Supervisory Authority ("**EFSA**"). In October 2017, EFSA was renamed as the Financial Regulatory Authority. The Egyptian Institute of Directors collaborates with a number of leading international organisations, including the United Nations Development Program, the World Bank Institute, International Finance Corporation, the Organisation for Economic Cooperation and Development, the EU, the Center for International Private Enterprise and other local authorities.

The Board of Directors of the Financial Regulatory Authority has issued a voluntary "Egyptian Corporate Governance Guide" for private and public sector companies, which is based on international and regional best corporate governance practices.

Gross Domestic Product

Following the 2011 Revolution, the growth rate of the economy (in real GDP terms) slowed to 2.2% in 2011/12, 2.2% in 2012/13 and 2.9% in 2013/14 before increasing to 4.4% in 2014/15 and subsequently decreasing to 4.3% in 2015/16 and 4.2% in 2016/17 and increasing to 5.3% in 2017/18. In nominal terms, the growth rate of the economy was 12.4% in 2012/13 and 14.6% in 2013/14, 12.1% in 2014/15, 8.1% in 2015/16, 27.5% in 2016/17 and 27.9% in 2017/18.

The slower rate of growth in recent years reflects the political and security challenges that Egypt has faced since 2011. These challenges have resulted in a reduction in net FDI inflows, a decline in Suez Canal receipts and declines in manufacturing outputs, exports, earnings from tourism and earnings in the extractive industry sector as a result of the significant decline in international crude oil prices. Growth has recently increased, as confidence has increased due to improved political stability and the Government's adoption of reform measures. See "*—Recent Developments and Reforms*".

For the period from July 2017 to March 2018, real GDP grew by 5.3%, as compared to 3.8% in the corresponding period in 2016/17. The acceleration in real GDP growth in July 2017 to March 2018, as compared to July 2016 to March 2017, was primarily due to growth in the wholesale and retail, petroleum and non-petroleum manufacturing, construction, telecommunications and natural gas sectors. According to preliminary GDP estimates for 2017/18, real GDP grew by 5.3%, primarily due to increases in investment and net exports. The diversified nature of the Egyptian economy, however, reduces the Egyptian economy's reliance on any one sector, with a broad range of sectors, including agriculture, the extractive industries, manufacturing and tourism, all contributing significantly to the overall recovery of the economy in the past two years.

The commodity sector includes agriculture, forestry and fishing, extractive industry, manufacturing, electricity, water and construction and building. It contributed LE 1,569.7 billion to GDP in 2016/17, or 46.0%, making it the largest contributor to GDP. In 2016/17, the commodity sector grew, in nominal terms, by 31.0% and, in 2015/16, the commodity sector grew, in nominal terms, by 2.1%. The continued growth in 2016/17 was primarily attributable to increases in the manufacturing industries, which grew by 25.0% in 2016/17, and the construction and building industry, which grew by 34.1% in 2016/17. The continued growth in 2015/16, as compared to 2014/15, was primarily due to increases in the agriculture sector, which grew by 14.5% in 2015/16, and other manufacturing industries, which grew by 12.0% in 2015/16. The commodity sector contributed LE 1,566.3 billion to GDP in the period from July 2017 to March 2018, or 47.9%.

Production services include transport and warehousing, telecommunications, information, revenues from the Suez Canal, wholesale and retail trade, financial intermediation, insurance, social insurance and tourism. The production services sector contributed LE 996.4 billion to GDP, or 29.2%, in 2016/17. In 2016/17, the production services sector grew, in nominal terms, by 28.6%, as compared to 12.6% in 2015/16. This growth was primarily attributable to increases in the rate of growth of the wholesale and retail trade industry, which grew by 26.3% in 2016/17, the transport and warehousing industry, which grew by 26.4% in 2016/17, the financial intermediation business, which grew by 22.9% in 2016/17, and the insurance industry (including social insurance), which grew by 23.2% in 2016/17. The production services sector contributed LE 976.4 billion to GDP for the period from July 2017 to March 2018, or 29.8%.

Social services include general Government services, education, health, real estate and other services. The social services sector contributed LE 843.4 billion to GDP, or 24.7%, in 2016/17. General Government expenditures represented 35.8% of this sector in 2016/17, or LE 301.8 billion, and grew by 9.1% in 2016/17. Growth in the sector was primarily attributable to increases in the rate of growth of the real estate sector, which grew by 28.1% in 2016/17, the education sector, which grew by 26.5% in 2016/17 and the healthcare sector, which grew by 25.7% in 2016/17. The social services sector contributed LE 730.2 billion to GDP for the period from July 2017 to March 2018, or 22.3%.

The following table sets forth the composition of Egypt's GDP at market prices (including net indirect taxes) for the periods indicated.

Nominal Gross Domestic Product[1]

	2012/13	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**Jul. – Mar. 2016/17**	**Jul. – Mar. 2017/18[2]**
	(LE billions, except where indicated)						
Nominal GDP	**1,860**	**2,130**	**2,444**	**2,709**	**3,470**	**2,566**	**3,363**
Domestic Demand	**1,978**	**2,310**	**2,651**	**2,968**	**3,893**	**2,909**	**3,720**
Final Consumption	1,714	2,019	2,302	2,561	3,363	2,517	3,176
Private Consumption	1,503	1,767	2,015	2,251	3,013	2,271	2,912
Public Consumption	211	252	287	310	350	246	264.9
Investment[3]	264	291	349	408	530	392	544
Net Exports.................	**(118)**	**(180)**	**(207)**	**(259)**	**(423)**	**(343)**	**(357)**
Exports of Goods and Services[4]	317	303	322	280	566	360	613
Imports of Goods and Services	435	483	529	539	989	703	970.1
Final Consumption (% of GDP)	*92*	*95*	*94*	*95*	97	98	94
Investment (% of GDP)[3]	*14*	*14*	*14*	*15*	15	15	16
Exports of Goods and Services (% of GDP)[5]..	*17*	*14*	*13*	*10*	16	14	18
Imports of Goods and Services (% of GDP).....	*23*	*23*	*22*	*20*	29	27	29

Source: Ministry of Planning, Monitoring and Administrative Reform

Notes:

(1) The figures in this table have been revised and differ from previously published data. See "*Presentation of Information*".

(2) Preliminary data.

(3) Includes fixed capital formation and change in inventory.

(4) Includes shares of foreign partners in the oil sector.

The following table sets forth the composition of Egypt's GDP at constant prices (including net indirect taxes) for the periods indicated.

Gross Domestic Product at Constant Prices[(1)]

	2012/13	2013/14	2014/15	2015/16	2016/17	Jul. – Mar. 2016/17	Jul. – Mar. 2017/18[(2)]
	(LE billions, except where indicated)						
Real GDP	**1,711**	**1,761**	**1,838**	**1,918**	**1,998**	**2,566**	**2,701**
Final Consumption	1,489	1,634	1,725	1,803	1,875	2,517	2,553
Private Consumption	1,304	1,426	1,503	1,573	1,639	2,271	2,302
Public Consumption	185	207	222	231	237	246	251
Investment[(3)]	233	250	272	302	336	392	445
Net Exports	**(114)**	**(154)**	**(159)**	**(188)**	**(213)**	**(343)**	**(297)**
Exports of Goods and Services[(4)]	291	256	254	217	404	360	525
Imports of Goods and Services	405	410	413	405	617	703	822
Final Consumption (% of GDP)	*87*	*93*	*94*	*94*	*94*	*98*	*95*
Investment (% of GDP)[(3)]	*14*	*14*	*15*	*16*	*17*	*15*	*17*
Exports of Goods and Services (% of GDP)[(4)]	*17*	*15*	*14*	*11*	*20*	*14*	*19*
Imports of Goods and Services (% of GDP)	*24*	*23*	*22*	*21*	*31*	*27*	*30*

Source: Ministry of Planning, Monitoring and Administrative Reform

Notes:

(1) The figures in this table have been revised and differ from previously published data. See "*Presentation of Information*".

(2) Preliminary data.

(3) Real GDP at constant prices for 2012/13 – 2016/17 is calculated using 2011/12 as the base year. Real GDP at constant prices for 2017/18 is calculated using 2016/17 as the base year.

(4) Including change in inventory.

Principal Sectors of the Economy

The following table sets forth the composition of Egypt's nominal GDP at factor cost, by economic activity, at current prices for the periods indicated.

Gross Domestic Product by Sector (at Factor Cost)(1)(2)

	2012/13	2013/14	2014/15	2015/16	2016/17	July-Mar 2016/17	July-Mar 2017/18(3)
			(LE millions, except where indicated)				
GDP	**1,924,808**	**2,205,594**	**2,473,100**	**2,674,410**	**3,409,503**	**2,512,153**	**3,272,900**
Nominal GDP Growth Rate *(%)*	**12.4**	**14.6**	**12.1**	**8.1**	**27.5**	**24.3**	**30.3**
Total Commodity Sector	**951,805**	**1,091,157**	**1,173,665**	**1,198,239**	**1,569,691**	**1,162,698**	**1,566,305**
Growth (%)	*12.5*	*14.6*	*7.6*	*2.1*	*31.0*	*27.4*	*34.7*
Agriculture, Forestry and Fishing	209,748	241,493	278,460	318,878	398,539	301,266	384,260
Extractive Industry	309,074	350,659	314,139	214,842	326,940	228,420	358,013
Petroleum	124,748	146,953	137,711	91,440	142,965	99,646	144,263
Natural Gas	159,339	175,371	144,427	86,801	138,756	96,457	172,896
Growth (%)	*9.9*	*10.1*	*(17.6)*	*(39.9)*	*59.9*	50.7	79.2
Other	24,987	28,336	32,000	36,600	45,219	32,317	40,853
Manufacturing Industry	308,982	357,296	408,069	456,299	570,590	437,460	566,412
Petroleum Refinement	82,792	95,446	102,274	113,909	134,050	100,285	129,387
Other	226,190	261,849	305,795	342,390	436,540	337,175	437,025
Electricity	30,173	33,974	39,216	46,422	58,320	42,752	54,543
Water	11,353	12,602	14,247	16,349	20,204	14,846	18,788
Construction and Building	82,475	95,133	119,535	145,450	195,098	137,953	184,289
Growth (%)	*16.2*	*15.3*	*25.7*	*21.7*	*34.1*	31.1	33.6
Total Production Services	**530,570**	**592,963**	**687,991**	**774,707**	**996,399**	**743,589**	**976,404**
Growth (%)	*10.8*	*11.8*	*16.0*	*12.6*	*28.6*	24.7	31.3
Transport Rate and Warehousing	78,358	91,130	107,473	125,908	159,173	113,220	146,288
Telecommunications	43,002	46,433	48,886	54,000	62,294	46,142	57,794
Suez Canal	32,396	37,236	39,403	41,215	76,714	52,786	73,134
Growth (%)	*3.8*	*14.9*	*5.8*	*4.6*	*86.1*	65.8	38.5
Wholesale and Retail Trade	237,390	273,391	319,967	374,745	473,235	357,371	459,453
Financial Intermediation	71,615	82,157	94,611	108,812	133,782	103,376	131,002
Insurance and Social Insurance	13,981	16,055	18,774	21,615	26,635	19,299	24,267
Tourism (Hotels and Restaurants)	53,827	46,561	58,877	48,414	64,567	51,395	84,267
Growth (%)	*17.8*	*(13.5)*	26.5	*(17.8)*	*33.4*	19.1	64.0
Total Social Services	**442,433**	**521,474**	**611,444**	**701,463**	**843,414**	**605,867**	**730,192**
Growth (%)	*14.0*	*17.9*	*17.3*	*14.7*	*20.2*	18.2	20.5
Real Estate	174,151	200,679	237,149	279,914	358,496	257,353	328,591
General Government	174,234	213,144	249,288	276,488	301,772	213,636	229,821
Education	32,486	37,424	43,518	50,519	63,907	46,646	59,453
Health	40,875	46,451	54,194	62,816	78,934	58,758	74,736
Other Services(5)	20,687	23,777	27,296	31,726	40,304	29,474	37,590

Source: Ministry of Planning, Monitoring and Administrative Reform

Notes:

(1) The figures in this table have been revised and differ from previously published data. See "*Presentation of Information*".

(2) In current prices.

(3) Preliminary data.

(4) Breakdowns of full-year GDP figures for 2017/18 are not available. According to published estimates, real GDP grew by 5.3% in 2017/18. The IMF estimates that real GDP is expected to grow by 5.2% in 2018 and 5.5% in 2019.

(5) Includes the information sector.

Investment by Sector

The single largest contributor to investment in the Egyptian economy is the private business sector, which invested LE 270.8 billion in the Egyptian economy (or 52.6% of total investment) in 2016/17. Public sector entities, including the Government, Economic Authorities (See "*Public Finance—Treatment of Public Sector and State-Owned Enterprises—Economic Authorities*") and state-owned companies, invested LE 243.5 billion (or 47.4% of total investment) in the Egyptian economy in 2016/17. The commodity sector received 48.6% of total investment (which represented 7.2% of GDP) in 2016/17, the production services sector received 21.8% of total investment (which represented 3.2% of GDP), and the social services sector received 29.6% of total investment (which represented 4.4% of GDP).

From July 2017 to March 2018, investments grew by LE 151.7 billion, or 40.4%, as compared to the corresponding period in 2016/17.

The following table sets forth the distribution of total investments in the Egyptian economy between July 2017 and March 2018.

Distribution of Investment in the Egyptian Economy[(1)(2)]

	Government	Economic Authorities	Public Business Sector	Private Business Sector	Total	Percentage of Total Investments
			(LE millions)			*(%)*
Total Investments	**71,202**	**22,699**	**51,811**	**266,973**	**527,685**	**100.0**
Total Commodity Sector	**9,549**	**4,457**	**48,213**	**122,918**	**185,137**	**35.1**
Agriculture, irrigation and fishing	5,226	296	—	14,600	20,122	3.8
Crude oil, mining and natural gas[(3)]	36	5	4,214	58,218	62,473	11.8
Manufacturing industries and petroleum products	67	2	4,425	41,600	46,094	8.7
Electricity and water	3,924	4,151	38,324	—	46,399	8.8
Construction and building	296	3	1,250	8,500	10,049	1.9
Total Production Services	**25,394**	**15,389**	**3,410**	**58,083**	**102,276**	**19.4**
Transportation and communication[(4)]	25,389	13,572	2,827	40,983	82,771	15.7
Wholesale and retail trade	—	1,762	132	13,600	15,494	2.9
Financial services, insurance and social solidarity	—	46	1	—	47	0.0
Tourism	5	9	450	3,500	3,964	0.8
Total Social Services	**36,259**	**2,853**	**188**	**85,972**	**240,272**	**45.5**
Housing and real estate activities	10,714	591	—	55,700	67,005	12.7
Educational services	9,800	449	—	8,900	19,149	3.6
Health services	3,073	180	—	8,050	11,303	2.1
Other services[(5)]	12,672	1,633	188	13,322	142,816	27.1

Source: Ministry of Planning, Monitoring and Administrative Reform

Notes:
(1) Preliminary data.
(2) Excluding change in inventory.
(3) Including crude oil, natural gas and other extractions.
(4) Including Suez Canal investments and information services.
(5) Including settlements, other central investment sewage services and replacement and maintenance of assets.

Commodity sector

Egypt's commodity sector is well diversified and represented 46.0% of GDP in 2016/17, as compared to 44.8% of GDP in 2015/16. The commodity sector includes agriculture, forestry and fishing, extractive industry, manufacturing, electricity, water and construction and building.

Agriculture, forestry and fishing

The agricultural, forestry and fishing sector accounted for 11.7% of GDP in 2016/17, as compared to 11.9% of Egypt's GDP in 2015/16. From July 2017 to March 2018, the sector grew by 27.5% in nominal terms, as compared to the corresponding period in 2016/17, accounting for 11.7% of GDP.

Approximately 96% of Egypt's total area is desert. The lack of forests, permanent meadows or pastures places a heavy burden on the available arable land.

Agricultural land in Egypt is primarily located in the Nile River valley and the Delta. According to statistics published by CAPMAS in 2017, in 2016, the total planted area was approximately 9.0 million acres (3.6 million hectares), representing approximately 3.6% of the total land area of Egypt. Other than along the Mediterranean coast, all agricultural land in Egypt is irrigated. Agricultural landholdings are fragmented, with average farm sizes of 2 *feddans* (0.8 hectares). Land under cultivation in Egypt is generally productive, with some land able to yield harvests two or three times per year, however increasing salinity affects up to 35% of land under cultivation. Certain principal field crops are corn, rice, wheat, sugar, sorghum, and broad beans (*fava ful*). Despite a considerable output, cereal production in Egypt falls short of total consumption needs. Accordingly, a proportion of foreign exchange is spent annually on the import of cereals and milling products. Other important crops include sugar cane, tomatoes, sugar beets, potatoes and onions. Many varieties of fruit are grown, and some, such as citrus fruits, are exported.

Agricultural Policy

Agricultural policy is a key component of the Government's development plans for the economy. Government objectives for the agricultural sector include: (i) ensuring the sustainable use of natural, agricultural resources; (ii) increasing agricultural productivity; (iii) raising the food security of strategic food commodities; (iv) increasing the competitiveness of Egyptian agricultural products in local and international markets; (v) improving the climate for agricultural investment; and (vi) improving the living standards of rural inhabitants and reducing poverty rates in rural areas. In particular, the Government's Agricultural Development Strategy aims to improve agricultural productivity by 2030 through: (i) planting newly-developed crop varieties, which are resistant to drought, salinity and pests; (ii) planting earlier-maturing crop varieties; (iii) increasing clover productivity; (iv) developing long- to medium-staple cotton varieties, which yield higher economic returns; and (v) improving integrated farm management and cultural practices.

The following table sets out targeted crop productivity in 2030 under the Agricultural Development Strategy, by crop type:

Targeted Crop Productivity

Crop	**Yield in 2030**
	(tonnes per feddan)
Wheat	3.6
Rice	5.2
Maize	5.0
Sugar Cane	65.4
Sugar Beet	35.0
Perennial Clover	50.0
Citrus	15.0
Grape	14.0
Mango	10.0
Tomatoes	30.0
Potatoes	14.0

Source: Agricultural Research Centre

Staple Production and Imports

Although Egypt is the world's largest wheat-importing country, wheat occupies approximately 35% of the total winter crop area and is the major staple crop. Egypt has one of the highest *per capita* wheat consumption levels in the world), consumed mainly as bread. According to statistics published by the Ministry of Agriculture and Land Reclamation, as of March 2016, over 1.4 million hectares of crop area produced approximately 22.1 million tonnes of wheat. Despite increases in wheat output in recent years, Egypt continues to import substantial quantities of wheat from the United States, Canada, France, Ukraine, Russia and Argentina, among others. Total domestic consumption of wheat in 2017 was estimated at 19.8 million tonnes, including 12.3 million tonnes of imported wheat (representing approximately 62% of total wheat consumption).

In June 2014, the Government introduced plans to gradually overhaul the food subsidy scheme, pursuant to which in-kind food subsidies (*i.e.*, subsidising specific quotas for sugar, edible oil and rice) are being replaced by allocating subsidies of LE 15 to each beneficiary, which can, in turn, be used to purchase any of 54 commodities. The nationwide roll-out of this scheme was completed in 2015. In 2017/18, the Government spent LE 35.2 billion (according to preliminary estimates) on bread subsidies (as compared to LE 25.2 billion in 2016/17) and LE 40.4 billion (according to preliminary estimates) on subsidies in the form of ration cards for food items (as compared to LE 22.3 billion in 2016/17. See "*Public Finance—Social Spending and Subsidies*".

The Government has sought to reduce its reliance on imports, in particular wheat imports, through the adoption of measures to ensure that the maximum amount possible of each harvest reaches mills safely and in good condition. Upgrades to Egypt's network of silos, as well as planned improvements in logistics, are expected to reduce harvest wastage. In May 2014, nine new silos with a combined capacity of 45,000 tonnes, were opened in Alexandria, with a further 18 units, each capable of holding 5,000 tonnes of grain, opened in 2015. The new silos are part of a broader programme, announced in 2014, to expand the country's grain storage capacity from 3.0 million tonnes to 4.5 million tonnes in order to both reinforce food security and reduce wastage. Such measures are, in turn, also expected to reduce Egypt's imports bill. This programme is supported by the United Arab Emirates, which has provided funding for the construction of up to 25 wheat silos with a combined capacity of 1.5 million tonnes.

Egypt has one of the highest *per capita* consumption rates of sugar in the world at 73 lbs (34 kg) per year. According to the U.N. Food and Agricultural Organisation, the global average sugar consumption per capita is 51 lbs (23 kg) per year. According to statistics published by the U.S. Department of Agriculture, Egypt consumed 3.1 million metric tonnes of sugar in 2017/18, with approximately 960,000 metric tonnes of raw sugar imported from sugar-producing nations. Both sugarcane and sugar beet are grown on approximately 588,000 acres, mainly in Upper Egypt and the Delta. A number of sugar beet production projects have been announced since 2013, which are ongoing.

Rice is a major summer crop in Egypt, occupying approximately 10% of Egypt's land under cultivation. The Egyptian rice crop is irrigated and cultivation is largely located in the northern part of the Delta. Egypt is a net exporter of rice, exporting 0.7 billion tonnes in 2017. In December 2015, President Al-Sisi launched a project aimed at expanding Egyptian farmland by 1.5 million feddans through the reclamation of desert land in the Delta. Although originally announced to be completed within two years, this reclamation project has been subject to delays. The commencement of the second phase of the project was officially announced at the end of 2017. The state-owned Egyptian Rural Development Company is overseeing the sale and distribution of desert land earmarked for reclamation.

In June 2018, the World Food Programme approved the Egypt Country Strategic Plan (2018-2023), with the aim of promoting agricultural development and food security in Egypt. The Egypt Country Strategic Plan (2018-2023) identifies five strategic outcomes: (i) food-insecure and most-vulnerable children and families in targeted areas of Egypt have access to adequate food all year round; (ii) food-insecure refugees, displaced populations and host communities in Egypt have access to adequate food all year round; (iii) certain targeted populations in Egypt have improved nutritional status by 2030; (iv) vulnerable smallholder farmers and Bedouin communities in targeted governorates of Egypt have resilient livelihoods by 2030; and (v) Egypt has enhanced capacity to target and assist vulnerable populations and share its experience with selected countries to achieve the goal of eliminating hunger by 2030.

Manufacturing

The manufacturing sector accounted for 16.7% of Egypt's GDP in 2016/17, as compared to 17.1% of Egypt's GDP in 2015/16. Egypt's largest manufacturing industries are food processing and textiles, which benefit from Egypt's competitive advantage in these sectors. Other major manufacturing industries include metallurgy, fertilisers, automotive assembly, pharmaceuticals and cement. From July 2017 to March 2018, the sector grew, in nominal terms, by 29.5%, as compared to the corresponding period in 2016, accounting for 17.3% of Egypt's GDP.

Egypt is Africa's second largest oil refining country and accounts for approximately 23% of total domestically-refined crude oil in Africa. Petroleum refining contributed LE 134.1 billion, or 3.9%, to Egypt's GDP in 2016/17, as compared to LE 113.9 billion, or 4.3% in 2015/16, and LE 92.9 billion, or 4.1% to Egypt's GDP in the three months ended 31 December 2017, as compared to LE 69.5 billion, or 4.2% in the corresponding period of 2016. There are seven refineries in Egypt, all of which are operated by EGPC, with the exception of the MIDOR Refinery in Alexandria, which is 78%-owned by EGPC, with the remainder held by other state-owned energy companies. EGPC's refineries sell a full range of refined petroleum products, including liquefied petroleum gas ("**LPG**"), naphtha, gasoline, gas oil (*i.e.*, diesel fuel) and fuel oil.

Since 2001, a number of international cement companies, including Italcementi, Cemex, Titan, Lafarge and Cimpor, have invested in the Egyptian cement industry. The Egyptian cement industry is facing challenges primarily arising from the increased price and short supply of natural gas, a key input for cement production. The price of natural gas for energy-intensive industries, such as the cement industry, was increased by the Government from U.S.$3.00 to U.S.$4.00 per million British thermal units ("**MBTU**") in 2012 and was further increased to U.S.$6.00 per MBTU in February 2013. In June 2014, in line with the Government's decision to reduce fuel subsidies, the price of natural gas was increased further to U.S.$8.00 per MBTU. In June 2018, average gasoline, diesel, kerosene and fuel oil prices were increased by 44% to achieve a pre-tax price-to-cost ratio of 73% for all fuel products. There are approximately 20 cement factories in Egypt, which consumed an aggregate of approximately 9% of the total amount of natural gas produced in Egypt in 2016/17, behind only the consumption of the electricity and fertiliser industries. In June 2014, in order to diversify Egypt's energy consumption mix, the Government lifted the ban on the import and use of coal for energy generation by the cement industry, thereby helping the industry to increase utilisation rates and provide certain cost savings.

In 2017, 181,100 automobiles were sold in Egypt, as compared to 264,100 in 2016. According to statistics published by *Organisation Internationale des Constructeurs d'Automobiles* ("**OICA**"), sales of passenger vehicles decreased by 37.9% from 214,800 in 2016 to 133,391 in 2017, and sales of commercial vehicles decreased by approximately 3.4% over the same period. There are approximately 556 companies in the car assembly and automobile parts industries, which generate sales of approximately LE 40 billion (LE 30 billion of which is generated by sales of private automobiles). A number of major brands, including General Motors, Mercedes, Hyundai, BMW and China's Chery, assemble automobiles in Egypt. In 2017, 9,970 passenger automobiles and 26,670 commercial vehicles were produced in Egypt, an increase of 1.3% from the previous year. Egypt also has a growing automobile components industry which takes advantage of the country's low labour costs, low overheads and geographical location. With a large domestic market and a substantial local manufacturing base, Egypt's automotive retail sector is one of the largest in the MENA region.

Extractive Industry

Petroleum and related products comprise one of Egypt's key economic sectors. The extractive industry (excluding petroleum refining) accounted for 9.6% of GDP in 2016/17 and 8.0% of GDP in 2015/16. From July 2017 to March 2018, the extractive industry expanded by 56.7%, as compared to the corresponding period in 2016/17, accounting for 10.9% of GDP, principally due to an increase in international oil prices.

Fluctuations in world oil prices impact the contribution of this sector to GDP. According to statistics published by the U.S. Energy Information Administration, the average spot price of Brent crude oil declined to U.S.$43.64 per barrel in 2016, as compared to U.S.$52.32 per barrel in 2015 and U.S.$98.97 per barrel in 2014. As at 8 November 2018, the wholesale spot price of Brent crude oil was U.S.$69.29 per barrel. In addition to petroleum and natural gas, Egypt's natural resources include iron ore, phosphates, manganese, limestone, gypsum, coal, lead, talc and zinc. Iron ore is mined in the western desert and near Aswan in southern Egypt. Phosphates are mined in the Sinai Peninsula.

EGPC, the main state-owned entity acting in the oil and gas sector, accounts for approximately 20% of oil production. Multinational companies, such as Apache Corporation, ENI, Dana Gas, GDF Suez Group, Hess, Shell, Total Gas & Power, BG and BP, have operated both upstream and downstream activities in Egypt's petroleum and natural gas industry for many years, helping to achieve significant developments in the sector and the discovery of further reserves. The Government encourages foreign entities to conduct exploration for new oil and gas fields throughout the Republic. Once a new field has been identified, the foreign entity and either EGPC or EGAS generally enter into a development lease agreement and establish a joint operating company to develop the new field.

In December 2014, a law on mineral wealth was passed to regulate the exploration, extraction and mining of, *inter alia*, metals, mineral water, evaporative salt and precious stones. The law sets forth the procedures to obtain licences for such activities and for the Government to provide the right to exploit plots of land on which mining, exploitation and exploration activities are conducted.

Petroleum

Petroleum production accounted for 4.2% of GDP in 2016/17 and 3.4% of GDP in 2015/16. From July 2017 to March 2018, the sector increased by 44.8%, as compared to the corresponding period in 2016, accounting for 4.4% of GDP. Foreign and local investments in the oil sector increased from U.S.$8.1 billion in 2016/17 to U.S.$8.8 billion in 2017/18.

The number of oil sector agreements between Egypt and international oil companies or other countries increased to a total of 524 such agreements in place in 2017/18. New field exploration activity increased in 2017/18 with 50 exploration projects underway during the year, as compared to 46 projects in 2016/17.

According to statistics published by EGPC, Egypt's oil is produced in the Western Desert (55%), the Gulf of Suez (21%), the Eastern Desert (10%), Sinai (9%), the Mediterranean Sea (3%), the Delta (2%) and Upper Egypt (less than 1%). Most of Egypt's oil production is derived from relatively small oil fields that are connected to larger, regional production systems. Oil fields in Egypt are considered mature as they have been producing oil since the 1960s. As Egypt's current oil fields continue to mature, production from these fields has fallen. EGPC is the economic corporation responsible for the development and exploitation of Egypt's petroleum resources and for ensuring the supply of various petroleum products within Egypt. In recent years, two companies have been formed that operate alongside EGPC: EGAS, which focuses on natural gas activities and the exploitation of gas reserves, and Egyptian Petrochemical Holding Company ("**ECHEM**"), which focuses on the petrochemicals business. Ganoub El-Wady Petroleum Holding Company ("**GANOPE**") has also been established to develop oil and gas activities in Southern Egypt. EGAS, ECHEM and GANOPE are wholly-owned subsidiaries of EGPC.

In recent years, the country has experienced shortages of fuel that have prompted an increased demand for alternative sources of supply, although the Government had previously sought to address fuel price increases as a result of shortages through the use of subsidies. Since July 2014, however, the Government has sought to reduce such subsidies and has implemented a number of fuel price increases, the most recent of which were implemented in June 2018. See "—*Electricity Subsidies*" and "*Public Finance—Social Spending and Subsidies*".

EGPC paid U.S.$5.5 billion in arrears to international oil and gas companies in 2015/16, which reduced arrears to U.S.$3.4 billion, as at 30 June 2016. EGPC paid the full amount in respect of its purchases of oil, gas and condensates in 2015/16, as well as certain invoices relating to previous years.

On 16 May 2017, EGPC paid U.S.$750 million in respect of arrears owed to international oil and gas companies. EGPC made a further U.S.$750 million payment in respect of arrears in June 2017, following which the outstanding arrears owed to international oil companies were reduced to approximately U.S.$2.4 billion. In January 2018, EGPC paid U.S.$200 million in respect of arrears owed to international oil and gas companies. As at 30 June 2018, the remaining outstanding arrears were approximately U.S.$1.2 billion. See "*—Energy Reform Strategy*" and "*Public Finance—Social Spending and Subsidies*".

The following table sets forth the amount of petroleum and product production and consumption for the periods indicated.

Petroleum and Product Production and Consumption

	2013/14	2014/15	2015/16	2016/17	2017/18
	(millions of tonnes)				
Production					
Crude Oil, LPG and Condensates	34.5	35.2	34.6	32.2	32.1
Natural Gas	39.2	35.2	31.3	31.9	40.9
Total Production	**73.7**	**70.4**	**65.9**	**64.1**	**73.0**
Domestic Consumption					
Petroleum and Petrochemical Products	29.7	38.0	39.4	38.0	35.0
Natural Gas	37.6	35.3	36.8	41.5	44.7
Total Consumption	**67.3**	**73.3**	**76.2**	**79.5**	**79.7**

Sources: Information and Decision Support Centre, Ministry of Petroleum

Natural gas

Natural gas production accounted for 4.1% of GDP in 2016/17 and 3.2% of GDP in 2015/16. From July 2017 to March 2018, the sector increased by 79.2%, as compared to the corresponding period in 2016, accounting for 5.3% of GDP.

In August 2017, a law on natural gas activities was passed, which established the Gas Activities Regulatory Authority to supervise activities and licence new providers in the natural gas sector and opened the natural gas market to competition from the private sector. Pursuant to the law, private sector companies may directly ship, transport, store, market and trade natural gas using pipeline and network infrastructure.

As at 31 December 2014, the Ministry of Petroleum estimated that Egypt's total proven gas reserves were 77 trillion cubic feet ("**TCF**"), which are believed to be the third highest in Africa, after Nigeria and Algeria. Over 80% of Egypt's natural gas reserves are located in the Mediterranean and Nile Delta. In 2015/16, Egypt produced approximately 31.3 million tonnes of natural gas, as compared to 35.2 million tonnes in 2014/15. In 2015/16, gas produced from reserves in the Mediterranean region accounted for approximately 51% of total sales of natural gas, as compared to the Western Desert (34%), the Delta (12%) and the Suez Gulf and Sinai region (3%).

Exploration projects for, and discoveries of, natural gas have increased in recent years. In 2015/16, there were 14 discoveries of natural gas (three located in the Mediterranean Sea, six in the Western Desert, four in the Delta and one in the Eastern Desert). These discoveries are expected to increase Egypt's reserves by 22.4 TCF of natural gas and 30.5 mmsb of condensate. In 2016/17, there were 19 discoveries of natural gas (two located in the Mediterranean Sea, ten in the Western Desert, five in the Delta and two in the Eastern Desert). These discoveries are expected to increase Egypt's reserves by 2.0 TCF of natural gas and 19.6 mmsb of condensate. In 2017/18, there were 16 discoveries of natural gas (14 in the Western Sahara and two in the Delta).

In August 2015, the Ministry of Petroleum announced two large gas field discoveries by BP (the Atoll Field) and Eni S.A. (the Zohr Field). In June 2016, BP approved investment in the first phase of development of the Atoll Field, which is expected to deliver its first gas in the first half of 2018 and to provide 300 mcf per day of gas to the Egyptian market. In September 2016, Eni S.A. completed the drilling of the fifth well on the Zohr Field, which confirmed the potential of the field to be 30 TCF of original gas in place. BP and Rosneft acquired interests (of 10% and 30%, respectively) in the concession containing the Zohr field from Eni S.A. in February 2017 and October 2017, respectively. Production at the Zohr Field commenced on 20 December 2017 with initial production levels of 350 mcf per day.

In May 2017, BP announced that it had started gas production from the first two fields of the West Nile Delta development eight months ahead of schedule. In May 2018, Eni S.A. announced that production at the Nooros field, which is located offshore the Nile Delta and commenced production in September 2015, had reached a production level of 215,000 barrels of oil equivalent per day.

EGAS's strategy is to maximise Egypt's natural gas reserves and to attract further investment and create additional job opportunities in the sector. In line with this strategy and following a tender process involving international oil and gas companies, EGAS awarded four new blocks in the Mediterranean Sea in 2015 for gas and crude oil exploration activities. The exploration agreements for these blocks were signed in December 2016 and January 2017. In May 2018 EGAS announced an international tender procedure for 16 new blocks (13 located offshore in the Mediterranean Sea and three located onshore in the Delta). The tender procedure is expected to be finalised by the end of 2018. For the first time, Egypt is offering areas in the Red Sea for exploration. The tender for such exploration is expected to be completed by the end of 2018.

EGAS and the Government's strategy in the natural gas sector is to prioritise domestic market demand and provide support to certain sectors, including the electricity sector, to meet domestic energy needs. In order to cover the gap between natural gas production and consumption, EGAS has been taking steps since March 2015 to import liquid natural gas ("**LNG**") for the domestic market. EGAS' import strategy focuses on the use of floating storage regasification units ("**FSRUs**"), with the first two FSRUs delivered in April 2015 and November 2015, respectively.

As at 30 June 2018, 35 concession agreements were in effect, 24 of which were between EGAS and international companies for gas and crude oil exploration (representing 16 offshore concession agreements and eight onshore concession agreements) and 11 of which were between EGPC and international companies and were subject to EGAS' supervision (representing nine offshore concession agreements and three onshore agreements).

In 2015/16, eight natural gas development projects were initiated by EGPC or private investors to expand existing facilities or develop new gas fields. These projects had a total investment cost of U.S.$1.6 billion. In 2016/17, six natural gas development projects were initiated by EGPC or private investors to expand existing facilities or develop new gas fields. These projects had a total investment cost of U.S.$2.1 billion. In 2017/18, ten natural gas development projects were initiated by EGPC or private investors to expand existing facilities or develop new gas fields. These projects had a total investment cost of U.S.$5.6 billion.

In August 2016, Egypt and Cyprus entered into an agreement paving the way for the supply of gas to Egypt via an undersea pipeline.

In September 2018, Egypt and Cyprus entered into an intergovernmental agreement to construct an underwater pipeline for the transportation of natural gas, which is expected to promote the export of natural gas from Cyprus to Egypt's processing facilities for onward re-export to Europe.

EGAS has also constructed six high pressure pipelines, which increase the national gas grid by a total length of 126.5 km, and feeding lines to two new power stations, in order to meet increasing demands for natural gas.

Natural gas accounts for a greater proportion of energy production in Egypt than crude oil. The use of natural gas by power stations and industrial areas has increased. The share of natural gas consumed in the transportation sector has also been rising since the development of compressed natural gas ("**CNG**") infrastructure and vehicles. The electricity sector accounted for approximately 63% of local gas consumption in 2017/18, while the industrial sector accounted for approximately 22%, the petroleum sector accounted for approximately 10% and the residential and CNG sectors accounted for approximately 5%.

Egypt has been at the forefront of promoting the adoption of natural gas vehicles, starting with a pilot programme in 1985 supported by the Ministry of Petroleum. Subsequently, a number of private companies have entered the market. In 2017/18, 13,732 vehicles were converted to natural gas, resulting in over 244,000 CNG-powered vehicles on Egyptian roads. There are 188 CNG refuelling stations and 73 CNG conversion centres.

Domestic gas consumption is focused on a number of key areas, including electricity generation and industrial activities. EGAS, together with certain foreign investors, have developed a number of gas export projects, including two projects on the Mediterranean coast and one natural gas processing plant. At the Egypt Economic Development Conference at Sharm El Sheikh in March 2015, a number of international companies announced their investment intentions, which, if completed, would result in an increase in natural gas drilling and production activities and a corresponding increase in processing capacity. In particular, in March 2015, Dana Gas PSJC, a company incorporated in the United Arab Emirates, announced that it planned to invest U.S.$350 million in Egypt by 2018, which is intended to be used to develop new wells and facilities, for debottlenecking and to increase the company's natural gas production, although no investment has been made to date.

In August 2018, Italy's oil and gas company Eni announced the discovery of a new natural gas field in the Egyptian Western Desert. The discovery well was drilled on the Faramid South exploration prospect located in the East Obayed concession, 30 km north-west of the Melehia concession. The well reached the target depth of 17,000 ft and encountered several gas bearing layers in the Kathabta sandstones of Jurassic age. The well has been opened to production, delivering 25 million standard cubic feet per day, supporting the potential of the East Obeyed concession.

In 2001, Egypt agreed to supply Jordan with 2.3 billion cubic metres of natural gas per year for 15 years through the Arab Gas Pipeline ("**AGP**"), which commenced in 2003. The AGP originates in Egypt and connects to Jordan, Syria and Lebanon. Following a period of non-operation, the AGP resumed deliveries of natural gas in September 2018. The Egyptian National Grid is also connected to another pipeline to Ashkelon in Israel. There have been disputes following the termination of an agreement between EGPC, EGAS and EMG for the supply of gas for export to Israel. See "*The Arab Republic of Egypt—Legal Proceedings—Certain International Investment Treaty Claims*".

EGPC and EGAS are involved in two commercial arbitrations which arise from materially identical facts to the proceedings described in "*The Arab Republic of Egypt—Legal Proceedings—Certain International Investment Treaty Claims—Ampal-American Israel Corporation, EGI-Fund (08-10) Investors LLC, EGI-Series Investments LLC, BSS-EMG Investors LLC and David Fischer v. the Arab Republic of Egypt and Yosef Maiman, Merhav (mnf) Ltd., Merhav Ampal Group Ltd. and Merhav Ampal Energy Holdings Limited Partnership v. the Arab Republic of Egypt*" (the "**Gas Supply Investment Treaty Proceedings**"). Although related to the Gas Supply Investment Treaty Proceedings in terms of subject-matter, the two commercial arbitration cases discussed below do not involve the Republic. The Republic is not liable for any awards rendered or to be rendered in the future pursuant to these two commercial arbitrations.

In the arbitration captioned East Mediterranean Gas S.A.E. v. Egyptian General Petroleum Corporation, Egyptian Natural Gas Holding Company and Israel Electric Corporation Ltd, the arbitral tribunal issued an award on 4 December 2015 (the "**4 December 2015 Award**") in which it ordered EGPC and EGAS to pay damages of U.S.$288.9 million, plus interest, to EMG and U.S.$1.76 billion, plus interest, to Israel Electric Corporation Ltd.

On 25 April 2017, the Swiss Federal Tribunal rejected an application by EGPC and EGAS to set aside this award.

In the arbitration captioned Egyptian General Petroleum Corporation and Egyptian Natural Gas Holding Company v. East Mediterranean Gas S.A.E., EGPC and EGAS claim damages from EMG for breaches of the Gas Supply and Purchase Agreement (the "**GSPA**"), which it quantified at U.S.$326.75 million, plus interest. EMG claims damages for the wrongful conclusion of an amendment to the GSPA, delivery failures and the wrongful termination of the GSPA.

On 7 April 2017 the arbitral tribunal issued a partial award (the "**7 April 2017 Partial Award**") in which it dismissed a substantial part of EMG's claims, including its claim that an amendment to the GSPA was procured by coercion and/or fraud and its claim for damages due to alleged delivery failures. The arbitral tribunal also found EGPC and EGAS liable for the wrongful termination of the GSPA.

In a second award dated 31 January 2018 (the "**31 January 2018 Award**"), the arbitral tribunal ordered EGPC and EGAS to pay EMG U.S.$1.03 billion, while noting that part of that sum duplicates the amount EGPC and EGAS were ordered to pay EMG under the 4 December 2015 Award, which must only be paid once. Therefore, the maximum amount payable to EMG under both the 4 December 2015 Award and the 31 January 2018 Award is U.S.$1.0328 billion, exclusive of interest. The allocation of costs remains outstanding.

Electricity

Electricity generation accounted for 1.7% of GDP in both 2017/16 and 2015/16. From July 2017 to March 2018, the sector grew by 27.6%, as compared to the corresponding period in 2016/17, accounting for 1.7% of GDP.

The following table sets forth electricity generation and consumption for the periods indicated.

Electricity Generation and Consumption

	2013/14	2014/15	2015/16	2016/17	2017/18
	(millions of megawatt hours)				
Domestic Electricity Consumption					
Industrial	37.3	38.2	38.3	41.5	44.7
Commercial and household	66.9	72.3	81.6	72.4	75.2
Other	38.7	35.5	35.4	37.2	37.0
Total electricity consumed domestically	**142.9**	**146.0**	**155.3**	**151.1**	**156.9**
Electricity generated, but not consumed domestically (build-own-operate and transfer and interconnection)	0.7	1.0	1.0	0.5	0.7
Total Electricity Generated	**143.6**	**147.0**	**156.3**	**151.6**	**157.6**

Source: Ministry of Electricity and Energy

Electricity Generation

The Government views the electric power sector as a key contributor to growth in the productive sectors of the economy. Egypt has significant electricity generating capabilities. Notably, the Aswan High Dam serves as a source of hydroelectric power. As at 30 June 2018, total installed capacity of Egyptian power plants was approximately 55.1 GW (including hydroelectric, thermal and wind generating capacities). With demand for electricity growing at 2-5% per year, there are several new power plants being constructed in Egypt, and the Government expects that the total installed capacity will reach 59.4 GW by the end of 2019/20. Accordingly, the Government's energy policy focuses on increasing supply through improving the efficiency of existing electricity plants and networks, building new plants and diversifying sources of primary power for production of electricity.

The Government is expanding its electricity interconnection with neighbouring countries. To this end, the Government and the Saudi government entered into a U.S.$1.6 billion agreement to connect the two countries via a 1,336 km high voltage direct current interconnection line, including 16 km of marine and ground cables beneath the Gulf of Aqaba with a capacity of 3 GW. This project is expected to expand each country's electricity capacity by pulling from each other's supplies during peak demand times. According to Business Monitor International ("**BMI**"), peak demand times in Egypt and Saudi Arabia are at different times of the day (*i.e.*, noon and midnight in Saudi Arabia and after sunset in Egypt). The pilot phase of the project is expected to be completed in 2021.

Egypt's electric transmission grid is currently connected to Jordan, Syria, Iraq, Turkey and Libya. Egypt is also a part of the Nile Basin Initiative (an intergovernmental partnership of ten Nile Basin countries (including Egypt) with the aim of achieving sustainable socio-economic development through the equitable utilisation of, and benefit from, the common Nile Basin water resources) and has announced tentative plans to interlink its transmission grid with certain countries within the organisation.

Electricity in Egypt is produced by six public production companies, and there are nine distribution companies located in North Cairo, South Cairo, Alexandria, North Delta, South Delta, Suez Canal, El-Behera, Middle Egypt and Upper Egypt. Both production and distribution companies are wholly-owned by the Egyptian Electricity Holding Company.

In addition to the Aswan High Dam, hydroelectric power is also generated at Esna and the Nagah Hamadi hydroelectric power station, which have maximum generation capacities of 86 MW and 64 MW, respectively. In 2017/18, hydroelectric power provided 6.5% of Egypt's total generated power.

As part of Egypt's power generation expansion plan, the Government intends to diversify Egypt's power generation mix to reduce dependence on fossil fuel sources, which currently account for approximately 92% of generation. In this respect, the Government has awarded four contracts for 4.8 GW of nuclear power generation. The Government also plans to expand renewable energy capacity to 20% by 2022.

In May 2018, then-Prime Minister Ismail announced final offers made by three consortiums seeking to establish a 6,000 MW power generation project in Hamrawein district of the Red Sea governorate. The project, which is part of Egypt's programme to diversify its power generation mix, is expected to use coal as its main source of fuel. A port is expected to be established near the plant in order to unload and store coal.

In November 2018, the Ministry of Electricity entered into an agreement with Saudi Arabian energy company ACWA Power to construct a U.S.$2.3 billion, 2,250 MW power plant, which is expected to be constructed in the Luxor Governate.

Wind and Solar Power Projects

In February 2008, the Supreme Council of Energy approved a wind and solar power plan, which aims to satisfy 20% of the Republic's electricity needs with renewable energy by 2022.

In October 2016, the Supreme Council of Energy approved a sustainable energy strategy for Egypt through 2035. Pursuant to this strategy, by the end of 2034/35 renewable energy sources are targeted to comprise the highest proportion of Egypt's energy mix (accounting for 37%, of which approximately 15% is targeted to be wind power, 12% solar photovoltic power, 8% solar concentrated power and 3% hydro power), followed by coal (34%), fossil resources (20%) and nuclear power (9%).

Egypt has a number of wind power projects in the Gulf of Suez and Nile Valley. The majority of Egypt's wind power is generated by the Zafarana and the Gulf of El Zayt wind farms, which have capacities of 545 MW and 580 MW, respectively. A total of eight wind farm projects have been completed in Zafarana with total installed capacity of 545 MW and 700 turbines installed, making it the largest wind farm in the MENA region. There are three wind power projects at the Gulf of El Zayt wind farms.

With regards to solar energy, Egypt benefits from a large amount of sunlight, offering significant potential for the development of solar energy projects. Egypt issued a solar atlas in 2017, which indicated that the average direct normal solar radiation ranges between 2,000 (north) and 3,200 (south) kWh/m^2 per year, with few cloudy days and average hours of sunshine of between nine hours per day in winter and eleven hours per day in summer. Egypt's first concentrated solar power plant, the Integrated Solar Combined Cycle power plant in Kuraymat, with 140 MW capacity, including a 20 MW solar field, has been in operation since July 2011.

The Egyptian Electricity Transmission Company ("**EETC**") has announced several bidding processes for wind and solar projects with a total capacity of 2,000 MW through build, own and operate ("**BOO**") schemes. In October 2017, an agreement for the construction of a first BOO wind project with a capacity of 250 MW was signed and is expected to be operational by the end of 2019. The first phase of construction for this project has commenced. A further BOO solar power plant construction project with a capacity of 600 MW has also been approved by the Council of Ministers.

In 2014, Law № 203 of 2014 was introduced by Presidential Decree to encourage the production of electricity from renewable sources. Pursuant to this law, the New and Renewable Energy Authority (the "**NREA**") may offer tenders for new electricity production projects to be completed using renewable energy sources. Private investors will also be allowed to sell such electricity directly to consumers through the national transmission and distribution grid. A number of projects relating to renewable energy are currently being prepared and implemented by the NREA.

In order to increase private-sector participation in the development of wind and solar power plants, the Government introduced a feed-in tariff scheme pursuant to which power purchase agreements are granted for projects financed on a build, own and operate basis. For projects approved prior to 26 October 2016, such projects will be financed 85% by FDI and 15% by domestic investment. Three solar projects, each with an installed capacity of 50 MW have been approved under this scheme, and the first project has been completed and is in operation. In September 2016, the Government announced a further round of feed-in tariff financing, which ended in October 2017 for solar projects, and ended in April 2018 for wind projects. Following this financing, there are more than 30 solar projects under construction in the Benban solar park, the majority of which are expected to be connected to the grid by mid-2019. These projects are being funded by FDI of approximately U.S.$2 billion. In August 2018, the first BOO solar project, for a 200 MW farm in KomOmbo achieved a generating cost of less than U.S.$0.03 per KwH.

Nuclear Power Projects

In June 2009, the Egyptian Nuclear Power Plant Authority signed a consultancy services contract with the Australian engineering company Worley Parsons for technical assistance with site selection and evaluation, as well as with certain pre-construction activities, such as project specification, quality assurance, preparation of key contracts and a financial assessment. The NPPA entered into further consultancy agreements in June and December 2017. In August 2018, certain existing consultancy contracts were further amended.

A law to regulate the nuclear industry was adopted in March 2010, and executive regulations were issued in 2011. New laws were passed in November 2017 amending this existing law, expanding the NPPA's competency to permit technological research and establishing an executive body to, *inter alia*, supervise the construction of the planned nuclear power plant in El Dabaa.

In November 2015, the Government entered into an agreement with the Russian government, who assigned a Russian company, Rosatom, to construct Egypt's first nuclear power plant, which will include four nuclear reactor units. The plant is expected to be located in El Dabaa on the Mediterranean coast and to have a capacity of 4,800 MW. The Government has entered into a 13-year financing agreement with the Russian government for a U.S.$25 billion loan, which represents 85% of the total costs for the building and operation of the plant. The Government plans to fund the remaining 15% of these costs. Repayment of the loan is scheduled to begin in 2029. Construction of the first nuclear reactor is expected to be completed in 2026, and the four nuclear reactors are expected to be operational by the end of 2028.

Egypt is co-ordinating this initiative with the International Atomic Energy Agency. The plan has been well received both within the country and by the international community, with several members of the international community stating that they do not see an Egyptian nuclear power plant as giving rise to a threat of nuclear proliferation.

Electricity subsidies

Historically, the electricity sector has benefited from significant subsidies from the Government. Electricity subsidies were LE 27.6 billion in 2016/17. Actual electricity subsidies for 2017/18 increased to LE 28.6 billion, while the 2018/19 budget provides for electricity subsidies to decrease to LE 16.0 billion. See *"Public Finance—Social Spending and Subsidies"*.

Energy Reform Strategy

The Government is implementing a short- to medium-term strategy designed to revive the energy sector and bridge the gap between supply and demand over the next five years. This strategy has the following key aims:

- *Increasing energy security by boosting, diversifying and improving Egypt's energy production and efficiency.* This objective is intended to be met through, *inter alia*, accelerating existing gas field development, encouraging new exploration activities, securing LNG import contracts, expanding Egypt's power generation capacity, implementing energy efficiency rules in a new electricity law and implementing a new renewable energy law.

- *Increasing energy sustainability and the use of renewable energy.* This objective is intended to be met through, *inter alia*, paying down arrears to international oil and gas companies, reducing and restructuring energy subsidies (see "*—Electricity Subsidies*" and "*Public Finance—Social Spending and Subsidies*") and mitigating the impact of the removal of subsidies.

- *Improving governance of the energy sector and encouragement of private sector investment.* This objective is intended to be met through, *inter alia*, developing a national energy strategy, further opening the oil and gas sector to private investment.

At the Egyptian Economic Development Conference held in Sharm El Sheikh in March 2015, a number of proposed investments in the energy sector were agreed. In connection with such investments, the German company Siemens was awarded a €6 billion engineering and procurement contract (excluding site preparation) to build three combined cycle power plants, each with a capacity of 4,800 MW. Construction of the first plant was completed in 2018. Siemens is also constructing six high voltage transformer substations at an expected cost of €238 million. In addition, the Chinese State Grid Company has been awarded a project to upgrade the Egyptian transmission network by adding more than 1,210 km of high voltage overhead transmission lines. This project is expected to cost U.S.$757 million. See *"External Sector—Foreign Direct Investment—Investment Projects and Initiatives"*.

In 2011, the EU and the Government announced the Energy Sector Policy Support Programme, a €60 million programme aimed at implementing energy reforms, improving energy security and promoting sustainable development. This support has included reviewing and updating Egypt's Energy Strategy and developing a medium-term action plan for the energy sector.

In July 2015, Law № 87 of 2015 was introduced aimed at liberalising the electricity market. Pursuant to this new electricity law, the Government has an increased regulatory role and a reduced market player role. The law aims to encourage private sector investment in the electricity market and permits the state to give up management of the electricity sector's public utilities. The law also separates the Egyptian Electric Utility and Consumer Protection Regulatory Agency from the Electricity Ministry, making it an independent body tasked with regulating the electricity market.

In 2017, the Egyptian Electric Utility and Consumer Protection Regulatory Agency issued regulations permitting companies that generate solar energy to swap and sell surplus energy to the electricity grid.

In January 2018, the Minister of Electricity and Renewable Energy announced that LE 24 billion had been allocated to renew and modernise Egypt's electricity transmission and distribution networks, including the establishment of a 2,000 km transmission and distribution network. In May 2017, the Ministry of Electricity and Renewable Energy announced that U.S.$386 million had been allocated in the 2017/18 budget for upgrade works to the electricity grid, as well as the signing of a U.S.$243 million loan from the Japanese International Co-operation Agency to finance automated control centres for electricity distribution companies in Alexandria, North Delta and North Cairo.

In April 2018, *L'Agence Francaise de Developpement* approved a €70 million loan to EGAS to improving household energy connectivity. The EU provided €62 million in grants, while the World Bank provided a €500 million loan. The programme is expected to benefit 2.4 million households, including households located in remote areas. See "*Public Debt—Debt Restructuring—International Support—L'Agence Francaise de Developpement*".

Construction and Building

The construction sector has been one of the fastest growing sectors of the Egyptian economy, growing by 16.2% in 2012/13, 15.3% in 2013/14, 25.7% in 2014/15, 21.7% in 2015/16 and 34.1% in 2016/17. The construction sector's share of Egypt's GDP was 5.7% in 2016/17, as compared to 5.4% in 2015/16. From July 2017 to March 2018, the sector grew by 33.6%, as compared to the corresponding period in 2016/17, accounting for 5.6% of GDP.

The construction sector is expected to continue to grow as a result of major public projects, such as regional airport expansion, healthcare facilities and infrastructure projects, including in the electricity and water sectors, as well as new residential developments encouraged by the Government's policy to increase access to housing finance.

In July 2017, Law № 84 of 2017 was passed, which provides for compensation for certain Egyptian contractor losses incurred as a result of the devaluation of the Egyptian Pound and other economic reforms introduced in 2016. The law provides for the establishment of a Supreme Committee of Compensation within the Ministry of Housing, Utilities and Urban Developments to determine compensation to be granted to contractors, suppliers and public service providers which entered into contracts with the State, State-owned companies or public entities and that suffered certain types of losses as a result of economic legislation introduced between March and December 2016. In July 2017, the Prime Minister issued Decision № 1677, which established the Supreme Committee of Compensation.

Housing

Following the 2011 Revolution, the level of activity in the housing market declined and investments, sales, lease rates and the rate of capital appreciation were negatively impacted. The housing sector has since recovered and there is steady demand for housing. According to the 2017 Census, Egypt's population has grown to 92.1 million as of January 2017, approximately 88.7% of the population was below 30 years old, with this youth population growing at a rate of 2.3% per year. These population growth rates are expected to maintain the need for housing in the coming years.

During the Egypt Economic Development Conference in March 2015, the Minister of Housing announced plans to construct a new capital to be located east of Cairo and outside the Second Greater Cairo Ring Road in a currently largely undeveloped area halfway to the seaport city of Suez (the "**New Capital City Project**"). The new city is intended to become the new administrative and financial capital of Egypt, housing the main government departments and ministries, as well as foreign embassies. It would also provide housing for up to five million people. The Government has established a company, The New Administrative Capital for Urban Development, which is owned 51% by the military and 49% by the state-owned New Urban Communities Authority, to oversee the New Capital City Project. In October 2017, the China State Construction Engineering Corporation entered into an agreement to build the central business district of the new capital, with an area of approximately 0.5 km^2. The total cost of the New Capital City Project has not yet been finalised and the Government is continuing to explore financing options for this project. The Government has announced its intention to move Government buildings to the new capital city in 2019/20.

In December 2015, Law № 115/2015 was passed, which regulates pledges over moveables. The executive regulations for Law № 115/2015 were published in December 2016. Pursuant to the law, a new notarisation regime has been established to notarise pledges on a movable and moveables can remain the possession of the debtor. The law, which is enforced by the Financial Regulatory Authority, is intended to facilitate and regulate the mortgage process in Egypt.

Production Services Sector

The production services sector represented 29.2% of GDP in 2016/17, as compared to 29.0% of GDP in 2015/16. From July 2017 to March 2018, the sector grew by 31.3%, as compared to the corresponding period in 2016/17, accounting for 29.8% of GDP.

Financial Intermediation

There are 38 banks registered with the CBE. The financial intermediation sector contributed 3.9% to GDP in 2016/17 and 4.1% to GDP in 2015/16. From July 2017 to March 2018, the sector grew by 26.7%, as compared to the corresponding period in 2016/17, accounting for 4.0% of GDP.

There are three wholly state-owned commercial banks. In addition, the financial sector also includes non-bank financial institutions such as brokerage firms, investment banks and mutual funds. See "*Monetary System*" for further details.

The ongoing banking sector reform programme of the CBE, which includes measures to strengthen banking supervision and regulation and reduce non-performing loans ("**NPLs**"), has aided the Egyptian banking system in withstanding the challenges posed by the 2011 Revolution and the external shock of the global financial crisis, has enhanced competition in the banking industry and has created a healthier business environment.

See "*Monetary System*".

Transport and Warehousing

Transport and warehousing, excluding the Suez Canal, contributed 4.7% to GDP in both 2016/17 and 2015/16. From July 2017 to March 2018, the sector grew by 29.2%, as compared to the corresponding period in 2016/17, accounting for 4.5% of GDP.

Suez Canal

A primary driver of economic activity in this sector is the Suez Canal. Suez Canal traffic receipts increased by 86.2% in 2016/17 to LE 76.7 billion from LE 41.2 billion in 2015/16.

In 2017, petroleum (both crude oil and refined products) and LNG accounted for 24.2% and 2.6%, respectively, of Suez Canal cargoes, measured by cargo tonnage. In 2017, 17,550 ships transited the Suez Canal, of which 24.8% were petroleum tankers and 3.2% were LNG tankers. As it is only 1,000 feet wide at its narrowest point, crude oil tankers classed as "Very Large Crude Carriers" or "Ultra Large Crude Carriers" cannot pass through the Suez Canal.

The following table provides information relating to Suez Canal traffic for the periods indicated.

Suez Canal Traffic[(1)]

	2013/14	2014/15	2015/16	2016/17	2017/18[(2)]
Number of vessels[(3)]	16,744	17,544	17,252	17,004	17,860
Vessels (*millions of tonnes*)..........	931	992	987	995	1,093
Receipts (*U.S.$ millions*).............	5,369	5,362	5,122	4,969	5,597

Source: Suez Canal Authority

Notes:
(1) The data in this table differs from previously published data due to the revision of petroleum sector figures.
(2) Preliminary data.
(3) Includes oil tankers and other vessels.

In June 2018, the Suez Canal Authority announced preliminary revenues for 2017/18 of U.S.$5.6 billion, as compared to U.S.$5.0 billion in 2016/17.

In August 2014, President Al-Sisi announced the Suez Canal project, to construct a new canal of 60-95 km, in addition to the deepening and widening of the Great Bitter Lakes bypasses and the Ballah bypass of the existing canal. The new canal, parallel to the existing one, which was opened by President Al-Sisi in August 2015, cost approximately U.S.$8.5 billion to construct and is intended to maximise the economic benefits of the present canal and its bypasses and to increase the capacity of the waterway to facilitate traffic in both directions, thereby minimising the waiting time for transiting ships in order to service anticipated growth in world trade. The new canal is expected to increase job opportunites for young people living in close to the canal, in Sinai and the neighbouring governorate.

The Suez Canal Area Development Project is also being implemented, which includes a number of projects to develop services around the Canal's core activities, six of which have been designated as top priority projects: (i) the conversion of the Cairo-Suez and Ismailia-Port Said roads from toll roads to free roads to facilitate transportation and movement; (ii) the construction of the Ismailia tunnel passing under the Suez corridor to link the Eastern and Western banks of the Suez Canal; (iii) the construction of a tunnel at southern Port Said port under the Suez Canal to link the Eastern and Western banks of the Suez Canal; (iv) the development of Nuweiba Port into a free zone; (v) the further development of Sharm El Sheikh airport; and (vi) the establishment of a new water bypass on the Ismailia canal to support new development areas.

In order to finance the construction of the new canal, in September 2014, the Suez Canal Authority issued LE 64 billion (approximately U.S.$9 billion) of certificates with a maturity of five years and a coupon of 12%. The certificates are guaranteed by the Government.

The Government is also implementing the National Suez Canal Corridor Development Project, which aims to create additional job opportunities by making the Suez Canal region an international centre for navigation, logistics, services and industry.

As part of this project, in August 2015, the Suez Canal economic zone was established by Presidential decree. The economic zone has an area of 460.6 km^2 and includes Port Said, the industrial zone in the east of Port Said, the industrial zone in west Qantara, the technology valley in Ismailia, Al-Adabia port, Sokhna port, Al-Arish port and el-Tor port.

In addition, in November 2017, the Suez Canal Economic Zone Authority entered into an agreement with DP World for the construction and development of an economic zone in El-Sokhna. Pursuant to the agreement, a joint venture is expected to be established (to be 51% beneficially owned by the Suez Canal Economic Zone and 49% beneficially owned by DP World), and, once established, DP World is expected to manage the economic zone. The development is expected to cover an area of 95 km^2 and to include, *inter alia*, industrial and residential areas, as well as Sokhna port. A number of investment incentives are also expected to be available to encourage foreign investment and the project is expected to create a significant number of job opportunties. Targeted industries for the zone include the medical, electronics and communications, construction materials, logistics, textiles, automotive parts, food processing, energy production components and petrochemical industries.

Ports

Egypt's navigable waterways total approximately 2,900 km (excluding the Suez Canal). Approximately 85-90% of Egypt's international trade travels through its ports. Grand Alexandria (Alexandria and Dekheila) is the main port, handling approximately 60% of Egypt's imported foreign trade and approximately 37.5% of Egypt's total foreign trade. Other significant major ports are Damietta, Port Said and Suez. Total cargo handling capacity for all Egyptian ports was estimated to be 150.3 million tonnes as at 31 December 2017.

In 2002, Sokhna Port, which is located 40 km south of Suez, opened. The port is operated by the privately-owned company, Sokhna Port Development Company, under a 25-year concession agreement with the Republic. In November 2007, the Dubai port operator, DP World, acquired a 90% stake in Egyptian Container Handling Company for U.S.$670 million.

The Government has encouraged shippers to increase their use of the Nile River to reduce road congestion, pollution and fuel subsidies expenditure, as the current share of the inland waterway is 0.5% of the total freight transported by all transportation modes. The River Transport Authority (the "**RTA**") engaged the Investment Security in the Mediterranean Support Programme ("**ISMED**") in connection with a project to construct three river ports at Oena, Sohag and Assiut. Since 2013, ISMED has been working with the RTA, the PPP Central Unit and other public and private stakeholders on a legal framework and matters relating to risk allocation for river port projects in order to raise the profile of the RTA and improve the attractiveness of project tenders.

The National River Port Management Company ("**NRPMC**"), a river ports operator, began official operations at the Tanash Port in the Greater Cairo Area in the first quarter of 2010. The inauguration of the port coincided with the start of a strategic five-year contract with the General Authority for Supply Commodities, a governmental entity, and the largest importer of grains in Egypt, for the transportation of up to two million tonnes of wheat annually along the Nile River.

Tanash Port currently handles bulk goods such as grains, metals and aggregates, as well as containers. The port is 27,000 m^2 and serves as a hub for additional logistics services, together with the network of similar facilities, along Egypt's navigable waterways from Alexandria to Upper Egypt.

Port Said is being developed as part of the Suez Canal Area Development Project. The east port of Port Said was constructed between November 2015 and February 2016, with a length of 9.5 km, a width of 250 m and a depth of 18.5 m in order to accommodate large oil tankers. The works cost approximately U.S.$36 million. Following completion of the second phase of the project, the volume of containers handled by the east port of Port Said increased from 2.2 million TEU to 5.1 million TEU.

Air transportation

Egypt has eleven international airports, which are located at Cairo, Borg-El-Arab, Alexandria, Hurghada, Luxor, Sharm El Sheikh, Aswan, Assiut, Taba, Marsa Matrooh and Souhag.

Cairo International Airport is Egypt's largest airport. Over 47 commercial and charter airlines and 12 cargo airlines use the Cairo airport. EgyptAir is the largest operator at the airport. EgyptAir was established in 1932 and commenced operations in 1933. Its fleet of 80 aircraft carried approximately 10 million passengers in 2016 and includes Airbus (A320, A330 and A340), Boeing (737 and 777) and Embraer (E-170 and E-300) aircraft, as well as cargo planes. It serves 81 destinations; 12 in Egypt, 19 in other countries in Africa, 20 in the Middle East, 21 in Europe, seven in Asia and two in the Americas.

With the inclusion of EgyptAir into Star Alliance in July 2008, Cairo International Airport has the potential to be a major hub given its location between Africa, the Middle East and Europe (especially in light of the airport's facilities for the Airbus A380). The Government owns EgyptAir, but it is self-financed and receives no subsidy from the Government.

In line with its aim to expand its fleet, in 2017, EgyptAir entered into a number of agreements to purchase aircraft, including with Boeing for the purchase of nine aircraft, Bombardier for the purchase of 12 aircraft (with an option to purchase an additional 12 aircraft) and U.S. AirCap Corporation to purchase six Boeing 787 Dreamliners and 15 Airbus A320 aircraft.

In 2017, approximately 132.4 million passengers travelled through Cairo International Airport. The number of flights from the airport in 2017 decreased by 2.5%, as compared to 2016. Total airfreight tonnage handled at the airport in 2017 decreased by 4.5%, as compared to 2016, to 323,253 tonnes.

In 2015, the African Development Bank approved a U.S.$140 million loan to Egypt's Sharm El Sheikh Development Project, which includes the construction of a new terminal, runway and control tower at Sharm El Sheikh airport. This terminal has been completed at a cost of U.S.$450 million. See "*Public Debt—Debt Restructuring—International Support—African Development Bank*".

Other airport development and modernisation projects include: (i) improving the efficiency of the auxiliary corridor at Aswan airport (at an estimated cost of LE 138 million); (ii) construction of a new low cost building for Borg El Arab airport (at an estimated cost of LE 8.2 billion); (iii) increasing the efficiency of the auxiliary corridor and connections at Burj Al Arab airport (at an estimated cost of LE 75 million); (iv) enhancing security at Hurghada and Ras Al-Sheikh airports (at an estimated cost of LE 350 million); and (v) providing security equipment for new airports, including Sphinx - Capital Airport in Kattamiya (at an estimated cost of U.S.$19 million).

In addition, the Air Navigation Company has launched a project to establish industrial circuits and install a microwave network (at a total estimated cost of LE 200 million). A project to update all airports' radars (for a total estimated cost of U.S.$305 million, plus a further U.S.$50 million in infrastructure costs) has also been announced, together with the installation of a back-up industrial network and microwave network (for a total estimated cost of €10.2 million).

See "*—Tourism*".

Railways and the Cairo Metro

The railway sector plays a significant role in the Egyptian economy and is an essential mode of transport for low-income citizens. The 9,600-km network is concentrated in the Delta and along the Nile Valley, serving the main activities and population centres in Egypt. In 2017/18, total transported passengers and freight was approximately 350 million passengers and 5.0 million tonnes, respectively. Train fares in commuter trains and third class passenger trains are subsidised by the Government. The vast majority of engines are diesel-driven. While engines and rails are imported, passenger wagons are built and refurbished domestically.

The Egyptian National Railway Authority is implementing a number of projects to modernise the railway signalling system. Three projects to increase the safety of secondary railway lines are underway, covering a total length of 3,158 km.

The Cairo Metro, the first metro in Africa and the Middle East, opened in 1987 and currently operates three lines. Line 1 is 43 km long and runs between Helwan and El Marg, with 33 stations. Line 2 is 19 km long and runs between Shoubra El Kheima and Al Mounib. In October 2007, construction started on the first of four phases of a new Line 3, the total length of which will be 44 km. The first phase was completed in 2010 and linked Attaba to Abbassiya and the second phase linked Abbassiya to Heliopolis. Line 3 will ultimately extend from Imbaba in the northwest of Greater Cairo to the northeast at Adly Mansour station and will also serve Cairo International Airport. Line 3 comprises 40 stations, 12 of which will be above ground and 28 will be underground. Construction of the remaining sections of Line 3 is expected to be completed by 2020. Construction of the first phase of Line 4, which will run from Hadayiek El Ahram to Fostat, is expected to begin in the first half of 2018.

In 2015, the European Investment Bank granted a €200 million loan to the Government to promote public transport in greater Cairo and the European Bank for Reconstruction and Development ("**EBRD**") granted a €100 million loan to the Egyptian National Authority for Tunnels for the purchase of six new trains and six diesel locomotives for maintenance services. See "*Public Debt—Debt Restructuring—International Support*".

In June 2017, the National Railway Authority entered into an agreement with GE to purchase 100 new diesel locomotives and to conduct rehabilitation works on 81 used locomotives in order to meet an expected increase in demand for railway services as a result of decreasing fuel subsidies. The National Railway Authority has also announced plans to increase its fleet of passenger coaches and freight wagons. The EBRD provided financing to support these purchases and works.

In April 2018, Law № 20 of 2018 (the "**New Railway Law**"), which abolishes the Government monopoly over national railway projects, was passed. Pursuant to the New Railway Law, the Egyptian National Railway Authority remains responsible for establishing, managing, operating, maintaining and developing the national railway system but has the discretion, subject to the approval of the Minister of Transportation, to incorporate joint stock companies itself or in partnership with others in respect of its responsibilities. The New Railway Law also introduces a concession-based mechanism, which permits private investors to undertake construction, operation, management or maintenance activities for the national railway.

In May 2018, Law № 33 of 2018 of the National Authority for Tunnels (the "**New Tunnels Law**"), which permits private sector participation in the construction, operation, management or maintenance of metro projects, was promulgated. The New Tunnels Law also permits the National Authority for Tunnels to carry out projects internationally, as well as domestically, and broadens the National Authority for Tunnel's mandate to include the establishment, design and execution of underground transportation and electric traction projects (as compared to its previous mandate which related only to the execution of underground transportation projects).

In May 2018, the Government announced an increase in the prices of metro tickets from a flat rate of LE 2 to variable rates of LE 3, LE 5 and LE 9, depending on the length of the journey.

In August 2018, EBRD approved a €205 million loan to support the Egyptian National Authority for Tunnels' partial rehabilitation of the Cairo Metro, including increasing the capacity of Line 1 and providing youth training opportunities. The EBRD loan will be supported by a €350 million loan provided by EIB and a €50 million loan from *L'Agence Francaise de Developpement*. See "*Public Debt—International Organisations—European Bank for Reconstruction and Development*".

In September 2018, the Egyptian National Railway Authority entered into a five-year €1 billion contract with Transmashholding-Hungary, a Russian-Hungarian consortium, to purchase 1,300 passenger carriages.

Roadways

The Egyptian road network consists of approximately 96,000 miles of roadways. As part of its scheme to improve the country's infrastructure, the Government continues to invest in highway and bridge systems. A network of roads has been constructed to link Sinai to the Nile valley. In addition, Upper Egypt and Lower Egypt have been connected through four vertical axial roads parallel to the Nile. The Nile valley is also joined to the Red Sea coast through eight transversal roads. More than 35 bridges have been constructed to connect the road network across the Nile.

The Government has launched a construction programme to build 8,000 km of new roads, which is expected to cost LE 85 billion. The first phase of this programme envisages the construction of 4,000 km of roads at an estimated cost of LE 45 billion. Construction of a regional outer ring road in Cairo, with a total length of 400 km and intersections with 18 main corridors has been completed.

Tourism

Tourism in Egypt benefits from historic sites which have been famous for centuries, including the Giza Pyramid Complex and its Great Sphinx, the southern city of Luxor and its Valley of the Kings and Karnak Temple, as well as Egypt's warm climate. The Red Sea is a popular tourist destination for diving, fishing and beach resorts, particularly in locations such as Ein-Sokhna, Taba, Hurghada, El-Gouna, Sharm El Sheikh and Marsa Allam.

Tourism has traditionally been an important source of foreign exchange, with at least 7.9 million visits to Egypt each year, although the number of tourists and volume of tourism revenues have fallen in times of political instability and in response to terrorist attacks in Egypt and the wider region. Most foreign visitors come from Western Europe and from other Arab countries. The Government encourages private sector development on the Mediterranean coast, especially at Sidi-Abdel Raham and Al-Alamein.

Tourism represented 1.9% of GDP in 2016/17, as compared to 1.8% of GDP in 2015/16, and is one of Egypt's principal sources of foreign exchange, generating approximately U.S.$4.4 billion in 2016/17, as compared to U.S.$3.8 billion in 2015/16. From July 2017 to March 2018, the sector grew by 64.0%, as compared to the corresponding period in 2016/17, accounting for 2.6% of GDP. See "*Risk Factors—Risk Factors Relating to Egypt— Significant political unrest and political and social instability since January 2011 has had and could continue to have a material adverse effect on the Republic generally and on its economic growth*" and "*Risk Factors—Risk Factors Relating to Egypt—The Egyptian economy has faced significant challenges since the 2011 Revolution, which has put increasing pressure on its public finances and has led to a rising balance of payments deficit*".

The following table sets forth information regarding the contribution of tourism to GDP growth for the periods indicated.

Contribution to GDP Growth (PPT)

	2010/11	**2011/12**	**2012/13**	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**July – Mar 2017/18**
				(%)				
Contribution of tourism sector to GDP growth...	(0.2)	0.1	0.2	(0.7)	0.4	0.7	0.1	0.1

The following table sets forth information regarding tourism activities for the periods indicated.

Tourism Activities(1)

	2012/13	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**Jul – Mar 2016/17(1)**	**Jul – Mar 2017/18(1)**
Total Arrivals (*in thousands*)........	12,213	7,967	10,242	7,049	6,628	4,805	7,116
Total Number of Tourist Nights (*in thousands*)	142,432	72,919	99,256	53,504	50,896	33,447	75,885
Average Number of Nights (*per tourist*)..	11.7	9.2	9.7	7.6	7.7	7.0	10.7
Tourism Income (*U.S.$ millions*) .	9,752	5,073	7,370	3,768	4,380	2,841	7,251
Tourism Income per Night (*U.S.$*)	68	70	74	70	86	85	96

Note:

(1) The figures in this table have been revised and differ from previously published data. See "*Presentation of Information*".
(2) Preliminary data.

The total number of tourist nights in 2016/17 was approximately 50.9 million, as compared to 53.5 million in 2015/16 and 99.3 million in 2014/15. These decreases were primarily due to the impact of terrorist attacks on the tourism industry and security concerns in Egypt. Tourism income was U.S.$4.4 billion in 2016/17, as compared to U.S.$3.8 billion in 2015/16 and U.S.$7.4 billion in 2014/15, with the decreases also reflecting the impact of terrorist attacks and security concerns in Egypt.

In the period from July 2017 to March 2018, tourism income was U.S.$7.3 billion, as compared to U.S.$2.8 billion in the corresponding period in 2016/17. This increase was primarily due to improvements in Egypt's security situation.

See "*Risk Factors—Risk Factors Relating to Egypt— Egypt has experienced several terrorist attacks, which have contributed to a decline in tourism, a key sector of the economy, among other adverse consequences*".

Tourism in Egypt is affected by tensions within the Republic and the Middle East, and tourism has historically declined following violent incidents in Egypt and the MENA region, as well as terrorist attacks. In October 2015, the so-called "Islamic State" claimed responsibility for the destruction of a Russian airliner in Sinai, which was flying from Sharm el Sheikh airport. All of the crew and 224 passengers were killed. The tourism industry was particularly impacted by this attack, following which a number of international airlines cancelled flights to Sharm el Sheikh airport, and Russia cancelled all direct flights to Egypt. Following the attack, the UK Foreign and Commonwealth Office issued a travel advisory against all but essential travel by air to or from Sharm el Sheikh, which remains in place. In May 2016, the German Ministry of Transport lifted its ban on direct flights to Sharm el Sheikh. In July 2016, Egypt invited Russian technical experts to assess Egypt's airport security in preparation for the resumption of flights to Egypt. In December 2017, high level discussions between the Egyptian and Russian authorities were held regarding the potential resumption of Russian passenger flights to Egypt. In April 2018, Russian passenger flights to Egypt resumed. Two *ad hoc* arbitrations have been filed against the Republic in connection with the crash of the Russian airliner in October 2015: (i) one by MetroJet (Kogalymavia) Limited, a Russian company, pursuant to the Egypt-Russia bilateral investment treaty; and (ii) one by Prens Turizm Kuyumculuk Tasimacilik ve Dis Ticaret Limited, a Turkish company, pursuant to the Egypt-Turkey bilateral investment treaty.

In July 2016, the Government signed a co-operation agreement with the German government aimed at strengthening efforts to prevent crime and reinforce security, including in the areas of illegal immigration, counter-terrorism and airport security. The co-operation agreement also envisages the sharing of information and technical expertise, as well as the provision of training on security matters. The co-operation agreement was ratified by the House of Representatives in February 2017. In June 2018, a German transport and security delegation completed a two-week inspection at Hurghada International Airport and released a positive report regarding the safety standards applied at the airport.

Terrorist attacks in Giza and Hurghada in January 2016, as well as the crash of an EgyptAir aircraft on route from Paris to Cairo in May 2016 have also had a negative impact on Egypt's tourism industry. See "*Risk Factors—Risk Factors Relating to Egypt— Egypt has experienced several terrorist attacks, which have contributed to a decline in tourism, a key sector of the economy, among other adverse consequences*". In addition, the political unrest and frequent demonstrations and protests after the 2011 Revolution has negatively affected the tourism industry. The tourism sector has, however, recovered quickly in the past. The Ministry of Interior is taking measures to prevent the recurrence of attacks of this kind, such as upgrading its surveillance infrastructure and increasing its security presence in and around major tourist areas, hotels, airports and museums. In August 2018, in its Tourism Highlights 2018 Edition, the UN World Tourism Organisation noted that Egypt led tourist growth in the Middle East in 2017, both in absolute and relative terms, in tourist arrivals.

The Government is also seeking to provide support to the tourism sector in the form of rescheduling and delaying electricity, energy and rent expense payments for hotels, in addition to providing lending facilities through banks and establishing a fund for crisis support to tourism companies, hotels and other related businesses. In March 2013, the CBE launched an optional incentive initiative for banks to support the tourism sector by postponing the payment of certain debt instalments and delaying all outstanding or current dues on long-term or short-term credit. This initiative has been extended until December 2018. In addition, in December 2015, an initiative was launched to support the tourism sector by postponing amounts due under certain banking facilities. See "*Monetary System—The Egyptian Banking Sector and Reform—Banking Supervision—Tourism sector initiatives*".

The Government's strategy to improve the performance of the tourism sector includes: (i) developing existing tourism sectors, such as group tourism, beach tourism and cultural tourism through the tightening of quality controls and increased capacity and infrastructure development; (ii) broadening Egypt's tourism offering to include key sectors, such as business travel, conventions and specialist tourism (*e.g.*, golf, yachting, medical, adventure and sports); (iii) expanding sources of tourism to include more tourists from Asia and the wider Middle East through dedicated marketing campaigns; (iv) developing new areas of Egypt, most notably Egypt's North coast on the Mediterranean sea; (v) providing incentives for investors to invest in services such as shopping and associated infrastructure, in addition to hotel investment; (vi) implementing a comprehensive sustainability strategy to ensure that the envisaged growth can be absorbed while maintaining Egypt's tourism assets for future generations.

The following table sets forth information regarding tourism investments for the periods indicated.

Tourism Implemented Investments(1)(2)

	Public	Private	Total
	(LE millions in current prices)		
2012/13	331	6,300	6,631
2013/14	1,332	2,100	3,432
2014/15	270	1,760	2,030
2015/16	150	5,600	5,750
2016/17	380	4,300	4,680

Source: Ministry of Planning

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Notes:

(1) The figures in this table have been revised and differ from previously published data. See "*Presentation of Information*".

(2) Figures for 2017/18 are unavailable.

Insurance

Since 1998, restrictions on foreign ownership of insurance companies have been abolished, and foreign personnel ceilings in the boards of directors of insurance and reinsurance companies have been removed. Many foreign insurers have entered the Egyptian insurance market. Currently 25 foreign-owned private sector companies are operating in the Egyptian insurance market.

Total insurance premiums represented 0.9% of GDP in 2016/17, as compared to 0.8% of GDP in 2015/16 (including insurance companies and private pension funds). It is estimated that total insurance premiums represent 1.1% of GDP in 2017/18 (based on preliminary estimates). The Government believes that the insurance sector has particular growth potential as Egypt has a low insurance density as measured by premium *per capita* and low penetration rate as measured by premiums as a percentage of GDP. Insurance density in Egypt was U.S.$13.5 in 2016/17, as compared to U.S.$22.5 in 2014/15. The decrease in insurance density in 2016/17, as compared to 2014/15, was primarily due to the liberalisation of the Egyptian Pound in November 2016.

Insurance gross premium volume was LE 23.9 billion in 2016/17, representing an increase of 31.3%, as compared to LE 18.2 billion for the year 2015/16. In 2016/17, LE 11.9 billion (gross premium) was generated by the life insurance business and LE 12.0 billion by the non-life insurance business.

From July 2017 to March 2018, the sector grew by 25.7%, as compared to the corresponding period in 2016/17, accounting for 0.8% of GDP.

The following table sets forth information regarding the insurance market for the periods indicated.

Direct Premiums and Market Shares

	2012/13	2013/14	2014/15	2015/16	2016/17
			(LE millions)		
State-owned companies	5,689	6,275	6,721	7,157	10.393
Egyptian-owned private sector companies	1,456	1,554	1,491	1,958	3.027
Foreign-owned private sector companies	5,067	5,872	7,244	9.103	10558
Total	**12,221**	**13,701**	**15,457**	**18,218**	**23,978**

Source: Financial Regulatory Authority

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Note:

(1) Figures for 2017/18 are not available.

As at 31 December 2016, a total of 36 insurance companies were operating in Egypt, including 14 companies offering life and 20 companies offering properties and casualty insurance (including nine Islamic (*Takaful*) insurance companies operating in the market, four of which offer life insurance and five of which offer property and casualty insurance). The insurance market also includes one co-operative insurance company and one export credit insurance company. As at 30 June 2017, there were also 723 private insurance funds.

As at 30 June 2017, total insurance sector assets were LE 98.0 billion, as compared to LE 69.4 billion as at 30 June 2016, representing an increase of 41.2%.

Gross investments in 2017 were LE 85.5 billion, as compared to LE 57.0 billion in 2016, representing an increase of 50.0%.

Gross premiums written by the top five companies underwriting non-life insurance and the top five companies underwriting life insurance accounted for LE 10.0 billion and LE 8.3 billion in 2017, respectively, representing market shares of 72.7% and 88.6%, respectively.

Insurance regulation reform

In order to increase competition in the market, stimulate demand and provide customers with high quality insurance products, in 2000 the supervisory authority removed price ceilings on insurance premiums. After completing the merger of Egypt Re into Misr Insurance Company in 2008, compulsory reinsurance concessions were completely eliminated.

In addition, an audit committee has been set up in each insurance company to adopt principles of corporate governance, which comply with international standards.

The Financial Regulatory Authority (previously ESFA) has implemented measures to promote the development of the insurance sector, focusing on the following four pillars:

- updating the insurance regulatory and supervisory regime;
- upgrading the private pension regulatory and supervisory regime, including outsourcing to professional managers;
- moving towards a more liberalised insurance market; and
- reforming policy for third-party liability insurance.

In 2007, Law № 72 of 2007 ("**Law 72**") and its accompanying regulations were enacted to replace the Compulsory Insurance Act 652/1955 regarding third party liability with the aim of introducing a no-fault system to cap the exposure of insurance companies to LE 40,000 for death or total disablement and LE 10,000 for property. Under Law 72, insurance companies are required to pay compensation to the insured immediately to facilitate of the processing of third party claims without litigation and regardless of fault.

In addition to determining a maximum compensation limit to be paid by insurance companies, Law 72 established a Governmental fund to guarantee quick payment of compensation to victims for claims arising from uninsured vehicles and cases not covered by insurance companies.

In 2008, the supervisory authority adopted a number of reforms, including strengthening the independence of the regulator, implementing risk management and financial solvency based controls, separating life and non-life insurance businesses, increasing minimum capital and introducing corporate brokers. In addition, each insurance company operating in Egypt is obliged to join the Insurance Federation of Egypt.

The Government's non-banking financial sector reform programme continues to focus on insurance products aimed at SMEs and micro-insurance in cooperation with international institutions. New legislation has also been passed, *inter alia*, to promote private and optional pension funds and the electronic marketing and issuance of insurance products.

The Financial Regulatory Authority is preparing and consulting with respect to draft proposals to introduce amendments to the insurance law. These proposals are expected to include provisions relating to *Takaful*, third party administrators, medical insurance and micro-insurance.

Financial Regulatory Authority

The Financial Regulatory Authority (formerly, EFSA) is an independent authority established in accordance with Law № 10 of 2009. The Financial Regulatory Authority is responsible for supervising and regulating non-banking financial markets and instruments, including the capital markets, the stock exchange, and all activities related to insurance services, mortgage finance, financial leasing, factoring and securitisation. The Financial Regulatory Authority's role is to regulate the market and ensure its stability and competitiveness to attract more local and foreign investments. The mandate of the Financial Regulatory Authority also includes limiting inconsistency risks and addressing problems arising from applying different supervisory rules.

The Financial Regulatory Authority has replaced the Egyptian Insurance Supervisory Authority, the Capital Market Authority and the Mortgage Finance Authority in application of the provisions of the supervision and regulation of Insurance Law № 10 of 1981 and its executive regulations, the Capital Market Law № 95 of 1992 and its executive regulations, the Depository and Central Registry Law № 93 of 2000 and its executive regulations, the Mortgage Finance Law № 148 of 2001 and its executive regulations, as well as other related laws and decrees that are part of the mandates of the above authorities. The Financial Regulatory Authority is also the administrative body entitled to apply the financial leasing provisions promulgated by Law № 95 of 1995.

In September 2014, the Financial Regulatory Authority was elected as a board member of the International Organisation of Securities Commission ("**IOSCO**"), the international body of capital markets regulators, for the first time. Egypt was also selected to host the 2016 annual meetings of the Union of Arab Securities Authorities, which took place in March 2016.

The World Bank/IFC Doing Business Report for 2017 recognised Egypt for improving its investor minority protection rights, in particular, by increasing the role of shareholders. This was reflected in an improvement of 33 places in Egypt's ranking on the minority investors protection index, as compared to its ranking in the World Bank Doing Business Report for 2016. The World Bank/IFC Doing Business Report for 2018 ranked Egypt 128th out of 190 countries for ease of doing business, as compared to 122nd out of 190 in 2017.

The Global Competitiveness Report for 2017-2018 published by the World Economic Forum recognised a number of positive developments with respect to financial services, with Egypt improving its ranking in "availability of financial services" by 56 places (from 129th in 2016-17 to 73rd in 2017-2018 out of 137 countries). Egypt's ranking in the "regulation of securities exchanges" also improved by 55 places (from 105th in 2016-17 to 50th in 2017-2018 out of 137 countries).

In August 2018, Law № 176 of 2018 was issued to regulate the factoring and financial leasing regime. Pursuant to this law, factoring and financial leasing activities remain subject to regulation and licencing by the Financial Regulatory Authority.

See "*Monetary System—The Egyptian Stock Market*".

Telecommunications

The following table sets forth information on the telecommunications sector in Egypt as at the dates indicated.

Telecommunications[(1)]

	As at 31 December					As at 30 June
	2013	**2014**	**2015**	**2016**	**2017**	**2018**
Fixed Services						
Exchange capacity (*millions*)	14.8	15.2	17.7	18.9	19.6	19.4
Number of fixed line subscribers (*millions*)	6.8	6.3	6.2	6.1	6.6	7.4
Number of international connection circuits and links	81,746	n/a	n/a	n/a	n/a	n/a
Mobile Phone						
Number of mobile phone subscriptions (*millions*)	99.7	95.3	94.0	97.8	101.3	95.7
Mobile service companies	3.0	3.0	3.0	3.0	4.0	4.0
Internet Penetration						
Internet capacity (*GB per second*)	253.5	471.3	652.4	1,134.3	1,536.1	1,906.4

Source: Ministry of Communications and Information Technology

Note:
(1) Figures based on a survey of ICT access and use by households and individuals.

Fixed-line telephony

Telecom Egypt is 80% owned by the state and is the principal provider of fixed-line telephone services in Egypt. Telecom Egypt conducted an IPO in 2005, selling 20% of its shares to domestic and international investors. Telecom Egypt remains the principal operator of fixed-line services, although it no longer has an exclusive licence. In closed residential compounds, the National Telecom Regulatory Authority ("**NTRA**") has granted a "triple play" licence to two operators to provide fixed, data and value added services to end users. In addition, in October 2016, three mobile phone operators (Orange, Vodafone Egypt, Etisalat) were granted fixed-line licences; such companies have announced that they intend to provide fixed-line services through Telecom Egypt's network.

As at 30 June 2018, there were 7.4 million fixed line subscribers in Egypt, as compared to 6.6 million as at 31 December 2017, which makes Telecom Egypt the largest fixed-line provider in the Middle East and Africa. Although in recent years the number of fixed-line subscribers has not increased significantly, the number of asymmetric digital subscriber line ("**ADSL**") subscribers continues to increase, from 4.8 million as at 30 June 2017 to 5.8 million as at 30 June 2018.

Mobile telephony

Egypt has four mobile phone operators, Orange, Vodafone Egypt, Etisalat and, since August 2016, Telecom Egypt. In September 2017, Telecom Egypt was transformed into a "fully integrated telecom operator" under the new brand "WE".

In October 2016, the four mobile phone operators were granted 4G/LTE mobile licences. The granting of the 4G licences resulted in contributions to the Government budget of U.S.$1.1 billion, plus LE 10 billion. In December 2017, 5G technology was tested at the Cairo International Telecommunication Exhibition and Conference.

As at 30 June 2018, there were 95.7 million mobile subscribers, as compared to 101.3 million as at 31 December 2017, with penetration declining to 104.6% in June 2018, as compared to 111.6% in December 2017.

Internet

In 2017/18, there were 37.9 million internet users in Egypt, an increase of 12.5%, as compared to 2016/17. The internet penetration ratio reached 44.3% in 2017/18, as compared to 41.2% in 2016/17. The Government considers the expansion of broadband access to be a key driver for sustained growth and development in the telecommunications sector and the overall economy.

Telecommunications Development Strategy

In 2014, the Ministry of Communication and Information Technology introduced a strategy to develop the communications sector, regionally and internationally, by 2020. The development of the strategy involved input from non-governmental organisations, academics and multinational corporations. The strategy focuses on three key objectives: (i) the transformation of Egypt into a digital society; (ii) the development of the information and communications technology industry; and (iii) the establishment of Egypt as a global digital hub. The strategy is being rolled out through a number of strategic plans, five of which were released in 2014 and cover digital Arabic content, national Free and Open Source Software (FOSS), the Egyptian Government Cloud (EG-Cloud), social responsibility and electronic design and manufacturing.

The strategy aims to develop the sector by attracting FDI, supporting democratic transition and counteracting corruption, as well as by extending information and communication technology services in remote and marginalised areas. In addition, in line with the Government's "digital Government" concept, improvements are also being made to Government services through information technology.

Since 2016, the Ministry of Communication and Information Technology has participated in joint projects in, *inter alia*, the healthcare, education and justice sectors. Examples of such projects include the automation of procedures at hospitals (in co-operation with the Ministry of Health) and for testing and performance management (in co-operation with the Ministry of Education).

In May 2017, the Council of Ministers issued a decree obligating all public sector companies to implement the resolutions of the Supreme Council for Cyber Security, including taking measures to secure their telecommunications infrastructure and to implement measures and procedures related to the prevention and detection of cyber-attacks.

In August 2018, a new cybercrime law, Law № 175 of 2018 (the "**Cybercrime Law**") was introduced. The Cybercrime Law imposes restrictions on users and service providers and permits governmental authorities to block access to websites that are considered to constitute a threat to national security or the economy.

A data protection law is currently being drafted. The draft law, which aims to comply with international best practice, requires data controllers to obtain consent from data owners prior to trading, analysing or otherwise exploiting such data owner's data. The draft law also establishes a regulatory authority for data protection and sets forth a list of financial sanctions for non-compliance.

Environment

There has been a heightened level of interest and concern by the Government and the Egyptian population over environmental issues in recent years. This is due to increasing awareness of the value of Egypt's natural resources and the Government's desire to provide for the general welfare of the population. Law № 4 of 1994 and its related regulations (together, "**Law 4**") provide for comprehensive regulation of land, air and water pollution, including the discharge of contaminants that may be emitted into the air or discharged into the waterways and the disposal of solid and hazardous waste. Law 4 provides incentives for compliance, as well as penalties for non-compliance. The Agency for Environmental Affairs is responsible for the enforcement of Law 4. The Republic has entered into several international conventions and treaties relating to environmental protection.

The Government is promoting a national programme to encourage water re-use and tree planting in order to increase forested areas. In an effort to reduce air pollution in urban areas, the Government has introduced emission control standards, zoning restrictions, controls on the use of pesticides, noise limits and standards for the maintenance of acceptable levels of radiation.

Nile River

The Nile River accounts for 72.6% of Egypt's total water resources. The Government has identified the protection of the Nile River as an important priority and has taken various measures to reduce pollution in the Nile River, such as establishing five stations to receive and treat waste from boats in Aswan, Asyut, Sohag, Menia and Cairo. Law 4 also regulates pollution of the marine environment generally, including coastal areas of the Red Sea, discharges of oil and hazardous materials and the disposal of sewage waste and rubbish. See "*Risk Factors—Risk Factors Relating to Egypt—Ethiopia is constructing a dam, which could reduce Nile River flows*".

Employment and Labour

Egypt has the largest labour force in the Arab world. According to figures published by CAPMAS, 56.3 million people were between the ages of 15 and 60 in 2017, and 34.2% of the population was under the age of 15. Approximately 25.6% of Egypt's labour force works in the agricultural sector, 48.9% in services and 25.5% in industry. The labour force was 29.3 million people as at 31 December 2017, as compared to 28.9 million people as at 31 December 2016 and 28.4 million people as at 31 December 2015. Approximately one third of the population participates in the labour force. The labour force was 77.2% male and 22.8% female as at 31 December 2017.

Workers are not required to join trade unions but may, if they so wish. All workers belonging to a trade union are required to belong to the Egyptian Trade Union Federation, the only legally recognised labour federation.

The following table sets forth trends in the labour force for the years indicated.

Employment(1)

	2013	2014	2015	2016	2017
Labour force (*millions*)	27.6	27.9	28.4	28.9	29.3
Employed (*millions*)	24.0	24.3	24.8	25.3	26.0
Unemployed (*millions*)	3.6	3.6	3.7	3.6	3.3
Unemployment rate (*%*)	13.2	13.0	12.8	12.5	11.3

Source: CAPMAS

Note:

(1) The figures in this table have been revised and differ from previously published data. See "*Presentation of Information*".

According to figures published by CAPMAS, the unemployment rate declined to 11.3% in 2017, as compared to 12.5% in 2016, primarily due to increased employment opportunities at several large infrastructure projects, including the Suez

Canal Development Project and the New Capital City Project. See "*—Transport and Warehousing—Suez Canal*" and "*External Sector—Foreign Direct Investment—Investment Projects and Initiatives*".

According to data published by the CBE, the unemployment rate fell to 9.9% in the second quarter of 2018, the lowest rate since 2010.

The following table sets forth the number of workers by sector for the periods indicated.

Number of Workers by Sector(1)

	2012	2013	2014	2015	2016
			(thousands of people)		
Agriculture, forestry and fishing	6,386	6,703	6.694	6,403	6,478
Mining	41	41	48	39	41
Manufacturing	2,619	2,571	2,707	2,781	2,900
Electricity, Gas and A/C supplies	253	226	223	204	202
Water supplies and drainage networks	159	214	211	187	307
Construction and building	2,795	2,728	2,742	3,005	3,009
Wholesale, retail, vehicles amendments	2,585	2,688	2,713	2,936	3,004
Transport and warehousing	1,648	1,699	1,756	1,903	1,888
Tourism	520	526	549	648	668
Information and telecommunications	202	189	190	206	188
Financial intermediaries and insurance	195	167	158	160	181
Real estate and leasing	17	26	32	38	36
Technology	378	372	414	409	377
Administrative activities and subsidy services	149	147	145	186	201
Public administration, defence and obligatory social security	1,889	1,886	1,913	1,791	1,729
Education	2,237	2,299	2,293	2,216	2,283
Health and social work activities	667	646	666	747	780
Art and entertainment	120	113	121	115	117
Other Services	550	597	602	591	608
Individual households' services	184	133	119	214	330
International organisations and embassies	3	2	4	3	4
Other	2	0	0.7	0	0
Total	**23,599**	**23,973**	**24,301**	**24,811**	**25,331**

Note:

(1) Figures for 2017 and interim figures for 2018 are not available.

The following table sets forth labour force participation according to age as at 31 December 2017.

Labour Force Participation according to Age

Age Group	Labour Force	Out of Labour
	(%)	*(%)*
15-19	15.5	84.5
20-24	43.6	56.4
25-29	60.2	39.8
30-39	60.4	39.6
40-49	59.4	40.6
50-49	56.6	43.4
60-64	25.5	74.5
65+	13.1	86.9

Source: CAPMAS

Wages in Egypt are generally low. In 2017, the average wage for public and private sector employees was approximately LE 4,200 a month for a 6-day, 53-hour working week.

The Government has introduced a number of measures to control wages in the public sector, which became a priority as a result of a considerable increase in the public sector wage bill following the 2011 Revolution as a result of the practice of hiring temporary workers on a permanent basis and two increases in the minimum wage (to increase the minimum civil service wage to LE 700 per month in 2011/12 and then to LE 1,200 per month with effect from the second half of 2013/14). In 2014, the Prime Minister issued decree № 22 of 2014, through which the wages of public officials, whether permanent or temporary, were increased according to a specific equation depending on the seniority level of each employee.

In the period July 2016 to May 2017, wages and compensation of public sector employees increased by LE 21.8 billion, or 11.5%, to LE 211.8 billion. This increase was primarily due to: (i) a LE 0.5 billion increase in specific allowances to LE 23.1 billion; (ii) a LE 1.3 billion, or 39.0%, increase in in-kind benefits to LE 4.7 billion; (iii) a 21.9% increase in insurance benefits to LE 24.1 billion; (iv) a LE 10 billion increase in wages paid to permanent staff to LE 59.7 billion; and (v) a LE 6.8 billion increase in bonuses to LE 69.7 billion.

The 2018/19 budget allocates LE 270 billion to public sector wages, an increase of LE 30 billion, as compared to the 2017/18 budget, in order to mitigate any negative effects arising from changes in fuel and energy prices and other reform measures implemented pursuant to the Government's economic reform programme.

The following table sets forth weekly average wages for the years indicated.

Weekly Average Wages[(1)]

	2013	2014	2015	2016	2017
			(LE)		
Public Sector	964	1,026	1,064	1,154	1,247
Private Sector	439	506	594	670	779
Overall	671	806	879	942	1,050

Source: CAPMAS

Statistics relating to employment and unemployment in Egypt are inherently unreliable for a variety of reasons. The definition of "employed" and "unemployed" are not comparable to international standards. Persons that are considered to be employed for purposes of unemployment statistics may nevertheless be underemployed, spending only a few hours a week at their job. Only a small proportion of unemployed workers actually register as being unemployed. Nevertheless, the statistical information in this Prospectus is included to illustrate in broad terms the dynamics of the unemployment situation in Egypt. See "*Risk Factors—Risk Factors Relating to Egypt—The statistics published by the Republic may differ from those produced by other sources*".

Labour Law

To comply with the standards of the International Labour Organisation and other treaties, Egypt enacted Labour Law № 12 of 2003 (the "**Labour Law**"), which has since been amended on two occasions: Law № 180 of 2008 established committees for the resolution of disputes under the Labour Law and regulated certain dismissal procedures and the related compensation; and Law № 125 of 2010 established priority and legal liens over certain employer assets in order to guarantee the payment of employee salaries and wages.

The Labour Law is of general application to private and public sector companies. This includes workers in mines and quarries and construction. The Labour Law does not, however, apply to Government employees. Under the Labour Law, Egyptian workers are legally allowed to strike. In 2008, "dispute committees" were introduced to allow employers and employees to attempt to settle disputes amicably before further action is taken. The Labour Law expanded the role of labour unions and collective agreements, and created certain bodies to carry out specific functions, including:

- the High Commission for Labour Planning, which sets general labour policies;
- the National Commission for Wages, which sets minimum wages, with a minimum 7% annual increase of "basic salary" for social insurance purposes;
- the High Commission for Human Resource Development, which sets the national policy for human resources development;
- the High Advisory Commission for Safety and Occupational Health; and
- the Labour Advisory Commission, which advises on labour-related laws, international treaties and co-ordinates between relevant parties.

The Government has adopted a new strategy for administrative reform, which aims to create an efficient and effective public administration, promoting principles of professionalism, transparency, accountability, justice and responsiveness and providing better quality services, invoking citizen satisfaction and contributing to the achievement of Egypt's development goals and improving citizens' lives.

On 12 March 2015, Law № 18 of 2015 ("**Law 18**"), which was known as the "Civil Service Law", was passed by Presidential decree. Law 18 was designed to increase the efficiency of the public service delivery process, targeting the improvement of working conditions for civil servants and providing for recruitment decisions for civil jobs to be based on merit, thereby removing favouritism and discrimination. Pursuant to Law 18, civil service jobs were to be granted on the basis of fair tenders organised by the Central Agency for Organisation and Administration and supervised by the Minister of Administrative Reform. Civil service promotions must be based on merit and not on years of service. A new wage system was put in place to complement the reforms introduced by the law. Law 18 granted women four months of maternity leave, as compared to the three months offered under previous laws, and permitted early retirement. Law 18 also set out an evaluation system and mandates the development of a new code of conduct for civil servants. Law 18 was the only presidential decree not approved by the House of Representatives within the constitutional deadline for ratification following the convening of the new House of Representatives. It was, however, provisionally approved by the House of Representatives in a revised form in July 2016.

In November 2016, a new civil service law, Law № 81 of 2016 (the "**New Civil Service Law**"), was promulgated, which, in line with the priorities set out in the Government's reform programme, aims to reform the civil service and regulate the performance of employees in Government departments and public authorities. The New Civil Service Law annulled the previous civil service law and provides for the introduction of more transparent hiring methods, performance reviews and bonus incentives. The New Civil Service Law also provides that the salaries of Government employees will be raised by 7% annually and introduced a retirement age of 60 years. The executive regulations for the New Civil Service Law were promulgated in May 2017.

In June 2018, Law № 96 of 2018, which sets forth a new bonus structure for government employees, was passed. The law sets a new minimum of LE 65 for periodic bonuses for governmental employees, in line with the requirements of the New Civil Service Law, and introduces a special bonus of 10% of a government employee's basic salary and an exceptional bonus with effect from 1 June 2018. The exceptional bonus is paid monthly and ranges from LE 180 to LE 200 depending on the post and is considered to be a part of an employee's basic salary.

Investment

The Government's strategy to boost growth and employment relies on increasing investment, through improvements to the business climate and the attraction of FDI, as well as the implementation of large infrastructure projects. In particular, in June 2017, a new investment law came into force. See "*External Sector—Foreign Direct Investment—Investment Projects and Initiatives*".

Public Private Partnership

In line with the Government's long term strategy to promote private sector involvement in economic, social and political development, the Government introduced a public private partnership ("**PPP**") programme in June 2006 as a tool to encourage investment and to allocate risk to achieve higher quality services at reduced costs. Accordingly, in 2010, Law № 67 of 2010 and its executive regulations (the "**PPP Law**") was enacted to develop a comprehensive PPP programme aimed at attracting additional investment through privately financed, built, operated and managed public infrastructure projects and public services. The PPP Law created an institutional framework for PPP projects comprised of: (i) the PPP Supreme Committee, which regulates PPP activities and is chaired by the Prime Minister; (ii) the PPP Central Unit, which is responsible for implementing and managing the PPP programme; and (iii) various PPP satellite units, which have since been established in various Government ministries. The PPP Central Unit also works closely with the Ministry of Planning and the Ministry of Investment and International Co-operation to develop future PPP projects. The Government has announced its intention to use PPPs as a tool to enhance its economic reform programme and efforts to improve the investment climate and encourage co-operation across Government ministries to increase the effectiveness of PPPs.

The first Egyptian PPP project, a wastewater treatment plant, has been operational since 2013, and, as at 31 December 2017, five infrastructure projects were being tendered through PPPs, in the health, wastewater, transport and social sectors, with an estimated total investment capital of LE 5.0 billion. Although initial projects have been domestically funded, the International Finance Corporation and the EBRD, among others, have submitted bids to finance projects under the PPP programme.

Announced plans for PPPs include, *inter alia*:

- *New Schools PPP Projects*: The construction and operation of public schools, for which 54 projects in 16 governorates have been tendered (with tenders expected to cover a total of 1,000 schools as the first phase of the National Project for Building and Operation of Advanced PPP Language Schools). The project involves the design, financing, construction, furnishing, maintenance and provision of educational services and non-core services, including facility management, to operate the schools. The technical and financial evaluations have been completed for the first phase of the project, with project contracts expected to be entered into by the end of 2018.

- *Dry Port PPP Project:* The "6th of October Dry Port PPP project", which has been tendered and is expected to be operational by the end of 2020. This project includes the development, finance, design, build and operation of a new dry port in the city of 6 of October in the Giza governorate.

- *Ain Shams University Faculty of Commerce*: The financing, building, operation and maintenance of a new building for the Faculty of Commerce at Ain Shams University. The pre-feasibility study for this project has been completed and the tender for the project is expected to be launched by the end of 2018.

- *Dry Bulk Terminal in Dekheila/Alexandria Port PPP project:* This project is to design, build, operate and maintain a dry pouring terminal at the Dekheila port. A feasibility study is currently being conducted with respect to this project.

- *Academy of Arts Specialised Hospital:* The construction of a new major hospital, "Academy of Arts Specialised Hospital" in Haram in which the private sector is expected to rebuild the hospital, finance, operate, maintain and provide medical services.

- *Notarisation Offices and Automation PPP Project:* This project involves the rollout and automation of 388 notarisation offices across Egypt. The scope of the project includes the finance, design, development, automation, operation and maintenance of the offices. Tender documentation of this project are being prepared.

The PPP Central Unit in the Ministry of Finance is charged with co-ordinating the PPP national programme across ministries and public bodies, as well as representing the Government at local and international conferences and summits.

Various tools have been used by the Government to date in order to increase the attractiveness of long-term PPP contracts, including bearing interest rate risk, signing off-take agreements to offload demand risk borne by the private sector and banks and providing sovereign guarantees for certain projects.

Poverty

Poverty is prevalent in Egypt. In 2015, the national poverty headcount ratio at national poverty lines (calculated as the percentage of the population living below the national poverty lines and based on population-weighted subgroup estimates from household surveys) rose to 27.8%, an increase of 5.7%, as compared to 2013/14.

One of the Government's highest priorities is to reduce poverty through increased spending on education, healthcare and social programmes and by improving the existing subsidy system to more efficiently target its subsidies at low-income Egyptians. In recent years, the Government's social policy framework has gradually shifted towards addressing the structural underpinnings of inter-generational development challenges and the Government has announced its intention for future social welfare provision to target improved inclusivity, efficiency and productivity enhancing measure. Further reforms are expected to be funded by re-channelling fiscal resources from current inefficient uses and social programmes are expected to be increasingly focused on targeting the most vulnerable households rather than specific goods. The Government intends to rely on means testing to maximise the efficiency of its future social spending.

Measures introduced by the Government to combat poverty to date include the introduction of a new food subsidy system and the restructuring of fuel subsidies. See "*Public Finance—Social Spending and Subsidies*".

Informal Economy

The Republic has a significant informal economy in terms of the production of goods and services, and it is a significant source of employment. According to figures published by the Egyptian Centre for Economic Studies, approximately 8.2 million people participate in the informal economy. Of the participants in the informal economy, approximately 68% work in the wholesale and retail sectors. See "*Risk Factors—Risk Factors Relating to Egypt—A significant portion of the Egyptian economy is not recorded*".

EXTERNAL SECTOR

General

Egypt's balance of payments maintained a surplus in 2017/18, registering a surplus of U.S.$12.8 billion, as compared to a surplus of U.S.$13.7 billion in 2016/17. This surplus was primarily a result of the continuing impact of the liberalisation of the Egyptian Pound in November 2016.

The current account deficit narrowed in 2017/18 to U.S.$6.0 billion, as compared to U.S.$14.4 billion in 2016/17. The narrowing of the current account deficit was primarily due to a 98.1% increase in the services surplus from U.S.$5.6 billion in 2016/17 to U.S.$11.1 billion in 2017/18 and a 21.6% increase in net unrequited current transfers from U.S.$21.8 billion in 2016/17 to U.S.$26.5 billion in 2017/18. The trade deficit remained stable at U.S.$37.3 billion in each of 2016/17 and 2017/18.

The capital and financial account recorded a net inflow of U.S.$22.0 billion in 2017/18, as compared to U.S.$31.0 billion in 2016/17, reflecting a decrease of 29.1%. This decrease was primarily due to a decrease in the financial account from U.S.$31.1 billion in 2016/17 to U.S.$22.1 billion in 2017/18, which was, in turn, primarily due to decreases in FDI and portfolio investment in Egypt.

A decrease in other investments also contributed to the decreased inflows to the capital and financial account. Other investments recorded a net inflow of U.S.$2.6, billion in 2017/18, as compared to U.S.$7.2 billion in 2016/17, reflecting a reduction of 63.4%.

Net international reserves with the CBE increased by U.S.$13.0 billion, or 41.4%, to U.S.$44.3 billion as at 30 June 2018, which represented 8.4 months of merchandise imports, as compared to U.S.$31.3 billion as at 30 June 2017, which represented 6.4 months of merchandise imports. Net international reserves were U.S.$44.5 billion as at 31 October 2018 (according to provisional figures), representing an increase of 21.2%, as compared to the levels as at 31 October 2017. This increase was primarily due to an increase in foreign currencies. See "*Monetary System—Net International Reserves*".

Net foreign assets held by Egyptian banks increased by LE 248.4 billion, from LE 61.1 billion as at 30 June 2017, to LE 309.5 billion as at 30 June 2018. As at 30 June 2018, foreign currency deposits at Egyptian banks increased to U.S.$40.2 billion, from U.S.$38.5 billion as at 30 June 2017. As a result of the weakening of the Egyptian Pound relative to the U.S. Dollar and the widening of the interest rate differential between the Egyptian Pound and the U.S. Dollar, foreign currency deposits as a percentage of total deposits decreased from 19.0% as at 30 June 2014, to 17.9% as at 30 June 2015, before increasing to 18.5% as at 30 June 2016, 27.8% as at 30 June 2017 and subsequently decreasing to 23.8% as at 30 June 2018. Foreign currency deposits as a percentage of total deposits (after excluding the effect of change in exchange rate) decreased to 15.9% as at 30 June 2017 and 13.3% as at 30 June 2018. See "*Monetary System—Liquidity and Credit Aggregates*".

Egypt's gross external debt (public and private) as at 30 June 2018 was U.S.$92.6 billion, as compared to U.S.$79.0 billion as at 30 June 2017, an increase of 17.2%, primarily due to the receipt of funds under the EFF, and the proceeds of Eurobond issues by the Republic in the six months ended 30 June 2018. See "*Public Debt—External Debt*".

Government debt is the major source of external debt, comprising 44.1% of external debt as at 30 June 2017 and 51.4% as at 30 June 2018. The gross external debt to GDP ratio increased to 37.5% as at 30 June 2018, as compared to 33.6% as at 30 June 2017.

See "*Public Debt.*"

Balance of Payments

Balance of Payments for 2013/14 to 2017/18

The following table sets forth data on Egypt's balance of payments for the periods indicated.

Balance of Payments[(1)]

	2013/14	2014/15	2015/16	2016/17	2017/18[(2)]
			(U.S.$ millions)		
Exports[(3)]	26,023	22,245	18,705	21,728	25,827
Imports	(60,182)	(61,306)	(57,388)	(59,003)	(63,103)
Trade Balance[(4)]	(34,159)	(39,060)	(38,683)	(37,275)	(37,276)
Services and income (*net*)[(5)]	1,012	5,042	2,061	1,046	4,843
Balance of goods, services and income	(33,148)	(34,018)	(36,622)	(36,229)	(32,433)
Official Transfers (*net*)	11,920	2,670	102	149	206
Private Transfers (*net*)	18,448	19,205	16,689	21,686	26,265
Total Transfers	30,368	21,876	16,791	21,835	26,471
Balance of Current Account	(2,780)	(12,143)	(19,831)	(14,394)	(5,962)
Foreign Direct Investment (*net*)[(6)]	4,178	6,380	6,933	7,933	7,720
Portfolio Investment in Egypt (*net*)	1,237	(639)	(1,287)	15,985	12,095
Net Borrowing	207	5,036	7,103	9,699	10,279
Medium and Long-Loans	(956)	(483)	(186)	5,157	6,739
Drawings	1,153	1,754	2,523	7,641	8,846
Repayments	(2,110)	(2,236)	(2,710)	(2,484)	(2,108)
Medium Term Suppliers' Credits	(56)	258	1,505	2,795	1,119
Drawings	8	313	1,561	2,912	1,314
Repayments	(64)	(55)	(55)	(117)	(195)
Short Term Suppliers' Credits (*net*)	1,220	5,261	5,784	1,747	2,422
Other Assets	(2,278)	(1,221)	(3,477)	(12,096)	(4,512)
Other Liabilities	1,912	8,671	12,019	9,574	(3,142)
Capital and Financial Account	5,190	17,929	21,177	31,015	21,997
Net Errors and Omissions	(931)	(2,061)	(4,159)	(2,904)	(3,247)
Overall Balance	**1,479**	**3,725**	**(2,813)**	**13,717**	**12,788**
Current Account/GDP (*%*)[(7)]	(0.9)	(3.6)	(6.0)	(6.1)	(2.4)
Balance of Payments/GDP (*%*)[(7)]	0.5	1.1	(0.8)	5.8	5.1
NIR[(8)] as Months of merchandise Imports (*%*)	3.3	3.9	3.7	6.4	8.4

Source: CBE

Notes:

(1) This data differs from previously published data due to the revisions of certain external debt and petroleum sector figures.
(2) Preliminary figures.
(3) Including petroleum and other exports.
(4) Including exports and imports of Free Zones.
(5) Includes transportation, travel, investment income, Government expenditure and other receipts and payments.
(6) Includes FDI in the petroleum sector.
(7) See "*The Economy—Gross Domestic Product*".
(8) Net International Reserves. See "*Monetary System—Net International Reserves*". As at 31 October 2018, according to provisional figures, net international reserves were U.S.$44.5 billion.

Current Account

Exports from Egypt have decreased during the past five years from U.S.$26.0 billion in 2013/14 to U.S.$25.8 billion in 2017/18, a decrease of U.S.$0.2 billion, or 0.8%, having decreased to U.S.$18.7 billion in 2015/16. In addition, the trade deficit has widened during the same period from U.S.$34.2 billion in 2013/14 to U.S.$37.3 billion in 2017/18, an increase of U.S.$3.1 billion, or 9.1%, principally due to the decline in international oil and commodity prices, which affected Egyptian exports. Exports from Egypt did, however, increase, and the trade deficit stabilised, in 2017/18, as compared to 2016/17.

The trade deficit stabilised in 2017/18, representing U.S.$37.3 billion in each of 2016/17 and 2017/18, primarily due to increases in both export proceeds and import payments. Export proceeds were U.S.$25.8 billion in 2017/18, as compared to U.S.$21.7 billion in 2016/17, representing an increase of 18.9%. The increase in export proceeds in 2017/18 was primarily due to a 33.1% increase in oil exports to U.S.$8.8 billion in 2017/18, as compared to U.S.$6.6 billion in 2016/17, which was, in turn, primarily due to increases in global prices for crude oil and oil products, as well as an increase in exported quantities of oil products. A 12.7% increase in non-oil exports to U.S.$17.1 billion in 2017/18, as compared to U.S.$15.1 billion in 2016/17, also contributed to the overall increase in export proceeds. The increase in non-oil exports in 2017/18 was primarily due to increase in exports of finished goods, primarily electrical appliances, phosphate fertilisers and ethylene and propylene polymers.

The services account registered a surplus of U.S.$11.1 billion in 2017/18, as compared to a surplus of U.S.$5.6 billion in 2016/17, an increase of 98.1%. This increase was primarily due to an increase in the travel balance surplus (from U.S.$1.6 billion in 2016/17 to U.S.$7.4 billion in 2017/18) and an increase in Suez Canal receipts (from U.S.$4.9 billion in 2016/17 to U.S.$5.7 billion in 2017/18).

Net unrequited current transfers increased by 21.6% from U.S.$21.8 billion in 2016/17 to U.S.$26.5 billion in 2017/18. This increase was primarily due to an increase in net private transfers (from U.S.$21.7 billion in 2016/17 to U.S.$26.3 billion in 2017/18), which was, in turn, primarily due to an increase in workers' remittances.

The following table sets forth data on net private transfers flowing into the Republic for the periods indicated.

Net Private Transfers(1)

	2013/14	2014/15	2015/16	2016/17	2017/18(2)
			(U.S.$ millions)		
Total Private Transfers (Net)	18,448	19,205	16,689	21,686	26,265

Source: CBE

Notes:
(1) This data differs from previously published data due to the revisions of certain external debt and petroleum sector figures.
(2) Preliminary figures.

Capital and Financial Account

The Republic's capital and financial account surplus decreased from U.S.$31.0 billion in 2016/17 to U.S.$22.0 billion in 2017/18, a decrease of 29.1%, primarily due to a decrease in the financial account from U.S.$31.1 billion in 2016/17 to U.S.$22.1 billion in 2017/18, which was, in turn, primarily due to decreases in net FDI (from U.S.$7.9 billion in 2016/17 to U.S.$7.7 billion in 2017/18) and portfolio investment in Egypt (from U.S.$16.0 billion in 2016/17 to U.S.$12.1 billion in 2017/18).

A decrease in other investments also contributed to the decreased inflows to the capital and financial account. Other investments recorded a net inflow of U.S.$2.6 billion in 2017/18, as compared to U.S.$7.2 billion in 2016/17, reflecting a reduction of 63.8%.

Other assets and liabilities recorded a net outflow of U.S.$1.4 billion in 2017/18, as compared to a net outflow of U.S.$2.5 billion in 2016/17.

The capital account recorded a net outflow of U.S.$151 million in 2017/18, as compared a net outflow of U.S.$113 million in 2016/17.

Foreign Trade

Foreign trade in Egypt has experienced significant developments in recent years. The Government has overhauled Egypt's customs legislation to streamline the process for importing and exporting goods. A number of regulations and decrees have been introduced to improve inspection and control procedures, simplify documentation, reduce costs and delays, improve logistics and liberalise trade movements.

The number of customs procedures and approvals required to import or export goods have been reduced significantly. In addition, the time taken to issue customs declaration forms has been reduced to 24 hours. A "green route" allowing for the immediate release of imported/exported goods which meet certain criteria has also been introduced.

To ensure that customs legislation is implemented effectively and efficiently, a "one-stop" control point for export and import licensing and the release of consignments has been established through the General Authority for Export and Import Control and the Customs Authority (departments of the Ministry of Trade and Industry and the Ministry of Finance, respectively) in collaboration with other ministries and agencies.

Total trade increased from U.S.$84.7 billion in 2012/13 to U.S.$86.2 billion in 2013/14 before decreasing to U.S.$83.6 billion in 2014/15 and U.S.$76.1 billion in 2015/16, subsequently increasing to U.S.$80.7 billion in 2016/17 and increasing to U.S.$88.9 billion in 2017/18. This represented an increase of U.S.$1.5 billion (or 1.8%) in 2013/14, decreases of U.S.$2.7 billion (or 3.1%) in 2014/15 and U.S.$7.5 billion (or 8.9%) in 2015/16, and increases of U.S.$4.6 billion (or 6.1%) in 2016/17 and U.S.$8.2 billion (or 10.2%) in 2017/18, in each case as compared to the relevant prior fiscal year. Over the period 2013/14 to 2017/18, imports have increased by 4.9%, as compared to a decrease in exports by 0.8% over the same period. See "*Arab Republic of Egypt—Foreign Relations and International Organisations*".

Exports

The following table sets forth the value of products exported for the periods indicated.

Exports by Product[(1)(2)]

	2013/14	2014/15	2015/16	2016/17[(3)]	2017/18[(3)]
			(U.S.$ billions)		
Fuel Exports	**12.3**	**8.9**	**5.7**	**6.6**	**8.8**
Crude Petroleum	7.7	6.2	3.6	3.9	4.6
Petroleum products[(4)]	4.7	2.7	2.1	2.7	4.2
Non-Fuel Exports	**13.7**	**13.3**	**13.0**	**15.1**	**17.0**
Raw Materials	1.5	1.7	1.5	1.7	2.0
Semi-finished goods	2.6	2.4	2.7	4.0	4.3
Finished goods	9.5	9.2	8.6	9.3	10.6
Other Exports[(5)]	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Total Exports[(5)]	**26.0**	**22.2**	**18.7**	**21.7**	**25.8**

Source: CBE

Notes:

(1) According to the Harmonised System Coding (Degree of Processing).
(2) The data in this table differs from previously published data due to the revision of petroleum sector figures.
(3) Preliminary figures.
(4) Including gas and bunker and jet fuel.
(5) Including exports of Free Zones.

Export proceeds were U.S.$25.8 billion in 2017/18, as compared to U.S.$21.7 billion in 2016/17, an increase of 18.9%, primarily due to a 33.1% increase in fuel exports and a 12.7% increase in non-fuel exports. As a result, the export/import ratio increased to 40.9%in 2017/18, as compared to 36.8% in 2016/17.

As a result of the increase in both fuel and non-fuel exports, total exports increased by 18.9% in 2017/18, as compared to 2016/17. Fuel exports accounted for 34.0% of total exports in 2017/18, as compared to 30.3% in 2016/17. Non-fuel exports accounted for 66.0% of total exports in 2017/18, as compared to 69.7% in 2016/17.

The following table sets forth the destination of exports from Egypt for the periods indicated.

Destinations of Egyptian Exports(1)

	2013/14	2014/15	2015/16	2016/17(2)	2017/18(2)
			(U.S.$ billions)		
European Union	10.1	7.5	6.0	7.0	9.0
United States	2.5	2.2	1.3	1.8	2.1
Arab countries	5.5	5.5	5.8	6.4	6.0
Asian countries (excluding Arab countries)	3.5	3.1	2.1	1.8	2.7
Other European countries	1.4	1.3	1.3	1.7	2.1
African countries (excluding Arab countries)	0.5	0.5	0.5	0.5	0.7
Commonwealth of Independent States(3)	0.2	0.5	0.2	0.2	0.3
Other countries(4)	2.5	1.6	1.5	2.3	3.0
Total Exports(4)	**26.0**	**22.2**	**18.7**	**21.7**	**25.8**

Source: CBE

Notes:

(1) The data in this table differs from previously published data due to ongoing revisions.
(2) Preliminary figures.
(3) Includes Russia.
(4) Including exports of Free Zones.

In 2017/18, the EU was the largest importer of Egyptian goods, purchasing 34.9% of Egyptian exports, as compared to 32.3% in 2016/17. Arab countries were Egypt's second largest trading partners, purchasing 23.3% of Egyptian exports (29.6% in 2016/17), followed by other countries, with 11.6% of total exports (10.5% in 2016/17).

Imports

The following table sets forth the levels of Egyptian imports by product for the periods indicated.

Imports by Product[(1)(2)]

	2013/14	2014/15	2015/16	2016/17[(3)]	2017/18[(3)]
			(U.S.$ billions)		
Fuel Imports	**13.2**	**12.4**	**9.3**	**12.0**	**12.5**
Petroleum products[(4)]	11.2	9.9	8.4	10.1	10.0
Crude Oil	2.1	2.5	0.9	1.9	2.5
Non-Fuel Imports	**46.9**	**48.9**	**48.1**	**47.0**	**50.6**
Raw Materials	7.5	7.5	5.4	6.2	5.9
Intermediate Goods	17.3	15.8	15.3	15.7	19.8
Investment Goods	7.2	8.9	9.6	8.8	8.9
Consumer Goods	14.0	15.1	14.6	12.6	13.0
Other Imports	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Total Imports[(5)]	**60.2**	**61.3**	**57.4**	**59.0**	**63.1**

Source: the CBE

Notes:
(1) According to The Harmonised System Coding (H.S.C.) (Degree of Use).
(2) The data in this table differs from previously published data due to the revision of petroleum sector figures.
(3) Preliminary figures.
(4) Including gas and bunker and jet fuel.
(5) Including imports of Free Zones, and commodity grants and loans.

Total imports increased by 6.9% in 2017/18, as compared to 2016/17. Fuel imports accounted for 19.8% of total imports in 2017/18, as compared to 20.4% in 2016/17. Non-fuel imports accounted for 80.2% of total imports in 2017/18, as compared to 79.6% in 2016/17.

The following table sets forth the origin of Egyptian imports for the periods indicated.

Origins of Egyptian Imports[(1)]

	2013/14	2014/15	2015/16	2016/17[(2)]	2017/18[(2)]
			(U.S.$ billions)		
European Union	16.2	17.8	17.4	15.9	16.7
United States	4.2	3.9	2.6	2.9	2.9
Asian countries (excluding Arab countries)	12.2	13.3	11.4	10.7	12.6
Arab countries	16.7	13.6	10.4	11.0	12.4
Other European countries	4.3	4.5	4.1	4.2	4.3
Commonwealth of Independent States[(3)]	2.6	3.0	4.0	4.3	4.8
African countries (excluding Arab countries)	0.5	0.5	0.7	0.8	0.7
Other countries	3.5	4.7	6.8	9.2	8.7
Total Imports[(4)]	**60.2**	**61.3**	**57.4**	**59.0**	**63.1**

Source: CBE

Notes:
(1) The data in this table differs from previously published data due to the revisions of petroleum sector figures.
(2) Preliminary figures.
(3) Includes Russia.
(4) Including imports of Free Zones.

In 2017/18, the EU was the largest source of imported goods into Egypt, accounting for 26.5% of Egyptian imports, as compared to 26.9% in 2016/17. Asian countries were Egypt's second largest trading partners accounting for 20.0% of Egyptian imports (18.2% in 2016/17), followed by Arab countries, with 19.6% of total imports (18.6% in 2016/17) and other countries, with 13.8% of total imports (15.6% in 2016/17).

Foreign Direct Investment

In recent years, the Government has introduced a number of legislative and institutional reforms aimed at improving Egypt's investment climate and attracting both domestic and FDI. The Government has sought to address major constraints historically affecting inbound investment into Egypt. The GAFI has streamlined the procedures for inward investment thereby establishing a favourable investment climate which, among other factors, has historically helped to attract increased inflows of FDI and which, in turn, supports accelerated economic growth.

The Ministry of Investment (now the Ministry of Investment and International Co-operation) was established in 2004, with a mandate to improve the investment climate in Egypt, further develop non-bank financial services and introduce an asset management programme for state-owned enterprises. In furtherance of its mandate, the Ministry of Investment and International Co-operation has established "one-stop shops" throughout the various governorates of Egypt for establishing companies and obtaining various permits, licences and regulatory approvals. In addition, in 2007 seven investment zones in the information communications technology, textiles and apparel, auto-manufacturing and other industries were established. In 2017, 18,657 new companies were established in Egypt, as compared to 12,682 companies in 2016 and 11,550 companies in 2015, according to statistics published by the Ministry of Investment and International Co-operation.

In 2017/18, overseas investment in Egypt's petroleum sector accounted for 67.3% of all FDI inflows, as compared to 61.2% in 2016/17. Overseas investment in the services sector accounted for 11.2% of total FDI inflows in 2017/18, as compared to 9.4% in 2016/17. Overseas investment in the manufacturing sector accounted for 10.0% of total FDI inflows in 2017/18, as compared to 5.8% in 2016/17.

Net FDI inflows increased from U.S.$4.2 billion in 2013/14 (representing 1.4% of GDP) to U.S.$6.4 billion in 2014/15 (representing 1.9% of GDP), U.S.$6.9 billion in 2015/16 (representing 2.1% of GDP), and U.S.$7.9 billion in 2016/17 (representing 3.4% of GDP), before decreasing to U.S.$7.7 billion in 2017/18 (representing 3.1% of GDP). The increase from 2013/14 to 2016/17 was primarily due to increased investor confidence in Egypt and increased inflows for greenfield investment and oil sector projects. The decrease in 2017/18, as compared to 2016/17, was primarily due to lower levels of FDI in the agriculture, tourism, real estate and other services sectors.

The following table sets forth FDI figures and the principal countries of origin for the periods indicated.

FDI by Country(1)

	2013/14	2014/15	2015/16	2016/17	2017/18(2)
			(U.S.$ millions)		
Total Net Foreign Direct Investment	**4,178**	**6,380**	**6,933**	**7,916**	**7,720**
Inflows	**10,856**	**12,546**	**12,529**	**13,349**	—
United States	2,230	2,116	883	1,833	—
United Kingdom	5,079	4,990	7877	5,502	—
France	347	230	251	536	—
Spain	6	28	154	44	—
Germany	194	190	202	148	—
Saudi Arabia	284	649	313	344	—
Switzerland	95	165	128	148	—
Kuwait	130	237	133	150	—
Bahrain	194	137	165	113	—
United Arab Emirates	401	1,383	1,329	837	—
Netherlands	192	182	246	219	—
Oman	13	12	12	6	—
Others	1,691	2,227	836	3469	—
Outflows(3)	**(6,678)**	**(6,166)**	**(5,596)**	**(5,433)**	—

Source: CBE

Notes:

(1) The data in this table differs from previously published data due to the revisions of petroleum sector figures.

(2) Preliminary data. FDI inflow and outflow data, as well as the country breakdown, is not available for 2017/18. In the nine months ended 31 March 2018, FDI inflows were U.S.$10.2 billion and FDI outflows were U.S.$4.2 billion.

(3) Including cost recovery and profit sharing related to international oil and gas companies.

Investment Projects and Initiatives

The Government's strategy to boost growth and employment is dependent on increasing investment, through improvements to the business climate and the attraction of FDI, as well as through the implementation of large infrastructure projects. Recent initiatives to improve the framework for businesses and investment and to foster private sector-led growth include measures to streamline procedures for doing business and increase transparency, including:

- *New investment law*: In June 2017, the New Investment Law was passed, which is aimed at attracting increased FDI inflows. The New Investment Law provides certain guarantees and incentives for, *inter alia*: (i) fair and equitable treatment of foreign and Egyptian investors; (ii) granting residence permits to foreign investors; (iii) limiting the right of Egyptian authorities to suspend or terminate licences; (iv) repatriating profits and receiving international financing without restriction; (v) accelerating the liquidation process; (vi) directly importing raw materials, equipment and spare parts or using transportation without registration with the Importers Registry; (vii) exporting the investment projects' products (directly or indirectly) without registration with the Exporters Registry; (viii) benefiting from exemptions from certain stamp and customs duties and the application of a unified custom duty for certain items; (ix) corporations incorporated within three years of the New Investment Law coming into force to benefit from deductions of between 30% and 50% of their investment costs from their taxable profit (in addition to ordinary depreciation) up to an amount equal to 80% of paid-in capital for seven years in certain sectors and for certain items; and (x) tax deductions for companies that allocate a certain percentage of their profits to charity and community development initiatives. The incentives provided under the New Investment Law are available to both foreign and Egyptian investors, subject to certain conditions, including (among others) the incorporation of a company in Egypt. The New Investment Law also provides for four types of investment system (internal investment system, investment zones system, technological zones system and free zones system). The New Investment Law also establishes: (i) an administrative unit called "investor service center", which functions as a one-stop shop for investment-related services, such as establishing, expanding, or increasing the capital of, a business or issuing permits, approvals and licences; and (ii) a conflict resolution mechanism outside the court system, including a complaint committee within GAFI, ministerial committees for investment-related conflict resolution and an independent arbitration and mediation center that focuses on investor-state disputes. In October 2017, the Council of Ministers approved the executive regulations for the New Investment Law.

- *New industrial licensing law*: In June 2017, a new industrial licensing law, Law № 15 of 2017 (the "**New Industrial Licensing Law**"), was passed, which eliminates the previous licensing process and establishes more simplified procedures without the requirement for certain pre-approvals, including from Civil Defence and Fire Safety authorities, and provides for the automatic renewal of existing operational licences. For industries that do not conduct vital public functions, the New Industrial Licensing Law only requires businesses to comply with health, safety, civil defence and environmental requirements. For industries with vital public functions, the requirements are more stringent, but simpler than under the previous regime. In August 2017, executive regulations for the New Industrial Licensing Law were published, which aim to reduce the waiting period for obtaining industrial licences to establish new facilities, from around 600 days to 30 days. In May 2018, a decision setting out the requirements for obtaining industrial licences was issued.

- *Amendments to the competition law*: On 17 January 2005, the Parliament passed Law № 3 of 2005, which is known as "the Protection of Competition and Anti-Monopoly Law" (the "**Competition Law**"). The Competition Law was the first piece of legislation enacted in Egypt regulating the competitive conduct of market participants and provided that economic activities could not be carried out in a manner "preventing, restricting or damaging free competition". The Competition Law also established the ECA to regulate and enforce the Competition Law. In 2008, the Competition Law was amended to introduce a notification system for merger and acquisition activities, pursuant to which the ECA is notified when certain thresholds are met or exceeded. The Competition Law was again amended in 2014 (by Law № 56 of 2014) to increase the competitiveness of the Egyptian market, including by strengthening the role of the ECA through conferring on it judicial enforcement powers and the right to file lawsuits and settle cases independently, as well as by applying stricter confidentiality obligations in respect of the authority's employees.

- *Amendments to the Companies law:* In January 2018, a new law amending the Egyptian Companies Law № 159/1981 (the "**Companies Law**") was passed, which aims to create a more favourable investment environment. The principal amendments introduced to the Companies Law include: (i) extending the Companies Law to sole proprietorships as limited liability entities; (ii) permitting companies to increase their share capital through a resolution of their ordinary general assembly (rather than being required to call an extraordinary general assembly); (iii) permitting the issuance of preferred shares even if not expressly contemplated by a company's articles of association; (iv) permitting board of director meetings to be held by electronic means (*e.g.*, through a video conference); and (v) permitting the use of electronic signatures.

- *Introduction of a new bankruptcy law*: In February 2018, a new bankruptcy law (the "**New Bankruptcy Law**") was passed, which aims to encourage companies, in particular, SMEs, to resume economic activities following bankruptcy. The law sets out legal alternatives for debt restructuring before filing for bankruptcy and seeks to simplify the liquidation process, set out defined time-frames for liquidation and to provide creditors with a greater role in the selection of bankruptcy trustees and other matters. In March 2018, the Council of Ministers approved executive regulations establishing a committee to supervise the execution of the New Bankruptcy Law, and, in August 2018, approved executive regulations establishing a list of bankruptcy experts from which judges may select an expert to assist in bankruptcy proceedings and restructurings.

- *Amendment to the consumer protection law:* In September 2018, a new consumer protection law, Law № 181 of 2018 (the "**Consumer Protection Law**"), was passed, which replaced the previous consumer protection law. The new Consumer Protection Law is expected to come into effect in December 2018 (three months following the date of its issuance). The Consumer Protection Law regulates new concepts such as e-commerce, and the sale of residential units and competitions, as well as increasing certain penalties provided under the previous consumer protection law. The Consumer Protection Law also sets higher standards for warranty and after sale services.

- *Introduction of the new mining law*: On 9 December 2014, the President signed Law № 198 of 2014 (the "**New Mining Law**"), which introduced a new tax and royalty structure for the mining sector and measures to facilitate swifter allocation of mineral concessions to domestic and foreign companies. The New Mining Law also simplifies a number of administrative procedures in connection with the exploration and exploitation of mineral concessions. Executive regulations for the New Mining Law were published in June 2015.

- *Introduction of the Third Party Contract Appeal Law*: In April 2014, Law № 32 of 2014 was passed in order to regulate the appeals procedure and prohibits third party interference in contracts between the State and investors (subject to certain exceptions).

- *Introduction of a microfinance law*: In November 2014, the President passed Law № 141 of 2014, which permits licensed entities to offer microfinance loans of up to LE 100,000 to SMEs or low income persons engaged in production, services or trading.

- *Resolving outstanding investor disputes*: In accordance with its commitment to improve Egypt's investment climate, the Government prioritised the settlement of investor disputes and, since August 2015, 311 out of 400 currently outstanding investor disputes have been successfully resolved, with the remaining 89 expected to be resolved. The Prime Minister is the chairman of a committee formed to settle major investment disputes.

- *Regulating Mortgage Finance*: The Mortgage Finance Law № 148 of 2001 ("**Law 148**") was promulgated in 2001 to regulate mortgage finance through companies licensed by EFSA (now the Financial Regulatory Authority). Such financing is to be used for, among other things, projects for the purchase, building or renovation of real estate and is secured through liens or real estate mortgages over the financed assets. Law 148 was amended in 2014 to broaden the security to be granted in respect of such projects. The 2014 amendments also expanded the regulatory powers of EFSA (now the Financial Regulatory Authority), established the Egyptian Federation for Mortgage Finance to represent the collective interest of mortgage finance companies and exempted mortgage financings from stamp duties, other taxes and fees.

- *Regulations in respect of non-Egyptian workers*: In September 2015, Decree № 305 of 2015 was passed, which requires non-Egyptians working in Egypt to obtain a work permit from the Ministry of Labour or another authorised agency. Work permits granted to non-Egyptians allow them to work in Egypt for a year or less. Exemptions exist in relation to diplomatic positions and persons working in consulates. The regulations also set a maximum 10% cap on the percentage of non-Egyptian workers working in an institution, unless approved by an "exceptions committee". In order to attract foreign investment, the New Investment Law permits this cap to be exceeded if certain conditions are met and an approval is obtained.

- *Regulations in respect of industrial lands*: In April 2016, President Al-Sisi passed Decree № 158 of 2016, which provides that investors may acquire certain land identified in industrial zones free of charge upon the fulfilment of certain criteria and subject to the approval of the Council of Ministers. Upon receiving the approval of the Council of Ministers to purchase the land, the investor must issue a guarantee to the Government equal to 1% of the total value of the land.

- *Public entity companies*: Pursuant to Law № 127 of 2015, following approval of the Council of Ministers, the Prime Minister may authorise public law entities to incorporate as joint stock companies, either on their own or with other shareholders, or to participate in existing companies, so long as such participation does not contradict the aims of the public entity.

- *Government procurement law*: In October 2018, Parliament approved a new procurement law (the "**New Procurement Law**"). The New Procurement Law aims to modernise the procurement procedures for Government contracts and increase efficiency. Executive regulations governing the standardisation of Government procurement processes with the aim of encouraging competitive participation by the private sector are expected to be approved in 2019. The Government is also expected to transfer from a paper-based system to a single e-Procurement portal by mid-2019.

- *Amendments to the Capital Markets Law:* In February 2018, the Parliament approved a set of amendments to the Capital Markets Law, which establish a legal framework for *sukuk* issuances and trading in Egypt, authorise the establishment of an exchange for regulated trading in derivatives, including futures, options and swaps, abolish bearer securities and expand the scope of criminal offences and sanctions set out in the Capital Markets Law. The amended law also gives the EGX the flexibility to set lower listing fees in order to attract SMEs. The amendments to the Capital Markets Law were ratified by the President and published in March 2018. See "*The Economy—Production Services Sector—Financial Regulatory Authority.*

Additional initiatives in the process of being implemented, include:

- *Introduction of a new customs law*: The Ministry of Finance has drafted a new customs law to reflect the increasing shift of the Egyptian economy to market fundamentals and free trade. The draft customs law has been prepared in line with best international practices and aims, among other things, to simplify customs procedures to ensure the timely release of goods from the customs zone, to lower the unified customs rate on capital goods such as machinery, instruments, devices and production lines from 5% to 2% and to allow the settlement of due customs and fees on such goods to be paid in instalments. The new customs law is expected to be approved by Parliament by the end of 2018.

- *Investment Map*: In October 2017, the Ministry of Investment and International Cooperation launched an interactive investment map, which aims to provide a comprehensive view of available investment opportunities across Egypt. The map is intended to encourage new projects and business opportunities by permitting potential investors to search for investment opportunities by geographical location, economic sector or project. The investment map also identifies utilities and infrastructure in the project area and identifies the relevant Government authority to contact for further information. The development of a management system to promote the sustainability of the investment map and to allow local government authorities to update the map is ongoing.

- *Egypt Entrepreneurship Programme*: Pursuant to the New Investment Law, the Ministry of Investment and International Cooperation established the Egypt Entrepreneurship Programme, which aims to promote entrepreneurship, facilitate economic and social development and create employment opportunities, particularly for youth and women. The Egypt Entrepreneurship Programme: (i) provides funding opportunities to potential enterprises, including through, Egypt Ventures, a fund with a capital of LE 451 million to support direct and indirect investments in emerging companies, small firms, business incubators, venture capital funds and various other companies; (ii) offers four-month accelerator programmes that offer select entrepreneurs technical, commercial and financial support; (iii) offers consulting services and educational opportunities through its entrepreneurship services centers; and (iv) promotes the development of additional programmes and regulations to support investors and entrepreneurs, such as, *inter alia*, crowdfunding, angel funds and venture capital funds.

The Government has also announced several large infrastructure projects designed to increase economic growth and employment, in particular, the Suez Canal Development Projects. See "*The Economy—Transport and Warehousing—Suez Canal*". Other national projects are currently being implemented, including the New Capital City Project, the building of one million houses around greater Cairo, the national roads improvement programme, reclamation of one million acres of land, various renewable energy projects, the "Golden Triangle", which is aimed at exploiting the natural resources in the region between Qena, Quseir and Safaga, while developing the area for touristic, industrial, commercial and agricultural activities, and a construction project focused on regenerating certain areas of the Sinai peninsula. The Government has announced its intention to move Government buildings to the new capital city in 2019/20.

In March 2018, Saudi Arabia and Egypt signed an agreement to commence the operations of the Egyptian Saudi Investment Fund (the "**Fund**"), which was established pursuant to an earlier agreement signed in April 2016. The objectives of the Fund are to invest in projects located in Egypt with a focus on the tourism, housing, infrastructure and renewable energy sectors. In addition, the Fund is expected to support investments in innovations and information technology with a view to encouraging economic growth.

In March 2018, the Kuwaiti Fund for Arab Economic Development and Egypt signed five agreements valued at approximately KWD 86.1 million (LE 5 billion) to finance infrastructure development and economic and social reform projects, including: (i) KWD 60 million to finance the road network in the Sinai region in conjunction with the Sinai Peninsula Development Program; (ii) KWD 17.5 million allocated to finance the Ardi 4 road to improve traffic and increase tourism in the Sinai Peninsula; (iii) KWD 500,000 to finance the Strategic Document Center, which supports the Council of Ministers in documenting Egypt's economic and social reform programme; (iv) KWD 100,000 to support a feasibility study for implementing date palm cultivation and date processing; and (v) KWD 7 million to support the transport sector, modernise trains and finance 100 new tractors for the Egyptian National Railway Authority.

In June 2018, Law № 95 of 2018 was issued to regulate the work of the Industrial Development Authority, the Industrial Zones Support Fund and the Industrial Development's usages of Government-owned property. This law permits Government-owned properties to be allocated to certain manufacturers who meet certain criteria set by the Prime Minister.

In July 2018, Law № 157 of 2018 was issued to establish the Upper Egypt Development Authority (the "**UEDA**"). The UEDA aims to establish plans and policies to accelerate development and investment in Upper Egypt.

In August 2018, Law № 177 of 2018 was issued to establish a sovereign fund, the Misr Fund. This fund's main objective is to contribute to economic development by utilising and investing its assets and funds according to international standards. The President may (upon receiving the Prime Minister's recommendation) transfer the ownership of the Republic's unutilised private assets to the Misr Fund or to any of its subsidiary funds, following consultation with the Ministry of Finance and the relevant ministry.

MONETARY SYSTEM

Central Bank of Egypt

The CBE, founded in 1961, is an autonomous public legal entity and is governed by Law № 88 of 2003 (the "**CBE Law**"), which outlines the CBE's authority and responsibilities. The CBE is the issuer of all Egyptian currency and banknotes. It is responsible for formulating and implementing monetary, credit and banking policy, maintaining price stability, managing the Republic's gold and foreign reserves and regulating and supervising the banking sector.

The CBE has announced that it is reviewing the CBE law, with the aim of proposing certain amendments to the House of Representatives. No proposals have yet been submitted.

Monetary Policy

Since 2005, the CBE has taken various steps to modernise its monetary policy formulation and operations. Several institutional and operational changes have been initiated to facilitate monetary policy formulation and assessment and provide the foundations for formally adopting an inflation-targeting regime, once certain pre-requisites have been met, including, *inter alia*, the CBE being in a position to announce annual inflation targets, the further enhancement of the CBE's data gathering and forecasting systems and developing a communication strategy. The monetary policy framework is published on the CBE's website.

On 3 November 2016, the CBE announced the liberalisation of the exchange rate and raised benchmark policy rates by 300 basis points at an extraordinary MPC meeting. Since November 2016, the CBE has maintained a policy of non-intervention in the foreign exchange market in order to preserve the CBE's foreign assets. See "*—Foreign Exchange Rates*".

In March 2017, the CBE published its first quarterly monetary policy report on the CBE's website, with the objective of increasing transparency regarding the assessment of economic conditions and monetary policy decision-making. On 21 May 2017, the CBE announced its inflation target of 13% by the fourth quarter of 2018 and single digits thereafter. This announcement formed part of the CBE's efforts to anchor inflation expectations for the medium-term, targeting lower and stable inflation, and emphasising the CBE's commitment to its price stability mandate. See "*Risk Factors—Risk Factors Relating to Egypt—The Egyptian economy is experiencing, and may continue to experience, high inflation*".

Between November 2016 and July 2017, the MPC raised benchmark policy rates by an aggregate of 700 basis points, with the aim of anchoring inflation expectations and containing demand-side pressures and second-round effects of the liberalisation of the exchange rate and the implementation of fiscal reforms on inflation.

As a result of the moderation of underlying inflationary pressures, on 15 February 2018, the MPC reduced the overnight deposit rate, the overnight lending rate and the discount rate by 100 basis points each, to 17.75%, 18.75% and 18.25%, respectively. This was the first reduction of the CBE's key policy rates since 2015 and was intended to support the CBE's policy of an inflation target of 13% by the fourth quarter of 2018 and single digits thereafter. On 29 March 2018, the MPC again reduced the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate by a further 100 basis points to 16.75%, 17.75%, 17.25% and 17.25%, respectively. See "*Monetary System—Inflation and Interest Rates*".

Institutional developments

The Coordinating Council on Monetary Policy, headed by the Prime Minister, was established in January 2005 to enhance consistency between monetary and fiscal policy.

The MPC convenes every six weeks to decide on appropriate actions with respect to key policy rates. The MPC consists of six members including the CBE's Governor, two deputy governors and three members of the CBE's Board of Directors. To enhance transparency, the MPC's decisions are communicated to the market through a monetary policy statement, which is released on the CBE's website following each MPC meeting.

Operational developments

In December 2004, the CBE formally launched an online interbank system for foreign exchange trading by consolidating the supply of foreign exchange in the banking system. As a result, most banks became capable of satisfying their clients' foreign exchange needs, which, in turn, reduced the parallel market and caused the Egyptian Pound to appreciate against the U.S. Dollar at the time. On 30 December 2012, the CBE introduced an auction mechanism alongside the foreign exchange interbank system (the "**FX Auction**").

In June 2005, the CBE introduced an interest rate corridor for the CBE's two standing facilities, the overnight lending and a deposit facility. The interest rates on the two standing facilities define the ceiling and floor of the corridor. By setting the rates on the standing facilities, the MPC determines the corridor within which the overnight rate can fluctuate. Steering the overnight rate within this interest rate corridor is the operational target of the CBE.

In October 2009, the CBE introduced a core CPI index, derived from the headline CPI published monthly by CAPMAS. The core CPI index excludes fruit and vegetable prices, which largely depend on volatile weather and harvest conditions, and excludes administered/regulated prices. The index has helped the CBE better formulate and communicate its views on underlying inflationary pressures. The core CPI index has also served as an important tool in efforts to prevent inflationary spill-over from food and certain energy price volatility. In March 2011, as part of the monetary policy measures taken by the CBE to manage market liquidity following the 2011 Revolution, the CBE introduced repurchasing agreements to its monetary policy operational framework. The CBE decided to use a seven day repurchasing agreement as the main monetary policy tool, issued each Tuesday. In June 2012, the CBE added longer term 28-day repurchasing agreements to its monetary policy operational framework to be issued once every month. On 2 April 2013, deposit operations were designated as a tool to absorb excess liquidity.

Since October 2013, the CBE has conducted seven-day deposit auctions with a fixed interest rate equal to the key policy rate as its main open market operational tool. On 3 November 2016, the CBE introduced variable-rate deposit auctions with tenors of more than seven days for liquidity management purposes.

Since April 2018, the CBE has primarily relied on indirect policy instruments, such as deposit auctions and standing facilities, to aim to control liquidity. The CBE has also established a joint Cash Coordination Committee with the Ministry of Finance in order to strengthen its liquidity forecasting capacity by enhancing mutual information sharing.

The Egyptian Banking Sector and Reform

As at 30 June 2018, there were 38 banks registered with the CBE, with 4,155 operating branches throughout Egypt. In addition, the financial intermediation sector also includes non-bank financial institutions, such as brokerage firms, investment banks and mutual funds. The financial intermediation sector contributed 3.7% to GDP in 2013/14, 3.8% to GDP in 2014/15, 4.1% to GDP in 2015/16, 3.9% to GDP in 2016/17 and 4.0% to GDP in the nine months ended 31 March 2018. See "*The Economy—Production Services Sector—Financial Intermediation*".

The financial intermediation sector has shown strength in recent periods, with private credit growth increasing for three consecutive years in 2015/16, 2016/17 and 2017/18, primarily due to growth in both private and public sector lending. In particular, the stock of private sector credit increased by 9.8% in 2017/18, as compared to 39.4% in 2016/17. Newly-issued private credit was LE 105 billion in 2017/18, as compared to LE 302.7 billion in 2016/17. The increase in newly-issued private credit was primarily due to an increase in industrial and commercial loans granted.

The following table sets forth statistics regarding the Egyptian banking sector, as at 30 June for the years indicated.

Structure of the Egyptian Banking System

As at 30 June									
2014		2015		2016		2017		2018	
Banks	Branches	Banks	Branches	Banks	Branches	Banks	Branches	Banks	Branches
40	3,710	40	3,766	38	3,882	38	4,009	38	4,155

Source: CBE

The divestiture of public sector banks' stakes in joint venture banks has had a positive impact on Egypt's banking sector, as it has attracted a number of European and regional banks (such as, Intesa Sanpaolo, Emirates NBD Group and Attijariwafa Bank). International banks, which were already active in the Egyptian banking sector (such as, *Crédit Agricole*), have consolidated their positions in the market, either through new acquisitions or through raising their shareholdings in their existing Egyptian subsidiaries.

The following table sets forth the aggregate financial position of banks in Egypt as at the dates indicated.

Aggregate Financial Position of Banks

	As at 30 June				
	2014	**2015(1)**	**2016**	**2017**	**2018(1)**
			(LE millions)		
Assets					
Cash	27,276	27,381	31,432	57,471	68,332
Securities and Investments Treasuries	825,524	1,016,025	1,283,616	1,537,036	1,680,811
CBE Notes & Certificates of Deposit Balances with Banks in Egypt	174,786	240,336	374,644	876,544	1,165,139
Loans and Discounts	963	1,500	1,682	4,713	3,807
Balances with Banks	78,742	54,834	51,074	283,966	250,443
Loans and Discounts	2,284	1,520	1,391	2,502	4,730
Loans and Discount Balances for customers	587,852	717,999	942,727	1,426,457	1,629,664
Other Assets	122,693	142,404	162,601	239,386	286,181
Total Assets	**1,816,873**	**2,198,979**	**2,846,094**	**4,420,860**	**5,080,570**
Liabilities and Capital					
Capital	77,555	92,550	100,726	128,420	149,119
Reserves	47,022	50,080	63,002	185,846	213,732
Provisions	62,777	66,049	66,880	107,859	109,294
Long-Term, Loans and Bonds	30,168	38,453	48,532	123,960	145,551
Obligations to Banks in Egypt	17,858	20,763	60,551	286,116	296,839
Obligations to Banks abroad	14,699	30,147	86,060	194,551	188,189
Total Deposits	1,429,432	1,734,178	2,116,117	3,027,811	3,553,634
Other Liabilities, *of which:*	137,362	166,759	304,226	366,297	424,182
Cheques Payable	*6,880*	*8,175*	*10,984*	*12,300*	*13,281*
Total Liabilities	**1,816,873**	**2,198,979**	**2,846,094**	**4,420,860**	**5,080,570**

Source: CBE

Note:

(1) Since March 2015, data relating to Arab International Bank have been included in data relating to the aggregate financial position of banks in Egypt.

The following table sets forth the composition of deposits with all domestically operating banks as at the dates indicated.

Aggregate Financial Position of Banks(1)

	As at 30 June				
	2014	**2015**	**2016**	**2017**	**2018**
			(LE millions)		
Total Deposits	**1,429,432**	**1,734,178**	**2,116,117**	**3,027,810**	**3,533,634**
Demand Deposits	215,870	308,915	354,033	527,044	634,011
Time and saving deposits and saving accounts	1,157,976	1,330,179	1,641,305	2,319,072	2,726,770
Blocked or retained deposits	55,586	95,084	120,779	181,694	192,853
Local Currency Deposits	**1,093,686**	**1,369,674**	**1,691,590**	**2,120,786**	**2,721,419**
Demand Deposits	150,297	236,440	275,374	368,774	475,434
Time and saving deposits and saving accounts	907,531	1,054,047	1,318,564	1,618,131	2,093,869
Blocked or retained deposits	35,858	79,187	97,652	133,181	152,115
Foreign Currencies Deposits	**335,747**	**364,504**	**424,527**	**907,024**	**832,216**
Demand Deposits	65,573	72,475	78,659	158,270	158,577
Time and saving deposits and saving accounts	250,445	276,132	322,741	700,941	632,900
Blocked or retained deposits	19,728	15,897	23,127	47,813	40,739

Source: CBE

Note:

(1) The figures in this table have been revised and differ from previously published data. See "*Presentation of Information*".

The following table sets forth indicators of banking sector financial soundness as at the dates indicated.

Banking Sector Financial Soundness Indicators[(1)(2)]

	As at 30 June				
	2014	**2015**	**2016**	**2017**	**2018**
			(%)		
Regulatory capital to risk-weighted assets[(3)]	13.9	14.5	14.0	14.5	15.6
Leverage ratio	—	—	4.8	6.2	6.3
NPLs to total loans	8.5	7.1	6.0	5.5	4.3
Loan provisions to NPLs	98.9	99.0	99.1	99.1	98.1
Return on average assets	1.3	1.5	2.0	2.0	1.5
Return on average equity	18.9	24.4	30.9	30.9	21.5
Liquidity Ratios					
Local currency	62.7	59.7	55.4	47.7	40.5
Foreign currency	57.4	52.0	60.2	65.7	67.5
Loans to deposits	40.8	40.9	47.0	47.2	45.9

Source: CBE

Notes:

(1) The fiscal year ends 30 June for public sector banks and 31 December for other banks.

(2) The figures in this table have been revised and differ from previously published data. See "*Presentation of Information*".

(3) Basel II regulations introduced in December 2012 applied with effect from December 2012 to all banks whose fiscal year ends in December, and from June 2013 to those banks whose fiscal year ends in June.

The CBE has embarked on a banking sector reform programme launched in September 2004. Since then, significant progress has been made in the banking sector, foreign exchange market and monetary policy. Improvements have included the consolidation of the banking sector, the divestiture of state-owned banks' stakes in joint venture banks, the strengthening of the capital base of Egyptian banks, the strengthening of the supervisory capacity of the CBE and the gradual provisioning of NPLs.

The first phase of the CBE's banking sector reform programme was completed in 2008, and the second phase began in 2009 and was completed in 2011, as scheduled. The main pillars of the second phase were: (i) preparing and implementing a comprehensive programme for the financial and administrative restructuring of specialised state-owned banks; (ii) monitoring the ongoing performance of National Bank of Egypt, Banque Misr and Banque du Caire in light of the reforms introduced under the first phase of the restructuring programme; (iii) adopting Basel II standards in Egyptian banks to enhance their risk management practices; (iv) reviewing and issuing governance rules for banks in the Egyptian banking sector and the CBE; and (v) promoting the development and growth of banking services and access to finance for various sectors, especially SMEs.

Despite the economic turbulence of recent years, the banking sector has generally maintained liquidity and credit quality. In 2012, Basel II was implemented, and the CBE is currently in the process of implementing Basel III. In this respect, the CBE has introduced regulations regarding the liquidity coverage ratio, net stable funding ratio, leverage ratio, the conservation buffer and criteria for determining "Domestic-Systemically Important Banks". See "*—Banking Supervision—Basel II and Basel III*". In addition, the CBE is working on strengthening the macro-prudential supervision framework through regular stress testing to ensure the safety and stability of the banking system.

In August 2016, the CBE provided interest free, ten-year subordinated loans to National Bank of Egypt, Banque Misr and Banque du Caire in an aggregate principal amount of LE 31 billion, in order to support the banks' capital bases. The CBE has also granted interest free loans in the amount of LE 10 billion to the Agricultural Bank of Egypt and deposit support in the amount of LE 2.5 billion to the Industrial Development Bank in order to support the banks' capital bases.

The CBE is working on a number of initiatives to encourage financial inclusion, in particular for women, youth and micro, small- and medium-sized companies ("**MSMEs**"). Such initiatives are expected to focus on: (i) introducing diversified savings, financing and insurance products aimed at financial inclusion; (ii) encouraging the use of digital financial services, (iii) supporting financial literacy, financial consumer protection and educational programmes; and (iv) analysing levels of financial inclusion.

MSMEs have been identified as a priority sector. Initiatives introduced by the CBE to support this sector include: (i) issuing a unified definition for SMEs, setting an SME lending target of 20% of banks' loan portfolios by 2020 and offering subsidised rates for SMEs; (ii) promoting business development service hubs; (iii) developing an Egyptian market-tailored SME rating model in collaboration with S&P; and (iv) establishing a LE 2 billion guarantee trust fund that targets SMEs and supports start-ups. Between the launch of such initiatives in December 2015 and June 2018, the loan portfolios of MSMEs increased to encompass 451,000 companies.

Other MSME initiatives that are in progress include: (i) enabling banks to establish private equity funds that directly invest in small businesses through equity financing; (ii) establishing a digital platform to support the provision of non-financial services to small firms; and (ii) co-ordinating with relevant stakeholders to establish an investment map and e-commerce facilities for an agricultural sector platform.

In November 2016, a law was passed transferring supervision of the Agriculture Bank of Egypt from the Ministry of Agriculture to the CBE and changing the structure and mandate of the bank. A technical assistance agreement has been entered into between the Agricultural Bank of Egypt and Rabo International Advisory Service Co. to support the restructuring of the Agriculture Bank of Egypt to become a more broad-based rural retail bank. The first phase of this restructuring will consist of an operational review that is expected to lead to the setting of a strategy and business plan (including value chain financing), as well as the revising of the bank's organisation structure and human resources polices. The second phase of the restructuring will consist of the implementation of the business plan. In parallel with this process, the CBE is collaborating with a number of international donors and technical institutions, including *L'Agence Francaise de Developpement*, the UN Industrial Development Organisation and the U.S. Agency for International Development ("**USAID**"), on projects aimed at enhancing the agricultural sector through analysis and financing of the value chain, promotion of renewable energy, development of banking products and training and increasing the efficiency of banking staff.

In April 2016, the Industrial Development Bank announced the development and implementation of a reform strategy, which is still in the process of being implemented. To date, the Industrial Development Bank has increased its finance position, deposits and net profit and decreased its loan to deposit ratio as a result of initiatives introduced as part of this strategy.

In December 2017, the Export Development Bank of Egypt, the African Export Import Bank (Afreximbank) and the Export Credit Guarantee Company of Egypt entered into a U.S.$500 million agreement to form an Export Credit Support Scheme ("**ECSS**") Programme. The ECSS programme offers a combination of funded and unfunded programmes, products and services designed to help Egyptian exporters increase exports to the African market.

The CBE, in cooperation with EBRD, the MENA Transition Fund, a fund backed by donor and partner countries including, *inter alia*, the United States, the United Kingdom, Germany, the UAE, Japan and Canada, and the African Development Bank, is currently implementing an initiative to enhance liquidity for local government securities by creating a central securities depository. The project aims include, *inter alia*: (i) creating a single, integrated system for treasury bonds and treasury bills; (ii) improving access to government securities for use as collateral; and (iii) deepening liquidity in the secondary market. The central securities depository is expected to include: (i) core systems components, including a primary market auction system, a secondary market collateral management system and an electronic trading platform; (ii) data warehouses and an information dissemination platform; and (iii) a yield curve pricing model for government securities.

Non-Performing Loans

The CBE's reform programmes implemented between 2004 and 2010 to address NPLs developed a variety of approaches and programmes, which has facilitated the repayment of more than 90% of NPLs in the banking sector (excluding debts of the public sector enterprises, which were separately settled). System-wide NPLs declined from 8.5% as at 30 June 2014 to 4.3% as at 30 June 2018, with provisioning coverage at 98.9% as at 30 June 2014 and 98.1% as at 30 June 2018, respectively. Stress tests regularly performed by the CBE suggest that plausible losses could be absorbed by banks' profits and capital buffers and the system's foreign exchange rate exposure is not significant.

As at 30 June 2018, the ratio of banking sector NPLs to total loans was 4.3% (as compared to 5.5% as at 30 June 2017) and the ratio of regulatory capital to risk-weighted assets was 15.6% (as compared to 14.5% as at 30 June 2017). The banking sector local currency liquidity ratio was 40.5% as at 30 June 2018 (as compared to 47.7% as at 30 June 2017) and the foreign currency liquidity ratio was 67.5% (as compared to 65.7% as at 30 June 2017).

Banking Supervision

The objective of the Banking Supervision Sector at the CBE is to maintain the financial stability of the banking system, as well as the financial soundness of banks operating in Egypt. The Banking Supervision Sector aims to achieve this objective through the issuance of regulations by the Regulations Department, as well as through on-site and off-site supervision, macro-prudential surveillance and by adopting a risk-based approach to supervision.

Reporting of prudential requirements, periodical financial data and credit registry data by banks takes place via electronic linkage between banks and the CBE. The first private credit bureau, I-Score, which was established by 25 Egyptian banks and the Social Development Fund and commenced operations in the first quarter of 2008, provides credit information on natural persons and SMEs to its members, including financial institutions, mortgage lenders, credit card companies and mobile phone operators.

Other key regulations currently imposed by the CBE on the banking sector include:

- *Basel II and Basel III:* The application of the executive instructions of Basel II standards to the Egyptian banking system commenced in 2012 and the standards have been effective for all banks since June 2013. In the context of the implementation of Pillar II of the Basel II framework, in September 2014, the CBE issued its Internal Control regulation, and, in March 2016, the CBE issued its Internal Capital Adequacy Assessment Process (ICAAP). In 2011, the Basel Committee on Banking Supervision agreed on a new standard, Basel III, which, *inter alia,* set new capital, liquidity and leverage requirements to be applied by 2019. In response, the CBE began implementing the Basel III requirements in the Egyptian banking sector, issuing regulations in July 2015, April 2016 and July 2016, regarding leverage ratios, capital conservation buffers and liquidity coverage ratios, respectively, which are being implemented according to the timetable set by the Basel Committee (see "—*Liquidity requirements*"). In addition, in May 2017, the CBE issued its methodology required to identify "Domestic Systemically Important Banks" and the additional capital charge calculations for such banks, which will take effect in January 2019. In October 2018, the CBE issued regulations regarding the "Interest Rate Risk in the Banking Book", which take into consideration the standards issued by the Basel Committee in April 2016. The CBE is also in the process of finalising draft disclosure regulations, which are expected to be issued in 2019.

- *Capital requirements*: The minimum requirement for paid-up capital is LE 500 million for domestic banks and U.S.$50 million for branches of foreign banks.

- *Capital adequacy*: Banks are required to maintain a capital adequacy ratio ("**CAR**") of at least 10.625% (including the conservation buffer) of risk weighted assets with effect from January 2016, which, in line with Basel III requirements, will increase annually by 0.625% to 12.5% in January 2019.

- *Reserve requirements*: Banks are required to maintain 14% of banks' deposits in local currency and 10% of banks' deposits in foreign currencies with the CBE. Local currency reserves are non-interest bearing, while foreign currency deposits receive interest at the London Interbank Bid Rate.

- *Liquidity requirements*: Banks are required to comply with a liquidity ratio of not less than 20% on the local portion of deposits and 25% in respect of the foreign portion. In order to prepare for the implementation of certain elements of Basel III, in July 2016, a new regulation on liquidity risk was issued, which requires banks to comply with two new ratios: a liquidity coverage ratio ("**LCR**") and a net stable funding ratio ("**NSFR**") of 100% in local and foreign currencies. According to the timetable set by the Basel Committee, the NSFR shall become effective immediately, while the minimum LCR requirement was 70% in 2016, increasing to 80% in 2017, 90% in 2018 and 100% in 2019.

- *Exposure limits*: In November 2017, the CBE decreed that a bank's long position in any single currency must not exceed 10% of its capital base, while total long positions in all currencies must not exceed 20% of the capital base. Similarly, a bank's short position in any single currency must not exceed 10% of its capital base, while total short positions in all currencies must not exceed 20% of the capital base.

- *Asset classification and provisioning*: The instructions concerning asset classification and provisioning issued in 1991 were replaced by regulations issued by the CBE in May 2005, to be adopted by banks in December 2005. These regulations include standards for creditworthiness and provisioning, taking into consideration the obligor risk rating for loans granted to business organisations, grading the credit risk inherent to a customer into ten categories, and required provisioning (0% to 5% as general provision, and 20%, 50%, 100% as specific provision). The regulations allow some collateral to be taken under specific conditions and include standards for consumer and SME lending and provisioning.

- *IFRS 9*: The CBE is working with the banking sector to implement IFRS 9. In January 2018, the CBE released a circular regarding the implementation of IFRS 9, requiring banks to: (i) begin to prepare their financial statements in accordance with IFRS 9 beginning in 2019; (ii) present the CBE with a plan detailing the timeline for the implementation of IFRS 9; (iii) prepare financial statements from 31 March 2018 based on existing standards, with separate financial statements also to be prepared reflecting the application of IFRS 9; (iv) assess the expected quantitative impact of IFRS 9; (v) present the CBE with quarterly capital adequacy ratio reports showing the impact of the trial application of IFRS 9; (vi) ensure that all applications and forms used by the bank are compatible with the requirements of IFRS 9 and related standards; and (vii) put in place risk provisions for IFRS 9 amounting to 1% of total weighted credit risk (to be calculated based on net profit (after tax) for 2017). Pursuant to the circular, banks' boards of directors or regional managers are required to oversee the implementation of the rules outlined in the circular and to undertake all actions to ensure the implementation of IFRS 9.

- *Money Market Fund ("**MMF**")*: In January 2016, the CBE amended the MMF regulation to prohibit banks from holding more than 2.5% of the total bank's deposits in local currency in MMF and fixed income funds or to hold 50 times the maximum limit of total bank's share in total MMFs (calculated as 2% of its going concern capital common equity), whichever is lower.

- *Credit exposure limits*: Permitted exposure to a single borrower and its related parties was lowered in January 2016 to 15% and 20%, respectively, compared to 20% and 25% in the past. Total exposures exceeding 10% of a bank's capital base should not exceed eight times its capital base. In addition, the regulation requires the risk weighting to be increased for the purposes of calculating CARs where the total credit facilities granted to the top 50 bank's clients and their related parties exceed 50% of the bank's credit portfolio. In addition, the total exposure of foreign banks' branches to the top 50 clients and their related parties must not exceed 50% of the bank's capital base.

- Current exposure limits to connected parties are as follows:

  - Banks are not allowed to grant any type of credit facilities or guarantees to their board of directors, external auditors or their respective connected parties, as well as certain major shareholders and their respective connected parties.

  - In respect of a single client and its related parties and major legal entity shareholders not represented on the board of directors:

    - For public companies, the exposure should not exceed 5% of a bank's capital base and the total exposures to these companies should not exceed 10% of a bank's capital base.

    - For private companies, the exposure should not exceed 2% of a bank's capital base and the total exposures to these companies should not exceed 5% of a bank's capital base.

    - Bank management other than board members and a bank's subsidiaries are to be treated on an arm's-length basis.

- *Country and counterparty limits of banks exposures*: Banks are also required to limit their exposure to single countries, financial institutions and financial groups, based on the bank's capital base and the relevant country's credit ratings and GDP. Any excess exposure to a single country must be approved in advance by the CBE. The regulation sets the following limits on exposure to a single financial group:

  - for investments in a foreign bank, 10% of the local bank's total exposures invested abroad or 40% of the bank's capital, whichever is the lower;

  - for investments in any financial group, 50% of the bank's capital base; and

  - for investments by a branch of a foreign bank in its head office, branches and affiliated banks and institutions in all countries, up to 100% of its capital base.

- *Equity Participation*: Banks may own up to 40% of the issued capital in non-financial companies and 100% of financial companies. The total value of these shares must not exceed a bank's total capital base. Any excess exposure to non-financial companies is subject to impairment.

- *Developer and Acquisition Finance*: Among other specified general rules, banks are required to increase the risk weights applicable to high risk transactions, such as developer finance and acquisition finance, while setting a limit on the total acquisition finance portfolio related to each bank's total loan portfolio.

- *Debt to Income Regulation*: According to CBE regulations, a bank must not grant finance to a retail client if its debt to income ratio exceeds 35% of its total monthly income after deduction of taxes and social security. This ratio may be increased to 40% for mortgage financing for housing to low and middle income clients, in accordance with the mortgage finance initiative of the CBE.

- *Acquisition Finance Regulation*: Amendments to the acquisition finance regulation have been introduced, which impose: (i) increased risk weighting for the financing of certain acquisitions; (ii) reduced limits on a bank's acquisition portfolio for acquisition financing (to 2.5% of the bank's total loan portfolio) and limits on acquisition financing transactions with single customers and their related parties (to 0.5% of the bank's total loan portfolio); and (iii) a restriction on the value of the bank's total acquisition financing portfolio, which should not exceed 50% of the value of the total acquisitions comprising the portfolio.

Banking Sector Governance

Applying governance rules has become one of the main pillars of the second phase of the banking reform programme. In this respect, bank governance rules were approved by the Board of Directors of the CBE in August 2011. A decree-law was also issued in October 2011, amending certain provisions of the Law of the Central Bank, the Banking Sector and Money № 88 of 2003, which provides for increased governance and conflict of interest rules to be followed by the CBE's Board of Directors.

In September 2018, the CBE issued a circular increasing the frequency of its board meetings to twelve per year and permitting board members to use video and tele-conferencing to participate in board meetings.

Bancassurance Regulation

The CBE has amended the bancassurance regulation to provide for Islamic insurance products.

Mobile payments Regulation

The CBE has amended the mobile payments regulation to permit transfers from abroad to family members through mobile phones.

SME and MSME Financing

As part of the banking sector reform in Egypt, an initiative was launched to enhance access to finance with a special focus on SMEs. Accordingly, the CBE's Board of Directors' issued a decree in December 2008 exempting direct finance to certain SMEs from the reserve requirements and enhancing coordination among the relevant authorities.

In 2014, Law № 141 of 2014 was enacted, which set the maximum limit for financing projects in the microfinance sector at LE 100,000.

In 2015, the CBE launched a series of initiatives to encourage MSME financing, including: (i) providing unified definitions for MSMEs based on their annual revenue; (ii) requiring banks to increase the percentage of loans provided to MSMEs to 20% of their total lending portfolio over the subsequent four years; (iii) exempting banks from reserve requirements in respect of the full amount of credit facilities granted to small enterprises with a 5% interest rate and giving priority to industrial enterprises targeting import substitution and export amplification; (iv) supporting medium-sized companies working in the industrial, agricultural and renewable energy sectors by granting them medium and long-term loans with a 7% interest rate to fund their capital expenditure and short term facilities with a 12% interest rate to finance their working capital, which was terminated in March 2018; (v) decreasing the minimum limit for the annual turnover of small enterprises operating in the agri-business, fisheries, poultry and livestock sectors to LE 250,000 rather than LE 1.0 million in order to allow such enterprises to benefit from small enterprises initiatives.

Banking Sector Reporting Guidelines

In December 2008, the CBE issued guidelines requiring banks to prepare their financial statements in accordance with IFRS.

Ownership in Banks

The CBE's written consent is required to acquire a stake greater than 10% in an Egyptian bank, and the CBE must be notified if ownership exceeds 5%.

Anti-Money Laundering and Combating Terrorism Measures

Banks are required to determine the identities and the legal status of their customers and report all suspicious transactions to the Anti-Money Laundering and Combating Financial Terrorism units for the CBE. Each bank must appoint a compliance officer to ensure the effective application of the laws and to assess the effectiveness of such bank's anti-money laundering system. The banking sector also applies the relevant provisions of the U.S. Foreign Account Tax Compliance Act, as amended.

Mortgage finance initiative to low and middle income individuals

Recognising the banking sector's role in supporting mortgage finance, in February 2014, the CBE introduced a mortgage finance initiative aimed at low and middle income borrowers by providing a fund of LE 20 billion over a maximum period of 20 years and with lower interest rates ranging from 5% to 10.5%. This fund is supplied to banks for on-lending as mortgages to low and middle income borrowers. The scope of the initiative was widened in February 2016 by adding tranches aimed at "below low income" borrowers and "above middle income" borrowers.

Tourism sector initiatives

In March 2013, the CBE launched an optional incentive initiative for banks in support of the tourism sector. The initiative is designed to postpone debt instalments and delay all outstanding or current dues on long-term or short-term credit. This initiative has been extended until December 2018. During 2018, all requests to postpone debt instalments are being reviewed on a case-by-case basis.

In December 2015, an initiative was launched to support the financial situation of workers in the tourism sector by postponing amounts due under certain banking facilities until December 2016. This initiative has been extended until December 2018 with workers permitted to carry-over amounts due without the application of interest to the delay in payment.

See "*The Economy—Production Services Sector—Tourism*".

Import transaction regulations

A series of regulations were issued in respect of import transactions in December 2015, January 2016 and February 2016 to preserve Egypt's limited foreign currency reserves and direct such resources to imports of raw materials and basic goods. These regulations included the following:

- limiting the execution of import transactions to those executed through documents of collection negotiated through banks (*i.e.*, bank-to-bank), subject to certain specified exceptions;
- raising the minimum cash margin required for import transactions for trading purposes to 100% from 50%, subject to certain exceptions;
- establishing the minimum cash margin for import transactions executed through deferred unconfirmed bills of collection as 100%, subject to certain exceptions with respect to strategic goods;
- removing restrictions on imported commodities (not for trading purposes), such as raw materials used in production; and
- prohibiting certain refinancing of import transactions for trading purposes.

On 28 November 2017, the CBE issued a circular removing all withdrawal and deposit limits on foreign currencies for companies importing non-priority products. This circular removed both the monthly U.S.$50,000 cash deposit cap for non-priority goods and the monthly U.S.$30,000 cash withdrawal cap that were previously in place.

In May 2018, the CBE issued a circular addressing the facilitation of import transactions, which (i) exempts MSMEs importing staple food products from the 100% minimum cash margin for import transactions for trading purposes and (ii) permits documents of collection for all categories of imported goods to be negotiated directly with customers, rather than on a bank-to-bank basis.

Other initiatives

In May 2018 and June 2018, the CBE issued two circulars establishing procedures requiring non-governmental organisations to be licensed by the Ministry of Solidarity before they are permitted to open a bank account for the acceptance of donations.

In August 2018, the CBE issued a circular establishing a definition of "women-owned businesses" with the aim of improving data collection.

In September 2018, the CBE issued a circular establishing a data repository for customer data with the aim of identifying gaps in supply and demand and improving the accuracy of financial inclusion rates.

Inflation and Interest Rates

Inflation, as measured by the CPI, was 10.1% in 2011, 7.1% in 2012, 9.5% in 2013, 10.1% in 2014, 10.4% in 2015, 13.7% in 2016 and 29.5% in 2017. The decrease in inflation between 2011 and 2012 was largely driven by the decline in prices of fresh vegetables, as well as lower prices for butane gas cylinders. Subsequent increases in inflation have been primarily due to increases in prices of core food and regulated items, in particular as a result of the introduction by the Government of a reformed energy subsidy programme and higher electricity tariffs since July 2014, which have partially offset the impact of lower international energy prices. See "*The Economy—Production Sectors—Electricity*" and "*Public Finance—Social Spending and Subsidies*".

In line with the targets set out in the EFF with the IMF, in November 2016, the CBE announced the move to a liberalised exchange rate regime, by devaluing the Egyptian Pound and allowing it to float freely. This followed the implementation of other reforms under the EFF, including, *inter alia*, the implementation of the VAT law, the reduction of subsidies on petroleum products and increases in transportation prices. As a result of all of these factors, headline CPI increased to 23.3% in December 2016, as compared to 13.6% in October 2016.

The CBE has implemented a number of monetary policy initiatives aimed at containing inflationary pressures. Between November 2016 and July 2017, the MPC raised benchmark policy rates by an aggregate of 700 basis points, with the aim of anchoring inflation expectations and containing demand-side pressures and second-round effects of the liberalisation of the exchange rate and the implementation of fiscal reforms on inflation. Tighter real monetary conditions supported a decline of annual headline inflation between August 2017 and October 2017.

As a result of the moderation of underlying inflationary pressures, on 15 February 2018, the MPC reduced the overnight deposit rate, the overnight lending rate and the discount rate by 100 basis points each, to 17.75%, 18.75% and 18.25%, respectively. This was the first reduction of the CBE's key policy rates since 2015 and was intended to support the CBE's policy of an inflation target of 13% by the fourth quarter of 2018 and single digits thereafter. On 29 March 2018, the MPC again reduced the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate by a further 100 basis points to 16.75%, 17.75%, 17.25% and 17.25%, respectively.

On 21 May 2017, the CBE announced its inflation target was 13% by the fourth quarter of 2018 and in the single digits thereafter. This announcement formed part of the CBE's efforts to anchor inflation expectations for the medium-term, targeting lower and more stable inflation, and emphasising the CBE's commitment to its price stability mandate.

Inflationary pressures have shown signs of containment in 2018. Annual headline inflation, as measured by the CPI, and core urban inflation declined for the tenth consecutive month to 11.4% and 11.1%, respectively, in May 2018, having peaked at 33.0% and 35.3%, respectively, in July 2017. In June 2018, the Government implemented a third round of subsidy reform measures, increased prices on fresh fruits and vegetables, as well as certain other regulated items, and implemented the Universal Health Insurance Law, which raised taxes on tobacco products. As a result, annual headline inflation increased to 14.2% in August 2018 from 11.4% in May 2018. In August 2018, core urban inflation also increased to 8.8% from 8.5% in July 2018. These price increases also contributed to a widening of the spread between annual headline inflation and core urban inflation between June 2018 and August 2018.

Annual headline inflation, as measured by the CPI, was 16.0% in September 2018, as compared to 14.2% in August 2018, 13.5% in July 2018, 14.4% in June 2018, 11.4% in May 2018, 13.1% in April 2018, 13.3% in March 2018, 14.4% in February 2018 and 17.1% in January 2018. Core urban inflation was 8.6% in September 2018, as compared to 8.8% in August 2018, 8.5% in July 2018, 14.4% in June 2018, 11.1% in May 2018, 11.6% in April 2018, 11.6% in March 2018, 11.9% in February 2018 and 14.4% in January 2018.

The Government intends to continue to pursue its comprehensive economic reform programme with the aim of achieving sustainable and inclusive growth and aims to gradually eliminate fuel subsidies. This may increase inflationary pressures, which will be monitored by the CBE.

See "*Risk Factors—Risk Factors Relating to Egypt—The Egyptian economy is experiencing, and may continue to experience, high inflation*", "*—The Central Bank of Egypt—Monetary Policy*", "*—Foreign Exchange Rates*" and "*—The Egyptian Banking Sector and Reform*".

The following table sets forth annual headline inflation rates as measured by the CPI for the twelve months ended in the month indicated year-on-year.

Inflation—Annual Headline Inflation—Twelve Months Percentage Change

	2014	2015	2016	2017	2018
			(%)		
January	11.4	9.7	10.1	28.1	17.1
February	9.8	10.6	9.1	30.2	14.4
March	9.8	11.5	9.0	30.9	13.3
April	8.9	11.0	10.3	31.5	13.1
May	8.2	13.1	12.3	29.7	11.4
June	8.2	11.4	14.0	29.8	14.4
July	11.0	8.4	14.0	33.0	13.5
August	11.5	7.9	15.5	31.9	14.2
September	11.1	9.3	14.1	31.6	16.0
October	11.8	9.8	13.6	30.8	—
November	9.1	11.1	19.4	26.0	—
December	10.1	11.1	23.3	21.9	—

Sources: CAPMAS and CBE

The ninth series of the CPI was introduced in September 2010. The weights involved in the formation of the CPI were taken from the results of the 2008/09 survey of household income, expenditure and consumption, using January 2010 as a base period.

The following table sets forth the current composition of the CPI and the relative weight of the component that CAPMAS uses to calculate the Urban CPI.

Composition and Weighting of the CPI

Component	Weight
	(%)
Food and non-alcoholic beverages	39.92
Tobacco and related products	2.19
Clothing and footwear	5.41
Housing, water, electricity, gas and other fuels	18.37
Furnishings, household equipment and routine maintenance of dwellings	3.77
Medical care	6.33
Transportation	5.68
Communications	3.12
Recreation and culture	2.43
Education	4.63
Hotels, cafés and restaurants	4.43
Miscellaneous services	3.73

Sources: CAPMAS and CBE

The following table sets forth the dates of the changes in the CBE's key interest rates.

CBE Key Interest Rates

	Overnight Deposit Rate	Overnight Lending Rate	Discount Rate
		(%)	
9 June 2011	8.25	9.75	8.50
24 November 2011	9.25	10.25	9.50
21 March 2013	9.75	10.75	10.25
1 August 2013	9.25	10.25	9.75
19 September 2013	8.75	9.75	9.25
5 December 2013	8.25	9.25	8.75
17 July 2014	9.25	10.25	9.75
15 January 2015	8.75	9.75	9.25
24 December 2015	9.25	10.25	9.75
17 March 2016	10.75	11.75	11.25
16 June 2016	11.75	12.75	12.25
3 November 2016	14.75	15.75	15.25
21 May 2017	16.75	17.75	17.25
6 July 2017	18.75	19.75	19.25
15 February 2018	17.75	18.75	18.25
29 March 2018	16.75	17.75	17.25

Source: CBE

Liquidity and Credit Aggregates

The following table sets forth the liquidity and credit aggregates for the periods indicated.

Liquidity and Credit Aggregates(1)

	As at 30 June				
	2014	2015	2016	2017	2018(2)
	(LE millions, except where indicated)				
M1(3)	410,554	499,065	572,935	707,427	823,268
Domestic Liquidity (M2)(4)	1,516,601	1,765,492	2,094,500	2,918,193	3,457,015
Change in Domestic Liquidity (%)	17.0	16.4	18.6	39.3	18.5
Foreign Currency Deposits (as a % of M2)	15.6	14.9	15.5	23.8	20.7
Foreign Currency Deposits (as a % of Total Deposits)	19.0	17.9	18.5	27.8	23.8
Domestic Credit					
Government (net)	1,045,186	1,291,427	1,654,910	1,979,641	2,217,557
Public Business Sector	45,417	63,218	93,073	148,715	160,177
Private Business Sector	389,275	448,276	504,258	744,572	801,381
Household Sector	145,263	175,290	207,874	238,342	281,175
Total Domestic Credit	**1,625,141**	**1,978,211**	**2,460,115**	**3,111,270**	**3,460,290**
Year-on-year Change in Domestic Credit (%)	21.0	21.7	24.4	26.5	11.2

Source: CBE

Notes:
(1) The figures in this table have been revised and differ from previously published data. See "*Presentation of Information*".
(2) Provisional data.
(3) Money in circulation plus local currency demand deposits.
(4) M1 plus local currency time and saving deposits and foreign currency deposits.

Domestic liquidity grew by 127.9% over the five-year period from 2013/14 to 2017/18, while domestic credit increased by 112.9% over the same period.

Domestic liquidity increased on a year-on-year basis by LE 538.8 billion, or 18.5%, from 30 June 2017 to 30 June 2018, as compared to a LE 823.7 billion, or 39.3%, increase from 30 June 2016 to 30 June 2017. Domestic credit increased by LE 349.0 billion, or 11.2%, and LE 651.2 billion, or 26.5% over the same periods, respectively.

Foreign currency deposits, as a percentage of M2,decreased from 23.8%, as at 30 June 2017, to 20.7%, as at 30 June 2018 and foreign currency deposits, as a percentage of total deposits, decreased from 27.8%, as at 30 June 2017, to 23.8%, as at 30 June 2018.

The following table sets forth the discount rate, 91-day treasury bill rate and overnight interbank rates as at the end of the periods indicated.

Interest Rates[(1)]

	Discount Rate	**91-day Treasury Bills**	**Overnight Interbank Rate**
		(%)	
2013			
January	9.50	13.18	9.62
February	9.50	12.82	9.48
March	10.25	12.67	9.95
April	10.25	13.42	10.06
May	10.25	14.07	10.23
June	10.25	14.05	10.09
July	10.25	13.34	9.83
August	9.75	11.48	9.53
September	9.25	11.15	8.78
October	9.25	10.91	8.82
November	9.25	10.87	8.79
December	8.75	10.46	8.31
2014			
January	8.75	10.37	8.31
February	8.75	10.22	8.35
March	8.75	10.24	8.30
April	8.75	10.40	8.38
May	8.75	10.52	8.40
June	8.75	10.60	8.39
July	9.75	11.19	9.47
August	9.75	11.72	9.33
September	9.75	11.75	9.43
October	9.75	11.57	9.45
November	9.75	11.62	9.36
December	9.75	11.51	9.38
2015			
January	9.25	11.44	8.82
February	9.25	11.04	8.86
March	9.25	11.22	8.88
April	9.25	11.16	8.89
May	9.25	11.41	8.93
June	9.25	11.73	8.91
July	9.25	11.44	8.90
August	9.25	11.21	8.89
September	9.25	11.28	8.83
October	9.25	11.17	8.81
November	9.25	11.22	8.80
December	9.75	11.22	9.78
2016			
January	9.75	11.47	9.47
February	9.75	11.38	9.55
March	11.25	12.21	10.89
April	11.25	13.00	10.95
May	11.25	12.90	10.96
June	12.25	13.51	11.93
July	12.25	14.12	11.84
August	12.25	14.10	11.79
September	12.25	14.77	11.84
October	12.25	14.55	11.90
November	15.25	18.25	15.03
December	15.25	18.68	14.97

Interest Rates[1]

	Discount Rate	91-day Treasury Bills	Overnight Interbank Rate
		(%)	
2017			
January	15.25	18.99	15.29
February	15.25	18.31	15.59
March	15.25	19.47	15.69
April	15.25	19.39	15.64
May	17.25	19.57	15.75
June	17.25	20.31	17.63
July	18.75	21.74	18.65
August	19.25	19.48	19.01
September	19.25	18.95	19.03
October	19.25	18.85	18.91
November	19.25	18.58	18.94
December	19.25	19.03	18.96
2018			
January	19.25	18.64	18.93
February	18.25	17.76	17.98
March	18.25	17.94	17.90
April	17.25	17.71	16.88
May	17.25	18.27	16.98
June	17.25	18.97	17.00
July	17.25	19.25	16.94
August	17.25	18.78	17.01
September	17.25	19.39	17.03

Source: CBE

Note:

(1) On 3 November 2016, in connection with the adoption of a liberalised exchange rate regime, the MPC raised its policy rates by 300 basis points, with the overnight interest rate increasing to 14.75%, the overnight lending rate increasing to 15.75% and the discount rate increasing to 15.25%. Between November 2016 and July 2017, the MPC raised key policy rates by 700 basis points to contain inflationary pressures. On 15 February 2018, the MPC reduced the overnight deposit rate, the overnight lending rate and the discount rate by 100 basis points each, to 17.75%, 18.75% and 18.25%, respectively. On 29 March 2018, the MPC again reduced the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate by a further 100 basis points to 16.75%, 17.75%, 17.25% and 17.25%, respectively.

Foreign Exchange Rates

The currency of the Republic is the Egyptian Pound. The CBE has regularly intervened in foreign exchange rates, in particular between the Egyptian Pound and the U.S. Dollar. Restrictions in auctions and on the interbank market, as well as only partial clearance of foreign exchange requests from commercial banks, have generated a parallel market for foreign exchange. Prior to 3 November 2016, there were restrictions on the remittance of foreign currency outside of Egypt. From time to time, there has also been a shortage of U.S. Dollars in Egypt, as a result of which, the ability to repatriate foreign currency has been historically limited or curtailed. In order to address these imbalances, on 3 November 2016, the CBE announced the move to a liberalised exchange rate regime and the adoption of a series of other measures, as described below. These measures included lifting the restrictions on the deposit and withdrawal of foreign currency by all individuals and companies, except for certain restrictions (which have subsequently been lifted) affecting companies which import non-essential goods and products and subject to an annual limit of U.S.$100,000 for remittances abroad by Egyptian individuals and certain companies.

See "*Risk Factors—Risk Factors Relating to Egypt—Significant depreciations of the Egyptian Pound against the U.S. Dollar, the Euro or other major currencies have had and, if they continue to occur, would have, a material adverse effect on Egypt's ability to service its debt denominated in currencies other than the Egyptian Pound, including amounts due under the Notes*".

In order to enhance the efficiency of the foreign exchange market, the CBE introduced FX auctions alongside the foreign exchange interbank system. The aim was to enhance transparency in the foreign exchange market, reduce speculation and avoid depletion of international reserves by rationing foreign currency sourcing. The FX Auction is a regular auction for buying and selling U.S. Dollars through which banks offer their tenders to the CBE. The mechanism became effective on 30 December 2012.

Since then, the CBE has conducted foreign currency auctions for domestic banks on a weekly basis. In January 2015, the Egyptian Pound depreciated against the U.S. Dollar by an aggregate of 6.3% at 10 consecutive auctions. In March 2016, the Egyptian Pound devalued against the U.S. Dollar by 13%, representing the then-largest devaluation of the Egyptian Pound in more than ten years. The devaluation was an effort to close the gap between the official and unofficial exchange rates and preserve foreign exchange resources. Although the devaluation was initially successful in closing the gap between official and unofficial exchange rates, the gap widened again subsequently as the CBE did not have sufficient foreign currency reserves to fully service foreign currency demand and speculation by currency traders continued.

In March 2016, the CBE announced that it had adopted a new exchange rate policy to address distortions in the foreign exchange market, restore confidence in the foreign exchange market and the banking sector and promote a more conducive investment climate. To these ends, the CBE announced that its policy was to:

- lift the limits on cash deposits and withdrawals that were imposed in February 2015 to resolve market imbalances;
- adopt a more flexible foreign exchange regime to better reflect supply and demand and improve transparency and foreign exchange liquidity; and
- target international reserves of U.S.$25 billion in 2016.

On 3 November 2016, the CBE announced the move to a liberalised exchange rate regime and other measures in order to quell distortions in the domestic foreign currency market and reduce foreign exchange shortages. To this end, the CBE:

- implemented a non-binding foreign exchange rate, which is intended to serve as soft guidance to the market, in order to improve Egypt's competitiveness, increase foreign currency liquidity and encourage the conduct of foreign exchange transactions in formal channels;
- abolished priority import lists, which were previously in place to allocate limited foreign currency;
- permitted banks to operate until 9 p.m. every day, including Friday and Saturday, for foreign exchange transactions and transfers;
- lifted restrictions on the deposit and withdrawal of foreign currency by individuals and companies, except for certain restrictions (which have subsequently been lifted); and
- announced that it would continue to monitor market activity and, if required, hold price auctions in order to support the process of market price discovery in the early days of adjustment.

Pursuant to the new exchange rate regime, banks and other market participants are at liberty to quote and trade at any exchange rate, and bid and ask exchange rates are expected to be determined by supply and demand. The CBE has also announced its intention to use the prevailing market rate for any transactions it undertakes. Following the CBE's announcement, the Egyptian Pound depreciated against the U.S. Dollar to LE 14.6350 per U.S.$1.00 (buy rate) on 3 November 2016, as compared to LE 8.7700 (buy rate) per U.S.$1.00 on 2 November 2016.

The new exchange rate regime was introduced as part of a broader package of measures aimed at encouraging macroeconomic stability through fiscal consolidation, in line with the Government's economic reform programme. The CBE also raised its key policy rates by 300 basis points and announced that it would introduce deposit auctions with longer maturities and market determined rates. See "*—Inflation and Interest Rates*".

In addition, the CBE announced its agreement with the Ministry of Finance to gradually phase out the monetary financing of the fiscal deficit. The CBE confirmed that its main policy objective remained ensuring price stability and that it will closely monitor reserves and continue to rely on indirect monetary policy tools.

In December 2016, the CBE entered into a CNY 18 billion, three-year bilateral currency swap agreement with the People's Bank of China. The agreement is expected to facilitate trade and improve foreign currency liquidity in Egypt. The currency swap arrangement can be extended by mutual agreement and is to be renewed on an annual basis for revaluation purposes. In December 2017, the CNY 18 billion currency swap transaction was renewed for one year until December 2018.

In June 2017, the CBE removed the U.S.$100,000 limit on individual bank transfers abroad.

The liberalisation of the Egyptian Pound in November 2016 has reduced foreign exchange shortages and the parallel market, and bid/ask spreads have narrowed. Since November 2016, the CBE has not intervened in the foreign exchange market and has only supplied foreign currencies to state-owned enterprises for critical imports.

On 28 November 2017, the CBE issued a circular removing all withdrawal and deposit limits on foreign currencies for companies importing non-priority products. This circular removed both the monthly U.S.$50,000 cash deposit cap for non-priority goods and the monthly U.S.$30,000 cash withdrawal cap that were previously in place.

The following table sets forth average data relating to the official exchange rate between the Egyptian Pound and the U.S. Dollar for the periods indicated.

Egyptian Pound–U.S. Dollar Exchange Rates(1)(2)

2013	2014	2015	2016	2017	Jan – Sept 2018
		(LE per U.S.$1.00)			
6.869	7.079	7.643	9.65	17.8284	17.780

Source: CBE

Notes:

(1) The rates in this table may differ from the actual rates used in the preparation of the information appearing in this Prospectus. See "*Presentation of Information*".

(2) On 15 November 2018, the market exchange rate (buy rate), as published by the CBE, was U.S.$1.00 = LE 17.858.

In the period from July 2014 to August 2016, the value of the Egyptian Pound, calculated on a monthly average basis, depreciated against the U.S. Dollar from U.S.$1.00 = LE 7.14 to U.S.$1.00 = LE 8.78, or by 18.7%. In August 2016, the CBE U.S. Dollar to Egyptian Pound weighted average rate as published by the CBE was U.S.$1.00 = LE 8.78. Following the CBE's exchange rate liberalisation, the Egyptian Pound depreciated further to U.S.$1.00 = LE 14.6350 (buy rate) as at 3 November 2016. Since 3 November 2016, the U.S. Dollar to Egyptian Pound exchange rate (buy rate) has fluctuated between a high of U.S.$1.00 = LE 14.6350 on 3 November 2016 and a low of U.S.$1.00 = LE 19.35 on 20 December 2016. At the end of May 2017, after a period of volatility, the exchange rate stabilised at approximately U.S.$1.00 = LE 18.00. The IMF has noted that initial depreciation following the liberalisation of the Egyptian Pound in November 2016 was larger than initially anticipated, partially due to excess liquidity and continued uncertainty over foreign exchange backlogs.

On 15 November 2018, the market exchange rate (buy rate), as published by the CBE, was U.S.$1.00 = LE 17.858.

Derivatives, forward and swap transactions are allowed in the Egyptian foreign exchange interbank market, subject to certain limitations, including the requirement that they can only be initiated in connection with underlying commercial transactions and dividends payments. The market for such products, however, remains thin.

In August 2016, Law № 66 of 2016 was passed, introducing more stringent penalties for illegal foreign currency traders in the context of wider efforts to eliminate the black market. Pursuant to this law, those violating the foreign currency handling and transfer provisions of the banking law are subject to up to ten years imprisonment.

Net International Reserves

Net international reserves ("**NIR**") with the CBE were U.S.$44.3 billion as at 30 June 2018, as compared to U.S.$31.3 billion as at 30 June 2017, representing an increase of 41.4%. This increase was primarily due to the receipt of funds under the EFF, and the proceeds of Eurobond issues by the Republic in the six months ended 30 June 2018. NIR covered 8.4 months of merchandise imports as at 30 June 2018.

NIR increased by U.S.$13.8 billion, or 78.4%, in 2016/17, to U.S.$31.3 billion as at 30 June 2017 (from U.S.$17.5 billion as at 30 June 2016). This increase was primarily due to the receipt of funds under the EFF, and the proceeds of Eurobond issues by the Republic. See "*Public Debt—External Debt*". NIR covered 6.4 months of merchandise imports as at 30 June 2017 and 3.7 months of merchandise imports as at 30 June 2016.

NIR decreased by U.S.$2.5 billion, or 12.6%, in 2015/16, to U.S.$17.5 billion as at 30 June 2016 (from U.S.$20.1 billion as at 30 June 2015). NIR covered 3.7 months of merchandise imports as at 30 June 2016 and 3.9 months of merchandise imports as at 30 June 2015.

The following table sets forth the NIR of the CBE as at the end of the following years.

Net International Reserves

	2013/14	2014/15	2015/16	2016/17	2017/18
			(U.S.$ millions)		
Net International Reserves	**16,687**	**20,082**	**17,546**	**31,305**	**44,258**
Gross Official Reserves	16,710	20,104	17,570	31,307	44,261
Gold	2,662	2,420	2,602	2,602	2,641
Foreign Currencies	12,695	16,453	14,128	27,904	38,897
Special Drawing Rights	1,274	1,168	793	770	2,706
Loans to IMF	79	63	47	31	17
Banks' Net Foreign Assets	**11,452**	**3,481**	**(4,844)**	**3,173**	**449**
Assets	16,224	11,450	9,286	18,746	16,761
Liabilities	4,772	7,969	14,130	15,575	16,312
NIR in months of merchandise imports	3.3	3.9	3.7	6.4	8.4

Source: CBE

The decrease in banks' net foreign assets to U.S.$0.4 billion as at 30 June 2018, as compared to net foreign assets of U.S.$3.2 billion as at 30 June 2017, was primarily due to a U.S.$0.7 billion increase in liabilities.

As at 31 October 2018, according to preliminary figures, net international reserves were U.S.$44.5 billion.

As at the date of this Prospectus, there are no encumbrances or potential encumbrances to the Republic's foreign exchange reserves, such as forward contracts or derivatives.

The Financial Regulatory Authority

EFSA was established in 2009 as an integrated financial supervisory authority and was renamed as the Financial Regulatory Authority in October 2017. See "*The Economy—Financial Regulatory Authority*".

The Egyptian Stock Market

Egypt's stock exchange, the EGX, is governed by a board of directors. The EGX's predecessor exchanges, the Alexandria Stock Exchange and the Cairo Exchange, were established in 1883 and 1903, respectively. Government policies adopted in the mid-1950s led to a drastic reduction in activity on the exchanges, which remained dormant between 1961 and 1992.

The then-Government's economic reform programme resulted in the adoption of the Capital Market Law № 95 of 1992 ("**Law 95**"), which empowered the CMA, an independent institution that has since been replaced by the Financial Regulatory Authority, to regulate the securities industry and laid the regulatory framework for that industry. Law 95 permits the establishment of companies that provide underwriting of subscriptions, brokerage services, securities and mutual fund management, clearance and settlement of security transactions and venture capital activities. It also authorises the issuance of corporate bonds and authorises the issuance of bearer shares. Activity on the EGX increased following initial public offerings by the Government as part of its privatisation programme.

The Nile Stock Exchange (the "**NILEX**"), established under the EGX, was launched to offer small- and medium-sized companies the means to raise capital under an appropriate regulatory framework and is the first such market in the MENA region. As at 30 June 2018, 32 companies were listed on the NILEX, with a total market capitalisation of LE 1.1 billion.

Misr for Central Clearing, Depository and Registry ("**MCDR**") was established in 1994 to handle clearing and settlement operations. Its shareholders include the EGX, brokers and dealers, the public and private sector banks. Since the establishment of MCDR, the securities market has been moving towards dematerialisation of securities. Since July 2000, all shares are traded in dematerialised form on the EGX. MCDR is 50% owned by Egyptian banks and financial intermediaries, 45% owned by securities intermediaries and 5% owned by the EGX.

In relation to this work, major amendments have been introduced in recent years, including the Financial Regulatory Authority approval of the amendments to the listing rules in 2011 with regard to initial public offerings, treasury stocks and the obligation imposed on companies to release their shareholding structure. The NILEX listing rules were also amended to provide investor protections, through freezing 25% of a company's shares to be held by the founders and the board members for at least two consecutive fiscal years from the date of an offering.

To ensure greater transparency, the listing rules were amended in 2012, requiring listed companies to launch a website in order to publish their annual and periodical financial statements with explanatory statements as well as the auditor's reports and other data and information defined by the EGX. Additionally, the rules concerning the listing of rights issues were also amended in 2012, which allowed the trading of the rights.

In 2014 and 2015, new sets of EGX listing rules were introduced, aimed at facilitating the procedures for new offerings by companies, as well as improving market transparency and minority protection rights. The new rules address, among other things, capital increases resulting from mergers, the acquisition or sale of an unlisted company or of assets exceeding 10% of a company's shareholders' equity, independence requirements for the board of directors of listed companies and matters regarding related party transactions. In 2018, the EGX listing rules were further amended to increase certain required thresholds for listing companies on the EGX, including in respect of the listing of small- and medium-sized companies.

Further amendments and additions were introduced in the listing rules in 2015 and 2016 to strengthen corporate governance requirements and enhance investor protection rights. As a result of the EGX's and the Financial Regulatory Authority's review of the listing rules, additional rules relating to treasury shares, sales of 50% of a company's assets related to its main activities and cross holding ownership were introduced.

In 2017, the EGX began implementing its plan to enhance the market environment to restore investor confidence and attract increased local and international investment. This plan has included the implementation of changes to the listing rules to further enhance corporate governance and minority shareholder protection. The EGX has also conducted testing of a short-selling and market maker mechanism, the introduction of which is awaiting the approval of the Financial Regulatory Authority.

Additionally, the EGX launched a new automated surveillance trading system in 2012 from "Millennium IT", a member of the London Stock Exchange Group, to increase investor confidence and ensure protection for investors. The EGX has also launched its first online disclosure system, which provides a simpler, more accurate and faster system for companies to disseminate announcements to the market.

In 2015, the first exchange-traded fund ("**ETF**") was launched and the first licence for an ETF market maker was granted. Margin trading on ETFs is also now permitted.

In order to increase cross border trading, the EGX launched a FIX HUB in 2012 to enable international investors to trade Egyptian securities easily through a FIX gateway which will facilitate foreign investors' entry to the market thereby enhancing the Egyptian markets liquidity.

In February 2018, the Parliament approved a set of amendments to the Capital Markets Law, which establish a legal framework for sukuk issuances and trading in Egypt, authorise the establishment of an exchange for regulated trading in derivatives, including futures, options and swaps, abolish bearer securities and expand the scope of criminal offences and sanctions set out in the Capital Markets Law. The amendments to the Capital Markets Law were ratified by the President and published in March 2018.

The EGX has continued to intensify its efforts to strengthen its international presence and the EGX is:

- a member of the World Federation of Exchanges (WFE);
- a Board member of the African Securities Exchanges Association (ASEA);
- a Chairman of the Federation of Euro-Asian Stock Exchanges (FEAS);
- a founding member of the Arab Federation of Exchanges; and
- a member of the Sustainable Stock Exchanges Initiative.

EGX 30 Performance

The EGX 30 Index (the "**Index**") grew by 24.2% and 31.6%, in 2013 and 2014, respectively, as a result of increased political stability and reaction to the economic reforms announced and implemented by the Government. In 2015, the Egyptian market was affected by global and regional market challenges, resulting in a contraction of the Index by 21.5% in 2015. In 2016 and 2017, the Index grew by 76.2% and 22.0%, respectively. In 2017/18, the Index grew by 135.5%.

In September 2018, there were 222 listed companies on the main market of the EGX, with a total market capitalisation of LE 804 billion.

The following table sets forth selected indicators for the EGX as at the dates, or for the periods, indicated.

Selected Indicators for the Egyptian Exchange

	As at or for the year ended 31 December					As at and for the nine months ended
	2013	2014	2015	2016	2017	30 Sept 2018
Total Market Capitalisation[1] (*LE billion*)	426.8	500.0	429.8	601.6	824.9	803.9
Total Market Capitalisation (*% of GDP*)	20.8	25.0	22.0	22.0	30.0	23.2[2]
Total Value of Trading[3] (*LE billion*)	161.9	290.8	247.2	284.5	332.0	279.1
Number of Listed Companies[1]	212	214	221	222	222	222
Number of Transactions (*million*)	4.8	7.3	4.9	6.0	7.0	4.8
EGX 30 Index (*end of period*)	6,783	8,927	7,006	12,345	15,019	14,616

Source: EGX

Notes:

(1) Main market.

(2) This ratio is calculated based on GDP preliminary figures for 2016/17 of LE 3,470 billion, prepared by the Ministry of Planning Monitoring and Administration.

(3) Listed, NILEX & OTC. Trading on NILEX has been effective since 3 June 2010

PUBLIC FINANCE

The Budget Process

The Government's fiscal year runs from 1 July to 30 June. In October of each year, the Ministry of Finance issues a circular to all Government authorities outlining in a general manner the fiscal policies, targets and economic assumptions to be adhered to in the preparation of their respective budgets. By December of each year, the Ministry of Finance receives and reviews the draft budgets submitted by Government authorities, following which mutual discussions of submitted budgets take place through joint committees. Such submitted budgets may be revised by the Ministry of Finance's Budget Department to ensure that the aggregate revenue and expenditure figures in the draft budget conform to the integrated macroeconomic targets previously set by the Macro Fiscal Policy Unit (the "**MFPU**").

By the following February, the Ministry of Finance submits a preliminary draft budget (comprising the budgets of the Government, the central and local administration units and Service Authorities) to the Ministerial Economic Sub-committee, which is headed by the Prime Minister. The Ministerial Economic Sub-Committee may introduce amendments to the draft budget before submitting the budget to the Council of Ministers for approval. The final budget is then submitted first to the President and then to the House of Representatives before the end of March, following which the budget is discussed among various legislative committees and must be approved and ratified in an annual budget law by the House of Representatives before the end of June. In the event that the House of Representatives has been dissolved or is otherwise absent, pursuant to the Constitution, the President has temporary legislative authority and may ratify the budget.

The ratified budget represents a ceiling for total expenditure for Government authorities during the year. If an exceptional expenditure item arises during a fiscal year, the Ministry of Finance will prepare a supplementary appropriation, which is submitted to the Ministerial Economic Sub-Committee and subsequently to the Council of Ministers, which, in turn, will submit it to the House of Representatives for approval and ratification.

Prior to the end of each fiscal year, the Final Accounts Department at the Ministry of Finance issues a circular to all Government authorities with instructions regarding the preparation of their final accounts. The Government authorities then submit their final accounts to the Ministry of Finance and the Accountability State Authority (the "**ASA**"), which audits the accounts both on a standalone (for each Government authority) and consolidated basis. Final accounts are submitted by the Minister of Finance to the House of Representatives before the end of October of each year for ratification.

Treatment of Public Sector and State-Owned Enterprises

Law № 53 of 1973, as amended, together with executive regulations promulgated thereunder, regulate the process of preparing and implementing the General State Budget of the Republic. The consolidated general Government account is comprised of the budget sector, the National Investment Bank ("**NIB**") and the Social Insurance Fund ("**SIF**"). Fiscal reporting is completed on a consolidated cash basis, which requires the exclusion of financial interrelations among the consolidated bodies.

The budget sector consolidates the fiscal operations of the following entities:

- Central Administration Units, such as ministries and their affiliated agencies;
- Local Administration Units, representing the 27 governorates; and
- Service Authorities.

Both Local Administration Units and Service Authorities depend on the treasury to finance their respective yearly deficits.

There are two levels of published public finance data: (i) stand-alone budget sector fiscal data and (ii) general Government fiscal data, which include consolidated fiscal data of the budget sector, the NIB and Social Insurance Funds accounts.

Service Authorities

Service Authorities are Government-owned and administered organisations operating on a non-profit basis, such as Cairo University, the National Sewage Authority, the National Meteorology Authority and the National Authority for Roads and Bridges. Service Authorities generally provide public services, including public infrastructure services, education, health and research.

Economic Authorities

Economic Authorities, such as the Suez Canal Authority, the General Authority for Supply of Commodities, the New Urban Communities Authority, the National Postal Authority and the Radio and Television Authority are owned by the Government but operate on a for-profit basis. For purposes of the financial information set out in this Prospectus, EGPC is included in this classification. The financial operations of the Economic Authorities are accounted for in the national budget either in the form of dividends paid to the Ministry of Finance (if such entities are in profit) or capital contributions made by the Ministry of Finance to such authorities (if such entities are in deficit).

Other Government-owned entities

The Government also has a portfolio of other public sector companies that play an important role in the Egyptian economy. The companies are managed on a for-profit basis and seek to maximise shareholder value. The profits of these companies are accounted for in the national budget in the form of dividends. The Government may also inject capital in such companies through capital contributions (in the case of a deficit). Other Government-owned entities include public sector banks regulated by Law № 88 of 2003 and its executive regulations, including National Bank of Egypt and Bank Misr, and holding companies regulated by Law № 203 of 1991, including Misr Insurance Holding Company, the Egyptian Electricity Holding Company ("**EEHC**"), EGAS and ECHEM.

Improving Budget Classification

According to Law № 97 of 2005, the annual State Budget is prepared in accordance with the IMF 2001 Government Finance Statistics ("**GFS**") classification standard (modified to cash principles). This system is consistent with international budget accounting practices and is designed to generate standardised reporting during the year and to facilitate comparisons with budgets prepared by other countries. These accounting procedures were adopted to bring greater transparency to the budget and public sector economic activity. This permits better analysis of resources and expenditures to improve efficiency and to ensure that the budget remains focused on the social and economic priorities of the Government.

GFS distinguishes between economic, administrative and functional classifications. There is a clear distinction between revenues, expenditures and financing transactions, as well as between transfers and exchange transactions. Fiscal policy is monitored on the basis of the cash surplus/deficit and the overall fiscal balance.

Budget Automation

Use of an Automated Government Expenditure System (the "**AGES**") has led to more efficient preparation of the budget and improved control of spending. The Ministry of Finance has applied the AGES since 2007/08 to link all budget entities to a central unit at the Ministry of Finance in order to facilitate the process of budget preparation, monitor expenditure more effectively, limit the use of cash in Government transactions and automate the issuance of end of year closing accounts. Pursuant to Circular № 2 of 2015, the Minister of Finance extended the application of the AGES across all budget entities and items, including wages and salaries, which is expected to permit the Ministry of Finance to monitor the public wage bill more effectively.

The Treasury Single Account (TSA)

Law № 139 of 2006 established the Treasury Single Account (the "**TSA**") at the CBE. The TSA incorporates all the accounts of the Ministry of Finance, central and local administrative authorities, the service authorities and Economic Authorities and special funds. All revenues generated by such authorities are deposited in the TSA, and all expenditures are deducted from TSA.

Government Finances and Projections

Since 2009/10, annual budgets include medium-term projections, as well as a fiscal sustainability analysis by the MFPU. The budget for 2018/19 includes a section on medium-term projections and Ministry of Finance medium-term fiscal and debt objectives. The MFPU also prepares economic and fiscal policy advice for the Minister of Finance. In addition, the MFPU is responsible for:

- monitoring budget execution to identify important developments and recommend appropriate action;
- recommending structural reforms to facilitate the sustainability of the fiscal and macroeconomic sectors;
- assessing macroeconomic and fiscal effects of different revenue and expenditure policy options;
- coordinating technical consultations between the Ministry of Finance and international financial institutions; and
- monitoring international economic developments to assess the impact on Egypt's economy.

Fiscal Policy and Budget Performance

The soundness of public finances is a key pillar in the Government's economic programme, which aims to balance fiscal consolidation efforts with social objectives in order to promote inclusive and sustainable economic growth through, *inter alia*, enhancing tax efficiency and reprioritising public spending. As part of its economic programme, the Government has indicated economic targets, including a reduction of the overall fiscal deficit to approximately 8.4% of GDP by 2018/19 and 5.2% of GDP by 2021/22; and to reduce the debt to GDP ratio to 92.7% of GDP by 2018/19 and 79.4% of GDP by 2021/22. See "*The Economy—Recent Developments and Reforms*".

Fiscal Reforms

Since 2014, Government reforms to increase Government revenue and control Government expenditure have included:

- *VAT*: In 2015, the Government announced its intention to replace the sales tax with a new VAT law in order to: (i) broaden the tax base by including services under the tax system; and (ii) assist in the prevention of tax evasion. The 2016/17 budget provides for a unified tax rate for all goods and services, although exemptions apply for basic products of social importance. In August 2016, the House of Representatives approved VAT rates of 13% for 2016/17 and 14% for 2017/18. The VAT law came into effect on 8 September 2016 and executive regulations were published in March 2017. VAT was not previously levied.
- *SMEs:* The Government is developing a simplified tax regime for SMEs and methods to improve tax compliance and control systems.
- *Capital gains and dividends tax*: The Government introduced a new 10% tax on capital gains and dividends (although the implementation of the capital gains tax has been postponed and is expected to become effective in May 2020). The dividend tax came into effect on 30 June 2014.
- *Property tax:* In 2013, the Government introduced a tax on residential and commercial units valued at over LE 2 million, subject to certain exemptions (which became effective in 2014).
- *Excise tax*: In 2015 and in 2016, the Government increased excise tax on cigarettes and alcoholic beverages.
- *Mining law*: In 2014, the Government introduced the New Mining Law, which aims to increase fees and royalties due to the Government while incentivising new investment in the mining sector. See "*External Sector—Foreign Direct Investment—Investment Projects and Initiatives*".
- *Corporate tax*: In 2015, the Government reduced the top corporate tax rate to 22.5% while extending it to all economic zones.
- *Controlling the public sector wage bill*: In 2014, the Government set a public sector wage ceiling, discontinued the automatic inclusion of bonuses in basic wages after five years and subjected bonuses to income tax in an effort to control the public sector wage bill. Public sector employee hiring has also been centralised. Further

controls to the public sector wage bill have been introduced through the New Civil Service Law, which was promulgated on 1 November 2016. See "*The Economy—Employment and Labour—Labour Law*".

- *Refocusing spending*: The Government is refocusing public spending through increased spending on infrastructure investment and social services, including health and education investment, in line with the Government's constitutional mandate. The Government is also implementing efficiency measures to reduce Government expenditure. See "*Public Finance—Social Spending and Subsidies*".

- *Real estate tax*: In July 2018, the Government amended the real estate tax law. The law increases the tax exemption limits to LE 24 million from LE 18 million and allocates 50% of the total proceeds from real estate taxes for upgrading housing in deprived areas. Certain properties, including, *inter alia*, the premises of non-government organisations, historic buildings, youth and sports centres, buildings used for religious purposes and state-owned buildings are exempted from the tax. In July 2018, amendments were also made to change the rate of real estate tax from 2.5% of transaction profits to 2.5% of the whole transaction value.

- *Income tax law*: In June 2018, the income tax law was amended to increase the limits of tax exemption rates came into effect. The law is expected to take effect in 2018/19 and increase tax deduction limits from 80% to 85% for taxpayers earning LE 8,000 to LE 30,000, from 40% to 45% for taxpayers earning LE 30,000 to LE 45,000 and from 5% to 7.5% for taxpayers earning LE 45,000 to LE 200,000. The aim of the new law is to increase individual purchasing power and mitigate any negative effects of the Governments' economic reform programme.

- *Development fees*: In June 2018, the House of Representatives approved amendments to the development fees law, revising fees charged to the public for Government services.

- *Extension of settlement period for taxation disputes*: In February 2018, the Government extended the settlement period for taxation disputes for two years.

- *Late payment fees*: In August 2018, Law № 174 of 2018 was issued to incentivise the payment of overdue taxes by overlooking certain late payment fees for stamp duties, income taxes, VAT and customs duties on an exceptional basis. Law № 174 also implements the rules for the settlement of current tax disputes on customs disputes.

  See "*The Economy—Government Programme, Recent Developments and Reforms*".

2018/19 Budget

The budget for 2018/19 was approved by the House of Representatives on 6 June 2018, with a projected fiscal deficit to GDP ratio of 8.4%, as compared to a fiscal deficit ratio of 9.7% in 2017/18 (based on preliminary estimates) and an actual fiscal deficit ratio of 10.9% in 2016/17.

The budget for 2018/19 has been prepared on the basis of the following key assumptions:

- economic growth of 5.8%;
- average inflation of 10%;
- an average oil price (Brent crude) of U.S.$67 per barrel;
- global economic growth of 3.7%; and
- an exchange rate of LE 17.25 = U.S.$1.00.

The following table sets out the budget for 2018/19 and the preliminary results for 2017/18.

2017/18 (Preliminary Results) — 2018/19 Budget

	2017/18[(1)(2)]	**2018/19[(2)(3)]**
	(LE millions)	
Revenues and Grants	**805,741**	**989,188**
Tax Revenue	628,083	770,280
Grants	1,989	1,141
Other Revenues	175,670	217,767
Expenditures	**1,226,632**	**1,424,020**
Wages and Salaries	236,920	270,090
Purchases of Goods and Services	47,878	60,124
Interest Payments	437,359	541,305
Subsidies, Grants and Social Benefits	326,576	328,291
Other Expenditures	72,315	75,699
Purchases of Non-Financial Assets	105,584	148,512
Cash Deficit	**423,391**	**434,832**
Net Acquisition of Financial Assets	**9,306**	**3,762**
Overall Fiscal Deficit	**432,697**	**438,594**
Overall Deficit/GDP *(%)*[(3)]	9.7	8.4
Primary Surplus/GDP *(%)*[(3)]	0.1	2.0
Revenues/GDP *(%)*[(3)]	18.1	18.8
Expenditure/GDP *(%)*[(3)]	27.7	27.1

Source: Ministry of Finance

Notes:

(1) Preliminary estimated figures.

(2) Projected GDP, according to estimates of the Ministry of Finance, of LE 4,441 billion have been used for 2017/18. For 2018/19, projected GDP is LE 5,251 billion.

(3) No assurance can be given that the actual financial performance and condition will match the forecasts in the Republic's budget. Budgeted as approved by the House of Representatives in June 2018.

Revenues

Total revenues for 2018/19 are budgeted to be LE 989.2 billion, as compared to LE 805.7 billion in 2017/18 (based on preliminary estimates), representing an annual increase of 22.8%, primarily due to budgeted increases in tax revenues and other revenues. Tax revenues are budgeted to increase by 22.6% to LE 770.3 billion for 2018/19, as compared to LE 628.1 billion for 2017/18 (based on preliminary estimates). This increase is primarily due to budgeted increases of LE 142.2 billion, or 22.6%, in tax revenues, which is, in turn, due to improvements in tax administration and collection.

Total grants are budgeted to be LE 1.1 billion in 2018/19, as compared to LE 2.0 billion in 2017/18 (based on preliminary estimates), reflecting a decrease of 42.6%. See "*Risk Factors—Risk Factors relating to Egypt—The level of foreign grants to Egypt has declined in recent years*".

Other revenues comprising mainly of year-end profits, royalties and dividends transferred to the treasury from various Economic Authorities, such as the Suez Canal Authority, EGPC, the New Urban Community Authority or public sector banks and publicly-owned companies for 2018/19 are budgeted at LE 217.8 billion, as compared to LE 175.7 billion for 2017/18 (based on preliminary estimates), representing an annual increase of 24.0%.

Expenditures

Government expenditure is budgeted to increase by 16.1% to LE 1,424.0 billion in 2018/19, as compared to expenditure of LE 1,226.6 billion in 2017/18 (based on preliminary estimates). This increase is primarily due to budgeted increases of: (i) LE 103.9 billion, or 23.8%, in interest payments, which is, in turn, due to increased levels of public debt (see "*Public Debt*") (ii) LE 33.2 billion, or 14.0%, in wages and salaries; and (iii) LE 12.2 billion, or 25.6%, in the purchases of goods and services. In addition, contributions to pension funds are budgeted to decrease to LE 328.3 billion in the 2018/19 budget, as compared to LE 329.1 billion in 2017/18 (based on preliminary estimates), reflecting a decrease of 0.2%. See "*—Social Spending and Subsidies*".

Wages and salaries are budgeted to increase by 14.0% from LE 236.9 billion in 2017/18 (based on preliminary estimates) to LE 270.1 billion in the 2018/19 budget.

Public Accounts

The following table sets forth an overview of the revenues, expenditure and overall balance of the budget sector public accounts for the periods indicated.

Overview of Government Fiscal Operations Budget Sector(1)

	2013/14	2014/15	2015/16	2016/17	2017/18(2)
			(LE millions)		
Revenues and Grants	**456,788**	**465,241**	**491,488**	**659,184**	**805,741**
Tax Revenues	260,288	305,957	352,315	462,007	628,083
Income Tax	*120,925*	*129,818*	*144,743*	*166,897*	206,919
Property Taxes	*18,761*	*21,107*	*27,990*	*36,539*	51,353
Taxes on Goods and Services	*91,867*	*122,930*	*140,525*	*208,624*	293,809
Taxes on International Trade	*17,673*	*21,867*	*28,091*	*34,255*	37,505
Other Taxes	*11,062*	*10,235*	*10,966*	*15,691*	38,497
Grants	95,856	25,437	3,543	17,683	1,989
Other Revenues	100,643	133,847	135,630	179,494	175,670
Returns on Financial Assets	56,990	81,463	69,452	91,141	68,852
Proceeds from Sales of Goods and Services	28,498	26,457	29,052	38,058	44,693
Other	15,155	25,926	37,127	50,295	62,125
Expenditures	**701,514**	**733,350**	**817,844**	**1,031,941**	**1,226,632**
Wages and Salaries	178,589	198,468	213,721	225,513	236,920
Purchases of Goods and Services	27,247	31,276	35,662	42,450	47,878
Interest Payments	173,150	193,008	243,635	316,602	437,359
Subsidies, Grants and Social benefits	228,579	198,569	201,024	276,719	326,576
Other Expenditures	41,068	50,279	54,551	61,517	72,315
Purchases of Non-Financial assets	52,882	61,750	69,250	109,141	105,584
Cash Deficit(3)	**244,727**	**268,109**	**326,356**	**372,757**	**423,391**
Net Acquisition of Financial assets	**10,713**	**11,321**	**13,139**	**6,833**	**9,306**
Overall Fiscal Deficit	**255,439**	**279,430**	**339,495**	**379,590**	**432,697**
Overall Deficit/GDP *(%)*(4)	12.0	11.4	12.5	10.9	9.7
Primary Deficit/GDP *(%)*(4)	3.9	3.6	3.5	1.8	(0.1)
Revenues/GDP *(%)*(4)	21.7	19.1	18.1	19.0	18.1
Expenditure/GDP *(%)*(4)	33.4	30.2	30.2	29.7	27.7

Source: Ministry of Finance

Notes:

(1) The figures in this table have been revised and differ from previously published data. See "*Presentation of Information*".
(2) Preliminary estimated figures.
(3) Overall deficit excluding net acquisition of financial assets.
(4) Projected GDP, according to estimates of the Ministry of Finance, of LE 4,441 billion have been used for 2017/18.

Overview

All figures presented in this section for 2017/18 budget results are the Ministry of Finance's preliminary estimates and are subject to revision and amendment, which may be material.

Total budget sector revenues have grown over each of the past five years from LE 456.8 billion in 2013/14 to LE 805.7 billion in 2017/18. Total budget sector tax revenues increased by 141.3% between 2013/14 and 2017/18. Principal factors in the growth of revenues since 2013/14 include increased GDP growth and increases in tax revenues, as a result of the implementation of tax reforms and measures to improve the efficiency of tax administration and widen the tax base.

Total budget sector expenditures have also grown over each of the past five years from LE 701.5 billion in 2013/14 to LE 1,226.6 billion in 2017/18. Total budget sector expenditures increased by 19.3% in 2013/14, 4.5% in 2014/15, 11.5% in 2015/16, 26.2% in 2016/17 and 18.9% in 2017/18. Principal factors in the growth of expenditures since 2013/14 include the growth of the wages and subsidies bills and the growth of public investments, as well as increases in interest payments as a result of an increased level of public debt.

The overall fiscal deficit was LE 379.6 billion in 2016/17 (representing 10.9% of GDP), as compared to LE 339.5 billion in 2015/16 (representing 12.5% of GDP), LE 279.4 billion in 2014/15 (representing 11.5% of GDP) and LE 255.4 billion in 2013/14 (representing 12.0% of GDP). The overall fiscal deficit is estimated to be LE 432.7 billion in 2017/18 (representing 9.7% of GDP).

Revenues

All figures presented in this section for 2017/18 budget results are the Ministry of Finance's preliminary estimates and are subject to revision and amendment, which may be material.

The Government's principal sources of revenues are corporation taxes, general sales taxes, customs duties and transferred profits (dividends) from Government-owned entities. The Government also receives revenue in the form of grants from international agencies and countries.

The following table sets out budget sector revenues for the periods indicated.

Revenues[1]

	2013/14	2014/15	2015/16	2016/17	2017/18[2]
			(LE millions)		
Total Revenues and Grants	**456,788**	**465,241**	**491,488**	**659,184**	**805,741**
Annual Change (%).....................	30.4	1.9	5.6	34.1	22.2
Percentage of GDP[3]..................	21.7	19.1	18.1	19.0	18.1
Percentage of Tax Revenues	175.5	152.1	139.5	142.7	128.3
Tax Revenues............................	**260,288**	**305,957**	**352,315**	**462,007**	**628,083**
Annual Change (%).....................	3.7	17.5	15.2	31.1	35.9
Percentage of GDP[3]..................	12.4	12.6	13.0	13.3	14.1
Percentage of Total Revenues and Grants	57.0	65.8	71.7	70.1	78.0
Taxes on Income, Profits and Capital Gains............................	**120,925**	**129,818**	**144,743**	**166,897**	**206,919**
Annual Change (%).....................	2.7	7.4	11.5	15.3	24.0
Percentage of GDP[3]..................	5.8	5.3	5.3	4.8	4.7
Percentage of Total Revenues and Grants	26.5	27.9	29.5	25.3	25.7
Percentage of Tax Revenues	46.5	42.4	41.1	36.1	32.9
Property Tax.............................	**18,761**	**21,107**	**27,990**	**36,539**	**51,353**
Annual Change (%).....................	14.0	12.5	32.6	30.5	40.5
Percentage of GDP[3]..................	0.9	0.9	1.0	1.1	1.2
Percentage of Total Revenues and Grants	4.1	4.5	5.7	5.5	6.4
Percentage of Tax Revenues	7.2	6.9	7.9	7.9	8.2
Taxes on Goods and Services ...	**91,867**	**122,930**	**140,525**	**208,624**	**293,809**
Annual Change (%).....................	(1.1)	33.8	14.3	48.5	40.8
Percentage of GDP[3]..................	4.4	5.1	5.2	6.0	6.6
Percentage of Total Revenues and Grants	20.1	26.4	28.6	31.6	36.5
Percentage of Tax Revenues	35.3	40.2	39.9	45.2	46.8
Taxes on International Trade...	**17,673**	**21,867**	**28,091**	**34,255**	**37,505**
Annual Change (%).....................	5.4	23.7	28.5	21.9	9.5
Percentage of GDP[3]..................	0.8	0.9	1.0	1.0	0.8
Percentage of Total Revenues and Grants	3.9	4.7	5.7	5.2	4.7
Percentage of Tax Revenues	6.8	7.1	8.0	7.4	6.0
Grants	**95,856**	**25,437**	**3,543**	**17,683**	**1,989**
Annual Change (%).....................	1740.7	(73.5)	(86.1)	399.1	(88.8)
Percentage of GDP[3]..................	4.6	1.0	0.1	0.5	0.04
Percentage of Total Revenues and Grants..	21.0	5.5	0.7	2.7	0.2
Percentage of Tax Revenues	36.8	8.3	1.0	3.8	0.3
Other Revenues	**100,643**	**133,847**	**135,630**	**179,494**	**175,670**
Annual Change (%).....................	7.1	33.0	1.3	32.3	(2.1)
Percentage of GDP[3]..................	4.8	5.5	5.0	5.2	4.0
Percentage of Total revenues and Grants..	22.0	28.8	27.6	27.2	21.8
Percentage of Tax Revenues	38.7	43.7	38.5	38.9	28.0

Source: Ministry of Finance

Notes:

(1) The figures in this table have been revised and differ from previously published data. See "*Presentation of Information*".

(2) Preliminary estimated figures.

(3) Projected GDP, according to estimates of the Ministry of Finance, of LE 4,441 billion have been used for 2017/18.

Total budget sector revenues and grants increased from LE 659.2 billion in 2016/17 to LE 805.7 billion in 2017/18, representing a 35.9% increase. This increase was primarily due to increased tax revenues, which was in turn, due to improvements in tax collection and administration, increases in fees for government services and a 1% increase in the VAT rate with effect from July 2017.

Tax revenues include income tax, corporation income tax, general sales tax and customs duties. EGPC and the Suez Canal Authority are principal sources of corporate income tax revenues, contributing LE 52 billion and LE 29.1 billion, respectively, in corporate income tax for 2017/18.

Tax revenues increased by 35.9% to LE 628.1 billion in 2017/18 from LE 462.0 billion in 2016/17. This increase in tax revenues is primarily due to increases in receipts of taxes on goods and services and income tax. Taxes on income, profits and capital gains increased by 24.0% to LE 206.9 billion in 2017/18, as compared to LE 166.9 billion in 2016/17, which was, in turn, primarily due to increased economic activity and improvements in tax collection and administration. Property taxes increased by 40.5% to LE 51.4 billion in 2017/18, as compared to LE 36.5 billion in 2016/17. Taxes on international trade increased by 9.5% to LE 37.5 billion in 2017/18, as compared to LE 34.3 billion in 2016/17. Taxes on goods and services increased by 40.8% to LE 293.8 billion in 2017/19, as compared to LE 208.6 billion in 2016/17, which was primarily due to the increase in the VAT rate from 13% to 14%, which became effective in July 2017. In 2017/18, tax revenues accounted for 78.0% of total budget sector revenues, as compared to 70.1% in 2016/17.

Non-tax revenues mainly comprise grants, the proceeds of assets sales, as well as yearly royalties, profits and dividend transfers from the Suez Canal Authority, the CBE, various Economic Authorities and other public sector enterprises. Other revenues comprise one of the principal components of non-tax revenues. Other revenues decreased by 2.1% to LE 175.7 billion in 2017/18 from LE 179.5 billion in 2016/17, primarily due to monetary tightening policies implemented by the CBE, which resulted in a decrease in dividends received from the CBE, as well as a slowdown in global trade, which resulted in a decrease in dividends received from the Suez Canal Authority.

In 2017/18, grants accounted for 0.2% of total budget sector revenues, as compared to 2.7% in 2016/17, while other revenues accounted for 21.8% of total budget sector revenues, as compared to 27.2% in 2016/17.

Expenditures

All figures presented in this section for 2017/18 budget results are the Ministry of Finance's preliminary estimates and are subject to revision and amendment, which may be material.

The following table sets out budget sector expenditures for the periods indicated.

Expenditures[(1)]

	2013/14	2014/15	2015/16	2016/17	2017/18[(2)]
			(LE millions)		
Expenditures	**701,514**	**733,350**	**817,844**	**1,031,941**	**1,226,632**
Annual Change (%)	19.3	4.5	11.5	26.2	18.9
Percentage of GDP[(3)]	33.4	30.2	30.2	29.7	27.7
Percentage of Tax Revenues	269.5	239.7	232.1	223.4	195.3
Wages and Salaries	**178,589**	**198,468**	**213,721**	**225,513**	**236,920**
Annual Change (%)	24.9	11.1	7.7	5.5	5.1
Percentage of GDP[(3)]	8.5	8.2	7.9	6.5	5.3
Percentage of Total Expenditures	25.5	27.1	26.1	21.9	19.3
Percentage of Tax Revenues	68.6	64.9	60.7	48.8	37.7
Purchases of Goods and Services	**27,247**	**31,276**	**35,662**	**42,450**	**47,878**
Annual Change (%)	2.2	14.8	14.0	19.0	12.8
Percentage of GDP[(3)]	1.3	1.3	1.3	1.2	1.1
Percentage of Total Expenditures	3.9	4.3	4.4	4.1	3.9
Percentage of Tax Revenues	10.5	10.2	10.1	9.2	7.6
Interest Payments	**173,150**	**193,008**	**243,635**	**316,602**	**437,359**
Annual Change (%)	17.8	11.5	26.2	29.9	38.1
Percentage of GDP[(3)]	8.2	7.9	9.0	9.1	9.8
Percentage of Total Expenditures	24.7	26.3	29.8	30.7	35.7
Percentage of Tax Revenues	66.5	63.1	69.2	68.5	69.6
Subsidies, Grants and Social Benefits	**228,579**	**198,569**	**201,024**	**276,719**	**326,576**
Annual Change (%)	16.0	(13.1)	1.2	37.7	18.0
Percentage of GDP[(3)]	10.9	8.2	7.42	7.97	7.41
Percentage of Total Expenditures	32.6	27.1	24.6	26.8	26.6
Percentage of Tax Revenues	87.8	64.9	57.1	59.9	52.0
Other Expenditures	**41,068**	**50,279**	**54,551**	**61,517**	**72,315**
Annual Change (%)	17.4	22.4	8.5	12.8	17.6
Percentage of GDP[(3)]	2.0	2.1	2.0	1.8	1.6
Percentage of Total Expenditures	5.9	6.9	6.7	6.0	5.9
Percentage of Tax Revenues	15.8	16.4	15.5	13.3	11.5
Purchase of Non-financial Assets	**52,882**	**61,750**	**69,250**	**109,141**	**105,584**
Annual Change (%)	33.8	16.8	12.1	57.6	(3.3)
Percentage of GDP[(3)]	2.5	2.5	2.6	3.2	2.4
Percentage of Total Expenditures	7.5	8.4	8.5	10.6	8.6
Percentage of Tax Revenues	20.3	20.2	19.7	23.6	16.8

Source: Ministry of Finance

Notes:

(1) The figures in this table have been revised and differ from previously published data. See "*Presentation of Information*".

(2) Preliminary estimated figures.

(3) Projected GDP, according to estimates of the Ministry of Finance, of LE 4,441 billion have been used for 2017/18.

Total expenditures increased from LE 1,031.9 billion in 2016/17 to LE 1,226.6 billion in 2017/18 representing a 18.9% increase, primarily due to increases in interest payments, as well as increases in subsidies, grants and social benefits and wages and salaries.

Interest payments increased by 38.1% to LE 437.4 billion in 2017/18 from LE 316.6 billion in 2016/17, primarily due to an increase in interest payments due on Eurobonds issued by the Republic. In 2017/18, interest payments accounted for 35.7% of total expenditures, as compared to 30.7% in 2016/17.

Wages and salaries increased by 5.1% to LE 236.9 billion in 2017/18 from LE 225.5 billion in 2016/17, primarily due to social benefits introduced by the government in 2017/18 granting civil servants and special cadres (which include teachers and physicians) a bi-annual bonus of 7% and 10%, respectively, of their base salary. See "*The Economy—Employment and Labour*".

Subsidies, grants and social benefits increased by 18.0% to LE 326.6 billion in 2017/18 from LE 276.7 billion in 2016/17, primarily due to: (i) an increase in food subsidies (from LE 47.5 billion in 2016/17 to LE 80.5 billion in 2017/18), which was, in turn, due to an increase in cash transfers from LE 21 per beneficiary to LE 50 per beneficiary as part of a social support package announced in early 2017/18; and (ii) an increase in petroleum subsidies (from LE 115.0 billion in 2016/17 to LE 210.8 billion in 2017/18), which was, in turn, due to increasing international fuel prices. In 2017/18, subsidies, grants and social benefits accounted for 26.6% of total expenditures, as compared to 26.8% in 2016/17.

Other expenditures increased by 17.6% to LE 72.3 billion in 2017/18 from LE 61.5 billion in 2016/17. In 2017/18, other expenditures accounted for 5.9% of total expenditures, as compared to 6.0% in 2016/17.

Purchases of non-financial assets decreased by 3.3% to LE 105.6 billion in 2017/18 from LE 109.1 billion in 2016/17, primarily due to increased investment in infrastructure and in the housing, health and education sectors. In 2017/18, purchases of non-financial assets accounted for 8.6% of total expenditures, as compared to 10.6% in 2017/18.

Social Spending and Subsidies

Prior to 2014/15, Government spending on subsidies to support low-income Egyptians had increased year-on-year. In order to foster material and sustained improvements to living conditions, the Government has increasingly shifted its social policy framework to ensure efficient allocation of public resources and has developed a five-year plan to streamline fuel and electricity subsidies and to restructure the wheat and food subsidy system.

The Government's social policy framework is aimed at fostering inclusive growth and reaching the most vulnerable sections of society. This framework focuses on: (i) employment policies and job creation through continued financing of public investments, promotion of sustainable energy and export and the expansion of vocational training; (ii) improvement of the quality and accessibility of public services; and (iii) the expansion of Egypt's "social safety net" through subsidy and social programmes.

Since 2014/15, the Government has gradually shifted away from providing in-kind transfers, instead focusing on cash and semi-cash transfer programmes, which are expected to have a higher impact on poverty reduction.

The Government's current subsidy policy consists principally of the following cash, semi-cash and limited in-kind transfer schemes:

- two cash transfer schemes, which operate in addition to the existing pension system: an unconditional benefit for the elderly and disabled (*Karama*) and a conditional transfer for families to support children's health and education in poor areas (*Takaful*);

- semi-cash transfer schemes for food subsidies pursuant to which the Government provides LE 50 in benefits per person, which can be spent on over 100 products (rather than rationing specific quantities of chosen products); beneficiaries are also allocated a daily quota of five loaves of bread at a subsidised cost of LE 0.05;

- in-kind transfer schemes, including transportation, electricity and petroleum products (*e.g.*, diesel oil and butane) subsidies; and

- continued expenditures on health, education and scientific research in line with the constitutional mandate. See "*The Arab Republic of Egypt—Health*" and "*The Arab Republic of Egypt—Education*".

Total subsidies for 2018/19 are budgeted to be LE 214.3 billion, as compared to subsidies of LE 243.5 billion in 2017/18 (representing a decrease of 12.0%) and LE 202.6 billion in 2016/17. The decrease in budgeted subsidies for 2018/19, as compared to actual subsidies for 2017/18 was primarily due to a budgeted decrease in allocations for electricity subsidies by 44.0% to LE 16.0 billion in the 2018/19 budget, as compared to LE 28.6 billion in 2017/18 (based on preliminary estimates), as well as a budgeted 26.3% decrease in petroleum subsidies to LE 89.1 billion in the 2018/19 budget, as compared to LE 120.8 billion in 2017/18 (based on preliminary estimates).

The increase in subsidies for 2017/18, as compared to 2016/17, was primarily due to: (i) an increase in food subsidies (from LE 47.5 billion in 2016/17 to LE 80.5 billion in 2017/18), which was, in turn, due to an increase in cash transfers from LE 21 per beneficiary to LE 50 per beneficiary as part of a social support package announced in early 2017/18; and

(ii) an increase in petroleum subsidies (from LE 115.0 billion in 2016/17 to LE 210.8 billion in 2017/18), which was, in turn, due to increasing international fuel prices.

In line with the Government's policy to phase out inefficient and poorly targeted energy subsidies and to replace such subsidies with better targeted social programmes, the Government has taken a number of steps to reduce energy subsidies through the improvement of production and consumption efficiency and the increase of petroleum products and electricity prices.

In July 2017, the Electricity Minister announced that energy subsidies would remain in place for three years longer than expected, with such subsidies to be phased out more gradually by the end of 2021/22. The short-term negative macroeconomic impact of the floating of the Egyptian Pound in November 2016 was cited as the reason for the extension of energy subsidies. See "*—Electricity Subsidies*".

The following table sets forth the details of the actual subsidies for 2016/17 and 2017/18 (based on preliminary estimates) and the budgeted subsidies for 2018/19.

Subsidies[(1)]

	Actual 2016/17	**Actual 2017/18**	**Budget 2018/19**
		(LE millions)	
Food Subsidies	47,535	80,500	86,175
Petroleum Subsidies	115,000	120,804	89,075
Electricity subsidies	27,590	28,585	16,000
Support Subsidies	12,435	13,649	23,013
Housing Loan Interest	85.4	124.4	500
Transportation	1,752	1,804	1,850
Potable Water	983	1,000	1,000
Low-income Housing	0	0	0
Export Subsidies	3,300.5	2,309.4	4,000
Industrial Zones	640	1,172	0
Other subsidies[(2)]	5,674	7,240	15,663
Total	**202,559**	**243,538**	**214,263**

Notes:

(1) The figures in this table have been revised and differ from previously published data. See "*Presentation of Information*".

(2) Includes, among other items, subsidies to farmers, medical insurance and subsidies in respect of the development of Upper Egypt.

See "*Risk Factors—Risk Factors Relating to Egypt—The Egyptian economy has faced significant challenges since the 2011 Revolution, which has put increasing pressure on its public finances and has led to a rising balance of payments deficit.*"

Fuel Subsidies

In 2012, the Government raised the price of natural gas and electricity by approximately one-third for energy intensive industries. See "*The Economy—Extractive Industry*". In 2013, the Government also raised the price of state-subsidised cooking gas (butane cylinders) for the first time in two decades. In particular, the Government increased the price of cooking gas cylinders sold for domestic use by 60% to LE 8.00 per cylinder and doubled the price for the larger cylinders used by businesses.

Fuel prices were increased by up to 300% at the beginning of 2013/14; the price of natural gas increased to U.S.$8.00 per MBTU in June 2014 and, in July 2014, the Government increased prices of diesel for certain users by 64%, octane 80 gasoline by 78% and octane 92 gasoline by 41%. Estimated petroleum subsidies were LE 115 billion in 2016/17, as compared to LE 51.0 billion in 2015/16, an increase of 125.3%. This increase was primarily due to the increase in international oil prices and the devaluation of the Egyptian Pound. The 2017/18 budget envisages cuts to fuel subsidies of 4.2% to LE 110.1 billion.

On 4 November 2016, the Prime Minister issued decrees increasing the prices of 92 octane gasoline by 34.6%, 80 octane gasoline by 46.8%, diesel by 30.5% and natural gas for vehicles by 45.5%, and confirming that the price of 95 octane gasoline will no longer be set by decree, will be based on market prices and fluctuate periodically according to procedures set by the Minister of Petroleum. Increases in the prices of LNG, fuel used by electric utilities and food production industries (among others) and natural gas used in private homes and by certain businesses were also implemented.

In June 2017, average gasoline and diesel prices were increased by 53% and prices for kerosene and fuel oil (for cement) were increased by 55% and 40%, respectively, to achieve a pre-tax price-to cost ratios of 55% for gasoline and diesel and 58% for all fuel products. LPG prices were also doubled.

In June 2018, average gasoline, diesel, kerosene and fuel oil prices were increased by 44% to achieve a pre-tax price-to-cost ratio of 73% for such fuel products. In June 2018, the Government approved an automatic fuel price indexation mechanism for most fuel products, which is designed to maintain the cost-recovery ratios for fuel products and safeguard the budget against unexpected changes in the exchange rate and global oil prices. The automatic fuel price indexation mechanism is designed to adjust fuel prices to changes in global oil prices, the exchange rate and the share of imported fuel in domestic consumption, and is expected to be implemented during 2018/19. See "*The Economy—Manufacturing*".

As EGPC receives free crude oil and natural gas under its product, or sharing contracts, when international prices exceed budgeted assumptions, the excess cost is borne by EGPC under the subsidy system, which, in turn, negatively affects EGPC's financial performance and has, in the past resulted in large arrears (totalling U.S.$6.1 billion in 2014 and since reduced to approximately U.S.$1.2 billion as at 30 June 2018) being owed to international oil and gas companies. See "*The Economy—Extractive Industry—Petroleum*".

The Government is implementing measures to encourage investment in the oil and gas sector to increase production and is investing in the downstream sector by rehabilitating refineries to increase their efficiency.

Electricity Subsidies

Electricity subsidies were LE 28.6 billion in 2017/18, as compared to LE 27.6 billion in 2016/17. The 2018/19 budget provides for electricity subsidies of LE 16.0 billion.

At the beginning of 2014/15, the Government announced a five-year plan to eliminate electricity subsidies through the gradual increase of electricity prices, with prices to initially increase by an average of 31% per year. The Government has implemented three electricity price increases since the beginning of 2014/15. A price increase in June 2016, of up to 40%, was larger than initially forecasted due to the effect of the devaluation of the Egyptian Pound against the U.S. Dollar in March 2016.

In July 2017, the Government announced an increase in household electricity prices by 42% with effect from August 2017. At the same time, however, the Electricity Minister announced that energy subsidies would remain in place for three years longer than expected, with such subsidies to be phased out more gradually by the end of 2021/22. The short-term negative macroeconomic impact of the floating of the Egyptian Pound in November 2016 was cited as the reason for the extension of energy subsidies.

In July 2018, in line with its plan to phase out energy subsidies by the end of 2021/22, the Government increased commercial sector electricity prices by up to 22.2% for commercial entities (with commercial entities with the lowest consumption facing the highest price increases), up to 43.2% for industrial entities (with industrial entities with the highest consumption facing the highest price increases) and up to 69.0% for households (with households with the lowest consumption facing the highest price increases).

National Investment Bank

The NIB was established by Law № 119 of 1980 for funding infrastructure investments according to the Government's five year economic and development plans.

The NIB serves as a development fund to finance infrastructure projects on a for-profit basis.

The following table sets forth the NIB's sources and use of funds for the periods indicated.

National Investment Bank Sources and Uses

	2013/14	2014/15	2015/16	2016/17	2017/18
			(*LE millions*)		
Sources	**282,674**	**295,339**	**315,317**	**344,271**	**484,191**
Social Insurance Fund for Government Employees	40,580	41,524	32,264	33,407	35,382
Social Insurance Fund for Public and Private Business Sector Employees	31,441	32,757	23,637	22,581	21,384
Proceeds from Investment Certificates	108,451	108,938	138,265	155,947	281,240
Accumulated Interest on Investment Certificates (Category A)	7,240	7,874	7,994	7,546	7,294
Proceeds from U.S. Dollar Development Bonds	5	5	4	4	2
Post Office Savings	93,376	102,297	111,044	122,271	134,431
Others[(1)]	1,581	1,944	2,109	2,515	4,458
Uses	**282,674**	**295,339**	**315,317**	**344,271**	**484,191**
Loans to economic authorities	52,029	52,865	51,549	51,616	71,691
Investments in government securities (bills and bonds)	9,154	7,365	26,744	32,681	144,341
Deposits of the NIB with the banking system	1,728	1,437	1,650	1,285	1,264

Source: National Investment Bank.

Note:

(1) Including deposits of the private insurance funds, saving certificates, and loans & deposits of various authorities.

Social Insurance Funds

Egypt has two general pension funds: one for Governmental sector employees ("**GSIF**") and the other for public and private sector employees ("**PSIF**"). The Government makes contributions to the Governmental sector pension fund in its capacity as an employer (in addition to contributions to pension funds). The Government's contributions to pension funds (other than its contributions as an employer) were budgeted to be LE 67.8 billion for the GSIF in 2017/18, as compared to LE 52.5 billion in 2016/17 and LE 42.7 billion for the PSIF in 2017/18, as compared to LE 35.9 billion in 2016/17.

Since 2006/07, there has been a diversified investment portfolio for the GSIF's accumulated assets. In 2017/18, the fund's invested assets totalled approximately LE 409.9 billion, of which 8.6% is deposited with the NIB, 42.1% is invested in direct investments deposits and cash in banks and 49.27% is invested in Ministry of Finance *sukuks*.

This pension system covers approximately 60% of the formal labour force and there are programmes for covering the informal labour force; one of these programmes is Law № 112 of 1980. Total collected contributions and returns for the PSIF under Law № 112 of 1980 were LE 0.33 billion in 2016/17.

In addition, in March 2015, the Government launched two cash transfer schemes, which operate in addition to the existing pension system. See "*—Social Spending and Subsidies*".

The Government is in the process of developing a comprehensive reform plan for the social insurance funds, to ensure the sustainability of the pension systems. A draft law in respect of amendments to the social insurance and pension scheme is being prepared with the co-operation of the Ministry of Finance and Ministry of Social Solidarity.

PUBLIC DEBT

Overview

Egypt's public sector debt is comprised of the domestic debt of the central Government, the debt of Economic Authorities and Service Authorities, and the external debt of the central Government. For the purposes of this section, external debt is debt payable in foreign currency held by non-Egyptian entities.

As at 30 June 2018, Egypt's net consolidated public domestic debt was LE 3,145.5 billion (according to preliminary estimates), representing 71.4% of GDP and a 16.3% increase, as compared to net consolidated public domestic debt as at 30 June 2017, which was LE 2,705.5 billion, (which represented 77.8% of GDP). This increase was primarily a result of the increase in treasury bonds and notes issued to the CBE, the increase in treasury issuances in the domestic market and reduced redemptions, as well as an increase in general Government deposits and deposits from Economic Authorities. Total outstanding tradable domestic Government securities increased by 19.0% from LE 2,054.0 billion as at 30 June 2017 to LE 2,444.2 billion as at 30 June 2018.

As at 30 June 2017, gross external debt was U.S.$79.0 billion, representing 41.0% of GDP and a 41.6% increase, as compared to gross external debt of U.S.$55.8 billion as at 30 June 2016. As at 30 June 2018, gross external debt increased to U.S.$92.6 billion, an increase of 17.2%.

As at 30 June 2017, gross external Government debt was U.S.$34.9 billion, representing 18.1% of GDP and a 43.0% increase, as compared to gross external Government debt of U.S.$24.4 billion as at 30 June 2016. As at 30 June 2018, gross external Government debt was U.S.$47.6 billion, representing 19.3% of GDP, an increase of 36.6%.

The public debt figures set out in this Prospectus do not include Government guarantees of debt owed by all public entities (including state-owned enterprises that are not Economic Authorities or Service Authorities). The Government does not currently publish breakdowns of Government-guaranteed debt. The Government estimates that total Government-guaranteed debt (including state-owned enterprise guaranteed debt) was approximately LE 716 billion, or 16.5% of GDP, as at 31 December 2017, which is split between domestic and external guaranteed debt. See "*Risk Factors—Risks Relating to the Republic—The statistics published by the Republic may differ from those produced by other sources*".

The following table sets forth Egypt's general Government debt as at the dates indicated.

Total General Government Debt(1)(2)(3)

	As at 30 June				
	2014	**2015**	**2016**	**2017**	**2018(4)**
	(LE millions, unless otherwise stated)				
Gross Consolidated Public Domestic Debt	**1,654,641**	**1,991,247**	**2,478,883**	**3,278,359**	**3,647,484**
Gross Consolidated General Government Domestic Debt	1,603,730	1,966,489	2,409,225	2,950,867	3,257,878
Economic Authorities' Domestic Debt	119,109	139,355	160,535	413,122	479,644
Less:					
Economic Authorities' Borrowings from NIB	*52,641*	*52,865*	*51,534*	*51,616*	*69,526*
Economic Authorities' Deposits in TSA(5)	*15,557*	*61,732*	*39,343*	*34,014*	*20,512*
Less:					
Public Sector Deposits	**208,279**	**286,181**	**400,282**	**572,861**	**501,969**
General Government Deposits	171,697	233,054	321,924	460,564	396,386
Net Deposits of Economic Authorities	36,582	53,127	78,358	112,297	105,583
Economic Authorities Gross Deposits	60,662	128,294	146,829	190,793	161,834
Less:					
SIF Deposits(6)(7)	*8,523*	*13,435*	*29,128*	*44,482*	*35,739*
Economic Authorities' Deposits in TSA(5)	*15,557*	*61,732*	*39,343*	*34,014*	*20,512*
Net Consolidated Public Domestic Debt	**1,446,362**	**1,705,066**	**2,078,601**	**2,705,498**	**3,145,515**
Gross External Debt *(U.S.$ millions)*	**46,067**	**48,063**	**55,764**	**79,033**	**92,644**
Gross External Government Debt *(U.S.$ millions)*	**29,054**	**25,707**	**24,437**	**34,875**	**47,649**
Bonds and Notes *(U.S.$ millions)*	6,085	4,938	3,493	8,985	14,278
Loans *(U.S.$ millions)*	22,969	20,770	20,944	25,890	33,371
Gross External Non-Government Debt *(U.S.$ millions)*	17,013	22,356	31,328	44,158	44,995
Monetary Authorities *(U.S.$ millions)*	11,005	16,318	22,174	30,324	26,560
Banks *(U.S.$ millions)*	1,544	2,387	3,963	4,096	6,047
Other sectors *(U.S.$ millions)*	4,464	3,651	5,191	9,738	12,338
Total General Government Debt (*LE millions)(8)*	**1,810,888**	**2,159,808**	**2,623,529**	**3,579,688**	**4,109,846**
Debt to GDP Ratios(9)					
Gross Consolidated Domestic Debt/GDP *(%)*	78.7	82.0	91.5	94.3	82.8
Net Consolidated Domestic Debt/GDP *(%)*	68.8	70.2	76.7	77.8	71.4
Gross External Debt/GDP *(%)*	15.1	14.4	16.8	41.0	37.5
Gross External Government Debt/GDP *(%)*	9.5	7.7	7.3	18.1	19.3
General Government Debt/GDP *(%)*	86.2	88.9	96.9	103.0	93.3

Sources: Ministry of Finance and CBE

Notes:

(1) The figures in this table have been revised and differ from previously published data. See "*Presentation of Information*".

(2) Excluding outstanding debt of Economic Authorities to NIB.

(3) See "*—Recent Developments*" for a discussion of certain additional debt incurred since 30 June 2018.

(4) These figures are the Ministry of Finance's preliminary estimates and are subject to revision and amendment, which may be material.

(5) Represents a portion of the Economic Authorities' deposits at TSA that is borrowed by the budget sector in the form of loan facilities. Accordingly, it represents an interrelated debt between the Budget and Economic Authorities and is deducted on consolidation from both gross public sector debt and deposits of Economic Authorities.

(6) Data revised to exclude deposits used as loan facilities for the budget sector.

(7) In 2006, outstanding debt of the treasury to the Social Insurance Fund (through the NIB) was recognised as a direct liability of the treasury to the Social Insurance Fund. (See "*Public Finance—National Investment Bank*"). The outstanding debt relates to the issuance of two treasury bonds in the interest of the Social Insurance Fund of LE 1.2 billion. A third bond of LE 74.5 million was issued in June 2007. A fourth bond of LE 1.1 billion was issued in June 2008. A fifth bond of LE 2.3 billion was issued in June 2009. A sixth bond of LE 988.8 million was issued in

June 2010. A seventh bond of LE 1.8 billion was issued in June 2011. In December 2012, additional bonds were issued with a total amount of LE 15.5 billion to repay part of the historical liability.

(8) Total General Government debt is the sum of Gross Consolidated General Government Domestic Debt and Gross External Government Debt.

(9) See "*The Economy—Gross Domestic Product*".

Recent Developments

In July 2018, the EU approved a U.S.$50 million loan to fund irrigation projects, including water pumping stations and agricultural wastewater treatment farms.

In August 2018, *L'Agence Francaise de Developpement* approved €50 million loan to support the Egyptian National Authority for Tunnels' partial rehabilitation of the Cairo Metro. The *L'Agence Francaise de Developpement* loan will be supported by a €205 million loan provided by EBRD and a €350 million loan from the EIB.

In September 2018, the World Bank approved a U.S.$300 million loan to strengthen institutions and policies for increasing access and improving rural sanitation services in certain selected governorates. This loan is subject to ratification and approval by the Council of Ministers.

In October 2018, the African Development Bank disbursed the third tranche of a loan in the amount of U.S.$500 million to support the Government's economic reform programme.

See "*—International Support*".

Domestic Debt

Budget Sector domestic debt consists of debt payable in Egyptian Pounds and foreign currency debt held by Egyptian entities and excludes the debt of the NIB and Economic Authorities.

Egypt's net budget sector domestic debt represented 71.0% of GDP at the end of 2017/18, as compared to 78.1% of GDP at the end of 2016/17, according to preliminary estimates. Total outstanding Government securities increased from LE 3,018.3 at the end of 2016/17 to LE 3,402.7 at the end of 2017/18.

The following table sets forth Egypt's outstanding domestic debt as at the dates indicated.

Budget Sector Domestic Debt[(1)(2)]

	As at 30 June				
	2014	**2015**	**2016**	**2017**[(3)]	**2018**[(3)]
			(LE millions)		
Gross Domestic Budget Sector Debt	**1,697,893**	**2,082,625**	**2,570,843**	**3,124,100**	**3,469,468**
Ministry of Finance Securities	**1,494,737**	**1,721,942**	**2,279,755**	**3,018,259**	**3,402,714**
Treasury Bills[(4)]	534,670	596,196	815,995	1,185,704	1,547,140
Treasury Bonds	436,510	590,993	735,307	724,789	739,172
Treasury Bonds and Notes issued to Bank Misr and NBE	21,390	22,560	26,310	49,584	49,018
Treasury Bonds and Notes issued to the CBE	222,470	222,470	371,470	693,594	662,769
Revaluation Bonds	17,860	17,860	19,360	20,860	20,860
Commercial Banks Recapitalisation Bonds	—	—	—	—	—
Insurance Notes	2,000	2,000	2,000	2,000	2,000
Eurobonds (held domestically)[(5)]	4,740	6,109	8,832	18,310	36,336
Egyptian Notes issued abroad and purchased Domestically	—	—	—	—	—
Housing Bonds	101	92	62	46	48
The 5% Government Bonds	2,052	2,124	2,199	2,220	—
Barwa Bonds	1,924	1,283	641	—	—
Social Insurance Fund Bonds	233,704	254,532	298,653	323,124	345,371
Facilities from Social Insurance Funds[(6)]	**1,225**	**450**	**250**	**250**	—
Borrowing from other sources	**15,686**	**5,640**	**0**	—	—
Budget Sector Bank Loans	**201,931**	**360,233**	**290,838**	**105,591**	**66,754**
Of which Economic Authorities' Deposits in TSA	15,557	61,732	39,343	34,014	20,512
Budget Sector Deposits	**161,485**	**218,561**	**287,187**	**408,936**	**340,500**
Net Domestic Budget Sector Debt	**1,536,408**	**1,864,064**	**2,283,656**	**2,715,164**	**3,128,968**
Gross Domestic Budget Sector Debt/GDP *(%)*[(7)]	80.8	85.7	94.9	89.9	78.8
Net Domestic Budget Sector Debt/GDP *(%)*[(7)]	73.1	76.7	84.3	78.1	71.0

Sources: Ministry of Finance and CBE

Notes:

(1) Outstanding domestic debt stock due from the central administration, local governments and public service authorities. The figures in this table have been revised and differ from previously published data. See "*Presentation of Information*".

(2) See "*—Overview—Recent Developments*" for a discussion of certain additional debt incurred since 30 June 2018.

(3) These figures are the Ministry of Finance's preliminary estimates and are subject to revision and amendment, which may be material.

(4) Includes treasury bills issued in U.S. Dollars and Euros.

(5) Includes Eurobonds issued in 2001, 2010 and 2013. Since June 2012, this item includes an additional stock of the Egyptian Dollar Certificate, whereby in December 2014 the stock of the Eurobond amounted to LE 4.7 billion, and the stock of the Egyptian dollar certificate amounted to LE 2.3 billion.

(6) A portion of the SIF deposits that are used as loan facilities for the budget sector are recognised as part of budget sector domestic debt obligations.

(7) See "*The Economy—Gross Domestic Product*".

As at 30 June 2018, 51.9% of outstanding domestic debt had a maturity of less than one year, 28.7% had a maturity of one to three years, 12.1% had a maturity of three to five years, 4.4% had a maturity of five to seven years, 2.4% had a maturity of seven to ten years and 0.8% had a maturity of more than ten years.

As at 30 June 2017, 50.0% of outstanding domestic debt had a maturity of less than one year, 11.3% had a maturity of one to three years, 27.7% had a maturity of three to five years, 4.8% had a maturity of five to seven years, 5.5% had a maturity of seven to ten years and 0.8% had a maturity of more than ten years.

Treasury Bills and Bonds

Treasury bills and bonds placed through the auction market provide a substantial source of funding for the Government. As at 30 June 2018, treasury bills and bonds accounted for 73.1% of net domestic budget sector debt (according to preliminary estimates), as compared to 70.4% as at 30 June 2017.

The following table sets forth details of the Government's securities issuances, denominated in Egyptian Pounds for the periods indicated.

Government Securities Issuances

	2013/14	2014/15	2015/16	2016/17	2017/18
			(LE millions)		
Issued	**963**	**1,086**	**1,342**	**1,926**	**2,012**
Treasury Bills	754	846	1079	1,749	1,885
Treasury Bonds	209	239	263	177	127
Matured	**767**	**862**	**981**	**1,769**	**1,641**
Treasury Bills	700	784	866	1,568	1,526
Treasury Bonds	68	79	115	201	115
Net Issuances	**196**	**223**	**362**	**157**	**371**
Outstanding Stock (End of Period)	**990**	**1,213**	**1,575**	**1,732**	**1,949**
Treasury Bills	533	596	809	990	1,226
Treasury Bonds	457	618	766	742	723
			(%)		
Average Interest Rates					
91-day Treasury Bills	10.9	11.4	11.8	17.5	18.8
182-day Treasury Bills	11.3	11.7	12.3	18.1	18.8
273-day Treasury Bills	11.4	11.8	12.5	18.3	18.4
364-day Treasury Bills	11.5	11.9	12.5	18.2	18.1

Source: Ministry of Finance

The Ministry of Finance began issuing U.S. Dollar-denominated treasury bills in the local market in November 2011 with the purpose of absorbing the excess liquidity of foreign currencies that was available with local banks. The first issuance was for a nominal amount of U.S.$1.5 billion, issued at a 3.9% interest rate.

In August 2012, the Ministry of Finance issued its first treasury bills denominated in Euros in a nominal amount of €513 million, which bore interest at a rate of 3.25%.

In December 2013, the Ministry of Finance issued treasury bonds denominated in U.S. Dollars in a nominal amount of U.S.$3.0 billion, which bear interest at a rate of 3.5%.

Subsequently, the Ministry of Finance has conducted numerous issuances of U.S. Dollar- and Euro-denominated treasury bills in the local market. As at 30 June 2017, the outstanding nominal amount of U.S. Dollar-denominated treasury bills was U.S.$16,650.4 million, the outstanding nominal amount of Euro-denominated treasury bills was €1,352.8 million and the outstanding nominal amount of U.S. Dollar-denominated treasury bonds was U.S.$3,750 million. As at 30 June 2018, the outstanding nominal amount of U.S. Dollar-denominated treasury bills was U.S.$16,362.2 million, the outstanding nominal amount of Euro-denominated treasury bills was €1,352.8 million and the outstanding nominal amount of U.S. Dollar-denominated treasury bonds was U.S.$3,750 million.

In September 2014, the Suez Canal Authority issued LE 64 billion (approximately U.S.$9 billion) in certificates with a maturity of five years and a coupon of 12%. The certificates are guaranteed by the Government.

The following table sets forth details of Egypt's outstanding amount of U.S. Dollar and Euro-denominated treasury bills and treasury bonds as at 30 June 2018.

Issue Date	Issue Size	Interest Rate	Maturity Date
31 October 2017	U.S.$1,667,300,000	3.360%	30 October 2018
21 November 2017	U.S.$1,728,300,000	3.496%	20 November 2018
12 December 2017	U.S.$1,148,900,000	3.495%	11 December 2018
28 February 2017	U.S.$1,000,000,000	3.650%	28 February 2019
22 August 2017	€ 659,900,000	1.869%	21 August 2018
14 November 2017	€ 692,900,000	1.586%	13 November 2018
24 April 2018	U.S.$844,400,000	3.102%	24 July 2018
24 May 2018	U.S.$2,009,900,000	3.102%	23 August 2018
9 January 2018	U.S.$ 944,500,000	3.346%	8 January 2019
13 February 2018	U.S.$1,075,000,000	3.295%	12 February 2019
27 February 2018	U.S.$2,918,300,000	3.200%	26 August 2019
8 May 2018	U.S.$1,100,000,000	3.360%	7 May 2019
12 June 2018	U.S.$ 715,000,000	3.297%	11 June 2019
18 June 2018	U.S.$2,750,000,000	3.650%	17 June 2021
28 June 2018	U.S.$2,210,400,000	3.500%	27 June 2019

Source: Ministry of Finance

External Debt

External debt consists of the external portion of long-term indebtedness incurred directly by the Government, external long-term indebtedness incurred by Economic Authorities and Service Authorities and private sector non-guaranteed debt.

As at 30 June 2017, gross external debt was U.S.$79.0 billion, representing 41.0% of GDP and a 41.6% increase, as compared to gross external debt of U.S.$55.8 billion as at 30 June 2016. As at 30 June 2018, gross external debt increased to U.S.$92.6 billion, an increase of 17.2%, as compared to 30 June 2017.

As at 30 June 2017, gross external Government debt was U.S.$34.9 billion, representing 18.1% of GDP and a 43.0% increase, as compared to gross external Government debt of U.S.$24.4 billion as at 30 June 2016. As at 30 June 2018, gross external Government debt was U.S.$47.6 billion, representing 19.3% of GDP, an increase of 36.6%, as compared to 30 June 2017.

Since 1991, the majority of Egypt's external borrowings have consisted of bilateral and multilateral finance, as well as debt securities placed in international capital markets. Egypt has been current on its external debt payments since 1991.

Historical Development of Egypt's External Debt

The following table sets forth details of the development of Egypt's external debt stock as at the dates indicated.

External Debt Stock(1)(2)

	As at 30 June				
	2014	**2015**	**2016**	**2017**	**2018(3)**
	(U.S.$ millions)(3)				
Medium- and Long-term External Public Debt	**42,405**	**45,465**	**48,551**	**66,603**	**79,900**
Rescheduled Debt	8,440	6,243	5,250	4,252	3,728
Non-Rescheduled Debt(4)	4,182	7,038	9,419	13,078	16,078
Multilateral Institutions(5)	12,229	12,246	14,090	21,752	28,417
Bonds and Notes	6,085	4,938	3,493	8,985	14,278
Sovereign Notes	*835*	*838*	*798*	*989*	*1,002*
Eurobonds denominated in U.S. Dollars	*0*	*1,350*	*1,195*	*7,996*	*11,114*
Eurobonds denominated in Euros	*0*	*0*	*0*	*0*	*2,161*
Euro Medium Term Notes (EMTN)	*3,500*	*1,000*	*1,000*	*0*	*0*
Saudi Bonds	*500*	*500*	*500*	*0*	*0*
Guaranteed Notes	*1,250*	*1,250*	*0*	*0*	*0*
Deposits(6)	*9,000*	*15,000*	*16,300*	*18,537*	*17,400*
Medium- and Long-term Private Sector Non-guaranteed Debt	**11**	**23**	**195**	**155**	**456**
Short Term Debt(7)	**3,651**	**2,575**	**7,018**	**12,274**	**12,284**
Currency and Deposits (non-residents)	893	1,295	4,678	3,824	3,784
Trade Credits	2,258	1,126	1,905	3,036	4,115
Loans	0	154	434	3,414	1,284
Repos	0	0	0	2,000	3,100
Total	**46,067**	**48,063**	**55,764**	**79,033**	**92,644**

Source: CBE

Notes:

(1) The figures in this table have been revised and differ from previously published data. See "*Presentation of Information*".

(2) See "*—Overview—Recent Developments*" for a discussion of certain additional debt incurred since 30 June 2018.

(3) Preliminary figures.

(4) Includes U.S.$8,051.7 million in buyer credits, U.S.$5.2 million in supplier credits and U.S.$1.0 billion relating to a loan with China.

(5) Includes U.S.$8,051.67 million disbursed under the EFF with the IMF and U.S.$1,262.3 million of SDR allocations by the IMF to is member countries, of which Egypt's share is SDR 898.4 million.

(6) Representing Saudi, United Arab Emirates and Kuwait deposits of, as at 30 June 2018, U.S.$7,500 million, U.S.$5,900 million and U.S.$4,000 million, respectively.

(7) Includes, as at 30 June 2018, U.S.$2,715.3 million representing the currency swap arrangement entered into with the People's Bank of China.

The following table sets forth Egypt's public external debt, by currency, as at the dates indicated.

Public External Debt by Currency(1)

	As at 30 June				
	2014	**2015**	**2016**	**2017**	**2018(2)**
			(U.S.$ millions)(3)		
U.S. Dollar	28,448	33,430	40,046	55,199	58,837
Euros	8,149	6,391	6,904	9,991	13,935
Japanese Yen	2,964	2,345	2,593	2,304	2,354
Kuwaiti Dinar	2,543	2,414	2,390	2,342	2,526
Special Drawing Rights	2,630	2,233	2,534	5,543	10,517
Chinese Yen	0	0	0	2,647	2,715
Egyptian Pound	443	529	732	236	460
Swiss Franc	393	321	223	159	163
British Pound Sterling	121	90	46	25	21
Canadian Dollar	92	65	47	37	33
Australian Dollar	52	26	8	0	0
Danish Kroner	88	65	62	55	52
UAE Dirham	22	38	34	29	31
Swedish Kroner	14	7	7	3	0
Saudi Riyal	106	105	134	462	998
Norwegian Kroner	4	3	2	2	2
Total	**46,067**	**48,063**	**55,764**	**79,033**	**92,644**

Source: CBE

Notes:
(1) See "*—Overview—Recent Developments*" for a discussion of certain additional debt incurred since 30 June 2018.
(2) Preliminary data.
(3) Using end of period exchange rate.

The following table sets forth details of Egypt's short-term external debt as at the dates indicated.

Short-term External Debt(1)

	As at 30 June					
	2013	**2014**	**2015**	**2016**	**2017**	**2018(2)**
			(U.S.$ millions)			
Short-Term Debt	**7,046.1**	**3,651.0**	**2,575.3**	**7,017.7**	**12,274.4**	**12,283.7**
Deposits (Non-Residents)(3)	5,293.4	1,392.5	1,295.3	1,478.3	3,824.1	3,783.9
Other Facilities	1,752.7	2,258.5	1,180.0	5,539.4	8,450.3	8,499.8

Source: CBE

Notes:
(1) See "*—Overview—Recent Developments*" for a discussion of certain additional debt incurred since 30 June 2018.
(2) Preliminary data.
(3) Includes U.S.$2.6 billion in respect of the currency swap entered into with the People's Bank of China.

The following table sets forth Egypt's medium- and long-term public external debt, by origin of creditor, as at the dates indicated.

Medium- and Long-term Public External Debt by Creditor[1]

Creditor	As at 30 June				
	2014	**2015**	**2016**	**2017**	**2018[2]**
			(U.S.$ millions)[3]		
France	2,363.06	1,588.48	1,198.86	1,186.73	1,663.38
United States	2,284.82	2,026.01	1,761.16	1,490.28	1,207.34
Germany	3,450.20	2,805.71	3,605.82	6,178.83	6,974.67
Japan	2,816.24	2,212.88	2,458.25	2,207.08	2,243.59
Spain	431.25	314.06	246.05	216.20	263.78
United Kingdom	100.63	66.51	31.72	265.80	797.63
Italy	244.83	361.23	396.34	814.30	956.42
Bahrain	0.00	0.00	255.0	241.47	257.55
Austria	205.85	120.03	66.11	74.94	67.33
Kuwait	988.87	901.21	918.26	926.79	990.06
Switzerland	207.39	133.33	60.03	22.73	18.0
Denmark	208.83	148.80	122.59	107.70	88.62
Canada	112.19	78.61	52.66	38.54	34.95
Qatar	0.00	0.00	50.00	32.94	23.53
Australia	69.98	37.48	12.68	00	00.0
Turkey	1,000.00	1,000.00	600.00	200.00	00.0
China	344.06	337.49	1,940.55	2,019.20	2,144.34
The Netherlands	83.89	65.93	63.17	58.33	54.01
Belgium	35.49	20.88	12.12	79.12	104.97
Finland	0.00	0.00	3.21	2.95	2.65
United Arab Emirates	20.94	949.04	680.20	705.13	915.96
Sweden	14.84	7.70	2.70	0.07	0.06
Saudi Arabia	103.98	103.08	129.30	459.31	996.19
Norway	3.55	2.60	1.67	1.07	0.83
International Organisations[4][5]	12,228.58	12,246.30	14,089.93	21,751.64	28,416.76
Guaranteed Sovereign Bonds[6]	1,250.00	1,250.0	0.00	0.00	0.00
Sovereign Notes	835.28	837.73	797.78	988.59	1002.28
Saudi Bond	500.00	500.00	500.00	0.0	0.00
Deposits[7]	9,000.00	15,000.00	16,300.00	18,537.40	17,400.00
Eurobonds denominated in U.S. Dollars	0.00	1,350.00	1,195.17	7,995.94	11,114.21
Eurobonds denominated in Euros	0.00	0.00	0.00	0.00	2,161.19
Euro Medium Term Notes	3,500.00	1000.00	1,000.00	0.00	0.00
Total	**42,404.75**	**45,465.09**	**48,551.33**	**66,603.08**	**79,900.29**

Source: CBE

Notes:

(1) See "*—Overview—Recent Developments*" for a discussion of certain additional debt incurred since 30 June 2018.

(2) Preliminary data.

(3) Using end of period exchange rate.

(4) Includes international organisations, such as the European Investment Bank, the International Development Association, the Arab Fund for Economic and Social Development, the World Bank Group and the African Development Bank.

(5) Includes U.S.$8,051.67 million disbursed under the EFF with the IMF.

(6) Guaranteed Notes represent a Eurobond issued by the Government and guaranteed by the United States Government pursuant to U.S. Public Law 108 of 2003.

(7) Representing Saudi, United Arab Emirates and Kuwait deposits of, as at 30 June 2018, U.S.$7,500 million, U.S.$5,900 million and U.S.$4,000 million, respectively.

The following table sets forth details of Egypt's outstanding international Government bonds.

Outstanding International Government Bonds

Issue Date	Issue Size	Coupon	Maturity	S&P Rating
		(% per annum)		
10 November 2016[(1)]	U.S.$1,360,000,000	4.622	10 December 2018[(2)]	n/a[(1)]
29 April 2010	U.S.$1,000,000,000	5.750	29 April 2020	BB+
31 January 2017	U.S.$1,750,000,000	6.125	31 January 2022	n/a[(3)]
29 May 2017[(4)]	U.S.$750,000,000	6.125	31 January 2022	n/a[(3)]
21 February 2018	U.S.$1,250,000,000	5.577	21 February 2023	B-
10 November 2016[(1)]	U.S.$1,320,000,000	6.750	10 November 2024	n/a[(1)]
11 June 2015	U.S.$1,500,000,000	5.875	11 June 2025	B-
31 January 2017	U.S.$1,000,000,000	7.50	31 January 2027	n/a[(3)]
29 May 2017[(4)]	U.S.$1,000,000,000	7.50	31 January 2027	n/a[(3)]
21 February 2018	U.S.$1,250,000,000	6.588	21 February 2028	B-
10 November 2016[(1)]	U.S.$1,320,000,000	7.000	10 November 2028	n/a[(1)]
30 April 2010	U.S.$500,000,000	6.875	30 April 2040	BB+
31 January 2017	U.S.$1,250,000,000	8.500	31 January 2047	n/a[(3)]
29 May 2017[(4)]	U.S.$1,250,000,000	8.500	31 January 2047	n/a[(3)]
21 February 2018	U.S.$1,500,000,000	7.903	21 February 2048	B-
16 April 2018	€1,000,000,000	4.750	16 April 2026	B-
16 April 2018	€1,000,000,000	5.625	16 April 2030	B-

Source: Ministry of Finance

Notes:

(1) Issued in connection with the 2016 Repurchase Transactions. These notes are not rated by S&P but have been assigned a rating of B3 by Moody's and B by Fitch.

(2) In November 2017, the Republic conducted a consent solicitation exercise to extend the maturity date of these Notes from 10 December 2017 to 10 December 2018.

(3) These notes are not rated by S&P but have been assigned a rating of B3 by Moody's and B by Fitch.

(4) Notes issued as a tap issuance.

In April 2010, the Republic issued its U.S.$1 billion 5.75% Notes due 2020 and its U.S.$500 million 6.875% Notes due 2040 in order to refinance a U.S.$1 billion bond that matured in July 2011, extend external debt maturities and diversify its investor base.

In May 2015, the Republic established a U.S.$20 billion Global Medium Term Note Programme (the "**Programme**"). In June 2015, the Republic issued its U.S.$1.5 billion Notes due 2025 (Series 1) under the Programme, which bear interest at a rate of 5.875% per annum.

In November 2016, the Republic issued: (i) U.S.$1.36 billion Notes due 2017, which bear interest at a rate of 4.622% per annum; (ii) U.S.$1.32 billion Notes due 2024, which bear interest at a rate of 6.750% per annum; and (iii) U.S.$1.32 billion Notes due 2028, which bear interest at a rate of 7.000% per annum. In November 2017, the Republic conducted a consent solicitation exercise to extend the maturity date of its U.S.$1.36 billion 4.622% Notes due 2017 from 10 December 2017 to 10 December 2018.

In January 2017, the Republic issued its U.S.$1.75 billion 6.125% Notes due 2022 (Series 2), U.S.$1.0 billion 7.500% Notes due 2027 (Series 3) and U.S.$1.25 billion 8.500% Notes due 2047 (Series 4) under the Programme. These Notes are listed on the Luxembourg Stock Exchange and the London Stock Exchange.

In May 2017, the Republic issued its U.S.$750 million 6.125% Notes due 2022 (which were consolidated to form a single series with the U.S.$1.75 billion 6.125% Notes due 2022 (Series 2) issued on 31 January 2017), the U.S.$1 billion 7.500% Notes due 2027 (which were consolidated to form a single series with the U.S.$1 billion 7.500% Notes due 2027 (Series 3) issued on 31 January 2017) and U.S.$1.25 billion 8.500% Notes due 2047 (which were consolidated to form a single series with the U.S.$1.25 billion 8.500% Notes due 2047 (Series 4) issued on 31 January 2017) under the Programme. These Notes are listed on the Luxembourg Stock Exchange and the London Stock Exchange.

In February 2018, the Republic issued its U.S.$1.25 billion 5.577% Notes due 2023 (Series 5), U.S.$1.25 billion 6.588% Notes due 2028 (Series 6) and U.S.$1.5 billion 7.903% Notes due 2048 (Series 7) under the Programme. Each Series of these Notes is listed on the London Stock Exchange.

In April 2018, the Republic issued its €1.0 billion 4.750% Notes due 2026 and €1.0 billion 5.625% Notes due 2030 under the Programme. These Notes are listed on the London Stock Exchange.

The following table sets forth Egypt's medium and long-term public external debt service for the years indicated based on outstanding debt as at 30 June 2018.

Projected External Debt Service Based on Outstanding Amounts as at 30 June 2018(1)(2)

Year	Principal Repayments	Interest Payments	Total Debt Service
		(U.S.$ millions)	
2018 H2	4,089.78	1,239.61	5,329.39
2019 H1	4,824.26	1,305.40	6,129.66
2019 H2	7,529.26	1,078.88	8,608.14
2020 H1	4,695.33	1,119.11	5,814.44
2020 H2	2,040.44	938.92	2,979.36
2021 H1	4,377.44	1,010.92	5,388.35
2021 H2	2,965.77	832.69	3,798.46
2022 H1	4,245.01	897.69	5,142.69
2022 H2	2,964.00	682.01	3,646.01
2023 H1	3,254.07	760.07	4,014.14
2023 H2	3,119.61	594.77	3,714.38
2024 H1	2,002.98	661.22	2,664.20
2024 H2	1,888.43	530.23	2,418.66
2025 H1	2,833.67	620.42	3,454.08
2025 H2	1,845.09	464.08	2,309.17
2026 H1	2,837.14	575.41	3,412.55
2026 H2	1,815.20	430.47	2,245.66
2027 H1	3,048.57	477.19	3,525.76
2027 H2	1,359.75	338.60	1,698.35
2028 H1	2,059.73	390.63	2,450.36
2028 H2	790.63	282.35	1,072.98
2029 H1	733.90	338.86	1,072.75
2029 H2	702.81	267.39	970.20
2030 H1	1,738.74	325.39	2,064.13
2030 H2	425.58	255.07	680.65
2031 H1	374.33	250.82	625.16
2031 H2	357.69	247.25	604.94
2032 H1	350.84	243.79	594.62
2032 H2	344.69	240.28	584.97
2033 H1	320.85	236.32	557.17
2033 H2	310.18	233.21	543.39
2034 H1	306.23	229.97	536.20
2034 H2	279.05	227.01	506.06
2035 H1	271.89	224.11	496.00
2035 H2	265.14	221.46	486.59
2036 H1	206.01	218.73	424.74
2036 H2	189.67	216.68	406.35
2037 H1	176.12	214.49	390.61
2037 H2	170.82	212.72	383.54
2038 H1	143.62	210.72	354.34
2038 H2	114.65	209.31	323.95
2039 H1	101.62	207.93	309.54
2039 H2	97.55	206.92	304.47
2040 H1	473.40	205.80	679.20
2040 H2	93.88	191.82	285.70
2041 H1	90.00	190.58	280.58
2041 H2	89.36	189.68	279.04
2042 H1	84.69	188.52	273.22
2042 H2	78.60	187.65	266.24
2043 H1	75.69	186.56	262.24
2043 H2	74.40	185.77	260.17
2044 H1	71.48	184.79	256.27
2044 H2	71.28	183.96	255.24
2045 H1	70.99	182.90	253.89
2045 H2	70.99	182.12	253.11
2046 H1	70.19	181.08	251.27
2046 H2	67.78	180.31	248.09
2047 H1	2,566.61	179.29	2,745.90

Projected External Debt Service Based on Outstanding Amounts as at 30 June 2018(1)(2)

Year	Principal Repayments	Interest Payments	Total Debt Service
		(U.S.$ millions)	
2047 H2	66.51	72.27	138.78
2048 H1	1,565.53	71.31	1,636.84
2048 H2	62.79	11.23	74.01
2049	54.63	10.24	64.87
2049 H2	54.63	9.57	64.20
2050 H1	54.37	8.67	63.04
2050 H2	52.09	8.01	60.09
2051 H1	36.45	7.14	43.59
2051 H2	34.45	6.73	41.18
2052 H1	19.95	0.61	20.56
2052 H2	17.55	0.29	17.84
2053 H1	0.55	0.01	0.55
2053 H2	0.55	0.00	0.55
2053 H1	0.55	0.00	0.55

Sources: Ministry of Finance and the CBE

Notes:

(1) Total external debt includes direct indebtedness and external debt of state-owned enterprises.

(2) See "—*Overview—Recent Developments*" for a discussion of certain additional debt incurred since 30 June 2018.

Guaranteed Debt

The following table sets forth details of Egypt's publicly-guaranteed private sector external debt outstanding as at 30 June 2018.

Publicly-Guaranteed Private Sector External Debt

Borrower	Outstanding Amount
	(U.S.$ millions)
Medium and Long Term Debt	0
Short Term Debt	
Trade Credits	163.97
Total	**163.97**

Source: CBE

Public Debt Management

The role of the Ministry of Finance's Public Debt Management Unit is to procure Government budget funding requirements at the lowest long-term cost relative to the general level of interest rates, consistent with prudent fiscal and monetary policy framework. The Debt Management Unit follows a market-orientated funding strategy based on projected budgetary requirements, determining frequency, volume, timing and maturities for all debt issuances to ensure a prudent Government debt structure.

Debt Management Strategy

The Ministry of Finance installed an upgraded version of the Debt Management Financial System for Analysis and Statistics ("**DMFAS**"), a software system developed by the United Nations Conference on Trade and Development, in 2012 in order to upgrade its domestic debt management capabilities. DMFAS records the country's domestic debt, generates various reports, including domestic sovereign borrowing, contingent liabilities and on-lent loans and grants.

The Ministry of Finance's debt management policy is aimed at lengthening the maturity of domestic public debt, as well as consolidating a domestic yield curve by means of increasing its medium-to-long term issuances in order to reduce refinancing risk. As a result of increases in interest rates following the MPC decisions to increase benchmark policy rates between November 2016 and July 2017, the Debt Management Unit has been implementing a temporary strategy to conduct issuances at the shorter end of the yield curve rather than the long end of the yield curve. This temporary strategy has, in turn, led to a decrease in outstanding treasury bonds to LE 722.6 billion as at 30 June 2018, from LE 711.0 billion as at 30 June 2017, after having decreased from LE 769.4 billion as at 31 December 2016 and increased from LE 685.8

billion as at 31 December 2015, LE 505.9 billion as at 31 December 2014 and LE 13 billion as at 30 June 2004. As at 30 June 2018, total outstanding tradable debt issuances in the domestic market were LE 2,146 billion. As at 30 June 2018, the average life for domestic tradable debt was 1.33 years, and, as a result of planned upcoming issuances, the average life for domestic tradable debt is expected to increase to 1.5 years by the end of 2018/19.

Medium Term Debt Management Strategy

The Republic's Medium Term Debt Management Strategy ("**MTDS**") was established to outline the process of managing the Republic's public debt using cost and risk analysis, in order to provide a key input into the debt management strategy decision-making process. Debt management is directed at providing the Government's budget funding requirements at the lowest long term cost relative to the general level of interest rates, at an examined degree of risk consistent with prudent fiscal and monetary policies frameworks. The strategy aims to extend the maturity profile of domestic debt in line with cost and risk trade-off. It also aims to maintain a level of interest rate risk that is well-balanced with the objective of supporting market development.

Each MTDS is implemented for a period of three fiscal years. The most recent MTDS covered 2015/16, 2016/17 and 2017/18. The objective of the MTDS was to ensure that Government financing needs were met at the lowest possible cost over the medium-term and to manage risk. It also aimed to support the development of the domestic securities market. The MTDS is reviewed on an annual basis. In November 2015, the Minister of Finance issued Ministerial Decree № 515 mandating the creation of a working group to review the Republic's debt management policies and to approve the MTDS document prior to its publication. As a result of increases in interest rates following the MPC decisions to increase benchmark policy rates between November 2016 and July 2017, the Debt Management Unit has been implementing a temporary strategy to conduct issuances at the shorter end of the yield curve rather than the long end of the yield curve.

The MTDS focuses on managing risk exposure embedded in the Republic's debt portfolio. The MTDS analysis consists of eight steps: (i) clarifying the objectives and scope of the MTDS; (ii) clarifying the current debt management strategy and reviewing the cost-risk characteristics of existing debt to determine amendments to be made; (iii) reviewing potential funding sources for future borrowing strategies; (iv) reviewing macroeconomic and market environment and medium-term forecasts on an annual basis; (v) identifying risk factors facing the Egyptian economy to be taken into account in the MTDS; (vi) defining and analysing the cost-risk performance of alternative debt management strategies; (vii) reviewing the preferred strategy with policy makers and market participants; and (viii) producing a debt management strategy document for approval by the Minister of Finance and for subsequent public dissemination.

The Ministry of Finance is currently working on a new MTDS to cover 2018/19, 2019/20 and 2020/21.

Debt Management Initiatives

In July 2007, in an effort to diversify its investor base, the Republic issued its first notes denominated in Egyptian Pounds with principal and interest payable in U.S. Dollars. The notes had a nominal value of LE 6 billion and bore interest at a rate of 8.75%. These notes matured in July 2012. In April 2010, the Republic issued a further two tranches of notes denominated in U.S. Dollars; its U.S.$1 billion 5.75% Notes due 2020 and its U.S.$500 million Notes 6.875% due 2040.

In January 2010, the regulations promulgated under the Capital Market Law were amended to allow public authorities to issue debt in the domestic market.

With effect from January 2010, in order to support and enhance the development of an effective Government securities market and reduce illiquidity premiums and refinancing risks, the Ministry of Finance implemented a new transparent and visible issuance strategy, which was comprised of the following pillars:

- limiting future debt issuances to a small number of benchmark maturities (*i.e.*, three, five, seven and ten years) (with the potential to add longer maturity debt as a new benchmark in the future);
- increasing the frequency of re-openings of each security so as to raise each security's outstanding principal amount to LE 12 to 15 billion;
- increasing the standardisation of debt issuance, in particular for Government bonds; and
- creating a fixed calendar for the issuance of treasury bonds and auctions to avoid a "crowding" of maturities.

In addition, the MTDS focuses on diversifying the sources of financing through the issuance of new instruments, such as "*sukuk*", to finance development and infrastructure projects, as well as expanding the Republic's investor base by seeking to attract retail investors and incorporate more non-banking financial institutions. In October 2018, the Minister of Finance announced that the Republic was considering the possibility of conducting an international *sukuk* offering in 2019/2020.

See "*—External Debt*" for details of Egypt's international capital markets transactions in recent years.

The Ministry of Finance's Debt Management Unit is in the process of developing a comprehensive reform programme in respect of the domestic capital markets in collaboration with the CBE and other stakeholders (including the Financial Regulatory Authority, the EGX, Misr for Central Clearing, Depositary and Registry and certain primary dealers). The reform programme is based on the following four pillars:

- *Primary Market Reforms*: Amending legislation to focus on improving the balance of incentives and obligations for primary dealers and market-makers, in particular, in respect of market making obligations; encouraging the use of primary dealers and market-makers for the distribution of Government securities; and promoting an acceptable level of domestic Government borrowing costs.

- *Secondary Market Reforms*: Development of secondary debt markets with a focus on the reduction of financing costs. Such reforms are expected to include: (i) market architecture reforms, including imposing quoting obligations on primary dealers to improve price transparency; (ii) measures to encourage new market participants, including the introduction of a second tier of market participants in the secondary market for treasury bills, introducing incentives and utilising penalties; (iii) the introduction of a new electronic trading platform and improving the existing system; (iv) the introduction of additional secondary market products to encourage repo activity and to enhance liquidity in fixed income markets; and (v) the development of a new clearing system for clearing and settlement functions. The proposed reforms are intended to permit the Government to implement market-making obligations in the primary market while also providing the tools in the secondary market to permit primary dealers and market-makers to conduct repos, sales and buybacks of domestic securities.

- *Euroclearability*: Setting-up an 'i-Link' between Euroclear Bank and the Egyptian domestic capital market through which international investors would be able to purchase domestic Egyptian bonds and treasury bills directly through 'i-Link'. This proposed link with Euroclear Bank is expected to result in an increase of new international investors to the Egyptian capital market, while the macroeconomic benefits of establishing such link are expected to include reduced borrowing costs, market growth and increased price stability, which is, in turn, expected to result in increased liquidity in the secondary market, multi-currency availability and enhancement of the reputation of the Egyptian capital markets.

- *Official Yield Curve:* Constructing an official yield curve (one year – ten years) in collaboration with the CBE and the EGX, to be used in, *inter alia*, pricing financial assets, managing financial risk, allocating portfolios, structuring fiscal debt, conducting monetary policy and valuing capital goods.

In addition, the CBE, in co-ordination with the EBRD, the Middle East and North African Transition Fund and the African Development Bank is currently implementing a central securities depository for government securities project, which consists of establishing the core system components for such depositary, an electronic trading platform, data warehouses and an information dissemination platform and a yield curve pricing model for Government securities. The main objectives of this project are to establish a single integrated settlement system for treasury bonds and treasury bills, enhance access to Government securities to use as collateral, promote high quality simultaneous delivery versus payment settlement and increase secondary market liquidity.

New Debt Instruments

U.S. Dollar and Euro Treasury Bills

The Ministry of Finance has issued a number of U.S. Dollar- and Euro-denominated treasury bills in the domestic market. See "*—Domestic Debt—Treasury Bills and Bonds*".

Zero-Coupon Bonds

In September 2013, the Ministry of Finance introduced zero-coupon bonds with a maturity of 1.5 years, followed by zero-coupon bonds with a maturity of three years. The Ministry of Finance now regularly issues zero-coupon bonds with a 1.5 year-tenor, which are primarily subscribed for by Egyptian banks.

Sukuk

As a further tool of diversification, and in order to broaden its investor base, the Ministry of Finance established the infrastructure to issue Islamic *sukuks* alongside other Government securities and has been financing infrastructure and development projects with *sukuk* issuances to help achieve the Ministry of Finance's social justice targets, whilst alleviating social development financing burdens on the budget.

A *sukuk* law was promulgated by the Shoura Council in March 2013 to regulate both sovereign and corporate *sukuk* issuances. No executive regulations, however, were issued to put this law in force.

In February 2018, the Parliament approved a set of amendments to the Capital Markets Law, which. *inter alia*, established a legal framework for *sukuk* issuances and trading in Egypt and repealed the 2013 law. The amendments to the Capital Markets Law were ratified by the President and published in March 2018.

Debt Restructuring

In the late 1980s, the Egyptian economy faced two major problems: (i) economic stagnation and negative growth and (ii) heavy indebtedness. At the same time, inflation was within a 20-30% range. With the onset of hostilities in the Middle East in the August 1990 Gulf War, Egypt's economy suffered from substantial losses of tourist receipts, remittances from abroad and a depressed business climate.

To combat these problems, the Government, in 1990, embarked on a reform programme centred on creating a decentralised, market-based, open economy. This programme comprised less expansionary fiscal and monetary policies with real sector reforms, the introduction of market-based exchange and interest rate systems, a more efficient and equitable tax system and a reduction of import tariffs and subsidies. The Government reform programme was supported by measures agreed with the IMF.

In May 1991, the Paris Club, in coordination with the IMF and the World Bank, agreed to provide a comprehensive reorganisation of the entire stock of Egypt's external public debt, which amounted to U.S.$20.6 billion. The agreement provided, over time, for up to a 50% reduction in the net present value of debt. In order to achieve this reduction, creditors were offered three options: (i) reduction of principal; (ii) reduction of the interest rate; and (iii) a lesser interest rate reduction than option (ii) combined with partial capitalisation of moratorium interest at longer maturities.

The economic reform programme that the Government had agreed on with the IMF was implemented over three phases and provided for certain debt forgiveness if certain economic reform programme goals were met. The first two phases were implemented in 1991 and the third phase was implemented in 1996.

International Support

The Government has entered into concessional and other agreements with a number of international financial institutions and multilateral and national development agencies.

African Development Bank

Egypt was one of the founding members of the African Development Bank in 1964 and remains its second-largest regional shareholder. Since 1974, the African Development Bank has financed almost 100 projects in Egypt, with an investment cost of approximately U.S.$5.7 billion. Projects funded by the African Development Bank are primarily in the infrastructure, energy and social sectors, with a particular focus on providing loans to SMEs. Current projects supported by the African Development Bank focus on macroeconomic stabilisation to support the recovery of the economy and promoting inclusive growth to reduce poverty. In 2014, the African Development Bank disbursed approximately U.S.$2.8 million to Egypt in support of the Judicial Authority in Egypt and funding preparations for the Egyptian Economic Development Conference held in Sharm El Sheikh in March 2015. In 2015, the African Development Bank approved: (i) a €50.2 million loan in support of Egypt's National Drainage Programme to boost agricultural production and household income generation; and (ii) a U.S.$500 million loan to support the Government's economic reform programme.

The African Development Bank's Board of Directors has approved a Cooperation Strategy with Egypt for the period 2015-2019. This Cooperation Strategy is based on two pillars: (i) infrastructure improvements to support sustainable development; and (ii) the strengthening of justice and transparency. The Cooperation Strategy sets out various proposed projects to be completed by 2019. The portfolio of projects being undertaken with the African Development Bank includes 18 current projects worth U.S.$1.8 billion, which focus on supporting macroeconomic stability and promoting inclusive growth to reduce poverty, as well as projects in the electricity, energy, social sector, irrigation and agricultural drainage sectors.

Within the framework of the Cooperation Strategy with Egypt, the African Development Bank and the World Bank signed a three-year U.S.$4.5 billion Development Policy Financing Programme (the "**DPFP**") with Egypt. The DPFP is intended to support the Government's reform programme, in particular: (i) advancing fiscal consolidation; (ii) ensuring a sustainable energy supply; and (iii) enhancing the business climate. Of the U.S.$4.5 billion, U.S.$3.0 billion is expected to be funded by the World Bank and U.S.$1.5 billion is expected to be funded by the African Development Bank.

See "*—World Bank*".

In December 2015, the African Development Bank and the Ministry of Investment and International Co-operation entered into a U.S.$500 million loan to support the Government's economic reform programme, which was disbursed in December 2016. A second tranche of U.S.$500 million was approved by the African Development Bank's Board of Directors in March 2017 and was disbursed in May 2017, and a third tranche of U.S.$500 million was approved by the African Development Bank's Board of Directors in January 2018 and is expected to be disbursed in February 2018.

In 2017, the African Development Bank approved: (i) three senior loans for a total amount of U.S.$55 million to finance three solar projects; and (ii) a loan of U.S.$150 million for the expansion of a waste-water treatment plant at Abu Rawash in the Giza governorate.

In January 2018, the African Development Bank's Board of Directors approved a third tranche of a loan in the amount of U.S.$500 million to support the Government's economic reform programme. The disbursement of the third tranche was expected to occur in February 2018, but was delayed pending Parliamentary approval. The third tranche was disbursed in October 2018.

Since 1967, the African Development Bank has completed 68 projects in the Republic. Twenty-one projects are currently ongoing.

Arab Monetary Fund

Egypt is a member state of the Arab Monetary Fund. In 2014, the Arab Monetary Fund made grants and loans in respect of, among other projects: (i) the financing of the Assiut Refinery Project to develop a refinery and construct a complex for high-level octane production in Upper Egypt; (ii) the Egyptian-Saudi Electricity Connection Project to construct an electricity connection line between Egypt and Saudi Arabia to meet growing energy demand; and (iii) projects aimed at encouraging SME activity. In September 2015, the Arab Monetary Fund extended a U.S.$339 million loan to Egypt to support financial and banking sector reform programme. In June 2018, the Arab Monetary Fund approved extending a loan to support improving the investment climate for SMEs. The details of this loan are not yet available.

L'Agence Francaise de Developpement

Egypt has received support from the *L'Agence Francaise de Developpement* in respect of the Government's economic reform programme. *L'Agence Francaise de Developpement* has developed a "Country Intervention Framework" for Egypt, which is reviewed and renewed every three years.

Projects financed by *L'Agence Francaise de Developpement* focus on: promoting the modernisation and competitiveness of the private sector; improving living conditions; improving the efficiency of energy and renewable energy production; reducing industrial pollution and improving air and water quality; promoting SMEs; and promoting agricultural industries. In 2014, the *L'Agence Francaise de Developpement* disbursed approximately €200 million to Egypt in support of projects by the Social Fund for Development, a project to increase access to natural gas and projects to reduce pollution. In 2015, the *L'Agence Francaise de Developpement* granted: (i) a €30 million loan to Egypt to improve access to financing for agricultural producers and processors; (ii) a €15 million grant to upgrade infrastructure and public services in specified informal areas; and (iii) a €22 million grant to support agricultural small and medium-sized enterprises. In April 2018, *L'Agence Francaise de Developpement* approved a €70 million loan to EGAS to support the Ministry of Electricity and Renewable Energy's programme to support improving household energy connectivity. The EU provided €62 million in grants, while the World Bank provided a €500 million loan.

In August 2018, *L'Agence Francaise de Developpement* approved €50 million loan to support the Egyptian National Authority for Tunnels' partial rehabilitation of the Cairo Metro. The *L'Agence Francaise de Developpement* loan will be supported by a €205 million loan provided by EBRD and a €350 million loan from the EIB.

See "*—EBRD*".

L'Agence Francaise de Developpement is currently financing a portfolio of 23 projects worth U.S.$2.4 billion (comprised of U.S.$1.9 billion of loans and U.S.$49.4 million of grants).

European Union

Egypt's partnership with the EU is based on the Association Agreement. In 2014, the EU disbursed approximately €25 million in grants through the Neighbourhood Investment Facility to support micro and small enterprises and to finance the Egyptian Pollution Abatement Project (third phase) to reduce pollution. On 14 March 2015, during the Egypt Economic Development Conference held in Sharm Al Sheikh, Egypt and the EU entered into a memorandum of understanding in respect of a Unified Support Program. Pursuant to the memorandum, the European Commission agreed to allocate a non-refundable grant of between €210 million and €257 million to Egypt to support the implementation of the Government's economic and social development reform programme. The amount of this grant was subsequently increased to between €311 million and €380 million.

Further key objectives, results and indicative financial allocations for Egypt's partnership with the EU were outlined in the Single Support Framework 2017-2020, which was approved by the European Neighbourhood Investment Committee on 28 September 2017. The indicative allocation for Egypt under the Single Support Framework for 2017-2020 is between €432 million and €528 million.

In July 2018, the EU approved a U.S.$50 million loan to fund irrigation projects, including water pumping stations and agricultural wastewater treatment farms.

The EU's current portfolio of projects for Egypt includes U.S.$1.3 billion of grant financing for 36 projects, primarily in the housing, irrigation, energy, education, electricity, human rights and transportation sectors.

European Investment Bank

The European Investment Bank ("**EIB**") commenced its activities in Egypt in 1979. Since then, the EIB has provided funds to approximately 80 projects in both the public and private sector, amounting to €6.3 billion (including government loans and funds loaned to the private sector). The EIB's current portfolio of activities with Egypt includes 11 projects worth U.S.$2.1 billion.

Egypt's partnership with the EIB focuses on promoting growth and the fostering of partnerships in the Mediterranean region by supporting projects that promote social cohesion, job creation and economic stability. Projects financed by the EIB in Egypt cover a number of sectors, including energy, transport, water and industry sectors, and provide support for SMEs. In 2014, the EIB disbursed approximately €70 million in connection with the Egyptian Pollution Abatement Project, €77 million in loans to finance the improvement of sanitation services in Kafr El-Sheikh and €205 million to finance upgrade works at the El-Shabab and West Damietta electricity power plants. In 2015, the EIB entered into loans for €200 million to promote public transport in Greater Cairo, a U.S.$600 million loan for financing an electricity supply project and a €120 million loan with the National Bank of Egypt to finance private sector companies.

In March 2015, the Government and the EIB signed a Joint Declaration at the Egypt Economic Development Conference, which is focused on improving socio-economic infrastructure in key sectors such as energy, transport, urban development and PPPs and supporting private sector development in the fields of industry, FDI and SMEs.

In 2016 and 2017, the EIB provided financing for various projects including the construction of a wind farm in the Gulf of Suez (€115 million), modernisation of the Cairo Metro (€0.4 million) and support for SMEs.

As part of EIB's "Economic Resilience Initiative", EIB signed two loans with Egyptian companies in 2018: the first, signed in June 2018, a U.S.$45 million loan to Bank of Alexandria to support SME funding; and the second, signed in July 2018, a €375 million loan to NBE to fund investments by SMEs, including women-owned businesses and enterprises in less-developed areas of Egypt.

In August 2018, EIB approved €350 million loan to support the Egyptian National Authority for Tunnels' partial rehabilitation of the Cairo Metro, including increasing the capacity of Line 1 and providing youth training opportunities. The EIB loan will be supported by a €205 million loan provided by EBRD and a €50 million loan from *L'Agence Francaise de Developpement*. See "*—L'Agence Francaise de Developpement*".

Two loans were agreed in July and October 2018 between the Government and the EIB in an aggregate amount of U.S.$450 million, to support development projects in the housing and infrastructure sectors. The loan agreements are subject to ratification and approval by the Council of Ministers.

European Bank for Reconstruction and Development

Egypt's partnership with the EBRD focuses on financing improvements in the private sector, including SMEs, through direct investments by way of loans and equity finance and providing support and expertise through policy dialogue, capacity building and other forms of technical assistance. The EBRD expanded its mandate in Southern and Eastern Mediterranean countries, including Egypt following the events of the Arab Spring. In 2014, the EBRD disbursed approximately U.S.$190 million in loans to EEHC and €126 million in loans to the Ministry of Transportation. In October 2015, Egypt became an EBRD "country of operations". As at 31 December 2015, the EBRD's total investments in Egypt amounted to €1,799 million across 33 projects distributed among the following sectors: energy (36%), financial institutions (24%), industry and trade (20%) and infrastructure (19%).

In December 2015, the EBRD entered into a €100 million loan with the Egyptian National Authority for Tunnels for the purchase of 13 new trains. In February 2016, the EBRD formed part of a consortium lending U.S.$341 million (of which the EBRD's portion was U.S.$72 million) to Sonker, an Egyptian company providing hydrocarbon storage and bunkering, which is intended to support an upgrade of Egypt's oil and gas infrastructure and contribute to Egypt's energy security.

In March 2015, the Government and the EBRD entered into a joint declaration of intent during the Egyptian Economic Development Conference, pursuant to which the EBRD stated its intention to invest between €0.7 billion and €1.0 billion in Egypt.

The EBRD entered into various projects in 2016 and 2017, which aimed to, *inter alia*, develop trade and SME activity, and assist in the development of renewable energy sources. In June 2017, the EBRD entered into a U.S.$290 million financing agreement to support the Egyptian National Railway in its fleet expansion and service upgrade works. In December 2017, the EBRD announced a U.S.$200 million loan for development and modernisation of Egypt's gas infrastructure.

In May 2018, EBRD approved a U.S.$200 million loan to support the modernisation of the Suez Oil Processing Company refinery.

As at 30 June 2018, the EBRD's portfolio in Egypt was comprised of five projects in the energy, transportation and housing sectors worth U.S.$512 million (comprised of U.S.$510 million of loans and U.S.$2.0 million of grants).

In August 2018, EBRD approved a €205 million loan to support the Egyptian National Authority for Tunnels' partial rehabilitation of the Cairo Metro, including increasing the capacity of Line 1 and providing youth training opportunities. The EBRD loan will be supported by a €350 million loan provided by EIB and a €50 million loan from *L'Agence Francaise de Developpement*.

World Bank

Egypt's partnership with the World Bank focuses on private sector job creation and reducing poverty. In 2014, the World Bank disbursed approximately U.S.$12 million in grants to Egypt in connection with projects undertaken by EFSA (now the Financial Regulatory Authority) and the Egyptian Environmental Affairs Agency. The World Bank has financed development projects and programs in energy, agriculture, irrigation and sanitation, transport and social sector sectors.

In December 2015, the Government and the World Bank Group (including the World Bank) approved the Country Partnership Framework 2015-19. This framework is based on the Government's medium-term strategy and national priorities for economic developments and envisages the disbursement of approximately U.S.$8 billion between 2015 and 2019, of which approximately U.S.$6 billion is expected to come from the World Bank and U.S.$2 billion is expected to come from IFC. The Country Partnership Framework focuses on three areas: (i) improving governance; (ii) enhancing private sector job creation; and (iii) improving social inclusion, including in terms of quality and accessibility to services.

In the context of the Country Partnership Framework, the World Bank, the African Development Bank and the Government has entered into the U.S.$4.5 billion DPFP, a three-year development policy financing programme to support the Government's reform programme. See "*—African Development Bank*".

In September 2016, the World Bank disbursed U.S.$1 billion under the DPFP (the first disbursement made in the context of the Country Partnership Framework 2015-19) to support, *inter alia,* fiscal consolidation through higher revenue collection, greater moderation of wage bill growth and stronger debt management.

In September 2016, the World Bank approved a U.S.$500 million loan under the Country Partnership Framework to support development initiatives in Upper Egypt, including improving private sector development and strengthening local government capacity for infrastructure and service delivery.

In December 2016, the World Bank entered into a U.S.$1.0 billion loan agreement with the Ministry of Investment and International Co-operation to support the Government's economic reform programme. This loan was disbursed in March 2017.

In October 2017, IFC and a consortium of nine international banks completed a U.S.$653 million debt package to finance the construction of 13 solar power plants near Aswan, which, once completed, are expected to form part of Benban Solar Park, the largest solar park in the world.

In December 2017, the World Bank entered into a U.S.$1.2 billion loan agreement with the Ministry of Investment and International Co-operation to support Egypt's economic reform programme.

In March 2018, the World Bank disbursed the final tranche of U.S.$1 billion under the DPFP.

In April 2018, the World Bank announced its five-year "Supporting Egypt Education Reform", comprising a U.S.$500 million loan to support investment in Egypt's education sector, including, *inter alia*, through improving access to kindergarten and early childhood education, supporting the adoption of digital technology and resources in the classroom, developing a reliable student assessment and examination system and enhancing the capacity of teachers. See "*The Arab Republic of Egypt—Education*".

In June 2018, the World Bank announced the launch of "Transforming Egypt's Healthcare System Project", a U.S.$530 million project to improve Egyptian public healthcare over a period of five years, with the aim of improving the quality of primary and health care services, enhancing demand for health and family planning services, preventing Hepatitis C and supporting the universal health insurance system put into place pursuant to the Health Insurance Law. See "*The Arab Republic of Egypt—Health*".

In September 2018, the World Bank approved a U.S.$300 million loan to strengthen institutions and policies for increasing access and improving rural sanitation services in certain selected governorates. This loan is subject to ratification and approval by the Council of Ministers.

As at 25 September 2018, the World Bank had a portfolio of 26 projects in Egypt with a total commitment of U.S.$5.9 billion.

Islamic Development Bank

Egypt has been working with the Islamic Development Bank ("**IDB**") since 1977. In 2014, the IDB approved disbursements of approximately U.S.$2.1 billion to Egypt in connection with the financing of several projects including projects in the energy, agriculture (particularly, irrigation) and education sectors, projects involving SMEs and project aimed at reducing unemployment.

At the Egyptian Economic Development Conference held in Sharm El Sheikh in March 2015, the Minister of International Cooperation entered into four agreements with the President of the IDB worth a total amount of U.S.$800 million to finance a number of development projects in Egypt, including: (i) U.S.$220 million in lease financing for the Egyptian-Saudi Electricity Connection Project to construct an electricity connection line between Egypt and Saudi Arabia to meet growing energy demands; (ii) two tranches of lease financing of U.S.$226.8 million and U.S.$230 million for the Sharm El Sheikh Airport Development Project to increase the capacity of Sharm El Sheikh airport to 18 million passengers per year by 2025; and (iii) U.S.$198 million in lease financing for the Assiut Refinery Project to develop a refinery and construct a complex for high-level octane production in Upper Egypt. In addition, a framework agreement for approximately U.S.$3 billion was also entered into between the International Islamic Trade Finance Corporation (an affiliate of the IDB) and EGPC to import petroleum products for the Egyptian market over the next three years.

In April 2018, the Ministry of Investment and International Cooperation announced that IDB was expected to provide U.S.$3 billion in support for development projects in Egypt, including, *inter alia*, water desalination, as part of a new strategic partnership.

The Government and the IDB developed a Country Assistance Strategy framework for 2017 to 2019, which identifies the key pillars and areas of co-operation for IDB programmes and projects in Egypt. IDB's current portfolio of projects in Egypt is worth approximately U.S.$1.8 billion, of which U.S.$1.4 billion is targeted to support the energy sector (in particular the electricity sector), with other projects targeted at the irrigation and water resources, higher education and scientific research, agriculture, vocational training and civil aviation sectors.

International Monetary Fund

In November 2016, the Executive Board of the IMF approved a three-year EFF for Egypt in an amount of SDR 8.6 billion (approximately U.S.$12 billion). The EFF is aimed at supporting the Government's economic reform programme and is intended to help restore macroeconomic stability and promote inclusive growth. The approval of the EFF allowed for the immediate disbursement of SDR 1.970 billion (approximately U.S.$2.75 billion). Further disbursements will be phased throughout the duration of the programme and are subject to five biannual reviews. Such disbursements are subject to either the successful completion of certain structural reforms and achievement of certain macroeconomic targets in line with the Government's economic reform programme or, during the IMF's biannual review, the IMF's agreement that Egypt has made sufficient progress in achieving such reforms or targets. The first review under the EEF was completed in July 2017, permitting the immediate disbursement of the equivalent of SDR 895.5 million (approximately U.S.$1.25 billion). As part of this first review, the Executive Board of the IMF approved the Egyptian authorities' request for waivers of the June 2017 performance criteria for the primary fiscal balance and the fuel subsidy bill, which were missed due to higher costs of imported food and fuel products, caused by the depreciation of the Egyptian Pound. The second review under the EEF was completed in December 2017, permitting the immediate disbursement of SDR 1.4 billion (approximately U.S.$2.0 billion) and bringing total disbursements under the EEF to SDR 4.3 billion (approximately U.S.$6.1 billion). As part of this second review, the Executive Board of the IMF approved the Egyptian authorities' request for modifications to the December 2017 and June 2018 performance criterion for net domestic assets and the June 2018 performance criterion for the primary fiscal balance. The third review under the EFF was completed in June 2018. The completion of the third review permitted the disbursement of the equivalent of SDR 1,432.8 million (approximately U.S.$2.0 billion). This amount was disbursed in June 2018, bringing total disbursements under the EFF to SDR 5,731.1 million (approximately U.S.$8.1 billion). As part of this third review, the Executive Board of the IMF approved the Egyptian authorities' request for a waiver of non-observance of the December 2017 performance criterion for the primary fiscal balance and the modification of the June 2018 performance criterion of the fuel subsidy bill. See "*Risk Factors—Risk Factors Relating to Egypt—Any failure to address structural reforms may result in reduced support from multilateral and bilateral creditors, including the IMF*" and "*The Economy—Government Programme, Recent Developments and Reforms*".

USAID

USAID has been operating in Egypt since 1978. USAID is currently financing projects worth U.S.$1.2 billion (comprised solely of grants) that aim to support, *inter alia*, agricultural and water productivity and socio-economic conditions in rural areas. The main areas of co-operation with USAID in Egypt include agriculture and food security, economic growth, trade and tourism, basic and higher education, gender equality and women's empowerment and global health and water and sanitation, as well as governance.

France

In December 2017, the government of France provided a loan to the Republic in the amount of U.S.$175 million.

Germany

Support from Germany has typically focused on priority areas, including renewable energy and energy efficiency, climate change, water supply and sanitation, irrigation and waste management, technical education, employment creation, as well as MSMEs and youth empowerment. Other project initiatives have also focused on supporting women and families, promoting decentralisation and enhancing urban development and the housing sector.

In February 2018, the government of Germany provided a loan of U.S.$250 million to the Republic for the purposes of supporting the Republic's budget programme. In July 2018, the KfW Development Bank and the German International Development Agency signed a development agreement, comprising €1.6 billion in grants and loans, with the Government to regulate the work of organisations carrying out development projects in Egypt. The agreement is currently awaiting ratification by Parliament.

German's current portfolio of support to Egypt comprises 45 projects, worth U.S.$1.1 billion (comprising U.S.$875 million in loans and U.S.$277 million in grants).

United Kingdom

In March 2018, the government of the United Kingdom provided a loan to the Republic in the amount of U.S.$150 million.

Saudi Arabia

The Ministry of Investment and International Co-operation has entered into 22 ongoing agreements with the government of Saudi Arabia for a total amount of U.S.$2.2 billion.

In April 2016, five loan agreements for a total amount of U.S.$504 million were entered into between the Government and the government of Saudi Arabia aimed at developing the Sinai region highway network. These loans mature in October 2035.

In April 2016, two loan agreements for a total amount of U.S.$233 million were entered into between the Government and the government of Saudi Arabia to support residential building and settlement in Sinai. These loans mature in October 2035.

In April 2016, three agreements for a total amount of U.S.$362 million were entered into between the Government and the government of Saudi Arabia to support water and irrigation infrastructure and establish 13 agricultural zones in the Sinai Peninsula. These loans mature in October 2035.

In March 2018, Saudi Arabia and Egypt signed an agreement to commence the operations of the Egyptian Saudi Investment Fund, which was established pursuant to an earlier agreement signed in April 2016. The objectives of the Egyptian Saudi Investment Fund are to invest in projects located in Egypt with a focus on the tourism, housing, infrastructure and renewable energy sectors. In addition, the Fund is expected to support investments in innovations and information technology with a view to encouraging economic growth.

Kuwait Fund for Arab Economic Development

In March 2018, the Kuwaiti Fund for Arab Economic Development and Egypt signed five agreements valued at approximately KWD 86.1 million (LE 5 billion) to finance infrastructure development and economic and social reform projects, including: (i) KWD 60 million to finance the road network in the Sinai region in conjunction with the Sinai Peninsula Development Program; (ii) KWD 17.5 million allocated to finance the Ardi 4 road to improve traffic and increase tourism in the Sinai Peninsula; (iii) KWD 500,000 to finance the Strategic Document Center, which supports the Council of Ministers in documenting Egypt's economic and social reform programme; (iv) KWD 100,000 to support a feasibility study for implementing date palm cultivation and date processing; and (v) KWD 7 million to support the transport sector, modernise trains and finance 100 new tractors for the Egyptian National Railway Authority.

The Kuwaiti Fund for Arab Economic Development's current portfolio in Egypt is worth U.S.$2.0 billion, comprised of U.S.$1.5 billion of loans and U.S.$25 million of grants, relating to the financing of 28 projects in the governance, agriculture, humanitarian (supporting Syrian refugees), energy, civil aviation, transportation, irrigation, education, trade and investment sectors.

Debt Record

Egypt has not, within a period of 20 years prior to the date of this Prospectus, defaulted on the principal or interest of any external security.

TAXATION

The following is a general description of certain Egyptian tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective investors in the Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This overview is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

Egyptian Taxation

Under Egyptian Tax Law № 91 of 2005, interest payable on the Notes is subject to a 20% withholding tax unless reduced by a treaty. The Issuer will pay, subject to customary exceptions set out in Condition 8 (*Taxation*), such additional amounts as will result in the receipt by the Noteholder of such amounts as would have been received by such Noteholder had no such withholding or deduction been required. See Condition 8 (*Taxation*).

PLACING OF THE NOTES AND SELLING RESTRICTIONS

The Settlement Manager has agreed in a subscription and placement agreement dated 16 November 2018 (the "**Subscription and Placement Agreement**") and made between the Issuer, the CBE and the Settlement Manager, to assist the parties in relation to the issuance of the Notes. The Notes will be placed in their entirety with the CBE, as more particularly described under "*Use of Proceeds*". The Settlement Manager is entitled in certain circumstances to be released and discharged from its obligations under the Subscription and Placement Agreement on or before settlement of the Notes.

The Issuer has agreed to indemnify the Settlement Manager against certain liabilities (including liabilities under the Securities Act) incurred in connection with the issue, placement and settlement of the Notes.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold outside the United States in offshore transactions in reliance on Regulation S. Terms used in this paragraph have the respective meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Nothing will be done in, from or otherwise involving the United Kingdom unless in compliance with all applicable provisions of the United Kingdom Financial Services and Markets Act 2000.

Arab Republic of Egypt

The Notes to be issued have not been and will not be offered, sold or publicly promoted or advertised in Egypt, other than in compliance with any laws applicable in Egypt governing the issue, offering and sale of securities.

General

No action has been taken by the Issuer or the Settlement Manager that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required.

Transfer Restrictions

A beneficial interest in the DTC Global Notes may be transferred to a person who wishes to take delivery of such beneficial interest through the European Global Note only upon receipt by the Registrar of a written certification from the transferor (in the form scheduled to the Fiscal Agency Agreement) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 (if available) under the Securities Act.

Any beneficial interest in either the DTC Global Notes or the European Global Note that is transferred to a person who takes delivery in the form of a beneficial interest in the other Global Note will, upon transfer, cease to be a beneficial interest in such Global Note and become a beneficial interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such other Global Note for so long as such person retains such an interest.

The Arab Republic of Egypt is a foreign government as defined in Rule 405 under the Securities Act, and is eligible to register securities on Schedule B of the Securities Act. Therefore, the Issuer is not subject to the information provision requirements of Rule 144A(d)(4)(i) under the Securities Act.

GENERAL INFORMATION

Authorisation

The Republic has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The issue and placing of the Notes was authorised by State Budget Law № 100 of 2018.

Listing and Admission to Trading

Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and trading on the Market.

The expenses in connection with the admission of the Notes to the Official List and to trading on the Market are expected to amount to approximately €5,140.

Walkers Listing Services Limited is acting solely in its capacity as listing agent for Egypt in relation to the Notes and is not itself seeking admission to the Official List or trading on the regulated market of Euronext Dublin for the purposes of the Prospectus Directive.

No Significant Change

Since 30 June 2018, there has been no material adverse change in the information set out under the following headings in this Prospectus: "*The Economy*", "*External Sector*", "*Monetary System*", "*Public Finance*" and "*Public Sector Debt*" (the "**Egypt Disclosure Sections**"). Since 30 June 2018, there has not been any significant change in the Egypt Disclosure Sections.

Legal and Arbitration Proceedings

Save as set out under the caption "*The Arab Republic of Egypt—Legal Proceedings—Certain International Investment Treaty Claims*" on pages 57-58 of this Prospectus, the Issuer is not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Prospectus which may have or have had in the recent past a significant effect on the Issuer's financial position or which are material in the context of the issue of the Notes.

Clearing Systems

The Notes have been accepted for clearance through Euroclear, Clearstream, Luxembourg and DTC.

The European Global Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg under, with respect to the Series D Notes, Common Code 190348857, and ISIN XS1903488572 and with respect to the Series E Notes, Common Code 190348946 and ISIN XS1903489463.

The DTC Global Notes have been accepted for clearance through DTC and, with respect to the Series D Notes, their CUSIP number is 038461 AN9, their ISIN is US038461AN96 and the applicable Common Code is 190367932, and with respect to the Series E Notes, their CUSIP number is 038461 AP4, their ISIN is US038461AP45 and the applicable Common Code is 190368041.

The address of Euroclear is 1 Boulevard du Roi Albert II, B. 1210 Brussels, Belgium, the address of Clearstream, Luxembourg is Avenue J.F. Kennedy, L-1855 Luxembourg, and the address of DTC is 55 Water Street, New York, NY 10041, USA.

Third-Party Information

Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

Documents Available for Inspection

From the date of this Prospectus and for so long as any Note remains outstanding, copies (and English translations where the documents in question are not in English) of the following documents will be available in physical form, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the office of the Fiscal Agent:

- the Fiscal Agency Agreement (which includes the forms of the Global Notes) relating to the Series D Notes;
- the Fiscal Agency Agreement (which includes the forms of the Global Notes) relating to the Series E Notes;
- the Deed of Covenant relating to the Series D Notes;
- the Deed of Covenant relating to the Series E Notes;
- a copy of this Prospectus together with any supplement to this Prospectus or further Prospectus in relation to the Notes; and
- a copy of State Budget Law № 100 of 2018 and each subsequent annual budget of the Republic for so long as any Notes remain outstanding.

Transacting with the Issuer

The Settlement Manager and/or its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and its affiliates in the ordinary course of business for which it has received, and for which it may in the future receive, fees.

In addition, in the ordinary course of their business activities, the Settlement Manager and/or its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their respective customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its respective affiliates. The Settlement Manager or its affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with customary risk management policies or engage as principal or as an intermediary for other parties in other transactions involving the Notes or other debt securities of the Issuer. Typically, the Settlement Manager and/or its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Settlement Manager and/or its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

See "*Use of Proceeds*".

Interested Persons

No person involved in the offering of the Notes has any interest in such offering which is material to such offering, other than as specified under "*Use of Proceeds*".

Yield

The initial yield in relation to (i) the Series D Notes is 7.125% and (ii) the Series E Notes is 7.625%, in each case calculated on an annual basis. These initial yields are calculated on the Issue Date on the basis of the relevant Issue Price and are not indications of any future yield.

Legal Entity Identifier

The legal entity identifier (LEI) code of the Issuer is 529900GFIVH4086NMH82.

THE ISSUER
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