IMPORTANT NOTICE

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached base offering circular following this notice, and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached base offering circular (the "**Base Offering Circular**"). In accessing the Base Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from the Issuer, the Arrangers or the Dealers (each as defined in the Base Offering Circular) as a result of such access.

Confirmation of Your Representation: By accessing the Base Offering Circular you have confirmed to the Issuer, the Arrangers and the Dealers that (i) you understand and agree to the terms set out herein, (ii) you are either (a) a person who is outside the United States and that the electronic mail address you have given is not located in the United States, its territories and possessions, or (b) a person that is a "Qualified Institutional Buyer" (a "**QIB**") within the meaning of Rule 144A under the Securities Act of 1933, as amended (the "**Securities Act**"), (iii) you consent to delivery by electronic transmission, (iv) you will not transmit the Base Offering Circular (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the consent of the Arrangers and the Dealers, and (v) you acknowledge that you will make your own assessment regarding any legal, taxation or other economic considerations with respect to your decision to subscribe for or purchase any of the Notes.

You are reminded that the Base Offering Circular has been delivered to you on the basis that you are a person into whose possession the Base Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Base Offering Circular, electronically or otherwise, to any other person and in particular to any U.S. person or to any U.S. address. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions.

RESTRICTIONS: THE FOLLOWING ELECTRONIC TRANSMISSION MAY NOT BE FORWARDED OR DISTRIBUTED OTHER THAN AS PROVIDED BELOW AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. THIS DOCUMENT MAY ONLY BE DISTRIBUTED IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT AND TO QIBS PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**"). ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS DOCUMENT CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY NOTES DESCRIBED THEREIN.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN ANY JURISDICTION. ANY NOTES TO BE ISSUED HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER 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 IN ACCORDANCE WITH REGULATION S OR RULE 144A.

In addition, in the United Kingdom, the attached document is being distributed only to and is directed only at: (a) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"); (b) high net worth entities falling within Article 49 of the Order; and (c) other persons to whom it may otherwise lawfully be communicated under the Order (all such persons together referred to as "**relevant persons**"). Any investment or investment activity to which the document relates is available only in the United Kingdom to relevant persons and will be engaged in only with such persons.

No person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("**FSMA**")) received by it in connection with the Programme (as defined in the Base Offering Circular) other than in circumstances in which Section 21(1) of the FSMA does not apply.

This document has been delivered to you on the basis that you are a person into whose possession this document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located.

Manufacturer target market (EEA MiFID II and UK MiFIR product governance) is eligible counterparties and professional clients only (all distribution channels).

Singapore SFA Product Classification: In connection with Section 309(B) of The Securities And Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Arab Republic of Egypt has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(1) of the SFA), that the Notes are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

The Base Offering Circular does not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that an offering of securities described herein be made by a licensed broker or dealer and an Arranger or Dealer or any affiliate of the applicable Arranger or applicable Dealer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Arranger or such Dealer or such affiliate on behalf of the Issuer or holders of the applicable securities in such jurisdiction.

The Base Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Arrangers, the Dealers, any person who controls any of the Issuer, the Arrangers or the Dealers, any director, officer, employee or agent of any of them, or any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Base Offering Circular distributed to you in electronic format and the hard copy version available to you on request from any of the Arrangers or the Dealers. Please ensure that your copy is complete. You are responsible for protecting against viruses and other destructive items. Your use of this document is at your own risk, and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

BASE OFFERING CIRCULAR

THE ARAB REPUBLIC OF EGYPT

U.S.$40,000,000,000
Global Medium Term Note Programme

Under this U.S.$40,000,000,000 Global Medium Term Note Programme (the "**Programme**"), the Arab Republic of Egypt (the "**Issuer**", the "**Republic**" or "**Egypt**") may elect, subject to compliance with all applicable laws, regulations and directives, from time to time to issue notes ("**Notes**") denominated in any currency agreed between the Issuer and the relevant Dealer(s) (as defined below).

Notes may be issued in bearer or registered form ("**Bearer Notes**" and "**Registered Notes**", respectively). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed U.S.$40,000,000,000 (or its equivalent in other currencies calculated, as provided in the Dealer Agreement described herein), subject to increase, as described herein.

Notes may be issued on a continuing basis to one or more of the dealers specified under "*Overview of the Programme"* and any additional dealer(s) appointed under the Programme from time to time by the Issuer (each, a "**Dealer**" and together, the "**Dealers**"), which appointment may be for a specific issue or on an on-going basis. References in this Base Offering Circular to the "**relevant Dealer(s)**" shall be, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, to all Dealers agreeing to subscribe for such Notes.

AN INVESTMENT IN NOTES ISSUED UNDER THE PROGRAMME INVOLVES CERTAIN RISKS. SEE *"RISK FACTORS"*.

Application may be made to the United Kingdom ("**UK**") Financial Conduct Authority (the "**FCA**") for Notes issued under the Programme to be admitted to the official list of the FCA (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for such Notes to be admitted to trading on the London Stock Exchange's main market. For the purposes of any such application, the Issuer is an exempt issuer pursuant to Article 1(2) of Regulation (EU) 2017/1129 as it forms part of domestic law in the UK by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") (as amended, the "**UK Prospectus Regulation**"). Accordingly, this Base Offering Circular has not been reviewed or approved by the FCA and has not been approved as a base prospectus by any other competent authority under the UK Prospectus Regulation. Notes admitted to the Official List and admitted to trading on the London Stock Exchange's main market will not be subject to the prospectus requirements of the UK Prospectus Regulation but will be issued in accordance with the listing rules of the London Stock Exchange.

References in this Base Offering Circular to the Notes being "**listed**" (and all related references) shall mean that, unless otherwise specified in the applicable Final Terms (as defined below), the Notes have been admitted to trading on the London Stock Exchange's main market and have been admitted to the Official List. The London Stock Exchange's main market is a UK regulated market for the purposes of Article 2(1)(13A) of Regulation (EU) № 600/2014 on markets in financial instruments as it forms part of domestic law in the UK by virtue of the EUWA ("**UK MiFIR**"). The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

Certain Tranches (as defined herein) of Notes to be issued under the Programme may be rated, and the credit rating agency issuing such rating may be specified in the relevant Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. S&P Global Ratings Europe Limited ("**S&P**") is established in the European Union and registered under Regulation (EC) № 1060/2009 (as amended, the "**CRA Regulation**"). S&P is not established in the United Kingdom and has not applied for registration under the CRA Regulation as it forms part of domestic law in the UK by virtue of the EUWA (the "**UK CRA Regulation**"), though any rating issued by S&P will be endorsed by S&P Global Ratings UK Limited. S&P Global Ratings UK Limited is established in the United Kingdom and is registered in accordance with the UK CRA Regulation. Moody's Investors Service Limited ("**Moody's**") is established in the United Kingdom and registered under the UK CRA Regulation. Moody's is not established in the European Union and has not applied for registration under the CRA Regulation, though any rating issued by Moody's will be endorsed by Moody's Deutschland GmbH in accordance with the CRA Regulation. Moody's Deutschland GmbH is established in the European Union and registered under the CRA Regulation. Fitch Ratings Ltd ("**Fitch**") is established in the United Kingdom and registered under the UK CRA Regulation. Fitch is not established in the European Union and has not applied for registration under the CRA Regulation, though any rating issued by Fitch will be endorsed by Fitch Ratings Ireland Limited in accordance with the CRA Regulation. Fitch Ratings Ireland Limited is established in the European Union and registered under the CRA Regulation. As such, each of Fitch Ratings Ireland Limited and Moody's Deutschland GmbH is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation.

Amounts payable under the Notes may be calculated by reference to the Euro Interbank Offered Rate ("**EURIBOR**") which is provided by the European Money Markets Institute ("**EMMI**"). As at the date of this Base Offering Circular, EMMI is included in the FCA's register of administrators under Article 36 of Regulation (EU) No 2016/1011, as it forms part of domestic law in the UK by virtue of the EUWA (the "**UK Benchmarks Regulation**").

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. Notes may not be offered, sold or (in the case of Notes in bearer form) delivered within the United States or (in the case of Notes in bearer form) to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. The Notes may be offered and sold (A) in bearer form or registered form outside the United States in reliance on Regulation S under the Securities Act ("**Regulation S**") and (B) in registered form within the United States to persons who are "qualified institutional buyers" ("**QIBs**") in reliance on Rule 144A under the Securities Act ("**Rule 144A**"). Prospective purchasers who are QIBs are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of Notes and distribution of this Base Offering Circular, see "*Subscription and Sale*" and "*Transfer Restrictions*".

Arrangers

Citigroup **NATIXIS**

Dealers

BNP PARIBAS **Citigroup** **First Abu Dhabi Bank** **HSBC**

J.P. Morgan **NATIXIS** **Standard Chartered Bank**

The date of this Base Offering Circular is 23 September 2021.

IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Base Offering Circular. To the best of the knowledge and belief of the Issuer, the information contained in this Base Offering Circular is in accordance with the facts and the Base Offering Circular, as completed by the Final Terms, makes no omission likely to affect the import of such information.

To the best of the knowledge and belief of the Issuer, the information contained in this Base Offering Circular is true and accurate in every material respect and is not misleading in any material respect and this Base Offering Circular, insofar as it concerns such matters, does not omit to state any material fact necessary to make such information not misleading. The opinions, assumptions, intentions, projections and forecasts expressed in this Base Offering Circular with regard to the Issuer are honestly held by the Issuer, have been reached after considering all relevant circumstances and are based on reasonable assumptions.

Where information has been sourced from a third party, the Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of any third party information contained in this Base Offering Circular is stated where such information appears in this Base Offering Circular.

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under "Terms and Conditions of the Notes" (the "**Conditions**"), as completed by a document specific to such Tranche called the final terms (the "**Final Terms**"). This Base Offering Circular must be read and construed together with any supplements hereto and with any information incorporated by reference herein (see "*Documents Incorporated by Reference*") and, in relation to any Tranche of Notes, must be read and construed together with the relevant Final Terms.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Offering Circular or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, any Arranger (as defined herein) or any Dealer.

None of the Arrangers, the Dealers or any of their respective affiliates makes any representation, undertaking, or warranty, express or implied, or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Offering Circular. Each Arranger and each Dealer accordingly disclaims any and all liability whether arising in tort or contract or otherwise which either of them might otherwise have in respect of this Base Offering Circular. Neither the delivery of this Base Offering Circular or any Final Terms nor the offering, sale or delivery of any Notes shall, in any circumstances, create any implication that the information contained in this Base Offering Circular is true subsequent to the date hereof or the date upon which this Base Offering Circular has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial, economic, political or otherwise), general affairs or prospects of the Issuer since the date hereof or, if later, the date upon which this Base Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Offering Circular and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Offering Circular or any Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Offering Circular or any Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*".

Neither this Base Offering Circular nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Arrangers, the Dealers or any of them that any recipient of this Base Offering Circular or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Offering Circular or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed U.S.$40,000,000,000 (and for this purpose, the U.S. Dollar amount of any Notes denominated in a currency other than U.S. Dollars shall be converted into U.S. Dollars at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement)). The maximum aggregate principal amount of Notes that may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(a) 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 or incorporated by reference in this Base Offering Circular or any applicable supplement;

(b) 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 such Notes will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;

(d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment in the Notes and its ability to bear the applicable risks.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal and tax 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 any 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.

NOTICE TO U.S. INVESTORS

This Base Offering Circular may be submitted on a confidential basis in the United States to a limited number of QIBs for informational use solely in connection with the consideration of the purchase of certain Notes which may be issued under the Programme. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

Any Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. Treasury regulations ("**U.S. Treasury Regulations**"). Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") and the U.S. Treasury Regulations promulgated thereunder.

Registered Notes may be offered or sold within the United States only to QIBs in transactions exempt from registration under the Securities Act in reliance on Rule 144A under the Securities Act or any other applicable exemption. Any U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be being made in reliance upon the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A.

Each purchaser or holder of Notes represented by a Rule 144A Global Certificate or any Notes issued in registered form in exchange or substitution therefor (together "**Legended Notes**") will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in "*Subscription and Sale*" and "*Transfer Restrictions*".

NEITHER THE PROGRAMME NOR THE NOTES HAVE BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF ANY OFFERING OF NOTES OR THE ACCURACY OR ADEQUACY OF THIS BASE OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET

The Final Terms in respect of any Notes may include a legend entitled "MiFID II Product Governance", which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue of Notes about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any such Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MIFIR II PRODUCT GOVERNANCE / TARGET MARKET

The Final Terms in respect of any Notes may include a legend entitled "UK MiFIR Product Governance", which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MIFIR Product Governance Rules.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS

If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

NOTICE TO UK RESIDENTS

The distribution in the United Kingdom of this Base Offering Circular, any Final Terms and any other marketing materials relating to the Notes if effected by a person who is not an authorised person under the Financial Services and Markets Act 2000 is being addressed to, or directed at, only the following persons: (i) persons who are Investment Professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"); (ii) persons falling within any of the categories of persons described in Article 49 of the Financial Promotion Order; and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Financial Promotion Order.

NOTICE TO RESIDENTS OF THE KINGDOM OF SAUDI ARABIA

This Base Offering Circular may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the "**Capital Market Authority**").

The Capital Market Authority does not make any representation as to the accuracy or completeness of this Base Offering Circular, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Base Offering Circular. Prospective purchasers of Notes offered hereby should conduct their own due diligence on the accuracy of the information relating to the Notes. If you do not understand the contents of this Base Offering Circular, you should consult an authorised financial adviser.

NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN

In relation to investors in the Kingdom of Bahrain, Notes issued in connection with this Base Offering Circular and related offering documents may only be offered in registered form to existing accountholders and accredited investors (each, as defined by the Central Bank of Bahrain) in the Kingdom of Bahrain, where such investors make a minimum investment of at least U.S.$100,000 or any equivalent amount in another currency or such other amount as the Central Bank of Bahrain may determine.

This Base Offering Circular does not constitute an offer of securities in the Kingdom of Bahrain in terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (Decree Law № 64 of 2006). This Base Offering Circular and related offering documents have not been, and will not be, registered as a prospectus with the Central Bank of Bahrain. Accordingly, no securities may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Base Offering Circular or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase securities, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to 'accredited investors', as such term is defined by the Central Bank of Bahrain.

The Central Bank of Bahrain has not reviewed, approved or registered this Base Offering Circular or related offering documents and it has not in any way considered the merits of the Notes to be offered for investment, whether in or outside the Kingdom of Bahrain. Therefore, the Central Bank of Bahrain assumes no responsibility for the accuracy and completeness of the statements and information contained in this Base Offering Circular and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Base Offering Circular. No offer of securities will be made to the public in the Kingdom of Bahrain and this Base Offering Circular must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

NOTICE TO RESIDENTS OF THE STATE OF QATAR

This Base Offering Circular does not and is not intended to constitute an offer, sale or delivery of notes or other debt financing instruments under the laws of the State of Qatar (including the Qatar Financial Centre) and has not been and will not be reviewed or approved by or registered with the Qatar Financial Markets Authority, the Qatar Central Bank, the Qatar Stock Exchange or the Qatar Financial Centre Regulatory Authority in accordance with their respective regulations or any other regulations in Qatar. The Notes are not, and will not be, traded on the Qatar Exchange.

SINGAPORE SFA PRODUCT CLASSIFICATION

In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

NOTICE TO RESIDENTS OF CANADA

Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Base Offering Circular (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Dealers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the offering of Notes under the Programme.

STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilisation manager(s) in the relevant subscription agreement (the "Stabilisation Manager") (or persons acting on behalf of any Stabilisation Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

TABLE OF CONTENTS

GENERAL DESCRIPTION OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, as completed by the relevant Final Terms.

Words and expressions defined in "*Terms and Conditions of the Notes*" and in "*Forms of the Notes*" shall have the same meanings in this overview.

Issuer..	The Arab Republic of Egypt.
Description	Global Medium Term Note Programme.
Programme Amount.............................	Up to U.S.$40,000,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding at any one time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
Risk Factors	There are risks relating to the Issuer, the Notes and the market, which investors should ensure they fully understand. These include the fact that the Notes may not be suitable investments for all investors. See "*Risk Factors*".
Arrangers	Citigroup Global Markets Limited and Natixis.
Dealers	BNP Paribas, Citigroup Global Markets Limited, First Abu Dhabi Bank PJSC, HSBC Bank plc, J.P. Morgan Securities plc, Natixis and Standard Chartered Bank and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes.
Fiscal Agent, Exchange Agent and Calculation Agent	Citibank, N.A., London Branch.
Paying Agent and Transfer Agent........	Citibank, N.A., London Branch.
Registrar..	Citigroup Global Markets Europe AG.
Currencies	Notes may be denominated in any currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements, as agreed between the Issuer and the relevant Dealer(s).
Final Terms	Notes issued under the Programme may be issued pursuant to this Base Offering Circular and the relevant Final Terms. The terms and conditions applicable to any particular Tranche of Notes will be the terms and conditions set out herein (the "**Conditions**"), as completed by the relevant Final Terms.

Listing and Trading	Application may be made for Notes issued under the Programme to be admitted to the Official List and admitted to trading on the London Stock Exchange's main market. Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer(s) in relation to the relevant Series. Notes that are neither listed nor admitted to trading on any market may also be issued. The relevant Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.
Clearing Systems	Euroclear Bank SA/NV ("**Euroclear**"), Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") and/or The Depository Trust Company ("**DTC**"), unless otherwise agreed, and such other clearing system(s), as may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer(s).
Issuance in Series	Notes will be issued in series (each, a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the date of the first payment of interest) to the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each, a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will comprise, where necessary, the relevant terms and conditions and, save in respect of the issue date, issue price, date of the first payment of interest and nominal amount of the Tranche) will be identical to the terms of other Tranches of the same Series and will be completed in the relevant Final Terms**.**
Status of the Notes	The Notes will constitute direct, general, unconditional, unsubordinated and (subject to Condition 6 (*Negative Pledge*)), 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 pursuant to 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 (as defined in the Conditions) 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.
Issue Price	Notes may be issued at any price, as specified in the relevant Final Terms. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.
Maturities	The Notes may have any maturity as agreed between the Issuer and the relevant Dealer(s), subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Forms of Notes .... Notes may be issued in bearer form or in registered form. Bearer Notes will not be exchangeable for Registered Notes and Registered Notes will not be exchangeable for Bearer Notes. No single Series or Tranche may comprise both Bearer Notes and Registered Notes.

Bearer Notes

Each Tranche of Bearer Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Final Terms. Each Global Note will be deposited on or around the relevant issue date with a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes upon certification of non-U.S. beneficial ownership as required by U.S. Treasury Regulations. If the TEFRA D Rules are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.

Registered Notes

Each Tranche of Registered Notes will be represented by either:

(i) Individual Note Certificates; or

(ii) one or more Unrestricted Global Certificates in the case of Registered Notes sold outside the United States in reliance on Regulation S and/or one or more Restricted Global Certificates in the case of Registered Notes sold to QIBs in reliance on Rule 144A,

in each case as specified in the relevant Final Terms.

Unrestricted Notes in registered form will initially be represented by an Unrestricted Global Certificate, without interest coupons, which may be deposited on the issue date either (i) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, Luxembourg, with the Common Depositary, (ii) with a custodian for, and registered in the name of Cede & Co. as nominee for, DTC, or (iii) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear, Clearstream, Luxembourg or DTC or delivered outside a clearing system, as agreed between the Issuer and the relevant Dealer(s).

Restricted Notes in registered form will initially be represented by a Restricted Global Certificate, without interest coupons, which may be deposited on the issue date either (i) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, Luxembourg, with the Common Depositary or (ii) with a custodian for, and registered in the name of Cede & Co. as nominee for, DTC.

See "*Forms of the Notes*".

Redemption .... Subject to any purchase and cancellation or early redemption, the Notes will be redeemed at par on such dates and in such manner, as may be specified in the relevant Final Terms.

Optional Redemption	Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Final Terms.
Interest..	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
Denominations	The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and as specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. The minimum denomination of each Note shall be €100,000 (or, if the Notes are denominated in a currency other than Euros, the equivalent amount in such currency as at the date of the issue of the Notes).
Negative Pledge......................................	The Notes will have the benefit of a negative pledge, as described in Condition 6 *(Negative Pledge).*
Cross Acceleration.................................	The Notes will have the benefit of a cross-acceleration, as described in Condition 14(iii) (*Cross-acceleration of the Issuer*).
Meetings of Noteholders........................	The Conditions contain a "collective action" clause, which permits defined majorities to bind all Noteholders, as described in Condition 18 (*Meeting of Noteholders; Written Resolutions*). If the Issuer issues future debt securities, which contain collective action clauses in substantially the same form as the collective action clause in the Conditions, Notes would be capable of aggregation for voting purposes with any such future debt securities, thereby allowing "cross-series" modifications to the terms and conditions of all affected series of Notes (even, in some circumstances, where majorities in certain Series did not vote in favour of the modifications being voted on). See "*Risk Factors—Risks relating to the Notes and the Market Generally—The Conditions contain a "collective action" clause under which the terms of any one Series of Notes or multiple Series of Notes may be amended, modified or waived without the consent of the holders of all Notes*".
Taxation...	According to the provisions of Law № 3 of 2021, payments of interest by the Republic in respect of any Notes duly issued under the Programme shall be exempt from all applicable taxes and fees throughout the term of the Notes.
Enforcement of Notes in Global Form.	In the case of Global Notes and Global Certificates, individual investors' rights against the Issuer will be governed by a deed of covenant dated 8 February 2018 (the "**Deed of Covenant**"), a copy of which is available for inspection at the specified office of the Fiscal Agent.
Ratings..	If rated, the rating of certain Series of Notes to be issued under the Programme will be specified in the relevant Final Terms. 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 agency. Whether or not each credit rating applied for in relation to the relevant Series of Notes will be issued by a credit rating agency established in the UK and registered under the UK CRA Regulation will be disclosed in the relevant Final Terms.

Selling Restrictions and Transfer Restrictions.. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in Egypt, the United States, the EEA, the United Kingdom, the Dubai International Financial Centre, Hong Kong, Japan, the Kingdom of Bahrain, the Kingdom of Saudi Arabia, Malaysia, Singapore, the State of Qatar (including the Qatar Financial Centre) and the United Arab Emirates (excluding the Dubai International Financial Centre) and such other restrictions as may be required in connection with the offering and sale of the Notes, see "*Subscription and Sale*".

There are restrictions on the transfer of Notes sold pursuant to Regulation S and Rule 144A. See "*Transfer Restrictions*" below.

In the case of Bearer Notes, the relevant Final Terms will specify whether U.S. Treasury Regulations §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form as the rules in such regulations for purposes of Section 4701 of the Code) (the "**TEFRA C Rules**") or U.S. Treasury Regulations §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form as the rules in such regulations for purposes of Section 4701 of the Code) (the "**TEFRA D Rules**") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than one year and do not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), that TEFRA is not applicable.

Governing Law .... English law.

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 acknowledges that it has irrevocably agreed in the Agency Agreement, the Deed of Covenant and the Notes for the benefit of holders of the 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 Agency Agreement, the Deed of Covenant, the Dealer Agreement (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 defense 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 private property and assets of the CBE.

RISK FACTORS

Any purchase of Notes involves risks and is suitable only for, and should be made only by, investors that are fully familiar with the Republic and that have such other knowledge and experience in financial and business matters as may enable them to evaluate the risks and the merits of an investment in the Notes. Prior to making an investment decision, prospective investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information set forth herein and, in particular, the risk factors set forth below. Prospective purchasers of Notes should make such enquiries as they think appropriate regarding the Notes and the Republic without relying on the Republic or the Dealers.

Risk Factors Relating to Egypt

COVID-19 Pandemic

Since the beginning of 2020, the ongoing Coronavirus disease 2019 ("**COVID-19**") outbreak has escalated into a global pandemic resulting in the implementation of stringent travel and transport restrictions, quarantines and extended shutdowns of certain businesses globally, including in Egypt, in an attempt to contain the continued spread of the virus. Since the outset of the COVID-19 pandemic, the Government has introduced a number of policies aimed at responding to the spread of the virus, as well as financial measures aimed at mitigating the potential economic impact of the pandemic. The Government is currently pursuing a national vaccination programme and has announced a target for 40% of the population to have received at least one dose of a COVID-19 vaccine by 31 December 2021, although there can be no assurance that this target will be reached. As of 8 September 2021, a total of 10,418,988 vaccine doses had been administered. For further details on the Government's response, see "*Response to COVID-19*". These policies include restrictions on travel, public transport and public gatherings, prolonged workplace closures and other constraints on commercial activities. As at the date of this Base Offering Circular, it remains uncertain if such measures will be effective or what the financial impact of such measures will be. The pandemic has significantly negatively impacted and is likely to continue to impact all sectors of the Republic's economy, and there can be no assurance as to when, or if, the various sectors of Egypt's economy will return to pre-pandemic levels of activity. In addition, no prediction can be made as to the scope or the scale of systemic changes to the Republic's economy that will result from the pandemic. The GDP growth rate was 3.6% in 2019/20, as compared to 5.6% in 2018/19. According to preliminary figures published by the CBE, GDP growth in 2020/21 was 3.3%, in excess of the 2.8% estimated growth rate. These decreases in GDP growth are primarily due to the COVID-19 pandemic and its accompanying restrictions.

The Government has discussed with, and received funding for COVID-19 pandemic related measures from, multilateral agencies, including the IMF and the World Bank. On 11 May 2020, the Executive Board of the IMF approved Egypt's request for emergency financial assistance of SDR 2,073.1 million (approximately U.S.$2.8 billion) to meet balance of payment needs stemming from the outbreak of the COVID-19 pandemic under the IMF's Rapid Financial Instrument (the "**RFI**"). In addition, on 26 June 2020, the Executive Board of the IMF approved Egypt's request for a U.S.$5.2 billion 12-month Stand-by Arrangement (the "**SBA**"), which, *inter alia*, aims to alleviate the economic impact of the COVID-19 pandemic. An initial disbursement of SDR 1,158.0 million (approximately U.S.$1.67 billion) was made in June 2020. The first review of the SBA was completed on 18 December 2020, which permitted the Government to draw the equivalent of SDR 1,158.0 million (approximately U.S.$1.67 billion). The second and final review of the SBA was completed on 24 May 2021, which permitted the disbursement of a third tranche in the amount of SDR 1,158.0 million (approximately U.S.$1.67 billion), bringing total disbursements under the SBA to SDR 3,763.6 million (approximately U.S.$5.4 billion). In addition, in May 2020, the World Bank provided U.S.$50 million for Egypt as an emergency response under the World Bank Group's new Fast Track COVID-19 Facility. Disbursements under the SBA with the IMF are phased throughout the programme and are subject to completion of two reviews (the first of which has been completed). If Egypt is unable to satisfy the conditions for disbursement in order to allow it to receive further funding under 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.

Global trade and economic conditions in other countries, including the impact of the COVID-19 pandemic, have also been adversely affected to a significant extent and they are likely to have an adverse impact on Egypt (for example, through lower trade and a reduction in financial support).

The pandemic has also produced an increase in unemployment, the scale of which remains unclear, although unemployment increased from 7.7% as of 31 March 2020, to 9.6% as of 30 June 2020, at the height of the lockdown, before decreasing to 7.3% as of 30 September 2020, according to estimates published by the IMF. According to data published by CAPMAS, the unemployment rate was 7.3% in the second quarter of 2021, as compared to 9.6% in the second quarter of 2020. Should the unemployment rate again increase beyond pre-pandemic levels, there may be social dislocation and unrest. In addition, it cannot be determined what impact the pandemic will have on inflation, indebtedness, GDP, domestic demand, private consumption, private investment, investor outflows, foreign reserve levels, foreign exchange rates and other macro-economic indicators, or the impact it will have on existing economic targets.

The global emergence and continuation of the COVID-19 pandemic, and the potential impact of further waves of infection, poses a new risk to the fiscal position of the Republic and has led to significant volatility in financial markets, lower oil prices, reduced global liquidity and trade, lower activity in tourism, hospitality and export-related industries such as automotive and aerospace, which are key sectors of the Republic's economy, and the expectation of lower economic growth both regionally and globally, which has, in turn, affected the Republic negatively and is likely to continue to do so. Given the uncertainty of the lasting effect of the COVID-19 pandemic and the Republic's measures to mitigate its effects, the financial impact on the Republic's economy cannot be determined, but the Government expects the impact to be material and adverse.

Political Risks

On 25 January 2011, concurrent with the events around the Arab World known as 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 considerable political uncertainty and instability during since the 2011 Revolution. 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**") was adopted, coming 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 elections in 2014 and 2018. Article 140 of the Constitution provided that Presidents serve a four-year term and could be re-elected once. Accordingly, this would have been President Al-Sisi's final term, expiring in March 2022.

On 3 February 2019, a motion was submitted to the speaker of Parliament proposing certain amendments to the Constitution, including extending the presidential term from four years to six years, changing the appointment process for various entities within the judiciary, as well as other amendments. On 14 February 2019, Parliament voted in favour of these amendments. On 16 April 2019, the Legislative Committee of the Parliament approved the amendments to the Constitution and adopted a transitional article, which applies exclusively to President Al-Sisi, permitting him to be elected for a further six-year term after his current term expires in 2024.

In January 2016, the House of Representatives held its first session, the first parliamentary session in more than three years. Parliamentary elections for the House of Representatives took place in October and November 2020. The first round of Senate elections was held in August 2020, with a second round held in September 2020. The next parliamentary elections are scheduled to take place in 2025.

In 2019, certain amendments were proposed to the Constitution, including making the Parliament a bicameral body. The Shura Council, which was abolished in 2014, was to be restored as the Senate, an advisory body without legislative powers. On 16 April 2019, the Parliament approved the proposed amendments, which were subsequently approved by referendum in April 2019.

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.

Inflation Risks

Annual headline urban inflation, as measured by the consumer price index ("**CPI**"), has been high in recent years, although it has been decelerating since 2017. It was 14.0% in 2016 and 29.8% in 2017 but decreased to 14.4% in 2018, to 9.4% in 2019 and to 5.6% in 2020. CPI was 4.7% in the nine months ended 31 March 2021, and 4.5% in 2020/21. Following the liberalisation of the Egyptian Pound in November 2016 and the fiscal consolidation measures implemented, annual headline inflation increased significantly, reaching 33.0% in July 2017 (with annual core inflation reaching 35.3% in July 2017) but declined to 7.1% in December 2019, and to 5.4% in each of December 2020 and July 2021.

The Egyptian economy is subject to a continued risk of high or increasing inflation due to the effects of the VAT law (implemented in September 2016), 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 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, the MPC has progressively reduced the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate. As at the date of this Base Offering Circular, the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate were 8.25%, 9.25%, 8.75% and 8.75%, respectively.

There can be no assurance, however, that measures taken by the CBE and the Government will be successful in meeting the CBE's 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.

Terrorism Risk

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 during 2020 and 2021. 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 attacks resulting in fatalities have continued. Between 2018 and 2020, it is estimated that 67 Egyptian security forces personnel and 840 so-called "Islamic State" militants were killed in the Sinai region. On 21 July 2020, the so-called "Islamic State" captured five villages in Sinai, which were retaken by Egyptian security forces in August 2020. In 2021, further clashes between so-called "Islamic State" militants and Egyptian security forces have occurred resulting in injuries and deaths on both sides. For example, in August 2021, it was announced that Egyptian forces had killed 89 so-called "Islamic State" militant in North Sinai.

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.

Regional and International Considerations

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 conflicts in Syria and Libya have been the subject of significant international attention and intervention, including by the Russian, Turkish and other national militaries, and the impact, or any resolution, of such conflicts are difficult to predict. Any further escalation of these conflicts, additional international military intervention in Syria or elsewhere in the region, or a more aggressive stance by parties to such conflicts, could further destabilise the region. The instability caused by ongoing conflict in the broader region has been exacerbated by terrorist attacks by the so-called "Islamic State" and other armed entities 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.

In 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. Although in January 2021, Saudi Arabia, the UAE, Bahrain and Egypt reached an agreement with Qatar to resolve the dispute between the countries, and, on 18 January 2021, EgyptAir, the Government-owned airline, reopened its flight paths to Qatar), 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.

In August 2020, the UAE and Israel reached a deal to normalise relations, under which Israel has agreed to suspend its plans to annex parts of the West Bank. On 15 September 2020, the UAE and Israel entered into a Treaty of Peace, Diplomatic Relations and Full Normalisation. On the same date, Bahrain also entered into a similar agreement with Israel, and in January 2021, Bahrain's Electricity and Water Authority entered into preliminary discussions with Israel's national water company as to supplying Bahrain with water purification systems. Egypt was the first country to enter into an agreement of this nature with Israel, in 1979, followed by Jordan in 1994. Although the agreements serve to reduce tensions in the region between Israel and its neighbouring countries and was publicly welcomed by Egypt's President Abdul Fattah al-Sisi, it is possible that it could lead to a heightening of tensions in the MENA region between those countries who have welcomed the deal and those who disapprove of it, notably Palestine and Iran, whose leaders have publicly criticised the deal and, the former of which recalled the Palestinian ambassador to the UAE. In September 2021, Israel's Prime Minister Naftali Bennett travelled to Egypt for the first official visit by an Israeli prime minister in over a decade.

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 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.

Economic risk

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.$9.9 billion in 2019/20, as compared to U.S.$12.6 billion in 2018/19, U.S.$9.8 billion in 2017/18, U.S.$4.4 billion in 2016/17 and U.S.$3.8 billion in 2015/16. The general decrease in tourism income during the period 2015/16 – 2016/17 reflected the impact of terrorist attacks and security concerns in Egypt. In 2019/20 and 2020/21, the Republic's tourism sector suffered materially from the COVID-19 pandemic.

The current account deficit decreased from U.S.$19.8 billion in 2015/16 to U.S.$14.4 billion in 2016/17, and to U.S.$6.0 billion in 2017/18, before increasing to U.S.$10.9 billion in 2018/19 and to U.S.$11.2 billion in 2019/20, which was primarily due to the decrease in tourism revenues in 2019/20, in turn, as a result of the impact of the COVID-19 pandemic on the tourism industry in Egypt. The increase in the current account deficit in 2018/19 was primarily due to an increase in the investment income deficit and a decrease in net transfers, as well as the increase in the trade deficit. In recent years, decreases in net transfers (principally grants from GCC countries) (notwithstanding the increase in net current transfers in 2017/18), 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. While workers' remittances from abroad increased during 2019/20, which helped to alleviate the impact of the COVID-19 pandemic on the Republic's current account, there can be no assurance that levels of remittances will increase or remain at current levels. Any decrease in workers' remittances could have a material adverse effect on the Republic's current account.

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.

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 were U.S.$38.2 billion as at 30 June 2020, as compared to U.S.$44.5 billion as at 30 June 2019 and U.S.$44.3 billion as at 30 June 2018.

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 with the CBE increased by U.S.$222 million, or 0.5%, to U.S.$44.5 billion as at 30 June 2019. Net international reserves with the CBE decreased by U.S.$6.3 billion, or 14.2%, to U.S.$38.2 as at 30 June 2020, which was equivalent to 7.3 months of merchandise imports. Net international reserves with the CBE increased to U.S.$40.6 billion as at 30 June 2021, equivalent to 7.1 months of merchandise imports. There can be no assurance however, that net international reserves will increase or be maintained at such levels.

In 2020/21, the Government announced the launch of the second phase of its economic reform programme, known as the National Structural Reform Programme (the "**NSRP**"). The NSRP aims to achieve comprehensive, balanced, and sustainable growth, as well as achieving flexibility, productivity and competitiveness while enhancing job opportunities, reducing the trade deficit, and bridging the financing gap. As part of the NSRP, the Government is targeting an economic growth rate of 6-7% in the next three years (with an economic growth rate of 5.4% targeted in the 2021/22 budget), a primary surplus of 1.5% in 2021/22 and a decrease in the budget deficit to 5.5% by the end of 2023/24. The ability of the Government to meet the targets set out in the NSRP depends on the implementation of well-identified policy measures to achieve the stated objectives. In December 2020, the CBE announced a new annual headline inflation target of 7% (±2 percentage points) on average during the fourth quarter of 2022. A number of the targets in the Government's previous programme, including the inflation and fiscal deficit targets were revised in response to the COVID-19 pandemic. There can be no assurance that the Government's targets in the NSRP or other policies will not need to be revised due to the COVID-19 pandemic or other factors. In addition, there can be no assurance that the Government's planned reforms will be fully implemented or that, if implemented, they will achieve the anticipated results or meet anticipated targets.

There can be no assurance that Egypt will be able to address adequately 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).

Egypt's deficit and debt levels

Egypt's fiscal deficits have led to increased levels of Government borrowing, which have, in turn, increased the public debt. Egypt's fiscal deficit remains high, representing 8.1% of GDP in 2018/19, 8.0% of GDP in 2019/20 and 7.4% of GDP in 2020/21 (based on preliminary estimates).

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 Notes issued under the Programme).

Over the past five fiscal years, public debt, as a percentage of GDP, has remained high. As at 31 March 2021, total budget sector debt represented 88.0% of GDP (according to preliminary estimates), as compared to 87.5% of GDP as at 30 June 2020, 90.2% of GDP as at 30 June 2019, 97.3% of GDP as at 30 June 2018, 108.0% of GDP as at 30 June 2017 and 102.8% of GDP as at 30 June 2016. The 2021/22 budget targets budget sector debt of approximately 89.5% of GDP.

Total external public debt has also increased since 2016, from 16.6% of GDP as at 30 June 2016, to 33.6% of GDP as at 30 June 2017, before decreasing to 37.0% of GDP as at 30 June 2018, to 36.0% of GDP as at 30 June 2019, to 34.1% of GDP as at 30 June 2020 and to 34.7% of GDP as at 31 March 2021.

Gross external Government debt has also increased from 7.3% of GDP as at 30 June 2016 to 14.8% of GDP as at 30 June 2017 (primarily due to the adoption of a flexible exchange rate regime on 3 November 2016), to 19.0% of GDP as at each of 30 June 2018 and 2019, to 19.2% of GDP as at 30 June 2020 and 19.4% of GDP as at 31 March 2021.

As at 31 March 2021, the Republic's projected medium- and long-term public external debt service was U.S.$20.6 billion for 2021 and U.S.$15.7 billion in 2022. 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, including the Notes.

The Government's ability to finance fiscal deficits and roll over its existing 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 which reduces foreign investor appetite for Egyptian government securities at current yields could force the CBE to issue new, higher coupon debt to continue to attract foreign investor inflows. Global macroeconomic turbulence, or a deterioration in investor perceptions of the creditworthiness of the Egyptian government and the broader health of the Egyptian economy could cause government security sell-offs, which could have an adverse effect on Egypt's foreign and local-currency sovereign credit ratings, the economy and public finances, as well as its ability to service debt in the future. Further, should foreign investor appetite for government securities issuances decrease sufficiently, it could erode the value of outstanding securities held by Egyptian banks, adversely affecting banks' balance sheets and the Egyptian banking system generally. In addition, as at 30 April 2021, 40.9%, or LE 1,818.3 billion, of outstanding domestic debt had a maturity of less than one year (as compared to 44.7%, or LE 1,781.8 billion as at 30 June 2020). This high proportion of short-term debt, as well as increased Government borrowing requirements, could expose the Republic to increased rollover risk with respect to its public debt.

Exchange Rate Risks

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. The CBE has acted within its mandate to maintain national financial and price stability in response to dislocations in financial markets, and any such responses in the future may involve interventions in currency markets, which could lead to fluctuation in foreign reserve levels. 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.

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 and, in 2018, the average U.S. Dollar to Egyptian Pound exchange rate (buy rate), as published by the CBE, was U.S.$1.00 = LE 17.77. In 2019, the average U.S. Dollar to Egyptian Pound exchange rate (buy rate), as published by the CBE, was U.S.$1.00 = LE 16.81. In 2020, the average U.S. Dollar to Egyptian Pound exchange rate (buy rate), as published by the CBE, was U.S.$1.00 = LE 15.76. On 21 September 2021, the official exchange rate (buy rate), as published by the CBE, was U.S.$1.00 = LE 15.6493. There can be no assurance that the currency will not depreciate further and exhibit a higher degree of volatility than it has 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 the Notes. 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 31 March, 62.4% of Egypt’s total external debt was denominated in U.S. Dollars and 12.9% was denominated in Euros (as compared to 62.8% and 12.9% respectively, as at 30 June 2020, 63.8% and 15.0%, respectively, as at 30 June 2019, 63.5% and 15.0%, respectively, as at 30 June 2018, and 69.8% and 12.6%, respectively, as at 30 June 2017). 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. 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

Egypt’s long-term foreign currency debt is currently assigned a rating of “B” with a stable outlook by S&P, a rating of B2 with a stable outlook by Moody’s and a rating of “B+” with a stable outlook by Fitch.

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 CAPMAS) and the CBE produce statistics relating to 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 Base Offering Circular 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 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 Base Offering Circular 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 179 countries, with a score of 33 (with 1 the most corrupt score and 100 being the least corrupt) in Transparency International's 2020 Corruption Perceptions Index. Egypt's ranking in the 2019 index was 106 out of 180 countries, with a score of 35.

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 2020 *Doing Business Survey*, Egypt ranked 114 out of 190 countries for ease of doing business. Egypt ranked 93 out of 141 countries in the World Economic Forum *Global Competitiveness Index 2019*.

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 25.4 billion, or 5.5% of total revenues and grants, in 2014/15, before significantly decreasing in recent years. In 2020/21, total grants were LE 675 million (or less than 0.1% of total revenues and grants) (according to preliminary estimates), as compared to LE 5.3 billion (or 0.5% of total revenues and grants) in 2019/20 and LE 2.6 billion (or 0.3% of total revenues and grants) in 2018/19 and LE 3.2 billion (or 0.4% of total revenues and grants) in 2017/18. The 2021/22 budget forecasts total grants of LE 1.5 billion (or 0.1% of budgeted total revenues and grants).

The largest foreign grants have typically come from GCC countries. 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. Although foreign grants increased in 2016/17, foreign grants decreased in 2017/18 and in 2018/19, before increasing in 2019/20 and then decreasing again in 2020/21. 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 7.3% in the second quarter of 2021, as compared to 9.6% in the second quarter of 2020, and 7.9% in each of 2020 and 2019.

The ongoing impact of the COVID-19 pandemic on the Egyptian economy has adversely affected unemployment in Egypt in 2020 and to date in 2021. In the second quarter of 2021, the percentage of unemployed people aged 15 to 29 was 68.4%, according to data published by CAPMAS. In the past, the impact of terrorist attacks in Egypt has also negative impacted tourism receipts. Declines 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 has implemented, and is in the process of continuing to implement, as a condition for receiving funds from creditors, 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.

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 30.9% of exports and 28.6% of imports in 2019/20 (according to preliminary data), as compared to 35.7% of exports and 26.6% of imports in 2018/19. FDI inflows from the EU were U.S.$9.2 billion for 2019/20 (including the United Kingdom), representing approximately 58% of total FDI inflows (according to preliminary data), as compared to U.S.$10.0 billion for 2018/19, representing approximately 60.7% of total FDI inflows, and as compared to U.S.$7.9 billion for 2017/18, representing approximately 60.4% 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, in March 2021, transport through the Suez Canal was disrupted when a ship became lodged sideways across the waterway, resulting in the temporary closure of the canal and significantly delaying shipping. Further such disruptions could lead to long-term declines in Suez Canal traffic should alternative shipping routes become more reliable or otherwise more attractive. 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. In particular, the COVID-19 pandemic is continuing to have a material adverse effect on economies around the world, and this, in turn, is continuing to have a material adverse effect on Egypt. For further details of the effect of the COVID-19 pandemic on Egypt, see "*Response to COVID-19*". Should macroeconomic conditions continue to 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, an investment law was passed (Law № 72 of 2017) (the "**Investment Law**"), which provides for different dispute resolution mechanisms for disputes arising either among investors on the one hand or between investors and the government on the other as the case may be. Among these dispute mechanisms is the formation of two ministerial committees: one for the resolution of investment disputes and the other for the settlement of investment contract disputes. The 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. On 9 December 2020, Prime Minister decree № 2592 of 2020 was issued, which established the Supreme Commission for Arbitration and International Disputes to study and provide opinions in international arbitration disputes.

There are a number of ongoing investment treaty arbitrations and arbitral awards issued against Egypt and companies ultimately owned by the State. 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.

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 due to the potential impact on Nile River flows. Following a series of delays, in January 2021, Government officials from Ethiopia, Egypt and Sudan re-opened negotiations surrounding the construction of the GERD. In March 2021, a request was made by Sudan for mediation by the UN in respect of the dispute. In June 2021, it was reported that African Union mediated talks aimed at negotiating an agreement between Ethiopia, Egypt and Sudan had stalled. In July 2021, the UN Security Council backed the African Union's mediation efforts, noting it was the most appropriate venue to address the dispute. There can be no assurance, however, that such negotiations will be continued and, if continued, successful.

Egypt, Sudan and Ethiopia have agreed on a schedule that includes a plan for filling GERD in stages, and on mechanisms for dealing with droughts, prolonged droughts, and years of water scarcity during the process of filling the dam, and during the dam operation. 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. The proposed amendments to the Constitution include a limitation on the role of the State Council in reviewing legislation, whereby it would not be obligatory to obtain the review and approval of the State Council on draft laws to be promulgated. 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.

Risk Factors Related to the Structure of a Particular Issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain risks related to the most common such features:

Notes subject to optional redemption by the Issuer

The Issuer may issue Notes which entitle the Issuer to redeem such Notes prior to their maturity date at its option and at a price which may be less than the then current market price of those Notes. An optional redemption feature of the Notes is likely to limit their market value. During any period when the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

The Issuer may be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments that may be available at that time.

Fixed and Floating Rate Notes

Fixed/floating rate notes ("**Fixed Rate Notes**" and "**Floating Rate Notes**", respectively) may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes, since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Risk Factors Relating to the Notes and the Market Generally

Set out below is a brief description of certain risks relating to the Notes and market risks generally.

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

The Conditions 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. The relevant provisions also permit, in relation to Reserved Matters (as defined in the Conditions), multiple Series of Notes to be aggregated for voting purposes (provided that each such Series also contains the same or similar collective action clauses in the relevant Conditions).

The Issuer expects that all Series of Notes issued under the Programme will include such collective action clauses, thereby giving the Issuer the ability to request modifications or actions in respect of Reserved Matters across multiple Series of Notes. This means that a defined majority of the holders of such Series of Notes (when taken in the aggregate only, in some circumstances, and/or individually) would be able to bind all holders of Notes in all the relevant aggregated Series.

Any modification or actions relating to Reserved Matters, including in respect of payments and other important terms, may be made to a single Series of Notes with the consent of the holders of 75% of the aggregate nominal amount outstanding of such Notes, and to multiple Series of Notes with the consent of both (i) the holders of 66⅔% of the aggregate nominal amount outstanding of all Series of Notes being aggregated and (ii) the holders of 50% in aggregate nominal amount outstanding of each Series of Notes being aggregated. In addition, under certain circumstances, including the satisfaction of the Uniformly Applicable Condition in the Conditions, any such modification or action relating to Reserved Matters may be made to multiple Series of Notes with the consent of 75% of the aggregate nominal amount outstanding of all Series of Notes being aggregated only, without requiring a particular percentage of the holders in any individual affected Series of Notes 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 Series of Notes only and, for the avoidance of doubt, the provisions may be used for different groups of two or more Series of Notes 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 terms and conditions of a Series of Notes may be amended, modified or waived in circumstances whereby the Noteholders voting in favour of an amendment, modification or waiver may be Noteholders of a different Series of Notes and as such, less than 75% of the Noteholders of the relevant Series (such as the Notes) would have voted in favour of such amendment, modification or waiver. In addition, there is a risk that the provisions allowing for aggregation across multiple Series of Notes may make the Notes less attractive to purchasers in the secondary market on the occurrence of an Event of Default (as defined in the Conditions) or in a distress situation. Further, any such amendment, modification or waiver in relation to any Notes may adversely affect their trading price.

The foregoing also applies in respect of any debt securities issued or that may be issued outside of the Programme that contain such collective action clauses.

In the future, the Issuer may issue debt securities that contain collective action clauses in the same form as the collective action clauses in the Conditions. If this occurs, then this could mean that any Series of Notes issued under the Programme would be capable of aggregation with any such future debt securities.

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 Conditions 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.

The Issuer is not required to effect equal or rateable payment(s) with respect to its other debt obligations pursuant to the Conditions, 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. However, the Issuer will have no obligation to effect equal or rateable payment(s) at any time with respect to any other unsubordinated and unsecured obligations of the Republic and, in particular, will have no obligation to pay other unsubordinated and unsecured obligations of the Republic at the same time or as a condition of paying sums due on the Notes and vice versa. Accordingly, the Issuer may choose to grant preferential treatment to, and therefore prioritise payment obligations to, other unsecured and unsubordinated creditors of the Republic as payments fall due.

European Monetary Union

If Notes are issued under the Programme which are denominated in the currency of a country which, at the time of issue, is not a member of the European Monetary Union that has adopted the Euro as its sole currency and, before the relevant Notes are redeemed, the Euro becomes the sole currency of that country, a number of consequences may follow including, but not limited to, any or all of the following: (i) all amounts payable in respect of the relevant Notes may become payable in Euros; (ii) applicable law may allow or require such Notes to be re-denominated into Euros and additional measures to be taken in respect of such Notes; and (iii) there may no longer be available published or displayed rates for deposits in such currency used to determine the rates of interest on such Notes. In addition, it is not possible to determine the consequences on Notes denominated in Euros if one or more countries abandon the Euro and adopt a successor currency. Any of these or any other consequences could adversely affect the holders of the Notes.

Change of law

The Conditions are governed by English law in effect as at the date of this Base Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Offering Circular nor whether any such change could adversely affect the ability of the Issuer to make payments under the Notes.

Notes where denominations involve integral multiples: Definitive Notes

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination (as defined in the Conditions) plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination.

In such a case a holder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination would need to purchase an additional amount of Notes such that it holds an amount equal to at least the minimum Specified Denomination to be able to trade such Notes. Noteholders should be aware that a holding of Notes that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

If a Noteholder holds an amount which is less than the minimum Specified Denomination in its account with the relevant clearing system at the relevant time, such Noteholder may not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to at least a Specified Denomination in order to be eligible to receive a Definitive Note.

If Definitive Notes are issued, holders should be aware that Definitive Notes which have a principal amount that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

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 Agency Agreement (as defined in the Conditions) and the Deed of Covenant (as defined in the Conditions) 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. The Republic's waiver of sovereign immunity constitutes a limited and specific waiver for the purposes of the Agency Agreement, the Deed of Covenant, the Dealer Agreement (each as defined herein) 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.

Reliance on DTC, Euroclear and Clearstream, Luxembourg procedures

Notes issued under the Programme will be represented on issue by one or more Global Notes or Global Certificates that may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg (the "**Common Depositary**") or may be deposited with a nominee for the DTC. Except in the circumstances described in each Global Note and/or Global Certificate, investors will not be entitled to receive Notes in definitive form. Each of DTC, Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note or Global Certificate held through it. While the Notes are represented by a Global Note or Global Certificate, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Notes or Global Certificates, the Republic will discharge its payment obligation under the Notes by making payments through the relevant clearing systems via the Paying Agent. A holder of a beneficial interest in a Global Note or Global Certificate must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Republic has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note or Global Certificate.

Holders of beneficial interests in a Global Note or Global Certificate will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Transferability of the Notes may be limited under applicable securities laws

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state of the United States or any other jurisdiction of the United States. Notes in registered form issued under the Programme may not be offered, sold or otherwise transferred in the United States, other than to persons that are QIBs. Notes in bearer form may not be offered, sold, delivered or otherwise transferred in the United States, or to, or for the account or benefit of a U.S person. Each purchaser of Notes will be deemed, by its acceptance of such Notes, to have made certain representations and agreements intended by the Issuer to restrict transfers of Notes as described under "*Subscription and Sale*" and "*Transfer Restrictions*". It is the obligation of each purchaser of Notes to ensure that its offers and sales of Notes comply with all applicable securities laws.

The Notes may not be suitable as an investment for all investors

Prospective investors must determine the suitability of an investment in the Notes in each Series in the light of their own circumstances. In particular, prospective investors should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes in each Series and the merits and risks of investing in such Notes;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of such investor's particular financial situation, an investment in the Notes in each Series and the impact that such Notes will have on such investor's 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 such investor's currency;
- understand thoroughly the terms of the Notes in each Series and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for currency, economic, interest rate and other factors (including an analysis of the impact of the global financial crisis) that may affect such investor's investment and ability to bear the applicable risks.

There is no established trading market for these securities and one may not develop

Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be very liquid. In addition, if the Notes are traded after their initial issuance they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, global economic conditions and the financial condition of the Republic. 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 have a developed secondary market. This is particularly the case for the Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of the Notes.

Risks related to Notes which are linked to "benchmarks"

EURIBOR and other interest rates or other types of rates and indices, which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory reform. Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted. The BMR was published in the Official Journal of the EU on 29 June 2016 and came into force on 1 January 2018. The BMR applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). The BMR could have a material impact on any Notes referencing a benchmark, in particular if the methodology or other terms of the relevant benchmark are changed in order to comply with the requirements of the BMR. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark. The elimination of any benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Notes linked to such benchmark. Any such consequence could have a material adverse effect on the value of and return on any such Notes.

Notwithstanding that the Conditions allow for the issue of Notes linked to LIBOR, the Issuer does not intend to issue any such Notes under the Programme.

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

The Issuer will pay principal and interest on the Notes in the Specified Currency. 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 the Specified Currency.

These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency 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 the Specified Currency 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 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.

Fluctuations in interest rates may adversely affect the value of Fixed Rate Notes

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

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).

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of the rating agency rating the Notes changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Offering Circular.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, 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.

PRESENTATION OF INFORMATION

Annual information presented in this Base Offering Circular 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 Base Offering Circular 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*, CAPMAS, as well as the CBE. Certain statistical information has also been derived from information publicly made available by 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—Risk Factors Relating to Egypt—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 Base Offering Circular for all or part of the fiscal years 2018/19, 2019/20 and 2020/21 and subsequent periods are preliminary and subject to further adjustment or revision. While 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 Base Offering Circular 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 Base Offering Circular 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 Base Offering Circular.

Data Dissemination

The Republic is a subscriber to the IMF's 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 Base Offering Circular:

- 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 Base Offering Circular, 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 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 and expenditure survey conducted by CAPMAS.

Currencies and Exchange Rates

All references in this Base Offering Circular 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 Euros, 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 21 September 2021, the official exchange rate (buy rate), as published by the CBE, was U.S.$1.00 = LE 15.6493. See "*Monetary System—Foreign Exchange*".

FORWARD-LOOKING STATEMENTS

This Base Offering Circular 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 Base Offering Circular identifies important factors that could cause such differences, including, but not limited to:

- adverse external factors, such as the continued impact of the COVID-19 pandemic on national, regional and global economies, 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) the Government’s response to, and the impact on the Government’s finances from, the COVID-19 pandemic; (ii) continuing or increased political and socio-economic unrest; (iii) declines in FDI, taxation receipts or GDP growth; (iv) increases in domestic inflation, unemployment, Government expenditures (including subsidies) or the current account deficit; (v) high domestic interest rates and exchange rate volatility; and (vi) 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—Risk Factors Relating to the Notes and the Market Generally—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 Agency Agreement, the Deed of Covenant, the Dealer Agreement (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.

The Egyptian Parliament has recently amended the powers of the Supreme Constitutional Court in Egypt ("**SCC**") stipulated in the Law No. 48 of 1979 ("**SCC Law**"). Law 137 of 2021 was promulgated on 15 August 2021 adding Articles 27 BIS and 33 BIS to the SCC Law. The approved amendments grant the SCC the right to review the constitutionality of the decisions of international associations and organisations and foreign court rulings that are to be enforced against the Egyptian state. By virtue of such amendments, the Prime Minister has the authority to request the SCC not to consider the decisions issued by international associations or organisations as well as foreign court rulings against the state of Egypt.

OVERVIEW OF THE REPUBLIC

This overview must be read as an introduction to this Base Offering Circular, and any decision to invest in the Notes should be based on a consideration of this Base Offering Circular as a whole. This overview does not report to be complete and is qualified in its entirety by the more detailed information elsewhere in this Base Offering Circular. Prospective investors should also carefully consider the information set forth in the "Risk Factors" section of this Base Offering Circular prior to making any investment decision. Capitalised terms not otherwise defined in this overview have the same meanings as elsewhere in this Base Offering Circular.

Arab Republic of Egypt

Egypt is the most populous country in the Middle East and the third most populous country in Africa. Egypt is located in North Africa, bordering the Mediterranean Sea, the Red Sea, Libya, the Gaza Strip, Israel and Sudan. According to CAPMAS estimates, in June 2020, Egypt had a population of 101 million, reflecting an annual growth rate of 1.7% since January 2019.

Political Developments

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 Hosni 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 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. Mohammed Morsi, who took office on 30 June 2012.

Following the 2011 Revolution, a new constitution was approved by the House of Representatives on 30 November 2012 and by referendum on 26 December 2012 (the "**2012 Constitution**"). The 2012 Constitution replaced the previous constitution, which had been in force since 1971 (the "**1971 Constitution**"), and provided for three independent branches of government: the executive branch, headed by the President, a bicameral legislative branch, consisting of a lower house (the "**House of Representatives**") and an upper house (the "**Shoura Council**"), and the judicial branch, comprised of the Courts of Justice.

Following further demonstrations and protests in 2013, culminating in a revolution on 30 June 2013 calling for President Morsi's resignation, the Egyptian military removed President Morsi from office. Subsequently, Supreme Court Chief Justice Adly Mansour was appointed as interim President, and Mr. Hazem El-Bablawi was appointed Prime Minister of the interim Government. Prime Minister El-Bablawi resigned on 1 March 2014, and Mr. Ibrahim Mahlab was appointed to replace Mr. El-Bablawi.

In January 2014, the current Constitution was adopted by referendum. The Constitution came into force on 18 January 2014, with the abolition of the Shoura Council being one of its prominent changes to the political system. President Al-Sisi was sworn in on 8 June 2014. Further 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 97.1% of the valid votes cast. Historically, under Article 140 of the Constitution, the President served for a four-year term and could be re-elected once. Accordingly, this would have been President Al-Sisi's final term, expiring in March 2022.

On 3 February 2019, a motion was submitted to the speaker of Parliament proposing certain amendments to the Constitution, including extending the presidential term from four years to six years, changing the appointment process for various entities within the judiciary, as well as other amendments. On 14 February 2019, Parliament voted in favour of these amendments. On 16 April 2019, the Legislative Committee of the Parliament approved the amendments to the Constitution and adopted a transitional article, which applies exclusively to President Al-Sisi, permitting him to be elected for a further six-year term after his current term expires in 2024.

See "*The Arab Republic of Egypt—Constitutional System—Executive Branch—The President of the Republic*".

In 2019, certain amendments were proposed to the Constitution, including making the Parliament a bicameral body. The Shura Council, which was abolished in 2014, was to be restored as the Senate, an advisory body without legislative powers. On 16 April 2019, the Parliament approved the proposed amendments, which were subsequently approved by referendum in April 2019.

The most recent parliamentary elections for the House of Representatives took place in October and November 2020. The first round of Senate elections was held in August 2020, with a second round held in September 2020. Of the 592 members of the House of Representatives, 118 are independent members unaffiliated with any political party, and 474 are affiliated with various political parties (with the Nation's Future Party holding the highest number of seats (317)). A further 28 members are appointed by the President, and there are 163 female members of the House of Representatives, representing approximately 26% of the members. According to statistics announced by the House of Representatives, turnout for the first and second stages of the elections was 29%. The next parliamentary elections are scheduled to take place in 2025.

The Egyptian 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, increasing to 5.3% in 2017/18, to 5.6% in 2018/19 and to 3.6% in 2019/20. The decrease in GDP in 2019/20 was primarily due to the impact of the COVID-19 pandemic on output in the real sector. According to preliminary figures published by the CBE, GDP growth in 2020/21 was 3.3%, in excess of the 2.8% estimated growth rate. The decrease in GDP in the nine months ended 31 March 2021 was primarily due to the impact of the COVID-19 pandemic and accompanying restrictions. This slowdown in economic growth is primarily due to the sectoral impact of COVID-19, in particular to the manufacturing and tourism sectors. 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 projected Egypt's real GDP growth at 2.8% for 2021. See "*The Economy—Gross Domestic Product*".

CPI has been high in recent years. It was 14.0% in 2016 and 29.8% in 2017 but decreased to 14.4% in 2018, to 9.4% in 2019 and to 5.6% in 2020. CPI was 4.7% in the nine months ended 31 March 2021, and 4.5% in 2020/21. Following the liberalisation of the Egyptian Pound in November 2016 and the fiscal consolidation measures implemented, annual headline inflation increased significantly, reaching 33.0% in July 2017 (with annual core inflation reaching 35.3% in July 2017) but declined to 7.1% in December 2019 and to 5.4% in December 2020. See "*Risk Factors—Risk Factors Relating to Egypt—Inflation Risks*". Net international reserves ("**NIR**") with the CBE were U.S.$40.6 billion as at 30 June 2021, as compared to U.S.$38.2 billion as at 30 June 2020. NIR covered approximately 7.1 months of merchandise imports as at 30 June 2021. NIR increased to U.S.$40.1 billion as at 31 December 2020, equivalent to 8.1 months of merchandise imports.

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 21 September 2021, the official exchange rate (buy rate), as published by the CBE, was U.S.$1.00 = LE 15.6493.

See "*Risk Factors—Risk Factors Relating to Egypt—Exchange Rate Risks*".

Net FDI inflows decreased from U.S.$7.9 billion in 2016/17 (3.4% of GDP) to U.S.$7.7 billion in 2017/18 (3.1% of GDP), increasing to U.S.$8.2 billion in 2018/19 (2.7% of GDP) and decreasing to U.S.$7.5 billion in 2019/20 (2.1% of GDP). The decrease in net FDI inflows in 2019/20, as compared to 2018/19, was primarily due to reduced foreign direct investment as a result of the impact of the COVID-19 pandemic. Net FDI inflows decreased by 19.3% to U.S.$4.8 billion in the nine months ended 31 March 2021 (compared to U.S.$5.9 billion in the nine months ended 31 March 2020). See "*External Sector—Foreign Direct Investment*".

Economic, Fiscal and Monetary Reforms

Following completion of the 2016 government programme, the Government has launched its next phase of reforms, the NSRP. The NSRP aims to achieve comprehensive, balanced, and sustainable growth, as well as achieving flexibility, productivity and competitiveness while enhancing job opportunities and creating decent job opportunities, reducing the trade deficit, and bridging the financing gap. As part of the NSRP, the Government is targeting an economic growth rate of 6-7% in the next three years, a primary surplus of 1.5% in 2021/22 and a decrease in the budget deficit to 5.5% by the end of 2023/24. In the 2021/22 budget, the Government is targeting a primary surplus of 1.5% of GDP and economic growth of 5.4%.

On 11 May 2020, the Executive Board of the IMF approved Egypt's request for emergency financial assistance of SDR 2,073.1 million (approximately U.S.$2.8 billion) under the IMF's RFI to meet balance of payment needs stemming from the outbreak of the COVID-19 pandemic. On 26 June 2020, the Executive Board of the IMF approved Egypt's request for a U.S.$5.2 billion 12-month SBA, which, *inter alia*, also aims to alleviate the economic impact of the COVID-19 pandemic. An initial disbursement of SDR 1,158.0 million (approximately U.S.$1.67 billion) was made in June 2020. The first review of the SBA was completed on 18 December 2020, which permitted the Government to draw the equivalent of SDR 1,158.0 million (approximately U.S.$1.67 billion). The second and final review of the SBA was completed on 24 May 2021, which permitted the disbursement of a third tranche in the amount of SDR 1,158.0 million (approximately U.S.$1.67 billion), bringing total disbursements under the SBA to SDR 3,763.6 million (approximately U.S.$5.4 billion).

Key Government reforms implemented in recent years include, *inter alia*: (i) the transition to a flexible exchange rate through the liberalisation of the Egyptian Pound and subsequent reduction of the parallel foreign exchange market in November 2016 (see "*Monetary System*"); (ii) the introduction in 2017 of an investment law and industrial licensing law (see "*External Sector—Foreign Direct Investment—Investment Projects and Initiatives*"); (iii) 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*"); (iv) passing the New Civil Service Law (as defined below), which aims to contain the Government's wage bill and introduce a performance-based salary structure (see "*The Economy—Employment and Labour—Labour Law*"); (v) amending the competition law and the labour law to encourage investment and FDI; (vi) passing a value added tax ("**VAT**") law, which introduced VAT at a rate of 13% for 2016/17 and 14% since 2017/18, subject to certain customary exemptions; and (vii) implementing fuel subsidy reforms to increase efficiency and reduce subsidy-related expenditures. See "*The Economy—Government Programme, Recent Developments and Reforms*".

The following table sets forth selected economic information relating to Egypt as at the dates and for the periods indicated.

Selected Economic Information[1][2]

	2015/16	2016/17	2017/18	2018/19	2019/20[3]	July- March 2019/20[3]	July- March 2020/21[3]
Domestic Economy							
Nominal GDP (*LE billions*)	2,709	3,470	4,437	5,322	5,820	4,529	4,834
Real GDP (*LE billions*)[4]	1,918	1,998	3,654	3,858	3,995	3,005	3,062
Real GDP Growth Rate (*%*)[5][6]	4.3	4.2	5.3	5.6	3.6	5.4	1.9
Consumer Price Index (%)[7]	14.0	29.8	14.4	9.4	5.6	—	4.7
Balance of Payments							
Exports of Goods (*FOB*) (*in U.S.$ millions*)	18,705	21,728	25,827	28,495	26,376	20,954	20,574
Imports of Goods (*CIF*) (*in U.S.$ millions*)	(57,388)	(59,003)	(63,103)	(66,529)	(62,841)	(49,012)	(51,148)
Current Account Balance (*in U.S.$ millions*)	(19,831)	(14,394)	(5,962)	(10,892)	(11,167)	(7,339)	(13,302)
Overall Balance (*in U.S.$ millions*)	(2,813)	13,717	12,788	(103)	(8,587)	(5,114)	1,796
Net International Reserves (*in U.S.$ millions*)	17,546	31,305	44,259	44,481	38,176	—	40,609[8]
Months of Import Coverage	3.7	6.4	8.4	8.0	7.3	—	7.1[8]
Public Finance (*LE millions*)							
Total Revenues	491,488	659,184	821,134	941,910	975,429	—	1,094,042[9]
Total Expenditure	817,844	1,031,941	1,244,408	1,369,870	1,434,723	—	1,563,790[9]
Overall Fiscal Balance	(339,495)	(379,590)	(432,579)	(429,951)	(462,775)	—	(472,315)[9]
Overall Deficit (*% of GDP*)	12.5	10.9	9.7	8.1	8.0	—	7.4
Primary Balance (*% of GDP*)	(3.5)	(1.8)	0.1	1.9	1.8	—	1.5
Gross External Debt/GDP (*%*)	16.6	33.6	37.0	36.0	34.1	—	34.7

Notes:

(1) The fiscal year in Egypt runs from 1 July to 30 June. See "*Presentation of Information*".
(2) The figures in this table have been revised and differ from previously published data.
(3) Preliminary data. GDP information for July- March 2019/20 and July-March 2020/21 is as reported by the CBE.
(4) 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 and 2018/19 is calculated using 2016/17 as the base year.
(5) Percentage change from previous year.
(6) The IMF has projected Egypt's real GDP growth at 2.8% for 2021.
(7) Annual rate of change. Data is presented for the calendar years ended 2016, 2017, 2018, 2019 and 2020 and for the nine months ended 31 March 2021, respectively.
(8) As at 31 July 2021.
(9) For the fiscal year 2020/21

DOCUMENTS INCORPORATED BY REFERENCE

This Base Offering Circular should be read and construed in conjunction with: (i) the section captioned "Terms and Conditions of the Notes" set out on pages 125 to 156 of the Base Prospectus dated 26 May 2015 (available at https://www.bourse.lu/issuer-cssf-approvals/Egypt/48617); (ii) the section captioned "Terms and Conditions of the Notes" set out on pages 136 to 167 of the Base Prospectus dated 12 January 2017 (available at https://www.bourse.lu/issuer-cssf-approvals/Egypt/48617); (iii) the section captioned "Terms and Conditions of the Notes" set out on pages 146 to 176 of the Base Prospectus dated 8 February 2018 (available at https://www.bourse.lu/issuer-cssf-approvals/Egypt/48617); (iv) the section captioned "Terms and Conditions of the Notes" set out on pages 154 to 185 of the Base Prospectus dated 18 February 2019 (available at https://www.bourse.lu/issuer-cssf-approvals/Egypt/48617); (v) the Prospectus Supplement dated 3 April 2019 (available at https://www.bourse.lu/issuer-cssf-approvals/Egypt/48617); (vi) the Prospectus Supplement dated 11 November 2019 (available at https://www.bourse.lu/issuer-cssf-approvals/Egypt/48617); and (vii) the section captioned "Terms and Conditions of the Notes" set out on pages 157 to 187 of the Base Prospectus dated 22 May 2020 (available at https://www.rns-pdf.londonstockexchange.com/rns/4289O_1-2020-5-29.pdf), each relating to the Programme. The pages of such documents shall be incorporated by reference in, and form part of, this Base Offering Circular, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Base Offering Circular to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Offering Circular.

Those parts of the documents incorporated by reference in this Base Offering Circular which are not specifically incorporated by reference in this Base Offering Circular are either not relevant for prospective investors in the Notes or the relevant information is included elsewhere in this Base Offering Circular. Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Offering Circular shall not form part of this Base Offering Circular.

Following the publication of this Base Offering Circular, a supplement may be prepared by the Issuer. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Offering Circular or in a document which is incorporated by reference in this Base Offering Circular. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Offering Circular.

The Issuer will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Base Offering Circular which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Offering Circular or publish a new Base Offering Circular for use in connection with any subsequent issue of Notes.

USE OF PROCEEDS

The Republic will use the net proceeds from the issue of each Tranche of Notes to finance a portion of its fiscal deficit for the relevant fiscal year or for any other purpose set out in the State Budget law in force on the relevant Issue Date.

RESPONSE TO COVID-19

In common with most other countries, the COVID-19 pandemic has had, and will continue to have, a significant effect on the Republic. As at 21 September 2021, the Republic reported 297,608 infections in the Republic, 250,692 recoveries and 16,992 deaths. Actual numbers of those who have contracted the virus may be even higher due to asymptomatic cases, as well as due to infections and deaths that remain undiscovered, and the exclusion of private test results from official figures. The Government has taken a number of measures in response to the COVID-19 pandemic. See also "*Risk Factors—Risk Factors Relating to Egypt—COVID-19 Pandemic*".

Government Policy Response

The Government has taken a number of measures in response to the COVID-19 virus.

On 21 April 2020, the House of Representatives voted to amend several articles of the State of Emergency Law № 162/1958, which granted the President greater powers during the COVID-19 outbreak and similar critical health situations. In the same session, the House of Representatives amended several laws relating to state budget (allocating funds to combat the COVID-19 outbreak), real estate tax exemptions, income tax exemptions, raising pensions, and offering incentives to SMEs.

Emergency Health Measures

In March and April 2020, the Government announced a nationwide nightly curfew from 7:00 pm to 6:00 am. This nationwide curfew has now been removed and replaced with industry-specific curfews. Shops, including grocery stores, are required to close at 10:00pm, while restaurants and cafes are required to close at midnight. The nightly curfew restricting the movement of individuals was ended on 27 June 2020.

On 13 May 2020, the Government announced a three-stage plan designed to manage the crisis. The first stage was to maintain strict lockdown measures until the number of new infections across the Republic falls for two consecutive weeks. The second stage, implemented on 14 June 2020, saw restrictions reduced for 28 days, with the third stage introducing more lenient measures, as of 27 June 2020, that will be maintained until further notice or until the World Health Organisation declares that the global risk has fallen to a low level.

Following an easing of certain restrictions in June 2020 pursuant to Decree № 1246 of 2020, with effect from 22 July 2020, restaurants, cafes and sports clubs were permitted to open but must operate at no more than 50% of their capacity, and cinemas at no more than 25% of capacity. Mosques are open for daily prayers, but remain closed for Friday prayers. Churches are permitted to hold masses every day except for Fridays. Since 27 June 2020, places of worship have been permitted to open but are required to restrict attendance and forms of religious worship so as to conform to the Government's recommendations for hygiene and social distancing.

Since 21 September 2020, funeral prayers and wedding ceremonies held in open-air venues have been allowed, with a maximum limit of 300 people. Guidance on risk mitigation measures remains in place, including social distancing and mask wearing.

In May 2021, the Government implemented certain measures to contain the spread of COVID-19, including early closing hours for shops until the end of the month. Public parks, specialised gardens and beaches have been open since 22 May 2021, on the condition that COVID-19 precautionary measures are complied with.

In July 2021, the Government eased guest limits for hotels, restaurants, cinemas and theatres to 70% of their capacity (from 50%).

The Government launched its COVID-19 immunisation programme on 24 January 2021 by administering doses to its healthcare workers, who will receive the vaccine for free, followed by those suffering from chronic diseases and the elderly. More than 35 medical centres are expected to be set up nationwide to administer the vaccine. In June 2021, the Prime Minister announced the intention for 40% of the population to have received at least one dose of a COVID-19 vaccine by 31 December 2021. As of 8 September 2021, a total of 10,418,988 vaccine doses had been administered.

Egypt received its first batch of 40 million vials of the Chinese Sinopharm vaccine in December 2020. In May 2021, Egypt received a second shipment of 1.8 million COVID-19 vaccines through the COVID-19 Vaccines Global Access ("**COVAX**") Facility, which aims to ensure fair and equitable access to COVID-19 vaccines, bringing the total AstraZeneca vaccines received through the COVAX Facility to 4.5 million. In August 2021, the Egyptian Drug Authority granted a locally produced COVID-19 vaccine, Sinovac/VACSERA, an emergency use license. In August 2021, Egypt received a third shipment of 1.8 million COVID-19 AstraZeneca vaccines through the COVAX Facility. As of

17 September 2021, there were six COVID-19 vaccines approved for use in Egypt and one COVID-19 vaccine in clinical trials in Egypt.

Transportation

On 27 August 2020, a Prime Ministerial Decree set out measures relating to the arrival of people into the Republic. Upon arrival, all foreign visitors must present a negative PCR test result taken no more than 72 hours before the date of arrival in Egypt (extended to 96 hours for passengers travelling from Japan, China, Thailand, North America, South America, Canada, London Heathrow, Paris and Frankfurt due to the long travel and transit period). Children under the age of six are exempt from the PCR test requirement. Alternatively, those arriving in the coastal governorates of South Sinai, Red Sea and Marsa Matrouh who cannot show evidence of a negative PCR test are able to take a test and then isolate while awaiting the results (with those who test positive required to isolate for 14 days in a specified area of their hotel).

Since 23 August 2020, public transportation in the Republic has been fully operational, though masks are required to be worn in public and fines may be issued to those who fail to comply with this. Commercial flights to the Republic are also operating.

Education

Schools and universities were closed on 15 March 2020, in line with the wider closures imposed by the Government and remain closed. On 9 August 2020, the Ministry of Education announced that schools and universities would reopen on 17 October 2020, although international schools were permitted to reopen earlier. Homeschooling continued to be acceptable following the opening of schools, so long as students attended exams.

Compulsory in-person education in schools is expected from the start of the school year in October 2021, with teachers and school staff required to have been vaccinated against COVID-19. University students are also expected to return to campuses in October 2021, with all university students and staff required to have been vaccinated against COVID-19.

Regulatory changes

In March 2020, in light of the Prime Minister's decision to temporarily suspend all events requiring large gatherings, a subsidiary of the Egyptian Stock Exchange (the "**EGX**") developed a web-based E-voting solution for online voting, enabling companies to conduct board and shareholder meetings remotely.

Financial Measures

Fiscal stimulus

Egypt announced a U.S.$6.1 billion (LE 100 billion) stimulus package and numerous tax relief initiatives. Of this package, LE 17.4 billion has been allocated to support the wages of public health staff (with a 75% allowance for wages), the purchase of medical and preventive supplies and equipment, and the purchase of meals and other additional ancillary costs. Other relief and stimulus measures include support for several sectors of the economy which are particularly impacted by COVID-19, including the tourism, health, manufacturing, industrial, agricultural, construction, export, aviation and entertainment sectors. These measures include: a LE 3.4 billion package to support the tourism industry; a loan of LE 2 billion to EgyptAir with a two year grace period; allocating LE 14 billion to pay contractors and suppliers working on Government investment programmes; the reduction of natural gas and electricity prices to industrial customers and certain other fuel price support (by means of unifying prices and reducing tariffs); the ability of companies located in free zones to temporarily sell their products on the domestic market; the facilitation of low-cost financing for the import of key commodities and repatriation assistance for Egyptians abroad; deploying approximately LE 3 billion to provide a cash subsidy of LE 500 per month for affected workers; a 14% raise for pensioners; and LE 20 billion (U.S.$1.3 billion) to support the EGX.

A number of significant COVID-19 response-related tax relief initiatives have been announced as well, including a deferment of corporation tax payments to June 2020 for affected businesses and a deferment of property tax payments for three months. In particular, a tax holiday until 31 December 2021 for capital gains taxes of Egyptian resident taxpayers in respect of securities sold across the EGX is in place and, pursuant to a proposed statute the enactment of which is pending, capital gains of non-Egyptian non-resident holders in respect of EGX-listed securities would be permanently exempt from capital gains tax. The withholding tax in respect of dividends of EGX-listed securities has been reduced from 10% to 5%. Stamp tax in respect of EGX transactions has also been reduced. The Egyptian Tax Authority has adopted a number of other measures to streamline procedures and ease administrative burdens and costs for taxpayers in connection with the response to COVID-19. These include extended filing dates, less burdensome access to online filing, deferred property taxes for certain industries, suspension of audits and suspension of administrative attachments for certain taxpayers with tax arrears.

CBE measures

In March 2020, the CBE deployed 11.8% of its net international reserves to partially cover foreign portfolio investment outflows through the CBE's foreign exchange repatriation mechanism and accommodate the Republic's domestic market foreign currency needs to import strategic goods, as well as for the repayment of external debt service obligations. The CBE has stated its preparedness to take all necessary measures to preserve the stability of the Egyptian economy under the exceptional current circumstances. See "*External Sector—General*" and "*Monetary System—Net International Reserves*".

In addition, the CBE has announced a number of procedures to support the economy as a result of the impact of COVID-19, including:

- ***Cutting interest rates:*** On 16 March 2020, the MPC reduced the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation, and the discount rate, by 300 basis points each to 9.25%, 10.25%, 9.75% and 9.75%, respectively. This cut in interest rates was a pre-emptive decision by the MPC to give support to domestic economic activity in light of the global and domestic developments arising as a result of the COVID-19 pandemic. On 24 September 2020, the CBE cut the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate to 8.75%, 9.75%, 9.25% and 9.25%, respectively. On 12 November 2020, the CBE cut the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate to 8.25%, 9.25%, 8.75% and 8.75%, respectively.

- ***Deferring all customers' credit dues (corporates, individuals and SMEs):*** retail loans, and mortgage loans for personal housing were deferred for a period of six months and were exempted from late interest fees or additional fines for late payments.

- ***Setting measures to limit cash transactions and facilitate electronic payments***: for a period of six months starting from March 2020, fees and commissions were cancelled on services such as points of sale (POS), cash withdrawals from ATMs and e-wallets. The cancellation of fees and commissions on cash withdrawals from ATMs was subsequently extended to the end of 2020. Between March and December 2020, local transfers in Egyptian Pounds were exempted from commissions and expenses. The CBE also directed banks to develop and enhance their transfers departments to avoid delays and to execute local transfers in Egyptian Pounds on a same day basis. In addition, the CBE launched an initiative to increase the number of electronic points of acceptance to benefit companies and merchants who do not have points of sale or QR codes.

- ***Ensuring adequate credit limits:*** banks were directed to provide the necessary credit limits to finance the imports of strategic commodities, with a focus on food commodities to cater for market needs, to cover working capital needs and to develop plans to support the companies operating in the most affected sectors.

- ***Adjusting interest rates for CBE initiatives:*** the CBE reduced interest rates on certain initiatives, including mortgage financing for middle-class borrowers, the industrial sector, the agricultural and construction private sector, and the tourism sector.

- ***Initiatives for non-performing loans:*** subject to the fulfilment of certain conditions, non-performing individuals and companies in all sectors can be removed from non-performing loans lists, legal cases can be waived and the guarantees for debt released for a defined period during the pandemic.

- ***Participation in bank board meetings virtually:*** to facilitate banks' board meetings, banks are allowed to hold these meetings via video or teleconference until the end of 2021.

- ***Easing concentration risk calculation requirements:*** banks are exempted until 31 December 2021 from calculating additional risk weights on the amount of total credit loans granted to the top 50 borrowers.

- ***Amending simplified KYC regulations:*** to facilitate on-boarding and review of low risk customers and to increase the account balance/transaction limits for individuals and micro businesses, to give more flexibility to customers in dealing with these accounts, applicable KYC regulations have been simplified.

- ***Supporting Tourism:*** the CBE has allocated LE 50 billion to support private sector companies in the tourism industry (including through loan guarantees and below-market interest rates on loans to companies in the tourism sector).

IMF Emergency Financing

On 11 May 2020, the Executive Board of the IMF approved Egypt's request for emergency financial assistance of U.S.$2.772 billion (SDR 2.0371 billion). The 'Rapid Funding Instrument' will help alleviate the Republic's financial needs, enabling spending on health, social protection, and supporting the most affected sectors and vulnerable groups.

On 26 June 2020, the Executive Board of the IMF approved Egypt's request for a U.S.$5.2 billion 12-month SBA which, *inter alia*, aims to alleviate the economic impact of the COVID-19 pandemic. An initial disbursement of SDR 1,158.0 million (approximately U.S.$1.67 billion) was made in June 2020. The first review of the SBA was completed on 18 December 2020, which permitted the Government to draw the equivalent of SDR 1,158.0 million (approximately U.S.$1.67 billion). The second and final review of the SBA was completed on 24 May 2021, which permitted the disbursement of a third tranche in the amount of SDR 1,158.0 million (approximately U.S.$1.67 billion), bringing total disbursements under the SBA to SDR 3,763.6 million (approximately U.S.$5.4 billion).

The World Bank

In May 2020, the World Bank approved U.S.$50 million for Egypt under the World Bank Group's Fast Track COVID-19 Facility, to help Egypt combat the COVID-19 virus and strengthen its detection and response measures, including procurement and distribution of medical equipment, health worker training, quarantine operations, treatment centres, rapid response teams, and public awareness tools.

THE ARAB REPUBLIC OF EGYPT

Area and Population

Egypt occupies 386,662 square miles (1,001,450 km^2) 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, in June 2020, Egypt had a population of 101 million, reflecting an annual growth rate of 1.7% since January 2019. CAPMAS estimates that the population is 51.5% male and 48.5% female. According to CAPMAS estimates, the birth rate per 1,000 population increased from 26.1 per 1,000 in 2007 to 31.2 per 1,000 in 2012, although it declined to 23.3 per 1,000 in 2019. The death rate decreased to 5.8 per 1,000 in 2019, as compared to 6.0 per 1,000 in 2007. 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 24.5 million (including Giza and Kalyobeya) and 5.3 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.

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.

Establishment of the Republic

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 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.

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. Mr. Morsi died of natural causes on 17 June 2019. *See* "*Risk Factors—Risk Factors Relating to Egypt—Political Risks*".

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 and died of natural causes on 25 February 2020.

Recent Events

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 had taken control of Yemen's capital, Sana'a. The coalition continues to conduct operations in Yemen. See "*Risk Factors—Risk Factors Relating to Egypt—Regional and International Considerations*".

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 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—Terrorism Risk".* 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 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. The state of emergency has since been extended on a number of occasions, most recently in July 2021 for a further period of three months.

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 97.1% of the valid votes cast. Historically, under Article 140 of the Constitution, the President served for a four-year term and could be re-elected once. Accordingly, this would have been President Al-Sisi's final term, expiring in March 2022. See "*—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 August 2020, the Government announced further increases in the ticket prices from LE 3, LE 5 and LE 9, to LE 5, LE 7 and LE 10, respectively.

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.

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.

On 28 December 2018, three tourists and their Egyptian guide were killed by a roadside bomb near Giza. Thirteen other people were injured. No group has claimed responsibility for the attack. On 29 December 2018, Egyptian security forces conducted three raids in north Sinai and Giza, in which 40 suspected militants were killed and ammunitions, firearms and improvised explosive devices were recovered.

In January 2019, an Egyptian police officer was killed defusing a bomb near a Coptic church in Cairo.

On 3 February 2019, a motion was submitted to the speaker of Parliament proposing certain amendments to the Constitution, including extending the presidential term from four years to six years, changing the appointment process for various entities within the judiciary, as well as other amendments. On 14 February 2019, Parliament voted in favour of these amendments. On 16 April 2019, the Legislative Committee of the Parliament approved the amendments to the

Constitution and adopted a transitional article, which applies exclusively to President Al-Sisi, permitting him to be elected for a further six-year term after his current term expires in 2024.

On 16 February 2019, an attack on military personnel in the north Sinai region resulted in 14 military personnel injuries and casualties. Seven suspected terrorists were also killed. On 19 February 2019, three police officers were killed when a suicide bomber detonated an explosive device in Cairo. On 5 August, 2019, at least 20 people were killed and 47 injured after a car, loaded with a bomb, collided with other vehicles, causing an explosion in Cairo. On 27 September 2019, the so-called "Islamic State" claimed responsibility for the death of 15 military personnel following an attack on an army checkpoint in the north Sinai region. On 29 September 2019, the Government announced that Egyptian forces had killed 15 Islamic militants in al-Arish.

Parliamentary elections for the House of Representatives took place in October and November 2020 and its first parliamentary session began in January 2021.

In common with most other countries, the COVID-19 virus is affecting the Republic. For further details on the Government's response, see "*Response to COVID-19*".

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.

In 2019, certain amendments were proposed to the Constitution, including making the Parliament a bicameral body. The Shura Council, which was abolished in 2014, was to be restored as the Senate. On 16 April 2019, the Parliament approved the proposed amendments, which were subsequently approved by referendum in April 2019.

Legislative Branch

The Constitution provides for a bicameral Parliament consisting of the House of Representatives and the Senate. The House of Representatives must be comprised of no fewer than 450 directly-elected members, elected by a direct secret public ballot. The President may appoint additional members not exceeding 5% in number of the elected members. Members of the House of Representatives serve for a term of five years. The Senate must be comprised of no fewer than 300 members, of which 200 members are elected by a direct secret public ballot. The remaining 100 members are appointed by the President. At least 10% of the Senate seats must be taken by women. Members of the Senate 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 oversee the Government's performance in general, 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 Senate is an advisory body without legislative powers. Its role is to opine on: (i) amendments to the Constitution; (ii) the public social and economic development plan; (iii) alliance and peace treaties and all treaties related to sovereignty; (iv) draft laws referred to it by the President or the House of Representatives; and (v) matters referred to it by the President on matters of public policy or international relations.

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 30 days of the date of the decision.

The current House of Representatives was elected in 2020 and its first parliamentary session began in January 2021. Prior to the election of the previous House of Representatives in 2015 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. The most recent House of Representatives was elected in December 2020. See "*The Economy—Government Programme, Recent Developments and Reform*".

On 21 April 2020, the House of Representatives voted to amend several articles of the State of Emergency Law № 162/1958, which granted the President greater powers during the COVID-19 outbreak and similar critical health situations.

In the same session, the House of Representatives amended several laws relating to state budget (allocating funds to combat the COVID-19 outbreak in an aggregate amount of approximately U.S.$6.4 billion), real estate tax exemptions, income tax exemptions, raising pensions, and offering incentives to SMEs. In addition to the amendment to the Tax Law, four other laws that are related to COVID-19 were also promulgated: (i) Law No. 170 of 2020 by virtue of which 1% of the income of all employees and 0.5% of retired individuals in Egypt is deducted to face the economic losses incurred by natural disasters and epidemics. (ii) Law No. 24 of 2020 which provides some financial benefits to institutions and individuals such as extending the grace period to submit tax declarations and postponing social insurance payment. (iii) Law No. 142 of 2020 changing the required precautionary measures to combat infectious diseases. (iv) changing some provisions of the Emergency Law. See "*Response to COVID-19*".

Parliamentary Elections

Parliamentary elections took place in October and November 2020. Of the 592 members of the House of Representatives, 118 are independent members unaffiliated with any political party, and 474 are affiliated with various political parties (with the Nation's Future Party holding the highest number of seats (317). A further 28 members are appointed by the President, and there are 163 female members of the House of Representatives, representing approximately 26% of the members. According to statistics announced by the House of Representatives, turnout for the first and second stages of the elections was 29%.

The following table sets out the composition of the House of Representatives following the 2020 elections:

Composition of the House of Representatives following the 2020 elections

Party	**Seats**
Independent members	118
Nation's Future Party	317
Republican People's Party	49
New Wafd Party	24
Homeland Defenders Party	23
Modern Egypt Party	13
Other Parties	48
President-appointed members	28
Total	**592**

In line with the five-year parliamentary terms set out in the Constitution, the next elections to the House of Representatives are scheduled to take place in 2025.

The first round of the new Senate elections was held in August 2020, with a second round in September 2020, and the results were announced on 16 September 2020. The Senate Parliamentary elections took place August 2020. Of the 200 elected members of the Senate, 6 are independent members unaffiliated with any political party, and 194 are affiliated with various political parties (with the Nation's Future Party holding the highest number of seats, at 153). A further 100 members are appointed by the President, and there are 20 female members of the Senate, representing approximately 7% of the members.

The following table sets out the composition of the Senate following the 2020 elections:

Composition of the Senate following the 2020 elections

Party	Seats
Independent members	6
Nation's Future Party	153
Republican People's Party	17
Wafd Party	6
Homeland Defenders Party	4
Modern Egypt Party	3
Other Parties	11
President-appointed members	100
Total	**300**

In line with the five-year terms set out in the Constitution, the next senate elections are scheduled to take place in 2025.

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 has historically been elected for a four-year term. In 2019, certain amendments were made to the Constitution, including extending the presidential term from four years to six years. Each President can serve no more than two consecutive terms, although the Constitution was amended to allow President Al-Sisi to serve a third term. 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 97.1% of the valid votes cast. Historically, under Article 140 of the Constitution, the President served for a four-year term and could be re-elected once. Accordingly, this would have been President Al-Sisi's final term, expiring in March 2022.

On 3 February 2019, a motion was submitted to the speaker of Parliament proposing certain amendments to the Constitution, including extending the presidential term from four years to six years, changing the appointment process for various entities within the judiciary, as well as other amendments. On 14 February 2019, Parliament voted in favour of these amendments. On 16 April 2019, the Legislative Committee of the Parliament approved the amendments to the Constitution and adopted a transitional article, which applies exclusively to President Al-Sisi, permitting him to be elected for a further six-year term after his current term expires in 2024.

See "*Risk Factors—Risk Factors Relating to Egypt—Political Risks*".

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;

- calling referendums; and

- representing the Republic in its international relations, concluding treaties and ratifying them after having obtained the approval of the House of Representatives.

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 Article 160 of the Constitution, if the President resigns, dies or becomes permanently incapacitated, the Speaker of the House of Representatives shall act in his or her place until a new President is elected during a period not exceeding 90 days from the date on which the office becomes vacant.

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

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.

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 104 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—Political Risks*", "*Risk Factors—Risk Factors Relating to Egypt—Terrorism Risk*" 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 procured 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 appointed 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.

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—Regional and International Considerations*".

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. Further amendments were introduced to Law № 8 of 2015 in March 2020 by virtue of Law № 14 of 2020. The amendments included introducing, amongst other things, (i) additional legal consequences to both natural and legal persons being included on the "terrorist list", (ii) amendments to the definitions of "terrorist financing" and "monetary and other assets", and (iii) grounds for international cooperation and the sharing of information in relation to the placing of persons on the "terrorist list".

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 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—Terrorism Risk".*

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, 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.

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.

See "—*History—Recent Events*".

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 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. 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 up to the Greater Arab Free Trade Area ("**GAFTA**"), which aims to liberalise trade between Arab nations. Of the 22 Arab League member states, 17 are signatory members of GAFTA. Since 1 January 2005, full customs duty exemptions and charges with equivalent effect among all signatory members have been in 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 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. 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 U.S.$17.9 billion of imports and U.S.$8.5 billion of exports in 2019/20 and U.S.$17.6 billion of imports and U.S.$10.2 billion of exports in 2018/19. The EU remains Egypt's largest export market, accounting for approximately 31.1% of Egyptian exports in 2019/20. 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 2005, Egypt signed a free trade agreement with Turkey, which entered into force in March 2007. The 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 by tapering tariffs to 0% on four product groups between 2007 and 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. 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 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 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 took effect from 1 September 2017. 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 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 range from 2.5% to 4.5%, and the maturities range from one to five years.

In January 2016, the Government announced a U.S.$18.3 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 projects in seven key priority sectors; 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 and cover the following projects:

- Phase one of a U.S.$3.2 billion capital city project in partnership with the ministry of housing, utilities and urban communities.

- A U.S.$4.4 billion power station in Hamraouine in partnership with the ministry of electricity.

- A U.S.$2.7 billion pumping and storage station in Jebel Ataqa in partnership with the ministry of electricity.

- Three projects worth U.S.$971 million in aggregate. These projects relate to textile zone, gypsum board, and new products in partnership with the Suez Canal Authority.

- A U.S.$7.1 billion refinery and petrochemical complex in partnership with East Mediterranean Gas ("**EMG**") on Suez Canal zone.

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 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.

The United States provides certain economic assistance to the Republic, and the amount varies from year-to-year. In March 2015, the United States restored military aid and deliveries, which had been suspended in 2013. 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 United States provided U.S.$113.9 million in economic foreign assistance in 2018, comprising primarily of funds to promote economic development (U.S.$59.1 million). In recent years, budget laws passed by the U.S. Congress have subjected certain military and economic aid to Egypt to certain conditions, including the certification by the U.S. Secretary of State that the Government is taking certain steps in respect of human rights and democratic reforms or the provision by the U.S. Secretary of State of a waiver. In 2019 and 2020, the United States provided economic foreign assistance of U.S.$110.7 million and U.S.$122.7 million, respectively. In September 2021, the U.S. State Department notified the U.S. Congress that it was withholding U.S.$130 million in conditioned military aid until the Republic meets certain human rights criteria. No waiver was issued by the U.S. Secretary of State. Such withholding does not affect U.S.$170 million of aid which is to be used for certain specified purposes.

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.

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, August 2014 and May 2021.

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—Regional and International Considerations*".

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. On 5 January 2021, Saudi Arabia, the UAE, Bahrain and Egypt reached an agreement with Qatar to resolve the dispute between the countries. On 18 January 2021, EgyptAir, the Government-owned airline, reopened its flight paths to Qatar. Diplomatic efforts to end the crisis have been 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.

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 President's 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.

On 13 August 2020, the UAE and Israel reached a deal to normalise relations, under which Israel has agreed to suspend its plans to annex parts of the West Bank. The UAE is now the third country in the MENA region to enter into an agreement of this nature with Israel; the first being Egypt in 1979, followed by Jordan in 1994. Although this agreement has served to reduce tensions in the region between Israel and the UAE, and was publicly welcomed by Egypt's President al-Sisi, it is possible that it could lead to a heightening of tensions in the MENA region between those countries who have welcomed the deal and those who disapprove of it, notably Palestine and Iran, whose leaders have publicly criticised the deal and, the former of which recalled the Palestinian ambassador to the UAE. In September 2021, Israel's Prime Minister Naftali Bennett travelled to Egypt for the first official visit by an Israeli prime minister in over a decade.

Press and Media

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

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 regulating state-owned media outlets. 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, Law № 180 of 2018 a new law regulating the press (the "**New Press Law**") was passed, replacing Law № 96 of 1996 ("**Law 96**") and Law 92. 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.

The New Press Law (and its executive regulations issued pursuant to Ministerial Decree № 418 of 2020), Law 178 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 and Sanitation

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 108.7 billion for public health expenditure in the 2021/22 budget, as compared to LE 102.3 billion in the 2020/21 (according to preliminary figures), which represents a 6.3% increase in budgeted funding.

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 26.4% of healthcare services); (ii) university hospitals (accounting for 4.3% of healthcare services); and (iii) other ministries (accounting for 2.8% of healthcare services). Government providers account for approximately 33.4% of healthcare services in Egypt.

There are 545 hospitals in Egypt, including 374 hospitals offering curative and critical care, eight curative care organisations, 23 general organisations for teaching hospitals and institutes, 81 specialist centres, 40 health insurance organisation hospitals and 19 centres for the treatment of mental health and addiction.

In July 2013, Law № 74 of 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.

In December 2018, Egypt signed a €229 million agreement with the European Investment Bank ("**EIB**") to improve sanitation and community development in the Nile Delta, including a €214 million loan to support the depollution of the Kitchener Drain, the 69-km long agricultural drainage canal located in the Nile Delta region. See "*Public Debt*".

In the budget for the fiscal year 2020/21, the President directed the Government to allocate LE 60 billion to increase pensions and finance the promotion of employees of the administrative body. The Government has also started a new initiative to screen the population against common health problems like diabetes, blood pressure and hepatitis C. The *100 Million Seha* (100 Million healthy lives) campaign, which was launched nationally in October 2018 under the auspices of the President, aims to detect and eliminate Hepatitis C in Egypt by 2023.

In August 2021, Law № 139 of 2021 on the establishment of the Emergency Medical Fund was issued. This law regulates the establishment of an independent emergency medical fund with a public legal personality and which shall report to the Prime Minister. The Emergency Medical Fund is established for the purpose of supporting and financing medical services provided to citizens and to ensure that such medical services are sustainable in the event of crises, medical emergencies and pandemics.

In September 2021, Prime Ministerial Decree № 2118 of 2021 was issued, which allows the General Authority for Health Insurance to establish a technology company for the management and operation of an electronic universal health platform.

In April 2021, Law № 8 of 2021 was issued, which regulates blood operations and the collection of plasma for the manufacturing and exporting of plasma-derived products.

In common with most other countries, the COVID-19 virus is affecting the Republic. For a discussion of the impact of the COVID-19 virus and for further details on the Government's response, see "*Response to COVID-19*".

Education

Education has long been considered an important factor in Egypt's development, and the Government has allocated LE 172.6 billion to education in the 2021/22 budget, and LE 157.6 billion for education in 2020/21, as compared to an actual expenditure of LE 145.2 billion on education in 2019/20.

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 2019/20.

Number of Students and Schools by Educational Stage

	Total	Females	Males	Schools
		(number)		
Pre-University Education (excluding Al-Azhar)				
Pre-Primary	1,458,909	708,184	750,725	12,493
Primary	12,820,294	6,235,869	6,584,425	19,059
Preparatory	5,238,908	2,545,356	2,693,552	12,611
General Secondary	1,819,497	996,698	822,799	3,861
Industrial	943,046	340,732	602,314	1,235
Agricultural	240,615	34,142	206,473	251
Commercial	869,844	490,062	379,782	986
Society Schools	133,692	91,114	42,578	4,995
Handicapped Schools	42,255	15,253	27,002	1,078
Total	**23, 567, 060**	**11,457,410**	**12,109,650**	**56,569**

Source: CAPMAS

The table below sets out the number of students and schools at Al-Azhar by educational stage for 2019/20.

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

	Total	Females	Males	Schools
		(number)		
Al-Azhar Pre-University Education				
Primary	932,385	444,103	488,282	3,633
Preparatory	388,071	177,333	210,738	3,481
Secondary	336,714	149,926	186,788	2,288
Recitations	10,023	4,902	5,121	119
Total	**1,667,193**	**776,264**	**890,929**	**9,521**

Source: CAPMAS

In 2019/20, 2.44 million students were enrolled in 28 Egyptian state universities and 0.21 million students were enrolled in 26 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 13 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.

International Investment Treaty Claim

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 favourable 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**"). 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.

UFG commenced proceedings in multiple jurisdictions, including before the U.S. District Court for the District of Columbia and before the English High Court, to recognise and enforce the Award. Those proceedings are presently suspended in accordance with the settlement agreement reached between UFG and Egypt discussed below.

On 8 January 2019, ICSID registered Egypt's application for annulment of the Award and for a stay of the enforcement of the Award. That same day, ICSID confirmed the provisional stay of the enforcement of the Award.

On 18 October 2019, the ICSID ad hoc committee granted a conditional continuation of the stay of enforcement of the Award pending its decision on Egypt's application for annulment of the Award. On 24 January 2020, the *ad hoc* committee terminated the conditional stay of enforcement. A hearing on Egypt's application for annulment was held 18-20 August 2020.

On 1 December 2020, Egypt and UFG, together with other entities, entered into a series of agreements aiming at settling all the disputes relating to the Damietta plant. In application of these agreements, the proceedings for the enforcement of the Award have been suspended until 14 March 2021 and the parties suspended the issuance of a decision by the ICSID *ad hoc* committee on Egypt's application for annulment of the Award until 14 March 2021.

The settlement agreement became effective in March 2021, resolving all disputes between Egypt and UFG relating to the enforcement of the Award and dismissing the enforcement proceedings with prejudice.

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, increasing to 5.3% in 2017/18, to 5.6% in 2018/19 and to 3.6% in 2019/20. The decrease in GDP in 2019/20 was primarily due to the impact of the COVID-19 pandemic on output in the real sector. According to preliminary figures published by the CBE, GDP growth in 2020/21 was 3.3%, in excess of the 2.8% estimated growth rate. This decrease in GDP growth was primarily due to the impact of the COVID-19 pandemic and related restrictions.

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 projected Egypt's real GDP growth at 2.8% for 2021.

For a discussion of the impact of the COVID-19 pandemic on the economy, see "*Response to COVID-19*".

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 2016, the Government launched its economic reform programme, which set out a number of economic, fiscal and monetary reforms to increase revenue, sustain economic growth levels and create jobs, particularly in the private sector, as well as to reallocate public spending to productive and socially inclusive uses and to decrease the Republic's fiscal deficit. Such reforms were conducted in parallel with the receipt of support from the IMF under the EFF. In line with the targets set out in this economic reform programme (which targets were revised due to the COVID-19 pandemic), the Government successfully achieved the following:

- increasing annual real GDP growth from 4.4% in 2014/15 to approximately to 5.6% in 2018/19, before declining to 3.6% growth in 2019/20 (as a result of the COVID-19 pandemic; according to preliminary figures published by the CBE, GDP growth in 2020/21 was 3.3%, in excess of the 2.8% estimated growth rate);

- reducing the unemployment rate from 12.9% in 2014/15 to 7.5% in 2020/21 while focusing on measures to reduce the high youth unemployment rate;

- increasing national savings and investment rates from 10.6% and 14.3%, respectively, in 2014/15 to approximately 12% and 19%, respectively, in 2019/20;

- reducing annual inflation (as measured by the CPI) to 4.5% in 2020/21, as compared to 10.4% in 2015 and 14.0% in 2016;

- increasing Egypt's net international reserves to cover more than seven months of imports by the end of 2019/20 and 2020/21, as compared to 3.7 months of imports at the end of 2015/16;

- reducing the overall fiscal deficit to 7.4% of GDP in 2020/21 (below the revised target of 8.0% set as a result of the COVID-19 pandemic);

- reducing the budget sector debt to GDP ratio to 87.5% as at 30 June 2020, as compared to 108.0% as at 30 June 2017 and 102.8% as at 30 June 2016; and

- maintaining a sustainable primary balance of 1.5% of GDP in 2020/21, as compared to a primary deficit of 1.8% of GDP in 2016/17 and 3.5% of GDP in 2015/16.

Following completion of the 2016 government programme, the Government has launched its next phase of reforms, the NSRP. Launched in 2020/21, the NSRP aims to achieve comprehensive, balanced, and sustainable growth, as well as achieving flexibility, productivity and competitiveness, while enhancing job opportunities, reducing the trade deficit, and bridging the financing gap. The Government is currently focusing on reforms in the following sectors: technology-intensive industries, manufacturing, agriculture, and communications and information technology. The Government is aiming to boost exports in these sectors, create jobs and encourage the growth of SMEs. As part of the NSRP, the Government is targeting an economic growth rate of between 6-7% in the next three years (with a growth rate of 5.4% targeted in the 2021/22 budget), a primary surplus of 1.5% in 2021/22 and a decrease in the budget deficit to 5.5% by the end of 2023/24. The ability of the Government to meet the targets set out in the NSRP depends on the implementation of well-identified policy measures to achieve the stated objectives.

In the 2021/22 budget, the Government aims to maintain a primary surplus of 1.5% of GDP and an overall budget deficit of 6.7% with a public debt level of 89.5% of GDP.

The Ministry of Planning, Monitoring and Administrative Reform is currently in the process of preparing updates to the Government's sustainable development strategy, referred to as Egypt Vision 2030. Egypt Vision 2030 was originally launched in March 2016 and focuses on economic, social and environmental issues. The updated version of Egypt Vision 2030 is expected to ensure better alignment with the UN 2030 Agenda and the Africa 2063 Agenda, following four guiding principles: (i) putting the citizen at the core and centre of development; (ii) guaranteeing equity and accessibility for all; (iii) following an approach of resilience and adaptation; and (iv) sustainability. These principles will guide the implementation of six strategic goals which aim to improve Egyptians' quality of life and raise their standards of living, achieve social justice and equality, as well as reaching a competitive and diversified knowledge economy within an integrated and sustainable environmental system; goals which necessitate having well-developed infrastructure and enhanced governance and partnerships. To implement these goals, Egypt Vision 2030 identifies seven enablers; data availability, financing, digital transformation, technology and innovation, legislative environment, supportive cultural values and population growth management.

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 108.7 billion for public health expenditure in the 2021/22 budget, as compared to LE 102.3 billion in the 2020/21 (according to preliminary estimates), which represents a 6.3% increase in budgeted funding.

In addition to the Government's economic targets, the Government has 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. Recent reforms to support macroeconomic growth and stability include:

- adopting a Medium-Term Revenue Strategy ("**MTRS**") aimed at creating more fiscal space to reduce the deficit and finance investments;

- diversifying the financing mix for Government borrowing needs;

- simplifying the tax regime for small- and medium-sized enterprises ("**SMEs**"), introducing a new tax dispute settlement scheme and further tax administration reforms designed to improve revenue collection and the efficiency of tax authorities;

- 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 Restructuring of State-Owned Companies*"); and

- issuing the Universal Health Insurance Law (see "*The Arab Republic of Egypt—Health and Sanitation*").

In addition to considering privatisations, the Government's structural reform programme includes measures to 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. Fuel subsidy reform was also intended to reduce the budget deficit and make available more resources for social programmes to support vulnerable populations. The Government has phased out fuel subsidies except for food manufacturing and electricity generation. Since October 2019, the Government has implemented a fuel indexation programme (automatic price adjustment mechanism) to hedge against international oil price changes and to protect citizens, as well as the budget.

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 an 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*");

- passing a VAT law, which introduced VAT at a rate of 13% for 2016/17 and 14% for 2017/18 and 2018/19, subject to certain customary exemptions;

- the introduction of a new 10% tax on capital gains and dividends;

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

- issuing and ratifying the universal health insurance law for all citizens; and

- implementing an automatic price adjustment mechanism that revises the prices of fuel products quarterly according to the change in exchange rate and Brent oil price.

Privatisation and Restructuring of State-Owned Companies

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 grew significantly up to 2009. In March 2018, the Prime Minister announced the implementation of 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 that the first five state-owned companies that are expected to offer shares under the programme are: (i) Alexandria Mineral Oils Company; (ii) Eastern Tobacco; (iii) Alexandria Container and Cargo handling; (iv) Abou Kir Fertilizers; and (v) Heliopolis Housing. The first of these transactions was successfully implemented during the third quarter of 2018/19, with a secondary offering of a 4.5% stake in Eastern Tobacco. The private placement of 96 million shares was 1.8x oversubscribed with a share price of LE 17 (a 3% premium to the stock price) and raised total proceeds of LE 1.6 billion, in addition to a public offering of 5 million shares with total proceeds of LE 86 million. Eastern Tobacco is regulated by law 159/1981, as per its new ownership structure. In 2021, the Government decided to postpone the privatisation of Alexandria Container and Cargo handling and to consider the privatisation of three additional companies: Banque Du Caire, E-Finance and Misr Life insurance company.

The restructuring and reengineering of state-owned companies and the introduction of principles of corporate governance are key objectives of the Government. The Ministry of Public Business Sector has adopted a comprehensive reform program to restructure public enterprises based on three main pillars: (i) restructuring companies and rehabilitation of factories; (ii) providing resources to finance the reform; and (iii) undertaking regulatory, managerial, governance and business reforms.

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

State-Owned Public Enterprises

	2015/16	2016/17	2017/18	2018/19	2019/20[(1)]
Number of state-owned company affiliates	121	121	120	118	118
Number of profitable state-owned companies	66	73	67	71	59
Number of Workers	221,908	214,743	205,795	198,334	187,890
Salaries (*LE millions*)	14,013	15,364	16,415	17,538	17,939
Total Operating Revenue (*LE millions*)	62,022	84,838	102,589	101,257	94,622
Net Profit (net of losses) (*LE millions*)	1,675	7,453	11,350	9,074	5,133
Net Equity (*LE millions*)	8,087	22,506	27,289	24,845	18,204
Dividends paid to Ministry of Finance (*LE millions*)	1,137	1,631	3,299	2,978	3,279

Notes:

(1) Data does not include dividends paid to Ministry of Finance from the Holding Company for Construction and Development. Dividends are approved by the general assembly scheduled to be held 12 September 2021. "Net Equity" and "Dividends paid to Ministry of Finance" figures are dependent on approved dividend amounts.

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 companies and those in the fertiliser industry, among others, require extensive restructuring, including by way of cash injection or a partial retention of profits.

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 into three tiers according to the viability of their operations:
    - *Highest tier*: profitable companies with required levels of corporate governance that are potential candidates for initial public offerings.
    - *Middle tier*: loss making companies that are not viable and are to be wound down.
    - *Lowest tier*: distressed companies, which are potential candidates for restructuring or entering into a partnership with the private sector. 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 and operational know-how, modern management techniques, marketing expertise and financial/equity investment; 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.

The Ministry of Public Business Sector (the "**MPBS**") has implemented a public enterprises' reform programme, which aims to rehabilitate factories, production facilities and other under-utilised assets, and also includes a comprehensive set of regulatory, managerial, governance and business reforms to complement the technical restructuring efforts, including:

- Regulatory reforms: Law № 203/1991 was revised by Law № 185/2020 in September 2020, to provide better governance and shareholder protection. Amendments to the executive regulations were issued by prime ministerial decree in May 2021 and provide for greater shareholder representation on boards of directors, the separation of the responsibilities of the chairman of the board of a company and its chief executive manager and the introduction of a new profit-sharing mechanism to motivate employees and management. New modified standard by-laws are currently being prepared. In addition, a ministerial committee was formed, with the objective of revising and standardising the procurement and other administrative, managerial, and governance practices across public business sector companies. This committee is led by the MPBS, chaired by the Prime Minister and includes the minister of finance (representing the government as the ultimate shareholder), and all ministers within affiliated public business sector companies.

- Managerial: The most important reforms proposed by the MPBS, to be submitted to the committee for implementation across the sector, include:

  - introducing a centralised marketing unit for all holding companies;

  - revising policies and procedures and unifying them across the sector, in line with international best practices, in preparation for the implementation of automated enterprise resource planning in 63 companies;

  - assessing senior management, including establishing criteria for their selection, recruitment and compensation linked to performance, to improve management based on private sector standards;

  - introducing a new charter of accounts to ensure proper cost accounting and pricing, thereby improving profitability;

  - standardising compensation policies to include a defined, fixed element and a performance-linked element;

  - introducing a new policy of profit distribution to allow for management and employee incentives;

  - establishing independent board members in law 203/1991 companies as well as joint ventures;

  - establishing a database of qualified professionals, with the aim of achieving efficient and effective board representation of public ownership in joint ventures, and to add value to corporate strategies. Criteria for selection and a mechanism for nomination have been implemented.

- Technical restructuring of production lines: this includes:

  - the introduction of a comprehensive restructuring programme for the spinning and weaving sector aimed at developing the entire cotton supply chain, through restructuring existing infrastructure; developing the skills of the labour force through vocational training and exposure to modern technologies and industry techniques; introducing new, environmentally friendly machinery and techniques; procuring state of the art new machinery and equipment; and merging affiliates into nine companies with increased competitive advantages (one cotton ginning and trading company and eight spinning and weaving companies, including one focused on polyester). The seven cotton spinning and weaving companies will include three export-focused centres, and the other two companies will specialise on a specific manufacturing stage;

  - the establishment of a new company for marketing and managing the sale of textile products locally and internationally, as well as a company for the production of cottonseed oil and animal feed from ginning residuals, in cooperation with the private sector;

  - the restoration of cotton ginning in Fayoum as well as the initial phase of the restructuring of Delta steel company. The total restructuring of Delta steel company will increase production capacity by 500,000 tons per year and new iron and steel cast will be established at a total investment cost of U.S.$45 million;

  - the restructuring of Alnasr Automotive Company. A manufacturing contract was signed in January 2021 with a Chinese company for the rehabilitation of El-Nasr Company's factory for the production of 25,000 electric passenger (E70) cars. The first test drive of an E70 car was announced in June 2021; and

  - the restructuring of Al Nasr Export Import Company (re-branded Gosoor) to provide full promotional, trade intermediation and logistical services for exporters. The restructuring will include the establishment of an electronic catalogue, which will include all Egyptian products and their imported inputs. A full spectrum of logistical services will be provided including in-land transport, freight and air cargo transport, custom clearance, consolidation, inspection and warehousing.

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 "**FRA**"). 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 FRA 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

In 2015/16, the growth rate of the economy (in real GDP terms) was 4.3%, and 4.2% in 2016/17. Real GDP growth increased to 5.3% in 2017/18 and to 5.6% in 2018/19, before declining to 3.6% growth in 2019/20 in the wake of the COVID-19 pandemic. According to preliminary figures published by the CBE, GDP growth in 2020/21 was 3.3%, in excess of the 2.8% estimated growth rate. The decrease in GDP growth in 2020/21 was primarily due to the impact of the COVID-19 pandemic and related restrictions.

Real GDP Growth has increased in recent years, as confidence has increased due to improved political stability and the Government's adoption of reform measures, with net FDI inflows increasing from U.S.$6.9 billion in 2015/16 to U.S.$8.2 billion in 2018/19 and tourism income increasing from U.S.$7.4 billion in 2014/15 to U.S.$12.6 billion in 2018/19. See "*—Government Programme, Recent Developments and Reforms*". However, these gains were adversely affected by the COVID-19 pandemic, and net FDI inflows decreased to U.S.$7.5 billion in 2019/20, and tourism income decreased to U.S.$9.9 billion in the same period.

According to GDP estimates for 2019/20, real GDP grew by 3.6%, primarily due to increases in public and private consumption, which was partially offset by decreases in exports of goods and services and investments. 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 and manufacturing, all contributing significantly to growth in recent years. According to preliminary data, the 3.6% real GDP growth in 2019/20 was comprised of growth in the following sectors: manufacturing (including petroleum refining) by 1.4%; construction and building sector by 4.4%; wholesale and retail by 3.9%, real estate by 3.8%; agriculture, forestry and fishing by 3.3%; and health by 4.3%. These gains were partially offset by a 3.0% decline in the extractive industries and a 17.3% decline in the tourism industry.

The commodity sector includes agriculture, forestry and fishing, extractive industry, manufacturing, electricity, water and construction and building. It contributed LE 2,520.8 billion to GDP in 2019/20 (or 45.6% of total GDP), as compared to LE 2,483.9 billion in 2018/19 (or 48.0%), making it the largest contributor to GDP in both years. In 2019/20, the commodity services sector grew, in real terms, by 1.2%, as compared to 5.2% in 2018/19. The continued growth in 2019/20 was primarily attributable to increases in the manufacturing industries, which grew by 1.4%, and the construction and building industry, which grew by 4.4%. However, extractive industries, comprised primarily of petroleum and natural gas, declined by 3.0% during the period.

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 1,524.5 billion to GDP (or 29.5%) in 2018/19 and LE 1,676.4 billion (or 30.3%) in 2019/20. In 2019/20, the production services sector grew, in real terms, by 2.8%, as compared to 6.4% in 2018/19. This growth was primarily attributable to increases in the rate of growth of the telecommunications sector, which grew by 15.2% in 2019/20, as compared to growth of 16.7% in 2018/19.

Social services include general Government services, education, health, real estate and other services. The social services sector contributed LE 1,329.8 billion to GDP, or 24.1%, in 2019/20, as compared to LE 1,161.7 billion, or 22.5%, in 2018/19. In 2019/20, the social services sector grew, in real terms, by 4.7%, as compared to 3.5% in 2018/19. General Government expenditures represented 30.2% of this sector in 2019/20, or LE 401.7 million, and grew by 6.1% in 2019/20, as compared to LE 349.5 million and growth of 2.7% in 2018/19. In addition to increases in general Government expenditures, growth in the sector was primarily attributable to increases in the rate of growth of the education sector, which grew by 4% in 2019/20 and the healthcare sector, which grew by 4.3% in 2019/20.

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)						
	2015/16	2016/17	2017/18	2018/19	2019/20	July-March 2019/20	July-March 2020/21
	(LE billions, except where indicated)						
Nominal GDP (GDP at current prices)	**2,709**	**3,470**	**4,437**	**5,322**	**5,820**	**4,529**	**4,834**
Domestic Demand	**2,968**	**3,938**	**4,901**	**5,762**	**6,261**	**4,846**	**5,266**
Final Consumption	2,561	3,408	4,163	4,791	5,458	4,149	4,726
Private Consumption	2,251	3,058	3,792	4,384	4,994	3,819	4,364
Public Consumption	310	350	371	408	464	330	362
Investment(2)	408	530	739	969	804	697	540
Net Exports	**(259)**	**(468)**	**(464)**	**(439)**	**(442)**	**(317)**	**(432)**
Exports of Goods and Services(3)	280	549	839	931	767	638	503
Imports of Goods and Services	539	1,017	1,303	1,370	1,209	955	935
Final Consumption (% of GDP)	*95*	*98*	*94*	*90*	*94*	*92*	*98*
Investment (% of GDP)(2)	*15*	*15*	*17*	*18*	*14*	*15*	*11*
Exports of Goods and Services (% of GDP)	*10*	*16*	*19*	*17*	*13*	*14*	*10*
Imports of Goods and Services (% of GDP)	*20*	*29*	*29*	*26*	*21*	*21*	*19*

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) Includes fixed capital formation and change in inventory.
(3) 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)(2)						
	2015/16	2016/17	2017/18	2018/19	2019/20	July-March 2019/20	July-March 2020/21
	(LE billions, except where indicated)						
Real GDP	**1,918**	**1,998**	**3,654**	**3,858**	**3,995**	**3,005**	**3,062**
Final Consumption	1,804	1,875	3,444	3,483	3,736	2,717	2,953
Private Consumption	1,573	1,639	3,088	3,117	3,345	2,447	2,671
Public Consumption	231	237	356	366	391	270	282
Investment(3)	302	336	613	692.7	548	465	344
Net Exports	**(188)**	**(213)**	**(403)**	**(319)**	**(288)**	**(177)**	**(234.9)**
Exports of Goods and Services	217	404	722	706	553	468	348.3
Imports of Goods and Services	405	617	1,125	1,025	841	645	583
Final Consumption (% of GDP)	*94*	*94*	*94*	*90*	*94*	*90*	*96*
Investment (% of GDP)	*16*	*17*	*17*	*18*	*14*	*15*	*11*
Exports of Goods and Services (% of GDP)	*11*	*20*	*20*	*18*	*14*	*16*	*11*
Imports of Goods and Services (% of GDP)	*21*	*31*	*31*	*27*	*21*	*21*	*19*

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) 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, 2018/19 and 2019/20 is calculated using 2016/17 as the base year.
(3) 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.

	2015/16	2016/17	2017/18	2018/19	2019/20	July-March 2019/20	July-March 2020/21
	(LE millions, except where indicated)						
GDP	**2,674,412**	**3,409,504**	**4,334,902**	**5,170,107**	**5,526,955**	**4,310,997**	**4,570,306**
Nominal GDP Growth Rate *(%)*	**8.1**	**27.5**	**27.1**	**19.3**	**6.9**	**9.7**	**6.0**
Total Commodity Sector	**1,198,240**	**1,569,691**	**2,049,564**	**2,483,953**	**2,520,785**	**2,024,997**	**2,087,578**
Growth (%)	*2.1*	*31.0*	*30.6*	*21.2*	*1.5*	*6.0*	*3.1*
Agriculture, Forestry and Fishing	318,878	398,539	498,098	588,038	669,784	523,745	587,415
Extractive Industry	214,842	326,940	477,083	611,738	411,314	353,647	300,700
Petroleum	*91,440*	*142,965*	*198,545*	242,750	169,756	144,752	117,406
Natural Gas	*86,801*	*138,756*	*222,624*	303,098	168,844	153,971	121,279
Growth NG (%)	*(39.9)*	*59.9*	*60.4*	*36.1*	(44.3)	*(36.6)*	*(21.2)*
Other	*36,600*	*45,219*	*55,914*	65,890	72,714	54,925	62,016
Manufacturing Industry	456,299	570,590	718,570	846,890	942,408	774,328	774,062
Petroleum Refinement	*113,909*	*134,050*	*164,149*	*189,860*	*236,677*	197,325	209,637
Other	*342,390*	*436,540*	*554,421*	*657,030*	*705,732*	577,004	564,425
Electricity	46,422	58,320	73,743	87,166	93,727	71,409	77,542
Water	16,349	20,204	24,954	29,303	32,095	24,391	26,489
Construction and Building	145,450	195,098	257,116	320,819	371,458	277,476	321,369
Growth (%)	*21.7*	*34.1*	*31.8*	*24.8*	*15.8*	*20.6*	*15.8*
Total Production Services	**774,709**	**996,400**	**1,284,951**	**1,524,459**	**1,676,368**	**1,305,762**	**1,386,468**
Growth (%)	*12.6*	*28.6*	*29.0*	*18.6*	*10.0*	*11.8*	*6.2*
Transport Rate and Warehousing	125,908	159,173	200,885	240,079	277,865	202,737	229,570
Telecommunications	54,000	62,294	87,593	102,491	121,710	91,877	110,865
Suez Canal	41,215	76,714	97,037	100,937	91,969	70,576	66,686
Growth (%)	*4.6*	*86.1*	*26.5*	*4.0*	*(8.9)*	*(7.2)*	*(5.5)*
Wholesale and Retail Trade	374,745	473,235	594,787	707,416	803,213	620,169	698,441
Financial Intermediation	108,812	133,782	166,291	194,581	211,009	166,665	180,605
Insurance and Social Insurance	21,615	26,635	32,996	38,465	41,588	30,965	33,250
Tourism (Hotels and Restaurants)	48,414	64,567	105,362	140,490	129,015	122,775	67,052
Growth (%)	*17.8*	*33.4*	*63.2*	*33.3*	*(8.2)*	*7.8*	*(45.4)*
Total Social Services	**701,463**	**843,413**	**1,000,387**	**1,161,696**	**1,329,802**	**980,237**	**1,096,260**
Growth (%)	*14.7*	*20.2*	*18.6*	*16.1*	*14.5*	*15.1*	*11.8*
Real Estate	279,914	358,496	451,555	539,280	618,278	453,998	508,035
General Government	276,488	301,772	319,471	349,484	401,698	291,732	320,605
Education	50,519	63,907	80,014	94,670	106,541	79,814	90,634
Health	62,816	78,934	98,674	117,033	132,612	101,037	115,196
Other Services [(3)]	31,726	40,304	50,673	61,229	70,673	53,657	61,789

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) Includes the information sector.

Investment by Sector

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 491.3 billion (or 61.7% of total investment) in the Egyptian economy in 2019/20 and LE 395.4 billion (or 74.7% of total investment) in the Egyptian economy in the nine months ended 31 March 2021.

The commodity sector received 44.6% of total investment in 2019/20, the production services sector received 23.3% of total investment and the social services sector received 32.0% of total investment. In the nine months ended 31 March 2021, the commodity sector received 43.9% of total investment, the production services sector received 26.3% of total investment and the social services sector received 29.8% of total investment.

In the nine months ended 31 March 2021, total investments decreased by LE 160.9 billion, or 23.0%, as compared to the nine months ended 31 March 2020, primarily due to the adverse impact of the COVID-19 pandemic.

National projects currently being implemented include large investments in infrastructure, in particular, transportation projects, including monorail and electric express train projects. The Government is also allocating large investments to green projects with a focus on smart transportation and renewable energy. The Government has allocated LE 200 billion to the "Hayah Karima" Initiative for 2021/22, which aims to develop Egypt's rural villages. The majority of these investments are directed at projects focused on water and sanitation, health services, electricity and roads.

The following table sets forth the distribution of total investments in projects in the Egyptian economy in the nine months ended 31 March 2021.

Distribution of Investments in Projects in the Egyptian Economy(1)

	Government	Economic Authorities	Public Sector	National Projects	Private Sector	Total	*% of Total*
				(LE millions)			
Commodity Sector	**45,368.0**	**12,306.2**	**28,289.4**	**86,584.9**	**60,153.9**	**232,702.4**	***43.9%***
Of which:							
Agriculture....................................	11,955.7	34.4	0.0	17,090.9	7,723.7	36,804.7	***7.0%***
Crude oil	0.0	5,225.0	1,965.1	1,317.0	2,788.0	11,295.1	***2.1%***
Natural gas...................................	0.0	9.0	5,072.0	0.0	28,134.6	33,215.6	***6.3%***
Other extractions	0.8	0.0	0.0	0.0	0.0	0.8	***0.0%***
Oil refinement..............................	0.0	0.0	3,493.5	0.0	0.0	3,493.5	***0.7%***
Other manufacturing....................	89.2	55.4	2,336.1	29,222.7	14,755.4	46,458.8	***8.8%***
Electricity	3,542.7	4,864.4	15,122.7	5,337.7	2,893.3	31,760.8	***6.0%***
Water	8,370.5	1,342.7	0.0	5,095.6	0.0	14,808.8	***2.8%***
Drainage	19,207.7	774.1	0.0	5,114.8	0.0	25,096.6	***4.7%***
Construction and building............	2,201.4	1.2	300.0	23,406.2	3,858.9	29,767.7	***5.6%***
Production Services	**46,263.5**	**25,818.7**	**7,680.8**	**28,214.5**	**31,040.0**	**139,017.5**	***26.3%***
Of which:							
Transportation and storage	35,871.8	13,738.4	7,286.6	28,083.3	8,710.4	93,690.5	***17.7%***
Communications	7,924.4	1,893.8	0.0	9.2	11,281.7	21,109.1	***4.0%***
Information	2,459.0	33.1	0.0	0.0	2,210.1	4,702.2	***0.9%***
Suez Canal	0.0	10,085.5	0.0	106.1	0.0	10,191.6	***1.9%***
Wholesale and retail trade	0.0	65.6	108.2	15.9	6,850.9	7,040.6	***1.3%***
Financial services	0.0	0.0	39.8	0.0	0.0	39.8	***0.0%***
Tourism (restaurants and hotels)...	8.3	2.3	246.2	0.0	1,986.9	2,243.7	***0.4%***
Social Services	**84,390.1**	**13,843.7**	**1,813.9**	**14,860.8**	**42,855.9**	**157,764.4**	***29.8%***
Of which:							
Real estate....................................	11,600.7	0.0	0.0	0.0	28,730.8	40,331.5	***7.6%***
Education services	22,067.6	750.9	0.0	19.1	2,774.3	25,611.9	***4.8%***
Health services..............................	15,141.4	802.9	0.0	386.1	3,348.0	19,678.4	***3.7%***
Other services	35,580.4	2,289.9	1,813.9	14,455.6	8,002.8	62,142.6	***11.7%***
Settlements	0.0	10,000.0	0.0	0.0	0.0	10,000.0	***1.9%***
Total Investments	**176,021.6**	**51,968.6**	**37,784.1**	**129,660.2**	**134,049.8**	**529,484.3**	**100.0%**

Source: Central Bank of Egypt

Note:
(1) Preliminary data.

Commodity sector

Egypt's commodity sector is well diversified and represented 43.9% of GDP in the nine months ended 31 March 2021, as compared to 45.6% of GDP in 2019/20 and 48.0% of GDP in 2018/19. 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 7.0% of GDP in the nine months ended 31 March 2021, 12.1% of GDP in 2019/20 and 11.4% of GDP in 2018/19. In 2019/20 the sector grew by 13.9% (in nominal terms), as compared to 2018/19.

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 2020, in 2019, the total planted area was approximately 9.3 million *feddans* (approximately 3.9 million hectares), representing approximately 3.9% 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.

Staple Production and Imports

Although Egypt is the world's largest wheat-importing country, wheat occupies approximately 33.6% of the total planted 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 2018/19, over 1.3 million hectares of crop area produced approximately 8.6 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. The self-sufficiency percentage of wheat in 2019 was estimated at 40.3%.

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 2019/20, the Government spent LE 37.3 billion (according to preliminary estimates) on bread subsidies (as compared to LE 41.8 billion in 2018/19) and LE 46.5 billion (according to preliminary estimates) on subsidies in the form of ration cards for food items (as compared to LE 38.4 billion in 2018/19). 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 34 kg per year. According to the U.N. Food and Agricultural Organisation, the global average sugar consumption *per capita* is 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 13.9% 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 17.9% of Egypt's GDP in the nine months ended 31 March 2021, as compared to 17.1% of GDP in 2019/20 and 16.4% of GDP in 2018/19. 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. In 2019/20, the sector grew, in nominal terms, by 11.3%, as compared to 2018/19.

Egypt has one of the largest oil refining sectors in Africa and accounted for approximately 23% of total domestically-refined crude oil in Africa. Petroleum production contributed LE 169.8 billion, or 3.1%, to Egypt's GDP in 2019/20, as compared to LE 242.8 billion, or 4.7%, in 2018/19. 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, then reducing to U.S.$4.5 per MBTU in March 2020. 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 22 cement factories in Egypt, which consumed an aggregate of approximately 0.98% of the total amount of natural gas produced in Egypt in 2018/19, 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 2020, 231,000 automobiles were sold in Egypt, as compared to 182,000 in 2019. According to statistics published by the Automotive Market Information Council ("**AMIC**"), sales of passenger vehicles increased by 32% from 127,400 in 2019 to 167,700 in 2020, and sales of commercial vehicles increased by approximately 6.1% over the same period from 34,013 in 2019 to 37,013 in 2020. There are approximately 500 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) and serve 16 assembly plants. A number of major brands, including General Motors, Mercedes, Hyundai, BMW and China's Chery, assemble automobiles in Egypt. In 2019, 75,871 automobiles were produced in Egypt. 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 8.4% of GDP in the nine months ended 31 March 2021, 7.4% of GDP in 2019/20 and 11.8% of GDP in 2018/19. In 2018/19, the extractive industry decreased by 32.8% (in nominal terms), as compared to 2018/19, principally due to an lower international oil prices in the context of the COVID-19 pandemic.

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 "**EIA**"), the average spot price of Brent crude oil declined to U.S.$43.64 per barrel in 2016, as compared to U.S.$54.15 in 2017, U.S.$71.19 in 2018, U.S.$64.30 in 2019 and U.S.$41.96 in 2020, according to statistics published by the EIA. As at 10 September 2021, the wholesale spot price of Brent crude oil was U.S.$72.44 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.

Revenues from oil and gas decreased by 33% to LE 136.4 billion in 2020 from LE 203.6 billion in 2019, as a result of decreases in global oil prices.

EGPC, the main state-owned entity acting in the oil and gas sector, accounts for approximately 53.5% of oil production. Multinational companies, such as Apache Corporation, ENI, Shell, BP, Dana Gas, GDF Suez Group, Hess, RWE, Petronas, Total Energies, Lukoil, Edison/Energean and BG, 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. In 2016, the Ministry of Petroleum and Mineral Resources launched Egypt's oil and gas modernisation project, which aimed to attract major international oil companies, such as Exxon Mobil and Chevron, to work in Egypt's oil and gas upstream sector for the first time. 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. A new mining law was passed in 2019, with executive regulations issued in 2020, paving the way for attracting increased foreign investments and continued exploitation of Egypt's mining sector.

Petroleum

Petroleum production accounted for 2.1% of GDP in the nine months ended 31 March 2021, 4.2% of GDP in 2019/20 and 4.7% in 2018/19. In 2019/20, the sector increased by 24.7% (in nominal terms), as compared to 2018/19. Foreign and local investments in the oil sector increased from U.S.$8.8 billion in 2017/18 to U.S.$9.9 billion in 2018/19, before decreasing to U.S.$7.8 billion in 2019/20.

The number of oil sector agreements in place between Egypt and international oil companies or other countries increased to a total of 560 such agreements in 2020/21, from 545 such agreements in 2018/19. New field exploration activity increased in 2020/21 to 76 exploration projects underway during the year, as compared to 78 exploration projects in 2019/20.

According to statistics published by EGPC, Egypt's oil is produced in the Western Desert, the Gulf of Suez, the Eastern Desert, Sinai, the Mediterranean Sea, the Delta and Upper Egypt. 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 order to increase production from existing brownfields, EGPC is encouraging partner companies to invest in new brownfield technologies to enhance oil production. In addition, new bid rounds for new fields and concession are being offered. 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. South Valley Egyptian 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. In line with the economic reform programme launched by the Government, an energy subsidy reform programme was implemented in order to address energy subsidies and a more sustainable approach for fuel pricing, including the introduction of a fuel price indexation mechanism. 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 on 30 January 2017. 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, as at each of 30 June 2019 and 2020 the remaining outstanding arrears were approximately U.S.$0.9 billion and, as at 30 June 2021, the remaining outstanding arrears were approximately U.S.$850 million. 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

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21[1]
			(millions of tonnes)			
Production						
Crude Oil, LPG and Condensates	34.6	32.3	32.2	32.0	30.8	28.6
Natural Gas	31.3	34.8	41.1	49.7	47.4	49.9
Total Production	**65.9**	**67.1**	**73.3**	**81.7**	**78.2**	**78.5**
Domestic Consumption						
Petroleum and Petrochemical Products	39.4	34.4	35.0	31.0	27.5	26.9
Natural Gas	36.8	44.7	44.7	46.5	44.8	47.0
Total Consumption	**76.2**	**79.1**	**77.5**	**76.8**	**72.4**	**73.9**

Source: Ministry of Petroleum

Note:
(1) Preliminary data.

Natural gas

Natural gas production accounted for 6.3% of GDP in the nine months ended 31 March 2021, 3.1% of GDP in 2019/20 and 5.9% of GDP in 2018/19. In 2019/20, the sector declined by 44.3% (in nominal terms), as compared to the previous year.

The Ministry of Petroleum estimates that over 80% of Egypt's natural gas reserves are located in the Mediterranean and Nile Delta. Production of natural gas in Egypt increased from 1.47 trillion cubic feet ("**TCF**") in 2015/16 to approximately 1.634 TCF in 2016/17, 1.928 TCF in 2017/18, 2.333 TCF in 2018/19 and 2.23 TCF in 2019/20. In 2019/20, gas produced from reserves in the Mediterranean region accounted for approximately 62% of total sales of natural gas, as compared to the Western Desert (19%), the Delta (18%) and the Suez Gulf and Sinai region (1%).

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 million barrels 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 2018/19, there were 15 new discoveries of natural gas, of which ten were in the Western Desert and five were in the Mediterranean Sea, which added approximately 0.8 TCF of actual reserves and 2.2 million barrels of condensate. In 2019/20, there were 23 new discoveries of natural gas, of which 16 were in the Western Desert, five in the Mediterranean Sea and two in the Delta, which added approximately 2.1 TCF of natural gas reserves.

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 delivered its first gas in December 2017 and provides 300 million cubic feet per day ("**mcfd**") 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, Mobadla 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 mcfd. In April 2018, Zohr production reached 1,000 mcfd. This increased to 2,800 mcfd as at August 2021.

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). For the first time, Egypt is offering areas in the Red Sea for exploration. Between 11 February and 13 February 2019, the Egypt Petroleum Show 2019 was held in Cairo. At the show, Egypt announced 12 new blocks resulting from two bid rounds: five blocks for EGAS and seven blocks for EGPC. EGAS awarded the five blocks to bidders such as Shell BG, Eni, BP, DEA and Exxon Mobil. Since mid-2019, the Ministry of Petroleum and EGAS have been negotiating nine new agreements, seven of which are for blocks in the western Mediterranean Sea, and the other two are for blocks in the eastern Mediterranean Sea. Twelve agreements were signed in 2020 with minimum financial investments of U.S.$1,400 million with commitments to drill 34 wells and acquire more than 21,000 km^2 of 3D seismic, over six to eight years. A further two agreements were signed in March 2021 for periods of eight years.

In order to cover the gap between natural gas production and consumption, EGAS had historically imported 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. EGAS is not currently importing liquefied natural gas for the domestic market; it has released one FSRU and retains the other FSRU in case it is needed in an emergency.

As at 1 September 2021, 44 concession agreements were in effect, 33 of which were between EGAS and international companies for gas and crude oil exploration (representing 25 offshore concession agreements and eight onshore concession agreements) and 11 of which were between EGPC and international companies supervised by EGAS (representing eight 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 2018/19, seven natural gas development projects were initiated by EGAS and international oil companies to expand existing facilities or develop new gas fields. These projects had a total investment cost of U.S.$10.6 billion. In 2019/20, 11 natural gas development projects were initiated by EGAS and international oil companies to expand existing facilities or develop new gas fields. These projects had a total investment cost of U.S.$1.1 billion.

In 2019, Egypt offered exploration areas in the Red Sea through the first international bid launched by GANOPE. Three blocks were awarded to Shell (BG) and Chevron, subject to minimum financial commitments of U.S.$326 million over nine years.

One of the key outcomes of the strategy to transform Egypt into a regional energy hub in the short term was to capitalise on the country's existing infrastructure to bring in regional gases from the East Mediterranean fields. 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 the undersea 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 is in ongoing discussions with Cyprus concerning the importation of gas from Cyprus.

Egypt has a well-developed natural gas grid of high pressure pipelines with a total length of 7,920 km. In 2020/21, additional pipelines were constructed, resulting in increasing the national natural gas grid 72 km.

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 60.5% of local gas consumption in 2020/21, while the industrial sector accounted for approximately 22.3%, the petroleum sector accounted for approximately 11.2% and the residential and CNG sectors accounted for approximately 4.8% and 1.2%, respectively, of total consumption.

According to figures compiled by the Ministry of Petroleum and Natural Resources, in 2018/19 Egypt reached a point of self-sufficiency in respect of natural gas when local production reached an average daily production level of 6,392 million cubic feet per day ("**mmscfd**"). In 2019/20, the average production level was 6,095 mmscfd and it increased to 6,445 mmscfd during 2020/21, although this was lower than the production capacity of 7,200 mmscfd in 2020/21 due to reduced gas production, which was, in turn, due to lower demand and lower exports as a result of the COVID-19 pandemic. In 2020/21, natural gas consumption levels were approximately 6,066 mmcfd, as compared to approximately 5,754 mmscfd in 2019/20.

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 2019/20, 42,292 vehicles were converted to run on natural gas, resulting in over 344,216 CNG-powered vehicles on Egyptian roads. In 2020/21, 51,030 vehicles were converted to natural gas, resulting in over 369,000 CNG-powered vehicles on Egyptian roads. As of 30 June 2021, there were 376 CNG refuelling stations and 114 CNG conversion centres in Egypt.

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 30 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 a pipeline to Ashkelon in Israel. In January 2020, natural gas was received from Israel's natural gas fields for liquefaction in Egypt's LNG facilities and further re-export to Europe.

As part of the Ministry of Petroleum's strategy for reform of the gas sector, a new gas law was issued in August 2017 to set up a new legal and regulatory framework for liberalisation of the gas market. Under this framework, the new Gas Regulatory Authority ("**GasReg**") was established to monitor the functioning of the gas market under the new regime. By virtue of the law, new market players, after obtaining the necessary licenses from GasReg, are allowed to enter the downstream gas market, access the gas infrastructure on a non–discriminatory basis and sell the gas to final consumers on a competitive basis.

These steps towards the liberalisation of the gas market represent the main prerequisite for implementing Egypt's strategy to become an oil and gas hub.

Electricity

Electricity generation accounted for 6.0% of GDP in the nine months ended 31 March 2021, 1.7% of GDP in 2019/20 and in 2018/19. In 2018/19, the sector grew by 7.5% (in nominal terms), as compared to 2017/18.

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

Electricity Generation and Consumption

	2015/16	2016/17	2017/18	2018/19	2019/20
	(millions of megawatt hours)				
Domestic Electricity Consumption					
Industrial	38.3	41.5	43.6	44.4	41.1
Commercial and household	81.6	72.4	75.2	68.0	68.6
Other	35.4	37.2	38.1	38.5	37.5
Total electricity consumed domestically	**155.3**	**151.1**	**156.9**	**151.0**	**147.2**
Electricity generated, but not consumed domestically (build-own-operate and transfer and interconnection)	1.0	0.5	0.7	0.9	1.3
Total Electricity Consumed	**156.3**	**151.6**	**157.6**	**151.9**	**148.5**

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 2021, total installed capacity of Egyptian power plants was approximately 59.1 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. 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.

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 Aswan, Esna, the Nagah Hamadi and Assiut hydroelectric power stations, which have a total installed capacity of 2,832 MW, which represented approximately 4.8% of the Republic's total installed capacity in 2020/21.

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 accounted for approximately 87.8% of total electricity generation in 2020/21. 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% of the maximum peak load by the end of 2022.

Cross-Border Electricity Interconnection

In accordance with the sustainable energy strategy 2035, which aims to establish Egypt as a pivotal hub for energy, the Egyptian electricity sector is taking steps to diversify its energy sources and achieve its economic goals. To that end, the Egyptian Electricity Holding Company ("**EEHC**") participates in all activities, events and meetings for electricity exchange trading, and is an active member of electrical interconnection organisations worldwide. The following is a summary of these activities.

Existing and Planned Point-to-Point Interconnections: Egypt has the following existing and planned interconnection links: (i) a 500/400kV link with the Arab Mashreq through Jordan; (ii) a 220 kV link with and the Maghreb countries through Libya; and (iii) a 500 kV link currently under construction with Saudi Arabia, through which Egypt will be linked to the Gulf countries and Asia. The Egyptian / Saudi electrical interconnection project aims to exchange a capacity of 3,000 MW between the two countries using HVDC bipolar transmission technology. The Egypt-Sudan 220kV link is currently in the first phase of operation and is able to export 80 MW. When installation is complete the link is expected to export up to 300 MW.

Establishing an Arab common market for Electricity: The Pan-Arab Electrical Interconnection is one of the most important Arab integration projects, as it paves the way for the establishment of a common electricity market among Arab countries, based on a robust institutional and legislative framework and supported by a fully operational infrastructure. On 8 September 2016, the Council of the League of Arab States passed a resolution approving the memorandum of understanding for the establishment of the Arab common market for electricity, which was signed by the representatives of 16 Arab countries in April 2017. On 27 July 2020, the Arab Ministerial Council for Electricity, approved the final version of two conventions: (i) the general convention; and (ii) the convention of the Arab Common Market for Electricity. The Council has called on Arab member states to ratify the governance documents at member state level. The convention of the common Arab market aims to achieve energy integration and establishing the basis for the exchange and trade of electricity. It is expected to have a significant impact on the development of the renewable electricity sector and job creation in Arab countries.

Interconnection Axis and Electricity Market with Europe: To promote and consolidate its role as a pivotal hub for the electricity trade in the Mediterranean region, Egypt has joined many regional and international organisations, such as the Association of Mediterranean Transmission System Operators, the Union for the Mediterranean and other international organisations. A study is currently being conducted in respect of an electric interconnection project with Cyprus and Greece.

Interconnection Axis and the Electricity Market with China and the East: Within the framework of Egypt's strategy to become a pivotal energy hub, to exploit the opportunities for generating clean electricity from solar energy and wind farms, and to take advantage of investment in energy projects, the Ministry of Electricity and Renewable Energy signed a cooperation protocol with Global Energy Interconnection Development & Cooperation Organization (GEIDCO), headquartered in China. EEHC is member of GEIDCO.

African Interconnection Axes and Electricity Market: EEHC is a member in the East Africa Power Pool ("**EAPP**"), which is a regional institution that was established in 2005 to coordinate cross-border power trade and grid interconnection in Eastern Africa. Work is currently taking place through Egypt's active membership of this organisation to establish an electricity trading market among the member countries of the EAPP, aiming to secure energy supplies, reduce the cost of energy production and increase energy exchange and trade between EAPP countries. The EAPP currently has 11 member countries who have entered into an inter-Governmental memorandum of understanding, and 14 utilities, who have entered into an inter-utility memorandum of understanding.

Wind and Solar Power Projects

In October 2016, the Supreme Council of Energy approved a sustainable energy strategy for Egypt through 2035, pursuant to which a target of providing 37% of the Republic's energy from renewable energy sources by the end of 2034/35 was set. This strategy has been updated and renewable energy is now targeted to comprise the highest proportion of Egypt's energy mix (accounting for 42%, of which approximately 14% is targeted to be wind power, 22% solar photovoltaic power, 4% solar concentrated power and 2% hydro power), followed by fossil resources (55%) and nuclear power (3%).

Egypt has a number of wind power projects in the Gulf of Suez. 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 830 MW, respectively, of which 250 MW is generated by the private sector.

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 11 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. A 26 MW photovoltaic power plant in Kom Ombo has been in operation since February 2020. There is also 120 MW in photovoltaic power plant projects currently under development (20 MW in Hurghada, 50 MW in Kom Ombo, 50 MW in Zafarana).

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 Egyptian Electricity Transmission Company ("**EETC**") announced a feed-in tariff programme in 2014 under which power purchase agreements are granted for projects financed on a build, own and operate basis. These projects are being funded by FDI of approximately U.S.$2 billion. As of 31 December 2019, 32 solar projects have been built under this scheme with a total capacity of 1,465 MW, including Benban Solar park, the largest solar park in Africa and one of the largest in the world, and the recipient of a World Bank award in 2019 for best project worldwide, as well as the Arab Government Excellence award for the best project for the development of infrastructure in 2020.

In order to increase private-sector participation in the development of wind and solar power plants, the EETC announced the first bidding process for a wind project with capacity of 250 MW on a build, own and operate basis. In October 2017, an agreement was signed for the construction of this project and the plant became commercially operational in October 2019. Further renewable power plant projects (wind and solar) with a capacity of approximately 3,500 MW are in different phases of development.

Nuclear Power Projects

In June 2009, the Egyptian Nuclear Power Plant Authority (the "**NPPA**") 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 2028, and the four nuclear reactors are expected to be operational by the end of 2030.

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 in 2018/19 were LE 16 billion and LE 4.0 billion in 2019/20. See "*Public Finance—Social Spending and Subsidies*".

Energy Reform Strategy

Since 2015, the Government has been implementing a medium-term strategy designed to revive the energy sector and bridge the gap between supply and demand. 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.

As part of Egypt's 2030 Vision, a number of key performance indicators have been set for the energy sector, with the aim of meeting national sustainable development goals and maximising the efficient use of traditional and renewable resources contributing to economic growth, competitiveness, social justice and environment preservation. The Government's policy also targets becoming a renewable energy and efficient resource management leader and to create an innovative sector capable of forecasting and adapting to local, regional and international developments and complying with sustainable development goals.

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.

The Egyptian electricity sector is undergoing reform based on several specific policies and integrated plans and programmes, such as the Sustainable Development Strategy 2030 and related regulatory laws and legislations. The Electricity Law № 87 of 2015 was promulgated by virtue of a Presidential decree, and the Executive Regulation of the Law was issued by the resolution of the Minister of Electricity and Renewable Energy № 230 of 2016. These reforms were aimed at supporting the structural transformation of the Egyptian electricity market by requiring the Egyptian electricity system to operate according to economic and environmental standards that guarantee equal opportunities while maintaining the interests of electricity producers and consumers. Several steps have been taken by EEHC and EETC in this respect.

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.

As at the date of this Offering Circular, U.S.$4 billion has been invested in renewing and modernising Egypt's electricity transmission and distribution networks, including the establishment of a 2,000 km transmission and distribution network, as well as 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 21.7% in 2015/16, 34.1% in 2016/17, 31.8% in 2017/18, 24.8% in 2018/19 and 15.8% in 2019/20. The construction sector's share of Egypt's GDP was 5.6% in the nine months ended 31 March 2021, 15.87% in 2019/20 and 6.2% in 2018/19.

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 CAPMAS, Egypt's population has grown to 100 million as of June 2020, approximately 21% of the population was aged 18-29 years, and as of July 2019, approximately 60.8% of the population was under 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 6.5 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 0.8 km^2. The total cost of the New Capital City Project has not yet been finalised. Administrative Capital for Urban Development is the main source of funding for this project as it owns the land and sells it to the private sector. The Government is continuing to explore financing options for this project. The Government has announced its intention to partially move Government buildings to the new capital city by the end of 2021.In January 2019, President Al-Sisi opened Egypt's largest mosque and a new cathedral, which have been built in the new capital city. In February 2019, Prime Minister Madbouly announced that the foundations for a 385-metre tower, Iconic Tower, expected to be Africa's tallest building, would be poured in the new capital city.

In July 2021, the structure of the Iconic Tower was completed, with finishing works expected to be completed in January 2023. The remaining towers are expected to be delivered by the contractor between January 2022 and December 2022.

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 movable assets while they remain in the possession of the debtor. The law, which is enforced by the FRA, is intended to facilitate and regulate the mortgage process in Egypt.

Production Services Sector

The production services sector represented 26.3% of GDP in the nine months ended 31 March 2021, 30.3% of GDP in 2019/20 and 29.5% of GDP in 2018/19. The sector grew by 10.0% and 18.7% (in nominal terms) in 2019/20 and 2018/19, respectively.

Financial Intermediation

There are 38 banks registered with the CBE. The financial intermediation sector contributed 4.0% to GDP in the nine months ended 31 March 2021, 3.8% of GDP in 2019/20 and 2018/19. In 2019/20, the sector grew by 8.4%, (in nominal terms) as compared to 2018/19.

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 5.0% to GDP in 2019/20 and 4.6% to GDP in 2018/19. In 2019/20, the sector grew by 15.7% (in nominal terms) as compared to the previous year.

Suez Canal

A primary driver of economic activity in this sector is the Suez Canal. Suez Canal traffic receipts increased by 1.8% in 2020/21 to U.S.$5.9 billion and increased by 1.3% in 2019/20 to U.S.$5.8 billion from U.S. $5.7 billion in 2018/19. The increase in 2020/21, as compared to 2019/20, was primarily due to a 3.8% appreciation of the SDR against the U.S. Dollar, which was only partially offset by a 1.6% decrease in net tonnage.

In 2020, petroleum (both crude oil, chemicals, LPG and refined products) and LNG accounted for 22.9% and 2.9%, respectively, of Suez Canal cargoes, measured by cargo tonnage. In 2020, 18,830 ships transited the Suez Canal, of which 26.6% were petroleum tankers and 3.6% were LNG tankers. As the maximum draught allowed through the Suez Canal is 66 feet, crude oil tankers classed as "Very Large Crude Carriers" or "Ultra Large Crude Carriers" cannot pass through the Suez Canal fully loaded. In March 2021, transport through the Suez Canal was disrupted when a ship became lodged sideways across the waterway, resulting in the temporary closure of the canal and significantly delaying shipping.

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

Suez Canal Traffic(1)

	2016/17	2017/18	2018/19	2019/20	2020/21(2)
Number of vessels(3)	17,004	17,860	18,482	19,311	19,047
Vessels (*millions of tonnes*)	995	1,093	1,175	1,211	1,191
Receipts (*U.S.$ millions*)	4,945	5,707	5,731	5,806	5,911

Source: CBE

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 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 opportunities 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.

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 opportunities. 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 40% 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 164 million tonnes as at 31 December 2020.

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 RTA is currently preparing to tender the Qena and Sohag locations to private sector investors to build and manage, operate and maintain the new ports.

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.

A number of development projects are ongoing at Egypt's ports, including: (i) construction of a multi-purpose terminal at the ports in Alexandria (Tahya Misr); (ii) construction of a multi-purpose and container terminal at the El-Dekheila port; (iii) construction of a container terminal at Damietta port (Tahya Misr-1); (iv) construction of a new 3,600 m western breakwater at Damietta port and the rehabilitation of a 1,565 m eastern water breaker at Damietta port; (v) construction and operation of a multi-purpose terminal (Tahya Misr-2) and associated water breaker and works at the Damietta yard; (vi) construction of a new container terminal in Safaga port; and (vi) establishment of new berths in El-Sokhna port with a total length of 12 km.

In 2020, the total volume of cargo imported to Egyptian ports was 97 million tonnes, while the total volume of cargo exported from Egyptian ports was 59 million tonnes. The total number of passengers arriving at Egyptian ports was 100,333, while the total number of passengers departing from Egyptian ports was 71,028 in 2020.

Air transportation

Egypt has 13 international airports, which are located at Cairo, Borg-El-Arab, Alexandria, Hurghada, Luxor, Sharm El Sheikh, Aswan, Assiut, Taba, Marsa Matrooh, Sphinx, Capital and Souhag.

Cairo International Airport is Egypt's largest airport. Over 47 commercial and charter airlines and 12 cargo airlines use the Cairo airport. In 2019, approximately 18.9 million passengers travelled through Cairo International Airport. The number of flights from the airport in 2020 decreased by 54%, as compared to 2019, as a result of the impact of the COVID-19 pandemic and the corresponding restrictions on travel. Total airfreight tonnage handled at the airport in 2020 decreased by 58%, as compared to 2019, to 148,000 tonnes.

EgyptAir is the largest operator at the airport. EgyptAir commenced operations in 1933. Its fleet of 61 aircraft carried approximately 6.5 million passengers in 2020 and includes Airbus (A320, A321 and A330), Boeing (737, 777 and 787) and Embraer (E-170) aircraft, as well as Airbus (A200 and A330) cargo planes. EgyptAir plans to upgrade its fleet by replacing older aircraft, as well as increasing the fleet to 76 aircraft by the end of 2024. This will enable EgyptAir to improve its service offering and maintain its position as a leader in the Africa and Middle East market, which it hopes will increase the number of passengers to 12.75 million by 2024. The improved fleet would reduce costs, which would, in turn, improve the profitability of the company. It serves 69 destinations; nine in Egypt, 18 in other countries in Africa, 14 in the Middle East, 19 in Europe, six in Asia and three in the North America. It plans to increase this to 92 destinations by the end of 2024. EgyptAir joined the Star Alliance in July 2008. The Government owns EgyptAir, but it is self-financed and receives no subsidy from the Government.

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 2020/21, transported passengers and freight totalled approximately 253 million passengers and 4.7 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 is implementing a number of projects to modernise the railway signalling system. Six projects to increase the safety of secondary railway lines are underway covering the Alexandria-Cairo, Cairo-Giza-Beni Suef, Beni Suef-Asuit, Asuit-NagaHammady, NagaHammady-Luxor and Benha-Ismalia-Port Said corridors.

In June 2017, the Egyptian National Railway 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. In 2017, the Egyptian National Railway signed an additional contract with GE to purchase ten further locomotives, making a total of 110. All 110 new locomotives have been supplied and 27 of the used locomotives have been rehabilitated. The European Bank for Reconstruction and Development ("**EBRD**") provided financing to support these purchases and American Wabtec Corporation was awarded the supply contract.

In January 2020, the Egyptian National Railway signed a contract with PRL Company to purchase 50 new diesel locomotives and to upgrade a further 50 locomotives, which is being financed by HSBC.

The Cairo Metro, the first metro in Africa and the Middle East, opened in 1989. Line 1 is 44 km long and runs between Helwan and El Marg, with 35 stations. Line 2 is 21.6 km long and runs between Shoubra El Kheima and Al Mounib. In July 2007, construction started on a new Line 3, the total length of which will be 45 km. The first phase was completed in 2012 and linked Attaba to Abbassiya and the second phase, completed in 2014, linked Abbassiya to El Ahram. Phase 4A, completed in October 2019, linked Haroun to El Shams station. Phase 4B, a 7 km-long extension, was opened in August 2020. Line 3 will ultimately comprise 34 stations and extend from Imbaba in the northwest of Greater Cairo to the northeast at Adly Mansour station and will also serve Cairo International Airport. Construction of the remaining sections of Line 3 is expected to be completed in 2023.

In November 2020, construction of phase one of the Line 4 project began. Phase 1 of the Line 4 project envisages construction of approximately 19 km of track linking the Cairo Governorate with the Giza Governorate and linking to both Line 1 and Line 2, with the construction of 17 stations. The project is being financed through a concessional loan with the Japanese International Co-operation Agency.

In June 2021, a road map for Line 6 of the Cairo Metro was signed with French authorities to assess the feasibility and potential financing of the project. Line 6 would have a total length of approximately 30 km, intersecting with Lines 1, 3 and 4, and 24 stations.

A light rail network and a monorail project are also under construction. The light rail network is approximately 90 km long with 16 stations and is planned to connect with the new Line 3 of the Cairo Metro. The National Authority for

Tunnels is working on the construction of two monorail lines (the New Capital City line and the 6th of October line) with total length of 96 km, expected to start operating at the end of 2022.

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 10, 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 coaches. 496 coaches have been supplied.

In November 2019, the Minister of Transportation announced that Egypt is building a 6,000 km railway to connect Upper Egypt with Sudan, with construction expected to take 36 months.

In December 2020, the Government and the EIB signed a €1.1 billion investment agreement to support the development of the Egyptian urban transport infrastructure framework, including the rehabilitation and expansion of the metro and tram systems in Alexandria and Cairo, projects to reduce emissions and improve air quality and projects to increase the availability and improve the quality of public transport systems in Alexandria and Cairo. The investment will be granted in two tranches, the first of which (for a principal amount of €600 million) was granted on 16 December 2020. The second tranche of €528 million is expected to be signed in 2021. The EIM Economic Resilience Initiative and the EU Neighbourhood Investment Programme have also provided grants for technical and advisory assistance during the project.

Works on the Alexandria metro include conversion of the existing Abu Qir line (originally established as a suburban railway line) into a high capacity metro, with the upgrade and electrification of 21.7 km of track and 20 stations. The estimated cost of the project is €1.7 billion and is expected to be financed by EBRD (€750 million), the EIB (€250 million), the Asian Infrastructure Development Bank (€250 million), *L'Agence Francaise de Developpement* (€250 million) and the Egyptian treasury (€200 million).

Works on the Alexandria tram system include upgrading the existing Alexandra Raml tram, a double-track rail system which runs east-west across the city, with a total length of 14.4 km and 38 stations. The estimated cost of the project is €450 million and is expected to be financed by the EIB (€138 million) and *L'Agence Francaise de Developpement* (€100 million), with the remainder of the cost funded by the Egyptian treasury.

In August 2021, an electric express train project was launched to construct a network of electrical express trains and a railway line handling speeds of up to 250 km/p/h. The network is expected to be divided into three lines: (i) green line (Ain Sukhna-New Lamein-Marsa Matrouh, with a length of 660 km and 22 stations); (ii) red line (Luxor-Hurghada-Safaga, with a length of 300 km and seven stations); and (iii) blue line (6 October-Aswan, with a length of 950 km and 28 stations). In September 2021, the Government signed a U.S.$4.5 billion contract with a consortium of companies led by Siemens AG to implement the high-speed electric train on the green line between Ain Sokhna on the Red Sea coast and Matrouh on the Mediterranean coast. The contract includes maintenance operations for a period of 15 years.

Roadways

The Egyptian highways network consists of approximately 30,500 km 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 45 bridges have been constructed to connect the road network across the Nile.

The Government has launched a construction programme to build 7,000 km of new roads, which is expected to cost LE 175 billion. The first, second and third phases of this programme envisage the construction of 5,800 km of roads at an estimated cost of LE 145 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. The country's warm climate is also a draw for tourists, and 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 visitors 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 Rahman and Al-Alamein.

Tourism represented 2.3% of GDP in 2019/20 and 2.7% of GDP in 2018/19. The tourism sector represented 1.5% of GDP in the nine months ended 31 March 2021. The decreases in 2019/20 and the nine months ended 31 March 2021 were primarily due to the adverse effects of the COVID-19 pandemic. See "*Risk Factors—Risk Factors Relating to Egypt—COVID-19*" and "*Risk Factors—Risk Factors Relating to Egypt—Economic Risk*".

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

Tourism Activities

	2015/16	**2016/17**	**2017/18**	**2018/19**
Total Arrivals (*in thousands*)	6,874	6,624	9,777	8,047(2)
Total Number of Tourist Nights (*in thousands*)	51,779	50,898	102,557	87,434(2)
Average Number of Nights (*per tourist*)	7.6	7.9	10.8	11.1(2)
Tourism Income (*U.S.$ millions*)	3,768	4,380	9,804	12,571
Tourism Income per Night (*U.S.$*)	73	86	96	N/A(3)

Notes:
(1) Preliminary data.
(2) Figure is for July to February in 2018/19. Total arrivals and related figures are not available for subsequent periods.
(3) Figure not available as at the date of this Base Offering Circular.

The total number of tourist nights between July 2018 and February 2019 was 87.4 million. In the full year 2017/18, total tourist nights were 102.6 million in 2017/18, as compared to 50.9 million in 2016/17. In each of 2015/16 and 2016/17, the total number of tourist nights were negatively affected by the impact of terrorist attacks on the tourism industry and security concerns in Egypt. Tourism income was U.S.$9.9 billion in 2019/20, as compared to U.S.$12.6 billion in 2018/19, U.S.$9.8 billion in 2017/18 and U.S.$4.4 billion in 2016/17. Tourism income was U.S.$3.1 billion in the nine months ended 31 March 2021. The decrease in tourism in the nine months ended 31 March 2021 and in 2019/20 was primarily due to continuing restrictions on travel as a result of the COVID-19 pandemic.

See "*Risk Factors—Risk Factors Relating to Egypt—Terrorism Risk*".

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 was lifted in October 2019. 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.

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 also had a negative impact on Egypt's tourism industry. See "*Risk Factors—Risk Factors Relating to Egypt—Terrorism Risk*". In addition, the political unrest and frequent demonstrations and protests after the 2011 Revolution 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. On 28 December 2018, three tourists and their Egyptian guide were killed by a roadside bomb near Giza. See "*The Arab Republic of Egypt—History—Recent Events*". More recently, the tourism sector has been particularly impacted by the COVID-19 pandemic.

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 2019, and, during 2019, all requests to postpone debt instalments will be reviewed on a case-by-case basis. In addition, in December 2015, an initiative was launched to support workers in the tourism sector by postponing amounts due under certain banking facilities for six months. This initiative was extended until December 2019, with workers permitted to carry-over amounts due without the application of interest fees on late payments. 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; and (vi) implementing a comprehensive sustainability strategy to ensure that the envisaged growth can be absorbed while maintaining Egypt's tourism assets for future generations.

For a discussion of the impact of the COVID-19 virus on tourism, see "*Response to COVID-19*". See also "*—Employment and Labour*".

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

Tourism Implemented Investments

	Public	Private	Total
	(LE millions in current prices)		
2015/16	186	2,923	3,109
2016/17	407	4,300	4,707
2017/18	682	3,850	4,532
2018/19	1,080	6,900	7,980
2019/20	319	4,953	5,272

Source: Ministry of Planning

Insurance

In 1998, restrictions on foreign-owned insurance companies were 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. There are 26 foreign-owned companies operating in the private sector in the Egyptian insurance market.

Total insurance premiums (including insurance companies and private pension funds) represented 1.0% and 0.8% of GDP in 2019/20 and 2020/21, respectively. In 2020/21, the sector grew by 14.5% (in terms of total premiums paid), as compared to 2019/20. 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.$29.2 in 2020/21 (based on population figures as at 30 June 2020), as compared to U.S.$25.0 in 2019/20. This increase was primarily due to the increase in the total insurance premiums.

Insurance gross premium volume was LE 45.9 billion in 2020/21, as compared to LE 40.1 billion in 2019/20, representing an increase of 14.5%. In 2019/20, LE 23.9 billion (gross premium) was generated by the life insurance business and LE 22.0 billion by the non-life insurance business.

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

Direct Premiums and Market Shares

	2016/17	2017/18	2018/19	2019/20	2020/21[(1)]
			(LE millions)		
State-owned companies	10,393	12,570	13,300	14,368	15,849
Egyptian-owned private sector companies	3,027	4,872	8,200	2,106	9,854
Foreign-owned private sector companies	10,558	12,103	13,600	23,649	20,224
Total	**23,978**	**29,545**	**35,100**	**40,123**	**45,927**

Source: Financial Regulatory Authority

Note:
(1) Preliminary figures.

As at 30 June 2021, a total of 41 insurance companies were operating in Egypt, including 16 companies offering life and 25 companies offering property and casualty insurance (including ten Islamic (Takaful) insurance companies operating in the market, four of which offer life insurance and six of which offer property and casualty insurance). The insurance market includes one co-operative insurance company and one export credit insurance company. As at 31 December 2020, there were also 756 private insurance funds.

As at 31 March 2021, total insurance sector assets were LE 140.5 billion, as compared to LE 128.5 billion as at 30 June 2020, representing an increase of 9.3%.

Gross investments in 2021 were LE 127.9 billion, as compared to LE 107.8 billion in 2020, representing an increase of 18.6%.

Gross premiums written by the top five companies underwriting non-life insurance and the top five companies underwriting life insurance represented market shares of 62.4% and 87.9%, respectively, as at 30 June 2021.

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 FRA has implemented measures to promote the development of the insurance sector, focusing on the following six pillars:

- outlining a series of reforms aimed at expanding insurance penetration, with the expectation that regulatory measures, coupled with the rollout of universal health coverage, will lead to a doubling of premiums within the next five years;
- 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;

- reforming policy for third-party liability insurance; and
- expanding coverage and improving insurance inclusion to encourage diversification of the sector, for example by developing micro-insurance and niche offerings such as *Takaful* (Islamic insurance).

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.

Financial Regulatory Authority

The FRA (formerly, the EFSA) is an independent authority established in accordance with Law № 10 of 2009. The FRA 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, securitisation and consumer finance. The FRA's role is to regulate the market and ensure its stability and competitiveness to attract more local and foreign investments. The mandate of the FRA also includes limiting inconsistency risks and addressing problems arising from applying different supervisory rules.

The FRA has also 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, the Capital Market Law № 95 of 1992, the Depository and Central Registry Law № 93 of 2000, the Mortgage Finance Law № 148 of 2001, as well as other related laws, regulations, and decrees that are part of the mandates of the above authorities. The FRA is also the administrative body entitled to apply the financial leasing provisions promulgated by Law № 95 of 1995, which was later replaced by Law № 176 of 2018 on financial leasing and factoring and by Law № 141 of 2014 on microfinance and SME lending activities.

In September 2014, the FRA 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. Since then, the FRA has been an active member of the IOSCO. In 2021, the FRA was elected as the Vice-Chair of the IOSCO Board, and the Chair of the Growth and Emerging Markets Committee, the largest committee within IOSCO, which represents over 75% of the IOSCO's ordinary membership. The Growth and Emerging Markets Committee seeks to promote the development and greater efficiency of emerging securities and futures markets by establishing principles and minimum standards, providing training programmes and technical assistance to members and facilitating the exchange of information and transfer of technology and expertise.

The World Bank/IFC Doing Business Report for 2020 recognised Egypt for improving its investor minority protection rights, in particular, by requiring shareholder approval when listed companies issue new shares. The World Bank/IFC Doing Business Report for 2020 ranked Egypt 114th out of 190 countries for ease of doing business, as compared to 120th out of 190 in 2019.

The Global Competitiveness Report for 2019 published by the World Economic Forum recognised a number of positive developments with respect to financial services, with Egypt improving its overall ranking by seven places (from 100th in 2018 to 93rd in 2019 out of 141 countries). Egypt's ranking in "financing of SMEs" also improved by 48 places (from 89th in 2018 to 41st in 2019 out of 141 countries).

In August 2018, Law № 176 of 2018 was issued to permit the FRA to regulate factoring and financial leasing activities.

The FRA has established a policyholder protection fund, to be deployed in the case of insurance company insolvencies. Under the National Strategy 2018-22 for Non-bank Financial Services, the FRA aims to attract premiums of LE 50 billion (U.S.$2.8 billion) by 2022, and to see an increase in investments made by insurance companies from LE 86 billion (U.S.$4.9 billion) to LE 150 billion (U.S.$8.5 billion) over the same period.

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
	2016	**2017**	**2018**	**2019**	**2020**	**2021**
Fixed Services						
Exchange capacity (*millions*)	18.9	19.6	20.8	25.2	24.8	25.1
Number of fixed line subscribers (*millions*)	6.1	6.6	7.9	8.8	9.8	10.3
Mobile Phone						
Number of mobile phone subscriptions (*millions*)	97.8	101.3	93.8	95.3	95.9	98.6
Mobile service companies	3.0	4.0	4.0	4.0	4.0	4.0
Internet Penetration						
Internet capacity (*GB per second*)	1,134.3	1,536.1	2,397.1	2,565.8	—[2]	—[2]

Note:
(1) Figures based on a survey of ICT access and use by households and individuals.
(2) Figures unavailable.

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 2021, there were 10.3 million fixed line subscribers in Egypt, as compared to 9.8 million as at 31 December 2020, 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 8.0 million as at 31 December 2019 to 9.5 million as at 30 June 2021.

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 2021, there were 98.6 million mobile subscribers, as compared to 95.9 million as at 31 December 2020.

Internet

In 2019/20, there were 48.5 million internet users in Egypt, as compared to 40.9 million internet users in 2018/19, an increase of 7.6 million, or 18.5%, as compared to 2018/19. The internet penetration ratio reached 55.7% in 2019/20, as compared to 48% in 2018/19 . 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" initiative, 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 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. The executive regulation for the Cybercrime Law was issued by Prime Ministerial Decree № 1699 of 2020.

In February 2019, the Prime Minister issued Decree № 244 of 2019, permitting the Ministry of Telecommunications to establish a technological zone located in El Maadi, Cairo for information technology and telecommunications activities.

A new data protection law was issued as Law № 151 of 2020. The new data protection law governs aspects relating to the data processing, storage, disclosure and transfer of data and has regard to international standards for the protection of personal data.

The Ministry of Communications and Information Technology has developed a digital transformation strategy to contribute to achieving the "Digital Egypt" aim set out in Egypt Vision 2030. The objectives of the strategy include developing ICT infrastructure. fostering digital inclusion, achieving the transition to a knowledge-based economy, building capacities and encouraging innovation, fighting corruption, ensuring cybersecurity and promoting Egypt's position at the regional and international level. "Digital Egypt" aims to transform Egypt into a digital society. The strategy has three main pillars: (i) digital transformation; (ii) digital skills and jobs; and (iii) digital innovation.

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 executive 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.

The waste management law № 202 of 2020 ("**Law 202**") was issued and entered into force in October 2020. Law 202 addresses waste generation and processing with the aim of promoting waste recycling and reuse. The law focuses on the integrated management of municipal, industrial, agricultural, demolition and construction waste, as well as their safe disposal, categorising waste as hazardous or non-hazardous.

Nile River

The Nile River accounts for 72.6% of Egypt's total fresh 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*".

Climate Change

In addition to relevant aspects of environmental and water policy and regulation, the Government has established the National Council for Climate Change under Prime Ministerial Decree № 1912 of 2015 as the national authority concerned with climate change. The stated objectives for the National Council for Climate Change are to: (1) formulate the general policies of the Government with regard to dealing with climate change, and work to develop and update sectorial strategies and plans for climate change, in the light of international conventions and national interests, and work to formulate and update a comprehensive national strategy for climate change; (2) link national climate change policies, strategies and plans to the Government's overall sustainable development strategy; and (3) continue to progress negotiations of the United Nations Framework Convention on Climate Change and the protocols or conventions emanating therefrom and related to national communications. To these ends, the Government has adopted specific policies and protocols relating to coastal zones, water resources and irrigation, the agricultural sector, the health sector, the transportation sector and the tourism sector, among others.

Employment and Labour

Egypt has the largest labour force in the Arab world. According to figures published by CAPMAS, the labour force represented 48% of the population as of the last quarter of 2020, with approximately 59.2 million people between the ages of 15 and 60 as of 1 January 2021, while 34% of the population was under the age of 15. As at 31 December 2020, approximately 20.3% of Egypt's labour force was working in the agricultural and fishing sectors, 53.3% in services, 13% in manufacturing and 13.4% in construction.

As at 31 December 2020, the labour force totalled approximately 28.5 million people, an increase of 0.2 million as compared to 28.3 million people as at 31 December 2019. Approximately half of the population participates in the labour force. The labour force was 83% male and 17% female as at 31 December 2020.

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)]

	2016	2017	2018	2019	2020
Labour force (*millions*)	28.9	29.5	28.8	28.3	28.5
Employed (*millions*)	25.3	26.0	26.0	26.1	26.2
Unemployed (*millions*)	3.6	3.5	2.8	2.2	2.3
Unemployment rate (*%*)	12.5	11.8	9.9	7.9	7.9

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 was 7.3% in the second quarter of 2021, as compared to 7.4% in the first quarter of 2021 and 9.6% the second quarter of 2020. In the second quarter of 2021, the percentage of unemployed people aged 15 to 29 was 68.4%.

The following table sets forth the number of workers by sector for the dates indicated.

Number of Workers by Sector

	As at 31 December				
	2016	**2017**	**2018**	**2019**	**2020**
	(thousands of people)				
Agriculture, forestry and fishing	6,478	6,510	5,629	5,509	5,325
Mining	41	39	25	37	40
Manufacturing	2,900	3,125	3,253	3,384	3,409
Electricity, Gas and A/C supplies	202	204	213	235	230
Water supplies and drainage networks	307	180	221	225	249
Construction and building	3,009	3,358	3,258	3,570	3,518
Wholesale, retail, vehicles amendments	3,004	3,280	3,533	3,591	3,794
Transport and warehousing	1,888	1,992	2,068	2,125	2,247
Tourism	668	681	759	814	786
Information and telecommunications	188	189	216	210	187
Financial intermediaries and insurance	181	165	170	180	160
Real estate and leasing	36	40	36	44	50
Technology	377	397	452	476	489
Administrative activities and subsidy services	201	188	192	220	222
Public administration, defence and obligatory social security	1,729	1,641	1,661	1,537	1,541
Education	2,283	2,130	2,219	1,978	2,024
Health and social work activities	780	779	870	868	918
Art and entertainment	117	123	146	130	116
Other Services	608	615	635	641	644
Individual households' services	330	357	416	263	178
International organisations and embassies	4	4	2	3	2
Other	0	11	37	72	70
Total	**25,331**	**26,008**	**26,021**	**26,122**	**26,199**

Source: CAPMAS

The following table sets forth labour force participation according to age as at 31 December 2020.

Labour Force Participation according to Age

Age Group	Labour Force	Out of Labour
	(%)	*(%)*
15-19	5.2	94.8
20-24	12.8	87.2
25-29	16.8	83.2
30-39	26.2	73.8
40-49	20.2	79.8
50-49	15.0	85.0
60-64	2.3	97.7
65+	1.4	98.6

Source: CAPMAS

The average monthly wage in Egypt for public and private sector employees was approximately LE 5,132 in 2019, 4,416 in 2018 and 4,200 in 2017, 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 2020/21, wages and compensation of public sector employees increased by LE 29.9 billion, or 10.4%, to LE 318.7 billion from LE 288.8 billion in 2019/20. This increase was primarily due to payment of 7.0% bonuses for public sector employees subject to the provisions of the New Civil Service Law and the payment of 10.0% bonuses for public sector employees not subject to the New Civil Service Law, in addition to the payment of certain exceptional bonuses to approximately 5.2 million state agencies' employees. The quality incentive for teachers was increased and the minimum wage was increased to LE 2,000.

In June 2021, Law № 69 of 2021 (the "**Law 69**"), was promulgated, which updated the bonus structure for public sector employees. Law 69, *inter alia*: (a) sets a new minimum of LE 75 for periodic bonuses for public sector employees, subject to the provisions of the New Civil Service Law; (b) grants public sector employees (subject to certain exceptions) not subject to the New Civil Service Law, a special bonus of 13% of a public sector employee's basic salary, which is to be considered part of the employee's basic salary starting with effect from 1 July 2021; (c) increases the additional incentives granted to public sector employees (those subject and not subject to the New Civil Service Law) to range from LE 175 to LE 400 depending on the post and is considered to be a part of an employee's basic salary with effect from the same date.

The 2021/22 budget allocates LE 361 billion to public sector wages, increasing from preliminary actual expenditures of LE 318.7 billion in 2020/21, an increase of approximately LE 42 billion, or 13%, in order to: (i) increase the minimum wage from LE 2,000 to LE 2,400; (ii) provide for bonuses of 7.0% for public sector employees subject to the New Civil Service Law and 13.0% for public sector employees who are not subject to the New Civil Service Law, with a minimum bonus of LE 75 for all employees; (iii) provide for lump-sum exceptional bonuses starting from LE 175 to LE 400 based on seniority level (intended to have a greater impact on the salaries of more junior employees); and (v) provide LE 1.5 billion to finance promotion initiatives in administrative functions.

The following table sets forth weekly average wages for the years indicated.

Weekly Average Wages[(1)]

	2016	2017	2018	2019	2020
			(LE)		
Public Sector	1,154	1,247	1,278	1,479	1,834
Private Sector	670	779	877	1,019	885
Overall	942	1,050	1,104	1,283	915

Source: CAPMAS

Note:
(1) Figures stated as at 31 December.

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 Offering Circular 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.

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. Law № 6 of 2021 amended Law 18, expanding the mandate of the Central Agency for Organisation and Administration.

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. The New Civil Service Law was amended in July 2021 to permit dismissal without disciplinary action.

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.

In June 2021, Law № 69 was promulgated, as discussed above. In addition, in June 2021, Law № 73 of 2021 was promulgated, which, in line, with the priorities set out in the Government's reform programme, allows for the immediate dismissal of employees in Government departments and public authorities who test positive for drug use. The law stipulates that random annual drug tests will be administered to employees in Government departments and public authorities in order to efficiently apply the provisions of the law.

In September 2021, Ministerial Decree № 57 of 2021 (the "**Ministerial Decree**") was passed. The Ministerial Decree sets (i) minimum wages in private sector companies at LE 2,400 to be applied starting January 2022 and (ii) minimum annual periodic bonuses for the fiscal year 2021 at a rate of 3% of employee's insurance contribution as set out under the social insurance law (subject to a minimum amount of LE 60).

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, an 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, 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 August 2021, ten infrastructure projects were being tendered through PPPs, in the transport and social sectors, Five Projects are contracted with a total investment capital of LE 9.2 billion. Two projects with a total investment capital of LE 4.2 billion have been put out for tender, six projects are under preparation with an estimated investment capital of LE 4.4 billion, and seven projects have been approved by the Supreme Committee to be put out for tender through a PPP programme, with an estimated investment capital of LE 28.6 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*:

- *Phase 1 - New Schools PPP Projects*: The construction and operation of public schools, for which 24 projects in seven 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 other services, such as facility management, to operate the schools with an estimated total capital investment of LE 352 million. The contracts were signed in January 2019 and the schools are operating.

- *Phase 2 - New Schools PPP Project*: The second new schools PPP project involves the design, building, financing, operation, maintenance and transfer of 60 schools in 14 governorates across Egypt, with an estimated total capital investment of LE 1.5 billion. Tender documents for the projects have been prepared. The project is currently in the stage of evaluating prequalification applications. An announcement in respect of the selected consortium and qualified company is expected to be announced in October 2021.

- *6th October Dry Port PPP Project:* This project includes the design, building, financing, operation and transfer of a new dry port in the city of 6th of October in the Giza governorate and has an estimated total investment capital of LE 1.8 billion. El-Sewedy Electric Consortium, an international consortium, was the winning bidder. The Supreme Committee approved the contract award on 29 October 2020, and the El-Sewedy Electric Consortium was awarded the project on 5 February 2021. The Parliament approved the granting of the concession on 27 December 2020. A contract was signed between El-Sewedy Electric Consortium and Public Partner "GALDP" in March 2021. The first phase is expected to begin in December 2021.

- *The 10th of Ramadan Dry Port PPP Project and Logistic Center:* This project includes the design, building, financing, operation and transfer of a new dry port with logistics facilities in the 10th of Ramadan city, with an area of 250 acres. The dry port, once constructed, is expected to serve a number of industrial zones and the New Capital City Project and will link with the railway network to reach the seaports. A pre-feasibility study for the project has been finalised, which was funded by the EIB. A consortium of international and local advisors has been assigned to the project, using funding from the EBRD. The invitation for prequalification was issued on 29 June 2021 and the prequalification application submission deadline was 14 September 2021.

- *Waste to Energy PPP Project*: This project includes the design, building, financing, operation and transfer of eight plants with a capacity of 500-1,000 tonnes per day in different pilot governorates. This project is expected to tender in December 2021.

- *Phase 2 - Damietta wastewater treatment plant*: This project includes the design, building, financing, operation and transfer of the second phase of a new Damietta wastewater treatment plant with a total capacity of 50,000 cubic metres per day in New Damietta City, to serve residential and industrial areas in New Damietta. This project is expected to tender in the third quarter of 2022.

- *Benha Specialized Educational University Hospital PPP Project*: This project includes the design, building, financing, operation and provision of non-clinical services to the 250 bed General University Hospital in Benha University branch in El Obour City. The project has an estimated total capital investment of U.S.$100 million and is expected to tender in the third quarter of 2022.

- *Four PPP Desalination plants:* Initial approval was obtained from the EBRD to fund technical, financial, legal and environmental pre-feasibility studies for four desalination projects.

    - *El Hamam desalination plant.* Construction, financing, operation and management of a new wastewater treatment plant with a total desalination capacity of 120/190 cubic metres per day. The project will require an estimated total capital investment of LE 2.1 billon. The project is undergoing a pre-feasibility study and is expected to tender in May 2021.

- *Safga desalination plant.* Construction, financing, operation and management of a new wastewater treatment plant with a total desalination capacity of 20/80 thousand cubic metres per day. The project will require an estimated total capital investment of LE 250 million. The project is undergoing a pre-feasibility study and land allocation, and is expected to tender in the first quarter of 2022.

- *Koseir desalination plant.* Construction, financing, operation and management of a new Wastewater treatment plant with a total desalination capacity of 20/60 thousand cubic metres per day. The project will require an estimated total capital investment of LE 250 million. The project is undergoing a pre-feasibility study and land allocation, and is expected to tender in the first quarter of 2022.

- *Marsa Allam desalination plant.* Construction, financing, operation and management of a new Wastewater treatment plant with a total desalination capacity of 10/60 thousand cubic metres per day. The project will require an estimated total capital investment of LE 160 million. The project is undergoing a pre-feasibility study and land allocation, and is expected to tender in the first quarter of 2022.

Approved projects in the PPP pipeline include:

- *Sadat Dry port***:** This project includes the development, financing, design, construction and operation of a new dry port in Sadat city. The tendering authority is the General Authority for Land and Dry Ports (the "**GALDP**").

- *Beni Suef Dry Port:* This project includes the development, financing, design, construction and operation of a new dry port in New Beni Suef city. The tendering authority is GALDP.

- *Logistics Centre in 6th of October City:* This project includes the development, financing, design, construction and operation of a new logistics centre in *6th of October City*, adjacent to the 6th of October Dry Port. The tendering authority is GALDP.

- *Railway by pass (Imbāba / Manashy / El-Etihad):* This project includes using the existing El-Etihad freight line, augmented by the construction of a passing loop on the longest section of track on this single-track network, to improve route capacity. The tendering authority is the Egyptian National Railways (the "**ENR**").

- *Dikhila Multi-purpose terminal:* This project is estimated to have a total investment cost of around LE 3.6 billion. The tendering authority is the Alexandria Port Authority.

- *Dikhila Dry bulk terminal:* This project is estimated to have a total investment cost of around LE 1.5 billion. The tendering authority is the Alexandria Port Authority.

- *Dikhila Dirty bulk terminal***:** This project is estimated to have a total investment cost of around LE 1 billion. The tendering authority is the Alexandria Port Authority.

- *Safaga Multi-purpose terminal: Containers/general goods terminal:* This project is estimated to have a total investment cost of around LE 12 billion. The tendering authority is the Red Sea Ports Authority.

Various tools have been used by the Government 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. According to statistics published by CAPMAS, in 2019/20, 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) was 29.7%, as compared to 27.8% in 2015.

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. In December 2018, the Deputy Governor of the CBE stated that the CBE wanted the World Bank and the IMF to include Egypt's informal economy in Egypt's GDP figures and other macro-indicators, noting that Egypt's informal economy amounted to approximately 40%-50% of GDP.

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.

Recent measures taken to try to integrate the informal economy into the formal economy include the launching of initiatives by the CBE to support small- and medium-sized enterprises ("**SMEs**") and to encourage the informal sector to join the formal sector to benefit from financial services. One of the objectives of Egypt's Social Fund for Development (which was established with support from the United National Development Programme) is to encourage projects to join the formal economy.

See "*Risk Factors—Risk Factors Relating to Egypt—A significant portion of the Egyptian economy is not recorded*" and "*Monetary System—The Egyptian Banking Sector and Reform*".

EXTERNAL SECTOR

General

In 2019/20, Egypt's balance of payments recorded an overall deficit of approximately U.S.$8.6 billion, as compared to a deficit of U.S.$0.1 billion in 2018/19, primarily due to the impact of the COVID-19 pandemic. In 2019/20, the current account deficit increased by 2.5% to U.S.$11.2 billion, as compared to U.S.$10.9 billion in 2018/19. Despite the increase in the current account deficit, the current account outperformed expectations for 2019/20 given the impact of the COVID-19 pandemic, due to an improvement in the non-oil trade balance and an increase in unrequited current transfers (in particular workers' remittances from abroad), which helped to alleviate the effect of the COVID-19 pandemic on the current account. Despite the impact of the COVID-19 pandemic and the worldwide reduction of capital movements, Egypt's capital and financial account recorded a net inflow of U.S.$5.4 billion in 2019/20, as compared to a net inflow of U.S.$10.9 billion in 2018/19.

In the nine months ended 31 March 2021, Egypt's balance of payments recorded an overall surplus of U.S.$1.8 billion, as compared to a deficit of U.S.$5.1 billion in 2019/20, which was primarily due to the impact of the COVID-19 pandemic. In the nine months ended 31 March 2021, the current account deficit increased to U.S.$13.3 billion, as compared to U.S.$7.3 billion in the corresponding of 2020. This was primarily due to a significant decrease in tourism revenues recorded during this period as a result of travel restrictions implemented due to the COVID-19 pandemic, as well as an increase in the non-oil trade deficit. Egypt's capital and financial account recorded a net inflow of U.S.$17.1 billion in the nine months ended 31 March 2021, as compared to a net inflow of U.S.$4.1 billion in the nine months ended 31 March 2020.

As at 30 June 2021, net international reserves with the CBE were U.S.$40.6 billion, covering approximately 7.1 months of merchandise imports, as compared to U.S.$38.2 billion as at 30 June 2020, U.S.$44.5 billion as at 30 June 2019 and U.S.$44.3 billion as at 30 June 2018. The increase in net international reserves as at 30 June 2021, as compared to as at 30 June 2020, was primarily due to the disbursements under IMF funding, as well as Eurobond issuances in February 2021. As at 31 July 2021, according to provisional figures, net international reserves were U.S.$40.6 billion, covering approximately 7.1 months of merchandise imports. See "*Response to COVID-19*" and "*Monetary System—Net International Reserves*".

Net foreign assets held by Egyptian banks (excluding the CBE) increased from LE 8.0 billion as at 30 June 2018, to LE 35.8 billion as at 30 June 2019, before decreasing to liabilities of LE 34.5 billion as at 30 June 2020 and then increasing to assets of LE 27.0 billion as at 30 June 2021 (according to provisional figures). Foreign currency deposits at Egyptian banks increased from U.S.$40.2 billion as at 30 June 2018 to U.S.$42.9 billion as at 30 June 2019, before decreasing to U.S.$41.4 billion as at 30 June 2020 and increasing to LE 41.6 billion as at 30 June 2021 (according to provisional figures). Foreign currency deposits as a percentage of total deposits were 18.5% as at 30 June 2016, increasing to 27.8% as at 30 June 2017, subsequently decreasing to 23.8% as at 30 June 2018, 21.2% as at 30 June 2019, 16.9% as at 30 June 2020 and 13.9% as at 30 June 2021 (according to provisional figures). See "*Monetary System—Liquidity and Credit Aggregates*".

Egypt's gross external debt (public and private) as at 31 March 2021 was U.S.$134.8 billion, as compared to U.S.$123.5 billion as at 30 June 2020 and U.S.$108.7 billion as at 30 June 2019, an increase of 24.0% over the period, primarily due to the receipt of funds under the EFF, and the proceeds of Eurobond issues by the Republic. See "*Public Debt—External Debt*".

Gross external Government debt is the major source of external debt, comprising 59.7% as at 31 March 2021, 56.2% as at 30 June 2020 and 52.7% as at 30 June 2019. The gross external debt to GDP ratio was 34.7% as at 31 March 2021, 34.1% as at 30 June 2020, 36.0% as at 30 June 2019 and 37.0% as at 30 June 2018. See "*Public Debt.*"

Balance of Payments

Recent Developments

In the nine months ended 31 March 2021, Egypt's balance of payments registered a surplus of approximately U.S.$1,796 million, as compared to a deficit of U.S.$5,114 million during the corresponding period in 2019/20, primarily due to the increase in capital and financial account inflows. In the nine months ended 31 March 2021, the current account deficit increased to U.S.$13.3 billion, as compared to U.S.$7.3 billion in the corresponding period in 2019/20. The capital and financial account recorded a net inflow of U.S.$17.1 billion in the nine months ended 31 March 2021, as compared to a net inflow of U.S.$4.1 billion in the corresponding period in 2019/20.

Current Account

The increase in the current account deficit in the nine months ended 31 March 2021, as compared to the corresponding period in 2019/20, was primarily due to a decrease in the services surplus and an increase in the non-oil trade deficit, which was partially offset by the increase in unrequited current transfers, improvement in the oil trade balance and the decrease in investment income deficit.

The trade deficit increased by 9.0%, to U.S.$30.6 billion in the nine months ended 31 March 2021 (compared to U.S.$28.1 billion in the corresponding period in 2019/20), due to a 4.4% increase in merchandise imports (from U.S.$49.0 billion in the nine months ended 31 March 2020 to U.S.$51.1 billion in the nine months ended 31 March 2021), and a 1.8% decrease in merchandise exports (from U.S.$21.0 billion in the nine months ended 31 March 2020 to U.S.$20.6 billion in the nine months ended 31 March 2021). The non-oil trade deficit widened by 12.7% or U.S.$3.5 billion, to U.S.$30.7 billion in the nine months ended 31 March 2021 (compared to U.S.$27.3 billion in the corresponding period in 2019/20). Non-oil imports increased by U.S.$4.5 billion to U.S.$45.4 billion in the nine months ended 31 March 2021 (concentrated in imports of medicines and sterilisation equipment driven by the COVID-19 pandemic, corn, spare parts and accessories for cars and tractors, and railway locomotives). Non-oil exports increased by U.S.$1.0 billion, to U.S.$14.6 billion in the nine months ended 31 March 2021 (concentrated in the export of household electrical appliances and wires and cables).

The services surplus decreased by 62.2% to U.S.$3.2 billion in the nine months ended 31 March 2021 (compared to U.S.$8.4 billion in the corresponding period in 2019/20), primarily due to a decrease in travel receipts to U.S.$3.1 billion in the nine months ended 31 March 2021, from U.S.$9.6 billion in the corresponding period in 2019/20. Receipts from Suez Canal transit decreased by 2.5%, from U.S.$4.5 billion in the nine months ended 31 March 2020 to U.S.$4.3 billion in the nine months ended 31 March 2021 due to a 6.1% decrease in net tonnage, partially offset by a 3.5% appreciation of the SDR against the U.S. Dollar.

The investment income deficit decreased by 3.6% or U.S.$326.4 million, to U.S.$8.9 billion in the nine months ended 31 March 2021 (compared to U.S.$9.2 billion in the nine months ended 31 March 2020), primarily due to the U.S.$689.2 million decrease in investment income payments, to U.S.$9.2 billion in the nine months ended 31 March 2021, which was, in turn, due to a decrease in the profits of foreign oil firms operating in Egypt, which were adversely impacted by the decrease in global oil prices, as well as interest payments on foreign debt. Investment income receipts also decreased in the nine months ended 31 March 2021 by U.S.$362.8 million, to U.S.$320.1 million, due to the decrease in interest payments on deposits abroad.

Net unrequited current transfers increased by U.S.$1.5 billion to U.S.$22.9 billion in the nine months ended 31 March 2021 (compared to U.S.$21.5 billion in the corresponding period in 2019/20) primarily due to an increase in workers' remittances by 8.5%, to U.S.$23.4 billion (from U.S.$21.5 billion).

Capital and Financial Account

Despite the impact of the COVID-19 pandemic and the worldwide reduction of capital movements, Egypt's capital and financial account recorded a net inflow of U.S.$17.1 billion in the nine months ended 31 March 2021. This represented an increase from a net inflow of U.S.$4.1 billion in the nine months ended 31 March 2020. Portfolio investment in Egypt registered a net inflow of approximately U.S.$16.0 billion (against a net outflow of U.S.$7.6 billion in the corresponding period in 2019/20). This was due to an easing in the global financial conditions, despite the ongoing uncertainty caused by the COVID-19 pandemic, reflecting foreign investors' confidence in the Egyptian economy. FDI inflows decreased by 15.7% to U.S.$10.7 billion in the nine months ended 31 March 2021 (compared to U.S.$12.7 billion in the corresponding period in 2019/20), and FDI outflows decreased by 12.6% to U.S.$6.0 billion (compared to U.S.$6.8 billion in the corresponding period in 2019/20). This resulted in net FDI contracting by 19.3% to U.S.$4.8 billion in the nine months ended 31 March 2021 (compared to U.S.$5.9 billion in the nine months ended 31 March 2020), due to investments in the oil sector recording a net outflow of U.S.$322.5 million (as compared to a net inflow of U.S.$787.6 million in the nine months ended 31 March 2020), and investments in the non-oil sectors recording a net inflow of U.S.$5.1 billion.

In the nine months ended 31 March 2021, net disbursements of medium- and long-term loans and facilities increased to U.S.$5.0 billion (compared to U.S.$2.0 billion in the corresponding period in 2019/20).

Balance of Payments for 2015/16 to 2019/20

The following table sets forth data on Egypt's balance of payments for the periods indicated.

	Balance of Payments[1]						
	Fiscal year					*July – March.*	
	2015/16	**2016/17**	**2017/18**	**2018/19**[2]	**2019/20**[2]	**2019/20**[2]	**2020/21**[2]
	(U.S.$ millions)						
Exports[3]	18,705	21,728	25,827	28,495	26,376	20,954	20,574
Imports	(57,388)	(59,003)	(63,103)	(66,529)	(62,841)	(49,012)	(51,148)
Trade Balance[4]	(38,683)	(37,275)	(37,276)	(38,034)	(36,465)	(28,058)	(30,574)
Services and income (*net*)[5]	2,061	1,046	4,843	2,027	(2,382)	756	(5,667)
Balance of goods, services and income	(36,622)	(36,229)	(32,433)	(36,006)	(38,847)	(28,815)	(36,241)
Official Transfers (*net*)	102	149	206	351	218	169	(249)
Private Transfers (*net*)	16,689	21,686	26,265	24,763	27,462	21,307	23,189
Total Transfers	16,791	21,835	26,471	25,114	27,680	21,476	22,940
Balance of Current Account	(19,831)	(14,394)	(5,962)	(10,892)	(11,167)	(7,339)	(13,302)
Foreign Direct Investment (*net*)[6][7]	6,933	7,933	7,720	8,236	7,453	5,929	4,787
Portfolio Investment in Egypt (*net*)	(1,287)	15,985	12,095	4,230	(7,307)	(7,944)	15,987
Net Borrowing	7,103	9,699	10,279	6,253	4,138	3,256	6,218
Medium and Long-Loans	(186)	5,157	6,739	3,334	7,217	2,529	2,756
Drawings	2,523	7,641	8,846	5,525	9,253	4,206	4,373
Repayments	(2,710)	(2,484)	(2,108)	(2,192)	(2,036)	(1,677)	(1,617)
Medium Term Suppliers' Credits	1,505	2,795	1,119	829	(645)	(490)	2,211
Drawings	1,561	2,912	1,314	1,161	34	15	2,981
Repayments	(55)	(117)	(195)	(332)	(679)	(505)	(770)
Short Term Suppliers' Credits (*net*)	5,784	1,747	2,422	2,091	(2,434)	1,216	1,251
Other Assets	(3,477)	(12,096)	(4,512)	(8,882)	303	3,958	(7,449)
Other Liabilities	12,019	9,574	(3,142)	1,618	2,206	(655)	(1,332)
Capital and Financial Account	21,177	31,015	21,997	10,857	5,375	4,091	17,062
Net Errors and Omissions	(4,159)	(2,904)	(3,247)	(67)	(2,795)	1,866	(1,964)
Overall Balance	**(2,813)**	**13,717**	**12,788**	**(103)**	**(8,587)**	**(5,114)**	**1,796**
Trade Balance/GDP (%)[8]	(11.5)	(15.9)	(14.9)	(12.6)	(10.1)	(7.8)	(7.9)
Current Account/GDP (%)[8]	(5.9)	(6.1)	(2.4)	(3.6)	(3.1)	(2.0)	(3.4)
Balance of Payments/GDP (%)[8]	(0.8)	5.8	5.1	0.0	(2.4)	(1.4)	0.5
NIR[9] as months of merchandise imports	3.7	6.4	8.4	8.0	7.3	7.7	7.1

Source: CBE

Notes:

(1) This data differs from previously published data. See "*Presentation of Information*".
(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) Some data have been revised in accordance with a new method for compiling FDI and its earnings to include all undistributed realised earnings. This modification is pursuant to Prime Minister Decree № 2732 of 2019 and applies to data from Q1 2018/19 onwards. Previously, data were restricted to reinvested earnings.
(7) Includes FDI in the petroleum sector.
(8) See "*The Economy—Gross Domestic Product*".
(9) Net International Reserves. See "*Monetary System—Net International Reserves*". As at 30 June 2021, according to provisional figures, net international reserves were U.S.$40.6 billion, covering approximately 7.1 months of merchandise imports.

In 2019/20, Egypt's balance of payments recorded an overall deficit of approximately U.S.$8.6 billion, as compared to a deficit of U.S.$0.1 billion in 2018/19, primarily due to the impact of the COVID-19 pandemic. In 2019/20, the current account deficit increased by 2.5% to U.S.$11.2 billion, as compared to U.S.$10.9 billion in 2018/19. Despite the increase in the current account deficit, the current account outperformed expectations for 2019/20 given the impact of the COVID-19 pandemic, due to an improvement in the non-oil trade balance and an increase in unrequited current transfers (in particular workers' remittances from abroad), which helped to alleviate the effect of the COVID-19 pandemic on the current account. Despite the impact of the COVID-19 pandemic and the worldwide reduction of capital movements, Egypt's capital and financial account recorded a net inflow of U.S.$5.4 billion in 2019/20, a decrease from a net inflow of U.S.$10.9 billion in 2018/19.

Current Account

The increase in the current account deficit in 2019/20, as compared to 2018/19, was primarily due to a decrease in the services surplus and an increase in the investment income deficit, which was partially offset by the improvement in the non-oil trade deficit and the increase in unrequited current transfers (primarily workers' remittances from abroad).

The trade deficit decreased by 4.1%, to U.S.$36.5 billion in 2019/20 from U.S.$38.0 billion in 2018/19, due to a 5.5% decrease in merchandise imports, from U.S.$66.5 billion in 2018/19 to U.S.$62.8 billion in 2019/20, which was only partially offset by a 7.4% decrease in merchandise exports, from U.S.$28.5 billion in 2018/19 to U.S.$26.4 billion in 2019/20. The oil trade balance registered a deficit of U.S.$421.0 million in 2019/20, as compared to a surplus of U.S.$8.1 million in 2018/19, primarily due to a U.S.$3.1 billion decrease in oil exports (from U.S.$11.6 billion in 2018/19 to U.S.$8.5 billion in 2019/20) as a result of decreases in exports of crude oil, oil products and natural gas. This decrease was only partially offset by a U.S.$2.6 billion decrease in oil imports (from U.S.$11.5 billion in 2018/19 to U.S.$8.9 billion in 2019/20) as a result of decreases in oil products imports, which was impacted by both a 38.0% decrease in imported quantities and lower international oil prices, as well as the cessation of natural gas imports (since the second quarter of 2018/19), which was, in turn, partially offset by an increase in crude oil imports in 2019/20. The non-oil trade deficit narrowed by U.S.$2.0 billion to U.S.$36.0 billion in 2019/20 from U.S.$38.0 billion in 2018/19, primarily due to: (i) an increase in non-oil merchandise exports (from U.S.$16.9 billion in 2018/19 to U.S.$17.9 billion in 2019/20), which was, in turn, primarily driven by an increase in gold exports; and (ii) a decrease in non-oil merchandise imports (from U.S.$55.0 billion in 2018/19 to U.S.$53.9 billion in 2019/20).

The services surplus decreased by 31.2% to U.S.$9.0 billion in 2019/20, as compared to U.S.$13.0 billion in 2018/19, primarily due to a decrease in travel receipts (tourism revenues) by U.S.$2.7 billion to U.S.$9.9 billion in 2019/20, from U.S.$12.6 billion in 2018/19. See "*The Economy—Production Services Sector—Tourism*". Receipts from Suez Canal transit increased by U.S.$75.0 million, or 1.3%, from U.S.$5.7 billion in 2018/19, to U.S.$5.8 billion in 2019/20.

The investment income deficit increased by U.S.$344.4 million to U.S.$11.4 billion in 2019/20, as compared to U.S.$11.4 billion in 2018/19, primarily due to: (i) a U.S.$547.4 million increase in portfolio investment dividends' payments (to U.S.$1.8 billion in 2019/20); (ii) a U.S.$373.6 million increase in external debt interest payments (to U.S.$2.9 billion in 2019/20); and (iii) a U.S.$72.0 million decrease in investment income receipts (to U.S.$942.1 million in 2019/20) due to the decrease in interest payments on Egyptian's deposits abroad and profit transfers of branches of Egyptian companies abroad. This was partially offset by a U.S.$648.6 million decrease in direct investment earnings payments to U.S.$7.5 billion in 2019/20) as a result of a decrease on profits of foreign oil firms operating in Egypt

Net unrequited current transfers increased by U.S.$2.6 billion to U.S.$27.7 billion in 2019/20, as compared to U.S.$25.1 billion in 2018/19. This increase was primarily due to an increase in workers' remittances, which increased by 10.4% in 2019/20, as compared to 2018/19.

The following table sets forth data on net private transfers flowing into the Republic for the periods indicated.

Net Private Transfers[1]

	2015/16	2016/17	2017/18	2018/19[2]	2019/20[2]
			(U.S.$ millions)		
Total Private Transfers (*Net*)	16,689	21,686	26,265	24,763	27,462

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

Despite the impact of the COVID-19 pandemic and the worldwide reduction of capital movements, Egypt's capital and financial account recorded a net inflow of U.S.$5.4 billion in 2019/20, a decrease from a net inflow of U.S.$10.9 billion in 2018/19. Portfolio investment in Egypt decreased to net outflows of U.S.$7.3 billion in 2019/20, as compared to net inflows of U.S.$4.2 billion in the previous year, primarily due to decreased non-resident investment as a result of the global uncertainty caused by the COVID-19 pandemic, which had a negative impact on worldwide investment and FDI flows, particularly in the emerging markets. FDI inflows decreased by 3.4% to U.S.$15.8 billion in 2019/20, as compared to U.S.$16.4 billion in the previous year, and FDI outflows increased by 2.8% to U.S.$8.4 billion, as compared to U.S.$8.2 billion in 2018/19. This resulted in net FDI contracting by 9.5% to U.S.$7.5 billion in 2019/20, as compared to U.S.$8.2 billion in 2018/19. This was primarily due to a 68.2% decrease in net investments in the oil sector (to U.S.$1.1 billion in

2019/20) and a U.S.$383.4 million decrease in net investments in non-oil sectors (to U.S.$1.1 billion in 2019/20), which was partially offset by increases in retained earnings (to U.S.$4.0 billion in 2019/20) and the credit balances surplus (to U.S.$1.2 billion in 2019/20).

In 2019/20, net disbursements of medium- and long-term loans and facilities increased by U.S.$2.4 billion to U.S.$6.6 billion, as compared to U.S.$4.2 billion in 2018/19.

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. In November 2020, a new customs law was introduced. See "*—Foreign Direct Investment—Investment Projects and Initiatives*".

In March 2018, Egypt and 43 other African countries signed the African Continental Free Trade Area Agreement, which aims to facilitate trade between member states according to a scheduled timeline, create a single market on the African continent for goods and services by removing certain barriers and tariffs among the member states and establish an African Custom Union. This agreement entered into force on 30 May 2019 for 24 countries, including Egypt. As of 15 January 2021, 35 countries have ratified the African Continental Free Trade Area Agreement.

The total volume of trade decreased from U.S.$95.0 billion in 2018/19 to U.S.$89.2 billion in 2019/20, a decrease of U.S.$5.8 billion, or 6.1%. This was primarily due to a 5.5% decrease in imports, which was only partially offset by a 7.4% decrease in exports in 2019/20, as compared to 2018/19. The total volume of trade increased from U.S.$70.0 billion in the nine months ended 31 March 2020 to U.S.$71.7 billion in the nine months ended 31 March 2021, an increase of U.S.$1.8 billion, or 2.5%. This was primarily due to a 4.4% increase in imports, which was only partially offset by a 1.8% decrease in exports in the nine months ended 31 March 2021, as compared to the nine months ended 31 March 2020.

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]

	Fiscal year					July –March	
	2015/16	**2016/17**	**2017/18**	**2018/19**[(2)]	**2019/20**[(2)]	**2019/20**[(2)]	**2020/21**[(2)]
				(U.S.$ billions)			
Fuel Exports	**5.7**	**6.6**	**8.8**	**11.6**	**8.5**	**7.3**	**5.9**
Crude Petroleum	3.6	3.9	4.6	4.9	3.3	2.8	1.8
Petroleum products[(3)]	2.1	2.7	4.2	6.7	5.2	4.5	4.1
Non-Fuel Exports, *of which*:	**13.0**	**15.1**	**17.0**	**16.9**	**17.9**	**13.6**	**14.6**
Raw Materials	1.7	1.9	2.2	2.4	2.7	1.9	2.1
Semi-finished goods	2.7	4.0	4.3	3.7	5.2	3.8	4.2
Finished goods	8.4	9.0	10.4	10.6	9.8	7.8	8.2
Other Exports	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Total Exports[(4)]	**18.7**	**21.7**	**25.8**	**28.5**	**26.4**	**21.0**	**20.6**

Source: CBE

Notes:
(1) According to the Harmonised System Coding (Degree of Processing).
(2) Preliminary figures.
(3) Including gas and bunker and jet fuel.
(4) Including exports of Free Zones.

Export proceeds were U.S.$20.6 billion in the nine months ended 31 March 2021, as compared to U.S.$21.0 billion in the nine months ended 31 March 2020, a decrease of 1.8%, due to a 19.1% decrease in fuel exports from U.S.$7.3 billion in the nine months ended 31 March 2020 to U.S.$5.9 billion in the nine months ended 31 March 2021. Fuel exports accounted for 28.8% of total exports in the nine months ended 31 March 2021, as compared to 35.0% in the nine months ended 31 March 2020. Non-fuel exports accounted for 71.2% of total exports in the nine months ended 31 March 2021, as compared to 65.0% in the nine months ended 31 March 2020. As a result, the export/import ratio decreased to 40.2% in the nine months ended 31 March 2021, as compared to 42.8% in the nine months ended 31 March 2020.

Export proceeds were U.S.$26.4 billion in 2019/20, as compared to U.S.$28.5 billion in 2018/19, a decrease of 7.4%, due to a 27.6% decrease in fuel exports from U.S.$11.6 billion in 2018/19 to U.S.$8.5 billion in 2019/20. Fuel exports accounted for 32.2% of total exports in 2019/20, as compared to 40.7% in 2018/19. Non-fuel exports accounted for 67.8% of total exports in 2019/20, as compared to 63.2% in 2018/19. As a result, the export/import ratio decreased to 42.0% in 2019/20, as compared to 42.8% in 2018/19.

The following table sets forth the destination of exports from Egypt for the periods indicated.

Destinations of Egyptian Exports

	Fiscal year					July –March	
	2015/16	**2016/17**	**2017/18**	**2018/19**[(1)]	**2019/20**[(1)]	**2019/20**[(1)]	**2020/21**[(1)]
				(U.S.$ billions)			
European Union	6.0	7.0	9.0	10.2	8.2	6.6	6.2
United States	1.3	1.8	2.1	2.9	2.4	1.9	2.0
Arab countries	5.8	6.4	6.0	6.1	6.8	5.2	5.2
Asian countries (excluding Arab countries)	2.1	1.7	2.7	3.4	3.3	2.6	2.9
Other European countries	1.3	1.7	2.1	2.1	2.0	1.6	2.0
African countries (excluding Arab countries)	0.5	0.5	0.7	0.6	0.5	0.4	0.4
Commonwealth of Independent States[(2)]	0.2	0.2	0.3	0.2	0.3	0.2	0.2
Other countries	1.5	2.4	2.9	3.0	2.9	2.4	1.7
Total Exports[(3)]	**18.7**	**21.7**	**25.8**	**28.5**	**26.4**	**21.0**	**20.6**

Source: CBE

Notes:
(1) Preliminary figures.
(2) Includes Russia.
(3) Including exports of Free Zones.

In the nine months ended 31 March 2021, the EU was the largest importer of Egyptian goods, purchasing 29.9% of Egyptian exports, as compared to 31.7% in the nine months ended 31 March 2020. Arab countries were Egypt's second largest trading partners, purchasing 25.2% of Egyptian exports in the nine months ended 31 March 2021 (24.6% in the nine months ended 31 March 2020), followed by Asian countries (excluding Arab Countries), with 13.9% of total exports in the nine months ended 31 March 2021 (12.4% in the nine months ended 31 March 2020).

In 2019/20, the EU was the largest importer of Egyptian goods, purchasing 31.1% of Egyptian exports, as compared to 35.8% in 2018/19. Arab countries were Egypt's second largest trading partners, purchasing 25.8% of Egyptian exports in 2019/20 (21.4% in 2018/19), followed by Asian countries (excluding Arab Countries), with 12.5% of total exports in 2019/20 (11.9% in 2018/19).

Imports

The following table sets forth the levels of Egyptian imports by product for the periods indicated.

Imports by Product[(1)]

	Fiscal year					*July –March*	
	2015/16	**2016/17**	**2017/18**	**2018/19**[(1)]	**2019/20**[(2)]	**2019/20**[(2)]	**2020/21**[(2)]
				(U.S.$ billions)			
Fuel Imports	**9.3**	**12.0**	**12.5**	**11.5**	**8.9**	**8.1**	**5.8**
Petroleum products[(3)]	8.4	10.1	10.0	9.0	4.6	4.3	3.4
Crude Oil	0.9	1.9	2.5	2.5	4.3	3.8	2.3
Non-Fuel Imports	**48.1**	**47.0**	**50.6**	**55.0**	**53.9**	**40.9**	**45.4**
Raw Materials	5.4	6.2	5.9	6.1	6.8	5.1	5.5
Intermediate Goods	15.3	15.7	19.8	21.0	19.7	14.5	16.3
Investment Goods	9.6	8.8	8.9	10.6	9.1	7.3	7.4
Consumer Goods	14.6	12.6	13.0	14.9	16.9	12.8	13.8
Other Imports	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Total Imports[(4)]	**57.4**	**59.0**	**63.1**	**66.5**	**62.8**	**49.0**	**51.1**

Source: CBE

Notes:

(1) According to The Harmonised System Coding (H.S.C.) (Degree of Use).
(2) Preliminary figures.
(3) Including gas and bunker and jet fuel.
(4) Including imports of Free Zones, and commodity grants and loans.

Total imports increased by 4.4% in the nine months ended 31 March 2021, as compared to the nine months ended 31 March 2020. Fuel imports accounted for 11.3% of total imports in the nine months ended 31 March 2021, as compared to 16.5% in the nine months ended 31 March 2020. Non-fuel imports accounted for 88.7% of total imports in the nine months ended 31 March 2021, as compared to 83.5% in the nine months ended 31 March 2020.

Total imports decreased by 5.6% in 2019/20, as compared to 2018/19. Fuel imports accounted for 14.2% of total imports in 2019/20, as compared to 17.3% in 2018/19. Non-fuel imports accounted for 85.8% of total imports in 2019/20, as compared to 82.7% in 2018/19.

The following table sets forth the origin of Egyptian imports for the periods indicated.

Origins of Egyptian Imports

	Fiscal year					July –March	
	2015/16	**2016/17**	**2017/18**	**2018/19**(1)	**2019/20**(1)	**2019/20**(1)	**2020/21**(1)
	(U.S.$ billions)						
European Union	17.4	15.9	16.7	17.8	17.9	13.8	14.1
United States	2.6	2.9	2.9	3.4	3.2	2.5	2.6
Asian countries (excluding Arab countries)	11.4	10.7	12.6	14.4	14.5	10.9	12.5
Arab countries	10.4	11.0	12.4	12.9	12.6	10.4	9.2
Other European countries	4.1	4.2	4.3	5.3	4.7	3.5	3.7
Commonwealth of Independent States(2)	4.0	4.3	4.8	6.0	4.4	3.6	3.4
African countries (excluding Arab countries)	0.7	0.8	0.7	0.5	0.4	0.3	0.3
Australia	0.3	0.2	0.3	0.4	0.3	0.2	0.2
Other countries	6.5	9.0	8.5	5.9	4.8	3.8	5.0
Total Imports(3)	**57.4**	**59.0**	**63.1**	**66.5**	**62.8**	**49.0**	**51.1**

Source: CBE

Notes:

(1) Preliminary figures.

(2) Includes Russia.

(3) Including imports of Free Zones.

In the nine months ended 31 March 2021, the EU was the largest source of imported goods into Egypt, accounting for 27.6% of Egyptian imports, as compared to 28.1% in the corresponding period in 2019/20, 28.5% in 2019/20 and 26.8% in 2018/19. Asian countries (excluding Arab countries) were Egypt's second largest trading partners, accounting for 24.5% of Egyptian imports in the nine months ended 31 March 2021 , as compared to 22.2% in the corresponding period in 2019/20, 23.1% in 2019/20 and 21.7% in 2018/19, followed by Arab countries, with 18.0% (21.2% in the corresponding period in 2019/20, 20.1% in 2019/20 and 19.4% in 2018/19) and other countries with 9.9% of total imports (7.8% in the corresponding period in 2019/20, 7.6% in 2019/20 and 8.9% in 2018/19).

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 investment 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 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 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 2019, 24,373 new companies were established in Egypt, as compared to 21,129 new companies in 2018 and 18,744 companies in 2017, according to statistics published by the Ministry of Investment.

In the nine months ended 31 March 2021, overseas investments in Egypt's petroleum sector accounted for 40.0% of all FDI inflows, as compared to 46.4% in the nine months ended 30 March 2020, 45.9% in 2019/20, 61.9% in 2018/19 and 67.3% in 2017/18. Overseas investment in the services sector accounted for 33.0% of total FDI inflows in the nine months ended 31 March 2021, as compared to 28.3% in the nine months ended 31 March 2020, 29.7% of total FDI inflows in 2019/20, 20.1% in 2018/19 and 11.2% in 2017/18. Overseas investment in the manufacturing sector accounted for 16.2% of total FDI inflows in the nine months ended 31 March 2021, as compared to 12.2% in the nine months ended 31 March 2020, 12.0% in 2019/20, 9.9% in 2018/19 and 10.0% in 2017/18.

Net FDI inflows decreased from U.S.$7.9 billion in 2016/17 (3.4% of GDP) to U.S.$7.7 billion in 2017/18 (3.1% of GDP),before increasing to U.S.$8.2 billion in 2018/19 (2.7% of GDP), decreasing to U.S.$7.5 billion in 2019/20 (2.1% of GDP) and further decreasing by 19.3% to U.S.$4.8 billion in the nine months ended 31 March 2021 (1.2% of GDP). 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 increase in 2018/19, as compared to 2017/18, was primarily due to the increase in net inflows for greenfield investments. The decrease in the nine months ended 31 March 2021 and in 2019/20, as compared to 2018/19, was primarily due to reduced foreign direct investment as a result of the impact of the COVID-19 pandemic.

In the nine months ended 31 March 2021, net FDI inflows were U.S.$4.7 billion, as compared to U.S.$5.9 billion during the corresponding period in 2020, a decrease of 20.3%, which was primarily due to a decrease in inflows in the petroleum sector.

The following table sets forth FDI figures and the principal countries of origin for the periods indicated.

FDI by Country(1)

	2015/16	2016/17	2017/18	2018/19	2019/20(2)	July 2020 – March 2021(2)
			(U.S.$ millions)			
Total Net Foreign Direct Investment	**6,933**	**7,933**	**7,720**	**8,236**	**7,453**	**4,787**
Inflows	**12,529**	**13,366**	**13,163**	**16,393**	**15,837**	**10,745**
United States	883	1,833	2,244	1,354	1,412	1,253
United Kingdom	5,945	5,519	4,553	3,661	2,359	1,382
France	251	536	240	279	330	206
Spain	154	44	57	66	52	37
Germany	202	148	122	283	268	197
Saudi Arabia	313	344	297	430	356	266
Switzerland	128	148	186	186	152	380
Kuwait	133	150	112	690	364	233
Bahrain	165	113	88	186	309	197
United Arab Emirates	1,329	837	1,075	972	1,819	1,053
Netherlands	246	219	349	987	1,410	953
Oman	12	6	5	(8)	1.1	(1)
Others	2,768	3,469	3,835	7,307	7,005	4,590
Outflows(3)	**(5,596)**	**(5,433)**	**(5,444)**	**(8,157)**	**(8,384)**	**(5,958)**

Source: CBE

Notes:

(1) The data in this table differs from previously published data due to the revisions of petroleum sector figures. See "*Presentation of Information*".

(2) Preliminary data.

(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. In December 2020, the IMF forecast net FDI flows into Egypt in the coming years increasing as follows: U.S.$5.4 billion in 2020/21, U.S.$8.3 billion in 2021/22, U.S.$11.4 billion in 2022/23, U.S.$14.6 billion in 2023/24 and U.S.$16.3 billion in 2024/25.

In June 2021, the UN Conference on Trade and Development World Investment Report 2021 stated that Egypt remains the largest recipient in Africa of foreign direct investment. According to the Organisation for Economic Co-operation and Development's survey of investment promotion agencies in the Mediterranean region, GAFI provides well-focused investment promotion activities, with sectors, countries, projects and investors all targeted as part of its FDI attraction efforts (with the OECD noting that GAFI is the only Mediterranean agency to prioritise investors (in addition to sectors, countries and projects)). A number of firms, including Samsung, Pfizer, PepsiCo, Coca Cola, Procter and Gamble, LG, and Emaar, have announced plans to increase investment in Egypt. In August 2021, Amazon opened its first logistics centre in Egypt, the largest logistics centre in Africa.

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:

- *Introduction of a new customs law*: In November 2020, the new customs law (Law № 207 of 2020) was published, which reflects the increasing shift of the Egyptian economy toward a more free trade orientation. The customs law was 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 5.0% to 2.0% and to allow the settlement of due customs and fees on such goods to be paid in instalments. The customs law also introduces a "one-stop" information portal to permit users (including international traders) to deposit regulatory documents and obtain information using a "single window". The executive regulations of the new customs law were introduced in August 2021 as Ministerial Decree № 430 of 2021.

- *Ministerial Committee to encourage investment:* In January 2020, a new ministerial committee was set up to encourage investment and to formulate policy to attract sector-specific investment and FDI. The committee will meet at least once a month to work on initiatives for facilitating investment. The committee is chaired by the Prime Minister and includes ministers from the tourism and antiquities, planning and economic development, international cooperation, finance, local development, housing, agriculture, and trade ministries, as well as the governor of the CBE and the executive director of GAFI.

- *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 FRA). 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, *inter alia,* also expanded the regulatory powers of EFSA (now the FRA), 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.

- *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.

- *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 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. Such executive regulations were revoked and replaced by new executive regulations issued by virtue of Prime Minister Decree № 108 of 2020.

- *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, 2,157 out of 2,432 currently outstanding investor disputes have been successfully resolved, with the remaining 275 expected to be resolved. The Prime Minister is the chairman of a committee formed to settle major investment disputes.

- *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, including, *inter alia,* 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 Investment Law permits this cap to be exceeded if certain conditions are met and an approval is obtained.

- *Investment law*: In June 2017, the Investment Law was passed, which is aimed at attracting increased FDI inflows. The 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 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 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 Investment Law also provides for three types of investment system (investment zones system, technological zones system and free zones system). The Investment Law also establishes: (i) an administrative unit called "investor service centre", 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 centre that focuses on investor-state disputes. The law also provides companies with three different sets of incentives: General Incentives, Specific Incentives and Additional Incentives. All companies subject to the Investment Law can benefit from the General Incentives, except for companies subject to the free zones system, the Specific and Additional incentives are available to companies depending on their activities, size and location. In October 2017, the Council of Ministers approved the executive regulations for the Investment Law. Cabinet Decree № 6 of 2020 set the regulations and conditions for the expansion of investment zone projects that may benefit from the incentives granted under the Investment Law, and Cabinet Decree № 7 of 2020 allowed a number of governorates and regions to activate special incentives under the Investment Law (applying a 50% discount to investment costs in such areas).

- *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 for some projects, 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.

- *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. The New Bankruptcy Law was amended on 28 April 2021 by virtue of Law № 11 of 2021. The amendments introduced to the New Bankruptcy Law include, *inter alia*: (a) a new definition for entities entitled to extend finance to indebted projects (such definition includes creditors); (b) a new voting mechanism for decision making, whereby creditors are classified based on the type and the nature of the debt; and (c) the possibility of undertaking requisite bankruptcy procedures, as set out under the New Bankruptcy Law, electronically. The amendments to the New Bankruptcy Law are also aimed at enabling insolvent companies and investors to settle commercial disputes without resorting to the courts.

- *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. On 7 September 2020, the Cabinet of Ministers issued Decree № 1760 of 2020 amending certain provisions of the Executive Regulations of the Capital Market Law. The amendment addresses some provisions regulating the *sukuk*, investment funds, real estate funds and tender offers. See "*The Economy—Production Services Sector—Financial Regulatory Authority.*

- *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 came into effect in December 2018, and the executive regulations of the Consumer Protection Law were passed in April 2019 (Decree № 822 of 2019). The Consumer Protection Law regulates new concepts such as e-commerce, the sale of residential units and competition. It also increases certain penalties which had existed under the previous consumer protection law. The Consumer Protection Law also sets higher standards for warranty and after sale services.

- *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 were approved on 1 November 2019 under Decree № 692 of 2019. A public contracts e-portal has been set up to automate certain processes, such as publishing Government-related tenders, e-bidding and e-evaluation. The portal is used by procurement departments in different Government organisations and suppliers, and includes a list of the latest Government auctions/tenders.

- *Prime Minister Decree № 893 of 2021*: In April 2021, Prime Ministerial Decree № 893 was issued. The decree aims to improve the investment climate through ensuring that entities, which have entered into public contracts with the Government are efficiently paid for their services in accordance with the provisions of the relevant contracts. The Decree provides for the establishment of a committee tasked with studying challenges and obstacles relating to the payment of dues and to study proposals to improve the working environment and investment climate.

- *Cashless payment methods law:* Law № 18 of 2019, issued in April 2019, introduced cashless payment methods and obliged all national establishments and state institutions and legal entities to pay amounts due to employees, boards of directors and social insurance subscriptions through non-cash methods approved by the CBE. The law also obliges governmental entities and legal and natural persons to use non-cash methods for certain payments where the values exceed certain limits (to be set by the executive regulations relating to the law), including amounts due to suppliers, service providers and other contractors, cash financings, profit distributions (from companies and investment funds) and disbursement of subsidies and donations through charities and national institutions. These non-cash payment methods are intended to facilitate transactions concluded between governmental entities and corporations.

- *Investment zones decree:* The Minister of Investment and International Cooperation issued Decree № 119 of 2019, which outlines the regulations governing investment zones in Egypt. The decree sets out the standards and procedures to be followed in the establishment of investment zones, as well as incentives offered to projects under this regime (such as issuing all necessary approvals and licenses). An operating licence issued by GAFI is sufficient to deal with all government agencies to obtain services, facilities, benefits and exemptions for the project without the need to be registered in the industrial registry. It is not permissible for any administrative entity to take any action within the investment zones without first consulting GAFI.

- *Egyptian Space Agency:* The executive regulations of Law № 3 of 2018 on the establishment of the Egyptian Space Agency were issued by virtue of Prime Minister's Decree № 1272 of 2019. The executive regulations of the law on the Egyptian Space Agency sets out the objectives of the agency, as well as its powers.

- *Export Support Fund*: A number of measures and methods to pay outstanding exporters' dues to the Export Support Fund have been implemented, while simplifying documentation procedures for the export support system.

- *Investment Climate decrees*: A number of executive decrees have been issued, which are aimed at facilitating and enhancing the investment climate in Egypt. Such decrees include: (i) Decree № 8 of 2020 to establish a unit to assist Egyptian investors abroad (*i.e.,* Egyptian nationals residing outside of Egypt) with establishing projects in Egypt and to facilitate related procedures; (ii) Decree № 445 of 2020 to establish a Legislative Support Unit to study the legislative impact of laws and decisions related to the investment climate; (iii) Decree № 160 of 2020 to allow meetings of boards of directors and general assemblies of companies to be conducted remotely, using modern audiovisual communication technologies; and (iv) Decree № 175 of 2020 to provide a package of incentives for free zone projects, including allowing these projects to sell 50% of their products, and source 20% of their raw materials and production requirements in the local market during the COVID-19 pandemic.

Additional initiatives in the process of being implemented, include:

- *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. The second edition of Egypt's interactive cross-sector investment map has been launched and is operational on the official website, *www.investinegypt.gov.eg*. This edition includes the option of creating an e-account for investors seeking investment opportunities. In the fiscal year 2020/21 the Government offered for sale 1,657 industrial plots of land through this website.

- *Egypt Entrepreneurship Programme*: Pursuant to the 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 centres; 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.

- *Oil and Gas Contract*: In February 2019, Egypt's oil minister announced that a new type of oil and gas contract aimed at providing investors with incentives to explore for fossil fuels in underdeveloped areas was being developed.

- *Data Protection Law:* A new data protection law was approved by the House of Representatives in February 2020. The new data protection law governs aspects relating to the data processing, storage, disclosure and transfer of data and has regard to international standards for the protection of personal data.

- *SME Tax Reform Measures:* The Government is working on a new tax regime for SMEs, under which SMEs would pay a flat rate of tax. The aim of these reforms is to encourage SMEs and private businesses to join the formal economy.

- *Establishment of the "Golden License Unit":* A "Golden License Unit" has been set up at GAFI pursuant to Prime Minister Decree № 1156 of 2020. This unit considers applications for strategic or national projects which contribute to achieving sustainable development, in accordance with the Investment Law. The provisions governing the granting of "Golden Licenses", also referred to as a "Unified License" are currently set out under the New Investment Law № 72 of 2017 which governs the granting of unified licenses to companies which are set up for the purpose of executing (i) strategic or national projects, which contribute to attaining development or (ii) partnership projects between the private sector and the state, the public sector or the public business sector in the areas of public utilities and infrastructure, new or renewable energy, roads, transportation, or ports.

- *Establishment of the "Nationality Unit":* A "Nationality Unit" has also been established pursuant to Prime Minister Decree № 647 of 2020 to encourage investors to maximise their investments and activities in Egypt by facilitating the acquisition of Egyptian nationality. A reception office for Egyptian citizenship applicants has been established by the Council of Ministers and is located in the main administrative building of GAFI, which is intended to facilitate the application process further.

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 by June 2021.

Egypt has signed a number of investment agreements. See "*Public Debt—Overview—Recent Developments*".

In May 2021, the executive regulations for Law № 95 of 2018 were 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. The Prime Minister issued a decree in February 2020 providing that certain governorates in Upper Egypt will receive an investment incentive in the form of a discount on taxable net profits through a 50% discount on investment costs.

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 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.

The articles of association of the Sovereign Fund of Egypt were issued under ministerial Decree № 555 of 2019, which details the organisational structure of the Sovereign Fund of Egypt, its capacities and objectives, the management of its investments, and the powers vested with its board of directors. As of the date hereof, LE 2 billion of capital (out of LE 5 billion of paid-up capital) has been contributed by the Government to the capital of the Sovereign Fund of Egypt.

MONETARY SYSTEM

Central Bank of Egypt

The CBE, founded in 1961, is an autonomous public legal entity and is governed by Law № 194 of 2020 (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 Law, which replaces the prior Law № 88 of 2003 relating to the CBE, was approved by the Cabinet in October 2019 and approved in principle by the Parliament's economic committee in March 2020. It was approved by the Parliament on 20 July 2020 and took effect on 15 September 2020. The CBE Law raised the minimum capital requirements for banks operating in Egypt. The CBE Law aims to modernise the banking regime in Egypt by adopting internationally recognised banking standards. It also aims to strengthen the governance and independence of the CBE to support its ability to fulfil its role and objectives. The CBE Law further covers various issues including early intervention, recovery and resolution planning, payment systems and 'fintech' (including the legal framework for issuing and dealing with digital currencies), competition, and consumer protection.

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*".

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% (±3 percentage points) on average by the fourth quarter of 2018 and single digits thereafter. In December 2018, the CBE announced a new annual headline inflation target of 9% (±3 percentage points) on average during the fourth quarter of 2020. 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. In December 2020, the CBE announced a new annual headline inflation target of 7% (±2 percentage points) on average during the fourth quarter of 2022. See "*Risk Factors—Risk Factors Relating to Egypt—Inflation Risks*".

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, the MPC has progressively reduced the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate. Currently, the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate are 8.25%, 9.25%, 8.75% and 8.75%, 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 31 March 2021, there were 38 banks registered with the CBE, with 4,556 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 3.9% to GDP in 2014/15, 3.9% to GDP in 2015/16, 3.9% to GDP in 2016/17, 3.8% to GDP in 2017/18, 3.8% to GDP in 2018/19 and 3.8% to GDP in 2019/20. See "*The Economy—Production Services Sector—Financial Intermediation*".

The financial intermediation sector has shown strength in recent periods, with private credit growth increasing for five consecutive years in 2015/16, 2016/17, 2017/18, 2018/19 and 2019/20 and in the eleven months ended 31 May 2021, primarily due to growth in both private and public sector lending. In particular, the stock of private sector credit increased by 15.4% in the eleven months ended 31 May 2021 and 16.4% in 2019/20, as compared to an 11.5% increase in 2018/19 and a 9.8% increase in 2017/18. Newly-issued private credit was LE 235.0 billion in the eleven months ended 31 May 2021 and LE 215.3 billion in 2019/20, as compared to LE 135.1 billion in 2018/19 and LE 105 billion in 2017/18. The increase in newly-issued private credit was primarily due to an increase in the industrial and services sectors.

The following table sets forth statistics regarding the Egyptian banking sector, as at the dates indicated.

Structure of the Egyptian Banking System

As at 30 June										As at 31 March	
2016		2017		2018		2019		2020(1)		2021(1)	
Banks	Branches	Banks	Branches	Banks	Branches	Banks	Branches	Banks	Branches	Banks	Branches
38	3,882	38	4,009	38	4,155	38	4,298	38	4,451	38	4,556

Source: CBE

Note:
(1) Preliminary figures.

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					As at 31 May 2021
	2016	**2017**	**2018**	**2019**	**2020**	
			(LE millions)			
Assets						
Cash	31,432	57,471	68,332	69,627	64,234	63,223
Securities and Investments Treasuries	1,283,616	1,537,036	1,680,811	1,765,356	2,622,324	2,805,653
Balances with Banks in Egypt	374,644	876,544	1,165,139	1,168,232	923,714	1,009,288
of which Loans and Discounts	*1,682*	*4,713*	*3,807*	*4,741*	*5,920*	*7,582*
Balances with Banks abroad	51,074	283,966	250,443	267,125	230,051	2,99,896
of which Loans and Discounts	*1,391*	*2,502*	*4,730*	*4,166*	*4,072*	*7,243*
Loans and Discount Balances for customers	942,727	1,426,457	1,629,664	1,854,326	2,200,381	2,813,858
Other Assets	162,601	239,386	286,181	392,140	367,557	695,516
Total Assets	**2,846,094**	**4,420,860**	**5,080,570**	**5,516,806**	**6,408,261**	**7,687,434**
Liabilities and Capital						
Capital	100,726	128,420	149,119	152,661	173,701	183,031
Reserves	63,002	185,846	213,732	236,065	319,817	362,477
Provisions	66,880	107,859	109,294	122,272	150,079	168,965
Bonds and Long-Term Loans	48,532	123,960	145,581	166,647	207,144	242,593
Obligations to Banks in Egypt	60,551	286,116	296,839	228,888	248,043	262,946
Obligations to Banks abroad	86,060	194,551	188,189	144,029	125,343	97,460
Total Deposits	2,116,117	3,027,811	3,553,634	3,992,673	4,686,875	5,609,453
Other Liabilities, *of which:*	304,226	366,297	424,182	473,571	497,259	760,509
Cheques Payable	*10,984*	*12,300*	*13,281*	*12,183*	*9,538*	*9,992*
Total Liabilities	**2,846,094**	**4,420,860**	**5,080,570**	**5,516,806**	**6,408,261**	**7,687,434**

Source: CBE

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					As at 31 May 2021(2)
	2016	**2017**	**2018**	**2019**	**2020**	
			(LE millions)			
Total Deposits	**2,116,117**	**3,027,810**	**3,553,634**	**3,992,673**	**4,686,875**	**5,609,453**
Demand Deposits	354,033	527,044	634,011	704,300	739,993	878,739
Time and saving deposits and saving accounts	1,641,305	2,319,072	2,726,770	2,954,033	3,598,758	4,267,351
Blocked or retained deposits	120,779	181,694	192,853	334,340	348,124	463,363
Local Currency Deposits	**1,691,590**	**2,120,786**	**2,721,419**	**3,168,079**	**3,915,393**	**4,827,194**
Demand Deposits	275,374	368,774	475,434	552,702	590,451	720,750
Time and saving deposits and saving accounts	1,318,564	1,618,131	2,093,869	2,325,595	3,013,730	3,680,280
Blocked or retained deposits	97,652	133,881	152,115	289,782	311,212	426,164
Foreign Currencies Deposits	**424,527**	**907,024**	**832,216**	**824,594**	**771,482**	**782,259**
Demand Deposits	78,659	158,270	158,577	151,598	149,542	157,990
Time and saving deposits and saving accounts	322,741	700,941	632,900	628,438	585,028	587,070
Blocked or retained deposits	23,127	47,813	40,739	44,558	36,912	37,199

Source: CBE

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

The following table sets forth indicators of banking sector financial soundness as at the dates indicated.

Banking Sector Financial Soundness Indicators[(1)]

	Fiscal Year End					As at 31 March 2021
	2016	**2017**	**2018**	**2019**	**2020**	
			(%)			
Regulatory capital to risk-weighted assets[(2)] ...	14.0	14.7	15.7	17.7	20.1	19.0
Leverage ratio..	4.8	6.3	6.3	7.1	7.6	6.9
NPLs to total loans	6.0	4.9	4.1	4.2	3.9	3.5
Loan provisions to NPLs................................	99.1	98.3	98.0	97.6	97.2	94.5
Return on average assets	2.0	1.5	1.4	1.8	1.8	1.2
Return on average equity................................	30.9	21.5	19.2	23.4	23.4	14.9
Liquidity Ratios						
Local currency..	55.4	47.1	40.3	44.4	54.3	47.2
Foreign currency...	60.2	66.4	67.7	67.7	71.2	76.8
Loans to deposits..	47.0	46.0	46.2	46.7	47.1	48.4

Source: CBE

Notes:

(1) The fiscal year ends 30 June for public sector banks and 31 December for other banks. Quarterly figures are based on reports for all banks as at the end of the relevant quarter. Annual figures are based on audited annual reports provided by the banks depending on the end of their fiscal year (*i.e.*, June for the public sector banks and December for the remaining banks).

(2) 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.

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 completed the implementation of Basel III in 2016. In this respect, the CBE has introduced regulations regarding the liquidity coverage ratio ("**LCR**"), net stable funding ratio ("**NSFR**"), 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 has been implementing a number of initiatives to encourage financial inclusion, in particular for women, youth and micro, small- and medium-sized companies ("**MSMEs**"). See "*—SME and MSME Financing*".

MSMEs have been identified as a priority sector and a number of initiatives have been introduced by the CBE to support his sector, including: (i) issuing a unified definition for MSMEs, which was subsequently set as the national definition in the MSMEs Law (2020); (ii) setting an MSME lending target; (iii) permitting banks to provide finance to MSMEs with an annual turnover up to LE 20 million, and to assess eligibility for such finance by using social, financial and non-financial data rather than financial statements; (iv) issuing a unified definition of 'women-owned/led' enterprises (according to either ownership or management, or both) for statistical purposes; (v) launching the NilePreneurs initiative to support entrepreneurs 'from idea to launch' and help small businesses and start-ups grow through several programs such as incubation, innovation support, and knowledge transfer (the CBE, through NilePreneurs, is currently assisting iHub in Ain Shams University with its plan to become a regional hub for supporting entrepreneurship and innovation); (vi) launching, through NilePreneurs, business development service hubs established in partnership with local banks, Governmental entities, and ministries to offer non-financial services to MSMEs through separate offices at the branches of banks and youth centres; (vii) developing an Egyptian market-tailored MSMEs grading module in collaboration with S&P to measure creditworthiness in order to boost access to finance and assist lenders in making credit decisions; (ix) establishing a LE 2 billion guarantee trust fund that targets MSMEs and supports start-ups; (x) incentivising banks to participate in equity raises for private equity funds targeting SMEs by allowing banks to include these investments as part of the mandatory 25% of the loan portfolio allocation to MSMEs, as well as assigning a preferential risk weight treatment for the invested amounts (encouraging funding of angel investments, venture capital funds and SME private equity growth funds); and (xi) boosting the capabilities of SME banking staff through the Egyptian Banking Institute (the educational arm of the CBE) by developing a compulsory certification for SME credit officers , accredited by the Frankfurt School of Finance and Management, as well as introducing another mandatory certification for BDS advisors, in cooperation with the Financial Regulatory Authority and the International Labour Organisation. Between the launch of such initiatives in December 2015 and February 2021, the loan portfolios of MSMEs increased by LE 244.9 billion, encompassing approximately 1.0 million companies. See "*—SME and MSME Financing*".

Other MSME initiatives that are in progress include: (i) the soft launch of "Efham Business", a digital platform to equip SMEs and start-ups with access to knowledge in different enabling fields, such as legal, accounting, HR and marketing; (ii) implementing, in cooperation with the Egyptian Microfinance Federation, an institutional upgrade program for micro-finance CAT C NGOs in order to boost their bankability and outreach; and (iii) establishing, in cooperation with Frankfurt Business School, a credit rating module for MSMEs in the agricultural sector.

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 the 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, has implemented the first phase of an initiative aimed at: (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. Phase one of the initiative targeted enhancing liquidity for local government securities by creating a central securities depository. The central securities depository is comprised of: (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. The second phase is expected to include an electronic trading platform, data warehouses and an information dissemination platform.

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 6.0% as at 30 June 2016 to 3.5% as at 31 March 2021, with provisioning coverage at 99.1% as at 30 June 2016 and 94.5% as at 31 March 2021. 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 31 March 2021, the ratio of banking sector NPLs to total loans was 3.5% (as compared to 4.1% as at 31 March 2020) and the ratio of regulatory capital to risk-weighted assets was 19.0% (as compared to 18.6% as at 31 March 2020). The banking sector local currency liquidity ratio was 47.2% as at 31 March 2021 (as compared to 49.7% as at 31 March 2020) and the foreign currency liquidity ratio was 76.8% as at 31 March 2021 (as compared to 71.2% as at 31 March 2020).

On 12 December 2019, a new initiative was introduced for non-performing companies (with credit scores of 9 or 10) with outstanding debts below LE 10 million (as of 30 September 2019) to be removed from the I-Score & Central credit registry provided that they repay 50% of their outstanding debts. This initiative was amended on 8 January 2020 and 20 February 2020 to include specific conditions for repayment. CBE initiatives for non-performing companies targeted approximately 8,586 borrowers, in default on principal loans worth an aggregate of LE 4.1 billion, with total interest of LE 31.2 billion as of 30 September 2019.

Another initiative was launched on 8 January 2020 for non-performing companies operating in the tourism sector with outstanding debts of LE 10 million and more, to be removed from the I-Score & Central credit registry provided that they repay 50% of their outstanding debts.

A further initiative was launched on 16 March 2020 for non-performing individuals with outstanding debts below LE 1 million (as of 30 September 2019), to be removed from the I-Score & Central credit registry provided that they repay 50% of their outstanding debts, subject to certain conditions.

On 5 April 2020, the CBE amended of the Credit Registry Rules as follows:

- Cancelling the black list for enterprises, and the negative list for individuals.
- Lifting the ban on dealing with non-performing clients (within specific categories).
- Decreasing the disclosure period of historical data (after repayment) on the non-performing clients.
- Removing the data on non-performing individuals below a certain threshold (LE 1,000), and thereby granting them access to credit.

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 Basel implementation, 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 risk management (including LCRs and NSFRs), 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 to identify "Domestic Systemically Important Banks" and the additional capital charge calculations for such banks, which became effective in January 2019. In October 2018, the CBE issued regulations regarding the Interest Rate Risk in the Banking Book (the "**IRRBB**"), which took into consideration the standards issued by the Basel Committee in April 2016. In April 2019, the CBE issued regulations regarding "Credit Concentration Risk", which provides a methodology for banks to calculate the capital charge needed if they exceed the required regulatory limits, and which became effective from March 2019. In January 2021, the CBE issued its final regulations on operational risk in order to implement the new standardised approach in accordance with the "Basel III: Post-crisis Reforms" framework published in December 2017. In July 2021, the CBE published an "Updated Discussion paper for Market Risk according to Basel III Reforms" along with a quantitative impact study aimed at assisting with the implementation of "the simplified standardised approach" to cover market risk. The CBE is currently working on a disclosure discussion paper addressing the revised disclosure requirements published by the Basel committee in January 2015, March 2017 and December 2018. Such disclosure requirements are not expected to be published until final regulations of related topics are updated in accordance with other Basel III guidelines. In the meantime, disclosure requirements are subject to the CBE's Corporate Governance rules and IFRS requirements relating to the publication of financial statements. In addition, the CBE is currently revising the part related to regulatory capital to reflect changes in Basel committee documentation. The CBE is also finalising two discussion papers related to the revised leverage ratios and the new standardised approach for credit risk in accordance with the "Basel III: Post-crisis Reforms" framework.

- *Capital requirements*: The minimum requirement for paid-up capital is LE 5 billion for domestic banks and U.S.$150 million for branches of foreign banks.

- *Capital adequacy*: Banks are required to maintain a capital adequacy ratio ("**CAR**") of at least 12.5% (including the conservation buffer) of risk weighted assets with effect from January 2019, in line with Basel III requirements.

- *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 LCR and a 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 (foreign exchange position) 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. IFRS 9 includes measures to ensure banks' financial soundness and proper disclosure, and provides that banks must design their own business models according to their own strategy, and should have proper historical data and internal credit scoring in order to calculate expected credit risk. Since February 2019, the CBE has required all banks to prepare their financial statements in accordance with IFRS 9. Due to the COVID-19 pandemic, a payment moratorium was introduced on 22 March 2020, deferring credit repayments for all customers (individuals, SMEs and corporates) for a period of six months. On 14 September 2020, the CBE issued a circular ending the moratorium period, with no further extension, and setting out measures designed to support clients whose cash flows have been negatively affected by the COVID-19 pandemic, directing banks to (i) set appropriate procedures to deal with all clients based on their ability to repay debts and their cash flows; (ii) restructure clients' debts to a structure that matches their repayment abilities through several alternatives (with special attention to those clients whose activities were negatively affected by COVID-19); (iii) ensure that following such restructuring, if the client becomes able to commence regular repayments, such previous restructuring should not be considered as an indicator for a significant increase in the client's credit risk rating; and (iv) study and analyse the overall risks associated with the COVID-19 pandemic, including conducting stress tests to determine the impact of the crisis on the credit portfolio and develop plans to address potential losses. The previous deferral period will not affect customers' creditworthiness. Since 5 May 2020, banks are permitted to prepare brief quarterly financial statements in parallel with their full financial statements prepared at the end of the fiscal year.

- *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 is set at 30% by the CBE Law. 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. In response to the COVID-19 pandemic, on 16 April 2020 the CBE issued a circular giving banks an exemption from calculating risk weighting on loans granted to a bank's top 50 borrowers (and related parties) that exceed 50% of such bank's total credit portfolio. This exemption has been extended until the end of 2021.

- 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.

On 13 October 2019, the CBE issued a circular mandating the application of the maximum exposure for any one obligor (including related parties) on a consolidated basis, such that it includes the exposure of a bank and all its financial subsidiaries (except insurance companies). The circular also expanded the CBE's definition of exposure to include different types of clients' commitment to the banks with certain percentages.

- *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. On 6 August 2020, the CBE issued a circular permitting banks to own unlimited shares in payment service providers and similar companies, provided that banks holding more than 5% of the issued capital in these companies should present certain information about such company to the CBE.

- *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. On 19 December 2019, the CBE issued a circular raising the above threshold ratio from 35% to 50%.

- *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. The CBE Law provides for increased governance rules for the CBE as well as banks. In addition, the CBE Law introduced the establishment of anti-competition unit within the CBE to prevent against anti-competitive practices of the banks.

In January 2019, the CBE issued a circular amending the frequency of its board meetings to eight per year, with board members permitted to attend up to two board meetings per year by video or tele-conference. On 17 March 2020, a circular was issued in accordance with the precautionary measures taken to counter the effects of the COVID-19 virus, permitting participation by video or tele-conference in all boards of directors meetings in 2020, given the prior approval of the CBE. This has been further extended until the end of 2021.

Bancassurance Regulation

On 28 March 2016, the CBE amended the bancassurance regulation to provide for Islamic insurance products.

Commercial registry and authentication services regulation

On 6 July 2021, the CBE issued general framework rules and controls, which allow banks to provide commercial registration services to new and existing customers and authentication services to existing customers only, within their branches.

Mobile payments Regulation

The CBE has amended the mobile payments regulation to permit transfers from abroad to family members through mobile phones. The CBE Law regulates electronic payment service providers which are subject to licensing requirements by the CBE in accordance with the provisions of the CBE.

On 6 January 2021, the CBE directed banks to support their infrastructure and remittance departments in the execution of same-day bank transfers in Egyptian pounds, to remove commissions collected by beneficiary banks in respect of incoming transfers and to activate: (i) a direct connection to the systems (Straight-Through Processing) for incoming and outgoing transfers; and (ii) IBAN, in preparation for obliging banks to use it in the implementation of all transfers at a later stage.

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 lending by microfinance institutions at LE 100,000 (such limit does not apply to direct bank lending), and it was amended in 2020 by virtue of Law № 201 allowing for the establishment of companies providing SME lending. Pursuant to this amendment to the law, each of micro finance and SME lending became a distinct financial activity, with each such activity requiring a separate licence from the FRA. The amendment to the law also set the rules for the minimum capital requirements of each activity.

In 2015, the CBE launched a series of initiatives to encourage MSME financing, including: (i) providing a unified definition for MSMEs based on their annual turnover/revenue; (ii) requiring banks to increase the percentage of loans provided to MSMEs to 20% of their total lending portfolio to be achieved by the end of December 2022 (which target was increased for 2021 in December 2020 to 25% and a decision of any revised target for 2022 has not yet been taken), with a minimum percentage of loans provided to small companies of 10%; (iii) permitting banks to provide finance to MSMEs with an annual turnover up to LE 20 million, and to assess eligibility for such finance by using social, financial and non-financial data rather than financial statements; (iv) incentivising banks to participate in equity raises for private equity funds targeting SMEs by allowing banks to include these investments as part of the mandatory 25% of the loan portfolio allocation to MSMEs, as well as assigning a preferential risk weight treatment for the invested amounts; (v) 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; (vi) 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, (although this initiative was terminated in January 2020 as the available funding was fully allocated), and short term facilities with a 12% interest rate to finance their working capital, which was terminated in March 2018; and (vii) 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, including allowing farmers' cooperatives to benefit from this initiative, financed through the Egyptian Agricultural Bank. On 5 April 2021, the CBE extended the initiative to benefit local bakeries by financing their transformation to businesses reliant on natural gas through loans with a 5% interest rate. In addition, the CBE has pledged LE 7 billion under the initiative for the Credit Guarantee Company to cover a proportion of the risks associated with financing large companies (with an annual turnover of LE 200 million or more).

A further initiative was issued in December 2019, under which a LE 100 billion fund has been allocated (through banks) at an 8% (decreasing) interest rate to finance industrial companies in the private sector, companies in the agricultural sector (including agricultural cooperatives) and construction sector companies whose annual turnover is LE 50 million or more. This initiative extends to newly established medium-sized companies (according to their paid-in capital) and small companies affiliated with major groups. The initiative is designed to finance the purchase of raw materials, production supplies, machinery and equipment, and capital expenditure (*e.g.*, on production facilities), in addition to workers' salaries and other utilities expenses. On 23 March 2021, the CBE allocated LE 1.2 billion tranche to support the rescheduling of natural gas debts owed by ceramic and porcelain, according to specific conditions.

Ownership in Banks

The CBE's prior 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. On 19 December 2019, a new mortgage finance initiative was introduced by the CBE, allocating LE 50 billion for the benefit of middle income borrowers with an 8% interest rate over a maximum period of 20 years, subject to certain conditions. On 13 July 2021, an additional mortgage finance initiative was introduced by the CBE, allocating LE 100 billion for the benefit of low and middle income borrowers (defined as borrowers with a maximum net income of LE 4,500 for individuals and LE 6,000 for families and LE 10,000 for individuals and LE 14,000 for families, respectively), with a 3% interest rate over a maximum period of 30 years, subject to certain conditions

Tourism sector initiatives

In March 2013, the CBE launched an optional incentive initiative for banks in support of the tourism sector. The initiative was designed to postpone debt instalments and delay all outstanding or current dues on long-term or short-term credit; all requests to postpone debt instalments are reviewed on a case-by-case basis. This initiative has been extended until December 2021. The initiative allows banks to postpone amounts due (long term and short-term facilities) for a maximum period of 3 years. This is in addition to capitalising the interest rate on the principal without charging any delay interest rates on the deferred instalments for a maximum period of 3 years. The duration of the initiative for individuals working in the tourism sector was extended for a period of one year until the end of December 2021, by allowing banks to postpone the retail loan amounts due and mortgage loan amounts due for an additional 6 months from the due date of payment. As of 30 September 2020, this also applies to clients holding NPLs, without charging any delay interest rates over this period. Banks are permitted to postpone the amounts due from tourism sector workers, who previously benefited from the initiative since its issuance on 7 December 2015.

On 8 January 2020, two additional tourism sector initiatives were launched. The first allows non-performing companies working in the tourism sector with outstanding debts of LE 10 million and more to be removed from the I-Score & Central credit registry, provided that they repay 50% of their outstanding debts.

The second initiative allocated a fund of LE 50 billion to finance the renovation of hotels, offering a decreasing 8% interest rate over a period of 15 years. Banks were asked to make use of the LE 50 billion fund in granting credit facilities to companies working in the tourism sector, to help cover their working capital needs including payment of salaries and other dues. Companies can repay this facility over a maximum period of two years, with a grace period until June 2022. The maximum loan available to a company (and its related parties) is LE 400 million. The first instalment must be repaid by July 2022 regardless of the date of the granting loan. Clients holding NPLs are eligible to benefit from this initiative only if they settle their NPLs within the framework of the CBE initiative issued for NPLs. On 17 February 2021, the CBE pledged LE 2 billion in favour of the Credit Guarantee Company, to be issued in tranches. The first tranche of LE 1 billion is to be used to cover up to 70% of the risks associated with financing tourism sector companies within the CBE initiative.

In June 2020, a LE 3 billion tranche issued under this initiative was allocated to finance the payroll of workers in the tourism sector (with at least 40% of the tranche allocated for this purpose), as well as to subsidise basic maintenance and operating expenses. The maximum loan available to a company pursuant to this initiative is LE 30 million, or LE 40 million for a company together with its related parties. The tranche carries a 5% (decreasing) interest rate and is backed by the guarantee of the Ministry of Finance. The CBE has pledged LE 3 billion in favour of the Credit Guarantee Company (also guaranteed by the Ministry of Finance) to cover 100% of these loans.

See "*The Economy—Production Services Sector—Tourism*".

Import transaction regulations

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. On 23 March 2021, the CBE extended the exemption of certain food products from cash cover requirements for one year until March 2022.

Sustainable finance

On 18 July 2021, the CBE issued a discussion paper setting out a framework for sustainable finance, which includes the definition and requirements for sustainable financings, as well as the CBE's efforts to support sustainable finance and provide guiding principles.

In October 2020, the Republic issued U.S.$750,000,000 5.250% Green Bonds due 2025, its inaugural issuance of green bonds. The Ministry of Finance is working on updating its green financing framework in order to incorporate sustainability elements.

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.

On 17 July 2019, the CBE issued the Simplified KYC Regulation for financial inclusion products and services in close coordination with the anti-money laundering and terrorist financing unit (AML/CFT). The regulation is designed to simplify KYC procedures for low-risk customers, especially low income individuals and micro-enterprises, in a sector where more stringent KYC processes constitute a barrier to financial inclusion. In October 2020, the CBE issued certain amendments to the Simplified KYC Regulation, which are aimed at providing greater support to clients and enhancing inclusivity in the financial sector. The amendments include: (i) permitting banks to apply the simplified KYC procedures issued by the AML/CFT in March 2020 in respect of all low-risk customers' accounts without seeking prior approval of CBE or the AML/CFT; (ii) amending and increasing the maximum limits of account balances and transactions held or conducted by individuals and micro enterprises; and (iii) permitting banks to open accounts for clients who do not have certain official documents using only their national identification documents.

On 19 February 2019, the CBE issued the Consumer Protection Regulation with the following aims: (i) promoting the principles of consumer protection for the banking sector; (ii) setting clear rules governing the relationship between banks and their clients at all stages; (iii) ensuring transparency and account secrecy; (iv) setting up a clear complaints handling mechanism; and (v) emphasising the role of the banks in financial literacy. The CBE established a separate department to handle consumer protection with the mandate of handling the complaints and ensuring banks' compliance with these regulations.

On 21 May 2020, the CBE launched the "electronic acceptance initiative", which aims to increase the number of electronic points of sale (or "**POS**") across Egypt. The CBE has financed the distribution of 100,000 electronic POS systems under the initiative, which is also designed to increase contactless transactions and ensure fast and secure payments. The CBE also aims to increase the use of Quick Response or "QR" codes at companies and merchants, with incentive programs for banks to help reach a target of 200,000 QR codes in use. Banks will also provide incentives for customers to make payments electronically.

The CBE has launched a further initiative to install 6,500 ATMs at a number of banks, with the goal of having a total of 20,000 ATMs installed across Egypt. This initiative is a result of the CBE seeking to address some of the difficulties faced by citizens in Egypt, in particular cash deposits and withdrawals, whilst reducing the burden on bank branches.

On 3 January 2021, the CBE launched an initiative, pursuant to which LE 15 billion has been allocated to banks to be used for the granting of loans to individuals wishing to replace their existing vehicles with hybrid vehicles. The loans will be offered for a period of seven to ten years, at an interest rate of 3% and are to be repaid in equal monthly instalments. The CBE has also pledged LE 15 billion to the Credit Guarantee Company, which will be made available in tranches, to cover up to 80% of balances of certain guarantees issued by the company in favour of banks.

On 22 February 2021, the CBE issued a circular requiring banks to allocate at least 25% of their lending portfolio to SMEs, increasing the minimum threshold from the previous threshold of 20%. Accordingly, a company or a fund of funds that is subject to the supervision of the FRA is to be established to assist banks in meeting this new threshold. The banks' investments in this company or fund of funds would be considered part of the 25% threshold requirement.

The CBE is currently in the process of issuing the licensing and corporate governance requirements, as well as the prudential regulations governing all banks and companies that are subject to CBE supervision such as companies providing e-payment services, money transfer, exchange companies, credit rating companies and credit guarantee companies. Such rules are expected to be issued in mid-2022.

Inflation and Interest Rates

Annual headline urban 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, 14.0% in 2016, 29.8% in 2017, 14.4% in 2018, 9.4% in 2019 and 5.6% in 2020. Annual headline CPI was 4.5% in 2020/21. The decrease in inflation between 2011 and 2012 was largely driven by the decline in prices of food items, as well as lower prices for butane gas cylinders. Subsequent increases in inflation have been primarily due to supply shocks in volatile food as well as 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, annual headline urban inflation 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 consolidation measures on inflation. Tighter real monetary conditions supported a decline of annual headline inflation.

In addition, on 21 May 2017, the CBE announced its first inflation target was 13% (±3 percentage points) on average during the fourth quarter of the calendar year 2018. 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.

As a result of the moderation of underlying inflationary pressures, the MPC has progressively reduced the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate. Currently, the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate are 8.25%, 9.25%, 8.75% and 8.75%, respectively.

Annual headline urban 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, as well as announcing higher prices of certain other regulated items, and implemented the Universal Health Insurance Law, which raised taxes on tobacco products. In addition, there was a transitory supply shock related to the prices of fresh vegetables, especially those of potatoes and tomatoes. As a result, annual headline inflation increased to 17.7% in October 2018 from 11.4% in May 2018. Core urban inflation remained below 10% from July 2018, albeit increasing slightly from 8.5% in July 2018 to 8.9% in October 2018. These price developments also contributed to a widening of the spread between annual headline inflation and core urban inflation between June 2018 and October 2018. However, with the reversal of the supply shock, annual headline inflation declined to 15.7% in November 2018 and 12.0% in December 2018. Annual headline inflation averaged 15.1% during the fourth quarter of 2018 and accordingly, CBE's inflation target of 13% (±3 percentage points) was achieved. In December 2018, the CBE announced a new inflation target of annual headline inflation of 9% (±3 percentage points) on average during the second quarter of 2020/21.

On 14 February 2019, the MPC 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 each to 15.75%, 16.75%, 16.25% and 16.25%, respectively.

In June 2019, annual headline urban inflation started to decline and in October 2019 it reached 3.1%, its lowest rate in almost 14 years, despite the implementation of another round of subsidy reform measures which included the liberalisation of prices of some fuel products and higher electricity prices. This was primarily due to (i) the favourable base effect, resulting from weaker fiscal consolidation measures in 2019 as compared to 2018, as fuel and electricity prices increased by 20.7% and 19.4%, respectively, in 2019, as compared to 42.7% and 26.9%, respectively, in 2018, and (ii) the supply shortage of fresh vegetables in September and October 2018, as well as (iii) the release of the 10th CPI series with the publication of September 2019 CPI data and the linking methodology with the 9th CPI series. The resulting increase in the annual headline urban inflation in November and December 2019 was in line with the CBE's expectations, and was primarily due to unfavourable base effects related to the reversal of the temporary supply shocks to prices of fresh vegetables in 2018.

On 22 August 2019, the MPC reduced the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate by a further 150 basis points each to 14.25%, 15.25%, 14.75% and 14.75%, respectively. On 26 September 2019, the MPC 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 each to 13.25%, 14.25%, 13.75% and 13.75%, respectively. On 14 November 2019, the MPC 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 each to 12.25%, 13.25%, 12.75% and 12.75%, respectively. On 16 March 2020, the MPC reduced the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation, and the discount rate, by a further 300 basis points each to 9.25%, 10.25%, 9.75% and 9.75%, respectively. This cut in interest rates was a pre-emptive decision by the MPC to give support to domestic economic activity in light of the global and domestic developments arising as a result of the COVID-19 pandemic. On 24 September 2020, the CBE cut the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate to 8.75%, 9.75%, 9.25% and 9.25%, respectively. On 12 November 2020, the CBE cut the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate to 8.25%, 9.25%, 8.75% and 8.75%, respectively. In MPC meetings on 24 December 2020, 4 February 2021, 18 March 2021, 28 April 2021, 17 June 2021, 5 August 2021 and 16 September 2021, the CBE decided to keep these rates unchanged.

Annual headline urban inflation increased to 5.7% in August 2021, as compared to 5.4% in July 2021, 4.9% in June 2021 and 4.8% in May 2021, respectively. The increased inflation rate in August and July 2021 was a result of expected unfavourable base effects. Annual headline urban inflation registered an average of 5.2% during the fourth quarter of 2020 and below the target band of 6% announced in 2018. The deviation from the target was a result of the combined impact of (i) the outbreak of the COVID-19 pandemic and the effect of resulting containment measures on economic activity, including unprecedented uncertainty, and (ii) measures taken by the Government to contain the effects of the COVID-19 pandemic, as well as supply-chain shortages in the market. In December 2020, the CBE announced a new inflation target of 7% (±2 percentage points) on average during the fourth quarter of the calendar year 2022.

Annual core CPI inflation decreased to 4.5% in August 2021 from 4.6% in July 2021 and 3.8% in June 2021. Monthly core CPI deflation was 0.3% in August 2021, as compared to deflation of 0.2% in August 2020 and inflation of 0.6% in July 2021.

The Government intends to continue to pursue its comprehensive economic reform programme with the aim of achieving sustainable and inclusive growth. Domestically, as cost recovery for most fuel products has already been achieved, the pass-through of international oil prices to domestic inflation will be based on the quarterly review of the fuel prices as part of the price indexation mechanism, which caps the price adjustments to domestic fuel prices to ±10 percentage points every quarter. The CBE will continue to monitor all economic developments closely.

See "*Risk Factors—Risk Factors Relating to Egypt—Inflation Risks*", "*—The Central Bank of Egypt—Monetary Policy*", "*—Foreign Exchange*" 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

	2016	2017	2018	2019	2020	2021
			(%)			
January	10.1	28.1	17.1	12.7	7.2	4.3
February	9.1	30.2	14.4	14.4	5.3	4.5
March	9.0	30.9	13.3	14.2	5.1	4.5
April	10.3	31.5	13.1	13.0	5.9	4.1
May	12.3	29.7	11.4	14.1	4.7	4.8
June	14.0	29.8	14.4	9.4	5.6	4.9
July	14.0	33.0	13.5	8.7	4.2	5.4
August	15.5	31.9	14.2	7.5	3.4	5.7
September	14.1	31.6	16.0	4.8	3.7	—
October	13.6	30.8	17.7	3.1	4.5	—
November	19.4	26.0	15.7	3.6	5.7	—
December	23.3	21.9	12.0	7.1	5.4	—

Sources: CAPMAS and CBE

The tenth series of the CPI was introduced on 10 October 2019, starting with September 2019 inflation data. The weights involved in the formation of the CPI were taken from the results of the 2017/18 survey of household income, expenditure and consumption, using the average of 2018/19 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	32.73
Tobacco and related products	4.41
Clothing and footwear	4.38
Housing, water, electricity, gas and other fuels	19.46
Furnishings, household equipment and routine maintenance of dwellings	3.93
Medical care	8.59
Transportation	6.66
Communications	2.75
Recreation and culture	2.24
Education	5.49
Hotels, cafés and restaurants	4.98
Miscellaneous services	4.37

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
14 February 2019	15.75	16.75	16.25
22 August 2019	14.25	15.25	14.75
26 September 2019	13.25	14.25	13.75
14 November 2019	12.25	13.25	12.75
16 March 2020	9.25	10.25	9.75
13 August 2020	9.25	10.25	9.75
24 September 2020	8.75	9.75	9.25
12 November 2020	8.25	9.25	8.75
24 December 2020	8.25	9.25	8.75
4 February 2021	8.25	9.25	8.75
18 March 2021	8.25	9.25	8.75
28 April 2021	8.25	9.25	8.75
17 June 2021	8.25	9.25	8.75
5 August 2021	8.25	9.25	8.75

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				
	2017	**2018**	**2019**	**2020**	**2021**(5)
	(LE millions, except where indicated)				
M1(2)	707,427	820,574	923,562	1,084,742	1,258,675
Domestic Liquidity (M2)(3)	2,918,193	3,454,321	3,863,642	4,538,808	5,360,794
Change in Domestic Liquidity (%)	39.3	18.4	11.8	17.5	18.1
Foreign Currency Deposits (*as a % of M2*)	23.8	20.7	18.5	14.7	12.1
Foreign Currency Deposits (*as a % of Total Deposits*)	27.8	23.8	21.2	16.9	13.9
Domestic Credit					
Government (net)(4)	1,979,641	2,217,557	2,427,968	3,235,840	3,499,523
Public Business Sector	148,715	160,177	162,128	156,339	148,587
Private Business Sector	744,572	801,381	869,675	1,008,819	1,201,349
Household Sector	238,342	281,175	347,443	445,797	561,374
Total Domestic Credit	**3,111,270**	**3,460,290**	**3,807,214**	**4,846,795**	**5,410,833**
Year-on-year Change in Domestic Credit (%)	26.5	11.2	10.0	27.3	11.6

Source: CBE

Notes:
(1) The figures in this table have been revised and differ from previously published data. See "*Presentation of Information*".
(2) Money in circulation plus local currency demand deposits.
(3) M1 plus local currency time and saving deposits and foreign currency deposits.
(4) Including public enterprises and authorities.
(5) Provisional data.

Domestic liquidity grew by 83.7% from LE 2,918.2 billion, as at 30 June 2017, to LE 5,360.8 billion, as at 30 June 2021, while domestic credit increased by 73.9% from LE 3,111.3 billion, as at 30 June 2017, to LE 5,410.8 billion, as at 30 June 2021.

Domestic liquidity increased on a year-on-year basis by LE 822.0 billion, or 18.0%, from 30 June 2020 to 30 June 2021, as compared to LE 675.2 billion, or 17.5%, from 30 June 2019 to 30 June 2020 and by LE 409.3 billion, or 11.8%, from 30 June 2018 to 30 June 2019, as compared to LE 536.1 billion, or 18.4%, from 30 June 2017 to 30 June 2018.

Foreign currency deposits, as a percentage of M2, decreased from 20.7%, as at 30 June 2018, to 18.5% as at 30 June 2019, to 14.7% as at 30 June 2020 and 12.1% as at 30 June 2021, and foreign currency deposits, as a percentage of total deposits, decreased from 23.8%, as at 30 June 2018, to 21.2%, as at 30 June 2019, to 16.9% as at 30 June 2020 and 13.9% as at 30 June 2021.

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**
		(%)	
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

Interest Rates[1]

	Discount Rate	91-day Treasury Bills	Overnight Interbank Rate
		(%)	
November	15.25	18.25	15.03
December	15.25	18.68	14.97
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	17.67
June	17.25	20.31	17.79
July	19.25	21.74	18.82
August	19.25	19.48	19.10
September	19.25	18.95	18.98
October	19.25	18.85	18.89
November	19.25	18.59	18.99
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
October	17.25	19.78	16.91
November	17.25	19.40	16.86
December	17.25	19.68	16.83
2019			
January	17.25	18.84	16.96
February	16.25	17.86	15.92
March	16.25	17.53	15.86
April	16.25	17.41	15.99
May	16.25	17.55	15.96
June	16.25	17.70	15.81
July	16.25	17.81	15.83
August	14.75	17.53	14.35
September	13.75	16.24	13.35
October	13.75	15.86	13.43
November	12.75	15.62	12.45
December	12.75	15.35	12.49
2020			
January	12.75	14.34	12.53
February	12.75	13.50	12.43
March	9.75	12.78	9.90
April	9.75	12.35	9.46
May	9.75	12.48	9.65
June	9.75	12.65	10.14
July	9.75	13.42	10.22
August	9.75	13.55	10.19
September	9.25	13.37	10.06
October	9.25	13.29	10.18
November	8.75	13.27	8.32
December	8.75	12.79	10.26

Interest Rates[(1)]

	Discount Rate	91-day Treasury Bills	Overnight Interbank Rate
		(%)	
2021			
January	8.75	12.61	10.61
February	8.75	12.78	10.56
March	8.75	13.04	10.39
April	8.75	13.12	10.03
May	8.75	13.16	8.32
June	8.75	13.15	10.44
July	8.75	13.14	8.69
August	8.75	12.88	8.91

Note:

(1) As a result of the moderation of underlying inflationary pressures, the MPC has progressively reduced the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate. Currently, the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate are 8.25%, 9.25%, 8.75% and 8.75%, respectively.

Foreign Exchange

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—Exchange Rate Risks*".

In order to enhance the efficiency of the foreign exchange market, the CBE introduced FX auctions alongside the foreign exchange interbank system in December 2012. 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.

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 a total 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.

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)]

2015	2016	2017	2018	2019	2020
		(LE per U.S.$1.00)			
7.6235	10.0828	17.8284	17.8240	16.8076	15.8090

Source: CBE

Note:

(1) The rates in this table may differ from the actual rates used in the preparation of the information appearing in this Base Offering Circular. See "*Presentation of Information*".

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. From January 2019 until December 2019, the Egyptian Pound appreciated by almost 11%, reaching U.S.$1.00 = LE 16.03 as a result of increased foreign exchange resources coming in to the banking sector throughout 2019.

On 21 September 2021, the official exchange rate (buy rate), as published by the CBE, was U.S.$1.00 = LE 15.6493.

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. The provisions of Law № 66 of 2016 have subsequently been replaced by the CBE Law.

Net International Reserves

NIR with the CBE were U.S.$40.6 billion as at 30 June 2021, as compared to U.S.$38.2 billion as at 30 June 2020, representing an increase of 6.3%. NIR covered 7.0 months of merchandise imports as at 30 June 2020.

NIR with the CBE were U.S.$38.2 billion as at 30 June 2020, as compared to U.S.$44.5 billion as at 30 June 2019 and U.S.$44.3 billion as at 30 June 2018, representing a decrease of 13.8% over the two year period. NIR covered 7.1 months of merchandise imports as at 30 June 2021.

Net International Reserves

	2016/17	2017/18	2018/19	2019/20	2020/21(1)	31 July 2021(1)
			(U.S.$ millions)			
Net International Reserves	**31,305**	**44,259**	**44,481**	**38,176**	**40,584**	**40,609**
Gross Official Reserves	31,307	44,262	44,485	38,180	40,590	40,616
Gold	2,602	2,641	2,821	4,076	4,111	4,268
Foreign Currencies	27,904	38,898	41,204	33,806	36,278	36,147
Special Drawing Rights	770	2,706	453	298	201	201
Loans to IMF	31	17	7	0	0	0
Banks' Net Foreign Assets	**3,171**	**449**	**2,141**	**(2,138)**	**1,724**	—
Assets	18,746	16,761	18,533	16,601	21,934	—
Liabilities	15,575	16,312	16,392	18,739	20,209	—
NIR in months of merchandise imports	6.4	8.4	8.0	7.3	7.1	7.1

Source: CBE

Note:

(1) Preliminary figures.

As at 30 June 2021, banks had net foreign assets of U.S.$1.7 billion, as compared to net foreign liabilities of U.S.$2.1 billion as at 30 June 2020.

As at 31 July 2021, net international reserves were U.S.$40.6 billion. According to provisional figures, net international reserves were U.S.$40.7 billion as at 31 August 2021.

There are no encumbrances or potential encumbrances to the Republic's foreign exchange reserves, such as forward contracts or derivatives.

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 FRA, 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 31 December 2019, 14 companies were listed on the NILEX, with a total market capitalisation of LE 782 million.

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, most recently in 2018 to increase certain required thresholds for listing companies on the EGX, including in respect of the listing of small- and medium-sized companies.

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 FRA.

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.

EGX 30 Performance

The EGX 30 Index (the "**Index**") grew by 4.0% between 1 January 2021 and 31 August 2021. In 2018 and 2019, the Index grew by 13.0% and 7.1%, respectively, before decreasing by 22.3% in 2020.

As at 31 August 2021, there were 212 listed companies on the main market of the EGX, with a total market capitalisation of LE 733 billion, and there were 26 listed companies on the SME market, with a total market capitalisation of LE 1.6 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[(1)]

	As at or for the year ended 31 December					As at or for the eight months ended 31 August
	2016	**2017**	**2018**	**2019**	**2020**	**2021**
Total Market Capitalisation[(2)] (*LE billion*).........	601.6	824.9	749.7	708.3	649.9	733
Total Market Capitalisation[(3)] (*% of GDP*)........	22.0	23.8	16.9	13.3	11.2	12.6
Total Value of Trading[(4)] (*LE billion*)................	284.5	332.2	358.5	409.7	689.7	649
Number of Listed Companies[(2)].........................	222	222	220	218	215	212
Number of Transactions (*million*)......................	6.0	7.0	6.3	4.97	8.62	7.74
EGX 30 Index (*end of period*)...........................	12,345	15,019	13,036	13,962	10,845	11,143

Source: EGX

Notes:

(1) This data differs from previously published data. See "*Presentation of Information*".

(2) Main market.

(3) This ratio is calculated based on GDP preliminary figures for each year.

(4) Listed, NILEX, Operations & 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 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 Funds. 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 Base Offering Circular, 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 the CBE Law 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 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 2019/20 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 7.8% of GDP by 2019/20 and 5.0% of GDP by 2021/22; and to reduce the debt to GDP ratio to 80% of GDP by 2021/22. See "*The Economy—Government Programme, Recent Developments and Reforms*".

Fiscal Reforms

Since 2015, 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. 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. For 2018/19 through 2020/21, the VAT rate has been 14%.

- *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 provisions of the income tax law relating to real estate tax. 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. Law № 5 of 2021 has postponed the implementation of Law № 186 of 2020 requiring registration of real estate before a notary public upon any disposal until 30 June 2023 and removed certain provisions of tax law covering real estate.

- *Income tax law:* In May 2020, Law № 26 of 2020 amended the income tax law, increasing the annual personal income tax allowance to LE 9,000 and introducing the following new tax rates and tax brackets: (i) 2.5% on annual net income ranging from LE 15,001 to LE 30,000; (ii) 25% on annual income of LE 400,000 and over; and (iii) removing the application of lower tax rates on annual income above LE 600,000. The amendments regulate the application of additional tax and facilitates the settlement of tax disputes by applying a 50% reduction to tax penalties to encourage taxpayers to settle their disputes with the Egyptian tax authority.

- *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 or customs disputes.

- *Introduction and amendment of unified tax procedures law:* In October 2020, Law № 206 of 2020 was published, which introduced unified tax procedures for the assessment and collection of tax amounts applied for income tax, VAT, state development tax, stamp duty and any other similar taxes (the "**Unified Tax Procedures Law**"). The Unified Tax Procedures Law seeks to unify procedures for similar types of taxes and to establish a legal basis to transfer tax procedures to a new tax e-system. In December 2020, the Unified Tax Procedures Law was amended by Law № 211 of 2020 to introduce stricter penalties for non-compliance relating to transfer pricing documentation and tax return filings. The executive regulations of the Unified Tax Procedures Law were issued in June 2021 and aim to further integrate, simplify, and automate the procedures of linking and collecting the various types of applicable taxes.

- *Medium-Term Revenue Strategy:* The Government prepared a Medium-Term Revenue Strategy ("**MTRS**"), which is supported by the IMF. The MTRS is intended to strengthen and modernise tax revenue administration and policy to support increased spending on the health, education and infrastructure sectors, as well as to modernise and increase the efficiency of social safety nets. The MTRS is also intended to support inclusive growth and ensure debt sustainability.

- *Amendments to Stamp Duty Law:* Law № 199 of 2020 amended Stamp Duty Law № 111 of 1980 and has reduced the stamp duty applicable on the aggregate proceeds of any transaction involving securities (whether sale or purchase, Egyptian or foreign, listed or unlisted) to: (i) 0.125% for non-resident investors; and (ii) 0.05% for resident investors. The amendments also exempted stamp duty from spot transactions on the EGX for all types of securities, introduces certain exemptions for resident investors on stamp duty from 1 January 2022 and sets a stamp duty rate of 0.3% on the proceeds of trading in a resident company's shares (subject to certain conditions).

- *Amendments to Capital Gains taxes:* Law № 199 of 2020 also amended capital gains tax regulated under the income tax law, setting capital gains tax for residents on gains from listed securities on the EGX at a rate of 10%. The general application of this capital gains tax is postponed until 31 December 2021. Non-residents are exempted from capital gains tax on the disposition of listed securities, including treasury bills.

- *Decree № 428 of 2021 promulgated by the Ministry of Finance issuing the guidelines governing the tax treatment of capital gains arising from the sale and disposal of financial securities and treasury bills/bonds*: Decree № 428 of 2021 sets out the taxing mechanism, deadlines and tax rates for the capital gains realised from the disposal of securities and treasury bills/bonds, whether listed in the Egyptian Stock Exchange (EGX) or not. Additionally, Decree № 428 of 2021 stipulates that the suspension of the application of capital gains tax on listed securities will end by 31 December 2021 as stipulated in the law and the applicable tax rate shall be enforced starting 1 January 2022. Accordingly, starting from 1 January 2022 and with respect to securities, excluding treasury bills, (i) capital gains realised by residents of the Republic, whether natural or juridical, from the disposal of listed securities shall be subject to capital gains tax at a rate of 10%, (ii) capital gains realised by non-residents of the Republic, whether natural or juridical, from the disposal of listed securities shall not be subject to any capital gains tax, and (iii) capital gains realised by non-residents of the Republic, whether natural or juridical, from the disposal of non-listed securities shall be subject to capital gains tax at the rates set out under the Income Tax Law № 91 of 2005. In addition to the above, Decree № 428 of 2021 sets out tax treatment for capital gains realised from the disposal of treasury bills and bonds, whether or not listed on EGX. With the exception of treasury bonds which are issued in the name of the Republic and are offered for subscription in the global financial markets, capital gains realised by residents of the Republic, whether natural or juridical, from the disposal of treasury bills and bonds shall be subject to capital gains tax at the rates set out under Decree № 428 of 2021 and the relevant provisions of the Income Tax Law.

- *MSMEs Law:* In July 2020, Law № 152 of 2020 was issued to regulate and incentivise MSMEs through a variety of non-tax and tax incentives (including exemption from governmental fees relating to incorporation, reduced tax rates and exemption from intellectual property registration fees, as well as measures to facilitate licensing processes).

See "*The Economy—Government Programme, Recent Developments and Reforms*".

2021/22 Budget

The budget for 2021/22 was approved by the House of Representatives on 30 June 2021, with a projected fiscal deficit to GDP ratio of 6.7%, as compared to a fiscal deficit ratio of 7.4% in 2020/21 (based on preliminary estimates) and an actual fiscal deficit ratio of 8.0% in 2019/20.

The budget for 2021/22 has been prepared on the basis of the following key assumptions:

- economic growth of 5.4%;

- average inflation of approximately 6.5%;

- an average oil price (Brent crude) of U.S.$60 per barrel; and

- global economic growth of 6.0%.

For a discussion of the impact of the COVID-19 virus on the budget for 2019/20, see "*Response to COVID-19*".

The following table sets out the budget for 2021/22 and actual results for 2019/20 – 2020/21.

2019/20- 2020/21 (Actual Results) - 2021/22 (Budget)

	2019/20[1]	**2020/21**[1]	**2021/22 Budget**[2]
		(LE millions)	
Revenues and Grants	**975,429**	**1,094,042**	**1,365,159**
Tax Revenue	739,633	834,558	983,010
Grants	5,263	675	1,541
Other Revenues	230,533	258,809	380,608
Expenditures	**1,434,723**	**1,563,790**	**1,837,723**
Wages and Salaries	288,773	318,679	361,050
Purchases of Goods and Services	69,871	77,992	103,889
Interest Payments	568,421	565,407	579,582
Subsidies, Grants and Social Benefits	229,214	265,624	321,301
Other Expenditures	86,803	94,978	113,787
Purchases of Non-Financial Assets	191,642	241,110	358,113
Cash Deficit	**459,294**	**469,748**	**472,564**
Net Acquisition of Financial Assets	**3,481**	**2,567**	**2,945**
Overall Fiscal Deficit	**462,775**	**472,315**	**475,508**
Overall Deficit/GDP *(%)*	8.0	7.4	6.7
Primary Surplus/GDP *(%)*	1.8	1.5	1.5
Revenues/GDP *(%)*	16.8	17.1	19.1
Expenditure/GDP *(%)*	24.7	24.4	25.7

Source: Ministry of Finance

Notes:

(1) GDP, according to the Ministry of Planning (preliminary figures), is LE 5,820 billion for 2019/20, and LE 6,400 billion for 2020/21.
(2) No assurance can be given that the actual financial performance and condition will match the forecasts in the Republic's budget. The budget was approved by the House of Representatives in June 2021. For the 2021/22 Budget, GDP is estimated at LE 7,150 billion.

Revenues

Total revenues for 2021/22 are budgeted to be LE 1,365.2 billion, as compared to LE 1,094.0 billion in 2020/21, representing an annual increase of 24.8%, primarily due to an increase of LE 148.5 billion in tax revenues. Tax revenues are budgeted to increase by 17.8% to LE 983.0 billion for 2021/22, as compared to LE 834.6 billion for 2020/21, primarily due to expected improved collections as a result of tax administration reforms and automation.

Total grants are budgeted to be LE 1.5 billion in 2021/22, as compared to LE 675 million in 2020/21, reflecting an increase of 128.3%. 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 2021/22 are budgeted at LE 380.6 billion, as compared to LE 258.8 billion for 2020/21, representing an annual increase of 47.1%.

Expenditures

Government expenditure is budgeted to increase by 17.5% to LE 1,837.7 billion in 2021/22, as compared to LE 1,563.8 billion in 2020/21. This increase is primarily due to budgeted increases of: (i) LE 117 billion, or 48.5%, for the purchase of non-financial assets; (ii) LE 55.7 billion, or 20.9%, in subsidies, grants and social benefits; and (iii) LE 42.4 billion, or 13.3%, in wages and salaries.

In addition, contributions to pension funds are budgeted to increase to LE 135.0 billion in the 2021/22 budget, as compared to LE 99.1 billion in 2020/21 (based on preliminary estimates), reflecting an increase of 36.2%. See "*—Social Spending and Subsidies*".

The COVID-19 pandemic has had, and is expected to continue to have, a significant effect on Government expenditure. See "*Response to COVID-19*".

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.

Public Accounts(1)

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22 Budget(2)
			(LE millions)			
Revenues and Grants	**659,184**	**821,134**	**941,910**	**975,429**	**1,094,042**	**1,365,159**
Tax Revenues	**462,007**	**629,302**	**736,121**	**739,633**	**834,558**	**983,010**
Income Tax	*166,897*	*207,230*	*250,080*	*286,907*	*323,766*	*370,310*
Property Taxes	*36,539*	*51,410*	*58,907*	*59,596*	*71,014*	*88,275*
Taxes on Goods and Services	*208,624*	*294,257*	*350,576*	*329,979*	*383,705*	*449,579*
Taxes on International Trade	*34,255*	*37,908*	*42,020*	*32,572*	*36,774*	*42,398*
Other Taxes	*15,691*	*38,497*	*34,538*	*30,579*	*19,300*	*32,448*
Grants	**17,683**	**3,194**	**2,609**	**5,263**	**675**	**1,541**
Other Revenues	**179,494**	**188,639**	**203,181**	**230,533**	**258,809**	**380,608**
Returns on Financial Assets	*91,141*	*69,116*	*70,354*	*65,519*	*79,285*	*106,929*
Proceeds from Sales of Goods and Services	*38,058*	*51,433*	*53,565*	*58,809*	*58,071*	*74,046*
Other	*50,295*	*68,090*	*79,262*	*106,206*	*121,453*	*199,633*
Expenditures	**1,031,941**	**1,244,408**	**1,369,870**	**1,434,723**	**1,563,790**	**1,837,723**
Wages and Salaries	225,513	240,054	266,091	288,773	318,679	361,050
Purchases of Goods and Services	42,450	53,088	62,365	69,871	77,992	103,889
Interest Payments	316,602	437,448	533,045	568,421	565,407	579,582
Subsidies, Grants and Social benefits	276,719	329,379	287,462	229,214	265,624	321,301
Other Expenditures	61,517	74,758	77,565	86,803	94,978	113,787
Purchases of Non-Financial assets	109,141	109,680	143,342	191,642	241,110	358,113
Cash Deficit(3)	**372,757**	**423,274**	**427,960**	**459,294**	**469,748**	**72,564**
Net Acquisition of Financial assets	**6,834**	**9,306**	**1,991**	**3,481**	**2,567**	**2,945**
Overall Fiscal Deficit	**379,590**	**432,579**	**429,951**	**462,775**	**472,315**	**475,508**
Overall Deficit/GDP *(%)*(4)	10.9	9.7	8.1	8.0	7.4	6.7
Primary Balance/GDP *(%)*(4)	(1.8)	0.1	1.9	1.8	1.5	1.5
Revenues/GDP *(%)*(4)	19	18.5	17.7	16.8	17.1	19.1
Expenditure/GDP *(%)*(4)	29.7	28	25.7	24.7	24.4	25.7

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) Budgeted figures.
(3) Overall deficit excluding net acquisition of financial assets.
(4) See "*The Economy – Gross Domestic Product*"

All figures presented in this section for 2020/21 budget results are preliminary and are subject to revision and amendment, which may be material.

Overview

Total budget sector revenues have grown over each of the past five years from LE 659.2 billion in 2016/17 to LE 1,094 billion in 2020/21, or by 66%. Principal factors in the growth of revenues since 2016/17 include increased GDP growth and increases in tax revenues, as a result of the implementation of tax reforms including the introduction of VAT 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 1,031.9 billion in 2016/17 to LE 1,563.8 billion in 2020/21. Total budget sector expenditures increased by 26.2% in 2016/17, 20.6% in 2017/18, 10.1% in 2018/19, 4.7% in 2019/20 and 9.0% in 2020/21. Principal factors in the growth of expenditures since 2016/17 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 472.3 billion in 2020/21 (7.4% of GDP), LE 462.8 billion in 2019/20 (8.0% of GDP), LE 430.0 billion in 2018/19 (8.1% of GDP) and LE 432.6 billion in 2017/18 (9.7% of GDP), as compared to LE 379.6 billion in 2016/17 (10.9% of GDP).

Revenues

All figures presented in this section for 2020/21 budget results are preliminary and are subject to revision and amendment, which may be material.

The Government's principal sources of revenues are corporate 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)

	2016/17	2017/18	2018/19	2019/20	2020/21
			(*LE millions*)		
Total Revenues and Grants	**659,184**	**821,134**	**941,910**	**975,429**	**1,094,042**
Annual Change (%)	34.1	24.6	14.7	3.6	12.2
Percentage of GDP(2)	19.0	18.5	17.7	16.8	17.1
Percentage of Tax Revenues	142.7	130.5	128.0	131.9	131.1
Tax Revenues	**462,007**	**629,302**	**736,121**	**739,633**	**834,558**
Annual Change (%)	31.1	36.2	17.0	0.5	12.8
Percentage of GDP(2)	13.3	14.2	13.8	12.7	13.0
Percentage of Total Revenues and Grants	70.1	76.6	78.2	75.8	76.3
Taxes on Income, Profits and Capital Gains	**166,897**	**207,230**	**250,080**	**286,907**	**323,766**
Annual Change (%)	15.3	24.2	20.7	14.7	12.8
Percentage of GDP(2)	4.8	4.7	4.7	4.9	5.1
Percentage of Total Revenues and Grants	25.3	25.2	26.6	29.4	29.6
Percentage of Tax Revenues	36.1	32.9	34.0	38.8	38.8
Property Tax	**36,539**	**51,410**	**58,907**	**59,596**	**71,014**
Annual Change (%)	30.5	40.7	14.6	1.2	19.2
Percentage of GDP(2)	1.1	1.2	1.1	1.0	1.1
Percentage of Total Revenues and Grants	5.5	6.3	6.3	6.1	6.5
Percentage of Tax Revenues	7.9	8.2	8.0	8.1	8.5
Taxes on Goods and Services	**208,624**	**294,257**	**350,576**	**329,979**	**383,705**
Annual Change (%)	48.5	41.0	19.1	(5.9)	16.3
Percentage of GDP(2)	6	6.6	6.6	5.7	6.0
Percentage of Total Revenues and Grants	31.6	35.8	37.2	33.8	35.1
Percentage of Tax Revenues	45.2	46.8	47.6	44.6	46.0
Taxes on International Trade	**34,255**	**37,908**	**42,020**	**32,572**	**36,774**
Annual Change (%)	21.9	10.7	10.8	(22.5)	12.9
Percentage of GDP(2)	1.0	0.9	0.8	0.6	0.6
Percentage of Total Revenues and Grants	5.2	4.6	4.5	3.3	3.4
Percentage of Tax Revenues	7.4	6.0	5.7	4.4	4.4
Grants	**17,683**	**3,194**	**2,609**	**5,263**	**675**
Annual Change (%)	399.1	(81.9)	(18.3)	101.7	(87.2)
Percentage of GDP(2)	0.5	0.1	0.0	0.1	0.01
Percentage of Total Revenues and Grants	2.7	0.4	0.3	0.5	0.1
Percentage of Tax Revenues	3.8	0.5	0.4	0.7	0.1
Other Revenues	**179,494**	**188,639**	**203,181**	**230,533**	**258,809**
Annual Change (%)	32.3	5.1	7.7	13.5	12.3
Percentage of GDP(2)	5.2	4.3	3.8	4.0	4.0
Percentage of Total revenues and Grants	27.2	23.0	21.6	23.6	23.7
Percentage of Tax Revenues	38.9	30.0	27.6	31.2	31.0

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) GDP, according to the Ministry of Planning (preliminary figures), is LE 5,820 billion for 2019/20, and LE 6,400 billion for 2020/21.

Total budget sector revenues and grants increased from LE 975.4 billion in 2019/20, to LE 1,094.0 billion in 2020/21, representing a 12.2% increase. This increase was primarily due to increases in income taxes and other revenues.

Tax revenues include income tax, corporate income tax, general sales tax and customs duties. EGPC and the Suez Canal Authority are the principal sources of corporate income tax revenues, contributing LE 26.3 billion and LE 42.9 billion, respectively, in corporate income tax for 2019/2020, and LE 40.4 billion and LE 32.5 billion, respectively, for 2020/21.

Tax revenues increased by 12.8% to LE 834.6 billion in 2020/21 from 2019/20 and by 0.5% to LE 739.6 billion in 2019/20 from LE 736.1 billion in 2018/19. This increase in tax revenues is primarily due to increases in receipts of income tax. Taxes on income, profits and capital gains increased by 12.8% to LE 323.8 billion in 2020/21 as compared to LE 286.9 billion in 2019/20, and by 14.7% in 2019/20, as compared to LE 250.1 billion in 2018/19, which was, in turn, primarily due to increased economic activity and improvements in tax collection and administration. Property taxes increased by 19.2% to LE 71.0 billion in 2020/21, from LE 59.6 billion in 2019/20, and increased by 1.2% to LE 59.6 billion in 2019/20, as compared to LE 58.9 billion in 2018/19. Taxes on international trade increased by 12.9% to LE 36.8 billion in 2020/21 as compared to 2019/20 and decreased by 22.5% to LE 32.6 billion in 2019/20, as compared to LE 42.0 billion in 2018/19. Taxes on goods and services decreased by 16.3% to LE 383.7 billion in 2020/21, as compared to 2019/20 and decreased by 5.9% to LE 330.0 billion in 2019/20, as compared to LE 350.6 billion in 2018/19. In 2020/21, tax revenues accounted for 76.3% of total budget sector revenues, as compared to 75.8% in 2019/20 and 78.2% 2018/19.

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 increased by 12.3% to LE 258.8 billion in 2020/21, as compared to 2019/20 and by 13.5% to LE 230.5 billion in 2019/20, as compared to LE 203.2 billion in 2018/19. The increase in non-tax revenues was small due to the slowdown in global trade and economic activity caused by the COVID-19 pandemic in 2019/20 and 2020/21.

In 2020/21, grants accounted for 0.1% of total budget sector revenues, as compared to 0.5% in 2019/20 and 0.3% in 2018/19, while other revenues accounted for 23.7% of total budget sector revenues, as compared to 23.6% in 2019/20 and 21.6% in 2018/19.

Expenditures

All figures presented in this section for 2020/21 budget results are preliminary 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)

	2016/17	2017/18	2018/19	2019/20	2020/21
			(LE millions)		
Expenditures	**1,031,941**	**1,244,408**	**1,369,870**	**1,434,723**	**1,563,790**
Annual Change (%)	26.2	20.6	10.1	4.7	9.0
Percentage of GDP(2)	29.7	28.0	25.7	24.7	24.4
Percentage of Tax Revenues	223.4	197.7	186.1	194.0	187.4
Wages and Salaries	**225,513**	**240,054**	**266,091**	**288,773**	**318,679**
Annual Change (%)	5.5	6.4	10.8	8.5	10.4
Percentage of GDP(2)	6.5	5.4	5.0	5.0	5.0
Percentage of Total Expenditures	21.9	19.3	19.4	20.1	20.4
Percentage of Tax Revenues	48.8	38.1	36.1	39.0	38.2
Purchases of Goods and Services.	**42,450**	**53,088**	**62,365**	**69,871**	**77,992**
Annual Change (%)	19.0	25.1	17.5	12.0	11.6
Percentage of GDP(2)	1.2	1.2	1.2	1.2	1.2
Percentage of Total Expenditures	4.1	4.3	4.6	4.9	5.0
Percentage of Tax Revenues	9.2	8.4	8.5	9.4	9.3
Interest Payments	**316,602**	**437,448**	**533,045**	**568,421**	**565,407**
Annual Change (%)	29.9	38.2	21.9	6.6	(0.5)
Percentage of GDP(2)	9.1	9.9	10.0	9.8	8.8
Percentage of Total Expenditures	30.7	35.2	38.9	39.6	36.2
Percentage of Tax Revenues	68.5	69.5	72.4	76.9	67.7
Subsidies, Grants and Social Benefits	**276,719**	**329,379**	**287,461**	**229,214**	**265,624**
Annual Change (%)	37.7	19.0	(12.7)	(20.3)	15.9
Percentage of GDP(2)	7.97	7.4	5.4	3.9	4.2
Percentage of Total Expenditures	26.8	26.5	21.0	16.0	17.0
Percentage of Tax Revenues	59.9	52.3	39.1	31.0	31.8
Other Expenditures	**61,517**	**74,758**	**77,565**	**86,803**	**94,978**
Annual Change (%)	12.8	21.5	3.8	11.9	9.4
Percentage of GDP(2)	1.8	1.7	1.5	1.5	1.5
Percentage of Total Expenditures	6.0	6.0	5.7	6.1	6.1
Percentage of Tax Revenues	13.3	11.9	10.5	11.7	11.4
Purchase of Non-financial Assets	**109,141**	**109,680**	**143,342**	**191,642**	**241,110**
Annual Change (%)	57.6	0.5	30.7	33.7	25.8
Percentage of GDP(2)	3.2	2.5	2.7	3.3	3.8
Percentage of Total Expenditures	10.6	8.8	10.5	13.4	15.4
Percentage of Tax Revenues	23.6	17.4	19.5	25.9	28.9

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) GDP, according to the Ministry of Planning (preliminary figures), is LE 5,820 billion for 2019/20, and LE 6,400 billion for 2020/21.

Total expenditures increased from LE 1,369.9 billion in 2018/19 to LE 1,434.7 billion in 2019/20, representing a 4.7% increase, and to LE 1,563.8 billion in 2020/21, representing a 9.0% increase from the previous year, primarily due to increases in wages and salaries, subsidies, grants and social benefits, as well as purchases of non-financial assets.

Wages and salaries increased by 8.5% to LE 288.8 billion in 2019/20 from LE 266.1 billion in 2018/19 and to LE 318.7 billion in 2020/21, representing an 10.4% increase from the previous year, 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 decreased by 20.3% to LE 229.2 billion in 2019/20 from LE 287.5 billion in 2018/19, primarily due to cuts in fuel and electricity subsidies, before increasing to LE 265.6 billion in 2020/21, representing a 15.9% increase from the previous year, primarily due to the settlement of pension funds (see "*—Social Spending and Subsidies*"). In 2020/21, subsidies, grants and social benefits accounted for 17.0% of total expenditures, as compared to 16.0% in 2019/20 and 21.0% in 2018/19.

Interest payments decreased by 0.5% to LE 565.4 billion in 2020/21 from LE 568.4 billion in 2019/20, which, in turn, represented a 6.6% increase from 533.0 billion in 2018/19. In 2020/21, interest payments accounted for 36.2% of total expenditures, as compared to 39.6% in 2019/20 and 38.9% in 2018/19.

Other expenditures increased by 11.9% to LE 86.8 billion in 2019/20 from LE 77.6 billion in 2018/19, when it accounted for 5.7% of total expenditures, as compared to 6.1% of total expenditures in each of 2019/20 and 2020/21.

Purchases of non-financial assets increased by 33.7% to LE 191.6 billion in 2019/20 from LE 143.3 billion in 2018/19 and to LE 241.1 billion in 2020/21, representing a 25.8% increase from the previous year, primarily due to increased investment in infrastructure and in the housing, health and education sectors over the past five years. In 2020/21, purchases of non-financial assets accounted for 15.4% of total expenditures, as compared to 13.4% in 2019/20 and 10.5% in 2018/19.

Interim Results for the Fiscal Year 2021/22

The following table sets forth Egypt's actual fiscal results for the month ended 31 July 2021, as compared to the corresponding period in 2020.

	Interim Results[1]	
	July 2020	**July 2021**
	(LE millions)	
Revenues and Grants	**54,869**	**56,002**
Tax Revenues	40,617	47,440
Grants	8.6	0.0
Other Revenues	14,243	8,562
Expenditures	**112,217**	**116,812**
Wages and Salaries	24,708	33,983
Purchases of Goods and Services	2,460	3,170
Interest Payments	50,384	60,474
Subsidies, Grants and Social Benefits	22,457	14,319
Other Expenditures	6,862	1,989
Purchases of Non-Financial Assets	5,346	2,877
Cash Deficit[2]	57,348	60,810
Net Acquisition of Financial Assets	734	(835)
Overall Fiscal Deficit	58,082	59,975
Overall Deficit/GDP (%)[3]	0.9	0.8
Primary Balance/GDP (%)[3]	(0.1)	0.01
Revenues/GDP (%)[3]	0.9	0.8
Expenditure/GDP (%)[3]	1.8	1.6

Source: Ministry of Finance

Notes:

(1) Results for interim periods are not necessarily indicative of full year results.

(2) Overall deficit excluding net acquisition of financial assets.

(3) July ratios are based on full year GDP. For 2019/20 interim figures, the Ministry of Finance's GDP figure of LE 5,820 billion for 2019/20 has been used. For 2020/21 interim figures, the Ministry of Finance's GDP figure of LE 6,400 billion for 2020/21 has been used.

Revenues

Total revenues and grants increased by 2.1% to LE 56.0 billion in the month ended 31 July 2021 from LE 54.9 billion in the corresponding period in 2020. Tax revenues increased by 16.8% to LE 47.4 billion in the month ended 31 July 2021 from LE 40.6 billion in the corresponding period in 2020, primarily due to increased tax revenues from domestic salaries, industrial and commercial profits, stronger performance from companies and improving revenue collection from VAT. Grants decreased by 100.0% to LE 0.0 million in the month ended 31 July 2021 from LE 8.6 million in the corresponding period in 2020. Other revenues decreased by 39.9% to LE 8.6 billion in the month ended 31 July 2021 from LE 14.2 billion in the corresponding period in 2020, primarily due to a 12.0% decrease in dividends from Economic Authorities (due to dividends expected to be distributed later in the year).

Expenditures

Total expenditures increased by 14.1% to LE 116.8 billion in the month ended 31 July 2021 from LE 112.2 billion in the corresponding period in 2020, primarily due to increases in wages and subsidies related to the health sector, due to the increasing need created by the COVID-19 pandemic for medical equipment, medical supplies and medical care. Wages and salaries increased by 37.5% to LE 34.0 billion in the month ended 31 July 2021 from LE 24.7 billion in the corresponding period in 2020, primarily due to an increase in rewards and insurance benefits. Purchases of goods and services increased by 28.9% to LE 3.2 billion in the month ended 31 July 2021 from LE 2.5 billion in the corresponding period in 2020, primarily due to an increase in the purchase of medicines, water services and maintenance.

Interest payments increased by 20.0% to LE 60.5 billion in the month ended 31 July 2021 from LE 50.4 billion in the corresponding period in 2020, primarily due to an increase in budget sector debt. See "*Public Debt*".

Subsidies, grants and social benefits decreased by 36.2% to LE 14.3 billion in the month ended 31 July 2021 from LE 22.5 billion in the corresponding period in 2020. Other expenditures decreased by 71.0% to LE 2.0 billion in the month ended 31 July 2021 from LE 6.9 billion in the corresponding period in 2020, primarily due to cash flow management and operations (as the figures only represent one month of activities, fluctuations are not necessarily indicative of longer or full year periods). Purchases of non- financial assets decreased by 46.2% to LE 2.9 billion in the month ended 31 July 2021 from LE 5.3 billion in the corresponding period in 2020.

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 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/exclusive 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 and petroleum products (namely fuel oil and butane), cylinders for electricity generation and food industries; and
- continued expenditures on health, education and scientific research in line with the constitutional mandates. See "*The Arab Republic of Egypt—Health and Sanitation*" and "*The Arab Republic of Egypt—Education*".

Total subsidies for 2020/21 amounted to LE 123.5 billion, as compared to subsidies of LE 132.7 billion in 2019/20 (representing a decrease of 6.9%) and LE 203.7 billion in 2018/19. The decrease in subsidies for 2020/21 and 2019/20, as compared to 2018/19, was primarily due to the implementation of measures under the Government's economic reform programme, including the lifting of fuel and electricity subsidies (see "—*Fuel Subsidies*). The decrease in subsidies for 2019/20 was primarily due to the cessation of electricity subsidies and a 70.7% reduction in petroleum subsidies, as compared to 2018/19.

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 the fiscal years indicated.

Subsidies 2016/17 – 2020/21 (Actual Figures)[(1)]

	2016/17	2017/18	2018/19	2019/20	2020/21
			(LE millions)		
Food subsidies	47,535	80,500	87,000	80,427	83,017
Petroleum subsidies	115,000	120,803	84,733	18,677	21,536
Electricity subsidies	27,590	28,585	16,000	—	—
Support subsidies	12,434	13,698	15,925	33,574	18,975
Housing loan Interest	85	124	129	280	369
Transportation	1,752	1,804	1,850	1,850	1,800
Potable water	983	1,000	1,350	923	854
Low-income housing	—	—	—	1,424	1,499
Export Subsidies	3,300.5	2,305	3,657	5,682	3,927
Industrial Zones	640	1,172	—	—	—
Other subsidies[(2)]	5,673	7,294	8,938	23,415	10,527
Total	**202,559**	**243,586**	**203,657**	**132,678**	**123,528**

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—Economic Risk*".

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—Commodity Sector—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 these 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. In December 2018, the Prime Minister issued a decree to introduce an automatic fuel price indexation mechanism for 95 octane gasoline. The first price adjustment under this mechanism is scheduled to occur by the end of March 2019 and will continue on a quarterly basis subject to a 10% cap. Implementation of automatic fuel price indexation mechanisms for other fuels (save for LPG and fuel used for electricity generation and bakeries) is expected to follow at a later stage. See "*The Economy—Manufacturing*".

Following the price increases in June 2018, diesel prices per litre were LE 5.5, as compared to LE 3.7 in July 2017, LE 2.4 in November 2016, LE 1.8 in June 2014 and LE 1.1 in May 2014. Gasoline 80 prices per litre were increased to LE 5.5 in June 2018, as compared to LE 3.7 in July 2017, LE 2.4 in November 2016, LE 1.6 in June 2014 and LE 0.9 in May 2014. Gasoline 92 prices per litre were increased to LE 6.8 in June 2018, as compared to LE 5.0 in July 2017, LE 3.5 in November 2016, LE 2.6 in June 2014 and LE 1.9 in May 2014.

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, U.S.$1.0 billion as at 15 December 2018, U.S.$0.9 billion as at each of 30 June 2019 and 30 June 2020 and U.S.$850 million as at 30 June 2021) being owed to international oil and gas companies. See "*The Economy—Commodity Sector—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 and intends to phase out fuel subsidies by the end of 2018/19.

On 5 July 2019, retail prices of all fuel types (excluding LPG and fuel used for electricity generation and bakeries) were raised by an average of 22% to reach full cost-recovery (with prices of 92 octane grade petrol increased by 18.5% to LE 8 per litre, 80 octane grade petrol increased by 22.7% to LE 6.75 per litre, 95 octane grade fuel increased by 16.1% to LE 9 per litre, diesel increased by 22.7% to LE 6.75 per litre and the price of cooking gas cylinders increased by 30% to LE 65 for domestic use and LE 130 for commercial use). On 6 July 2019, fuel price indexation for these fuels was implemented. The mechanism is intended to maintain prices at cost-recovery levels and safeguard the budget from unexpected changes in the exchange rate and global oil prices. Price adjustments are initially expected to take place on a quarterly basis and to be capped at 10%. On 4 October 2019, the first price adjustment took place, with the prices of 95 octane grade fuel revised from LE 9 per litre to LE 8.75 per litre, 92 octane grade petrol revised from LE 8 per litre to LE 7.75 per litre, 80 octane grade petrol revised from LE 6.75 per litre to LE 6.5 per litre and fuel oil for industries revised from LE 4,500 per tonne to LE 4,250 per tonne; the price of diesel was left unchanged at LE 6.75 per litre. On 10 April 2020, the second price adjustment took place, with the prices of 95 octane grade fuel revised from LE 8.75 per litre to LE 8.5 per litre, 92 octane grade petrol revised from LE 7.75 per litre to LE 7.5 per litre, 80 octane grade petrol revised from LE 6.5 per litre to LE 6.25 per litre and fuel oil for industries revised from LE 4,250 per tonne to LE 3,900 per tonne; the price of diesel was left unchanged at LE 6.75 per litre.

In April 2020, the Government's fuel pricing committee (the "**Fuel Committee**"), which was formed in 2019 and meets once a quarter to review fuel prices, agreed to cut the price of all fuel grades by LE 0.25 per litre, and also cut the price of mazut (heavy fuel oil) for factories. The price of 95 octane became EGP 8.50 per litre, the price of 92 octane became EGP 7.50 per litre and the price of 80 octane is became EGP 6.25 per litre. This was as a result of the impact of the COVID-19 pandemic on oil markets globally.

In June 2020, electricity tariffs were increased by an average of 20.5% in line with the Government's economic reform programme and targets under the EFF with the IMF.

As at each of 30 June 2020 and June 2019, arrears owed to international oil companies were approximately U.S.$0.9 billion. As at 30 June 2021, arrears owed to international oil companies were approximately U.S.$850 million.

In October 2020, the Fuel Committee decided to freeze gasoline and diesel prices in the domestic market, to ensure they remained unchanged until December 2020. The per litre prices of 80 octane, 92 octane and 95 octane gasoline remained at LE 6.25, LE 7.50 and LE 8.50, respectively, whilst the price of diesel remained at LE 6.75 per litre. This decision was taken under the 'automatic pricing mechanism', which aims to review and adjust the price of petroleum products in the domestic market every three months.

Electricity Subsidies

Electricity subsidies were LE 16.0 billion in 2018/19, as compared to LE 28.6 billion in 2017/18 and LE 27.6 billion in 2016/17. Following the phasing out of electricity subsidies, none of the 2019/20, 2020/21 or 2021/22 budgets provide for electricity subsidies.

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.

A committee comprising representatives of the CBE, the Ministry of Planning, Monitoring and Administrative Reform and the Ministry of Finance has been established to strengthen NIB oversight and governance and has been tasked to develop a plan for reforming and improving its financial performance. An international auditor has been hired to evaluate NIB's assets and liabilities.

A reform plan has been announced to restructure the NIB, containing fiscal and financial stability risks arising from the NIB, which has ceased lending and funding operations. Pursuant to the plan, NIB's balance sheet is expected to be reduced gradually over time.

The following table sets forth the NIB's sources and use of funds for the periods indicated.

National Investment Bank Sources and Uses

	2016/17	2017/18	2018/19	2019/20	2020/21(1)
			(LE millions)		
Sources	**344,271**	**484,191**	**643,398**	**726,294**	**552,876**
Social Insurance Fund for Government Employees	33,407	35,382	36,542	—	—
Social Insurance Fund for Public and Private Business Sector Employees	22,581	21,384	19,548	—	—
Balances devolved to the Ministry of Finance from two Social Insurance Funds (1)	—	—	—	55,328	57,007
Proceeds from Investment Certificates	155,947	281,240	424,754	490,734	301,013
Accumulated Interest on Investment Certificates (Category A)	7,546	7,294	8,288	9,485	11,070
Proceeds from U.S. Dollar Development Bonds	4	2	—	—	—
Post Office Savings	122,271	134,431	149,219	164,719.7	179,581
Others	2,515	4,458	5,047	6,026.6	4,206
Uses, *of which*	**344,271**	**484,191**	**643,398**	**726,294**	**552,876**
Loans to Economic Authorities	*51,616*	*71,691*	*72,032*	*73,782*	*72,674*
Investments in government securities (bills and bonds)	*32,681*	*144,341*	*290,643*	*347,171*	*174,634*
Deposits of the NIB with the banking system	*1,285*	*1,264*	*500*	*1,188*	*9,581*

Source: National Investment Bank.

Notes:

(1) Preliminary data.

(2) Debts of the social insurance funds have been transferred to the Ministry of Finance since 20 August 2020 in accordance with Law № 148 of 2019 subject 111/4 and the third session of the Board of Directors at 20 November 2019.

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 60.0 billion for both the GSIF and the PSIF in 2018/19, as compared to LE 52.5 billion in 2017/18.

In 2018/19, the fund's invested assets totalled approximately LE 604.3 billion, of which 9.4% is deposited with the NIB, 36.3% is invested in direct investments deposits and cash in banks and 54.4% 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 0.45 billion in 2017/18. Law № 112 of 1980 has subsequently been replaced by the social insurance and pension law № 148 of 2019.

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 new social insurance and pension law in respect of amendments to the social insurance and pension scheme was enacted on 20 August 2019 pursuant to Law № 148 of 2019 with the co-operation of the Ministry of Finance and Ministry of Social Solidarity. A reform plan was also introduced to write-off LE 370 billion of debt on the budget of the pension funds. The reform plan envisaged the phasing out of such liabilities and the payment of LE 160 billion in 2019/20 (with an annual growth rate of 5.7% for 50 years).

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 31 March 2021, Egypt's net consolidated public domestic debt was LE 4,246.5 billion, representing 66.3% of GDP and a 16.8% increase compared to net consolidated public domestic debt as at 30 June 2020, which was LE 3,634.0 billion, representing 62.5% of GDP. This increase was primarily a result of an increase in gross consolidated general Government debt. Total outstanding tradable domestic Government securities increased by 18.1% from LE 3,372.9 billion as at 30 June 2020 to LE 3,985.1 billion as at 30 June 2021.

As at 31 March 2021, gross external debt was U.S.$134.8 billion, representing 34.7% of GDP and a 9.2% increase, as compared to gross external debt of U.S.$123.5 billion as at 30 June 2020, in turn, an increase of 13.6% as compared to U.S.$108.7 billion as at 30 June 2019.

As at 31 March 2021, gross external Government debt was U.S.$80.5 billion, representing 19.4% of GDP and a 16.1% increase, as compared to gross external Government debt of U.S.$69.4 billion as at 30 June 2020, representing 19.2% of GDP, in turn, an increase of 21.1%, as compared to U.S.$57.3 billion as at 30 June 2019.

The public debt figures set out herein 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 19.9% of GDP, as at 31 March 2021, which is split between domestic and external guaranteed debt. See "*Risk Factors—Risk Factors Relating to Egypt—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					As at 31 March
	2016	**2017**	**2018**	**2019**	**2020**	**2021**
	(LE millions, unless otherwise stated)					
Gross Consolidated Public Domestic Debt	**2,478,883**	**3,278,359**	**3,648,984**	**3,829,148**	**4,256,229**	**4,828,138**
Gross Consolidated General Government Domestic Debt...	2,409,225	2,950,867	3,259,378	3,507,185	4,013,573	4,422,471
Economic Authorities' Domestic Debt.....	160,535	413,122	479,644	503,003	475,504	603,514
Less:						
Economic Authorities' Borrowings from NIB	*51,534*	*51,616*	*69,526*	*178,497*	*225,378*	*198,669*
Economic Authorities' Deposits in TSA(4).	*39,343*	*34,014*	*20,512*	*2,543*	7,470	*(822)*
Less:						
Public Sector Deposits	**400,282**	**572,861**	**501,969**	**586,329**	**621,436**	**581,660**
General Government Deposits.................	321,924	460,564	396,386	361,736	413,455	344,622
Economic Authorities Gross Deposits......	146,829	190,793	161,834	277,475	276,993	306,367
Less:						
Social Insurance Funds Deposits(5)(6)	*29,128*	*44,482*	*35,739*	*50,339*	*61,542*	*70,151*
Economic Authorities' Deposits in TSA(4).	*39,343*	*34,014*	*20,512*	*2,543*	*7,470*	*(822)*
Net Consolidated Public Domestic Debt	**2,078,601**	**2,705,498**	**3,147,015**	**3,242,819**	**3,634,793**	**4,246,478**
Gross External Debt *(U.S.$ millions)*	**55,764**	**79,033**	**92,644**	**108,699**	**123,490**	**134,841**
Gross External Government Debt *(U.S.$ millions)*	**24,437**	**34,875**	**47,649**	**57,272**	**69,352**	**80,491**
Bonds and Notes *(U.S.$ millions)*............	3,493	8,985	14,278	19,372	23,899	28,684
Loans *(U.S.$ millions)*.............................	20,944	25,890	33,371	37,900	45,453	49,807
Shot-term Debt (Loans) *(U.S.$ millions)*..	—	—	—	—	—	2,000
Gross External Non-Government Debt *(U.S.$ millions)*	**31,328**	**44,158**	**44,995**	**51,427**	**54,137**	**54,350**
Monetary Authorities *(U.S.$ millions)*......	22,174	30,324	26,560	27,979	27,886	25,755
Banks *(U.S.$ millions)*.............................	3,963	4,096	6,047	9,510	11,921	13,759
Other sectors *(U.S.$ millions)*..................	5,191	9,738	12,388	13,937	14,332	14,836
Total General Government Debt (*LE millions)*(7)	**2,623,529**	**3,579,688**	**4,111,346**	**4,460,254**	**5,118,100**	**5,663,742**
Debt to GDP Ratios(8)						
Gross Consolidated Public Domestic Debt/GDP *(%)*	91.5	94.5	82.2	71.9	73.1	75.4
Net Consolidated Public Domestic Debt/GDP *(%)*...	76.7	78.0	70.9	60.9	62.5	66.3
Gross External Debt/GDP *(%)*(9)	16.6	33.6	37.0	36.0	34.1	34.7
Gross External Government Debt/GDP*(%)*(9)	7.3	14.8	19.0	19.0	19.2	19.4
General Government Debt/GDP (%)........	96.8	103.2	92.7	83.8	87.9	88.5
Budget Sector Debt/GDP *(%)*..................	102.8	108.0	97.3	90.2	87.5	88.0

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 31 March 2021.

(4) 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.

(5) Data revised to exclude deposits used as loan facilities for the budget sector.

(6) 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.

(7) Total General Government debt is the sum of Gross Consolidated General Government Domestic Debt and Gross External Government Debt.
(8) See "*The Economy—Gross Domestic Product*".
(9) As calculated by the CBE.

Recent Developments

In April 2021, the World Bank and Egypt signed an agreement in respect of U.S.$440 million of loan financing to modernise signalling and to upgrade the track on Egypt's rail network, which was disbursed in August 2021.

In May 2021, Germany and Egypt signed two grant agreements worth an aggregate amount of €57.5 million, as part of financial and technical co-operation agreements signed between the countries in 2019. The grants are aimed at financing six projects in energy efficiency and renewable energy, technical education and vocational training, promoting innovation in the private sector, administrative reform, water resources, and sanitation.

In May 2021, the African Development Bank approved a U.S.$177 million loan to support Egypt's railway modernisation projects in Egypt. Funds have not yet been disbursed.

The second and final review of the SBA with the IMF was completed on 24 May 2021, which permitted the disbursement of a third tranche in the amount of SDR 1,158.0 million (approximately U.S.$1.67 billion), bringing total disbursements under the SBA to SDR 3,763.6 million (approximately U.S.$5.4 billion)

In June 2021, the Government and *L'Agence Francaise de Developpement* agreed a €12 million (U.S.$14.5 million) loan for the re-establishment of the French University in Egypt, and a €2 million grant and a further loan of €150 million (U.S.$181 million) to support the Budget of the Social Protection Sector in Egypt, which provides comprehensive health insurance. Funds have not yet been disbursed.

Also in June 2021, the Government agreed a €776 million treasury loan in connection with the Cairo Metro Line 1 upgrade project and a €988 million sovereign loan through *L'Agence Francaise de Developpement* to support, *inter alia,* port and railway modernisation and construction projects, as well as energy sector projects.

See "*—International Support*" and "*—External Debt*".

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 consolidated public domestic debt represented 67.1% of GDP as at the end of 2020/21, as compared to 62.5% of GDP at the end of 2019/20. Total outstanding Government securities increased from LE 4,191.0 billion at the end of 2019/20 to LE 4,799.3 billion at the end of 2020/21.

The following table sets forth Egypt's outstanding domestic debt as at the dates indicated.

Budget Sector Domestic Debt(1)

	As at 30 June					
	2016	**2017**	**2018**	**2019**	**2020**(2)	**2021**(2)
			(LE millions)			
Gross Domestic Budget Sector Debt	**2,570,843**	**3,124,100**	**3,470,968**	**3,856,215**	**3,989,688**	**4,578,074**
Ministry of Finance Securities	**2,279,755**	**3,018,259**	**3,404,214**	**3,788,666**	**4,191,007**	**4,799,319**
Treasury Bills(3)	815,995	1,185,704	1,547,140	1,639,031	1,768,378	1,786,568
Treasury Bonds	735,307	724,789	739,172	976,588	1,604,542	2,198,487
Treasury Bonds and Notes issued to Bank Misr and NBE	26,310	49,584	49,018	45,763	44,199	42,948
Treasury Bonds and Notes issued to the CBE	371,470	693,594	662,769	678,170	675,207	672,838
Revaluation Bonds	19,360	20,860	22,360	25,060	25,060	27,460
Insurance Notes	2,000	2,000	2,000	2,000	—	—
Eurobonds (held domestically)	8,832	18,310	36,336	52,866	73,570	70,967
Housing Bonds	62	46	48	50	51	51
Social Insurance Fund Bonds	298,653	323,124	345,371	369,138	—	—
Other(4)	1,766	248	—	—	—	—
Budget Sector Bank Loans	**291,088**	**105,841**	**66,754**	**67,549**	**(201,319)**	**(221,245)**
Facilities from Social Insurance Funds(5)	**250**	**250**	—	—	—	—
From banking sector	290,838	105,591	66,754	67,549	(201,319)	(221,245)
Budget Sector Deposits	**287,187**	**408,936**	**340,500**	**304,908**	**343,092**	**334,052**
Net Domestic Budget Sector Debt	**2,283,656**	**2,715,164**	**3,130,468**	**3,551,307**	**3,646,596**	**4,244,022**
Gross Domestic Budget Sector Debt/GDP *(%)*(6)	94.9	90.0	78.2	72.5	68.6	71.5
Net Domestic Budget Sector Debt/GDP *(%)*(7)	84.3	78.2	70.5	66.7	62.7	66.3

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) According to the Ministry of Finance's preliminary figures (which are subject to revision and amendment that could be material).

(3) Includes treasury bills issued in U.S. Dollars and Euros.

(4) Includes Eurobonds issued in 2001 and 2013, Egyptian Dollar Certificate, Barwa bonds and borrowing from other sources.

(5) A portion of the Social Insurance Funds deposits that are used as loan facilities for the budget sector are recognised as part of budget sector domestic debt obligations.

(6) See "*The Economy—Gross Domestic Product*".

As at 30 April 2021, 40.9%, or LE 1,818.3 billion, of outstanding domestic debt had a maturity of less than one year, 36.9%, or LE 1,639.9 billion, had a maturity of one to three years, 11.3%, or LE 503.1billion, had a maturity of three to five years, 5.3%, or LE 234.4 billion, had a maturity of five to seven years, 5.3%, or LE 234.3 billion, had a maturity of seven to ten years, and 0.4%, or LE 17.8 billion, had a maturity of more than ten years.

As at 30 June 2020, 44.7%, or LE 1,781.8 billion, of outstanding domestic debt had a maturity of less than one year, 37.5%, or LE 1,495.7 billion, had a maturity of one to three years, 8.8%, or LE 352.7 billion, had a maturity of three to five years, 4.4%, or LE 176.2 billion, had a maturity of five to seven years, 3.8%, or LE 152.1 billion, had a maturity of seven to ten years, and 0.8%, or LE 31.2 billion, 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 2021, treasury bills and bonds accounted for 93.9% of net domestic budget sector debt (according to preliminary estimates), as compared to 92.5% as at 30 June 2020, 73.7% as at 30 June 2019 and 73.0% as at 30 June 2018.

The following table sets forth details of the Government's securities issuances, denominated in Egyptian Pounds as at the dates indicated.

Government Securities Issuances(1)

	As at 30 June					As at 3 August 2021
	2017	2018	2019	2020	2021	
	(LE millions)					
Issued	**1,926**	**2,807**	**2,955**	**3,478**	**3,402**	**304**
Treasury Bills	1,749	2,631	2,495	2,390	2,521	248
Treasury Bonds	177	176	460	1,088	881	57
Matured	**1,769**	**2,436**	**2,495**	**2,732**	**2,795**	**297**
Treasury Bills	1,568	2,271	2,358	2,249	2,501	270
Treasury Bonds	201	164	137	483	294	27
Net Issuances	**157**	**371**	**460**	**746**	**608**	**7**
Outstanding Stock (End of Period)	**1,732**	**2,103**	**2,563**	**3,309**	**3,916**	**3,923**
Treasury Bills	990	1,350	1,486	1,627	1,648	1,625
Treasury Bonds	742	753	1,077	1,682	2,269	2,299
	(%)					
Average Interest Rates						
91-day Treasury Bills	17.5	18.8	18.6	14.8	13.1	13.1
182-day Treasury Bills	18.1	18.8	18.8	14.9	13.3	13.3
273-day Treasury Bills	18.3	18.3	18.8	14.9	13.4	13.3
364-day Treasury Bills	18.2	18.1	18.6	14.6	13.4	13.3

Source: Ministry of Finance

Note:

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

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%.

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.

As at 30 June 2019, treasury bills and bonds accounted for 73.7% of net domestic budget sector debt (according to preliminary estimates), as compared to 73.0% as at 30 June 2018.

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 2020, the outstanding nominal amount of U.S. Dollar-denominated treasury bills was U.S.$11.0 billion, the outstanding nominal amount of Euro-denominated treasury bills was €1.3 billion and the outstanding nominal amount of U.S. Dollar-denominated treasury bonds was U.S.$3.7 billion.

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 31 August 2021.

Issue Date	Issue Size	Interest Rate	Maturity Date
10 November 2020	€698,300,000	1.396%	9 November 2021
17 November 2020	U.S.$1,585,700,000	3.394%	16 November 2021
25 November 2020	U.S.$1,057,800,000	3.401%	23 November 2021
8 December 2020	U.S.$1,000,000,000	3.395%	7 December 2021
5 January 2021	U.S.$861,100,000	3.414%	4 January 2022
9 February 2021	U.S.$1,088,000,000	3.390%	8 February 2022
23 February 2021	U.S.$2,731,500,000	3.100%	22 February 2022
24 February 2021	U.S.$460,400,000	3.100%	23 February 2022
17 March 2021	U.S.$644,400,000	3.300%	17 March 2022
4 May 2021	U.S.$988,500,000	3.095%	3 May 2022
8 June 2021	U.S.$540,600,000	3.088%	7 June 2022
21 July 2021	U.S.$200,000,000	2.900%	20 July 2022
17 August 2021	€622,000,000	1.396%	16 August 2022
23 February 2021	U.S.$979,700,000	3.300%	21 February 2023
17 June 2021	U.S.$2,750,000,000	3.750%	17 June 2024

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.

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.

As at 31 March 2021, gross external debt was U.S.$134.8 billion, representing 34.7% of GDP and a 9.2% increase, as compared to gross external debt of U.S.$123.5 billion as at 30 June 2020, in turn, an increase of 13.6% as compared to U.S.$108.7 billion as at 30 June 2019.

As at 31 March 2021, gross external Government debt was U.S.$80.5 billion, representing 19.2% of GDP and a 16.0% increase, as compared to gross external Government debt of U.S.$69.4 billion as at 30 June 2020, representing 19.0% of GDP, in turn, an increase of 21.1%, as compared to U.S.$57.3 billion as at 30 June 2019.

As at 31 March 2021, 25.8%, or U.S.$34.8 billion, of total external debt had a maturity of less than one year. As at 30 June 2020, 19.5%, or U.S.$24.1 billion, of total external debt had a maturity of less than one year. As at 30 June 2019, 21.2%, or U.S.$23.1 billion, of total external debt had a maturity of less than one year.

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

	As at 30 June				As at 31 March
	2017	**2018**	**2019**	**2020**	**2021[(1)]**
	(U.S.$ millions)				
Medium- and Long-term External Public and Publicly Guaranteed Debt	**66,603**	**79,900**	**97,235**	**112,202**	**121,169**
Rescheduled bilateral debt	4,252	3,728	3,127	2,500	1,915
Other bilateral debt	6,572	7,644	7,705	8,573	9,927
Multilateral Institutions[(2)]	21,752	28,417	32,808	43,007	47,995
Suppliers' and buyers' credit	6,505	8,434	17,020	17,035	17,472
Bonds and Notes	8,985	14,278	19,372	23,899	28,684
Sovereign Notes	*989*	*1,002*	*937*	*352*	*355*
Eurobonds denominated in U.S. Dollars	*7,996*	*11,114*	*14,103*	*19,356*	*23,160*
Eurobonds denominated in Euros	*0.0*	*2,161*	*4,332*	*4,191*	*4,432*
Green bonds issued in U.S. Dollars	*0.0*	*0.0*	*0.0*	*0.0*	*737*
Euro Medium Term Notes (EMTN)	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Saudi Bonds	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Guaranteed Notes	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Deposits[(3)]	18,537	17,400	17,203	17,188	15,176
Medium- and Long-term Private Sector Non-guaranteed Debt	**155**	**460**	**409**	**422**	**410**
Short Term Debt[(4)]	**12,274**	**12,284**	**11,055**	**10,866**	**13,262**
Currency and Deposits (non-residents)	3,824	3,784	3,707	3,568	3,891
Loans and Trade Credits	8,450	8,500	7,348	7,298	9,371
Total	**79,033**	**92,644**	**108,699**	**123,490**	**134,841**

Source: CBE

Notes:

(1) Preliminary figures.

(2) Includes, as at 31 March 2021, U.S.$12,183 million disbursed under the EFF with the IMF, U.S.$1,273 million of SDR allocations by the IMF to its member countries, of which Egypt's share is SDR 898.45 million, U.S.$2,887 million representing amounts drawn down under the RFI with the IMF (SDR 2,037.1 million) and U.S.$3,692.69 million representing amounts drawn down under the SBA with the IMF (SDR 2,605.6 million).

(3) Representing United Arab Emirates, Saudi and Kuwait deposits of, as at 31 March 2021, U.S.$5,676.6 million, U.S.$5,500 million and U.S.$4,000 million, respectively.

(4) Includes, as at 31 March 2021, U.S.$ 2,746.1 million representing the currency swap arrangement entered into with the People's Bank of China.
See "*Monetary System—Foreign Exchange*".

The following table sets forth Egypt's total external debt, by currency, as at the dates indicated.

Total External Debt by Currency

	As at 30 June				As at 31 March
	2017	**2018**	**2019**	**2020**	**2021[1]**
			(U.S.$ millions)[2]		
U.S. Dollar	55,199	58,837	69,352	77,622	84,195
Euro	9,991	13,935	16,320	15,900	17,434
Japanese Yen	2,304	2,354	2,509	2,576	2,567
Kuwaiti Dinar	2,342	2,526	2,606	2,893	3,591
Special Drawing Rights	5,543	10,517	12,166	18,668	21,130
Chinese Yuan	2,647	2,715	3,635	3,694	3,822
Egyptian Pound	236	460	485	494	382
Swiss Franc	159	163	175	181	156
British Pound Sterling	25	21	17	14	11
Canadian Dollar	37	33	30	26	25
Danish Kroner	55	52	45	39	35
UAE Dirham	29	31	27	21	21
Swedish Kroner	3	0	0	1	0
Saudi Riyal	462	998	1,330	1,359	1,470
Norwegian Kroner	2	2	2	1	1
Korean Won	0	0	0	1	1
Total	**79,033**	**92,644**	**108,699**	**123,490**	**134,841**

Source: CBE

Notes:
(1) Preliminary figures.
(2) 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

	As at 30 June				As at 31 March
	2017	**2018**	**2019**	**2020**	**2021[1]**
			(U.S.$ millions)		
Short-Term Debt	**12,274.4**	**12,283.7**	**11,055.4**	**10,866**	**13,262**
Deposits (Non-Residents)[2]	3,824.1	3,783.9	3,706.9	3,568	3,891
Other Facilities	8,450.3	8,499.8	7,348.5	7,298	9,371

Source: CBE

Notes:
(1) Preliminary figures.
(2) Includes U.S.$2.75 billion in respect of the currency swap entered into with the People's Bank of China. See "*Monetary System—Foreign Exchange*".

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

Creditor	As at 30 June				As at 31 March
	2017	2018	2019	2020	2021(1)
			(U.S.$ millions)(1)		
Group of banks	0.00	0.00	12,310.17	11,119.57	11,262.94
Russia	0.00	0.00	373.86	506.63	618.97
Korea	0.00	0.00	73.65	130.89	146.84
France	1,186.73	1,663.38	1,279.64	1,348.03	1,534.66
United States	1,490.28	1,207.34	1,024.84	729.85	434.85
Germany	6,178.83	6,974.67	2,796.63	2,785.88	2,811.98
Japan	2,207.08	2,243.59	2,420.75	2,499.64	2,503
Spain	216.20	263.78	265.95	276.07	275.73
United Kingdom	265.80	797.63	9.18	755.24	751.39
Italy	814.30	956.42	54.82	49.80	48.02
Bahrain	241.47	257.55	0.0	170.00	170
Austria	74.94	67.33	57.73	46.05	38.69
Kuwait	926.79	990.06	1,065.82	1,224.48	1,710.13
Switzerland	22.73	18.0	12.77	7.48	3.11
Denmark	107.70	88.62	67.94	47.39	36.96
Canada	38.54	34.95	32.16	27.72	281.85
Qatar	32.94	23.53	0.0	0.0	0.0
Turkey	200.00	0.0	0.0	0.0	0.0
China	2,019.20	2,144.34	3,744.45	4,177.17	4,297.66
The Netherlands	58.33	54.01	47.49	41.00	39.86
Belgium	79.12	104.97	3.51	1.74	0.00
Finland	2.95	2.65	2.25	1.88	1.79
United Arab Emirates	705.13	915.96	880.94	804.68	787.79
Sweden	0.07	0.06	0.04	0.02	0
Saudi Arabia	459.31	996.19	1,326.21	1,356.33	1,467.94
Norway	1.07	0.83	0.57	0.29	0.00
Hungary	0.00	0.00	0.00	0.00	89.40
International Organisations(2)(3)	21,751.64	28,416.76	32,808.55	43,007.08	47,994.88
Guaranteed Sovereign Bonds(4)	0.00	0.00	0.00	0.00	0.00
Sovereign Notes	988.59	1002.28	936.5	352.40	355.4
Saudi Bond	0.0	0.00	0.00	0.00	0.00
Deposits(4)	18,537.40	17,400.00	17,203.25	17,188.44	15,176.55
Eurobonds denominated in U.S. Dollars	7,995.94	11,114.21	14,103.23	19,356.29	23,159.75
Eurobonds denominated in Euros	0.00	2,161.19	4,332.17	4,190.64	4,431.96
Green Bonds issued in U.S. Dollars	0.00	0.00	0.00	0.00	737.20
Total	**66,603.08**	**79,900.29**	**97,235.07**	**112,202.68**	**121,169.30**

Source: CBE

Notes:

(1) Preliminary figures.
(2) Using end of period exchange rate.
(3) Includes international organisations, such as the European Investment Bank, the Arab Fund for Economic and Social Development, the World Bank Group and the African Development Group.
(4) Includes U.S.$12,183.14 million disbursed under the EFF with the IMF.
(5) Representing United Arab Emirates, Saudi and Kuwait deposits of, as at 31 March 2021, U.S.$5,676.6 million, U.S.$5,500 million andU.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**
		(% per annum)	
31 January 2017	U.S.$1,750,000,000	6.125	31 January 2022
29 May 2017(1)	U.S.$750,000,000	6.125	31 January 2022
21 February 2018	U.S.$1,250,000,000	5.577	21 February 2023
20 November 2019	U.S.$500,000,000	4.5500	20 November 2023
26 February 2019	U.S.$750,000,000	6.2004	1 March 2024
10 November 2016(3)	U.S.$1,320,000,000	6.750	10 November 2024
11 April 2019	€750,000,000	4.750	11 April 2025
11 June 2015	U.S.$1,500,000,000	5.875	11 June 2025
16 April 2018	€1,000,000,000	4.750	16 April 2026
16 November 2018(3)	U.S.$860,000,000	7.125	10 November 2026
31 January 2017	U.S.$1,000,000,000	7.50	31 January 2027
29 May 2017(1)	U.S.$1,000,000,000	7.50	31 January 2027
21 February 2018	U.S.$1,250,000,000	6.588	21 February 2028
10 November 2016(2)	U.S.$1,320,000,000	7.000	10 November 2028
26 February 2019	U.S.$1,750,000,000	7.6003	1 March 2029
16 April 2018	€1,000,000,000	5.625	16 April 2030
16 November 2018(3)	U.S.$1,710,000,000	7.625	10 November 2030
11 April 2019	€1,250,000,000	6.375	11 April 2031
20 November 2019	U.S.$1,000,000,000	7.0529	15 January 2032
30 April 2010	U.S.$500,000,000	6.875	30 April 2040
31 January 2017	U.S.$1,250,000,000	8.500	31 January 2047
29 May 2017(1)	U.S.$1,250,000,000	8.500	31 January 2047
21 February 2018	U.S.$1,500,000,000	7.903	21 February 2048
26 February 2019	U.S.$1,500,000,000	8.7002	1 March 2049
20 November 2019	U.S.$500,000,000	8.1500	20 November 2059
29 May 2020	U.S.$1,250,000,000	5.750	29 May 2024
29 May 2020	U.S.$1,750,000,000	7.625	29 May 2032
29 May 2020	U.S.$2,000,000,000	8.875	29 May 2050
6 October 2020(4)	U.S.$750,000,000	5.250	6 October 2025
11 February 2021	U.S.$750,000,000	3.875	16 February 2026
11 February 2021	U.S.$1,500,000,000	5.875	16 February 2031
11 February 2021	U.S.$1,500,000,000	7.500	16 February 2061

Source: Ministry of Finance

Notes:

(1) Notes issued as a tap issuance.
(2) Issued in connection with the 2016 Repurchase Transactions.
(3) Issued in connection with the 2018 Repurchase Transactions.
(4) Green bond.

In April 2010, the Republic issued U.S.$1 billion 5.75% Notes due 2020 and 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 the Programme. In June 2015, the Republic issued 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 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 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 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 €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.

In November 2018, the Republic issued the November 2018 Notes: the U.S.$860 million 7.125% Notes due 2026 (Series D) and U.S.$1.71 billion 7.625% Notes due 2030 (Series E). These Notes are listed on the Irish Stock Exchange.

In February 2019, the Republic issued U.S.$750 million 6.2004% Notes due 2024, U.S.$1.75 billion 7.6003% Notes due 2029 and U.S.$1.5 billion 8.7002% Notes due 2049 under the Programme.

In April 2019, the Republic issued €750 million 4.750% Notes due 2025 and its €1.25 billion 6.375% Notes due 2031 under the Programme. These Notes are listed on the London Stock Exchange.

In November 2019, the Republic issued U.S.$500 million 4.5500% Notes due 2023, U.S.$1.0 billion 7.0529% Notes due 2032 and U.S.$500 million 8.1500% Notes due 2059 under the Programme.

In May 2020, the Republic issued U.S.$1,250 million 5.75% Notes due 2024, U.S.$1,750 million 5.875% Notes due 2032 and U.S.$2,000 million 8.875% Notes due 2050.

In October 2020, the Republic issued U.S.$750,000,000 5.250% Green Bonds due 2025, its inaugural issuance of green bonds.

In February 2021, the Republic issued U.S.$750 million 3.875% Notes due 2026, U.S.$1.5 billion 5.875% Notes due 2031 and U.S.$1.5 billion 7.5% Notes due 2061 under the Programme.

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 31 March 2021.

Projected Medium and Long-Term Public External Debt Service Based on Outstanding Amounts as at 31 March 2021

Year	Principal Repayments(1)	Interest Payments	Total Debt Service
		(U.S.$ millions)	
2021/H1	6,463.25	1,029.96	7,493.22
2021/H2	11,406.31	1,803.63	13,209.94
2022/H1	7,969.07	1,851.97	9,821.03
2022/H2	4,441.70	1,450.59	5,892.30
2023/H1	5,786.40	1,631.78	7,418.18
2023/H2	6,055.65	1,299.52	7,355.17
2024/H1	6,887.28	1,468.45	8,355.73
2024/H2	6,036.35	1,121.82	7,158.17
2025/H1	6,705.91	1,301.41	8,007.32
2025/H2	3,895.18	998.07	4,893.25
2026/H1	4,376.07	1,155.64	5,531.71
2026/H2	2,591.63	916.53	3,508.16
2027/H1	3,453.99	1,051.67	4,505.66
2027/H2	2,063.32	827.33	2,890.65
2028/H1	2,524.59	968.18	3,492.77
2028/H2	1,671.82	770.11	2,441.93
2029/H1	3,046.16	914.30	3,960.46
2029/H2	1,315.80	688.60	2,004.40
2030/H1	2,264.12	837.26	3,101.37
2030/H2	1,029.33	669.65	1,698.98
2031/H1	3,690.56	754.16	4,444.72
2031/H2	769.96	612.27	1,382.24
2032/H1	3,430.72	606.01	4,036.73
2032/H2	732.83	499.79	1,232.62
2033/H1	671.66	493.54	1,165.20
2033/H2	655.32	488.29	1,143.61
2034/H1	612.69	482.85	1,095.54
2034/H2	607.81	478.17	1,085.98
2035/H1	591.31	473.35	1,064.65
2035/H2	571.02	468.79	1,039.81
2036/H1	479.20	464.44	943.63
2036/H2	470.31	460.79	931.10
2037/H1	431.66	457.12	888.77
2037/H2	412.39	453.93	866.32
2038/H1	365.58	450.67	816.25
2038/H2	333.29	448.09	781.38
2039/H1	319.97	445.62	765.59
2039/H2	303.36	443.31	746.67
2040/H1	643.58	441.09	1,084.66
2040/H2	269.95	426.78	696.74
2041/H1	262.36	424.65	687.00
2041/H2	243.73	422.70	666.43
2042/H1	216.15	420.86	637.00
2042/H2	207.53	419.27	626.80
2043/H1	194.23	417.71	611.94
2043/H2	185.33	416.32	601.66
2044/H1	181.95	414.99	596.94
2044/H2	172.58	413.67	586.25
2045/H1	168.90	412.32	581.23
2045/H2	168.90	411.13	580.03
2046/H1	164.71	409.86	574.57
2046/H2	161.95	408.68	570.62
2047/H1	2,649.92	407.45	3,057.36
2047/H2	160.92	300.49	461.41

Projected Medium and Long-Term Public External Debt Service Based on Outstanding Amounts as at 31 March 2021

Year	Principal Repayments[(1)]	Interest Payments	Total Debt Service
		(U.S.$ millions)	
2048/H1	1,650.14	299.31	1,949.45
2048/H2	156.14	239.25	395.39
2049/H1	1,638.39	238.05	1,876.44
2049/H2	153.47	172.31	325.79
2050/H1	2,150.57	171.13	2,321.70
2050/H2	121.36	81.28	202.64
2051/H1	104.80	80.30	185.10
2051/H2	96.54	79.46	176.00
2052/H1	81.31	78.67	159.98
2052/H2	64.01	78.05	142.05
2053/H1	39.65	77.62	117.27
2053/H2	33.29	77.37	110.66
2054/H1	16.40	77.17	93.57
2054/H2	9.10	77.10	86.20
2055/H1	7.11	77.07	84.18
2055/H2	7.10	77.07	84.17
2056/H1	6.88	77.06	83.94
2056/H2	6.83	77.05	83.88
2057/H1	2.63	77.04	79.67
2057/H2	2.21	77.04	79.25
2058/H1	2.21	77.04	79.25
2058/H2	2.21	77.04	79.25
2059/H1	2.21	77.03	79.24
2059/H2	502.21	77.04	579.25
2060/H1	2.21	56.66	58.87
2060/H2	2.21	56.66	58.87
2061/H1	1,502.21	56.65	1,558.86
2061/H2	2.21	0.41	2.62
2062/H1	2.21	0.40	2.61
2062/H2	2.21	0.41	2.62
2063/H1	2.21	0.40	2.61
2063/H2	2.21	0.40	2.61
2064/H1	2.21	0.40	2.61
2064/H2	2.21	0.40	2.61
2065/H1	2.21	0.39	2.60
2065/H2	2.21	0.40	2.61
2066/H1	2.21	0.39	2.60
2066/H2	2.21	0.40	2.61
2067/H1	2.21	0.39	2.60
2067/H2	2.21	0.40	2.61
2068/H1	2.21	0.39	2.60
2068/H2	2.21	0.39	2.60
2069/H1	2.21	0.39	2.60
2069/H2	2.21	0.39	2.60
2070/H1	2.21	0.38	2.59
2070/H2	2.21	0.39	2.60
2071/H1	2.21	0.38	2.59
2071/H2	2.24	0.19	2.43

Sources: Ministry of Finance and the CBE

Note:

(1) Excludes U.S.$1,273.30 million representing SDR allocation by IMF to its member countries, Egypt's share is SDR 898.5 million.

Guaranteed Debt

The following table sets forth details of Egypt's publicly-guaranteed private sector external debt outstanding as at 31 March 2021.

Publicly-Guaranteed Private Sector External Debt

Borrower	**Outstanding Amount**
	(U.S.$ millions)
Medium and Long Term Debt	**212.8**
Short Term Debt	
Loans	1,000.0
Trade Credits	741.2
Total	**1,953.4**

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. This funding strategy was reviewed in the fourth quarter of 2020, in the context of uncertain inflation dynamics and a decrease in food prices. A revised public financial management law was submitted for parliamentary review in December 2020.

Debt Management Strategy

In 2020, the Ministry of Finance upgraded its Debt Management Financial System for Analysis and Statistics ("**DMFAS**"), a software system developed by the United Nations Conference on Trade and Development, in order to upgrade its domestic debt management capabilities. DMFAS records the country's domestic debt and 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 an elongated domestic yield curve by means of increasing its medium-to-long term issuances in order to reduce refinancing risk. After the decrease in interest rates following the MPC decisions to decrease benchmark policy rates between August 2019 and March 2020, the Debt Management Unit has been implementing a strategy to conduct issuances at the longer rather than the shorter end of the yield curve. This strategy has, in turn, led to an increase in outstanding treasury bonds to LE 1,590 billion as at 30 June 2020, as compared to LE 961.9 billion as at 30 June 2019, LE 722.6 billion as at 30 June 2018, LE 711.0 billion as at 30 June 2017 and LE 769.4 billion as at 31 December 2016. As at 30 June 2020, total outstanding tradable debt issuances in the domestic market were LE 2,334 billion. As at 30 June 2020, the average life for domestic tradable debt was 1.66 years, and, as a result of planned issuances, the average life for domestic tradable debt increased to 1.96 years as at 30 June 2021.

In April 2021, JP Morgan announced that it had placed Egypt under review for inclusion in its Government Bond Index Emerging Markets.

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.

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.

Each MTDS is implemented for a period of three fiscal years. The most recent MTDS covers 2018/19, 2019/20 and 2020/21, and continues its predecessor's objective of ensuring that Government financing needs are met at the lowest possible cost over the medium-term and to manage risk. The MTDS also aims to support the development of the domestic securities market. The MTDS is reviewed on an annual basis.

Debt Management Initiatives

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. See "*—New Debt Instruments—Sukuk*" and see also "*—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 FRA, 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.

In June 2021, the House of Representatives approved a draft law submitted by the Government relating to the issuances of sovereign Sukuk (the "**Sovereign Sukuk Law**"). The Sovereign Sukuk Law entered into force in August 2021 and regulates the issuance of Sharia-compliant certificates by the Ministry of Finance. The Sovereign Sukuk Law sets out the various types of certificates that may be issued and permits the establishment of a Sovereign Sukuk company (a joint-stock company to be wholly-owned by the Ministry of Finance) for the sole purpose of the issuance and management of such certificates. The executive regulations are expected to be issued within three months from the date of implementation of the Sovereign Sukuk Law.

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 December 2015, the African Development Bank's Board of Directors approved a Cooperation Strategy with Egypt entitled "Egypt Country Strategy Paper", for the period 2015-2019. 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 supports 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 billion is funded by the World Bank and U.S$1.5 billion is funded by the African Development Bank.

See "*—World Bank*".

Since the approval of the Cooperation Strategy in December 2015, the African Development Bank has approved new financing totalling U.S.$1.8 billion for 18 operations.

As of December 2019, 29 projects had been completed, including the PBO and two energy operations in the Benban solar power programme. These operations have contributed to achieving several national objectives, which are aligned with the aims of the Cooperation Strategy. The PBO 'Economic Governance and Energy Support Programme,' for example, supports the macroeconomic stabilisation process and has helped improve the business environment including the investment law, industrial licensing and micro-finance. In the Republic's energy sector, the African Development Bank's funding projects have added over 3,400 MW to the grid during the Cooperation Strategy period. This has helped to meet domestic electricity demand and eliminate power outages, as well as contribute to a power surplus, some of which is now being exported. The support to the ERC has also contributed to strengthening the Republic's refining capacity: the ERC can now produce 4.7 million tons of refined products and high-quality oil derivatives per year, benefiting the country through reduced imports and logistics costs, and enhanced revenue generation. The ERC operation has also benefited local communities through the creation of over 15,000 job opportunities and the provision of special assistance to vulnerable groups. In other sectors (sanitation, irrigation and agriculture), the African Development Bank's support has contributed to reducing flooding to enhance crop production, addressing pollution and protecting the environment through improving wastewater treatment. Furthermore, the technical assistance provided in the form of actuarial modelling enabled the Government to launch the first national health insurance scheme in 2018.

The current portfolio consists of 15 operations with a total commitment of U.S.$365 million. The sectoral distribution of the ongoing portfolio constitutes, water and sanitation (77%), irrigation and agriculture (17%), finance, solidarity, and multisector (capacity-building grants) (6%).

In December 2015, the African Development Bank and the Ministry of 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 was disbursed in October 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. Thirteen projects are currently ongoing. The public sector program that the African Development Bank supports in 2020 and 2021 include budget support operations to strengthen the reforms in the electricity sector and support the Government's actions on containing the COVID-19 pandemic, as well as projects in the transport, sanitation, social and agriculture/irrigation.

In March 2021, the African Development Bank disbursed a loan of U.S.$254 million under the Electricity and Green Growth Support Programme (EGGSP) signed in July 2020, and a grant of U.S.$500,000 for emergency humanitarian relief during the COVID-19 pandemic signed in December 2020.

In 2021, the African Development Bank approved two projects: (i) a loan of U.S.$131 million in March 2021 to support the Program for Integrated Rural Sanitation in Upper Egypt – Luxor; and (ii) a loan of U.S.$177 million in May 2021 to support railway modernisation projects in Egypt.

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 yet to be approved.

In July 2020, the Arab Monetary Fund approved a loan of U.S.$637 million to support the Structural Adjustment Facility in the Public Finance Sector.

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 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, which was signed in June 2020, 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 June 2020, the Government and *L'Agence Francaise de Developpement* signed a €150 million (U.S.$170 million) loan and €1 million grant for the Development Policy Financing Program to the Electricity Sector. In December 2020, the Government and *L'Agence Francaise de Developpement* signed agreements for €715.6 million in development financing, making up a package designed to accelerate the transition to a green recovery and investment in human capital and a €1.5 million grant for technical cooperation to support the teaching of French as a foreign language in public schools.

In December 2020, the Government and *L'Agence Francaise de Developpement* signed agreements for €715.6 million in development financing, making up a package designed to accelerate the transition to a green recovery and investment in human capital.

In June 2021, the Government *and L'Agence Francaise de Developpement* agreed a €12 million (U.S.$14.5 million) loan for the re-establishment of the French University in Egypt, and a €2 million grant and a further loan of €150 million

(U.S.$181 million) to support the Budget of the Social Protection Sector in Egypt, which provides comprehensive health insurance.

In June 2021, the Government agreed a €776 million treasury loan and a €988 million sovereign loan with the French Government to support priority projects in Egypt over the period 2021 to 2025.

See "—*EBRD*".

L'Agence Francaise de Developpement is currently financing a portfolio of 18 projects worth U.S.$1,130 million, including, *inter alia*, U.S.$1,155 million of loans and U.S.$15 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 grant to fund irrigation projects, including water pumping stations and agricultural wastewater treatment farms.

In January 2019, the EU announced the approval of a three year project, including €3.1 million in funding, aimed at transforming the Egyptian Museum of Cairo in collaboration with the Egyptian Museum and the Ministry of Antiquities. The three-year project is the first phase of a larger upgrade project for the Egyptian Museum.

The EU's current portfolio of projects for Egypt includes U.S.$1.2 billion of grant financing for 41 projects, primarily in the housing, irrigation, energy, education, electricity, human rights, solidarity 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 14 projects worth U.S.$2.4 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 2016 and 2017, the EIB provided financing for various projects including the construction of a wind farm in the Gulf of Suez (€115 million).

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 a €350 million loan, which was signed in December 2018, 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 two loan agreements were signed in July and December 2018. In December 2018, the Government and the EIB signed a third, further agreement for an aggregate total of approximately U.S.$17 million in the form of a grant to the community development program and an agreement to invest U.S.$11.3 million in the Sawari Ventures Fund.

In December 2019, the Government and the EIB agreed a U.S.$135 million (€120 million) project loan to finance expanding and developing the western sewage treatment plant in Alexandria.

In January and February 2020, the Government and the EIB agreed a U.S.$3 million (€2.7 million) grant for the transport sector.

In December 2020, the Government and the EIB signed a €1.1 billion investment agreement to support the development of the Egyptian urban transport infrastructure framework, including the rehabilitation and expansion of the metro and tram systems in Alexandria and Cairo, projects to reduce emissions and improve air quality and projects to increase the availability and improve the quality of public transport systems in Alexandria and Cairo. The investment will be granted in two tranches, the first of which (for a principal amount of €600 million) was granted on 16 December 2020. The second tranche of €528 million was signed on 15 May 2021. The EIM Economic Resilience Initiative and the EU Neighbourhood Investment Programme have also provided grants for technical and advisory assistance during the project.

Also in December 2020, the EIB and Banque Misr signed a €425 million credit line agreement to support the recovery of Egyptian private small- and medium-sized enterprises that have been impacted by the COVID-19 pandemic.

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 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, 2017 and 2018, 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.$150 million loan to the National Bank of Egypt to be used to enhance the growth and development of SMEs in Egypt.

In May 2018, EBRD approved a U.S.$200 million loan to support the modernisation of the Suez Oil Processing Company refinery.

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*.

In December 2018, the EBRD approved a €79 million loan for the Kitchner Drain Solid Waste Project to support the Ministry of Local Development, and a €69 million loan for Kitchner Drain Depollution Project to support the Ministry of Irrigation.

In August 2019, two grants totalling €1.495 million were agreed to support the transport sector and in November 2019, two further loans were agreed, one of €182.9 million to improve Egypt's electricity networks and the second of U.S.$50 million to provide additional funding for the Energy Efficiency Improvement Program for the Suez Petroleum Processing Company.

In October 2020, the EBRD approved the grant of a €250 million loan to Egypt to finance the rehabilitation and upgrade of Cairo Metro Line 2, upgrade and refurbish the existing rolling stock fleet and purchase new rolling stock. The total project is expected to cost €553.9 million and will be co-financed by EIB.

In November 2020, the EBRD approved the provision of a sovereign loan of up to €250 million to Egypt to finance the upgrade and electrification of an existing rail line connecting downtown Alexandria and the north-eastern town of Abou Qir into a high capacity metro system. The project is part of an overall investment package with an estimated value of €1.6 billion, which is expected to be co-financed by the EIB, *L'Agence Francaise de Developpement* and the Asian Infrastructure Investment Bank.

On 12 January 2021, the Government signed the Technical Cooperation Package with the EBRD and the UNWTO, to accelerate the recovery of the tourism sector following the impact of the COVID-19 pandemic on the sector. The Technical Cooperation Package is 90% funded by the EBRD and 10% funded by the UNWTO and is expected to be delivered by August 2021. Assistance in Egypt is expected to include training on impact analysis, measurement and monitoring of the impact of COVID-19 on the tourism sector; the development of tourism recovery incentive programmes; reviews of the effectiveness of operational protocols on safety, hygiene and security activity, work on building the resilience of tourism enterprises as they adapt to the COVID-19 reality, including the required safety and hygiene protocols, by developing tailor-made training programmes; as well as institutional strengthening to better coordinate the recovery and further growth of Egypt's tourism.

In May 2021, a €3 million grant was agreed to support the modernisation of Line 1 of the Cairo metro.

As at 30 June 2021, the EBRD's portfolio in Egypt comprised 12 active projects worth U.S.$1.7 billion, distributed among the following sectors: infrastructure (24%), energy (25%) and industry and transport (51%).

World Bank

In December 2015, the Government and the World Bank Group approved the Country Partnership Framework 2015-19, which is guided by the World Bank Group's overarching sustainable development goals and global mandate of fighting poverty and inequality. 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. Under the World Bank Group's performance and learning review, the framework has been extended to 2021 to further the strategic objectives of improved governance, private sector-led job creation, and inclusion, with a stronger focus on private sector development and strengthening human capital.

The World Bank's engagement is based on the Government of Egypt's medium-term strategy and national priorities for economic development. It is informed by a rigorous analysis of key constraints to poverty reduction and shared prosperity, and by extensive consultations with the Government, the private sector, academia, civil society organizations, and youth groups. Complemented by a U.S.$21 million programme of World Bank-executed advisory services and analytics, the World Bank active portfolio includes 12 projects totalling U.S.$6.4 billion, of which 60% has been disbursed. In September 2016, a first disbursement of U.S.$1.0 billion was made under the 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 World Bank Group is currently considering a new Country Partnership Framework 2021–2025 (which, as with the Country Partnership Framework 2015-19, is expected to be based on the World Bank Group's overarching development goals and will set out planned disbursements over the period). Through a combination of global and local knowledge, financial resources, and strong partnerships, the new framework is expected to address Government priorities and emerging challenges, including support for Egypt's socio-economic response to the COVID-19 pandemic.

In the context of the 2015-19 Country Partnership Framework, the World Bank, the African Development Bank and the Government have entered into a three-year, U.S.$4.5 billion DPFP 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. In January 2019, President El-Sisi ratified the approval of the World Bank's "Supporting Egypt Education Reform". 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 and Sanitation*".

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 December 2018, the World Bank and Egypt signed an agreement in respect of a U.S.$1 billion programme focusing on creating opportunities for Egyptians and raising living standards by promoting the private sector and improving Government performance.

In May 2019, the World Bank and Egypt signed an agreement in respect of a U.S.$200 million loan for supporting entrepreneurs and small and medium enterprises.

In September 2019, the World Bank and Egypt signed an agreement in respect of a U.S.$500 million loan for phase II of the Strengthening Social Safety Net Project.

In July 2020, the World Bank and Egypt signed an agreement in respect of a U.S.$500 million programme, in line with recommendations from the implementing agency the Social Housing and Mortgage Finance Fund (the "**SHMFF**"), under the World Bank's Inclusive Housing Finance Programme. This programme aims to improve the affordability of formal housing for low-income households in the Republic and to strengthen the SHMFF's capacity to design policies and coordinate programmes in the social housing sector.

In July 2020, the World Bank and Egypt signed an agreement in respect of U.S.$50 million for Egypt under the World Bank Group's Fast Track COVID-19 Facility, to help Egypt combat the COVID-19 virus and strengthen its detection and response measures, including procurement and distribution of medical equipment, health worker training, quarantine operations, treatment centres, rapid response teams, and public awareness tools. The World Bank is expected to provide technical assistance to Egypt as Egypt develops the post-issuance impact report pursuant to its Green Financing Framework and an impact report is being prepared and is expected to be published by the end of 2021.

In January 2021, the World Bank and Egypt signed an agreement in respect of U.S.$400 million, in line with recommendations received from the implementing agency the Ministry of Finance, in order to increase the coverage of Egypt's Universal Health Insurance Systems and to help finance health expenditures related to vulnerable populations within the Republic.

In January 2021, the World Bank and Egypt signed an agreement in respect of U.S.$200 million, in order to assist pollution management and climate change projects within Greater Cairo.

In April 2021, the World Bank and Egypt signed an agreement in respect of U.S.$440 million of loan financing to modernise signalling and to upgrade the track on Egypt's rail network, which was disbursed in August 2021.

As at 30 June 2021, the World Bank had a portfolio of 13 projects in Egypt with a total commitment of U.S.$5.59 billion.

See "*Risk Factors—Risk Factors Relating to Egypt—Economic Risk*".

Islamic Development Bank

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 Islamic Development Bank ("**IDB**") worth a total amount of U.S.$800 million to finance a number of development projects in Egypt, including 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 identified 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.$779 million, of which U.S.$754 million is targeted to support the energy sector (in particular the electricity sector), with other projects targeted under the Education and Training System Development Programme for Employment. The strategy has been extended to 2021.

As of January 2021, the Republic is within the top ten countries benefiting the from funds received from the IDB, with U.S.$12.7 billion having been received for 238 projects in the period between 2018 and December 2020. A further 51 projects are currently under discussion between the parties.

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. On 4 February 2019, the Executive Board of the IMF completed the fourth review under the EEF, which permits the Egyptian authorities to draw the equivalent of SDR 1,432.8 million (approximately U.S.$2.0 billion), bringing total disbursements to SDR 7,163.8 million (approximately U.S.$10.0 billion).

On 24 July 2019, the Executive Board of the IMF completed its fifth and final review under the EFF, which permitted the disbursement of SDR 1,432.76 million (approximately U.S.$2.0 billion) under the EFF (and which was disbursed in July 2019), bringing total disbursements to SDR 8,596.57 million (approximately U.S.$11.9 billion). Following completion of the fifth review, the IMF noted that Egypt had successfully completed the three-year arrangement and achieved its main objectives, noting that the macroeconomic situation had improved markedly since 2016.

On 11 May 2020, the Executive Board of the IMF approved Egypt's request for emergency financial assistance of SDR 2,073.1 million (approximately U.S.$2.8 billion) to meet balance of payment needs stemming from the outbreak of the COVID-19 pandemic. This financial assistance was granted under the RFI. Purchase under the RFI entails exceptional access due to outstanding credit under the previous extended arrangement under the EFF.

On 26 June 2020, the Executive Board of the IMF approved Egypt's request for a U.S.$5.2 billion 12-month SBA, which, *inter alia*, aims to alleviate the economic impact of the COVID-19 pandemic. An initial disbursement of SDR 1,158.0 million (approximately U.S.$1.67 billion) was made in June 2020. The first review of the SBA was completed on 18 December 2020, which permitted the Government to draw the equivalent of SDR 1,158.0 million (approximately U.S.$1.67 billion). In its January 2021 report following completion of the first review under the SBA, the Executive Board stated its support for the monetary policy consultation under the SBA, and proposed modification of the monetary-policy consultation clause ("**MPCC**") as requested by the Government to take into account recent inflation dynamics. It was noted that all end-September quantitative performance criteria were met under the MPPC, although a decline in food prices resulted in a breach of the lower outer band of the end-September MPCC. The second and final review of the SBA was completed on 24 May 2021, which permitted the disbursement of a third tranche in the amount of SDR 1,158.0 million (approximately U.S.$1.67 billion), bringing total disbursements under the SBA to SDR 3,763.6 million (approximately U.S.$5.4 billion). In its review, the Executive Board commended Egypt's strong performance and commitment to maintaining macroeconomic stability during the COVID-19 pandemic while protecting necessary social and health spending and implementing key structural reforms. All structural benchmarks were met, including the further advancement of reforms related to fiscal transparency and governance, social protection, and improvements to the business environment. The Government was advised to further define specific policy measures aimed at: (i) allowing the private sector to operate in a competitive environment; and (ii) encouraging exports through further reducing trade impediments.

See "*Risk Factors—Risk Factors Relating to Egypt—Economic Risk*".

USAID

USAID has been operating in Egypt since 1978. USAID is currently financing projects worth U.S.$948 million (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.

In June 2020, six new grants were signed with the United States Agency for International Development, totalling U.S.$90 million, to implement a number of priority development projects in the sectors of basic education, higher education, scientific research, science and technology, health, agriculture, trade, and investment, and in September 2020 signed a grant of U.S.$22.8 million for governance.

France

In December 2017, the government of France provided a loan to the Republic in the amount of U.S.$175 million.

In January 2019, the government of France signed three memorandums of understanding with Egypt, including a strategic partnership on social and economic development from 2019 to 2023, a facilitated credit agreement with a loan of €6 million to support the social security sector and a facilitated credit agreement to support female-owned SMEs with a loan of €50 million and a €1 million grant. In addition, an agreement was signed to provide a loan of €336 million in respect of the fourth phase of works on the Cairo Metro.

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 December 2018, the government of Germany signed two agreements valued at approximately €158.5 million, aimed at: (i) promoting employment to foster sustainable economic development, supporting the labour market and promoting micro, small- and medium-sized businesses, in each case with a special focus on women and young people; (ii) developing the water sector and waste management, including drinking water supply and sanitation, agricultural irrigation and drainage; and (iii) promoting renewable energy and energy efficiency.

In November 2019, the Germany and Egypt signed two financial and technical co-operation agreements worth €44.9 million.

In December 2020, the Government signed and exchanged notes valued at €3 million for the Special Initiative for the Middle East and North Africa to support the private sector training and employment initiative.

In May 2021, Germany and Egypt signed two grant agreements worth an aggregate amount of €57.5 million as part of financial and technical co-operation agreements signed between the countries in 2019. The grants are aimed at financing six projects in energy efficiency and renewable energy, technical education and vocational training, promoting innovation in the private sector, administrative reform, water resources, and sanitation.

Germany's current portfolio of support to Egypt comprises 28 projects, worth U.S.$978 million, comprising U.S.$702 million in loans and U.S.$276 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 11 ongoing agreements with the government of Saudi Arabia for a total amount of U.S.$1.0 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, the governments of 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 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 intends to support investments in innovations and information technology with a view to encouraging economic growth.

Kuwaiti Fund for Arab Economic Development

In March 2018, the Kuwaiti Fund for Arab Economic Development and the Government signed five agreements valued at approximately KWD 86.1 million (U.S.$283.5 million) to finance infrastructure development and economic and social reform projects, including: (i) KWD 60 million (U.S.$197.6 million) to finance the road network in the Sinai region in conjunction with the Sinai Peninsula Development Program; (ii) KWD 17.5 million (U.S.$57.6 million) allocated to finance the Ardi 4 road to improve traffic and increase tourism in the Sinai Peninsula; (iii) KWD 500,000 (U.S.$1.6 million) 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 (U.S.$329,000) 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 July 2018, the Kuwaiti Fund for Arab Economic Development and Egypt signed a KWD 50 million loan (U.S.$165.5 million) to finance the establishment of Bahr Al Bagar in South Sinai.

In December 2018, the Kuwaiti Fund for Arab Economic Development and Egypt signed a KWD 15 million loan (U.S.$49.8 million) agreement to finance the establishment of four seawater desalination plants in South Sinai and a supplementary loan agreement in an amount of KWD 25 million agreement (U.S.$82.4 million) to finance the construction of facilities to divert approximately 5.0 million cubic metres per day of water from three drainage systems: Bahr Al Baqar, Shadr Azam and Om Al Reesh, to be treated at a new treatment plant facility to be constructed east of the Suez Canal.

In November 2019, the Kuwaiti Fund for Arab Economic Development and Egypt signed two KWD 51 million loans to support the transport sector.

In November 2020, the Kuwaiti Fund for Arab Economic Development and Egypt signed two KWD 60.5 million loans to support the housing and utilities sector.

The Kuwaiti Fund for Arab Economic Development's current portfolio in Egypt amounts to U.S.$1.5 billion, comprised of, *inter alia*, U.S.$1.5 billion of loans and U.S.$22 million of grants, relating to the financing of 23 projects in the governance, agriculture, humanitarian (supporting Syrian refugees), energy, civil aviation, transportation, irrigation, education, trade and investment sectors.

Other

In January 2020, the Minister of International Cooperation signed reciprocal letters with South Korea to provide a U.S.$2.9 million grant to support a project to develop an intellectual property automation system in the patent office in Egypt.

In March 2020, the Minister of International Cooperation signed two grant agreements with the Canadian Embassy, for an aggregate amount of 14 million Canadian Dollars, in support of the health sector, economic and social support, and women's empowerment, under a bi-lateral co-operation programme.

In March 2020, the Government and Arab Fund for Economic and Social Development signed a KWD 1 million (U.S.$3.2 million) grant to support the health sector in combating the COVID-19 pandemic, and in June 2020 signed a KWD 75 million (U.S.$245 million) loan to complete the financing of the Bahr Al Baqar water system construction project.

In June 2020, the Government and OPEC Fund for International Development signed a U.S.$95 million loan, the third of a three-phase loan scheme, to support credit lines for small and micro enterprises.

In March 2021, the Minister of International Cooperation signed two grant agreements with the Canadian Embassy, for an aggregate amount of 9.5 million Canadian dollars, for women's empowerment, under a bi-lateral co-operation programme.

Syndicated Loan with International Banks

In September 2020, Egypt entered into a U.S.$2.0 billion global syndicated conventional and Islamic financing facility with a consortium of 18 international and regional banks, in order to diversify the Republic's sources of funding and access to the international capital markets. The facilities are intended to serve the Government's general budgetary requirements and to fund the fiscal deficit and funding requirements resulting from the COVID-19 pandemic.

Debt Record

Egypt has not, within a period of 20 years prior to the date of this Base Offering Circular, defaulted on the principal or interest of any external security.

TERMS AND CONDITIONS OF THE NOTES[1]

The following is the text of the terms and conditions which, as completed by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Forms of the Notes".

1. Introduction

(a) *Programme*

The Arab Republic of Egypt (the "**Issuer**" or the "**Republic**") has established a Global Medium Term Note Programme (the "**Programme**") for the issuance of up to U.S.$30,000,000,000[2] in aggregate principal amount of notes (the "**Notes**").

(b) *Final Terms*

Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of a final terms (the "**Final Terms**"), which completes these terms and conditions (the "**Conditions**"). The terms and conditions applicable to a particular Tranche of Notes are these Conditions, as supplemented by the relevant Final Terms.

(c) *Agency Agreement*

The Notes are the subject of an issue and paying agency agreement dated 8 February 2018, as amended or supplemented from time to time (the "**Agency Agreement**") among the Issuer, Citibank N.A., London Branch, as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and as transfer agent (the "**Transfer Agent**", which expression includes any successor transfer agent appointed from time to time in connection with the Notes), Citigroup Global Markets Europe AG as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes). References herein to the "**Agents**" are to the Registrar, the Fiscal Agent, the Transfer Agent and the Paying Agents, and any reference to an "**Agent**" is to each one of them.

(d) *Deed of Covenant*

The Notes may be issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**"). Registered Notes are constituted by a deed of covenant dated 8 February 2018 (the "**Deed of Covenant**") entered into by the Issuer.

(e) *The Notes*

All subsequent references in these Conditions to "**Notes**" are to the Notes, which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for inspection during normal business hours at the specified office of the Fiscal Agent, the initial specified office of which is set out in the Agency Agreement.

(f) *Overviews*

Certain provisions of these Conditions are overviews of the Agency Agreement or the Deed of Covenant or are subject to their detailed provisions. The holders of the Notes (the "**Noteholders**", which expression shall, where appropriate, be deemed to include holders of Bearer Notes and Registered Notes, and the holders of related interest coupons, if any (the "**Couponholders**" and the "**Coupons**" respectively), are bound by, and are deemed to have notice of all the provisions of the Agency Agreement and the Deed of Covenant applicable to them. Copies of the Agency Agreement and the Deed of Covenant are available for inspection by Noteholders and Couponholders during normal business hours at the Specified Offices of the Paying Agent, or, if applicable, the Registrar, the initial Specified Offices of which are set out in the Agency Agreement.

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1 The text of these terms and conditions reflects the terms and conditions scheduled to the Amended and Restated Issue and Paying Agency Agreement dated 8 February 2018 as supplemented by the First Supplemental Issue and Paying Agency Agreement dated 22 May 2020 (the "**First Supplemental Agency Agreement**").

2 The size of the Programme was increased from U.S.$30,000,000 to U.S.$40,000,000 on 7 February 2021.

2. Interpretation

(a) *Definitions*

In these Conditions the following expressions have the following meanings:

"**Accrual Yield**" has the meaning given in the relevant Final Terms;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Business Day**" means:

(i) in relation to any sum payable in Euros, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and

(ii) in relation to any sum payable in a currency other than Euros, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

"**Business Day Convention**" in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

(i) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;

(ii) "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

(iii) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

(iv) "**FRN Convention**", "**Floating Rate Convention**" or "**Eurodollar Convention**" means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred provided that:

(A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

(B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day;

(C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

(v) "**No Adjustment**" means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"**Calculation Agent**" means the Fiscal Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

"**Calculation Amount**" has the meaning given in the relevant Final Terms;

"**Code**" means the U.S. Internal Revenue Code of 1986, as amended;

"**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;

"**Coupon Sheet**" means, in respect of a Note, a coupon sheet relating to the Note;

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

(i) if "**Actual/Actual (ICMA)**" is so specified, means:

(A) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of: (1) the actual number of days in such Regular Period; and (2) the number of Regular Periods in any year; and

(B) where the Calculation Period is longer than one Regular Period, the sum of:

(a) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(b) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;

(ii) if "**Actual/365**" or "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(iii) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;

(iv) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;

(v) if "**30/360**" or "**360/360**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + [(D_2 - D_1)]}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30;

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(vi) if "**30E/360**" or "Eurobond Basis" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + [(D_2 - D_1)]}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30; and

(vii) if "**30E/360 (ISDA)**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + [(D_2 - D_1)]}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30, provided, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

"**DTC**" means The Depository Trust Company;

"**Early Termination Amount**" means, in respect of any Note, such amount as specified in the relevant Final Terms;

"**Euro Exchange Date**" means the date on which the Issuer gives notice (the "**Euro Exchange Notice**") to the Noteholders that replacement Notes denominated in Euros are available for exchange;

"**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 Issuer;

"**Final Redemption Amount**" means, in respect of any Note, such amount as specified in the relevant Final Terms;

"**First Interest Payment Date**" means the date specified in the relevant Final Terms;

"**Fixed Coupon Amount**" has the meaning given in the relevant Final Terms;

"**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;

"**Interest Amount**" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

"**Interest Commencement Date**" means the Issue Date of the Notes or such other date as may be specified as the interest commencement date in the relevant Final Terms;

"**Interest Determination Date**" has the meaning given in the relevant Final Terms;

"**Interest Payment Date**" means the First Interest Payment Date and any date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

(i) as the same may be adjusted in accordance with the relevant Business Day Convention; or

(ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the First Interest Payment Date) or the previous Interest Payment Date (in any other case);

"**Interest Period**" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

"**ISDA Definitions**" means the 2006 ISDA Definitions or such other ISDA Definitions as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.;

"**Issue Date**" has the meaning given in the relevant Final Terms;

"**Margin**" has the meaning given in the relevant Final Terms;

"**Maturity Date**" has the meaning given in the relevant Final Terms;

"**Maximum Redemption Amount**" has the meaning given in the relevant Final Terms;

"**Minimum Redemption Amount**" has the meaning given in the relevant Final Terms;

"**Optional Redemption Amount (Call)**" means, in respect of any Note, such amount as specified in the relevant Final Terms;

"**Optional Redemption Amount (Put)**" means, in respect of any Note, such amount as specified in the relevant Final Terms;

"**Optional Redemption Date (Call)**" has the meaning given in the relevant Final Terms;

"**Optional Redemption Date (Put)**" has the meaning given in the relevant Final Terms;

"**Participating Member State**" means a member state of the European Union which adopts the Euro as its lawful currency in accordance with the Treaty establishing the European Communities, as amended;

"**Payment Business Day**" means:

(i) if the currency of payment is Euros, any day which is:

  (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and

  (B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or

(ii) if the currency of payment is not Euros, any day which is:

  (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and

  (B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

"**Permitted Security Interest**" means:

(i) 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;

(ii) 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;

(iii) any Security Interest in existence on the date on which agreement is reached to issue the first Tranche of the Notes of the Series; and

(iv) 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;

"**Principal Financial Centre**" means, in relation to any currency, the principal financial centre for that currency provided, that:

(i) in relation to Euros, it means the principal financial centre of such member state of the European Union as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and

(ii) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland; in each case as is selected by the Issuer;

"**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;

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

"**Put Option Notice**" means a notice in the form available from the Specified Office of the Paying Agent, or in the case of Registered Notes, the Registrar, which must be delivered to the Paying Agent or Registrar, as the case may be, by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder, and as set out at Schedule 4 (Form of Put Option Notice) of the Agency Agreement;

"**Put Option Receipt**" means a receipt issued by a Paying Agent or Registrar, as the case may be, to a depositing Noteholder upon deposit of a Note with such Paying Agent or Registrar, as the case may be, by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder, substantially in the form set out at Schedule 5 (Form of Put Option Receipt) of the Agency Agreement;

"**Rate of Interest**" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

"**Record Date**" has the meaning given to such term in Condition 12 (*Payments—Registered Notes*);

"**Redemption Amount**" means, as appropriate, the Final Redemption Amount, the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in the relevant Final Terms;

"**Reference Banks**" means the four major banks selected by the Issuer (in consultation with the Calculation Agent) in the market that is most closely connected with the Reference Rate;

"**Reference Price**" has the meaning given in the relevant Final Terms;

"**Reference Rate**" has the meaning given in the relevant Final Terms;

"**Regular Period**" means:

(i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the First Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;

(ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls; and

(iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

"**Relevant Banking Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments generally in the place of presentation of the relevant Note or, as the case may be, Coupon or, in connection with the transfer of Registered Notes only, the place of the Specified Office of the Registrar;

"**Relevant Date**" means, in relation to any payment, whichever is the later of: (a) the date on which the payment in question first becomes due; and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders in accordance with Condition 21 (*Notices*);

"**Relevant Financial Centre**" has the meaning given in the relevant Final Terms;

"**Relevant Screen Page**" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"**Relevant Time**" has the meaning given in the relevant Final Terms;

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

"**Specified Currency**" has the meaning given in the relevant Final Terms;

"**Specified Denomination(s)**" has the meaning given in the relevant Final Terms;

"**Specified Office**" has the meaning given in the Agency Agreement;

"**Specified Period**" has the meaning given in the relevant Final Terms;

"**Talon**" means a talon for further Coupons;

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in Euros; and

"**Zero Coupon Note**" means a Note specified as such in the relevant Final Terms.

(c) ***Interpretation***

In these Conditions:

(i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;

(ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;

(iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;

(iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 13 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;

(v) any reference to interest shall be deemed to include any additional amounts in respect of interest, which may be payable under Condition 13 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;

(vi) references to Notes being "**outstanding**" shall be construed in accordance with the Agency Agreement;

(vii) if an expression is stated in Condition 2(a) (*Interpretation—Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes; and

(viii) any reference to the Agency Agreement or the Deed of Covenant shall be construed as a reference to the Agency Agreement or the Deed of Covenant, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.

3. Form, Denomination and Title

(a) *Notes in Bearer Form*

Bearer Notes are issued in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue and may be held in holdings equal to the minimum denomination specified in the relevant Final Terms. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination. Title to Bearer Notes and Coupons will pass by delivery. The holder of any Bearer Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof), and no Person shall be liable for so treating such holder. All Definitive Notes will be serially numbered, with coupons, if any, attached.

(b) *Notes in Registered Form*

Registered Notes are issued in the Specified Denomination and may be held in holdings equal to the minimum denomination specified in the relevant Final Terms and integral multiples in excess thereof. The holder of each Registered Note shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Registered Note relating thereto (other than the endorsed form of transfer) or any previous loss or theft of such Registered Note), and no Person shall be liable for so treating such holder. Title to Registered Notes will pass by transfer and registration in the register, which the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement. All individual Registered Notes will be numbered serially with an identity number which will be recorded in the register.

4. Transfers of Registered Notes

(a) *Transfers of Registered Notes*

A Registered Note may, upon the terms and subject to the conditions set forth in the Agency Agreement, be transferred in whole or in part only (provided, that such part is, or is an integral multiple of, the minimum denomination specified in the Final Terms) upon the surrender of the Registered Note to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the Specified Office of the Registrar. A new Registered Note will be issued to the transferee and, in the case of a transfer of part only of a Registered Note, a new Registered Note in respect of the balance not transferred will be issued to the transferor.

(b) *Issue of new Registered Notes*

Each new Registered Note to be issued upon the transfer of a Registered Note will, within five Relevant Banking Days of the day on which such Note was presented for transfer, be available for collection by each relevant holder at the Specified Office of the Registrar or, at the option of the holder requesting such transfer, be mailed (by uninsured post at the risk of the holder(s) entitled thereto) to such address(es), as may be specified by such holder. For these purposes, a form of transfer received by the Registrar or the Fiscal Agent after the Record Date in respect of any payment due in respect of Registered Notes shall be deemed not to be effectively received by the Registrar or the Fiscal Agent until the day following the due date for such payment.

(c) *Charges for transfer or exchange*

The issue of new Registered Notes on transfer will be effected without charge by or on behalf of the Issuer, the Fiscal Agent or the Registrar, but upon payment by the applicant of (or the giving by the applicant of such indemnity, as the Issuer, the Fiscal Agent or the Registrar may require in respect of) any tax, duty or other governmental charges which may be imposed in relation thereto.

(d) ***Closed Periods***

Holders of Registered Notes may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.

5. Status

The Notes constitute direct, general, unconditional, unsubordinated and (subject to Condition 6 (*Negative Pledge*)), 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*.

6. 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 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 6 (*Negative Pledge*).

7. Fixed Rate Note Provisions

(a) ***Application***

This Condition 7 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note provisions are specified in the relevant Final Terms as being applicable.

(b) ***Accrual of interest***

The Notes bear interest from, and including, the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*Payments—Bearer Notes*) and Condition 12 (*Payments—Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7 (*Fixed Rate Note Provisions—Accrual of interest*) (after, as well as before, judgment) until whichever is the earlier of: (i) 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 Noteholder; and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) ***Fixed Coupon Amount***

The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

(d) ***Calculation of interest amount***

The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than U.S. Dollars, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of U.S. Dollars, means one cent.

8. Floating Rate Note Provisions

(a) ***Application***

This Condition 8 (*Floating Rate Note Provisions*) is applicable to the Notes only if the Floating Rate Note provisions are specified in the relevant Final Terms as being applicable.

(b) ***Accrual of interest***

The Notes bear interest from, and including, the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*Payments—Bearer Notes*) and Condition 12 (*Payments—Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 8 (*Floating Rate Note Provisions—Accrual of Interest*) (after, as well as, before judgment) until whichever is the earlier of: (i) 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 Noteholder; and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) ***Screen Rate Determination***

If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:

(i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:

(A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and

(B) determine the arithmetic mean of such quotations; and

(iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time, and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; provided that if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

(d) ***ISDA Determination***

If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;

(ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and

(iii) the relevant Reset Date (as defined in the ISDA Definitions) is either: (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate ("**LIBOR**") or on the Euro-zone inter-bank offered rate ("**EURIBOR**") for a currency, the first day of that Interest Period; or (B) in any other case, as specified in the relevant Final Terms.

(e) ***Maximum or Minimum Rate of Interest***

If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

(f) ***Calculation of Interest Amount***

The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than U.S Dollars, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of U.S. Dollars, means one cent.

(g) ***Calculation of other amounts***

If the relevant Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.

(h) ***Publication***

The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Issuer, the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the

Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

(i) ***Notifications, etc.***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 8 (*Floating Rate Note Provisions—Notifications etc.*) by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders, and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

9. Zero Coupon Note Provisions

(a) ***Application***

This Condition 9 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note provisions are specified in the relevant Final Terms as being applicable.

(b) ***Late payment on Zero Coupon Notes***

If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) 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 Noteholder; and (B) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

10. Redemption and Purchase

(a) ***Scheduled redemption***

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 11 (*Payments—Bearer Notes*) and Condition 12 (*Payments—Registered Notes*).

Subject to any purchase and cancellation or early redemption, Notes will be redeemed on the relevant maturity date at 100% or more of their nominal amount.

(b) ***Redemption at the option of the Issuer***

If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).

(c) ***Partial redemption***

If the Notes are to be redeemed in part only on any date in accordance with Condition 10(b) (*Redemption and Purchase—Redemption at the option of the Issuer*):

(i) in the case of Bearer Notes, the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 10(b) (*Redemption and Purchase—Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified; and

(ii) in the case of Registered Notes, the Notes shall be redeemed (so far as may be practicable) *pro rata* to their principal amounts, subject always to compliance with all applicable laws and the requirements of any listing authority, stock exchange or quotation system on which the relevant Notes may be listed, traded or quoted.

In the case of the redemption of part only of a Registered Note, a new Registered Note in respect of the unredeemed balance shall be issued in accordance with Condition 4 (*Transfers of Registered Notes*) which shall apply as in the case of a transfer of Registered Notes as if such new Registered Note were in respect of the untransferred balance.

(d) ***Redemption at the option of Noteholders***

If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 10(d) (*Redemption and Purchase—Redemption at the option of Noteholders*), the holder of a Note must, not less than 30 nor more than 60 days' before the relevant Optional Redemption Date (Put), deposit at the Specified Offices of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent or Registrar specifying the aggregate outstanding principal amount in respect of which such option is exercised. The Paying Agent or Registrar with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing holder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 10(d) (*Redemption and Purchase—Redemption at the option of Noteholders*), may be withdrawn; provided that if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent or Registrar, as the case may be, shall mail notification thereof to the depositing holder at such address as may have been given by such holder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing holder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent or Registrar, as the case may be, in accordance with this Condition 10(d) (*Redemption and Purchase—Redemption at the option of Noteholders*), the depositor of such Note, and not such Paying Agent, shall be deemed to be the holder of such Note for all purposes.

The Issuer shall redeem the Notes in respect of which Put Option Receipts have been issued on the Optional Redemption Date (Put), unless previously redeemed. Payment in respect of any Note so delivered will be made:

(i) if the Note is in definitive form and held outside Euroclear, Clearstream, Luxembourg and DTC and if the holder duly specified a bank account in the Put Option Notice to which payment is to be made, on the Optional Redemption Date (Put) by transfer to that bank account and in every other case on or after the Optional Redemption Date (Put), in each case against presentation and surrender or (as the case may be) endorsement of such Put Option Receipt and, where appropriate, entry in the Register, at the Specified Office of any Paying Agent; or

(ii) if the Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg or DTC, in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg or DTC, as applicable.

The holder of a Note may not exercise such Put Option in respect of any Note which is the subject of an exercise by the Issuer of its Call Option.

In the case of the redemption of part only of a Registered Note, a new Registered Note in respect of the unredeemed balance shall be issued in accordance with Condition 10 4 (*Transfers of Registered Notes*) which shall apply in the case of a transfer of Registered Notes as if such new Registered Note were in respect of the untransferred balance.

(e) ***No other redemption***

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 10(a) (*Redemption and Purchase—Scheduled redemption*) to 10(d) (*Redemption and Purchase—Redemption at the option of Noteholders*) above.

(f) ***Early redemption of Zero Coupon Notes***

Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 10(f) (*Redemption and Purchase—Early redemption of Zero Coupon Notes*) or, if none is so specified, a Day Count Fraction of 30E/360.

(f) ***Purchase***

The Issuer and any Public Sector Instrumentality may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise and at any price. Such Notes may be held, resold (provided that such resale is outside the United States (as defined in Regulation S under the Securities Act) or, in the case of any Notes resold pursuant to Rule 144 under the Securities Act, is only made to a Person reasonably believed to be a QIB) 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 or for the purposes of Conditions 14 (*Events of Default*), 18 (*Meetings of Noteholders; Written Resolutions*) or 19 (*Aggregation Agents; Aggregation Procedures*), all as more particularly set out in Condition 18(i) (*Meeting of Noteholders; Written Resolutions—Notes controlled by the Issuer*).

(g) ***Cancellation***

All Notes surrendered for cancellation in accordance with Condition 10(g) (*Purchase*) above may not be reissued or resold, and the obligations of the Issuer in respect of any such Notes shall be discharged.

11. Payments—Bearer Notes

This Condition 11 (Payments—Bearer Notes) is only applicable in relation to Bearer Notes.

(a) ***Principal***

Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is Euros, any other account to which Euros may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London).

(b) ***Interest***

Payments of interest shall, subject to Condition 11(h) (*Payments—Bearer Notes—Payments other than in respect of matured Coupons*) below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in Condition 11(a) (*Payments—Bearer Notes—Principal*) above.

(c) ***Payments in New York City***

If payments of principal or interest will be made in U.S. Dollars, then such payment may be made at the Specified Office of a Paying Agent in New York City if: (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Bearer Notes in U.S. Dollars; (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. Dollars; and (iii) payment is permitted by applicable U.S. law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(d) ***Payments subject to fiscal laws***

All payments of principal and interest in respect of the Bearer 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 13 (*Taxation*); (ii) any withholding or deduction required pursuant to an agreement described in 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; 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 13 (*Taxation*). No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) ***Deductions for unmatured Coupons***

If the relevant Final Terms specifies that the Fixed Rate Note provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:

(i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; provided that if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

(ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:

(A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; provided that where this sub-paragraph (A) would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

(B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; provided that if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in Condition 11(a) (*Payments—Bearer Notes—Principal*) above against presentation and (provided that payment is made in full) surrender of the relevant missing Coupons.

(f) ***Unmatured Coupons void***

If the relevant Final Terms specifies that this Condition 11(f) (*Payments—Bearer Notes—Unmatured Coupons void*) is applicable or that the Floating Rate Note provisions are applicable, on the due date for final redemption of any Bearer Note or early redemption in whole of such Bearer Note pursuant to Condition 10(b) (*Redemption and Purchase—Redemption at the option of the Issuer*), Condition 10(d) (*Redemption and Purchase—Redemption at the option of Noteholders*) or Condition 14 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

(g) ***Payments on business days***

If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(h) ***Payments other than in respect of matured Coupons***

Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bearer Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by Condition 11(c) (*Payments—Bearer Notes—Payments in New York City*) above).

(i) ***Partial payments***

If a Paying Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

(j) ***Exchange of Talons***

On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 15 (*Prescription*)). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Bearer Note shall become void and no Coupon will be delivered in respect of such Talon.

12. Payments—Registered Notes

This Condition 12 (Payments—Registered Notes) is only applicable in relation to Registered Notes.

(a) ***Redemption Amount***

Payments of the Redemption Amount (together with accrued interest) due in respect of Registered Notes shall be made in the currency in which such amount is due against presentation, and save in the case of partial payment of the Redemption Amount, surrender of the relevant Registered Notes at the Specified Office of the Registrar. If the due date for payment of the Redemption Amount of any Registered Note is not a business day (as defined below), then the Noteholder will not be entitled to payment until the next business day, and from such day and thereafter will be entitled to payment by cheque (which may be posted to the address (as recorded in the register held by the Registrar) of the Noteholder thereof (or, in the case of joint Noteholders, the first-named)) on any Relevant Banking Day, or will be entitled to payment by transfer to a designated account on any day which is a Relevant Banking Day, business day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Conditions, in which event interest shall continue to accrue as provided in these Conditions.

(b) ***Principal and interest***

Payments of principal and interest shall be made by cheque drawn in the currency in which the payment is due to the Noteholder (or in the case of joint Noteholders, the first-named) appearing in the register kept by the Registrar as at the opening of business (as at the local time) on the fifteenth Relevant Banking Day before the due date for payment (the "**Record Date**"), and posted to the address (as recorded in the register held by the Registrar) of the Noteholder (or, in the case of joint Noteholders, the first named) on the Relevant Banking Day unless prior to the relevant Record Date such Noteholder has applied to the Registrar and the Registrar has acknowledged such application, for payment to be made to a designed account denominated in the relevant currency in which case payment shall be made on the relevant due date for payment by transfer to such account. In the case of payment by transfer to a designated account, if the due date for any such payment is not a business day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located, then the Noteholder will not be entitled to payment thereof until the first day thereafter which is a business day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is subsequent failure to pay in accordance with these Conditions, in which event interest shall continue to accrue as provided in these Conditions.

(c) ***Payments subject to fiscal laws***

All payments of principal and interest in respect of the Registered 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 13 (*Taxation*); (ii) any withholding or deduction required pursuant to an agreement described in 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; 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 13 (*Taxation*). No commission or expenses shall be charged to the Registered Noteholders in respect of such payments.

(d) In this Condition 12 (*Payments—Registered Notes*), "**business day**" means:

(i) any day which is in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in each Additional Financial Centre; or

(ii) in the case of surrender of a Registered Note, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the place in which the Registered Note is surrendered.

13. Taxation

All payments of principal and interest in respect of the Notes and the Coupons by, or on behalf of, the Issuer 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 holders, 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 or Coupon presented for payment:

(i) 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 or Coupon 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 Coupon or the enforcement or receipt of payment under or in respect of any Note or Coupon; or

(ii) more than 30 days after the Relevant Date, except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days; or

(iii) 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.

14. Events of Default

If any one or more of the following events (each an "**Event of Default**") occurs and is continuing with respect to a Series of Notes:

(i) *Non-payment*

the Issuer fails to pay any amount of principal, premium, if any, or interest in respect of any of the Notes of such Series when due and payable and such failure continues for a period of 15 days; or

(ii) *Breach of other obligations*

the Issuer fails to perform any other obligations in respect of the Notes of such Series, and that failure continues unremedied for 30 days after written notice to remedy such failure, addressed to the Issuer by any Noteholder or Couponholder of such Series, has been delivered to the Issuer and to the Specified Office of the Fiscal Agent; or

(iii) *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.$75,000,000 (or its equivalent in any other currency or currencies); or

(iv) *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

(v) *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

(vi) *Unlawfulness*

for any reason whatsoever, the obligations under the Notes of such Series or the 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

(vii) *Validity*

the Issuer or any of its political sub-divisions on behalf of the Issuer contest the validity of such Series of the Notes,

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

If the Issuer receives notice in writing from holders of at least 50% in aggregate principal amount of the relevant Series of outstanding Notes to the effect that the Event of Default or Events of Default giving rise to any above-mentioned declaration of acceleration is or are cured following any such declaration and that such Noteholders wish the relevant declaration to be withdrawn, the Issuer shall give notice thereof to the Noteholders (with a copy to the Fiscal Agent), whereupon the relevant declaration shall be withdrawn and shall have no further effect but without prejudice to any rights or obligations that 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.

15. Prescription

Claims against the Issuer for principal in respect of Notes shall become void unless made within 10 years of the appropriate Relevant Date. Claims against the Issuer for interest or Coupons in respect of Notes shall become void unless made within five years of the appropriate Relevant Date.

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.

16. Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system) (in the case of Bearer Notes or Coupons) or the Registrar (in the case of Registered Notes), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

17. Agents

(a) ***Obligations of Agents***

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents, the Calculation Agent and the Registrar act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders, and each of them shall only be responsible for the performance of the duties and obligations expressly imposed upon it in the Agency Agreement or other agreement entered into with respect to its appointment or incidental thereto.

(b) The initial Fiscal Agent and Registrar and their initial Specified Offices are listed in the Agency Agreement. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Fiscal Agent) or the Registrar or the Calculation Agent and to appoint a successor fiscal agent, paying agent, calculation agent or registrar; provided that:

(i) the Issuer shall at all times maintain a Fiscal Agent;

(ii) the Issuer shall at all times maintain, in the case of Registered Notes, a Registrar;

(iii) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent;

(iv) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Issuer shall maintain a Paying Agent (which may be the Fiscal Agent) and a Registrar (for Registered Notes) each with a Specified Office in the place required by such competent authority, stock exchange and/or quotation system; and

(v) in the circumstances described in Condition 11(c) (*Payments—Bearer Notes—Payments in New York City*), a paying agent with a Specified Office in New York City.

Notice of any change in the Paying Agent, the Registrar, the Calculation Agent or in their Specified Offices shall promptly be given to the Noteholders in accordance with Condition 21 (*Notices*).

18. Meeting 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 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 calendar 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 Agency Agreement and described in Condition 18(i) (Notes controlled by the Issuer)) 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 calendar 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 Agency Agreement. If the 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 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 18(b) (*Modification of this Series of Notes only*), Condition 18(c) (*Multiple Series Aggregation—Single limb voting*), or Condition 18(d) (*Multiple Series Aggregation—Two limb voting)* 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 as is required to be provided by the Issuer in accordance with Condition 18(f) (*Information*);

(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 18(g) (*Claims Valuation*); 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 Agency Agreement contains provisions relating to Written Resolutions. All information to be provided pursuant to this Condition 18(a) (*Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*) 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.

(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 instruments) 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 18 (*Meeting of Noteholders; Written Resolutions*) and Condition 19 (*Aggregation Agent; Aggregation Procedures*) 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 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 18(a) (*Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*) 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, and on all Couponholders.

(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 18(a) (*Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*), 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, and on all Couponholders and couponholders of each other affected series of Debt Securities Capable of Aggregation.

(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 different currency of issuance).

(vi) It is understood that a proposal under paragraph (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 paragraph (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 18(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 18(a) (*Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*), 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, and on all Couponholders and couponholders of each other affected series of Debt Securities Capable of Aggregation.

(v) Any modification or action proposed under paragraph (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 18(d) (*Multiple Series Aggregation – Two limb voting*) 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 18(i) (Notes controlled by the Issuer);

(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 14 (Events of Default);

(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 24 (Governing Law and Jurisdiction);

(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 18(e) (*Reserved Matters*);

(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;

(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 18(b) (*Modification of this Series of Notes only*), Condition 18(c) (*Multiple Series Aggregation—Single limb voting*), or Condition 18(d) (*Multiple Series Aggregation—Two limb voting)*, the Issuer shall publish in accordance with Condition 19(g) (*Manner of Publication*), 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 18(a)(iv)(G) (*Meeting of Noteholders; Written Resolutions—Convening Meeting of Noteholders; Conduct of Meeting of Noteholders; Written Resolution*).

(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 18(c) (*Multiple Series Aggregation—Single limb voting*) and Condition 18(d) (*Multiple Series Aggregation—Two limb voting)*, 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 par value of the Notes and such affected series of debt securities will be calculated. 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 Agency Agreement may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the 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 (i) 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 and (ii) Condition 18 (*Meetings of Noteholders; Written Resolutions*) and (iii) Condition 14 (*Events of Default*), 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 shall be disregarded and be deemed not to remain outstanding.

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 paragraph (d) (Certificate) of Condition 19 (*Aggregation Agent; Aggregation Procedures*), 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 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 19(g) (*Aggregation Agent; Aggregation Procedures, Manner of Publication*).

(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 and Couponholders.

19. 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 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 the 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 19(b) (*Extraordinary Resolutions*) and Condition 19(c) (*Written Resolutions*), 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 18(b) (*Meetings of Noteholders; Written Resolutions—Modification of this Series of Notes only*), Condition 18(c) (*Meetings of Noteholders; Written Resolutions—Multiple Series Aggregation—Single limb voting*), or Condition 18(d)

(*Meetings of Noteholders; Written Resolutions—Multiple Series Aggregation—Two limb voting)*, 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 18(i) (Meetings of Noteholders; Written Resolutions, Notes controlled by the Issuer) 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 19 (*Aggregation Agent; Aggregation Procedures*) 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 19 (*Aggregation Agent; Aggregation Procedures*) 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 the Couponholders 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 Agency Agreement including any matters required to be published pursuant to Condition 17 (*Agents*), Condition 18 (*Meetings of Noteholders; Written Resolutions*) and this Condition 19 (*Aggregation Agent; Aggregation Procedures*):

(i) through Euroclear Bank SA/NV, Clearstream Banking, S.A., DTC 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.

20. Further Issues

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the amount and date of the first payment of interest) and so that the same shall be consolidated and form a single Series with such Notes, provided that, unless the Notes are either (i) not issued with original issue discount, (ii) issued with a *de minimis* amount of original issue discount or (iii) issued in a "qualified reopening" for U.S. federal income tax purposes, such further notes will be issued with a separate CUSIP and ISIN. The Agency Agreement contains provisions for convening a single meeting of the Noteholders of a particular Series and the holders of Notes of other Series.

The Issuer may, with the prior approval of the Fiscal Agent (which shall not be unreasonably withheld), from time to time on any Interest Payment Date occurring on or after the Redenomination Date (as defined in Condition 23 (*Redenomination*)) on giving not less than 30 days' prior notice to the Noteholders in accordance with Condition 21 (*Notices*), without the consent of the Noteholders, consolidate the Notes of one Series with the Notes of one or more other Series issued by it, whether or not originally issued in the same currency provided such other Notes have been redenominated into the Specified Currency (if not originally so denominated) and which otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the Notes.

21. Notices

(a) ***Notices to Noteholders while Notes are held in Global Form***

So long as any Notes are evidenced by a Global Note and such Global Note is held by or on behalf of DTC, Euroclear or Clearstream, Luxembourg, notices to Holders may be given by delivery of such notice to the relevant clearing systems for communication by them to entitled account holders; provided that, so long as the Notes are listed on any stock exchange, notice will also be published or otherwise given in accordance with the rules of such stock exchange. In respect of Notes listed on the Official List of the Luxembourg Stock Exchange, notice will be published on the website of the Luxembourg Stock Exchange, being www.bourse.lu.

(b) ***Notices to Holders of Registered Definitive Notes***

Notices to Holders of Definitive Notes in registered form will be deemed to be validly given if sent by first class mail (or the equivalent) or (if posted to an overseas address) by airmail to the Noteholders of those Notes at their respective addresses as recorded in the Register for those Notes, and will be deemed to have been validly given on the fourth day after the date of mailing as provided above or, if posted from a country other than that of the addressee, on the fifth day after the date of such mailing. In respect of Definitive Notes in registered form listed on the Official List of the Luxembourg Stock Exchange, notice will be published on the website of the Luxembourg Stock Exchange, being www.bourse.lu.

(c) ***Notices to Holders of Bearer Definitive Notes***

Notices to Holders of Bearer Definitive Notes shall be given by publication in a leading English-language daily newspaper published in London, provided that, so long as the Notes are listed on any stock exchange, notice will also be published or otherwise given in accordance with the rules of such stock exchange. In respect of Bearer Definitive Notes listed on the Official List of the Luxembourg Stock Exchange, notice will be published on the website of the Luxembourg Stock Exchange, being www.bourse.lu. Holders of Coupons will be deemed for all purposes to have notice of the contents of any notice given to Holders of Definitive Notes in bearer form in accordance with this Condition.

22. Rounding

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms): (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with 0.000005% being rounded up to 0.00001%); (b) all United States Dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up); (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount; and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency (with 0.005 being rounded upwards).

23. Redenomination

(a) ***Redenomination***

This Condition 23 (*Redenomination*) is applicable to the Notes only if it is specified in the relevant Final Terms as being applicable.

(b) ***Redenomination Date***

If the country of the Specified Currency becomes or, announces its intention to become, a Participating Member State, the Issuer may, without the consent of the Noteholders, on giving at least 30 days' prior notice to the Fiscal Agent and the Noteholders, designate a date (the "**Redenomination Date**"), being an Interest Payment Date under the Notes falling on or after the date on which such country becomes a Participating Member State.

(c) ***Calculation of Redenominated Notes***

Notwithstanding the other provisions of these Terms and Conditions, with effect from the Redenomination Date:

(i) the Notes shall be deemed to be redenominated into Euros in the denomination of €0.01 with a principal amount for each Note equal to the principal amount of that Note in the Specified Currency, converted into Euros at the rate for conversion of such currency into Euros established by the Council of the

European Union pursuant to the Treaty (including compliance with rules relating to rounding in accordance with European Community regulations); provided, however, that, if the Issuer determines, with the agreement of the Fiscal Agent that the then market practice in respect of the re denomination into €0.01 of internationally offered securities is different from that specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders and Couponholders, each listing authority, stock exchange or quotation system (if any) by which the Notes have then been admitted to listing, trading or quotation and the Fiscal Agent of such deemed amendments;

(ii) if Notes have been issued in definitive form:

(A) the payment obligations contained in all Notes denominated in the Specified Currency will become void on the Euro Exchange Date but all other obligations of the Issuer thereunder (including the obligation to exchange such Notes in accordance with this Condition 23) shall remain in full force and effect; and

(B) new Notes denominated in Euros will be issued in exchange for Notes denominated in the Specified Currency in such manner as the Fiscal Agent may specify and as shall be notified to the Noteholders in the Euro Exchange Notice; and

(iii) all payments in respect of the Notes (other than, unless the Redenomination Date is on or after such date as the Specified Currency ceases to be a sub division of the Euros, payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in Euros by cheque drawn on, or by credit or transfer to a euro account (or any other account to which Euros may be credited or transferred) maintained by the payee with, a bank in the principal financial centre of any member state of the European Union

(d) ***Calculation of Interest on redenominated Definitive Note Certificates***

Following redenomination of the Notes pursuant to this Condition 23 (*Redenomination*), where Notes have been issued in definitive form, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of the Notes held by the relevant holder.

(e) ***Change of Interest Determination Date***

If the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable and Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, with effect from the Redenomination Date the Interest Determination Date shall be deemed to be the second TARGET Settlement Day before the first day of the relevant Interest Period.

24. Governing Law and Jurisdiction

(a) ***Governing law***

The Agency Agreement, the Notes and the Coupons and any non-contractual obligations arising out of, or in connection with, the Agency Agreement, the Notes (including the remaining provisions of this Condition 24 (*Governing Law and Jurisdiction*)) and the Coupons, are and shall be governed by, and 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 paragraph 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 24(g) (*Waiver of immunity*) 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 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.

25. Rights of Third Parties

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

FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.

[MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET – Solely for the purposes of [*the/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 Directive 2014/65/EU (as amended, "**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 manufacturer[*'s/s'*] 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 manufacturer[*'s/s'*] target market assessment) and determining appropriate distribution channels.][3]

[**UK MIFIR PRODUCT GOVERNANCE/ PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET** – Solely for the purposes of [the/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, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**") and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law in the UK by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") ("**UK MiFIR**"), only 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 manufacturer['s]/[s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s]/[s'] target market assessment) and determining appropriate distribution channels.][4]

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of [Directive 2014/65/EU (as amended, "MiFID II")]/[MiFID II]; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.][5]

[SINGAPORE SFA PRODUCT CLASSIFICATION: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (as modified or amended from time to time, the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are [prescribed capital markets products] / [capital markets products other than prescribed capital market products] (as defined in the CMP Regulations 2018) and [are] [Excluded] / [Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).][6]

Final Terms dated [•]

THE ARAB REPUBLIC OF EGYPT

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] under the U.S.$40,000,000,000 Global Medium Term Note Programme

PART A — CONTRACTUAL TERMS

3 To be deleted where the managers in relation to the Notes are not subject to MiFID II.
4 To be deleted where the managers in relation to the Notes are not subject to UK MiFIR.
5 To be included where item 6 of Part B (*Prohibition of Sales to EEA Retail Investors*) specifies "Applicable"
6 For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Offering Circular dated 23 September 2021 [and the supplement[s] to the Base Offering Circular dated [*insert date of supplements*] (together, the "**Base Offering Circular**").]

This document constitutes the Final Terms relating to the issue of Notes described herein and must be read in conjunction with the Base Offering Circular [as so supplemented] in order to obtain all the relevant information. These Final Terms do not constitute "final terms" for the purposes of Regulation (EU) 2017/1129, as it forms part of UK domestic law in the UK by virtue of the [European Union (Withdrawal) Act 2018]/[EUWA].

The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Offering Circular with an earlier date.

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated [26 May 2015][12 January 2017][8 February 2018][18 February 2019][22 May 2020] which are incorporated by reference into the Base Offering Circular dated 23 September 2021. This document constitutes the Final Terms of the Notes described herein and must be read in conjunction with the Base Offering Circular dated 23 September 2021 [and the supplement(s) to it dated [•]] (together, the "**Base Offering Circular**") in order to obtain all the relevant information, save in respect of the Conditions which are extracted from the Base Prospectus dated [26 May 2015][12 January 2017][8 February 2018][18 February 2019][22 May 2020].]

The Base Offering Circular [as so supplemented] is available for viewing on the website of the Regulatory News Service operated by the London Stock Exchange at [*http://www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html*] and during normal business hours at Ministry of Finance Towers, Ramsis Street Extension, Nasr City, Cairo, Egypt (Tel.: +20 2 2686 1200) and the Fiscal Agent at One Canada Square, Canary Wharf, London E14 5AL, United Kingdom.

1.	[(i) Series Number:	[•]]
	[(ii) Tranche Number:	[•]]
	[(iii) Date on which the Notes become fungible:	[Not Applicable/The Notes shall be consolidated and form a single series with the existing tranche(s) of the Series on [the Issue Date] / [*Insert date*].]
2.	Specified Currency or Currencies:	[•]
3.	Aggregate Nominal Amount:	
	[(i) Series:	[•]]
	[(ii) Tranche:	[•]]
4.	Issue Price:	[•]% of the Aggregate Nominal Amount
		[plus accrued interest from [•]]
	(i) Specified Denominations:	[•]
	(ii) Calculation Amount:	[•]
5.	(i) Issue Date:	[•]
	(ii) Interest Commencement Date:	[•]/[Issue Date]/[Not Applicable]
6.	Maturity Date:	[•]
7.	Interest Basis:	[[•]% Fixed Rate]
		[[•] [+/-] [•]% Floating Rate]
		[Zero Coupon]

8.	Redemption/Payment Basis:	[[*For Fixed Rate Notes and Floating Rate Notes*] Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100% of their nominal amount.]/[[*For Zero Coupon Notes*] [•]]
9.	Change of Interest or Redemption/Payment Basis:	[Applicable]/[Not Applicable]
10.	Put/Call Options:	[Investor Put] [Issuer Call] [Not Applicable]
11.	Date approval for issuance of Notes obtained:	[•]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

12.	**Fixed Rate Note Provisions**	[Applicable]/[Not Applicable]
	(i) Rate[(s)] of Interest:	[•]% *per annum* [payable [annually]/[semi-annually]/[quarterly]/ [monthly] in arrear]
	(ii) Interest Payment Date(s):	[•][, [•], [•]] and [•] in each year]
	[(iii) First Interest Payment Date:	[Issue Date]/[•]]
	(iv) Fixed Coupon Amount[(s)]:	[•] per Calculation Amount
	(v) Broken Amount(s):	[[•] per Calculation Amount, payable on the Interest Payment Date falling [in]/[on] [•]/[Not Applicable]]
	(vi) Day Count Fraction:	[30/360]/[360/360]/[Actual/Actual (ICMA)]
	[(vii) Determination Dates:	[[•] in each year]/[Not Applicable]]
13.	**Floating Rate Note Provisions**	[Applicable]/[Not Applicable]
	(i) Interest Period(s):	[•]
	(ii) Specified Period:	[•]
	(iii) Specified Interest Payment Dates:	[•]
	[(iv) First Interest Payment Date:	[Issue Date]/[•]]
	(v) Business Day Convention:	[Floating Rate Convention]/[Following Business Day Convention]/[Modified Following Business Day Convention]/ [Preceding Business Day Convention]/ [No Adjustment]
	(vi) Additional Business Centre(s):	[•]/[Not Applicable]
	(vii) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination] / [ISDA Determination]
	(viii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Fiscal Agent):	[[•] shall be the Calculation Agent]

	(ix) Screen Rate Determination:	
	• Reference Rate:	[LIBOR]/[EURIBOR]
	• Interest Determination Date(s):	[•]
	• Relevant Screen Page:	[•]
	• Relevant Time:	[•]
	• Relevant Financial Centre:	[•]
	(x) ISDA Determination:	
	• Floating Rate Option:	[•]
	• Designated Maturity:	[•]
	• Reset Date:	[•]
	(xi) Margin(s):	[+/-] [•]% *per annum*
	(xii) Minimum Rate of Interest:	[•]% *per annum*
	(xiii) Maximum Rate of Interest:	[•]% *per annum*
	(xiv) Day Count Fraction:	[Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/365] [Actual/360] [30/360] [30E/360] [30E/360 (ISDA)]
14.	**Zero Coupon Note Provisions**	[Applicable]/[Not Applicable]
	(i) Accrual Yield:	[•]% *per annum*
	(ii) Reference Price:	[•]

PROVISIONS RELATING TO REDEMPTION

15.	**Call Option**	[Applicable]/[Not Applicable] (if not applicable, delete the remaining sub-paragraphs of this paragraph) (this paragraph and sub-paragraphs may be repeated for issues with more than one call option)
	(i) Optional Redemption Date(s):	[•] / [Any date from and including [•] to but excluding [•]]
	(ii) Optional Redemption Amount(s) of each Note:	[•] per Calculation Amount

	(iii) If redeemable in part:	[Applicable]/[Not Applicable]
		(if not applicable, delete the remaining sub-paragraphs of this paragraph)
	(a) Minimum Redemption Amount:	[•] per Calculation Amount
	(b) Maximum Redemption Amount:	[•] per Calculation Amount
16.	**Put Option**	[Applicable]/[Not Applicable]
		(if not applicable, delete the remaining sub-paragraphs of this paragraph)
	(i) Optional Redemption Date(s):	[•]
	(ii) Optional Redemption Amount(s) of each Note:	[•] per Calculation Amount
17.	**Final Redemption Amount of each Note**	[100% of their nominal amount] / [•] per Calculation Amount
		(The Final Redemption Amount must be at least 100% of the nominal value of the Notes)
18.	**Early Termination Amount**	[Applicable]/[Not Applicable]
	Early Termination Amount(s) of each Note payable on Event of Default:	[•] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

19.	Form of Notes:	**[Bearer Notes:]**
		[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [at any time]/[in the limited circumstances specified in the Permanent Global Note]]
		[Temporary Global Note exchangeable for Definitive Notes]
		[Permanent Global Note exchangeable for Definitive Notes [at any time]/[in the limited circumstances specified in the Permanent Global Note]]

		[Registered Notes:] [Individual Note Certificates] [Unrestricted Global Certificate exchangeable for unrestricted Individual Note Certificates [at any time]/[in the limited circumstances described in the Unrestricted Global Certificate]] [Restricted Global Certificate exchangeable for Restricted Individual Note Certificates [at any time]/[in the limited circumstances described in the Restricted Global Certificate]] [Unrestricted Global Certificate registered in the name of a nominee for [DTC]/[a common depositary for Euroclear and Clearstream, Luxembourg] [Restricted Global Certificate registered in the name of a nominee for [DTC]/[a common depositary for Euroclear and Clearstream, Luxembourg]
20.	Additional Financial Centre(s):	[•]/[Not Applicable]
21.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes]/[No]
22.	Additional provisions applicable to the Notes:	[•]/[Not Applicable] (if any amendments need to be made to the master terms and conditions, they should be set out here)

Signed on behalf of
THE ARAB REPUBLIC OF EGYPT:

By: ....
Duly Authorised

PART B—OTHER INFORMATION

1. **LISTING**

(i) Listing:	[London Stock Exchange/other (specify)/None]
(ii) Admission to trading:	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the Main Market of the London Stock Exchange plc] / [•] with effect from [•].] / [Not Applicable.]
(ii) Estimate of total expenses related to admission to trading:	[•]

2. **RATINGS**

Ratings: The Notes to be issued are [expected to be] rated:

[Standard & Poor's: [•]]

[Fitch: [•]]

[[Other]: [•]]

[*Include a brief explanation of the meaning of the ratings if previously published by the rating provider*]

[[Standard & Poor's] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**")]

[[Fitch] is established in the United Kingdom and is registered under Regulation (EC) No. 1060/2009 as it forms part of domestic law in the UK by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**")]

[Not Applicable]

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business for which they may receive fees.]

4. **REASONS FOR THE OFFER**

Reasons for the offer:	[See "*Use of Proceeds*" in the Base Offering Circular] / [*Give details*]

5. **Fixed Rate Notes only—YIELD**

Indication of yield:	[•] / [Not Applicable]

6. **SELLING RESTRICTIONS**

United States:	[CAT 1]/[TEFRA C Rules]/[TEFRA D Rules]/[TEFRA not applicable]

Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] (*If the Notes clearly do not constitute ''packaged'' products, ''Not Applicable'' should be specified. If the Notes may constitute ''packaged'' products and no KID will be prepared, ''Applicable'' should be specified*.)

7. **OPERATIONAL INFORMATION**

CUSIP:	[•] / [Not Applicable]
ISIN:	[•]
Common Code:	[•]
Any clearing system(s) other than DTC, Euroclear Bank SA/NV and Clearstream Banking, S.A. and the relevant addresses and identification numbers:	[Not Applicable/give name(s), address(es) and number(s)]
Delivery:	Delivery [against/free of] payment
Names and addresses of additional Paying Agent(s) (if any):	[•]
Name and address of Calculation Agent (if any), if different from Fiscal Agent:	[•]

8. **DISTRIBUTION**

Method of Distribution:	[Syndicated]/[Non-syndicated]
If syndicated:	
(i) Names of Managers:	[Not Applicable]/[*give names*]
(ii) Stabilisation Manager(s) if any:	[Not Applicable]/[*give names*]
If non-syndicated, name of Dealer	[Not Applicable]/[*give name*]

FORMS OF THE NOTES

Bearer Notes

Each Tranche of Bearer Notes will initially be in the form of either a temporary global note in bearer form (a "**Temporary Global Note**"), without interest coupons, or a permanent global note in bearer form (a "**Permanent Global Note**"), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") will be deposited on or around the issue date of the relevant Tranche of the Notes with a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system. Bearer Notes issued in compliance with the TEFRA D Rules (as defined below) must be initially issued in the form of a Temporary Global Note.

While any Bearer Note issued in accordance with the U.S. Treasury Regulations §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form as the rules in such regulations for purposes of Section 4701 of the Code, as amended) (the "**TEFRA D Rules**") is represented by a Temporary Global Note, payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Global Note only to the extent that certification (substantially in the form to be provided) to the effect that the beneficial owners of such Temporary Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury Regulations, has been received by the relevant clearing system(s) and the relevant clearing system(s) has or have given a like certification (based on the certifications it has or they have received) to the Paying Agent. Any reference in this section to the relevant clearing system(s) shall mean the clearing and/or settlement system(s) specified in the applicable Final Terms.

In the case of each Tranche of Bearer Notes, the relevant Final Terms will also specify whether U.S. Treasury Regulations §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form as the rules in such regulations for purposes of Section 4701 of the Code) (the "**TEFRA C Rules**") or TEFRA D Rules are applicable in relation to the Notes or, if the Notes do not have a maturity of more than one year and do not constitute "registration required obligations" under TEFRA, that TEFRA is not applicable.

Temporary Global Note exchangeable for Permanent Global Note

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date (the "**Exchange Date**") of the relevant Tranche of Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the delivery of a Permanent Global Note, duly authenticated to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Notes represented by the Permanent Global Note in accordance with its terms against:

(a) presentation and (in the case of final exchange) presentation and surrender of the Temporary Global Note to, or to the order of, the Fiscal Agent; and

(b) receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership, within seven days of the bearer requesting such exchange.

The principal amount of Notes represented by the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership provided, however, that in no circumstances shall the principal amount of Notes represented by the Permanent Global Note exceed the initial principal amount of Notes represented by the Temporary Global Note.

If:

(a) the Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (London time) on the seventh day after the bearer of the Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or

(b) the Temporary Global Note (or any part thereof) has become due and payable in accordance with the Conditions or the date for final redemption of the Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above), and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Temporary Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Bearer Notes in definitive form ("**Definitive Notes**") not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Principal and interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of Notes represented by the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

Permanent Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes:

(a) on the expiry of such period of notice as may be specified in the relevant Final Terms; or

(b) at any time, if so specified in the relevant Final Terms; or

(c) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if either of the following events occurs:

  (i) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or does in fact do so; or

  (ii) any of the circumstances described in Condition 14 (*Events of Default*) occurs.

The exchange upon notice option described in paragraph (a) above should not be expressed to be applicable under Form of Notes in the relevant Final Terms if the relevant Notes have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount. Furthermore, Notes should not be issued that have such denominations if such Notes are to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

(a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Permanent Global Note for Definitive Notes; or

(b) the Permanent Global Note (or any part thereof) has become due and payable in accordance with the Conditions or the date for final redemption of the Permanent Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer thereof in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

If the relevant Final Terms specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", such Permanent Global Note and any Definitive Notes issued upon exchange may only be issued in the Specified Denomination.

Registered Notes

Each Tranche of Notes in registered form ("**Registered Notes**") will be represented by either:

(a) one or more unrestricted global certificates ("**Unrestricted Global Certificate(s)**") in the case of Registered Notes sold outside the United States in reliance on Regulation S ("**Unrestricted Registered Notes**") and/or one or more restricted global note certificates ("**Restricted Global Certificate(s)**") in the case of Registered Notes sold to QIBs in reliance on Rule 144A ("**Restricted Registered Notes**"); or

(b) individual note certificates in registered form ("**Individual Note Certificates**"),

in each case as specified in the relevant Final Terms, and references in this Base Offering Circular to "**Global Certificates**" shall be construed as a reference to Unrestricted Global Certificates and/or Restricted Global Certificates.

Unrestricted Notes in registered form will initially be represented by an Unrestricted Global Certificate, without interest coupons, which may be deposited on the issue date either (i) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, Luxembourg, with the Common Depositary, (ii) with a custodian for, and registered in the name of Cede & Co. as nominee for, DTC, or (iii) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear, Clearstream, Luxembourg or DTC or delivered outside a clearing system, as agreed between the Issuer and the relevant Dealer(s).

Restricted Notes in registered form will initially be represented by a Restricted Global Certificate, without interest coupons, which may be deposited on the issue date either (i) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, Luxembourg, with the Common Depositary or (ii) with a custodian for, and registered in the name of Cede & Co. as nominee for, DTC. If the relevant Final Terms specifies the form of Notes as being "Individual Note Certificates", then the Notes will at all times be represented by Individual Note Certificates issued to each Noteholder in respect of their respective holdings.

Global Certificate exchangeable for Individual Note Certificates

If the relevant Final Terms specifies the form of Notes as being "Global Certificate exchangeable for Individual Note Certificates", then the Notes will initially be represented by one or more Global Certificates each of which will be exchangeable in whole, but not in part, for Individual Note Certificates:

(a) on the expiry of such period of notice as may be specified in the relevant Final Terms; or

(b) at any time, if so specified in the relevant Final Terms; or

(c) if the relevant Final Terms specifies "in the limited circumstances described in the Global Certificate", then:

(i) in the case of any Global Certificate held by or on behalf of DTC, if DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Global Certificate or DTC ceases to be a "clearing agency" registered under the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**") or if at any time DTC is no longer eligible to act as such, and the relevant Issuer is unable to locate a qualified successor within 90 days of receiving notice or becoming aware of such ineligibility on the part of DTC;

(ii) in the case of any Global Certificate held by or on behalf of Euroclear, Clearstream, Luxembourg or any other relevant clearing system, if Euroclear, Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; and

(iii) in any case, if any of the circumstances described in Condition 14 (*Events of Default*) occurs.

Whenever a Global Certificate is to be exchanged for Individual Note Certificates, each person having an interest in a Global Note Certificate must provide the Registrar (through the relevant clearing system) with such information as the Issuer and the Registrar may require to complete and deliver Individual Note Certificates (including the name and address of each person in which the Notes represented by the Individual Note Certificates are to be registered and the principal amount of each such person's holding). In addition, whenever a Restricted Global Certificate is to be exchanged for Individual Note Certificates, each person having an interest in the Restricted Global Certificate must provide the Registrar (through the relevant clearing system) with a certificate given by or on behalf of the holder of each beneficial interest in the Restricted Global Certificate stating either (i) that such holder is not transferring its interest at the time of such exchange or (ii) that the transfer or exchange of such interest has been made in compliance with the transfer restrictions applicable to the Notes and that the person transferring such interest reasonably believes that the person acquiring such interest is a QIB and is obtaining such beneficial interest in a transaction meeting the requirements of Rule 144A. Individual Note Certificates issued in exchange for interests in the Restricted Global Certificate will bear the legends and be subject to the transfer restrictions set out under "*Transfer Restrictions*".

Any such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled to the Agency Agreement and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If:

(a) Individual Note Certificates have not been issued and delivered by 5.00 p.m. (London time) on the thirtieth day after the date on which the same are due to be issued and delivered in accordance with the terms of the Global Certificate; or

(b) any of the Notes evidenced by a Global Certificate has become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the holder of the Global Certificate on the due date for payment in accordance with the terms of the Global Certificate,

then the Global Certificate (including the obligation to deliver Individual Note Certificates) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such date (in the case of (b) above) and the holder will have no further rights thereunder (but without prejudice to the rights which the holder or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg (or any other relevant clearing system) as being entitled to interests in the Notes will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Global

Certificate became void, they had been the registered holders of Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear, Clearstream, Luxembourg or any other relevant clearing system (as the case may be).

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under the caption "*Terms and Conditions of the Notes*" in this Base Offering Circular or any other Base Offering Circular that is incorporated by reference herein, and the provisions of the relevant Final Terms which complete those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions, which would apply to the Note were it in definitive form to the extent below.

Payments

Subject to the restrictions described under "Bearer Notes", payments in respect of a Global Note or Global Certificate will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note or Global Certificate to or to the order of any Fiscal Agent or Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note or Global Certificate, the Issuer shall procure that the payment is noted in a schedule thereto.

Payments of principal and interest in respect of a Global Certificate registered in the name of, or in the name of a nominee for, DTC and denominated in a Specified Currency other than U.S. Dollars will be made or procured to be made by the Fiscal Agent in the Specified Currency in accordance with the following provisions. The amounts in such Specified Currency payable by the Fiscal Agent or its agent to DTC with respect to the Registered Notes held by DTC or its nominee will be received from the Issuer by the Fiscal Agent who will make payments in such Specified Currency by wire transfer of same day funds to the designated bank account in such Specified Currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of interest payments, on or prior to the third DTC business day after the DTC Record Date (as defined below) for the relevant payment of interest and, in the case of payments of principal, at least 12 DTC business days prior to the relevant payment date, to receive that payment in such Specified Currency. The Fiscal Agent, after the Exchange Agent has converted amounts in such Specified Currency into U.S. Dollars, will cause the Exchange Agent to deliver such U.S. Dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such Specified Currency. The Agency Agreement sets out the manner in which such conversions are to be made. "**DTC business day**" means any day on which DTC is open for business.

Payment Business Day

In the case of a Global Note or Global Certificate, this shall be, if the currency of payment is Euros, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre, or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

Payment Record Date

Each payment in respect of a Global Certificate will be made to the person shown as the holder in the Register at the close of business (in the relevant clearing system) on the record date which shall be: (i) except in the case of Registered Notes to be cleared through DTC, on the Clearing System Business Day immediately prior to the date for such payment, where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Registered Note is being held is open for business; and (ii) in the case of Registered Notes to be cleared through DTC, on the fifteenth DTC business day before the date for such payment (the "**DTC Record Date**").

Exercise of put option

In order to exercise the option contained in Condition 10(d) (*Redemption and Purchase–Redemption at the option of Noteholders*), the bearer of a Permanent Global Note or the holder of a Global Certificate must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to any Paying Agent or Registrar specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option

In connection with an exercise of the option contained in Condition 10(b) (*Redemption and Purchase–Redemption at the option of the Issuer*) in relation to only some of the Notes, a Permanent Global Note or Global Certificate may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

Notices

Notwithstanding Condition 21 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or a Global Certificate and the relevant Note or Notes is/are deposited with a common depositary, a custodian or nominee for Euroclear and/or Clearstream, Luxembourg and/or DTC and/or any other relevant clearing system, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 21 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or DTC and/or any other relevant clearing system.

Clearing System Accountholders

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or DTC and/or any other relevant clearing system as being entitled to an interest in a Global Note or a Global Certificate (each, an "**Accountholder**") must look solely to Euroclear and/or Clearstream, Luxembourg and/or DTC and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the bearer of such Global Note or the holder of a Global Certificate and in relation to all other rights arising under the Global Note or Global Certificate. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note or Global Certificate will be determined by the respective rules and procedures of Euroclear, Clearstream, Luxembourg, DTC and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by a Global Note or Global Certificate, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the bearer of the Global Note or the holder of the Global Certificate.

Legend concerning U.S. persons

In the case of any Tranche of Bearer Notes having a maturity of more than one year, such Notes and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

> *"Any U.S. person who holds this obligation will be subject to limitations under the U.S. income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the U.S. Internal Revenue Code of 1986, as amended."*

The sections referred to in such legend provide that a U.S. person who holds a Bearer Note, Coupon or Talon will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Bearer Note, Coupon or Talon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

Rights under the Deed of Covenant

Under the Deed of Covenant, persons shown in the records of DTC, Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note or a Permanent Global Note which becomes void will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note or Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of DTC, Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

TAXATION

The following is a general description of certain Egyptian, United States and EU 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 Base Offering Circular and is subject to any change in law that may take effect after such date.

Egyptian Taxation

According to the provisions of Law № 3 of 2021, payments of interest by the Republic in respect of the Notes shall be exempt from all applicable taxes and fees throughout the term of the Notes.

United States Federal Income Taxation

The following is an overview of certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below) thereof. This overview does not address the U.S. federal income tax consequences of every type of Note which may be issued under the Programme, and additional or modified disclosure concerning the material U.S. federal income tax consequences relevant to such type of Note may be provided in a supplement to this Base Offering Circular, as appropriate. This overview only applies to Notes held as capital assets and does not address, except as set forth below, aspects of U.S. federal income taxation that may be applicable to holders that are subject to special tax rules, such as financial institutions, insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, tax exempt organisations, dealers or traders in securities or currencies, persons that mark their securities to market, holders that will hold Notes through a partnership or other pass through entity, holders that will hold a Note as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes, controlled foreign corporations, passive foreign investment companies, individual retirement accounts and other tax-deferred accounts, U.S. holders that are required to take certain amounts into income no later than the time such amounts are reflected on an applicable financial statement, holders that will hold the Notes in connection with a trade or business conducted outside of the United States, U.S. Holders that have a functional currency other than the U.S. Dollar, or certain expatriates and long-term residents of the United States. Moreover, this overview does not address the U.S. federal estate and gift tax or alternative minimum tax consequences or the consequences of the tax on "net investment income" imposed under Section 1411 of the Code of the acquisition, ownership or disposition of Notes and does not include any description of the tax laws of any U.S. state or local or non-U.S. governments.

This overview only addresses Notes in registered form. Bearer Notes are not being offered to U.S. Holders. A U.S. Holder who owns a Bearer Note may be subject to limitations under U.S. income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Code.

This overview is based on the Code, existing and proposed U.S. Treasury Regulations, administrative pronouncements and judicial decisions, each as of the date hereof. All of the foregoing are subject to change, possibly with retroactive effect, or differing interpretations which could affect the tax consequences described herein.

For purposes of this description, a "**U.S. Holder**" is a beneficial owner of the Notes who for U.S. federal income tax purposes is: (i) an individual who is a citizen or resident of the United States; (ii) a corporation created or organised in or under the laws of the United States, any state thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust (1) that validly elects to be treated as a "United States person" as defined in the Code (a "**U.S. Person**") for U.S. federal income tax purposes or (2)(a) that is subject to the primary supervision of a court within the United States and (b) one or more U.S. Persons have the authority to control all substantial decisions of the trust.

If any entity or arrangement treated as a partnership for U.S. federal income tax purposes holds Notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax adviser concerning the U.S. federal income tax consequences of the acquisition, ownership or disposition of Notes by the partnership.

THE OVERVIEW OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR OWN TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Tax Consequences to U.S. Holders

Payments of Stated Interest

Except as set forth below, payments of stated interest on a Note, whether payable in U.S. Dollars or a currency, composite currency or basket of currencies other than U.S. Dollars (a "**foreign currency**"), other than interest on an "Original Issue Discount Note" that is not "qualified stated interest" (each as defined below under "*—Original Issue Discount*"), and including any additional amounts paid pursuant to Condition 13 in order that the net amount received by holders is equal to the amount that would have been received had no withholding on account of Egyptian taxes been made, will be includible in a U.S. Holder's gross income as ordinary income at the time it is received or accrued, in accordance with the U.S. Holder's usual method of tax accounting.

Interest income on the Notes will be treated as foreign source income for U.S. federal income tax purposes. For purposes of calculating the U.S. Holder's foreign tax credit limitation, interest on the Notes should generally constitute "passive category income" or, in the case of certain U.S. Holders, "general category income". Income taxes withheld from interest income may be eligible for credit against the U.S. Holder's U.S. federal income tax liability or, at the election of the U.S. Holder, for deduction in computing the U.S. Holder's taxable income. The U.S. federal income tax rules relating to foreign tax credits and limitations thereof are complex and may vary depending on the facts and circumstances of each U.S. Holder. Accordingly, U.S. Holders should consult their own tax advisers regarding the availability of a foreign tax credit for Egyptian tax withheld under such U.S. Holder's particular situation.

Foreign Currency Denominated Qualified Stated Interest

Except as set forth below, if any qualified stated interest payment (as defined below under "*—Original Issue Discount*"), including any additional amounts, is denominated in, or determined by reference to, a foreign currency (a "**Foreign Currency Note**"), the amount of income realized by a U.S. Holder will be the U.S. Dollar value of the foreign currency, including the amount of any applicable withholding tax thereon, regardless of whether the foreign currency is converted into U.S. Dollars. Generally, a U.S. Holder that uses the cash method of tax accounting and that receives a payment of qualified stated interest will determine such U.S. Dollar value using the spot rate of exchange on the date of receipt. Generally, a U.S. Holder that uses the accrual method of tax accounting will determine the U.S. Dollar value of accrued interest income using the average rate of exchange for the accrual period (or, in the case of an accrual period that spans two taxable years of the U.S. Holder, the part of the period within the applicable taxable year) or, at the U.S. Holder's election, at the spot rate of exchange on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years of the U.S. Holder, the last day of the period within the applicable taxable year) or the spot rate on the date of receipt, if that date is within five business days of the last day of the accrual period. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the U.S. Internal Revenue Service ("**IRS**"). A U.S. Holder that uses the accrual method of accounting for tax purposes will recognise U.S. source foreign currency gain or loss on the receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note) if the exchange rate in effect on the date payment is received differs from the rate applicable to an accrual of that interest, regardless of whether the payment is converted into U.S. Dollars at such time. This foreign currency gain or loss will be treated as ordinary income or loss, but generally will not be treated as an adjustment to interest income received on the debt security.

Original Issue Discount

U.S. Holders of Notes issued with original issue discount ("**OID**"), including Zero Coupon Notes, with a term of over one year (each an **"Original Issue Discount Note**"), will be subject to special tax accounting rules, as described in greater detail below. Additional rules applicable to Original Issue Discount Notes that are denominated in or determined by reference to a currency other than the U.S. Dollar are described below under "*—Foreign Currency Discount Notes*."

The following discussion does not address the application of the U.S. Treasury Regulations addressing OID to, or address the U.S. federal income tax consequences of, an investment in contingent payment debt instruments. In the event the Issuer issues contingent payment debt instruments, the relevant supplemental offering circular will describe the material U.S. federal income tax consequences thereof.

For U.S. federal income tax purposes, a Note (including a Zero Coupon Note) will be treated as issued with OID if the excess of the Note's stated redemption price at maturity over its issue price equals or exceeds a specified *de minimis* amount (0.25% of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity (or, in the case of a Note that provides for payments other than qualified stated interest before maturity, its weighted average maturity)). A Note's "weighted average maturity" is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note's stated redemption price at maturity. The "issue price" of each Note in a particular offering will be the first price at which a substantial amount of that particular offering is sold (other than to an underwriter, broker, placement agent or wholesaler). The term "qualified stated interest" means stated interest that is unconditionally payable in cash or in property (other than debt instruments of the issuer) at least annually at a single fixed rate or, subject to certain conditions, at a variable rate (including a rate based on one or more interest indices). Interest is payable at a single fixed rate only if the rate appropriately takes into account the length of the interval between payments. Notice will be given in the relevant Final Terms if it is determined that a particular Note will bear interest that is not qualified stated interest. In the case of a Note whose stated redemption price at maturity exceeds its issue price by less than the specific *de minimis* amount ("***de minimis* OID**"), a U.S. Holder of such Note must include such *de minimis* OID in income as stated principal payments on the Note are made, unless the U.S. Holder makes the election described below under "—*Election to Treat All Interest as Original Issue Discount*". The amount of such includible income with respect to each principal payment will equal the product of the total amount of the Note's *de minimis* OID and a fraction, the numerator of which is the amount of the principal payment made and the denominator of which is the stated principal amount of the Note.

U.S. Holders of Original Issue Discount Notes must, in general, include OID as ordinary income, calculated on the constant yield method, as described in this paragraph, in advance of the receipt of some or all of the related cash payments, regardless of their method of accounting. The amount of OID includible in income by the initial U.S. Holder of an Original Issue Discount Note is the sum of the "daily portions" of OID with respect to the Note for each day during the taxable year or portion of the taxable year in which such U.S. Holder held such Note ("**accrued OID**"). The daily portion is determined by allocating to each day in any "accrual period" a *pro rata* portion of the OID allocable to that accrual period. The "accrual period" for an Original Issue Discount Note may be of any length and may vary in length over the term of the Note, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs on the first day or the final day of an accrual period. The amount of OID allocable to any accrual period is an amount equal to the excess, if any, of (a) the product of the Note's adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of any qualified stated interest allocable to the accrual period. OID allocable to a final accrual period is the difference between the amount payable at maturity (other than a payment of qualified stated interest) and the adjusted issue price at the beginning of the final accrual period. Special rules will apply for calculating OID for an initial short accrual period. The "stated redemption price at maturity" of a Note is the sum of all amounts payable on the Note after the purchase date that are not payments of qualified stated interest. The "adjusted issue price" of a Note at the beginning of any accrual period is equal to its issue price increased by the accrued OID for each prior accrual period (determined without regard to the amortisation of any acquisition or bond premium, as described below) and reduced by any payments made on such Note (other than qualified stated interest) on or before the first day of the accrual period. The "yield to maturity" of a Note is the discount rate that causes the present value of all payments on the Note as of its original issue date to equal the issue price of such Note. Under these rules, a U.S. Holder will generally have to include in income increasingly greater amounts of OID in successive accrual periods.

Certain of the Notes may be redeemed prior to their maturity at the Issuer's option and/or at the option of the holder. Original Issue Discount Notes containing such features may be subject to rules that differ from the general rules discussed herein. Persons considering the purchase of Original Issue Discount Notes with such features should carefully examine the relevant Final Terms and should consult their own tax advisers with respect to such features since the tax consequences with respect to OID will depend, in part, on the particular terms and features of the Notes.

In the case of an Original Issue Discount Note that is a Floating Rate Note, both the "yield to maturity" and "qualified stated interest" will be determined solely for purposes of calculating the accrual of OID, as though the Note will bear interest in all periods at a fixed rate generally equal to the rate that would be applicable to interest payments on the Note on its date of issue or, in the case of certain Floating Rate Notes, the rate that reflects the yield to maturity that is reasonably expected for the Note. Additional rules may apply if interest on a Floating Rate Note is based on more than one interest index or if the principal amount of the Note is indexed in any manner. Persons considering the purchase of Floating Rate Notes should carefully examine the relevant supplemental offering circular and should consult their own tax advisers regarding the U.S. federal income tax consequences of the ownership and disposition of such Notes.

Election to Treat All Interest as Original Issue Discount

U.S. Holders may elect to treat all interest on any Note as OID and calculate the amount includible in gross income under the constant yield method described above. For the purposes of this election, interest includes stated interest, discount, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortisable bond premium or acquisition premium. This election will generally apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. U.S. Holders should consult their own tax advisers about this election.

Short Term Notes

In the case of Notes having a term of one year or less ("**Short-term Notes**"), all payments (including all stated interest) will be included in the stated redemption price at maturity and, thus, U.S. Holders generally will be taxable on the discount in lieu of any stated interest. The discount will be equal to the excess of the stated redemption price at maturity over the issue price of a Short-term Note, unless the U.S. Holder elects to compute this discount using tax basis instead of issue price. Such election will apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS. Under the OID regulations, in general, individuals and certain other cash method U.S. Holders of a Short-term Note are not required to include accrued discount in their income currently unless the U.S. Holder elects to do so (but may be required to include any stated interest in income as it is received). U.S. Holders that report income for U.S. federal income tax purposes on the accrual method and certain other U.S. Holders are required to accrue discount on such Short-term Notes (as ordinary income) on a straight-line basis, unless an election is made to accrue the discount according to a constant yield method based on daily compounding. In the case of a U.S. Holder that is not required, and does not elect, to include discount in income currently, any gain realised on the sale, exchange or retirement of the Short-term Note will generally be ordinary income to the extent of the discount accrued on a straight-line basis (unless an election is made to accrue the OID under the constant-yield method) through the date of sale, exchange or retirement. In addition, a U.S. Holder that is not required and does not elect to include currently accrued discount in income may be required to defer deductions for a portion of the U.S. Holder's interest expense with respect to any indebtedness incurred or continued to purchase or carry such Notes in an amount not exceeding the deferred income until the deferred income is realised.

Acquisition Premium

A U.S. Holder that purchases an Original Issue Discount Note for an amount that is greater than its adjusted issue price but less than or equal to the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, will be considered to have purchased the Original Issue Discount Note at an "acquisition premium". If the U.S. Holder does not make the election described above under "*—Election to Treat all Interest as Original Issue Discount*," under the acquisition premium rules, the daily portions of original issue discount which the U.S. Holder must include in its gross income with respect to such Original Issue Discount Note will be reduced by an amount equal to the daily portion of the original issue discount for such day multiplied by the acquisition premium fraction. The numerator of the "acquisition premium fraction" is the excess of the U.S. Holder's adjusted basis in the Note immediately after its purchase over the adjusted issue price of the Note, and the denominator is the sum of the daily portions of OID for such Note for all days after the date of purchase and ending on the stated maturity date (i.e., the total original issue discount remaining on the Note).

Market Discount

If a U.S. Holder purchases a Note (other than a Short-term Note) for an amount that is less than its stated redemption price at maturity (or, in the case of a Note issued with OID, its adjusted issue price), the amount of the difference will be treated as market discount, unless this difference is less than a specified *de minimis* amount (0.25% of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity (or, in the case of a Note that provides for payments other than qualified stated interest before maturity, its weighted average maturity)). A U.S. Holder must treat any gain it recognizes on the maturity or disposition of a market discount Note as ordinary income to the extent of the accrued market discount on such Note while held by such U.S. Holder. Alternatively, such U.S. Holder may elect to include market discount in income currently over the life of such Note. If a U.S. Holder makes this election, it will apply to all debt instruments with market discount that a U.S. Holder acquires on or after the first day of the first taxable year to which the election applies. A U.S. Holder may not revoke this election without the consent of the IRS. If a U.S. Holder owns a market discount Note and does not make this election, it will generally be required to defer deductions for interest on borrowings allocable to such Note in an amount not exceeding the accrued market discount on such Note until the maturity or disposition of such Note.

Under current law, a U.S. Holder will accrue market discount on a market discount Note on a straight-line basis unless it elects to accrue market discount using a constant yield to maturity method. If such U.S. Holder makes this election, it will apply only to the Note with respect to which it is made and is irrevocable without the consent of the IRS.

Market discount that is accrued by a U.S. Holder may be accrued in foreign currency. If the U.S. Holder elects to include market discount accrued in foreign currency in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder that does not elect to include such market discount in income currently will recognize, upon the sale or retirement of the Note, the U.S. dollar value of the amount accrued, calculated at the spot rate on that date, and no part of the accrued market discount will be treated as exchange gain or loss.

Variable Rate Debt Instruments

Generally, a Floating Rate Note will qualify as a "variable rate debt instrument" if: (a) its issue price does not exceed the total non-contingent principal payments due under the Floating Rate Note by more than an amount equal to the lesser of (i) 0.015 multiplied by the product of the total non-contingent principal payments and the number of complete years to maturity from the issue date or (ii) 15% of the total non-contingent principal payments; (b) it does not provide for stated interest other than stated interest that pays or compounds at least annually at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate; and (c) each qualified floating rate or objective rate in effect at any time during the term of the Note is set at a current value of that rate (i.e., the value of the rate on any day that is no earlier than three months prior to the first day on which the value is in effect and no later than one year following that first day).

A "qualified floating rate" is any variable rate where: (a) variations in the value of such rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Floating Rate Notes are denominated; or (b) the rate is equal to a rate specified in (a) multiplied by either a fixed multiple that is greater than 0.65 but not more than 1.35; or (c) the rate is equal to a rate specified in (a) or (b), increased or decreased by a fixed rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Floating Rate Notes together will constitute a single qualified floating rate. Two or more qualified floating rates will be presumed to meet the requirements of the previous sentence if the values of all rates on the issue date are within 25 basis points of each other. Notwithstanding the foregoing, a variable rate is not a qualified floating rate if it is subject to certain restrictions (including caps, floors, governors or other similar restrictions) unless such restrictions are fixed throughout the term of the Note or are not reasonably expected to significantly affect the yield on the Note.

An "objective rate" is a rate that: (a) is not a qualified floating rate; and (b) is determined using a single fixed formula that is based on objective financial or economic information that is not within the control of or unique to the circumstances of the issuer or a related party. Despite the foregoing, a variable rate of interest on Floating Rate Notes will not constitute an objective rate if it is reasonably expected that the average value of such rate during the first half of the Floating Rate Notes' term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Floating Rate Notes' term. A "qualified inverse floating rate," is any objective rate where such rate is equal to a fixed rate minus a qualified floating rate, and the variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the cost of newly borrowed funds in the currency in which the Floating Rate Notes are denominated.

Generally, if a Floating Rate Note provides for stated interest (payable unconditionally at least annually) at a fixed rate for an initial period of one year or less followed by a variable rate that is either a single qualified floating rate or a single objective rate, and the value of the variable rate on the Floating Rate Notes' issue date is intended to approximate the fixed rate, then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be. If the Notes pay interest at a single objective rate or a single qualified floating rate, the amount of original issue discount allocated to an accrual period, if any, is determined by using the constant yield method with a fixed rate equal to, in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or, for any other objective rate, a fixed rate that reflects the yield reasonably expected for such Floating Rate Note.

If a Floating Rate Note that is a variable rate debt instrument does not provide for stated interest at a single qualified floating rate or single objective rate, or at a single fixed rate (other than at a single fixed rate for an initial period), the amount of qualified stated interest and the amount and accrual of original issue discount on the Note are generally determined by: (a) determining a fixed rate substitute for each variable rate provided under the Floating Rate Note (generally, the value of each variable rate as of the issue date or, in the case of an objective rate that is not a qualified inverse floating rate, a rate that reflects the yield that is reasonably expected for the Note); (b) constructing the equivalent fixed rate debt instrument (using the fixed rate substitutes described above); (c) determining the amount of qualified stated interest and original issue discount with respect to the equivalent fixed rate debt instrument (by applying the general original issue discount rules as described above in "—*Original Issue Discount*"); and (d) making the appropriate adjustment for actual variable rates during the applicable accrual period.

If a Floating Rate Note provides for stated interest either at one or more qualified floating rates or at a qualified inverse floating rate and in addition provides for stated interest at a single fixed rate (other than a single fixed rate for an initial period), a U.S. Holder generally must determine the amount of interest and original issue discount accruals by using the method described in the preceding paragraph with the modification that the Floating Rate Note is treated, for purposes of the first three steps of the determination, as if it provided for a qualified floating rate (or qualified inverse floating rate, if the Note provides for a qualified inverse floating rate) rather than the fixed rate. The qualified floating rate (or qualified inverse floating rate) replacing the fixed rate must be such that the fair market value of the Note as of the issue date would be approximately the same as the fair market value of an otherwise identical debt instrument that provides for a qualified floating rate (or qualified inverse floating rate) rather than a fixed rate.

A Floating Rate Note that does not qualify as a variable rate debt instrument will be treated as a contingent payment debt obligation. The proper U.S. federal income tax treatment of such a Note will be more fully described in the relevant supplemental offering circular.

Foreign Currency Discount Notes

OID for any accrual period on an Original Issue Discount Note that is denominated in, or determined by reference to, a foreign currency will be determined in the foreign currency and then translated into U.S. Dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above under "*—Foreign Currency Denominated Qualified Stated Interest.*" Upon receipt of an amount attributable to OID (whether in connection with a payment of interest or the sale or retirement of a Note), a U.S. Holder will recognise foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. Dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. Dollars.

Notes Purchased at a Premium

A U.S. Holder that purchases a Note for an amount in excess of the sum of all amounts payable on the Note after the purchase date other than qualified stated interest will be considered to have purchased the Note with "amortisable bond premium" equal to such excess. A U.S. Holder generally may elect to amortise the premium over the remaining term of the Note on a constant yield method. If a U.S. Holder makes this election, it will reduce the amount required to be included in income each year with respect to interest on the Note by an amount of the amortisable bond premium allocable to that year, and the U.S. Holder must reduce its tax basis in the Note by the amount of the premium used to offset qualified stated interest. In the case of a Note that is denominated in, or determined by reference to, a foreign currency, bond premium will be computed in units of foreign currency, and amortisable bond premium will reduce interest income in units of the foreign currency. On the date amortised bond premium offsets interest income, exchange gain or loss (taxable as ordinary income or loss) will be recognized to the extent of the difference between the spot rate of exchange on that date and on the date of the acquisition of the Notes. Any election to amortise bond premium shall apply to all bonds (other than bonds the interest on which is excludable from gross income) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. Special rules limit the amortisation of premium in the case of debt that is redeemable at a premium. Bond premium on a Note held by a U.S. Holder that does not make such an election will decrease the capital gain or increase the capital loss otherwise recognised on disposition of the Note.

Sale, Exchange or Retirement

A U.S. Holder generally will recognise gain or loss on the sale, exchange or retirement of a Note equal to the difference between the amount realised on the sale, exchange or retirement and the U.S. Holder's adjusted tax basis of the Note, in each case as determined in U.S. dollars. U.S. Holders should consult their own tax advisers about how to account for proceeds received on the sale, exchange or retirement of Notes that are not paid in U.S. dollars. A U.S. Holder's adjusted tax basis in a Note generally will be its cost increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Note and the amount, if any, of income attributable to *de minimis* OID and *de minimis* market discount included in the U.S. Holder's income with respect to the Note and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortisable bond premium applied to reduce interest on the Note. The amount realised does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income.

Gain or loss recognised on the sale, exchange or retirement of a Note (other than gain or loss that is attributable to OID, market discount or to changes in exchange rates) will be capital gain or loss and will be long-term capital gain or loss if the Note was held for more than one year at the time of such sale. The deductibility of capital losses is subject to limitation. Gain or loss recognised by a U.S. Holder on the sale, exchange or retirement of a Note that is attributable to changes in the exchange rates will be treated as U.S. source ordinary income or loss; however, exchange gain or loss (including with respect to accrued interest) is taken into account only to the extent of total gain or loss realised on the transaction. Gain or loss realised by a U.S. Holder on the sale, exchange or retirement of a Note generally will be U.S. source income or loss. Prospective investors should consult their tax advisers as to the foreign tax credit implications of such sale, exchange or retirement of Notes.

Sale, Exchange or Retirement of Foreign Currency

A U.S. Holder will have a tax basis in any foreign currency received as interest on a Note or on the sale, exchange or retirement of a Note equal to its U.S. Dollar value at the time such interest is received or at the time of such sale or retirement. Foreign currency that is purchased generally will have a tax basis equal to the U.S. Dollar value of the foreign currency on the date of purchase. Any gain or loss realised by a U.S. Holder on a sale or other disposition of foreign currency (including its exchange for U.S. Dollars or its use to purchase Notes) generally will be U.S source ordinary income or loss.

Reportable Transaction Reporting

Under certain U.S. Treasury Regulations, U.S. Holders that participate in "reportable transactions" (as defined in the U.S. Treasury Regulations) must attach to their U.S. federal income tax returns a disclosure statement on Form 8886. Under the relevant rules, if the Notes are denominated in a foreign currency, a U.S. Holder may be required to treat foreign currency exchange loss from the Notes as a reportable transaction if this loss exceeds the relevant threshold in the regulations (U.S.$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amount for other non-individual U.S. Holders), and to disclose its investment by filing Form 8886 with the IRS. A penalty of up to U.S.$10,000 in the case of a natural person and U.S.$50,000 in all other cases may be imposed in any taxable year on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. U.S. Holders should consult their own tax advisers as to the possible obligation to file Form 8886 with respect to the ownership or disposition of the Notes, or any related transaction, including without limitation, the disposition of any foreign currency received as interest or as proceeds from the sale, exchange or retirement of the Notes.

Foreign Financial Asset Reporting

Certain U.S. Holders who are individuals are required to report information relating to an interest in the Notes, subject to certain exceptions, unless the Notes are held in an account at a financial institution (in which case the account may be reportable if maintained by a foreign financial institution). U.S. Holders are urged to consult their tax advisers regarding their information reporting obligations, if any, with respect to their ownership of the Notes.

U.S. Backup Withholding Tax and Information Reporting

Payments of principal, interest and accruals of OID on, and the proceeds of sale, exchange or retirement of the Notes by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding may apply to these payments, including payments of accrued OID, if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

Any backup withholding from a payment will be allowed as a credit against a holder's U.S. federal income tax liability and may entitle such holder to a refund, provided the required information is furnished to the IRS.

The Proposed Financial Transactions Tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

*Notes may be sold from time to time by the Issuer to any one or more of BNP Paribas, Citigroup Global Markets Limited, First Abu Dhabi Bank PJSC, HSBC Bank plc, J.P. Morgan Securities plc, Natixis and Standard Chartered Bank and any additional dealer(s) appointed under the Programme from time to time by the Issuer (the "**Dealers**"). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in the Dealer Agreement dated 22 May 2020 as amended on 7 February 2021 (the "**Dealer Agreement**") among the Issuer, the Arrangers and the Dealers, subject to amendment in connection with the issue of any Notes. Any such agreement will, inter alia, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers, either generally in respect of the Programme or in relation to a particular Tranche of Notes.*

General

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Offering Circular or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Offering Circular or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Offering Circular or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out below) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or in a supplement to this Base Offering Circular.

Arab Republic of Egypt

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that Notes to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in Egypt, other than in compliance with any laws applicable in Egypt governing the issue, offering and sale of securities.

United States

The Notes have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and Bearer Notes are subject to U.S. tax law requirements. The Notes may not be offered, sold or (in the case of Bearer Notes) delivered within the United States or (in the case of Bearer Notes) to, or for the account or benefit of, U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder. The relevant Final Terms will identify whether the TEFRA C Rules or the TEFRA D Rules apply or whether TEFRA is not applicable.

The Notes will be offered and sold (A) in bearer form or registered form outside the United States in reliance on Regulation S and (B) in registered form within the United States only to persons who are QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offer) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from registration under the Securities Act.

The Dealer Agreement provides that the Arranger(s), or any Dealer with the prior written consent of the Arranger(s), may directly or through its respective agents or affiliates arrange for the resale of Restricted Registered Notes in the United States only to QIBs pursuant to Rule 144A.

Prohibition of Sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer in connection with any issue of Notes will be required to represent and agree that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Offering Circular as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(b) a customer within the meaning of Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act № 25 of 1948, as amended) (the "**FIEA**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold Notes, and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act № 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Malaysia

This Base Offering Circular has not been registered as a prospectus with the Securities Commission of Malaysia under the Capital Markets and Services Act 2007 of Malaysia. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes have not been and will not be offered, sold or delivered by it, and no invitation to subscribe for or purchase the Notes have been or will be made, directly or indirectly by it, nor may any document or other material in connection therewith be distributed by it in Malaysia, other than to persons or in categories falling within Schedule 6 (or Section 229(1)(b)), Schedule 7 (or Section 230(1)(b)), and Schedule 8 (or Section 257(3)) of the Capital Markets and Services Act 2007 of Malaysia, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the Securities Commission of Malaysia and/or any other regulatory authority from time to time.

Residents of Malaysia may be required to obtain relevant regulatory approvals including approval from the Controller of Foreign Exchange to purchase the Notes. The onus is on the Malaysian residents concerned to obtain such regulatory approvals and none of the Dealers is responsible for any invitation, offer, sale or purchase of the Notes as aforesaid without the necessary approvals being in place.

Singapore

This Base Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore, as modified or amended from time to time (the "**SFA**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and that it will not offer or sell any Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, nor will it circulate or distribute this Base Offering Circular or any other document or material in connection with the offer or sale or invitation for subscription or purchase of the Notes, whether directly or indirectly, to any person in Singapore other than: (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA Chapter 289; (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivative contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 37A of the Securities and Futures (offers of investments) (Securities and Securities-based Derivatives contracts) Regulations 2018.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Notes.

Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires any Notes pursuant to an offering should note that any offer of Notes in the Kingdom of Saudi Arabia is a private placement under Article 8 of the Rules on the Offer of Securities and Continuing Obligations as issued by the Board of the CMA resolution number 3-123-2017 dated 9/4/1439H (corresponding to 27 December 2017) (the "**Offer of Securities Rules**"), as amended by the Board of the CMA resolution number 1-104-2019 dated 1/6/1442H (corresponding to 30 September 2019) (the "**KSA Regulations**"), made through a capital market institution authorised by the CMA to carry out arranging activities and following a notification to the CMA under Article 10 of the Offer of Securities Rules, as amended by the Board of the CMA resolution number 1-7-2021 dated 1/6/1442H (corresponding to 14 January 2021) (the "**2021 KSA Regulations**").

The Notes may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than:

(a) in relation to issuances occurring prior to 1 January 2022, to sophisticated investors under Article 9 of the KSA Regulations or by way of a limited offer under Article 10 of the KSA Regulations; and

(b) in relation to any issuances occurring on or after 1 January 2022, to institutional or qualified clients under Article 8(a)(1) of the 2021 KSA Regulations as such terms are defined in the CMA Glossary of Defined Terms Used in Regulations and Rules (the "**Glossary**") or by way of a limited offer under Article 9 of the 2021 KSA Regulations.

Each Dealer in connection with any issue of Notes will be required to represent and agree that any offer by it of Notes to a Saudi Investor will be made in compliance with (a) in relation to issuances occurring prior to 1 January 2022, Article 9 or Article 10 of the KSA Regulations and Article 10 of the 2021 KSA Regulations and (b) in relation to issuances occurring on or after 1 January 2022, Article 8(a)(1) (including the Glossary) or Article 9 of the 2021 KSA Regulations and Article 10 of the 2021 KSA Regulations.

Each offer of Notes shall not therefore constitute a "public offer", an "exempt offer" or a "parallel market offer" pursuant to the KSA Regulations or the 2021 KSA Regulations, but is subject to the restrictions on secondary market activity under Article 15 of the KSA Regulations and, in relation to issuances after 1 January 2022, to the restrictions set out in Article 14 of the 2021 KSA Regulations. Until 1 January 2022, any Saudi Investor who has acquired Notes pursuant to a private placement under Article 9 or Article 10 of the KSA Regulations may not offer or sell those Notes to any person unless the offer or sale is made through a capital market institution appropriately licensed by the CMA and: (a) the Notes are offered or sold to a sophisticated investor (as defined in Article 9 of the KSA Regulations); (b) the price to be paid for the Notes in any one transaction is equal to or exceeds Saudi Riyals 1 million or an equivalent amount; or (c) the offer of sale is otherwise in compliance with Article 15 of the KSA Regulations. If the requirement in (b) cannot be fulfilled because the price of the Notes being offered or sold to the transferee has declined since the date of the original private placement, the transferor may offer or sell the Notes to the transferee if their purchase price during the period of the original private placement was equal to or exceeded Saudi Riyals 1 million or an equivalent amount and if that requirement cannot be fulfilled, a transferor may offer or sell the Notes if it sells its entire holding of such Notes to one transferee.

On or after 1 January 2022, any Saudi Investor who has acquired Notes pursuant to a private placement under Article 8 of the 2021 KSA Regulations may not offer or sell those Notes to any person unless the offer or sale is made through a capital market institution appropriately licensed by the CMA and: (a) the Notes are offered or sold to an institutional or qualified investor (as defined in the Glossary); (b) the price to be paid for the Notes in any one transaction does not exceed Saudi Riyals 200,000 or an equivalent amount; or (c) the offer of sale is otherwise in compliance with Article 14 of the 2021 KSA Regulations. If the requirement in (b) cannot be fulfilled because the price of the Notes being offered or sold to the transferee has increased since the date of the original private placement, the transferor may offer or sell the Notes to the transferee if their purchase price during the period of the original private placement did not exceed Saudi Riyals 200,000 or an equivalent amount and if that requirement cannot be fulfilled, a transferor may offer or sell the Notes if it sells its entire holding of such Notes to one transferee.

United Arab Emirates (excluding the Dubai International Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Notes to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

(a) an "**Exempt Offer**" in accordance with the Markets Rules (MKT) Module of the Dubai Financial Services Authority (the "**DFSA**") rulebook; and

(b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA rulebook.

Kingdom of Bahrain

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, and will not offer, Notes except on a private placement basis to persons in the Kingdom of Bahrain who are accredited investors.

For this purpose, an "**accredited investor**" means:

(a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.$1,000,000 or more;

(b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.$1,000,000; or

(c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

State of Qatar (including the Qatar Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, directly or indirectly, any Notes in the State of Qatar (including the Qatar Financial Centre), except: (i) in compliance with all applicable laws and regulations of the State of Qatar (including the Qatar Financial Centre); and (ii) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar.

TRANSFER RESTRICTIONS

Regulation S Notes

Each purchaser of Notes outside the United States pursuant to Regulation S and each subsequent purchaser of such Notes in resales, by accepting delivery of this Base Offering Circular and the Notes, will be deemed to have represented, agreed and acknowledged that:

(i) it is, or at the time Notes are purchased will be, the beneficial owner of such Notes and:

(a) it is located outside the United States (within the meaning of Regulation S); and

(b) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate;

(ii) it understands that such Notes have not been and will not be registered under the Securities Act, and that it will not offer, sell, pledge or otherwise transfer such Notes except:

(a) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S; or

(b) to the Issuer; or

(c) in the case of Registered Notes only, in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or the account of a QIB,

in each case in accordance with any applicable securities laws of any State of the United States; and

(iii) in the case of Bearer Notes only, prior to the expiration of the distribution compliance period it will not offer, sell, pledge or otherwise transfer such Bearer Notes except:

(a) in an offshore transaction to a non-U.S. person in accordance with Rule 903 or 904 of Regulation S; or

(b) to the Issuer.

(iv) it understands that the Issuer, the Fiscal Agent, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Notes is no longer accurate, it shall promptly notify the Issuer and the Dealer(s).

Any interest in a Note represented by an Unrestricted Global Certificate that is transferred to a person who takes delivery in the form of an interest in a Note represented by a Restricted Global Certificate will, upon transfer, cease to be an interest in a Note represented by an Unrestricted Global Certificate and become an interest in a Note represented by a Restricted Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to Notes represented by a Restricted Global Certificate.

Rule 144A Notes

Each purchaser of Notes in reliance on Rule 144A, by accepting delivery of this Base Offering Circular, will be deemed to have represented, agreed and acknowledged as follows (terms used in the following paragraphs that are defined in Rule 144A have the respective meanings given to them in Rule 144A):

(i) the purchaser is (a) a QIB, (b) acquiring the Notes for its own account or for the account of one or more QIBs, (c) not formed for the purpose of investing in the Notes or the Issuer and (d) is aware, and each beneficial owner of such Notes has been advised that the sale of the Notes to it is being made in reliance on Rule 144A;

(ii) the purchaser understands that (1) the Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it, and any person acting on its behalf, reasonably believes is a QIB purchasing for its own account or for the account of one or more QIBs, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), (d) pursuant to an effective registration statement under the Securities Act or (e) to the Issuer or any of their respective affiliates, in each case in accordance with any applicable securities laws of any State of the United States; and (2) it will, and each subsequent holder of the Notes is required to, notify any purchaser of the Notes from it of the resale restrictions applicable to the Notes;

(iii) the purchaser understands that the Restricted Global Certificate and any restricted Individual Note Certificate (a "**Restricted Individual Note Certificate**") will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

THE NOTES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR ANY SECURITIES LAW OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING THE NOTES REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF THE ISSUER THAT THE NOTES REPRESENTED HEREBY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (1) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR A PERSON PURCHASING FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (4) TO THE ISSUER OR ITS AFFILIATES OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THIS NOTE;

(iv) if it is acquiring any Notes for the account of one or more QIBs, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account;

(v) the purchaser understands that the Issuer, the Fiscal Agent, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Notes is no longer accurate, it shall promptly notify the Issuer and the Dealer(s); and

(vi) Notes represented by an interest in a Restricted Global Certificate may also be transferred to a person who wishes to hold such Notes in the form of an interest in an Unrestricted Global Certificate, but only upon receipt by the Registrar of a written certification from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144 (if available) under the Securities Act.

Upon the transfer, exchange or replacement of a Restricted Global Certificate or a Restricted Individual Note Certificate, or upon specific request for removal of the legend, the Issuer will deliver only a Restricted Global Certificate or one or more Restricted Individual Note Certificates that bear such legend or will refuse to remove such legend, unless there is delivered to the Issuer and the Registrar such satisfactory evidence (which may include a legal opinion) as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Any interest in a Restricted Global Certificate that is transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Certificate will, upon transfer, cease to be an interest in a Restricted Global Certificate and become an interest in an Unrestricted Global Note Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to an interest in an Unrestricted Global Certificate.

Prospective purchasers that are QIBs are hereby notified that sellers of the Restricted Registered Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

CLEARING AND SETTLEMENT

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear and/or Clearstream (collectively, the "**Clearing Systems**") currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing Systems. Neither the Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but neither the Issuers nor any Dealer takes any responsibility for the accuracy thereof.*

DTC Book-Entry System

Registered Notes, whether as part of the initial distribution of the Notes or in the secondary market, are eligible to be held in book-entry form in DTC.

DTC has advised the Issuer that it 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 "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants ("**Participants**") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants ("**Direct Participants**") include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**").

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "**DTC Rules**"), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system ("**DTC Notes**") as described below, and receives and transmits distributions of principal and interest on DTC Notes. The DTC Rules are on file with the SEC. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes ("**Owners**") have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the DTC Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest with respect to the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners 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 the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished 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 DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC 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 DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to 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.

Redemption notices shall be sent to Cede & Co. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, DTC will exchange the DTC Notes for Individual Note Certificates, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Restricted Global Note Certificate, will be legended, as set forth under "*Transfer Restrictions*".

Book-entry Ownership of and Payments in respect of DTC Notes

The Issuer may apply to DTC in order to have each Tranche of Notes represented by a Restricted Global Certificate, and if applicable, the Unrestricted Global Certificate, accepted in its book-entry settlement system. Upon the issue of any Global Registered Notes, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Global Registered Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer.

Ownership of beneficial interests in a Global Registered Note will be limited to Direct Participants or Indirect Participants. Ownership of beneficial interests in a Global Registered Note will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. Dollars of principal and interest in respect of a Global Registered Note registered in the name of DTC's nominee will be made to the order of such nominee as the registered holder of such Note. Payments of principal and interest in a currency other than U.S. Dollars in respect of Notes evidenced by a Global Certificate registered in the name of a nominee of DTC will be made or procured to be made by the Fiscal Agent in such currency in accordance with the following provisions. The amounts in such currency payable by the Fiscal Agent or its agent to DTC with respect to Notes held by DTC or its nominee will be received from the Issuer by the Fiscal Agent who will make payments in such currency by wire transfer of same day funds to the designated bank account in such currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of payments of interest, on or prior to the third business day in New York City after the record date for the relevant payment of interest and, in the case of payments of principal, at least 12 business days in New York City prior to the relevant payment date, to receive that payment in such currency. The Exchange Agent will convert amounts in such currency into U.S. Dollars and deliver such U.S. Dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such currency. The Agency Agreement sets out the manner in which such conversions are to be made.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Paying Agents, the Registrar or the Issuer. Payments of principal, premium, if any, and interest, if any, on Notes to DTC are the responsibility of the Issuer.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either system. Investors may hold their interests in Global Certificates directly through Euroclear or Clearstream, Luxembourg if they are accountholders or indirectly through organisation which are accountholders therein.

Transfers of Notes Represented by Global Registered Notes

Transfers of any interests in Notes represented by a Global Registered Note will be effected in accordance with the customary rules and operating procedures of the relevant Clearing Systems. The laws of some states within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Global Registered Note to such persons may depend upon the ability to exchange such Notes for Individual Note Certificates. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Global Registered Note held by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or to otherwise take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Global Registered Note held by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a direct or indirect participant in the DTC system.

Transfers at any time by a holder of a book-entry interest in a Restricted Global Certificate to a transferee who takes delivery of such book-entry interest through an Unrestricted Global Certificate for the same Series of Notes will only be made upon delivery to the Registrar of a certificate setting forth compliance with the provisions of Regulation S. Transfers at any time by a holder of a book-entry interest in an Unrestricted Global Certificate to a transferee who takes delivery of such book-entry interest through a Restricted Global Note Certificate for the same Series of Notes will only be made upon receipt by the Registrar or the Transfer Agent of a written certificate from the transferor of such book- entry interest to the effect that such transfer is being made to a person whom such transferor, and any person acting on its behalf, reasonably believes is a QIB within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Transfer Restrictions*" and in accordance with any applicable securities laws of any state of the United States.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Transfer Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, and/or the Paying Agents, as the case may be, and any custodian with whom the relevant Global Registered Notes have been deposited.

On or after the relevant issue date for any Series, transfers of Notes of such Series between accountholders in Euroclear or Clearstream and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in DTC and Euroclear or Clearstream participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear or Clearstream on the other, transfers of interests in the relevant Global Registered Notes will be effected through the Registrar and/or the relevant Paying Agent, as the case may be, and the custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payments must be made separately.

The Clearing Systems have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Global Registered Notes among participants and accountholders of the Clearing Systems. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Registrar, the Paying Agents or any Dealer(s) will be responsible for any performance by the Clearing Systems or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Global Registered Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

Pre-issue Trades Settlement

It is expected that delivery of Notes will be made against payment therefor on the relevant issue date, which could be more than two business days following the date of pricing. Under Rule 15c6-1 of the Exchange Act, trades in the United States secondary market generally are required to settle within two business days (T+2), unless the parties to any such trade expressly agree otherwise. Accordingly, if an issue date is more than two business days following the relevant date of pricing, purchasers who wish to trade Registered Notes in the United States between the date of pricing and the date that is two business days prior to the relevant issue date will be required, by virtue of the fact that such Notes initially will settle beyond T+2, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and, if an issue date is more than two business days following the relevant date of pricing, purchasers of Notes who wish to trade Notes between the date of pricing and the date that is two business days prior to the relevant issue date should consult their own adviser.

GENERAL INFORMATION

Authorisation

The establishment of the Programme by the Issuer was authorised by a resolution of the Minister of Finance dated 26 May 2015. The issuance of Notes under the Programme during the fiscal year 2021/22 is authorised by the State Budget Law № 74 of 2021 regarding the State budget for the fiscal year 2021/22. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

Listing and Admission to Trading of Notes

Application may be made to the London Stock Exchange for Notes issued under the Programme to be admitted to the Official List and to trading on the main market of the London Stock Exchange. Any Series of Notes intended to be admitted to trading on the main market of the London Stock Exchange will be so admitted to trading upon submission to the London Stock Exchange of the applicable Final Terms and any other information required by the London Stock Exchange. Prior to admission to trading, dealings in the Notes of the relevant Series will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day after the day of the transaction. Unlisted Notes may be issued pursuant to the Programme. The application for listing of Notes of any Series issued under the Programme relates to all Notes of that Series issued or proposed to be issued.

Legal and Arbitration Proceedings

Save as set out under the caption "*The Arab Republic of Egypt—Legal Proceedings—International Investment Treaty Claim*" on pages 54-55 of this Base Offering Circular, 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 Base Offering Circular 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.

Significant/Material Change

Except as disclosed under "*Response to Covid-19*", "*The Economy*", "*External Sector*", "*Monetary System*", "*Public Finance*" and "*Public Debt*", there has been no significant change in the tax and budgetary systems, gross public debt, foreign trade and balance of payments, foreign exchange reserves, financial position and resources and income and expenditure figures of the Republic since 30 June 2021. There have been no recent events relevant to the evaluation of the Republic's solvency.

Documents on Display

From the date of this Base Offering Circular 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 electronic form during usual business hours on any business day, for inspection at the office of the Paying Agent:

- the Agency Agreement;
- the First Supplemental Agency Agreement;
- the Deed of Covenant;
- the Issuer's 2021/22, 2020/21, 2019/20, 2018/19 and 2017/18 budgets;
- Law № 74 of 2021 regarding the State budget for the fiscal year 2021/22; and
- the Base Offering Circular and any future supplements and any Final Terms to this Base Offering Circular (save that Final Terms relating to an unlisted Note will only be available for inspection by a Holder of such Note and such Holder must produce evidence satisfactory to the Paying Agent as to the identity of such Holder).

In addition, this Base Offering Circular will be published, and available for ten years, on the website of the Issuer (www.mof.gov.eg).

For the period of 12 months following the date of this Base Offering Circular, the following documents will be available by electronic means on the internet site www.mof.gov.eg: (i) the Issuer's 2021/22, 2020/21, 2019/20, 2018/19 and 2017/18 budgets; and (ii) Law № 74 of 2021 regarding the State budget for the fiscal year 2021/22. The internet site www.mof.gov.eg does not form part of this Base Offering Circular.

Clearing of the Notes

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg, which are the entities in charge of keeping the records. The appropriate common code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the relevant Final Terms. In addition, the Issuer may make an application for any Notes in registered form to be accepted for trading in book-entry form by DTC. The CUSIP numbers for each Tranche of such Registered Notes, together with the relevant ISIN and (if applicable) common code, will be specified in the relevant Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the relevant Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, NY 10041, USA.

Conditions for Determining Price and Yield

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions. In the case of different Tranches of a Series of Notes, the issue price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche.

The yield of each Tranche of Notes will be calculated on an annual or semi-annual basis using the relevant issue price at the relevant issue date. It is not an indication of future yield.

Dealers transacting with the Issuer

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in financial advisory, investment banking and/or commercial banking transactions with, and may perform services for the Issuer in the ordinary course of business for which they have received, and they may in the future receive, fees.

In addition, in the ordinary course of their business activities, the Dealers and their 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 customers. Such investments and securities activities may involve securities and/or instruments of the Issuer. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their 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 issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their 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.

Address

The address of the Issuer is: The Arab Republic of Egypt, Ministry of Finance, Ministry of Finance Towers, Ramsis Street Extension, Nasr City, Cairo, Egypt.

The telephone number of the Issuer is +202 2685 1400, and the website of the Issuer is www.mof.gov.eg. The website and any information on it are not part of, and are not incorporated by reference into, this Base Offering Circular.

Redemption Basis

Subject to any purchase and cancellation or early redemption, Notes to be issued under the Programme will be redeemed on the relevant maturity date at 100% or more of their nominal amount.

Legal Entity Identifier

The legal entity identifier (LEI) code of the Issuer is 529900GFIVH4086NMH82.

Websites

No websites referred to in this Base Offering Circular and no websites of the Government, its ministries and the CBE, nor any information on such websites form part of, or are incorporated by reference into, this Base Offering Circular.

ISSUER

The Arab Republic of Egypt
Ministry of Finance
Ministry of Finance Towers
Ramsis Street Extension
Nasr City
Cairo
Egypt

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