



**Ministry of
Finance**

Arab Republic of Egypt

Inaugural Green Bond Investor Presentation

September 2020

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Agenda

1 Overview and Key Investment Highlights

2 Egypt's Environmental Commitments

3 Egypt' Green Financing Framework

4 Offering Terms and Conditions

5 Appendix: Macro Performance

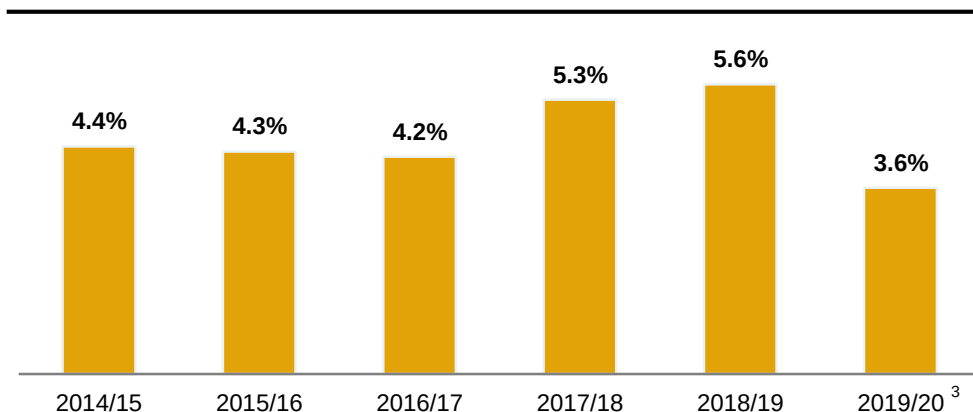


Stable Economic Growth...

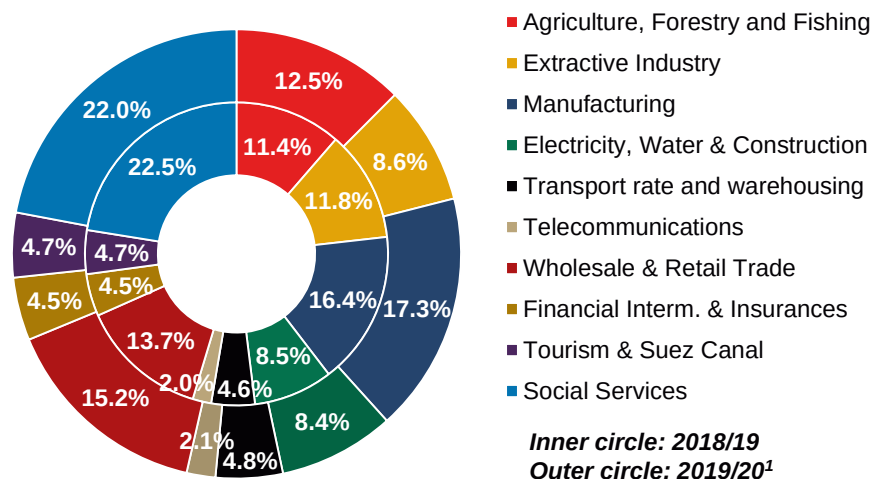


- ◆ The economy has continued to prove its resilience with a continued strong growth in real GDP
- ◆ The impact of economic reforms adopted by the government, which led to increases in investment and net exports, has become the main driver for growth since 2017/2018
- ◆ A diversified economy, with no reliance on one single sector

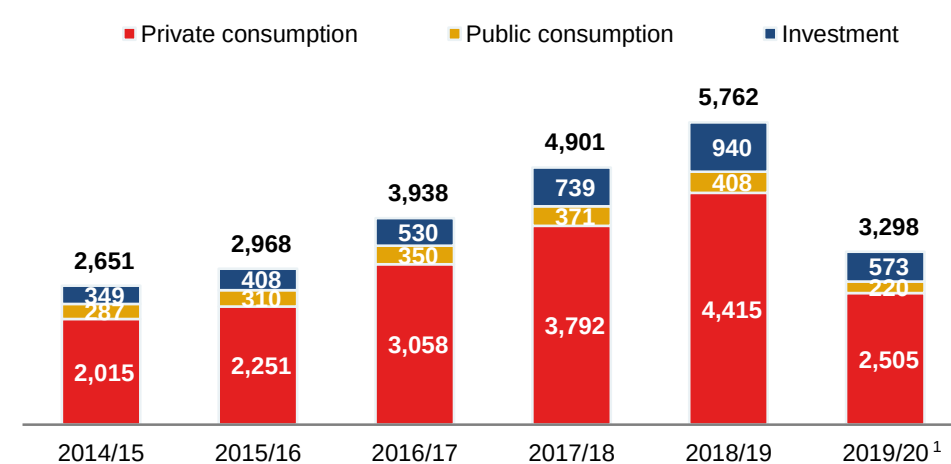
Real GDP Growth Evolution %



Principal Sectors of the Economy (as % of nominal GDP)



Nominal GDP Domestic Demand breakdown by source² (EGP bn)



Source: Prospectus, Ministry of Planning, Central Bank of Egypt

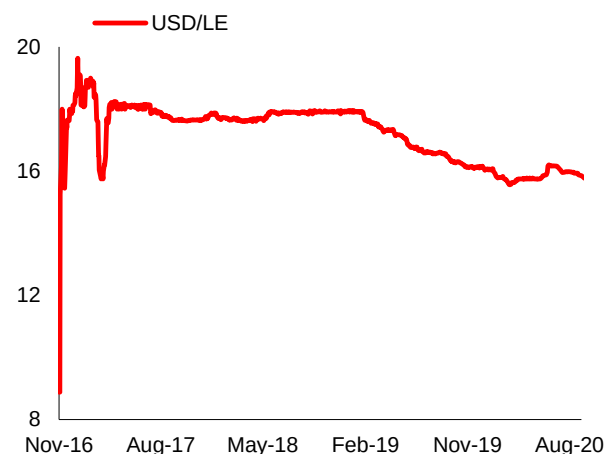
¹ Preliminary data for July-December 19/20, ² Excluding net imports,

³ Preliminary data from the Central Bank of Egypt

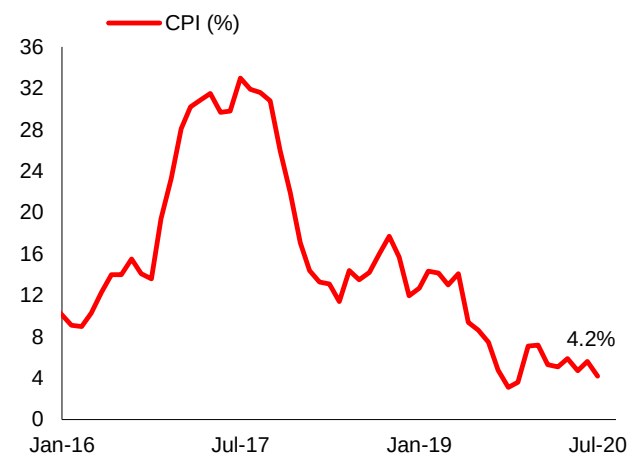


...Driven by Steadily Improving Fundamentals...

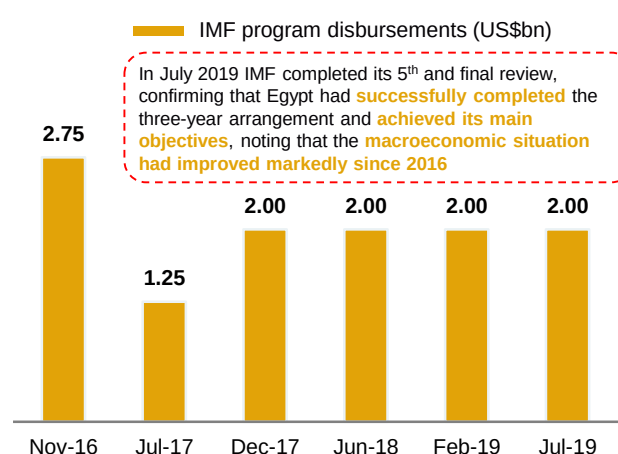
Successful shift to Floating FX regime¹



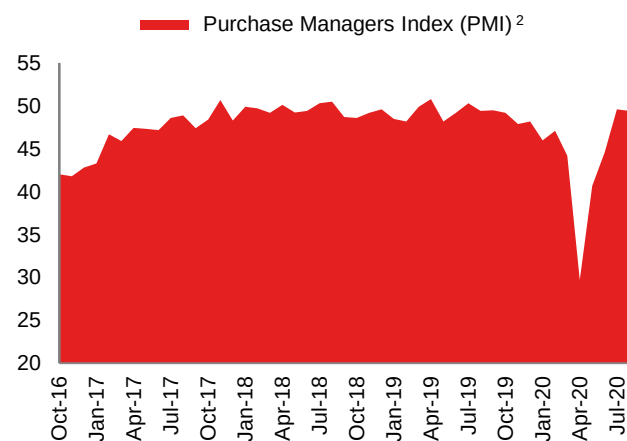
Subsiding Inflation



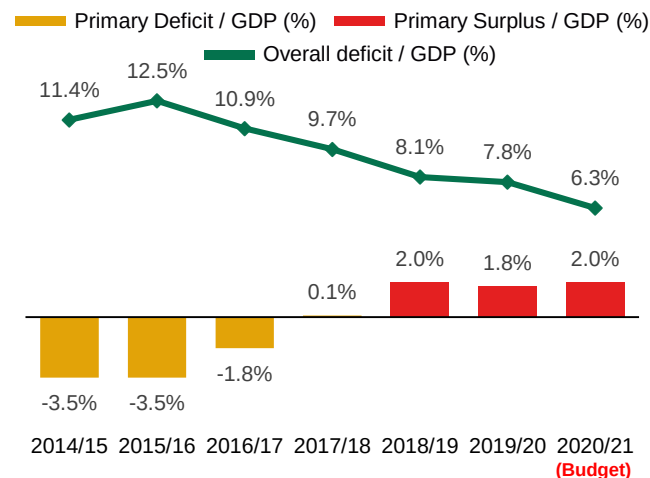
Global Recognition of Reform Program



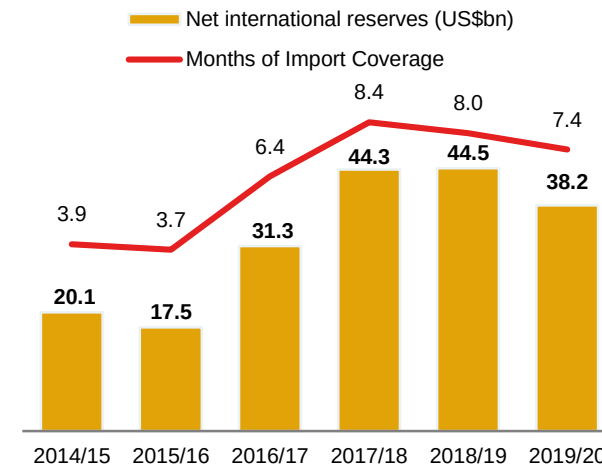
Improving Business Confidence



Improvement in Fiscal Trends



Supportive Net International Reserves



Source: Prospectus, Ministry of Finance, Central Bank of Egypt, Trading Economics

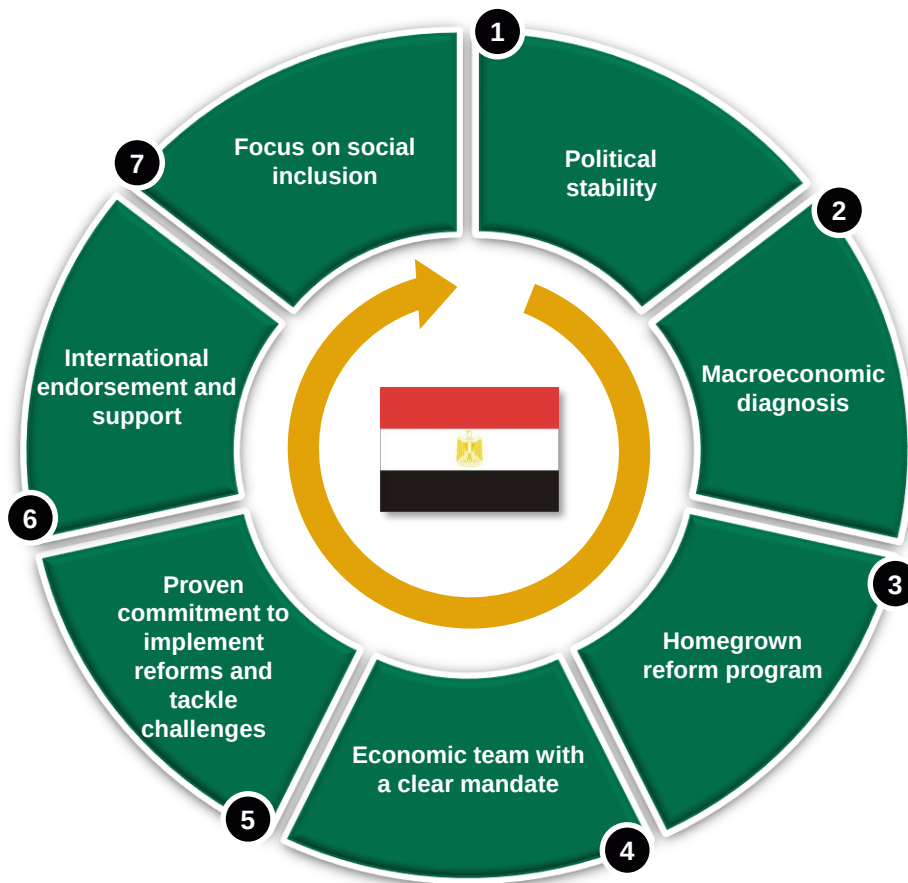
¹ Bloomberg to 17 Sept 2020, ² Bloomberg to July 2020





... With A Focus on Economic Preservation...

Egypt's economy is bolstered by strong leadership, a strategic vision and broad international support



1 Political stability

- ◆ Completion of the political roadmap including the adoption of new constitution and the election of a President and House of Representatives
- ◆ Political support from the President and House of Representatives to the Economic Reform Program

2 Macroeconomic diagnosis

- ◆ Comprehensive diagnosis of the core challenges facing the Egyptian economy
- ◆ Identification of the priority macroeconomic and social challenges to be addressed

3 Homegrown reform program

- ◆ Comprehensive reform program designed and implemented to leverage Egypt's strengths and tackle the core challenges head-on
- ◆ Focus on economic growth, job creation, social inclusion, and deepening structural reforms

4 Economic team with clear mandate

- ◆ Credible economic team empowered to implement bold reforms and set the economy on a sustainable track
- ◆ Unified vision and seamless coordination to implement the reform program

5 Proven commitment to implement reforms and tackle challenges

- ◆ Significant reform measures already undertaken including implementing a VAT law, reducing fuel and electricity subsidies, and migrating to a flexible FX regime
- ◆ Clear plan and determination to implement the remaining reform targets

6 International endorsement and support

- ◆ International support reflected in the signing of the US\$12bn IMF Extended Fund Facility
- ◆ Interest from the international community to support Egypt's political and economic stability

7 Focus on social inclusion

- ◆ Key pillar of the Economic Reform Program
- ◆ Critical factor to ensure the success and sustainability of the reform efforts

Source: Ministry of Finance



...as Demonstrated by the Recent COVID-19 Responses...



Government and central bank measures in response to COVID-19 outbreak



Government Stimulus Package Announced of US\$6.4bn:

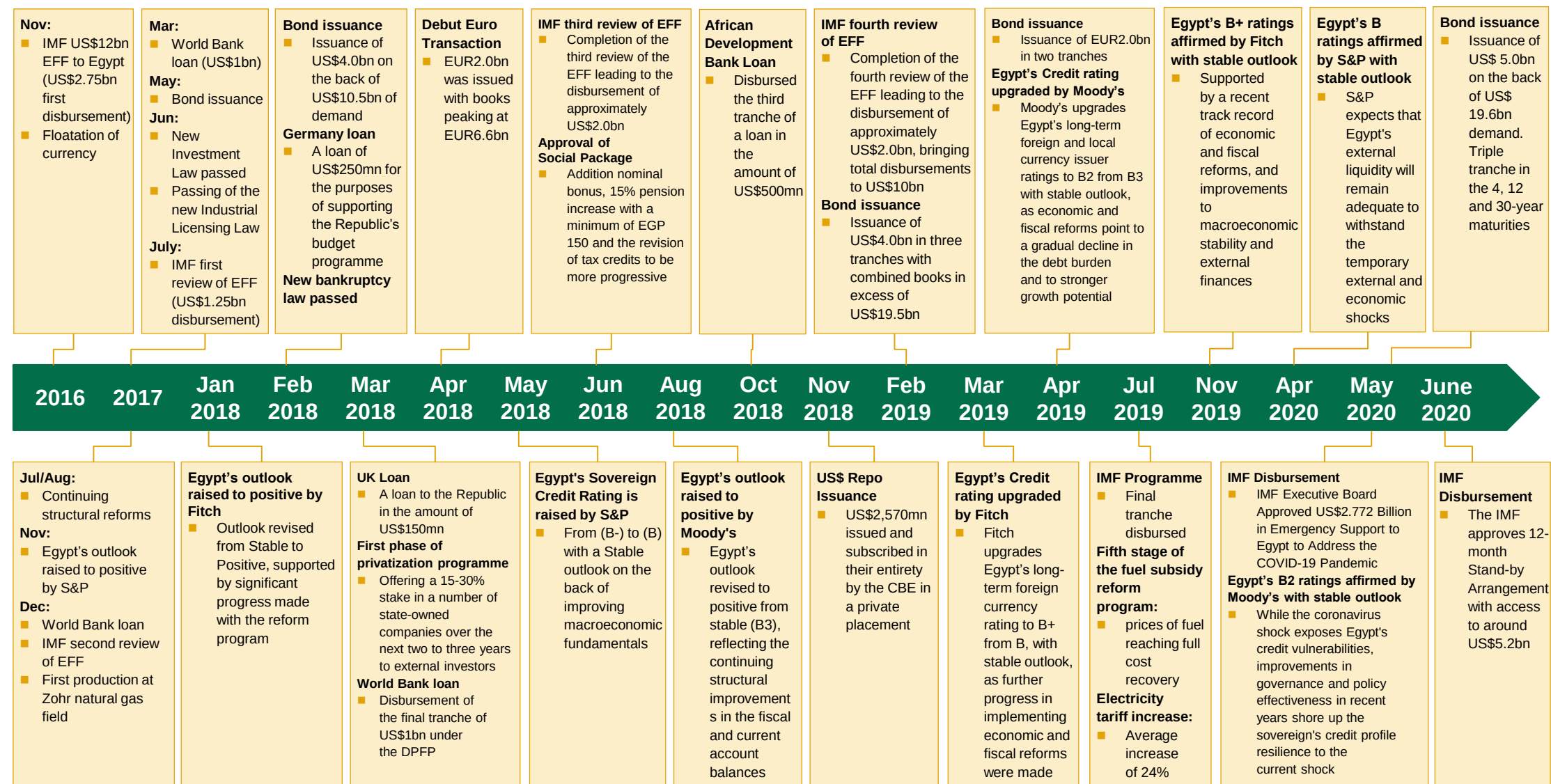
- US\$ 3.2bn has been earmarked for the tourism industry (a loan of EGP 2 billion to EgyptAir with a two year grace period)
- Reduced the Withholding Tax in respect of dividends of EGX-listed securities from 10% to 5%, in addition to the reduction of Stamp Tax
- US\$ 0.347bn to accommodate higher wage appropriations for public health staff, purchase of medical and preventive supplies and equipment, and purchase of meals and other additional running costs
- EGP 10bn allocated to pay contractors and suppliers (mostly private sector companies) working and implementing government investment programs
- EGP 3bn to provide cash subsidy of EGP 500 per month to affected workers
- A 14% raise for pensioners was announced

CBE announced a number of procedures to support the national economy in the current phase:

- Raising daily transaction limits on mobile wallets and prepaid cards and cancelling fees and commissions applied at points of sale and on withdrawals from ATMs for six months
- Declared a general moratorium on all repayments of principal and interest due to banks from any borrower under existing facilities for a period of six months, without the application of any default interest or fees
- US\$ 1.3bn has been dedicated to the Central Bank of Egypt's (CBE)'s support of the stock exchange
- Interest rates were cut, including key policy rate by 3% from 12.75% to 9.75%
- Deploying 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 and repay external debt service obligations



Timeline: Commitment to Reforms Bearing Fruit



Source: Prospectus, Ministry of Finance



Key Drivers Going Forward





Egypt's Investment Highlights

	Commitment to reform	◆ Commitment to reform evidenced by concrete fiscal and monetary measures as well as gradual eradication of energy subsidies
	Political stability	◆ Political roadmap successfully completed with the election of a parliament, creating a stable political environment and the right institutional set-up for economic growth and recovery
	Strong external support	◆ Strong regional and international support to Egypt's home-grown reform program, culminating in the completion of the IMF Extended Fund Facility and other funding arrangements with the WB, AFDB, GCC countries, international banks and other international donors
	Fundamental macro strengths	◆ Large and diversified economy that has proven to be resilient to internal and external shocks and is underpinned by a young and dynamic population
	Focus on social considerations	◆ Focus on social inclusion and job creation to foster human development and ensure the sustainability of the Economic Reform Program
	Debt service track record	◆ Conservative management of external debt and debt service track record having not defaulted on the principal or interest of any external security in the last 20 years



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Egypt's Environmental Background

✓ exposure to climate change	◆ Related to, food security, human health, economy and ecosystems in Egypt are at risk
✓ Political commitment to action	◆ Egypt is committed to becoming a leader in green development, setting an example for the rest of Africa and the Middle East
✓ Limited carbon footprint	◆ Egypt contributes approximately 0.6% of global greenhouse gas emissions
✓ Promoting renewable energies	◆ Increasing the share of renewable energy in the electricity mix by 2022 to 20% and 42% by 2035
✓ Supporting Sustainable Finance	◆ In July 2018, the Chairman of Egypt's Financial Board Regulatory Authority announced approval to establish an article to regulate the issuance of Green Bonds and contribute to eco-friendly projects
✓ Issuing a Green sovereign Bond	◆ The entry of the Egyptian sovereign in the Green Bond market today will establish a market precedent and encourage the private sector to start using sustainable finance instruments



Egypt's Sustainable Development Strategy



- ◆ The Government of Egypt is committed to achieving the United Nations Sustainable Development Goals (SDGs)
- ◆ The strategy reflects the three dimensions of sustainable development: economic, social and environmental
- ◆ The plan is a national framework that guides and sets policies and programs in order to achieve the SDGs, as well as other national objectives
- ◆ The SDS is not only a strategy for the Government, but also a plan for all stakeholders, including the private sector, civil society and international organizations

Egypt Vision 2030

- ◆ SDS is aligned with the 17 SDGs, as well as the African Agenda 2063, and acts as the governing framework for all development programs and projects that will be implemented until 2030
- ◆ The launch of the strategy was followed by the establishment of a national committee, the National Committee for Monitoring the Implementation of the Sustainable Development Goals, as the result of a prime ministerial decree

Government Program (2018/2019 – 2021/ 2022)

- ◆ Water consumption rationalization
- ◆ Coasts protection
- ◆ Developing renewable energy resources
- ◆ Transformation to green economy
- ◆ Establishment of environmentally compatible industrial clusters
- ◆ Expansion of establishing the smart and fourth generation cities
- ◆ Improving the environmental conditions in the most vulnerable villages
- ◆ Developing slums
- ◆ Improving water and air quality, waste management, solid wastes disposal
- ◆ Linking the scientific research with environmental improvement

Sustainable Development Plan of the Fiscal Year 2020/2021

- ◆ Prioritizing green investment projects, such as:
 - ◆ sustainable transportation
 - ◆ generation of renewable energy
 - ◆ solid waste management
 - ◆ water desalination plants
 - ◆ sewage treatment plants
- ◆ Objective to increase the proportion of green investment projects' proportion to 30% by 2022 and eventually 100% by 2024/2025



Egypt's Climate Change Policies



Egypt's Climate Change Policies



Egyptian National Council on Climate Change in charge of leading the Egypt's Climate Change policies

Setting the state's general policies in dealing with climate change, formulating national strategy for climate change and providing the necessary funding to implement those plans

Following up the climate change negotiations & increase scientific knowledge and published research related to climate change

Raising the awareness of officials, decision-makers and the public about climate change and integrate climate change concepts in education

Building institutional and individual capacities to deal with climate change

Carrying on the duties and functions of the Egyptian Bureau & Council of the Clean Development Mechanism

Higher Committee chaired by the Prime Minister responsible for the ENCCC's affairs

Executive Bureau chaired by CEO of Egyptian Environmental Affairs Agency heads the technical groups and reviews the results of their work, links between the higher committee and the technical group

2 Technical Working Groups
Policies, Strategies & Plans / Projects & Means of Implementation

Ministry of Public Sector

National Security Authority

Ministry of Water Resources

Ministry of Agriculture

Ministry of Foreign Affairs

Ministry of Trade & Industry

Ministry of Health & Population

Ministry of Petroleum

Meteorological Authority

Federation of Egyptian Chambers of Commerce

Federation of Egyptian Industries

Supreme Council for Media

General Union of NGOs

National Research Center

Ministry of Electricity & RE



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Egypt's Green Financing Framework

Aligned with the best market practices and compliant with the Green Bond Principles, ICMA 2018

Under which Egypt can issue Green Bonds or Green Sukuks



1 Use of Proceeds

- ◆ Financing new or re-financing existing projects/expenditures, in part or in full, which qualify under as an Eligible Green project categories as set in the next slides
- ◆ Investments expenditures, Operating expenditures, and Tax expenditures
- ◆ Eligible Green Projects exclude any state disbursements to a local agency or local authority that participates in capital markets to raise financing, such as the issuance of Green Bond/Sukuk

2 Process for Project Evaluation and Selection

- ◆ Egypt will establish a Green Finance Working Group (GFWG) to carry out the evaluation and selection process

3 Management of Proceeds

- ◆ The proceeds of each Egyptian Green Bond/Sukuk will be deposited in the general funding accounts and earmarked for allocation in the Green Financing Register. Egypt will aim to allocate 100% of the bond/Sukuk proceeds within 24 months from the date of issuance

4 Reporting

- ◆ An annual allocation reporting will be made publicly available within one year of issuance of any Egyptian Green Bond/Sukuk, which details the allocation of the net proceeds from any outstanding issuance.
- ◆ In addition, impact reporting on the expected environmental impacts of the Eligible Green Projects will be provided and will be made available on at least an annual basis, subject to the availability of the relevant data

5 External Review

- ◆ Egypt has engaged Vigeo-Eiris to provide an External Review in the form of a Second Party Opinion on the Egypt Green Financing Framework, and confirm alignment with GBP 2018
- ◆ Egypt is committed to engage an assurance provider, or an External Reviewer to assess the compliance the bonds issued against the framework on annual basis.

6 International endorsement and support

- ◆ The World Bank will provide technical assistance to Egypt as Egypt develops the post-issuance impact report.





Egypt's Eligible Green Expenditures (1/2)

Eligible Green Project Category	UN SDGs Alignment	Eligibility Criteria	Examples of Projects
Clean transportation	 	Investment in electric rail and related infrastructure Projects incentivising public transport and related infrastructure, leading to reduced emission from transportation activities	- Electric train linking the new administrative capital (NAC) to other cities in the country through the fourth stage of the third line for Cairo Metro - Third line for underground Metro (Tharwa Line) - Upgrading and Modernization of Cairo Metro Line1 (Helwan - ElMarg)
Renewable energy	 	Renewable energy facilities such as solar energy, wind energy, hydro (<25MW), and biomass Transmission and distribution infrastructure associated with renewable energy facilities	- 240 M.W wind farm project in GabalElzayt - 50 M.W Photovoltaic project in komEmbo - Wind Projects In Gulf Of Suez - NagahHamadi Industrial Pipeline / Benban 3 Solar Park - Electric stations with Wind power (Gulf of Suez)
Pollution prevention and control		Waste collection, waste recycling and composting facilities	- Investments in Municipal Solid Waste (MSW) composting facilities (Mechanical Biological Treatment, MBT)
Climate change adaptation		Projects increasing resilience and adaptive capacities and reducing risk and vulnerabilities	- Adaptation projects in all sectors such as early warning systems, development of crop species resistant to salinity and temperature increase, coastal zone management, etc.





Egypt's Eligible Green Expenditures (2/2)

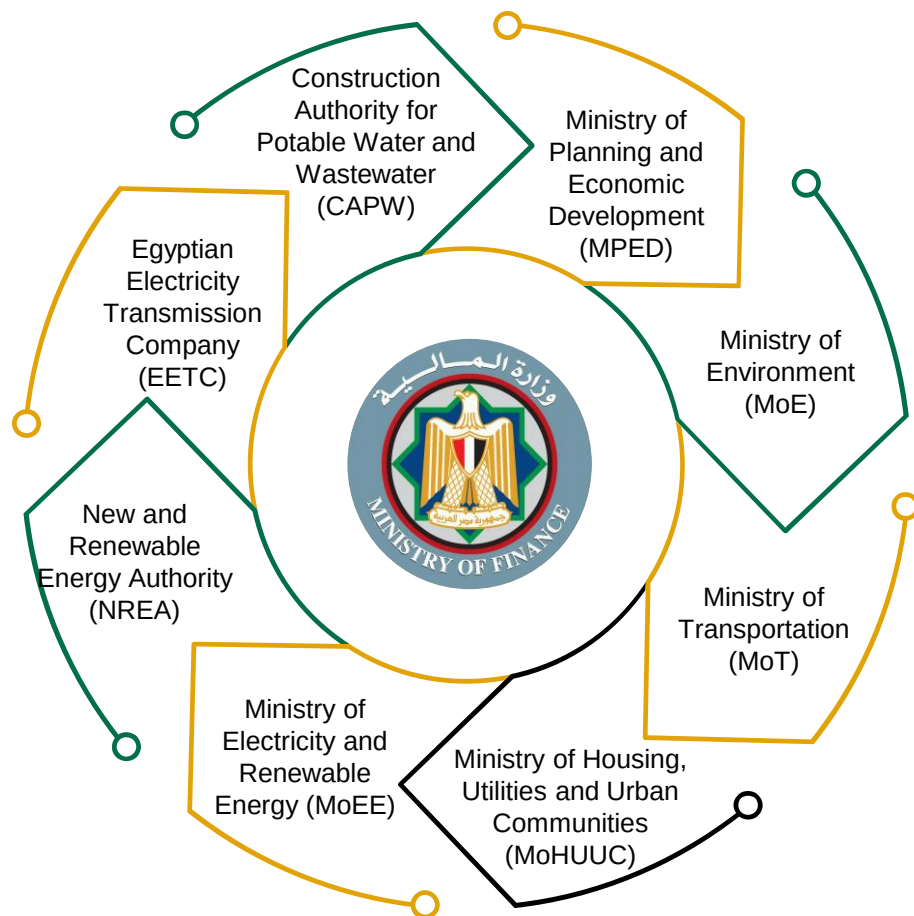
Eligible Green Project Category	UN SDGs Alignment	Eligibility Criteria	Examples of Projects
Energy efficiency	 	Projects leading to increase in energy efficiency of buildings	- Energy efficiency - Selection of building systems and materials - Indoor environmental quality improvement - Design and innovation process
Sustainable water and wastewater management		Infrastructure for transportation and treatment of wastewater, including for example, building new wastewater treatment plants (WWTP), sewer systems and pumping stations and maintaining and optimizing existing ones Infrastructure for sewage sludge treatment, including for example, using anaerobic fermentation of sludge in generating electric power Seawater desalination plants with most energy-efficient technologies Projects that reduce water consumption or improve the efficiency of resources e.g., collection, treatment, recycling or reuse of water, rainwater, or wastewater	- Sewage treatment plants - Sea water desalination plants - Sludge treatment facility of Abu Rawash W.W.T.P

♦ Sectorial exclusions: Burning of fossil fuels for power generation and transportation, Rail infrastructure dedicated for the transportation of fossil fuels, Nuclear power generation, Alcohol, weapons, tobacco, gaming, or palm oil industries, Renewable energy projects generating energy from biomass using feedstock originating from protected areas, and Waste incineration activities:



Egypt's Green Finance Working Group (GFWG)

Composition of the Green Finance Working Group



- ◆ The GFWG will be chaired by Ministry of Finance
- ◆ On a semi-annual basis, the GFWG will consult with other Government departments (as necessary) to identify and recommend eligible projects or expenditures for inclusion as Eligible Use of Proceeds
- ◆ On a semi-annual basis, the GFWG will review all proposed Eligible Use of Proceeds to determine their compliance with the Egypt Green Financing Framework in order to approve the allocation of proceeds. GFWG will ensure the compliance of the selected projects with the criteria set out above in Use of Proceeds (Section I) for the lifetime of the bond
- ◆ On a semi-annual basis, the GFWG will review the allocation of the proceeds to the Eligible Use of Proceeds and determine if any changes are necessary (for instance, in the event that projects or expenditures have been cancelled, sold or otherwise become ineligible)
- ◆ The GFWG will also review the management of proceeds and facilitate reporting



Egypt's Green Bond Reporting



Annual allocation reporting (until full allocation)

- ◆ An annual allocation reporting will be made publicly available within one year of issuance of any Egyptian Green Bond/Sukuk, which details the allocation of the net proceeds from any outstanding issuance. The allocation report will include the following details:

- ◆ Total amount allocated to Eligible Green Projects
- ◆ Total amount allocated per Eligible Green Project Category
- ◆ The amount remaining unallocated
- ◆ Breakdown of refinancing versus new financing

World Bank's Technical Assistance



- ◆ The World Bank will provide technical assistance to Egypt as Egypt develops the post-issuance impact report

Impact reporting (subject to data availability)

- ◆ An impact reporting on the expected environmental impacts of the Eligible Green Projects will be provided and will be made available on at least an annual basis, subject to the availability of the relevant data

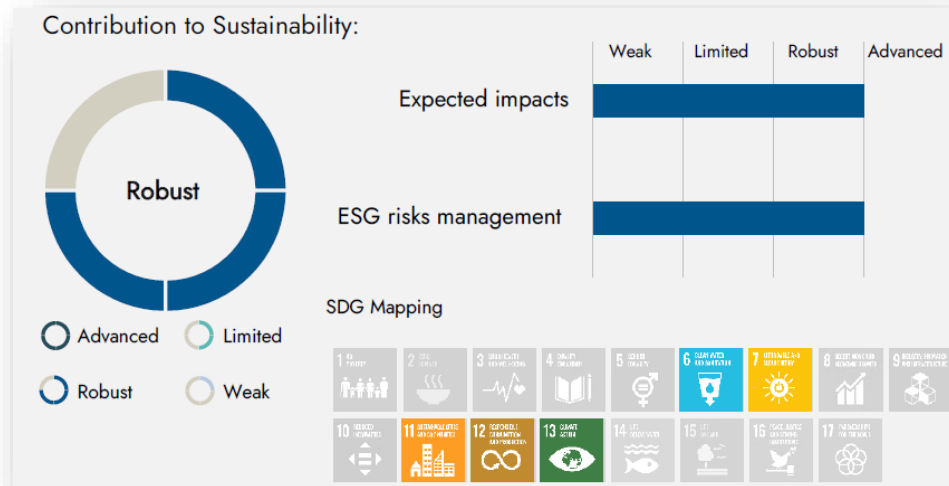
Eligible Project Categories	Potential Impact Metrics
Clean transportation	Passengers using public transportation growth rate Number of new train lines created/maintained (in km) GHG emissions reduced or avoided (tCO2e)
Renewable energy	Estimated annual energy production (MWh) GHG emissions reduced or avoided (tCO2e) Change in primary fuel mix Change in primary fuel mix for electricity production
Pollution prevention and control	Amount of waste recycled (tons) Amount of waste collected (tons)
Energy efficiency	GHG emissions reduced or avoided (tCO2e) Energy savings (MWh or %)
Climate change adaptation	Estimated number of beneficiaries from adaptation projects Estimated cost of losses due to climate change impacts Estimated number of vulnerable people Estimated total area of protected lands Estimated cost of Infrastructure and built environment established for protection Estimated benefits/costs of protected Ecosystem and ecosystem services provided/lost
Sustainable water and wastewater management	Increase in the efficiency of water production and consumption (m3 per day or %) Amount of treated water reused or recycled (in litres) Amount of seawater treated (in litres) Amount of energy generated from sludge treatment (kWh)



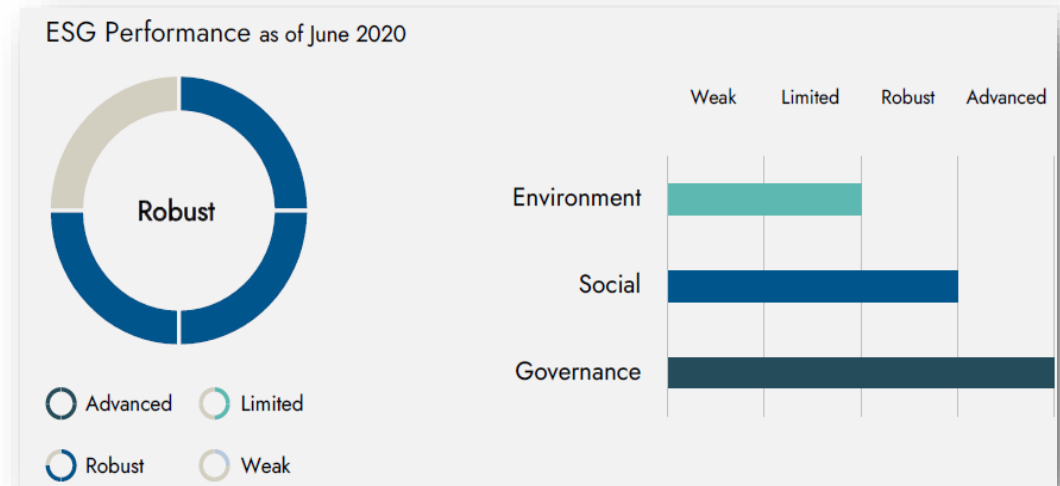


Vigeo Eiris Second Opinion

Framework analysis



ESG issuer's profile



Coherence

- Coherent
- Partially coherent
- Not coherent

We are of the opinion that the contemplated Green Financing Framework is coherent with the Arab Republic of Egypt's strategic sustainability priorities and issues and contributes to achieving the Issuer's sustainability commitments.

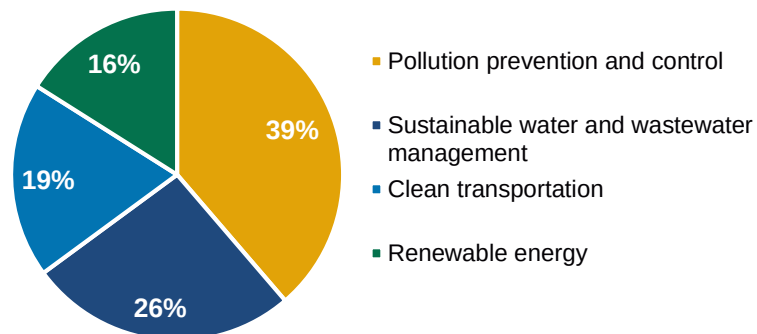
Source: Vigeo's Second Party Opinion on the sustainability of the Arab Republic of Egypt's Sovereign Green Financing Framework



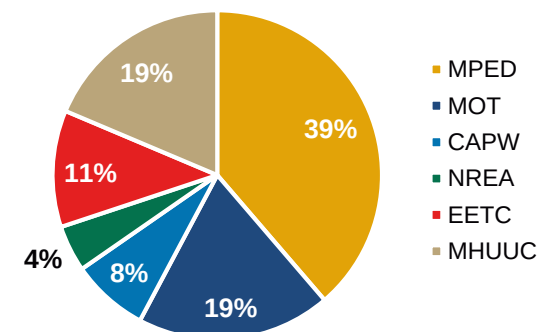


Egypt's Green Project Portfolio

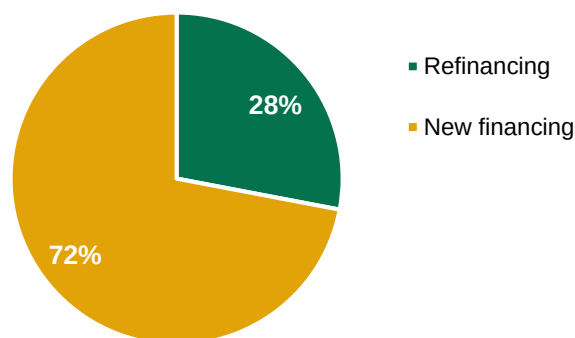
Breakdown by Eligible Categories



Breakdown by Ministries/Agencies in charge

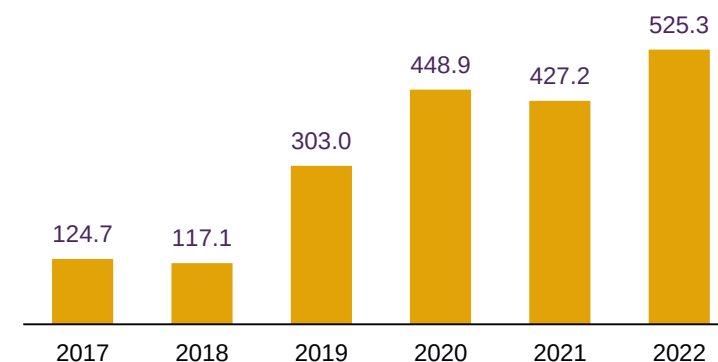


Breakdown by Financing Type



Breakdown by Disbursement Years

Eligible Green Expenditures (in USDm)



Source: Egypt's Green Asset Register





Egypt's Eligible Green Expenditures

Eligible Green Categories	Types of Green Expenditures	Ministries / Agencies in Charge	Egypt's State Budget Expenditures (EGPm)	Egypt's State Budget Expenditures (eq.USDm)
Pollution prevention and control	Solid waste management collection and treatment	MPED	11,957	753
Sustainable water and wastewater management	Tertiary sewage treatment	MHUUC	4,414	278
	• Increasing energy efficiency in water production	CAPW	600	38
	• Anaerobic treatment associated to electricity production	CAPW	1,739	110
	Sea water desalination	MHUCC	1,344	85
Clean transportation	Rail transportation infrastructure:			
	• Monorail project	MoT	5,504	347
	Rolling stock	MoT	379	24
Renewable energy	Wind power capacity	NREA	1,386	87
	Photovoltaic power capacity	NREA	30	2
	Transmission line	EETC	3,539	223
<u>Total</u>			30,892	1,947

Source: Egypt's Green Asset Register



Egypt's Green Project Examples



Cairo monorail

- Construction of Cairo monorail is a key project for promoting clean transportation in Cairo where the road traffic is particularly intense and causes negative environmental impact
- The first monorail line will extend 56.5 km from East Cairo to the New Administrative Capital (22 Stations), while the second line will be 42 km long and will connect 6th October City to Giza (12 Stations).
- These are the first mass transit links to connect Greater Cairo with New Capital City and 6 October City and will greatly improve mobility for Egyptian citizens.
- Number of passengers : more than 600,000 people per day
- Egypt's investment: more than eq.USD 400m



El-Dabaa desalination plant

- Access to drinking water is a key issue for Egypt and one of the main challenge for climate change adaptation. El-Dabaa desalination plant significantly improved the energy efficiency of water production
- This station will serve the residents of the old and new cities of El-Dabaa and their villages
- Capacity: 40,000 m³/day
- Number of beneficiaries : 200,000 residents
- Egypt's investment: more than eq.USD 60m



Solid waste management investment policy

- Solid waste treatment is a key environmental issue for countries with a strong population growth and increasing urbanization. Egypt insignificantly invests to modernizer the waste management sector and optimize efficiency of processes such as:
 - ✓ Increasing of collection rates
 - ✓ Improving transportation efficiency
 - ✓ Increasing recycling
 - ✓ Reduce burial rates
- Annual amount of collected solid waste: 28.4 Million tons
- Egypt's investment: more than eq.USD 750m



250 MW Wind project in Gulf of Suez

- The site is located about 12 km west of Ras Shukeir in a coastal arid zone between the Gulf of El Zayt and Zafarana and has a size of 57 km². The project targets the implementation of 250 MW wind farm
- The project activities include all relevant consultancy services, soil investigation, supply of equipment, erection, control system design, supervision of the erecting, Local electrical and Civil Works together with the installation and operation & maintenance of the proposed 250 MW wind farm.
- The Project Produce energy around 1,000 GWh per year . Save about 191,000 toe per year. GHG emission reduction about 491,000 ton CO₂e per year.
- Egypt's investment: more than eq.USD 30m

Source: Egypt's Green Asset Register



Agenda

- 1 Overview and Key Investment Highlights
- 2 Egypt's Environmental Commitments
- 3 Egypt' Green Financing Framework
- 4 Offering Terms and Conditions**
- 5 Appendix: Macro Performance





Summary Terms of the Offering

Issuer	◆ The Arab Republic of Egypt
Issuer ratings	◆ B2 Stable Outlook (Moody's) / B Stable Outlook (S&P) / B+ Stable Outlook (Fitch)
Expected instrument rating	◆ B (S&P) / B+ (Fitch)
Format	◆ Rule 144A / RegS
Documentation	◆ Standalone
Currency	◆ USD
Size	◆ Benchmark
Tenor	◆ []-Year
Use of proceeds	◆ Financing and/or re-financing eligible green projects, in part or in full, as set out in the Arab Republic of Egypt's Sovereign Green Financing Framework
Governing law	◆ English Law
Listing	◆ London Stock Exchange (regulated market); the Notes will also be admitted to the London Stock Exchange's Sustainable Bond Market
Minimum denominations	◆ US\$200,000 and integral multiples of US\$1,000, in excess thereof
Green Structuring Advisors	◆ Crédit Agricole CIB and HSBC
Joint Lead Managers and Bookrunners	◆ Citi, Crédit Agricole CIB, Deutsche Bank, and HSBC

Please read the "Risk Factors" section of the Preliminary Prospectus before investing in the Notes.



Agenda

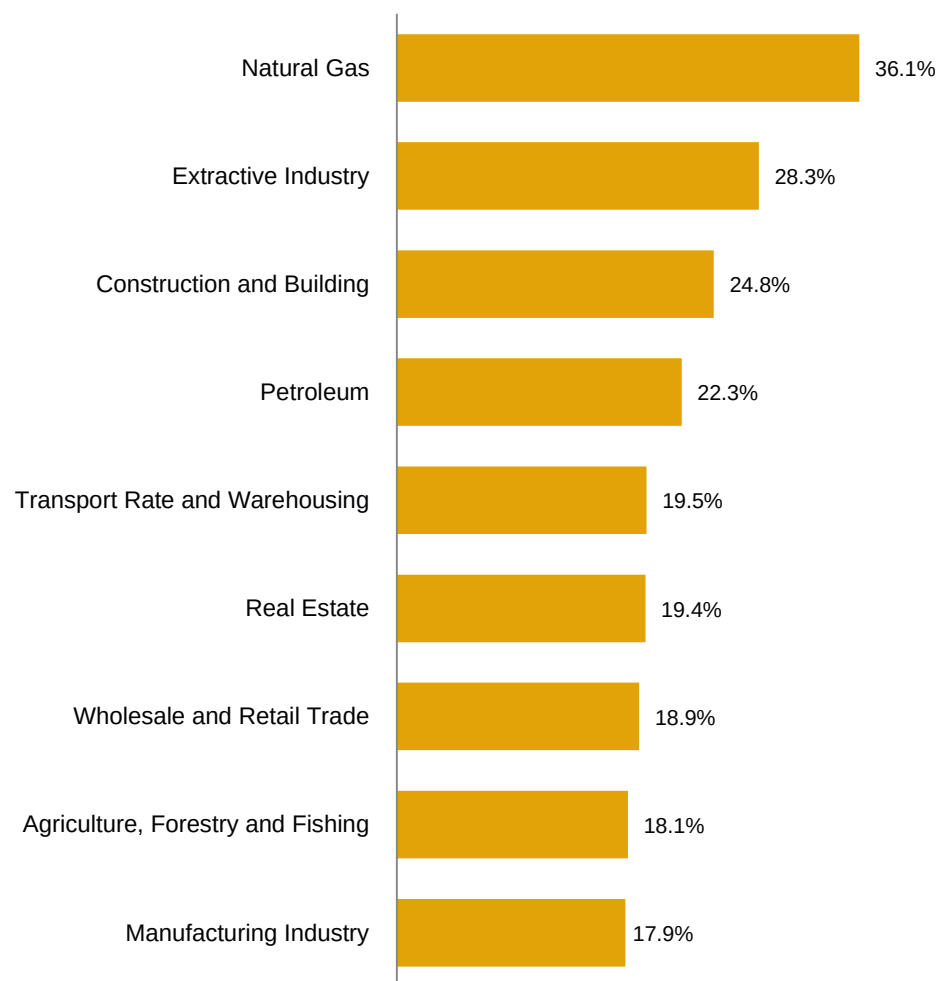
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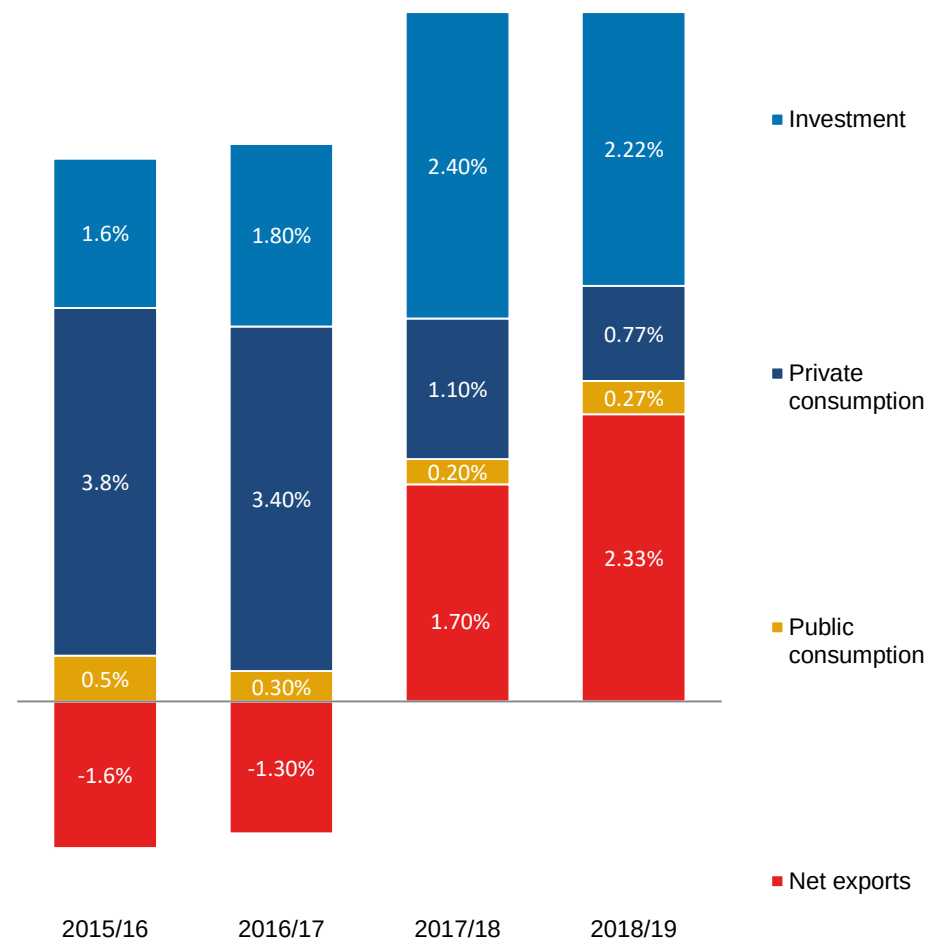
Economic Growth Spurred by Strong Export and Investment Momentum



YoY Growth by sectors % (2018/19)



Contribution to Real GDP growth %



Source: Prospectus, Ministry of Planning, Central Bank of Egypt

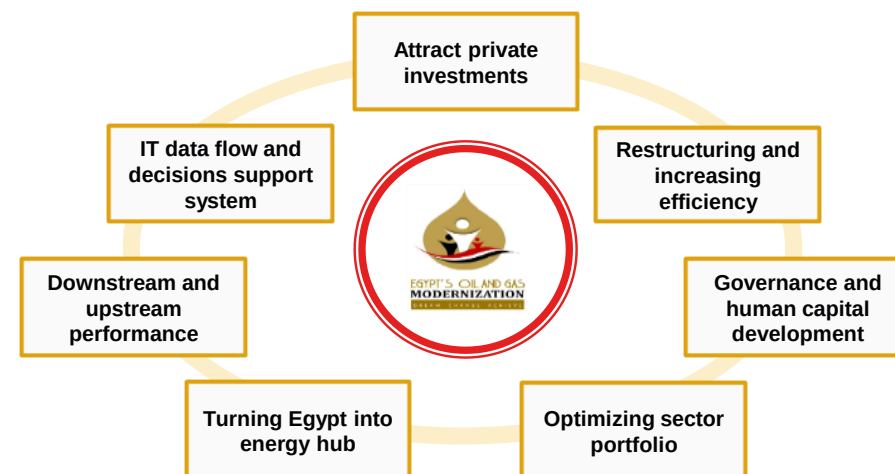


On Track to Become a Regional Energy Hub

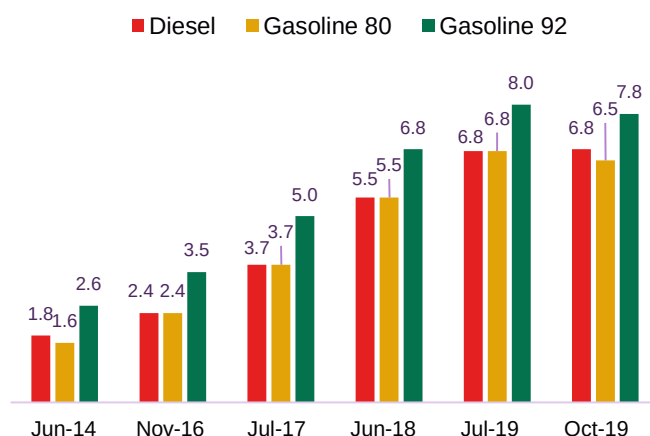


- ◆ The Government continues to implement its strategy aimed at reviving the energy sector and to bridge the gap between supply and demand over the next five years
- ◆ Allocations have already been made to renew and modernise the country's electricity transmission and distribution networks

Egypt Oil & Gas Modernisation Project

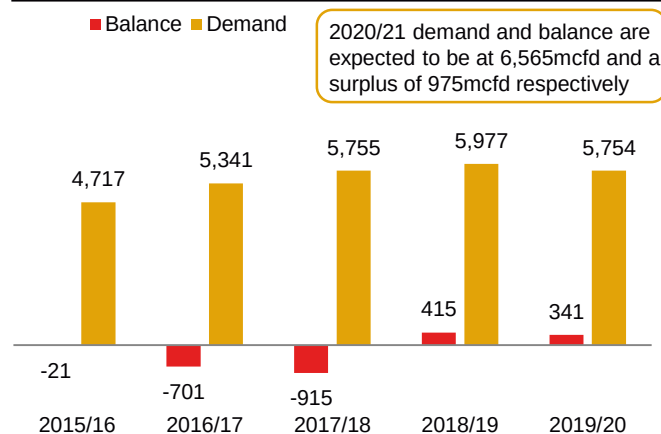


Fuel Products Price Reforms (EGP/liter)

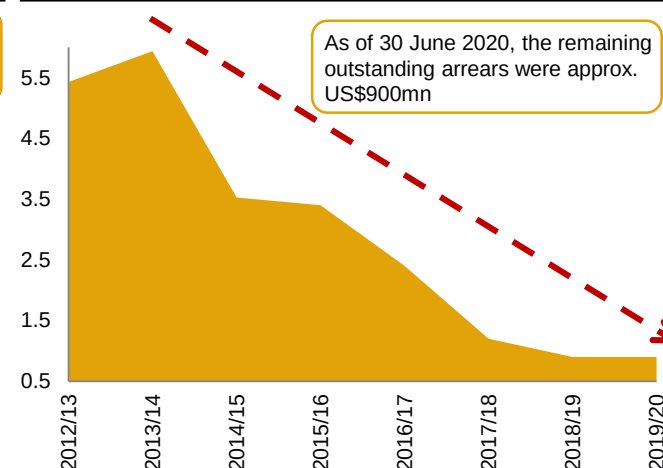


Source: Ministry of Petroleum and Natural Resources, Prospectus
Excluding LPG and fuel used for electricity generation and bakeries

Gas Supply and Balance (mmcf/d)

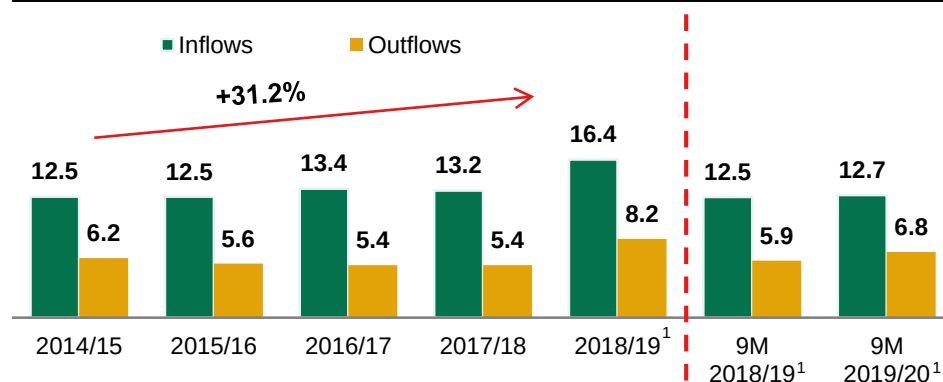


Arrears to IOCs (US\$bn)



Enhancing the Business Environment to Kick-Start Investment Momentum

Foreign Direct Investment Evolution (US\$bn)



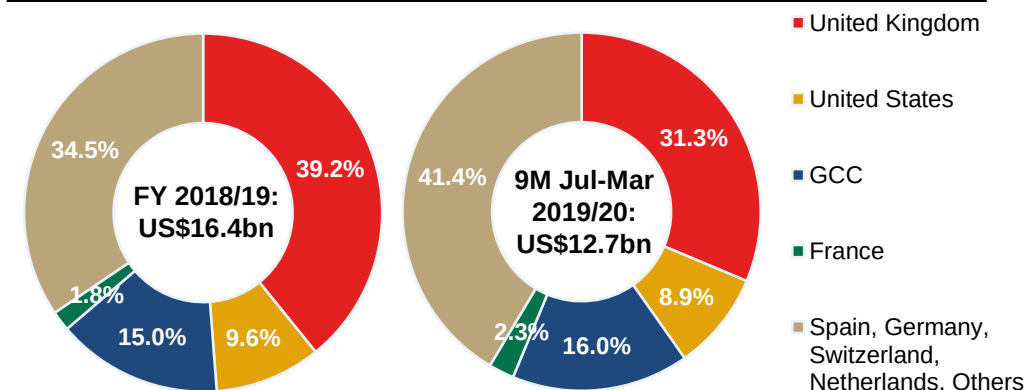
Authorities are evaluating the portfolio of state-owned companies for public offering opportunities

Objectives	◆ (i) attract FDI; (ii) enhance transparency and corporate governance in such companies; (iii) improve stock market liquidity and introduce new sectors to the EGX; (iv) diversify Government revenue sources; and (v) widen stock ownership in Egypt
Implementation	◆ In March 2018, the first phase of the Government's privatisation programme of which the Government intends to offer a 15-30% stake in a number of state-owned companies over the next two to three years ◆ In July 2018, the Government announced the first five state-owned companies that are expected to offer shares under the programme, (i) Alexandria Mineral Oils Company, (ii) Eastern Tobacco, (iii) Alexandria Container and Cargo handling, (iv) Abou Kir Fertilisers and (v) Heliopolis Housing

Source: Central Bank of Egypt, Base Prospectus

¹ Preliminary data

Foreign Direct Investment Inflows by country ¹



Recent approved legislation to strengthen the investment environment

Legislation	Selected highlights
New bankruptcy law (passed)	✓ New bankruptcy law approved by the Parliament in February 2018 aimed at encouraging investors to resume economic activities following bankruptcy
Companies law (amended)	✓ Companies law amended in January 2018 to create a more favourable investment environment and encourage SMEs
New procurement law (passed)	✓ New procurement law approved by Parliament in October 2018 aimed to modernise procurement procedures for Government contracts
New consumer law (passed)	✓ New consumer protection law passed by Parliament in September 2018 aimed to regulate new concepts such as e-commerce and competition
Capital Markets law (amended)	✓ Amended in February 2018 to establish a framework for Sukuk issuance, regulating trading in derivatives and expanding the scope of criminal offences and sanctions

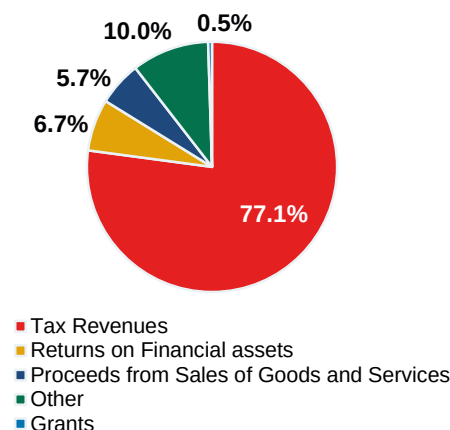


Progressing Fiscal Consolidation and Reprioritization of Spending

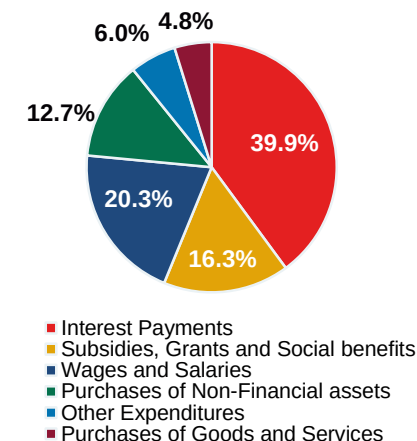
- ◆ In order to address fiscal challenges, the Government pursued fiscal consolidation efforts with social objectives through enhancing tax efficiency and reprioritising public spending, resulting in:
 - ◆ Aim to promote inclusive and sustainable economic growth
- ◆ As of FY2019/20, total budget sector revenues and grants have grown since FY2014/15 by 107.3%

Revenues and Expenditures breakdown (2019/20)¹

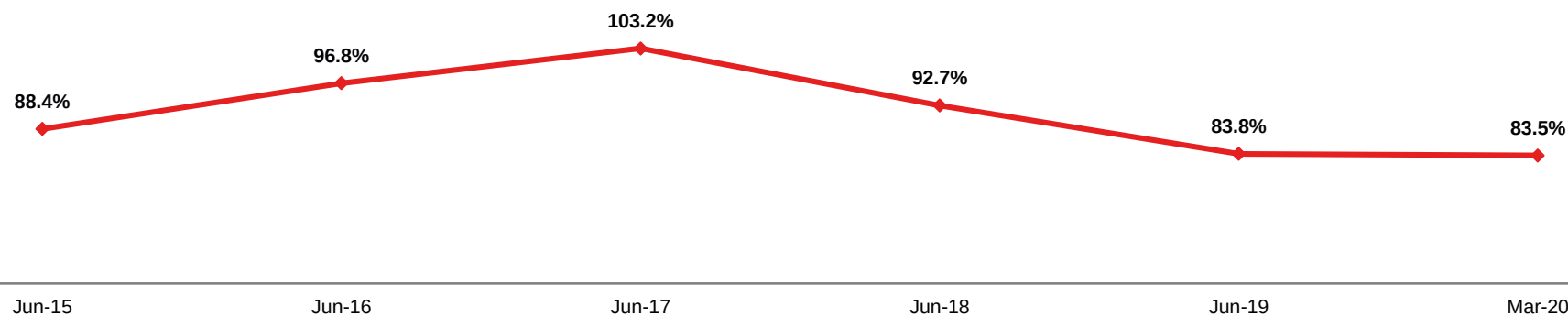
Revenues breakdown



Expenditures breakdown



General Government Debt (as % of GDP)



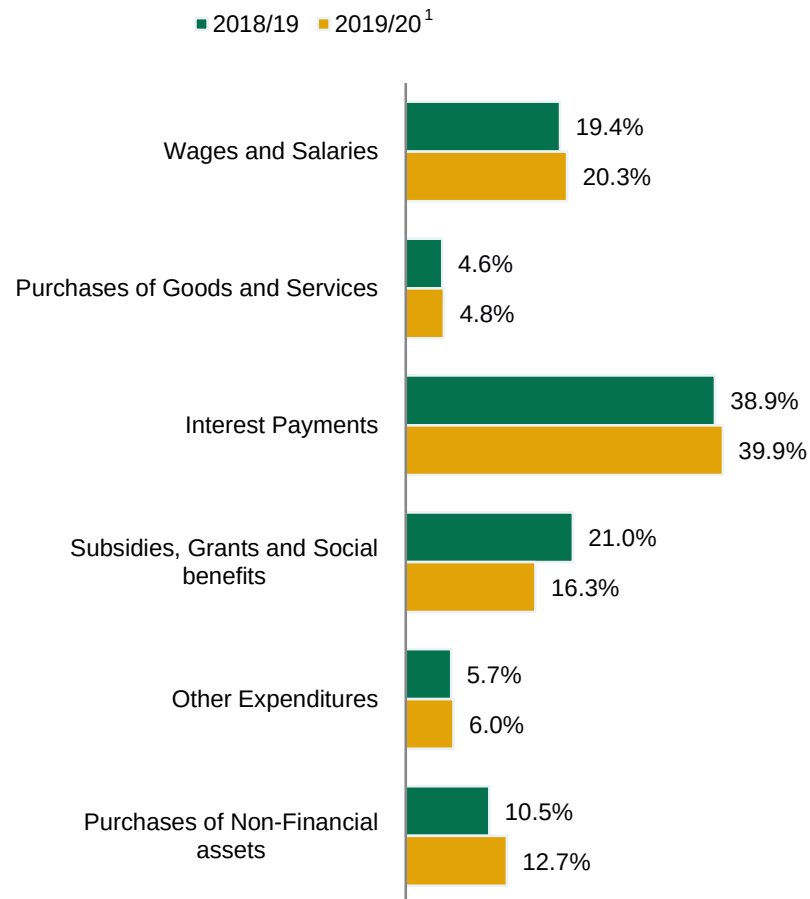
Source: Ministry of Finance, Central Bank of Egypt, Ministry of Planning, Prospectus, Fitch report

¹ Preliminary figures

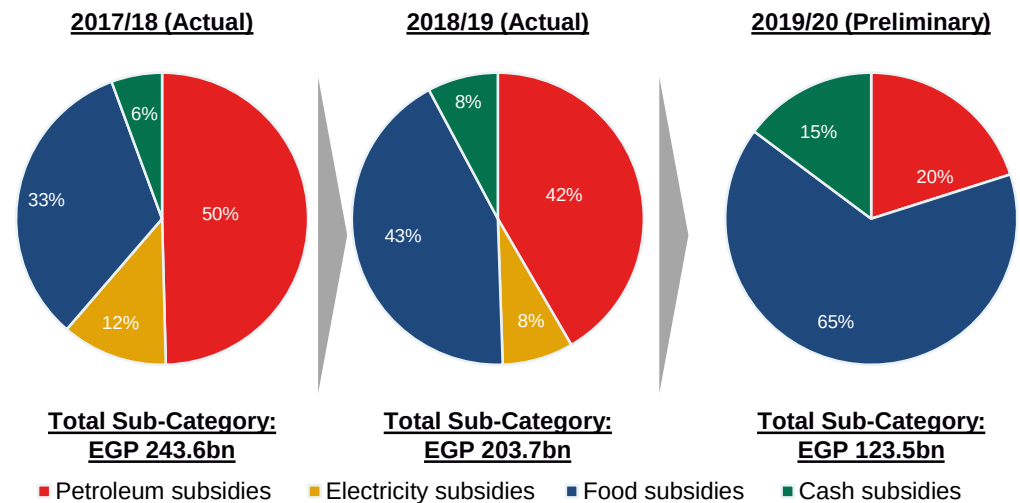


Improving Quality of Expenditure to Support Growth and Job Creation

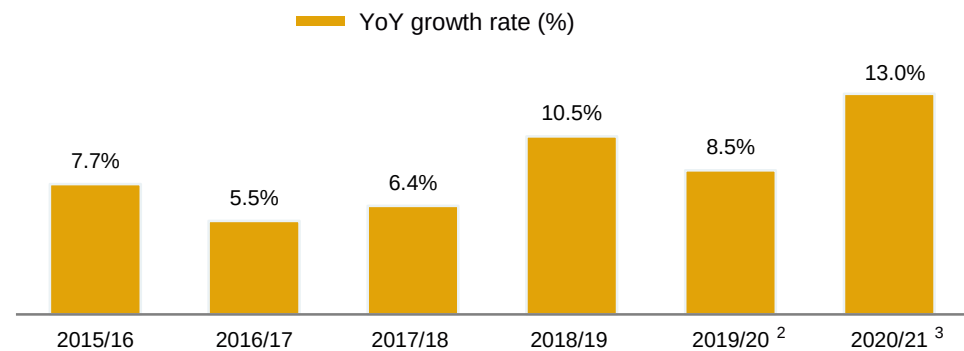
Expenditures Breakdown Evolution (as % of total expenditures)



Shift in Subsidy Sub-Category Mix



Wages and Compensation of Public Sector Employees



Source: Ministry of Finance, Central Bank of Egypt, Ministry of Planning

¹ Preliminary estimated figures, ² Budget figures, ³ (preliminary) Budget figures

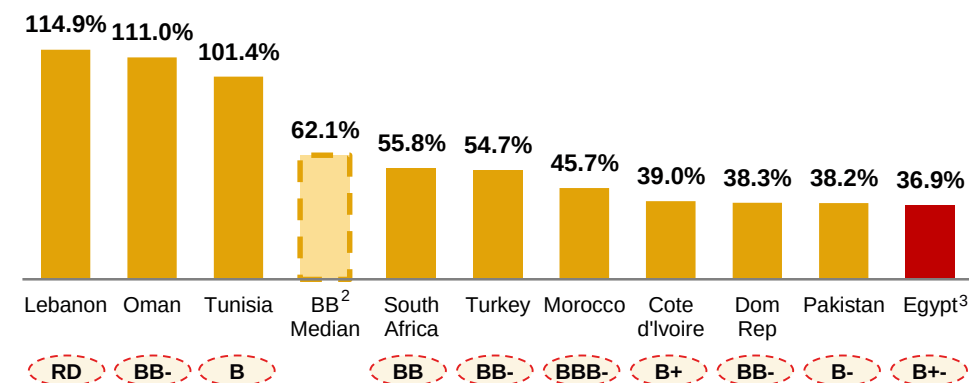


Prudent Debt Optimization Strategy

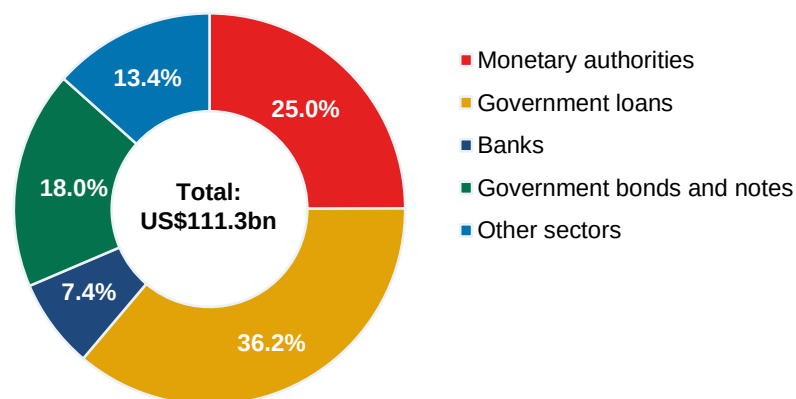


- ◆ Egypt has managed its public debt carefully in spite of challenging political and economic circumstances
 - ◆ **Egypt has not, over the past 20 years defaulted on the principal or interest of any external security**
- ◆ Government will continue to pursue its key debt management objectives over the medium-term:
 - ◆ Further extending average maturity of domestic public debt and smoothing the maturity structure
 - ◆ Consolidating a domestic yield curve
- ◆ Egypt's external debt level and its structure gives the Government room to resort to external sources of financing, including the international capital markets

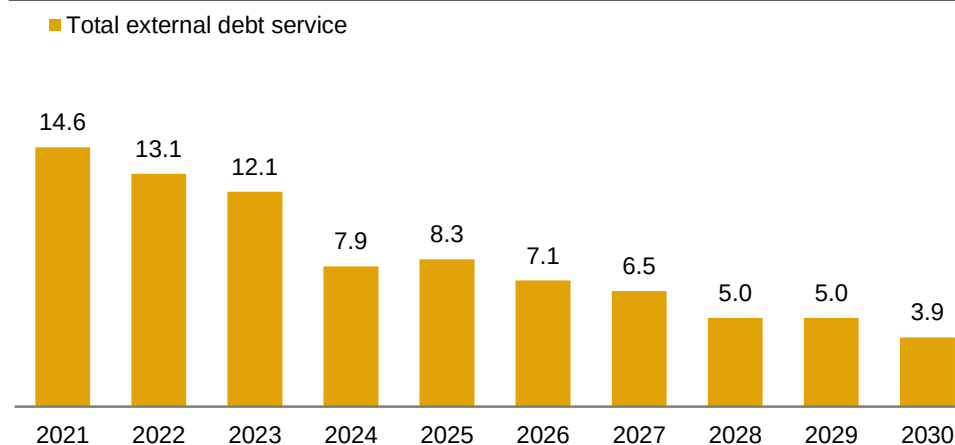
Gross External Debt to GDP ratio compares well against peers¹ %



Gross External Debt by type (March 2020⁴)



Projected External Debt Service over the next 10 years⁵ (US\$bn)



Source: Ministry of Finance, Central Bank of Egypt, Fitch Sovereign Data Comparator (July 2020)

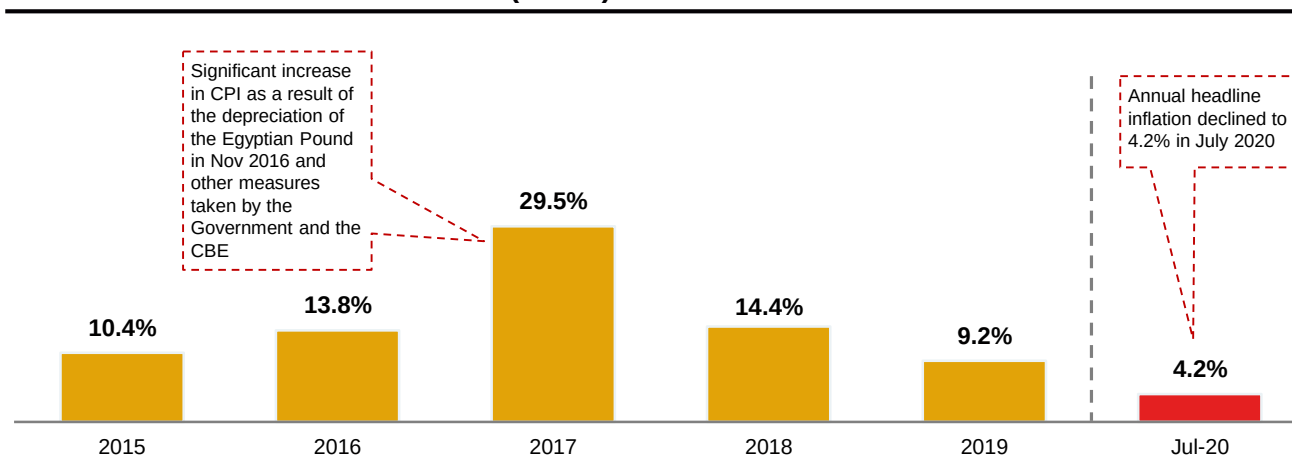
¹ Fitch external debt data as % of GDP selected peers as per the Fitch Sovereign Data Comparator (July 2020), ² Refers to the median external debt as % of GDP for Fitch BB-rated countries as per the Fitch Sovereign Data Comparator (July 2020), ³ Fitch computes Egypt's gross external debt as 36.9% of GDP, ⁴ Preliminary estimates, ⁵ Based on outstanding debt as at 31 March 2020



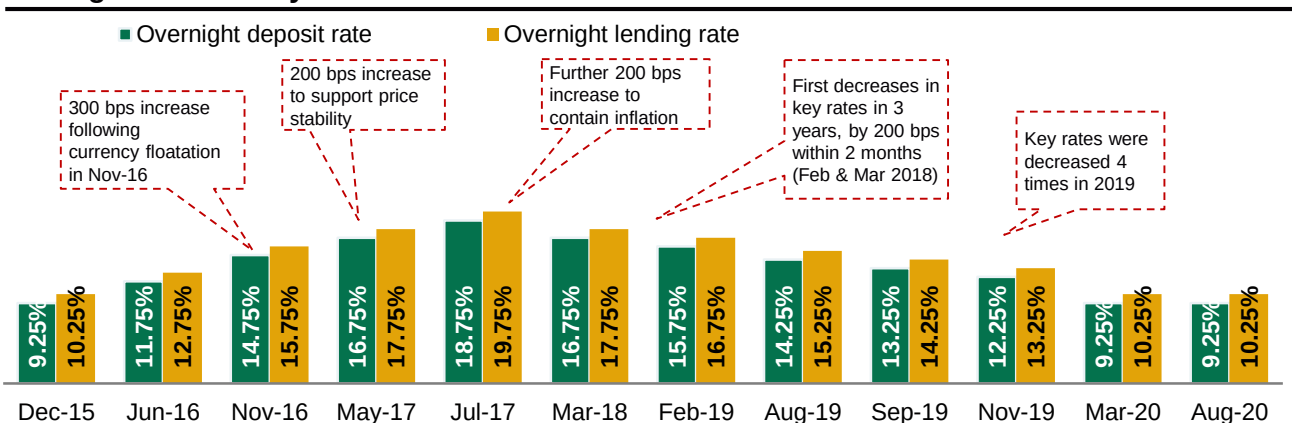
Credible Monetary Policy with Continued Focus on Price Stability

- ◆ Between November 2016 and July 2017, the CBE raised benchmark policy rates by an aggregate 700 bps in order to contain inflationary pressures (mainly due to increases in prices of core food and regulated items)
- ◆ In May 2017, the CBE announced an inflation target of 13.0% by end 2018 (December annual headline inflation was 12.0%) and single digits thereafter
- ◆ In December 2018, the CBE announced a new inflation target of 9% by Q4 2020
- ◆ In July 2020, annual headline inflation was 4.2%, compared to 8.7% in July 2019
- ◆ In November 2019, the CBE cut benchmark policy rates by 100 bps – the 4th decrease in 2019

Annual headline inflation evolution (CPI %)



Changes in CBE Key Interest Rates since 2014



Source: Prospectus, Central Bank of Egypt



CBE made its biggest rate cut in March by 300bps to provide appropriate support to the economy amid the global COVID-19 outbreak and its economic implications