

Arab Republic of Egypt's Budget Sector Debt
Medium-Term Debt Strategy
2026-2029





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Executive Summary

Egypt's Medium-Term Debt Management Strategy (MTDS) - Executive Summary

Egypt remains firmly committed to achieving fiscal and debt sustainability, by reducing budget sector debt¹ to GDP, improving debt-servicing indicators, and reducing gross financing needs (GFN) as percent of GDP, constituting a core pillar of its economic policy framework. The overarching objective is to bring debt-to-GDP ratio to low and sustainable levels, realized substantial decrease in debt service burdens, and achieve a cumulative reduction in gross financing needs of 9% to 11% percent of GDP by end of FY 2028/29.

Improving key debt metrics has become a top national macroeconomic priority. This renewed focus coincides with a rebound in economic activity driven by increased private sector participation, restored macroeconomic stability, and maintaining fiscal discipline.

The debt to GDP ratio is forecasted to decline over the medium term and is projected to reach 71-73% and the ATM to reach 4.5-5 years by FY 28/29.

Building on recent progress including a successful track record of primary surpluses and a reduction in the debt-to-GDP ratio of nearly 12 percentage points during period June 2023-2025, the government achieved a primary surplus of 3.5% of GDP in FY 2024/25, targeting to achieve a primary surplus of 4% of GDP in 2025/2026, and is committed to sustaining appropriate primary surpluses over the medium term to secure a credible downward debt trajectory.

Improving budget sector debt sustainability requires sustained and notable improvement in various indicators such as budget sector debt-to-GDP ratio, lowering debt service bill to GDP along with lowering annual debt service bill share to total expenditures and revenues, reducing GFN as percent of GDP along with extending average debt maturity of budget sector debt, gradual reduction to budget sector external debt, and continuous improvement in risk appetite and indicators by markets.

Our MTDS assume improved macroeconomic framework with strong real growth over the medium term based on higher share and contribution by the private sector and backed by strong exports activities and productive sectors performance. This is key to ensure notable improvement in debt sustainability related indicators. In addition, we assume maintaining macroeconomic stability through adopting consistent and

¹ Egypt's Budget sector debt comprise central government debt (various ministries), local government debt (municipalities) and public service authorities. It also reflects any budget sector financial allocations and support to public entities including economic authorities.



prudent fiscal and monetary policy mix along with deepening structural reform agenda.

On fiscal side we will continue to focus on realizing adequate primary surplus through strong revenue mobilization that concentrates on widening the tax base, improving voluntary compliance, and enhancing more annual dividends and revenues to the budget. We will also use at least 50 percent of any divestments to reduce and improve debt indicators. This should be complemented with active debt management efforts as highlighted in this document.

Our primary target is to ensure a declining path to budget sector debt-to-GDP as well as to GFN over medium term along with sustained improvement of debt service indicators.

During the start of the fiscal year 2025-2026, the yields on local currency tradable instruments declined by around 3%. Hence, there was ongoing expansion of long-term domestic bills and bonds issuances, which supports diversification, extends ATM, helps in lowering upcoming debt burden than current levels, and strengthens the sustainability over the medium term.

Egypt started also during the first half of fiscal year 2025/2026, its strategy of diversification and issued new debt instruments in the domestic market. During November 2025, Egypt successfully issued the first domestic LCY sovereign Sukuk. The three-year Ijara (leasing-based) sukuk was oversubscribed by more than five times, as it has attracted a new investor base and helped in lowering the yield of the 3 years bonds, in addition of reissuance of the 5-year bonds.

As for the external side, the Ministry of Finance strategy is reducing the external debt stock by USD 1-2 billion annually thus aiming for the issuance size to be less than the total redemption amount for the same period, prioritizing concessional external financing in coordination with Ministry of planning, Economic Development, and International Cooperation (MoPEDIC), within overall target of bringing budget sector external debt stock down.

Accordingly, Egypt strengthens investor's confidence, through its strategy of gradual reduction of external debt stock, as it has decreased by USD 3.9 billion during period June 2023-2025. In addition, during the first half of FY 25/26, the external debt stock has decreased by almost USD 2 billion² (preliminary figure). The outcome of this strategy has helped in lowering the secondary market yield curve in the past 2 years,

² This is a preliminary figure and is subject to change by the Ministry of Finance



by an average of 5.27%, which is the highest reduction in yield compared to the rest of our peers for the same period.

Furthermore, Egypt has tapped the international bond market with a successful dual tranche USD sukuk issuance in October 2025. The issuance was more than 5 times oversubscribed and the yield was lower than the secondary market yield at the issuance time.

Egypt's external debt strategy, as well as the recent improvement in the macroeconomic indicators including fiscal indicators, led to a decline in Egypt CDS to reach its lowest level since January 2022. Currently the CDS is around 299 basis points for the 5-year and 381 basis points for the 10-year, were in October 2023, the 5-year CDS stood at 1858 and the 10-year at 1587 basis points., representing decreases of 1,559 and 1,206 points respectively, moreover Egypt's Eurobond yield curve compared to the rest of the peer countries.

The MTDS for the next four years (26-29 period) is anchored in a comprehensive Budget sector debt management framework designed to ensure stable, predictable, and cost-effective financing. The strategy prioritizes:

- Improving the overall cost-risk balance through longer maturities, a smoother redemption profile, and a broader investor base.
- Mitigating refinancing (rollover) risk, which arise from clustered debt maturities that was adopted during a period of high inflation and interest rate to avoid locking in high debt service bill for a long period of time.
- Containing interest-rate risk, given the portfolio's sensitivity to monetary conditions due to the presence of variable-rate instruments.
- Prioritize concessional external financing in coordination with MoPEDIC, within overall target of bringing down budget sector external debt by USD 1-2 billion annually.
- Gradually reducing the share of foreign-currency-denominated debt to lower exchange-rate exposure while encouraging retail and corporate direct investment in local currency government securities.
- Managing refinancing (investor base concentration risk mainly in domestic debt stock)
- Reducing the gross financing needs and accelerating the reduction of debt-to-GDP ratio through enhancing more revenues to be transferred to the budget, use of any one-offs including divestment proceeds, in addition to carrying out market-oriented debt swaps.



Egypt's main budget sector debt strategy focuses on reducing budget sector debt to GDP ratio, improving debt service indicators, and reducing GFN as percent of GDP. In this context, extending the Average Time to Maturity (ATM) of the debt portfolio remains a central policy objective, as it supports improved cash-flow management and contributes to stronger debt sustainability over the medium term.

Baseline Funding Strategy - Core Policy Pillars

- Domestic debt market development: Issuance of more diversified and longer-maturity instruments to deepen liquidity, widen the investor base, and extend ATM.
- External FCY financing: Prioritize concessional external financing in coordination with MoPEDIC, within overall target of bringing down budget sector external debt by USD 1-2 billion annually to lower debt servicing costs indicators, extend maturities, and smooth the debt redemption profile.
- Reduction in foreign-currency international issuances relative to previous levels of annual issues to limit exchange-rate and refinancing vulnerabilities.
- Balanced use of Floating Rate Notes (FRNs) alongside fixed-rate instruments to pursue an appropriate cost and risk balance capitalize on expected declines in interest rates while remaining within prudent risk thresholds.
- Debt reduction through divestment such as Ras El Hekma and Alam El Roum: Allocation of a significant portion of divestment proceeds directly to lowering the outstanding debt stock, reinforcing fiscal consolidation.

The MTDS strongly emphasizes enhanced transparency, proactive investor communication, and confidence-building initiatives to maintain sustained access to both domestic and international capital markets under increasingly favorable terms.



Projected Debt Metrics (Baseline Scenario)

Indicator	FY 2024/25	FY 2028/29
Average Time to Maturity (ATM)	3.5 years	4.5-5.0 years
Share of Domestic Budget Sector Debt	74%	80%
Debt-to-GDP	83.8%	71-73%

Source: Ministry of Finance

These projections reflect a structural shift toward longer maturities, greater reliance on domestic financing sources, a downward trajectory in Debt-to-GDP, and a more balanced cost-risk profile in line with international best practices.

The strategy is formulated amid heightened global and regional uncertainty. Sensitivity analysis underscores the material impact of deviations in key variables particularly macroeconomic variables including growth interest rate and exchange-rate movements on debt dynamics. Continued prudent risk management, reduced foreign-currency exposure, and strengthened macroeconomic buffers remain essential to safeguard debt sustainability over the medium term.



1. Introduction and purpose of the MTDS

As the country continues diversifying its debt portfolio, the Medium-Term Debt Management Strategy (thereafter referred to as 'MTDS') will serve as a vital framework, offering a forward-looking approach that aligns with Egypt's broader fiscal and monetary policies, while safeguarding debt sustainability and reinforcing market confidence.

The MTDS sets out Egypt's debt management objectives, from the current structure of the debt portfolio to the target composition needed to meet medium-term goals. It guides decisions on how to meet the government's financing requirements, taking into consideration relevant constraints and potential risks. The strategy is a comprehensive document encompassing objectives, portfolio indicators, and financing strategies. It provides direction to debt management operations while also serving investors by enhancing transparency, and predictability, thus enabling the government authorities to plan their investments more effectively.

The Ministry of Finance is enhancing transparency as a key pillar in government borrowing operations. The MTDS contributes to this objective and aims to maintain constant communication with market participants through regular updates.

The debt management strategy is fully aligned with the fiscal and monetary policies. On the fiscal side, it considers the need for maintaining a sustained primary surplus, while contributing to the reduction of the headline deficit via (i) lower debt service and (ii) lower financing needs through a prudent borrowing and a diversified financing mix. On the monetary side, coordination with the Central Bank of Egypt ensures issuances remain consistent with liquidity conditions in the domestic banking sector, inflation objectives, and fostering market development.

The overarching objective is financing cost and extending ATM, as well as include fostering deep and liquid domestic financial markets, establishing reliable benchmarks for pricing financial assets, and maintaining consistency with broader macroeconomic policies. In this way, the government's debt management policy contributes not only to fiscal resilience but also to the development of Egypt's capital market.

1.1. The MTDS covers the Budget Sector debt.



The scope of the MTDS covers Budget Sector debt, namely marketable and non-marketable debt for domestic and external government debt serviced by the Ministry of Finance. This includes Treasury bills and bonds on the domestic side, as well as bilateral and multilateral loans, commercial loans, and international bond issuances on the external side.

This approach is grounded in the principle of aligning the strategy with the scope of liabilities for which the Ministry of Finance holds direct responsibility and control. By excluding the debt of economic authorities and other public entities, whose obligations may be contingent or independently managed, the MTDS ensures a clearer, more targeted framework for managing borrowing costs, refinancing risks, and maturity structures.

While the government remains aware of contingent liabilities arising from state-owned enterprises and economic authorities, these are outside the scope of the MTDS and are instead addressed through broader risk tools at the government and authorities' side. This delineation allows for more effective implementation, governance, and accountability in debt management operations.

The MTDS outlines a four-year plan, covering fiscal years 2025/2026 to 2028/2029, aimed at achieving a desired composition of the budget sector debt portfolio.

- 1.2. The MTDS is developed with the support of the IMF and World Bank MTDS Framework, while fed with internal forecast and capturing Egypt country-specific risks.**

The data used in the MTDS is sourced mainly from the Ministry of Finance in Egypt along with other relevant government official sources as Central Bank of Egypt (CBE) and Ministry of Planning (MOP), covering both domestic and external debt. Macroeconomic projections are obtained from Macro Fiscal unit within the Ministry of Finance and that is consistent with the government's plans and targets as published recently by the Ministry of Planning, Economic Development, and International Cooperation in the document named Economic Narrative.

The analytical tool applied to evaluate debt portfolio scenarios and inform financing strategies is **the Medium-Term Debt Management Strategy (MTDS) framework, developed in cooperation with the World Bank (WB), the International Monetary Fund (IMF) and key advisors from investment banks.** Moreover, the tool is also used to assess the performance of alternative strategies under various shock scenarios, such as exchange rate fluctuations, interest rate changes, thereby guiding policy choices with a forward-looking and risk-based approach.

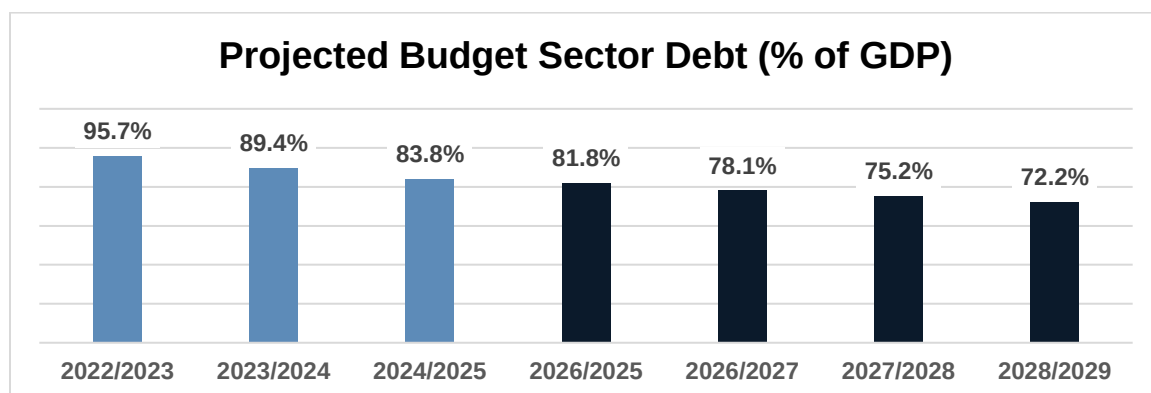


2. Strategic goals and objectives

2.1. Overarching objective: Reducing the debt / GDP ratio.

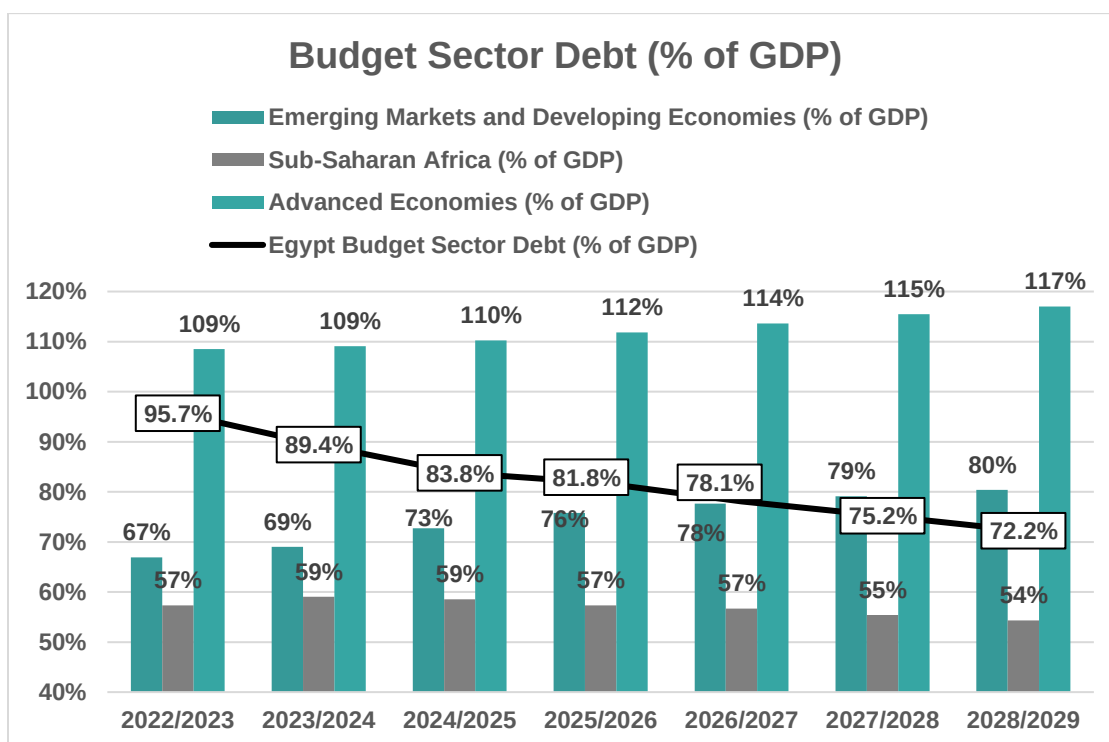
The Ministry of Finance (MoF) places the highest priority on implementing a debt management strategy that underpins a sustainable downward trajectory. This will be achieved by improving the debt structure, reducing borrowing costs, and strengthening the government's capacity to manage debt-related risks over the medium and long term.

The Ministry of Finance central objective is the gradual reduction of the debt-to-GDP ratio from its peak of 95.7% in FY 2022/2023 as follows:



Source: Ministry of Finance

Debt to GDP ratio has started to decline during period June 2023-2025 by 11.9%. This downward trajectory is expected to continue, reaching 81.8% in FY 2025/2026 and 78.1% in FY 2026/2027, supported by sustained fiscal consolidation measures and strategic debt management framework. By FY 2027/2028, the ratio is forecasted to further decline to 75.2%, followed by 71%-73% in FY 2028/2029, underscoring the government's commitment to a stable and sustainable debt path.



Source: Ministry of finance

In FY 24/25, Egypt's budget sector debt dropped by around 12% of GDP during the period of June 2023-2025 to reach 83.8%. This is in contrast to a growth in emerging markets and developing economies debt to GDP by around 7% in the same two years as per IMF WEO. The medium-term projections for Egypt's budget sector debt to GDP is expected to reach 71%-73% compared to an increase in EMDEs reaching 80%.

2.2 Domestic debt objectives: extend the average maturity and reduce the cost of borrowing.

A key priority is the gradual increase in bond issuances across medium-term maturities (3, 5, 7 and 10 years) to diversify as well as lengthen the maturity profile and to reduce the rollover risk. This will allow for reducing the reliance on short-term instruments, which contribute to creating refinancing risks.

To broaden the investor base, the government plans to **introduce new local debt instruments targeting both retail and institutional investors**. These efforts also aim to expand direct investment in Treasury securities by individuals and corporations and strengthen domestic fixed-income funds.

2.3 External debt objectives: Egypt aims to progressively reduce its reliance on FCY debt.



The external debt strategy focuses on lengthening the ATM, reducing the external debt burden, and reducing the external debt stock by USD 1-2 billion annually.

Egypt plans to increase its reliance on concessional and semi-concessional sources in coordination with MoPEDIC to lower debt servicing costs, extend maturities, and smooth the debt redemption profile.

Additionally, Egypt will continue its strategy of gradual reduction of its external debt stock, through minimizing international bond issuances in international markets, where annual new issuance should be lower the total maturities for the same period. This approach already resulted in the \$3.9 billion reduction in external debt for the period from June 2023-2025.

At the same time, the strategy prioritizes **extending maturities and lowering borrowing costs through active debt management operations.**

2.4 The MTDS also pursues secondary objectives.

2.4.1 Developing the domestic market.

Deepening the domestic debt market is one of the main objectives to Egypt's strategy. In 2024 the **Primary Dealer decree** was enhanced accordingly.

In addition, new products in the domestic markets have been introduced to diversify the investors base, like the **local currency sukuk** attracting GCC funding, lowering bond yield and mobilizing new domestic financing sources. That is part of our quarterly issuance calendar announced to the market and issued through our primary market auction.

The government will support the expansion of **money market** and fixed-income funds via asset managers, encouraging retail and corporate direct investment in government securities.

Moreover, there is an alliance with the Financial Regulatory Authority and the Ministry of Finance in activating the Treasury securities secondary Market.

2.4.2 Providing transparency on debt portfolio and borrowing plan

The enhancement of the Debt Management **website** has been an important step in strengthening transparency. The Ministry of Finance ensures regular publication of the Quarterly Issuance Calendar and investor's presentations.



Starting in 2025, **Quarterly Statistical Debt Bulletin** have also been regularly published, further improving public access to accurate and timely information. These measures reinforce market predictability and strengthen investor confidence.

2.5 Egypt aims to continue pioneering the development of ESG instruments in the MENA region.

Egypt has positioned itself as **a regional leader in sustainable finance**, integrating environmental objectives into fiscal and debt management policies. The country pioneered sovereign green bond & loan issuance in the MENA region and subsequently issued sustainable Panda bonds in Chinese markets under its sustainable financing framework. These initiatives mobilize funding for renewable energy, eco-friendly infrastructure, and climate adaptation projects, aligning public finances with Egypt's climate agenda. By advancing its green financing strategy, Egypt broadens its investor base to ESG-focused investors and strengthens the sustainability of its debt management framework. This approach will continue in the upcoming years, which will serve the government objective of increasing its expenditure on health and education.



3 Current Situation of the Budget Sector Debt Portfolio

3.1 Definition and rationale behind the chosen debt perimeter

For all sections except the Risk Framework, the classification of domestic and external debt is as follows:

- External debt refers to government securities denominated in foreign currency and held by non-residents, in addition to external foreign currency bilateral and multilateral loans.
- Domestic debt includes all issuances in EGP as well as payable foreign currency debt held by Egyptian entities and residents.

3.2 Budget Sector Debt Overview

The table below presents the composition and evolution of total budget sector debt from June 2022 to June 2025, highlighting the breakdown between domestic and external debt, their respective instruments, and key debt indicators relative to GDP.

	22-Jun	23-Jun	24-Jun	% of total debt	25-Jun	% of total debt
Total Budget Sector Debt Outstanding (in EGP min)	6,925,772	9,665,002	12,519,666	100%	14,964,314	100%
Total Domestic Budget Sector Debt	5,399,148	7,119,506	8,727,222	70%	11,072,267	74%
T-Bills	1,758,783	2,601,282	4,211,235	34%	5,063,434	34%
T-Bonds	2,857,104	2,946,992	3,092,670	25%	4,144,001	28%
Eurobonds held by domestic residents	86,413	140,359	223,424	2%	235,037	2%
MOF Overdraft balance held by CBE (1)	176,111	183,193	-46,396	0%	135,360	1%
Other	520,738	1,247,680	1,246,289	9%	1,494,435	10%
Total External Budget Sector Debt	1,526,624	2,545,496	3,792,444	30%	3,892,047	26%
Bilateral Loans	146,506	286,724	509,185	4%	487,349	3%
Multilateral Loans	812,289	1,318,790	1,922,115	15%	1,958,599	13%
International Bonds (2)	543,921	908,999	1,328,264	11%	1,423,490	10%
Debt within Paris Club	23,908	30,983	32,880	0%	22,609	0%
Debt indicators						
Domestic Debt/ Total Debt	78%	74%	70%		74%	
External Debt/ Total Debt	22%	26%	30%		26%	
Domestic Debt/ GDP	68%	71%	62%		62%	
External Debt / GDP	19%	25%	27%		22%	
Total Debt / GDP	87%	96%	89%		84%	

Source: Ministry of Finance & central Bank of Egypt

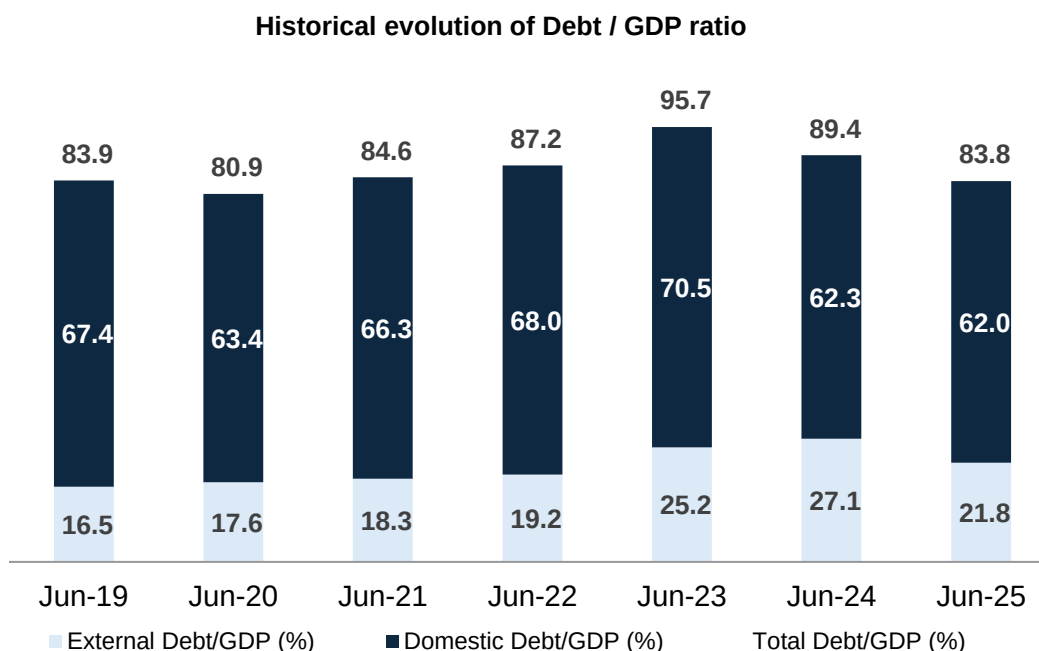
(1) Overdraft balance in positive sign means that MOF withdraw from CBE within the legal limits as per the Egyptian law.

(2) Payable in foreign currency held by non-residents



The budget sector domestic debt reached EGP 11,072 billion, representing 74% of total budget sector debt, which is equivalent to 62% of GDP. During FY 2024/25, the share of domestic bonds has increased from 25% in FY 2023/24 to 28% of the debt portfolio. The budget sector external debt amounted USD 78.6 billion, which equivalent to EGP 3,892 billion. This accounts for 26% of total debt portfolio and is 22% of the GDP.

3.3 Egypt budget sector debt has been decreasing since 2023.



Source: Ministry of finance & Central Bank of Egypt

The Budget Sector Debt to GDP ratio has been put on a downward trajectory after a peak reached in 2023 at 95.7%, now reaching 83.8% as of June 2025.

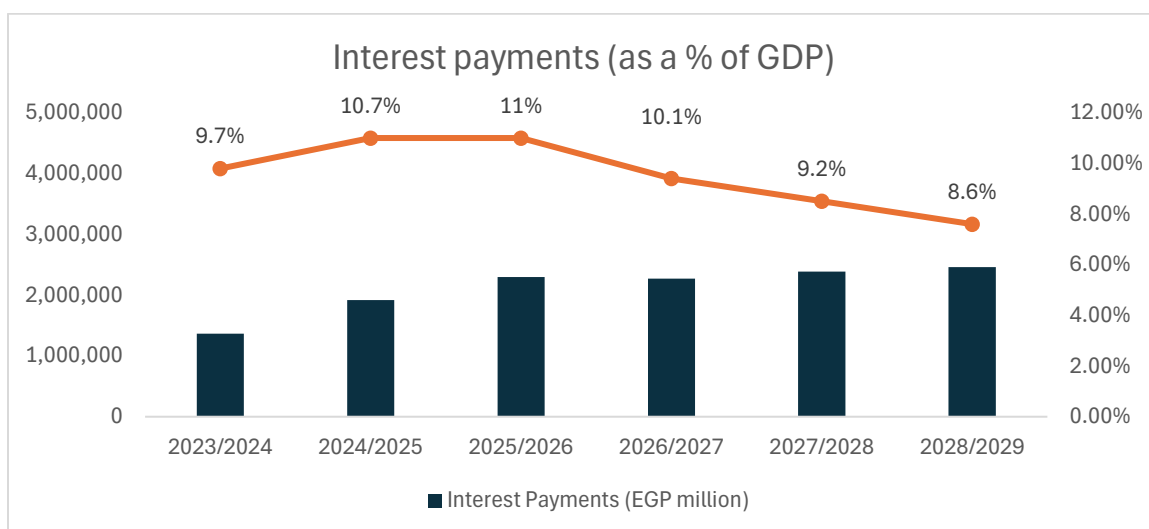
This trend can be seen on the domestic as well as on the external side. Domestic debt has declined from 70.5% to 62% of GDP, between June 2023-2025, while external debt declined from 25.2% from 21.8% over the same period.

3.4 Debt servicing costs, driven by the high cost of domestic debt.

Debt service burdens are crucial indicators to assess a country's budget sector debt sustainability. In the case of Egypt, interest payments as a percentage of GDP increased during the fiscal year 2024/2025, reaching 11%. However, they are expected to decline to 8.6% by fiscal year 2028/2029 in line with the medium-term fiscal and debt strategies adopted by the Ministry of Finance. In addition, other measures are aimed to reduce the debt stocks and the GFN including the use of exceptional receipts. Furthermore, interest



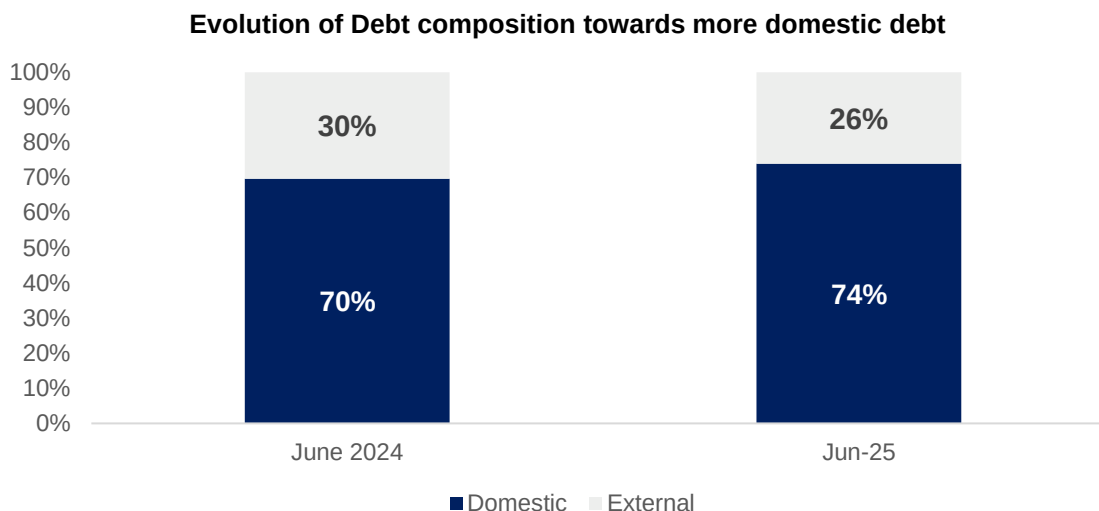
rate payments are also expected to decline with the normalization of interest rates related to inflation targets over the medium term.



Source: Ministry of Finance

3.5 Egypt increases its domestic debt in line with its economic growth.

During June 2024, the domestic debt made almost 70% of the debt portfolio, and external debt accounted for the remaining 30%. This percentage of domestic debt has increased to 74% by the end of FY 2024/2025 and external debt, which is denominated in foreign currency, has fell to 26%, aligning with Egypt's strategy to increase its domestic debt denominated by local currency, in an attempt to deepen the domestic market, as well as to reduce the FX risk. Its noteworthy, that despite this increase, GDP growth increased to 4.4% in FY 2024/2025 up from 2.4% a year earlier. Growth continued to increase by 5% in Q4 FY 24/25 and by 5.3% in Q1 FY 25/26, assuring that domestic issuance plan was according to liquidity levels in the market and didn't have a crowding effect on private sector investment growth, which reached an exceptional growth of 73% during FY 2024/25.



Source: Ministry of Finance

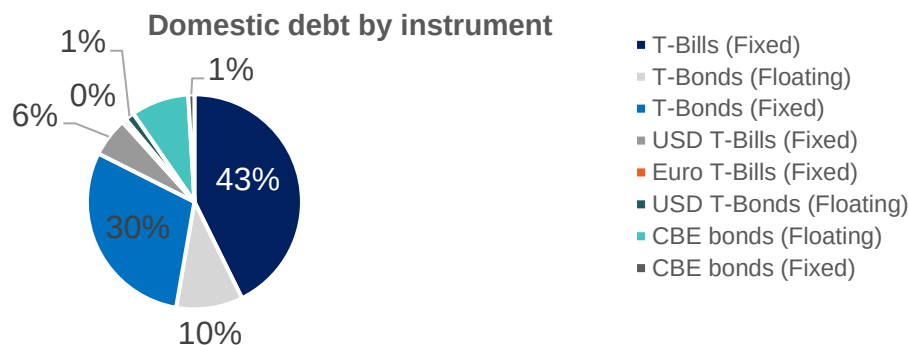
3.6 Breakdown of domestic debt

Egypt domestic debt profile is defined by a low currency risk due to its EGP dominance and a high reliance on tradable T-Bills and T-Bonds. The primary financial risk is the interest rate exposure due to the combination of short maturities and percentage of debt re-fixing in short term, in addition to the investor base concentration risk, and both requiring careful management to ensure the stability and sustainability of the debt burden.

- **Instruments:** The domestic debt portfolio demonstrates strong market depth and investor confidence, with the vast majority of funding sourced from highly liquid and widely recognized instruments. Tradable government securities, primarily treasury bills (T-Bills) and treasury bonds (T-Bonds), constitute over 80 % of the total portfolio, underscoring robust market engagement and active secondary market dynamics. Within this, fixed-rate T-Bills make up the largest share, reflecting consistent demand for short-term, secure government paper, while fixed and floating rate T-Bonds together provide stable long-term financing that supports the government's strategic funding needs. In addition, international currency instruments such as USD and Euro-denominated T-Bills, along with USD T-Bonds, which are held locally and are non-tradable, add further diversification to the portfolio, enhancing its resilience and broadening its investor base.
- **Interest rate:** Fixed-rate instruments account for 80 percent of the domestic portfolio, while floating-rate debt represents the remaining 20 percent. The strong reliance on fixed rate borrowing helps to reduce exposure to interest rate volatility.



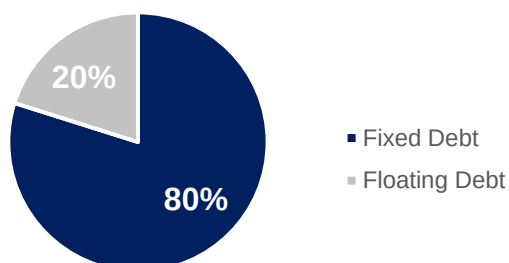
- **Currency composition:** Most of the domestic debt is denominated in local currency, with debt in Egyptian pounds accounting for 92% of the total. Foreign-currency instruments represent only a small share, comprising 7% in U.S. dollars and 1% in Euros.
- **Tradability:** Predominantly composed of tradable instruments, which account for 89 percent of the total portfolio.
- **Maturity profile:** With 56.5 percent of domestic debt maturing within one year, the maturity profile reflects a notable reliance on short-term instruments. This structure allows debt managers to adjust financing decisions in line with evolving market and fiscal conditions and supports active engagement with the domestic market through regular issuance. At the same time, it requires careful cash-flow planning to ensure smooth refinancing operations and consistency with the medium-term debt management objectives.
- **Subject to re-fixing:** The fact that 74 percent of LCY domestic portfolio is subject to rate re-fixing within a year underscores the portfolio's agility and its alignment with current monetary policy. Such a structure allows the debt stock to incorporate the latest interest-rate environment quickly, optimizing funding costs and reflecting market expectations. Meanwhile, the remaining 26 % with longer refixing horizons ensures a balanced mix of stability and flexibility, catering to both short-term responsiveness and longer-term planning



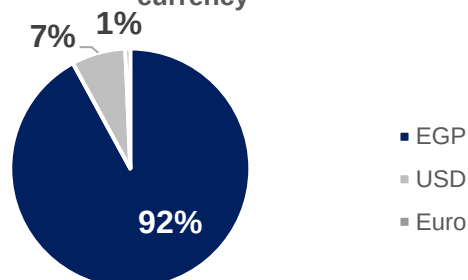
Source: Ministry of Finance



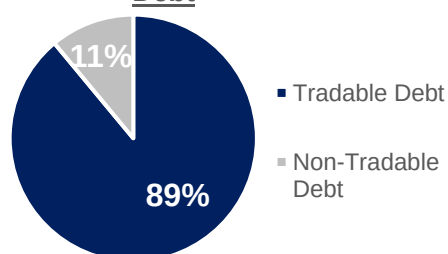
Domestic Debt composition of interest fixed VS floating



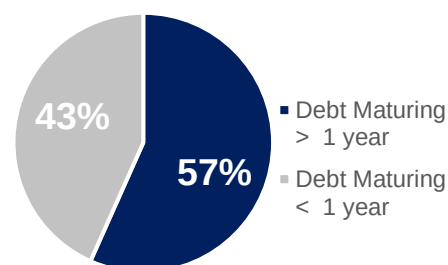
Domestic Debt composition by currency



Domestic Debt composition Tradable Debt VS Non-Tradable Debt



Debt Maturing in Less than 1 year



Debt Re-Fixing in 1 year



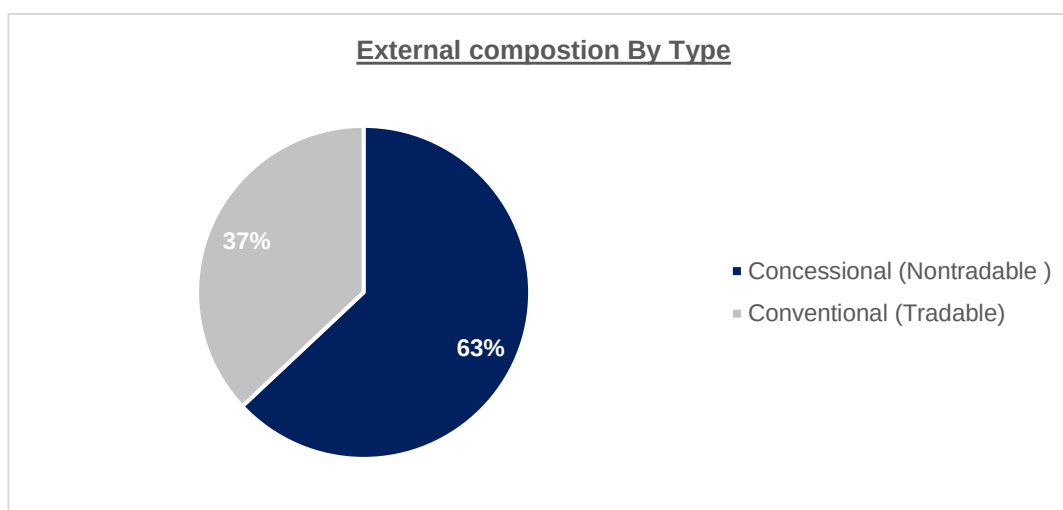
Source: Ministry of Finance

3.7 Breakdown of external debt

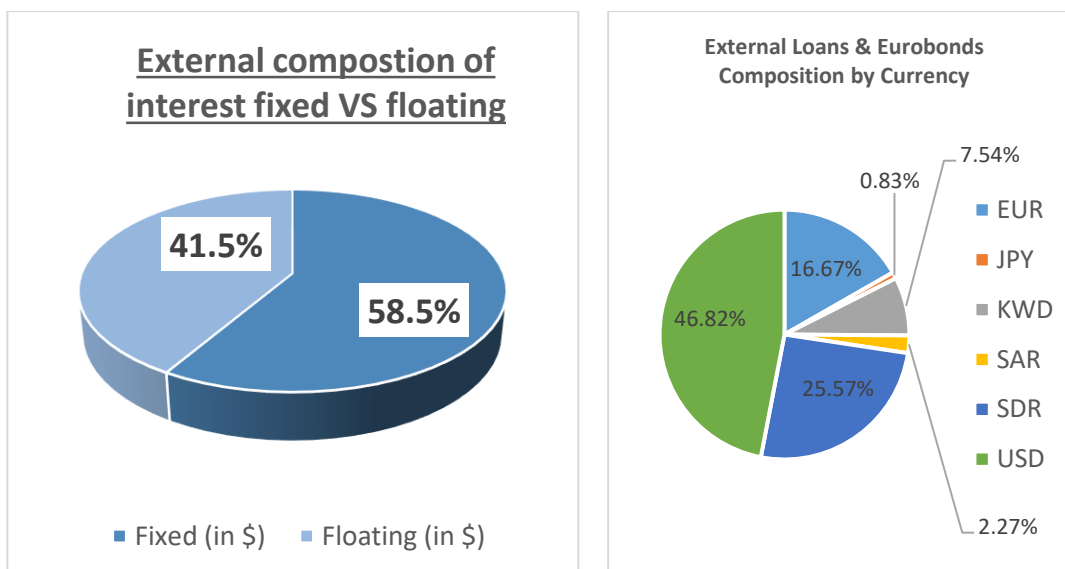
- **Instrument type:** The composition of the external debt outstanding portfolio reflects a diversified structure. Non-tradable concessional loans account for 63% of the external debt portfolio, reflecting a reliance on long-term and low-interest financing sources. In addition, tradable debt, represented by international bonds, represents 37%, which demonstrates Egypt's presence in and access to international debt capital markets. Overall, this balanced composition of concessional financing and international market issuances allows Egypt to reduce the cost of borrowing.



- **Currency Composition** The largest share is denominated in USD (46.82%), followed by SDR (25.57%) and EUR (16.67%). Other currencies account for smaller proportions, including KWD (7.54%), SAR (2.27%), CNY (0.62%), and JPY (0.83%). The distribution highlights the dominance of USD and SDR, together representing over 70% of the total.
- **Interest rate (Fixed vs Floating)** Fixed-rate debt accounts for 58.5%, providing stability and predictability in debt servicing costs. In contrast, floating-rate debt represents 41.5%, exposing a smaller share of the portfolio to fluctuations in global interest rates. This structure suggests that the debt portfolio carries a manageable vulnerability to interest rate volatility, thereby reducing refinancing and market risk, while maintaining some exposure to benefit if global interest rates decline. It's worth noting that floating interest rates is associated with the concessional part of the debt portfolio.



Source: Ministry of Finance



Source: Ministry of Finance

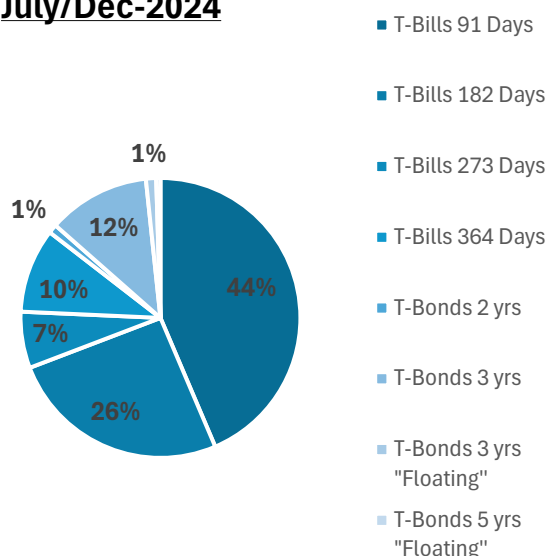
3.8 Budget Sector Debt performance during the first half of FY 2025/2026

Egypt has started to apply its key strategies, which are embed in MTDS, since the beginning of the FY 2025/2026, as follows:

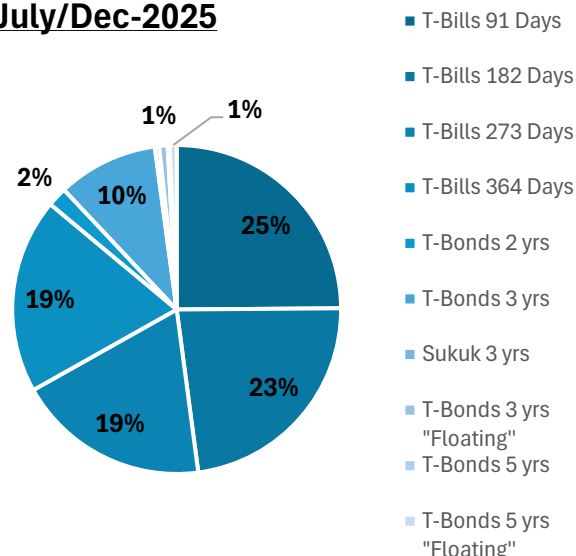
3.8.1 Domestic budget sector debt performance:

The domestic issuance profile showed a clear shift toward longer maturities for the first half of the FY 2025-2026 compared to the same period the year before,

July/Dec-2024



July/Dec-2025



Source: Ministry of Finance

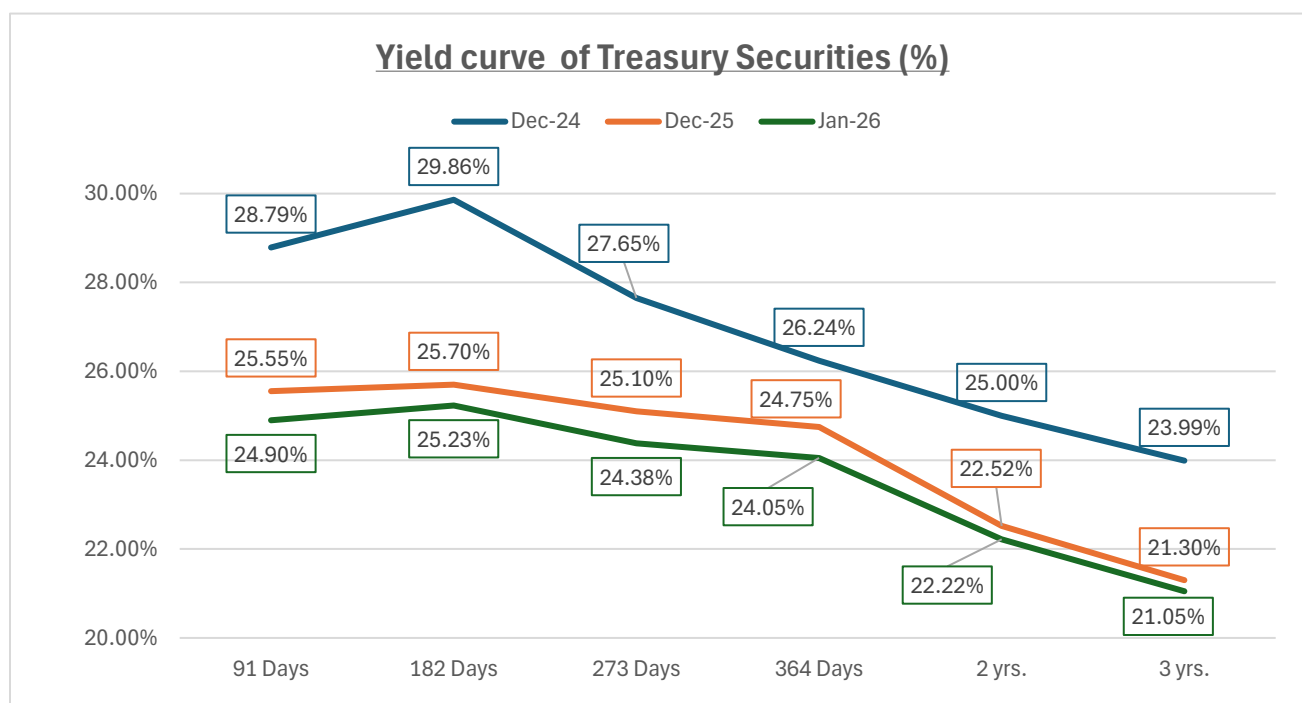


with a marked reduction in reliance on short-term T-Bills 91-day and increased issuance of longer-dated as T-Bills for 273 days and 364 days to reach 38% in July/December-2025 compared to 17% in July/December-2024:

This shift between the two periods was supported by a great reduction in the yield of the treasury securities by around 3%:

	Dec-24	Dec-25	Difference In yield between Dec-25 compared to Dec-24	Jan-26	Difference in yield between Jan-26 compared to Dec-24
91 Days	28.79%	25.55%	-3.24%	24.90%	-3.89%
182 Days	29.86%	25.70%	-4.16%	25.23%	-4.63%
273 Days	27.65%	25.10%	-2.55%	24.38%	-3.27%
364 Days	26.24%	24.75%	-1.49%	24.05%	-2.19%
2 yrs.	25.00%	22.52%	-2.48%	22.22%	-2.78%
3 yrs.	23.99%	21.30%	-2.69%	21.05%	-2.94%

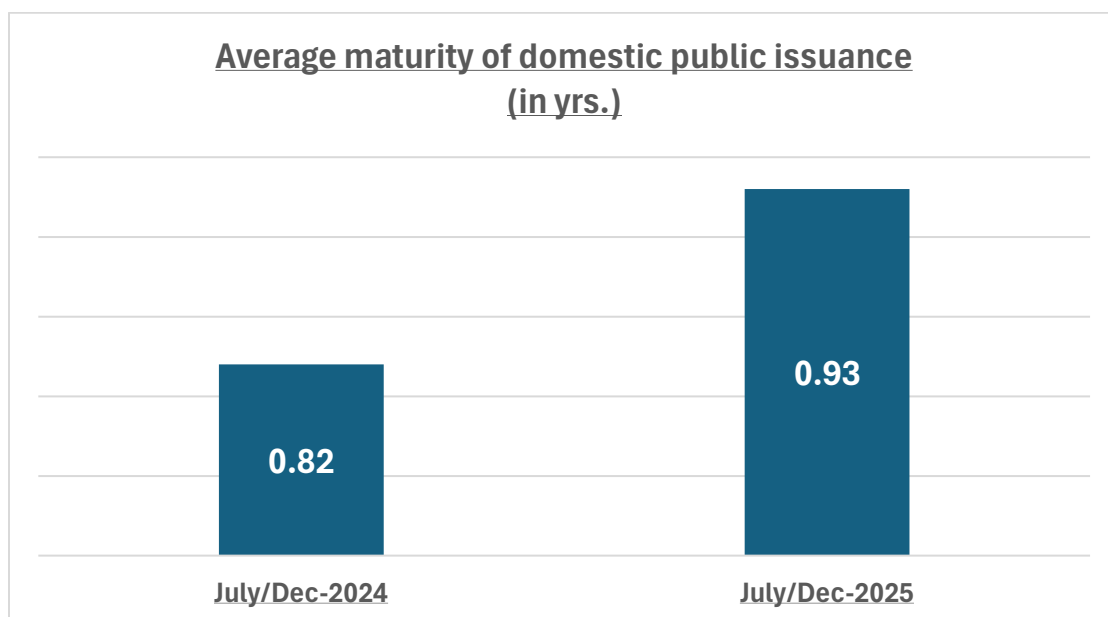
Source: Ministry of Finance



Source: Ministry of Finance



This rebalancing has helped in a gradual extension of the Average Time to Maturity (ATM), smoothed the redemption profile, and reduced the near-term rollover pressures and gross financing needs (GFN):



Source: Ministry of Finance

Additionally, Egypt successfully issued its first domestic LCY sovereign Sukuk in November 2025. The three-year Ijara (leasing-based) Sukuk was oversubscribed by more than five times, attracting a total orders of EGP 14.9 billion from banks, including Islamic banks. The issuance demonstrated strong demand for Islamic instruments in Egypt, with yields lower than those of conventional bonds, contributing to a reduction in the cost of debt.

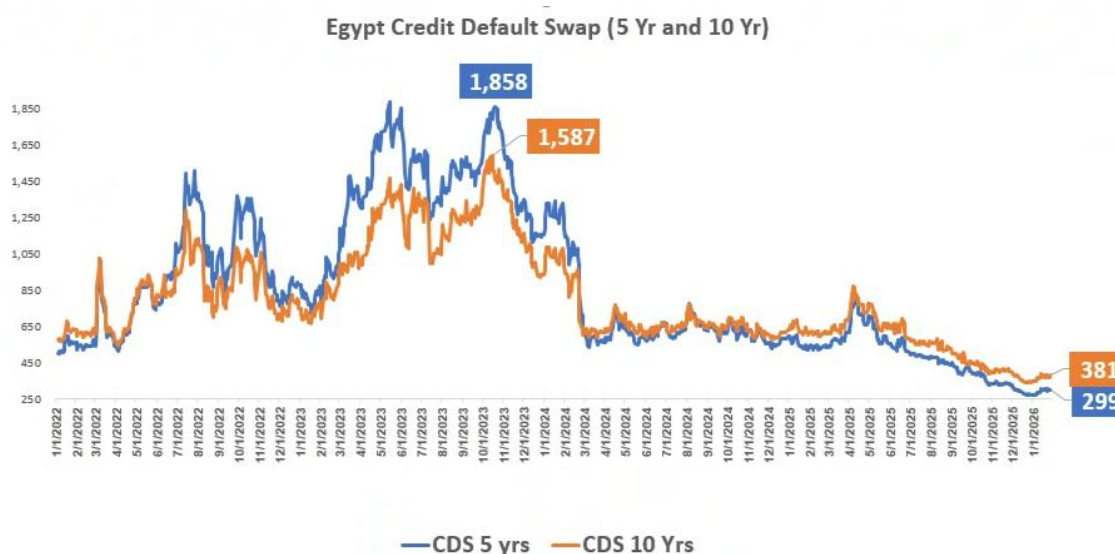


3.8.2 External budget sector debt performance:

Egypt regained to be replaced by strengthen and improved market confidence, through adopting its strategy of gradual reduction of external debt stock, by USD 1-2 Bln. annually, noting that the external debt stock decreased by USD 3.9 bn since June 2023 till June 2025, in addition to a preliminary reduction of USD 2 billion during the first half of FY 2025/2026.

Egypt has tapped the international bond market with a successful dual tranche USD sukuk issuance in October 2025. The issuance was more than 5 times oversubscribed and the yield was lower than the secondary market yield at issuance time with an average of 20 to 35 basis points. This reflects strong investor demand and appetite for Egypt's Eurobonds, providing a pricing advantage within the yield curve and ultimately helping to reduce the debt burden.

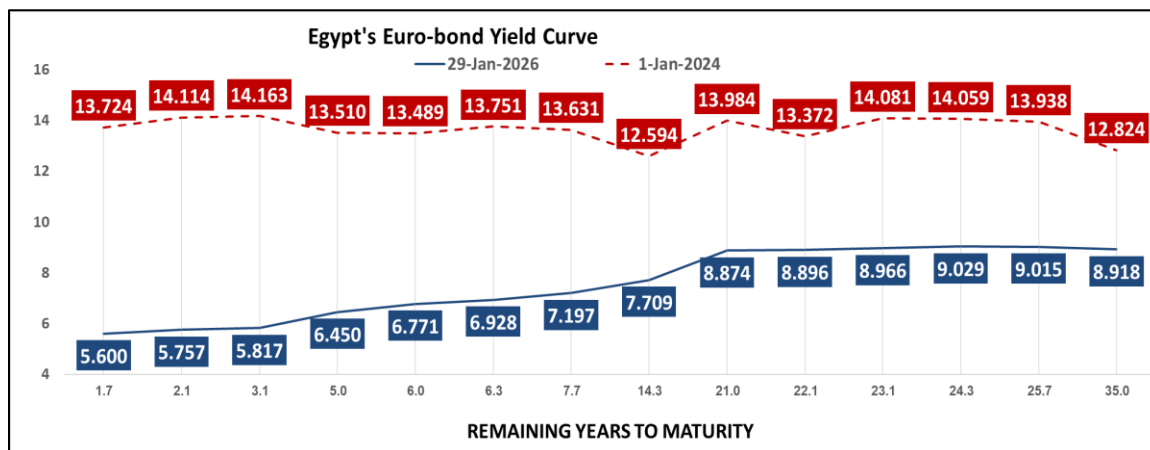
Egypt's current external debt strategy, as well as the improvement of its economic indicators have helped Egypt CDS to reach its lowest level since January 2022 as shown in the below graph:



Source: Bloomberg



Furthermore, Egypt's Eurobond yield curve has improved by an average of 5.27% since January 2024, as shown in the following graph:

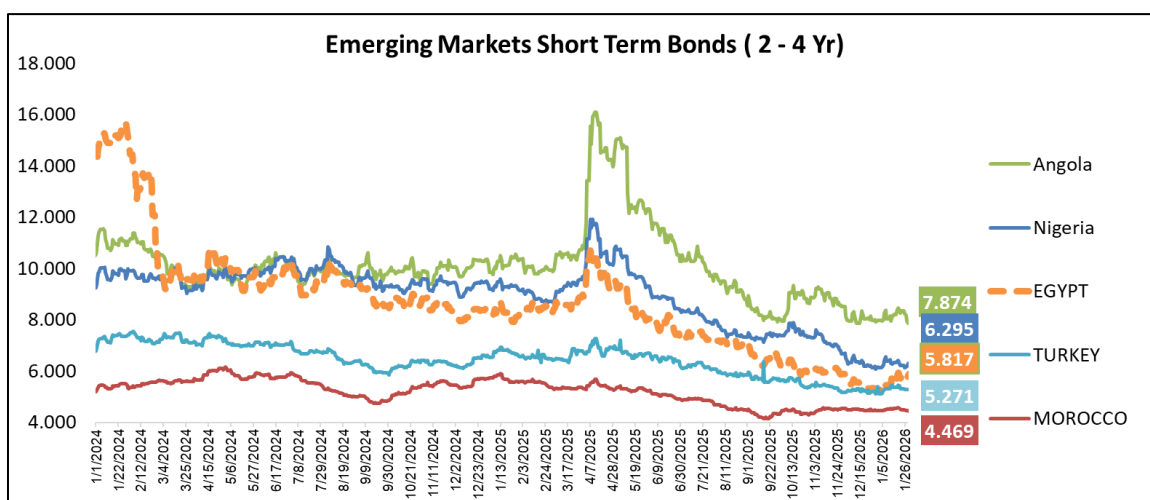


Source: Bloomberg

As illustrated in the following chart, Egypt's yield curve has improved tremendously, and with a higher magnitude when compared to the Eurobond yield of its peers:

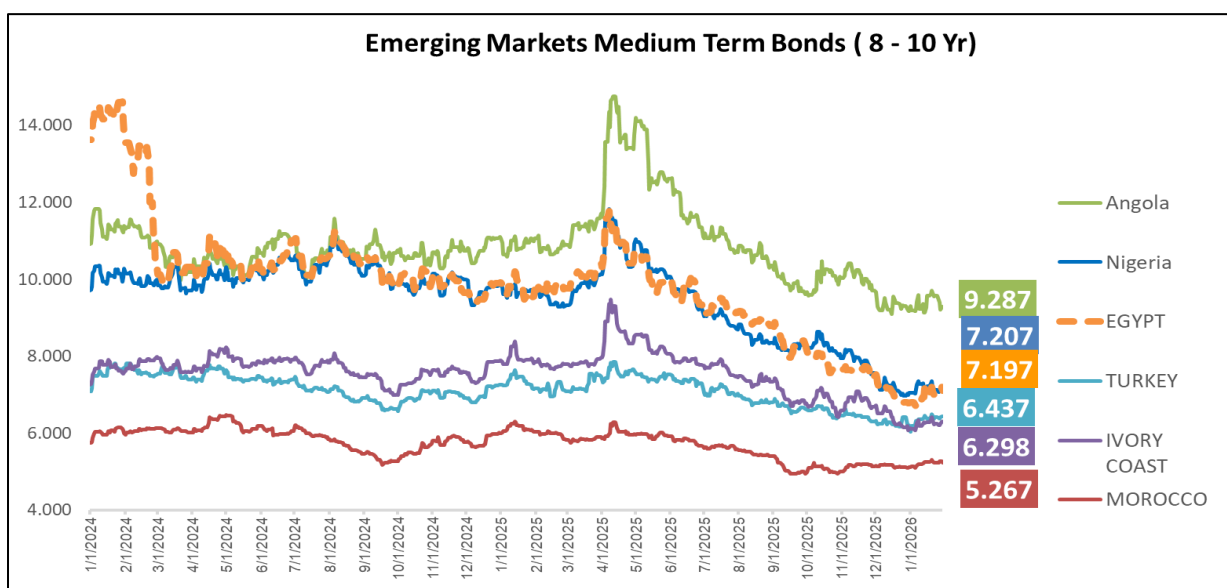
2 – 4 Year Bonds			
Country	3 Jan 2024	29 Jan 2026	Change (+/-)
<u>Egypt</u>	<u>14.16%</u>	<u>5.82%</u>	<u>(-8.35%)</u>
Nigeria	9.26%	6.30%	(-2.96%)
Angola	10.56%	7.87%	(-2.68%)
Turkey	6.78%	5.27%	(-1.51%)
Morocco	5.21%	4.47%	(-0.74%)

Source: Bloomberg



Source: Bloomberg

8 – 10 Year Bonds			
Country	3 Jan 2024	29 Jan 2026	Change (+/-)
<u>Egypt</u>	<u>13.63%</u>	<u>7.20%</u>	<u>(-6.435%)</u>
Nigeria	9.73%	7.21%	(-2.52%)
Angola	10.94%	9.29%	(-1.65%)
Ivory Coast	7.27%	6.30%	(-0.97%)
Turkey	7.09%	6.44%	(-0.66%)
Morocco	5.74%	5.27%	(-0.47%)



Source: Bloomberg

3.9 Gross Financing Needs (GFN) and debt redemption profile

3.9.1 Gross Financing Needs: Trends and Reduction Strategy

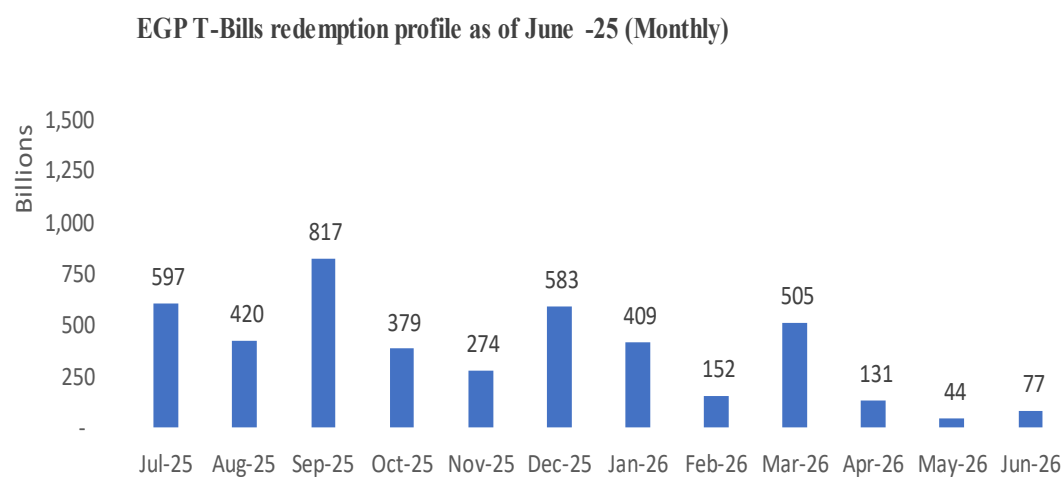
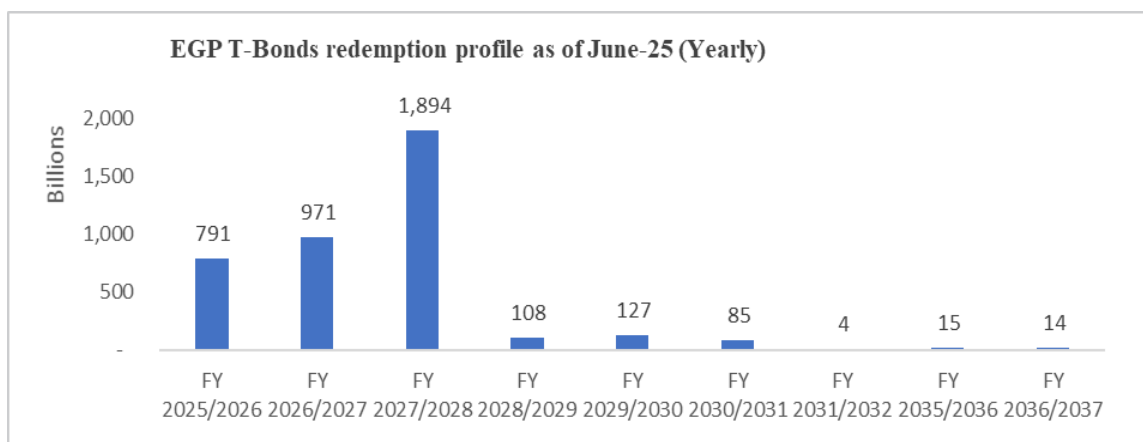
Egypt has track record of sustaining high gross financing needs. However, the MoF aims to reduce its GFN by the following approaches:

- Fiscal consolidation measures centered on revenue mobilization, aiming to sustain high primary surpluses over the medium term, thereby reducing reliance on debt to finance budgetary needs.
- Divestment-linked debt reduction strategy, which will allocate at least 50% of divestment proceeds specifically to reducing budget sector debt such as Ras el Hekma and Alam El Roum, noting that 100% of those proceeds were used to reducing the debt.
- Extending maturity of current debt, through increasing medium-term bond issuance in the domestic market and Prioritize concessional external financing in coordination with MoPEDIC, within overall target of bringing down budget sector external debt by USD 1-2 billion annually.

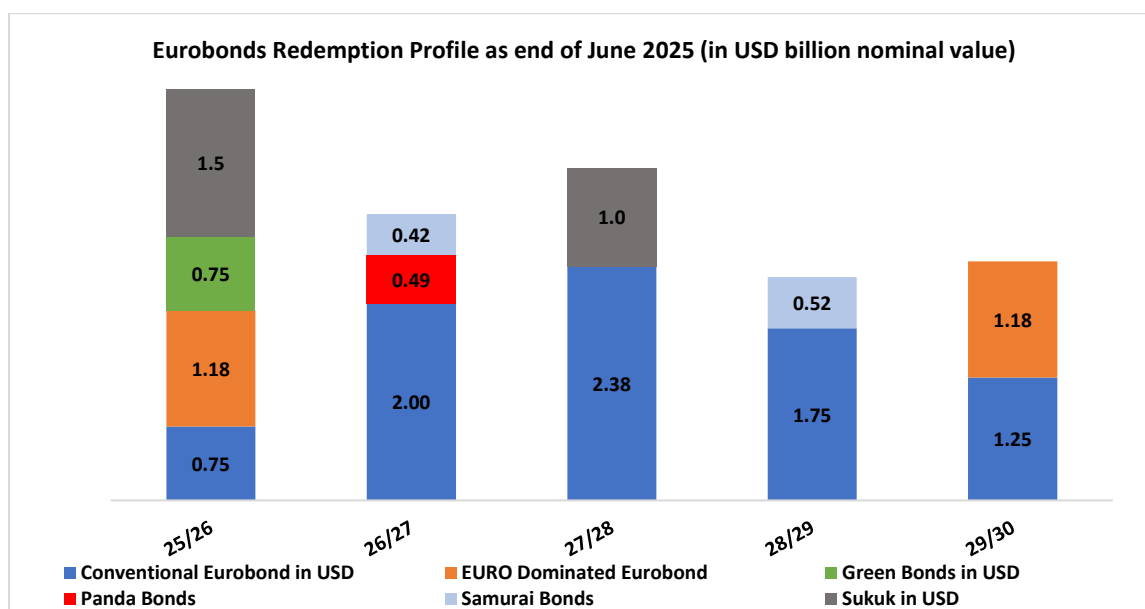
These approaches are expected to reduce debt-to-GDP and debt servicing costs indicators, extend debt maturity profile, and foster a more sustainable and resilient financing structure.



3.9.2 Budget Sector Debt redemption profile.



Source: Ministry of Finance



Source: Ministry of Finance

4 Macroeconomic Situation and Medium-Term Assumptions

Macroeconomic and fiscal assumptions

4.1 The macro-economic assumptions of the MTDS are based on the latest evidence government's macro-fiscal framework.

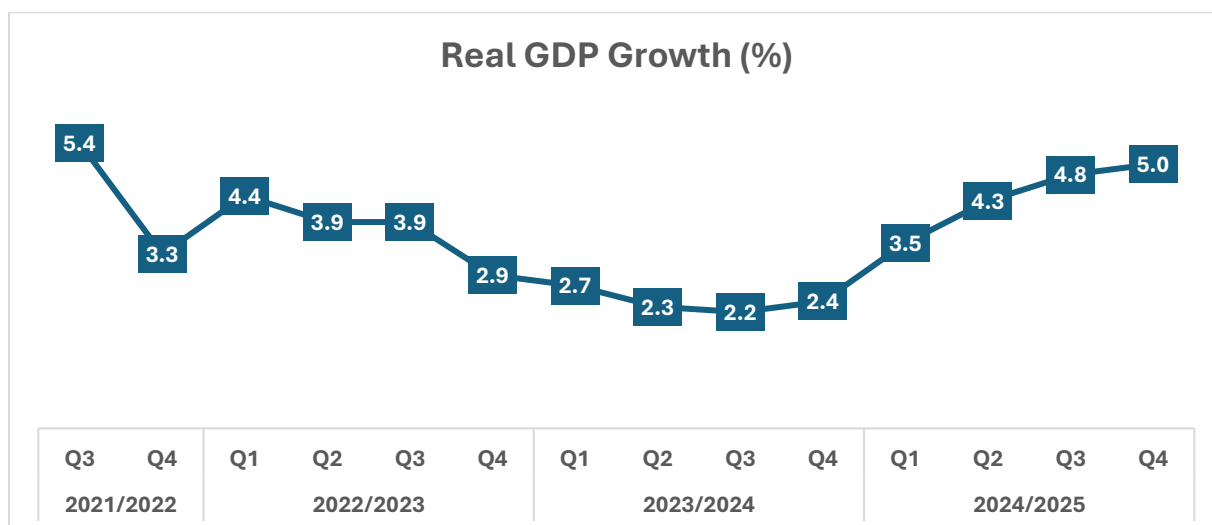
4.1.1 A strong macro-economic backdrop throughout FY24/25

The fiscal policy aims to build on the positive results achieved during FY 2024/2025 and the measures being implemented in the current year. Financial and structural reforms have led to substantial improvements in most fiscal and economic indicators. These reforms resulted in a budget sector primary surplus of 3.5% of GDP, driven by record growth of 35% in tax revenues without imposing additional burdens on citizens or the business community, alongside enhanced fiscal discipline, and greater efficiency in public expenditure. The improved revenue performance was driven by tax-base expansion, improved compliance, digitalization, and administrative reforms.

Egypt experienced an increase in real GDP growth to 4.4% in FY 2024/2025, compared with only 2.4% in the previous fiscal year. Private investments rose by 73% on an annual basis, while foreign direct investment increased by approximately 10%. Non-oil exports grew by about 29%, and inflation declined to around 12.3% by December 2025.

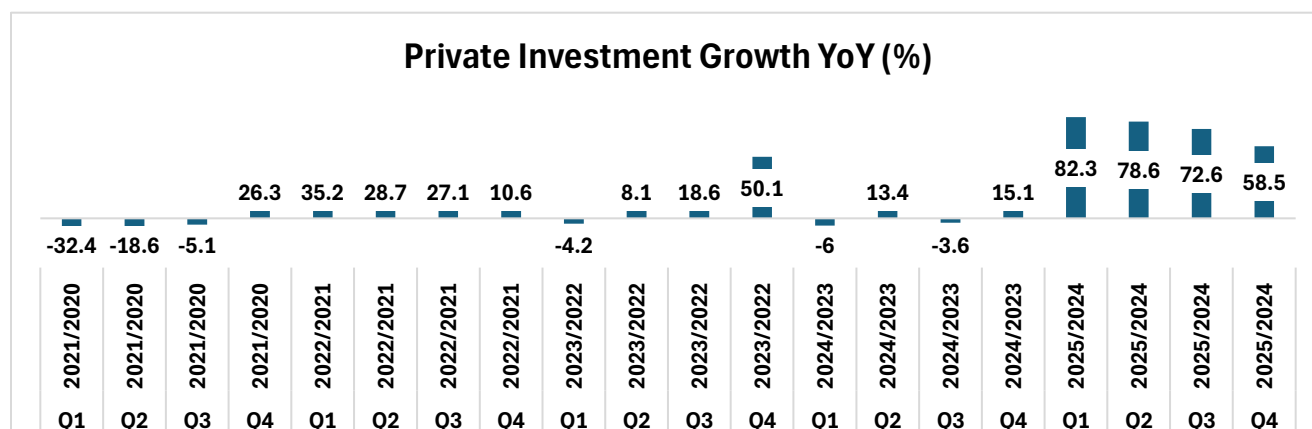


Additionally, there was a significant rise in foreign exchange reserves and foreign assets within the banking system. This positive performance was underpinned by supportive fiscal and monetary policies, including structural reforms such as the tax facilitation package, customs and international trade reforms, and improvements in the investment climate. Key government initiatives focused on supporting priority industrial sectors, small and medium-sized enterprises, and sector-specific programs such as tourism promotion, export burden reduction, and support for the automotive industry.



Source: MoPEDIC

Private sector investments played a pivotal role in supporting growth, especially through the implementation of structural measures such as the governance of public investments and enhancing the private sector's role. Private investment grew by around 73% y-o-y in FY24/25 compared to an average of around 5% the previous fiscal year FY23/24, reflecting the state's efforts to create greater space for the private sector by rationalizing public investments and providing numerous incentives to improve the investment climate.



Source: MoPEDIC



4.2 The macro-economic assumptions of the MTDS are based on the latest evidence

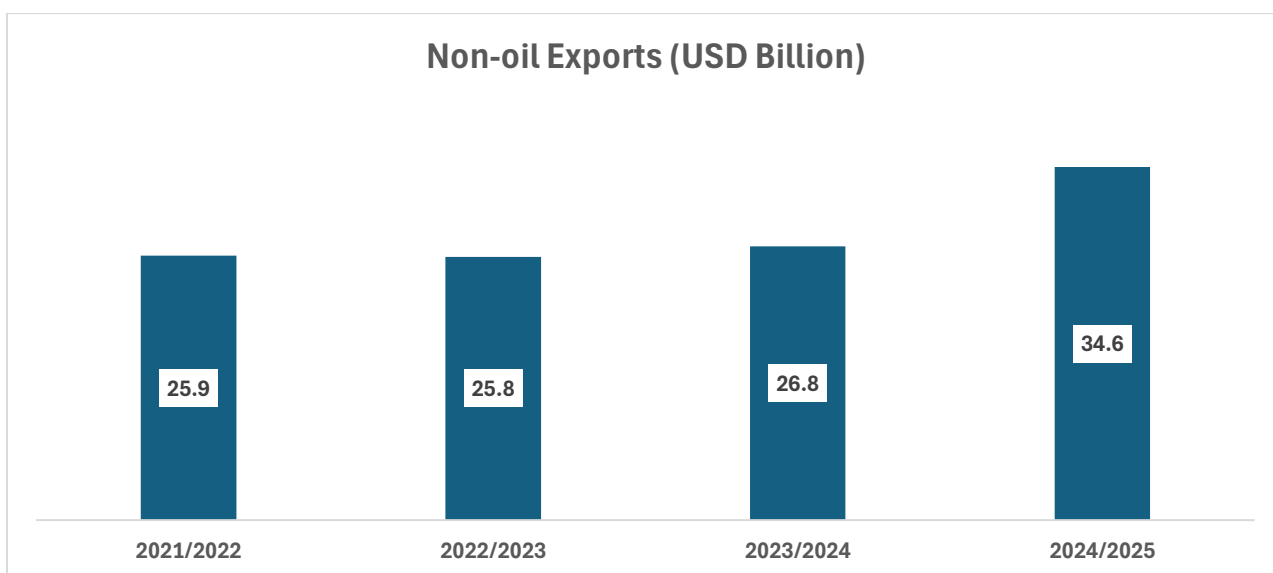
4.2.1 A strong macro-economic context for FY24/25

Egypt's macroeconomic performance in FY 2024/2025 reflects a clear transition from stabilization toward recovery, underpinned by disciplined macroeconomic management, structural reforms, and improving external conditions. The economy benefited from the implementation of the economic reform program launched in March 2024, which prioritized macroeconomic stability, flexible exchange rate management, fiscal consolidation, and private-sector-led growth. This resulted in strengthened growth momentum as productive and tradable sectors became the primary drivers of economic activity.

The government's medium-term framework projects real GDP growth to rise from 4.4% in FY 2024/2025 to around 5.9% by FY 2028/29, as highlighted in the National Economic Narrative published by MoPEDIC. This growth path is supported by productivity gains and further increases in private sector investments. Growth will be driven by ICT, tourism, industry, and construction, while activity in the Suez Canal is expected to slightly rebound despite heightened geopolitical risks. Privatization and asset sales, such as the Ras Al-Hekma transaction, are expected to boost foreign direct investments.

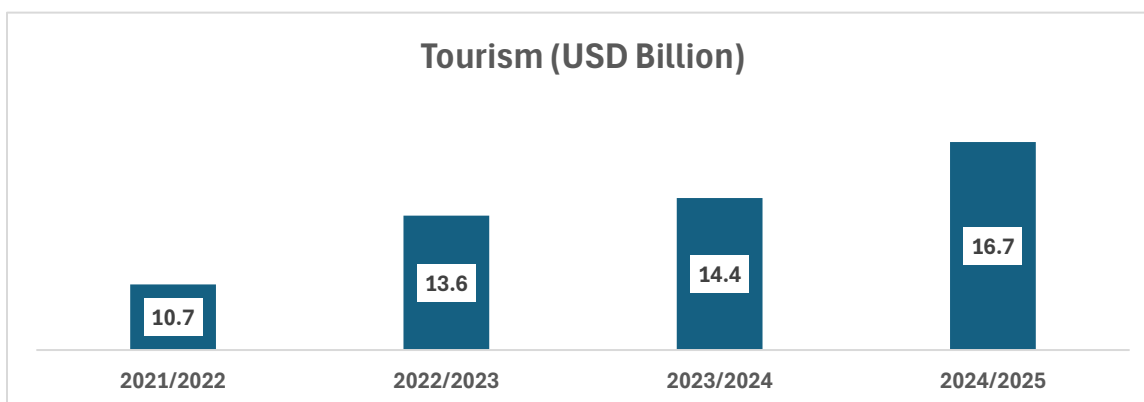
In FY 2024/2025, non-oil manufacturing recorded real growth of 13.4%, confirming its role as the primary engine of growth, supported by measures aimed at supporting export-oriented sectors and a steady implementation of structural measures. The ICT sector expanded by 14% in real terms, driven by strong performance in outsourcing, digital services, and technology exports, while tourism remained robust amid capacity expansion and major infrastructure projects.

The external sector showed tangible improvement despite ongoing global and regional uncertainties. Non-oil exports increased to USD 34.6 billion in FY 2024/2025, recording a strong annual growth rate of 29.0%. Despite the widening trade gap, overall external balances improved due to stronger services and transfer inflows.

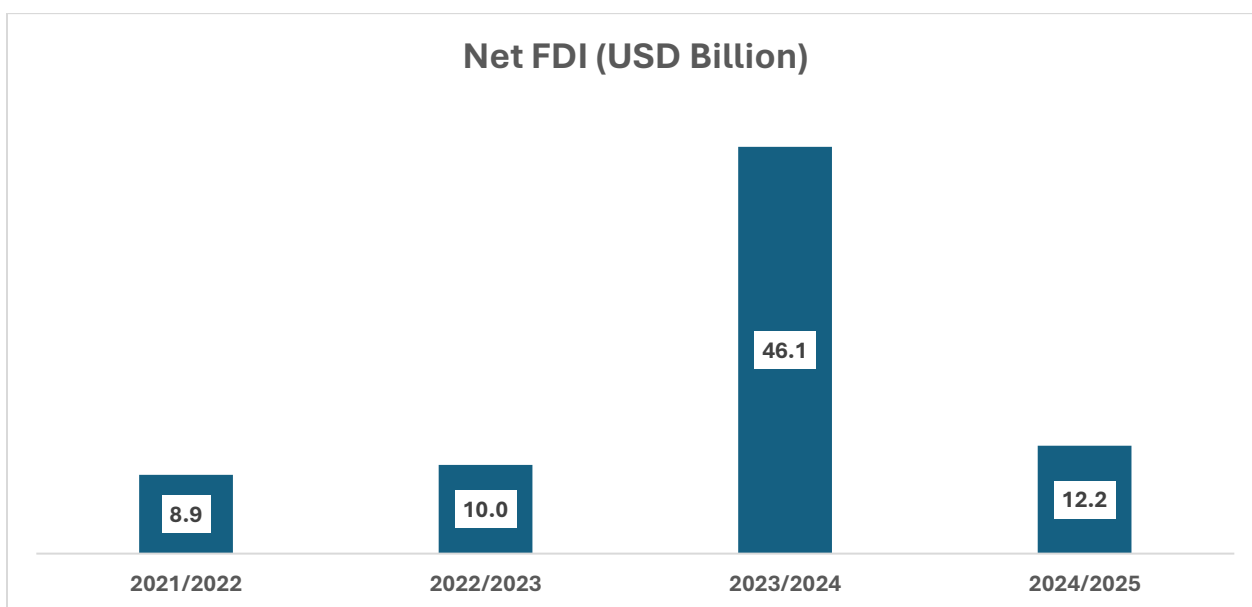


Source: CBE

The current account deficit narrowed by 25.9%, improved to a deficit of USD 15.4 billion in FY 2024/2025, compared with USD 20.8 billion in the previous fiscal year. This improvement was driven by a rebound in exports, tourism, and remittances. As shown in the charts, tourism receipts increased by around 15.4%, FDIs grew by 10.1% to reach USD 12.2 billion in FY 24/25 compared to USD 11.1 billion in FY 23/24 (without Ras Elhekma deal proceeds). These results were mainly due to greater stability in the foreign exchange market under the CBE flexible exchange rate regime.



Source: CBE



Source: CBE

4.3 Egypt is committed to fiscal prudence.

The Ministry of Finance's medium-term fiscal strategy is anchored on four key pillars:

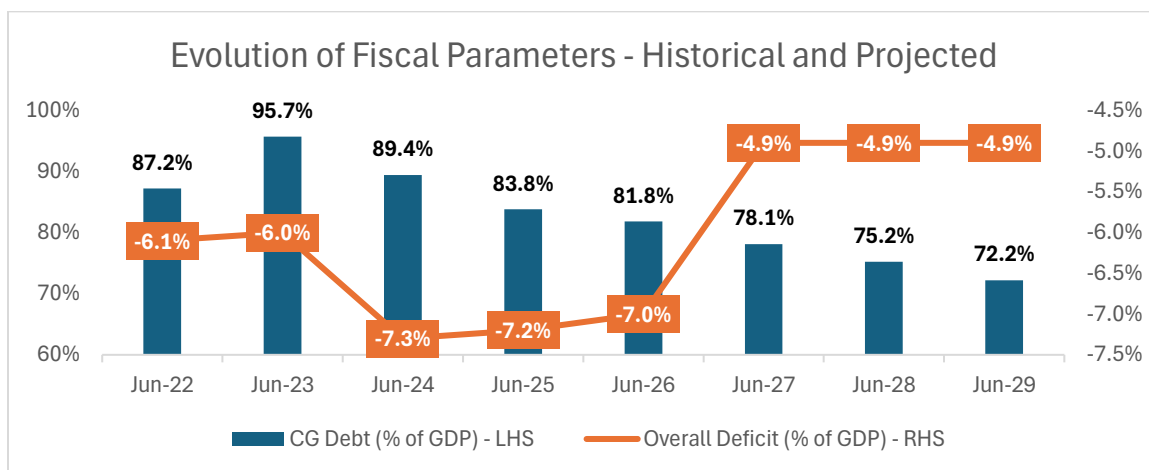
Key Pillars of MoF's Medium-term Fiscal Strategy



The Medium-Term Fiscal Strategy sets out the central fiscal targets and indicators in line with the Ministry of Finance's pillars and priorities. These include:



- Achieving and sustaining a primary surplus that achieves the projected debt targets and ensures a notable reduction in GFN.
- Maintaining the overall fiscal deficit below 5 % of GDP over the medium term.
- Placing the debt-to-GDP ratio on a continuously declining trajectory, to reduce it to below 71%-73% by the end of FY2028/29.



Source: Ministry of Finance

Building on these foundations, the Ministry of Finance has developed a Medium-Term Budget Framework outlined below. It provides a forward-looking view of fiscal performance, ensuring consistency between policy priorities and resources.

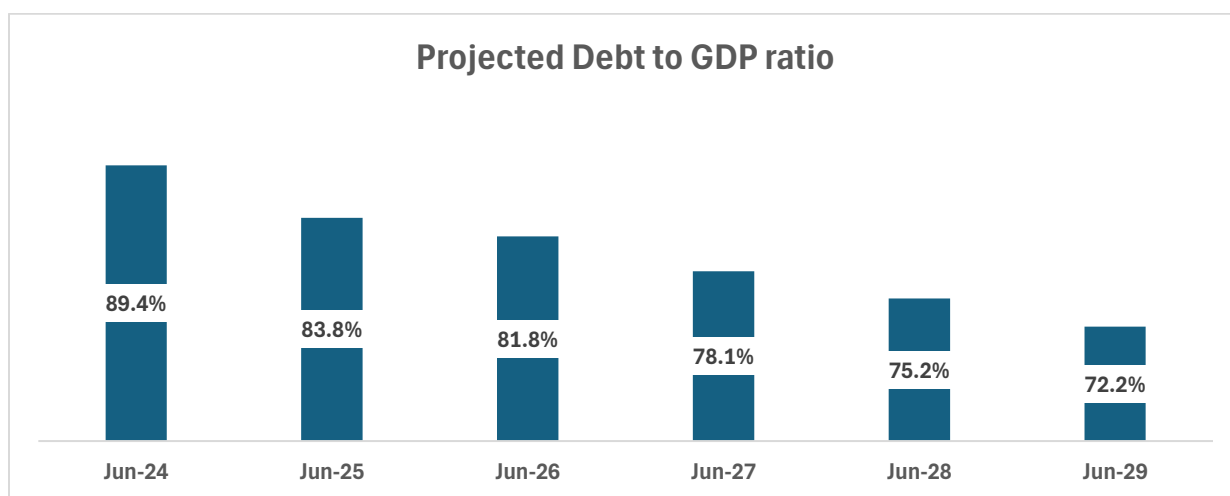
Medium-Term Budget Framework (EGP mn)					
	2024/25	2025/26 Est.	2026/27 Forecasts	2027/28 Forecasts	2028/29 Forecasts
Revenues (% of GDP)	14.8	15.2	16.5	16.9	17.3
Tax Revenue (% of GDP)	12.3	13.4	14.4	14.7	15.0
Expenditures (% of GDP)	21.9	21.9	20.7	20.9	21.2
Overall Deficit (% of GDP)	7.2	7.0	4.9	4.9	4.9
Budget Sector Debt (% of GDP)	83.8	81.8	78.1	75.2	71-73

Source: Ministry of Finance

These policies will contribute to the reduction of the debt-to-GDP, which has declined from 95.7% in FY2022/2023 to approximately 84% in FY2024/2025. This downward trend is projected to continue, supported by sustained fiscal consolidation measures: by



FY2028/2029, the ratio is expected to fall further to around 71%-73%, underscoring the government's commitment to a stable and sustainable debt trajectory.



Source: Ministry of Finance

Fiscal policy over the medium term (FY 2026/2027-FY 2029/2030) is anchored in safeguarding macroeconomic stability, sustaining fiscal discipline, and placing budget sector debt on a firm downward trajectory, while supporting economic growth and protecting priority social spending. Building on the fiscal gains achieved in FY 2024/2025, the strategy shifts toward a durable, medium-term framework focused on structural consolidation and fiscal sustainability.

The strategy targets sustained primary surpluses, to ensure debt-to-GDP levels continue a downward trajectory. Fiscal consolidation is underpinned by continued revenue mobilization through tax base broadening, improved compliance, enhanced administration, and disciplined control of primary expenditures, without relying on exceptional revenues. The tax-to-GDP ratio is projected to rise to about 14.4% in FY 2026/2027 and further to around 15.2% by FY 2029/2030.

On the expenditure side, the medium-term framework prioritizes efficiency while safeguarding and gradually expanding spending on health, education, and social protection. At the same time, non-priority spending is contained, and interest burdens are expected to decline as inflation and interest rates normalize, preserving fiscal discipline throughout FY 2026/2027-FY 2029/2030.

Debt reduction remains a central objective. Following the decline in budget sector debt from 96% of GDP in June 2023 to about 84% in June 2025, the strategy targets a further reduction to below 70% of GDP by FY 2029/2030. This will be achieved through sustained primary surpluses, higher real GDP growth, reduced gross financing needs by about 10% of GDP on a cumulative basis, and an integrated debt management strategy.



focused on extending maturities, diversifying financing sources, prioritize concessional external financing in coordination with MoPEDIC, within overall target of bringing down budget sector external debt by USD 1-2 billion annually.



5 Risk Management Framework

5.1 Medium-Term Debt Management Strategy and Risk Mitigation Framework

The medium-term debt management strategy for FY 2026/2027-FY 2029/2030 aims to strengthen debt sustainability by actively managing cost-risk trade-offs, reducing vulnerabilities in the debt portfolio, and lowering gross financing needs. Given the size of Egypt's budget sector debt and elevated debt-servicing obligations, refinancing, interest rate, exchange rate, and concentration risks remain macro-critical and require a coordinated strategic response.

A central challenge over the medium term is the level of Gross Financing Needs (GFN), which amount to around 40% of GDP. This reflects the combined impact of large redemption volumes and high interest payments and represents a key risk to fiscal and market stability if not reduced. Persistently high GFN would increase rollover pressures, heighten exposure to shifts in domestic and global financial conditions, and limit fiscal flexibility. Accordingly, a core objective of the debt management strategy is to reduce GFN by about 10% of GDP on a cumulative basis over the medium term, in close coordination with sustained primary surpluses and fiscal consolidation.

5.1.1 Refinancing Risk and Maturity Strategy

Refinancing risk remains one of the most pronounced vulnerabilities in the debt portfolio, particularly for domestic debt. As of the analysis date, around 43% of domestic debt matures within one year, reflecting a front-loaded redemption profile driven by heavy reliance on short-term Treasury bills. While this structure has supported cost efficiency, it contributes significantly to high rollover requirements and elevated GFN.

The Average Time to Maturity (ATM) of Egypt's total debt portfolio stands at approximately 3.5 years, reflecting a broadly balanced structure at the aggregate level. While the ATM of domestic debt remains shorter at 1.62 years, highlighting the ongoing need for gradual maturity extension, the share of local currency domestic debt is steadily increasing, supported by the expansion of domestic bond issuance during FY 2024/2025. This development contributes to a more diversified funding base and supports the medium-term objective of enhancing debt sustainability.

Over the medium term, the strategy prioritizes a gradual lengthening of the domestic maturity profile to smooth redemptions and reduce near-term refinancing pressures. This will be achieved through diversified issuance across tenors, increasing issuance in the 5-10 year tenors, and additional issuances extending toward the 7-year maturity bucket. In addition, liability management operations such as switches and



buybacks will be used to address maturity bunching in periods of high short-term redemptions. These measures are expected to increase ATM over time and contribute directly to lowering GFN.

5.1.2 Interest Rate Risk and Cost Management

Interest rate risk is particularly significant for the domestic debt portfolio, where Treasury bills and other short-term or floating-rate instruments account for a substantial share of outstanding debt. This structure results in frequent repricing and exposes debt-servicing costs to changes in domestic interest rates, contributing to volatility in interest expenditures.

The strategy seeks to lengthen the Average Time to Re-fixing (ATR) over the medium term by increasing the share of fixed-rate, longer-tenor instruments in domestic issuance, while maintaining flexibility through the selective use of floating-rate bonds to meet investor demand. This balanced approach aims to reduce sensitivity to short-term interest rate shocks while supporting market development and investor diversification.

On the external side, the interest rate structure remains prudent. Concessional external financing, which accounts for almost 63% of total external debt, is predominantly floating-rate, allowing the portfolio to benefit from a declining global interest rate environment. In contrast, around 93% of commercial external international bonds are fixed-rate, providing protection against sudden increases in global rates and enhancing predictability of debt-service costs. This composition supports cost efficiency while containing interest rate risk over the medium term.

5.1.3. Exchange Rate Risk and Foreign Currency Strategy

Foreign exchange risk arises from the exposure of the debt portfolio to currency depreciation, which would increase both the domestic currency value of debt stocks and debt-servicing costs. As of June 2025, 32% of the total budget sector debt portfolio is in foreign currency. While foreign-currency borrowing can offer cost advantages and access to a broader investor base, excessive reliance on such financing would heighten vulnerability to external shocks.

The medium-term strategy targets a prudent and stable currency composition of the debt portfolio. As a conscious policy choice, external international issuances are being gradually reduced by about USD 1-2 billion annually, with greater reliance on concessional and semi-concessional financing in coordination with MoPEDIC to lower costs and extend maturities. This approach supports a gradual reduction in external international issuances while limiting exchange rate risk and smoothing external debt-service obligations over time.



5.1.4. Investor Base Diversification and Concentration Risk

The domestic government securities market remains concentrated, with holdings dominated by domestic financial institutions and foreign investors, and limited participation from corporate, pension, mutual fund, and retail investors. Such concentration increases vulnerability to shifts in investor sentiment and can amplify market volatility during stress episodes.

The medium-term debt management strategy therefore places strong emphasis on broadening the investor base and encouraging participation by long-term, stable investors. Issuance policies favor longer maturities and instruments aligned with the needs of pension funds, mutual funds, and retail investors. Ongoing initiatives include the issuance of retail bonds, the introduction of sovereign sukuk, and measures to improve secondary market liquidity through enhanced trading of government securities. These actions are expected to strengthen market resilience, improve demand stability, and support the reduction of refinancing risk and GFN over the medium term.



6 Financing Sources and resulting debt metrics

This section outlines the main scenarios for the financing strategy and the evolution of the debt portfolio that would result of each of them. These strategies are based on the same macro-economic framework, in which, as indicated earlier, the debt/GDP ratio is on a clear downward sloping trend.

1. Summary of the chosen strategy

Scenario 2 corresponds to the strategy the Ministry of Finance aims to implement

The share of domestic debt financing increases up to 80% of gross issuances, with a growing share of T-bonds. This will help in prolonging the ATM as per the Ministry of Finance medium term strategy. At the end of the forecasted period, they account for close to 50% of total debt issuances, or 62% of domestic debt issuances.

On the external side, international issuances are progressively reduced down to less than 5% of total issuances. As part of a deliberate strategy, the annual international issuances in foreign currency are therefore being gradually reduced by USD 1-2 billion annually. Multilateral and bilateral loans, constituting concessional and the semi-concessional lending, account for more than 35% of external foreign currency financing in FY 2029/2030.

This scenario, prioritized by the government, reaches the objectives of lengthening the ATM and reducing the share of foreign currency external debt which compresses the FX risk of Egypt debt portfolio and maintains the share of the foreign currency debt below 40% as the end of the forecasted period. In coordination with MoPEDIC, The strategy also increases the portfolio diversification and reduces the debt servicing cost as it puts a greater reliance on concessional lending, rather than international issuances.

2. Enablers of the baseline strategy

a. Catering to domestic market investors specific needs

The Government's strategy (scenario 2) ambitions to deepen the local debt market as domestic borrowing is projected to account for almost 80% of the portfolio by FY2028/29³. This requires to cater to the needs and expectations of long-term stable investors, keeping in view the sensitivity of foreign investors to global macroeconomic / financial factors and possible sudden reversals, which could potentially impact the market dynamic stability.

In practice, to broaden the domestic investor base, Egypt will introduce a greater variety of instruments:

³ Corresponding to 68% of EGP denominated debt stock



- The Ministry of Finance will work to encourage additional participation from institutional investors such as pension and mutual funds, regarding being more active in the Egyptian sovereign debt market.
- In parallel, several steps are taken to promote retail participation, such as the issuance of retail bonds in the second half of 2026, as well as the introduction of LCY Sukuk Bonds and improving trading of Treasury securities on stock exchanges.

This combination is expected to reduce dependency on banks, enhance market liquidity, and distribute risks more evenly across market participants and strengthen the domestic capital markets.

Specifically, the key instruments to be used as part of the strategy on the domestic market include:

- Introducing retail bonds
- Continuing issuing longer-maturity domestic instruments.
- Issuing floating-rate notes (FRNs).
- Conducting buy-back and switch operations in the domestic market.

b. International investor diversification

A broader and more diversified investor base is critical to lowering the cost of international commercial debt. Key measures include:

- **Investor outreach:** Conducting regular engagement exercises, including the publication of debt and macroeconomic bulletins, and maintaining transparent communication on debt management objectives.
- **Increased transparency** also strengthens market confidence, and enables authorities to incorporate feedback from market participants and eventually contributes to broaden the investor base.

Diversification of funding sources goes hand in hand with investor diversification, enhancing resilience and providing flexibility to meet financing needs under varying market conditions. Egypt would therefore consider, beyond international issuances in coordination with MoPEDIC:

- Expanding concessional and semi concessional borrowing on the external front
- Deepening the usage of sustainability instruments
- Conducting debt swaps, for both bilateral and commercial debt.



7. Glossary

- FCY: Foreign Currency
- LCY: Local Currency
- ATM: Average Time to Maturity
- GCC: Gulf countries
- FX: Foreign Exchange
- GDP: Gross Domestic Product
- USD: United States Dollar
- FY: Fiscal Year
- T-Bills: Treasury Bills
- T-Bonds: Treasury Bonds
- CDS: Credit Default Swaps
- MoPEDIC: Ministry of Planning, Economic Development, and International Cooperation