

## BASE PROSPECTUS SUPPLEMENT



### THE ARAB REPUBLIC OF EGYPT

**U.S.\$20,000,000,000**

#### **Global Medium Term Note Programme**

This base prospectus supplement (this “**Base Prospectus Supplement**”) constitutes a supplement for the purposes of Article 13.1 of the Luxembourg law on prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*) dated 10 July 2005 (the “**Luxembourg Prospectus Law**”), which implements Directive 2003/71/EC, as amended, including by Directive 2010/73/EU (the “**Prospectus Directive**”), and has been prepared in connection with the U.S.\$20,000,000,000 Global Medium Term Note Programme (the “**Programme**”) of the Arab Republic of Egypt (the “**Issuer**”, the “**Republic**” or “**Egypt**”). This Base Prospectus Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus dated 8 February 2018 (the “**Base Prospectus**”). Capitalised terms used, but not otherwise defined, in this Base Prospectus Supplement shall have the meanings ascribed thereto in the Base Prospectus.

Application has been made to the *Commission de Surveillance du Secteur Financier* (the “**CSSF**”) in its capacity as competent authority under the Luxembourg Prospectus Law to approve this document as a base prospectus supplement, and the CSSF has approved this Base Prospectus Supplement in accordance with Article 7.1 of the Luxembourg Prospectus Law.

This Base Prospectus Supplement constitutes neither an offer to sell nor a solicitation of an offer to buy any Notes by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

Notes issued under the Programme have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or with any securities regulatory authority of any state or other jurisdiction of the United States. Notes may not be offered, sold or (in the case of Notes in bearer form) delivered within the United States or (in the case of Notes in bearer form) to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. The Notes may be offered and sold (i) in bearer form or registered form outside the United States in reliance on Regulation S of the Securities Act (“**Regulation S**”) and (ii) in registered form within the United States to persons who are “qualified institutional buyers” (“**QIBs**”) as defined in, and in reliance on, Rule 144A under the Securities Act (“**Rule 144A**”). Prospective purchasers who are QIBs are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of Notes and the distribution of the Base Prospectus and the Base Prospectus Supplement, see “*Subscription and Sale*” and “*Transfer Restrictions*” in the Base Prospectus.

**The date of this Base Prospectus Supplement is 3 April 2018.**

*The information included in this Base Prospectus Supplement supplements, and, to the extent inconsistent therewith, replaces, the information about the Issuer contained in the Base Prospectus.*

## **RESPONSIBILITY STATEMENT**

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

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

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

## **NOTIFICATION TO COMPETENT AUTHORITY IN OTHER EEA MEMBER STATES**

The Issuer intends to request that the CSSF provide the competent authority in the United Kingdom with a certificate of approval attesting that this Base Prospectus Supplement has been drawn up in accordance with the Luxembourg Prospectus Law (the “**Notification**”). The Issuer may request the CSSF to provide competent authorities in additional Member States within the European Economic Area (the “**EEA**”) with a Notification.

Following provision of the Notification, the Issuer may apply for Notes to be issued under the Programme to be listed and admitted to trading on the Regulated Market of the London Stock Exchange plc (or on the regulated market of any other Member State to which a Notification has been made), either together with an admission to trading on the Regulated Market of the Luxembourg Stock Exchange plc or as a single listing. If any Notes issued under the Programme are to be listed on the London Stock Exchange (or on the regulated market of any other Member State to which a Notification has been made), this will be specified in the applicable Final Terms.

On 9 February 2018, the CSSF provided the competent authority in the United Kingdom with a notification in respect of the Base Prospectus.

## **OWNERSHIP IN ALEXBANK**

The Issuer currently owns 20% of the Bank of Alexandria (“**AlexBank**”), a private-sector bank in the Arab Republic of Egypt. Intesa Sanpaolo S.p.A. owns 70.25% of AlexBank. Furthermore, Intesa Sanpaolo S.p.A. owns 100% of Banca IMI S.p.A., which may be appointed as a Dealer from time to time.



## RECENT DEVELOPMENTS

*The purpose of this Base Prospectus Supplement is to reflect the following changes and updates to the information contained in the Base Prospectus.*

## RISK FACTORS

### Risk Factors Relating to Egypt

***Significant political unrest since January 2011 has had and could continue to have a material adverse effect on the Republic generally and on its economic growth*** (supplementing certain information under the caption “Risk Factors—Risk Factors Relating to Egypt—Significant political unrest since January 2011 has had and could continue to have a material adverse effect on the Republic generally and on its economic growth” beginning on page 1 of the Base Prospectus)

Presidential elections took place between 26 and 28 March 2018. On 2 April 2018, the National Elections Authority declared President Al-Sisi the winner of the elections, securing a second four year term after winning 97.08% of valid votes.

***The Egyptian economy is experiencing, and may continue to experience, high inflation*** (supplementing certain information under the caption “Risk Factors—Risk Factors Relating to Egypt—The Egyptian economy is experiencing, and may continue to experience, high inflation” beginning on page 2 of the Base Prospectus)

Annual headline inflation, as measured by the CPI, declined to 14.4% in February 2018 having peaked in July 2017 at 33.0%.

***The Egyptian economy has faced significant challenges since the 2011 Revolution, which has put increasing pressure on its public finances and has led to a rising balance of payments deficit*** (supplementing certain information under the caption “Risk Factors—Risk Factors Relating to Egypt—The Egyptian economy has faced significant challenges since the 2011 Revolution, which has put increasing pressure on its public finances and has led to a rising balance of payments deficit” beginning on page 3 of the Base Prospectus).

As at 31 March 2018, net international reserves with the CBE were U.S.\$42.6 billion, which represented 8.3 months of merchandise imports.

***High levels of debt could have a material adverse effect on Egypt’s economy and its ability to service its debt, including the Notes*** (replacing the first paragraph under the caption “Risk Factors—Risk Factors Relating to Egypt—High levels of debt could have a material adverse effect on Egypt’s economy and its ability to service its debt, including the Notes” beginning on page 4 of the Base Prospectus).

Over the past five fiscal years, public debt, as a percentage of GDP, has been increasing. As at 30 June 2017, general Government debt represented 103.3% of GDP (according to preliminary estimates), as compared to 96.9% of GDP as at 30 June 2016, 89.0% of GDP as at 30 June 2015, 86.3% of GDP as at 30 June 2014, and 84.7% of GDP as at 30 June 2013. Total general Government debt is forecasted to be approximately 91.2% of GDP in the 2017/18 budget. Total external debt has also increased in recent years, representing 41.1% of GDP as at 30 June 2017, 18.3% of GDP as at 30 June 2016 and 15.0% of GDP as at 30 June 2015. The Government is also facing significant levels of debt service and scheduled repayments in respect of public external indebtedness in the relatively near future, with such service and repayment requirements expected to amount to U.S.\$14.6 billion in 2018 and U.S.\$11 billion in 2019 as at 30 June 2017. High levels of indebtedness, which may increase as a result of continued borrowing, could negatively impact Egypt’s credit rating and could have a material adverse effect on the Egyptian economy, the Government’s finances and its ability to service its debt.

***Significant depreciation of the Egyptian Pound against the U.S. Dollar, the Euro or other major currencies have had and, if they continue to occur, will have, a material adverse effect on Egypt’s ability to service its debt denominated in currencies other than the Egyptian Pound, including amounts due under the Notes*** (supplementing certain information under the caption “Risk Factors—Risk Factors Relating to Egypt—Significant depreciation of the Egyptian Pound against the U.S. Dollar, the Euro or other major currencies have had and, if they continue to occur, will have, a material adverse effect on Egypt’s ability to service its debt denominated in currencies other than the Egyptian Pound, including amounts due under the Notes” beginning on page 6 of the Base Prospectus).

On 29 March 2018, the market exchange rate (buy rate), as published by the CBE, was U.S.\$1.00 = LE 17.5770.

***Investment treaty arbitrations and cases challenging the privatisation of formerly public sector companies may have an impact on the financial condition of the Republic if material adverse awards or judgments are issued against Egypt or further cases are brought seeking to invalidate privatisation transactions*** (supplementing certain information under the caption “Risk Factors Relating to Egypt—Investment treaty arbitrations and cases challenging the privatisation of formerly public sector companies may have an impact on the financial condition of the Republic if material adverse awards or judgments are issued against Egypt or further cases are brought seeking to invalidate privatisation transactions” beginning on page 9 of the Base Prospectus)

EGPC and EGAS have been instructed to pay U.S.\$1.0328 billion to EMG, exclusive of costs, in respect of certain commercial arbitrations. See “*The Economy—Commodity Sector—Extractive Industry*”.

## OVERVIEW OF THE REPUBLIC

**Political Developments** (supplementing certain information under the caption “Overview of the Republic—Political Developments” beginning on page 22 of the Base Prospectus)

Presidential elections took place between 26 and 28 March 2018. On 2 April 2018, the National Elections Authority declared President Al-Sisi the winner of the elections, securing a second four year term after winning 97.08% of valid votes.

**The Egyptian Economy** (supplementing certain information under the caption “Overview of the Republic—The Egyptian Economy” beginning on page 23 of the Base Prospectus)

Annual headline inflation, as measured by the CPI, declined to 14.4% in February 2018 having peaked in July 2017 at 33.0%. See “Monetary System—Inflation and Interest Rates”.

As at 31 March 2018, net international reserves with the CBE were U.S.\$42.6 billion, which represented 8.3 months of merchandise imports.

On 29 March 2018, the market exchange rate (buy rate), as published by the CBE, was U.S.\$1.00 = LE 17.5770.

**Economic, Fiscal and Monetary Reforms** (replacing the table set out at the end of the section entitled “Overview of the Republic—Economic, Fiscal and Monetary Reforms” beginning on page 24 of the Base Prospectus)

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

| Selected Economic Information <sup>(1)(2)</sup>     |           |           |           |                        |                        |
|-----------------------------------------------------|-----------|-----------|-----------|------------------------|------------------------|
|                                                     | 2012/13   | 2013/14   | 2014/15   | 2015/16 <sup>(3)</sup> | 2016/17 <sup>(3)</sup> |
| <b>Domestic Economy:</b>                            |           |           |           |                        |                        |
| Nominal GDP (LE billions).....                      | 1,860     | 2,130     | 2,444     | 2,709                  | 3,470 <sup>(4)</sup>   |
| Real GDP (LE billions) <sup>(5)</sup> .....         | 1,711     | 1,761     | 1,838     | 1,918                  | 1,998 <sup>(4)</sup>   |
| Real GDP Growth Rate (%) <sup>(6)</sup> .....       | 2.2       | 2.9       | 4.4       | 4.3                    | 4.2                    |
| Consumer Price Index (%) <sup>(7)</sup> .....       | 6.9       | 10.1      | 11.0      | 10.1                   | 23.3                   |
| <b>Balance of Payments</b>                          |           |           |           |                        |                        |
| Exports of Goods (FOB) (in U.S.\$ millions).....    | 26,988    | 26,023    | 22,245    | 18,705                 | 21,687                 |
| Imports of Goods (CIF) (in U.S.\$ millions).....    | (57,683)  | (60,182)  | (61,306)  | (57,388)               | (57,122)               |
| Current Account Balance (in U.S.\$ millions).....   | (6,390)   | (2,780)   | (12,143)  | (19,831)               | (15,575)               |
| Overall Balance (in U.S.\$ millions).....           | 237       | 1,479     | 3,725     | (2,813)                | 13,717                 |
| Net International Reserves (in U.S.\$ millions).... | 14,936    | 16,687    | 20,082    | 17,546                 | 31,305 <sup>(8)</sup>  |
| Months of Import Coverage <sup>(9)</sup> .....      | 3.1       | 3.3       | 3.9       | 3.7                    | 6.6                    |
| <b>Public Finance (LE millions)<sup>(10)</sup></b>  |           |           |           |                        |                        |
| Total Revenues.....                                 | 350,322   | 456,788   | 465,241   | 491,488                | 659,184                |
| Total Expenditure.....                              | 588,188   | 701,514   | 733,350   | 817,844                | 1,031,941              |
| Overall Fiscal Balance.....                         | (239,719) | (255,439) | (279,430) | (339,495)              | (379,590)              |
| Overall Deficit (% of GDP).....                     | 12.9      | 12.0      | 11.4      | 12.5                   | 10.9                   |
| Primary Deficit (% of GDP).....                     | 5.0       | 3.9       | 3.6       | 3.5                    | 1.8                    |
| Gross External Debt/GDP (%).....                    | 15.0      | 15.1      | 15.0      | 18.3                   | 41.1                   |

**Notes:**

- (1) The fiscal year in Egypt runs from 1 July to 30 June. See “Presentation of Information”.
- (2) The figures in this table have been revised and differ from previously published data. See “Presentation of Information”.
- (3) Preliminary data.
- (4) The IMF estimates that real GDP is expected to grow by 4.1% in 2017 and by 4.5% in 2018.
- (5) Real GDP at constant prices is calculated using 2011/12 as the base year.
- (6) Percentage change from previous year.
- (7) Annual rate of change.
- (8) As at 31 March 2018, net international reserves with the CBE were U.S.\$42.6 billion, which represented 8.3 months of merchandise imports.
- (9) Imports of goods.

- (10) All figures presented for 2016/17 budget results are the preliminary estimates of the Ministry of Finance and are subject to revision and amendment, which may be material.

## THE ARAB REPUBLIC OF EGYPT

### History

**Recent Events** (supplementing certain information under the caption “The Arab Republic of Egypt—History—Recent Events” beginning on page 35 of the Base Prospectus) and **Constitutional System, Executive Branch** (supplementing certain information under the caption “The Arab Republic of Egypt—Constitutional System—Executive Branch” beginning on page 39 of the Base Prospectus)

Presidential elections took place between 26 and 28 March 2018. On 2 April 2018, the National Elections Authority declared President Al-Sisi the winner of the elections, securing a second four year term after winning 97.08% of valid votes.

**Foreign Relations and International Organisations** (supplementing certain information under the caption “The Arab Republic of Egypt—Foreign Relations and International Organisations” beginning on page 43 of the Base Prospectus)

On 3 March 2018, the Constitutional Court ~~dismissed~~ issued a ruling overturning the previous rulings passed by the Supreme Administrative Court of the Egyptian Council of State and the Court of Urgent Matters regarding all outstanding legal challenges to the transfer of ~~sovereignty over~~ the islands of Tiran and Sanafir to Saudi Arabia.

## ECONOMY

**Privatisation and State-Owned Companies Restructuring** *(supplementing certain information under the caption “The Economy—Privatisation and State-Owned Companies Restructuring” beginning on page 53 of the Base Prospectus)*

In March 2018, the Prime Minister announced the first phase of the Government’s offerings programme, pursuant to which the Government intends to offer a 15-30% stake in a number of state-owned companies over the next two to three years to external investors. No offerings have occurred yet under this programme.

**Gross Domestic Product** *(modifying and supplementing certain information under the caption “The Economy—Gross Domestic Product” beginning on page 55 of the Base Prospectus)*

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

|                                                                    | <b>Nominal Gross Domestic Product<sup>(1)</sup></b> |                |                |                              |                              |
|--------------------------------------------------------------------|-----------------------------------------------------|----------------|----------------|------------------------------|------------------------------|
|                                                                    | <b>2012/13</b>                                      | <b>2013/14</b> | <b>2014/15</b> | <b>2015/16<sup>(2)</sup></b> | <b>2016/17<sup>(2)</sup></b> |
|                                                                    | <i>(LE billions, except where indicated)</i>        |                |                |                              |                              |
| <b>Nominal GDP</b> .....                                           | <b>1,860</b>                                        | <b>2,130</b>   | <b>2,444</b>   | <b>2,709</b>                 | <b>3,470</b>                 |
| <b>Domestic Demand</b> .....                                       | <b>1,978</b>                                        | <b>2,310</b>   | <b>2,651</b>   | <b>2,968</b>                 | <b>3,893</b>                 |
| Final Consumption.....                                             | 1,714                                               | 2,019          | 2,302          | 2,561                        | 3,363                        |
| Private Consumption.....                                           | 1,503                                               | 1,767          | 2,015          | 2,251                        | 3,013                        |
| Public Consumption.....                                            | 211                                                 | 252            | 287            | 310                          | 350                          |
| Investment <sup>(3)</sup> .....                                    | 264                                                 | 291            | 349            | 408                          | 530                          |
| <b>Net Exports</b> .....                                           | <b>(118)</b>                                        | <b>(180)</b>   | <b>(207)</b>   | <b>(259)</b>                 | <b>(423)</b>                 |
| Exports of Goods and Services <sup>(4)</sup> ...                   | 317                                                 | 303            | 322            | 280                          | 566                          |
| Imports of Goods and Services.....                                 | 435                                                 | 483            | 529            | 539                          | 989                          |
| <i>Final Consumption (% of GDP).....</i>                           | <i>92</i>                                           | <i>95</i>      | <i>94</i>      | <i>95</i>                    | <i>97</i>                    |
| <i>Investment (% of GDP)<sup>(3)</sup>.....</i>                    | <i>14</i>                                           | <i>14</i>      | <i>14</i>      | <i>15</i>                    | <i>15</i>                    |
| <i>Exports of Goods and Services (% of GDP)<sup>(5)</sup>.....</i> | <i>17</i>                                           | <i>14</i>      | <i>13</i>      | <i>10</i>                    | <i>16</i>                    |
| <i>Imports of Goods and Services (% of GDP).....</i>               | <i>23</i>                                           | <i>23</i>      | <i>22</i>      | <i>20</i>                    | <i>29</i>                    |

*Source: Ministry of Planning, Monitoring and Administrative Reform*

**Notes:**

- (1) The figures in this table have been revised and differ from previously published data. See “Presentation of Information”.
- (2) Preliminary data.
- (3) Includes fixed capital formation and change in inventory.
- (4) Includes shares of foreign partners in the oil sector.

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

| <b>Gross Domestic Product at Constant Prices<sup>(1)</sup></b>      |                                              |                |                |                              |                              |
|---------------------------------------------------------------------|----------------------------------------------|----------------|----------------|------------------------------|------------------------------|
|                                                                     | <b>2012/13</b>                               | <b>2013/14</b> | <b>2014/15</b> | <b>2015/16<sup>(2)</sup></b> | <b>2016/17<sup>(2)</sup></b> |
|                                                                     | <i>(LE billions, except where indicated)</i> |                |                |                              |                              |
| <b>Real GDP</b> .....                                               | <b>1,711</b>                                 | <b>1,761</b>   | <b>1,838</b>   | <b>1,918</b>                 | <b>1,998</b>                 |
| Final Consumption.....                                              | 1,489                                        | 1,634          | 1,725          | 1,803                        | 1,875                        |
| Private Consumption.....                                            | 1,304                                        | 1,426          | 1,503          | 1,572                        | 1,639                        |
| Public Consumption.....                                             | 185                                          | 207            | 222            | 231                          | 237                          |
| Investment <sup>(3)</sup> .....                                     | 233                                          | 250            | 272            | 302                          | 336                          |
| <b>Net Exports</b> .....                                            | <b>(114)</b>                                 | <b>(154)</b>   | <b>(159)</b>   | <b>(188)</b>                 | <b>(213)</b>                 |
| Exports of Goods and Services <sup>(4)</sup> .....                  | 291                                          | 256            | 254            | 217                          | 404                          |
| Imports of Goods and Services.....                                  | 405                                          | 410            | 413            | 405                          | 617                          |
| <i>Final Consumption (% of GDP)</i> .....                           | <i>87</i>                                    | <i>93</i>      | <i>94</i>      | <i>94</i>                    | <i>94</i>                    |
| <i>Investment (% of GDP)<sup>(3)</sup></i> .....                    | <i>14</i>                                    | <i>14</i>      | <i>15</i>      | <i>16</i>                    | <i>17</i>                    |
| <i>Exports of Goods and Services (% of GDP)<sup>(4)</sup></i> ..... | <i>17</i>                                    | <i>15</i>      | <i>14</i>      | <i>11</i>                    | <i>20</i>                    |
| <i>Imports of Goods and Services (% of GDP)</i> .....               | <i>24</i>                                    | <i>23</i>      | <i>22</i>      | <i>21</i>                    | <i>31</i>                    |

*Source: Ministry of Planning, Monitoring and Administrative Reform*

**Notes:**

- (1) The figures in this table have been revised and differ from previously published data.
- (2) Preliminary data.
- (3) Real GDP at constant prices is calculated using 2011/12 as the base year.
- (4) Including change in inventory.

**Principal Sectors of the Economy** (modifying and supplementing certain information under the caption “The Economy—Principal Sectors of the Economy” beginning on page 58 of the Base Prospectus)

| <b>Gross Domestic Product by Sector (at Factor Cost)<sup>(1)(2)</sup></b> |                                              |                  |                  |                              |                              |
|---------------------------------------------------------------------------|----------------------------------------------|------------------|------------------|------------------------------|------------------------------|
|                                                                           | <b>2012/13</b>                               | <b>2013/14</b>   | <b>2014/15</b>   | <b>2015/16<sup>(3)</sup></b> | <b>2016/17<sup>(3)</sup></b> |
|                                                                           | <i>(LE millions, except where indicated)</i> |                  |                  |                              |                              |
| <b>GDP</b> .....                                                          | <b>1,924,808</b>                             | <b>2,205,594</b> | <b>2,473,100</b> | <b>2,674,410</b>             | <b>3,409,503</b>             |
| <b>Nominal GDP Growth Rate (%)</b> .....                                  | <b>12.4</b>                                  | <b>14.6</b>      | <b>12.1</b>      | <b>8.1</b>                   | <b>27.5</b>                  |
| <b>Total Commodity Sector</b> .....                                       | <b>951,805</b>                               | <b>1,091,157</b> | <b>1,173,665</b> | <b>1,198,239</b>             | <b>1,569,690</b>             |
| <i>Growth (%)</i> .....                                                   | <i>12.5</i>                                  | <i>14.6</i>      | <i>7.6</i>       | <i>2.1</i>                   | <i>31.0</i>                  |
| Agriculture, Forestry and Fishing.....                                    | 209,748                                      | 241,493          | 278,460          | 318,878                      | 398,539                      |
| Extractive Industry.....                                                  | 309,074                                      | 350,659          | 314,139          | 214,842                      | 326,940                      |
| Petroleum.....                                                            | 124,748                                      | 146,953          | 137,711          | 91,440                       | 142,965                      |
| Natural Gas.....                                                          | 159,339                                      | 175,371          | 144,427          | 86,801                       | 138,756                      |
| <i>Growth (%)</i> .....                                                   | <i>9.9</i>                                   | <i>10.1</i>      | <i>(17.6)</i>    | <i>(39.9)</i>                | <i>59.9</i>                  |
| Other.....                                                                | 24,987                                       | 28,336           | 32,000           | 36,600                       | 45,219                       |
| Manufacturing Industry.....                                               | 308,982                                      | 357,296          | 408,069          | 456,299                      | 570,590                      |
| Petroleum Refinement.....                                                 | 82,792                                       | 95,446           | 102,274          | 113,909                      | 134,050                      |
| Other.....                                                                | 226,190                                      | 261,849          | 305,795          | 342,390                      | 436,540                      |
| Electricity.....                                                          | 30,173                                       | 33,974           | 39,216           | 46,422                       | 58,320                       |
| Water.....                                                                | 11,353                                       | 12,602           | 14,247           | 16,349                       | 20,204                       |
| Construction and Building.....                                            | 82,475                                       | 95,133           | 119,535          | 145,450                      | 195,098                      |
| <i>Growth (%)</i> .....                                                   | <i>16.2</i>                                  | <i>15.3</i>      | <i>25.7</i>      | <i>21.7</i>                  | <i>34.1</i>                  |
| <b>Total Production Services</b> .....                                    | <b>530,570</b>                               | <b>592,963</b>   | <b>687,991</b>   | <b>773,598</b>               | <b>996,399</b>               |
| <i>Growth (%)</i> .....                                                   | <i>10.8</i>                                  | <i>11.8</i>      | <i>16.0</i>      | <i>12.4</i>                  | <i>28.6</i>                  |
| Transport Rate and Warehousing.....                                       | 78,358                                       | 91,130           | 107,473          | 125,908                      | 159,173                      |
| Telecommunications.....                                                   | 43,002                                       | 46,433           | 48,886           | 54,000                       | 62,294                       |
| Suez Canal.....                                                           | 32,396                                       | 37,236           | 39,403           | 41,215                       | 76,714                       |
| <i>Growth (%)</i> .....                                                   | <i>3.8</i>                                   | <i>14.9</i>      | <i>5.8</i>       | <i>4.6</i>                   | <i>86.1</i>                  |
| Wholesale and Retail Trade.....                                           | 237,390                                      | 273,391          | 319,967          | 374,745                      | 473,235                      |
| Financial Intermediation.....                                             | 71,615                                       | 82,157           | 94,611           | 108,812                      | 133,782                      |
| Insurance and Social Insurance.....                                       | 13,981                                       | 16,055           | 18,774           | 21,615                       | 26,635                       |
| Tourism (Hotels and Restaurants).....                                     | 53,827                                       | 46,561           | 58,877           | 48,414                       | 64,567                       |
| <i>Growth (%)</i> .....                                                   | <i>17.8</i>                                  | <i>(13.5)</i>    | <i>26.5</i>      | <i>(17.8)</i>                | <i>33.4</i>                  |
| <b>Total Social Services</b> .....                                        | <b>442,433</b>                               | <b>521,474</b>   | <b>611,444</b>   | <b>701,463</b>               | <b>843,414</b>               |
| <i>Growth (%)</i> .....                                                   | <i>14.0</i>                                  | <i>17.9</i>      | <i>17.3</i>      | <i>14.7</i>                  | <i>20.2</i>                  |
| Real Estate.....                                                          | 174,151                                      | 200,679          | 237,149          | 279,914                      | 358,496                      |
| General Government.....                                                   | 174,234                                      | 213,144          | 249,288          | 276,488                      | 301,772                      |
| Education.....                                                            | 32,486                                       | 37,424           | 43,518           | 50,519                       | 63,907                       |
| Health.....                                                               | 40,875                                       | 46,451           | 54,194           | 62,816                       | 78,934                       |
| Other Services <sup>(4)</sup> .....                                       | 20,687                                       | 23,777           | 27,296           | 31,726                       | 40,304                       |

Source: Ministry of Planning, Monitoring and Administrative Reform

**Notes:**

- (1) The figures in this table have been revised and differ from previously published data. See “Presentation of Information”.
- (2) In current prices.
- (3) Preliminary data.
- (4) Includes the information sector.

**Investment by Sector** (modifying and supplementing certain information under the caption “The Economy—Investment by Sector” beginning on page 58 of the Base Prospectus)

The single largest contributor to investment in the Egyptian economy is the private business sector, which invested LE 270.8 billion in the Egyptian economy (or 53% of total investment) in 2016/17. Public sector entities, including the Government, Economic Authorities (See “Public Finance—Treatment of Public Sector and State-Owned Enterprises—

Economic Authorities”) and state-owned companies, invested LE 243.5 billion (or 47% of total investment) in the Egyptian economy in 2016/17.

The following table sets forth the distribution of total investments in the Egyptian economy between July 2016 and June 2017.

| <b>Distribution of Investment in the Egyptian Economy<sup>(1)(2)</sup></b> |                   |                             |                               |                                |                  |                                        |
|----------------------------------------------------------------------------|-------------------|-----------------------------|-------------------------------|--------------------------------|------------------|----------------------------------------|
|                                                                            | <b>Government</b> | <b>Economic Authorities</b> | <b>Public Business Sector</b> | <b>Private Business Sector</b> | <b>Total</b>     | <b>Percentage of Total Investments</b> |
|                                                                            |                   |                             | (LE millions)                 |                                |                  | (%)                                    |
| <b>Total Investments.....</b>                                              | <b>109,141.3</b>  | <b>53,289.6</b>             | <b>81,094.6</b>               | <b>270,783.5</b>               | <b>514,309</b>   | <b>100%</b>                            |
| <b>Total Commodity Sector.....</b>                                         | <b>17,494.3</b>   | <b>29,135.2</b>             | <b>77,274.3</b>               | <b>134,790</b>                 | <b>258,693.8</b> | <b>50%</b>                             |
| Agriculture, irrigation and fishing.....                                   | 4,664.5           | 158.4                       | 0.1                           | 17,040                         | 21,863           | 4%                                     |
| Crude oil, mining and natural gas <sup>(3)</sup> .....                     | 0                 | 20,515                      | 8,985.2                       | 60,630                         | 90,130.2         | 18%                                    |
| Manufacturing industries and petroleum products.....                       | 72.6              | 3.4                         | 3,050                         | 45,600                         | 48,726           | 9%                                     |
| Electricity and water.....                                                 | 12,589.4          | 8,451.4                     | 64,230                        | 20                             | 85,290.8         | 17%                                    |
| Construction and building.....                                             | 167.8             | 7                           | 1,009                         | 11,500                         | 12,683.8         | 2%                                     |
| <b>Total Production Services.....</b>                                      | <b>23,990.9</b>   | <b>22,586.4</b>             | <b>3,588.3</b>                | <b>62,000</b>                  | <b>112,165.6</b> | <b>22%</b>                             |
| Transportation and communication <sup>(4)</sup> .....                      | 23,981            | 22,490.4                    | 2,811.4                       | 41,500                         | 90,782.8         | 18%                                    |
| Wholesale and retail trade.....                                            | 0                 | 71.4                        | 390.4                         | 16,200                         | 16,661.8         | 3%                                     |
| Financial services, insurance and social solidarity.....                   | 6.1               | 1                           | 6.5                           | 0                              | 13.6             | 0%                                     |
| Tourism.....                                                               | 3.8               | 23.6                        | 380                           | 4,300                          | 4,707.4          | 1%                                     |
| <b>Total Social Services.....</b>                                          | <b>67,656.1</b>   | <b>1,568</b>                | <b>232</b>                    | <b>73,993.5</b>                | <b>143,449.6</b> | <b>28%</b>                             |
| Housing and real estate activities.....                                    | 11,174.7          | 346.6                       | 0                             | 52,433.5                       | 63,954.8         | 12%                                    |
| Educational services.....                                                  | 9,111.5           | 326.6                       | 0                             | 6,100                          | 15,538.1         | 3%                                     |
| Health services.....                                                       | 4,504.9           | 287.2                       | 0                             | 5,460                          | 10,252.1         | 2%                                     |
| Other services <sup>(5)</sup> .....                                        | 42,865.0          | 607.6                       | 232                           | 10,000                         | 53,704.6         | 10%                                    |

Source: Ministry of Planning, Monitoring and Administrative Reform

#### Notes:

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

#### Commodity Sector

**Extractive Industry** (supplementing certain information under the caption “The Economy—Commodity Sector—Extractive Industry” beginning on page 62 of the Base Prospectus)

As at 26 March 2018, the spot price of Brent crude oil was U.S.\$68.81 per barrel.

**Natural Gas** (supplementing certain information under the caption “The Economy—Commodity Sector—Extractive Industry—Natural Gas” beginning on page 63 of the Base Prospectus)

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

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

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

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

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

In a second award dated 31 January 2018 (the “**31 January 2018 Award**”), the arbitral tribunal ordered EGPC and EGAS to pay EMG U.S.\$1.0328 billion, while noting that U.S.\$288.9 million of that sum duplicates the amount EGPC and EGAS were ordered to pay EMG under the 4 December 2015 Award, which must only be paid once. Therefore, the maximum amount payable to EMG under both the 4 December 2015 Award and the 31 January 2018 Award is U.S.\$1.0328 billion, exclusive of interest. The allocation of costs remains outstanding.

**Employment and Labour** (supplementing certain information under the caption “*The Economy—Employment and Labour*” beginning on page 79 of the Base Prospectus)

The following table sets forth trends in the labour force for the years indicated.

|                              | Employment <sup>(1)</sup> |      |      |      |      |
|------------------------------|---------------------------|------|------|------|------|
|                              | 2013                      | 2014 | 2015 | 2016 | 2017 |
| Labour force (millions)..... | 27.6                      | 27.9 | 28.4 | 29.1 | 29.3 |
| Employed (millions).....     | 24.0                      | 24.3 | 24.8 | 25.5 | 26.0 |
| Unemployed (millions).....   | 3.6                       | 3.6  | 3.7  | 4.0  | 3.3  |
| Unemployment rate (%).....   | 13.2                      | 13.0 | 12.8 | 12.4 | 11.3 |

Source: CAPMAS

**Note:**

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

According to figures published by CAPMAS, the unemployment rate declined to 11.3% in 2017, as compared to 12.4% in 2016, primarily due to increased employment opportunities at several large infrastructure projects, including the Suez Canal Development Project and the New Capital City Project. See “—*Transport and Warehousing—Suez Canal*” and “*External Sector—Foreign Direct Investment—Investment Projects and Initiatives*”.

## EXTERNAL SECTOR

### Balance of Payments

**Recent Developments** *(supplementing certain information under the caption “External Sector—Balance of Payments—Recent Developments” beginning on page 85 of the Base Prospectus)*

For the six months ended 31 December 2017, Egypt’s balance of payments registered a surplus of U.S.\$5.6 billion, as compared to a surplus of U.S.\$7.0 billion for the corresponding period in 2016. This surplus was primarily due to a 64.0% improvement in the current account deficit and the recording of a U.S.\$10.4 billion net inflow in the capital and financial account for the six months ended 31 December 2017. The current account deficit narrowed to U.S.\$3.4 billion in the six months ended 31 December 2017, as compared to U.S.\$9.4 billion for the corresponding period in 2016, representing a decrease of 64.0%.

#### *Current Account*

The trade deficit narrowed by 1.4% to U.S.\$18.7 billion for the six months ended 31 December 2017, as compared to U.S.\$19.0 billion for the corresponding period in 2016, primarily due to a 15.4% increase in merchandise exports, in turn, reflecting increases in both oil exports (by 29.9% to U.S.\$3.8 billion for the six months ended 31 December 2017, as compared to U.S.\$2.9 billion for the corresponding period in 2016) and non-oil exports (by 9.7% to U.S.\$8.2 billion for the six months ended 31 December 2017, as compared to U.S.\$7.5 billion for the corresponding period in 2016). Merchandise imports increased by 4.5% to U.S.\$30.8 billion for the six months ended 31 December 2017, as compared to U.S.\$29.5 billion for the corresponding period in 2016. The services surplus increased to U.S.\$5.3 billion for the six months ended 31 December 2017, as compared to U.S.\$1.8 billion for the corresponding period in 2016, primarily due to an increase in tourism revenues and Suez Canal receipts. Net unrequited current transfers increased by 29.5% to U.S.\$13.1 billion for the six months ended 31 December 2017, as compared to U.S.\$10.1 billion for the corresponding period in 2016, primarily reflecting increases in workers’ remittances from Kuwait, Saudi Arabia and the UAE.

#### *Capital and Financial Account*

Net inflows of FDI decreased to U.S.\$3.8 billion for the six months ended 31 December 2017, as compared to U.S.\$4.3 billion for the corresponding period in 2016. Portfolio investment in Egypt recorded a net inflow of U.S.\$8.0 billion for the six months ended 31 December 2017, as compared to a net inflow of U.S.\$212.9 million for the corresponding period in 2016, primarily reflecting an increase in foreign investment in Egyptian treasury bills. For the six months ended 31 December 2017, there were net disbursements of medium- and long-term loans and facilities of U.S.\$3.5 billion, as compared to U.S.\$5.0 billion for the corresponding period in 2016. The CBE’s external liabilities registered a net external repayment of U.S.\$3.1 billion for the six months ended 31 December 2017, as compared to a net disbursement of U.S.\$8.1 billion for the corresponding period of 2016.

### Foreign Direct Investment

**Investment Projects and Initiatives** *(modifying and supplementing certain information under the caption “External Sector—Foreign Direct Investment—Investment Projects and Initiatives” beginning on page 90 of the Base Prospectus)*

On 4 March 2018, Saudi Arabia and Egypt signed an agreement to commence the operations of the Egyptian Saudi Investment Fund (the “**Fund**”) which was established pursuant to an earlier agreement signed on 8 April 2016. The objectives of the Fund are to invest in projects located in Egypt with a focus on the tourism, housing, infrastructure and renewable energy sectors. In addition, the Fund will support investments in innovations and information technology with a view to encouraging economic growth.

## MONETARY SYSTEM

### Central Bank of Egypt

**Monetary Policy** (supplementing certain information under the caption “Monetary System—Central Bank of Egypt—Monetary Policy” beginning on page 94 of the Base Prospectus)

As a result of the moderation of underlying inflationary pressures, on 15 February 2018, the MPC reduced the overnight deposit rate, the overnight lending rate and the discount rate by 100 basis points each, to 17.75%, 18.75% and 18.25%, respectively. This represented the first reduction of the CBE’s key policy rates since 2015 and is in line with the CBE’s inflation target of 13% by the fourth quarter of 2018 and single digits thereafter.

On 29 March 2018, the MPC further reduced the overnight deposit rate, the overnight lending rate, the rate of the CBE’s main operation and the discount rate by 100 basis points to 16.75%, 17.75%, 17.25% and 17.25%, respectively, in line with the CBE’s inflation target.

**Inflation and Interest Rates** (supplementing certain information under the caption “Monetary System—Inflation and Interest Rates” beginning on page 102 of the Base Prospectus)

Inflationary pressures have shown signs of containment in 2018. Annual headline inflation, as measured by the CPI, and core urban inflation declined for the seventh consecutive month to 14.4% and 11.9%, respectively, in February 2018 having peaked at 33.0% and 35.3%, respectively, in July 2017. The February 2018 annual headline inflation and core urban inflation figures are the lowest inflation rates recorded since October 2016 and April 2016, respectively.

The following table sets forth the dates of the changes in the CBE’s key interest rates.

| <b>CBE Key Interest Rates</b> |                               |                               |                      |
|-------------------------------|-------------------------------|-------------------------------|----------------------|
|                               | <b>Overnight Deposit Rate</b> | <b>Overnight Lending Rate</b> | <b>Discount Rate</b> |
|                               |                               | (%)                           |                      |
| 9 June 2011.....              | 8.25                          | 9.75                          | 8.50                 |
| 24 November 2011.....         | 9.25                          | 10.25                         | 9.50                 |
| 21 March 2013.....            | 9.75                          | 10.75                         | 10.25                |
| 1 August 2013.....            | 9.25                          | 10.25                         | 9.75                 |
| 19 September 2013.....        | 8.75                          | 9.75                          | 9.25                 |
| 5 December 2013.....          | 8.25                          | 9.25                          | 8.75                 |
| 17 July 2014.....             | 9.25                          | 10.25                         | 9.75                 |
| 15 January 2015.....          | 8.75                          | 9.75                          | 9.25                 |
| 24 December 2015.....         | 9.25                          | 10.25                         | 9.75                 |
| 17 March 2016.....            | 10.75                         | 11.75                         | 11.25                |
| 16 June 2016.....             | 11.75                         | 12.75                         | 12.25                |
| 3 November 2016.....          | 14.75                         | 15.75                         | 15.25                |
| 21 May 2017.....              | 16.75                         | 17.75                         | 17.25                |
| 6 July 2017.....              | 18.75                         | 19.75                         | 19.25                |
| 15 February 2018.....         | 17.75                         | 18.75                         | 18.25                |
| 29 March 2018.....            | 16.75                         | 17.75                         | 17.25                |

Source: CBE

**Net International Reserves** (supplementing certain information under the caption “Monetary System—Net International Reserves” beginning on page 109 of the Base Prospectus)

As at 31 March 2018, NIR with the CBE were U.S.\$42.6 billion, which represented 8.3 months of merchandise imports. The increase of NIR from U.S.\$37.0 billion as at 31 December 2017 to U.S.\$42.6 billion as at 31 March 2018 was primarily due to the issuance by the Republic of Notes under the Programme in an aggregate principal amount of U.S.\$4.0 billion, as well as an increase in Suez Canal receipts. See “Public Debt—Overview—Recent Developments”.

## PUBLIC FINANCE

**Interim Results for the Fiscal Year 2017/18** (replacing the information set out under the caption “Public Finance—Interim Results for the Fiscal Year 2017/18” beginning on page 118 of the Base Prospectus)

The following table sets forth Egypt’s actual fiscal results for the eight months ended 28 February 2018, as compared to the corresponding period in 2016/17.

|                                                  | Interim Results <sup>(1)</sup> |                           |
|--------------------------------------------------|--------------------------------|---------------------------|
|                                                  | July 2016 – February 2017      | July 2017 – February 2018 |
|                                                  | (LE millions)                  |                           |
| <b>Revenues and Grants</b> .....                 | <b>310,454.4</b>               | <b>430,653.4</b>          |
| Tax Revenues.....                                | 226,273.2                      | 354,137.8                 |
| Grants.....                                      | 475.6                          | 319.2                     |
| Other Revenues.....                              | 83,705.6                       | 76,196.4                  |
| <b>Expenditures</b> .....                        | <b>532,466.8</b>               | <b>687,864.0</b>          |
| Wages and Salaries.....                          | 137,060.9                      | 151,252.0                 |
| Purchases of Goods and Services.....             | 21,335.2                       | 25,327.3                  |
| Interest Payments.....                           | 183,606.6                      | 247,007.6                 |
| Subsidies, Grants and Social Benefits.....       | 113,412.8                      | 170,224.3                 |
| Other Expenditures.....                          | 38,539.3                       | 46,221.7                  |
| Purchases of Non-Financial Assets.....           | 38,512.0                       | 47,831.1                  |
| <b>Cash Deficit</b> <sup>(2)</sup> .....         | <b>222,012.4</b>               | <b>257,211.0</b>          |
| <b>Net Acquisition of Financial Assets</b> ..... | <b>4,608.0</b>                 | <b>1713.6</b>             |
| <b>Overall Fiscal Deficit</b> .....              | <b>226,620.4</b>               | <b>258,924.2</b>          |
| Overall Deficit/GDP (%) <sup>(3)</sup> .....     | 6.5%                           | 5.9%                      |
| Primary Deficit/GDP (%) <sup>(3)</sup> .....     | 1.2%                           | 0.3%                      |
| Revenues/GDP (%) <sup>(4)</sup> .....            | 8.9%                           | 9.8%                      |
| Expenditure/GDP (%) <sup>(3)</sup> .....         | 15.3%                          | 15.6%                     |

Source: Ministry of Finance

**Notes:**

- (1) Results for interim periods are not necessarily indicative of full year results.
- (2) Overall deficit excluding net acquisition of financial assets.
- (3) July-February ratios are based on full year GDP. For 2017/18 interim figures, the Ministry of Finance’s estimated GDP figure of LE 4,107 billion for 2017/18 has been used.

### **Revenues**

Total revenues and grants increased by 38.7% to LE 430.7 billion in the eight months ended 28 February 2018 from LE 310.5 billion in the corresponding period in 2016/17, primarily due to improved tax administration, greater diversity in sources of revenues and the continued effects of the introduction of VAT law. Tax revenues increased by 56.5% to LE 354.1 billion in the eight months ended 28 February 2018 from LE 226.3 billion in the corresponding period in 2016/17, primarily due to the continued effects of the implementation of the VAT law and the increase in the rate of VAT to 14% in 2017/18 (as compared to 13% in 2016/17), as well as increased tax collection, in particular by the Real Estate Tax Authority. Grants decreased by 32.9% to LE 319.2 million in the eight months ended 28 February 2018 from LE 475.6 million in the corresponding period in 2016/17. See “Risk Factors—Risk Factors Relating to Egypt—The level of foreign grants to Egypt has reduced in recent years”. Other revenues decreased by 9.0% to LE 76.2 billion in the eight months ended 28 February 2018 from LE 83.7 billion in the corresponding period in 2016/17, primarily due to a 35% decrease in dividends from the CBE following its monetary tightening policy and a 34.1% decrease in property income which was, in turn, due to the recognition of revenues relating to the granting of 4G licences in the eight months ended 28 February 2017, which was not repeated in the corresponding period in 2017/18.

## ***Expenditures***

Total expenditures increased by 29.2% to LE 687.9 billion in the eight months ended 28 February 2018 from LE 532.5 billion in the corresponding period in 2016/17, primarily due to increases in all expenditure items. Wages and salaries increased by 10.4% to LE 151.3 billion in the eight months ended 28 February 2018 from LE 137.1 billion in the corresponding period in 2016/17 primarily due to a 18.3% increase in basic pay (which constitutes approximately 25% of the total wage bill). This increase is part of a wider social welfare package, pursuant to which the Government has announced that civil servants will be granted bonuses of 7% (or 10% in special cases) on two occasions in the 2017/18 fiscal year in order to compensate for the inflationary impact of certain fiscal reforms. Purchases of goods and services increased by 18.7% to LE 25.3 billion in the eight months ended 28 February 2018 from LE 21.3 billion in the corresponding period in 2016/17, primarily due to a 29.2% increase in services expenditure to LE 12.2 billion for the eight months ended 28 February 2018, as compared to LE 9.4 billion in the corresponding period in 2016/17, in particular maintenance expenditures (which increased by approximately 26.6%). Interest payments increased by 34.5% to LE 247.0 billion in the eight months ended 28 February 2018 from LE 183.6 billion in the corresponding period in 2016/17, primarily due to the monetary tightening efforts by the CBE and the effect of the devaluation of the Egyptian Pound on interest payments due on foreign currency-denominated borrowings, as well as additional borrowings (see “*Public Debt*”). Subsidies, grants and social benefits increased by 50.1% to LE 170.2 billion in the eight months ended 28 February 2018 from LE 113.4 billion in the corresponding period in 2016/17, primarily due to the increase in international oil prices and the subsequent impact on fuel subsidies, as well as a 72.4% increase in allocations to food subsidies to LE 33.8 billion in the eight months ended 28 February 2018, as compared to LE 19.6 billion in the corresponding period in 2016/17. Other expenditures increased by 20.0% to LE 46.2 billion in the eight months ended 28 February 2018 from LE 38.5 billion in the corresponding period in 2016/17. Purchases of non-financial assets increased by 24.2% to LE 47.8 billion in the eight months ended 28 February 2018 from LE 38.5 billion in the corresponding period in 2016/17, in line with the Government’s policy to fund spending on infrastructure and public services through the treasury.

**Public Accounts** (replacing the table set out under the caption “Public Finance—Public Accounts” beginning on page 119 of the Base Prospectus)

The following table sets forth an overview of the revenues, expenditure and overall balance of the budget sector public accounts for the periods indicated.

| <b>Overview of Government Fiscal Operations Budget Sector<sup>(1)</sup></b> |                      |                |                |                |                              |
|-----------------------------------------------------------------------------|----------------------|----------------|----------------|----------------|------------------------------|
|                                                                             | <b>2012/13</b>       | <b>2013/14</b> | <b>2014/15</b> | <b>2015/16</b> | <b>2016/17<sup>(2)</sup></b> |
|                                                                             | <i>(LE millions)</i> |                |                |                |                              |
| <b>Revenues and Grants</b> .....                                            | <b>350,322</b>       | <b>456,788</b> | <b>465,241</b> | <b>491,488</b> | <b>659,184</b>               |
| Tax Revenues.....                                                           | 251,119              | 260,288        | 305,957        | 352,315        | 462,007                      |
| Income Tax.....                                                             | 117,762              | 120,925        | 129,818        | 144,743        | 166,897                      |
| Property Taxes.....                                                         | 16,453               | 18,761         | 21,107         | 27,990         | 36,539                       |
| Taxes on Goods and Services.....                                            | 92,924               | 91,867         | 122,930        | 140,525        | 208,624                      |
| Taxes on International Trade.....                                           | 16,771               | 17,673         | 21,867         | 28,091         | 34,255                       |
| Other Taxes.....                                                            | 7,208                | 11,062         | 10,235         | 10,966         | 15,691                       |
| Grants.....                                                                 | 5,208                | 95,856         | 25,437         | 3,543          | 17,683                       |
| Other Revenues.....                                                         | 93,996               | 100,643        | 133,847        | 135,630        | 179,494                      |
| Returns on Financial Assets.....                                            | 56,494               | 56,990         | 81,463         | 69,452         | 91,141                       |
| Proceeds from Sales of Goods and Services.....                              | 22,733               | 28,498         | 26,457         | 29,052         | 38,058                       |
| Other.....                                                                  | 14,769               | 15,155         | 25,926         | 37,127         | 50,295                       |
| <b>Expenditures</b> .....                                                   | <b>588,188</b>       | <b>701,514</b> | <b>733,350</b> | <b>817,844</b> | <b>1,031,941</b>             |
| Wages and Salaries.....                                                     | 142,956              | 178,589        | 198,468        | 213,721        | 225,513                      |
| Purchases of Goods and Services.....                                        | 26,652               | 27,247         | 31,276         | 35,662         | 42,450                       |
| Interest Payments.....                                                      | 146,995              | 173,150        | 193,008        | 243,635        | 316,602                      |
| Subsidies, Grants and Social benefits.....                                  | 197,093              | 228,579        | 198,569        | 201,024        | 276,719                      |
| Other Expenditures.....                                                     | 34,975               | 41,068         | 50,279         | 54,551         | 61,517                       |
| Purchases of Non-Financial assets.....                                      | 39,516               | 52,882         | 61,750         | 69,250         | 109,141                      |
| <b>Cash Deficit<sup>(3)</sup></b> .....                                     | <b>237,865</b>       | <b>244,727</b> | <b>268,109</b> | <b>326,356</b> | <b>372,757</b>               |
| <b>Net Acquisition of Financial assets</b> .....                            | <b>1,854</b>         | <b>10,713</b>  | <b>11,321</b>  | <b>13,139</b>  | <b>6,833</b>                 |
| <b>Overall Fiscal Deficit</b> .....                                         | <b>239,719</b>       | <b>255,439</b> | <b>279,430</b> | <b>339,495</b> | <b>379,590</b>               |
| Overall Deficit/GDP (%) <sup>(4)</sup> .....                                | 12.9                 | 12.0           | 11.4           | 12.5           | 10.9                         |
| Primary Deficit/GDP (%) <sup>(4)</sup> .....                                | 5.0                  | 3.9            | 3.6            | 3.5            | 1.8                          |
| Revenues/GDP (%) <sup>(4)</sup> .....                                       | 19.0                 | 21.7           | 19.1           | 18.1           | 19.0                         |
| Expenditure/GDP (%) <sup>(4)</sup> .....                                    | 31.9                 | 33.4           | 30.2           | 30.2           | 29.7                         |

Source: Ministry of Finance

**Notes:**

- (1) The figures in this table have been revised and differ from previously published data. See “Presentation of Information”.
- (2) Preliminary estimated figures.
- (3) Overall deficit excluding net acquisition of financial assets.
- (4) Projected GDP, according to estimates of the Ministry of Finance, of LE 3,476 billion have been used for 2016/17.

## PUBLIC DEBT

**Overview** (modifying and supplementing certain information under the caption “Public Debt—Overview” beginning on page 128 of the Base Prospectus)

Total external debt represented 41.1% of GDP as at 30 June 2017, 18.3% of GDP as at 30 June 2016 and 15.0% of GDP as at 30 June 2015.

**Recent Developments** (supplementing certain information under the caption “Public Debt—Overview—Recent Developments” beginning on page 130 of the Base Prospectus)

In February 2018, the Republic issued its U.S.\$1.25 billion 5.577% Notes due 2023 (Series 5), U.S.\$1.25 billion 6.588% Notes due 2028 (Series 6) and U.S.\$1.5 billion 7.903% Notes due 2048 (Series 7) under the Programme. Each Series of these Notes is listed on the London Stock Exchange.

According to the CBE’s preliminary figures, gross external debt was U.S.\$82.9 billion as at 31 December 2017, as compared to U.S.\$79.0 billion as at 30 June 2017, reflecting an increase of 4.7%.

**External Debt** (modifying and supplementing certain information under the caption “Public Debt—External Debt” beginning on page 133 of the Base Prospectus)

The following table sets forth details of Egypt’s outstanding international Government bonds.

| Outstanding International Government Bonds |                     |                         |                                 |                    |
|--------------------------------------------|---------------------|-------------------------|---------------------------------|--------------------|
| Issue Date                                 | Issue Size          | Coupon<br>(% per annum) | Maturity                        | S&P Rating         |
| 10 November 2016 <sup>(1)</sup>            | U.S.\$1,360,000,000 | 4.622                   | 10 December 2018 <sup>(2)</sup> | n/a <sup>(1)</sup> |
| 29 April 2010                              | U.S.\$1,000,000,000 | 5.750                   | 29 April 2020                   | BB+                |
| 31 January 2017                            | U.S.\$1,750,000,000 | 6.125                   | 31 January 2022                 | n/a <sup>(3)</sup> |
| 29 May 2017 <sup>(4)</sup>                 | U.S.\$750,000,000   | 6.125                   | 31 January 2022                 | n/a <sup>(3)</sup> |
| 21 February 2018                           | U.S.\$1,250,000,000 | 5.577                   | 21 February 2023                | B-                 |
| 10 November 2016 <sup>(1)</sup>            | U.S.\$1,320,000,000 | 6.750                   | 10 November 2024                | n/a <sup>(1)</sup> |
| 11 June 2015                               | U.S.\$1,500,000,000 | 5.875                   | 11 June 2025                    | B-                 |
| 31 January 2017                            | U.S.\$1,000,000,000 | 7.50                    | 31 January 2027                 | n/a <sup>(3)</sup> |
| 29 May 2017 <sup>(4)</sup>                 | U.S.\$1,000,000,000 | 7.50                    | 31 January 2027                 | n/a <sup>(3)</sup> |
| 21 February 2018                           | U.S.\$1,250,000,000 | 6.588                   | 21 February 2028                | B-                 |
| 10 November 2016 <sup>(1)</sup>            | U.S.\$1,320,000,000 | 7.000                   | 10 November 2028                | n/a <sup>(1)</sup> |
| 30 April 2010                              | U.S.\$500,000,000   | 6.875                   | 30 April 2040                   | BB+                |
| 31 January 2017                            | U.S.\$1,250,000,000 | 8.500                   | 31 January 2047                 | n/a <sup>(3)</sup> |
| 29 May 2017 <sup>(4)</sup>                 | U.S.\$1,250,000,000 | 8.500                   | 31 January 2047                 | n/a <sup>(3)</sup> |
| 21 February 2018                           | U.S.\$1,500,000,000 | 7.903                   | 21 February 2048                | B-                 |

Source: Ministry of Finance

**Notes:**

- (1) Issued in connection with the 2016 Repurchase Transactions. These notes are not rated by S&P but have been assigned a rating of B3 by Moody’s and B by Fitch.
- (2) In November 2017, the Republic conducted a consent solicitation exercise to extend the maturity date of these Notes from 10 December 2017 to 10 December 2018.
- (3) These notes are not rated by S&P but have been assigned a rating of B3 by Moody’s and B by Fitch.
- (4) Notes issued as a tap issuance.

In February 2018, the Republic issued its U.S.\$1.25 billion 5.577% Notes due 2023 (Series 5), U.S.\$1.25 billion 6.588% Notes due 2028 (Series 6) and U.S.\$1.5 billion 7.903% Notes due 2048 (Series 7) under the Programme. Each Series of these Notes is listed on the London Stock Exchange.

## Debt Restructuring

### *International Aid*

*African Development Bank (supplementing certain information under the caption “Public Debt—Debt Restructuring—International Aid—African Development Bank” beginning on page 142 of the Base Prospectus)*

In January 2018, the African Development Bank’s Board of Directors approved a third tranche of a loan in the amount of U.S.\$500 million to support the Government’s economic reform programme. The disbursement of the third tranche was expected to occur in February 2018 but was delayed pending the approval of the Parliament. The third tranche is now expected to be disbursed on 2 April 2018.

*France (supplementing certain information under the caption “Public Debt—Debt Restructuring—International Aid” beginning on page 142 of the Base Prospectus)*

In December 2017, the Government of France provided a loan to the Republic in the amount of U.S.\$175 million.

*Germany (supplementing certain information under the caption “Public Debt—Debt Restructuring—International Aid” beginning on page 142 of the Base Prospectus)*

In February 2018, the Government of Germany provided a loan of U.S.\$250 million to the Republic for the purposes of supporting the Republic’s budget programme.

*United Kingdom (supplementing certain information under the caption “Public Debt—Debt Restructuring—International Aid” beginning on page 142 of the Base Prospectus)*

In March 2018, the Government of the United Kingdom ~~has~~ provided a loan to the Republic in the amount of U.S.\$150 million.

*World Bank (supplementing certain information under the caption “Public Debt—Debt Restructuring—International Aid—World Bank” beginning on page 144 of the Base Prospectus)*

In March 2018, the World Bank disbursed the final tranche of U.S.\$1 billion under the DPFP.

Document comparison by Workshare Compare on 03 April 2018 08:34:20

| Input:        |                                                                                        |
|---------------|----------------------------------------------------------------------------------------|
| Document 1 ID | interwovenSite://EU_IMANAGE/EU_BUSINESS/24591031/9                                     |
| Description   | #24591031v9<EU_BUSINESS> - Arab Republic of Egypt - Base Prospectus Supplement (2018)  |
| Document 2 ID | interwovenSite://EU_IMANAGE/EU_BUSINESS/24591031/10                                    |
| Description   | #24591031v10<EU_BUSINESS> - Arab Republic of Egypt - Base Prospectus Supplement (2018) |
| Rendering set | Standard                                                                               |

| Legend:                   |  |
|---------------------------|--|
| <u>Insertion</u>          |  |
| <del>Deletion</del>       |  |
| <del>Moved from</del>     |  |
| <u>Moved to</u>           |  |
| Style change              |  |
| Format change             |  |
| <del>Moved deletion</del> |  |
| Inserted cell             |  |
| Deleted cell              |  |
| Moved cell                |  |
| Split/Merged cell         |  |
| Padding cell              |  |

| Statistics:    |       |
|----------------|-------|
|                | Count |
| Insertions     | 1     |
| Deletions      | 3     |
| Moved from     | 0     |
| Moved to       | 0     |
| Style change   | 0     |
| Format changed | 0     |
| Total changes  | 4     |

