BASE PROSPECTUS

THE ARAB REPUBLIC OF EGYPT

U.S.$20,000,000,000
Global Medium Term Note Programme

Under this U.S.$20,000,000,000 Global Medium Term Note Programme (the "**Programme**"), the Arab Republic of Egypt (the "**Issuer**", the "**Republic**" or "**Egypt**") may elect, subject to compliance with all applicable laws, regulations and directives, from time to time to issue notes ("**Notes**") denominated in any currency agreed between the Issuer and the relevant Dealer(s) (as defined below).

Notes may be issued in bearer or registered form ("**Bearer Notes**" and "**Registered Notes**", respectively). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed U.S.$20,000,000,000 (or its equivalent in other currencies calculated, as provided in the Dealer Agreement described herein), subject to increase, as described herein.

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

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

This Base Prospectus has been approved by the Supervisory Commission of the Financial Sector *(Commission de Surveillance du Secteur Financier)* (the "**CSSF**"), in its capacity as competent authority under the Luxembourg law on prospectuses for securities *(loi relative aux prospectus pour valeurs mobilieres)* dated 10 July 2005 (the "**Luxembourg Prospectus Law**"), which implements Directive 2003/71/EC (as amended or superseded, the "**Prospectus Directive**"). By approving this Base Prospectus, the CSSF gives no undertaking as to the economic and financial soundness of the transaction and the quality or solvency of the Issuer in line with the provisions of Article 7(7) of the Luxembourg Prospectus Law. Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list (the "**Official List**") and to trading on its regulated market, pursuant to the rules and regulations of the Luxembourg Stock Exchange. The regulated market of the Luxembourg Stock Exchange is a regulated market for the purposes of Directive 2014/65/EU (as amended, "**MiFID II**").

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 has been drawn up in accordance with the Luxembourg Prospectus Law (the "**Notification**"). The Issuer may also 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 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 in respect of which a Notification has been provided to the relevant competent authority of such Member State), either together with a listing on the Regulated Market of the Luxembourg Stock Exchange or as a single listing. If any Notes issued under the Programme are to be listed on the Regulated Market of the London Stock Exchange plc (or on the regulated market of any other Member State in respect of which a Notification has been provided to the relevant competent authority of such Member State), this will be specified in the applicable Final Terms.

The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

This Base Prospectus will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Certain Tranches (as defined herein) of Notes to be issued under the Programme may be rated, and the credit rating agency issuing such rating may be specified in the relevant Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Each of Fitch Ratings Ltd. ("**Fitch**"), Moody's Investors Service Limited ("**Moody's**") and Standard & Poor's Credit Market Services Europe Limited ("**S&P**") is established in the European Union ("**EU**") and is registered under Regulation (EC) № 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "**CRA Regulation"**).

Amounts payable under the Notes may be calculated by reference to the London Interbank Offered Rate ("**LIBOR**") and the Euro Interbank Offered Rate ("**EURIBOR**") which are provided by the ICE Benchmark Administration Limited ("**ICE**") and the European Money Markets Institute ("**EMMI**"), respectively. As at the date of this Base Prospectus, ICE appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the "**BMR**") and EMMI does not appear on such register. As far as the Issuer is aware, the transitional provisions in Article 51 of the BMR apply, such that ICE is not currently required to obtain authorisation or registration (or, if located outside the EU, recognition, endorsement or equivalence).

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

Arrangers

Citigroup **NATIXIS**

Dealers

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

J.P. Morgan **Morgan Stanley** **NATIXIS**

The date of this Base Prospectus is 18 February 2019.

IMPORTANT NOTICES

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive and for the purpose of giving information with regard to the Issuer and the Notes which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position and prospects of the Issuer.

The Issuer accepts responsibility for the information contained in this Base Prospectus. 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 is in accordance with the facts and does not omit anything likely to affect the import of such information.

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

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

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

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base 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 (as defined herein) or any Dealer.

None of the Arrangers, the Dealers or any of their respective affiliates makes any representation, undertaking, or warranty, express or implied, or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. Each Arranger and each Dealer accordingly disclaims any and all liability whether arising in tort or contract or otherwise which either of them might otherwise have in respect of this Base Prospectus. Neither the delivery of this Base Prospectus 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 is true subsequent to the date hereof or the date upon which this 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 this 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.

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

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

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed U.S.$20,000,000,000 (and for this purpose, the U.S. Dollar amount of any Notes denominated in a currency other than U.S. Dollars shall be converted into U.S. Dollars at the date of the agreement to issue such Notes (calculated in accordance

with the provisions of the Dealer Agreement)). The maximum aggregate principal amount of Notes that may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement.

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

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such Notes will have on its overall investment portfolio;

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

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

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

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

SUPPLEMENTS TO THIS BASE PROSPECTUS

The Issuer has agreed to comply with any undertakings given by it from time to time to the Luxembourg Stock Exchange in connection with Notes in a Series (as defined herein) to be listed on the Official List of the Luxembourg Stock Exchange and, without prejudice to the generality of the foregoing, shall prepare, in connection with the listing of the Notes on the Official List of the Luxembourg Stock Exchange or on any other relevant stock exchange, so long as any Note remains outstanding, supplement(s) to this Base Prospectus to be approved by the CSSF, or, as the case may be, publish in a new Base Prospectus, whenever required by the rules of the Luxembourg Stock Exchange or any other relevant stock exchange, or by the Luxembourg Prospectus Law, and in any event (i) if the maximum aggregate principal amount of Notes that may be issued under the Programme is increased, (ii) upon the Issuer becoming aware that (A) there has been a significant change (including any change to the Conditions in a Series to be listed on the Official List of the Luxembourg Stock Exchange) affecting any matter contained in this Base Prospectus or (B) a significant new matter has arisen, the inclusion of information in respect of which would have been required to be in this Base Prospectus if it had arisen before this Base Prospectus was issued or (iii) if the terms of the Programme are modified or amended in a manner which would make this Base Prospectus, as it may be supplemented, materially inaccurate or misleading. In the event that a supplement to this Base Prospectus is produced pursuant to such undertakings, a copy of such supplement will accompany this Base Prospectus. Any supplement to this Base Prospectus will be available from the specified office of the Fiscal Agent and Transfer Agent in Luxembourg. See "*General Information—Documents on Display*".

NOTICE TO U.S. INVESTORS

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

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

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

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

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

MIFID II PRODUCT GOVERNANCE / TARGET MARKET

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

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

PROHIBITION ON SALES TO EEA RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the "**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) № 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

NOTICE TO UK RESIDENTS

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

NOTICE TO RESIDENTS OF THE KINGDOM OF SAUDI ARABIA

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

The Capital Market Authority does not make any representations as to the accuracy or completeness of this Base Prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Base Prospectus. Prospective purchasers of Notes issued under the Programme should conduct their own due diligence on the accuracy of the information relating to the Notes. If a prospective purchaser does not understand the contents of this Base Prospectus, he or she should consult an authorised financial adviser.

NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN

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

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

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

NOTICE TO RESIDENTS OF THE STATE OF QATAR

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

NOTICE TO RESIDENTS OF SINGAPORE

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

STABILISATION

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

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RISK FACTORS

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

Risk Factors Relating to Egypt

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

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

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

In January 2014, the current constitution (the "**Constitution**"), which was prepared by a panel of judges and legal scholars and approved by an assembly of political, religious, union and other representatives and public figures, was adopted by referendum. The Constitution came into force on 18 January 2014. In March 2014, the then-defence minister, Field Marshal Al-Sisi, announced his intention to run for president and resigned from the military. Mr. Al-Sisi won the presidential election in 2014 with approximately 96.9% of the valid votes cast. President Al-Sisi was sworn in on 8 June 2014. Presidential elections took place between 26 and 28 March 2018. On 2 April 2018, the National Elections Authority declared President Al-Sisi the winner of the elections, securing a second four-year term after winning 97.08% of the valid votes cast. According to the current wording of Article 140 of the Constitution, the President serves for a four-year term and may be re-elected once. Accordingly, this would be President Al-Sisi's final term, which expires in March 2022.

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

The amendments will be referred to the Legislative Committee of the Parliament to be considered within 60 days, following which, if approved by the Legislative Committee, President Al-Sisi will have the right to call a referendum to confirm the amendments. A separate petition proposing the removal of the two-term limit as stated under Article 226 of the Constitution was lodged with the Court of Urgent Matters in December 2018, and a hearing is scheduled to take place on 24 February 2019.

See "*The Arab Republic of Egypt—Constitutional System—Executive Branch—The President of the Republic*". Parliamentary elections were held between October and December 2015. In January 2016, the House of Representatives held its first session, the first parliamentary session in more than three years.

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

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

Annual headline inflation, as measured by the consumer price index ("**CPI**"), has been high in recent years. It was 10.1% in 2014, 10.4% in 2015, 13.8% in 2016 and 29.5% in 2017 but decreased to 14.4% in 2018. Following the liberalisation of the Egyptian Pound in November 2016, the CPI increased significantly, reaching 33.0% in July 2017 (with core inflation reaching 35.3% in July 2017) but has since declined to 12.7% in January 2019. The IMF has, however, identified high and persistent inflation as one of the key risks to Egypt's macroeconomic stability, the credibility of Egypt's new monetary policy framework and Egypt's ability to comply with the targets set out in the three-year extended fund facility ("**EFF**") with the IMF.

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

The Central Bank of Egypt (the "**CBE**") has implemented a number of measures to try to contain inflationary pressures. Between November 2016 and July 2017, the Monetary Policy Committee of the CBE (the "**MPC**") raised benchmark policy rates by an aggregate of 700 basis points. In addition, the CBE has used deposit auctions to reduce balances on banks' overnight and seven day deposits. In May 2017, the CBE announced an inflation target of 13% by the fourth quarter of 2018 and single digits thereafter. As a result of the moderation of underlying inflationary pressures, on 15 February 2018, the MPC reduced the overnight deposit rate, the overnight lending rate and the discount rate by 100 basis points each, to 17.75%, 18.75% and 18.25%, respectively. This was the first reduction of the CBE's key policy rates since 2015 and was intended to support the CBE's inflation target. On 29 March 2018, the MPC reduced the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate by a further 100 basis points to 16.75%, 17.75%, 17.25% and 17.25%, respectively. In December 2018, the CBE announced a new inflation target of 9% by the fourth quarter of 2020. On 14 February 2019, the MPC reduced the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate by a further 100 basis points each to 15.75%, 16.75%, 16.25% and 16.25%, respectively. There can be no assurance, however, that measures taken by the CBE and the Government will be successful in meeting the CBE's inflation target or otherwise controlling inflation. Increases in the CBE's benchmark policy rates have also increased the Government's domestic borrowing costs and may result in lower levels of lending and a decrease in economic growth. A failure to control inflation could have a material adverse effect on the investment climate in Egypt and negatively affect the Egyptian economy.

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

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

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

Sporadic terrorist attacks resulting in fatalities have continued. In January 2016, there were attacks in the tourist resorts of Giza and Hurghada. In December 2016, a bomb explosion in Kafr al-Sheikh in the Nile Delta killed a civilian and injured three policemen, and a separate bomb explosion killed six policeman near Giza. Also in December 2016, 25 people were killed in a bomb explosion in the Coptic Cathedral complex in Cairo. In April 2017, explosions occurred at two Coptic Christian churches in Tanta and Alexandria, which killed 47 people. The so-called "Islamic State" claimed responsibility for the attacks. In response, President Al-Sisi declared a three-month state of emergency and ordered the deployment of the military across Egypt to protect vital infrastructure. In November 2017, an attack on a Sufi Mosque in the town of Bir al-Abed in north Sinai, which is believed to have been carried out by the so-called "Islamic State", killed 305 people. In December 2017, nine people were killed by a gunman at Mar Mina Church, south of Cairo. On 2 November 2018, seven Coptic Christians were killed in an attack on two buses near a monastery in Minya and the so-called "Islamic State" claimed responsibility for the attack. On 4 November 2018, the Ministry of Interior announced that 19 Islamist militants accused of carrying out this attack had been killed in a shootout with Egyptian police. On 28 December 2018, three tourists and their Egyptian guide were killed by a roadside bomb near Giza. Thirteen other people were injured. No group has claimed responsibility for the attack. On 29 December 2018, Egyptian security forces conducted three raids in north Sinai and Giza, in which 40 suspected militants were killed and ammunitions, firearms and improvised explosive devices were recovered. The state of emergency has been extended on seven occasions, most recently in January 2019 for a further three months.

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

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

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

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

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

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

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

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

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

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

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

Tourism income was U.S.$9.8 billion in 2017/18, as compared to U.S.$4.4 billion in 2016/17, U.S.$3.8 billion in 2015/16 and U.S.$7.4 billion in 2014/15. The general decrease in tourism income during the period 2014/15 – 2016/17 reflected the impact of terrorist attacks and security concerns in Egypt. Although the tourism industry has shown signs of recovery since 2017, there can be no assurance that this recovery will continue.

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

Following the liberalisation of the Egyptian Pound in November 2016 and the CBE's subsequent policy of non-intervention in foreign exchange markets, net international reserves with the CBE increased by U.S.$13.0 billion, or 41.5%, to U.S.$44.3 billion as at 30 June 2018, equivalent to 8.4 months of merchandise imports, as compared to U.S.$31.3 billion as at 30 June 2017, equivalent to 6.4 months of merchandise imports and U.S.$17.5 billion as at 30 June 2016, equivalent to 3.7 months of merchandise imports. Net international reserves increased to U.S.$42.6 billion as at each of 31 December 2018 and 31 January 2019 (according to provisional figures). There can be no assurance, however, that net international reserves will continue to increase or be maintained at such levels.

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

Egypt's fiscal deficit remains high

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

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

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

Over the past five fiscal years, public debt, as a percentage of GDP, has remained high. As at 30 June 2018, general Government debt represented 92.6% of GDP (according to preliminary estimates), as compared to 103.2% of GDP as at 30 June 2017, 96.8% of GDP as at 30 June 2016, 88.4% of GDP as at 30 June 2015 and 85.0% of GDP as at 30 June 2014. Total budget sector debt is forecasted to be approximately 92% of GDP in the 2018/19 budget. Total external debt has also increased since 2015, from 15.0% of GDP as at 30 June 2015 to 18.3% of GDP as at 30 June 2016 and 41.1% of GDP as at 30 June 2017, before decreasing to 37.2% of GDP as at 30 June 2018. The Government also is facing significant levels of debt service and scheduled repayments in respect of public external indebtedness in the relatively near future, with such total debt service and repayment requirements expected to amount to U.S.$14,738.8 billion in 2019 and U.S.$8,793.8 billion in 2020 as at 30 June 2018. High levels of indebtedness, which may increase as a result of continued borrowing, could negatively impact Egypt's credit rating and could have a material adverse effect on the Egyptian economy, the Government's finances and its ability to service its debt.

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

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

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

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

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

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

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

On 4 February 2019, the Executive Board of the IMF completed the fourth review under the EEF, which permits the Egyptian authorities to draw the equivalent of SDR 1,432.8 million (approximately U.S.$2.0 billion), bringing total disbursements to SDR 7,163.8 million (approximately U.S.$10.0 billion). See "*Public Debt—Debt Restructuring—International Support—International Monetary Fund*".

Disbursements under the EFF are phased throughout the programme, subject to the completion of biannual reviews. The final disbursement under the EFF is expected in June 2019, subject to completion of the fifth and final review. Such disbursements are subject to either the successful completion of certain structural reforms and the achievement of certain macroeconomic targets in line with the Government's economic reform programme or, during the IMF's biannual review, the IMF's agreement that Egypt has made sufficient progress in achieving such reforms or targets or agreeing the waiver of any performance criteria or targets that have not been satisfied. Any failure to complete such reforms or meet or agree waivers of such targets could result in the withholding of disbursements under the EFF.

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

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

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

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

The Government's programme, which was approved by the House of Representatives in April 2016 sets out economic targets, including increasing annual GDP growth from 4.2% in 2014/15 (subsequently revised to 4.4%) to 5.5-6.0% in 2018/19 (subsequently revised to 5.5%) and reducing the fiscal deficit to approximately 7% of GDP by 2018/19 (subsequently revised to 8.4%). A number of the targets in the Government's programme, including the inflation and fiscal deficit targets have subsequently been revised. The aim of the Government's economic, fiscal and monetary reforms is to increase revenue and job creation, to reallocate public spending to productive and socially inclusive uses and to decrease the Republic's fiscal deficit. Disagreements among political parties, social discontent and protest against the introduction of such reforms and the subsequent rising cost of living, any reduction in external support (including from GCC countries, other bilateral creditors and multilateral creditors) or additional reforms, required under the EFF with the IMF, the political situation in the region and changes in international energy, food and other commodity prices, in particular those that are subsidised by the Government (including wheat prices) could delay the implementation of this programme. Any failure to implement the programme or meet the targets included therein may prevent the Government from addressing the structural imbalances in Egypt's economy. Any such failure may also hinder the Republic's ability to obtain external financing. Although the Government intends to proceed with its economic, fiscal and monetary reforms,

there can be no assurance that these reforms will be fully implemented or that, if implemented, they will achieve the anticipated results or meet anticipated targets.

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

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

In March 2016, the Egyptian Pound was devalued against the U.S. Dollar by 13%, representing the then-largest devaluation of the Egyptian Pound in more than ten years. On 3 November 2016, the CBE announced the move to a liberalised exchange rate regime and other measures in order to quell distortions in the domestic foreign currency market and reduce foreign exchange shortages. Pursuant to the new exchange rate regime, banks and other market participants are at liberty to quote and trade at any exchange rate, and bid and ask exchange rates are determined by supply and demand. As a result, the Egyptian Pound depreciated against the U.S. Dollar to LE 14.64 per U.S.$1.00 (buy rate) on 3 November 2016, as compared to LE 8.77 (buy rate) per U.S.$1.00 on 2 November 2016. Since 3 November 2016, the U.S. Dollar to Egyptian Pound exchange rate (buy rate) has fluctuated between a high of U.S.$1.00 = LE 14.64 on 3 November 2016 and a low of U.S.$1.00 = LE 19.15 on 20 December 2016. In 2017, the average U.S. Dollar to Egyptian Pound exchange rate (buy rate), as published by the CBE, was U.S.$1.00 = LE 17.78 and, in 2018, the average U.S. Dollar to Egyptian Pound exchange rate (buy rate), as published by the CBE, was U.S.$1.00 = LE 17.77. On 17 February 2019, the market exchange rate (buy rate), as published by the CBE, was U.S.$1.00 = LE 17.48.

See "*Monetary System—Foreign Exchange*". There can be no assurance that the currency will not depreciate further and exhibit a higher degree of volatility than it historically displayed.

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

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

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

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

Egypt's long-term foreign currency rating from B- with a positive outlook to B with a stable outlook. On 28 August 2018, Moody's revised its outlook on Egypt's long-term issuer ratings from stable to positive.

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

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

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

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

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

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

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

The incidence and perception of elevated levels of corruption remains a significant issue in Egypt. Egypt was ranked 117 out of 180 countries in Transparency International's 2018 Corruption Perceptions Index. Egypt's score in the 2018 index was 35 (with 1 the most corrupt score and 100 being the least corrupt).

Egypt's business climate and competitive indicators are also negatively affected by bureaucracy, infrastructure bottlenecks, cumbersome regulations, an unpredictable judicial system and poor enforcement of contracts and protections for minority investors. In the World Bank's *2019 Doing Business Survey*, Egypt ranked 120 out of 190 countries for ease of doing business and 94 out of 140 countries in the World Economic Forum *Global Competitiveness Index 4.0 2018 edition*.

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

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

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

Egypt faces socio-economic challenges, including high youth unemployment

Egypt faces certain socio-economic challenges, including high levels of youth unemployment. These challenges require continuing attention by the Government. The unemployment rate was 9.9% in 2018, as compared to 11.8% in 2017, 12.5% in 2016 and 12.8% in 2015. The percentages of the labour force aged 15 to 19 and 20 to 24 who were out of the workforce as at 31 December 2017 (the most recently available information from CAPMAS) were 84.5% and 56.4%, respectively. In addition, the impact of the recent terrorist attacks in Egypt and the subsequent decline in tourism receipts has led to an increase in unemployment in the tourism sector, as the difficulties in the tourism sector result in lay-offs and fewer seasonal job opportunities. In addition, structural reforms, which Egypt is in the process of implementing as a condition for receiving funds from creditors, such as the IMF, require actions, including subsidy reform, which may have an adverse impact on the financial circumstances of certain sectors of the Egyptian population, which have in the past and may continue to lead to instances of social unrest. See "*—Any failure to address structural reforms may result in reduced support from multilateral and bilateral creditors, including the IMF*".

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

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

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

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

A significant portion of the Egyptian economy is not recorded

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Risk Factors Relating to Investing in Emerging Markets

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

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

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

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

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

Notes subject to optional redemption by the Issuer

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

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

Fixed and Floating Rate Notes

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

Notes issued at a substantial discount or premium

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

Risk Factors Relating to the Notes and the Market Generally

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

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

The Conditions contain provisions regarding amendments, modifications and waivers, commonly referred to as "collective action" clauses. Such clauses permit defined majorities to bind all Noteholders, including Noteholders who did not vote and Noteholders who voted in a manner contrary to the majority. The relevant provisions also permit, in relation to Reserved Matters (as defined in the Conditions), multiple Series of Notes to be aggregated for voting purposes (provided that each such Series also contains the same or similar collective action clauses in the relevant Conditions).

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

Any modification or actions relating to Reserved Matters, including in respect of payments and other important terms, may be made to a single Series of Notes with the consent of the holders of 75% of the aggregate nominal amount outstanding of such Notes, and to multiple Series of Notes with the consent of both (i) the holders of 66⅔% of the aggregate nominal amount outstanding of all Series of Notes being aggregated and (ii) the holders of 50% in aggregate nominal amount outstanding of each Series of Notes being aggregated. In addition, under certain circumstances, including the satisfaction of the Uniformly Applicable Condition in the Conditions, any such modification or action relating to Reserved Matters may be made to multiple Series of Notes with the consent of 75% of the aggregate nominal amount

outstanding of all Series of Notes being aggregated only, without requiring a particular percentage of the holders in any individual affected Series of Notes to vote in favour of any proposed modification or action. Any modification or action proposed by the Issuer may, at the option of the Issuer, be made in respect of some Series of Notes only and, for the avoidance of doubt, the provisions may be used for different groups of two or more Series of Notes simultaneously. At the time of any proposed modification or action, the Issuer will be obliged, *inter alia*, to specify which method or methods of aggregation will be used by the Issuer.

There is a risk, therefore, that the terms and conditions of a Series of Notes may be amended, modified or waived in circumstances whereby the Noteholders voting in favour of an amendment, modification or waiver may be Noteholders of a different Series of Notes and as such, less than 75% of the Noteholders of the relevant Series (such as the Notes) would have voted in favour of such amendment, modification or waiver. In addition, there is a risk that the provisions allowing for aggregation across multiple Series of Notes may make the Notes less attractive to purchasers in the secondary market on the occurrence of an Event of Default (as defined in the Conditions) or in a distress situation. Further, any such amendment, modification or waiver in relation to any Notes may adversely affect their trading price.

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

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

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

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

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

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

European Monetary Union

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

Change of law

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

Notes where denominations involve integral multiples: Definitive Notes

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

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

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

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

Investors may experience difficulty in enforcing foreign judgments in the Republic

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

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

- the foreign courts rendering the relevant judgment must offer reciprocal treatment to judgments obtained in the courts of the Republic; if such reciprocal treatment is not offered by the foreign court where the judgment is obtained, the Republic's courts will re-examine the merits of the case;

- the courts of the Republic are not exclusively competent to hear the dispute that is the subject of the foreign judgment, and the foreign courts are shown to have been competent to hear the dispute in accordance with their own respective laws;

- the parties to the dispute were duly notified and properly represented in the proceedings;

- the foreign judgment is final, non-appealable and conclusive in accordance with relevant law; and

- the foreign judgment does not conflict with a prior Egyptian judgment or a court order on the same subject matter and is not contrary to public order in the Republic.

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

In addition, the Republic is a foreign sovereign state. Consequently, it may be difficult for investors to obtain or realise upon judgments of courts in England and Wales or any other country against the Republic, as described in *"Enforcement of Civil Liabilities"*. The Republic's waiver of sovereign immunity constitutes a limited and specific waiver for the purposes of the Agency Agreement, the Deed of Covenant, the Dealer Agreement (each as defined herein) and the Notes. Investors should not under any circumstances interpret the Republic's waiver as a general waiver by the Republic or a waiver of immunity in respect of legal actions arising out of property that is: (a) used by a diplomatic or consular mission of the Republic; (b) of a military character and under the control of a military authority or defense agency of the Republic; or (c) located in the Republic and dedicated to a public or governmental use (as distinct to property dedicated to a commercial use) by the Republic. Without limiting the generality of (a), (b) or (c) in the preceding sentence, the holders of Notes shall have no recourse to the assets of the CBE held for its own account.

Reliance on DTC, Euroclear and Clearstream, Luxembourg procedures

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

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

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

Transferability of the Notes may be limited under applicable securities laws

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

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

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

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

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

Notes issued under the Programme will (unless they are to be consolidated into a single Series with any Notes previously issued) be new securities which may not be widely distributed and for which there is currently no active trading market. Although an application has been made to list on the Official List of the Luxembourg Stock Exchange's regulated market, there is no assurance that such application will be accepted or that the Notes will develop an active trading market or, if one does develop, that it will be liquid or maintained. In addition, if the Notes are traded after their initial issuance they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar

securities, global economic conditions and the financial condition of the Republic. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for the Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of the Notes.

Risks related to Notes which are linked to "benchmarks"

LIBOR, EURIBOR and other interest rates or other types of rates and indices, which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory reform. Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted. The BMR was published in the Official Journal of the EU on 29 June 2016 and came into force on 1 January 2018. The BMR applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). The BMR could have a material impact on any Notes referencing a benchmark, in particular if the methodology or other terms of the relevant benchmark are changed in order to comply with the requirements of the BMR. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark. Further, on 27 July 2017, the UK Financial Conduct Authority (the "**FCA**") announced that after 2021 it is the FCA's intention that it will cease taking steps to persuade or compel banks to participate in setting LIBOR. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. In the announcement, the FCA stated that the London interbank market is not sufficiently active to determine reliable rates. The potential elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Notes linked to such benchmark (including but not limited to Floating Rate Notes whose interest rates are linked to LIBOR). Any such consequence could have a material adverse effect on the value of and return on any such Notes.

Discontinuation of LIBOR

Where Screen Rate Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, and LIBOR has been selected as the Reference Rate, the Conditions provide that the Rate of Interest shall be determined by reference to the Relevant Screen Page. In circumstances where LIBOR is discontinued, the Relevant Screen Page may not be available.

Where the Relevant Screen Page is not available, the Conditions provide for the Rate of Interest to be determined by the Calculation Agent by reference to quotations from the Reference Banks (as defined in the Conditions).

Where such quotations are not available (as may be the case if the relevant banks are not submitting rates for the determination of LIBOR), the Conditions provide for the Rate of Interest to be determined by the Calculation Agent by reference to quotations from major banks in the Principal Financial Centre (as defined in the Conditions) of the Specified Currency (as defined in the Conditions) for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount which is representative for a single transaction in that market at that time.

Where such quotations are not available, the Rate of Interest may revert to the Rate of Interest applicable as at the last preceding Interest Determination Date (as defined in the Conditions) before LIBOR was discontinued, and if LIBOR is discontinued permanently, the same Rate of Interest will continue to be the Rate of Interest for each successive Interest Period until the maturity of the Floating Rate Notes, so that the Floating Rate Notes will, in effect, become fixed rate notes utilising the last available LIBOR rate. Uncertainty as to the continuation of LIBOR, the availability of quotes from reference banks, and the rate that would be applicable if LIBOR is discontinued may adversely affect the value of, and return on, any Floating Rate Notes issued under the Programme and for which LIBOR has been selected as the Reference Rate.

Where ISDA Determination is specified as the manner in which the Rate of Interest is to be determined, the Conditions provide that the Rate of Interest in respect of the Notes shall be determined by reference to the relevant Floating Rate Options in the 2006 ISDA Definitions. Where the Floating Rate Option specified is a "LIBOR" Floating Rate Option, the Rate of Interest may be determined by reference to the relevant screen rate or the rate determined on the basis of quotations from certain banks.

If LIBOR is permanently discontinued and the relevant screen rate and is not available, or quotations from reference banks are not available, the application of these provisions may lead to uncertainty as to the Rate of Interest that would be applicable, and may adversely affect the value of, and return on, the Floating Rate Notes.

Risks relating to the November 2016 Notes and the November 2018 Notes

On 10 November 2016, the Republic issued three series of notes in an aggregate principal amount of U.S.$4 billion (the "**November 2016 Notes**"). The November 2016 Notes comprised the following tranches: U.S.$1.36 billion Notes due 2018 (which are no longer outstanding), which bore interest at a rate of 4.622% *per annum*; U.S.$1.32 billion Notes due 2024, which bear interest at a rate of 6.750% *per annum*; and U.S.$1.32 billion Notes due 2028, which bear interest at a rate of 7.000% *per annum*. The November 2016 Notes were subscribed for in their entirety by the CBE in a private placement. The consideration payable to the Republic by the CBE for the November 2016 Notes consisted of (i) the payment of U.S.$2 billion, being the net proceeds payable to the CBE under the 2016 Repurchase Transactions (as defined and further described below); and (ii) the cancellation of indebtedness due to the CBE by the Republic in an Egyptian-Pound amount corresponding to U.S.$2 billion, calculated at the LE/U.S.$ market exchange rate (buy rate), as published by the CBE, on 8 November 2016. Contemporaneously with the issue of the November 2016 Notes, the CBE entered into a series of one-year repurchase transactions with a number of international financial institutions in respect of the November 2016 Notes (collectively, the "**2016 Repurchase Transactions**").

On 19 November 2018, the Republic issued two series of notes in an aggregate principal amount of U.S.$2,570 million (the "**November 2018 Notes**"). The November 2018 Notes were subscribed for in their entirety by the CBE in a private placement. Consideration for the November 2018 Notes subscribed for by the CBE comprised the cancellation of Egyptian Pound-denominated indebtedness due to the CBE by the Republic in an amount corresponding to U.S.$2,570 million, calculated at the LE/U.S.$ market exchange rate (buy rate), as published by the CBE, on 15 November 2018.

Contemporaneously with the issue of the November 2018 Notes, the CBE entered into a series of one-year repurchase transactions with a number of international financial institutions (the "**Repurchase Banks**") in respect of the November 2018 Notes and the outstanding November 2016 Notes (collectively, the "**2018 Repurchase Transactions**"). Certain of the Repurchase Banks are Dealers under the Programme and others may in the future be appointed as Dealers under the Programme and/or in connection with one or more issues of Notes under the Programme.

As part of the 2018 Repurchase Transactions, the CBE undertook to repurchase all of the November 2018 Notes and outstanding November 2016 Notes in November 2019 for a contractually-agreed amount, plus accrued interest. The date on which the CBE is required to repurchase these Notes may be accelerated by the Repurchase Banks upon the occurrence of certain early termination events set out in the relevant documentation.

Upon the occurrence of any of the events of default set out in the relevant documentation, including a failure by the CBE to pay the purchase price in full upon acceleration or on the repurchase date (as such date may be accelerated), the Repurchase Banks will be entitled to sell the November 2018 Notes and outstanding November 2016 Notes on the open market (and claim against the CBE for any shortfall if such proceeds of sale are less than the contractually-agreed amount, plus certain additional amounts agreed between the parties thereto). Any sale of the November 2018 Notes and the outstanding November 2016 Notes in the open market or otherwise could, in turn, have a material adverse effect on the market value of Notes issued under the Programme.

See also "*General Information—Dealers transacting with the Issuer*".

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

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency.

These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls.

An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease: (i) the Investor's Currency equivalent yield on the Notes; (ii) the Investor's Currency equivalent value of the principal payable on the Notes; and (iii) the Investor's Currency equivalent market value of the Notes.

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

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

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

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

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

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

Legal investment considerations may restrict certain investments

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

Changes to the U.S. federal income tax laws could affect the U.S. federal income tax treatment of holders of the Notes

On 22 December 2017, the Tax Cuts and Jobs Act (H.R. 1) (the "**Tax Act**") was signed into law. The Tax Act made numerous changes to the U.S. federal income tax laws. The interpretation of many provisions of the Tax Act are still unclear. We cannot predict when or to what extent any U.S. federal tax laws, regulations, interpretations or rulings clarifying this new law will be issued or the impact of any such guidance on Noteholders. Prospective investors are urged to consult their tax advisors regarding the effect of the Tax Act and other potential changes to the U.S. federal tax laws prior to purchasing any Notes.

PRESENTATION OF INFORMATION

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

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

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

The Republic's official financial and economic statistics are subject to review as part of a regular confirmation process. Accordingly, financial and economic information presented herein may differ from previously published figures and may be subsequently adjusted or revised. Certain of the information and data contained in this Base Prospectus for all or part of the fiscal years 2016/17, 2017/18 and 2018/19 are preliminary and subject to further adjustment or revision. While the Government does not expect revisions to be material, no assurance can be given that material changes will not be made. Final figures will be published on the relevant Government website, when available. Results for interim periods are not necessarily indicative of full year results. The language of the Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

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

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

Data Dissemination

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

Certain Conventions

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

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

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

Currencies and Exchange Rates

All references in this Base Prospectus to:

- "**CNY**" are to Chinese Yuan, the legal currency of the People's Republic of China;
- "**Egyptian Pounds**" and "**LE**" are to the Egyptian Pound, the legal currency of the Republic;
- "**Euros**" and "**€**" are to Euros, the currency introduced at the start of the third stage of the Treaty on the Functioning of the EU, as amended;
- "**KWD**" are to Kuwaiti Dinar, the legal currency of the State of Kuwait;
- "**SDR**" are to special drawing rights, as allocated by the IMF; and
- "**U.S. Dollars**" and "**U.S.$**" are to United States Dollars, the legal currency of the United States of America.

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

On 17 February 2019, the market exchange rate (buy rate), as published by the CBE, was U.S.$1.00 = LE 17.48. See "*Monetary System—Foreign Exchange*".

FORWARD-LOOKING STATEMENTS

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

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

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

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

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

ENFORCEMENT OF CIVIL LIABILITIES

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

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

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

- the foreign courts rendering the relevant judgment must offer reciprocal treatment to judgments obtained in the courts of the Republic; if such reciprocal treatment is not offered by the foreign court where the judgment is obtained, the Republic's courts will re-examine the merits of the case;

- the courts of the Republic are not exclusively competent to hear the dispute that is the subject of the foreign judgment, and the foreign courts are shown to have been competent to hear the dispute in accordance with their own respective laws;

- the parties to the dispute were duly notified and properly represented in the proceedings;

- the foreign judgment is final, non-appealable and conclusive in accordance with relevant law; and

- the foreign judgment does not conflict with a prior Egyptian judgment or a court order on the same subject matter and is not contrary to public order in the Republic.

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

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

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

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

OVERVIEW OF THE REPUBLIC

This overview must be read as an introduction to this Base Prospectus, and any decision to invest in the Notes should be based on a consideration of this Base Prospectus, as a whole. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating this Base Prospectus before the legal proceedings are initiated.

Political Developments

Egypt is the most populous country in the Middle East and the third most populous country in Africa. Egypt is located in North Africa, bordering the Mediterranean Sea, the Red Sea, Libya, the Gaza Strip, Israel and Sudan. According to CAPMAS estimates, as at 30 January 2019, Egypt had a population of 98.2 million, reflecting an annual growth rate of 1.7% since January 2018.

Commencing on 25 January 2011 and precipitated by the uprising in Tunisia, which led to the Arab Spring and the departure of Tunisia's long-standing president in December 2010, demonstrations and protests occurred in Cairo, Alexandria and a number of other Egyptian cities, with protestors demanding the overthrow of President Hosni Mubarak. Following several weeks of unrest, President Mubarak dissolved the Government and resigned, ending 30 years in power. Power was then assumed by the SCAF, which suspended the constitution and announced it would govern Egypt until elections were held. Demonstrations and protests, which often escalated into violence, continued throughout 2011 in response to the perceived slow pace of political change. Egypt experienced continued political uncertainty and instability over the course of 2012. Presidential elections were held in June 2012 and were won by the Freedom and Justice Party candidate, Mr. Mohammed Morsi, who took office on 30 June 2012.

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

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

In January 2014, the current Constitution, which was prepared by a panel of judges and legal scholars and approved by an assembly of political, religious, union and other representatives and public figures, was adopted by referendum. The Constitution came into force on 18 January 2014. In March 2014, the then-defence minister, Field Marshal Abdel Fattah Al-Sisi, announced his intention to run for President and resigned from the army. Mr. Al-Sisi ran against Mr. Hamdeen Sabahi, the leader of the Egyptian Popular Current, in the elections and won with approximately 96.9% of the valid votes cast. President Al-Sisi was sworn in on 8 June 2014. 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 the valid votes cast. According to Article 140 of the Constitution, the President serves for a four-year term and may be re-elected once. Accordingly, this would be President Al-Sisi's final term, which expires in March 2022.

On 3 February 2019, a motion was submitted to the speaker of Parliament proposing certain amendments to the Constitution, including extending the presidential term to six years, changing the appointment process for various entities within the judiciary, as well as other amendments. On 14 February 2019, Parliament voted in favour of these amendments. The amendments will be referred to the Legislative Committee of the Parliament to be considered within 60 days, following which, if approved by the Legislative Committee, President Al-Sisi will have the right to call a referendum to confirm the amendments. A separate petition proposing the removal of the two-term limit as stated under Article 226 of the Constitution was lodged with the Court of Urgent Matters in December 2018, and a hearing is scheduled to take place on 24 February 2019.

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

In June 2018, following the presidential elections, a new 32-member cabinet headed by Prime Minister Mostafa Madbouly was sworn in, including 12 new ministers.

Parliamentary elections were held between October and December 2015 and, in January 2016, the House of Representatives held its first session, the first parliamentary session in more than three years. Of the 595 newly-elected members of the House of Representatives, 350 are independent members unaffiliated with any political party and 245 are affiliated with various political parties (with the Free Egyptians Party holding the highest number of seats (65)). A further 27 members are appointed by the President. In January 2016, the House of Representatives ratified all but one of the Presidential decrees made between June 2014 and January 2016, prior to the election and convening of the House of Representatives, including the issuance of the prior series of Notes issued under the Programme. In August 2016, the "Support Egypt" coalition, which comprises 315 members of the House of Representatives (both independent and party-affiliated members), was the first parliamentary coalition to be officially recognised by the House of Representatives. In line with the five-year parliamentary terms set out in the Constitution, the next parliamentary elections are scheduled to take place in 2020.

In line with the requirements of the Constitution, the Government presented its programme to the House of Representatives in March 2016. The programme has seven main targets: (i) safeguarding national security; (ii) reinforcing democracy; (iii) developing an economic programme that prioritises growth; (iv) promoting social justice by improving public services; (v) achieving administrative reform through the fighting of corruption (vi) promoting transparency; and (vii) increasing Egypt's profile on the international stage. The House of Representatives passed a vote of confidence in the Government and approving the Government's programme on 20 April 2016 by a margin of 433 to 38 votes. See "*—Economic, Fiscal and Monetary Reforms*".

On 9 April 2017, explosions occurred at two Coptic Christian churches in Tanta and Alexandria, which killed 47 people. The so-called "Islamic State" claimed responsibility. In response, President Al-Sisi declared a three-month state of emergency and ordered the deployment of the military across Egypt to protect vital infrastructure. The state of emergency has been extended on seven occasions, most recently in January 2019 for a further three months, as a result of continuing security challenges. On 28 December 2018, three tourists and their Egyptian guide were killed by a roadside bomb near Giza. Thirteen other people were injured. No group has claimed responsibility for the attack. On 29 December 2018, Egyptian security forces conducted three raids in north Sinai and Giza, in which 40 suspected militants were killed and ammunitions, firearms and improvised explosive devices were recovered.

The Egyptian Economy

The Republic's economy grew significantly in the period from 2004/05 to 2009/10 (at an average annual rate of 5.9%), primarily due to economic reforms implemented during that period. Economic growth was driven primarily by domestic consumption, while investment grew at a slower rate and the external sector contributed negatively. However, while it fell during this period, the youth unemployment rate remained high. Following the 2011 Revolution, the growth rate of the economy (in real GDP terms) slowed to 2.2% in 2011/12, 2.2% in 2012/13 and 2.9% in 2013/14 before increasing to 4.4% in 2014/15, decreasing to 4.3% in 2015/16 and 4.2% in 2016/17 and increasing to 5.3% in 2017/18. The increase in GDP in 2017/18 was primarily due to the impact of economic reforms adopted by the Government and increases in investment and net exports. Given the diversified nature of the Egyptian economy, a broad range of sectors, including agriculture, manufacturing and tourism, have contributed to the overall recovery of the economy in recent years, thereby reducing the economy's reliance on any one sector. The IMF has forecast real GDP growth at 5.3% for 2018 and 5.5% for 2019. See "*The Economy—Gross Domestic Product*".

CPI has been high in recent years. It was 10.1% in 2014, 10.4% in 2015, 13.8% in 2016 and 29.5% in 2017 but decreased to 14.4% in 2018. Following the liberalisation of the Egyptian Pound in November 2016, the CPI increased significantly, reaching 33.0% in July 2017 (with core inflation reaching 35.3% in July 2017) but declined to 12.7% in January 2019, below the CBE's inflation target of 13% by the fourth quarter of 2018. The IMF has, however, identified high and persistent inflation as one of the key risks to Egypt's macroeconomic stability, the credibility of Egypt's new monetary policy framework and Egypt's ability to comply with the targets set out in the three-year EFF with the IMF. See "*Risk Factors—Risk Factors Relating to Egypt—The Egyptian economy is experiencing, and may continue to experience, high inflation*".

Net international reserves ("**NIR**") with the CBE were U.S.$44.3 billion as at 30 June 2018, as compared to U.S.$31.3 billion as at 30 June 2017, which represented 8.4 months of merchandise imports. NIR increased by U.S.$13.8 billion, or 78.4%, in 2016/17, to U.S.$31.3 billion as at 30 June 2017 (from U.S.$17.5 billion as at 30 June 2016). This increase was primarily due to the receipt of funds under the EFF and the proceeds of Eurobond issues by the Republic.

In the period from July 2014 to August 2016, the value of the Egyptian Pound, calculated on a monthly average basis, depreciated against the U.S. Dollar from U.S.$1.00 = LE 7.14 to U.S.$1.00 = LE 8.78, or by 18.7%. In August 2016, the CBE U.S. Dollar to Egyptian Pound weighted average rate as published by the CBE was U.S.$1.00 = LE 8.78. Following the CBE's exchange rate liberalisation, the Egyptian Pound depreciated further to U.S.$1.00 = LE 14.6350 (buy rate) as at 3 November 2016. Since 3 November 2016, the U.S. Dollar to Egyptian Pound exchange rate (buy rate) has fluctuated between a high of U.S.$1.00 = LE 14.6350 on 3 November 2016 and a low of U.S.$1.00 = LE 19.35 on 20 December

2016. At the end of May 2017, after a period of volatility, the exchange rate stabilised at approximately U.S.$1.00 = LE 18.00. The IMF has noted that initial depreciation following the liberalisation of the Egyptian Pound in November 2016 was larger than initially anticipated, partially due to excess liquidity and continued uncertainty over foreign exchange backlogs. On 17 February 2019, the market exchange rate (buy rate), as published by the CBE, was U.S.$1.00 = LE 17.48.

See "*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*".

Net FDI inflows increased from U.S.$4.2 billion in 2013/14 (representing 1.4% of GDP) to U.S.$6.4 billion in 2014/15 (representing 1.9% of GDP), U.S.$6.9 billion in 2015/16 (representing 2.1% of GDP), and U.S.$7.9 billion in 2016/17 (representing 3.4% of GDP), before decreasing to U.S.$7.7 billion in 2017/18 (representing 3.1% of GDP). To encourage FDI inflows, the Government has taken a number of steps, including, among others, the introduction of amendments to legislation on investments, licensing, mining and competition, the payment of a significant portion of arrears due to international oil and gas companies and the settlement of a large number of investor disputes. See "*External Sector—Foreign Direct Investment*".

Economic, Fiscal and Monetary Reforms

As part of the Government's programme, the Government's economic targets include: (i) increasing annual real GDP growth from 4.4% in 2014/15 to 5.7% in 2018/19; (ii) reducing the unemployment rate from 12.9% in 2014/15 to 9-10% in 2018/19 while focusing on measures to reduce the high youth unemployment rate; (iii) increasing national savings and investment rates from 10.6% and 14.3%, respectively, in 2014/15 to 14.4% and 16.9%, respectively, by 2018/19; (iv) reducing annual inflation (as measured by the CPI) to 12% by the fourth quarter of 2018 and single digits thereafter); (v) increasing Egypt's foreign exchange reserves to cover 6-6.5 months of imports by the end of 2018/19; (vi) reducing the overall fiscal deficit to approximately 8.4% of GDP by 2018/19 and to 4.0% by 2021/22; (vii) reducing the debt to GDP ratio to 80-85% by June 2022; and (viii) maintaining a sustainable primary balance of 2.0% until 2021/2022. In the 2018/19 budget, the Government is targeting a primary surplus of 2.0% of GDP in 2018/19, as compared to a primary surplus of 0.1% in 2017/18.

In November 2016, the Executive Board of the IMF approved a three-year EFF for Egypt in an amount of approximately U.S.$12 billion. As at the date of this Base prospectus, SDR 4.3 billion (approximately U.S.$6.1 billion) has been disbursed under the EFF, and the balance is expected to be disbursed in phases, following the satisfactory completion of related reviews. On 4 February 2019, the Executive Board of the IMF completed the fourth review under the EEF, which permits the Egyptian authorities to draw the equivalent of SDR 1,432.8 million (approximately U.S.$2.0 billion), bringing total disbursements to SDR 7,163.8 million (approximately U.S.$10.0 billion).The EFF is aimed at supporting the Government's economic reform programme and is intended to help restore macroeconomic stability and promote inclusive growth.

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

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

Selected Economic Information[1][2]

	2013/14	2014/15	2015/16	2016/17	2017/2018[3]
Domestic Economy:					
Nominal GDP (*LE billions*)	2,130	2,444	2,709	3,470	4,437
Real GDP (*LE billions*)[5]	1,761	1,838	1,918	1,998	3,654
Real GDP Growth Rate (*%*)[6]	2.9	4.4	4.3	4.2	5.3[4]
Consumer Price Index (*%*)[7]	10.1	10.4	13.8	29.5	14.4
Balance of Payments					
Exports of Goods (*FOB*) (*in U.S.$ millions*)	26,023	22,245	18,705	21,728	25,827
Imports of Goods (*CIF) (in U.S.$ millions)*	(60,182)	(61,306)	(57,388)	(59,003)	(63,103)
Current Account Balance (*in U.S.$ millions*)	(2,780)	(12,143)	(19,831)	(14,394)	(5,962)
Overall Balance (*in U.S.$ millions*)	1,479	3,725	(2,813)	13,717	12,788
Net International Reserves (*in U.S.$ millions*)	16,687	20,082	17,546	31,305	44,259[8]
Months of Import Coverage[9]	3.3	3.9	3.7	6.4	8.4
Public Finance (*LE millions*)[10]					
Total Revenues	456,788	465,241	491,488	659,184	821,134
Total Expenditure	701,514	733,350	817,844	1,031,941	1,244,407
Overall Fiscal Balance	(255,439)	(279,430)	(339,495)	(379,590)	(432,579)
Overall Deficit (*% of GDP*)	12.0	11.4	12.5	10.9	9.7
Primary Deficit (*% of GDP*)	3.9	3.6	3.5	1.8	(0.1)
Gross External Debt/GDP (*%*)	15.5	15.0	18.3	41.1	37.2

Notes:

(1) The fiscal year in Egypt runs from 1 July to 30 June. See "*Presentation of Information*".
(2) The figures in this table have been revised and differ from previously published data.
(3) Preliminary data.
(4) The IMF estimates that real GDP is expected to grow by 5.3% in 2018 and by 5.5% in 2019.
(5) Real GDP at constant prices for 2012/13 – 2016/17 is calculated using 2011/12 as the base year. Real GDP at constant prices for 2017/18 is calculated using 2016/17 as the base year.
(6) Percentage change from previous year.
(7) Annual rate of change.
(8) As at 31 January 2019, net international reserves were U.S.$42.6 billion.
(9) Imports of goods.
(10) All figures presented for 2017/18 budget results are the preliminary estimates of the Ministry of Finance and are subject to revision and amendment, which may be material.

GENERAL DESCRIPTION OF THE PROGRAMME

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

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

Issuer.....	The Arab Republic of Egypt.
Description	Global Medium Term Note Programme.
Programme Amount.....	Up to U.S.$20,000,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding at any one time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
Risk Factors	There are risks relating to the Issuer, the Notes and the market, which investors should ensure they fully understand. These include the fact that the Notes may not be suitable investments for all investors. See "*Risk Factors*".
Arrangers	Citigroup Global Markets Limited and Natixis.
Dealers	BNP Paribas, Citigroup Global Markets Limited, First Abu Dhabi Bank PJSC., HSBC Bank plc, J.P. Morgan Securities plc, Morgan Stanley & Co. International plc and Natixis and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes.
Fiscal Agent, Exchange Agent and Calculation Agent	Citibank, N.A., London Branch.
Paying Agent and Transfer Agent.....	Citibank, N.A., London Branch.
Registrar.....	Citigroup Global Markets Europe AG.
Currencies	Notes may be denominated in any currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements, as agreed between the Issuer and the relevant Dealer(s).
Final Terms	Notes issued under the Programme may be issued pursuant to this Base Prospectus and the relevant Final Terms. The terms and conditions applicable to any particular Tranche of Notes will be the terms and conditions set out herein (the "**Conditions**"), as completed by the relevant Final Terms.

Listing and Trading.....	Application has been made to the Luxembourg Stock Exchange for Notes to be admitted to the Official List and trading on the Luxembourg Stock Exchange's regulated market. The Issuer intends to request that the CSSF provide the competent authority in the United Kingdom with a Notification. Following provision of the Notification, the Issuer may apply for Notes to be admitted to trading on the Regulated Market of the London Stock Exchange plc. Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer(s) in relation to the relevant Series. Notes that are neither listed nor admitted to trading on any market may also be issued. The relevant Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.
Clearing Systems	Euroclear Bank SA/NV ("**Euroclear**"), Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") and/or The Depository Trust Company ("**DTC**"), unless otherwise agreed, and such other clearing system(s), as may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer(s).
Issuance in Series.....	Notes will be issued in series (each, a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the date of the first payment of interest) to the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each, a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will comprise, where necessary, the relevant terms and conditions and, save in respect of the issue date, issue price, date of the first payment of interest and nominal amount of the Tranche) will be identical to the terms of other Tranches of the same Series and will be completed in the relevant Final Terms**.**
Status of the Notes	The Notes will constitute direct, general, unconditional, unsubordinated and (subject to Condition 6 (*Negative Pledge*)), unsecured obligations of the Issuer. The full faith and credit of the Issuer is pledged for the due and punctual payment of principal of, and interest on, the Notes and for the performance of all other obligations of the Issuer pursuant to the Notes and the Deed of Covenant. The Notes shall, at all times, rank *pari passu* without any preference among themselves and at least *pari passu* with all other unsecured External Indebtedness (as defined in the Conditions) of the Issuer from time to time outstanding. The Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to other External Indebtedness and, in particular, the Issuer shall have no obligation to pay other External Indebtedness at the same time or as a condition of paying sums due under the Notes, and vice versa.
Issue Price	Notes may be issued at any price, as specified in the relevant Final Terms. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.
Maturities.....	The Notes may have any maturity as agreed between the Issuer and the relevant Dealer(s), subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.

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

Bearer Notes

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

Registered Notes

Each Tranche of Registered Notes will be represented by either:

(i) Individual Note Certificates; or

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

in each case as specified in the relevant Final Terms.

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

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

See "*Forms of the Notes*".

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

Optional Redemption	Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Final Terms.
Interest.....	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
Denominations	The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and as specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. The minimum denomination of each Note shall be €100,000 (or, if the Notes are denominated in a currency other than Euros, the equivalent amount in such currency as at the date of the issue of the Notes).
Negative Pledge.....	The Notes will have the benefit of a negative pledge, as described in Condition 6 *(Negative Pledge).*
Cross Acceleration.....	The Notes will have the benefit of a cross-acceleration, as described in Condition 14(iii) (*Cross-acceleration of the Issuer*).
Meetings of Noteholders.....	The Conditions contain a "collective action" clause, which permits defined majorities to bind all Noteholders, as described in Condition 18 (*Meeting of Noteholders; Written Resolutions*). If the Issuer issues future debt securities, which contain collective action clauses in substantially the same form as the collective action clause in the Conditions, Notes would be capable of aggregation for voting purposes with any such future debt securities, thereby allowing "cross-series" modifications to the terms and conditions of all affected series of Notes (even, in some circumstances, where majorities in certain Series did not vote in favour of the modifications being voted on). See "*Risk Factors—Risks relating to the Notes and the Market Generally—The Conditions contain a "collective action" clause under which the terms of any one Series of Notes or multiple Series of Notes may be amended, modified or waived without the consent of the holders of all Notes*".
Taxation.....	Under Egyptian Tax Law № 91 of 2005, interest payable on the Notes is subject to 20% withholding tax. Accordingly, subject to certain customary exceptions, the Issuer will pay the Noteholders the additional amounts required to ensure that they receive the same amount as they would have received without this withholding tax. See Condition 13 *(Taxation).*
Enforcement of Notes in Global Form.	In the case of Global Notes and Global Certificates, individual investors' rights against the Issuer will be governed by a deed of covenant dated 8 February 2018 (the "**Deed of Covenant**"), a copy of which is available for inspection at the specified office of the Fiscal Agent.

Ratings	If rated, the rating of certain Series of Notes to be issued under the Programme will be specified in the relevant Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency. Whether or not each credit rating applied for in relation to the relevant Series of Notes will be issued by a credit rating agency established in the EU and registered under the CRA Regulation will be disclosed in the relevant Final Terms.
Selling Restrictions and Transfer Restrictions	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in Egypt, the United States, the EEA, the United Kingdom, the Dubai International Financial Centre, Hong Kong, Japan, the Kingdom of Bahrain, the Kingdom of Saudi Arabia, Malaysia, Singapore, the State of Qatar (including the Qatar Financial Centre) and the United Arab Emirates (excluding the Dubai International Financial Centre) and such other restrictions as may be required in connection with the offering and sale of the Notes, see "*Subscription and Sale*". There are restrictions on the transfer of Notes sold pursuant to Regulation S and Rule 144A. See "*Transfer Restrictions*" below. In the case of Bearer Notes, the relevant Final Terms will specify whether U.S. Treasury Regulations §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form as the rules in such regulations for purposes of Section 4701 of the Code) (the "**TEFRA C Rules**") or U.S. Treasury Regulations §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form as the rules in such regulations for purposes of Section 4701 of the Code) (the "**TEFRA D Rules**") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.
Governing Law	English law.
Waiver of Immunity	To the extent that the Republic may in any jurisdiction claim or acquire for itself or its assets immunity (sovereign or otherwise) from suit, execution, attachment or other legal process (whether through service or notice or otherwise), the Republic acknowledges that it has irrevocably agreed in the Agency Agreement, the Deed of Covenant and the Notes for the benefit of holders of the Notes not to claim, and irrevocably waives such immunity, to the fullest extent permitted by the laws of such jurisdiction. The Republic's waiver of sovereign immunity shall constitute a limited and specific waiver for the purposes of the Agency Agreement, the Deed of Covenant, the Dealer Agreement (each as defined herein) and the Notes and under no circumstances shall such waiver be interpreted as a general waiver by the Republic or a waiver of immunity in respect of: (i) property used by a diplomatic or consular mission of the Republic; (ii) property of a military character and under the control of a military authority or defense agency of the Republic; or (iii) property located in the Republic and dedicated to a public or governmental use (as distinct from property dedicated to a commercial use) by the Republic. Without limiting the generality of (i), (ii) or (iii) in the preceding sentence, the holders of Notes shall have no recourse to the private property and assets of the CBE.

DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the section captioned (i) "Terms and Conditions of the Notes" set out on pages 125 to 156 of the Base Prospectus dated 26 May 2015; (ii) "Terms and Conditions of the Notes" set out on pages 136 to 167 of the Base Prospectus dated 12 January 2017; and (iii) "Terms and Conditions of the Notes" set out on pages 146 to 176 of the Base Prospectus dated 8 February 2018, each relating to the Programme. The pages of such documents shall be incorporated by reference in, and form part of, this Base Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

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

Copies of documents incorporated by reference in this Base Prospectus may be obtained without charge from the website of the Luxembourg Stock Exchange (www.bourse.lu).

USE OF PROCEEDS

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

THE ARAB REPUBLIC OF EGYPT

Area and Population

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

Egypt is the most populous country in the Middle East and the third most populous country on the African continent. According to CAPMAS estimates, as at 30 January 2019, Egypt had a population of 98.2 million, reflecting an annual growth rate of 1.7% since January 2018. CAPMAS estimates that the population is 51.5% male and 48.5% female. According to CAPMAS estimates, the birth rate increased between 2004 and 2016 to 28.6 per 1,000 population in 2016 (as compared to 25.7 per 1,000 in 2004), although it declined in 2017 to 26.8 per 1,000 population in 2017. The death rate decreased to 5.7 per 1,000 in 2017 (as compared to 6.4 per 1,000 in 2004). Major cities in Egypt include Cairo, the capital of Egypt, Alexandria, Aswan, Asyut, Port Said, Suez and Ismailia. According to the 2017 Census, the overwhelming majority of Egypt's population live along the Nile River, the Nile Delta and the Suez Canal, particularly in Cairo and Alexandria with metropolitan populations of 24.1 million (including Giza and Kalyobeya) and 5.2 million, respectively, making these areas among the most densely populated areas in the world. There are small communities throughout the desert regions of Egypt, which are clustered around oases and historic trade and transportation routes. The number of Egyptians living in rural areas of Egypt continues to decrease as people move to the cities in search of employment and higher living standards.

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

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

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

Comparative Statistics[(1)(2)]

	Egypt	Tunisia	Morocco	Jordan	Philippines	South Africa	Indonesia
Gross national income *per capita* (*U.S.$*)[(3)(4)]	3,010	3,500	2,860	3,980	3,660	5,430	3,540
Average annual growth of GDP (*%*)[(4)]	4.2	2.0	4.1	2.0	6.7	1.3	5.1
Life expectancy: Male (*years*)[(5)]	69	74	75	73	66	59	67
Life expectancy: Female (*years*)	74	78	77	76	73	66	71
Literacy rate: Adult Male (*%*) ages 15 and older[(6)]	86	86	80	98	96	95	97
Literacy rate: Adult Female (*%*) ages 15 and older[(6)]	75	72	59	97	97	93	94
Under 5 mortality (*per 1,000 live births*)[(4)]	22	13	23	17	28	37	25
National poverty rate (*%*)[(7)]	27.8	15.2	4.8	14.4	21.6	55.5	10.6

Source: The World Bank, World Development Indicators

Notes:

(1) World Bank figures may differ from figures published by other organisations, including CAPMAS and other Government agencies.
(2) Figures are for 2016, except where indicated.
(3) Figures are calculated based on the World Bank atlas method. The atlas method represents the sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output, plus net receipts of primary income (compensation of employees and property income) from abroad.
(4) Figures for survey year 2017.
(5) Figures for survey year 2016.
(6) Survey year: Egypt, 2017; Tunisia, 2014; Morocco, 2012; Jordan, 2012; Philippines, 2013; South Africa, 2015; and Indonesia, 2016.
(7) Survey year: Egypt, 2015; Tunisia, 2015; Morocco, 2013; Jordan, 2010; Philippines, 2015; South Africa, 2014; and Indonesia, 2017.

History

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

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

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

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

Establishment of the Republic

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

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

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

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

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

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

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

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

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

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

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

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

Recent Events

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

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

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

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

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

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

In April 2017, explosions occurred at two Coptic Christian churches in Tanta and Alexandria, which killed 47 people. The so-called "Islamic State" claimed responsibility for the attacks. In response, President Al-Sisi declared a three-month state of emergency and ordered the deployment of the military across Egypt to protect vital infrastructure. The state of emergency has since been extended on seven occasions, most recently in January 2019 for a further three months.

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

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

Presidential elections took place between 26 and 28 March 2018. On 2 April 2018, the National Elections Authority declared President Al-Sisi the winner of the elections, securing a second four-year term after winning 97.08% of the valid votes cast. According to Article 140 of the Constitution, the President serves for a four-year term and may be re-elected once. Accordingly, this would be President Al-Sisi's final term, which expires in March 2022. See "*The Executive Branch—The President of the Republic*".

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

In June 2018, following the presidential elections, a new 32-member cabinet headed by Prime Minister Mostafa Madbouly was sworn in, including 12 new ministers.

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

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

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

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

On 3 February 2019, a motion was submitted to the speaker of Parliament proposing certain amendments to the Constitution, including extending the presidential term to six years, changing the appointment process for various entities within the judiciary, as well as other amendments. On 14 February 2019, Parliament voted in favour of these amendments. The amendments will be referred to the Legislative Committee of the Parliament to be considered within 60 days, following which, if approved by the Legislative Committee, President Al-Sisi will have the right to call a referendum to confirm the amendments. A separate petition proposing the removal of the two-term limit as stated under Article 226 of

the Constitution was lodged with the Court of Urgent Matters in December 2018, and a hearing is scheduled to take place on 24 February 2019.

See "*The Executive Branch—The President of the Republic*".

Constitutional System

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

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

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

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

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

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

Legislative Branch

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

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

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

Under Article 146 of the Constitution, the President nominates a Prime Minister to form the Government and submit the Government's programme to the House of Representatives. If the Government does not win a vote of confidence of a majority of the members of the House of Representatives within 30 days of the nomination, the President must appoint a Prime Minister who is nominated by the party or coalition that holds the majority or, failing a majority, the largest number of seats in the House of Representatives. If the Prime Minister is nominated in this way, the President must also, in

consultation with the Prime Minister, nominate the Ministers of Defence, Interior, Foreign Affairs and Justice. If the government of this Prime Minister fails to win the confidence of the majority of the members of the House of Representatives within 30 days, the House of Representatives shall be deemed to be dissolved, and the President must call for the election of a new House of Representatives.

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

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

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

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

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

Parliamentary Elections

Parliamentary elections, which were originally due to take place in March and April 2015 but were postponed following a ruling by the Supreme Constitutional Court regarding the constitutionality of certain provisions of the electoral constituencies law, took place between October and December 2015. Of the 622 members of the House of Representatives elected in 2015, 350 are independent members unaffiliated with any political party, and 245 are affiliated with various political parties (with the Free Egyptians Party holding the highest number of seats (65)). A further 27 members are appointed by the President, and there are 90 female members of the House of Representatives, representing approximately 14% of the members. According to statistics announced by the House of Representatives, turnout for the first and second stages of the elections was 28.3%.

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

Composition of the House of Representatives following the 2015 elections

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

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

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

Executive Branch

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

The President of the Republic

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

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

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

Presidential elections took place between 26 and 28 March 2018. On 2 April 2018, the National Elections Authority declared President Al-Sisi the winner of the elections, securing a second four-year term after winning 97.08% of the valid votes cast. According to Article 140 of the Constitution, the President serves for a four-year term and may be re-elected once. Accordingly, this would be President Al-Sisi's final term, which expires in March 2022.

On 3 February 2019, a motion was submitted to the speaker of Parliament proposing certain amendments to the Constitution, including extending the presidential term to six years, changing the appointment process for various entities within the judiciary, as well as other amendments. On 14 February 2019, Parliament voted in favour of these amendments. The amendments will be referred to the Legislative Committee of the Parliament to be considered within 60 days, following which, if approved by the Legislative Committee, President Al-Sisi will have the right to call a referendum to confirm the amendments. A separate petition proposing the removal of the two-term limit as stated under Article 226 of the Constitution was lodged with the Court of Urgent Matters in December 2018, and a hearing is scheduled to take place on 24 February 2019.

See "*Risk Factors—Risk Factors Relating to Egypt— Significant political unrest and political and social instability since January 2011 has had and could continue to have a material adverse effect on the Republic generally and on its economic growth*".

Presidential powers include (*inter alia*):

- jointly with the Government, formulating general policy and supervising its implementation;
- relieving the Government of its duties, subject to the approval of a majority of the members of the House of Representatives;
- reshuffling the Council of Ministers, after consulting with the Prime Minister and subject to the approval of an absolute majority of the members of the House of Representatives;
- acting as supreme commander of the Egyptian armed forces, provided that the President may not declare war or send armed forces on a combat mission outside of Egypt, except after consultation with the National Defence Council and with the approval of a two-thirds majority of the House of Representatives, except when the House of Representatives is not in session (in which event, the Constitution provides that the SCAF must be consulted and the approval of the Council of Ministers and the National Defence Council must be obtained);
- appointing and dismissing civil and military employees in accordance with applicable law;
- after consultation with the Council of Ministers, declaring a state of emergency in accordance with applicable law, which must be approved by a majority of the members of the House of Representatives within seven days of declaring the state of emergency;
- after consultation with the Council of Ministers, issuing pardons or reducing sentences;
- calling the House of Representatives into session for emergency sessions; and
- calling referendums.

The Government

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

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

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

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

In June 2018, following the presidential elections, a new 32-member cabinet headed by Prime Minister Mostafa Madbouly was sworn in, including 12 new ministers.

Local Administrations

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

Judicial Branch

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

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

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

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

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

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

Political Parties

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

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

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

National Security

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

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

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

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

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

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

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

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

In April 2018, Law № 25 of 2018, which established the Supreme Council for Countering Terrorism and Extremism ("**SCCTE**"), was promulgated. The SCCTE, which is led by the President, aims to combat terrorism and identify funding flows supporting terrorist organisations. The SCCTE is funded through the national budget, as well as through independent loans and donations.

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

See "*—History—Recent Events*".

Legal System

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

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

Foreign Relations and International Organisations

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

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

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

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

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

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

In June 2001, Egypt signed an Association Agreement with the Member States of the EU, establishing the Euro-Mediterranean Partnership (also known as the Barcelona Process) (the "**Association Agreement**"), a wide framework of political, economic and social relations between the Member States and countries of the Southern Mediterranean, including Egypt, which enhances co-operation in a number of key sectors, ranging from trade and investment to energy

and education. The Association Agreement also provides for sustained and substantial EU assistance for reform efforts. The Association Agreement, which was approved by the House of Representatives in March 2003, establishes a free trade area with the elimination of tariffs on industrial products and concessions on agricultural products. In June 2010, an agreement between Egypt and the EU regarding agriculture and processed agricultural and fisheries products entered into force. In recent years, approximately three quarters of FDI inflows to Egypt have originated from the EU. Since 2004, bilateral trade of goods between the EU and Egypt has more than doubled, reaching U.S.$16.7 billion of imports and U.S.$9.0 billion of exports in 2017/18. The EU remains Egypt's largest export market, accounting for approximately 34.9% of Egyptian exports in 2017/18. See "*External Sector—Foreign Trade*".

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

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

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

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

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

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

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

In January 2016, the Government announced a U.S.$18.3 billion financing programme from China, which is expected to finance projects including the development of a China-Egypt Suez Economic and Trade Cooperation Zone, as well as other projects in the energy, transportation and sanitation sector.

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

In April 2016, President Al-Sisi announced the transfer of sovereignty over Tiran and Sanafir, two islands at the mouth of the Gulf of Aqaba, to Saudi Arabia during a visit to Egypt by the Saudi monarch, King Salman. The status of these islands had been disputed between Egypt and Saudi Arabia. This transfer led to protests in Cairo. In June 2016, Egypt's State Council annulled the maritime border agreement transferring the islands. The Government appealed this decision to the Supreme Administrative Court of the Egyptian Council of State. In September 2016, the "Urgent Matters Court" issued an injunction against the freezing of the transfer. In December 2016, the Government approved the transfer of the islands and asked for parliamentary ratification of the transfer. In January 2017, the Supreme Administrative Court of the Egyptian Council of State ruled that the Government had failed to provide sufficient evidence that Saudi Arabia originally had sovereignty over Tiran and Sanafir and that, accordingly, the transfer of the islands should be halted. The Supreme

Administrative Court of the Egyptian Council of State's decision was declared null and void by the Court of Urgent Matters in April 2017. In response, the State Lawsuits Authority filed a case before the Egyptian Constitutional Court requesting the cancellation of the Supreme Administrative Court of the Egyptian Council of State's decision. The Egyptian Constitutional Court rendered a temporary judgement for the stay of execution of the two judgements issued by the Supreme Administrative Court of the Egyptian Council of State and the Court of Urgent Matters. The lawsuit before the Constitutional Court is still in process. In parallel, the matter was referred to the House of Representatives for examination by a legislative committee. On 14 June 2017, the House of Representatives issued its decision approving the agreement between the Government and Saudi Arabia for the determination of international borders, including the transfer of sovereignty over Tiran and Sanafir to Saudi Arabia. On 17 June 2017, the agreement was also approved by President Al-Sisi, following which, the transfers were completed. On 3 March 2018, the Constitutional Court issued a ruling overturning the previous rulings passed by the Supreme Administrative Court of the Egyptian Council of State and the Court of Urgent Matters regarding all outstanding legal challenges to the transfer of the islands of Tiran and Sanafir to Saudi Arabia.

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

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

The United States provides certain economic assistance to the Republic, and the amount varies from year-to-year. In March 2015, the United States restored military aid and deliveries, which had been suspended in 2013. In August 2017, the United States announced that it had withheld U.S.$95.7 million in military aid from Egypt and delayed a further U.S.$195 million, citing the slow progress of certain reforms. These funds were subsequently released. The United States provided U.S.$113.9 million in economic foreign assistance in 2018, comprising primarily of funds to promote economic development (U.S.$59.1 million). In recent years, budget laws passed by the U.S. Congress have subjected certain military and economic aid to Egypt to certain conditions, including the certification by the U.S. Secretary of State that the Government is taking certain steps in respect of human rights and democratic reforms or the provision by the U.S. Secretary of State of a waiver.

Regional Security

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

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

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

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

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

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

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

Press and Media

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

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

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

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

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

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

Health and Sanitation

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

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

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

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

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

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

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

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

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

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

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

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

See "*Public Debt*".

Education

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

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

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

Number of Students and Schools by Educational Stage

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

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

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

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

Source: CAPMAS

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

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

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

Legal Proceedings

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

Certain International Investment Treaty Claims

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

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

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

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

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

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

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

Following the 21 February 2017 Decision on Liability and Heads of Loss, the claimants in the ICSID arbitration have submitted a revised damages claim quantified at U.S.$302.3 million, excluding interest. The tribunal stated in September 2018 that it expected to render its final award by the end of 2018. Thereafter, on 2 October 2018, the parties were informed that the arbitrator appointed by the claimants had died and the arbitration was automatically suspended while the claimants appointed a replacement arbitrator. The reconstituted tribunal is not expected to render a final award before 1 March 2019 at the earliest. It is not possible to predict the ultimate amount of Egypt's liability to the claimants.

On 28 December 2017, the arbitral tribunal in the PCA arbitration issued a partial award (the "**28 December 2017 Partial Award**") in which it determined that it has jurisdiction to consider the claimants' claims. In the 28 December 2017 Partial Award, the PCA arbitral tribunal also found the Republic liable for expropriating the claimants' investment in EMG through the termination of the Gas Supply and Purchase Agreement and dismissed a substantial part of the claimants' claims, including their claim that an amendment to the Gas Supply and Purchase Agreement was procured by coercion and/or fraud, their claim that Egypt failed to protect the claimants' investments and their claim for damages due to alleged delivery failures. This should reduce the overall damages the claimants are ultimately awarded. The PCA tribunal deferred its determination of the quantum of the claimants' claims for which it has found Egypt liable until it has received and reviewed the award on damages to be issued in the related commercial arbitration captioned Egyptian *General Petroleum Corporation and Egyptian Natural Gas Holding Company v. East Mediterranean Gas S.A.E.* That award was issued on 31 January 2018. The Tribunal is not expected to issue its Final Award until after 1 March 2019 at the earliest. See "*The Economy—Commodity Sector—Extractive Industry*".

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

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

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

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

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

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

Following issuance of the Award, UFG commenced proceedings before the U.S. District Court for the District of Columbia and before the English High Court to recognise and enforce the Award. Egypt is considering the legal remedies available to challenge these enforcement actions.

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

THE ECONOMY

Background

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

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

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

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

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

The IMF has forecast real GDP growth at 5.3% for 2018 and 5.5% for 2019.

Government Programme, Recent Developments and Reforms

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

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

Economic targets included in the Government's 2016 programme include:

- increasing annual real GDP growth from 4.4% in 2014/15 to 5.7% in 2018/19;
- reducing the unemployment rate from 12.9% in 2014/15 to 9-10% in 2018/19 while focusing on measures to reduce the high youth unemployment rate;
- increasing national savings and investment rates from 10.6% and 14.3%, respectively, in 2014/15 to 14.4% and 16.9%, respectively, by 2018/19;
- reducing annual inflation (as measured by the CPI) to 12% by the fourth quarter of 2018 and single digits thereafter);
- increasing Egypt's foreign exchange reserves to cover 6-6.5 months of imports by the end of 2018/19;
- reducing the overall fiscal deficit to approximately 8.4% of GDP by 2018/19 and to 4.0% by 2021/22;

- reducing the debt to GDP ratio to 80-85% by June 2022; and

- maintaining a sustainable primary balance of 2.0% until 2021/2022.

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

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

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

In the 2018/19 budget, the Government is targeting a primary surplus of 2.0% of GDP in 2018/19, as compared to a primary surplus of 0.1% in 2017/18.

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

- diversifying the financing mix for Government borrowing needs;

- adopting a new civil service law (which was promulgated in November 2016) and its executive regulations (which were promulgated in May 2017) to contain the public sector wage bill and introduce a performance-based payment structure;

- increasing electricity and fuel tariffs with the goal of improving the efficiency of the energy sector and reducing consumption;

- amending the law regarding the Egyptian Competition Authority ("**ECA**") to strengthen the institutional, financial, operational independence and transparency of the authority;

- implementing the VAT law (which was passed in August 2016) and its executive regulations (which were promulgated in March 2017) with the goal of expanding the tax base and improving revenue collection;

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

- issuing new telecoms licences (see "*—Production Services Sector—Telecommunications*") and considering which state-owned companies may be privatised (see "*—Privatisation and State-Owned Companies Restructuring*") in order to diversify and expand Government revenues;

- implementing further subsidies reform (see "*—Public Finance— Social Spending and Subsidies*");

- selling government-owned land;

- divesting minority shares in certain state-owned companies (see "*—Privatisation and State-Owned Companies Restructuring*");

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

- passing a new bankruptcy law, which aims to encourage companies, in particular, SMEs, to resume economic activities following bankruptcy (see "*External Sector—Foreign Direct Investment—Investment Projects and Initiatives*".

In addition to considering privatisations, the Government's structural reform programme includes measures to adopt a law intended to promote the integration of informal businesses into the formal economy and encourage SMEs.

The Government's social protection measures are focused on increasing Government spending on human development, promoting job creation and improving the focus of social spending so as to benefit lower-income groups with the aim of lowering poverty rates from 27% in 2015 to 24% in 2019, as well as allocating additional resources to cash transfers to benefit 2-2.5 million families (8-10 million individuals) in Egypt's poorest villages by 2018/19. Fuel subsidy reform is also intended to reduce the budget deficit and make available more resources for social programmes to support vulnerable populations.

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

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

Key Government reforms implemented in recent years include:

- the transition to a flexible exchange rate through the liberalisation of the Egyptian Pound and consequential reduction of the parallel market for foreign exchange in November 2016 (see "*Monetary System*");

- the introduction in 2017 of a new investment law and industrial licensing law (see "*External Sector—Foreign Direct Investment—Investment Projects and Initiatives*");

- reforming the food subsidy system, introducing a ration card system to access certain subsidised products and implementing fuel price increases (see "*Public Finance— Social Spending and Subsidies*");

- passing the New Civil Service Law (as defined below), which aims to contain the wage bill and introduce a performance based salary structure (see "*—Employment and Labour—Labour Law*");

- amending the competition law, the labour law and the procurement law to encourage investment and FDI and increase transparency;

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

- the introduction of a new 10% tax on capital gains and dividends (although the implementation of the capital gains tax has been postponed and is expected to become effective in May 2020; the dividend tax came into effect on 30 June 2014);

- introducing a property tax on residential and commercial units valued at over LE 2 million, subject to certain exemptions (which became effective in 2014);
- increasing excise tax on cigarettes in each of 2015, 2016 and 2017 and on alcoholic beverages in 2015 and 2016;
- introducing a new mining law in 2014, which aims to increase fees and royalties due to the Government while incentivising new investment in the mining sector;
- reducing the top corporate tax rate to 22.5% and extending this rate to all economic zones in 2015;
- implementing fuel subsidy reforms to increase efficiency and reduce subsidy-related expenditures;
- implementing a "social safety net" from 2017/18;
- raising the exemption from income tax to LE 7,200 from LE 6,500;
- increasing pensions by 15% for approximately 10 million pensioners;
- increasing tariffs payable for water, as well as transport by bus and by metro;
- issuing and ratifying the universal health insurance law for all citizens; and
- approving a revised fee law that increases fees payable in respect of certain licenses, permits and services provided by the Government.

Privatisation and State-Owned Companies Restructuring

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

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

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

State-Owned Companies

	2013/14	2014/15[1]	2015/16	2016/17	2017/18
Number of state-owned company affiliates	124	125	121	121	119
Number of profitable state-owned companies	58	72	66	73	67
Number of Workers	234,781	226,213	229,031	221,662	205,795
Salaries (*LE millions*)	12,418	13,093	13,800	14,500	16,415
Total Operating Revenue (*LE millions*)	51,715	55,523	61,900	84,700	101,790
Net Profit (net of losses) (*LE millions*)	(1,271)	(324)	1,675	7,455	11,380
Net Equity (*LE millions*)	2,089	6,555	N/A	N/A	27,289
Investments during the fiscal year (restructuring, modernisation, renovations) (*LE millions*)	3,257	3,025	N/A	N/A	N/A
Share of Ministry of Finance in Holding Companies' profits (*LE millions*)[2]	809	1,034	1,131	1,500	N/A

Notes:
(1) Figures for 2014/15 exclude data for the affiliates of the food industries holding company, which have been transferred to the Ministry of Supply and Internal Trade.
(2) Estimated figures.

Any Government decision to restructure a state-owned company is influenced by a number of factors, including financial considerations (such as return on investment) and socio-economic considerations. Public commercial banks may no longer provide any financing to a state-owned company unless they are satisfied that the relevant state-owned company will be able to repay any such debts incurred. Certain state-owned companies, such as aluminium and steel companies and those in the chemical and insurance industries, among others, require extensive restructuring, including by way of

cash injection or a partial retention of profits. In 2017, feasibility studies and preparatory work for modernisation projects at Egyptian Iron and Steel Co, Al Nasr for Coke and Chemicals and Delta Steel Co. were conducted.

Recent Initiatives

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

- Since June 2018, state-owned companies have been classified according to their profitability, as well as the viability of their operations.
    - Those companies classified in the highest tier are companies that are potential candidates for initial public offerings.
    - The companies classified in the lowest tier are distressed companies, which are potential candidates for restructuring and sale of idle assets (including land). For example, 23 spinning and weaving companies have been placed in this category, together with certain metallurgical companies. Restructurings are generally based on a technical audit and assessment of the viability of the existing plant and required investments and are conducted by specialised consultants with international experience.
- Promoting partnership initiatives with the private sector as a means to gain technical know-how, modern management techniques and financial expertise; these partnership initiatives are encouraged, in particular, in the restructuring of facilities and expansion projects. Examples of announced invitations for expressions of interest from specialised strategic partners include the project for the renovation of the Shepherd Hotel and the restructuring of certain transport and engineering companies.

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

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

Principles of Corporate Governance, Good Management and Disclosure

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

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

Gross Domestic Product

Following the 2011 Revolution, the growth rate of the economy (in real GDP terms) slowed to 2.2% in 2011/12, 2.2% in 2012/13 and 2.9% in 2013/14 before increasing to 4.4% in 2014/15 and subsequently decreasing to 4.3% in 2015/16 and 4.2% in 2016/17 and increasing to 5.3% in 2017/18. In nominal terms, the growth rate of the economy was 12.4% in 2012/13 and 14.6% in 2013/14, 12.1% in 2014/15, 8.1% in 2015/16, 27.5% in 2016/17 and 27.1% in 2017/18.

The slower rate of growth following the 2011 Revolution reflected the political and security challenges that Egypt has faced since 2011. These challenges resulted in a reduction in net FDI inflows, a decline in Suez Canal receipts and declines in manufacturing outputs, exports, earnings from tourism and earnings in the extractive industry sector as a result of the significant decline in international crude oil prices. Growth has since increased, as confidence has increased due to improved political stability and the Government's adoption of reform measures, with net FDI inflows increasing from U.S.$4.2 billion in 2013/14 to U.S.$7.7 billion in 2017/18 and tourism income increasing from U.S.$5.1 billion in 2013/14 to U.S.$9.8 billion in 2017/18. See "*—Government Programme, Recent Developments and Reforms*".

According to preliminary GDP estimates for 2017/18, real GDP grew by 5.3%, primarily due to increases in investment and net exports. The diversified nature of the Egyptian economy, however, reduces the Egyptian economy's reliance on any one sector, with a broad range of sectors, including agriculture, the extractive industries, manufacturing and tourism, all contributing significantly to the overall recovery of the economy in the past two years. According to preliminary data, the 5.3% real GDP growth in 2017/18 was comprised of growth in the manufacturing industries sector (contributing 0.8%), tourism sector (0.7%), natural gas sector (0.7%), construction and building sector (0.6%), wholesale and retail sector (0.5%), real estate sector (0.4%), agriculture sector (0.4%), telecommunications sector (0.2%), the Suez Canal (0.2%) and other sectors (0.8%).

Real GDP grew by 5.5% in the second quarter of 2018/19, according to preliminary GDP estimates.

The commodity sector includes agriculture, forestry and fishing, extractive industry, manufacturing, electricity, water and construction and building. It contributed LE 2,054.9 billion to GDP in 2017/18, or 52.6%, making it the largest contributor to GDP. In 2017/18, the commodity sector grew, in nominal terms, by 30.9% and, in 2016/17, the commodity sector grew, in nominal terms, by 31.0%. The continued growth in 2017/18 was primarily attributable to increases in the manufacturing industries, which grew by 26.6% in 2017/18, and the construction and building industry, which grew by 31.4% in 2017/18.

Production services include transport and warehousing, telecommunications, information, revenues from the Suez Canal, wholesale and retail trade, financial intermediation, insurance, social insurance and tourism. The production services sector contributed LE 1,278.2 billion to GDP, or 22.0%, in 2017/18. In 2017/18, the production services sector grew, in nominal terms, by 28.3%, as compared to 28.6% in 2016/17. This growth was primarily attributable to increases in the rate of growth of the wholesale and retail trade industry, which grew by 26.2% in 2017/18, the transport and warehousing industry, which grew by 26.7% in 2017/18, the insurance industry (including social insurance), which grew by 23.9% in 2017/18, and the tourism industry, which grew by 63.2% in 2017/18.

Social services include general Government services, education, health, real estate and other services. The social services sector contributed LE 1,000.8 billion to GDP, or 18.7%, in 2017/18. General Government expenditures represented 31.9% of this sector in 2017/18, or LE 319.5 billion, and grew by 5.9% in 2017/18. Growth in the sector was primarily attributable to increases in the rate of growth of the real estate sector, which grew by 26.0% in 2017/18, the education sector, which grew by 25.2% in 2017/18 and the healthcare sector, which grew by 25.0% in 2017/18.

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

	Nominal Gross Domestic Product[1]				
	2013/14	**2014/15**	**2015/16**	**2016/17**	**2017/2018[2]**
	(LE billions, except where indicated)				
Nominal GDP	**2,130**	**2,444**	**2,709**	**3,470**	**4,437**
Domestic Demand	**2,310**	**2,651**	**2,968**	**3,893**	**4,901**
Final Consumption	2,019	2,302	2,561	3,363	4,162
Private Consumption	1,767	2,015	2,251	3,013	3,792
Public Consumption	252	287	310	350	371
Investment[3]	291	349	408	530	739
Net Exports.....	**(180)**	**(207)**	**(259)**	**(423)**	**(464)**
Exports of Goods and Services[4]	303	322	280	566	839
Imports of Goods and Services	483	529	539	989	1,303
Final Consumption (% of GDP)	*95*	*94*	*95*	*97*	*94*
Investment (% of GDP)[3]	*14*	*14*	*15*	*15*	*17*
Exports of Goods and Services (% of GDP).....	*14*	*13*	*10*	*16*	*19*
Imports of Goods and Services (% of GDP).....	*23*	*22*	*20*	*29*	*29*

Source: Ministry of Planning, Monitoring and Administrative Reform

Notes:

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

(2) Preliminary data.

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

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

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

	Gross Domestic Product at Constant Prices[1][2]			
	2013/14	**2014/15**	**2015/16**	**2016/17**
	(LE billions, except where indicated)			
Real GDP	**1,761**	**1,838**	**1,918**	**1,998**
Final Consumption	1,666	1,725	1,804	1,875
Private Consumption	1,458	1,503	1,573	1,639
Public Consumption	207	222	231	237
Investment[3]	250	272	302	336
Net Exports	**(154)**	**(158)**	**(188)**	**(213)**
Exports of Goods and Services	256	256	217	404
Imports of Goods and Services	410	414	405	617
Final Consumption (% of GDP)	*95*	*94*	*94*	*94*
Investment (% of GDP)	*14*	*15*	*16*	*17*
Exports of Goods and Services (% of GDP)	*15*	*14*	*11*	*20*
Imports of Goods and Services (% of GDP)	*23*	*23*	*21*	*31*

Source: Ministry of Planning, Monitoring and Administrative Reform

Notes:

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

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

(3) Including change in inventory.

The following table sets forth the composition of Egypt's GDP at constant prices (including net indirect taxes) for 2017/18, as compared to the 2016/17 base year (GDP at market prices (including net indirect taxes)).

	Gross Domestic Product at Constant Prices[1]	
	2016/17 (Base year, GDP at market prices)	**2017/18[2]**
	(LE billions, except where indicated)	
Real GDP	***3,470***	**3,654**
Final Consumption	*3,408*	3,448
Private Consumption	*3,058*	3,092
Public Consumption	*350*	356
Investment[3]	*530*	613
Net Exports	***(468)***	**(407)**
Exports of Goods and Services	*549*	725
Imports of Goods and Services	*1,017*	1,132
Final Consumption (% of GDP)	*98*	94
Investment (% of GDP)	*15*	17
Exports of Goods and Services (% of GDP)	*16*	20
Imports of Goods and Services (% of GDP)	*29*	31

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. Real GDP at constant prices for 2017/18 is calculated using 2016/17 as the base year.
(3) Including change in inventory.

Principal Sectors of the Economy

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

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

	2013/14	2014/15	2015/16	2016/17	2017/18[3]
		(LE millions, except where indicated)			
GDP	**2,205,594**	**2,473,100**	**2,674,410**	**3,409,503**	**4,333,898**
Nominal GDP Growth Rate *(%)*	**14.6**	**12.1**	**8.1**	**27.5**	**27.1**
Total Commodity Sector	**1,091,157**	**1,173,665**	**1,198,239**	**1,569,691**	**2,054,917**
Growth (%)	*14.6*	*7.6*	*2.1*	*31.0*	*30.9*
Agriculture, Forestry and Fishing	241,493	278,460	318,878	398,539	498,098
Extractive Industry	350,659	314,139	214,842	326,940	479,295
Petroleum	*146,953*	*137,711*	*91,440*	*142,965*	*198,545*
Natural Gas	*175,371*	*144,427*	*86,801*	*138,756*	*224,836*
Growth (%)	*10.1*	*(17.6)*	*(39.9)*	*59.9*	*62.0*
Other	*28,336*	*32,000*	*36,600*	*45,219*	*55,914*
Manufacturing Industry	357,296	408,069	456,299	570,590	722,406
Petroleum Refinement	*95,446*	*102,274*	*113,909*	*134,050*	*167,285*
Other	*261,849*	*305,795*	*342,390*	*436,540*	*555,121*
Electricity	33,974	39,216	46,422	58,320	73,743
Water	12,602	14,247	16,349	20,204	24,959
Construction and Building	95,133	119,535	145,450	195,098	256,416
Growth (%)	*15.3*	*25.7*	*21.7*	*34.1*	*31.4*
Total Production Services	**592,963**	**687,991**	**774,707**	**996,399**	**1,278,166**
Growth (%)	*11.8*	*16.0*	*12.6*	*28.6*	*28.3*
Transport Rate and Warehousing	91,130	107,473	125,908	159,173	201,685
Telecommunications	46,433	48,886	54,000	62,294	77,650
Suez Canal	37,236	39,403	41,215	76,714	97,097
Growth (%)	*14.9*	*5.8*	*4.6*	*86.1*	*26.6*
Wholesale and Retail Trade	273,391	319,967	374,745	473,235	597,094
Financial Intermediation	82,157	94,611	108,812	133,782	166,291
Insurance and Social Insurance	16,055	18,774	21,615	26,635	32,996
Tourism (Hotels and Restaurants)	46,561	58,877	48,414	64,567	105,354
Growth (%)	*(13.5)*	26.5	*(17.8)*	*33.4*	*63.2*
Total Social Services	**521,474**	**611,444**	**701,463**	**843,414**	**1,000,815**
Growth (%)	*17.9*	*17.3*	*14.7*	*20.2*	*18.7*
Real Estate	200,679	237,149	279,914	358,496	451,783
General Government	213,144	249,288	276,488	301,772	319,471
Education	37,424	43,518	50,519	63,907	80,014
Health	46,451	54,194	62,816	78,934	98,674
Other Services[4]	23,777	27,296	31,726	40,304	50,875

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

The single largest contributor to investment in the Egyptian economy is the private business sector, which invested LE 316.4 billion in the Egyptian economy (or 43.9% of total investment) in 2017/18. 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 254.7 billion (or 56.1% of total investment) in the Egyptian economy in 2017/18. The commodity sector received 36.4% of total investment (which represented 5.9% of GDP) in 2017/18, the production services sector received 17.3% of total investment (which represented 25.5% of GDP),

and the social services sector received 25.5% of total investment (which represented 4.1% of GDP).

From July 2017 to June 2018, investments grew by LE 206.8 billion, or 40.2%, as compared to the corresponding period in 2016/17.

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

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

	Government	Economic Authorities	Public Business Sector	Private Business Sector	Total	Percentage of Total Investments
			(LE millions)			*(%)*
Total Investments	**105,584**	**54,389**	**94,755**	**316,400**	**721,128**	**100.0**
Total Commodity Sector	**1,503**	**7,911**	**89,319**	**149,580**	**262,214**	**36.4**
Agriculture, irrigation and fishing	8,328	371	—	16,000	24,699	3.4
Crude oil, mining and natural gas[(3)]	65.5	23	5,460	74,080	79,638	11.0
Manufacturing industries and petroleum products	101	15	7,719	49,000	56,834	7.9
Electricity and water	6,612	7,498	74,332	—	88,442	12.3
Construction and building	297	5	1,800	10,500	12,602	1.7
Total Production Services	**28,078**	**20,125**	**5,085**	**71,650**	**124,938**	**17.3**
Transportation and communication[(4)]	28,070	18,199	4,213	50,100	100,583	13.9
Wholesale and retail trade	—	1,855	222	17,700	19,777	2.7
Financial services, insurance and social solidarity	—	45.7	0.6	—	46.3	0.0
Tourism	7.0	24.8	650	3,850	4,532	0.6
Total Social Services	**62,103**	**26,352**	**350**	**95,170**	**183,976**	**25.5**
Housing and real estate activities	16,794	1,076	—	62,570	80,440	11.2
Educational services	14,599	862	—	9,650	25,112	3.5
Health services	4,864	347	—	8,650	13,860	1.9
Other services[(5)]	25,846	24,068	350	14,00	64,564	9.0
Other Central Investments	—	—	—	—	150,000	20.8

Source: Ministry of Planning, Monitoring and Administrative Reform

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

Commodity sector

Egypt's commodity sector is well diversified and represented 47.4% of GDP in 2017/18, as compared to 46.0% of GDP in 2016/17. The commodity sector includes agriculture, forestry and fishing, extractive industry, manufacturing, electricity, water and construction and building.

Agriculture, forestry and fishing

The agricultural, forestry and fishing sector accounted for 11.5% of GDP in 2017/18, as compared to 11.7% of Egypt's GDP in 2016/17. In 2017/18, the sector grew by 25.0% in nominal terms, as compared to 2016/17.

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

Agricultural land in Egypt is primarily located in the Nile River valley and the Delta. According to statistics published by CAPMAS in 2017, in 2016, the total planted area was approximately 9.0 million acres (3.6 million hectares), representing approximately 3.6% of the total land area of Egypt. Other than along the Mediterranean coast, all agricultural land in Egypt is irrigated. Agricultural landholdings are fragmented, with average farm sizes of 2 *feddans* (0.8 hectares). Land under cultivation in Egypt is generally productive, with some land able to yield harvests two or three times per year,

however increasing salinity affects up to 35% of land under cultivation. Certain principal field crops are corn, rice, wheat, sugar, sorghum, and broad beans (*fava ful*). Despite a considerable output, cereal production in Egypt falls short of total consumption needs. Accordingly, a proportion of foreign exchange is spent annually on the import of cereals and milling products. Other important crops include sugar cane, tomatoes, sugar beets, potatoes and onions. Many varieties of fruit are grown, and some, such as citrus fruits, are exported.

Agricultural Policy

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

Staple Production and Imports

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

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

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

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

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

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

Manufacturing

The manufacturing sector accounted for 16.7% of Egypt's GDP in each of 2017/18 and 2016/17. Egypt's largest manufacturing industries are food processing and textiles, which benefit from Egypt's competitive advantage in these sectors. Other major manufacturing industries include metallurgy, fertilisers, automotive assembly, pharmaceuticals and cement. In 2017/18, the sector grew, in nominal terms, by 26.6%, as compared to 2016/17.

Egypt is Africa's second largest oil refining country and accounts for approximately 23% of total domestically-refined crude oil in Africa. Petroleum production contributed LE 198.5 billion, or 4.6%, to Egypt's GDP in 2017/18, as compared to LE 143.0 billion, or 4.2% in 2016/17. There are seven refineries in Egypt, all of which are operated by EGPC, with the exception of the MIDOR Refinery in Alexandria, which is 78%-owned by EGPC, with the remainder held by other state-owned energy companies. EGPC's refineries sell a full range of refined petroleum products, including liquefied petroleum gas ("**LPG**"), naphtha, gasoline, gas oil (*i.e.*, diesel fuel) and fuel oil.

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

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

Extractive Industry

Petroleum and related products comprise one of Egypt's key economic sectors. The extractive industry (excluding petroleum refining) accounted for 11.1% of GDP in 2016/17 and 9.6% of GDP in 2016/17. In 2017/18, the extractive industry grew by 46.6% (in nominal terms), as compared to 2016/17, principally due to an increase in international oil prices.

Fluctuations in world oil prices impact the contribution of this sector to GDP. According to statistics published by the U.S. Energy Information Administration (the "**EIA**"), the average spot price of Brent crude oil declined to U.S.$43.64 per barrel in 2016, as compared to U.S.$52.32 per barrel in 2015 and U.S.$98.97 per barrel in 2014. The average spot price of Brent crude oil increased to U.S.$54.15 in 2017 and to U.S.$71.19 in 2018, according to statistics published by the EIA. As at 28 January 2019, the wholesale spot price of Brent crude oil was U.S.$59.71 per barrel. In addition to petroleum and natural gas, Egypt's natural resources include iron ore, phosphates, manganese, limestone, gypsum, coal, lead, talc and zinc. Iron ore is mined in the western desert and near Aswan in southern Egypt. Phosphates are mined in the Sinai Peninsula.

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

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

Petroleum

Petroleum production accounted for 4.6% of GDP in 2017/18 and 4.2% of GDP in 2016/17. In 2017/18, the sector increased by 38.9% (in nominal terms), as compared to 2016/17. Foreign and local investments in the oil sector increased from U.S.$8.1 billion in 2016/17 to U.S.$8.8 billion in 2017/18.

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

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

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

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

On 16 May 2017, EGPC paid U.S.$750 million in respect of arrears owed to international oil and gas companies. EGPC made a further U.S.$750 million payment in respect of arrears in June 2017, following which the outstanding arrears owed to international oil companies were reduced to approximately U.S.$2.4 billion. In January 2018, EGPC paid U.S.$200 million in respect of arrears owed to international oil and gas companies. As at 30 June 2018, the remaining outstanding arrears were approximately U.S.$1.2 billion and, as at 15 December 2018, the remaining outstanding arrears were U.S.$1.0 billion. See "*—Energy Reform Strategy*" and "*Public Finance—Social Spending and Subsidies*".

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

Petroleum and Product Production and Consumption

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

Sources: Information and Decision Support Centre, Ministry of Petroleum

Natural gas

Natural gas production accounted for 5.2% of GDP in 2017/18 and 4.1% of GDP in 2016/17. In 2017/18, the sector increased by 62.0% (in nominal terms), as compared to 2016/17.

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

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

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

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

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

EGAS's strategy is to maximise Egypt's natural gas reserves and to attract further investment and create additional job opportunities in the sector. In line with this strategy and following a tender process involving international oil and gas companies, EGAS awarded four new blocks in the Mediterranean Sea in 2015 for gas and crude oil exploration activities. The exploration agreements for these blocks were signed in December 2016 and January 2017. In May 2018 EGAS announced an international tender procedure for 16 new blocks (13 located offshore in the Mediterranean Sea and three located onshore in the Delta). For the first time, Egypt is offering areas in the Red Sea for exploration. Between 11 February and 13 February 2019, the Egypt Petroleum Show 2019 was held in Cairo aimed at promoting Egypt as a hub for gas production and trading in the Eastern Mediterranean. At the show, EGAS held the largest bid round in its history,

announcing 12 concessions, including concessions in the border areas in the Mediterranean Sea, as well as land areas in the Nile Delta, to bidders such as Royal Dutch Shell, Eni, BP and Exxon Mobil.

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

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

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

In August 2016, Egypt and Cyprus entered into an agreement paving the way for the supply of gas to Egypt via an undersea pipeline. In September 2018, Egypt and Cyprus entered into an intergovernmental agreement to construct the undersea pipeline for the transportation of natural gas, which is expected to promote the export of natural gas from Cyprus to Egypt's processing facilities for onward re-export to Europe.

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

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

According to figures compiled by the Ministry of Petroleum and Natural Resources, in 2017/18 Egypt's estimated gas supply demand was 5,857 million cubic feet per day ("**mmcfd**"), and its gas supply balance registered a deficit of 515 mmcfd, as compared to demand of 5,375 mmcfd and a deficit of 915 mmcfd, respectively, in 2016/17, demand of 4,717 mmcfd and a deficit of 701 mmcfd, respectively, in 2015/16 and demand of 4,547 mmcfd and a deficit of 21 mmcfd, respectively, in 2014/15. The Ministry of Petroleum and Natural Resources estimates that Egypt will have gas supply demand of 6,834 mmcfd and register a gas supply surplus of 556 mmcfd in 2018/19 and gas supply demand of 6,831 mmcfd and a gas supply surplus of 954 mmcfd in 2019/20.

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

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

In August 2018, Italy's oil and gas company Eni announced the discovery of a new natural gas field in the Egyptian Western Desert. The discovery well was drilled on the Faramid South exploration prospect located in the East Obayed concession, 30 km north-west of the Melehia concession. The well reached the target depth of 17,000 ft and encountered

several gas bearing layers in the Kathabta sandstones of Jurassic age. The well has been opened to production, delivering 25 million standard cubic feet per day, supporting the potential of the East Obeyed concession.

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

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

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

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

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

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

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

Electricity

Electricity generation accounted for 1.7% of GDP in each of 2017/18 and 2016/17. In 2017/18, the sector grew by 15.4% (in nominal terms), as compared to 2016/17.

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

Electricity Generation and Consumption

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

Source: Ministry of Electricity and Energy

Electricity Generation

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

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

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

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

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

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

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

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

Wind and Solar Power Projects

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

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

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

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

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

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

Nuclear Power Projects

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

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

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

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

Electricity subsidies

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

Energy Reform Strategy

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

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

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

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

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

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

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

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

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

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

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

Construction and Building

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

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

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

Housing

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

During the Egypt Economic Development Conference in March 2015, the Minister of Housing announced plans to construct a new capital to be located east of Cairo and outside the Second Greater Cairo Ring Road in a currently largely undeveloped area halfway to the seaport city of Suez (the "**New Capital City Project**"). The new city is intended to become the new administrative and financial capital of Egypt, housing the main government departments and ministries, as well as foreign embassies. It would also provide housing for up to five million people. The Government has established a company, The New Administrative Capital for Urban Development, which is owned 51% by the military and 49% by the state-owned New Urban Communities Authority, to oversee the New Capital City Project. In October 2017, the China State Construction Engineering Corporation entered into an agreement to build the central business district of the new capital, with an area of approximately 0.5 km^2. The total cost of the New Capital City Project has not yet been finalised. The New Urban Communities Authority is the main source of funding for this project as it owns the land and sells it to the private sector. The Government is continuing to explore financing options for this project. The Government has announced its intention to move Government buildings to the new capital city by June 2020. In January 2019, President Al-Sisi opened Egypt's largest mosque and a new cathedral, which have been built in the new capital city. In February 2019, Prime Minister Madbouly announced that the foundations for a 385-metre tower, Iconic Tower, expected to be Africa's tallest building, would be poured in the new capital city.

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

Production Services Sector

The production services sector represented 29.5% of GDP in 2017/18, as compared to 29.2% of GDP in 2016/17. In 2017/18, the sector grew by 16.0%, (in nominal terms) as compared to 2016/17.

Financial Intermediation

There are 38 banks registered with the CBE. The financial intermediation sector contributed 3.8% to GDP in 2017/18 and 3.9% to GDP in 2016/17. In 2017/18, the sector grew by 24.3% (in nominal terms), as compared to 2016/17.

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

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

See "*Monetary System*".

Transport and Warehousing

Transport and warehousing, excluding the Suez Canal, contributed 4.7% to GDP in each of 2017/18 and 2016/17. In 2017/18, the sector grew by 26.7% (in nominal terms), as compared to 2016/17.

Suez Canal

A primary driver of economic activity in this sector is the Suez Canal. Suez Canal traffic receipts increased by 12.6% in 2017/18 to U.S.$5.6 billion from U.S.$5.0 billion in 2016/17.

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

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

Suez Canal Traffic[1]

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

Source: Suez Canal Authority

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

In June 2018, the Suez Canal Authority announced preliminary revenues for 2017/18 of U.S.$5.6 billion, as compared to U.S.$5.0 billion in 2016/17, primarily due to increased international trade and improvements in the shipping industry.

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

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

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

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

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

Ports

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

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

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

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

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

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

Air transportation

Egypt has 11 international airports, which are located at Cairo, Borg-El-Arab, Alexandria, Hurghada, Luxor, Sharm El Sheikh, Aswan, Assiut, Taba, Marsa Matrooh and Souhag.

Cairo International Airport is Egypt's largest airport. Over 47 commercial and charter airlines and 12 cargo airlines use the Cairo airport. EgyptAir is the largest operator at the airport. EgyptAir commenced operations in 1933. Its fleet of 70 aircraft carried approximately 10 million passengers in 2016 and includes Airbus (A320, A321, A330 and A340), Boeing (737 and 777) and Embraer (E-170 and E-300) aircraft, as well as cargo planes. It serves 81 destinations; 12 in Egypt, 19 in other countries in Africa, 20 in the Middle East, 21 in Europe, seven in Asia and two in the Americas.

EgyptAir entered into the Star Alliance in July 2008. The Government owns EgyptAir, but it is self-financed and receives no subsidy from the Government.

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

In 2018, approximately 15.0 million passengers travelled through Cairo International Airport. The number of flights from the airport in 2018 increased by 4.2%, as compared to 2017. Total airfreight tonnage handled at the airport in 2017 decreased by 2.5%, as compared to 2017, to 284,724 tonnes.

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

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

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

See "*—Tourism*".

Railways and the Cairo Metro

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

The Egyptian National Railway Authority is implementing a number of projects to modernise the railway signalling system. Three projects to increase the safety of secondary railway lines are underway covering the Alexandria-Cairo, BeniSuef-Asuit-Sohag-NagaHammady and Benha-Mansoura-Dammitta corridors. Two projects are also underway for the procurement of 100 new locomotives, 1,300 coaches and 300 wagons and the rehabilitation of 81 locomotives.

The Cairo Metro, the first metro in Africa and the Middle East, opened in 1987 and currently operates three lines. Line 1 is 43 km long and runs between Helwan and El Marg, with 33 stations. Line 2 is 19 km long and runs between Shoubra El Kheima and Al Mounib. In October 2007, construction started on the first of four phases of a new Line 3, the total length of which will be 44 km. The first phase was completed in 2010 and linked Attaba to Abbassiya and the second phase linked Abbassiya to Heliopolis. Line 3 will ultimately extend from Imbaba in the northwest of Greater Cairo to the northeast at Adly Mansour station and will also serve Cairo International Airport. Line 3 comprises 40 stations, 12 of which will be above ground and 28 will be underground. Construction of the remaining sections of Line 3 is expected to be completed by 2020. Construction of the first phase of Line 4, which will run from Hadayiek El Ahram to Fostat, is expected to begin in the second half of 2019.

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

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

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

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

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

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

Roadways

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

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

Tourism

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

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

Tourism represented 2.4% of GDP in 2017/18, as compared to 1.9% of GDP in 2016/17. In 2017/18, the sector grew (in nominal terms) by 63.2%, as compared to 2016/17. See "*Risk Factors—Risk Factors Relating to Egypt— Significant political unrest and political and social instability since January 2011 has had and could continue to have a material adverse effect on the Republic generally and on its economic growth*" and "*Risk Factors—Risk Factors Relating to Egypt—The Egyptian economy has faced significant challenges since the 2011 Revolution, which has put increasing pressure on its public finances and has led to a rising balance of payments deficit*".

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

	Contribution to GDP Growth (PPT)						
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
				(%)			
Contribution of tourism sector to GDP growth.....	0.1	0.2	(0.7)	0.4	(0.7)	0.1	0.1

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

Tourism Activities[1]

	2013/14	2014/15	2015/16	2016/17	2017/18[2]
Total Arrivals (*in thousands*).....	7,968	10,243	6,874	6,624	9,777
Total Number of Tourist Nights (*in thousands*)	72,919	99,246	51,779	50,898	102,557
Average Number of Nights (*per tourist*).....	9.0	10.0	7.6	7.9	10.8
Tourism Income (*U.S.$ millions*)	5,073	7,370	3,768	4,380	9,804
Tourism Income per Night (*U.S.$)*	70	74	70	86	96

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

The total number of tourist nights in 2017/18 was approximately 102.6 million, as compared to 50.9 million in 2016/17 and 51.8 million in 2015/16. In each of 2015/16 and 2016/17, the total number of tourist nights were negatively affected by the impact of terrorist attacks on the tourism industry and security concerns in Egypt. Tourism income was U.S.$9.8 billion in 2017/18, as compared to U.S.$4.4 billion in 2016/17 and U.S.$3.8 billion in 2015/16.

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

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

Terrorist attacks in Giza and Hurghada in January 2016, as well as the crash of an EgyptAir aircraft on route from Paris to Cairo in May 2016 have also had a negative impact on Egypt's tourism industry. See "*Risk Factors—Risk Factors Relating to Egypt— Egypt has experienced several terrorist attacks, which have contributed to a decline in tourism, a key sector of the economy, among other adverse consequences*". In addition, the political unrest and frequent demonstrations and protests after the 2011 Revolution has negatively affected the tourism industry. The tourism sector has, however, recovered quickly in the past. The Ministry of Interior is taking measures to prevent the recurrence of attacks of this kind, such as upgrading its surveillance infrastructure and increasing its security presence in and around major tourist areas, hotels, airports and museums. In August 2018, in its Tourism Highlights 2018 Edition, the UN World Tourism Organisation noted that Egypt led tourist growth in the Middle East in 2017, both in absolute and relative terms, in tourist arrivals. On 28 December 2018, three tourists and their Egyptian guide were killed by a roadside bomb near Giza. See "*The Arab Republic of Egypt – History – Recent Events*".

The Government is also seeking to provide support to the tourism sector in the form of rescheduling and delaying electricity, energy and rent expense payments for hotels, in addition to providing lending facilities through banks and

establishing a fund for crisis support to tourism companies, hotels and other related businesses. In March 2013, the CBE launched an optional incentive initiative for banks to support the tourism sector by postponing the payment of certain debt instalments and delaying all outstanding or current dues on long-term or short-term credit. This initiative has been extended until December 2019, and, during 2019, all requests to postpone debt instalments will be reviewed on a case-by-case basis. In addition, in December 2015, an initiative was launched to support workers in the tourism sector by postponing amounts due under certain banking facilities for six months. This initiative was extended until December 2019, with workers permitted to carry-over amounts due without the application of interest fees on late payments. See "*Monetary System—The Egyptian Banking Sector and Reform—Banking Supervision—Tourism sector initiatives*".

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

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

Tourism Implemented Investments

	Public	Private	Total
	(LE millions in current prices)		
2013/14	1,332	2,100	3,432
2014/15	270	1,760	2,030
2015/16	150	5,600	5,750
2016/17	380	4,300	4,680
2017/18	682	3,850	4,532

Source: Ministry of Planning

Insurance

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

Total insurance premiums represented 1.0% of GDP in each of 2017/18 and 2016/17 (including insurance companies and private pension funds). In 2017/18, the sector grew by 23.3% (in nominal terms), as compared to 2016/17. The Government believes that the insurance sector has particular growth potential as Egypt has a low insurance density as measured by premium *per capita* and low penetration rate as measured by premiums as a percentage of GDP. Insurance density in Egypt was U.S.$21.3 in 2017/18, as compared to U.S.$13.5 in 2016/17. The increase in insurance density in 2017/18, as compared to 2016/17, was primarily due to the increase in the total insurance premiums.

Insurance gross premium volume was LE 29.5 billion in 2017/18, representing an increase of 23.3%, as compared to LE 23.9 billion for the year 2016/17. In 2017/18, LE 12.2 billion (gross premium) was generated by the life insurance business and LE 17.4 billion by the non-life insurance business.

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

Direct Premiums and Market Shares

	2013/14	2014/15	2015/16	2016/17	2017/18
			(LE millions)		
State-owned companies	6,275	6,721	7,157	10,393	12,570
Egyptian-owned private sector companies	1,554	1,491	1,958	3.027	4,872
Foreign-owned private sector companies	5,872	7,244	9,103	10,558	12,103
Total	**13,701**	**15,457**	**18,218**	**23,978**	**29,545**

Source: Financial Regulatory Authority

As at 31 December 2018, a total of 37 insurance companies were operating in Egypt, including 14 companies offering life and 23 companies offering properties and casualty insurance (including ten Islamic (*Takaful*) insurance companies operating in the market, four of which offer life insurance and six of which offer property and casualty insurance). The insurance market also includes one co-operative insurance company and one export credit insurance company. As at 30 June 2018, there were also 723 private insurance funds.

As at 30 June 2018, total insurance sector assets were LE 112.5 billion, as compared to LE 98.0 billion as at 30 June 2017, representing an increase of 14.7 %.

Gross investments in 2018 were LE 99.4 billion, as compared to LE 85.5 billion in 2017, representing an increase of 16.1%.

Gross premiums written by the top five companies underwriting non-life insurance and the top five companies underwriting life insurance accounted for LE 12.2 billion and LE 10.5 billion in 2018, respectively, representing market shares of 70% and 86%, respectively.

Insurance regulation reform

In order to increase competition in the market, stimulate demand and provide customers with high quality insurance products, in 2000 the supervisory authority removed price ceilings on insurance premiums. After completing the merger of Egypt Re into Misr Insurance Company in 2008, compulsory reinsurance concessions were completely eliminated.

In addition, an audit committee has been set up in each insurance company to adopt principles of corporate governance, which comply with international standards.

The Financial Regulatory Authority (previously ESFA) has implemented measures to promote the development of the insurance sector, focusing on the following four pillars:

- updating the insurance regulatory and supervisory regime;
- upgrading the private pension regulatory and supervisory regime, including outsourcing to professional managers;
- moving towards a more liberalised insurance market; and
- reforming policy for third-party liability insurance.

The Government's non-banking financial sector reform programme continues to focus on insurance products aimed at SMEs and micro-insurance in cooperation with international institutions. New legislation has also been passed, *inter alia*, to promote private and optional pension funds and the electronic marketing and issuance of insurance products.

The Financial Regulatory Authority is preparing and consulting with respect to draft proposals to introduce amendments to the insurance law. These proposals are expected to include provisions relating to *Takaful*, third party administrators, medical insurance and micro-insurance.

Financial Regulatory Authority

The Financial Regulatory Authority (formerly, EFSA) is an independent authority established in accordance with Law № 10 of 2009. The Financial Regulatory Authority is responsible for supervising and regulating non-banking financial markets and instruments, including the capital markets, the stock exchange, and all activities related to insurance services, mortgage finance, financial leasing, factoring and securitisation. The Financial Regulatory Authority's role is to regulate the market and ensure its stability and competitiveness to attract more local and foreign investments. The mandate of the Financial Regulatory Authority also includes limiting inconsistency risks and addressing problems arising from applying different supervisory rules.

The Financial Regulatory Authority has also replaced the Egyptian Insurance Supervisory Authority, the Capital Market Authority and the Mortgage Finance Authority in application of the provisions of the supervision and regulation of Insurance Law № 10 of 1981, the Capital Market Law № 95 of 1992, the Depository and Central Registry Law № 93 of 2000, the Mortgage Finance Law № 148 of 2001, as well as other related laws, regulations, and decrees that are part of the mandates of the above authorities. The Financial Regulatory Authority is also the administrative body entitled to apply the financial leasing provisions promulgated by Law № 95 of 1995.

In September 2014, the Financial Regulatory Authority was elected as a board member of the International Organisation of Securities Commission ("**IOSCO**"), the international body of capital markets regulators, for the first time.

The World Bank/IFC Doing Business Report for 2017 recognised Egypt for improving its investor minority protection rights, in particular, by increasing the role of shareholders. This was reflected in an improvement of 33 places in Egypt's ranking on the minority investors protection index, as compared to its ranking in the World Bank Doing Business Report for 2016. The World Bank/IFC Doing Business Report for 2018 ranked Egypt 128th out of 190 countries for ease of doing business, as compared to 122nd out of 190 in 2017.

The Global Competitiveness Report for 2017-2018 published by the World Economic Forum recognised a number of positive developments with respect to financial services, with Egypt improving its ranking in "availability of financial services" by 56 places (from 129th in 2016-17 to 73rd in 2017-2018 out of 137 countries). Egypt's ranking in the "regulation of securities exchanges" also improved by 55 places (from 105th in 2016-17 to 50th in 2017-2018 out of 137 countries).

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

See "*Monetary System—The Egyptian Stock Market*".

Telecommunications

The following table sets forth information on the telecommunications sector in Egypt as at the dates indicated.

Telecommunications[(1)]

	As at 31 December				
	2014	**2015**	**2016**	**2017**	**2018**
Fixed Services					
Exchange capacity (*millions*)	15.2	17.7	18.9	19.6	20.8
Number of fixed line subscribers (*millions*)...	6.3	6.2	6.1	6.6	7.9
Mobile Phone					
Number of mobile phone subscriptions (*millions*)	95.3	94.0	97.8	101.3	93.8
Mobile service companies.....	3.0	3.0	3.0	4.0	4.0
Internet Penetration					
Internet capacity (*GB per second*).....	471.3	652.4	1,134.3	1,536.1	2,397.1

Source: Ministry of Communications and Information Technology

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

Fixed-line telephony

Telecom Egypt is 80% owned by the state and is the principal provider of fixed-line telephone services in Egypt. Telecom Egypt conducted an IPO in 2005, selling 20% of its shares to domestic and international investors. Telecom Egypt remains the principal operator of fixed-line services, although it no longer has an exclusive licence. In closed residential compounds, the National Telecom Regulatory Authority ("**NTRA**") has granted a "triple play" licence to two operators to provide fixed, data and value added services to end users. In addition, in October 2016, three mobile phone operators (Orange, Vodafone Egypt, Etisalat) were granted fixed-line licences; such companies have announced that they intend to provide fixed-line services through Telecom Egypt's network.

As at 30 June 2018, there were 7.4 million fixed line subscribers in Egypt, as compared to 6.6 million as at 31 December 2017, which makes Telecom Egypt the largest fixed-line provider in the Middle East and Africa. Although in recent years the number of fixed-line subscribers has not increased significantly, the number of asymmetric digital subscriber line ("**ADSL**") subscribers continues to increase, from 4.8 million as at 30 June 2017 to 5.8 million as at 30 June 2018.

Mobile telephony

Egypt has four mobile phone operators, Orange, Vodafone Egypt, Etisalat and, since August 2016, Telecom Egypt. In September 2017, Telecom Egypt was transformed into a "fully integrated telecom operator" under the new brand "WE".

In October 2016, the four mobile phone operators were granted 4G/LTE mobile licences. The granting of the 4G licences resulted in contributions to the Government budget of U.S.$1.1 billion, plus LE 10 billion. In December 2017, 5G technology was tested at the Cairo International Telecommunication Exhibition and Conference.

As at 30 June 2018, there were 95.7 million mobile subscribers, as compared to 101.3 million as at 31 December 2017, with penetration declining to 104.6% in June 2018, as compared to 111.6% in December 2017.

Internet

In 2017/18, there were 37.9 million internet users in Egypt, an increase of 12.5%, as compared to 2016/17. The internet penetration ratio reached 44.3% in 2017/18, as compared to 41.2% in 2016/17. The Government considers the expansion of broadband access to be a key driver for sustained growth and development in the telecommunications sector and the overall economy.

Telecommunications Development Strategy

In 2014, the Ministry of Communication and Information Technology introduced a strategy to develop the communications sector, regionally and internationally, by 2020. The development of the strategy involved input from non-governmental organisations, academics and multinational corporations. The strategy focuses on three key objectives: (i) the transformation of Egypt into a digital society; (ii) the development of the information and communications technology industry; and (iii) the establishment of Egypt as a global digital hub. The strategy is being rolled out through a number of strategic plans, five of which were released in 2014 and cover digital Arabic content, national Free and Open Source Software (FOSS), the Egyptian Government Cloud (EG-Cloud), social responsibility and electronic design and manufacturing.

The strategy aims to develop the sector by attracting FDI, supporting democratic transition and counteracting corruption, as well as by extending information and communication technology services in remote and marginalised areas. In addition, in line with the Government's "digital Government" concept, improvements are also being made to Government services through information technology.

Since 2016, the Ministry of Communication and Information Technology has participated in joint projects in, *inter alia*, the healthcare, education and justice sectors. Examples of such projects include the automation of procedures at hospitals (in co-operation with the Ministry of Health) and for testing and performance management (in co-operation with the Ministry of Education).

In August 2018, a new cybercrime law, Law № 175 of 2018 (the "**Cybercrime Law**") was introduced. The Cybercrime Law imposes restrictions on users and service providers and permits governmental authorities to block access to websites that are considered to constitute a threat to national security or the economy.

A data protection law is currently being drafted. The draft law, which aims to comply with international best practice, requires data controllers to obtain consent from data owners prior to trading, analysing or otherwise exploiting such data owner's data. The draft law also establishes a regulatory authority for data protection and sets forth a list of financial sanctions for non-compliance.

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

Environment

There has been a heightened level of interest and concern by the Government and the Egyptian population over environmental issues in recent years. This is due to increasing awareness of the value of Egypt's natural resources and the Government's desire to provide for the general welfare of the population. Law № 4 of 1994 and its executive regulations (together, "**Law 4**") provide for comprehensive regulation of land, air and water pollution, including the discharge of contaminants that may be emitted into the air or discharged into the waterways and the disposal of solid and hazardous waste. Law 4 provides incentives for compliance, as well as penalties for non-compliance. The Agency for Environmental Affairs is responsible for the enforcement of Law 4. The Republic has entered into several international conventions and treaties relating to environmental protection.

The Government is promoting a national programme to encourage water re-use and tree planting in order to increase forested areas. In an effort to reduce air pollution in urban areas, the Government has introduced emission control standards, zoning restrictions, controls on the use of pesticides, noise limits and standards for the maintenance of acceptable levels of radiation.

Nile River

The Nile River accounts for 72.6% of Egypt's total fresh water resources. The Government has identified the protection of the Nile River as an important priority and has taken various measures to reduce pollution in the Nile River, such as establishing five stations to receive and treat waste from boats in Aswan, Asyut, Sohag, Menia and Cairo. Law 4 also regulates pollution of the marine environment generally, including coastal areas of the Red Sea, discharges of oil and hazardous materials and the disposal of sewage waste and rubbish. See "*Risk Factors—Risk Factors Relating to Egypt—Ethiopia is constructing a dam, which could reduce Nile River flows*".

Employment and Labour

Egypt has the largest labour force in the Arab world. According to figures published by CAPMAS, 56.3 million people were between the ages of 15 and 60 in 2017, and 34.2% of the population was under the age of 15. Approximately 25.6% of Egypt's labour force works in the agricultural sector, 48.9% in services and 25.5% in industry. The labour force was 29.3 million people as at 31 December 2017, as compared to 28.9 million people as at 31 December 2016 and 28.4 million people as at 31 December 2015. Approximately one third of the population participates in the labour force. The labour force was 77.2% male and 22.8% female as at 31 December 2017.

Workers are not required to join trade unions but may, if they so wish. All workers belonging to a trade union are required to belong to the Egyptian Trade Union Federation, the only legally recognised labour federation.

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

Employment[(1)]

	2014	2015	2016	2017	2018
Labour force (*millions*)	27.9	28.4	28.9	29.5	29.0
Employed (*millions*)	24.3	24.8	25.3	26.0	26.2
Unemployed (*millions*)	3.6	3.6	3.6	3.5	2.9
Unemployment rate (*%*)	13.0	12.8	12.5	11.8	9.9

Source: CAPMAS

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

According to figures published by CAPMAS, the unemployment rate declined to 9.9% in 2018, as compared to 11.8% in 2017, primarily due to increased employment opportunities at several large infrastructure projects, including the Suez Canal Development Project and the New Capital City Project. See "*—Transport and Warehousing—Suez Canal*" and "*External Sector—Foreign Direct Investment—Investment Projects and Initiatives*".

According to data published by the CBE, the unemployment rate fell to 8.9% in the fourth quarter of 2018, as compared to 10.0% in the third quarter of 2018.

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

Number of Workers by Sector[1]

	2012	2013	2014	2015	2016
	(thousands of people)				
Agriculture, forestry and fishing	6,386	6,703	6,694	6,403	6,478
Mining	41	41	48	39	41
Manufacturing	2,619	2,571	2,707	2,781	2,900
Electricity, Gas and A/C supplies	253	226	223	204	202
Water supplies and drainage networks	159	214	211	187	307
Construction and building	2,795	2,728	2,742	3,005	3,009
Wholesale, retail, vehicles amendments	2,585	2,688	2,713	2,936	3,004
Transport and warehousing	1,648	1,699	1,756	1,903	1,888
Tourism	520	526	549	648	668
Information and telecommunications	202	189	190	206	188
Financial intermediaries and insurance	195	167	158	160	181
Real estate and leasing	17	26	32	38	36
Technology	378	372	414	409	377
Administrative activities and subsidy services	149	147	145	186	201
Public administration, defence and obligatory social security	1,889	1,886	1,913	1,791	1,729
Education	2,237	2,299	2,293	2,216	2,283
Health and social work activities	667	646	666	747	780
Art and entertainment	120	113	121	115	117
Other Services	550	597	602	591	608
Individual households' services	184	133	119	214	330
International organisations and embassies	3	2	4	3	4
Other	2	0	1	0	0
Total	**23,599**	**23,973**	**24,301**	**24,811**	**25,331**

Note:

(1) Figures for 2017 and 2018 are not available as at the date of this Base Prospectus.

The following table sets forth labour force participation according to age as at 31 December 2017.

Labour Force Participation according to Age[1]

Age Group	Labour Force	Out of Labour
	(%)	*(%)*
15-19	15.5	84.5
20-24	43.6	56.4
25-29	60.2	39.8
30-39	60.4	39.6
40-49	59.4	40.6
50-49	56.6	43.4
60-64	25.5	74.5
65+	13.1	86.9

Source: CAPMAS

Note:
(1) Figures as at 31 December 2018 are not available as at the date of this Base Prospectus.

Wages in Egypt are generally low. In 2017, the average wage for public and private sector employees was approximately LE 4,200 a month for a 6-day, 53-hour working week.

The Government has introduced a number of measures to control wages in the public sector, which became a priority as a result of a considerable increase in the public sector wage bill following the 2011 Revolution as a result of the practice of hiring temporary workers on a permanent basis and two increases in the minimum wage (to increase the minimum civil service wage to LE 700 per month in 2011/12 and then to LE 1,200 per month with effect from the second half of 2013/14). In 2014, the Prime Minister issued decree № 22 of 2014, through which the wages of public officials, whether permanent or temporary, were increased according to a specific equation depending on the seniority level of each employee.

In the period July 2017 to June 2018, wages and compensation of public sector employees increased by LE 14.5 billion, or 6.4%, to LE 240.1 billion. This increase was primarily due to: (i) a LE 8.7 billion increase in wages paid to permanent staff to LE 65.7 billion; (ii) a LE 3.6 billion increase in insurance benefits to LE 26.7 billion; and (iii) a LE 4.7 billion increase in bonuses to LE 80.3 billion.

The 2018/19 budget allocates LE 270 billion to public sector wages, an increase of LE 30 billion, as compared to the 2017/18 budget, in order to mitigate any negative effects arising from changes in fuel and energy prices and other reform measures implemented pursuant to the Government's economic reform programme.

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

Weekly Average Wages[1]

	2013	2014	2015	2016	2017
			(LE)		
Public Sector	964	1,026	1,064	1,154	1,247
Private Sector	439	506	594	670	779
Overall	671	806	879	942	1,050

Source: CAPMAS

Statistics relating to employment and unemployment in Egypt are inherently unreliable for a variety of reasons. The definition of "employed" and "unemployed" are not comparable to international standards. Persons that are considered to be employed for purposes of unemployment statistics may nevertheless be underemployed, spending only a few hours a week at their job. Only a small proportion of unemployed workers actually register as being unemployed. Nevertheless, the statistical information in this Base Prospectus is included to illustrate in broad terms the dynamics of the unemployment situation in Egypt. See *"Risk Factors—Risk Factors Relating to Egypt—The statistics published by the Republic may differ from those produced by other sources"*.

Labour Law

To comply with the standards of the International Labour Organisation and other treaties, Egypt enacted Labour Law № 12 of 2003 (the "**Labour Law**"), which has since been amended on two occasions: Law № 180 of 2008

established committees for the resolution of disputes under the Labour Law and regulated certain dismissal procedures and the related compensation; and Law № 125 of 2010 established priority and legal liens over certain employer assets in order to guarantee the payment of employee salaries and wages.

The Labour Law is of general application to private and public sector companies. This includes workers in mines and quarries and construction. The Labour Law does not, however, apply to Government employees. Under the Labour Law, Egyptian workers are legally allowed to strike. In 2008, "dispute committees" were introduced to allow employers and employees to attempt to settle disputes amicably before further action is taken. The Labour Law expanded the role of labour unions and collective agreements, and created certain bodies to carry out specific functions, including:

- the High Commission for Labour Planning, which sets general labour policies;
- the National Commission for Wages, which sets minimum wages, with a minimum 7% annual increase of "basic salary" for social insurance purposes;
- the High Commission for Human Resource Development, which sets the national policy for human resources development;
- the High Advisory Commission for Safety and Occupational Health; and
- the Labour Advisory Commission, which advises on labour-related laws, international treaties and co-ordinates between relevant parties.

On 12 March 2015, Law № 18 of 2015 ("**Law 18**"), which was known as the "Civil Service Law", was passed by Presidential decree. Law 18 was designed to increase the efficiency of the public service delivery process, targeting the improvement of working conditions for civil servants and providing for recruitment decisions for civil jobs to be based on merit, thereby removing favouritism and discrimination. Pursuant to Law 18, civil service jobs were to be granted on the basis of fair tenders organised by the Central Agency for Organisation and Administration and supervised by the Minister of Administrative Reform. Civil service promotions must be based on merit and not on years of service. A new wage system was put in place to complement the reforms introduced by the law. Law 18 granted women four months of maternity leave, as compared to the three months offered under previous laws, and permitted early retirement. Law 18 also set out an evaluation system and mandates the development of a new code of conduct for civil servants. Law 18 was the only presidential decree not approved by the House of Representatives within the constitutional deadline for ratification following the convening of the new House of Representatives. It was, however, provisionally approved by the House of Representatives in a revised form in July 2016.

In November 2016, a new civil service law, Law № 81 of 2016 (the "**New Civil Service Law**"), was promulgated, which, in line with the priorities set out in the Government's reform programme, aims to reform the civil service and regulate the performance of employees in Government departments and public authorities. The New Civil Service Law annulled the previous civil service law and provides for the introduction of more transparent hiring methods, performance reviews and bonus incentives. The New Civil Service Law also provides that the salaries of Government employees will be raised by 7% annually and introduced a retirement age of 60 years. The executive regulations for the New Civil Service Law were promulgated in May 2017.

In June 2018, Law № 96 of 2018, which sets forth a new bonus structure for government employees, was passed. The law sets a new minimum of LE 65 for periodic bonuses for governmental employees, in line with the requirements of the New Civil Service Law, and introduces a special bonus of 10% of a government employee's basic salary and an exceptional bonus with effect from 1 June 2018. The exceptional bonus is paid monthly and ranges from LE 180 to LE 200 depending on the post and is considered to be a part of an employee's basic salary.

Investment

The Government's strategy to boost growth and employment relies on increasing investment, through improvements to the business climate and the attraction of FDI, as well as the implementation of large infrastructure projects. In particular, in June 2017, a new investment law came into force. See "*External Sector—Foreign Direct Investment—Investment Projects and Initiatives*".

Public Private Partnership

In line with the Government's long term strategy to promote private sector involvement in economic, social and political development, the Government introduced a public private partnership ("**PPP**") programme in June 2006 as a tool to encourage investment and to allocate risk to achieve higher quality services at reduced costs. Accordingly, in 2010, Law

№ 67 of 2010 and its executive regulations (the "**PPP Law**") was enacted to develop a comprehensive PPP programme aimed at attracting additional investment through privately financed, built, operated and managed public infrastructure projects and public services. The PPP Law created an institutional framework for PPP projects comprised of: (i) the PPP Supreme Committee, which regulates PPP activities and is chaired by the Prime Minister; (ii) the PPP Central Unit, which is responsible for implementing and managing the PPP programme; and (iii) various PPP satellite units, which have since been established in various Government ministries. The PPP Central Unit also works closely with the Ministry of Planning and the Ministry of Investment and International Co-operation to develop future PPP projects. The Government has announced its intention to use PPPs as a tool to enhance its economic reform programme and efforts to improve the investment climate and encourage co-operation across Government ministries to increase the effectiveness of PPPs.

The first Egyptian PPP project, a wastewater treatment plant, has been operational since 2013, and, as at 31 January 2019, five infrastructure projects were being tendered through PPPs, in the transport and social sectors, with an estimated total investment capital of LE 9.5 billion. Although initial projects have been domestically funded, the International Finance Corporation and the EBRD, among others, have submitted bids to finance projects under the PPP programme.

Announced plans for PPPs include, *inter alia*:

- *New Schools PPP Projects*: The construction and operation of public schools, for which 24 projects in seven governorates have been tendered (with tenders expected to cover a total of 1,000 schools as the first phase of the National Project for Building and Operation of Advanced PPP Language Schools). The project involves the design, financing, construction, furnishing, maintenance and provision of educational services and non-core services, including facility management, to operate the schools. The technical and financial evaluations have been completed for the first phase of the project, with project contracts signed by the Council of Minister in January 2019.

- *Dry Port PPP Project:* The "6th of October Dry Port PPP project", which has been tendered and is expected to be operational by the end of 2020. This project includes the development, finance, design, build and operation of a new dry port in the city of 6 of October in the Giza governorate and has an estimated total investment capital of EGP 1.8 billion. An invitation to tender was issued in January 2019 and it is expected that the successful bidders will submit technical and financial bids in respect of the project by the end of May 2019.

- *Ain Shams University Faculty of Commerce*: The financing, building, operation and maintenance of a new building for the Faculty of Commerce at Ain Shams University. The pre-feasibility study for this project has been completed and an invitation for prequalification was issued in February 2019. The project has an estimated total investment capital of EGP 400 million.

- *Dry Bulk Terminal in Dekheila/Alexandria Port PPP project:* This project is to design, build, operate and maintain a dry pouring terminal at the Dekheila port. The project has an estimated total investment capital of EGP 2.8 billion. Funding is currently being coordinated with the EBRD in order to finance the feasibility studies with respect to this project.

- *New Schools PPP Project:* Phase 2 of this project involves the construction of 100 schools across Egypt, with an estimated total investment capital of EGP 3 billion. A prefeasibility study is currently being prepared with respect to this project.

The PPP Central Unit in the Ministry of Finance is charged with co-ordinating the PPP national programme across ministries and public bodies, as well as representing the Government at local and international conferences and summits.

Various tools have been used by the Government to date in order to increase the attractiveness of long-term PPP contracts, including bearing interest rate risk, signing off-take agreements to offload demand risk borne by the private sector and banks and providing sovereign guarantees for certain projects.

Poverty

Poverty is prevalent in Egypt. According to statistics published by the World Bank, in 2015, the national poverty headcount ratio at national poverty lines (calculated as the percentage of the population living below the national poverty lines and based on population-weighted subgroup estimates from household surveys) was 27.8%, as compared to 26.3% in 2012.

One of the Government's highest priorities is to reduce poverty through increased spending on education, healthcare and social programmes and by improving the existing subsidy system to more efficiently target its subsidies at low-income Egyptians. In recent years, the Government's social policy framework has gradually shifted towards addressing the

structural underpinnings of inter-generational development challenges and the Government has announced its intention for future social welfare provision to target improved inclusivity, efficiency and productivity enhancing measure. Further reforms are expected to be funded by re-channelling fiscal resources from current inefficient uses and social programmes are expected to be increasingly focused on targeting the most vulnerable households rather than specific goods. The Government intends to rely on means testing to maximise the efficiency of its future social spending.

Measures introduced by the Government to combat poverty to date include the introduction of a new food subsidy system and the restructuring of fuel subsidies. See "*Public Finance—Social Spending and Subsidies*".

Informal Economy

The Republic has a significant informal economy in terms of the production of goods and services, and it is a significant source of employment. In December 2018, the Deputy Governor of the CBE stated that the CBE wanted the World Bank and the IMF to include Egypt's informal economy in Egypt's GDP figures and other macro-indicators, noting that Egypt's informal economy amounted to approximately 40%-50% of GDP.

According to figures published by the Egyptian Centre for Economic Studies, approximately 8.2 million people participate in the informal economy. Of the participants in the informal economy, approximately 68% work in the wholesale and retail sectors.

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

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

EXTERNAL SECTOR

General

Egypt's balance of payments maintained a surplus in 2017/18, registering a surplus of U.S.$12.8 billion, as compared to a surplus of U.S.$13.7 billion in 2016/17. This surplus was primarily a result of the continuing impact of the liberalisation of the Egyptian Pound in November 2016.

The current account deficit narrowed in 2017/18 to U.S.$6.0 billion (representing (2.4)% of GDP), as compared to U.S.$14.4 billion in 2016/17 (representing (6.1)% of GDP). The narrowing of the current account deficit was primarily due to a 98.1% increase in the services surplus from U.S.$5.6 billion in 2016/17 to U.S.$11.1 billion in 2017/18 and a 21.6% increase in net unrequited current transfers from U.S.$21.8 billion in 2016/17 to U.S.$26.5 billion in 2017/18. The trade deficit remained stable at U.S.$37.3 billion in each of 2016/17 and 2017/18.

The capital and financial account recorded a net inflow of U.S.$22.0 billion in 2017/18, as compared to U.S.$31.0 billion in 2016/17, reflecting a decrease of 29.1%. This decrease was primarily due to a decrease in the financial account from U.S.$31.1 billion in 2016/17 to U.S.$22.1 billion in 2017/18, which was, in turn, primarily due to decreases in FDI and portfolio investment in Egypt.

A decrease in other investments also contributed to the decreased inflows to the capital and financial account. Other investments recorded a net inflow of U.S.$2.6 billion in 2017/18, as compared to U.S.$7.2 billion in 2016/17, reflecting a reduction of 63.9%.

Net international reserves with the CBE increased by U.S.$13.0 billion, or 41.5%, to U.S.$44.3 billion as at 30 June 2018, which represented 8.4 months of merchandise imports, as compared to U.S.$31.3 billion as at 30 June 2017, which represented 6.4 months of merchandise imports. This increase was primarily due to an increase in foreign currencies. Net international reserves were U.S.$42.6 billion as at 31 December 2018 (according to provisional figures), covering 7.7 months of merchandise imports and representing a decrease of U.S.$1.7 billion, or 3.8%, as compared to the levels as at 30 June 2018. As at 31 January 2019, net international reserves were U.S.$42.6 billion, covering eight months of merchandise imports. See "*Monetary System—Net International Reserves*".

Net foreign assets held by Egyptian banks increased by LE 248.4 billion, from LE 61.1 billion as at 30 June 2017, to LE 309.5 billion as at 30 June 2018. As at 30 June 2018, foreign currency deposits at Egyptian banks increased to U.S.$40.2 billion, from U.S.$38.5 billion as at 30 June 2017. As a result of the weakening of the Egyptian Pound relative to the U.S. Dollar and the widening of the interest rate differential between the Egyptian Pound and the U.S. Dollar, foreign currency deposits as a percentage of total deposits decreased from 19.0% as at 30 June 2014, to 17.9% as at 30 June 2015, before increasing to 18.5% as at 30 June 2016, 27.8% as at 30 June 2017 and subsequently decreasing to 23.8% as at 30 June 2018. Foreign currency deposits as a percentage of total deposits (after excluding the effect of change in exchange rate) decreased to 15.9% as at 30 June 2017 and 13.3% as at 30 June 2018. See "*Monetary System—Liquidity and Credit Aggregates*".

Egypt's gross external debt (public and private) as at 30 June 2018 was U.S.$92.6 billion, as compared to U.S.$79.0 billion as at 30 June 2017, an increase of 17.2%, primarily due to the receipt of funds under the EFF, and the proceeds of Eurobond issues by the Republic in the six months ended 30 June 2018. See "*Public Debt—External Debt*".

Government debt is the major source of external debt, comprising 44.1% of external debt as at 30 June 2017 and 51.4% as at 30 June 2018. The gross external debt to GDP ratio decreased to 37.2% as at 30 June 2018, as compared to 41.1% as at 30 June 2017.

Net FDI inflows decreased from U.S.$7.9 billion in 2016/17 (representing 3.4% of GDP) to U.S.$7.7 billion in 2017/18 (representing 3.1% of GDP), primarily due to lower levels of FDI in the agriculture, tourism, real estate and other services sectors.

See "*Public Debt*."

Balance of Payments

Recent Developments

For the three months ended 30 September 2018, Egypt's balance of payments registered a surplus of U.S.$0.3 billion, as compared to a surplus of U.S.$5.1 billion for the corresponding period in 2017, primarily due to a decrease in net inflows to the capital and financial account. The current account deficit was U.S.$1.8 billion for each of the three months ended 30 September 2018 and 2017. The capital and financial account recorded a net inflow of U.S.$1.6 billion for the three months ended 30 September 2018, as compared to a net inflow of U.S.$6.2 billion in the corresponding period in 2017. The decrease in net inflows to the capital and financial account was primarily due to an increase of repatriation of funds from foreign investors, in line with emerging market trends.

Current Account

The stability in the current account deficit for the three months ended 30 September 2018, as compared to the corresponding period of 2017, was primarily due to increases in the services surplus and in workers' remittances, which were partially offset by an increase in the trade deficit.

The services surplus increased by U.S.$1.4 billion, or 50.4%, to U.S.$4.3 billion for the three months ended 30 September 2018, as compared to U.S.$2.8 billion for the corresponding period in 2017, primarily due to an increase in the travel balance surplus by U.S.$1.2 billion, or 45.8%, to U.S.$3.2 billion for the three months ended 30 September 2018, as compared to U.S.$2.0 billion in the corresponding period in 2017. See "*The Economy—Production Services Sector—Tourism*". In addition, receipts from Suez Canal transit increased by 4.3% for the three months ended 30 September 2018, as compared to the corresponding period in 2017.

Net unrequited current transfers increased by 1.4% to U.S.$5.9 billion for the three months ended 30 September 2018, as compared to U.S.$5.8 billion for the corresponding period in 2017. This increase was primarily due to an increase in workers' remittances, which increased by 1.5% for the three months ended 30 September 2018, as compared to the corresponding period in 2017.

The trade deficit increased by U.S.$1.0 billion, or 11.1%, to U.S.$9.9 billion for the three months ended 30 September 2018, as compared to U.S.$8.9 billion for the corresponding period in 2017. The increase in the trade deficit was primarily due to a 13.1% increase in merchandise imports to U.S.$16.7 billion for the three months ended 30 September 2018, as compared to U.S.$14.7 billion for the corresponding period in 2017. The increase in merchandise imports was, in turn, primarily due to a 27.1% increase in oil imports, as a result of increased imports of crude oil and oil products, and a 9.9% increase in non-oil imports, primarily due to increased imports of intermediate goods required for production (including imports of spare parts and accessories for cars and tractors, wood, wires and cables). The increase in merchandise imports was partially offset by a 16.2% increase in merchandise exports to U.S.$6.8 billion for the three months ended 30 September 2018, as compared to U.S.$5.8 billion for the corresponding period in 2017. The increase in merchandise exports was primarily due to a 57.6% increase in oil exports.

Capital and Financial Account

The Republic's capital and financial account surplus decreased from U.S.$6.2 billion for the three months ended 30 September 2017 to U.S.$1.6 billion for the corresponding period in 2018, reflecting a decrease of 75.1%. This decrease was primarily due to a decrease in the financial account from U.S.$6.3 billion for the three months ended 30 September 2017 to U.S.$1.6 billion for the corresponding period in 2018, which was, in turn, primarily due to decreases in net FDI (from U.S.$1.8 billion for the three months ended 30 September 2017 to U.S.$1.1 billion for the corresponding period in 2018) and portfolio investment in Egypt (from a net inflow of U.S.$7.5 billion for the three months ended 30 September 2017 to a net outflow of U.S.$3.2 billion for the corresponding period in 2018). The decrease in portfolio investment in Egypt for the three months ended 30 September 2018, as compared to the corresponding period in 2017, was primarily due to a decrease in foreigners' investments in Egyptian treasury bills, which registered net sales of U.S.$3.2 billion for the three months ended 30 September 2018, as compared to net purchases of U.S.$7.4 billion for the corresponding period of 2017. The decreases in net FDI and portfolio investment in Egypt were partially offset by an increase in net other investment from a net outflow of U.S.$3.0 billion for the three months ended 30 September 2017 to a net inflow of U.S.$3.9 billion in the corresponding period of 2018.

The capital account recorded a net outflow of U.S.$35.0 million for the three months ended 30 September 2018, as compared to a net outflow of U.S.$40.3 billion for the corresponding period in 2017.

Balance of Payments for 2013/14 to 2017/18

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

Balance of Payments[1]

	2013/14	2014/15	2015/16	2016/17	2017/18[2]
			(U.S.$ millions)		
Exports[3]	26,023	22,245	18,705	21,728	25,827
Imports	(60,182)	(61,306)	(57,388)	(59,003)	(63,103)
Trade Balance[4]	(34,159)	(39,060)	(38,683)	(37,275)	(37,276)
Services and income (*net*)[5]	1,012	5,042	2,061	1,046	4,843
Balance of goods, services and income	(33,148)	(34,018)	(36,622)	(36,229)	(32,433)
Official Transfers (*net*)	11,920	2,670	102	149	206
Private Transfers (*net*)	18,448	19,205	16,689	21,686	26,265
Total Transfers	30,368	21,876	16,791	21,835	26,471
Balance of Current Account	(2,780)	(12,143)	(19,831)	(14,394)	(5,962)
Foreign Direct Investment (*net*)[6]	4,178	6,380	6,933	7,933	7,720
Portfolio Investment in Egypt (*net*)	1,237	(639)	(1,287)	15,985	12,095
Net Borrowing	207	5,036	7,103	9,699	10,279
Medium and Long-Loans	(956)	(483)	(186)	5,157	6,739
Drawings	1,153	1,754	2,523	7,641	8,846
Repayments	(2,110)	(2,236)	(2,710)	(2,484)	(2,108)
Medium Term Suppliers' Credits	(56)	258	1,505	2,795	1,119
Drawings	8	313	1,561	2,912	1,314
Repayments	(64)	(55)	(55)	(117)	(195)
Short Term Suppliers' Credits (*net*)	1,220	5,261	5,784	1,747	2,422
Other Assets	(2,278)	(1,221)	(3,477)	(12,096)	(4,512)
Other Liabilities	1,912	8,671	12,019	9,574	(3,142)
Capital and Financial Account	5,190	17,929	21,177	31,015	21,997
Net Errors and Omissions	(931)	(2,061)	(4,159)	(2,904)	(3,247)
Overall Balance	**1,479**	**3,725**	**(2,813)**	**13,717**	**12,788**
Trade Balance/GDP (%)[7]	(11.2)	(11.7)	(11.5)	(15.9)	(14.9)
Current Account/GDP (%)[7]	(0.9)	(3.6)	(5.9)	(6.1)	(2.4)
Balance of Payments/GDP (%)[7]	0.5	1.1	(0.8)	5.8	5.1
NIR[8] as Months of merchandise Imports (%)	3.3	3.9	3.7	6.4	8.4

Source: CBE

Notes:

(1) This data differs from previously published data. See "*Presentation of Information*".
(2) Preliminary figures.
(3) Including petroleum and other exports.
(4) Including exports and imports of Free Zones.
(5) Includes transportation, travel, investment income, Government expenditure and other receipts and payments.
(6) Includes FDI in the petroleum sector.
(7) See "*The Economy—Gross Domestic Product*".
(8) Net International Reserves. See "*Monetary System—Net International Reserves*". As at 31 January 2019, according to provisional figures, net international reserves were U.S.$42.6 billion.

Current Account

Exports from Egypt have decreased during the past five years from U.S.$26.0 billion in 2013/14 to U.S.$25.8 billion in 2017/18, a decrease of U.S.$0.2 billion, or 0.8%, having decreased to U.S.$18.7 billion in 2015/16. In addition, the trade deficit has widened during the same period from U.S.$34.2 billion in 2013/14 to U.S.$37.3 billion in 2017/18, an increase of U.S.$3.1 billion, or 9.1%, principally due to the decline in international oil and commodity prices, which affected Egyptian exports. Exports from Egypt increased, and the trade deficit stabilised in 2017/18, as compared to 2016/17 levels.

The trade deficit stabilised in 2017/18, representing U.S.$37.3 billion in each of 2016/17 and 2017/18, primarily due to increases in both export proceeds and import payments. Export proceeds were U.S.$25.8 billion in 2017/18, as compared to U.S.$21.7 billion in 2016/17, representing an increase of 18.9%. The increase in export proceeds in 2017/18 was primarily due to a 33.1% increase in oil exports to U.S.$8.8 billion in 2017/18, as compared to U.S.$6.6 billion in 2016/17, which was, in turn, primarily due to increases in global prices for crude oil and oil products, as well as an increase in exported quantities of oil products. A 12.7% increase in non-oil exports to U.S.$17.0 billion in 2017/18, as compared to U.S.$15.1 billion in 2016/17, also contributed to the overall increase in export proceeds. The increase in non-oil exports

in 2017/18 was primarily due to increase in exports of finished goods, primarily electrical appliances, phosphate fertilisers and ethylene and propylene polymers.

The services account registered a surplus of U.S.$11.1 billion in 2017/18, as compared to a surplus of U.S.$5.6 billion in 2016/17, an increase of 98.1%. This increase was primarily due to an increase in the travel balance surplus (from U.S.$1.6 billion in 2016/17 to U.S.$7.4 billion in 2017/18) and an increase in Suez Canal receipts (from U.S.$4.9 billion in 2016/17 to U.S.$5.7 billion in 2017/18).

Net unrequited current transfers increased by 21.6% from U.S.$21.8 billion in 2016/17 to U.S.$26.5 billion in 2017/18. This increase was primarily due to an increase in net private transfers (from U.S.$21.7 billion in 2016/17 to U.S.$26.3 billion in 2017/18), which was, in turn, primarily due to an increase in workers' remittances.

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

Net Private Transfers[1]

	2013/14	2014/15	2015/16	2016/17	2017/18[2]
			(U.S.$ millions)		
Total Private Transfers (Net)	18,448	19,205	16,689	21,686	26,265

Source: CBE

Notes:
(1) This data differs from previously published data due to the revisions of certain external debt and petroleum sector figures.
(2) Preliminary figures.

Capital and Financial Account

The Republic's capital and financial account surplus decreased from U.S.$31.0 billion in 2016/17 to U.S.$22.0 billion in 2017/18, a decrease of 29.1%, primarily due to a decrease in the financial account from U.S.$31.1 billion in 2016/17 to U.S.$22.1 billion in 2017/18, which was, in turn, primarily due to decreases in net FDI (from U.S.$7.9 billion in 2016/17 to U.S.$7.7 billion in 2017/18) and portfolio investment in Egypt (from U.S.$16.0 billion in 2016/17 to U.S.$12.1 billion in 2017/18).

A decrease in other investments also contributed to the decreased inflows to the capital and financial account. Other investments recorded a net inflow of U.S.$2.6 billion in 2017/18, as compared to U.S.$7.2 billion in 2016/17, reflecting a reduction of 63.9%.

Other assets and liabilities recorded a net outflow of U.S.$1.4 billion in 2017/18, as compared to a net outflow of U.S.$2.5 billion in 2016/17.

The capital account recorded a net outflow of U.S.$151 million in 2017/18, as compared a net outflow of U.S.$113 million in 2016/17.

Foreign Trade

Foreign trade in Egypt has experienced significant developments in recent years. The Government has overhauled Egypt's customs legislation to streamline the process for importing and exporting goods. A number of regulations and decrees have been introduced to improve inspection and control procedures, simplify documentation, reduce costs and delays, improve logistics and liberalise trade movements.

The number of customs procedures and approvals required to import or export goods have been reduced significantly. In addition, the time taken to issue customs declaration forms has been reduced to 24 hours. A "green route" allowing for the immediate release of imported/exported goods which meet certain criteria has also been introduced.

To ensure that customs legislation is implemented effectively and efficiently, a "one-stop" control point for export and import licensing and the release of consignments has been established through the General Authority for Export and Import Control and the Customs Authority (departments of the Ministry of Trade and Industry and the Ministry of Finance, respectively) in collaboration with other ministries and agencies.

In March 2018, Egypt and 43 other African countries signed the African Continental Free Trade Area Agreement, which aims to facilitate trade between member states according to a scheduled timeline, create a single market on the African

continent for goods and services by removing certain barriers and tariffs among the member states and establish an African Custom Union. This agreement is subject to ratification.

Total trade increased from U.S.$84.7 billion in 2012/13 to U.S.$86.2 billion in 2013/14 before decreasing to U.S.$83.6 billion in 2014/15 and U.S.$76.1 billion in 2015/16, subsequently increasing to U.S.$80.7 billion in 2016/17 and increasing to U.S.$88.9 billion in 2017/18. This represented an increase of U.S.$1.5 billion (or 1.8%) in 2013/14, decreases of U.S.$2.7 billion (or 3.1%) in 2014/15 and U.S.$7.5 billion (or 8.9%) in 2015/16, and increases of U.S.$4.6 billion (or 6.1%) in 2016/17 and U.S.$8.2 billion (or 10.2%) in 2017/18, in each case as compared to the relevant prior fiscal year. Over the period 2013/14 to 2017/18, imports have increased by 4.9%, as compared to a decrease in exports by 0.8% over the same period. See "*Arab Republic of Egypt—Foreign Relations and International Organisations*".

Exports

The following table sets forth the value of products exported for the periods indicated.

Exports by Product[(1)(2)]

	2013/14	2014/15	2015/16	2016/17[(3)]	2017/18[(3)]	July – September 2018[(3)]
			(U.S.$ billions)			
Fuel Exports	**12.3**	**8.9**	**5.7**	**6.6**	**8.8**	**2.8**
Crude Petroleum	7.7	6.2	3.6	3.9	4.6	1.3
Petroleum products[(4)]	4.6	2.7	2.1	2.7	4.2	1.5
Non-Fuel Exports	**13.7**	**13.3**	**13.0**	**15.1**	**17.0**	**4.0**
Raw Materials	1.5	1.7	1.5	1.7	2.0	0.5
Semi-finished goods	2.6	2.4	2.7	4.0	4.3	0.8
Finished goods	9.5	9.2	8.6	9.3	10.6	2.6
Other Exports[(5)]	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Total Exports[(5)]	**26.0**	**22.2**	**18.7**	**21.7**	**25.8**	**6.8**

Source: CBE

Notes:
(1) According to the Harmonised System Coding (Degree of Processing).
(2) The data in this table differs from previously published data due to the revision of petroleum sector figures.
(3) Preliminary figures.
(4) Including gas and bunker and jet fuel.
(5) Including exports of Free Zones.

Export proceeds were U.S.$25.8 billion in 2017/18, as compared to U.S.$21.7 billion in 2016/17, an increase of 18.9%, primarily due to a 33.1% increase in fuel exports and a 12.7% increase in non-fuel exports. As a result, the export/import ratio increased to 40.9% in 2017/18, as compared to 36.8% in 2016/17.

As a result of the increase in both fuel and non-fuel exports, total exports increased by 18.9% in 2017/18, as compared to 2016/17. Fuel exports accounted for 34.0% of total exports in 2017/18, as compared to 30.3% in 2016/17. Non-fuel exports accounted for 66.0% of total exports in 2017/18, as compared to 69.7% in 2016/17.

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

Destinations of Egyptian Exports[1]

	2013/14	2014/15	2015/16	2016/17[2]	2017/18[2]
			(U.S.$ billions)		
European Union	10.1	7.5	6.0	7.0	9.0
United States	2.5	2.2	1.3	1.8	2.1
Arab countries	5.5	5.5	5.8	6.4	6.0
Asian countries (excluding Arab countries)	3.5	3.1	2.1	1.8	2.7
Other European countries	1.4	1.3	1.3	1.7	2.1
African countries (excluding Arab countries)	0.5	0.5	0.5	0.5	0.7
Commonwealth of Independent States[3]	0.2	0.5	0.2	0.2	0.3
Other countries[4]	2.5	1.6	1.5	2.3	3.0
Total Exports[4]	**26.0**	**22.2**	**18.7**	**21.7**	**25.8**

Source: CBE

Notes:
(1) The data in this table differs from previously published data due to ongoing revisions.
(2) Preliminary figures.
(3) Includes Russia.
(4) Including exports of Free Zones.

In 2017/18, the EU was the largest importer of Egyptian goods, purchasing 34.9% of Egyptian exports, as compared to 32.3% in 2016/17. Arab countries were Egypt's second largest trading partners, purchasing 23.3% of Egyptian exports (29.6% in 2016/17), followed by other countries, with 11.6% of total exports (10.5% in 2016/17).

Imports

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

Imports by Product[1][2]

	2013/14	2014/15	2015/16	2016/17[3]	2017/18[3]	July–September 2018[3]
			(*U.S.$ billions*)			
Fuel Imports	**13.3**	**12.4**	**9.3**	**12.0**	**12.5**	**3.5**
Petroleum products[4]	11.2	9.9	8.4	10.1	10.0	2.7
Crude Oil	2.1	2.5	0.9	1.9	2.5	0.8
Non-Fuel Imports	**46.9**	**48.9**	**48.1**	**47.0**	**50.6**	**13.2**
Raw Materials	7.5	7.5	5.4	6.2	5.9	1.6
Intermediate Goods	17.3	15.8	15.3	15.7	19.8	5.5
Investment Goods	7.2	8.9	9.6	8.8	8.9	1.9
Consumer Goods	14.0	15.1	14.6	12.6	13.0	3.6
Other Imports	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Total Imports[5]	**60.2**	**61.3**	**57.4**	**59.0**	**63.1**	**16.7**

Source: CBE

Notes:
(1) According to The Harmonised System Coding (H.S.C.) (Degree of Use).
(2) The data in this table differs from previously published data due to the revision of petroleum sector figures.
(3) Preliminary figures.
(4) Including gas and bunker and jet fuel.
(5) Including imports of Free Zones, and commodity grants and loans.

Total imports increased by 6.9% in 2017/18, as compared to 2016/17. Fuel imports accounted for 19.8% of total imports in 2017/18, as compared to 20.4% in 2016/17. Non-fuel imports accounted for 80.2% of total imports in 2017/18, as compared to 79.6% in 2016/17.

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

Origins of Egyptian Imports[1]

	2013/14	2014/15	2015/16	2016/17[2]	2017/18[2]
			(*U.S.$ billions*)		
European Union	16.2	17.8	17.4	15.9	16.7
United States	4.2	3.9	2.6	2.9	2.9
Asian countries (excluding Arab countries)	12.2	13.3	11.4	10.7	12.6
Arab countries	16.7	13.6	10.4	11.0	12.4
Other European countries	4.3	4.5	4.1	4.2	4.3
Commonwealth of Independent States[3]	2.6	3.0	4.0	4.3	4.8
African countries (excluding Arab countries)	0.5	0.5	0.7	0.8	0.7
Australia	0.3	0.4	0.3	0.2	0.3
Other countries	3.3	4.3	6.5	9.0	8.5
Total Imports[4]	**60.2**	**61.3**	**57.4**	**59.0**	**63.1**

Source: CBE

Notes:
(1) The data in this table differs from previously published data due to the revisions of petroleum sector figures.
(2) Preliminary figures.
(3) Includes Russia.
(4) Including imports of Free Zones.

In 2017/18, the EU was the largest source of imported goods into Egypt, accounting for 26.5% of Egyptian imports, as compared to 26.9% in 2016/17. Asian countries were Egypt's second largest trading partners accounting for 20.0% of Egyptian imports (18.2% in 2016/17), followed by Arab countries, with 19.6% of total imports (18.6% in 2016/17) and other countries, with 13.8% of total imports (15.6% in 2016/17).

Foreign Direct Investment

In recent years, the Government has introduced a number of legislative and institutional reforms aimed at improving Egypt's investment climate and attracting both domestic and FDI. The Government has sought to address major constraints historically affecting inbound investment into Egypt. The GAFI has streamlined the procedures for inward investment thereby establishing a favourable investment climate which, among other factors, has historically helped to attract increased inflows of FDI and which, in turn, supports accelerated economic growth.

The Ministry of Investment (now the Ministry of Investment and International Co-operation) was established in 2004, with a mandate to improve the investment climate in Egypt, further develop non-bank financial services and introduce an asset management programme for state-owned enterprises. In furtherance of its mandate, the Ministry of Investment and International Co-operation has established "one-stop shops" throughout the various governorates of Egypt for establishing companies and obtaining various permits, licences and regulatory approvals. In addition, in 2007 seven investment zones in the information communications technology, textiles and apparel, auto-manufacturing and other industries were established. In 2018, 21,078 new companies were established in Egypt, as compared to 18,708 new companies in 2017 and 12,708 companies in 2016, according to statistics published by the Ministry of Investment and International Co-operation.

In 2017/18, overseas investment in Egypt's petroleum sector accounted for 67.3% of all FDI inflows, as compared to 61.2% in 2016/17. Overseas investment in the services sector accounted for 11.2% of total FDI inflows in 2017/18, as compared to 9.4% in 2016/17. Overseas investment in the manufacturing sector accounted for 10.0% of total FDI inflows in 2017/18, as compared to 5.8% in 2016/17.

Net FDI inflows increased from U.S.$4.2 billion in 2013/14 (representing 1.4% of GDP) to U.S.$6.4 billion in 2014/15 (representing 1.9% of GDP), U.S.$6.9 billion in 2015/16 (representing 2.1% of GDP), and U.S.$7.9 billion in 2016/17 (representing 3.4% of GDP), before decreasing to U.S.$7.7 billion in 2017/18 (representing 3.1% of GDP). The increase from 2013/14 to 2016/17 was primarily due to increased investor confidence in Egypt and increased inflows for greenfield investment and oil sector projects. The decrease in 2017/18, as compared to 2016/17, was primarily due to lower levels of FDI in the agriculture, tourism, real estate and other services sectors.

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

FDI by Country[1]

	2013/14	2014/15	2015/16	2016/17	2017/18[2]
			(U.S.$ millions)		
Total Net Foreign Direct Investment	**4,178**	**6,380**	**6,933**	**7,933**	**7,720**
Inflows	**10,856**	**12,546**	**12,529**	**13,366**	**13,163**
United States	2,230	2,116	883	1,833	2,244
United Kingdom	5,079	4,990	5,945	5,519	4,553
France	347	230	251	536	240
Spain	6	28	154	44	57
Germany	194	190	202	148	122
Saudi Arabia	284	649	313	344	297
Switzerland	95	165	128	148	186
Kuwait	130	237	133	150	112
Bahrain	194	137	165	113	88
United Arab Emirates	401	1,383	1,329	837	1,075
Netherlands	192	182	246	219	349
Oman	13	12	12	6	5
Others	1,691	2,227	2,768	3,469	3,835
Outflows[3]	**(6,678)**	**(6,166)**	**(5,596)**	**(5,433)**	**(5,444)**

Source: CBE

Notes:
(1) The data in this table differs from previously published data due to the revisions of petroleum sector figures.
(2) Preliminary data.
(3) Including cost recovery and profit sharing related to international oil and gas companies.

Investment Projects and Initiatives

The Government's strategy to boost growth and employment is dependent on increasing investment, through improvements to the business climate and the attraction of FDI, as well as through the implementation of large infrastructure projects. Recent initiatives to improve the framework for businesses and investment and to foster private sector-led growth include measures to streamline procedures for doing business and increase transparency, including:

- *Regulating Mortgage Finance*: The Mortgage Finance Law № 148 of 2001 ("**Law 148**") was promulgated in 2001 to regulate mortgage finance through companies licensed by EFSA (now the Financial Regulatory Authority). Such financing is to be used for, among other things, projects for the purchase, building or renovation of real estate and is secured through liens or real estate mortgages over the financed assets. Law 148 was amended in 2014 to broaden the security to be granted in respect of such projects. The 2014 amendments also expanded the regulatory powers of EFSA (now the Financial Regulatory Authority), established the Egyptian Federation for Mortgage Finance to represent the collective interest of mortgage finance companies and exempted mortgage financings from stamp duties, other taxes and fees.

- *Amendments to the competition law*: On 17 January 2005, the Parliament passed Law № 3 of 2005, which is known as "the Protection of Competition and Anti-Monopoly Law" (the "**Competition Law**"). The Competition Law was the first piece of legislation enacted in Egypt regulating the competitive conduct of market participants and provided that economic activities could not be carried out in a manner "preventing, restricting or damaging free competition". The Competition Law also established the ECA to regulate and enforce the Competition Law. In 2008, the Competition Law was amended to introduce a notification system for merger and acquisition activities, pursuant to which the ECA is notified when certain thresholds are met or exceeded. The Competition Law was again amended in 2014 (by Law № 56 of 2014) to increase the competitiveness of the Egyptian market, including by strengthening the role of the ECA through conferring on it judicial enforcement powers and the right to file lawsuits and settle cases independently, as well as by applying stricter confidentiality obligations in respect of the authority's employees.

- *Introduction of the Third Party Contract Appeal Law*: In April 2014, Law № 32 of 2014 was passed in order to regulate the appeals procedure and prohibits third party interference in contracts between the State and investors (subject to certain exceptions).

- *Introduction of the new mining law*: On 9 December 2014, the President signed Law № 198 of 2014 (the "**New Mining Law**"), which introduced a new tax and royalty structure for the mining sector and measures to facilitate swifter allocation of mineral concessions to domestic and foreign companies. The New Mining Law also simplifies a number of administrative procedures in connection with the exploration and exploitation of mineral concessions. Executive regulations for the New Mining Law were published in June 2015.

- *Resolving outstanding investor disputes*: In accordance with its commitment to improve Egypt's investment climate, the Government prioritised the settlement of investor disputes and, since August 2015, 311 out of 400 currently outstanding investor disputes have been successfully resolved, with the remaining 89 expected to be resolved. The Prime Minister is the chairman of a committee formed to settle major investment disputes.

- *Regulations in respect of non-Egyptian workers*: In September 2015, Decree № 305 of 2015 was passed, which requires non-Egyptians working in Egypt to obtain a work permit from the Ministry of Labour or another authorised agency. Work permits granted to non-Egyptians allow them to work in Egypt for a year or less. Exemptions exist in relation to diplomatic positions and persons working in consulates. The regulations also set a maximum 10% cap on the percentage of non-Egyptian workers working in an institution, unless approved by an "exceptions committee". In order to attract foreign investment, the New Investment Law permits this cap to be exceeded if certain conditions are met and an approval is obtained.

- *Regulations in respect of industrial lands*: In April 2016, President Al-Sisi passed Decree № 158 of 2016, which provides that investors may acquire certain land identified in industrial zones free of charge upon the fulfilment of certain criteria and subject to the approval of the Council of Ministers. Upon receiving the approval of the Council of Ministers to purchase the land, the investor must issue a guarantee to the Government equal to 1% of the total value of the land.

- *New investment law*: In June 2017, the New Investment Law was passed, which is aimed at attracting increased FDI inflows. The New Investment Law provides certain guarantees and incentives for, *inter alia*: (i) fair and equitable treatment of foreign and Egyptian investors; (ii) granting residence permits to foreign investors; (iii) limiting the right of Egyptian authorities to suspend or terminate licences; (iv) repatriating profits and receiving international financing without restriction; (v) accelerating the liquidation process; (vi) directly

importing raw materials, equipment and spare parts or using transportation without registration with the Importers Registry; (vii) exporting the investment projects' products (directly or indirectly) without registration with the Exporters Registry; (viii) benefiting from exemptions from certain stamp and customs duties and the application of a unified custom duty for certain items; (ix) corporations incorporated within three years of the New Investment Law coming into force to benefit from deductions of between 30% and 50% of their investment costs from their taxable profit (in addition to ordinary depreciation) up to an amount equal to 80% of paid-in capital for seven years in certain sectors and for certain items; and (x) tax deductions for companies that allocate a certain percentage of their profits to charity and community development initiatives. The incentives provided under the New Investment Law are available to both foreign and Egyptian investors, subject to certain conditions, including (among others) the incorporation of a company in Egypt. The New Investment Law also provides for four types of investment system (internal investment system, investment zones system, technological zones system and free zones system). The New Investment Law also establishes: (i) an administrative unit called "investor service center", which functions as a one-stop shop for investment-related services, such as establishing, expanding, or increasing the capital of, a business or issuing permits, approvals and licences; and (ii) a conflict resolution mechanism outside the court system, including a complaint committee within GAFI, ministerial committees for investment-related conflict resolution and an independent arbitration and mediation center that focuses on investor-state disputes. In October 2017, the Council of Ministers approved the executive regulations for the New Investment Law.

- *New industrial licensing law*: In June 2017, a new industrial licensing law, Law № 15 of 2017 (the "**New Industrial Licensing Law**"), was passed, which eliminates the previous licensing process and establishes more simplified procedures without the requirement for certain pre-approvals, including from Civil Defence and Fire Safety authorities, and provides for the automatic renewal of existing operational licences. For industries that do not conduct vital public functions, the New Industrial Licensing Law only requires businesses to comply with health, safety, civil defence and environmental requirements. For industries with vital public functions, the requirements are more stringent, but simpler than under the previous regime. In August 2017, executive regulations for the New Industrial Licensing Law were published, which aim to reduce the waiting period for obtaining industrial licences to establish new facilities, from around 600 days to 30 days. In May 2018, a decision setting out the requirements for obtaining industrial licences was issued.

- *Amendments to the Companies law:* In January 2018, a new law amending the Egyptian Companies Law № 159/1981 (the "**Companies Law**") was passed, which aims to create a more favourable investment environment. The principal amendments introduced to the Companies Law include: (i) extending the Companies Law to sole proprietorships as limited liability entities; (ii) permitting companies to increase their share capital through a resolution of their ordinary general assembly (rather than being required to call an extraordinary general assembly); (iii) permitting the issuance of preferred shares even if not expressly contemplated by a company's articles of association; (iv) permitting board of director meetings to be held by electronic means (*e.g.*, through a video conference); and (v) permitting the use of electronic signatures.

- *Introduction of a new bankruptcy law*: In February 2018, a new bankruptcy law (the "**New Bankruptcy Law**") was passed, which aims to encourage companies, in particular, SMEs, to resume economic activities following bankruptcy. The law sets out legal alternatives for debt restructuring before filing for bankruptcy and seeks to simplify the liquidation process, set out defined time-frames for liquidation and to provide creditors with a greater role in the selection of bankruptcy trustees and other matters. In March 2018, the Council of Ministers approved executive regulations establishing a committee to supervise the execution of the New Bankruptcy Law, and, in August 2018, approved executive regulations establishing a list of bankruptcy experts from which judges may select an expert to assist in bankruptcy proceedings and restructurings.

- *Amendments to the Capital Markets Law:* In February 2018, the Parliament approved a set of amendments to the Capital Markets Law, which establish a legal framework for *sukuk* issuances and trading in Egypt, authorise the establishment of an exchange for regulated trading in derivatives, including futures, options and swaps, abolish bearer securities and expand the scope of criminal offences and sanctions set out in the Capital Markets Law. The amended law also gives the EGX the flexibility to set lower listing fees in order to attract SMEs. The amendments to the Capital Markets Law were ratified by the President and published in March 2018. See "*The Economy—Production Services Sector—Financial Regulatory Authority*.

- *Amendment to the consumer protection law:* In September 2018, a new consumer protection law, Law № 181 of 2018 (the "**Consumer Protection Law**"), was passed, which replaced the previous consumer protection law. The new Consumer Protection Law came into effect in December 2018 (three months following the date of its issuance) and the executive regulations in respect of the Consumer Protection Law are expected to be issued by mid-2019. The Consumer Protection Law regulates new concepts such as e-commerce, and the sale of residential units and competitions, as well as increasing certain penalties provided under the previous consumer protection law. The Consumer Protection Law also sets higher standards for warranty and after sale services.

- *Government procurement law*: In October 2018, Parliament approved a new procurement law (the "**New Procurement Law**"). The New Procurement Law aims to modernise the procurement procedures for Government contracts and increase efficiency. Executive regulations governing the standardisation of Government procurement processes with the aim of encouraging competitive participation by the private sector are expected to be approved by the end of 2019. The Government is also expected to transfer from a paper-based system to a single e-Procurement portal by mid-2019.

Additional initiatives in the process of being implemented, include:

- *Introduction of a new customs law*: The Ministry of Finance has drafted a new customs law to reflect the increasing shift of the Egyptian economy to market fundamentals and free trade. The draft customs law has been prepared in line with best international practices and aims, among other things, to simplify customs procedures to ensure the timely release of goods from the customs zone, to lower the unified customs rate on capital goods such as machinery, instruments, devices and production lines from 5% to 2% and to allow the settlement of due customs and fees on such goods to be paid in instalments. The new customs law has been published on the official website of the Ministry of Finance and the Customs Authority and is expected to be approved by Parliament by the end of June 2019.

- *Investment Map*: In October 2017, the Ministry of Investment and International Cooperation launched an interactive investment map, which aims to provide a comprehensive view of available investment opportunities across Egypt. The map is intended to encourage new projects and business opportunities by permitting potential investors to search for investment opportunities by geographical location, economic sector or project. The investment map also identifies utilities and infrastructure in the project area and identifies the relevant Government authority to contact for further information. The development of a management system to promote the sustainability of the investment map and to allow local government authorities to update the map is ongoing.

- *Egypt Entrepreneurship Programme*: Pursuant to the New Investment Law, the Ministry of Investment and International Cooperation established the Egypt Entrepreneurship Programme, which aims to promote entrepreneurship, facilitate economic and social development and create employment opportunities, particularly for youth and women. The Egypt Entrepreneurship Programme: (i) provides funding opportunities to potential enterprises, including through, Egypt Ventures, a fund with a capital of LE 451 million to support direct and indirect investments in emerging companies, small firms, business incubators, venture capital funds and various other companies; (ii) offers four-month accelerator programmes that offer select entrepreneurs technical, commercial and financial support; (iii) offers consulting services and educational opportunities through its entrepreneurship services centres; and (iv) promotes the development of additional programmes and regulations to support investors and entrepreneurs, such as, *inter alia*, crowdfunding, angel funds and venture capital funds.

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

The Government has also announced several large infrastructure projects designed to increase economic growth and employment, in particular, the Suez Canal Development Projects. See "*The Economy—Transport and Warehousing—Suez Canal*". Other national projects are currently being implemented, including the New Capital City Project, the building of one million houses around greater Cairo, the national roads improvement programme, reclamation of one million acres of land, various renewable energy projects, the "Golden Triangle", which is aimed at exploiting the natural resources in the region between Qena, Quseir and Safaga, while developing the area for touristic, industrial, commercial and agricultural activities, and a construction project focused on regenerating certain areas of the Sinai peninsula. The Government has announced its intention to move Government buildings to the new capital city by June 2020.

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

In June 2018, Law № 95 of 2018 was issued to regulate the work of the Industrial Development Authority, the Industrial Zones Support Fund and the Industrial Development's usages of Government-owned property. This law permits Government-owned properties to be allocated to certain manufacturers who meet certain criteria set by the Prime Minister.

In July 2018, Law № 157 of 2018 was issued to establish the Upper Egypt Development Authority (the "**UEDA**"). The UEDA aims to establish plans and policies to accelerate development and investment in Upper Egypt.

In August 2018, Law № 177 of 2018 was issued to establish a sovereign fund, the Misr Fund. This fund's main objective is to contribute to economic development by utilising and investing its assets and funds according to international standards. The President may (upon the Prime Minister's recommendation) transfer the ownership of the Republic's unutilised private assets to the Misr Fund or to any of its subsidiary funds, following consultation with the Ministry of Finance and the relevant ministry.

MONETARY SYSTEM

Central Bank of Egypt

The CBE, founded in 1961, is an autonomous public legal entity and is governed by Law № 88 of 2003 (the "**CBE Law**"), which outlines the CBE's authority and responsibilities. The CBE is the issuer of all Egyptian currency and banknotes. It is responsible for formulating and implementing monetary, credit and banking policy, maintaining price stability, managing the Republic's gold and foreign reserves and regulating and supervising the banking sector.

The CBE has announced that it is reviewing the CBE law, with the aim of proposing certain amendments to the House of Representatives. No proposals have yet been submitted.

Monetary Policy

Since 2005, the CBE has taken various steps to modernise its monetary policy formulation and operations. Several institutional and operational changes have been initiated to facilitate monetary policy formulation and assessment and provide the foundations for formally adopting an inflation-targeting regime, once certain pre-requisites have been met, including, *inter alia*, the CBE being in a position to announce annual inflation targets, the further enhancement of the CBE's data gathering and forecasting systems and developing a communication strategy. The monetary policy framework is published on the CBE's website.

On 3 November 2016, the CBE announced the liberalisation of the exchange rate and raised benchmark policy rates by 300 basis points at an extraordinary MPC meeting. Since November 2016, the CBE has maintained a policy of non-intervention in the foreign exchange market in order to preserve the CBE's foreign assets. See "*—Foreign Exchange*".

In March 2017, the CBE published its first quarterly monetary policy report on the CBE's website, with the objective of increasing transparency regarding the assessment of economic conditions and monetary policy decision-making. On 21 May 2017, the CBE announced its inflation target of 13% by the fourth quarter of 2018 and single digits thereafter. This announcement formed part of the CBE's efforts to anchor inflation expectations for the medium-term, targeting lower and stable inflation, and emphasising the CBE's commitment to its price stability mandate. See "*Risk Factors—Risk Factors Relating to Egypt—The Egyptian economy is experiencing, and may continue to experience, high inflation*".

Between November 2016 and July 2017, the MPC raised benchmark policy rates by an aggregate of 700 basis points, with the aim of anchoring inflation expectations and containing demand-side pressures and second-round effects of the liberalisation of the exchange rate and the implementation of fiscal reforms on inflation.

As a result of the moderation of underlying inflationary pressures, on 15 February 2018, the MPC reduced the overnight deposit rate, the overnight lending rate and the discount rate by 100 basis points each, to 17.75%, 18.75% and 18.25%, respectively. This was the first reduction of the CBE's key policy rates since 2015 and was intended to support the CBE's policy of an inflation target of 13% by the fourth quarter of 2018 and single digits thereafter. On 29 March 2018, the MPC reduced the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate by a further 100 basis points to 16.75%, 17.75%, 17.25% and 17.25%, respectively. On 14 February 2019, the MPC reduced the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate by a further 100 basis points each to 15.75%, 16.75%, 16.25% and 16.25%, respectively. See "*Monetary System—Inflation and Interest Rates*".

Institutional developments

The Coordinating Council on Monetary Policy, headed by the Prime Minister, was established in January 2005 to enhance consistency between monetary and fiscal policy.

The MPC convenes every six weeks to decide on appropriate actions with respect to key policy rates. The MPC consists of six members including the CBE's Governor, two deputy governors and three members of the CBE's Board of Directors. To enhance transparency, the MPC's decisions are communicated to the market through a monetary policy statement, which is released on the CBE's website following each MPC meeting.

Operational developments

In December 2004, the CBE formally launched an online interbank system for foreign exchange trading by consolidating the supply of foreign exchange in the banking system. As a result, most banks became capable of satisfying their clients' foreign exchange needs, which, in turn, reduced the parallel market and caused the Egyptian Pound to appreciate against

the U.S. Dollar at the time. On 30 December 2012, the CBE introduced an auction mechanism alongside the foreign exchange interbank system (the "**FX Auction**").

In June 2005, the CBE introduced an interest rate corridor for the CBE's two standing facilities, the overnight lending and a deposit facility. The interest rates on the two standing facilities define the ceiling and floor of the corridor. By setting the rates on the standing facilities, the MPC determines the corridor within which the overnight rate can fluctuate. Steering the overnight rate within this interest rate corridor is the operational target of the CBE.

In October 2009, the CBE introduced a core CPI index, derived from the headline CPI published monthly by CAPMAS. The core CPI index excludes fruit and vegetable prices, which largely depend on volatile weather and harvest conditions, and excludes administered/regulated prices. The index has helped the CBE better formulate and communicate its views on underlying inflationary pressures. The core CPI index has also served as an important tool in efforts to prevent inflationary spill-over from food and certain energy price volatility. In March 2011, as part of the monetary policy measures taken by the CBE to manage market liquidity following the 2011 Revolution, the CBE introduced repurchasing agreements to its monetary policy operational framework. The CBE decided to use a seven day repurchasing agreement as the main monetary policy tool, issued each Tuesday. In June 2012, the CBE added longer term 28-day repurchasing agreements to its monetary policy operational framework to be issued once every month. On 2 April 2013, deposit operations were designated as a tool to absorb excess liquidity.

Since October 2013, the CBE has conducted seven-day deposit auctions with a fixed interest rate equal to the key policy rate as its main open market operational tool. On 3 November 2016, the CBE introduced variable-rate deposit auctions with tenors of more than seven days for liquidity management purposes.

Since April 2018, the CBE has primarily relied on indirect policy instruments, such as deposit auctions and standing facilities, to aim to control liquidity. The CBE has also established a joint Cash Coordination Committee with the Ministry of Finance in order to strengthen its liquidity forecasting capacity by enhancing mutual information sharing.

The Egyptian Banking Sector and Reform

As at 30 September 2018, there were 38 banks registered with the CBE, with 4,177 operating branches throughout Egypt. In addition, the financial intermediation sector also includes non-bank financial institutions, such as brokerage firms, investment banks and mutual funds. The financial intermediation sector contributed 3.7% to GDP in 2013/14, 3.8% to GDP in 2014/15, 4.1% to GDP in 2015/16, 3.9% to GDP in 2016/17 and 3.8% to GDP 2017/18. See "*The Economy—Production Services Sector—Financial Intermediation*".

The financial intermediation sector has shown strength in recent periods, with private credit growth increasing for three consecutive years in 2015/16, 2016/17 and 2017/18, primarily due to growth in both private and public sector lending. In particular, the stock of private sector credit increased by 9.8% in 2017/18, as compared to 39.4% in 2016/17. Newly-issued private credit was LE 105 billion in 2017/18, as compared to LE 302.7 billion in 2016/17. The increase in newly-issued private credit was primarily due to an increase in industrial and commercial loans granted.

The following table sets forth statistics regarding the Egyptian banking sector, as at 30 June for the years indicated.

Structure of the Egyptian Banking System

As at 30 June

2014		2015		2016		2017		2018	
Banks	**Branches**	**Banks**	**Branches**	**Banks**	**Branches**	**Banks**	**Branches**	**Banks**	**Branches**
40	3,710	40	3,766	38	3,882	38	4,009	38	4,155

Source: CBE

The divestiture of public sector banks' stakes in joint venture banks has had a positive impact on Egypt's banking sector, as it has attracted a number of European and regional banks (such as, Intesa Sanpaolo, Emirates NBD Group and Attijariwafa Bank). International banks, which were already active in the Egyptian banking sector (such as, *Crédit Agricole*), have consolidated their positions in the market, either through new acquisitions or through raising their shareholdings in their existing Egyptian subsidiaries.

The following table sets forth the aggregate financial position of banks in Egypt as at the dates indicated.

Aggregate Financial Position of Banks

	As at 30 June					As at 30 November
	2014	**2015[1]**	**2016**	**2017**	**2018[1]**	**2018**
			(LE millions)			
Assets						
Cash	27,276	27,381	31,432	57,471	68,332	54,286
Securities and Investments Treasuries	825,524	1,016,025	1,283,616	1,537,036	1,680,811	1,794,008
CBE Notes & Certificates of Deposit						
Balances with Banks in Egypt	174,786	240,336	374,644	876,544	1,165,139	1,300,309
Loans and Discounts	*963*	*1,500*	*1,682*	*4,713*	*3,807*	*3,577*
Balances with Banks	78,742	54,834	51,074	283,966	250,443	157,897
Loans and Discounts	*2,284*	*1,520*	*1,391*	*2,502*	*4,730*	*2,099*
Loans and Discount Balances for customers	587,852	717,999	942,727	1,426,457	1,629,664	1,770,716
Other Assets	122,693	142,404	162,601	239,386	286,181	500,722
Total Assets	**1,816,873**	**2,198,979**	**2,846,094**	**4,420,860**	**5,080,570**	**5,577,938**
Liabilities and Capital						
Capital	77,555	92,550	100,726	128,420	149,119	150,586
Reserves	47,022	50,080	63,002	185,846	213,732	201,679
Provisions	62,777	66,049	66,880	107,859	109,294	113,797
Long-Term, Loans and Bonds	30,168	38,453	48,532	123,960	145,581	152,886
Obligations to Banks in Egypt	17,858	20,763	60,551	286,116	296,839	338,973
Obligations to Banks abroad	14,699	30,147	86,060	194,551	188,189	216,684
Total Deposits	1,429,432	1,734,178	2,116,117	3,027,811	3,553,634	3,745,456
Other Liabilities, *of which:*	137,362	166,759	304,226	366,297	424,182	657,877
Cheques Payable	*6,880*	*8,175*	*10,984*	*12,300*	*13,281*	*13,459*
Total Liabilities	**1,816,873**	**2,198,979**	**2,846,094**	**4,420,860**	**5,080,570**	**5,577,938**

Source: CBE

Note:
(1) Since March 2015, data relating to Arab International Bank have been included in data relating to the aggregate financial position of banks in Egypt.

The following table sets forth the composition of deposits with all domestically operating banks as at the dates indicated.

Aggregate Financial Position of Banks[1]

	As at 30 June					As at 30 November
	2014	**2015**	**2016**	**2017**	**2018**	**2018**
			(LE millions)			
Total Deposits	**1,429,432**	**1,734,178**	**2,116,117**	**3,027,810**	**3,553,634**	**3,745,456**
Demand Deposits	215,870	308,915	354,033	527,044	634,011	662,285
Time and saving deposits and saving accounts	1,157,976	1,330,179	1,641,305	2,319,072	2,726,770	2,803,187
Blocked or retained deposits	55,586	95,084	120,779	181,694	192,853	279,984
Local Currency Deposits	**1,093,686**	**1,369,674**	**1,691,590**	**2,120,786**	**2,721,419**	**2,897,016**
Demand Deposits	150,297	236,440	275,374	368,774	475,434	507,690
Time and saving deposits and saving accounts	907,531	1,054,047	1,318,564	1,618,131	2,093,869	2,152,329
Blocked or retained deposits	35,858	79,187	97,652	133,181	152,115	236,998
Foreign Currencies Deposits	**335,747**	**364,504**	**424,527**	**907,024**	**832,216**	**848,439**
Demand Deposits	65,573	72,475	78,659	158,270	158,577	154,595
Time and saving deposits and saving accounts	250,445	276,132	322,741	700,941	632,900	650,858
Blocked or retained deposits	19,728	15,897	23,127	47,813	40,739	42,986

Source: CBE

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

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

Banking Sector Financial Soundness Indicators[1][2]

	As at 30 June					As at 30 September
	2014	**2015**	**2016**	**2017**	**2018**	**2018**
			(%)			
Regulatory capital to risk-weighted assets[3]	13.9	14.5	14.0	14.5	15.6	16.0
Leverage ratio	—	—	4.8	6.2	6.3	6.4
NPLs to total loans	8.5	7.1	6.0	5.5	4.3	4.4
Loan provisions to NPLs	98.9	99.0	99.1	99.1	98.1	98.1
Return on average assets	1.3	1.5	2.0	2.0	1.5	1.5
Return on average equity	18.9	24.4	30.9	30.9	21.5	21.5
Liquidity Ratios						
Local currency	62.7	59.7	55.4	47.7	40.5	42.2
Foreign currency	57.4	52.0	60.2	65.7	67.5	63.1
Loans to deposits	40.8	40.9	47.0	47.2	45.9	45.8

Source: CBE

Notes:

(1) The fiscal year ends 30 June for public sector banks and 31 December for other banks.

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

(3) Basel II regulations introduced in December 2012 applied with effect from December 2012 to all banks whose fiscal year ends in December, and from June 2013 to those banks whose fiscal year ends in June.

The CBE has embarked on a banking sector reform programme launched in September 2004. Since then, significant progress has been made in the banking sector, foreign exchange market and monetary policy. Improvements have included the consolidation of the banking sector, the divestiture of state-owned banks' stakes in joint venture banks, the strengthening of the capital base of Egyptian banks, the strengthening of the supervisory capacity of the CBE and the gradual provisioning of NPLs.

Despite the economic turbulence of recent years, the banking sector has generally maintained liquidity and credit quality. In 2012, Basel II was implemented, and the CBE is currently in the process of implementing Basel III. In this respect, the CBE has introduced regulations regarding the liquidity coverage ratio, net stable funding ratio, leverage ratio, the conservation buffer and criteria for determining "Domestic-Systemically Important Banks". See "*—Banking Supervision—Basel II and Basel III*". In addition, the CBE is working on strengthening the macro-prudential supervision framework through regular stress testing to ensure the safety and stability of the banking system.

In August 2016, the CBE provided interest free, ten-year subordinated loans to National Bank of Egypt, Banque Misr and Banque du Caire in an aggregate principal amount of LE 31 billion, in order to support the banks' capital bases. The CBE has also granted interest free loans in the amount of LE 10 billion to the Agricultural Bank of Egypt and deposit support in the amount of LE 2.5 billion to the Industrial Development Bank in order to support the banks' capital bases.

The CBE is working on a number of initiatives to encourage financial inclusion, in particular for women, youth and micro, small- and medium-sized companies ("**MSMEs**"). See "*—SME and MSME Financing*"

MSMEs have been identified as a priority sector. Initiatives introduced by the CBE to support this sector include: (i) issuing a unified definition for SMEs, setting an SME lending target of 20% of banks' loan portfolios by 2020 and offering subsidised rates for SMEs; (ii) promoting business development service hubs; (iii) developing an Egyptian market-tailored SME rating model in collaboration with S&P; and (iv) establishing a LE 2 billion guarantee trust fund that targets SMEs and supports start-ups. Between the launch of such initiatives in December 2015 and June 2018, the loan portfolios of MSMEs increased to encompass 451,000 companies.

Other MSME initiatives that are in progress include: (i) enabling banks to establish private equity funds that directly invest in small businesses through equity financing; (ii) establishing a digital platform to support the provision of non-financial services to small firms; and (ii) co-ordinating with relevant stakeholders to establish an investment map and e-commerce facilities for an agricultural sector platform.

In November 2016, a law was passed transferring supervision of the Agriculture Bank of Egypt from the Ministry of Agriculture to the CBE and changing the structure and mandate of the bank. A technical assistance agreement has been entered into between the Agricultural Bank of Egypt and Rabo International Advisory Service Co. to support the restructuring of the Agriculture Bank of Egypt to become a more broad-based rural retail bank. The first phase of this

restructuring will consist of an operational review that is expected to lead to the setting of a strategy and business plan (including value chain financing), as well as the revising of the bank's organisation structure and human resources polices. The second phase of the restructuring will consist of the implementation of the business plan. In parallel with this process, the CBE is collaborating with a number of international donors and technical institutions, including *L'Agence Francaise de Developpement*, the UN Industrial Development Organisation and the U.S. Agency for International Development ("**USAID**"), on projects aimed at enhancing the agricultural sector through analysis and financing of the value chain, promotion of renewable energy, development of banking products and training and increasing the efficiency of banking staff.

In April 2016, the Industrial Development Bank announced the development and implementation of a reform strategy, which is still in the process of being implemented. To date, the Industrial Development Bank has increased its finance position, deposits and net profit and decreased its loan to deposit ratio as a result of initiatives introduced as part of this strategy.

In December 2017, the Export Development Bank of Egypt, the African Export Import Bank (Afreximbank) and the Export Credit Guarantee Company of Egypt entered into a U.S.$500 million agreement to form an Export Credit Support Scheme ("**ECSS**") Programme. The ECSS programme offers a combination of funded and unfunded programmes, products and services designed to help Egyptian exporters increase exports to the African market.

The CBE, in cooperation with EBRD, the MENA Transition Fund, a fund backed by donor and partner countries including, *inter alia*, the United States, the United Kingdom, Germany, the UAE, Japan and Canada, and the African Development Bank, has implemented the first phase of an initiative aimed at: (i) creating a single, integrated system for treasury bonds and treasury bills; (ii) improving access to government securities for use as collateral; and (iii) deepening liquidity in the secondary market. Phase one of the initiative targeted enhancing liquidity for local government securities by creating a central securities depository. The central securities depository is comprised of: (i) core systems components, including a primary market auction system, a secondary market collateral management system and an electronic trading platform; (ii) data warehouses and an information dissemination platform; and (iii) a yield curve pricing model for government securities. The second phase is expected to include an electronic trading platform, data warehouses and an information dissemination platform.

Non-Performing Loans

The CBE's reform programmes implemented between 2004 and 2010 to address NPLs developed a variety of approaches and programmes, which has facilitated the repayment of more than 90% of NPLs in the banking sector (excluding debts of the public sector enterprises, which were separately settled). System-wide NPLs declined from 8.5% as at 30 June 2014 to 4.3% as at 30 June 2018, with provisioning coverage at 98.9% as at 30 June 2014 and 98.1% as at 30 June 2018, respectively. Stress tests regularly performed by the CBE suggest that plausible losses could be absorbed by banks' profits and capital buffers and the system's foreign exchange rate exposure is not significant.

As at 30 June 2018, the ratio of banking sector NPLs to total loans was 4.3% (as compared to 5.5% as at 30 June 2017) and the ratio of regulatory capital to risk-weighted assets was 15.6% (as compared to 14.5% as at 30 June 2017). The banking sector local currency liquidity ratio was 40.5% as at 30 June 2018 (as compared to 47.7% as at 30 June 2017) and the foreign currency liquidity ratio was 67.5% (as compared to 65.7% as at 30 June 2017). As at 30 September 2018, the ratio of banking sector NPLs to total loans was 4.4%, the ratio of regulatory capital to risk-weighted assets was 16.0%, the banking sector local currency liquidity ratio was 42.2% and the foreign currency liquidity ratio was 63.1%.

Banking Supervision

The objective of the Banking Supervision Sector at the CBE is to maintain the financial stability of the banking system, as well as the financial soundness of banks operating in Egypt. The Banking Supervision Sector aims to achieve this objective through the issuance of regulations by the Regulations Department, as well as through on-site and off-site supervision, macro-prudential surveillance and by adopting a risk-based approach to supervision.

Reporting of prudential requirements, periodical financial data and credit registry data by banks takes place via electronic linkage between banks and the CBE. The first private credit bureau, I-Score, which was established by 25 Egyptian banks and the Social Development Fund and commenced operations in the first quarter of 2008, provides credit information on natural persons and SMEs to its members, including financial institutions, mortgage lenders, credit card companies and mobile phone operators.

Other key regulations currently imposed by the CBE on the banking sector include:

- *Basel II and Basel III:* The application of the executive instructions of Basel II standards to the Egyptian banking system commenced in 2012 and the standards have been effective for all banks since June 2013. In the context of the implementation of Pillar II of the Basel II framework, in September 2014, the CBE issued its Internal Control regulation, and, in March 2016, the CBE issued its Internal Capital Adequacy Assessment Process (ICAAP). In 2011, the Basel Committee on Banking Supervision agreed on a new standard, Basel III, which, *inter alia*, set new capital, liquidity and leverage requirements to be applied by 2019. In response, the CBE began implementing the Basel III requirements in the Egyptian banking sector, issuing regulations in July 2015, April 2016 and July 2016, regarding leverage ratios, capital conservation buffers and liquidity coverage ratios, respectively, which are being implemented according to the timetable set by the Basel Committee (see "—*Liquidity requirements*"). In addition, in May 2017, the CBE issued its methodology required to identify "Domestic Systemically Important Banks" and the additional capital charge calculations for such banks, which will take effect in January 2019. In October 2018, the CBE issued regulations regarding the "Interest Rate Risk in the Banking Book", which take into consideration the standards issued by the Basel Committee in April 2016. The CBE is also in the process of finalising draft disclosure regulations, which are expected to be issued in 2019.

- *Capital requirements*: The minimum requirement for paid-up capital is LE 500 million for domestic banks and U.S.$50 million for branches of foreign banks.

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

- *Reserve requirements*: Banks are required to maintain 14% of banks' deposits in local currency and 10% of banks' deposits in foreign currencies with the CBE. Local currency reserves are non-interest bearing, while foreign currency deposits receive interest at the London Interbank Bid Rate.

- *Liquidity requirements*: Banks are required to comply with a liquidity ratio of not less than 20% on the local portion of deposits and 25% in respect of the foreign portion. In order to prepare for the implementation of certain elements of Basel III, in July 2016, a new regulation on liquidity risk was issued, which requires banks to comply with two new ratios: a liquidity coverage ratio ("**LCR**") and a net stable funding ratio ("**NSFR**") of 100% in local and foreign currencies. According to the timetable set by the Basel Committee, the NSFR shall become effective immediately, while the minimum LCR requirement was 70% in 2016, increasing to 80% in 2017, 90% in 2018 and 100% in 2019.

- *Exposure limits*: In November 2017, the CBE decreed that a bank's long position in any single currency must not exceed 10% of its capital base, while total long positions in all currencies must not exceed 20% of the capital base. Similarly, a bank's short position in any single currency must not exceed 10% of its capital base, while total short positions in all currencies must not exceed 20% of the capital base.

- *Asset classification and provisioning*: The instructions concerning asset classification and provisioning issued in 1991 were replaced by regulations issued by the CBE in May 2005, to be adopted by banks in December 2005. These regulations include standards for creditworthiness and provisioning, taking into consideration the obligor risk rating for loans granted to business organisations, grading the credit risk inherent to a customer into ten categories, and required provisioning (0% to 5% as general provision, and 20%, 50%, 100% as specific provision). The regulations allow some collateral to be taken under specific conditions and include standards for consumer and SME lending and provisioning.

- *IFRS 9*: The CBE is working with the banking sector to implement IFRS 9. In January 2018, the CBE released a circular regarding the implementation of IFRS 9, requiring banks to: (i) begin to prepare their financial statements in accordance with IFRS 9 beginning in 2019; (ii) present the CBE with a plan detailing the timeline for the implementation of IFRS 9; (iii) prepare financial statements from 31 March 2018 based on existing standards, with separate financial statements also to be prepared reflecting the application of IFRS 9; (iv) assess the expected quantitative impact of IFRS 9; (v) present the CBE with quarterly capital adequacy ratio reports showing the impact of the trial application of IFRS 9; (vi) ensure that all applications and forms used by the bank are compatible with the requirements of IFRS 9 and related standards; and (vii) put in place risk provisions for IFRS 9 amounting to 1% of total weighted credit risk (to be calculated based on net profit (after tax) for 2017). Pursuant to the circular, banks' boards of directors or regional managers are required to oversee the implementation of the rules outlined in the circular and to undertake all actions to ensure the implementation of IFRS 9.

- *Money Market Fund (“**MMF**”)*: In January 2016, the CBE amended the MMF regulation to prohibit banks from holding more than 2.5% of the total bank’s deposits in local currency in MMF and fixed income funds or to hold 50 times the maximum limit of total bank’s share in total MMFs (calculated as 2% of its going concern capital common equity), whichever is lower.

- *Credit exposure limits*: Permitted exposure to a single borrower and its related parties was lowered in January 2016 to 15% and 20%, respectively, compared to 20% and 25% in the past. Total exposures exceeding 10% of a bank’s capital base should not exceed eight times its capital base. In addition, the regulation requires the risk weighting to be increased for the purposes of calculating CARs where the total credit facilities granted to the top 50 bank’s clients and their related parties exceed 50% of the bank’s credit portfolio. In addition, the total exposure of foreign banks’ branches to the top 50 clients and their related parties must not exceed 50% of the bank’s capital base.

- Current exposure limits to connected parties are as follows:

  - Banks are not allowed to grant any type of credit facilities or guarantees to their board of directors, external auditors or their respective connected parties, as well as certain major shareholders and their respective connected parties.

  - In respect of a single client and its related parties and major legal entity shareholders not represented on the board of directors:

    - For public companies, the exposure should not exceed 5% of a bank’s capital base and the total exposures to these companies should not exceed 10% of a bank’s capital base.

    - For private companies, the exposure should not exceed 2% of a bank’s capital base and the total exposures to these companies should not exceed 5% of a bank’s capital base.

    - Bank management other than board members and a bank’s subsidiaries are to be treated on an arm’s-length basis.

- *Country and counterparty limits of banks exposures*: Banks are also required to limit their exposure to single countries, financial institutions and financial groups, based on the bank’s capital base and the relevant country’s credit ratings and GDP. Any excess exposure to a single country must be approved in advance by the CBE. The regulation sets the following limits on exposure to a single financial group:

  - for investments in a foreign bank, 10% of the local bank’s total exposures invested abroad or 40% of the bank’s capital, whichever is the lower;

  - for investments in any financial group, 50% of the bank’s capital base; and

  - for investments by a branch of a foreign bank in its head office, branches and affiliated banks and institutions in all countries, up to 100% of its capital base.

- *Equity Participation*: Banks may own up to 40% of the issued capital in non-financial companies and 100% of financial companies. The total value of these shares must not exceed a bank’s total capital base. Any excess exposure to non-financial companies is subject to impairment.

- *Developer and Acquisition Finance*: Among other specified general rules, banks are required to increase the risk weights applicable to high risk transactions, such as developer finance and acquisition finance, while setting a limit on the total acquisition finance portfolio related to each bank’s total loan portfolio.

- *Debt to Income Regulation*: According to CBE regulations, a bank must not grant finance to a retail client if its debt to income ratio exceeds 35% of its total monthly income after deduction of taxes and social security. This ratio may be increased to 40% for mortgage financing for housing to low and middle income clients, in accordance with the mortgage finance initiative of the CBE.

- *Acquisition Finance Regulation*: Amendments to the acquisition finance regulation have been introduced, which impose: (i) increased risk weighting for the financing of certain acquisitions; (ii) reduced limits on a bank’s acquisition portfolio for acquisition financing (to 2.5% of the bank’s total loan portfolio) and limits on acquisition financing transactions with single customers and their related parties (to 0.5% of the bank’s total loan portfolio);

and (iii) a restriction on the value of the bank's total acquisition financing portfolio, which should not exceed 50% of the value of the total acquisitions comprising the portfolio.

Banking Sector Governance

Applying governance rules has become one of the main pillars of the second phase of the banking reform programme. In this respect, bank governance rules were approved by the Board of Directors of the CBE in August 2011. A decree-law was also issued in October 2011, amending certain provisions of the Law of the Central Bank, the Banking Sector and Money № 88 of 2003, which provides for increased governance and conflict of interest rules to be followed by the CBE's Board of Directors.

In September 2018, the CBE issued a circular increasing the frequency of its board meetings to twelve per year and permitting board members to attend up to four board meetings per year by way of video or tele-conference. In January 2019, the CBE issued a circular amending the frequency of its board meetings to eight per year, with board members permitted to attend up to two board meetings per year by video or tele-conference.

Bancassurance Regulation

The CBE has amended the bancassurance regulation to provide for Islamic insurance products.

Mobile payments Regulation

The CBE has amended the mobile payments regulation to permit transfers from abroad to family members through mobile phones.

SME and MSME Financing

As part of the banking sector reform in Egypt, an initiative was launched to enhance access to finance with a special focus on SMEs. Accordingly, the CBE's Board of Directors' issued a decree in December 2008 exempting direct finance to certain SMEs from the reserve requirements and enhancing coordination among the relevant authorities.

In 2014, Law № 141 of 2014 was enacted, which set the maximum limit for financing projects in the microfinance sector at LE 100,000.

In 2015, the CBE launched a series of initiatives to encourage MSME financing, including: (i) providing unified definitions for MSMEs based on their annual revenue; (ii) requiring banks to increase the percentage of loans provided to MSMEs to 20% of their total lending portfolio over the subsequent four years; (iii) exempting banks from reserve requirements in respect of the full amount of credit facilities granted to small enterprises with a 5% interest rate and giving priority to industrial enterprises targeting import substitution and export amplification; (iv) supporting medium-sized companies working in the industrial, agricultural and renewable energy sectors by granting them medium and long-term loans with a 7% interest rate to fund their capital expenditure and short term facilities with a 12% interest rate to finance their working capital, which was terminated in March 2018; (v) decreasing the minimum limit for the annual turnover of small enterprises operating in the agri-business, fisheries, poultry and livestock sectors to LE 250,000 rather than LE 1.0 million in order to allow such enterprises to benefit from small enterprises initiatives.

Ownership in Banks

The CBE's written consent is required to acquire a stake greater than 10% in an Egyptian bank, and the CBE must be notified if ownership exceeds 5%.

Anti-Money Laundering and Combating Terrorism Measures

Banks are required to determine the identities and the legal status of their customers and report all suspicious transactions to the Anti-Money Laundering and Combating Financial Terrorism units for the CBE. Each bank must appoint a compliance officer to ensure the effective application of the laws and to assess the effectiveness of such bank's anti-money laundering system. The banking sector also applies the relevant provisions of the U.S. Foreign Account Tax Compliance Act, as amended.

Mortgage finance initiative to low and middle income individuals

Recognising the banking sector's role in supporting mortgage finance, in February 2014, the CBE introduced a mortgage finance initiative aimed at low and middle income borrowers by providing a fund of LE 20 billion over a maximum period

of 20 years and with lower interest rates ranging from 5% to 10.5%. This fund is supplied to banks for on-lending as mortgages to low and middle income borrowers. The scope of the initiative was widened in February 2016 by adding tranches aimed at "below low income" borrowers and "above middle income" borrowers.

Tourism sector initiatives

In March 2013, the CBE launched an optional incentive initiative for banks in support of the tourism sector. The initiative is designed to postpone debt instalments and delay all outstanding or current dues on long-term or short-term credit. This initiative has been extended until December 2019. During 2019, all requests to postpone debt instalments are being reviewed on a case-by-case basis.

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

Import transaction regulations

A series of regulations were issued in respect of import transactions in December 2015, January 2016 and February 2016 to preserve Egypt's limited foreign currency reserves and direct such resources to imports of raw materials and basic goods. These regulations included the following:

- limiting the execution of import transactions to those executed through documents of collection negotiated through banks (*i.e.*, bank-to-bank), subject to certain specified exceptions;
- raising the minimum cash margin required for import transactions for trading purposes to 100% from 50%, subject to certain exceptions;
- establishing the minimum cash margin for import transactions executed through deferred unconfirmed bills of collection as 100%, subject to certain exceptions with respect to strategic goods;
- removing restrictions on imported commodities (not for trading purposes), such as raw materials used in production; and
- prohibiting certain refinancing of import transactions for trading purposes.

On 28 November 2017, the CBE issued a circular removing all withdrawal and deposit limits on foreign currencies for companies importing non-priority products. This circular removed both the monthly U.S.$50,000 cash deposit cap for non-priority goods and the monthly U.S.$30,000 cash withdrawal cap that were previously in place.

In May 2018, the CBE issued a circular addressing the facilitation of import transactions, which (i) exempts MSMEs importing staple food products from the 100% minimum cash margin for import transactions for trading purposes and (ii) permits documents of collection for all categories of imported goods to be negotiated directly with customers, rather than on a bank-to-bank basis.

Other initiatives

In May 2018 and June 2018, the CBE issued two circulars establishing procedures requiring non-governmental organisations to be licensed by the Ministry of Solidarity before they are permitted to open a bank account for the acceptance of donations.

In August 2018, the CBE issued a circular establishing a definition of "women-owned businesses" with the aim of improving data collection.

In September 2018, the CBE issued a circular establishing a data repository for customer data with the aim of identifying gaps in supply and demand and improving the accuracy of financial inclusion rates.

Inflation and Interest Rates

Inflation, as measured by the CPI, was 10.1% in 2011, 7.1% in 2012, 9.5% in 2013, 10.1% in 2014, 10.4% in 2015, 13.8% in 2016, 29.5% in 2017 and 14.4% in 2018. The decrease in inflation between 2011 and 2012 was largely driven by the decline in prices of fresh vegetables, as well as lower prices for butane gas cylinders. Subsequent increases in inflation have been primarily due to increases in prices of core food and regulated items, in particular as a result of the introduction by the Government of a reformed energy subsidy programme and higher electricity tariffs since July 2014, which have

partially offset the impact of lower international energy prices. See "*The Economy—Production Sectors—Electricity*" and "*Public Finance—Social Spending and Subsidies*".

In line with the targets set out in the EFF with the IMF, in November 2016, the CBE announced the move to a liberalised exchange rate regime, by devaluing the Egyptian Pound and allowing it to float freely. This followed the implementation of other reforms under the EFF, including, *inter alia*, the implementation of the VAT law, the reduction of subsidies on petroleum products and increases in transportation prices. As a result of all of these factors, headline CPI increased to 23.3% in December 2016, as compared to 13.6% in October 2016.

The CBE has implemented a number of monetary policy initiatives aimed at containing inflationary pressures. Between November 2016 and July 2017, the MPC raised benchmark policy rates by an aggregate of 700 basis points, with the aim of anchoring inflation expectations and containing demand-side pressures and second-round effects of the liberalisation of the exchange rate and the implementation of fiscal reforms on inflation. Tighter real monetary conditions supported a decline of annual headline inflation between August 2017 and October 2017.

As a result of the moderation of underlying inflationary pressures, on 15 February 2018, the MPC reduced the overnight deposit rate, the overnight lending rate and the discount rate by 100 basis points each, to 17.75%, 18.75% and 18.25%, respectively. This was the first reduction of the CBE's key policy rates since 2015 and was intended to support the CBE's policy of an inflation target of 13% by the fourth quarter of 2018 and single digits thereafter. On 29 March 2018, the MPC reduced the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate by a further 100 basis points to 16.75%, 17.75%, 17.25% and 17.25%, respectively. On 14 February 2019, the MPC reduced the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate by a further 100 basis points each to 15.75%, 16.75%, 16.25% and 16.25%, respectively.

On 21 May 2017, the CBE announced its inflation target was 13% by the fourth quarter of 2018 and in the single digits thereafter. This announcement formed part of the CBE's efforts to anchor inflation expectations for the medium-term, targeting lower and more stable inflation, and emphasising the CBE's commitment to its price stability mandate.

Inflationary pressures have shown signs of containment in 2018. Annual headline inflation, as measured by the CPI, and core urban inflation declined for the tenth consecutive month to 11.4% and 11.1%, respectively, in May 2018, having peaked at 33.0% and 35.3%, respectively, in July 2017. In June 2018, the Government implemented a third round of subsidy reform measures, increased prices on fresh fruits and vegetables, as well as certain other regulated items, and implemented the Universal Health Insurance Law, which raised taxes on tobacco products. As a result, annual headline inflation increased to 17.7% in October 2018 from 11.4% in May 2018. Core urban inflation also increased to 8.9% in October 2018, from 8.5% in July 2018. These price increases also contributed to a widening of the spread between annual headline inflation and core urban inflation between June 2018 and October 2018. Since October 2018, annual headline inflation has declined to 15.7% in November 2018 and 12.0% in December 2018, in line with the CBE's inflation target of 13% by the fourth quarter of 2018. The decline in inflation was primarily due to a decline in prices of fresh vegetables.

Annual headline inflation, as measured by the CPI, was 12.7% in January 2019, as compared to 12.0% in December 2018, 15.7% in November 2018, 17.7% in October 2018, 16.0% in September 2018, 14.2% in August 2018, 13.5% in July 2018, 14.4% in June 2018, 11.4% in May 2018, 13.1% in April 2018, 13.3% in March 2018, 14.4% in February 2018 and 17.1% in January 2018. Core urban inflation was 8.3% in December 2018, as compared to 7.9% in November 2018, 8.9% in October 2018, 8.6% in September 2018, 8.8% in August 2018, 8.5% in July 2018, 14.4% in June 2018, 11.1% in May 2018, 11.6% in April 2018, 11.6% in March 2018, 11.9% in February 2018 and 14.4% in January 2018. In December 2018, the CBE announced a new inflation target of 9% by the fourth quarter of 2020.

The Government intends to continue to pursue its comprehensive economic reform programme with the aim of achieving sustainable and inclusive growth and aims to gradually eliminate fuel subsidies. This may increase inflationary pressures, which will be monitored by the CBE.

See "*Risk Factors—Risk Factors Relating to Egypt—The Egyptian economy is experiencing, and may continue to experience, high inflation*", "*—The Central Bank of Egypt—Monetary Policy*", "*—Foreign Exchange*" and "*—The Egyptian Banking Sector and Reform*".

The following table sets forth annual headline inflation rates as measured by the CPI for the twelve months ended in the month indicated year-on-year.

Inflation—Annual Headline Inflation—Twelve Months Percentage Change

	2014	2015	2016	2017	2018
			(%)		
January	11.4	9.7	10.1	28.1	17.1
February	9.8	10.6	9.1	30.2	14.4
March	9.8	11.5	9.0	30.9	13.3
April	8.9	11.0	10.3	31.5	13.1
May	8.2	13.1	12.3	29.7	11.4
June	8.2	11.4	14.0	29.8	14.4
July	11.0	8.4	14.0	33.0	13.5
August	11.5	7.9	15.5	31.9	14.2
September	11.1	9.3	14.1	31.6	16.0
October	11.8	9.8	13.6	30.8	17.7
November	9.1	11.1	19.4	26.0	15.7
December	10.1	11.1	23.3	21.9	12.0

Sources: CAPMAS and CBE

In January 2019, annual headline inflation was 12.7%, as compared to 12.0% in December 2018.

The ninth series of the CPI was introduced in September 2010. The weights involved in the formation of the CPI were taken from the results of the 2008/09 survey of household income, expenditure and consumption, using January 2010 as a base period.

The following table sets forth the current composition of the CPI and the relative weight of the component that CAPMAS uses to calculate the Urban CPI.

Composition and Weighting of the CPI

Component	Weight
	(%)
Food and non-alcoholic beverages	39.92
Tobacco and related products	2.19
Clothing and footwear	5.41
Housing, water, electricity, gas and other fuels	18.37
Furnishings, household equipment and routine maintenance of dwellings	3.77
Medical care	6.33
Transportation	5.68
Communications	3.12
Recreation and culture	2.43
Education	4.63
Hotels, cafés and restaurants	4.43
Miscellaneous services	3.73

Sources: CAPMAS and CBE

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

CBE Key Interest Rates

	Overnight Deposit Rate	Overnight Lending Rate	Discount Rate
		(%)	
9 June 2011	8.25	9.75	8.50
24 November 2011	9.25	10.25	9.50
21 March 2013	9.75	10.75	10.25
1 August 2013	9.25	10.25	9.75
19 September 2013	8.75	9.75	9.25
5 December 2013	8.25	9.25	8.75
17 July 2014	9.25	10.25	9.75
15 January 2015	8.75	9.75	9.25
24 December 2015	9.25	10.25	9.75
17 March 2016	10.75	11.75	11.25
16 June 2016	11.75	12.75	12.25
3 November 2016	14.75	15.75	15.25
21 May 2017	16.75	17.75	17.25
6 July 2017	18.75	19.75	19.25
15 February 2018	17.75	18.75	18.25
29 March 2018	16.75	17.75	17.25
14 February 2019	15.75	16.75	16.25

Source: CBE

Liquidity and Credit Aggregates

The following table sets forth the liquidity and credit aggregates for the periods indicated.

Liquidity and Credit Aggregates[1]

	As at 30 June					As at 31 December
	2014	2015	2016	2017	2018	2018[2]
	(LE millions, except where indicated)					
M1[3]	410,554	499,065	572,935	707,427	820,574	836,071
Domestic Liquidity (M2)[4]	1,516,601	1,765,492	2,094,500	2,918,193	3,454,321	3,628,732
Change in Domestic Liquidity (%)	17.0	16.4	18.6	39.3	18.4	13.3
Foreign Currency Deposits (as a % of M2)	15.6	14.9	15.5	23.8	20.7	20.5
Foreign Currency Deposits (as a % of Total Deposits)	19.0	17.9	18.5	27.8	23.8	23.3
Domestic Credit						
Government (net)[5]	1,045,186	1,291,427	1,654,910	1,979,641	2,217,557	2,508,692
Public Business Sector	45,417	63,218	93,073	148,715	160,177	166,729
Private Business Sector	389,275	448,276	504,258	744,572	801,381	828,483
Household Sector	145,263	175,290	207,874	238,342	281,175	312,427
Total Domestic Credit	**1,625,141**	**1,978,211**	**2,460,115**	**3,111,270**	**3,460,290**	**3,816,330**
Year-on-year Change in Domestic Credit (%)	21.0	21.7	24.4	26.5	11.2	16.4

Source: CBE

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

Domestic liquidity grew by 127.8% over the five-year period from 2013/14 to 2017/18, while domestic credit increased by 112.9% over the same period.

Domestic liquidity increased on a year-on-year basis by LE 536.1 billion, or 18.4%, from 30 June 2017 to 30 June 2018, as compared to a LE 823.7 billion, or 39.3%, increase from 30 June 2016 to 30 June 2017. Domestic credit increased by LE 349.0 billion, or 11.2%, and LE 651.2 billion, or 26.5% over the same periods, respectively.

Foreign currency deposits, as a percentage of M2, decreased from 23.8%, as at 30 June 2017, to 20.7%, as at 30 June 2018 and foreign currency deposits, as a percentage of total deposits, decreased from 27.8%, as at 30 June 2017, to 23.8%, as at 30 June 2018.

The following table sets forth the discount rate, 91-day treasury bill rate and overnight interbank rates as at the end of the periods indicated.

Interest Rates[1]

	Discount Rate	91-day Treasury Bills	Overnight Interbank Rate
		(%)	
2013			
January	9.50	13.18	9.62
February	9.50	12.82	9.48
March	10.25	12.67	9.95
April	10.25	13.42	10.06
May	10.25	14.07	10.23
June	10.25	14.05	10.09
July	10.25	13.34	9.83
August	9.75	11.48	9.53
September	9.25	11.15	8.78
October	9.25	10.91	8.82
November	9.25	10.87	8.79
December	8.75	10.46	8.31
2014			
January	8.75	10.37	8.31
February	8.75	10.22	8.35
March	8.75	10.24	8.30
April	8.75	10.40	8.38
May	8.75	10.52	8.40
June	8.75	10.60	8.39
July	9.75	11.19	9.47
August	9.75	11.72	9.33
September	9.75	11.75	9.43
October	9.75	11.57	9.45
November	9.75	11.62	9.36
December	9.75	11.51	9.38
2015			
January	9.25	11.44	8.82
February	9.25	11.04	8.86
March	9.25	11.22	8.88
April	9.25	11.16	8.89
May	9.25	11.41	8.93
June	9.25	11.73	8.91
July	9.25	11.44	8.90
August	9.25	11.21	8.89
September	9.25	11.28	8.83
October	9.25	11.17	8.81
November	9.25	11.22	8.80
December	9.75	11.22	9.78
2016			
January	9.75	11.47	9.47
February	9.75	11.38	9.55
March	11.25	12.21	10.89
April	11.25	13.00	10.95
May	11.25	12.90	10.96
June	12.25	13.51	11.93
July	12.25	14.12	11.84
August	12.25	14.10	11.79
September	12.25	14.77	11.84
October	12.25	14.55	11.90
November	15.25	18.25	15.03
December	15.25	18.68	14.97

Interest Rates[1]

	Discount Rate	91-day Treasury Bills	Overnight Interbank Rate
		(%)	
2017			
January	15.25	18.99	15.29
February	15.25	18.31	15.59
March	15.25	19.47	15.69
April	15.25	19.39	15.64
May	17.25	19.57	15.75
June	17.25	20.31	17.63
July	18.75	21.74	18.65
August	19.25	19.48	19.01
September	19.25	18.95	19.03
October	19.25	18.85	18.91
November	19.25	18.58	18.94
December	19.25	19.03	18.96
2018			
January	19.25	18.64	18.93
February	18.25	17.76	17.98
March	18.25	17.94	17.90
April	17.25	17.71	16.88
May	17.25	18.27	16.98
June	17.25	18.97	17.00
July	17.25	19.25	16.94
August	17.25	18.78	17.01
September	17.25	19.39	17.03
October	17.25	19.78	16.91
November	17.25	19.40	16.86
December	17.25	19.68	16.83
2019			
January	17.25	18.84	16.96

Source: CBE

Note:

(1) On 3 November 2016, in connection with the adoption of a liberalised exchange rate regime, the MPC raised its policy rates by 300 basis points, with the overnight interest rate increasing to 14.75%, the overnight lending rate increasing to 15.75% and the discount rate increasing to 15.25%. Between November 2016 and July 2017, the MPC raised key policy rates by 700 basis points to contain inflationary pressures. On 15 February 2018, the MPC reduced the overnight deposit rate, the overnight lending rate and the discount rate by 100 basis points each, to 17.75%, 18.75% and 18.25%, respectively. On 29 March 2018, the MPC reduced the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate by a further 100 basis points to 16.75%, 17.75%, 17.25% and 17.25%, respectively. On 14 February 2019, the MPC reduced the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate by a further 100 basis points each to 15.75%, 16.75%, 16.25% and 16.25%, respectively.

Foreign Exchange

The currency of the Republic is the Egyptian Pound. The CBE has regularly intervened in foreign exchange rates, in particular between the Egyptian Pound and the U.S. Dollar. Restrictions in auctions and on the interbank market, as well as only partial clearance of foreign exchange requests from commercial banks, have generated a parallel market for foreign exchange. Prior to 3 November 2016, there were restrictions on the remittance of foreign currency outside of Egypt. From time to time, there has also been a shortage of U.S. Dollars in Egypt, as a result of which, the ability to repatriate foreign currency has been historically limited or curtailed. In order to address these imbalances, on 3 November 2016, the CBE announced the move to a liberalised exchange rate regime and the adoption of a series of other measures, as described below. These measures included lifting the restrictions on the deposit and withdrawal of foreign currency by all individuals and companies, except for certain restrictions (which have subsequently been lifted) affecting companies which import non-essential goods and products and subject to an annual limit of U.S.$100,000 for remittances abroad by Egyptian individuals and certain companies.

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

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

reduce speculation and avoid depletion of international reserves by rationing foreign currency sourcing. The FX Auction is a regular auction for buying and selling U.S. Dollars through which banks offer their tenders to the CBE.

Since then, the CBE has conducted foreign currency auctions for domestic banks on a weekly basis. In January 2015, the Egyptian Pound depreciated against the U.S. Dollar by a total of 6.3% at 10 consecutive auctions. In March 2016, the Egyptian Pound devalued against the U.S. Dollar by 13%, representing the then-largest devaluation of the Egyptian Pound in more than ten years. The devaluation was an effort to close the gap between the official and unofficial exchange rates and preserve foreign exchange resources. Although the devaluation was initially successful in closing the gap between official and unofficial exchange rates, the gap widened again subsequently as the CBE did not have sufficient foreign currency reserves to fully service foreign currency demand and speculation by currency traders continued.

In March 2016, the CBE announced that it had adopted a new exchange rate policy to address distortions in the foreign exchange market, restore confidence in the foreign exchange market and the banking sector and promote a more conducive investment climate.

On 3 November 2016, the CBE announced the move to a liberalised exchange rate regime and other measures in order to quell distortions in the domestic foreign currency market and reduce foreign exchange shortages. To this end, the CBE:

- implemented a non-binding foreign exchange rate, which is intended to serve as soft guidance to the market, in order to improve Egypt's competitiveness, increase foreign currency liquidity and encourage the conduct of foreign exchange transactions in formal channels;

- abolished priority import lists, which were previously in place to allocate limited foreign currency;

- permitted banks to operate until 9 p.m. every day, including Friday and Saturday, for foreign exchange transactions and transfers;

- lifted restrictions on the deposit and withdrawal of foreign currency by individuals and companies, except for certain restrictions (which have subsequently been lifted); and

- announced that it would continue to monitor market activity and, if required, hold price auctions in order to support the process of market price discovery in the early days of adjustment.

Pursuant to the new exchange rate regime, banks and other market participants are at liberty to quote and trade at any exchange rate, and bid and ask exchange rates are expected to be determined by supply and demand. The CBE has also announced its intention to use the prevailing market rate for any transactions it undertakes. Following the CBE's announcement, the Egyptian Pound depreciated against the U.S. Dollar to LE 14.6350 per U.S.$1.00 (buy rate) on 3 November 2016, as compared to LE 8.7700 (buy rate) per U.S.$1.00 on 2 November 2016.

The new exchange rate regime was introduced as part of a broader package of measures aimed at encouraging macroeconomic stability through fiscal consolidation, in line with the Government's economic reform programme. The CBE also raised its key policy rates by 300 basis points and announced that it would introduce deposit auctions with longer maturities and market determined rates. See "*—Inflation and Interest Rates*".

In addition, the CBE announced its agreement with the Ministry of Finance to gradually phase out the monetary financing of the fiscal deficit. The CBE confirmed that its main policy objective remained ensuring price stability and that it will closely monitor reserves and continue to rely on indirect monetary policy tools.

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

In June 2017, the CBE removed the U.S.$100,000 limit on individual bank transfers abroad.

The liberalisation of the Egyptian Pound in November 2016 has reduced foreign exchange shortages and the parallel market, and bid/ask spreads have narrowed. Since November 2016, the CBE has not intervened in the foreign exchange market and has only supplied foreign currencies to state-owned enterprises for critical imports.

On 28 November 2017, the CBE issued a circular removing all withdrawal and deposit limits on foreign currencies for companies importing non-priority products. This circular removed both the monthly U.S.$50,000 cash deposit cap for non-priority goods and the monthly U.S.$30,000 cash withdrawal cap that were previously in place.

The following table sets forth average data relating to the official exchange rate between the Egyptian Pound and the U.S. Dollar for the periods indicated.

Egyptian Pound–U.S. Dollar Exchange Rates[1]

2014	2015	2016	2017	2018
		(LE per U.S.$1.00)		
7.079	7.643	9.65	17.8284	17.768

Source: CBE

Note:

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

In the period from July 2014 to August 2016, the value of the Egyptian Pound, calculated on a monthly average basis, depreciated against the U.S. Dollar from U.S.$1.00 = LE 7.14 to U.S.$1.00 = LE 8.78, or by 18.7%. In August 2016, the CBE U.S. Dollar to Egyptian Pound weighted average rate as published by the CBE was U.S.$1.00 = LE 8.78. Following the CBE's exchange rate liberalisation, the Egyptian Pound depreciated further to U.S.$1.00 = LE 14.6350 (buy rate) as at 3 November 2016. Since 3 November 2016, the U.S. Dollar to Egyptian Pound exchange rate (buy rate) has fluctuated between a high of U.S.$1.00 = LE 14.6350 on 3 November 2016 and a low of U.S.$1.00 = LE 19.35 on 20 December 2016. At the end of May 2017, after a period of volatility, the exchange rate stabilised at approximately U.S.$1.00 = LE 18.00. The IMF has noted that initial depreciation following the liberalisation of the Egyptian Pound in November 2016 was larger than initially anticipated, partially due to excess liquidity and continued uncertainty over foreign exchange backlogs.

On 17 February 2019, the market exchange rate (buy rate), as published by the CBE, was U.S.$1.00 = LE 17.48.

Derivatives, forward and swap transactions are allowed in the Egyptian foreign exchange interbank market, subject to certain limitations, including the requirement that they can only be initiated in connection with underlying commercial transactions and dividends payments. The market for such products, however, remains thin.

In August 2016, Law № 66 of 2016 was passed, introducing more stringent penalties for illegal foreign currency traders in the context of wider efforts to eliminate the black market. Pursuant to this law, those violating the foreign currency handling and transfer provisions of the banking law are subject to up to ten years imprisonment.

Net International Reserves

NIR with the CBE were U.S.$44.3 billion as at 30 June 2018, as compared to U.S.$31.3 billion as at 30 June 2017, representing an increase of 41.5%. This increase was primarily due to the receipt of funds under the EFF and the proceeds of Eurobond issues by the Republic in the six months ended 30 June 2018. NIR covered 8.4 months of merchandise imports as at 30 June 2018.

NIR increased by U.S.$13.8 billion, or 78.4%, in 2016/17, to U.S.$31.3 billion as at 30 June 2017 (from U.S.$17.5 billion as at 30 June 2016). This increase was primarily due to the receipt of funds under the EFF and the proceeds of Eurobond issues by the Republic. See "*Public Debt—External Debt*". NIR covered 6.4 months of merchandise imports as at 30 June 2017 and 3.7 months of merchandise imports as at 30 June 2016.

NIR decreased by U.S.$2.5 billion, or 12.6%, in 2015/16, to U.S.$17.5 billion as at 30 June 2016 (from U.S.$20.1 billion as at 30 June 2015). NIR covered 3.7 months of merchandise imports as at 30 June 2016 and 3.9 months of merchandise imports as at 30 June 2015.

The following table sets forth the NIR of the CBE as at the end of the following years.

Net International Reserves

	2013/14	2014/15	2015/16	2016/17	2017/18
			(U.S.$ millions)		
Net International Reserves	**16,687**	**20,082**	**17,546**	**31,305**	**44,259**
Gross Official Reserves	16,710	20,104	17,570	31,307	44,262
Gold	2,662	2,420	2,602	2,602	2,641
Foreign Currencies	12,695	16,453	14,128	27,904	38,898
Special Drawing Rights	1,274	1,168	793	770	2,706
Loans to IMF	79	63	47	31	17
Banks' Net Foreign Assets	**11,452**	**3,481**	**(4,844)**	**3,173**	**449**
Assets	16,224	11,450	9,286	18,746	16,761
Liabilities	4,772	7,969	14,130	15,575	16,312
NIR in months of merchandise imports	3.3	3.9	3.7	6.4	8.4

Source: CBE

The decrease in banks' net foreign assets to U.S.$0.4 billion as at 30 June 2018, as compared to net foreign assets of U.S.$3.2 billion as at 30 June 2017, was primarily due to a U.S.$0.7 billion increase in liabilities.

As at each of 31 December 2018 and 31 January 2019, according to preliminary figures, net international reserves were U.S.$42.6 billion.

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

The Egyptian Stock Market

Egypt's stock exchange, the EGX, is governed by a board of directors. The EGX's predecessor exchanges, the Alexandria Stock Exchange and the Cairo Exchange, were established in 1883 and 1903, respectively. Government policies adopted in the mid-1950s led to a drastic reduction in activity on the exchanges, which remained dormant between 1961 and 1992.

The then-Government's economic reform programme resulted in the adoption of the Capital Market Law № 95 of 1992 ("**Law 95**"), which empowered the CMA, an independent institution that has since been replaced by the Financial Regulatory Authority, to regulate the securities industry and laid the regulatory framework for that industry. Law 95 permits the establishment of companies that provide underwriting of subscriptions, brokerage services, securities and mutual fund management, clearance and settlement of security transactions and venture capital activities. It also authorises the issuance of corporate bonds and authorises the issuance of bearer shares. Activity on the EGX increased following initial public offerings by the Government as part of its privatisation programme.

The Nile Stock Exchange (the "**NILEX**"), established under the EGX, was launched to offer small- and medium-sized companies the means to raise capital under an appropriate regulatory framework and is the first such market in the MENA region. As at 30 June 2018, 32 companies were listed on the NILEX, with a total market capitalisation of LE 1.1 billion.

Misr for Central Clearing, Depository and Registry ("**MCDR**") was established in 1994 to handle clearing and settlement operations. Its shareholders include the EGX, brokers and dealers, the public and private sector banks. Since the establishment of MCDR, the securities market has been moving towards dematerialisation of securities. Since July 2000, all shares are traded in dematerialised form on the EGX. MCDR is 50% owned by Egyptian banks and financial intermediaries, 45% owned by securities intermediaries and 5% owned by the EGX.

In relation to this work, major amendments have been introduced in recent years, most recently in 2018 to increase certain required thresholds for listing companies on the EGX, including in respect of the listing of small- and medium-sized companies.

In 2017, the EGX began implementing its plan to enhance the market environment to restore investor confidence and attract increased local and international investment. This plan has included the implementation of changes to the listing rules to further enhance corporate governance and minority shareholder protection. The EGX has also conducted testing of a short-selling and market maker mechanism, the introduction of which is awaiting the approval of the Financial Regulatory Authority.

In February 2018, the Parliament approved a set of amendments to the Capital Markets Law, which establish a legal framework for sukuk issuances and trading in Egypt, authorise the establishment of an exchange for regulated trading in derivatives, including futures, options and swaps, abolish bearer securities and expand the scope of criminal offences and

sanctions set out in the Capital Markets Law. The amendments to the Capital Markets Law were ratified by the President and published in March 2018.

EGX 30 Performance

The EGX 30 Index (the "**Index**") grew by 31.6%, in 2014 as a result of increased political stability and reaction to the economic reforms announced and implemented by the Government. In 2015, the Egyptian market was affected by global and regional market challenges, resulting in a contraction of the Index by 21.5% in 2015. In 2016 and 2017, the Index grew by 76.2% and 22.0%, respectively. In 2018, the Index decreased by 13.0%.

In December 2018, there were 220 listed companies on the main market of the EGX, with a total market capitalisation of LE 750 billion.

The following table sets forth selected indicators for the EGX as at the dates, or for the periods, indicated.

Selected Indicators for the Egyptian Exchange(1)

	As at or for the year ended 31 December				
	2014	**2015**	**2016**	**2017**	**2018**
Total Market Capitalisation(2) (*LE billion*)	500.0	429.8	601.6	824.9	749.7
Total Market Capitalisation(3) (*% of GDP*)	25.0	22.0	22.0	30.0	17.0
Total Value of Trading(4) (*LE billion*)	290.8	247.2	284.5	332.2	358.5
Number of Listed Companies(2)	214	221	222	222	220
Number of Transactions (*million*)	7.3	4.9	6.0	7.0	6.3
EGX 30 Index (*end of period*)	8,927	7,006	12,345	15,019	13,036

Source: EGX

Notes:

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

(2) Main market.

(3) This ratio is calculated based on GDP preliminary figures for 2016/17 of LE 3,470 billion, prepared by the Ministry of Planning Monitoring and Administration.

(4) Listed, NILEX & OTC. Trading on NILEX has been effective since 3 June 2010

PUBLIC FINANCE

The Budget Process

The Government's fiscal year runs from 1 July to 30 June. In October of each year, the Ministry of Finance issues a circular to all Government authorities outlining in a general manner the fiscal policies, targets and economic assumptions to be adhered to in the preparation of their respective budgets. By December of each year, the Ministry of Finance receives and reviews the draft budgets submitted by Government authorities, following which mutual discussions of submitted budgets take place through joint committees. Such submitted budgets may be revised by the Ministry of Finance's Budget Department to ensure that the aggregate revenue and expenditure figures in the draft budget conform to the integrated macroeconomic targets previously set by the Macro Fiscal Policy Unit (the "**MFPU**").

By the following February, the Ministry of Finance submits a preliminary draft budget (comprising the budgets of the Government, the central and local administration units and Service Authorities) to the Ministerial Economic Sub-committee, which is headed by the Prime Minister. The Ministerial Economic Sub-Committee may introduce amendments to the draft budget before submitting the budget to the Council of Ministers for approval. The final budget is then submitted first to the President and then to the House of Representatives before the end of March, following which the budget is discussed among various legislative committees and must be approved and ratified in an annual budget law by the House of Representatives before the end of June. In the event that the House of Representatives has been dissolved or is otherwise absent, pursuant to the Constitution, the President has temporary legislative authority and may ratify the budget.

The ratified budget represents a ceiling for total expenditure for Government authorities during the year. If an exceptional expenditure item arises during a fiscal year, the Ministry of Finance will prepare a supplementary appropriation, which is submitted to the Ministerial Economic Sub-Committee and subsequently to the Council of Ministers, which, in turn, will submit it to the House of Representatives for approval and ratification.

Prior to the end of each fiscal year, the Final Accounts Department at the Ministry of Finance issues a circular to all Government authorities with instructions regarding the preparation of their final accounts. The Government authorities then submit their final accounts to the Ministry of Finance and the Accountability State Authority (the "**ASA**"), which audits the accounts both on a standalone (for each Government authority) and consolidated basis. Final accounts are submitted by the Minister of Finance to the House of Representatives before the end of October of each year for ratification.

Treatment of Public Sector and State-Owned Enterprises

Law № 53 of 1973, as amended, together with executive regulations promulgated thereunder, regulate the process of preparing and implementing the General State Budget of the Republic. The consolidated general Government account is comprised of the budget sector, the National Investment Bank ("**NIB**") and the Social Insurance Fund ("**SIF**"). Fiscal reporting is completed on a consolidated cash basis, which requires the exclusion of financial interrelations among the consolidated bodies.

The budget sector consolidates the fiscal operations of the following entities:

- Central Administration Units, such as ministries and their affiliated agencies;
- Local Administration Units, representing the 27 governorates; and
- Service Authorities.

Both Local Administration Units and Service Authorities depend on the treasury to finance their respective yearly deficits.

There are two levels of published public finance data: (i) stand-alone budget sector fiscal data and (ii) general Government fiscal data, which include consolidated fiscal data of the budget sector, the NIB and Social Insurance Funds accounts.

Service Authorities

Service Authorities are Government-owned and administered organisations operating on a non-profit basis, such as Cairo University, the National Sewage Authority, the National Meteorology Authority and the National Authority for Roads and Bridges. Service Authorities generally provide public services, including public infrastructure services, education, health and research.

Economic Authorities

Economic Authorities, such as the Suez Canal Authority, the General Authority for Supply of Commodities, the New Urban Communities Authority, the National Postal Authority and the Radio and Television Authority are owned by the Government but operate on a for-profit basis. For purposes of the financial information set out in this Base Prospectus, EGPC is included in this classification. The financial operations of the Economic Authorities are accounted for in the national budget either in the form of dividends paid to the Ministry of Finance (if such entities are in profit) or capital contributions made by the Ministry of Finance to such authorities (if such entities are in deficit).

Other Government-owned entities

The Government also has a portfolio of other public sector companies that play an important role in the Egyptian economy. The companies are managed on a for-profit basis and seek to maximise shareholder value. The profits of these companies are accounted for in the national budget in the form of dividends. The Government may also inject capital in such companies through capital contributions (in the case of a deficit). Other Government-owned entities include public sector banks regulated by Law № 88 of 2003 and its executive regulations, including National Bank of Egypt and Bank Misr, and holding companies regulated by Law № 203 of 1991, including Misr Insurance Holding Company, the Egyptian Electricity Holding Company ("**EEHC**"), EGAS and ECHEM.

Improving Budget Classification

According to Law № 97 of 2005, the annual State Budget is prepared in accordance with the IMF 2001 Government Finance Statistics ("**GFS**") classification standard (modified to cash principles). This system is consistent with international budget accounting practices and is designed to generate standardised reporting during the year and to facilitate comparisons with budgets prepared by other countries. These accounting procedures were adopted to bring greater transparency to the budget and public sector economic activity. This permits better analysis of resources and expenditures to improve efficiency and to ensure that the budget remains focused on the social and economic priorities of the Government.

GFS distinguishes between economic, administrative and functional classifications. There is a clear distinction between revenues, expenditures and financing transactions, as well as between transfers and exchange transactions. Fiscal policy is monitored on the basis of the cash surplus/deficit and the overall fiscal balance.

Budget Automation

Use of an Automated Government Expenditure System (the "**AGES**") has led to more efficient preparation of the budget and improved control of spending. The Ministry of Finance has applied the AGES since 2007/08 to link all budget entities to a central unit at the Ministry of Finance in order to facilitate the process of budget preparation, monitor expenditure more effectively, limit the use of cash in Government transactions and automate the issuance of end of year closing accounts. Pursuant to Circular № 2 of 2015, the Minister of Finance extended the application of the AGES across all budget entities and items, including wages and salaries, which is expected to permit the Ministry of Finance to monitor the public wage bill more effectively.

The Treasury Single Account (TSA)

Law № 139 of 2006 established the Treasury Single Account (the "**TSA**") at the CBE. The TSA incorporates all the accounts of the Ministry of Finance, central and local administrative authorities, the service authorities and Economic Authorities and special funds. All revenues generated by such authorities are deposited in the TSA, and all expenditures are deducted from TSA.

Government Finances and Projections

Since 2009/10, annual budgets include medium-term projections, as well as a fiscal sustainability analysis by the MFPU. The budget for 2018/19 includes a section on medium-term projections and Ministry of Finance medium-term fiscal and debt objectives. The MFPU also prepares economic and fiscal policy advice for the Minister of Finance. In addition, the MFPU is responsible for:

- monitoring budget execution to identify important developments and recommend appropriate action;
- recommending structural reforms to facilitate the sustainability of the fiscal and macroeconomic sectors;
- assessing macroeconomic and fiscal effects of different revenue and expenditure policy options;
- coordinating technical consultations between the Ministry of Finance and international financial institutions; and
- monitoring international economic developments to assess the impact on Egypt's economy.

Fiscal Policy and Budget Performance

The soundness of public finances is a key pillar in the Government's economic programme, which aims to balance fiscal consolidation efforts with social objectives in order to promote inclusive and sustainable economic growth through, *inter alia*, enhancing tax efficiency and reprioritising public spending. As part of its economic programme, the Government has indicated economic targets, including a reduction of the overall fiscal deficit to approximately 8.4% of GDP by 2018/19 and 4.0% of GDP by 2021/22; and to reduce the debt to GDP ratio to 80-85% of GDP by 2021/22. See "*The Economy—Government Programme, Recent Developments and Reforms*".

Fiscal Reforms

Since 2015, Government reforms to increase Government revenue and control Government expenditure have included:

- *VAT*: In 2015, the Government announced its intention to replace the sales tax with a new VAT law in order to: (i) broaden the tax base by including services under the tax system; and (ii) assist in the prevention of tax evasion. In August 2016, the House of Representatives approved VAT rates of 13% for 2016/17 and 14% for 2017/18. The VAT law came into effect on 8 September 2016 and executive regulations were published in March 2017. VAT was not previously levied. For 2018/19, the VAT rate is 14%.

- *Corporate tax*: In 2015, the Government reduced the top corporate tax rate to 22.5% while extending it to all economic zones.

- *Controlling the public sector wage bill*: In 2014, the Government set a public sector wage ceiling, discontinued the automatic inclusion of bonuses in basic wages after five years and subjected bonuses to income tax in an effort to control the public sector wage bill. Public sector employee hiring has also been centralised. Further controls to the public sector wage bill have been introduced through the New Civil Service Law, which was promulgated on 1 November 2016. See "*The Economy—Employment and Labour—Labour Law*".

- *Refocusing spending*: The Government is refocusing public spending through increased spending on infrastructure investment and social services, including health and education investment, in line with the Government's constitutional mandate. The Government is also implementing efficiency measures to reduce Government expenditure. See "*Public Finance—Social Spending and Subsidies*".

  - *Real estate tax*: In July 2018, the Government amended the real estate tax law. The law increases the tax exemption limits to LE 24 million from LE 18 million and allocates 50% of the total proceeds from real estate taxes for upgrading housing in deprived areas. Certain properties, including, *inter alia*, the premises of non-government organisations, historic buildings, youth and sports centres, buildings used for religious purposes and state-owned buildings are exempted from the tax. In July 2018, amendments were also made to change the rate of real estate tax from 2.5% of transaction profits to 2.5% of the whole transaction value.

  - *Income tax law*: In June 2018, the income tax law was amended to increase the limits of tax exemption rates came into effect. The law is expected to take effect in 2018/19 and increase tax deduction limits from 80% to 85% for taxpayers earning LE 8,000 to LE 30,000, from 40% to 45% for taxpayers earning LE 30,000 to LE 45,000 and from 5% to 7.5% for taxpayers earning LE 45,000 to LE 200,000. The aim of the new law is to

increase individual purchasing power and mitigate any negative effects of the Governments' economic reform programme. The law has been implemented since the start of the fiscal year 2018/2019.

- *Development fees*: In June 2018, the House of Representatives approved amendments to the development fees law, revising fees charged to the public for Government services.

- *Extension of settlement period for taxation disputes*: In February 2018, the Government extended the settlement period for taxation disputes for two years.

- *Late payment fees*: In August 2018, Law № 174 of 2018 was issued to incentivise the payment of overdue taxes by overlooking certain late payment fees for stamp duties, income taxes, VAT and customs duties on an exceptional basis. Law № 174 also implements the rules for the settlement of current tax disputes or customs disputes.

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

2018/19 Budget

The budget for 2018/19 was approved by the House of Representatives on 6 June 2018, with a projected fiscal deficit to GDP ratio of 8.4%, as compared to a fiscal deficit ratio of 9.7% in 2017/18 (based on preliminary estimates) and an actual fiscal deficit ratio of 10.9% in 2016/17.

The budget for 2018/19 has been prepared on the basis of the following key assumptions:

- economic growth of 5.8%;
- average inflation of 10%;
- an average oil price (Brent crude) of U.S.$67 per barrel;
- global economic growth of 3.7%; and
- an exchange rate of LE 17.25 = U.S.$1.00.

The following table sets out the budget for 2018/19 and the preliminary results for 2017/18.

2017/18 (Preliminary Results) — 2018/19 Budget

	2017/18[(1)(2)]	2018/19[(2)(3)]
	(LE millions)	
Revenues and Grants	**821,134**	**989,188**
Tax Revenue	629,301	770,280
Grants	3,193	1,141
Other Revenues	188,638	217,767
Expenditures	**1,244,407**	**1,424,020**
Wages and Salaries	240,053	270,090
Purchases of Goods and Services	53,088	60,124
Interest Payments	437,448	541,305
Subsidies, Grants and Social Benefits	329,379	328,291
Other Expenditures	74,758	75,699
Purchases of Non-Financial Assets	109,680	148,512
Cash Deficit	**423,274**	**434,832**
Net Acquisition of Financial Assets	**9,306**	**3,762**
Overall Fiscal Deficit	**432,579**	**438,594**
Overall Deficit/GDP *(%)*[(3)]	9.7	8.4
Primary Surplus/GDP *(%)*[(3)]	0.1	2.0
Revenues/GDP *(%)*[(3)]	18.5	18.8
Expenditure/GDP *(%)*[(3)]	28.0	27.1

Source: Ministry of Finance

Notes:

(1) Preliminary estimated figures.

(2) Projected GDP, according to estimates of the Ministry of Finance, of LE 4,441 billion have been used for 2017/18. For 2018/19, projected GDP is LE 5,251 billion.

(3) No assurance can be given that the actual financial performance and condition will match the forecasts in the Republic's budget. Budgeted as approved by the House of Representatives in June 2018.

Revenues

Total revenues for 2018/19 are budgeted to be LE 989.2 billion, as compared to LE 821.1 billion in 2017/18 (based on preliminary estimates), representing an annual increase of 20.5%, primarily due to budgeted increases in tax revenues and other revenues. Tax revenues are budgeted to increase by 22.6% to LE 770.3 billion for 2018/19, as compared to LE 629.3 billion for 2017/18 (based on preliminary estimates). This increase is primarily due to budgeted increases of LE 141.0 billion, or 22.4%, in tax revenues, which is, in turn, due to improvements in tax administration and collection.

Total grants are budgeted to be LE 1.1 billion in 2018/19, as compared to LE 3.2 billion in 2017/18 (based on preliminary estimates), reflecting a decrease of 64.3%. See "*Risk Factors—Risk Factors relating to Egypt—The level of foreign grants to Egypt has declined in recent years*".

Other revenues comprising mainly of year-end profits, royalties and dividends transferred to the treasury from various Economic Authorities, such as the Suez Canal Authority, EGPC, the New Urban Community Authority or public sector banks and publicly-owned companies for 2018/19 are budgeted at LE 217.8 billion, as compared to LE 188.6 billion for 2017/18 (based on preliminary estimates), representing an annual increase of 15.4%.

Expenditures

Government expenditure is budgeted to increase by 14.4% to LE 1,424.0 billion in 2018/19, as compared to expenditure of LE 1,244.4 billion in 2017/18 (based on preliminary estimates). This increase is primarily due to budgeted increases of: (i) LE 103.9 billion, or 23.7%, in interest payments, which is, in turn, due to increased levels of public debt (see "*Public Debt*") (ii) LE 30.0 billion, or 12.5%, in wages and salaries; and (iii) LE 7.0 billion, or 13.3%, in the purchases of goods and services. In addition, contributions to pension funds are budgeted to decrease to LE 328.3 billion in the 2018/19 budget, as compared to LE 329.1 billion in 2017/18 (based on preliminary estimates), reflecting a decrease of 0.2%. See "*—Social Spending and Subsidies*".

Wages and salaries are budgeted to increase by 12.5% from LE 240.1 billion in 2017/18 (based on preliminary estimates) to LE 270.1 billion in the 2018/19 budget.

Public Accounts

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

Overview of Government Fiscal Operations Budget Sector[1]

	2013/14	2014/15	2015/16	2016/17	2017/18[2]
			(LE millions)		
Revenues and Grants	**456,788**	**465,241**	**491,488**	**659,184**	**821,134**
Tax Revenues	260,288	305,957	352,315	462,007	629,301
Income Tax	*120,925*	*129,818*	*144,743*	*166,897*	*207,230*
Property Taxes	*18,761*	*21,107*	*27,990*	*36,539*	*51,409*
Taxes on Goods and Services	*91,867*	*122,930*	*140,525*	*208,624*	*294,256*
Taxes on International Trade	*17,673*	*21,867*	*28,091*	*34,255*	*37,907*
Other Taxes	*11,062*	*10,235*	*10,966*	*15,691*	*38,497*
Grants	95,856	25,437	3,543	17,683	3,193
Other Revenues	100,643	133,847	135,630	179,494	188,638
Returns on Financial Assets	*56,990*	*81,463*	*69,452*	*91,141*	*69,116*
Proceeds from Sales of Goods and Services	*28,498*	*26,457*	*29,052*	*38,058*	*51,432*
Other	*15,155*	*25,926*	*37,127*	*50,295*	*68,090*
Expenditures	**701,514**	**733,350**	**817,844**	**1,031,941**	**1,244,407**
Wages and Salaries	178,589	198,468	213,721	225,513	240,053
Purchases of Goods and Services	27,247	31,276	35,662	42,450	53,088
Interest Payments	173,150	193,008	243,635	316,602	437,448
Subsidies, Grants and Social benefits	228,579	198,569	201,024	276,719	329,379
Other Expenditures	41,068	50,279	54,551	61,517	74,758
Purchases of Non-Financial assets	52,882	61,750	69,250	109,141	109,680
Cash Deficit[3]	**244,727**	**268,109**	**326,356**	**372,757**	**423,274**
Net Acquisition of Financial assets	**10,713**	**11,321**	**13,139**	**6,833**	**9,306**
Overall Fiscal Deficit	**255,439**	**279,430**	**339,495**	**379,590**	**432,579**
Overall Deficit/GDP *(%)*[4]	12.0	11.4	12.5	10.9	9.7
Primary Deficit/GDP *(%)*[4]	3.9	3.6	3.5	1.8	(0.1)
Revenues/GDP *(%)*[4]	21.7	19.1	18.1	19.0	18.5
Expenditure/GDP *(%)*[4]	33.4	30.2	30.2	29.7	28.0

Source: Ministry of Finance

Notes:
(1) The figures in this table have been revised and differ from previously published data. See "*Presentation of Information*".
(2) Preliminary estimated figures.
(3) Overall deficit excluding net acquisition of financial assets.
(4) Projected GDP, according to estimates of the Ministry of Finance, of LE 4,441 billion have been used for 2017/18.

Overview

All figures presented in this section for 2017/18 budget results are the Ministry of Finance's preliminary estimates and are subject to revision and amendment, which may be material.

Total budget sector revenues have grown over each of the past five years from LE 456.8 billion in 2013/14 to LE 821.1 billion in 2017/18. Total budget sector tax revenues increased by 141.8% between 2013/14 and 2017/18. Principal factors in the growth of revenues since 2013/14 include increased GDP growth and increases in tax revenues, as a result of the implementation of tax reforms and measures to improve the efficiency of tax administration and widen the tax base.

Total budget sector expenditures have also grown over each of the past five years from LE 701.5 billion in 2013/14 to LE 1,244.4 billion in 2017/18. Total budget sector expenditures increased by 19.3% in 2013/14, 4.5% in 2014/15, 11.5% in 2015/16, 26.2% in 2016/17 and 20.6% in 2017/18. Principal factors in the growth of expenditures since 2013/14 include the growth of the wages and subsidies bills and the growth of public investments, as well as increases in interest payments as a result of an increased level of public debt.

The overall fiscal deficit was LE 379.6 billion in 2016/17 (representing 10.9% of GDP), as compared to LE 339.5 billion in 2015/16 (representing 12.5% of GDP), LE 279.4 billion in 2014/15 (representing 11.4% of GDP) and LE 255.4 billion in 2013/14 (representing 12.0% of GDP). The overall fiscal deficit is estimated to be LE 432.6 billion in 2017/18 (representing 9.7% of GDP).

Revenues

All figures presented in this section for 2017/18 budget results are the Ministry of Finance's preliminary estimates and are subject to revision and amendment, which may be material.

The Government's principal sources of revenues are corporation taxes, general sales taxes, customs duties and transferred profits (dividends) from Government-owned entities. The Government also receives revenue in the form of grants from international agencies and countries.

The following table sets out budget sector revenues for the periods indicated.

	Revenues[1]				
	2013/14	2014/15	2015/16	2016/17	2017/18[2]
			(LE millions)		
Total Revenues and Grants	**456,788**	**465,241**	**491,488**	**659,184**	**821,134**
Annual Change (%)	30.4	1.9	5.6	34.1	24.6
Percentage of GDP[3]	21.7	19.1	18.1	19.0	18.5
Percentage of Tax Revenues	175.5	152.1	139.5	142.7	130.5
Tax Revenues	**260,288**	**305,957**	**352,315**	**462,007**	**629,301**
Annual Change (%)	3.7	17.5	15.2	31.1	36.2
Percentage of GDP[3]	12.4	12.6	13.0	13.3	14.2
Percentage of Total Revenues and Grants	57.0	65.8	71.7	70.1	76.6
Taxes on Income, Profits and Capital Gains	**120,925**	**129,818**	**144,743**	**166,897**	**207,230**
Annual Change (%)	2.7	7.4	11.5	15.3	24.2
Percentage of GDP[3]	5.8	5.3	5.3	4.8	4.7
Percentage of Total Revenues and Grants	26.5	27.9	29.5	25.3	25.2
Percentage of Tax Revenues	46.5	42.4	41.1	36.1	32.9
Property Tax	**18,761**	**21,107**	**27,990**	**36,539**	**51,409**
Annual Change (%)	14.0	12.5	32.6	30.5	40.7
Percentage of GDP[3]	0.9	0.9	1.0	1.1	1.2
Percentage of Total Revenues and Grants	4.1	4.5	5.7	5.5	6.3
Percentage of Tax Revenues	7.2	6.9	7.9	7.9	8.2
Taxes on Goods and Services	**91,867**	**122,930**	**140,525**	**208,624**	**294,256**
Annual Change (%)	(1.1)	33.8	14.3	48.5	41.0
Percentage of GDP[3]	4.4	5.1	5.2	6.0	6.6
Percentage of Total Revenues and Grants	20.1	26.4	28.6	31.6	35.8
Percentage of Tax Revenues	35.3	40.2	39.9	45.2	46.8
Taxes on International Trade	**17,673**	**21,867**	**28,091**	**34,255**	**37,907**
Annual Change (%)	5.4	23.7	28.5	21.9	10.7
Percentage of GDP[3]	0.8	0.9	1.0	1.0	0.9
Percentage of Total Revenues and Grants	3.9	4.7	5.7	5.2	4.6
Percentage of Tax Revenues	6.8	7.1	8.0	7.4	6.0
Grants	**95,856**	**25,437**	**3,543**	**17,683**	**3,193**
Annual Change (%)	1740.7	(73.5)	(86.1)	399.1	(81.9)
Percentage of GDP[3]	4.6	1.0	0.1	0.5	0.1
Percentage of Total Revenues and Grants	21.0	5.5	0.7	2.7	0.4
Percentage of Tax Revenues	36.8	8.3	1.0	3.8	0.5
Other Revenues	**100,643**	**133,847**	**135,630**	**179,494**	**188,638**
Annual Change (%)	7.1	33.0	1.3	32.3	5.1
Percentage of GDP[3]	4.8	5.5	5.0	5.2	4.3
Percentage of Total revenues and Grants	22.0	28.8	27.6	27.2	23.0
Percentage of Tax Revenues	38.7	43.7	38.5	38.9	30.0

Source: Ministry of Finance

Notes:

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

(2) Preliminary estimated figures.

(3) Projected GDP, according to estimates of the Ministry of Finance, of LE 4,441 billion have been used for 2017/18.

Total budget sector revenues and grants increased from LE 659.2 billion in 2016/17 to LE 821.1 billion in 2017/18, representing a 34.1% increase. This increase was primarily due to increased tax revenues, which was in turn, due to improvements in tax collection and administration, increases in fees for government services and a 1% increase in the VAT rate with effect from July 2017.

Tax revenues include income tax, corporation income tax, general sales tax and customs duties. EGPC and the Suez Canal Authority are principal sources of corporate income tax revenues, contributing LE 52 billion and LE 29.1 billion, respectively, in corporate income tax for 2017/18.

Tax revenues increased by 36/2% to LE 629.3 billion in 2017/18 from LE 462.0 billion in 2016/17. This increase in tax revenues is primarily due to increases in receipts of taxes on goods and services and income tax. Taxes on income, profits and capital gains increased by 24.0% to LE 207.2 billion in 2017/18, as compared to LE 166.9 billion in 2016/17, which was, in turn, primarily due to increased economic activity and improvements in tax collection and administration. Property taxes increased by 40.7% to LE 51.4 billion in 2017/18, as compared to LE 36.5 billion in 2016/17. Taxes on international trade increased by 10.7% to LE 37.9 billion in 2017/18, as compared to LE 34.3 billion in 2016/17. Taxes on goods and services increased by 41.0% to LE 294.3 billion in 2017/18, as compared to LE 208.6 billion in 2016/17, which was primarily due to the increase in the VAT rate from 13% to 14%, which became effective in July 2017. In 2017/18, tax revenues accounted for 76.6% of total budget sector revenues, as compared to 70.1% in 2016/17.

Non-tax revenues mainly comprise grants, the proceeds of assets sales, as well as yearly royalties, profits and dividend transfers from the Suez Canal Authority, the CBE, various Economic Authorities and other public sector enterprises. Other revenues comprise one of the principal components of non-tax revenues. Other revenues increased by 5.1% to LE 188.6 billion in 2017/18 from LE 179.5 billion in 2016/17, primarily due to monetary tightening policies implemented by the CBE, which resulted in a decrease in dividends received from the CBE, as well as a slowdown in global trade, which resulted in a decrease in dividends received from the Suez Canal Authority.

In 2017/18, grants accounted for 0.4% of total budget sector revenues, as compared to 2.7% in 2016/17, while other revenues accounted for 23.0% of total budget sector revenues, as compared to 27.2% in 2016/17.

Expenditures

All figures presented in this section for 2017/18 budget results are the Ministry of Finance's preliminary estimates and are subject to revision and amendment, which may be material.

The following table sets out budget sector expenditures for the periods indicated.

	Expenditures[1]				
	2013/14	**2014/15**	**2015/16**	**2016/17**	**2017/18[2]**
			(LE millions)		
Expenditures	**701,514**	**733,350**	**817,844**	**1,031,941**	**1,244,407**
Annual Change (%)	19.3	4.5	11.5	26.2	20.6
Percentage of GDP[3]	33.4	30.2	30.2	29.7	28.0
Percentage of Tax Revenues	269.5	239.7	232.1	223.4	197.7
Wages and Salaries	**178,589**	**198,468**	**213,721**	**225,513**	**240,053**
Annual Change (%)	24.9	11.1	7.7	5.5	6.5
Percentage of GDP[3]	8.5	8.2	7.9	6.5	5.4
Percentage of Total Expenditures	25.5	27.1	26.1	21.9	19.3
Percentage of Tax Revenues	68.6	64.9	60.7	48.8	38.1
Purchases of Goods and Services	**27,247**	**31,276**	**35,662**	**42,450**	**53,088**
Annual Change (%)	2.2	14.8	14.0	19.0	25.1
Percentage of GDP[3]	1.3	1.3	1.3	1.2	1.2
Percentage of Total Expenditures	3.9	4.3	4.4	4.1	4.3
Percentage of Tax Revenues	10.5	10.2	10.1	9.2	8.4
Interest Payments	**173,150**	**193,008**	**243,635**	**316,602**	**437,448**
Annual Change (%)	17.8	11.5	26.2	29.9	38.2
Percentage of GDP[3]	8.2	7.9	9.0	9.1	9.9
Percentage of Total Expenditures	24.7	26.3	29.8	30.7	35.2
Percentage of Tax Revenues	66.5	63.1	69.2	68.5	69.5
Subsidies, Grants and Social Benefits	**228,579**	**198,569**	**201,024**	**276,719**	**329,379**
Annual Change (%)	16.0	(13.1)	1.2	37.7	19.0
Percentage of GDP[3]	10.9	8.2	7.42	7.97	7.4
Percentage of Total Expenditures	32.6	27.1	24.6	26.8	26.5
Percentage of Tax Revenues	87.8	64.9	57.1	59.9	52.3
Other Expenditures	**41,068**	**50,279**	**54,551**	**61,517**	**74,758**
Annual Change (%)	17.4	22.4	8.5	12.8	21.5
Percentage of GDP[3]	2.0	2.1	2.0	1.8	1.7
Percentage of Total Expenditures	5.9	6.9	6.7	6.0	6.0
Percentage of Tax Revenues	15.8	16.4	15.5	13.3	11.9
Purchase of Non-financial Assets	**52,882**	**61,750**	**69,250**	**109,141**	**109,680**
Annual Change (%)	33.8	16.8	12.1	57.6	0.5
Percentage of GDP[3]	2.5	2.5	2.6	3.2	2.5
Percentage of Total Expenditures	7.5	8.4	8.5	10.6	8.8
Percentage of Tax Revenues	20.3	20.2	19.7	23.6	17.4

Source: Ministry of Finance

Notes:
(1) The figures in this table have been revised and differ from previously published data. See "*Presentation of Information*".
(2) Preliminary estimated figures.
(3) Projected GDP, according to estimates of the Ministry of Finance, of LE 4,441 billion have been used for 2017/18.

Total expenditures increased from LE 1,031.9 billion in 2016/17 to LE 1,244.4 billion in 2017/18 representing a 20.6% increase, primarily due to increases in interest payments, as well as increases in subsidies, grants and social benefits.

Interest payments increased by 38.2% to LE 437.4 billion in 2017/18 from LE 316.6 billion in 2016/17, primarily due to an increase in interest payments due on Eurobonds issued by the Republic. In 2017/18, interest payments accounted for 35.2% of total expenditures, as compared to 30.7% in 2016/17.

Wages and salaries increased by 6.5% to LE 240.1 billion in 2017/18 from LE 225.5 billion in 2016/17, primarily due to social benefits introduced by the government in 2017/18 granting civil servants and special cadres (which include teachers and physicians) a bi-annual bonus of 7% and 10%, respectively, of their base salary. See "*The Economy—Employment and Labour*".

Subsidies, grants and social benefits increased by 19.0% to LE 329.4 billion in 2017/18 from LE 276.7 billion in 2016/17, primarily due to: (i) an increase in food subsidies (from LE 47.5 billion in 2016/17 to LE 80.5 billion in 2017/18), which was, in turn, due to an increase in cash transfers from LE 21 per beneficiary to LE 50 per beneficiary as part of a social support package announced in early 2017/18; and (ii) an increase in petroleum subsidies (from LE 115.0 billion in 2016/17 to LE 210.8 billion in 2017/18), which was, in turn, due to increasing international fuel prices. In 2017/18, subsidies, grants and social benefits accounted for 26.5% of total expenditures, as compared to 26.8% in 2016/17.

Other expenditures increased by 21.5% to LE 74.8 billion in 2017/18 from LE 61.5 billion in 2016/17. In each of 2017/18 and 2018/19, other expenditures accounted for 6.0% of total expenditures.

Purchases of non-financial assets increased by 0.3% to LE 109.7 billion in 2017/18 from LE 109.1 billion in 2016/17, primarily due to increased investment in infrastructure and in the housing, health and education sectors. In 2017/18, purchases of non-financial assets accounted for 8.8% of total expenditures, as compared to 10.6% in 2017/18.

Social Spending and Subsidies

Prior to 2014/15, Government spending on subsidies to support low-income Egyptians had increased year-on-year. In order to foster material and sustained improvements to living conditions, the Government has increasingly shifted its social policy framework to ensure efficient allocation of public resources and has developed a five-year plan to streamline fuel and electricity subsidies and to restructure the wheat and food subsidy system.

The Government's social policy framework is aimed at fostering inclusive growth and reaching the most vulnerable sections of society. This framework focuses on: (i) employment policies and job creation through continued financing of public investments, promotion of sustainable energy and export and the expansion of vocational training; (ii) improvement of the quality and accessibility of public services; and (iii) the expansion of Egypt's "social safety net" through subsidy and social programmes.

Since 2014/15, the Government has gradually shifted away from providing in-kind transfers, instead focusing on cash and semi-cash transfer programmes, which are expected to have a higher impact on poverty reduction.

The Government's current subsidy policy consists principally of the following cash, semi-cash and limited in-kind transfer schemes:

- two cash transfer schemes, which operate in addition to the existing pension system: an unconditional benefit for the elderly and disabled (*Karama*) and a conditional transfer for families to support children's health and education in poor areas (*Takaful*);

- semi-cash transfer schemes for food subsidies pursuant to which the Government provides LE 50 in benefits per person, which can be spent on over 100 products (rather than rationing specific quantities of chosen products); beneficiaries are also allocated a daily quota of five loaves of bread at a subsidised cost of LE 0.05;

- in-kind transfer schemes, including transportation, electricity and petroleum products (*e.g.*, diesel oil and butane) subsidies; and

- continued expenditures on health, education and scientific research in line with the constitutional mandate. See "*The Arab Republic of Egypt—Health and Sanitation*" and "*The Arab Republic of Egypt—Education*".

Total subsidies for 2018/19 are budgeted to be LE 214.3 billion, as compared to subsidies of LE 243.5 billion in 2017/18 (representing a decrease of 12.0%) and LE 202.6 billion in 2016/17. The decrease in budgeted subsidies for 2018/19, as compared to actual subsidies for 2017/18 was primarily due to a budgeted decrease in allocations for electricity subsidies by 44.0% to LE 16.0 billion in the 2018/19 budget, as compared to LE 28.6 billion in 2017/18 (based on preliminary estimates), as well as a budgeted 26.3% decrease in petroleum subsidies to LE 89.1 billion in the 2018/19 budget, as compared to LE 120.8 billion in 2017/18 (based on preliminary estimates).

The increase in subsidies for 2017/18, as compared to 2016/17, was primarily due to: (i) an increase in food subsidies (from LE 47.5 billion in 2016/17 to LE 80.5 billion in 2017/18), which was, in turn, due to an increase in cash transfers from LE 21 per beneficiary to LE 50 per beneficiary as part of a social support package announced in early 2017/18; and

(ii) an increase in petroleum subsidies (from LE 115.0 billion in 2016/17 to LE 210.8 billion in 2017/18), which was, in turn, due to increasing international fuel prices.

In line with the Government's policy to phase out inefficient and poorly targeted energy subsidies and to replace such subsidies with better targeted social programmes, the Government has taken a number of steps to reduce energy subsidies through the improvement of production and consumption efficiency and the increase of petroleum products and electricity prices.

In July 2017, the Electricity Minister announced that energy subsidies would remain in place for three years longer than expected, with such subsidies to be phased out more gradually by the end of 2021/22. The short-term negative macroeconomic impact of the floating of the Egyptian Pound in November 2016 was cited as the reason for the extension of energy subsidies. See "*—Electricity Subsidies*".

The following table sets forth the details of the actual subsidies for 2016/17 and 2017/18 (based on preliminary estimates) and the budgeted subsidies for 2018/19.

	Subsidies[1]		
	Actual 2016/17	**Actual 2017/18**	**Budget 2018/19**
		(LE millions)	
Food Subsidies	47,535	80,500	86,175
Petroleum Subsidies	115,000	120,804	89,075
Electricity subsidies	27,590	28,585	16,000
Support Subsidies	12,435	13,649	23,013
Housing Loan Interest	85.4	124.4	500
Transportation	1,752	1,804	1,850
Potable Water	983	1,000	1,000
Low-income Housing	0	0	0
Export Subsidies	3,300.5	2,309.4	4,000
Industrial Zones	640	1,172	0
Other subsidies[2]	5,674	7,240	15,663
Total	**202,559**	**243,538**	**214,263**

Notes:
(1) The figures in this table have been revised and differ from previously published data. See "*Presentation of Information*".
(2) Includes, among other items, subsidies to farmers, medical insurance and subsidies in respect of the development of Upper Egypt.

See "*Risk Factors—Risk Factors Relating to Egypt—The Egyptian economy has faced significant challenges since the 2011 Revolution, which has put increasing pressure on its public finances and has led to a rising balance of payments deficit.*"

Fuel Subsidies

In 2012, the Government raised the price of natural gas and electricity by approximately one-third for energy intensive industries. See "*The Economy—Commodity Sector—Extractive Industry*". In 2013, the Government also raised the price of state-subsidised cooking gas (butane cylinders) for the first time in two decades. In particular, the Government increased the price of cooking gas cylinders sold for domestic use by 60% to LE 8.00 per cylinder and doubled the price for the larger cylinders used by businesses.

Fuel prices were increased by up to 300% at the beginning of 2013/14; the price of natural gas increased to U.S.$8.00 per MBTU in June 2014 and, in July 2014, the Government increased prices of diesel for certain users by 64%, octane 80 gasoline by 78% and octane 92 gasoline by 41%. Estimated petroleum subsidies were LE 115 billion in 2016/17, as compared to LE 51.0 billion in 2015/16, an increase of 125.3%. This increase was primarily due to the increase in international oil prices and the devaluation of the Egyptian Pound. The 2017/18 budget envisages cuts to fuel subsidies of 4.2% to LE 110.1 billion.

On 4 November 2016, the Prime Minister issued decrees increasing the prices of 92 octane gasoline by 34.6%, 80 octane gasoline by 46.8%, diesel by 30.5% and natural gas for vehicles by 45.5%, and confirming that the price of 95 octane gasoline will no longer be set by decree, will be based on market prices and fluctuate periodically according to procedures set by the Minister of Petroleum. Increases in the prices of LNG, fuel used by electric utilities and food production industries (among others) and natural gas used in private homes and by certain businesses were also implemented.

In June 2017, average gasoline and diesel prices were increased by 53% and prices for kerosene and fuel oil (for cement) were increased by 55% and 40%, respectively, to achieve a pre-tax price-to cost ratios of 55% for gasoline and diesel and 58% for all fuel products. LPG prices were also doubled.

In June 2018, average gasoline, diesel, kerosene and fuel oil prices were increased by 44% to achieve a pre-tax price-to-cost ratio of 73% for such fuel products. In June 2018, the Government approved an automatic fuel price indexation mechanism for most fuel products, which is designed to maintain the cost-recovery ratios for fuel products and safeguard the budget against unexpected changes in the exchange rate and global oil prices. The automatic fuel price indexation mechanism is designed to adjust fuel prices to changes in global oil prices, the exchange rate and the share of imported fuel in domestic consumption. In December 2018, the Prime Minister issued a decree to introduce an automatic fuel price indexation mechanism for 95 octane gasoline. The first price adjustment under this mechanism is scheduled to occur by the end of March 2019 and will continue on a quarterly basis subject to a 10% cap. Implementation of automatic fuel price indexation mechanisms for other fuels (save for LPG and fuel used for electricity generation and bakeries) is expected to follow at a later stage. See "*The Economy—Manufacturing*".

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

As EGPC receives free crude oil and natural gas under its product, or sharing contracts, when international prices exceed budgeted assumptions, the excess cost is borne by EGPC under the subsidy system, which, in turn, negatively affects EGPC's financial performance and has, in the past resulted in large arrears (totalling U.S.$6.1 billion in 2014 and since reduced to approximately U.S.$1.2 billion as at 30 June 2018 and U.S.$1.0 billion as at 15 December 2018) being owed to international oil and gas companies. See "*The Economy—Commodity Sector—Extractive Industry—Petroleum*".

The Government is implementing measures to encourage investment in the oil and gas sector to increase production and is investing in the downstream sector by rehabilitating refineries to increase their efficiency and intends to phase out fuel subsidies by the end of 2018/19.

Electricity Subsidies

Electricity subsidies were LE 28.6 billion in 2017/18, as compared to LE 27.6 billion in 2016/17. The 2018/19 budget provides for electricity subsidies of LE 16.0 billion.

At the beginning of 2014/15, the Government announced a five-year plan to eliminate electricity subsidies through the gradual increase of electricity prices, with prices to initially increase by an average of 31% per year. The Government has implemented three electricity price increases since the beginning of 2014/15. A price increase in June 2016, of up to 40%, was larger than initially forecasted due to the effect of the devaluation of the Egyptian Pound against the U.S. Dollar in March 2016.

In July 2017, the Government announced an increase in household electricity prices by 42% with effect from August 2017. At the same time, however, the Electricity Minister announced that energy subsidies would remain in place for three years longer than expected, with such subsidies to be phased out more gradually by the end of 2021/22. The short-term negative macroeconomic impact of the floating of the Egyptian Pound in November 2016 was cited as the reason for the extension of energy subsidies.

In July 2018, in line with its plan to phase out energy subsidies by the end of 2021/22, the Government increased commercial sector electricity prices by up to 22.2% for commercial entities (with commercial entities with the lowest consumption facing the highest price increases), up to 43.2% for industrial entities (with industrial entities with the highest consumption facing the highest price increases) and up to 69.0% for households (with households with the lowest consumption facing the highest price increases).

National Investment Bank

The NIB was established by Law № 119 of 1980 for funding infrastructure investments according to the Government's five year economic and development plans.

The NIB serves as a development fund to finance infrastructure projects on a for-profit basis.

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

National Investment Bank Sources and Uses

	2013/14	2014/15	2015/16	2016/17	2017/18
			(LE millions)		
Sources	**282,674**	**295,339**	**315,317**	**344,271**	**484,191**
Social Insurance Fund for Government Employees	40,580	41,524	32,264	33,407	35,382
Social Insurance Fund for Public and Private Business Sector Employees	31,441	32,757	23,637	22,581	21,384
Proceeds from Investment Certificates	108,451	108,938	138,265	155,947	281,240
Accumulated Interest on Investment Certificates (Category A)	7,240	7,874	7,994	7,546	7,294
Proceeds from U.S. Dollar Development Bonds	5	5	4	4	2
Post Office Savings	93,376	102,297	111,044	122,271	134,431
Others[(1)]	1,581	1,944	2,109	2,515	4,458
Uses, *of which*	**282,674**	**295,339**	**315,317**	**344,271**	**484,191**
Loans to economic authorities	*52,029*	*52,865*	*51,549*	*51,616*	*71,691*
Investments in government securities (bills and bonds)	*9,154*	*7,365*	*26,744*	*32,681*	*144,341*
Deposits of the NIB with the banking system.	*1,728*	*1,437*	*1,650*	*1,285*	*1,264*

Source: National Investment Bank.

Note:
(1) Including deposits of the private insurance funds, saving certificates, and loans & deposits of various authorities.

Social Insurance Funds

Egypt has two general pension funds: one for Governmental sector employees ("**GSIF**") and the other for public and private sector employees ("**PSIF**"). The Government makes contributions to the Governmental sector pension fund in its capacity as an employer (in addition to contributions to pension funds). The Government's contributions to pension funds (other than its contributions as an employer) were budgeted to be LE 67.8 billion for the GSIF in 2017/18, as compared to LE 52.5 billion in 2016/17 and LE 42.7 billion for the PSIF in 2017/18, as compared to LE 35.9 billion in 2016/17.

In 2017/18, the fund's invested assets totalled approximately LE 409.9 billion, of which 8.6% is deposited with the NIB, 42.1% is invested in direct investments deposits and cash in banks and 49.27% is invested in Ministry of Finance *sukuks*.

This pension system covers approximately 60% of the formal labour force and there are programmes for covering the informal labour force; one of these programmes is Law № 112 of 1980. Total collected contributions and returns for the PSIF under Law № 112 of 1980 were LE 0.45 billion in 2017/18.

In addition, in March 2015, the Government launched two cash transfer schemes, which operate in addition to the existing pension system. See "*—Social Spending and Subsidies*".

The Government is in the process of developing a comprehensive reform plan for the social insurance funds, to ensure the sustainability of the pension systems. A draft law in respect of amendments to the social insurance and pension scheme has been finalised with the co-operation of the Ministry of Finance and Ministry of Social Solidarity and will be sent for parliamentary approval.

PUBLIC DEBT

Overview

Egypt's public sector debt is comprised of the domestic debt of the central Government, the debt of Economic Authorities and Service Authorities, and the external debt of the central Government. For the purposes of this section, external debt is debt payable in foreign currency held by non-Egyptian entities.

As at 30 June 2018, Egypt's net consolidated public domestic debt was LE 3,147.0 billion (according to preliminary estimates), representing 70.9% of GDP and a 16.3% increase, as compared to net consolidated public domestic debt as at 30 June 2017, which was LE 2,705.5 billion, (which represented 78.0% of GDP). This increase was primarily a result of the increase in treasury bonds and notes issued to the CBE, the increase in treasury issuances in the domestic market and reduced redemptions, as well as an increase in general Government deposits and deposits from Economic Authorities. Total outstanding tradable domestic Government securities increased by 19.0% from LE 2,054.7 billion as at 30 June 2017 to LE 2,444.2 billion as at 30 June 2018.

As at 30 June 2017, gross external debt was U.S.$79.0 billion, representing 41.1% of GDP and a 41.6% increase, as compared to gross external debt of U.S.$55.8 billion as at 30 June 2016. As at 30 June 2018, gross external debt increased to U.S.$92.6 billion, an increase of 17.2%.

As at 30 June 2017, gross external Government debt was U.S.$34.9 billion, representing 18.1% of GDP and a 43.0% increase, as compared to gross external Government debt of U.S.$24.4 billion as at 30 June 2016. As at 30 June 2018, gross external Government debt was U.S.$47.6 billion, representing 19.1% of GDP, an increase of 36.6%.

The public debt figures set out herein do not include Government guarantees of debt owed by all public entities (including state-owned enterprises that are not Economic Authorities or Service Authorities). The Government does not currently publish breakdowns of Government-guaranteed debt. The Government estimates that total Government-guaranteed debt (including state-owned enterprise guaranteed debt) was approximately 20.5% of GDP, as at 31 December 2018, which is split between domestic and external guaranteed debt. See "*Risk Factors—Risks Relating to the Republic—The statistics published by the Republic may differ from those produced by other sources*".

The following table sets forth Egypt's general Government debt as at the dates indicated.

Total General Government Debt[1][2][3]

	As at 30 June				
	2014	**2015**	**2016**	**2017**	**2018[4]**
	(LE millions, unless otherwise stated)				
Gross Consolidated Public Domestic Debt	**1,654,641**	**1,991,247**	**2,478,883**	**3,278,359**	**3,648,984**
Gross Consolidated General Government Domestic Debt	1,603,730	1,966,489	2,409,225	2,950,867	3,259,378
Economic Authorities' Domestic Debt	119,109	139,355	160,535	413,122	479,644
Less:					
Economic Authorities' Borrowings from NIB	*52,641*	*52,865*	*51,534*	*51,616*	*69,526*
Economic Authorities' Deposits in TSA[5]	*15,557*	*61,732*	*39,343*	*34,014*	*20,512*
Less:					
Public Sector Deposits	**208,279**	**286,181**	**400,282**	**572,861**	**501,969**
General Government Deposits	171,697	233,054	321,924	460,564	396,386
Economic Authorities Gross Deposits	60,662	128,294	146,829	190,793	161,834
Less:					
SIF Deposits[6][7]	*8,523*	*13,435*	*29,128*	*44,482*	*35,739*
Economic Authorities' Deposits in TSA[5]	*15,557*	*61,732*	*39,343*	*34,014*	*20,512*
Net Consolidated Public Domestic Debt	**1,446,362**	**1,705,066**	**2,078,601**	**2,705,498**	**3,147,015**
Gross External Debt *(U.S.$ millions)*	**46,067**	**48,063**	**55,764**	**79,033**	**92,644**
Gross External Government Debt *(U.S.$ millions)*	**29,054**	**25,707**	**24,437**	**34,875**	**47,649**
Bonds and Notes *(U.S.$ millions)*	6,085	4,938	3,493	8,985	14,278
Loans *(U.S.$ millions)*	22,969	20,770	20,944	25,890	33,371
Gross External Non-Government Debt *(U.S.$ millions)*	**17,013**	**22,356**	**31,328**	**44,158**	**44,995**
Monetary Authorities *(U.S.$ millions)*	11,005	16,318	22,174	30,324	26,560
Banks *(U.S.$ millions)*	1,544	2,387	3,963	4,096	6,047
Other sectors *(U.S.$ millions)*	4,464	3,651	5,191	9,738	12,388
Total General Government Debt (*LE millions*)[8]	**1,810,888**	**2,159,808**	**2,623,529**	**3,579,688**	**4,111,346**
Debt to GDP Ratios[9]					
Gross Consolidated Domestic Debt/GDP *(%)*	77.7	81.5	91.5	94.5	82.2
Net Consolidated Domestic Debt/GDP *(%)*	67.9	69.8	76.7	78.0	70.9
Gross External Debt/GDP *(%)*	15.5	15.0	18.3	41.1	37.2
Gross External Government Debt/GDP *(%)*	9.7	8.0	8.0	18.1	19.1
General Government Debt/GDP *(%)*	85.0	88.4	96.8	103.2	92.6

Sources: Ministry of Finance and CBE

Notes:

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

(2) Excluding outstanding debt of Economic Authorities to NIB.

(3) See "*—Recent Developments*" for a discussion of certain additional debt incurred since 30 June 2018.

(4) These figures are the Ministry of Finance's preliminary estimates and are subject to revision and amendment, which may be material.

(5) Represents a portion of the Economic Authorities' deposits at TSA that is borrowed by the budget sector in the form of loan facilities. Accordingly, it represents an interrelated debt between the Budget and Economic Authorities and is deducted on consolidation from both gross public sector debt and deposits of Economic Authorities.

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

(7) In 2006, outstanding debt of the treasury to the Social Insurance Fund (through the NIB) was recognised as a direct liability of the treasury to the Social Insurance Fund. (See "*Public Finance—National Investment Bank*"). The outstanding debt relates to the issuance of two treasury bonds in the interest of the Social Insurance Fund of LE 1.2 billion. A third bond of LE 74.5 million was issued in June 2007. A fourth bond of LE 1.1 billion was issued in June 2008. A fifth bond of LE 2.3 billion was issued in June 2009. A sixth bond of LE 988.8 million was issued in June 2010. A seventh bond of LE 1.8 billion was issued in June 2011. In December 2012, additional bonds were issued with a total amount of LE 15.5 billion to repay part of the historical liability.

(8) Total General Government debt is the sum of Gross Consolidated General Government Domestic Debt and Gross External Government Debt.

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

Recent Developments

In July 2018, the EU approved a U.S.$50 million loan to fund irrigation projects, including water pumping stations and agricultural wastewater treatment farms.

In August 2018, *L'Agence Francaise de Developpement* approved €50 million loan to support the Egyptian National Authority for Tunnels' partial rehabilitation of the Cairo Metro. The *L'Agence Francaise de Developpement* loan will be supported by a €205 million loan provided by EBRD and a €350 million loan from the EIB.

In September 2018, the World Bank approved a U.S.$300 million loan to strengthen institutions and policies for increasing access and improving rural sanitation services in certain selected governorates. This loan is subject to ratification and approval by the Council of Ministers.

In October 2018, the African Development Bank disbursed the third tranche of a loan in the amount of U.S.$500 million to support the Government's economic reform programme.

In October 2018, the government of Germany signed two agreements valued at approximately €150.5 million, aimed at: (i) promoting employment to foster sustainable economic development, supporting the labour market and promoting micro, small- and medium-sized businesses, in each case with a special focus on women and young people; (ii) developing the water sector and waste management, including drinking water supply and sanitation, agricultural irrigation and drainage; and (iii) promoting renewable energy and energy efficiency.

In November 2018, the Republic issued the November 2018 Notes, in an aggregate principal amount of U.S.$2,570 million. The November 2018 Notes were subscribed for in their entirety by the CBE in a private placement. Contemporaneously, the CBE entered into the 2018 Repurchase Transactions. See "*Risk Factors—Risk Factors Relating to the Notes and the Market Generally—Risks relating to the November 2016 Notes and November 2018 Notes*".

In December 2018, the World Bank and Egypt signed an agreement in respect of a U.S.$1.0 billion programme focusing on creating opportunities for Egyptians and raising living standards by promoting the private sector and improving Government performance.

In January 2019, the government of France signed three memoranda of understanding with Egypt, including a strategic partnership on social and economic development from 2019 to 2023, a facilitated credit agreement with a loan of €6 million to support the social security sector and a facilitated credit agreement to support women-owned SMEs with a loan of €50 million and a €1 million grant. In addition, an agreement was signed for the provision of a €336 million loan in respect of the fourth phase of construction of the Cairo Metro line.

On 4 February 2019, the Executive Board of the IMF completed the fourth review under the EEF, which permits the Egyptian authorities to draw the equivalent of SDR 1,432.8 million (approximately U.S.$2.0 billion), bringing total disbursements to SDR 7,163.8 million (approximately U.S.$10.0 billion).

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

Domestic Debt

Budget Sector domestic debt consists of debt payable in Egyptian Pounds and foreign currency debt held by Egyptian entities and excludes the debt of the NIB and Economic Authorities.

Egypt's net budget sector domestic debt represented 70.5% of GDP at the end of 2017/18, as compared to 78.2% of GDP at the end of 2016/17, according to preliminary estimates. Total outstanding Government securities increased from LE 3,018.3 at the end of 2016/17 to LE 3,404.2 at the end of 2017/18.

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

Budget Sector Domestic Debt[1][2]

	As at 30 June				
	2014	**2015**	**2016**	**2017**[3]	**2018**[3]
			(LE millions)		
Gross Domestic Budget Sector Debt	**1,697,893**	**2,082,625**	**2,570,843**	**3,124,100**	**3,470,968**
Ministry of Finance Securities	**1,494,737**	**1,721,942**	**2,279,755**	**3,018,259**	**3,404,214**
Treasury Bills[4]	534,670	596,196	815,995	1,185,704	1,547,140
Treasury Bonds	436,510	590,993	735,307	724,789	739,172
Treasury Bonds and Notes issued to Bank Misr and NBE	21,390	22,560	26,310	49,584	49,018
Treasury Bonds and Notes issued to the CBE	222,470	222,470	371,470	693,594	662,769
Revaluation Bonds	17,860	17,860	19,360	20,860	22,360
Insurance Notes	2,000	2,000	2,000	2,000	2,000
Eurobonds (held domestically)[5]	8,422	8,316	9,957	18,558	36,336
Housing Bonds	101	92	62	46	48
Barwa Bonds	1,924	1,283	641	—	—
Social Insurance Fund Bonds	233,704	254,532	298,653	323,124	345,371
Borrowing from other sources	15,686	5,640	—	—	—
Facilities from Social Insurance Funds[6]	**1,225**	**450**	**250**	**250**	—
Budget Sector Bank Loans	**201,931**	**360,233**	**290,838**	**105,591**	**66,754**
Of which Economic Authorities' Deposits in TSA	15,557	61,732	39,343	34,014	20,512
Budget Sector Deposits	**161,485**	**218,561**	**287,187**	**408,936**	**340,500**
Net Domestic Budget Sector Debt	**1,536,408**	**1,864,064**	**2,283,656**	**2,715,164**	**3,130,468**
Gross Domestic Budget Sector Debt/GDP *(%)*[7]	79.7	85.2	94.9	90.0	78.2
Net Domestic Budget Sector Debt/GDP *(%)*[7]	72.1	76.3	84.3	78.2	70.5

Sources: Ministry of Finance and CBE

Notes:

(1) Outstanding domestic debt stock due from the central administration, local governments and public service authorities. The figures in this table have been revised and differ from previously published data. See "*Presentation of Information*".

(2) See "*—Overview—Recent Developments*" for a discussion of certain additional debt incurred since 30 June 2018.

(3) These figures are the Ministry of Finance's preliminary estimates and are subject to revision and amendment, which may be material.

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

(5) Includes Eurobonds issued in 2001, 2010 and 2013. Since June 2012, this item includes an additional stock of the Egyptian Dollar Certificate, whereby in December 2014 the stock of the Eurobond amounted to LE 4.7 billion, and the stock of the Egyptian dollar certificate amounted to LE 2.3 billion.

(6) A portion of the SIF deposits that are used as loan facilities for the budget sector are recognised as part of budget sector domestic debt obligations.

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

As at 30 June 2018, 51.7% of outstanding domestic debt had a maturity of less than one year, 28.7% had a maturity of one to three years, 12.1% had a maturity of three to five years, 4.4% had a maturity of five to seven years, 2.4% had a maturity of seven to ten years and 0.7% had a maturity of more than ten years.

As at 30 June 2017, 50.0% of outstanding domestic debt had a maturity of less than one year, 11.3% had a maturity of one to three years, 27.7% had a maturity of three to five years, 4.8% had a maturity of five to seven years, 5.5% had a maturity of seven to ten years and 0.8% had a maturity of more than ten years.

Treasury Bills and Bonds

Treasury bills and bonds placed through the auction market provide a substantial source of funding for the Government. As at 30 June 2018, treasury bills and bonds accounted for 73.0% of net domestic budget sector debt (according to preliminary estimates), as compared to 70.4% as at 30 June 2017.

The following table sets forth details of the Government's securities issuances, denominated in Egyptian Pounds for the periods indicated.

Government Securities Issuances[(1)(]

	2013/14	2014/15	2015/16	2016/17	2017/18	July 2017 – November 2017	July 2018 – November 2018
				(LE millions)			
Issued	**963**	**1,086**	**1,342**	**1,926**	**2,807**	**1,193**	**1,199**
Treasury Bills	754	846	1079	1,749	2,631	1,138	1,047
Treasury Bonds	209	239	263	177	176	56	151
Matured	**767**	**862**	**981**	**1,769**	**2,436**	**939**	**1,053**
Treasury Bills	700	784	866	1,568	2,271	891	998
Treasury Bonds	68	79	115	201	164	48	54
Net Issuances	**196**	**223**	**362**	**157**	**371**	**254**	**146**
Outstanding Stock (End of Period)	**990**	**1,213**	**1,575**	**1,732**	**2,103**	**1,986**	**2,249**
Treasury Bills	533	596	809	990	1,350	1,237	1,399
Treasury Bonds	457	618	766	742	753	750	850
			(%)				
Average Interest Rates							
91-day Treasury Bills	10.9	11.4	11.8	17.5	18.8	19.5	19.3
182-day Treasury Bills	11.3	11.7	12.3	18.1	18.8	19.5	1.9.5
273-day Treasury Bills	11.4	11.8	12.5	18.3	18.3	19.1	19.6
364-day Treasury Bills	11.5	11.9	12.5	18.2	18.1	19.0	19.4

Source: Ministry of Finance

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

The Ministry of Finance began issuing U.S. Dollar-denominated treasury bills in the local market in November 2011 with the purpose of absorbing the excess liquidity of foreign currencies that was available with local banks. The first issuance was for a nominal amount of U.S.$1.5 billion, issued at a 3.9% interest rate.

In August 2012, the Ministry of Finance issued its first treasury bills denominated in Euros in a nominal amount of €513 million, which bore interest at a rate of 3.25%.

In December 2013, the Ministry of Finance issued treasury bonds denominated in U.S. Dollars in a nominal amount of U.S.$3.0 billion, which bear interest at a rate of 3.5%.

Subsequently, the Ministry of Finance has conducted numerous issuances of U.S. Dollar- and Euro-denominated treasury bills in the local market. As at 30 June 2018, the outstanding nominal amount of U.S. Dollar-denominated treasury bills was U.S.$16,362.2 million, the outstanding nominal amount of Euro-denominated treasury bills was €1,352.8 million and the outstanding nominal amount of U.S. Dollar-denominated treasury bonds was U.S.$3,750 million.

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

The following table sets forth details of Egypt's outstanding amount of U.S. Dollar and Euro-denominated treasury bills and treasury bonds as at 31 December 2018.

Issue Date	Issue Size	Interest Rate	Maturity Date
9 January 2018	U.S.$944,500,000	3.35%	8 January 2019
13 February 2018	U.S.$1,075,000,000	3.30%	12 February 2019
28 February 2017	U.S.$1,000,000,000	3.65%	28 February 2019
8 May 2018	U.S.$1,100,000,000	3.36%	7 May 2019
12 June 2018	U.S.$715,000,000	3.30%	11 June 2019
28 June 2018	U.S.$2,210,400,000	3.50%	27 June 2019
24 July 2018	U.S.$844,400,000	3.50%	23 July 2019
21 August 2018	€617,800,000	1.60%	20 August 2019
27 February 2018	U.S.$2,918,300,000	3.20%	26 February 2019
13 November 2018	€695,100,000	1.75%	12 November 2019
20 November 2018	U.S.$1,703,000,000	3.697%	19 November 2019
29 November 2018	U.S.$1,057,800,000	3.70%	27 November 2019
11 December 2018	U.S.$1,103,300,000	3.75%	10 December 2019
31 December 2018	U.S.$309,000,000	3.75%	24 December 2019
18 June 2018	U.S.$2,750,000,000	4.75%	17 June 2021

Source: Ministry of Finance

External Debt

External debt consists of the external portion of long-term indebtedness incurred directly by the Government, external long-term indebtedness incurred by Economic Authorities and Service Authorities and private sector non-guaranteed debt.

Since 1991, the majority of Egypt's external borrowings have consisted of bilateral and multilateral finance, as well as debt securities placed in international capital markets. Egypt has been current on its external debt payments since 1991.

As at 30 June 2017, gross external debt was U.S.$79.0 billion, representing 41.1% of GDP and a 41.6% increase, as compared to gross external debt of U.S.$55.8 billion as at 30 June 2016. As at 30 June 2018, gross external debt increased to U.S.$92.6 billion, an increase of 17.2%, as compared to 30 June 2017.

As at 30 June 2017, gross external Government debt was U.S.$34.9 billion, representing 18.1% of GDP and a 43.0% increase, as compared to gross external Government debt of U.S.$24.4 billion as at 30 June 2016. As at 30 June 2018, gross external Government debt was U.S.$47.6 billion, representing 19.1% of GDP, an increase of 36.6%, as compared to 30 June 2017.

Historical Development of Egypt's External Debt

The following table sets forth details of the development of Egypt's external debt stock as at the dates indicated.

External Debt Stock[(1)(2)]

	As at 30 June				
	2014	**2015**	**2016**	**2017**	**2018[(3)]**
	(U.S.$ millions)[(3)]				
Medium- and Long-term External Public Debt	**42,405**	**45,465**	**48,551**	**66,603**	**79,900**
Rescheduled bilateral debt	8,441	6,243	5,250	4,252	3,728
Other bilateral debt	6,104	5,492	6,300	6,572	7,644
Multilateral Institutions[(4)]	12,229	12,246	14,090	21,752	28,417
Suppliers' and buyers' credit	546	1,547	3,119	6,505	8,434
Bonds and Notes	6,085	4,938	3,493	8,985	14,278
Sovereign Notes	*835*	*838*	*798*	*989*	*1,002*
Eurobonds denominated in U.S. Dollars	*0*	*1,350*	*1,195*	*7,996*	*11,114*
Eurobonds denominated in Euros	*0*	*0*	*0*	*0*	*2,161*
Euro Medium Term Notes (EMTN)	*3,500*	*1,000*	*1,000*	*0*	*0*
Saudi Bonds	*500*	*500*	*500*	*0*	*0*
Guaranteed Notes	*1,250*	*1,250*	*0*	*0*	*0*
Deposits[(5)]	9,000	15,000	16,300	18,537	17,400
Medium- and Long-term Private Sector Non-guaranteed Debt	**11**	**23**	**195**	**155**	**460**
Short Term Debt[(6)]	**3,651**	**2,575**	**7,018**	**12,274**	**12,284**
Currency and Deposits (non-residents)	1,393	1,295	1,478	3,824	3,784
Loans and Trade Credits	2,259	1,280	5,539	8,450	8,500
Total	**46,067**	**48,063**	**55,764**	**79,033**	**92,644**

Source: CBE

Notes:

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

(2) See "*—Overview—Recent Developments*" for a discussion of certain additional debt incurred since 30 June 2018.

(3) Preliminary figures.

(4) Includes U.S.$8,051.67 million disbursed under the EFF with the IMF and U.S.$1,262.3 million of SDR allocations by the IMF to is member countries, of which Egypt's share is SDR 898.4 million.

(5) Representing Saudi, United Arab Emirates and Kuwait deposits of, as at 30 June 2018, U.S.$7.5 billion, U.S.$5.9 billion and U.S.$4.0 billion, respectively.

(6) Includes, as at 30 June 2018, U.S.$2,715.3 million representing the currency swap arrangement entered into with the People's Bank of China. See "*Monetary System—Foreign Exchange*".

The following table sets forth Egypt's public external debt, by currency, as at the dates indicated.

Public External Debt by Currency[1]

	As at 30 June				
	2014	**2015**	**2016**	**2017**	**2018[2]**
			(U.S.$ millions)[3]		
U.S. Dollar	28,448	33,430	40,046	55,199	58,837
Euros	8,149	6,391	6,904	9,991	13,935
Japanese Yen	2,964	2,345	2,593	2,304	2,354
Kuwaiti Dinar	2,543	2,414	2,390	2,342	2,526
Special Drawing Rights	2,630	2,233	2,534	5,543	10,517
Chinese Yuan	0	0	0	2,647	2,715
Egyptian Pound	443	529	732	236	460
Swiss Franc	393	321	223	159	163
British Pound Sterling	121	90	46	25	21
Canadian Dollar	92	65	47	37	33
Australian Dollar	52	26	8	0	0
Danish Kroner	88	65	62	55	52
UAE Dirham	22	38	34	29	31
Swedish Kroner	14	7	7	3	0
Saudi Riyal	106	105	134	462	998
Norwegian Kroner	4	3	2	2	2
Total	**46,067**	**48,063**	**55,764**	**79,033**	**92,644**

Source: CBE

Notes:
(1) See "*—Overview—Recent Developments*" for a discussion of certain additional debt incurred since 30 June 2018.
(2) Preliminary data.
(3) Using end of period exchange rate.

The following table sets forth details of Egypt's short-term external debt as at the dates indicated.

Short-term External Debt[1]

	As at 30 June					
	2013	**2014**	**2015**	**2016**	**2017**	**2018[2]**
			(U.S.$ millions)			
Short-Term Debt	**7,046.1**	**3,651.0**	**2,575.3**	**7,017.7**	**12,274.4**	**12,283.7**
Deposits (Non-Residents)[3]	5,293.4	1,392.5	1,295.3	1,478.3	3,824.1	3,783.9
Other Facilities	1,752.7	2,258.5	1,280.0	5,539.4	8,450.3	8,499.8

Source: CBE

Notes:
(1) See "*—Overview—Recent Developments*" for a discussion of certain additional debt incurred since 30 June 2018.
(2) Preliminary data.
(3) Includes U.S.$2.6 billion in respect of the currency swap entered into with the People's Bank of China. See "*Monetary System—Foreign Exchange*".

The following table sets forth Egypt's medium- and long-term public external debt, by origin of creditor, as at the dates indicated.

Medium- and Long-term Public External Debt by Creditor[1]

Creditor	As at 30 June				
	2014	2015	2016	2017	2018[2]
			(U.S.$ millions)[3]		
France	2,363.06	1,588.48	1,198.86	1,186.73	1,663.38
United States	2,284.82	2,026.01	1,761.16	1,490.28	1,207.34
Germany	3,450.20	2,805.71	3,605.82	6,178.83	6,974.67
Japan	2,816.24	2,212.88	2,458.25	2,207.08	2,243.59
Spain	431.25	314.06	246.05	216.20	263.78
United Kingdom	100.63	66.51	31.72	265.80	797.63
Italy	244.83	361.23	396.34	814.30	956.42
Bahrain	0.00	0.00	255.0	241.47	257.55
Austria	205.85	120.03	66.11	74.94	67.33
Kuwait	988.87	901.21	918.26	926.79	990.06
Switzerland	207.39	133.33	60.03	22.73	18.0
Denmark	208.83	148.80	122.59	107.70	88.62
Canada	112.19	78.61	52.66	38.54	34.95
Qatar	0.00	0.00	50.00	32.94	23.53
Australia	69.98	37.48	12.68	00	00.0
Turkey	1,000.00	1,000.00	600.00	200.00	00.0
China	344.06	337.49	1,940.55	2,019.20	2,144.34
The Netherlands	83.89	65.93	63.17	58.33	54.01
Belgium	35.49	20.88	12.12	79.12	104.97
Finland	0.00	0.00	3.21	2.95	2.65
United Arab Emirates	20.94	949.04	680.20	705.13	915.96
Sweden	14.84	7.70	2.70	0.07	0.06
Saudi Arabia	103.98	103.08	129.30	459.31	996.19
Norway	3.55	2.60	1.67	1.07	0.83
International Organisations[4][5]	12,228.58	12,246.30	14,089.93	21,751.64	28,416.76
Guaranteed Sovereign Bonds[6]	1,250.00	1,250.0	0.00	0.00	0.00
Sovereign Notes	835.28	837.73	797.78	988.59	1002.28
Saudi Bond	500.00	500.00	500.00	0.0	0.00
Deposits[7]	9,000.00	15,000.00	16,300.00	18,537.40	17,400.00
Eurobonds denominated in U.S. Dollars	0.00	1,350.00	1,195.17	7,995.94	11,114.21
Eurobonds denominated in Euros	0.00	0.00	0.00	0.00	2,161.19
Euro Medium Term Notes	3,500.00	1,000.00	1,000.00	0.00	0.00
Total	**42,404.75**	**45,465.09**	**48,551.33**	**66,603.08**	**79,900.29**

Source: CBE

Notes:

(1) See "*—Overview—Recent Developments*" for a discussion of certain additional debt incurred since 30 June 2018.
(2) Preliminary data.
(3) Using end of period exchange rate.
(4) Includes international organisations, such as the European Investment Bank, the International Development Association, the Arab Fund for Economic and Social Development, the World Bank Group and the African Development Bank.
(5) Includes U.S.$8,051.67 million disbursed under the EFF with the IMF.
(6) Guaranteed Notes represent a Eurobond issued by the Government and guaranteed by the United States Government pursuant to U.S. Public Law 108 of 2003.
(7) Representing Saudi, United Arab Emirates and Kuwait deposits of, as at 30 June 2018, U.S.$7,500 million, U.S.$5,900 million and U.S.$4,000 million, respectively.

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

Outstanding International Government Bonds

Issue Date	Issue Size	Coupon	Maturity	S&P Rating
		(% per annum)		
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(1)
29 May 2017(2)	U.S.$750,000,000	6.125	31 January 2022	n/a(1)
21 February 2018	U.S.$1,250,000,000	5.577	21 February 2023	B-
10 November 2016(3)	U.S.$1,320,000,000	6.750	10 November 2024	n/a(1)
11 June 2015	U.S.$1,500,000,000	5.875	11 June 2025	B-
31 January 2017	U.S.$1,000,000,000	7.50	31 January 2027	n/a(1)
29 May 2017(2)	U.S.$1,000,000,000	7.50	31 January 2027	n/a(1)
21 February 2018	U.S.$1,250,000,000	6.588	21 February 2028	B-
10 November 2016(3)	U.S.$1,320,000,000	7.000	10 November 2028	n/a(1)
30 April 2010	U.S.$500,000,000	6.875	30 April 2040	BB+
31 January 2017	U.S.$1,250,000,000	8.500	31 January 2047	n/a(1)
29 May 2017(2)	U.S.$1,250,000,000	8.500	31 January 2047	n/a(1)
21 February 2018	U.S.$1,500,000,000	7.903	21 February 2048	B-
16 April 2018	€1,000,000,000	4.750	16 April 2026	B-
16 April 2018	€1,000,000,000	5.625	16 April 2030	B-
16 November 2018(4)	U.S.$860,000,000	7.125	10 November 2026	B
16 November 2018(4)	U.S.$1,710,000,000	7.625	10 November 2030	B

Source: Ministry of Finance

Notes:

(1) These notes are not rated by S&P but have been assigned a rating of B3 by Moody's and B by Fitch.
(2) Notes issued as a tap issuance.
(3) Issued in connection with the 2016 Repurchase Transactions.
(4) Issued in connection with the 2018 Repurchase Transactions.

In April 2010, the Republic issued its U.S.$1 billion 5.75% Notes due 2020 and its U.S.$500 million 6.875% Notes due 2040 in order to refinance a U.S.$1 billion bond that matured in July 2011, extend external debt maturities and diversify its investor base.

In May 2015, the Republic established the Programme. In June 2015, the Republic issued its U.S.$1.5 billion Notes due 2025 (Series 1) under the Programme, which bear interest at a rate of 5.875% per annum.

In November 2016, the Republic issued: (i) U.S.$1.36 billion Notes due 2017, which bear interest at a rate of 4.622% per annum; (ii) U.S.$1.32 billion Notes due 2024, which bear interest at a rate of 6.750% per annum; and (iii) U.S.$1.32 billion Notes due 2028, which bear interest at a rate of 7.000% per annum. In November 2017, the Republic conducted a consent solicitation exercise to extend the maturity date of its U.S.$1.36 billion 4.622% Notes due 2017 from 10 December 2017 to 10 December 2018.

In January 2017, the Republic issued its U.S.$1.75 billion 6.125% Notes due 2022 (Series 2), U.S.$1.0 billion 7.500% Notes due 2027 (Series 3) and U.S.$1.25 billion 8.500% Notes due 2047 (Series 4) under the Programme. These Notes are listed on the Luxembourg Stock Exchange and the London Stock Exchange.

In May 2017, the Republic issued its U.S.$750 million 6.125% Notes due 2022 (which were consolidated to form a single series with the U.S.$1.75 billion 6.125% Notes due 2022 (Series 2) issued on 31 January 2017), the U.S.$1 billion 7.500% Notes due 2027 (which were consolidated to form a single series with the U.S.$1 billion 7.500% Notes due 2027 (Series 3) issued on 31 January 2017) and U.S.$1.25 billion 8.500% Notes due 2047 (which were consolidated to form a single series with the U.S.$1.25 billion 8.500% Notes due 2047 (Series 4) issued on 31 January 2017) under the Programme. These Notes are listed on the Luxembourg Stock Exchange and the London Stock Exchange.

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

In April 2018, the Republic issued its €1.0 billion 4.750% Notes due 2026 and €1.0 billion 5.625% Notes due 2030 under the Programme. These Notes are listed on the London Stock Exchange.

In November 2018, the Republic issued the November 2018 Notes: the U.S.$860 million 7.125% Notes due 2026 (Series D) and U.S.$1.71 billion 7.625% Notes due 2030 (Series E). These Notes are listed on the Irish Stock Exchange. See "*—Overview—Recent Developments*" and "*Risk Factors—Risk Factors Relating to the Notes and the Market Generally—Risks relating to the November 2016 Notes and the November 2018 Notes*".

The following table sets forth Egypt's medium and long-term public external debt service for the years indicated based on outstanding debt as at 30 September 2018.

Projected External Debt Service Based on Outstanding Amounts as at 30 September 2018[(1)(2)]

Year	Principal Repayments	Interest Payments	Total Debt Service
		(U.S.$ millions)	
2018 H2	1,258.49	477.17	1,735.66
2019 H1	4,830.51	1,363.77	6,194.28
2019 H2	9,529.18	1,195.15	10,724.33
2020 H1	4,688.05	1,176.54	5,864.59
2020 H2	2,172.74	994.64	3,167.38
2021 H1	4,545.89	1,062.96	5,608.84
2021 H2	3,733.62	880.60	4,614.22
2022 H1	4,346.10	925.06	5,271.17
2022 H2	3,235.26	707.28	3,942.54
2023 H1	3,429.40	777.93	4,207.34
2023 H2	3,260.70	607.47	3,868.18
2024 H1	2,006.30	672.17	2,678.47
2024 H2	1,890.72	540.36	2,431.08
2025 H1	2,846.49	630.24	3,476.73
2025 H2	1,859.38	473.01	2,332.39
2026 H1	2,848.77	591.73	3,440.50
2026 H2	1,805.15	438.57	2,243.72
2027 H1	3,037.54	484.83	3,522.37
2027 H2	1,357.01	345.96	1,702.96
2028 H1	2,028.24	397.42	2,425.66
2028 H2	827.14	289.09	1,116.23
2029 H1	761.62	345.09	1,106.71
2029 H2	759.07	273.04	1,032.11
2030 H1	1,797.95	330.60	2,128.55
2030 H2	509.31	259.41	768.72
2031 H1	397.12	254.27	651.39
2031 H2	372.86	250.37	623.23
2032 H1	364.13	246.72	610.85
2032 H2	358.90	243.03	601.93
2033 H1	340.47	238.89	579.36
2033 H2	331.02	235.47	566.49
2034 H1	317.29	231.93	549.22
2034 H2	281.97	228.70	510.67
2035 H1	271.50	225.63	497.13
2035 H2	267.63	222.79	490.43
2036 H1	208.33	219.90	428.23
2036 H2	191.08	217.74	408.82
2037 H1	176.12	215.48	391.60
2037 H2	171.95	213.65	385.60
2038 H1	146.28	211.58	357.86
2038 H2	114.59	210.09	324.68
2039 H1	100.62	208.65	309.28
2039 H2	97.36	207.61	304.97
2040 H1	473.20	206.46	679.66
2040 H2	93.69	192.44	286.13
2041 H1	89.85	191.16	281.01
2041 H2	89.54	190.23	279.78
2042 H1	84.87	189.04	273.91

Projected External Debt Service Based on Outstanding Amounts as at 30 September 2018[(1)(2)]

Year	Principal Repayments	Interest Payments	Total Debt Service
		(U.S.$ millions)	
2042 H2	78.47	188.14	266.60
2043 H1	75.49	187.03	262.52
2043 H2	74.21	186.23	260.44
2044 H1	71.35	185.24	256.58
2044 H2	71.15	184.39	255.54
2045 H1	70.86	183.31	254.17
2045 H2	70.86	182.53	253.39
2046 H1	70.05	181.47	251.52
2046 H2	67.72	180.69	248.41
2047 H1	2,566.55	179.64	2,746.19
2047 H2	66.44	72.62	139.06
2048 H1	1,565.87	71.64	1,637.50
2048 H2	62.82	11.54	74.36
2049 H1	54.75	10.53	64.28
2049 H2	54.65	9.88	64.53
2050 H1	54.36	8.97	63.33
2050 H2	52.09	8.31	60.40
2051 H1	36.45	7.44	43.89
2051 H2	34.45	7.03	41.48
2052 H1	19.75	0.61	20.36
2052 H2	17.45	0.29	17.74
2053 H1	0.55	0.01	0.55
2053 H2	0.55	0.00	0.55
2054 H1	0.55	0.00	0.55

Sources: Ministry of Finance and the CBE

Notes:
(1) Total external debt includes direct indebtedness and external debt of state-owned enterprises.
(2) See "*—Overview—Recent Developments*" for a discussion of certain additional debt incurred since 30 June 2018.

Guaranteed Debt

The following table sets forth details of Egypt's publicly-guaranteed private sector external debt outstanding as at 30 June 2018.

Publicly-Guaranteed Private Sector External Debt

Borrower	Outstanding Amount
	(U.S.$ millions)
Medium and Long Term Debt	0
Short Term Debt	
Trade Credits	163.97
Total	**163.97**

Source: CBE

Public Debt Management

The role of the Ministry of Finance's Public Debt Management Unit is to procure Government budget funding requirements at the lowest long-term cost relative to the general level of interest rates, consistent with prudent fiscal and monetary policy framework. The Debt Management Unit follows a market-orientated funding strategy based on projected budgetary requirements, determining frequency, volume, timing and maturities for all debt issuances to ensure a prudent Government debt structure.

Debt Management Strategy

The Ministry of Finance installed an upgraded version of the Debt Management Financial System for Analysis and Statistics ("**DMFAS**"), a software system developed by the United Nations Conference on Trade and Development, in

2012 in order to upgrade its domestic debt management capabilities. DMFAS records the country's domestic debt, generates various reports, including domestic sovereign borrowing, contingent liabilities and on-lent loans and grants.

The Ministry of Finance's debt management policy is aimed at lengthening the maturity of domestic public debt, as well as consolidating a domestic yield curve by means of increasing its medium-to-long term issuances in order to reduce refinancing risk. As a result of increases in interest rates following the MPC decisions to increase benchmark policy rates between November 2016 and July 2017, the Debt Management Unit has been implementing a temporary strategy to conduct issuances at the shorter end of the yield curve rather than the long end of the yield curve. This temporary strategy has, in turn, led to a decrease in outstanding treasury bonds to LE 722.6 billion as at 30 June 2018, from LE 711.0 billion as at 30 June 2017, after having decreased from LE 769.4 billion as at 31 December 2016 and increased from LE 685.8 billion as at 31 December 2015, LE 505.9 billion as at 31 December 2014 and LE 13 billion as at 30 June 2004. As at 30 June 2018, total outstanding tradable debt issuances in the domestic market were LE 2,146 billion. As at 30 June 2018, the average life for domestic tradable debt was 1.33 years, and, as a result of planned upcoming issuances, the average life for domestic tradable debt is expected to increase to 1.5 years by the end of 2018/19.

Medium Term Debt Management Strategy

The Republic's Medium Term Debt Management Strategy ("**MTDS**") was established to outline the process of managing the Republic's public debt using cost and risk analysis, in order to provide a key input into the debt management strategy decision-making process. Debt management is directed at providing the Government's budget funding requirements at the lowest long term cost relative to the general level of interest rates, at an examined degree of risk consistent with prudent fiscal and monetary policies frameworks. The strategy aims to extend the maturity profile of domestic debt in line with cost and risk trade-off. It also aims to maintain a level of interest rate risk that is well-balanced with the objective of supporting market development.

Each MTDS is implemented for a period of three fiscal years. The most recent MTDS covered 2015/16, 2016/17 and 2017/18. The objective of the MTDS was to ensure that Government financing needs were met at the lowest possible cost over the medium-term and to manage risk. It also aimed to support the development of the domestic securities market. The MTDS is reviewed on an annual basis. In November 2015, the Minister of Finance issued Ministerial Decree № 515 mandating the creation of a working group to review the Republic's debt management policies and to approve the MTDS document prior to its publication. As a result of increases in interest rates following the MPC decisions to increase benchmark policy rates between November 2016 and July 2017, the Debt Management Unit has been implementing a temporary strategy to conduct issuances at the shorter end of the yield curve rather than the long end of the yield curve.

The MTDS focuses on managing risk exposure embedded in the Republic's debt portfolio. The MTDS analysis consists of eight steps: (i) clarifying the objectives and scope of the MTDS; (ii) clarifying the current debt management strategy and reviewing the cost-risk characteristics of existing debt to determine amendments to be made; (iii) reviewing potential funding sources for future borrowing strategies; (iv) reviewing macroeconomic and market environment and medium-term forecasts on an annual basis; (v) identifying risk factors facing the Egyptian economy to be taken into account in the MTDS; (vi) defining and analysing the cost-risk performance of alternative debt management strategies; (vii) reviewing the preferred strategy with policy makers and market participants; and (viii) producing a debt management strategy document for approval by the Minister of Finance and for subsequent public dissemination.

The Ministry of Finance is currently working on a new MTDS to cover 2018/19, 2019/20 and 2020/21.

Debt Management Initiatives

In January 2010, the regulations promulgated under the Capital Market Law were amended to allow public authorities to issue debt in the domestic market.

With effect from January 2010, in order to support and enhance the development of an effective Government securities market and reduce illiquidity premiums and refinancing risks, the Ministry of Finance implemented a new transparent and visible issuance strategy, which was comprised of the following pillars:

- limiting future debt issuances to a small number of benchmark maturities (*i.e.*, three, five, seven and ten years) (with the potential to add longer maturity debt as a new benchmark in the future);
- increasing the frequency of re-openings of each security so as to raise each security's outstanding principal amount to LE 12 to 15 billion;
- increasing the standardisation of debt issuance, in particular for Government bonds; and

- creating a fixed calendar for the issuance of treasury bonds and auctions to avoid a "crowding" of maturities.

In addition, the MTDS focuses on diversifying the sources of financing through the issuance of new instruments, such as "*sukuk*", to finance development and infrastructure projects, as well as expanding the Republic's investor base by seeking to attract retail investors and incorporate more non-banking financial institutions. In October 2018, the Minister of Finance announced that the Republic was considering the possibility of conducting an international *sukuk* offering in 2019/20.

See "*—External Debt*" for details of Egypt's international capital markets transactions in recent years.

The Ministry of Finance's Debt Management Unit is in the process of developing a comprehensive reform programme in respect of the domestic capital markets in collaboration with the CBE and other stakeholders (including the Financial Regulatory Authority, the EGX, Misr for Central Clearing, Depositary and Registry and certain primary dealers). The reform programme is based on the following four pillars:

- *Primary Market Reforms*: Amending legislation to focus on improving the balance of incentives and obligations for primary dealers and market-makers, in particular, in respect of market making obligations; encouraging the use of primary dealers and market-makers for the distribution of Government securities; and promoting an acceptable level of domestic Government borrowing costs.

- *Secondary Market Reforms*: Development of secondary debt markets with a focus on the reduction of financing costs. Such reforms are expected to include: (i) market architecture reforms, including imposing quoting obligations on primary dealers to improve price transparency; (ii) measures to encourage new market participants, including the introduction of a second tier of market participants in the secondary market for treasury bills, introducing incentives and utilising penalties; (iii) the introduction of a new electronic trading platform and improving the existing system; (iv) the introduction of additional secondary market products to encourage repo activity and to enhance liquidity in fixed income markets; and (v) the development of a new clearing system for clearing and settlement functions. The proposed reforms are intended to permit the Government to implement market-making obligations in the primary market while also providing the tools in the secondary market to permit primary dealers and market-makers to conduct repos, sales and buybacks of domestic securities.

- *Euroclearability*: Setting-up an 'i-Link' between Euroclear Bank and the Egyptian domestic capital market through which international investors would be able to purchase domestic Egyptian bonds and treasury bills directly through 'i-Link'. This proposed link with Euroclear Bank is expected to result in an increase of new international investors to the Egyptian capital market, while the macroeconomic benefits of establishing such link are expected to include reduced borrowing costs, market growth and increased price stability, which is, in turn, expected to result in increased liquidity in the secondary market, multi-currency availability and enhancement of the reputation of the Egyptian capital markets.

- *Official Yield Curve:* Constructing an official yield curve (one year – ten years) in collaboration with the CBE and the EGX, to be used in, *inter alia*, pricing financial assets, managing financial risk, allocating portfolios, structuring fiscal debt, conducting monetary policy and valuing capital goods.

In addition, the CBE, in co-ordination with the EBRD, the Middle East and North African Transition Fund and the African Development Bank is currently implementing a central securities depository for government securities project, which consists of establishing the core system components for such depositary, an electronic trading platform, data warehouses and an information dissemination platform and a yield curve pricing model for Government securities. The main objectives of this project are to establish a single integrated settlement system for treasury bonds and treasury bills, enhance access to Government securities to use as collateral, promote high quality simultaneous delivery versus payment settlement and increase secondary market liquidity.

New Debt Instruments

U.S. Dollar and Euro Treasury Bills

The Ministry of Finance has issued a number of U.S. Dollar- and Euro-denominated treasury bills in the domestic market. See "*—Domestic Debt—Treasury Bills and Bonds*".

Zero-Coupon Bonds

In September 2013, the Ministry of Finance introduced zero-coupon bonds with a maturity of 1.5 years, followed by zero-coupon bonds with a maturity of three years. The Ministry of Finance now regularly issues zero-coupon bonds with a 1.5 year-tenor, which are primarily subscribed for by Egyptian banks.

Sukuk

As a further tool of diversification, and in order to broaden its investor base, the Ministry of Finance established the infrastructure to issue Islamic *sukuks* alongside other Government securities and has been financing infrastructure and development projects with *sukuk* issuances to help achieve the Ministry of Finance's social justice targets, whilst alleviating social development financing burdens on the budget.

A *sukuk* law was promulgated by the Shoura Council in March 2013 to regulate both sovereign and corporate *sukuk* issuances. No executive regulations, however, were issued to put this law in force.

In February 2018, the Parliament approved a set of amendments to the Capital Markets Law, which. *inter alia*, established a legal framework for *sukuk* issuances and trading in Egypt and repealed the 2013 law. The amendments to the Capital Markets Law were ratified by the President and published in March 2018.

In October 2018, the Minister of Finance announced that the Republic was considering the possibility of conducting an international *sukuk* offering in 2019/20.

Debt Restructuring

In the late 1980s, the Egyptian economy faced two major problems: (i) economic stagnation and negative growth and (ii) heavy indebtedness. At the same time, inflation was within a 20-30% range. With the onset of hostilities in the Middle East in the August 1990 Gulf War, Egypt's economy suffered from substantial losses of tourist receipts, remittances from abroad and a depressed business climate.

To combat these problems, the Government, in 1990, embarked on a reform programme centred on creating a decentralised, market-based, open economy. This programme comprised less expansionary fiscal and monetary policies with real sector reforms, the introduction of market-based exchange and interest rate systems, a more efficient and equitable tax system and a reduction of import tariffs and subsidies. The Government reform programme was supported by measures agreed with the IMF.

In May 1991, the Paris Club, in coordination with the IMF and the World Bank, agreed to provide a comprehensive reorganisation of the entire stock of Egypt's external public debt, which amounted to U.S.$20.6 billion. The agreement provided, over time, for up to a 50% reduction in the net present value of debt. In order to achieve this reduction, creditors were offered three options: (i) reduction of principal; (ii) reduction of the interest rate; and (iii) a lesser interest rate reduction than option (ii) combined with partial capitalisation of moratorium interest at longer maturities.

The economic reform programme that the Government had agreed on with the IMF was implemented over three phases and provided for certain debt forgiveness if certain economic reform programme goals were met. The first two phases were implemented in 1991 and the third phase was implemented in 1996.

International Support

The Government has entered into concessional and other agreements with a number of international financial institutions and multilateral and national development agencies.

African Development Bank

Egypt was one of the founding members of the African Development Bank in 1964 and remains its second-largest regional shareholder. Since 1974, the African Development Bank has financed almost 100 projects in Egypt, with an investment cost of approximately U.S.$5.7 billion. Projects funded by the African Development Bank are primarily in the infrastructure, energy and social sectors, with a particular focus on providing loans to SMEs. Current projects supported by the African Development Bank focus on macroeconomic stabilisation to support the recovery of the economy and promoting inclusive growth to reduce poverty. In 2014, the African Development Bank disbursed approximately U.S.$2.8 million to Egypt in support of the Judicial Authority in Egypt and funding preparations for the Egyptian Economic Development Conference held in Sharm El Sheikh in March 2015. In 2015, the African Development Bank approved:

(i) a €50.2 million loan in support of Egypt's National Drainage Programme to boost agricultural production and household income generation; and (ii) a U.S.$500 million loan to support the Government's economic reform programme.

The African Development Bank's Board of Directors has approved a Cooperation Strategy with Egypt for the period 2015-2019. This Cooperation Strategy is based on two pillars: (i) infrastructure improvements to support sustainable development; and (ii) the strengthening of justice and transparency. The Cooperation Strategy sets out various proposed projects to be completed by 2019. The portfolio of projects being undertaken with the African Development Bank includes 18 current projects worth U.S.$1.8 billion, which focus on supporting macroeconomic stability and promoting inclusive growth to reduce poverty, as well as projects in the electricity, energy, social sector, irrigation and agricultural drainage sectors.

Within the framework of the Cooperation Strategy with Egypt, the African Development Bank and the World Bank signed a three-year U.S.$4.5 billion Development Policy Financing Programme (the "**DPFP**") with Egypt. The DPFP is intended to support the Government's reform programme, in particular: (i) advancing fiscal consolidation; (ii) ensuring a sustainable energy supply; and (iii) enhancing the business climate. Of the U.S.$4.5 billion, U.S.$3.0 billion is expected to be funded by the World Bank and U.S.$1.5 billion is expected to be funded by the African Development Bank.

See "—*World Bank*".

In December 2015, the African Development Bank and the Ministry of Investment and International Co-operation entered into a U.S.$500 million loan to support the Government's economic reform programme, which was disbursed in December 2016. A second tranche of U.S.$500 million was approved by the African Development Bank's Board of Directors in March 2017 and was disbursed in May 2017, and a third tranche of U.S.$500 million was approved by the African Development Bank's Board of Directors in January 2018.

In 2017, the African Development Bank approved: (i) three senior loans for a total amount of U.S.$55 million to finance three solar projects; and (ii) a loan of U.S.$150 million for the expansion of a waste-water treatment plant at Abu Rawash in the Giza governorate.

In January 2018, the African Development Bank's Board of Directors approved a third tranche of a loan in the amount of U.S.$500 million to support the Government's economic reform programme. The disbursement of the third tranche was expected to occur in February 2018, but was delayed pending Parliamentary approval. The third tranche was disbursed in October 2018.

Since 1967, the African Development Bank has completed 68 projects in the Republic. Twenty-one projects are currently ongoing.

Arab Monetary Fund

Egypt is a member state of the Arab Monetary Fund. In 2014, the Arab Monetary Fund made grants and loans in respect of, among other projects: (i) the financing of the Assiut Refinery Project to develop a refinery and construct a complex for high-level octane production in Upper Egypt; (ii) the Egyptian-Saudi Electricity Connection Project to construct an electricity connection line between Egypt and Saudi Arabia to meet growing energy demand; and (iii) projects aimed at encouraging SME activity. In September 2015, the Arab Monetary Fund extended a U.S.$339 million loan to Egypt to support financial and banking sector reform programme. In June 2018, the Arab Monetary Fund approved extending a loan to support improving the investment climate for SMEs. The details of this loan are not yet available.

L'Agence Francaise de Developpement

Egypt has received support from the *L'Agence Francaise de Developpement* in respect of the Government's economic reform programme. *L'Agence Francaise de Developpement* has developed a "Country Intervention Framework" for Egypt, which is reviewed and renewed every three years.

Projects financed by *L'Agence Francaise de Developpement* focus on: promoting the modernisation and competitiveness of the private sector; improving living conditions; improving the efficiency of energy and renewable energy production; reducing industrial pollution and improving air and water quality; promoting SMEs; and promoting agricultural industries. In April 2018, *L'Agence Francaise de Developpement* approved a €70 million loan to EGAS to support the Ministry of Electricity and Renewable Energy's programme to support improving household energy connectivity. The EU provided €62 million in grants, while the World Bank provided a €500 million loan. In August 2018, *L'Agence Francaise de Developpement* approved €50 million loan to support the Egyptian National Authority for Tunnels' partial rehabilitation of the Cairo Metro. The *L'Agence Francaise de Developpement* loan will be supported by a €205 million loan provided by EBRD and a €350 million loan from the EIB.

See "*—EBRD*".

L'Agence Francaise de Developpement is currently financing a portfolio of 23 projects worth U.S.$2.4 billion, including, *inter alia*, U.S.$1.9 billion of loans and U.S.$49.4 million of grants.

European Union

Egypt's partnership with the EU is based on the Association Agreement. In 2014, the EU disbursed approximately €25 million in grants through the Neighbourhood Investment Facility to support micro and small enterprises and to finance the Egyptian Pollution Abatement Project (third phase) to reduce pollution. On 14 March 2015, during the Egypt Economic Development Conference held in Sharm Al Sheikh, Egypt and the EU entered into a memorandum of understanding in respect of a Unified Support Program. Pursuant to the memorandum, the European Commission agreed to allocate a non-refundable grant of between €210 million and €257 million to Egypt to support the implementation of the Government's economic and social development reform programme. The amount of this grant was subsequently increased to between €311 million and €380 million.

Further key objectives, results and indicative financial allocations for Egypt's partnership with the EU were outlined in the Single Support Framework 2017-2020, which was approved by the European Neighbourhood Investment Committee on 28 September 2017. The indicative allocation for Egypt under the Single Support Framework for 2017-2020 is between €432 million and €528 million.

In July 2018, the EU approved a U.S.$50 million loan to fund irrigation projects, including water pumping stations and agricultural wastewater treatment farms.

In January 2019, the EU announced the approval of a three year project, including €3.1 million in funding, aimed at transforming the Egyptian Museum of Cairo in collaboration with the Egyptian Museum and the Ministry of Antiquities. The three-year project is the first phase of a larger upgrade project for the Egyptian Museum.

The EU's current portfolio of projects for Egypt includes U.S.$1.3 billion of grant financing for 36 projects, primarily in the housing, irrigation, energy, education, electricity, human rights and transportation sectors.

European Investment Bank

The European Investment Bank ("**EIB**") commenced its activities in Egypt in 1979. Since then, the EIB has provided funds to approximately 80 projects in both the public and private sector, amounting to €6.3 billion (including government loans and funds loaned to the private sector). The EIB's current portfolio of activities with Egypt includes 11 projects worth U.S.$2.1 billion.

Egypt's partnership with the EIB focuses on promoting growth and the fostering of partnerships in the Mediterranean region by supporting projects that promote social cohesion, job creation and economic stability. Projects financed by the EIB in Egypt cover a number of sectors, including energy, transport, water and industry sectors, and provide support for SMEs.

In 2016 and 2017, the EIB provided financing for various projects including the construction of a wind farm in the Gulf of Suez (€115 million), modernisation of the Cairo Metro (€0.4 million) and support for SMEs.

As part of EIB's "Economic Resilience Initiative", EIB signed two loans with Egyptian companies in 2018: the first, signed in June 2018, a U.S.$45 million loan to Bank of Alexandria to support SME funding; and the second, signed in July 2018, a €375 million loan to NBE to fund investments by SMEs, including women-owned businesses and enterprises in less-developed areas of Egypt.

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

Two loans were agreed in July and October 2018 between the Government and the EIB in an aggregate amount of U.S.$450 million, to support development projects in the housing and infrastructure sectors. The loan agreements were signed in December 2018. In December 2018, the Government and the EIB signed three further agreements in an aggregate amount of approximately U.S.$227.8 million, including two financing agreements (€229 million) to support sanitation and community infrastructure in Egypt and an agreement to invest U.S.$11.3 million in the Sawari Ventures Fund.

European Bank for Reconstruction and Development

Egypt's partnership with the EBRD focuses on financing improvements in the private sector, including SMEs, through direct investments by way of loans and equity finance and providing support and expertise through policy dialogue, capacity building and other forms of technical assistance. The EBRD expanded its mandate in Southern and Eastern Mediterranean countries, including Egypt following the events of the Arab Spring. In December 2015, the EBRD entered into a €100 million loan with the Egyptian National Authority for Tunnels for the purchase of 13 new trains. In February 2016, the EBRD formed part of a consortium lending U.S.$341 million (of which the EBRD's portion was U.S.$72 million) to Sonker, an Egyptian company providing hydrocarbon storage and bunkering, which is intended to support an upgrade of Egypt's oil and gas infrastructure and contribute to Egypt's energy security.

In March 2015, the Government and the EBRD entered into a joint declaration of intent during the Egyptian Economic Development Conference, pursuant to which the EBRD stated its intention to invest between €0.7 billion and €1.0 billion in Egypt.

The EBRD entered into various projects in 2016, 2017 and 2018, which aimed to, *inter alia*, develop trade and SME activity, and assist in the development of renewable energy sources. In June 2017, the EBRD entered into a U.S.$290 million financing agreement to support the Egyptian National Railway in its fleet expansion and service upgrade works. In December 2017, the EBRD announced a U.S.$200 million loan for development and modernisation of Egypt's gas infrastructure. In May 2018, EBRD approved a U.S.$150 million loan to the National Bank of Egypt to be used to enhance the growth and development of SMEs in Egypt.

In May 2018, EBRD approved a U.S.$200 million loan to support the modernisation of the Suez Oil Processing Company refinery.

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

As at 31 December 2018, the EBRD's portfolio in Egypt was comprised of 86 active projects worth €3,516 million, distributed among the following sectors: infrastructure (32%), financial institutions (25%), energy (30%) and industry, commerce and agribusiness (13%).

World Bank

In December 2015, the Government and the World Bank Group (including the World Bank) approved the Country Partnership Framework 2015-19. This framework is based on the Government's medium-term strategy and national priorities for economic developments and envisages the disbursement of approximately U.S.$8 billion between 2015 and 2019, of which approximately U.S.$6 billion is expected to come from the World Bank and U.S.$2 billion is expected to come from IFC. The Country Partnership Framework focuses on three areas: (i) improving governance; (ii) enhancing private sector job creation; and (iii) improving social inclusion, including in terms of quality and accessibility to services.

In the context of the Country Partnership Framework, the World Bank, the African Development Bank and the Government has entered into the U.S.$4.5 billion DPFP, a three-year development policy financing programme to support the Government's reform programme. See "*—African Development Bank*".

In September 2016, the World Bank disbursed U.S.$1 billion under the DPFP (the first disbursement made in the context of the Country Partnership Framework 2015-19) to support, *inter alia*, fiscal consolidation through higher revenue collection, greater moderation of wage bill growth and stronger debt management.

In September 2016, the World Bank approved a U.S.$500 million loan under the Country Partnership Framework to support development initiatives in Upper Egypt, including improving private sector development and strengthening local government capacity for infrastructure and service delivery.

In December 2016, the World Bank entered into a U.S.$1.0 billion loan agreement with the Ministry of Investment and International Co-operation to support the Government's economic reform programme. This loan was disbursed in March 2017.

In October 2017, IFC and a consortium of nine international banks completed a U.S.$653 million debt package to finance the construction of 13 solar power plants near Aswan, which, once completed, are expected to form part of Benban Solar Park, the largest solar park in the world.

In December 2017, the World Bank entered into a U.S.$1.2 billion loan agreement with the Ministry of Investment and International Co-operation to support Egypt's economic reform programme.

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

In April 2018, the World Bank announced its five-year "Supporting Egypt Education Reform", comprising a U.S.$500 million loan to support investment in Egypt's education sector, including, *inter alia*, through improving access to kindergarten and early childhood education, supporting the adoption of digital technology and resources in the classroom, developing a reliable student assessment and examination system and enhancing the capacity of teachers. In January 2019, President El-Sisi ratified the approval of the World Bank's "Supporting Egypt Education Reform". See "*The Arab Republic of Egypt—Education*".

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

In September 2018, the World Bank approved a U.S.$300 million loan to strengthen institutions and policies for increasing access and improving rural sanitation services in certain selected governorates. This loan is subject to ratification and approval by the Council of Ministers.

In December 2018, the World Bank and Egypt signed an agreement in respect of a U.S.$1 billion programme focusing on creating opportunities for Egyptians and raising living standards by promoting the private sector and improving Government performance.

As at 29 January 2019, the World Bank had a portfolio of 19 projects in Egypt with a total commitment of U.S.$7.5 billion.

Islamic Development Bank

At the Egyptian Economic Development Conference held in Sharm El Sheikh in March 2015, the Minister of International Cooperation entered into four agreements with the President of the Islamic Development Bank ("**IDB**") worth a total amount of U.S.$800 million to finance a number of development projects in Egypt, including: (i) U.S.$220 million in lease financing for the Egyptian-Saudi Electricity Connection Project to construct an electricity connection line between Egypt and Saudi Arabia to meet growing energy demands; (ii) two tranches of lease financing of U.S.$226.8 million and U.S.$230 million for the Sharm El Sheikh Airport Development Project to increase the capacity of Sharm El Sheikh airport to 18 million passengers per year by 2025; and (iii) U.S.$198 million in lease financing for the Assiut Refinery Project to develop a refinery and construct a complex for high-level octane production in Upper Egypt. In addition, a framework agreement for approximately U.S.$3 billion was also entered into between the International Islamic Trade Finance Corporation (an affiliate of the IDB) and EGPC to import petroleum products for the Egyptian market over the next three years.

In April 2018, the Ministry of Investment and International Cooperation announced that IDB was expected to provide U.S.$3 billion in support for development projects in Egypt, including, *inter alia*, water desalination, as part of a new strategic partnership.

The Government and the IDB developed a Country Assistance Strategy framework for 2017 to 2019, which identifies the key pillars and areas of co-operation for IDB programmes and projects in Egypt. IDB's current portfolio of projects in Egypt is worth approximately U.S.$1.8 billion, of which U.S.$1.4 billion is targeted to support the energy sector (in particular the electricity sector), with other projects targeted at the irrigation and water resources, higher education and scientific research, agriculture, vocational training and civil aviation sectors.

International Monetary Fund

In November 2016, the Executive Board of the IMF approved a three-year EFF for Egypt in an amount of SDR 8.6 billion (approximately U.S.$12 billion). The EFF is aimed at supporting the Government's economic reform programme and is intended to help restore macroeconomic stability and promote inclusive growth. The approval of the EFF allowed for the immediate disbursement of SDR 1.970 billion (approximately U.S.$2.75 billion). Further disbursements will be phased throughout the duration of the programme and are subject to five biannual reviews. Such disbursements are subject to either the successful completion of certain structural reforms and achievement of certain macroeconomic targets in line with the Government's economic reform programme or, during the IMF's biannual review, the IMF's agreement that

Egypt has made sufficient progress in achieving such reforms or targets. The first review under the EEF was completed in July 2017, permitting the immediate disbursement of the equivalent of SDR 895.5 million (approximately U.S.$1.25 billion). As part of this first review, the Executive Board of the IMF approved the Egyptian authorities' request for waivers of the June 2017 performance criteria for the primary fiscal balance and the fuel subsidy bill, which were missed due to higher costs of imported food and fuel products, caused by the depreciation of the Egyptian Pound. The second review under the EEF was completed in December 2017, permitting the immediate disbursement of SDR 1.4 billion (approximately U.S.$2.0 billion) and bringing total disbursements under the EEF to SDR 4.3 billion (approximately U.S.$6.1 billion). As part of this second review, the Executive Board of the IMF approved the Egyptian authorities' request for modifications to the December 2017 and June 2018 performance criterion for net domestic assets and the June 2018 performance criterion for the primary fiscal balance. The third review under the EFF was completed in June 2018. The completion of the third review permitted the disbursement of the equivalent of SDR 1,432.8 million (approximately U.S.$2.0 billion). This amount was disbursed in June 2018, bringing total disbursements under the EFF to SDR 5,731.1 million (approximately U.S.$8.1 billion). As part of this third review, the Executive Board of the IMF approved the Egyptian authorities' request for a waiver of non-observance of the December 2017 performance criterion for the primary fiscal balance and the modification of the June 2018 performance criterion of the fuel subsidy bill. On 4 February 2019, the Executive Board of the IMF completed the fourth review under the EEF, which permits the Egyptian authorities to draw the equivalent of SDR 1,432.8 million (approximately U.S.$2.0 billion), bringing total disbursements to SDR 7,163.8 million (approximately U.S.$10.0 billion).

See "*Risk Factors—Risk Factors Relating to Egypt—Any failure to address structural reforms may result in reduced support from multilateral and bilateral creditors, including the IMF*" and "*The Economy—Government Programme, Recent Developments and Reforms*".

USAID

USAID has been operating in Egypt since 1978. USAID is currently financing projects worth U.S.$1.2 billion (comprised solely of grants) that aim to support, *inter alia*, agricultural and water productivity and socio-economic conditions in rural areas. The main areas of co-operation with USAID in Egypt include agriculture and food security, economic growth, trade and tourism, basic and higher education, gender equality and women's empowerment and global health and water and sanitation, as well as governance.

France

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

In January 2019, the government of France signed three memorandums of understanding with Egypt, including a strategic partnership on social and economic development from 2019 to 2023, a facilitated credit agreement with a loan of €6 million to support the social security sector and a facilitated credit agreement to support female-owned SMEs with a loan of €50 million and a €1 million grant. In addition, an agreement was signed to provide a loan of €336 million in respect of the fourth phase of works on the Cairo Metro.

Germany

Support from Germany has typically focused on priority areas, including renewable energy and energy efficiency, climate change, water supply and sanitation, irrigation and waste management, technical education, employment creation, as well as MSMEs and youth empowerment. Other project initiatives have also focused on supporting women and families, promoting decentralisation and enhancing urban development and the housing sector.

In February 2018, the government of Germany provided a loan of U.S.$250 million to the Republic for the purposes of supporting the Republic's budget programme. In July 2018, the KfW Development Bank and the German International Development Agency signed a development agreement, comprising €1.6 billion in grants and loans, with the Government to regulate the work of organisations carrying out development projects in Egypt. The agreement is currently awaiting ratification by Parliament.

In October 2018, the government of Germany signed two agreements valued at approximately €150.5 million, aimed at: (i) promoting employment to foster sustainable economic development, supporting the labour market and promoting micro, small- and medium-sized businesses, in each case with a special focus on women and young people; (ii) developing the water sector and waste management, including drinking water supply and sanitation, agricultural irrigation and drainage; and (iii) promoting renewable energy and energy efficiency.

German's current portfolio of support to Egypt comprises 45 projects, worth U.S.$1.1 billion (comprising U.S.$875 million in loans and U.S.$277 million in grants).

United Kingdom

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

Saudi Arabia

The Ministry of Investment and International Co-operation has entered into 22 ongoing agreements with the government of Saudi Arabia for a total amount of U.S.$2.2 billion.

In April 2016, five loan agreements for a total amount of U.S.$504 million were entered into between the Government and the government of Saudi Arabia aimed at developing the Sinai region highway network. These loans mature in October 2035.

In April 2016, two loan agreements for a total amount of U.S.$233 million were entered into between the Government and the government of Saudi Arabia to support residential building and settlement in Sinai. These loans mature in October 2035.

In April 2016, three agreements for a total amount of U.S.$362 million were entered into between the Government and the government of Saudi Arabia to support water and irrigation infrastructure and establish 13 agricultural zones in the Sinai Peninsula. These loans mature in October 2035.

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

Kuwait Fund for Arab Economic Development

In March 2018, the Kuwaiti Fund for Arab Economic Development and the Government signed five agreements valued at approximately KWD 86.1 million (U.S.$283.5 million) to finance infrastructure development and economic and social reform projects, including: (i) KWD 60 million (U.S.$197.6 million) to finance the road network in the Sinai region in conjunction with the Sinai Peninsula Development Program; (ii) KWD 17.5 million (U.S.$57.6 million) allocated to finance the Ardi 4 road to improve traffic and increase tourism in the Sinai Peninsula; (iii) KWD 500,000 (U.S.$1.6 million) to finance the Strategic Document Center, which supports the Council of Ministers in documenting Egypt's economic and social reform programme; (iv) KWD 100,000 (U.S.$329,000) to support a feasibility study for implementing date palm cultivation and date processing; and (v) KWD 7 million to support the transport sector, modernise trains and finance 100 new tractors for the Egyptian National Railway Authority.

In December 2018, the Kuwaiti Fund for Arab Economic Development and Egypt signed a KWD 15 million loan (U.S.$49.8 million) agreement to finance the establishment of four seawater desalination plants in South Sinai and a supplementary loan agreement in an amount of KWD 25 million agreement (U.S.$82.4 million) to finance the construction of facilities to divert approximately 5.0 million cubic metres per day of water from three drainage systems: Bahr Al Baqar, Shadr Azam and Om Al Reesh, to be treated at a new treatment plant facility to be constructed east of the Suez Canal.

The Kuwaiti Fund for Arab Economic Development's current portfolio in Egypt amounts to U.S.$2.0 billion, comprised of, *inter alia*, U.S.$1.5 billion of loans and U.S.$45 million of grants, relating to the financing of 28 projects in the governance, agriculture, humanitarian (supporting Syrian refugees), energy, civil aviation, transportation, irrigation, education, trade and investment sectors.

Debt Record

Egypt has not, within a period of 20 years prior to the date of this Base Prospectus, defaulted on the principal or interest of any external security.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as completed by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Forms of the Notes".

1. Introduction

(a) *Programme*

The Arab Republic of Egypt (the "**Issuer**" or the "**Republic**") has established a Global Medium Term Note Programme (the "**Programme**") for the issuance of up to U.S.$20,000,000,000 in aggregate principal amount of notes (the "**Notes**").

(b) *Final Terms*

Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of a final terms (the "**Final Terms**"), which completes these terms and conditions (the "**Conditions**"). The terms and conditions applicable to a particular Tranche of Notes are these Conditions, as supplemented by the relevant Final Terms.

(c) *Agency Agreement*

The Notes are the subject of an issue and paying agency agreement dated 8 February 2018, as amended or supplemented from time to time (the "**Agency Agreement**") among the Issuer, Citibank N.A., London Branch, as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and as transfer agent (the "**Transfer Agent**", which expression includes any successor transfer agent appointed from time to time in connection with the Notes), Citigroup Global Markets Deutschland, AG[1] as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes). References herein to the "**Agents**" are to the Registrar, the Fiscal Agent, the Transfer Agent and the Paying Agents, and any reference to an "**Agent**" is to each one of them.

(d) *Deed of Covenant*

The Notes may be issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**"). Registered Notes are constituted by a deed of covenant dated 8 February 2018 (the "**Deed of Covenant**") entered into by the Issuer.

(e) *The Notes*

All subsequent references in these Conditions to "**Notes**" are to the Notes, which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for inspection during normal business hours at the specified office of the Fiscal Agent, the initial specified office of which is set out in the Agency Agreement.

(f) *Overviews*

Certain provisions of these Conditions are overviews of the Agency Agreement or the Deed of Covenant or are subject to their detailed provisions. The holders of the Notes (the "**Noteholders**", which expression shall, where appropriate, be deemed to include holders of Bearer Notes and Registered Notes, and the holders of related interest coupons, if any (the "**Couponholders**" and the "**Coupons**" respectively), are bound by, and are deemed to have notice of all the provisions of the Agency Agreement and the Deed of Covenant applicable to them. Copies of the Agency Agreement and the Deed of Covenant are available for inspection by Noteholders and Couponholders during normal business hours at the Specified Offices of the Paying Agent, or, if applicable, the Registrar, the initial Specified Offices of which are set out in the Agency Agreement.

[1] Notwithstanding the reference in Condition 1(c), the Registrar as at the date of this Base Prospectus is Citigroup Global Markets Europe, AG.

2. Interpretation

(a) ***Definitions***

In these Conditions the following expressions have the following meanings:

"**Accrual Yield**" has the meaning given in the relevant Final Terms;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Business Day**" means:

(i) in relation to any sum payable in Euros, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and

(ii) in relation to any sum payable in a currency other than Euros, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

"**Business Day Convention**" in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

(i) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;

(ii) "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

(iii) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

(iv) "**FRN Convention**", "**Floating Rate Convention**" or "**Eurodollar Convention**" means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred provided that:

(A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

(B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day;

(C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

(v) "**No Adjustment**" means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"**Calculation Agent**" means the Fiscal Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

"**Calculation Amount**" has the meaning given in the relevant Final Terms;

"**Code**" means the U.S. Internal Revenue Code of 1986, as amended;

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

"**Coupon Sheet**" means, in respect of a Note, a coupon sheet relating to the Note;

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

(i) if "**Actual/Actual (ICMA)**" is so specified, means:

(A) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of: (1) the actual number of days in such Regular Period; and (2) the number of Regular Periods in any year; and

(B) where the Calculation Period is longer than one Regular Period, the sum of:

(a) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(b) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;

(ii) if "**Actual/365**" or "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(iii) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;

(iv) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;

(v) if "**30/360**" or "**360/360**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + [360 \text{ x } (D_2 - D_1)]}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30;

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(vi) if "**30E/360**" or "Eurobond Basis" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + [360 \text{ x } (D_2 - D_1)]}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30; and

(vii) if "**30E/360 (ISDA)**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360] (Y_2 - Y_1) + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30,

provided, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

"**DTC**" means The Depository Trust Company;

"**Early Termination Amount**" means, in respect of any Note, such amount as specified in the relevant Final Terms;

"**Euro Exchange Date**" means the date on which the Issuer gives notice (the "**Euro Exchange Notice**") to the Noteholders that replacement Notes denominated in Euros are available for exchange;

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

"**Final Redemption Amount**" means, in respect of any Note, such amount as specified in the relevant Final Terms;

"**First Interest Payment Date**" means the date specified in the relevant Final Terms;

"**Fixed Coupon Amount**" has the meaning given in the relevant Final Terms;

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

"**Interest Amount**" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

"**Interest Commencement Date**" means the Issue Date of the Notes or such other date as may be specified as the interest commencement date in the relevant Final Terms;

"**Interest Determination Date**" has the meaning given in the relevant Final Terms;

"**Interest Payment Date**" means the First Interest Payment Date and any date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

(i) as the same may be adjusted in accordance with the relevant Business Day Convention; or

(ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the First Interest Payment Date) or the previous Interest Payment Date (in any other case);

"**Interest Period**" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

"**ISDA Definitions**" means the 2006 ISDA Definitions or such other ISDA Definitions as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.;

"**Issue Date**" has the meaning given in the relevant Final Terms;

"**Margin**" has the meaning given in the relevant Final Terms;

"**Maturity Date**" has the meaning given in the relevant Final Terms;

"**Maximum Redemption Amount**" has the meaning given in the relevant Final Terms;

"**Minimum Redemption Amount**" has the meaning given in the relevant Final Terms;

"**Optional Redemption Amount (Call)**" means, in respect of any Note, such amount as specified in the relevant Final Terms;

"**Optional Redemption Amount (Put)**" means, in respect of any Note, such amount as specified in the relevant Final Terms;

"**Optional Redemption Date (Call)**" has the meaning given in the relevant Final Terms;

"**Optional Redemption Date (Put)**" has the meaning given in the relevant Final Terms;

"**Participating Member State**" means a member state of the European Union which adopts the Euro as its lawful currency in accordance with the Treaty establishing the European Communities, as amended;

"**Payment Business Day**" means:

(i) if the currency of payment is Euros, any day which is:

(A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and

(B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or

(ii) if the currency of payment is not Euros, any day which is:

(A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and

(B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

"**Permitted Security Interest**" means:

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

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

(iii) any Security Interest in existence on the date on which agreement is reached to issue the first Tranche of the Notes of the Series; and

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

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

"**Principal Financial Centre**" means, in relation to any currency, the principal financial centre for that currency provided, that:

(i) in relation to Euros, it means the principal financial centre of such member state of the European Union as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and

(ii) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland; in each case as is selected by the Issuer;

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

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

"**Put Option Notice**" means a notice in the form available from the Specified Office of the Paying Agent, or in the case of Registered Notes, the Registrar, which must be delivered to the Paying Agent or Registrar, as the case may be, by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder, and as set out at Schedule 4 (Form of Put Option Notice) of the Agency Agreement;

"**Put Option Receipt**" means a receipt issued by a Paying Agent or Registrar, as the case may be, to a depositing Noteholder upon deposit of a Note with such Paying Agent or Registrar, as the case may be, by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder, substantially in the form set out at Schedule 5 (Form of Put Option Receipt) of the Agency Agreement;

"**Rate of Interest**" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

"**Record Date**" has the meaning given to such term in Condition 12 (*Payments—Registered Notes*);

"**Redemption Amount**" means, as appropriate, the Final Redemption Amount, the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in the relevant Final Terms;

"**Reference Banks**" means the four major banks selected by the Issuer (in consultation with the Calculation Agent) in the market that is most closely connected with the Reference Rate;

"**Reference Price**" has the meaning given in the relevant Final Terms;

"**Reference Rate**" has the meaning given in the relevant Final Terms;

"**Regular Period**" means:

(i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the First Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;

(ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls; and

(iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

"**Relevant Banking Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments generally in the place of presentation of the relevant Note or, as the case may be, Coupon or, in connection with the transfer of Registered Notes only, the place of the Specified Office of the Registrar;

"**Relevant Date**" means, in relation to any payment, whichever is the later of: (a) the date on which the payment in question first becomes due; and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders in accordance with Condition 21 (*Notices*);

"**Relevant Financial Centre**" has the meaning given in the relevant Final Terms;

"**Relevant Screen Page**" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"**Relevant Time**" has the meaning given in the relevant Final Terms;

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

"**Specified Currency**" has the meaning given in the relevant Final Terms;

"**Specified Denomination(s)**" has the meaning given in the relevant Final Terms;

"**Specified Office**" has the meaning given in the Agency Agreement;

"**Specified Period**" has the meaning given in the relevant Final Terms;

"**Talon**" means a talon for further Coupons;

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in Euros; and

"**Zero Coupon Note**" means a Note specified as such in the relevant Final Terms.

(c) ***Interpretation***

In these Conditions:

(i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;

(ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;

(iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;

(iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 13 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;

(v) any reference to interest shall be deemed to include any additional amounts in respect of interest, which may be payable under Condition 13 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;

(vi) references to Notes being "**outstanding**" shall be construed in accordance with the Agency Agreement;

(vii) if an expression is stated in Condition 2(a) (*Interpretation—Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes; and

(viii) any reference to the Agency Agreement or the Deed of Covenant shall be construed as a reference to the Agency Agreement or the Deed of Covenant, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.

3. Form, Denomination and Title

(a) *Notes in Bearer Form*

Bearer Notes are issued in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue and may be held in holdings equal to the minimum denomination specified in the relevant Final Terms. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination. Title to Bearer Notes and Coupons will pass by delivery. The holder of any Bearer Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof), and no Person shall be liable for so treating such holder. All Definitive Notes will be serially numbered, with coupons, if any, attached.

(b) *Notes in Registered Form*

Registered Notes are issued in the Specified Denomination and may be held in holdings equal to the minimum denomination specified in the relevant Final Terms and integral multiples in excess thereof. The holder of each Registered Note shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Registered Note relating thereto (other than the endorsed form of transfer) or any previous loss or theft of such Registered Note), and no Person shall be liable for so treating such holder. Title to Registered Notes will pass by transfer and registration in the register, which the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement. All individual Registered Notes will be numbered serially with an identity number which will be recorded in the register.

4. Transfers of Registered Notes

(a) *Transfers of Registered Notes*

A Registered Note may, upon the terms and subject to the conditions set forth in the Agency Agreement, be transferred in whole or in part only (provided, that such part is, or is an integral multiple of, the minimum denomination specified in the Final Terms) upon the surrender of the Registered Note to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the Specified Office of the Registrar. A new Registered Note will be issued to the transferee and, in the case of a transfer of part only of a Registered Note, a new Registered Note in respect of the balance not transferred will be issued to the transferor.

(b) *Issue of new Registered Notes*

Each new Registered Note to be issued upon the transfer of a Registered Note will, within five Relevant Banking Days of the day on which such Note was presented for transfer, be available for collection by each relevant holder at the Specified Office of the Registrar or, at the option of the holder requesting such transfer, be mailed (by uninsured post at the risk of the holder(s) entitled thereto) to such address(es), as may be specified by such holder. For these purposes, a form of transfer received by the Registrar or the Fiscal Agent after the Record Date in respect of any payment due in respect of Registered Notes shall be deemed not to be effectively received by the Registrar or the Fiscal Agent until the day following the due date for such payment.

(c) *Charges for transfer or exchange*

The issue of new Registered Notes on transfer will be effected without charge by or on behalf of the Issuer, the Fiscal Agent or the Registrar, but upon payment by the applicant of (or the giving by the applicant of such

indemnity, as the Issuer, the Fiscal Agent or the Registrar may require in respect of) any tax, duty or other governmental charges which may be imposed in relation thereto.

(d) ***Closed Periods***

Holders of Registered Notes may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.

5. Status

The Notes constitute direct, general, unconditional, unsubordinated and (subject to Condition 6 (*Negative Pledge*)), unsecured obligations of the Issuer. The full faith and credit of the Issuer is pledged for the due and punctual payment of principal of, and interest on, the Notes and for the performance of all other obligations of the Issuer in respect of the Notes and the Deed of Covenant. The Notes shall at all times rank *pari passu* without any preference among themselves and at least *pari passu* with all other unsecured External Indebtedness of the Issuer from time to time outstanding. The Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to other External Indebtedness and, in particular, the Issuer shall have no obligation to pay other External Indebtedness at the same time or as a condition of paying sums due under the Notes, and *vice versa*.

6. Negative Pledge

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

For the avoidance of doubt, any right granted to holders of *sukuk* representing the credit of the Arab Republic of Egypt or any other similar instruments to redeem or enforce such certificates or instruments by requiring the issuer thereof to sell the relevant underlying asset(s) to the Issuer (or any person on its behalf) or by any other mechanism provided for and implemented in accordance with the applicable laws and regulations having an analogous effect (and howsoever documented) shall not of itself comprise a Security Interest or guarantee or indemnity for the purposes of this Condition 6 (*Negative Pledge*).

7. Fixed Rate Note Provisions

(a) ***Application***

This Condition 7 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note provisions are specified in the relevant Final Terms as being applicable.

(b) ***Accrual of interest***

The Notes bear interest from, and including, the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*Payments—Bearer Notes*) and Condition 12 (*Payments—Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7 (*Fixed Rate Note Provisions—Accrual of interest*) (after, as well as before, judgment) until whichever is the earlier of: (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) ***Fixed Coupon Amount***

The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

(d) ***Calculation of interest amount***

The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than U.S. Dollars, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of U.S. Dollars, means one cent.

8. Floating Rate Note Provisions

(a) ***Application***

This Condition 8 (*Floating Rate Note Provisions*) is applicable to the Notes only if the Floating Rate Note provisions are specified in the relevant Final Terms as being applicable.

(b) ***Accrual of interest***

The Notes bear interest from, and including, the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*Payments—Bearer Notes*) and Condition 12 (*Payments—Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 8 (*Floating Rate Note Provisions—Accrual of Interest*) (after, as well as, before judgment) until whichever is the earlier of: (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) ***Screen Rate Determination***

If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:

(i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:

(A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and

(B) determine the arithmetic mean of such quotations; and

(iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; provided that if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

(d) ***ISDA Determination***

If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;

(ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and

(iii) the relevant Reset Date (as defined in the ISDA Definitions) is either: (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate ("**LIBOR**") or on the Euro-zone inter-bank offered rate ("**EURIBOR**") for a currency, the first day of that Interest Period; or (B) in any other case, as specified in the relevant Final Terms.

(e) ***Maximum or Minimum Rate of Interest***

If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

(f) ***Calculation of Interest Amount***

The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than U.S Dollars, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of U.S. Dollars, means one cent.

(g) ***Calculation of other amounts***

If the relevant Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.

(h) ***Publication***

The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Issuer, the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the

Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

(i) ***Notifications, etc.***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 8 (*Floating Rate Note Provisions—Notifications etc.*) by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders, and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

9. Zero Coupon Note Provisions

(a) ***Application***

This Condition 9 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note provisions are specified in the relevant Final Terms as being applicable.

(b) ***Late payment on Zero Coupon Notes***

If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of: (A) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and (B) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

10. Redemption and Purchase

(a) ***Scheduled redemption***

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 11 (*Payments—Bearer Notes*) and Condition 12 (*Payments—Registered Notes*).

Subject to any purchase and cancellation or early redemption, Notes will be redeemed on the relevant maturity date at 100% or more of their nominal amount.

(b) ***Redemption at the option of the Issuer***

If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).

(c) ***Partial redemption***

If the Notes are to be redeemed in part only on any date in accordance with Condition 10(b) (*Redemption and Purchase—Redemption at the option of the Issuer*):

(i) in the case of Bearer Notes, the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation

and the notice to Noteholders referred to in Condition 10(b) (*Redemption and Purchase—Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified; and

(ii) in the case of Registered Notes, the Notes shall be redeemed (so far as may be practicable) *pro rata* to their principal amounts, subject always to compliance with all applicable laws and the requirements of any listing authority, stock exchange or quotation system on which the relevant Notes may be listed, traded or quoted.

In the case of the redemption of part only of a Registered Note, a new Registered Note in respect of the unredeemed balance shall be issued in accordance with Condition 4 (*Transfers of Registered Notes*) which shall apply as in the case of a transfer of Registered Notes as if such new Registered Note were in respect of the untransferred balance.

(d) ***Redemption at the option of Noteholders***

If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 10(d) (*Redemption and Purchase—Redemption at the option of Noteholders*), the holder of a Note must, not less than 30 nor more than 60 days' before the relevant Optional Redemption Date (Put), deposit at the Specified Offices of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent or Registrar specifying the aggregate outstanding principal amount in respect of which such option is exercised. The Paying Agent or Registrar with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing holder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 10(d) (*Redemption and Purchase—Redemption at the option of Noteholders*), may be withdrawn; provided that if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent or Registrar, as the case may be, shall mail notification thereof to the depositing holder at such address as may have been given by such holder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing holder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent or Registrar, as the case may be, in accordance with this Condition 10(d) (*Redemption and Purchase—Redemption at the option of Noteholders*), the depositor of such Note, and not such Paying Agent, shall be deemed to be the holder of such Note for all purposes.

The Issuer shall redeem the Notes in respect of which Put Option Receipts have been issued on the Optional Redemption Date (Put), unless previously redeemed. Payment in respect of any Note so delivered will be made:

(i) if the Note is in definitive form and held outside Euroclear, Clearstream, Luxembourg and DTC and if the holder duly specified a bank account in the Put Option Notice to which payment is to be made, on the Optional Redemption Date (Put) by transfer to that bank account and in every other case on or after the Optional Redemption Date (Put), in each case against presentation and surrender or (as the case may be) endorsement of such Put Option Receipt and, where appropriate, entry in the Register, at the Specified Office of any Paying Agent; or

(ii) if the Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg or DTC, in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg or DTC, as applicable.

The holder of a Note may not exercise such Put Option in respect of any Note which is the subject of an exercise by the Issuer of its Call Option.

In the case of the redemption of part only of a Registered Note, a new Registered Note in respect of the unredeemed balance shall be issued in accordance with Condition 4 (*Transfers of Registered Notes*) which shall apply in the case of a transfer of Registered Notes as if such new Registered Note were in respect of the untransferred balance.

(e) ***No other redemption***

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 10(a) (*Redemption and Purchase—Scheduled redemption*) to 10(d) (*Redemption and Purchase—Redemption at the option of Noteholders*) above.

(f) ***Early redemption of Zero Coupon Notes***

Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 10(f) (*Redemption and Purchase—Early redemption of Zero Coupon Notes*) or, if none is so specified, a Day Count Fraction of 30E/360.

(f) ***Purchase***

The Issuer and any Public Sector Instrumentality may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise and at any price. Such Notes may be held, resold (provided that such resale is outside the United States (as defined in Regulation S under the Securities Act) or, in the case of any Notes resold pursuant to Rule 144 under the Securities Act, is only made to a Person reasonably believed to be a QIB) or, at the discretion of the holder thereof, surrendered for cancellation and, upon surrender thereof, all such Notes will be cancelled forthwith. Any Notes so purchased, while held by, or on behalf of, the Issuer or any Public Sector Instrumentality, shall not entitle the holder to vote at any meeting of Noteholders and shall not be deemed to be outstanding for the purposes of meetings of Noteholders or for the purposes of any Written Resolution or for the purposes of Conditions 14 (*Events of Default*), 18 (*Meetings of Noteholders; Written Resolutions*) or 19 (*Aggregation Agents; Aggregation Procedures*), all as more particularly set out in Condition 18(i) (*Meeting of Noteholders; Written Resolutions—Notes controlled by the Issuer*).

(g) ***Cancellation***

All Notes surrendered for cancellation in accordance with Condition 10(g) (*Purchase*) above may not be reissued or resold, and the obligations of the Issuer in respect of any such Notes shall be discharged.

11. Payments—Bearer Notes

This Condition 11 (Payments—Bearer Notes) is only applicable in relation to Bearer Notes.

(a) ***Principal***

Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is Euros, any other account to which Euros may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London).

(b) ***Interest***

Payments of interest shall, subject to Condition 11(h) (*Payments—Bearer Notes—Payments other than in respect of matured Coupons*) below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in Condition 11(a) (*Payments—Bearer Notes—Principal*) above.

(c) ***Payments in New York City***

If payments of principal or interest will be made in U.S. Dollars, then such payment may be made at the Specified Office of a Paying Agent in New York City if: (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Bearer Notes in U.S. Dollars; (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. Dollars; and (iii) payment is permitted by applicable U.S. law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(d) ***Payments subject to fiscal laws***

All payments of principal and interest in respect of the Bearer Notes are subject in all cases to: (i) any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 13 (*Taxation*); (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto; and (iii) any withholding or deduction required pursuant to Egyptian Tax Law № 91 of 2005 of the Republic, or any similar laws, regulations and directives passed in the Republic, but without prejudice to the provisions of Condition 13 (*Taxation*). No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) ***Deductions for unmatured Coupons***

If the relevant Final Terms specifies that the Fixed Rate Note provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:

(i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; provided that if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

(ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:

(A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; provided that where this sub-paragraph (A) would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

(B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; provided that if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in Condition 11(a) (*Payments—Bearer Notes—Principal*) above against presentation and (provided that payment is made in full) surrender of the relevant missing Coupons.

(f) ***Unmatured Coupons void***

If the relevant Final Terms specifies that this Condition 11(f) (*Payments—Bearer Notes—Unmatured Coupons void*) is applicable or that the Floating Rate Note provisions are applicable, on the due date for final redemption of any Bearer Note or early redemption in whole of such Bearer Note pursuant to Condition 10(b) (*Redemption and Purchase—Redemption at the option of the Issuer*), Condition 10(d) (*Redemption and Purchase—Redemption at the option of Noteholders*) or Condition 14 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

(g) ***Payments on business days***

If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(h) ***Payments other than in respect of matured Coupons***

Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bearer Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by Condition 11(c) (*Payments—Bearer Notes—Payments in New York City*) above).

(i) ***Partial payments***

If a Paying Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

(j) ***Exchange of Talons***

On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 15 (*Prescription*)). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Bearer Note shall become void and no Coupon will be delivered in respect of such Talon.

12. Payments—Registered Notes

This Condition 12 (Payments—Registered Notes) is only applicable in relation to Registered Notes.

(a) ***Redemption Amount***

Payments of the Redemption Amount (together with accrued interest) due in respect of Registered Notes shall be made in the currency in which such amount is due against presentation, and save in the case of partial payment of the Redemption Amount, surrender of the relevant Registered Notes at the Specified Office of the Registrar. If the due date for payment of the Redemption Amount of any Registered Note is not a business day (as defined below), then the Noteholder will not be entitled to payment until the next business day, and from such day and thereafter will be entitled to payment by cheque (which may be posted to the address (as recorded in the register held by the Registrar) of the Noteholder thereof (or, in the case of joint Noteholders, the first-named)) on any Relevant Banking Day, or will be entitled to payment by transfer to a designated account on any day which is a Relevant Banking Day, business day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Conditions, in which event interest shall continue to accrue as provided in these Conditions.

(b) ***Principal and interest***

Payments of principal and interest shall be made by cheque drawn in the currency in which the payment is due to the Noteholder (or in the case of joint Noteholders, the first-named) appearing in the register kept by the Registrar as at the opening of business (as at the local time) on the fifteenth Relevant Banking Day before the due date for payment (the "**Record Date**"), and posted to the address (as recorded in the register held by the Registrar) of the Noteholder (or, in the case of joint Noteholders, the first named) on the Relevant Banking Day unless prior to the relevant Record Date such Noteholder has applied to the Registrar and the Registrar has acknowledged such application, for payment to be made to a designed account denominated in the relevant currency in which case payment shall be made on the relevant due date for payment by transfer to such account. In the case of payment by transfer to a designated account, if the due date for any such payment is not a business day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located, then the Noteholder will not be entitled to payment thereof until the first day thereafter which is a business day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is

located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is subsequent failure to pay in accordance with these Conditions, in which event interest shall continue to accrue as provided in these Conditions.

(c) ***Payments subject to fiscal laws***

All payments of principal and interest in respect of the Registered Notes are subject in all cases to: (i) any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 13 (*Taxation*); (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto; and (iii) any withholding or deduction required pursuant to Egyptian Tax Law №91 of 2005 of the Republic, or any similar laws, regulations and directives passed in the Republic but without prejudice to the provisions of Condition 13 (*Taxation*). No commission or expenses shall be charged to the Registered Noteholders in respect of such payments.

(d) In this Condition 12 (*Payments—Registered Notes*), "**business day**" means:

(i) any day which is in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in each Additional Financial Centre; or

(ii) in the case of surrender of a Registered Note, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the place in which the Registered Note is surrendered.

13. Taxation

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

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

(ii) more than 30 days after the Relevant Date, except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days; or

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

14. Events of Default

If any one or more of the following events (each an "**Event of Default**") occurs and is continuing with respect to a Series of Notes:

(i) *Non-payment*

the Issuer fails to pay any amount of principal, premium, if any, or interest in respect of any of the Notes of such Series when due and payable and such failure continues for a period of 15 days; or

(ii) *Breach of other obligations*

the Issuer fails to perform any other obligations in respect of the Notes of such Series, and that failure continues unremedied for 30 days after written notice to remedy such failure, addressed to the Issuer by any Noteholder or Couponholder of such Series, has been delivered to the Issuer and to the Specified Office of the Fiscal Agent; or

(iii) *Cross-acceleration of the Issuer*

(A) any other Public External Indebtedness of the Issuer becomes due and payable prior to its stated maturity by reason of default;

(B) any such Public External Indebtedness is not paid at maturity thereof; or

(C) any Guarantee of such Public External Indebtedness is not honoured when due and called upon,

and, in the case of either sub-paragraph (B) or (C) above, such failure continues beyond any applicable grace period, **provided that** the amount of Public External Indebtedness referred to in sub-paragraph (A) and/or (B) above and/or the amount payable under any Guarantee referred to in sub-paragraph (C) above, as applicable, either alone or when aggregated with all other Indebtedness in respect of which such an event shall have occurred and be continuing shall be more than U.S.$25,000,000 (or its equivalent in any other currency or currencies); or

(iv) *IMF Membership*

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

(v) *Moratorium*

the Issuer shall have declared a general moratorium on the payment of principal of, or interest on, all or any part of its Public External Indebtedness; or

(vi) *Unlawfulness*

for any reason whatsoever, the obligations under the Notes of such Series or the Agency Agreement become unlawful or are declared by a court of competent jurisdiction to be no longer binding on, or no longer enforceable against, the Issuer; or

(vii) *Validity*

the Issuer or any of its political sub-divisions on behalf of the Issuer contest the validity of such Series of the Notes,

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

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

15. Prescription

Claims against the Issuer for principal in respect of Notes shall become void unless made within 10 years of the appropriate Relevant Date. Claims against the Issuer for interest or Coupons in respect of Notes shall become void unless made within five years of the appropriate Relevant Date.

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

16. Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system) (in the case of Bearer Notes or Coupons) or the Registrar (in the case of Registered Notes), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

17. Agents

(a) ***Obligations of Agents***

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents, the Calculation Agent and the Registrar act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders, and each of them shall only be responsible for the performance of the duties and obligations expressly imposed upon it in the Agency Agreement or other agreement entered into with respect to its appointment or incidental thereto.

(b) The initial Fiscal Agent and Registrar and their initial Specified Offices are listed in the Agency Agreement. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Fiscal Agent) or the Registrar or the Calculation Agent and to appoint a successor fiscal agent, paying agent, calculation agent or registrar; provided that:

(i) the Issuer shall at all times maintain a Fiscal Agent;

(ii) the Issuer shall at all times maintain, in the case of Registered Notes, a Registrar;

(iii) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent;

(iv) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Issuer shall maintain a Paying Agent (which may be the Fiscal Agent) and a Registrar (for Registered Notes) each with a Specified Office in the place required by such competent authority, stock exchange and/or quotation system; and

(v) in the circumstances described in Condition 11(c) (*Payments—Bearer Notes—Payments in New York City*), a paying agent with a Specified Office in New York City.

Notice of any change in the Paying Agent, the Registrar, the Calculation Agent or in their Specified Offices shall promptly be given to the Noteholders in accordance with Condition 21 (*Notices*).

18. Meeting of Noteholders; Written Resolutions

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

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

(ii) The Issuer or the Fiscal Agent will convene a meeting of Noteholders if the holders of at least 10% in principal amount of the outstanding Notes (as defined in the Agency Agreement and described in Condition 18(i) (Notes controlled by the Issuer)) have delivered a written request to the Issuer or the Fiscal Agent (with a copy to the Issuer) setting out the purpose of the meeting. The Fiscal Agent will agree the time and place of the meeting with the Issuer promptly. The Issuer or the Fiscal Agent, as the case may be, will notify the Noteholders within 10 days of receipt of such written request of the time and place of the meeting, which shall take place not less than 21 and not more than 45 calendar days after the date on which such notification is given.

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

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

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

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

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

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

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

(F) whether Condition 18(b) (*Modification of this Series of Notes only*), Condition 18(c) (*Multiple Series Aggregation—Single limb voting*), or Condition 18(d) (*Multiple Series Aggregation—Two limb voting)* shall apply and, if relevant, in relation to which other series of debt securities it applies;

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

(H) such information as is required to be provided by the Issuer in accordance with Condition 18(f) (*Information*);

(I) the identity of the Aggregation Agent and the Calculation Agent, if any, for any proposed modification or action to be voted on at the meeting, and the details of any applicable methodology referred to in Condition 18(g) (*Claims Valuation*); and

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

(v) In addition, the Agency Agreement contains provisions relating to Written Resolutions. All information to be provided pursuant to this Condition 18(a) (*Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*) shall also be provided, *mutatis mutandis*, in respect of Written Resolutions.

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

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

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

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

(x) "**Debt Securities Capable of Aggregation**" means those debt securities which include or incorporate by reference this Condition 18 (*Meeting of Noteholders; Written Resolutions*) and Condition 19 (*Aggregation Agent; Aggregation Procedures*) or provisions substantially in these terms which provide for the debt securities which include such provisions to be capable of being aggregated for voting purposes with other series of debt securities.

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

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

(ii) A "**Single Series Extraordinary Resolution**" means a resolution passed at a meeting of Noteholders duly convened and held in accordance with the procedures prescribed by the Issuer and the Fiscal Agent pursuant to Condition 18(a) (*Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*) by a majority of:

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

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

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

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

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

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

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

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

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

(ii) A "**Multiple Series Single Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer and the Fiscal Agent pursuant to Condition 18(a) (*Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*), as supplemented if necessary, which is passed by a majority of at least 75% of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate).

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

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

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

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

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

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

(vii) Any modification or action proposed under paragraph (c)(i) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions

described in this Condition 18(c) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

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

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

(ii) A "**Multiple Series Two Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer and the Fiscal Agent pursuant to Condition 18(a) (*Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*), as supplemented if necessary, which is passed by a majority of:

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

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

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

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

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

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

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

(v) Any modification or action proposed under paragraph (d)(i) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 18(d) (*Multiple Series Aggregation – Two limb voting*) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

(e) ***Reserved Matters***

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

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

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

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

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

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

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

(vii) to change the definition of "outstanding" or to modify the provisions of Condition 18(i) (Notes controlled by the Issuer);

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

(ix) to change any provision of the Notes describing circumstances in which Notes may be declared due and payable prior to their scheduled maturity date, set out in Condition 14 (Events of Default);

(x) to change the law governing the Notes, the courts to the jurisdiction of which the Issuer has submitted in the Notes, any of the arrangements specified in the Notes to enable proceedings to be taken or the Issuer's waiver of immunity, in respect of actions or proceedings brought by any Noteholder, set out in Condition 24 (Governing Law and Jurisdiction);

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

(xii) to modify the provisions of this Condition 18(e) (*Reserved Matters*);

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

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

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

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

(f) ***Information***

Prior to or on the date that the Issuer proposes any Extraordinary Resolution or Written Resolution pursuant to Condition 18(b) (*Modification of this Series of Notes only*), Condition 18(c) (*Multiple Series Aggregation—Single limb voting*), or Condition 18(d) (*Multiple Series Aggregation—Two limb voting)*, the Issuer shall publish

in accordance with Condition 19(g) (*Manner of Publication*), and provide the Fiscal Agent with the following information:

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

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

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

(iv) if any proposed modification or action contemplates debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group, as required for a notice convening a meeting of the Noteholders in Condition 18(a)(iv)(G) (*Meeting of Noteholders; Written Resolutions—Convening Meeting of Noteholders; Conduct of Meeting of Noteholders; Written Resolution*).

(g) ***Claims Valuation***

For the purpose of calculating the par value of the Notes and any affected series of debt securities which are to be aggregated with the Notes in accordance with Condition 18(c) (*Multiple Series Aggregation—Single limb voting*) and Condition 18(d) (*Multiple Series Aggregation—Two limb voting)*, the Issuer may appoint a Calculation Agent. The Issuer shall, with the approval of the Aggregation Agent and any appointed Calculation Agent, promulgate the methodology in accordance with which the par value of the Notes and such affected series of debt securities will be calculated. In any such case where a Calculation Agent is appointed, the same person will be appointed as the Calculation Agent for the Notes and each other affected series of debt securities for these purposes, and the same methodology will be promulgated for each affected series of debt securities.

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

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

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

For the purposes of (i) determining the right to attend and vote at any meeting of Noteholders, or the right to sign or confirm in writing, or authorise the signature of, any Written Resolution and (ii) Condition 18 (*Meetings of Noteholders; Written Resolutions*) and (iii) Condition 14 (*Events of Default*), any Notes which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled directly or indirectly by the Issuer or by any Public Sector Instrumentality shall be disregarded and be deemed not to remain outstanding.

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

In advance of any meeting of Noteholders, or in connection with any Written Resolution, the Issuer shall provide to the Fiscal Agent a copy of the certificate prepared pursuant to paragraph (d) (Certificate) of Condition 19 (*Aggregation Agent; Aggregation Procedures*), which includes information on the total number of Notes which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled directly or indirectly by the Issuer or by any Public Sector Instrumentality and, as such, such Notes

shall be disregarded and deemed not to remain outstanding for the purposes of ascertaining the right to attend and vote at any meeting of Noteholders or the right to sign, or authorise the signature of, any Written Resolution in respect of any such meeting. The Fiscal Agent shall make any such certificate available for inspection during normal business hours at its Specified Office and, upon reasonable request, will allow copies of such certificate to be taken.

(j) ***Publication***

The Issuer shall publish all Extraordinary Resolutions and Written Resolutions which have been determined by the Aggregation Agent to have been duly passed in accordance with Condition 19(g) (*Aggregation Agent; Aggregation Procedures, Manner of Publication*).

(k) ***Exchange and Conversion***

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

19. Aggregation Agent; Aggregation Procedures

(a) ***Appointment***

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

(b) ***Extraordinary Resolutions***

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

(c) ***Written Resolutions***

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

(d) ***Certificate***

For the purposes of Condition 19(b) (*Extraordinary Resolutions*) and Condition 19(c) (*Written Resolutions*), the Issuer will provide a certificate to the Aggregation Agent up to three days prior to, and in any case no later than, with respect to an Extraordinary Resolution, the date of the meeting referred to in Condition 18(b) (*Meetings of Noteholders; Written Resolutions—Modification of this Series of Notes only*), Condition 18(c) (*Meetings of Noteholders; Written Resolutions—Multiple Series Aggregation—Single limb voting*), or Condition 18(d)

(*Meetings of Noteholders; Written Resolutions—Multiple Series Aggregation—Two limb voting)*, as applicable, and, with respect to a Written Resolution, the date arranged for the signing of the Written Resolution.

The certificate shall:

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

(ii) clearly indicate the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities which shall be disregarded and deemed not to remain outstanding as a consequence of Condition 18(i) (Meetings of Noteholders; Written Resolutions, Notes controlled by the Issuer) on the record date identifying the holders of the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities.

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

(e) ***Notification***

The Aggregation Agent will cause each determination made by it for the purposes of this Condition 19 (*Aggregation Agent; Aggregation Procedures*) to be notified to the Fiscal Agent and the Issuer as soon as practicable after such determination. Notice thereof shall also promptly be given to the Noteholders.

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

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 19 (*Aggregation Agent; Aggregation Procedures*) by the Aggregation Agent and any appointed Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Fiscal Agent and the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such person will attach to the Aggregation Agent or the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(g) ***Manner of publication***

The Issuer will publish all notices and other matters required to be published pursuant to the Agency Agreement including any matters required to be published pursuant to Condition 17 (*Agents*), Condition 18 (*Meetings of Noteholders; Written Resolutions*) and this Condition 19 (*Aggregation Agent; Aggregation Procedures*):

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

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

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

20. Further Issues

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the amount and date of the first payment of interest) and so that the same shall be consolidated and form a single Series with such Notes, provided that, unless the Notes are either (i) not issued with original issue discount, (ii) issued with a *de minimis* amount of original issue discount or (iii) issued in a "qualified reopening" for U.S. federal income tax purposes, such further notes will be issued with a separate CUSIP and ISIN. The Agency Agreement contains provisions for convening a single meeting of the Noteholders of a particular Series and the holders of Notes of other Series.

The Issuer may, with the prior approval of the Fiscal Agent (which shall not be unreasonably withheld), from time to time on any Interest Payment Date occurring on or after the Redenomination Date (as defined in Condition 23 (*Redenomination*)) on giving not less than 30 days' prior notice to the Noteholders in accordance with Condition 21 (*Notices*), without the consent of the Noteholders, consolidate the Notes of one Series with the Notes of one or more other Series issued by it, whether or not originally issued in the same currency provided such other Notes have been redenominated into the Specified Currency (if not originally so denominated) and which otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the Notes.

21. Notices

(a) ***Notices to Noteholders while Notes are held in Global Form***

So long as any Notes are evidenced by a Global Note and such Global Note is held by or on behalf of DTC, Euroclear or Clearstream, Luxembourg, notices to Holders may be given by delivery of such notice to the relevant clearing systems for communication by them to entitled account holders; provided that, so long as the Notes are listed on any stock exchange, notice will also be published or otherwise given in accordance with the rules of such stock exchange. In respect of Notes listed on the Official List of the Luxembourg Stock Exchange, notice will be published on the website of the Luxembourg Stock Exchange, being www.bourse.lu.

(b) ***Notices to Holders of Registered Definitive Notes***

Notices to Holders of Definitive Notes in registered form will be deemed to be validly given if sent by first class mail (or the equivalent) or (if posted to an overseas address) by airmail to the Noteholders of those Notes at their respective addresses as recorded in the Register for those Notes, and will be deemed to have been validly given on the fourth day after the date of mailing as provided above or, if posted from a country other than that of the addressee, on the fifth day after the date of such mailing. In respect of Definitive Notes in registered form listed on the Official List of the Luxembourg Stock Exchange, notice will be published on the website of the Luxembourg Stock Exchange, being www.bourse.lu.

(c) ***Notices to Holders of Bearer Definitive Notes***

Notices to Holders of Bearer Definitive Notes shall be given by publication in a leading English-language daily newspaper published in London, provided that, so long as the Notes are listed on any stock exchange, notice will also be published or otherwise given in accordance with the rules of such stock exchange. In respect of Bearer Definitive Notes listed on the Official List of the Luxembourg Stock Exchange, notice will be published on the website of the Luxembourg Stock Exchange, being www.bourse.lu. Holders of Coupons will be deemed for all purposes to have notice of the contents of any notice given to Holders of Definitive Notes in bearer form in accordance with this Condition.

22. Rounding

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms): (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with 0.000005% being rounded up to 0.00001%); (b) all United States Dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up); (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount; and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency (with 0.005 being rounded upwards).

23. Redenomination

(a) ***Redenomination***

This Condition 23 (*Redenomination*) is applicable to the Notes only if it is specified in the relevant Final Terms as being applicable.

(b) ***Redenomination Date***

If the country of the Specified Currency becomes or, announces its intention to become, a Participating Member State, the Issuer may, without the consent of the Noteholders, on giving at least 30 days' prior notice to the Fiscal Agent and the Noteholders, designate a date (the "**Redenomination Date**"), being an Interest Payment Date under the Notes falling on or after the date on which such country becomes a Participating Member State.

(c) ***Calculation of Redenominated Notes***

Notwithstanding the other provisions of these Terms and Conditions, with effect from the Redenomination Date:

(i) the Notes shall be deemed to be redenominated into Euros in the denomination of €0.01 with a principal amount for each Note equal to the principal amount of that Note in the Specified Currency, converted into Euros at the rate for conversion of such currency into Euros established by the Council of the

European Union pursuant to the Treaty (including compliance with rules relating to rounding in accordance with European Community regulations); provided, however, that, if the Issuer determines, with the agreement of the Fiscal Agent that the then market practice in respect of the re denomination into €0.01 of internationally offered securities is different from that specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders and Couponholders, each listing authority, stock exchange or quotation system (if any) by which the Notes have then been admitted to listing, trading or quotation and the Fiscal Agent of such deemed amendments;

(ii) if Notes have been issued in definitive form:

(A) the payment obligations contained in all Notes denominated in the Specified Currency will become void on the Euro Exchange Date but all other obligations of the Issuer thereunder (including the obligation to exchange such Notes in accordance with this Condition 23) shall remain in full force and effect; and

(B) new Notes denominated in Euros will be issued in exchange for Notes denominated in the Specified Currency in such manner as the Fiscal Agent may specify and as shall be notified to the Noteholders in the Euro Exchange Notice; and

(iii) all payments in respect of the Notes (other than, unless the Redenomination Date is on or after such date as the Specified Currency ceases to be a sub division of the Euros, payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in Euros by cheque drawn on, or by credit or transfer to a euro account (or any other account to which Euros may be credited or transferred) maintained by the payee with, a bank in the principal financial centre of any member state of the European Union

(d) ***Calculation of Interest on redenominated Definitive Note Certificates***

Following redenomination of the Notes pursuant to this Condition 23 (*Redenomination*), where Notes have been issued in definitive form, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of the Notes held by the relevant holder.

(e) ***Change of Interest Determination Date***

If the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable and Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, with effect from the Redenomination Date the Interest Determination Date shall be deemed to be the second TARGET Settlement Day before the first day of the relevant Interest Period.

24. Governing Law and Jurisdiction

(a) ***Governing law***

The Agency Agreement, the Notes and the Coupons and any non-contractual obligations arising out of, or in connection with, the Agency Agreement, the Notes (including the remaining provisions of this Condition 24 (*Governing Law and Jurisdiction*)) and the Coupons, are and shall be governed by, and construed in accordance with, English law.

(b) ***Jurisdiction***

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

(c) ***Appropriate forum***

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

(d) ***Service of process***

The Issuer irrevocably appoints the Ambassador of the Republic to the Court of St James's as its authorised agent for the service of process in England and Wales. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law.

(e) ***Non-exclusivity***

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

(f) ***Consent to enforcement etc.***

Subject to Condition 24(g) (*Waiver of immunity*) and for the purposes of the State Immunity Act 1978, the Issuer consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such Proceedings.

(g) ***Waiver of immunity***

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

25. Rights of Third Parties

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

FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.

[MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET – Solely for the purposes of [*the/each*] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['*s/s'*] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/*s'*] target market assessment) and determining appropriate distribution channels.][2]

[PRIIPs REGULATION - PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the "**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.]

[Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (as modified or amended from time to time, the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes [are] / [are not] "prescribed capital markets products" (as defined in the CMP Regulations 2018) and [are] [Excluded] / [Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).][3]

Final Terms dated [•]

THE ARAB REPUBLIC OF EGYPT

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] under the U.S.$20,000,000,000 Global Medium Term Note Programme

PART A — CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 18 February 2019 [and the supplement[s] to the Base Prospectus dated [*insert date of supplements*]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of Directive 2003/71/EC (as amended or superseded, the "**Prospectus Directive**").

This document constitutes the Final Terms relating to the issue of Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus [as so supplemented]. [Any unlisted notes will not constitute Final Terms for the purposes of Article 5.4 of the Prospectus Directive.]

The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated [26 May 2015][12 January 2017][8 February 2018] which are incorporated by reference into the Base Prospectus dated 18 February 2019. This document constitutes the Final Terms of the Notes described herein

[2] To be deleted where the managers in relation to the Notes are not subject to MiFID II.

[3] For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

for the purposes of Article 5.4 of Directive 2003/71/EC, (as amended or superseded, the "**Prospectus Directive**") and must be read in conjunction with the Base Prospectus dated 18 February 2019 [and the supplement(s) to it dated [•]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Base Prospectus**"), save in respect of the Conditions which are extracted from the Base Prospectus dated [26 May 2015][12 January 2017] [8 February 2018]. Any unlisted notes will not constitute final terms for the purposes of Article 5.4 of the Prospectus Directive.]

The Base Prospectus [as so supplemented] is available for viewing in accordance with Article 14 of the Prospectus Directive on the website of the Luxembourg Stock Exchange (http:www.bourse.lu) and during normal business hours at Ministry of Finance Towers, Ramsis Street Extension, Nasr City, Cairo, Egypt (Tel: +202 2686 1200) and the Fiscal Agent at One Canada Square, Canary Wharf, London E14 5AL, United Kingdom.

1.	[(i) Series Number:	[•]]
	[(ii) Tranche Number:	[•]]
	[(iii) Date on which the Notes become fungible:	[Not Applicable/The Notes shall be consolidated and form a single series with the existing tranche(s) of the Series on [the Issue Date] / [*Insert date*].]
2.	Specified Currency or Currencies:	[•]]
3.	Aggregate Nominal Amount:	
	[(i) Series:	[•]]
	[(ii) Tranche:	[•]]
4.	Issue Price:	[•]% of the Aggregate Nominal Amount
		[plus accrued interest from [•]]
	(i) Specified Denominations:	[•]
	(ii) Calculation Amount:	[•]
5.	(i) Issue Date:	[•]
	(ii) Interest Commencement Date:	[•]/[Issue Date]/[Not Applicable]
6.	Maturity Date:	[•]
7.	Interest Basis:	[[•]% Fixed Rate]
		[[•] [+/-] [•]% Floating Rate]
		[Zero Coupon]
8.	Redemption/Payment Basis:	[[*For Fixed Rate Notes and Floating Rate Notes*] Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100% of their nominal amount.]/[[*For Zero Coupon Notes*] [•]]
9.	Change of Interest or Redemption/Payment Basis:	[Applicable]/[Not Applicable]
10.	Put/Call Options:	[Investor Put]
		[Issuer Call]
		[Not Applicable]

11.	Date approval for issuance of Notes obtained:	[•]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

12.	**Fixed Rate Note Provisions**	[Applicable]/[Not Applicable]
	(i) Rate[(s)] of Interest:	[•]% *per annum* [payable [annually]/[semi-annually]/[quarterly]/ [monthly] in arrear]
	(ii) Interest Payment Date(s):	[•][[, [•], [•]] and [•] in each year]
	[(iii) First Interest Payment Date:	[Issue Date]/[•]]
	(iv) Fixed Coupon Amount[(s)]:	[•] per Calculation Amount
	(v) Broken Amount(s):	[[•] per Calculation Amount, payable on the Interest Payment Date falling [in]/[on] [•]/[Not Applicable]
	(vi) Day Count Fraction:	[360/360]/[Actual/Actual (ICMA)]
	[(vii) Determination Dates:	[[•] in each year]/[Not Applicable]]
13.	**Floating Rate Note Provisions**	[Applicable]/[Not Applicable]
	(i) Interest Period(s):	[•]
	(ii) Specified Period:	[•]
	(iii) Specified Interest Payment Dates:	[•]
	[(iv) First Interest Payment Date:	[Issue Date]/[•]]
	(v) Business Day Convention:	[Floating Rate Convention]/[Following Business Day Convention]/[Modified Following Business Day Convention]/ [Preceding Business Day Convention]/ [No Adjustment]
	(vi) Additional Business Centre(s):	[•]/[Not Applicable]
	(vii) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination] / [ISDA Determination]
	(viii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Fiscal Agent):	[[•] shall be the Calculation Agent]
	(ix) Screen Rate Determination:	
	• Reference Rate:	[LIBOR]/[EURIBOR]
	• Interest Determination Date(s):	[•]
	• Relevant Screen Page:	[•]
	• Relevant Time:	[•]
	• Relevant Financial Centre:	[•]
	(x) ISDA Determination:	

• Floating Rate Option:	[•]
• Designated Maturity:	[•]
• Reset Date:	[•]
(xi) Margin(s):	[+/-] [•]% *per annum*
(xii) Minimum Rate of Interest:	[•]% *per annum*
(xiii) Maximum Rate of Interest:	[•]% *per annum*
(xiv) Day Count Fraction:	[Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/365] [Actual/360] [30/360] [30E/360] [30E/360 (ISDA)]
14. **Zero Coupon Note Provisions**	[Applicable]/[Not Applicable]
(i) Accrual Yield:	[•]% *per annum*
(ii) Reference Price:	[•]

PROVISIONS RELATING TO REDEMPTION

15. **Call Option**	[Applicable]/[Not Applicable] (if not applicable, delete the remaining sub-paragraphs of this paragraph) (this paragraph and sub-paragraphs may be repeated for issues with more than one call option)
(i) Optional Redemption Date(s):	[•] / [Any date from and including [•] to but excluding [•]]
(ii) Optional Redemption Amount(s) of each Note:	[•] per Calculation Amount
(iii) If redeemable in part:	[Applicable]/[Not Applicable] (if not applicable, delete the remaining sub-paragraphs of this paragraph)
(a) Minimum Redemption Amount:	[•] per Calculation Amount
(b) Maximum Redemption Amount:	[•] per Calculation Amount
16. **Put Option**	[Applicable]/[Not Applicable] (if not applicable, delete the remaining sub-paragraphs of this paragraph)

	(i) Optional Redemption Date(s):	[•]
	(ii) Optional Redemption Amount(s) of each Note:	[•] per Calculation Amount
17.	**Final Redemption Amount of each Note**	[100% of their nominal amount] / [•] per Calculation Amount *(The Final Redemption Amount must be at least 100% of the nominal value of the Notes)*
18.	**Early Termination Amount**	[Applicable]/[Not Applicable]
	Early Termination Amount(s) of each Note payable on Event of Default:	[•] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

19.	Form of Notes:	**[Bearer Notes:]** [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on [•] days' notice]/[at any time]/[in the limited circumstances specified in the Permanent Global Note]] [Temporary Global Note exchangeable for Definitive Notes on [•] days' notice] [Permanent Global Note exchangeable for Definitive Notes [on [•] days' notice]/[at any time]/[in the limited circumstances specified in the Permanent Global Note]] **[Registered Notes:]** [Individual Note Certificates] [Unrestricted Global Certificate exchangeable for unrestricted Individual Note Certificates [on [•] days' notice]/[at any time]/[in the limited circumstances described in the Unrestricted Global Certificate]] [Restricted Global Certificate exchangeable for Restricted Individual Note Certificates [on [•] days' notice]/[at any time]/[in the limited circumstances described in the Restricted Global Certificate]] [Unrestricted Global Certificate registered in the name of a nominee for [DTC]/[a common depositary for Euroclear and Clearstream, Luxembourg] [Restricted Global Certificate registered in the name of a nominee for [DTC]/[a common depositary for Euroclear and Clearstream, Luxembourg]
20.	Additional Financial Centre(s):	[•]/[Not Applicable]
21.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes]/[No]

Signed on behalf of
THE ARAB REPUBLIC OF EGYPT:

By: .....
Duly Authorised

PART B—OTHER INFORMATION

1. **LISTING**

(i) Listing:	[Official List of the Luxembourg Stock Exchange/London/other (specify)/None]
(ii) Admission to trading:	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the Regulated Market of the Luxembourg Stock Exchange][[and on] the Regulated Market of the London Stock Exchange plc] / [•] with effect from [•].] / [Not Applicable.]
(ii) Estimate of total expenses related to admission to trading:	[•]

2. **RATINGS**

Ratings:	The Notes to be issued have been rated: [Standard & Poor's: [•]] [Fitch: [•]] [[Other]: [•]] ***Option 1 - CRA established in the EEA and registered under the CRA Regulation*** [•] is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"). [•] appears on the latest update of the list of registered credit rating agencies (as of [*insert date of most recent list*]) on the ESMA website http://www.esma.europa.eu/page/List-registered-and-certified-CRAs. ***Option 2 - CRA not established in the EEA but relevant rating is endorsed by a CRA which is established and registered under the CRA Regulation*** [•] is not established in the EEA but the rating it has given to the Notes is endorsed by [•], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"). [*Insert legal name of particular credit rating agency entity providing rating*] appears on the latest update of the list of registered credit rating agencies (as of [*insert date of most recent list*]) on the ESMA website http://www.esma.europa.eu/page/List-registered-and-certified-CRAs. ***Option 3 - CRA is not established in the EEA and relevant rating is not endorsed under the CRA Regulation but CRA is certified under the CRA Regulation***

[•] is not established in the EEA but is certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

Option 4 - CRA neither established in the EEA nor certified under the CRA Regulation and relevant rating is not endorsed under the CRA Regulation

[•] is not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation.

In general, European regulated investors are restricted from using a rating for regulator purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.

Option 5 – Not Applicable

[Not Applicable]

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business for which they may receive fees.]

4. **Fixed Rate Notes only—YIELD**

Indication of yield:	[•] / [Not Applicable]

5. **U.S. SELLING RESTRICTIONS**

[TEFRA C]/[TEFRA D]/[TEFRA rules not applicable]

6. **OPERATIONAL INFORMATION**

CUSIP:	[•] / [Not Applicable]
ISIN:	[•]
CFI:	[•]
FISN:	[•]
Common Code:	[•]

Any clearing system(s) other than DTC, Euroclear Bank SA/NV and Clearstream Banking, S.A. and the relevant addresses and identification numbers:	[Not Applicable/give name(s), address(es) and number(s)]
Delivery:	Delivery [against/free of] payment
Names and addresses of additional Paying Agent(s) (if any):	[•]
Name and address of Calculation Agent (if any), if different from Fiscal Agent:	[•]

FORMS OF THE NOTES

Bearer Notes

Each Tranche of Bearer Notes will initially be in the form of either a temporary global note in bearer form (a "**Temporary Global Note**"), without interest coupons, or a permanent global note in bearer form (a "**Permanent Global Note**"), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") will be deposited on or around the issue date of the relevant Tranche of the Notes with a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system. Bearer Notes issued in compliance with the TEFRA D Rules must be initially issued in the form of a Temporary Global Note.

While any Bearer Note issued in accordance with the U.S. Treasury Regulations §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form as the rules in such regulations for purposes of Section 4701 of the Code, as amended (the "**TEFRA D Rules**") is represented by a Temporary Global Note, payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Global Note only to the extent that certification (substantially in the form to be provided) to the effect that the beneficial owners of such Temporary Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury Regulations, has been received by the relevant clearing system(s) and the relevant clearing system(s) has or have given a like certification (based on the certifications it has or they have received) to the Paying Agent. Any reference in this section to the relevant clearing system(s) shall mean the clearing and/or settlement system(s) specified in the applicable Final Terms.

In the case of each Tranche of Bearer Notes, the relevant Final Terms will also specify whether U.S. Treasury Regulations §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form as the rules in such regulations for purposes of Section 4701 of the Code) (the "**TEFRA C Rules**") or TEFRA D Rules are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for Permanent Global Note

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date (the "**Exchange Date**") of the relevant Tranche of Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the delivery of a Permanent Global Note, duly authenticated to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Notes represented by the Permanent Global Note in accordance with its terms against:

(a) presentation and (in the case of final exchange) presentation and surrender of the Temporary Global Note to, or to the order of, the Fiscal Agent; and

(b) receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership, within seven days of the bearer requesting such exchange.

The principal amount of Notes represented by the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership provided, however, that in no circumstances shall the principal amount of Notes represented by the Permanent Global Note exceed the initial principal amount of Notes represented by the Temporary Global Note.

If:

(a) the Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (London time) on the seventh day after the bearer of the Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or

(b) the Temporary Global Note (or any part thereof) has become due and payable in accordance with the Conditions or the date for final redemption of the Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above), and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Temporary Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Bearer Notes in definitive form ("**Definitive Notes**") not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Principal and interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of Notes represented by the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

Permanent Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes:

(a) on the expiry of such period of notice as may be specified in the relevant Final Terms; or

(b) at any time, if so specified in the relevant Final Terms; or

(c) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if either of the following events occurs:

  (i) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or does in fact do so; or

  (ii) any of the circumstances described in Condition 14 (*Events of Default*) occurs.

The exchange upon notice option described in paragraph (a) above should not be expressed to be applicable under Form of Notes in the relevant Final Terms if the relevant Notes have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount. Furthermore, Notes should not be issued that have such denominations if such Notes are to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

(a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Permanent Global Note for Definitive Notes; or

(b) the Permanent Global Note (or any part thereof) has become due and payable in accordance with the Conditions or the date for final redemption of the Permanent Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer thereof in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

If the relevant Final Terms specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", such Permanent Global Note and any Definitive Notes issued upon exchange may only be issued in the Specified Denomination.

Registered Notes

Each Tranche of Notes in registered form ("**Registered Notes**") will be represented by either:

(a) one or more unrestricted global certificates ("**Unrestricted Global Certificate(s)**") in the case of Registered Notes sold outside the United States in reliance on Regulation S ("**Unrestricted Registered Notes**") and/or one or more restricted global note certificates ("**Restricted Global Certificate(s)**") in the case of Registered Notes sold to QIBs in reliance on Rule 144A ("**Restricted Registered Notes**"); or

(b) individual note certificates in registered form ("**Individual Note Certificates**"),

in each case as specified in the relevant Final Terms, and references in this Base Prospectus to "**Global Certificates**" shall be construed as a reference to Unrestricted Global Certificates and/or Restricted Global Certificates.

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

Restricted Notes in registered form will initially be represented by a Restricted Global Certificate, without interest coupons, which may be deposited on the issue date either (i) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, Luxembourg, with the Common Depositary or (ii) with a custodian for, and registered in the name of Cede & Co. as nominee for, DTC. If the relevant Final Terms specifies the form of Notes as being "Individual Note Certificates", then the Notes will at all times be represented by Individual Note Certificates issued to each Noteholder in respect of their respective holdings.

Global Certificate exchangeable for Individual Note Certificates

If the relevant Final Terms specifies the form of Notes as being "Global Certificate exchangeable for Individual Note Certificates", then the Notes will initially be represented by one or more Global Certificates each of which will be exchangeable in whole, but not in part, for Individual Note Certificates:

(a) on the expiry of such period of notice as may be specified in the relevant Final Terms; or

(b) at any time, if so specified in the relevant Final Terms; or

(c) if the relevant Final Terms specifies "in the limited circumstances described in the Global Certificate", then:

  (i) in the case of any Global Certificate held by or on behalf of DTC, if DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Global Certificate or DTC ceases to be a "clearing agency" registered under the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**") or if at any time DTC is no longer eligible to act as such, and the relevant Issuer is unable to locate a qualified successor within 90 days of receiving notice or becoming aware of such ineligibility on the part of DTC;

  (ii) in the case of any Global Certificate held by or on behalf of Euroclear, Clearstream, Luxembourg or any other relevant clearing system, if Euroclear, Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; and

  (iii) in any case, if any of the circumstances described in Condition 14 (*Events of Default*) occurs.

Whenever a Global Certificate is to be exchanged for Individual Note Certificates, each person having an interest in a Global Note Certificate must provide the Registrar (through the relevant clearing system) with such information as the Issuer and the Registrar may require to complete and deliver Individual Note Certificates (including the name and address of each person in which the Notes represented by the Individual Note Certificates are to be registered and the principal amount of each such person's holding). In addition, whenever a Restricted Global Certificate is to be exchanged for Individual Note Certificates, each person having an interest in the Restricted Global Certificate must provide the Registrar (through the relevant clearing system) with a certificate given by or on behalf of the holder of each beneficial interest in the Restricted Global Certificate stating either (i) that such holder is not transferring its interest at the time of such exchange or (ii) that the transfer or exchange of such interest has been made in compliance with the transfer restrictions applicable to the Notes and that the person transferring such interest reasonably believes that the person acquiring such interest is a QIB and is obtaining such beneficial interest in a transaction meeting the requirements of Rule 144A. Individual Note Certificates issued in exchange for interests in the Restricted Global Certificate will bear the legends and be subject to the transfer restrictions set out under "*Transfer Restrictions*".

Any such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled to the Agency Agreement and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If:

(a) Individual Note Certificates have not been issued and delivered by 5.00 p.m. (London time) on the thirtieth day after the date on which the same are due to be issued and delivered in accordance with the terms of the Global Certificate; or

(b) any of the Notes evidenced by a Global Certificate has become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the holder of the Global Certificate on the due date for payment in accordance with the terms of the Global Certificate,

then the Global Certificate (including the obligation to deliver Individual Note Certificates) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such date (in the case of (b) above) and the holder will have no further rights thereunder (but without prejudice to the rights which the holder or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg (or any other relevant clearing system) as being entitled to interests in the Notes will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Global

Certificate became void, they had been the registered holders of Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear, Clearstream, Luxembourg or any other relevant clearing system (as the case may be).

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under the caption "*Terms and Conditions of the Notes*" in this Base Prospectus or any other base prospectus that is incorporated by reference herein, and the provisions of the relevant Final Terms which complete those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions, which would apply to the Note were it in definitive form to the extent below.

Payments

Subject to the restrictions described under "Bearer Notes", payments in respect of a Global Note or Global Certificate will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note or Global Certificate to or to the order of any Fiscal Agent or Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note or Global Certificate, the Issuer shall procure that the payment is noted in a schedule thereto.

Payments of principal and interest in respect of a Global Certificate registered in the name of, or in the name of a nominee for, DTC and denominated in a Specified Currency other than U.S. Dollars will be made or procured to be made by the Fiscal Agent in the Specified Currency in accordance with the following provisions. The amounts in such Specified Currency payable by the Fiscal Agent or its agent to DTC with respect to the Registered Notes held by DTC or its nominee will be received from the Issuer by the Fiscal Agent who will make payments in such Specified Currency by wire transfer of same day funds to the designated bank account in such Specified Currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of interest payments, on or prior to the third DTC business day after the DTC Record Date (as defined below) for the relevant payment of interest and, in the case of payments of principal, at least 12 DTC business days prior to the relevant payment date, to receive that payment in such Specified Currency. The Fiscal Agent, after the Exchange Agent has converted amounts in such Specified Currency into U.S. Dollars, will cause the Exchange Agent to deliver such U.S. Dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such Specified Currency. The Agency Agreement sets out the manner in which such conversions are to be made. "**DTC business day**" means any day on which DTC is open for business.

Payment Business Day

In the case of a Global Note or Global Certificate, this shall be, if the currency of payment is Euros, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre, or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

Payment Record Date

Each payment in respect of a Global Certificate will be made to the person shown as the holder in the Register at the close of business (in the relevant clearing system) on the record date which shall be: (i) except in the case of Registered Notes to be cleared through DTC, on the Clearing System Business Day immediately prior to the date for such payment, where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Registered Note is being held is open for business; and (ii) in the case of Registered Notes to be cleared through DTC, on the fifteenth DTC business day before the date for such payment (the "**DTC Record Date**").

Exercise of put option

In order to exercise the option contained in Condition 10(d) (*Redemption and Purchase–Redemption at the option of Noteholders*), the bearer of a Permanent Global Note or the holder of a Global Certificate must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to any Paying Agent or Registrar specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option

In connection with an exercise of the option contained in Condition 10(b) (*Redemption and Purchase–Redemption at the option of the Issuer*) in relation to only some of the Notes, a Permanent Global Note or Global Certificate may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

Notices

Notwithstanding Condition 21 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or a Global Certificate and the relevant Note or Notes is/are deposited with a common depositary, a custodian or nominee for Euroclear and/or Clearstream, Luxembourg and/or DTC and/or any other relevant clearing system, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 21 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or DTC and/or any other relevant clearing system.

Clearing System Accountholders

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or DTC and/or any other relevant clearing system as being entitled to an interest in a Global Note or a Global Certificate (each, an "**Accountholder**") must look solely to Euroclear and/or Clearstream, Luxembourg and/or DTC and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the bearer of such Global Note or the holder of a Global Certificate and in relation to all other rights arising under the Global Note or Global Certificate. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note or Global Certificate will be determined by the respective rules and procedures of Euroclear, Clearstream, Luxembourg, DTC and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by a Global Note or Global Certificate, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the bearer of the Global Note or the holder of the Global Certificate.

Legend concerning U.S. persons

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days, the Notes in global form, the Bearer Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

> *"Any U.S. person who holds this obligation will be subject to limitations under the U.S. income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the U.S. Internal Revenue Code of 1986, as amended."*

The sections referred to in such legend provide that a U.S. person who holds a Bearer Note, Coupon or Talon will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Bearer Note, Coupon or Talon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

Rights under the Deed of Covenant

Under the Deed of Covenant, persons shown in the records of DTC, Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note or a Permanent Global Note which becomes void will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note or Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of DTC, Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

TAXATION

The following is a general description of certain Egyptian, United States and EU tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective investors in the Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This overview is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

Egyptian Taxation

Under Egyptian Tax Law № 91 of 2005, interest payable on the Notes is subject to a 20% withholding tax unless reduced by a treaty. The Issuer will pay, subject to customary exceptions, such additional amounts as will result in the receipt by the Noteholder of such amounts as would have been received by such Noteholder had no such withholding or deduction been required. See Condition 13 (*Taxation*).

United States Federal Income Taxation

The following is an overview of certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below) thereof. This overview does not address the U.S. federal income tax consequences of every type of Note which may be issued under the Programme, and additional or modified disclosure concerning the material U.S. federal income tax consequences relevant to such type of Note may be provided in a supplement to this Base Prospectus, as appropriate. This overview only applies to Notes held as capital assets and does not address, except as set forth below, aspects of U.S. federal income taxation that may be applicable to holders that are subject to special tax rules, such as financial institutions, insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, tax exempt organisations, dealers or traders in securities or currencies, persons that mark their securities to market, holders that will hold Notes through a partnership or other pass through entity, holders that will hold a Note as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes, controlled foreign corporations, passive foreign investment companies, individual retirement accounts and other tax-deferred accounts, holders that will hold the Notes in connection with a trade or business conducted outside of the U.S., U.S. Holders (as defined below) that have a functional currency other than the U.S. Dollar, or certain expatriates and long-term residents of the United States. Moreover, this overview does not address the U.S. federal estate and gift tax or alternative minimum tax consequences or the consequences of the tax on "net investment income" imposed under Section 1411 of the Code of the acquisition, ownership or disposition of Notes and does not include any description of the tax laws of any U.S. state or local governments.

This overview only addresses Notes in registered form. Bearer Notes are not being offered to U.S. Holders. A U.S. Holder who owns a Bearer Note may be subject to limitations under United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Code.

This overview is based on the Code, existing and proposed U.S. Treasury Regulations, administrative pronouncements and judicial decisions, each as of the date hereof. All of the foregoing are subject to change, possibly with retroactive effect, or differing interpretations which could affect the tax consequences described herein.

For purposes of this description, a "**U.S. Holder**" is a beneficial owner of the Notes who for U.S. federal income tax purposes is (i) an individual who is a citizen or resident of the United States; (ii) a corporation (or entity treated as a corporation for U.S. federal income tax purposes) created or organised in or under the laws of the United States or any State thereof, including the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust (1) that validly elects to be treated as a "United States person" as defined in the Code (a "**U.S. Person**") for U.S. federal income tax purposes or (2)(a) that is subject to the primary supervision of a court within the United States and (b) one or more U.S. Persons have the authority to control all substantial decisions of the trust.

If any entity or arrangement treated as a partnership for U.S. federal income tax purposes holds Notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax advisor concerning the U.S. federal income tax consequences of the acquisition, ownership or disposition of Notes by the partnership.

If you use an accrual method of accounting for tax purposes ("**accrual-basis holders**"), you generally will be required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements (the "**book/tax conformity rule**"). The application of the book/tax conformity rule thus may require the accrual of income

earlier than would be the case under the general tax rules described below, although it is not clear to what types of income the book/tax conformity rule applies. This rule generally is effective for tax years beginning after December 31, 2017 or, for debt securities issued with original issue discount, for tax years beginning after December 31, 2018. Accrual-basis holders should consult with their tax advisors regarding the potential applicability of the book/tax conformity rule to their particular situation.

THE OVERVIEW OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR OWN TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Tax Consequences to U.S. Holders

Payments of Stated Interest

Except as set forth below, payments of stated interest on a Note, whether payable in U.S. Dollars or a currency, composite currency or basket of currencies other than U.S. Dollars (a "**foreign currency**"), and including any additional amounts paid pursuant to Condition 13 in order that the net amount received by holders is equal to the amount that would have been received had no withholding on account of Egyptian taxes been made, will be includible in a U.S. Holder's gross income as ordinary income at the time it is received or accrued, in accordance with the U.S. Holder's usual method of tax accounting.

Interest income on the Notes will be treated as foreign source income for U.S. federal income tax purposes. For purposes of calculating the U.S. Holder's foreign tax credit limitation, interest on the Notes should generally constitute "passive category income" or, in the case of certain U.S. Holders, "general category income". Income taxes withheld from interest income may be eligible for credit against the U.S. Holder's U.S. federal income tax liability or, at the election of the U.S. Holder, for deduction in computing the U.S. Holder's taxable income. The U.S. federal income tax rules relating to foreign tax credits and limitations thereof are complex and may vary depending on the facts and circumstances of each U.S. Holder. Accordingly, U.S. Holders should consult their own tax advisers regarding the availability of a foreign tax credit for Egyptian tax withheld under such U.S. Holder's particular situation.

Foreign Currency Denominated Qualified Stated Interest

Except as set forth below, if any qualified stated interest payment (as defined below under "*—Original Issue Discount*"), including any additional amounts, is denominated in, or determined by reference to, a foreign currency (a "**Foreign Currency Note**"), the amount of income realized by a U.S. Holder will be the U.S. Dollar value of the foreign currency, including the amount of any applicable withholding tax thereon, regardless of whether the foreign currency is converted into U.S. Dollars. Generally, a U.S. Holder that uses the cash method of tax accounting and that receives a payment of qualified stated interest will determine such U.S. Dollar value using the spot rate of exchange on the date of receipt. Generally, a U.S. Holder that uses the accrual method of tax accounting will determine the U.S. Dollar value of accrued interest income using the average rate of exchange for the accrual period (or, in the case of an accrual period that spans two taxable years of the U.S. Holder, the part of the period within the applicable taxable year) or, at the U.S. Holder's election, at the spot rate of exchange on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years of the U.S. Holder, the last day of the period within the applicable taxable year) or the spot rate on the date of receipt, if that date is within five business days of the last day of the accrual period. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS. A U.S. Holder that uses the accrual method of accounting for tax purposes will recognise U.S. source foreign currency gain or loss on the receipt of an interest payment if the exchange rate in effect on the date payment is received differs from the rate applicable to an accrual of that interest, regardless of whether the payment is converted to U.S. Dollars at such time. This foreign currency gain or loss will be treated as ordinary income or loss, but generally will not be treated as an adjustment to interest income received on the debt security.

Original Issue Discount

U.S. Holders of Notes issued with original issue discount ("**OID** "), including Zero Coupon Notes, with a term of over one year (each an **"Original Issue Discount Note**"), will be subject to special tax accounting rules, as described in greater detail below. Additional rules applicable to Original Issue Discount Notes that are denominated in or determined by reference to a currency other than the U.S. Dollar are described below under "*—Foreign Currency Discount Notes*."

The following discussion does not address the application of the U.S. Treasury Regulations addressing OID to, or address the U.S. federal income tax consequences of, an investment in contingent payment debt instruments. In the event the Issuer issues contingent payment debt instruments, the relevant supplemental prospectus will describe the material U.S. federal income tax consequences thereof.

For U.S. federal income tax purposes, a Note (including a Zero Coupon Note) will be treated as issued with OID if the excess of the Note's stated redemption price at maturity over its issue price equals or exceeds a specified *de minimis* amount (0.25% of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity (or, in the case of a Note that provides for payments other than qualified stated interest before maturity, its weighted average maturity)). The "issue price" of each Note in a particular offering will be the first price at which a substantial amount of that particular offering is sold (other than to an underwriter, broker, placement agent or wholesaler). The term "qualified stated interest" means stated interest that is unconditionally payable in cash or in property (other than debt instruments of the issuer) at least annually at a single fixed rate or, subject to certain conditions, at a variable rate (including a rate based on one or more interest indices). Interest is payable at a single fixed rate only if the rate appropriately takes into account the length of the interval between payments. Notice will be given in the relevant Final Terms if it is determined that a particular Note will bear interest that is not qualified stated interest. In the case of a Note whose stated redemption price at maturity exceeds its issue price by less than the specific *de minimis* amount ("***de minimis* OID**"), a U.S. Holder of such Note will recognise capital gain with respect to any *de minimis* OID as stated principal payments on the Note are made. The amount of such gain with respect to each principal payment will equal the product of the total amount of the Note's *de minimis* OID and a fraction, the numerator of which is the amount of the principal payment made and the denominator of which is the stated principal amount of the Note.

U.S. Holders of Original Issue Discount Notes must, in general, include OID as ordinary income, calculated on the constant yield method, as described in this paragraph, in advance of the receipt of some or all of the related cash payments, regardless of their method of accounting. The amount of OID includible in income by the initial U.S. Holder of an Original Issue Discount Note is the sum of the "daily portions" of OID with respect to the Note for each day during the taxable year or portion of the taxable year in which such U.S. Holder held such Note ("**accrued OID**"). The daily portion is determined by allocating to each day in any "accrual period" a *pro rata* portion of the OID allocable to that accrual period. The "accrual period" for an Original Issue Discount Note may be of any length and may vary in length over the term of the Note, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs on the first day or the final day of an accrual period. The amount of OID allocable to any accrual period is an amount equal to the excess, if any, of (a) the product of the Note's adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of any qualified stated interest allocable to the accrual period. OID allocable to a final accrual period is the difference between the amount payable at maturity (other than a payment of qualified stated interest) and the adjusted issue price at the beginning of the final accrual period. Special rules will apply for calculating OID for an initial short accrual period. The "stated redemption price at maturity" of a Note is the sum of all amounts payable on the Note after the purchase date that are not payments of qualified stated interest. The "adjusted issue price" of a Note at the beginning of any accrual period is equal to its issue price increased by the accrued OID for each prior accrual period (determined without regard to the amortisation of any acquisition or bond premium, as described below) and reduced by any payments made on such Note (other than qualified stated interest) on or before the first day of the accrual period. The "yield to maturity" of a Note is the discount rate that causes the present value of all payments on the Note as of its original issue date to equal the issue price of such Note. Under these rules, a U.S. Holder will generally have to include in income increasingly greater amounts of OID in successive accrual periods.

Certain of the Notes may be redeemed prior to their maturity at the Issuer's option and/or at the option of the holder. Original Issue Discount Notes containing such features may be subject to rules that differ from the general rules discussed herein. Persons considering the purchase of Original Issue Discount Notes with such features should carefully examine the relevant Final Terms and should consult their own tax advisors with respect to such features since the tax consequences with respect to OID will depend, in part, on the particular terms and features of the Notes.

In the case of an Original Issue Discount Note that is a Floating Rate Note, both the "yield to maturity" and "qualified stated interest" will be determined solely for purposes of calculating the accrual of OID, as though the Note will bear interest in all periods at a fixed rate generally equal to the rate that would be applicable to interest payments on the Note on its date of issue or, in the case of certain Floating Rate Notes, the rate that reflects the yield to maturity that is reasonably expected for the Note. Additional rules may apply if interest on a Floating Rate Note is based on more than one interest index or if the principal amount of the Note is indexed in any manner. Persons considering the purchase of Floating Rate Notes should carefully examine the relevant supplemental prospectus and should consult their own tax advisors regarding the U.S. federal income tax consequences of the ownership and disposition of such Notes.

Election to Treat All Interest as Original Issue Discount

U.S. Holders may elect to treat all interest on any Note as OID and calculate the amount includible in gross income under the constant yield method described above. For the purposes of this election, interest includes stated interest, discount, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortisable bond premium or acquisition premium. This election will generally apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. U.S. Holders should consult their own tax advisors about this election.

Short Term Notes

In the case of Notes having a term of one year or less ("**Short-term Notes**"), all payments (including all stated interest) will be included in the stated redemption price at maturity and, thus, U.S. Holders generally will be taxable on the discount in lieu of any stated interest. The discount will be equal to the excess of the stated redemption price at maturity over the issue price of a Short-term Note, unless the U.S. Holder elects to compute this discount using tax basis instead of issue price. Under the OID regulations, in general, individuals and certain other cash method U.S. Holders of a Short-term Note are not required to include accrued discount in their income currently unless the U.S. Holder elects to do so (but may be required to include any stated interest in income as it is received). U.S. Holders that report income for U.S. federal income tax purposes on the accrual method and certain other U.S. Holders are required to accrue discount on such Short-term Notes (as ordinary income) on a straight-line basis, unless an election is made to accrue the discount according to a constant yield method based on daily compounding. In the case of a U.S. Holder that is not required, and does not elect, to include discount in income currently, any gain realised on the sale, exchange or retirement of the Short-term Note will generally be ordinary income to the extent of the discount accrued on a straight-line basis (unless an election is made to accrue the OID under the constant-yield method) through the date of sale, exchange or retirement. In addition, a U.S. Holder that is not required and does not elect to include currently accrued discount in income may be required to defer deductions for a portion of the U.S. Holder's interest expense with respect to any indebtedness incurred or continued to purchase or carry such Notes.

Acquisition Premium

A U.S. Holder that purchases an Original Issue Discount Note for an amount that is greater than its adjusted issue price but less than or equal to the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, will be considered to have purchased the Original Issue Discount Note at an "acquisition premium". If the U.S. Holder does not make the election described above under "*—Election to Treat all Interest as Original Issue Discount*," under the acquisition premium rules, the daily portions of original issue discount which the U.S. Holder must include in its gross income with respect to such Original Issue Discount Note will be reduced by an amount equal to the daily portion of the original issue discount for such day multiplied by the acquisition premium fraction. The numerator of the "acquisition premium fraction" is the excess of the U.S. Holder's adjusted basis in the Note immediately after its purchase over the adjusted issue price of the Note, and the denominator is the sum of the daily portions of OID for such Note for all days after the date of purchase and ending on the stated maturity date (i.e., the total original issue discount remaining on the Note).

Market Discount

If a U.S. Holder purchases a Note (other than a Short-term Note) for an amount that is less than its stated redemption price at maturity (or, in the case of a Note issued with OID, its adjusted issue price), the amount of the difference will be treated as market discount, unless this difference is less than a specified *de minimis* amount (0.25% of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity (or, in the case of a Note that provides for payments other than qualified stated interest before maturity, its weighted average maturity)). A U.S. Holder must treat any gain it recognizes on the maturity or disposition of a market discount Note as ordinary income to the extent of the accrued market discount on such Note while held by such U.S. Holder. Alternatively, such U.S. Holder may elect to include market discount in income currently over the life of such Note. If a U.S. Holder makes this election, it will apply to all debt instruments with market discount that a U.S. Holder acquires on or after the first day of the first taxable year to which the election applies. A U.S. Holder may not revoke this election without the consent of the IRS. If a U.S. Holder owns a market discount Note and does not make this election, it will generally be required to defer deductions for interest on borrowings allocable to such Note in an amount not exceeding the accrued market discount on such Note until the maturity or disposition of such Note.

Under current law, a U.S. Holder will accrue market discount on a market discount Note on a straight-line basis unless it elects to accrue market discount using a constant yield to maturity method. If such U.S. Holder makes this election, it will apply only to the Note with respect to which it is made and is irrevocable without the consent of the IRS.

Market discount that is accrued by a U.S. Holder may be accrued in foreign currency. If the U.S. Holder elects to include market discount accrued in foreign currency in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder that does not elect to include such market discount in income currently will recognize, upon the sale or retirement of the Note, the U.S. dollar value of the amount accrued, calculated at the spot rate on that date, and no part of the accrued market discount will be treated as exchange gain or loss.

Variable Rate Debt Instruments

Generally, a Floating Rate Note will qualify as a "variable rate debt instrument" if: (a) its issue price does not exceed the total noncontingent principal payments due under the Floating Rate Note by more than an amount equal to the lesser of (i) 0.015 multiplied by the product of the total noncontingent principal payments and the number of complete years to maturity from the issue date or (ii) 15% of the total noncontingent principal payments; (b) it does not provide for stated interest other than stated interest that pays or compounds at least annually at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate; and (c) each qualified floating rate or objective rate in effect at any time during the term of the Note is set at a current value of that rate (i.e., the value of the rate on any day that is no earlier than three months prior to the first day on which the value is in effect and no later than one year following that first day). A "qualified floating rate" is any variable rate where: (a) variations in the value of such rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Floating Rate Notes are denominated; or (b) the rate is equal to a rate specified in (a) multiplied by either a fixed multiple that is greater than 0.65 but not more than 1.35; or (c) the rate is equal to a rate specified in (a) or (b), increased or decreased by a fixed rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Floating Rate Notes together will constitute a single qualified floating rate. Two or more qualified floating rates will be presumed to meet the requirements of the previous sentence if the values of all rates on the issue date are within 25 basis points of each other. Notwithstanding the foregoing, a variable rate is not a qualified floating rate if it is subject to certain restrictions (including caps, floors, governors or other similar restrictions) unless such restrictions are fixed throughout the term of the Note or are not reasonably expected to significantly affect the yield on the Note.

An "objective rate" is a rate that: (a) is not a qualified floating rate; and (b) is determined using a single fixed formula that is based on objective financial or economic information that is not within the control of or unique to the circumstances of the issuer or a related party. Despite the foregoing, a variable rate of interest on Floating Rate Notes will not constitute an objective rate if it is reasonably expected that the average value of such rate during the first half of the Floating Rate Notes' term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Floating Rate Notes' term. A "qualified inverse floating rate," is any objective rate where such rate is equal to a fixed rate minus a qualified floating rate, and the variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the cost of newly borrowed funds in the currency in which the Floating Rate Notes are denominated.

Generally, if a Floating Rate Note provides for stated interest (payable unconditionally at least annually) at a fixed rate for an initial period of one year or less followed by a variable rate that is either a single qualified floating rate or a single objective rate, and the value of the variable rate on the Floating Rate Notes' issue date is intended to approximate the fixed rate, then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be. If the Notes pay interest at a single objective rate or a single qualified floating rate, the amount of original issue discount allocated to an accrual period, if any, is determined by using the constant yield method with a fixed rate equal to, in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or, for any other objective rate, a fixed rate that reflects the yield reasonably expected for such Floating Rate Note.

If a Floating Rate Note that is a variable rate debt instrument does not provide for stated interest at a single qualified floating rate or single objective rate, or at a single fixed rate (other than at a single fixed rate for an initial period), the amount of qualified stated interest and the amount and accrual of original issue discount on the Note are generally determined by: (a) determining a fixed rate substitute for each variable rate provided under the Floating Rate Note (generally, the value of each variable rate as of the issue date or, in the case of an objective rate that is not a qualified inverse floating rate, a rate that reflects the yield that is reasonably expected for the Note); (b) constructing the equivalent fixed rate debt instrument (using the fixed rate substitutes described above); (c) determining the amount of qualified stated interest and original issue discount with respect to the equivalent fixed rate debt instrument (by applying the general original issue discount rules as described above in "*—Original Issue Discount*"); and (d) making the appropriate adjustment for actual variable rates during the applicable accrual period.

If a Floating Rate Note provides for stated interest either at one or more qualified floating rates or at a qualified inverse floating rate and in addition provides for stated interest at a single fixed rate (other than a single fixed rate for an initial period), a U.S. Holder generally must determine the amount of interest and original issue discount accruals by using the method described in the preceding paragraph with the modification that the Floating Rate Note is treated, for purposes of the first three steps of the determination, as if it provided for a qualified floating rate (or qualified inverse floating rate, if the Note provides for a qualified inverse floating rate) rather than the fixed rate. The qualified floating rate (or qualified inverse floating rate) replacing the fixed rate must be such that the fair market value of the Note as of the issue date would be approximately the same as the fair market value of an otherwise identical debt instrument that provides for a qualified floating rate (or qualified inverse floating rate) rather than a fixed rate.

A Floating Rate Note that does not qualify as a variable rate debt instrument will be treated as a contingent payment debt obligation. The proper U.S. federal income tax treatment of such a Note will be more fully described in the relevant supplemental prospectus.

Foreign Currency Discount Notes

OID for any accrual period on an Original Issue Discount Note that is denominated in, or determined by reference to, a foreign currency will be determined in the foreign currency and then translated into U.S. Dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above under "*—Foreign Currency Denominated Qualified Stated Interest.*" Upon receipt of an amount attributable to OID (whether in connection with a payment of interest or the sale or retirement of a Note), a U.S. Holder will recognise foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. Dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. Dollars.

Notes Purchased at a Premium

A U.S. Holder that purchases a Note for an amount in excess of the sum of all amounts payable on the Note after the purchase date other than qualified stated interest will be considered to have purchased the Note with "amortisable bond premium" equal to such excess. A U.S. Holder generally may elect to amortise the premium over the remaining term of the Note on a constant yield method. If a U.S. Holder makes this election, it will reduce the amount required to be included in income each year with respect to interest on the Note by an amount of the amortisable bond premium allocable to that year, and the U.S. Holder must reduce its tax basis in the Note by the amount of the premium used to offset qualified stated interest. In the case of a Note that is denominated in, or determined by reference to, a foreign currency, bond premium will be computed in units of foreign currency, and amortisable bond premium will reduce interest income in units of the foreign currency. On the date amortised bond premium offsets interest income, exchange gain or loss (taxable as ordinary income or loss) will be recognized to the extent of the difference between the spot rate of exchange on that date and on the date of the acquisition of the Notes. Any election to amortise bond premium shall apply to all bonds (other than bonds the interest on which is excludable from gross income) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. Special rules limit the amortisation of premium in the case of debt that is redeemable at a premium. Bond premium on a Note held by a U.S. Holder that does not make such an election will decrease the capital gain or increase the capital loss otherwise recognised on disposition of the Note.

Sale, Exchange or Retirement

A U.S. Holder's adjusted tax basis in a Note generally will be its U.S. Dollar cost (as defined herein) increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Note and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortisable bond premium applied to reduce interest on the Note. The U.S. Dollar cost of a Note (including a Note purchased with a foreign currency) generally will be the U.S. Dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market, as defined in the applicable U.S. Treasury Regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

A U.S. Holder generally will recognise gain or loss on the sale, exchange or retirement of a Note equal to the difference between the amount realised on the sale, exchange or retirement and the U.S. Holder's adjusted tax basis of the Note. The amount realised does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income. The amount realised on a sale, exchange or retirement for an amount in foreign currency will be the U.S. Dollar value of such amount on the date of sale, exchange or retirement or, in the case of Notes traded on an established securities market, within the meaning of the applicable U.S. Treasury Regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale. Such settlement date election (described in this and the preceding paragraph) by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

Gain or loss recognised on the sale, exchange or retirement of a Note (other than gain or loss that is attributable to OID, market discount or to changes in exchange rates) will be capital gain or loss and will be long-term capital gain or loss if the Note was held for more than one year at the time of such sale. The deductibility of capital losses is subject to limitation. Gain or loss recognised by a U.S. Holder on the sale, exchange or retirement of a Note that is attributable to changes in the exchange rates will be treated as U.S. source ordinary income or loss; however, exchange gain or loss (including with respect to accrued interest) is taken into account only to the extent of total gain or loss realised on the transaction. Gain or loss realised by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source income or loss. Prospective investors should consult their tax advisors as to the foreign tax credit implications of such sale, exchange or retirement of Notes.

Sale, Exchange or Retirement of Foreign Currency

A U.S. Holder will have a tax basis in any foreign currency received as interest on a Note or on the sale, exchange or retirement of a Note equal to its U.S. Dollar value at the time such interest is received or at the time of such sale or retirement. Foreign currency that is purchased generally will have a tax basis equal to the U.S. Dollar value of the foreign currency on the date of purchase. Any gain or loss realised by a U.S. Holder on a sale or other disposition of foreign currency (including its exchange for U.S. Dollars or its use to purchase Notes) generally will be U.S source ordinary income or loss.

Reportable Transaction Reporting

Under certain U.S. Treasury Regulations, U.S. Holders that participate in "reportable transactions" (as defined in the U.S. Treasury Regulations) must attach to their U.S. federal income tax returns a disclosure statement on Form 8886. Under the relevant rules, if the Notes are denominated in a foreign currency, a U.S. Holder may be required to treat foreign currency exchange loss from the Notes as a reportable transaction if this loss exceeds the relevant threshold in the regulations (U.S.$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amount for other non-individual U.S. Holders), and to disclose its investment by filing Form 8886 with the IRS. A penalty of up to U.S.$10,000 in the case of a natural person and U.S.$50,000 in all other cases may be imposed in any taxable year on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. U.S. Holders should consult their own tax advisors as to the possible obligation to file Form 8886 with respect to the ownership or disposition of the Notes, or any related transaction, including without limitation, the disposition of any foreign currency received as interest or as proceeds from the sale, exchange or retirement of the Notes.

Foreign Financial Asset Reporting

Certain U.S. Holders who are individuals are required to report information relating to an interest in the Notes, subject to certain exceptions, unless the Notes are held in an account at a financial institution (in which case the account may be reportable if maintained by a foreign financial institution). U.S. Holders are urged to consult their tax advisors regarding their information reporting obligations, if any, with respect to their ownership of the Notes.

U.S. Backup Withholding Tax and Information Reporting

Payments of principal, interest and accruals of OID on, and the proceeds of sale or other disposition of the Notes by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding may apply to these payments, including payments of accrued OID, if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. Certain U.S. Holders are not subject to backup withholding.

Any backup withholding from a payment will be allowed as a credit against a holder's U.S. federal income tax liability and may entitle such holder to a refund, provided the required information is furnished to the IRS.

The Proposed Financial Transactions Tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

*Notes may be sold from time to time by the Issuer to any one or more of BNP Paribas, Citigroup Global Markets Limited, First Abu Dhabi Bank PJSC, HSBC Bank plc, J.P. Morgan Securities plc, Morgan Stanley & Co. International plc and Natixis and any additional dealer(s) appointed under the Programme from time to time by the Issuer (the "**Dealers**"). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in the Dealer Agreement dated 18 February 2019 (the "**Dealer Agreement**") among the Issuer, the Arrangers and the Dealers. Any such agreement will, inter alia, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers, either generally in respect of the Programme or in relation to a particular Tranche of Notes.*

General

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out below) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or in a supplement to this Base Prospectus.

Arab Republic of Egypt

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that Notes to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in Egypt, other than in compliance with any laws applicable in Egypt governing the issue, offering and sale of securities.

United States

The Notes have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and Bearer Notes are subject to U.S. tax law requirements. The Notes may not be offered, sold or (in the case of Bearer Notes) delivered within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder. The relevant Final Terms will identify whether the TEFRA C Rules or the TEFRA D Rules apply or whether TEFRA is not applicable.

The Notes will be offered and sold (A) in bearer form or registered form outside the United States in reliance on Regulation S and (B) in registered form within the United States only to persons who are QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offer) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from registration under the Securities Act.

The Dealer Agreement provides that the Arranger(s), or any Dealer with the prior written consent of the Arranger(s), may directly or through its respective agents or affiliates arrange for the resale of Restricted Registered Notes in the United States only to QIBs pursuant to Rule 144A.

Prohibition of Sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(ii) a customer within the meaning of the IMD, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act № 25 of 1948, as amended) (the "**FIEA**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold Notes, and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act № 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Malaysia

This Base Prospectus has not been registered as a prospectus with the Securities Commission of Malaysia under the Capital Markets and Services Act 2007 of Malaysia. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes have not been and will not be offered, sold or delivered by it, and no invitation to subscribe for or purchase the Notes have been or will be made, directly or indirectly by it, nor may any document or other material in connection therewith be distributed by it in Malaysia, other than to persons or in categories falling within Schedule 6 (or Section 229(1)(b)), Schedule 7 (or Section 230(1)(b)), and Schedule 8 (or Section 257(3)) of the Capital Markets and Services Act 2007 of Malaysia, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the Securities Commission of Malaysia and/or any other regulatory authority from time to time.

Residents of Malaysia may be required to obtain relevant regulatory approvals including approval from the Controller of Foreign Exchange to purchase the Notes. The onus is on the Malaysian residents concerned to obtain such regulatory approvals and none of the Dealers is responsible for any invitation, offer, sale or purchase of the Notes as aforesaid without the necessary approvals being in place.

Singapore

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore, as modified or amended from time to time (the "**SFA**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and that it will not offer or sell any Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, nor will it circulate or distribute this Base Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of the Notes, whether directly or indirectly, to any person in Singapore other than: (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA Chapter 289; (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivative contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 37A of the Securities and Futures (offers of investments) (Securities and Securities-based Derivatives contracts) Regulations 2018.

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

Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Notes.

Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires any Notes pursuant to an offering should note that the offer of Notes is a private placement under Article 9 or Article 10 of the "Rules on the Offer of Securities and Continuing Obligations" as issued by the Board of the Capital Market Authority ("**CMA"**) resolution number 3-123-2017 dated 27 December 2017 as amended by the Board of the Capital Market Authority resolution number 3-45-2018 dated 23 April 2018 (the "**KSA Regulations**"), made through a person authorised by the CMA to carry on the securities activity of arranging and following a notification to the CMA under the KSA Regulations. The Notes may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "Sophisticated Investors" under Article 9 of the KSA Regulations ("**Sophisticated Investors**") or by way of a limited offer under Article 10 of the KSA Regulations. Each Dealer has represented and agreed that any offer of Notes to a Saudi Investor will be made in compliance with Articles 9 or 10 and Article 11 of the KSA Regulations.

Each offer of Notes shall not therefore constitute a "public offer", an "exempt offer" or a "Parallel Market Offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 15 of the KSA Regulations. Any Saudi Investor who has acquired Notes pursuant to a private placement under Article 9 or Article 10 of the KSA Regulations may not offer or sell those Notes to any person unless the offer or sale is made through an authorised person appropriately licensed by the CMA and: (a) the Notes are offered or sold to a Sophisticated Investor; (b) the price to be paid for the Notes in any one transaction is equal to or exceeds Saudi Riyals 1 million or an equivalent amount; or (c) the Notes are being offered or sold in such other circumstances as the CMA may prescribe.

United Arab Emirates (excluding the Dubai International Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Notes to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

(a) an "**Exempt Offer**" in accordance with the Markets Rules (MKT) Module of the Dubai Financial Services Authority (the "**DFSA**") rulebook; and

(b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA rulebook.

Kingdom of Bahrain

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, and will not offer, Notes except on a private placement basis to persons in the Kingdom of Bahrain who are accredited investors.

For this purpose, an "**accredited investor**" means:

(a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.$1,000,000 or more;

(b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.$1,000,000; or

(c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

State of Qatar (including the Qatar Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, directly or indirectly, any Notes in the State of Qatar (including the Qatar Financial Centre), except: (i) in compliance with all applicable laws and regulations of the State of Qatar (including the Qatar Financial Centre); and (ii) through persons or corporate entities authorised and licensed

to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar.

TRANSFER RESTRICTIONS

Regulation S Notes

Each purchaser of Notes outside the United States pursuant to Regulation S and each subsequent purchaser of such Notes in resales, by accepting delivery of this Base Prospectus and the Notes, will be deemed to have represented, agreed and acknowledged that:

(i) it is, or at the time Notes are purchased will be, the beneficial owner of such Notes and:

(a) it is located outside the United States (within the meaning of Regulation S); and

(b) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate;

(ii) it understands that such Notes have not been and will not be registered under the Securities Act, and that it will not offer, sell, pledge or otherwise transfer such Notes except:

(a) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S; or

(b) to the Issuer; or

(c) in the case of Registered Notes only, in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or the account of a QIB,

in each case in accordance with any applicable securities laws of any State of the United States; and

(iii) in the case of Bearer Notes only, prior to the expiration of the distribution compliance period it will not offer, sell, pledge or otherwise transfer such Bearer Notes except:

(a) in an offshore transaction to a non-U.S. person in accordance with Rule 903 or 904 of Regulation S; or

(b) to the Issuer.

(iv) it understands that the Issuer, the Fiscal Agent, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Notes is no longer accurate, it shall promptly notify the Issuer and the Dealer(s).

Any interest in a Note represented by an Unrestricted Global Certificate that is transferred to a person who takes delivery in the form of an interest in a Note represented by a Restricted Global Certificate will, upon transfer, cease to be an interest in a Note represented by an Unrestricted Global Certificate and become an interest in a Note represented by a Restricted Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to Notes represented by a Restricted Global Certificate.

Rule 144A Notes

Each purchaser of Notes in reliance on Rule 144A, by accepting delivery of this Base Prospectus, will be deemed to have represented, agreed and acknowledged as follows (terms used in the following paragraphs that are defined in Rule 144A have the respective meanings given to them in Rule 144A):

(i) the purchaser is (a) a QIB, (b) acquiring the Notes for its own account or for the account of one or more QIBs, (c) not formed for the purpose of investing in the Notes or the Issuer and (d) is aware, and each beneficial owner of such Notes has been advised that the sale of the Notes to it is being made in reliance on Rule 144A;

(ii) the purchaser understands that (1) the Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it, and any person acting on its behalf, reasonably believes is a QIB purchasing for its own account or for the account of one or more QIBs, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), (d) pursuant to an effective registration statement under the Securities Act or (e) to the Issuer or any of their respective affiliates, in each case in accordance with any

applicable securities laws of any State of the United States; and (2) it will, and each subsequent holder of the Notes is required to, notify any purchaser of the Notes from it of the resale restrictions applicable to the Notes;

(iii) the purchaser understands that the Restricted Global Certificate and any restricted Individual Note Certificate (a "**Restricted Individual Note Certificate**") will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

THE NOTES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR ANY SECURITIES LAW OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING THE NOTES REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF THE ISSUER THAT THE NOTES REPRESENTED HEREBY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (1) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR A PERSON PURCHASING FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (4) TO THE ISSUER OR ITS AFFILIATES OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THIS NOTE;

(iv) if it is acquiring any Notes for the account of one or more QIBs, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account;

(v) the purchaser understands that the Issuer, the Fiscal Agent, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Notes is no longer accurate, it shall promptly notify the Issuer and the Dealer(s); and

(vi) Notes represented by an interest in a Restricted Global Certificate may also be transferred to a person who wishes to hold such Notes in the form of an interest in an Unrestricted Global Certificate, but only upon receipt by the Registrar of a written certification from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144 (if available) under the Securities Act.

Upon the transfer, exchange or replacement of a Restricted Global Certificate or a Restricted Individual Note Certificate, or upon specific request for removal of the legend, the Issuer will deliver only a Restricted Global Certificate or one or more Restricted Individual Note Certificates that bear such legend or will refuse to remove such legend, unless there is delivered to the Issuer and the Registrar such satisfactory evidence (which may include a legal opinion) as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Any interest in a Restricted Global Certificate that is transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Certificate will, upon transfer, cease to be an interest in a Restricted Global Certificate and become an interest in an Unrestricted Global Note Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to an interest in an Unrestricted Global Certificate.

Prospective purchasers that are QIBs are hereby notified that sellers of the Restricted Registered Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

CLEARING AND SETTLEMENT

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear and/or Clearstream (collectively, the "**Clearing Systems**") currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing Systems. Neither the Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but neither the Issuers nor any Dealer takes any responsibility for the accuracy thereof.*

DTC Book-Entry System

Registered Notes, whether as part of the initial distribution of the Notes or in the secondary market, are eligible to be held in book-entry form in DTC.

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a "banking organisation" within the meaning of the New York Banking Law, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants ("**Participants**") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants ("**Direct Participants**") include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**").

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "**DTC Rules**"), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system ("**DTC Notes**") as described below, and receives and transmits distributions of principal and interest on DTC Notes. The DTC Rules are on file with the SEC. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes ("**Owners**") have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the DTC Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest with respect to the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, DTC will exchange the DTC Notes for Individual Note Certificates, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Restricted Global Note Certificate, will be legended, as set forth under "*Transfer Restrictions*".

Book-entry Ownership of and Payments in respect of DTC Notes

The Issuer may apply to DTC in order to have each Tranche of Notes represented by a Restricted Global Certificate, and if applicable, the Unrestricted Global Certificate, accepted in its book-entry settlement system. Upon the issue of any Global Registered Notes, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Global Registered Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer.

Ownership of beneficial interests in a Global Registered Note will be limited to Direct Participants or Indirect Participants. Ownership of beneficial interests in a Global Registered Note will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. Dollars of principal and interest in respect of a Global Registered Note registered in the name of DTC's nominee will be made to the order of such nominee as the registered holder of such Note. Payments of principal and interest in a currency other than U.S. Dollars in respect of Notes evidenced by a Global Certificate registered in the name of a nominee of DTC will be made or procured to be made by the Fiscal Agent in such currency in accordance with the following provisions. The amounts in such currency payable by the Fiscal Agent or its agent to DTC with respect to Notes held by DTC or its nominee will be received from the Issuer by the Fiscal Agent who will make payments in such currency by wire transfer of same day funds to the designated bank account in such currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of payments of interest, on or prior to the third business day in New York City after the record date for the relevant payment of interest and, in the case of payments of principal, at least 12 business days in New York City prior to the relevant payment date, to receive that payment in such currency. The Exchange Agent will convert amounts in such currency into U.S. Dollars and deliver such U.S. Dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such currency. The Agency Agreement sets out the manner in which such conversions are to be made.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Paying Agents, the Registrar or the Issuer. Payments of principal, premium, if any, and interest, if any, on Notes to DTC are the responsibility of the Issuer.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement

of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either system. Investors may hold their interests in Global Certificates directly through Euroclear or Clearstream, Luxembourg if they are accountholders or indirectly through organisation which are accountholders therein.

Transfers of Notes Represented by Global Registered Notes

Transfers of any interests in Notes represented by a Global Registered Note will be effected in accordance with the customary rules and operating procedures of the relevant Clearing Systems. The laws of some states within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Global Registered Note to such persons may depend upon the ability to exchange such Notes for Individual Note Certificates. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Global Registered Note held by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or to otherwise take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Global Registered Note held by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a direct or indirect participant in the DTC system.

Transfers at any time by a holder of a book-entry interest in a Restricted Global Certificate to a transferee who takes delivery of such book-entry interest through an Unrestricted Global Certificate for the same Series of Notes will only be made upon delivery to the Registrar of a certificate setting forth compliance with the provisions of Regulation S. Transfers at any time by a holder of a book-entry interest in an Unrestricted Global Certificate to a transferee who takes delivery of such book-entry interest through a Restricted Global Note Certificate for the same Series of Notes will only be made upon receipt by the Registrar or the Transfer Agent of a written certificate from the transferor of such book- entry interest to the effect that such transfer is being made to a person whom such transferor, and any person acting on its behalf, reasonably believes is a QIB within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Transfer Restrictions*" and in accordance with any applicable securities laws of any state of the United States.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Transfer Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, and/or the Paying Agents, as the case may be, and any custodian with whom the relevant Global Registered Notes have been deposited.

On or after the relevant issue date for any Series, transfers of Notes of such Series between accountholders in Euroclear or Clearstream and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in DTC and Euroclear or Clearstream participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear or Clearstream on the other, transfers of interests in the relevant Global Registered Notes will be effected through the Registrar and/or the relevant Paying Agent, as the case may be, and the custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payments must be made separately.

The Clearing Systems have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Global Registered Notes among participants and accountholders of the Clearing Systems. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Registrar, the Paying Agents or any Dealer(s) will be responsible for any performance by the Clearing Systems or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability

for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Global Registered Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

Pre-issue Trades Settlement

It is expected that delivery of Notes will be made against payment therefor on the relevant issue date, which could be more than two business days following the date of pricing. Under Rule 15c6-1 of the Exchange Act, trades in the United States secondary market generally are required to settle within two business days (T+2), unless the parties to any such trade expressly agree otherwise. Accordingly, if an issue date is more than two business days following the relevant date of pricing, purchasers who wish to trade Registered Notes in the United States between the date of pricing and the date that is two business days prior to the relevant issue date will be required, by virtue of the fact that such Notes initially will settle beyond T+2, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and, if an issue date is more than two business days following the relevant date of pricing, purchasers of Notes who wish to trade Notes between the date of pricing and the date that is two business days prior to the relevant issue date should consult their own adviser.

GENERAL INFORMATION

Authorisation

The establishment of the Programme by the Issuer was authorised by a resolution of the Minister of Finance dated 26 May 2015. The issuance of Notes under the Programme during the fiscal year 2018/19 is authorised by the State Budget Law № 100 of 2018 regarding the State budget for the fiscal year 2018/19. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

Approval, Listing and Admission to Trading of Notes

It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the regulated market of the Luxembourg Stock Exchange will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes initially representing the Notes of such Tranche.

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to the Official List and admitted to trading on the regulated market of the Luxembourg Stock Exchange. The approval of the Programme in respect of Notes was granted on 18 February 2019. Unlisted Notes may be issued pursuant to the Programme. Any unlisted notes will not constitute Final Terms for the purposes of Article 5.4 of the Prospectus Directive.

The Issuer intends to request that the CSSF provide the competent authority in the United Kingdom with a Notification. Following provision of the Notification, the Issuer may apply for Notes to be admitted to trading on the Regulated Market of the London Stock Exchange plc.

Legal and Arbitration Proceedings

Save as set out under the caption "*The Arab Republic of Egypt—Legal Proceedings—Certain International Investment Treaty Claims*" on pages 50-52 of this Base Prospectus, the Issuer is not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Base Prospectus which may have or have had in the recent past a significant effect on the Issuer's financial position or which are material in the context of the issue of the Notes.

Significant/Material Change

Since 30 June 2018, there has been no material adverse change in the information set out under the following headings in this Base Prospectus: "*The Economy*", "*External Sector*", "*Monetary System*", "*Public Finance*" and "*Public Sector Debt*" (the "**Egypt Disclosure Sections**"). Since 30 June 2018, there has not been any significant change in the Egypt Disclosure Sections.

Documents on Display

Physical copies of the following documents may be inspected during normal business hours at the specified offices of the Paying Agent for twelve months from the date of this Base Prospectus:

(a) the Issuer's 2017/18, 2016/17 and 2015/16 budgets;

(b) Law № 100 of 2018 regarding the State budget for the fiscal year 2018/19;

(c) the Agency Agreement;

(d) the Deed of Covenant; and

(e) the Base Prospectus and any future supplements and any Final Terms to this Base Prospectus (save that Final Terms relating to an unlisted Note will only be available for inspection by a Holder of such Note and such Holder must produce evidence satisfactory to the Paying Agent as to the identity of such Holder).

Clearing of the Notes

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg, which are the entities in charge of keeping the records. The appropriate common code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the relevant Final Terms. In addition, the Issuer may make an

application for any Notes in registered form to be accepted for trading in book-entry form by DTC. The CUSIP numbers for each Tranche of such Registered Notes, together with the relevant ISIN and (if applicable) common code, will be specified in the relevant Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the relevant Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, NY 10041, USA.

Conditions for Determining Price and Yield

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions. In the case of different Tranches of a Series of Notes, the issue price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche.

The yield of each Tranche of Notes will be calculated on an annual or semi-annual basis using the relevant issue price at the relevant issue date. It is not an indication of future yield.

Dealers transacting with the Issuer

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in financial advisory, investment banking and/or commercial banking transactions with, and may perform services for the Issuer in the ordinary course of business for which they have received, and they may in the future receive, fees.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

See "*Risk Factors—Risk Factors Relating to the Notes and the Market Generally—Risks relating to the November 2016 Notes and the November 2018 Notes*" for a description of the 2018 Repurchase Transactions and the November 2016 Notes and November 2018 Notes issued, including the role of certain of the Dealers (or their affiliates) in connection therewith.

Ownership in AlexBank

The Issuer currently owns 20% of the Bank of Alexandria ("A**lexBank**"), a private-sector bank in Egypt whose majority shareholder (holding 70.25%) is Intesa Sanpaolo S.p.A. ("**Intesa**"). Intesa is also the 100% shareholder of Banca IMI S.p.A., which acted as a joint lead manager in respect of the issue by the Issuer in April 2018 of €2,000,000,000 of Notes under the Programme. Banca IMI S.p.A. may act as dealer, arranger or manager (howsoever called) in connection with the Programme and/or any issue of Notes from time to time after the date of this Base Prospectus.

Redemption Basis

Subject to any purchase and cancellation or early redemption, Notes to be issued under the Programme will be redeemed on the relevant maturity date at 100% or more of their nominal amount.

Legal Entity Identifier

The legal entity identifier (LEI) code of the Issuer is 529900GFIVH4086NMH82.

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