IMPORTANT NOTICE

THE ATTACHED BASE OFFERING CIRCULAR (AS DEFINED BELOW) IS AVAILABLE ONLY TO: (1) QIBs (AS DEFINED BELOW) WHO ARE ALSO QPs (AS DEFINED BELOW) AND (2) INVESTORS THAT ARE NOT U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT (AS DEFINED BELOW) ("REGULATION S")), NOR PERSONS ACQUIRING SECURITIES FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS, PURCHASING THE SECURITIES OUTSIDE OF THE UNITED STATES IN ACCORDANCE WITH REGULATION S.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached base offering circular (the "**Base Offering Circular**"), and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the Base Offering Circular. In accessing the Base Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access. You acknowledge that this electronic transmission and the delivery of the Base Offering Circular is confidential and intended only for you and you agree you will not forward, reproduce or publish this electronic transmission or the Base Offering Circular to any other person.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE OR SOLICITATION IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES DESCRIBED IN THE BASE OFFERING CIRCULAR HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S), OR TO U.S. PERSONS, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THE BASE OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE BASE OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED IN THE BASE OFFERING CIRCULAR.

ANY SECURITIES TO BE ISSUED UNDER THE PROGRAMME WHICH DO NOT CONSTITUTE "ALTERNATIVE FINANCE INVESTMENT BONDS" ("**AFIBS**") WITHIN THE MEANING OF ARTICLE 77A OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (REGULATED ACTIVITIES) ORDER 2001 (SI 2001/544), AS AMENDED, WILL REPRESENT INTERESTS IN A COLLECTIVE INVESTMENT SCHEME (AS DEFINED IN THE FINANCIAL SERVICES AND MARKETS ACT 2000, AS AMENDED (THE "**FSMA**")) WHICH HAS NOT BEEN AUTHORISED, RECOGNISED OR OTHERWISE APPROVED BY THE UNITED KINGDOM FINANCIAL CONDUCT AUTHORITY. ACCORDINGLY, ANY TRUST CERTIFICATES TO BE ISSUED UNDER THE PROGRAMME SHOULD NOT BE MARKETED IN THE UNITED KINGDOM TO THE GENERAL PUBLIC AND THE BASE OFFERING CIRCULAR IS NOT BEING DISTRIBUTED TO, AND MUST NOT BE PASSED ON TO, THE GENERAL PUBLIC IN THE UNITED KINGDOM.

THE DISTRIBUTION IN THE UK OF THIS BASE OFFERING CIRCULAR, ANY PRICING SUPPLEMENT (AS DEFINED HEREIN) AND ANY OTHER MARKETING MATERIALS RELATING TO THE SECURITIES IS BEING ADDRESSED TO, OR DIRECTED AT: (A) IF THE DISTRIBUTION OF THE SECURITIES (WHETHER OR NOT SUCH SECURITIES ARE AFIBS) IS BEING EFFECTED BY A PERSON WHO IS NOT AN AUTHORISED PERSON UNDER THE FSMA, 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 (THE "**FINANCIAL PROMOTION ORDER**"); (II) PERSONS FALLING WITHIN ANY OF THE CATEGORIES OF PERSONS DESCRIBED IN ARTICLE 49 (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.) 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; AND (B) IF THE SECURITIES ARE NOT AFIBS AND THE DISTRIBUTION IS EFFECTED BY A PERSON WHO IS AN AUTHORISED PERSON UNDER THE FSMA, ONLY THE FOLLOWING PERSONS: (I) PERSONS FALLING WITHIN ONE OF THE CATEGORIES OF INVESTMENT PROFESSIONAL AS DEFINED IN ARTICLE 14(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (PROMOTION OF COLLECTIVE INVESTMENT SCHEMES) (EXEMPTIONS) ORDER 2001 (THE "**PROMOTION OF CISS ORDER**"); (II) PERSONS FALLING WITHIN ANY OF THE CATEGORIES OF A PERSON DESCRIBED IN ARTICLE 22 (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.) OF THE PROMOTION OF CISS ORDER; AND (III) ANY OTHER PERSON TO WHOM IT MAY OTHERWISE LAWFULLY BE PROMOTED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "**RELEVANT PERSONS**").

Confirmation of your representation: By accessing the Base Offering Circular you confirm to the Arab Republic of Egypt represented by the Ministry of Finance (the "**Obligor**" or the "**Ministry of Finance**"), to The Egyptian Financial Company for Sovereign Taskeek (in its capacities as issuer of the securities and as trustee for the holders of the securities, the "**Trustee**") and to each of Abu Dhabi Islamic Bank PJSC, Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Emirates NBD Bank PJSC, First Abu Dhabi Bank PJSC and HSBC Bank plc (together, the "**Arrangers**") and any other dealers appointed under the Programme (as defined in the Base Offering Circular) from time to time by the Obligor and the Trustee, which appointment may be for a specific issue of securities or on an ongoing basis (together, the "**Dealers**") that: (i) you understand and agree to the terms set out herein; (ii) in respect of the securities offered in the United Kingdom, you are a relevant person; (iii) you are (a) a person that is outside the United States and not a U.S. person (within the meaning of Regulation S) and not a person acquiring securities for the account or benefit of a U.S. person, in each case who is outside the United States and that would invest in the securities in an "offshore transaction" as defined in, and in accordance with, Regulation S, and that the electronic mail address that you have given is not located in the United States (including any state of the United States and the District of Colombia), its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands); or (b) a qualified institutional buyer (a "**QIB**") within the meaning of Rule 144A under the Securities Act ("**Rule 144A**") who is also a qualified purchaser (a "**QP**") as defined in Section 2(a)(51)(A) of the U.S. Investment Company Act of 1940, as amended, and the rules and regulations thereunder, that is acquiring the securities for your own account or the account of another QIB who is also a QP; (iv) you are a person who is permitted under applicable law and regulation to receive the Base Offering Circular; (v) you consent to delivery of such Base Offering Circular and any supplements thereto by electronic transmission; (vi) you will not transmit the Base Offering Circular (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person; and (vii) you acknowledge that you will make your own assessment regarding any credit, investment, legal, taxation or other economic considerations with respect to your decision to subscribe or purchase any of the securities.

Prospective purchasers of the securities that are QIBs that are also QPs are hereby notified that the seller of the securities will be relying on the exemption from the provisions of Section 5 of the Securities Act pursuant to Rule 144A.

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

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

Recipients of the Base Offering Circular who intend to subscribe for or purchase the securities described in the Base Offering Circular are reminded that any subscription or purchase may only be made on the basis of the information contained in the Base Offering Circular, the applicable Pricing Supplement and/or supplement(s) to the Base Offering Circular (if any).

The distribution of the Base Offering Circular in certain jurisdictions may be restricted by law. Persons into whose possession the Base Offering Circular comes are required by the Obligor, the Trustee, the Arrangers and the Dealers to inform themselves about, and to observe, any such restrictions.

The Base Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Obligor, the Trustee, the Arrangers nor the Dealers nor any person who controls them nor any director, officer, employee nor agent of them or any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Base Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Obligor, the Trustee, the Arrangers and the Dealers. Please ensure that your copy is complete. Any reply e-mail communications, including those you generate by using the "reply" function on your e-mail software, will be ignored or rejected. You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk, and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Each of the Arrangers and the Dealers are acting exclusively for the Obligor and the Trustee and no one else in connection with any offer of the securities described in the Base Offering Circular. They will not regard any other person (whether or not a recipient of the Base Offering Circular) as their client in relation to any offer of the securities described in the Base Offering Circular and will not be responsible to anyone other than the Obligor and the Trustee for providing the protections afforded to their clients nor for giving advice in relation to any offer of the securities described in the Base Offering Circular or any transaction or arrangement referred to in the Base Offering Circular.

BASE OFFERING CIRCULAR

The Egyptian Financial Company for Sovereign Taskeek

(incorporated as joint stock company in the Arab Republic of Egypt)

U.S.$5,000,000,000 Trust Certificate Issuance Programme

Under the U.S.$5,000,000,000 trust certificate issuance programme described in this Base Offering Circular (the "**Programme**"), The Egyptian Financial Company for Sovereign Taskeek (in its capacities as issuer of the Trust Certificates (as defined below) and trustee for the Certificateholders (as defined below), as applicable (the "**Trustee**")), subject to compliance with all relevant laws, regulations and directives, may from time to time issue trust certificates (the "**Trust Certificates**") in any currency agreed between the Trustee and the relevant Dealer(s) (as defined below). Trust Certificates may only be issued in registered form. The aggregate nominal amount of Trust Certificates outstanding will not at any time exceed U.S.$5,000,000,000 (or its equivalent in other currencies), subject to increase as described herein.

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

The Trust Certificates will be limited recourse obligations of the Trustee. An investment in Trust Certificates issued under the Programme involves certain risks. For a discussion of these risks, see "*Risk Factors*".

Each Tranche (as defined herein) of Trust Certificates issued under the Programme will be constituted by: (i) a master declaration of trust (the "**Master Declaration of Trust**") dated 14 February 2023 entered into between the Trustee, the Arab Republic of Egypt represented by the Ministry of Finance (the "**Obligor**" or the "**Ministry of Finance**") and HSBC Bank plc as delegate of the Trustee (in such capacity, the "**Delegate**"); and (ii) a supplemental declaration of trust (the "**Supplemental Declaration of Trust**" and, together with the Master Declaration of Trust, the "**Declaration of Trust**") in relation to the relevant Tranche. Trust Certificates of each Series (as defined herein) confer on the holders of the Trust Certificates from time to time (the "**Certificateholders**") the right to receive certain payments (as more particularly described herein) arising from the assets of a trust declared by the Trustee in relation to the relevant Series (the "**Trust**") over the relevant Trust Assets (as defined herein).

Application has been made to the London Stock Exchange plc (the "**London Stock Exchange**") for Trust Certificates issued under the Programme during the period of 12 months from the date of this Base Offering Circular to be admitted to the London Stock Exchange's International Securities Market (the "**ISM**"). The ISM is not a United Kingdom regulated market for the purposes of Regulation (EU) No 600/2014 on markets in financial instruments as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") ("**UK MiFIR**"). This Base Offering Circular does not constitute a base prospectus for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law in the United Kingdom by virtue of the EUWA (the "**UK Prospectus Regulation**").

The ISM is a market designated for professional investors. Trust Certificates admitted to trading on the ISM are not admitted to the Official List of the United Kingdom Financial Conduct Authority (the "FCA"). Neither the London Stock Exchange nor the FCA has approved or verified the contents of this Base Offering Circular.

References in this Base Offering Circular to Trust Certificates being "**admitted to trading**" (and all related references) shall mean that such Trust Certificates have been admitted to trading on the ISM, so far as the context permits. The Programme provides that Trust Certificates may be listed and/or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Trustee, the Ministry of Finance and the relevant Dealer(s). The Trustee may also issue unlisted Trust Certificates and/or Trust Certificates not admitted to trading on any market pursuant to the Programme. The applicable pricing supplement relating to the relevant Tranche (the "**applicable Pricing Supplement**" or "**Pricing Supplement**") in respect of the issue of any Trust Certificates will specify whether or not such Trust Certificates will be listed and, if so, on which exchange(s) the Trust Certificates are to be listed.

Notice of the aggregate nominal amount of the Trust Certificates, profit (if any) payable in respect of Trust Certificates, the issue price of Trust Certificates and certain other information which is applicable to each Tranche of Trust Certificates will be set out in the Pricing Supplement which, with respect to Trust Certificates to be admitted to trading on the ISM, will be delivered to the London Stock Exchange. Copies of the Pricing Supplements in relation to Trust Certificates to be admitted to trading on the ISM shall also be published on the website of the London Stock Exchange through a regulatory information service or shall be published in such other manner permitted by the International Securities Market Rulebook effective as of 1 January 2021 (as may be modified and/or supplemented and/or restated from time to time, the "**ISM Rulebook**").

Trust Certificates to be issued under the Programme have been rated "B" and "B3" by S&P Global Ratings Europe Limited ("**S&P**") and Moody's Investors Service, Inc. ("**Moody's**"), respectively. S&P is established in the European Union and registered under Regulation (EC) No 1060/2009 (the "**EU CRA Regulation**"). Moody's is not established in the European Union and has not applied for registration under the EU CRA Regulation but the rating it has given to the Ministry of Finance is endorsed by Moody's Deutschland GmbH ("**Moody's Germany**"), which is established in the European Union and registered under the EU CRA Regulation. S&P is not established in the United Kingdom and has not applied for registration under the EU CRA Regulation as it forms part of domestic law in the United Kingdom by virtue of the EUWA (the "**UK CRA Regulation**") but the rating it has given to the Ministry of Finance is endorsed by S&P Global Ratings UK Limited ("**S&P UK**"). Moody's is not established in the United Kingdom and has not applied for registration under the UK CRA Regulation but the rating it has given to the Ministry of Finance is endorsed by Moody's Investors Service Limited ("**Moody's UK**"). Each of S&P UK and Moody's UK is established in the United Kingdom and registered under UK CRA Regulation. As such, each of S&P and Moody's Germany is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the EU CRA Regulation and each of S&P UK and Moody's UK is included in the list of credit rating agencies published by the FCA on its website in accordance with the UK CRA Regulation. A credit 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.

The Trust Certificates 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 and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")). Accordingly, the Trust Certificates are being offered and sold only (A) outside the United States in "offshore transactions" as defined in, and in accordance with, Regulation S, to investors that are not U.S. persons nor persons acquiring Trust Certificates for the account or benefit of U.S. persons, in each case outside the United States in accordance with Regulation S in a form initially represented by a global trust certificate (a "**Unrestricted Global Trust Certificate**") and (B) within the United States to "**qualified institutional buyers**" ("**QIBs**") in reliance on Rule 144A under the Securities Act ("**Rule 144A**") who are also "qualified purchasers" ("**QPs**"), as defined in Section 2(a)(51)(A) of the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**"), and the rules and regulations thereunder, in a form initially represented by one or more global trust certificates (each a "**Restricted Global Trust Certificate**", and together with the Unrestricted Global Trust Certificates, the "**Global Trust Certificates**"). For a description of certain further restrictions on offers, sales and transfers of Trust Certificates and distribution of this Base Offering Circular, see "*Transfer Restrictions*" and "*Subscription and Sale*".

Global Trust Certificates will either (A) be deposited on the relevant issue date with, and registered in the name of a nominee for, a common depositary (the "**Common Depositary**") on behalf of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") or (B) be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company ("**DTC**"). The provisions governing the exchange of interests in Global Trust Certificates for Trust Certificates in definitive form (the "**Definitive Trust Certificates**") are described in "*Summary of Provisions relating to the Trust Certificates while in Global Form*".

The transaction structure relating to the Trust Certificates (as described in this Base Offering Circular) has been approved by the HSBC Global Shari'ah Supervisory Committee, the Shari'a Supervisory Board of Citi Islamic Investment Bank E.C., the Internal Shari'a Supervision Committee of Emirates NBD – Islamic, the Internal Shari'a Supervisory Committee of Abu Dhabi Islamic Bank, the Shariah Supervisory Board of Crédit Agricole Corporate and Investment Bank and the First Abu Dhabi Bank Internal Shari'a Supervision Committee. Prospective Certificateholders should not rely on such approvals in deciding whether to make an investment in the Trust Certificates and should consult their own *Shari'a* advisers as to whether the proposed transaction described in such approvals is in compliance with their individual standards of compliance with *Shari'a* principles.

This Base Offering Circular (as supplemented as at the relevant time, if applicable) is valid for a period of 12 months from its date. The Trustee shall have no obligation to supplement this Base Offering Circular after the end of its 12 month validity period.

Arrangers and Dealers

Abu Dhabi Islamic Bank	**Citigroup**
Crédit Agricole CIB	**Emirates NBD Capital**
First Abu Dhabi Bank	**HSBC**

The date of this Base Offering Circular is 14 February 2023

IMPORTANT NOTICES

This Base Offering Circular does not constitute a base prospectus for the purposes of the UK Prospectus Regulation. This Base Offering Circular comprises admission particulars in accordance with the ISM Rulebook.

Each of the Trustee and the Ministry of Finance accepts responsibility for the information contained in this Base Offering Circular and declares that the information contained in this Base Offering Circular is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

This Base Offering Circular should be read and construed together with any supplements hereto and, in relation to any Tranche of Trust Certificates, should be read and construed together with the applicable Pricing Supplement.

Copies of Pricing Supplements will be available from the specified office set out below of the Principal Paying Agent (as defined below) save that, if the relevant Trust Certificates are either unlisted and/or not admitted to trading on any market, the applicable Pricing Supplement will only be obtainable by a Certificateholder holding one or more Trust Certificates and such Certificateholder must produce evidence satisfactory to the Trustee or, as the case may be, the Principal Paying Agent as to its holding of such Trust Certificates and identity. Copies of the Pricing Supplements in relation to Trust Certificates to be admitted to trading on the ISM will also be published on the website of the London Stock Exchange through a regulatory information service or may be published in such other manner permitted by the ISM Rulebook.

This Base Offering Circular has been prepared on the basis that any offer of securities in the United Kingdom will be made pursuant to an exemption under Regulation (EU) 2017/1129, as amended (the "**Prospectus Regulation**") or the UK Prospectus Regulation from the requirement to publish a prospectus for offers of Trust Certificates. Accordingly, any person making or intending to make an offer in the European Economic Area (the "**EEA**") or the United Kingdom of Trust Certificates may only do so in circumstances in which no obligation arises for the Trustee or the Ministry of Finance to publish a prospectus pursuant to the Prospectus Regulation or the UK Prospectus Regulation in relation to such offer. None of the Trustee, the Ministry of Finance, any Dealer or any Arranger has authorised, nor do they authorise, the making of any offer of Trust Certificates in circumstances in which an obligation arises for the Trustee or the Ministry of Finance to publish or supplement a prospectus for such offer. None of the Dealers, the Arrangers (each as specified under "*Overview of the Programme*"), the Agents (as defined in the "*Terms and Conditions of the Trust Certificates*") or the Delegate (as specified under "*Overview of the Programme*") or their respective affiliates have independently verified the information contained herein. Accordingly, none of the Dealers, the Arrangers, the Agents, the Delegate or their respective affiliates accepts any responsibility or liability for and makes no representation, warranty or undertaking, express or implied, as to (i) the accuracy or completeness of the information contained or incorporated by reference in this Base Offering Circular, (ii) any acts or omissions of the Trustee, the Ministry of Finance or any other person in connection with this Base Offering Circular or the issue and offering of the Trust Certificates or (iii) any other information provided in connection with the Trustee, the Ministry of Finance, the Programme, any Trust Certificates issued thereunder or their distribution. The Arrangers, the Dealers, the Agents, the Delegate and their respective affiliates accordingly each disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Base Offering Circular or any other information provided by the Trustee or the Ministry of Finance in connection with the Programme, the Trust Certificates or their distribution.

None of the Dealers or the Arrangers will regard any actual or prospective holders of Trust Certificates (whether or not a recipient of this Base Offering Circular and/or the applicable Pricing Supplement) as their client in relation to the offering described in this Base Offering Circular and/or the applicable Pricing Supplement and will not be responsible to anyone other than the Trustee for providing the protections afforded to its clients nor for providing the services in relation to the offering described in this Base Offering Circular and/or the applicable Pricing Supplement or any transaction or arrangement referred to herein or therein.

No person is or has been authorised by the Trustee or the Ministry of Finance to give any information or to make any representation not contained in or not consistent with this Base Offering Circular or any other information supplied in connection with the Programme or the issue or sale of the Trust Certificates and, if given or made, such information or representation must not be relied upon as having been authorised by the Ministry of Finance, the Trustee, the Delegate, the Arrangers, any Dealer or any Agent.

Neither this Base Offering Circular nor any other information supplied in connection with the Programme or any Trust Certificates (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Ministry of Finance, the Trustee, the Delegate, the Arrangers, any Dealer, or any Agent that any recipient of this Base Offering Circular or any other information supplied in connection with the Programme or any Trust Certificates should purchase any Trust Certificates. Each investor contemplating purchasing Trust Certificates should determine for itself the relevance of the information contained in this Base Offering Circular, make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Trustee and the Ministry of Finance and its purchase of any Trust Certificates should be based upon such investigation as it deems necessary. Neither this Base Offering Circular nor any other information supplied in connection with the Programme or the issue of any Trust Certificates constitutes an offer or invitation by or on behalf of the Trustee, the Ministry of Finance, the Delegate, the Arrangers, any Dealer or the Agents to any person to subscribe for or to purchase any Trust Certificates. None of the Dealers, the Arrangers, the Agents or the Delegate undertakes to review the financial condition or affairs of the Trustee or the Ministry of Finance during the life of the arrangements contemplated by this Base Offering Circular nor to advise any investor or potential investor in the Trust Certificates of any information coming to the attention of any of the Dealers, the Arrangers, the Agents or the Delegate.

Neither the delivery of this Base Offering Circular nor the offering, sale or delivery of any Trust Certificates shall in any circumstances imply that the information contained therein concerning the Trustee or the Ministry of Finance is correct at any time subsequent to the date of this Base Offering Circular or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Delegate, the Arrangers, the Dealers and the Agents expressly do not undertake to review the financial condition or affairs of the Trustee or the Ministry of Finance during the life of the Programme or to advise any investor in the Trust Certificates issued under the Programme of any information coming to their attention.

This Base Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Trust Certificates in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Offering Circular and the offer or sale of Trust Certificates may be restricted by law in certain jurisdictions. The Trustee, the Ministry of Finance, the Delegate, the Arrangers, the Dealers and the Agents do not represent that this Base Offering Circular may be lawfully distributed, or that any Trust Certificates may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Trustee, the Ministry of Finance, the Delegate, the Arrangers, the Dealers or the Agents, which is intended to permit a public offering of any Trust Certificates or distribution of this Base Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Trust Certificates may be offered or sold, directly or indirectly, and neither this Base Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Offering Circular or any Trust Certificates may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Offering Circular and the offering and sale of Trust Certificates. In particular, there are restrictions on the distribution of this Base Offering Circular and the offer or sale of Trust Certificates in the Dubai International Financial Centre (the "**DIFC**"), the EEA, the Kingdom of Bahrain, Hong Kong, the Kingdom of Saudi Arabia, Singapore, State of Qatar, Kuwait, Arab Republic of Egypt, Japan, Malaysia, Switzerland, the Sultanate of Oman, the UAE (excluding the DIFC), the United Kingdom and the United States (and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Trust Certificates) (see "*Subscription and Sale*").

No comment is made or advice given by the Trustee, the Ministry of Finance, the Delegate, the Arrangers, any Dealer or any Agents in respect of taxation matters relating to any Trust Certificates or the legality of the purchase of Trust Certificates by an investor under applicable or similar laws.

The Trust Certificates may not be a suitable investment for all investors. Each potential investor in any Trust Certificates must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

(i) has sufficient knowledge and experience to make a meaningful evaluation of the relevant Trust Certificates and the complex structure thereof, the merits and risks of investing in the relevant Trust

Certificates and the information contained in this Base Offering Circular or any applicable supplement;

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

(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Trust Certificates, including where the currency of payment is different from the potential investor's currency;

(iv) understands thoroughly the terms of the relevant Trust Certificates and is familiar with the behaviour of financial markets;

(v) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks; and

(vi) is able to evaluate the compliance of the relevant Trust Certificates with *Shari'a* principles.

The Trust Certificates are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Trust Certificates unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Trust Certificates will perform under changing conditions, the resulting effects on the value of such Trust Certificates and the impact this investment will have on the potential investor's overall investment portfolio.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to 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) Trust Certificates are legal investments for it, (ii) Trust Certificates can be used as collateral for various types of borrowing or raising of finance and (iii) other restrictions apply to its purchase or pledge of any Trust Certificates. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Trust Certificates under any applicable risk-based capital or similar rules.

The Trust Certificates to which this Base Offering Circular relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Trust Certificates offered should conduct their own due diligence on the Trust Certificates.

EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN SHARI'A ADVISER, TAX ADVISER, LEGAL ADVISER AND BUSINESS ADVISER AS TO SHARI'A, TAX, LEGAL, BUSINESS AND RELATED MATTERS CONCERNING THE PURCHASE OF TRUST CERTIFICATES.

U.S. INFORMATION

Trust Certificates may be offered or sold within the United States only to QIBs who are also QPs in transactions exempt from registration under the Securities Act in reliance on, and in accordance with, Rule 144A or any other applicable exemption from the Securities Act. Prospective purchasers are hereby notified that sellers of the Trust Certificates may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Each purchaser or holder of Trust Certificates represented by a Restricted Global Trust Certificate or any Trust Certificates issued in exchange or substitution therefor (together, "**Legended Certificates**") will be deemed, by its acceptance or purchase of any such Legended Certificates, to have made certain representations and agreements intended to restrict the resale or other transfer of such Trust Certificates as set out in "*Transfer Restrictions*" and "*Subscription and Sale*". Unless otherwise stated, terms used in this paragraph have the meanings given to them in "*Form of Pricing Supplement*".

NEITHER THE PROGRAMME NOR THE TRUST CERTIFICATES HAVE BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, 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 TRUST CERTIFICATES OR THE ACCURACY OR ADEQUACY OF THIS BASE OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

NOTICE TO UK RESIDENTS

Any Trust Certificates to be issued under the Programme which do not constitute "alternative finance investment bonds" ("**AFIBs**") within the meaning of Article 77A of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544), as amended will represent interests in a collective investment scheme (as defined in the Financial Services and Markets Act 2000, as amended (the "**FSMA**")) which has not been authorised, recognised or otherwise approved by the FCA. Accordingly, any Trust Certificates to be issued under the Programme must not be marketed in the United Kingdom to the general public and this Base Offering Circular is not being distributed to, and must not be passed on to, the general public in the United Kingdom.

The distribution in the United Kingdom of this Base Offering Circular, any Pricing Supplement and any other marketing materials relating to the Trust Certificates is being addressed to, or directed at: (A) if the distribution of the Trust Certificates (whether or not such Trust Certificates are AFIBs) is being effected by a person who is not an authorised person under the FSMA, 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 (the "**Financial Promotion Order**"); (ii) persons falling within any of the categories of persons described in Article 49 (High net worth companies, unincorporated associations, etc.) 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; and (B) if the Trust Certificates are not AFIBs and the distribution is effected by a person who is an authorised person under the FSMA, only the following persons: (i) persons falling within one of the categories of Investment Professional as defined in Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the "**Promotion of CISs Order**"); (ii) persons falling within any of the categories of person described in Article 22 (High net worth companies, unincorporated associations, etc.) of the Promotion of CISs Order; and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Promotion of CISs Order.

Persons of any other description in the United Kingdom may not receive and should not act or rely on this Base Offering Circular, any Pricing Supplement or any other marketing materials in relation to the Trust Certificates.

Prospective investors in the United Kingdom in any Trust Certificates are advised that all, or most, of the protections afforded by the United Kingdom regulatory system will not apply to an investment in such Trust Certificates and that compensation will not be available under the United Kingdom Financial Services Compensation Scheme.

Any prospective investor intending to invest in any investment described in this Base Offering Circular should consult its professional adviser and ensure that it fully understands all the risks associated with making such an investment and that it has sufficient financial resources to sustain any loss that may arise from such investment.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET

THE APPLICABLE PRICING SUPPLEMENT IN RESPECT OF ANY SERIES OF TRUST CERTIFICATES MAY INCLUDE A LEGEND ENTITLED "*MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET*" WHICH WILL OUTLINE THE TARGET MARKET ASSESSMENT IN RESPECT OF THE TRUST CERTIFICATES AND WHICH CHANNELS FOR DISTRIBUTION OF THE TRUST CERTIFICATES ARE APPROPRIATE. ANY PERSON SUBSEQUENTLY OFFERING, SELLING OR RECOMMENDING THE TRUST CERTIFICATES (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 TRUST CERTIFICATES (BY EITHER ADOPTING OR

REFINING THE TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.

A DETERMINATION WILL BE MADE IN RELATION TO EACH ISSUE ABOUT WHETHER, FOR THE PURPOSE OF THE MIFID PRODUCT GOVERNANCE RULES UNDER EU DELEGATED DIRECTIVE 2017/593 (THE "MIFID PRODUCT GOVERNANCE RULES"), ANY DEALER SUBSCRIBING FOR ANY TRUST CERTIFICATES IS A MANUFACTURER IN RESPECT OF SUCH TRUST CERTIFICATES, BUT OTHERWISE NEITHER THE ARRANGERS NOR THE DEALERS NOR ANY OF THEIR RESPECTIVE AFFILIATES WILL BE A MANUFACTURER FOR THE PURPOSE OF THE MIFID PRODUCT GOVERNANCE RULES.

UK MIFIR PRODUCT GOVERNANCE / TARGET MARKET

THE APPLICABLE PRICING SUPPLEMENT IN RESPECT OF ANY SERIES OF TRUST CERTIFICATES MAY INCLUDE A LEGEND ENTITLED "*UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET*" WHICH WILL OUTLINE THE TARGET MARKET ASSESSMENT IN RESPECT OF THE TRUST CERTIFICATES AND WHICH CHANNELS FOR DISTRIBUTION OF THE TRUST CERTIFICATES ARE APPROPRIATE. ANY DISTRIBUTOR SHOULD TAKE INTO CONSIDERATION THE TARGET MARKET ASSESSMENT; HOWEVER, A DISTRIBUTOR SUBJECT TO UK MIFIR IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE TRUST CERTIFICATES (BY EITHER ADOPTING OR REFINING THE TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.

A DETERMINATION WILL BE MADE IN RELATION TO EACH ISSUE ABOUT WHETHER, FOR THE PURPOSE OF THE FCA HANDBOOK PRODUCT INTERVENTION AND PRODUCT GOVERNANCE SOURCEBOOK (THE "UK MIFIR PRODUCT GOVERNANCE RULES"), ANY DEALER SUBSCRIBING FOR ANY TRUST CERTIFICATES IS A MANUFACTURER IN RESPECT OF SUCH TRUST CERTIFICATES, BUT OTHERWISE NEITHER THE ARRANGERS NOR THE DEALERS NOR ANY OF THEIR RESPECTIVE AFFILIATES WILL BE A MANUFACTURER FOR THE PURPOSE OF THE UK MIFIR PRODUCT GOVERNANCE RULES.

VOLCKER RULE

The Trustee may be deemed to be a "covered fund" for purposes of Section 13 of the Bank Holding Company Act of 1956, as amended (in particular, by Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act 2010), and any implementing regulations and related guidance (the "**Volcker Rule**"). Further, the Trust Certificates may constitute an "ownership interest" for the purposes of the Volcker Rule. As a result, the Volcker Rule may, subject to certain exemptions, prohibit certain banking institutions from, directly or indirectly, acquiring or retaining the Trust Certificates. This prohibition may adversely affect the liquidity and market price of the Trust Certificates. In addition, any entity that is a "banking entity" under the Volcker Rule and is considering an investment in the Trust Certificates should consider the potential impact of the Volcker Rule in respect of such investment and on its portfolio generally.

NOTICE TO RESIDENTS IN THE KINGDOM OF BAHRAIN

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

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

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

NOTICE TO RESIDENTS OF OMAN

The information contained in this Base Offering Circular does not constitute an offer of securities in Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 18/2019, as amended) (the "**Commercial Companies Law**") or Article 3 of the Capital Market Law of Oman (Royal Decree 80/98, as amended). This Base Offering Circular will only be made available to investors in Oman in accordance with Article 139 of the Executive Regulations of the Capital Market Law (CMA Decision 1/2009, as amended) (the "**Oman Executive Regulations**") by an entity duly licensed by the Oman Capital Market Authority to market non-Omani securities in Oman.

This Base Offering Circular has not been (and will not be) filed with the Oman Capital Market Authority (except in accordance with Article 139 of the Oman Executive Regulations), the CBO or any other regulatory authority in Oman and the Oman Capital Market Authority and the CBO do not assume responsibility for the accuracy and adequacy of the statements and information contained in this Base Offering Circular and shall not have any liability to any person for damage or loss resulting from reliance on any statements or information contained herein.

NOTICE TO RESIDENTS OF THE KINGDOM OF SAUDI ARABIA

This Base Offering Circular may not be distributed in the Kingdom of Saudi Arabia ("**Saudi Arabia**") except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the board of the Capital Market Authority of the Kingdom of Saudi Arabia (the "**Saudi CMA**") pursuant to its resolution number 3-123-2017 dated 27 December 2017, as amended by its resolution number 8-5-2023 dated 18 January 2023 (the "**Offer of Securities Rules**"). Any offer of Trust Certificates to any investor in Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") must be made (i) in compliance with Article 8(a)(1) of the Offer of Securities Rules or (ii) by way of a limited offer under Article 9 of the Offer of Securities Rules, and, in each case, in compliance with Article 10 of the Offer of Securities Rules.

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

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT 2001

The Pricing Supplement in respect of any Trust Certificates may include a legend entitled "Singapore Securities and Futures Act Product Classification" which will state the product classification of the Trust Certificates pursuant to section 309B(1) of the Securities and Futures Act 2001 (the "**SFA**").

The Trustee will make a determination and provide the appropriate written notification to "relevant persons" in relation to each issue about the classification of the Trust Certificates being offered for purposes of section 309B(1)(a) and section 309(1)(c) of the SFA.

STABILISATION

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF TRUST CERTIFICATES, THE DEALER OR DEALERS (IF ANY) NAMED AS STABILISATION MANAGER(S) (OR ANY PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN THE APPLICABLE PRICING SUPPLEMENT MAY EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE TRUST CERTIFICATES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION ACTION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE 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 TRUST CERTIFICATES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE OF TRUST CERTIFICATES. ANY STABILISATION ACTION MUST BE CONDUCTED BY THE RELEVANT STABILISATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

SUPPLEMENTARY BASE OFFERING CIRCULAR

Each of the Trustee and the Ministry of Finance has given an undertaking to the Arrangers and the Dealers that in the event that a significant new factor, material mistake or material inaccuracy relating to the information included in this Base Offering Circular which is capable of affecting the assessment of the Trust Certificates arises or is noted and which arises or is noted between the time when the Base Offering Circular is approved and the final closing of the offer of the relevant Tranche of Trust Certificates or, as the case may be, the time when trading on the relevant market begins, the Trustee and the Ministry of Finance will prepare a supplement to this Base Offering Circular or prepare a new Base Offering Circular for use in connection with any subsequent issue of Trust Certificates. Such supplement would be submitted to the ISM for review prior to publication in accordance with the ISM Rulebook.

PRESENTATION OF INFORMATION

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

Statistical information reported herein has been derived from official publications of, and information supplied by, a number of agencies of the Ministry of Finance, 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 ("**IMF**"). Certain historical statistical information contained herein is based on estimates that the Ministry of Finance 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 Ministry of Finance's official financial and economic statistics are subject to review as part of a regular confirmation process. Accordingly, financial and economic information presented herein may differ from previously published figures and may be subsequently adjusted or revised. Certain of the information and data contained in this Base Offering Circular for all or part of the fiscal years 2019/20, 2020/21 and 2021/22 and subsequent periods are preliminary and subject to further adjustment or revision. While the Ministry of Finance 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 Ministry of Finance website, when available. Results for interim periods are not necessarily indicative of full year results. The language of the Base Offering Circular is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

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

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

Data Dissemination

The Ministry of Finance is a subscriber to the IMF's Special Data Dissemination Standard, or "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 Ministry of Finance, precise dates or "no-later-than dates" for the release of data under the SDDS are disseminated no later than three months in advance through the Advance Release Calendar, which is published on the Internet under the IMF's Dissemination Standards Bulletin Board. Summary methodologies of all metadata to enhance transparency of statistical compilation are also provided on the Internet under the IMF's Dissemination Standard Bulletin Board.

Certain Conventions

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

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

- The inflation rate provides an aggregate measure of the rate of change in the prices of goods and services in the economy. The Ministry of Finance measures the inflation rate by the percentage change between two periods in the consumer price index ("**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 Ministry of Finance calculates the CPI on the basis of a weighted basket derived from the 2008/09 income and expenditure survey conducted by CAPMAS.

Currencies and Exchange Rates

All references in this Base Offering Circular to:

- "**CNY**" are to Chinese Yuan, the legal currency of the People's Republic of China;

- "**Egyptian Pounds**" and "**LE**" are to the Egyptian Pound, the legal currency of the Arab Republic of Egypt;

- "**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 Trustee 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 11 January 2023, the official exchange rate (buy rate), as published by the CBE, was U.S.$1.00 = LE29.6333.

FORWARD-LOOKING STATEMENTS

This Base Offering Circular contains forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "projects", "expects", "intends", "may", "will", "shall", "seeks" or "should" or, in each case, their negative or other variations or comparable terminology, or in relation to discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements are statements that are not historical facts, including statements about the Ministry of Finance'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 Ministry of Finance believes that beliefs and expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such beliefs and expectations will prove to have been correct.

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

- adverse external factors, such as the impact of the Russia-Ukraine conflict and the continued impact of the COVID-19 pandemic on national, regional and global economies, changes in international oil and other commodity prices, high international interest rates and recession, continuing or increased regional instability, international terrorism, low economic growth in the Ministry of Finance's trading partners, reduced international trade (including shipping through the Suez Canal) including as a result of new sanctions or trade restrictions, 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 Ministry of Finance's current account deficit and budgetary expenditures. Recession, international terrorism or low economic growth in the Ministry of Finance's trading partners could decrease exports, tourism receipts, induce a contraction of the Ministry of Finance's economy and, indirectly, reduce tax revenues and other public sector revenues and adversely affect the Ministry of Finance'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 Ministry of Finance's future access to funding;

- adverse domestic factors, such as: (i) the Ministry of Finance's response to, and the impact on the Ministry of Finance's finances from, the COVID-19 pandemic; (ii) continuing or increased political and socio-economic unrest; (iii) declines in FDI, taxation receipts or GDP growth; (iv) increases in domestic inflation, unemployment, Ministry of Finance expenditures (including subsidies) or the current account deficit; (v) high domestic interest rates and exchange rate volatility; and (vi) increases in domestic terrorism, all of which could lead to lower economic growth or a decrease in the Ministry of Finance's international reserves; and

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

CONTENTS

OVERVIEW OF THE PROGRAMME

Words and expressions defined in the "*Terms and Conditions of the Trust Certificates*" (the "**Conditions**") and elsewhere in this Base Offering Circular shall have the same meanings in this overview.

Issuer, Trustee, Purchaser and Lessor	The Egyptian Financial Company for Sovereign Taskeek, a joint stock company incorporated in the Arab Republic of Egypt under the Sovereign Sukuk Law of Egypt No. 138 for 2021 and its Executive Regulations and Capital Market Law No 95 for 1992 and its Executive Regulations. The Trustee has been incorporated for the purpose of participating in the transactions contemplated by the Transaction Documents (as defined below) to which it is a party and is wholly owned by the Ministry of Finance (or on its behalf).
Trustee's Legal Entity Identifier (LEI)	894500CX5LI3HIC87H85
Obligor, Lessee, Buyer, Servicing Agent and the Ministry of Finance	The Arab Republic of Egypt represented by the Ministry of Finance.
Seller	The Arab Republic of Egypt represented by the Ministry of Finance.
Arrangers	Abu Dhabi Islamic Bank PJSC Citigroup Global Markets Limited Crédit Agricole Corporate and Investment Bank Emirates NBD Bank PJSC First Abu Dhabi Bank PJSC HSBC Bank plc
Dealers	The Arrangers and any other Dealers appointed in accordance with the Dealer Agreement.
Delegate	HSBC Bank plc.
Regulation S Registrar, Regulation S Transfer Agent, Euroclear/Clearstream Rule 144A Registrar, Euroclear/Clearstream Rule 144A Transfer Agent and Principal Paying Agent	HSBC Bank plc.
Rule 144A Paying Agent, DTC Rule 144A Registrar and DTC Rule 144A Transfer Agent	HSBC Bank USA, National Association.
Negative Pledge	The Purchase Undertaking contains a negative pledge given by the Ministry of Finance.
Trustee Covenants	The Trustee has agreed to certain restrictive covenants as set out in "*Covenants*" in the Conditions.
Cross-acceleration	In respect of the Ministry of Finance, the Trust Certificates will have the benefit of a cross-acceleration provision, as described in sub-paragraph (v) of the definition of "*MOF Event*" corresponding thereto (contained in the Conditions).
Status of the Trust Certificates	Each Trust Certificate evidences an undivided ownership interest in the Trust Assets subject to the

terms of the Declaration of Trust and the Conditions, and is a direct, unsubordinated, unsecured and limited recourse obligation of the Trustee. Each Trust Certificate will rank *pari passu*, without any preference or priority, with the other Trust Certificates.

The full faith and credit of the Ministry of Finance is pledged for the due and punctual performance of its obligations in respect of the Transaction Documents to which it is a party. The payment obligations of the Ministry of Finance (in any capacity) to the Trustee under the Transaction Documents to which it is a party in respect of each Series of Trust Certificates will be direct, general, unconditional, unsubordinated and (subject to the negative pledge provisions described in the Purchase Undertaking) unsecured obligations of the Ministry of Finance and shall at all times rank at least *pari passu* with all other unsecured External Indebtedness and External Sukuk Obligations of the Ministry of Finance from time to time outstanding. The Ministry of Finance shall have no obligation to effect equal or rateable payment(s) at any time with respect to other External Indebtedness and External Sukuk Obligations and, in particular, the Ministry of Finance shall have no obligation to pay other External Indebtedness and External Sukuk Obligations at the same time or as a condition of paying sums due under the Transaction Documents, and *vice versa*.

Meetings of Certificateholders

The Conditions contain a "collective action" clause which permits defined majorities to bind all Certificateholders.

If the Trustee issues future securities which contain collective action clauses in substantially the same form as the collective action clause in the Conditions, the Trust Certificates would be capable of aggregation with any such future securities. See "*Risk Factors — Risk factors relating to the Trust Certificates — The Conditions contain a "collective action" clause under which the terms of any one Series of Trust Certificates or multiple Series of Trust Certificates may be amended, modified or waived without the consent of all Certificateholders*".

Further Issues

On the relevant Issue Date of any additional Tranche of Trust Certificates issued in accordance with Condition 22 the Ministry of Finance (in its capacity as seller) and the Trustee (in its capacity as purchaser) may enter into a Supplemental Purchase Agreement for the sale, transfer and conveyance of the Usufruct Right(s) to the relevant Additional Assets. The Trustee will execute a Declaration of Commingling of Assets for and on behalf of the holders of the relevant existing Trust Certificates and the holders of such additional Trust Certificates so created and issued, declaring that the Usufruct Right(s) to the relevant Additional Assets and the Usufruct Right(s) to the relevant Lease Assets in respect of the relevant Series as in existence immediately prior to the creation and issue of the additional Trust Certificates relating to the relevant Series are commingled and shall

	collectively comprise part of the Trust Assets for the benefit of the holders of such existing Trust Certificates and the holders of such additional Trust Certificates.
Use of Proceeds	The net proceeds of each Tranche of Trust Certificates issued under the Programme will be applied by the Trustee pursuant to the terms of the relevant Transaction Documents on the relevant Issue Date towards the purchase from the Ministry of Finance of all of its rights, title and interests in, to and under (in the case of the first Tranche) the Usufruct Right(s) to the Assets and, if applicable (in the case of each subsequent Tranche) the Usufruct Right(s) to the Additional Assets pursuant to the relevant Purchase Agreement.
Risk Factors	There are certain factors that may affect the Trustee's and the Ministry of Finance's ability to fulfil its respective obligations under the Trust Certificates. See "*Risk Factors*".
Issuance in Series	Trust Certificates will be issued in Series. Each Series may comprise one or more Tranches issued on different Issue Dates. The Trust Certificates of each Series will have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of Periodic Distribution Amounts thereon and the date from which Periodic Distribution Amounts start to accrue.
Distribution	Trust Certificates may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies	Subject to any applicable legal or regulatory restrictions, any currency agreed between the Trustee, the Ministry of Finance and the relevant Dealer(s).
Maturities	The Trust Certificates will have such maturities as may be agreed between the Trustee, the Ministry of Finance and the relevant Dealer(s), subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Trustee, the Ministry of Finance or the relevant Specified Currency.
Denominations	The Trust Certificates will be issued in such denominations as may be agreed between the Trustee, the Ministry of Finance and the relevant Dealer(s), save that the minimum denomination of each Trust Certificate will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Specified Currency.
	Unless otherwise stated in the applicable Pricing Supplement, the minimum denomination of any Trust Certificates to be sold in the United States to QIBs who are also QPs will be U.S.$200,000 or its approximate equivalent in other Specified Currencies.

Issue Price	Trust Certificates may be issued at any price on a fully paid basis, as specified in the applicable Pricing Supplement. The price and amount of Trust Certificates to be issued under the Programme will be determined by the Trustee, the Ministry of Finance and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.
Form of Trust Certificates	The Trust Certificates will be issued in registered form only. The Trust Certificates of each Series will be represented on issue by ownership interests in one or more Global Trust Certificates, which will be deposited with, and registered in the name of a nominee for DTC and/or a Common Depositary for Euroclear and Clearstream, Luxembourg (as applicable). Trust Certificates sold in an offshore transaction within the meaning of Regulation S will initially be represented by an unrestricted Global Trust Certificate (an "**Unrestricted Global Trust Certificate**") and Certificates sold to QIBs who are also QPs in reliance on Rule 144A and Section 3(c)(7) of the Investment Company Act will initially be represented by one or more restricted Global Trust Certificates (a "**Restricted Global Trust Certificate**"). Ownership interests in a Global Trust Certificate will be shown on, and transfers thereof will only be effected through, records maintained by DTC, Euroclear and Clearstream, Luxembourg (as applicable), and their respective participants. Definitive Trust Certificates evidencing holdings of Trust Certificates will be issued in exchange for interests in the relevant Global Trust Certificate only in certain limited circumstances. See "*Summary of Provisions relating to the Trust Certificates while in Global Form*".
Clearing Systems	Certificateholders must hold their interest in the relevant Global Trust Certificate in book-entry form through DTC, Euroclear and/or Clearstream, Luxembourg. Transfers within and between each of DTC and/or Euroclear and/or Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant clearing system.
Periodic Distributions	Certificateholders are entitled to receive Periodic Distribution Amounts calculated on the basis specified in the applicable Pricing Supplement.
Redemption of Trust Certificates on Scheduled Dissolution Date	Trust Certificates shall be redeemed on the Scheduled Dissolution Date at the relevant Final Dissolution Amount specified in the applicable Pricing Supplement.
Optional Dissolution	If so specified in the applicable Pricing Supplement, a Series of Trust Certificates may be redeemed in whole or in part on any Optional Dissolution Date(s) at the sole discretion of the Ministry of Finance at the Optional

	Dissolution Amount (Call) (which is its Dissolution Amount) in the circumstances set out in Condition 10.2.
Clean Up Call Right	If so specified in the applicable Pricing Supplement and 75 per cent. or more of the aggregate face amount of the Trust Certificates of the relevant Series then outstanding have been redeemed and/or purchased and cancelled pursuant to the Conditions, such Trust Certificates may be redeemed in whole but not in part on the Clean Up Call Right Dissolution Date at the sole discretion of the Ministry of Finance at the Clean Up Call Right Dissolution Amount (which is its Dissolution Amount) in the circumstances set out in Condition 10.3.
Dissolution Events	Upon the occurrence of any Dissolution Event, the Trust Certificates may be redeemed on the Dissolution Event Redemption Date at the Dissolution Event Amount (which shall include any accrued but unpaid Periodic Distribution Amount) and the relevant Return Accumulation Period may be adjusted accordingly, as described in Condition 14.
Certificateholder Put Right	If so specified in the applicable Pricing Supplement, Certificateholders may, in the circumstances set out in Condition 10.5, elect to redeem their Trust Certificates (and direct the Trustee accordingly) on any Certificateholder Put Right Date(s), **provided that** such date is a Periodic Distribution Date, at the applicable Optional Dissolution Amount (Put) (which is its Dissolution Amount) together with all accrued and unpaid Periodic Distribution Amounts.
Total Loss Event	Save where the relevant Impaired Lease Assets are replaced in accordance with clause 4.3 of the Master Purchase Agreement and clauses 2.2, 3.1.4, 3.5 and 3.7 of the Sale and Substitution Undertaking by no later than the 90th day after the occurrence of a Total Loss Event, the occurrence of a Total Loss Event will result in the redemption of the Trust Certificates of that Series and the consequent dissolution of the relevant Trust by no later than close of business in London on the 91st day after the occurrence of such Total Loss Event (being the Total Loss Dissolution Date) in accordance with Condition 10.4. If a Total Loss Event occurs and the relevant Lease Assets are not replaced as discussed above, the Ministry of Finance (in its capacity as seller) shall pay an amount equal to the Unutilised Usufruct Amount directly into the Transaction Account, by no later than the 91st day after the date of the Total Loss Event. Rental payments under the Lease Agreement shall cease to accrue with effect from the date on which a Total Loss Event occurs, and no additional rental payment shall be made in respect of the period between the date on which the Total Loss Event occurred and the Total Loss Dissolution Date. Upon the occurrence of a Total Loss Event, the Servicing Agent shall promptly notify the Lessor, the Delegate and the Trustee of the same and the Trustee

shall promptly notify Certificateholders (the "**Trading Notice**") (a) of the occurrence of a Total Loss Event and (b) that, from the date of the Trading Notice and until any further notice from the Trustee, as determined in consultation with the Supervisory Committee (as defined in the Servicing Agency Agreement), the Trust Certificates should be tradable only in accordance with the *Shari'a* principles of debt trading.

Partial Loss Event

If a Partial Loss Event shall occur with respect to any of the Lease Assets: (a) **provided that** the Impaired Lease Assets have not been replaced pursuant to clause 4.3 of the Master Purchase Agreement and clauses 2.2, 3.1.4, 3.5 and 3.7 of the Sale and Substitution Undertaking, within 30 days of the Partial Loss Event Date, the Lessee may deliver a Partial Loss Termination Notice to the Lessor and the Delegate that the Lease shall terminate on the 91st day after the Partial Loss Event Date; or (b) **provided that** the Lessee has not exercised, or has expressly waived, its rights to terminate the Lease under paragraph (a) above, if such Impaired Lease Assets have not been replaced pursuant to clause 4.3 of the Master Purchase Agreement and clauses 2.2, 3.1.4, 3.5 and 3.7 of the Sale and Substitution Undertaking, without prejudice to any right or remedy that the Lessor may have under any Transaction Document or by law, the Lease shall automatically terminate on the Partial Loss Termination Date and the Lessor will be entitled (in addition to any amounts payable pursuant to any Transaction Document) to any due and unpaid Rental up to the Partial Loss Termination Date.

The termination of the Lease on the 91st day after the Partial Loss Event Date as a result of either of the circumstances described in (a) or (b) above shall constitute a MOF Event (as defined in Condition 14).

Cancellation of Trust Certificates held by the Trustee, the Ministry of Finance and/or any other Public Sector Instrumentality

The Trustee, the Ministry of Finance and/or any other Public Sector Instrumentality may at any time purchase Trust Certificates at any price in the open market or otherwise. Following any such purchase of Trust Certificates, such Trust Certificates may be held, resold or, at the discretion of the holder thereof, surrendered for cancellation, as more particularly set out in Condition 11.1.

Should the Ministry of Finance wish to cancel any Trust Certificates so purchased, it shall deliver a Cancellation Notice to the Trustee (in accordance with the Sale and Substitution Undertaking) whereupon, in accordance with the terms of the Sale and Substitution Undertaking, the Trustee shall be obliged to transfer all of the Trustee's rights, title, interests, benefits and entitlements, present and future, in, to and under the remaining Usufruct Right(s) to the Cancelled Lease Assets to the Ministry of Finance in consideration for which the relevant Trust Certificates shall be cancelled.

The transfer of the remaining Usufruct Right(s) to the Cancelled Lease Assets will take effect by the Ministry of Finance (as purchaser), the Trustee (as seller) and the

Delegate entering into a Sale Agreement (in the form scheduled to the Sale and Substitution Undertaking). Following the entry into such Sale Agreement, the Trustee shall forthwith surrender to the relevant Registrar the relevant Trust Certificates identified for cancellation in the Cancellation Notice on the Cancellation Date.

Substitution of Lease Assets

Pursuant to the Sale and Substitution Undertaking, the Ministry of Finance may, at any time, exercise its right to require the Trustee to substitute on any Substitution Date some or all of the relevant Lease Assets with New Lease Assets (as specified in the relevant Substitution Notice, and each as defined in the Sale and Substitution Undertaking) where the value of the Usufruct Right(s) to such New Lease Assets is equal to the value of the Usufruct Right(s) to the relevant Lease Assets being substituted.

Withholding Tax

All payments in respect of Trust Certificates shall be made in the Specified Currency 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 Arab Republic of Egypt or any political subdivision therein or any authority therein or thereof having power to tax (the "**Relevant Jurisdiction**"), unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law.

In that event, the Trustee shall, save in the limited circumstances provided in Condition 12, be required to pay such additional amounts as will result in the receipt by the Certificateholders, after such withholding or deduction, of such amounts as would have been received by them had no such withholding or deduction been required.

Further, in accordance with the terms of the Master Declaration of Trust, the Ministry of Finance has unconditionally and irrevocably undertaken to (irrespective of the payment of any fee), as a continuing obligation, in the event that the Trustee fails to comply with any obligation to pay additional amounts pursuant to Condition 12, pay to or to the order of the Delegate (for the benefit of the Certificateholders) an amount equal to the liability of the Trustee in respect of any and all additional amounts required to be paid by the Trustee in respect of the Trust Certificates pursuant to Condition 12.

All payments by the Ministry of Finance (in any capacity) under the Transaction Documents to which it is a party shall be made in the Specified Currency 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 Relevant Jurisdiction, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Ministry of Finance shall be required to pay such additional amounts as will result in the receipt by the Trustee or the Delegate (as applicable), after such withholding or deduction, of such amounts as would have been received by them had no such withholding or deduction been required.

Ratings	Trust Certificates to be issued under the Programme have been rated "B" and "B3" by S&P and Moody's, respectively. S&P is established in the European Union and registered under the EU CRA Regulation. Moody's is not established in the European Union and has not applied for registration under the EU CRA Regulation but the rating it has given to the Ministry of Finance is endorsed by Moody's Germany, which is established in the European Union and registered under the EU CRA Regulation. S&P is not established in the United Kingdom and has not applied for registration under the UK CRA Regulation but the rating it has given to the Ministry of Finance is endorsed by S&P UK. Moody's is not established in the United Kingdom and has not applied for registration under the UK CRA Regulation but the rating it has given to the Ministry of Finance is endorsed by Moody's UK. Each of S&P UK and Moody's UK is established in the United Kingdom and registered under UK CRA Regulation. As such, each of S&P and Moody's Germany is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the EU CRA Regulation and each of S&P UK and Moody's UK is included in the list of credit rating agencies published by the FCA on its website in accordance with the UK CRA Regulation. A credit 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.
Listing and admission to trading	Application has been made for the Trust Certificates to be admitted to trading on the ISM. Trust Certificates may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets, as the case may be, agreed between the Trustee, the Ministry of Finance and the relevant Dealer. Trust Certificates which are neither listed nor admitted to trading on any market may also be issued. The applicable Pricing Supplement will state whether or not the relevant Trust Certificates are to be listed and/or admitted to trading and, if so, on which stock exchanges or markets.
Governing Law and Dispute Resolution	The Trust Certificates will be governed by, and construed in accordance with, English law. The Master Declaration of Trust, each Supplemental Declaration of Trust, the Dealer Agreement, each Subscription Agreement, the Agency Agreement, the

Servicing Agency Agreement, the Purchase Undertaking, the Sale and Substitution Undertaking and the Total Loss Event Payment Undertaking will be governed by and construed in accordance with English law (the "**English Law Documents**"). The Master Purchase Agreement, each Supplemental Purchase Agreement, the Master Lease Agreement, each Supplemental Lease Agreement, each Sale Agreement and each Replacement Agreement will be governed by the laws of the Arab Republic of Egypt (the "**Egyptian Law Documents**"). In respect of any dispute under any English Law Document to which it is a party, the Ministry of Finance has agreed to submit to the exclusive jurisdiction of the courts of England in respect of any dispute under any such English Law Document (subject to the right of the Delegate, the Agents or the Trustee, as the case may be, to require any dispute to be resolved by any other court of competent jurisdiction).

In respect of any dispute under any Egyptian Law Document, the Ministry of Finance has agreed that any dispute shall be resolved by arbitration according to the Rules of Arbitration of the Cairo Regional Centre for International Commercial Arbitration.

Waiver of Immunity

Each of the Trustee and the Ministry of Finance has agreed in the Transaction Documents to which it is a party that to the extent that it 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), it has irrevocably agreed for the benefit of the Certificateholders not to claim and irrevocably waives such immunity, to the fullest extent permitted by the laws of that jurisdiction (other than immunity from pre-judgment attachments, which is expressly not waived). Each of the Trustee's and the Ministry of Finance's waiver of sovereign immunity shall constitute a limited and specific waiver for the purposes of the Transaction Documents to which it is a party and the Trust Certificates and under no circumstances shall such waiver be interpreted as a general waiver by it or a waiver of immunity in respect of: (i) property used by a diplomatic or consular mission of the Arab Republic of Egypt; (ii) property of a military character and under the control of a military authority or defence agency of the Arab Republic of Egypt; or (iii) property located in the Arab Republic of Egypt and dedicated to a public or governmental use (as distinct from property dedicated to a commercial use) by the Arab Republic of Egypt. Without limiting the generality of (i), (ii) or (iii) in the preceding sentence, the holders of Trust Certificates shall have no recourse to the assets of the Central Bank of Egypt held for its own account.

Limited Recourse

Each Trust Certificate represents solely an undivided ownership interest in the Trust Assets of the relevant Series. No payment of any amount whatsoever shall be made in respect of the Trust Certificates of each Series except to the extent that funds for that purpose are available for the Trust Assets of that Series, as described in Condition 4.

Selling Restrictions	There are restrictions on the offer, sale and transfer of the Trust Certificates in the DIFC, the EEA, the Kingdom of Bahrain, Hong Kong, the Kingdom of Saudi Arabia, Singapore, State of Qatar, Kuwait, Arab Republic of Egypt, Japan, Malaysia, Switzerland, the Sultanate of Oman, the UAE (excluding the DIFC), the United Kingdom and the United States (and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Trust Certificates) (see "*Subscription and Sale*").
United States Selling Restrictions	There are restrictions on the transfer of the Trust Certificates sold pursuant to Regulation S, Category 2, Rule 144A and Section 3(c)(7) of the Investment Company Act. See "*Subscription and Sale*".
ERISA Considerations	Plans and other entities subject to Title I of ERISA or Section 4975 of the Code or, subject to certain exceptions, plans subject to Similar Laws may not acquire Trust Certificates (or any interest in a Trust Certificate). See "*ERISA Considerations*" below.

RISK FACTORS

An investment in the Trust Certificates involves risks. Accordingly, prospective investors should carefully consider, amongst other things, in light of their own financial circumstances and investment objectives, the risks described below, as well as the detailed information set out elsewhere in this Base Offering Circular and reach their own views before making an investment decision. The risks and uncertainties described below are not the only risks and uncertainties related to the Trustee, the Ministry of Finance and the Trust Certificates. Additional risks and uncertainties not presently known, or currently believed to be immaterial, could also impair the ability to make payments on the Trust Certificates. If any of the following risks actually materialise, the financial condition and prospects of the Trustee and/or the Ministry of Finance could be materially adversely affected. If that were to happen, the trading price of the Trust Certificates could decline and the Trustee may be unable to make payments due on the Trust Certificates, and investors could lose all or part of their investment. Prospective investors should also read the detailed information set out elsewhere in this Base Offering Circular, consult their financial and legal advisors and reach their own views prior to making any investment decision. The Trustee and the Ministry of Finance disclaim any responsibility for advising prospective investors on these matters. Words and expression defined elsewhere in this Base Offering Circular (including in the Conditions) shall have the same meanings in this section.

Risk factors relating to the Trustee

Factors that may affect the Trustee's ability to fulfil its obligations under or in connection with the Trust Certificates issued under the Programme

The Trustee has limited operating history and no material assets and will depend on receipt of payments from the Ministry of Finance to make payments to Certificateholders.

The Trustee was incorporated under the laws of the Arab Republic of Egypt on 22 May 2022 as a joint stock company and has no operating history. The Trustee has not and will not engage in any business activity other than the issuance of sovereign sukuk, the acquisition of the usufruct right of trust assets (including Trust Assets as described herein), acting in the capacity as trustee, the issuance of shares in its capital and other activities incidental or related to the foregoing as may be required under the relevant Transaction Documents relating to each Series.

The Trustee's only material assets, which will be held on trust for Certificateholders, will be the usufruct right of the Trust Assets relating to each Series of Trust Certificates and other assets relating to sovereign sukuk issuances, including the obligation of the government of the Republic (the "**Government**") to make payments to the Trustee under the relevant Transaction Documents to which it is a party relating to each Series. Therefore, the Trustee is subject to all the risks to which the Government is subject to the extent that such risks could limit the Government's ability to satisfy in full and on a timely basis its obligations under the Transaction Documents.

The ability of the Trustee to pay amounts due on the Trust Certificates will therefore be dependent upon receipt by the Trustee from the Government of amounts to be paid pursuant to the Transaction Documents (which may not be sufficient to meet all claims under the Trust Certificates and the Transaction Documents). As a result, the Trustee is subject to all the risks to which the Government is subject, to the extent such risks could limit the Government's ability to satisfy in full and on a timely basis, its obligations under the Transaction Documents to which it is a party. See "—Risks relating to the Arab Republic of Egypt".

Risk factors relating to Egypt

Russia-Ukraine Conflict

The Russian invasion of Ukraine in February 2022 has resulted in significant disruption to the global economy. In the wake of the invasion, the United States, the EU and other markets around the world have experienced and continue to experience volatility and disruption. The United States and the EU, among other countries, have announced sanctions against Russia, including sanctions targeting the Russian oil sector, such as a prohibition on the import of oil from Russia to the United States. The ongoing conflict could result in the imposition of further economic sanctions by the United States, the EU or other countries against Russia, which could have uncertain impacts on the global economy, including on the economy of the Republic. See also "*—Regional and International Considerations*". As such, the Russia-Ukraine conflict could significantly and adversely impact the Republic, its economy and its political environment. These 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 other emerging markets or elsewhere or more generally if a "contagion" effect occurs. See also "—*Deterioration of economic conditions in the EU and the wider global economy could adversely affect the Egyptian economy*".

While global supply chains and commodities markets have been volatile due to the COVID-19 pandemic, the Russia-Ukraine conflict has further disrupted supply chains and caused further instability in the energy markets. The conflict could lead to further global supply chain shortages and market disruptions, including further significant volatility in commodity prices, the credit and capital markets and inflation. According to Eurostat, the annual inflation rate in April 2022 was almost 8.1% in the EU, compared to 2.0% in April 2021. In October 2022, the annual inflation in the EU was 11.5% compared to 4.4% in October 2021.

According to the US Bureau of Labor Statistics, the annual inflation rate based on the consumer price index ("**CPI**") was almost 8.3% in the United States in April 2022, compared to 4.2% in April 2021. In 2022, the United States saw its highest level of inflation in more than 40 years. In October 2022, the annual inflation rate (based on CPI) was 7.7% compared to 6.2% in October 2021.

In Egypt, headline annual inflation was 13.1% in April 2022, compared to 4.1% in April 2021. Headline annual inflation was 16.2% in October 2022, compared to 6.3% in October 2021. The Russia-Ukraine conflict and the effects from this conflict have had and are expected to continue to have an adverse impact on the Republic's key policy rates, expenditures and budget. In a special Monetary Policy Committee of the CBE (the "**MPC**") meeting on 21 March 2022, the Central Bank of Egypt ("**CBE**") decided to hike key interest rates by 100 basis points, setting the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate to 9.25%, 10.25%, 9.75% and 9.75%, respectively. In the MPC meeting held on 19 May 2022, the MPC decided to raise the CBE's overnight deposit rate, the overnight lending rate, the rate of the main operation, and the discount rate by 200 basis points to 11.25%, 12.25%, 11.75%, and 11.75%, respectively. In its meetings held on 23 June 2022, 18 August 2022, and 22 September 2022, the MPC decided to keep key policy rates unchanged. In its meeting held on 22 September 2022 the MPC decided to increase the required reserve ratio to 18% from 14%. This works as a catalyst, complementing the tightening stance that the CBE is maintaining, by calibrating liquidity conditions. In its special meeting held on 27 October 2022, the MPC raised the CBE's overnight deposit rate, the overnight lending rate, and the rate of the main operation by 200 basis points to 13.25%, 14.25% and 13.75%, respectively. The discount rate was also raised to 13.75%. In its meeting on 22 December 2022, the MPC raised the overnight deposit rate, overnight lending rate and the rate of the main operation by 300 basis points to reach 16.25%, 17.25% and 16.75% respectively; the discount rate was also raised by 300 basis points to 16.75%.

Furthermore, Russia and Ukraine are major exporters of basic foods, such as oil seeds exports and wheat. Egypt sourced almost 95% of its supply of vegetable oil from abroad in 2020/21, with approximately 75% of such imports being sourced from Russia and Ukraine. During the same period, Egypt also purchases over 80% of its wheat imports from Russia and Ukraine. Russia is also a large exporter of natural gas, energy products and industrial inputs such as fertilizers and metals, such as aluminium, nickel, palladium, and platinum, which has resulted in greater pressures on major economies and supply chains. The Russia-Ukraine conflict may lead to food shortages globally, which may have an indirect on the Republic, which may lead to instances of social unrest.

For more information, see also "—*Inflation Risk*", "—*Egypt's deficit and debt levels*", "—*Egypt faces socio-economic challenges, including high youth unemployment*", "—*Exchange Rate Risks*", "*The Economy—Staple Production and Imports*", "*Arab Republic of Egypt—Foreign Relations and International Organisations*" and " *Public Finance—Expenditures*".

Political Risks

On 25 January 2011, concurrent with the events around the Arab World known as the "Arab Spring", demonstrations and protests began in Cairo, Alexandria and a number of other Egyptian cities, with protestors demanding the overthrow of President Mubarak. Following several weeks of unrest, President Mubarak dissolved the Government 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 has experienced considerable political uncertainty and instability since the 2011 Revolution. There can be no assurance that there will not be protests, attacks or other violent or political reactions to further or new proceedings, which could, in turn, have a material adverse effect on the political climate and economic activity of the Republic.

In January 2014, the current constitution (the "**Constitution**") was adopted, coming into force on 18 January 2014. In March 2014, the then-defence minister, Field Marshal Al-Sisi, announced his intention to run for president and resigned from the military. Mr. Al-Sisi won the presidential elections in 2014 and 2018. Article 140 of the Constitution **provided that** Presidents serve a four-year term and could be re-elected once. Accordingly, this would have been President Al-Sisi's final term, expiring in March 2022.

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

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

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

On 25 October 2021, President Sisi announced that the state of emergency, which has been in place since 2017, would no longer be renewed. Revoking the state of emergency ended the exceptional powers granted to the President of the Republic under Emergency Law No. 162 for 1958.

The Government is likely to continue to face social, economic and political challenges and the risk of instability that often accompanies political transition. Any change in policy or any delay or reversal of economic reforms may lead to political instability or uncertainty regarding the completion of economic reforms, which could, in turn, negatively affect Egypt and its economy. These challenges, together with incidents of social and political unrest and violence in Egypt and in the wider region, have had and may continue to have a significant adverse effect on the Egyptian economy. There can be no assurance that further incidents of political or social instability, terrorism, protests or violence will not directly or indirectly negatively affect Egypt and its economy.

Inflation Risks

Annual headline urban inflation, as measured by the CPI, has been high in recent years, although it has generally been decelerating since 2017. It was 29.5% in 2017 but decreased to 14.4% in 2018, to 9.2% in 2019 and to 5.0% in 2020 before increasing slightly to 5.2% in 2021. It was 4.5% in 2020/21 and 8.5% in 2021/22. These reflect year-on-year rates as at 30 June of each year.

Following the liberalisation of the Egyptian Pound in November 2016 and the fiscal consolidation measures implemented, annual headline inflation increased significantly, reaching 33.0% in July 2017 (with annual core inflation reaching 35.3% in July 2017) but declined to 7.1% in December 2019, and to 5.4% in each of December 2020 and July 2021. Annual headline inflation was 5.9% in December 2021, 7.3% in January 2022, and 8.8% in February 2022, 10.5% in March 2022, 13.1% in April 2022, and 13.5% in May 2022. It decreased slightly to 13.2% in June 2022. From July 2022, annual headline inflation continued to increase to 13.6%, 14.6% in August 2022, 15.0% in September 2022, and 16.2% in October 2022.

The Egyptian economy is subject to a continued risk of high or increasing inflation due to the effects of the VAT law, 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. Further, the global economy is currently facing a highly inflationary environment, which commenced as the COVID-19 pandemic began to normalize and global economies began to recover. The recovery of global economies resulted in rising commodity prices and production inputs as well as bottlenecks in supply chains. These pressures were further amplified, and continue to be amplified by the ongoing Russia-Ukraine conflict. Rising international commodity prices, such as oil, wheat, metals and minerals, which resulted from further supply chain disruptions in addition to increased risk-off sentiment, have added to domestic inflationary pressures as well as external imbalances. Annual food inflation in Egypt has shown a generally upward trend since May 2021, reaching a peak of 26.0% in April 2022, the highest inflation rate since November 2017. Rising annual food inflation has affected both core and volatile food prices. Annual food inflation in Egypt was 23.8% in October 2022.

The CBE has implemented a number of measures to try to contain inflationary pressures. Between November 2016 and July 2017, the MPC raised benchmark policy rates by an aggregate of 700 basis points. In addition, the CBE has used deposit auctions to reduce balances on banks' overnight and seven-day deposits. In May 2017, the CBE announced an inflation target of 13% by the fourth quarter of 2018 and single digits thereafter. As a result of the moderation of underlying inflationary pressures, the MPC has progressively reduced the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate. In September 2021, the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate were 8.25%, 9.25%, 8.75% and 8.75%, respectively. In December 2020, the CBE announced an inflation target of 7% annual headline inflation (+/- 2 percentage points) on average in the fourth quarter of 2022. In a special MPC meeting scheduled on 21 March 2022, the CBE decided to hike key interest rates by 100 basis points, setting the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate to 9.25%, 10.25%, 9.75% and 9.75%, respectively. In the MPC meeting held on 19 May 2022, the MPC decided to raise the CBE's overnight deposit rate, the overnight lending rate, the rate of the main operation, and the discount rate by 200 basis points to 11.25%, 12.25%, 11.75%, and 11.75%, respectively. In its meetings held on 23 June 2022, 18 August 2022, and 22 September 2022, the MPC decided to keep key policy rates unchanged. In its meeting held on 22 September 2022 the MPC decided to increase the required reserve ratio to 18% from 14%. This works as a catalyst, complementing the tightening stance that the CBE is maintaining, by calibrating liquidity conditions. In its special meeting held on 27 October 2022, the MPC raised the CBE's overnight deposit rate, the overnight lending rate, and the rate of the main operation by 200 basis points to 13.25%, 14.25% and 13.75%, respectively. The discount rate was also raised to 13.75%. In its meeting on 22 December 2022, the MPC raised the overnight deposit rate, overnight lending rate and the rate of the main operation by 300 basis points to reach 16.25%, 17.25% and 16.75% respectively; the discount rate was also raised by 300 basis points to 16.75%.

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.

COVID-19 Pandemic

Since the beginning of 2020, the ongoing Coronavirus disease 2019 ("**COVID-19**") outbreak has escalated into a global pandemic resulting in the implementation of stringent travel and transport restrictions, quarantines and extended shutdowns of certain businesses globally, including in Egypt, in an attempt to contain the continued, spread of the virus. Since the outset of the COVID-19 pandemic, the Government has introduced a number of policies aimed at responding to the spread of the virus, as well as financial measures aimed at mitigating the potential economic impact of the pandemic. For further details on the Government's response, see "*Response to COVID-19*". These policies include restrictions on travel, public transport and public gatherings, prolonged workplace closures and other constraints on commercial activities. The pandemic has significantly negatively impacted and is likely to continue to negatively impact all sectors of the Republic's economy, and there can be no assurance as to when, or if, the various sectors of Egypt's economy will return to pre-pandemic levels of activity. The GDP growth rate was 3.6% in 2019/20, as compared to 5.6% in 2018/19. According to the latest data announced by Ministry of Petroleum and Mineral Resources ("**MOP**"), GDP growth in 2020/21 was 3.3%, increasing to 6.6% in 2021/22.

The Government has discussed with and received funding for COVID-19 pandemic related measures from, multilateral agencies, including the IMF and the World Bank. On 11 May 2020, the Executive Board of the IMF approved Egypt's request for emergency financial assistance of Special Drawing Rights ("**SDR**") 2,073.1 million (approximately U.S.$2.8 billion) to meet balance of payment needs stemming from the outbreak of the COVID-19 pandemic under the IMF's Rapid Financial Instrument (the "**RFI**"). In addition, on 26 June 2020, the Executive Board of the IMF approved Egypt's request for a U.S.$5.2 billion 12-month Stand-by Arrangement (the "**SBA**"), which, *inter alia,* aims to alleviate the economic impact of the COVID-19 pandemic. Disbursements under the SBA were phased throughout the programme and are subject to completion of two reviews. An initial disbursement of SDR 1,158.0 million (approximately U.S.$1.7 billion) was made in June 2020. The first review of the SBA was completed on 18 December 2020, which permitted the Government to draw the equivalent of SDR 1,158.0 million (approximately U.S.$1.7 billion). The second and final review of the SBA was completed on 24 May 2021, which permitted the disbursement of a third tranche in the amount of SDR 1,158.0 million (approximately U.S.$1.7 billion), bringing total disbursements under the SBA to SDR 3,763.6 million (approximately U.S.$5.4 billion). In May 2020, the World Bank provided U.S.$50 million for Egypt as an emergency response under the World Bank Group's new Fast Track COVID-19 Facility.

In December 2022, the Executive Board of the IMF approved a three-year EFF for Egypt in an amount of SDR 2,350.17 million (approximately U.S.$3.0 billion). The approval of the EFF allowed for the immediate disbursement of SDR 261.13 million (approximately U.S.$347 million) in December 2022. The second tranche of SDR 261.13 million (approximately U.S.$347 million) is intended to be disbursed after the conclusion of the first review scheduled in March 2023. Egypt has also requested access under the IMF's Resilience and Sustainability Facility ("**RSF**") for up to SDR 1.0 billion in funds.

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

Global trade and economic conditions in other countries have also been adversely affected to a significant extent. This in turn has had and will likely continue to have an adverse impact on Egypt (for example, through lower trade and a reduction in financial support).

The COVID-19 pandemic also resulted in increased unemployment, increasing from 7.7% as of 31 March 2020 to 9.6% as of 30 June 2020 at the height of the lockdown, before decreasing to 7.3% as of 30 September 2020, according to estimates published by the IMF. According to data published by the Central Agency for Public Mobilization and Statistics, ("**CAPMAS**"), the unemployment rate was 7.2% in the second quarter of 2022, as compared to 7.3% in the second quarter of 2021 and 9.6% in the second quarter of 2020. In the second quarter of 2022, the percentage of the unemployed population aged 15 to 29 was 61.3% of the total unemployed population, according to data published by CAPMAS. If unemployment rates increase beyond pre-pandemic levels again, there may be social dislocation and unrest.

The global continuation of the COVID-19 pandemic, and the potential impact of further waves of infection, is a risk to the fiscal position of the Republic. This has resulted in, and continues to cause significant volatility in financial markets, including volatile oil prices, reduced global liquidity and trade, and a slowdown in tourism, hospitality and export-related industries, such as automotive and aerospace, which are key sectors of the Republic's economy. The COVID-19 pandemic has also resulted in a slowdown in economic growth both regionally and globally. This has, in turn, negatively affected the Republic and may continue to do so. Given the uncertainty as to how long the COVID-19 pandemic will continue, the Government may not be able to accurately predict the impact of the pandemic, and it may continue to have adverse effects, including on inflation, indebtedness, GDP, domestic demand, private consumption, private investment, investor outflows, foreign reserve levels, foreign exchange rates, existing economic targets and other macro-economic indicators.

Terrorism Risk

In recent years, Islamic militants, including the so-called "Islamic State", have operated in a number of countries in the region. In common with other countries in the Middle East, Egypt has experienced a number of terrorist attacks. Since the removal of President Morsi, terrorist attacks in North Sinai on Egyptian military bases, in particular, have increased, resulting in the deaths of soldiers and police. In July 2015, the so-called "Islamic State" launched a wave of further attacks in North Sinai, which have continued in subsequent periods, including during 2020 and 2021. Between 2018 and 2020, it is estimated that 67 Egyptian security forces personnel and 840 so-called "Islamic State" militants were killed in the Sinai region. On 21 July 2020, the so-called "Islamic State" captured five villages in Sinai, which were retaken by Egyptian security forces in August 2020. In 2021, further clashes between so-called "Islamic State" militants and Egyptian security forces have occurred resulting in injuries and deaths on both sides. For example, in August 2021, it was announced that Egyptian forces had killed 89 so-called "Islamic State" militants in North Sinai. 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.

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

Regional and International Considerations

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

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

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

In June 2017, Saudi Arabia, the United Arab Emirates ("**UAE**") and Bahrain, as well as Egypt and certain other countries, severed diplomatic, trade and transport links with, and imposed sanctions on, Qatar, citing Qatar's support for terrorist and extremist organisations, including Qatar's interference in other countries' internal affairs. Although in January 2021, Saudi Arabia, the UAE, Bahrain and Egypt reached an agreement with Qatar to resolve the dispute between the countries, and, on 18 January 2021, EgyptAir, the Government-owned airline, reopened its flight paths to Qatar), it is uncertain at this stage how the events relating to Qatar will develop or how the situation may impact Egypt, the region or emerging markets generally.

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

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

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

In addition, certain emerging markets, including Turkey and Argentina, are currently experiencing adverse economic events, including depreciation of the local currency and rising inflation. Further, U.S. and global markets are experiencing volatility and disruption following the escalation of geopolitical tensions and the invasion of Ukraine by Russian troops in February of 2022. Although the length and impact of the ongoing military conflict is highly unpredictable, the continuing conflicts and recent developments in Ukraine, geopolitical events, terrorist or other attacks, and war (or threatened war) or international hostilities, such as between Russia and Ukraine, may lead to armed conflict or acts of terrorism around the world, which may contribute to further economic instability in the global financial markets and international commerce. The recent escalation of conflict between Russia and Ukraine may lead to further regional and international conflicts or armed action. This conflict has disrupted supply chains and caused instability in the energy markets and could lead to further market disruptions, including significant volatility in commodity prices, credit and capital markets on a global scale. The United States and the EU, among other countries, have announced sanctions against Russia, including sanctions targeting the Russian oil sector, such as a prohibition on the import of oil from Russia to the United States. The ongoing conflict could result in the imposition of further economic sanctions by the United States and the EU against Russia, with uncertain impacts on the global economy. 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 other emerging markets or elsewhere or more generally if a "contagion" effect occurs.

Economic risk

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

Tourism income was U.S.$4.9 billion in 2020/21, as compared to U.S.$9.9 billion in 2019/20, U.S.$12.6 billion in 2018/19 and U.S.$9.8 billion in 2017/18. In 2019/20 and 2020/21, the Republic's tourism sector suffered materially from the COVID-19 pandemic. Egypt's tourism sector has also been affected by the recent conflict between Russia and Ukraine. In 2020/21, approximately 30% to 40% of the total number of tourists who visit Egypt came from Russia or Ukraine, representing less than 15% of total tourism receipts. Tourism receipts increased during the first six months of 2021/22 to U.S.$5.8 billion compared to U.S.$4.9 billion in 2020/21. While the Ministry of Tourism and Antiquities is currently launching several marketing campaigns across Europe to diversify its tourism sources, there can be no assurance that these campaigns will be successful.

The current account deficit decreased from U.S.$19.8 billion in 2015/16 to U.S.$14.4 billion in 2016/17 and to U.S.$6.0 billion in 2017/18, before increasing to U.S.$10.9 billion in 2018/19. The increase in the current account deficit in 2018/19 was primarily due to an increase in the investment income deficit and a decrease in net transfers, as well as the increase in the trade deficit. In recent years, decreases in net transfers (principally grants from GCC countries) (notwithstanding the increase in net current transfers in 2017/18), the reduction in tourism activity from historic levels and a decrease in the level of remittances from Egyptian workers abroad have contributed to the current account deficit. The current account deficit increased to U.S.$11.2 billion in 2019/20 primarily due to the decrease in tourism revenues in 2019/20 which was caused by the impact of the COVID-19 pandemic on the tourism industry. While workers' remittances from abroad increased during 2019/20, which helped to alleviate the impact of the COVID-19 pandemic on the Republic's current account, there can be no assurance that levels of remittances will increase or remain at current levels. Any decrease in workers' remittances could have a material adverse effect on the Republic's current account. During 2021/22, the current account deficit decreased to approximately U.S.$16.6 billion (against approximately U.S.$18.4 billion in 2020/21). This was primarily due to the unprecedented increase in merchandise exports (oil and non-oil, which rose by 53.1%), together with the significant recovery of the tourism revenues which more than doubled compared to the previous fiscal year. Moreover, a marked increase was seen in Suez Canal receipts. Further increases in the current account deficit could have a material adverse effect on the Egyptian economy, the Government's finances and its ability to service its foreign currency debt. Such factors have also contributed to Egypt's increasing fiscal deficit.

Following the liberalisation of the Egyptian Pound in November 2016 and the CBE's subsequent policy of non-intervention in foreign exchange markets, Net International Reserves ("**NIR**") with the CBE increased from U.S.$31.3 billion as at 30 June 2017, equivalent to 6.4 months of merchandise imports, to U.S.$44.3 billion as at 30 June 2018, equivalent to 8.4 months of merchandise imports, and to U.S.$44.5 billion as at 30 June 2019, equivalent to 8.0 months of merchandise imports, before decreasing to U.S.$38.2 as at 30 June 2020, equivalent to 7.3 months of merchandise imports, to U.S.$40.6 billion as at 30 June 2021, equivalent to 6.9 months of merchandise imports and decreasing to U.S$33.4 billion as at 30 June 2022, equivalent to 4.6 months of merchandise imports. As at 31 October 2022, NIR with the CBE were U.S.$33.4 billion, covering approximately 4.6 months of merchandise imports. There can be no assurance however, that NIR will increase or be maintained at such levels.

In 2020/21, the Government announced the launch of the second phase of its economic reform programme, known as the National Structural Reform Programme (the "**NSRP**"). The NSRP aims to achieve comprehensive, balanced, and sustainable growth, as well as achieving flexibility, productivity and competitiveness while enhancing job opportunities, reducing the trade deficit, and bridging the financing gap. As part of the NSRP, the Government is targeting an economic growth rate of 6-7% in the next three years (with an economic growth rate of 5.4% targeted in the 2021/22 budget), a primary surplus of 2.0% by the end of 2023/24 (with a primary surplus of 1.5% targeted in the 2021/22 budget) in 2021/22 and a decrease in the budget deficit to 5.5% by the end of 2023/24. The ability of the Government to meet the targets set out in the NSRP depends on the implementation of well-identified policy measures to achieve the stated objectives. In December 2020, the CBE announced a new annual headline inflation target of 7% (±2 percentage points) on average during the fourth quarter of 2022. A number of the targets in the Government's previous programme, including the inflation and fiscal deficit targets were revised in response to the COVID-19 pandemic. There can be no assurance that the Government's targets in the NSRP or other policies will not need to be further revised due to the COVID-19 pandemic or other factors. In addition, there can be no assurance that the Government's planned reforms will be fully implemented or that, if implemented, they will achieve the anticipated results or meet anticipated targets.

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

For details on the economic risks relating to the Russia-Ukraine conflict, see *"— Russia-Ukraine Conflict"*.

Egypt's deficit and debt levels

Egypt's fiscal deficits have led to increased levels of Government borrowing, which have, in turn, increased the public debt. Egypt's fiscal deficit remains high, representing 7.5% of GDP in 2018/19, 7.4% of GDP in 2019/20, 6.8% of GDP in 2020/21 and 6.1% of GDP in 2021/22 (based on preliminary actual numbers).

Further, several factors have recently put further pressure on the Egyptian economy, including supply chain disruptions since the COVID-19 pandemic and the ongoing Russia-Ukraine conflict, which impacted foreign trade and commodities prices globally. Such pressures have in turn had an effect on the inflation rate and exchange rates in Egypt, and subsequently on Egypt's deficit and debt levels as well. See also "—*Inflation Risks*" and "—*Exchange Rate Risks*". See *"—Russia-Ukraine Conflict"*.

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 Trust Certificates issued under the Programme).

Over the past five fiscal years, public debt, as a percentage of GDP, has remained high. Total budget sector debt represented 90.5% of GDP as at 30 June 2018, 83.9% of GDP as at 30 June 2019, 80.9% of GDP as at 30 June 2020, 84.6% of GDP as at 30 June 2021 and 87.2% of GDP (according to preliminary actual numbers) as at 30 June 2022. The 2022/23 budget targets budget sector debt of approximately 84.0% of GDP.

Total external public debt was 37.0% of GDP as at 30 June 2018, 36.0% of GDP as at 30 June 2019, 33.9% of GDP as at 30 June 2020, 34.2% of GDP as at 30 June 2021 and decreased to 32.6% of GDP as at 30 June 2022.

Gross external Government debt was 19.0% of GDP as at each of 30 June 2018 and 2019, 19.1% of GDP as at 30 June 2020, 20.5% of GDP as at 30 June 2021 and 17.2% of GDP as at 30 June 2022.

As at 31 March 2022, the Republic's projected medium- and long-term public external debt service was U.S.$15.5 billion for 2022 and U.S.$17.6 billion in 2023. High levels of indebtedness, which may increase as a result of continued borrowing, could negatively impact Egypt's credit rating and could have a material adverse effect on the Egyptian economy, the Government's finances and its ability to service its debt, including the Trust Certificates.

The Government's ability to finance fiscal deficits and roll over its existing debt depends in part on the ability and willingness of Egyptian banks to purchase securities and other credit instruments issued by the Government. In addition, a significant portion of short-term treasury instruments issued by the Government are purchased by international investors. Any market development which reduces foreign investor appetite for Egyptian government securities at current yields could force the CBE to issue new, higher coupon debt to continue to attract foreign investor inflows. Global macroeconomic turbulence, or a deterioration in investor perceptions of the creditworthiness of the Egyptian government and the broader health of the Egyptian economy could cause government security sell-offs, which could have an adverse effect on Egypt's foreign and local-currency sovereign credit ratings, the economy and public finances, as well as its ability to service debt in the future. Further, should foreign investor appetite for government securities issuances decrease sufficiently, it could erode the value of outstanding securities held by Egyptian banks, adversely affecting banks' balance sheets and the Egyptian banking system generally. In addition, as at 31 March 2022, 41.4%, or LE2,139.0 billion of outstanding domestic debt had a maturity of less than one year (as compared to 39.1%, or LE1,796.7 billion as at 30 June 2021). This high proportion of short-term debt, as well as increased Government borrowing requirements, could expose the Republic to increased rollover risk with respect to its public debt.

Exchange Rate Risks

The exchange rate of the Egyptian Pound has been volatile when measured against the U.S. Dollar, the Euro and other major foreign currencies and has generally declined in recent years. While the CBE historically managed the Egyptian Pound/U.S. Dollar exchange rate, it does not do so any longer. The CBE has acted within its mandate to maintain national financial and price stability in response to dislocations in financial markets, and any such responses in the future may involve interventions in currency markets, which could lead to fluctuation in foreign reserve levels. The value of the Egyptian Pound has been and continues to be impacted by a number of factors, many of which are outside of the control of the Government and the CBE. In addition, restrictions in auctions and on the interbank market, as well as only partial clearance of foreign exchange requests from commercial banks, historically generated a parallel market for foreign exchange. From time to time, there has also been a shortage of U.S. Dollars in the Egyptian market to service foreign currency transactions, as a result of which, the ability to repatriate foreign currency has been limited or curtailed, which has resulted and may, in the future, continue to result in reduced FDI and, therefore, reduced economic growth in Egypt. Since the 2011 Revolution, the currency has depreciated in value, and any future currency depreciation would increase, external debt servicing costs.

In March 2016, the Egyptian Pound was devalued against the U.S. Dollar by 13%, representing the then-largest devaluation of the Egyptian Pound in more than ten years. On 3 November 2016, the CBE announced the move to a liberalised exchange rate regime and other measures in order to quell distortions in the domestic foreign currency market and reduce foreign exchange shortages. Pursuant to the new exchange rate regime, banks and other market participants are at liberty to quote and trade at any exchange rate, and bid and ask exchange rates are determined by supply and demand. As a result, the Egyptian Pound depreciated against the U.S. Dollar to LE14.64 per U.S.$1.00 (buy rate) on 3 November 2016, as compared to LE8.8 (buy rate) per U.S.$1.00 on 2 November 2016. In 2018, 2019 and 2020, the average U.S. Dollar to Egyptian Pound exchange rate (buy rate), as published by the CBE, was U.S.$1.00 = LE17.77, U.S.$1.00 = LE16.81 and U.S.$1.00 = LE15.76, respectively.

On 28 February 2022, the official exchange rate (buy rate), as published by the CBE, was U.S.$1.00 = LE15.6504. A number of factors have caused the Egyptian pound to depreciate in 2022, including foreign currency outflows from foreign portfolio investors in reaction to the Russia-Ukraine conflict and the tightening of global monetary policies led by the US Federal Reserve. There have also been foreign currency exchange pressures in terms of local supply and demand dynamics, partially due to the increase in global oil and commodity prices. On 21 March 2022, the CBE announced the devaluation of the Egyptian Pound against the U.S. Dollar. On 28 April 2022, the official exchange rate (buy rate), as published by the CBE, was U.S.$1.00 = LE18.4360. On 27 October 2022, the Egyptian Pound depreciated for the second time in 2022. The official exchange rate (buy rate) on 22 November 2022, as published by the CBE, was U.S.$1.00 = LE22.4947. There can be no assurance that the currency will not depreciate further and exhibit a higher degree of volatility than it has historically displayed.

The depreciation of the Egyptian Pound against the U.S. Dollar, the Euro or other major foreign currencies could have an effect on Egypt's ability to repay its debt denominated in currencies other than the Egyptian Pound, including amounts due under the Trust Certificates. 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 2022, 66.5% of Egypt's total external debt was denominated in U.S. Dollars and 10.5% was denominated in Euros (as compared to 62.0% and 12.7% respectively, as at 30 June 2021, as compared to 62.8% and 12.9% respectively, as at 30 June 2020, 63.8% and 15.0%, respectively, as at 30 June 2019 and 63.5% and 15.0%, respectively, as at 30 June 2018). Recent depreciation in the value of the Egyptian Pound has led, and future depreciation could lead, to greater inflation, which, in turn, could have an adverse effect on the Egyptian economy, as well as on bank capitalisation. Significant interventions in the exchange rate (or a lack thereof), however, may affect Egypt's foreign currency reserves and may, in turn, have a material adverse effect on the Egyptian economy, the Government's finances and its ability to service its external debt.

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

Egypt's long-term foreign currency debt is currently assigned a rating of "B" with a stable outlook by S&P, a rating of "B3" with a stable outlook by Moody's and a rating of "B+" with a negative outlook by Fitch.

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

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 Trust Certificates 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 Trust Certificates, cause trading in the Trust Certificates to be volatile, adversely affect the trading price of the Trust Certificates and limit the Republic's access to the debt capital markets.

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

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

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

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

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

The incidence and perception of elevated levels of corruption remains a significant issue in Egypt. Egypt maintained its ranking at 117 out of 179 countries, with a score of 33 (with 1 being the most corrupt score and 100 being the least corrupt) in Transparency International's 2021 Corruption Perceptions Index.

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. See "*External Sector—Foreign Direct Investment*". In the World Bank's 2020 *Doing Business Survey*, Egypt ranked 114 out of 190 countries for ease of doing business. Egypt ranked 93 out of 141 countries in the World Economic Forum *Global Competitiveness Index 2019*.

The Government has committed to take proactive actions to improve the business climate to attract more foreign and domestic investment. See "*The Economy—External Sector—Investment Projects and Initiatives*." However, 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 and it may continue to decline

Since the 2011 Revolution, the Government's budget has benefited from foreign grants. Total grants amounted to LE3.2 billion (or 0.4% of total revenues and grants) in 2017/18, LE2.6 billion (or 0.3% of total revenues and grants) in 2018/19, LE5.3 billion (or 0.5% of total revenues and grants) in 2019/20, LE3.0 billion (or less than 0.3% of total revenues and grants) in 2020/21 and LE2.9 billion (or less than 0.2% of total revenues and grants) in 2021/22. The 2022/23 budget forecasts total grants of LE0.9 billion (or 0.1% of budgeted total revenues and grants).

The largest foreign grants have typically come from GCC countries. Foreign grants decreased in 2017/18 and in 2018/19, before increasing in 2019/20 and decreasing again in 2020/21 and 2021/22. 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. According to figures published by CAPMAS, the unemployment rate was 7.2% in the second quarter of 2022, as compared to 7.3% in the second quarter of 2021 and 9.6% in the second quarter of 2020.

The COVID-19 pandemic's impact on the Egyptian economy adversely affected unemployment in Egypt in 2020 and in 2021. In the second quarter of 2022, the percentage of unemployed people aged 15 to 29 was 61.3% of total unemployed people, according to data published by CAPMAS. In the past, the impact of terrorist attacks in Egypt has also negative impacted tourism receipts. Declines in tourism receipts has led to an increase in unemployment in the tourism sector, as the difficulties in the tourism sector result in lay-offs and fewer seasonal job opportunities. In addition, structural reforms, which Egypt has implemented, and is in the process of continuing to implement, as a condition for receiving funds from creditors, require actions, including subsidy reform, which may have an adverse impact on the financial circumstances of certain sectors of the Egyptian population, which have in the past and may continue to lead to instances of social unrest.

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

The EU is Egypt's largest trading partner. During 2021/22, the EU was the largest importer of Egyptian goods, purchasing 28.6% of Egyptian exports, as compared to 25.1% in 2020/21.

FDI inflows from the EU were U.S.$9.2 billion for 2019/20 (including the United Kingdom), representing approximately 58% of total FDI inflows (according to preliminary data), as compared to U.S.$10.0 billion for 2018/19, representing approximately 60.7% of total FDI inflows, and as compared to U.S.$7.9 billion for 2017/18, representing approximately 60.4% of total FDI inflows. As a result, the Egyptian economy is impacted by events in the EU, including events affecting the Euro and the Eurozone.

A decline in economic growth in Eurozone countries, any inability of such countries to issue securities in the sovereign debt market or to service existing debt or a protracted period of slow or negative economic growth in the Eurozone would reduce demand for Egyptian imports and may lead to reduced levels of FDI and tourism revenues received from the Eurozone. Economic weakness in the EU and other European and Mediterranean countries could lead to declines in Suez Canal traffic as import demand weakens in such countries, which could reduce the revenues the Government receives from such traffic. In addition, in

March 2021, transport through the Suez Canal was disrupted when a ship became lodged sideways across the waterway, resulting in the temporary closure of the canal and significantly delaying shipping. Further such disruptions could lead to long-term declines in Suez Canal traffic should alternative shipping routes become more reliable or otherwise more attractive. These events could have a material adverse impact on Egypt's balance of trade and have a material adverse effect on the Egyptian economy.

More broadly, Egypt's economy is vulnerable to external shocks, such as those which have previously been caused, and may in the future be caused, by instability in the global financial markets. In particular, the COVID-19 pandemic is continuing to have a material adverse effect on economies around the world, and this, in turn, is continuing to have a material adverse effect on Egypt. For further details of the effect of the COVID-19 pandemic on Egypt, see "*Response to COVID-19*". Should macroeconomic conditions continue to deteriorate, including as a result of the Russia-Ukraine conflict, 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.

The Government is making efforts to encourage the inclusion of the informal economy, including by way of financial inclusion and simplified tax systems for small and medium enterprises ("**SMEs**"). The Central Bank of Egypt's financial inclusion strategy aims to help draw small and medium-sized enterprises into the formal economy by digitalising payments and providing support for financially distressed SMEs, including by easing certain regulations and tightening others, such as regulations on how banks manage non-performing loans.

In July 2020, the Government also introduced the Micro, Small and Medium Enterprises ("**MSME**") Development Law, through which taxes will be simplified according to the volume of sales or business. As part of this, MSMEs will have no need for purchase books, documents or invoices. The MSME law allows business owners to determine the volume of their own sales. Where sales are less than LE250,000, the business will report taxes of LE1,000 annually. Where they are less than LE500,000, the business will report taxes of LE2,500 annually, and if they are less than LE1.0 million, the business will report taxes of LE5,000 annually. For those businesses reporting sales of between LE1.0 million and LE2.0 million, the tax will be at 0.5% of the volume of sales or business. If sales are between LE2.0 million and LE3.0 million, the tax will be at 0.75% of that amount. If sales are between LE3.0 million and LE10.0 million, the tax will be 1%.

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 traded 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 United Kingdom, 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. § 538.3 (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 1990's, 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 No 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 was, made challenging the constitutionality of Law 32, and the Supreme Constitutional Court upheld the constitutionality of Law 32 in January 2023.

In June 2017, an investment law was passed (Law No 72 of 2017) (the "**Investment Law**"), which provides for different dispute resolution mechanisms for disputes arising either among investors on the one hand or between investors and the government on the other as the case may be. Among these dispute mechanisms is the formation of two ministerial committees: one for the resolution of investment disputes and the other for the settlement of investment contract disputes. The Investment Law further provides for the establishment of one or more committees at the General Authority of Investment and Free Zones ("**GAFI**") to review complaints against administrative decisions. On 9 December 2020, Prime Minister Decree No. 2592 of 2020 was issued, which established the Supreme Commission for Arbitration and International Disputes to study and provide opinions in international arbitration disputes.

There are a number of ongoing investment treaty arbitrations and arbitral awards issued against Egypt and companies ultimately owned by the State. As of the date of this Offering Circular, there are 13 investment treaty arbitrations and international litigation proceedings against Egypt, of which seven are ICSID arbitrations. Egypt is defending these claims. Please see "*The Arab Republic of Egypt—Legal Proceedings*" for more information. If these awards are not successfully annulled, or if other proceedings are adversely determined or further awards are rendered, Egypt or the relevant company may face significant payment obligations, which could have a material adverse impact on Egypt's financial position and liquidity.

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

In April 2011, the Ethiopian government began construction of the Grand Ethiopian Renaissance Dam ("**GERD**") on the Blue Nile River, a tributary of the Nile River. The Government has stated its opposition to the construction of this dam due to the potential impact on Nile River flows. Following a series of delays, in January 2021, Government officials from Ethiopia, Egypt and Sudan re-opened negotiations surrounding the construction of the GERD. In March 2021, a request was made by Sudan for mediation by the UN in respect of the dispute. In June 2021, it was reported that African Union mediated talks aimed at negotiating an agreement between Ethiopia, Egypt and Sudan had stalled. In July 2021, the UN Security Council backed the African Union's mediation efforts, noting it was the most appropriate venue to address the dispute. There can be no assurance, however, that such negotiations will be continued and, if continued, successful.

Egypt, Sudan and Ethiopia have agreed on a schedule that includes a plan for filling GERD in stages, and on mechanisms for dealing with droughts, prolonged droughts, and years of water scarcity during the process of filling the dam, and during the dam operation. When completed, Nile River flows reaching Egypt may be reduced over several years as the reservoir behind the GERD fills. In future years, Nile River flows may also be reduced, as may the energy-generation capacity of the Aswan High Dam due to increased water volumes being retained in Ethiopia, rather than behind the Aswan High Dam. The impacts of such reduced flows cannot presently be assessed but may adversely affect agriculture and industry in the Republic and lead to social unrest and other economic and political challenges, which may have a significant adverse effect on the Egyptian economy.

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

Egypt's legal and regulatory systems and institutions are in various stages of development and are not yet as sophisticated as similar institutions in more developed markets. As a result, procedural safeguards, as well as formal regulations and laws, may not be applied consistently. In certain circumstances, it may not be possible to obtain the legal remedies provided under the relevant law and regulations in a timely manner, or at all. As the legal environment remains subject to ongoing development, investors in Egypt may face uncertainty as to the security of their investments. Any unexpected changes in Egypt's legal system may have a material adverse effect on the rights of Certificateholders.

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 Trust Certificates.

Risk factors relating to the Trust Certificates

Limitations relating to the indemnity provisions under the Purchase Undertaking and the Master Declaration of Trust

The Ministry of Finance has undertaken in the Purchase Undertaking and the Master Declaration of Trust that, in relation to any Series: (i) if, at the time of delivery of an Exercise Notice in accordance with the provisions of the Purchase Undertaking, the Ministry of Finance is in actual or constructive possession, custody or control of all or any part of the Lease Assets or Certificateholder Put Right Lease Asset(s), as the case may be; and (ii) if, following delivery of an Exercise Notice in accordance with the provisions of the Purchase Undertaking, the relevant Exercise Price or Certificateholder Put Right Exercise Price, as the case may be, is not paid in accordance with the provisions of the Purchase Undertaking for any reason whatsoever, the Ministry of Finance shall (as an independent, severable and separately enforceable obligation) fully indemnify (on an after Tax basis) the Trustee for the purpose of redemption in full of the Trust Certificates then outstanding or the Certificateholder Put Right Trust Certificates (as defined in the Purchase Undertaking), as the case may be, in respect of which the Exercise Notice is delivered and, accordingly, the amount payable under any such indemnity claim will equal the Exercise Price or the Certificateholder Put Right Exercise Price, as the case may be.

Subject to the satisfaction of the conditions described in the paragraph above, if the Ministry of Finance fails to pay the relevant Exercise Price or Certificateholder Put Right Exercise Price in accordance with the Purchase Undertaking, the Delegate (on behalf of the Certificateholders) may, subject to the matters set out in Condition 14 and the terms of the Master Declaration of Trust, seek to enforce, *inter alia*, the provisions of the Purchase Undertaking and the Master Declaration of Trust against the Ministry of Finance by commencing legal or arbitral proceedings.

However, investors should note that, in the event that the Ministry of Finance does not have actual or constructive possession, custody or control of all or any part of the Lease Assets at the time of delivery of the Exercise Notice in accordance with the provisions of the Purchase Undertaking, the condition in (i) as described above will not be satisfied and, therefore, no amounts will be payable by the Ministry of Finance under the separate indemnity provisions. For the avoidance of doubt, limited investigation has been or will be made by the Trustee, the Arrangers, the Dealers or the Delegate as to whether the Ministry of Finance has or will continue to have actual or constructive possession, custody or control of any Lease Assets.

Accordingly, in such event, the Delegate (on behalf of the Certificateholders) may be required to establish that there has been a breach of contract by the Ministry of Finance in order to prove for damages. Such breach of contract may be due to (i) a breach by the Ministry of Finance of the requirement to purchase the Trustee's rights, title, interests, benefits and entitlements in, to and under the Lease Assets on the relevant Dissolution Date pursuant to the provisions of the Purchase Undertaking; and/or (ii) a breach by the Ministry of Finance (acting in its capacity as Lessee pursuant to the provisions of the Master Lease Agreement) of its undertaking to maintain actual or constructive possession, custody or control of all of the Lease Assets.

As a result, the Delegate (on behalf of the Certificateholders) may not be able to recover, or may face significant challenges in recovering, an amount equal to the Exercise Price or Certificateholder Put Right Exercise Price, as the case may be, and in turn, the amount payable to the Certificateholders upon redemption.

The Trust Certificates are limited recourse obligations

The Trust Certificates are not debt obligations of the Trustee. Instead, the Trust Certificates represent an undivided ownership interest solely in the Trust Assets. Recourse to the Trustee in respect of the Trust Certificates is limited to the Trust Assets and the proceeds of such Trust Assets are the sole source of payments on the Trust Certificates. Upon the occurrence of a Dissolution Event, the sole rights of each of the Delegate and, through the Delegate, the Certificateholders, will be against the Ministry of Finance to perform its obligations under the Transaction Documents to which it is a party.

Certificateholders will have no recourse to any assets of the Trustee (other than the Trust Assets in the manner and to the extent contemplated by the Transaction Documents) in respect of any shortfall in the expected amounts due under the Trust Certificates. The Ministry of Finance is obliged to make certain payments under the Transaction Documents to which it is a party directly to the Trustee, and the Delegate will have direct recourse against the Ministry of Finance to recover such payments due to the Trustee pursuant to the Transaction Documents to which it is a party. In addition, investors have no direct recourse to the Trustee or the Ministry of Finance unless the Delegate or the Trustee, as the case may be, having become bound to proceed against the Trustee or the Ministry of Finance, respectively, (i) fails to do so within 30 days of becoming so bound or (ii) is unable for any reason (including by reason of an order of a court having competent jurisdiction) to do so, and in each case such failure or inability is continuing.

After enforcing the rights in respect of the Trust Assets (in the manner described above) and distributing the net proceeds of such Trust Assets in accordance with Condition 5.2, the obligations of the Trustee in respect of the Trust Certificates shall be satisfied and neither the Delegate nor any Certificateholder may take any further steps against the Trustee to recover any further sums in respect of the Trust Certificates and the right to receive any such sums unpaid shall be extinguished. Furthermore, under no circumstances shall the Trustee, the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the Trust Assets except pursuant to the Transaction Documents. The sole right of the Trustee, the Delegate and the Certificateholders against the Ministry of Finance shall be to enforce the obligation of the Ministry of Finance under the Transaction Documents to which it is a party. Accordingly, there is no assurance that the net proceeds of any enforcement action with respect to the Trust Assets (which, as described above, will be by way of enforcing each of the Ministry of Finance's and the Trustee's respective obligations under the Transaction Documents to which they are a party) will be sufficient to make all payments due in respect of the Trust Certificates.

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

The Conditions contain provisions regarding amendments, modifications and waivers, commonly referred to as "collective action clauses". Such clauses permit defined majorities to bind all Certificateholders, including Certificateholders who did not vote and Certificateholders who voted in a manner contrary to the majority. The relevant provisions also permit, in relation to Reserved Matters, multiple Series of Trust Certificates 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 Trustee expects that all Series of Trust Certificates issued under the Programme will include such collective action clauses, thereby giving the Trustee the ability to request modifications or actions in respect of Reserved Matters across multiple Series of Trust Certificates. This means that a defined majority of the holders of such Series of Trust Certificates (when taken in the aggregate only, in some circumstances, and/or individually) would be able to bind all holders of Trust Certificates 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 Trust Certificates with the consent of the holders of 75 per cent. of the aggregate face amount outstanding of such Series of Trust Certificates, and to multiple Series of Trust Certificates which may be issued by the Trustee with the consent of both: (i) the holders of 66⅔ per cent. of the aggregate face amount outstanding of all Series of Trust Certificates being aggregated; and (ii) the holders of 50 per cent. in aggregate face amount outstanding of each Series of Trust Certificates being aggregated. In addition, under certain circumstances, including the satisfaction of the Uniformly Applicable Condition (as more particularly described in the Conditions), any such modification or action relating to Reserved Matters may be made to multiple Series of Trust Certificates with only the consent of 75 per cent. of the aggregate face amount outstanding of all Series of Trust Certificates being aggregated, without requiring a particular percentage of the holders in any individual affected Series of Trust Certificates to vote in favour of any proposed modification or action. Any modification or action proposed by the Trustee or the Ministry of Finance (as the case may be) (with the agreement of the Delegate) may, at the option of the Trustee or the Ministry of Finance (as the case may be), be made in respect of some Series of Trust Certificates only and, for the avoidance of doubt, the provisions may be used for different groups of two or more Series of Trust Certificates simultaneously. At the time of any proposed modification or action, the Trustee or the Ministry of Finance (as the case may be) will be obliged, *inter alia*, to specify which method or methods of aggregation will be used by the Trustee or the Ministry of Finance (as the case may be).

There is a risk, therefore, that the Conditions of a Series of Trust Certificates may be amended, modified or waived in circumstances whereby the Certificateholders voting in favour of an amendment, modification or waiver may be holders of different Series of Trust Certificates and as such, less than 75 per cent. of the Certificateholders of the relevant Series 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 Trust Certificates may make the Trust Certificates less attractive to purchasers in the secondary market on the occurrence of a Dissolution Event or in a distress situation. Further, any such amendment, modification or waiver in relation to any Trust Certificates may adversely affect their trading price.

The foregoing also applies in respect of any securities issued or that may be issued outside of the Programme that contain such collective action clauses. In the future, the Trustee may issue 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 Trust Certificates issued under the Programme could be capable of aggregation with any such future securities.

Pursuant to the Conditions and the Purchase Undertaking, the Ministry of Finance is not required to effect equal or rateable payment(s) with respect to its other debt obligations, and is not required to pay other debt obligations at the same time or as a condition of paying sums under the Transaction Documents and *vice versa*

The Ministry of Finance's obligations under the Transaction Documents will at all times rank at least *pari passu* with all other unsecured and unsubordinated obligations of the Ministry of Finance. However, the Ministry of Finance 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 Ministry of Finance and, in particular, will have no obligation to pay other unsubordinated and unsecured obligations of the Ministry of Finance at the same time or as a condition of paying sums due under the Transaction Documents and *vice versa*. Accordingly, the Ministry of Finance may choose to grant preferential treatment to, and therefore prioritise payment obligations to, other unsecured and unsubordinated creditors of the Ministry of Finance as payments fall due.

Consents to variation of the Conditions, the Trust Certificates and the Transaction Documents

The Conditions, the Trust Certificates, the provisions of the Declaration of Trust or any other Transaction Document can only be amended by the Ministry of Finance and the Trustee with the prior written consent of the Delegate. The Delegate may agree, without the consent of the Certificateholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the Conditions, the Trust Certificates, the Declaration of Trust or any other Transaction Document or determine, without any such consent or sanction as aforesaid, that any Dissolution Event or Potential Dissolution Event shall not be treated as such, if, in the opinion of the Delegate:

(a) such modification is of a formal, minor or technical nature; or

(b) such modification is made to correct a manifest error; or

(c) such modification, waiver, authorisation or determination is not, in the sole opinion of the Delegate, materially prejudicial to the interests of Certificateholders and is other than in respect of a Reserved Matter,

provided that no such modification, waiver, authorisation or determination may be made in contravention of any express direction by Extraordinary Resolution or request in writing by the holders of at least 25 per cent. of the outstanding aggregate face amount of Trust Certificates.

Any such modification, waiver, authorisation or determination may be made on such terms and subject to such conditions (if any) as the Delegate may determine, shall be binding upon the Certificateholders and shall as soon as practicable thereafter be notified by the Trustee to Certificateholders in accordance with Condition 17.

Credit ratings assigned to the Ministry of Finance or any Trust Certificates do not reflect all the risks associated with an investment in the Trust Certificates and may be subject to revision or withdrawal

One or more independent credit rating agencies may assign credit ratings to the Ministry of Finance or the Trust Certificates issued under the Programme. The ratings may not reflect the potential impact of all risks related to the structure, market, additional factors discussed above and any other factors that may affect the value of the Trust Certificates. A credit 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. The Trustee has no obligation to inform Certificateholders of any revision, downgrade or withdrawal of its current or future sovereign credit ratings. A suspension, downgrade or withdrawal at any time of a credit rating assigned to the Ministry of Finance and/or the Trust Certificates may adversely affect the trading price of the Trust Certificates.

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

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

If the status of the rating agency rating the Trust Certificates changes, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the United Kingdom, as applicable, and the Trust Certificates may have a different regulatory treatment. This may result in relevant regulated investors selling the Trust Certificates which may impact the value of the Trust Certificates and any secondary market.

Trust Certificates where denominations involve integral multiples: Definitive Trust Certificates

In relation to any issue of Trust Certificates which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Trust Certificates may be traded in amounts in excess of the minimum Specified Denomination 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 face amount of less than the minimum Specified Denomination, would need to purchase an additional amount of Trust Certificates such that it holds an amount equal to at least the minimum Specified Denomination to be able to trade such Trust Certificates.

A holder who holds an amount which is less than the minimum Specified Denomination in his or her account with the relevant clearing system at the relevant time may not receive a Definitive Trust Certificate in respect of such holding (should Definitive Trust Certificates be printed or issued) and would need to purchase a face amount of Trust Certificates at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination in order to be eligible to receive a Definitive Trust Certificate.

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

The Trust Certificates may be subject to early dissolution by the Ministry of Finance

An early dissolution feature of any Trust Certificate is likely to limit its market value. During any period when the Ministry of Finance may elect to dissolve Trust Certificates, the market value of those Trust Certificates generally will not rise substantially above the dissolution amount payable. This also may be true prior to any dissolution period.

The Ministry of Finance may be expected to exercise an early redemption option when the Ministry of Finance's cost of financing is lower than the profit rate on the Trust Certificates. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective profit rate as high as the profit rate on the Trust Certificates 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 available at that time.

Shari'a rules are subject to different interpretation by different Shari'a boards and Shari'a scholars

The HSBC Global Shariah Supervisory Committee, the Shari'a Supervisory Board of Citi Islamic Investment Bank E.C., the Internal Shari'a Supervision Committee of Emirates NBD – Islamic, the Internal Shari'a Supervisory Committee of Abu Dhabi Islamic Bank, the Shariah Supervisory Board of Crédit Agricole Corporate and Investment Bank and the First Abu Dhabi Bank Internal Shariah Supervision Committee have confirmed that the Transaction Documents and the issue and trading of the Trust Certificates of any Series are, in their view, compliant with the principles of *Shari'a* as applicable to, and interpreted by, them. However, there can be no assurance that the Transaction Documents or any issue and trading of any Trust Certificates will be deemed to be *Shari'a* compliant by any other *Shari'a* board or *Shari'a* scholars. None of the Trustee, the Ministry of Finance, the Delegate, the Arrangers, the Dealers or the Agents makes any representation to potential investors as to the *Shari'a* compliance of any Trust Certificates and/or any trading thereof, the Transaction Documents or the above pronouncements and potential investors are reminded that, as with any *Shari'a* views, differences in opinion are possible. In addition, none of the Delegate, the Arrangers, the Dealers or the Agents will have any responsibility for monitoring or ensuring compliance with any *Shari'a* principles of debt trading referred to in Condition 10.3 nor shall it be liable to any Certificateholder or any other person in respect thereof. Potential investors should not rely on the above pronouncements in deciding whether to make an investment in the Trust Certificates and should obtain their own independent *Shari'a* advice as to whether the Transaction Documents, the Trust Certificates and the issue and trading of Trust Certificates will meet their individual standards of compliance with *Shari'a* principles, and should also make their own determination as to the future tradability of the Trust Certificates on any secondary market. Questions as to the *Shari'a* compliance of the Transaction Documents or the *Shari'a* permissibility of the issue and the trading of the Trust Certificates may limit the liquidity and adversely affect the market value of the Trust Certificates.

Shari'a requirements in relation to interest awarded by a court

In accordance with applicable *Shari'a* principles, each of the Trustee and the Delegate will waive all and any entitlement it may have to interest awarded in its favour by an arbitrator as a result of any arbitration and/or by a court in connection with any dispute under any of the Transaction Documents. Should there be any delay in the enforcement of a judgment or arbitral award given against the Ministry of Finance, judgment interest may accrue in respect of that delay and, as a result of the waiver referred to above, Certificateholders will not be entitled to receive any part of such interest.

Fixed rate risks

Investment in the Trust Certificates involves the risk that if market interest or profit rates subsequently increase above the Rate paid on the Trust Certificates, this will adversely affect the value of the Trust Certificates.

The Trust Certificates may be subject to exchange rate risks and exchange controls

The Trustee will pay all amounts due on any Trust Certificates, and the Ministry of Finance will make any payments pursuant to the Transaction Documents, 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. Any appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease: (a) the Investor's Currency equivalent yield on the Trust Certificates; (b) the Investor's Currency-equivalent value of the Dissolution Amount payable in respect of the Trust Certificates; and (c) the Investor's Currency-equivalent market value of the Trust Certificates.

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 than expected, or no payment at all.

A secondary market may not develop or be maintained for the Trust Certificates

The Trust Certificates of any Series may have no established trading market when issued, and one may never develop. If a market for the Trust Certificates does develop, it may not be very liquid. Therefore, investors may not be able to sell their Trust Certificates easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

Investors in the Trust Certificates must rely on DTC, Euroclear and Clearstream, Luxembourg procedures

Each Series of Trust Certificates issued under the Programme will be represented on issue by one or more Global Trust Certificates that may be deposited with, and registered in the name of a nominee for, DTC and/or a Common Depositary for Euroclear and Clearstream, Luxembourg. Except in the limited circumstances described in each Global Trust Certificate, investors will not be entitled to receive Definitive Trust Certificates. Each of DTC, Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the interests in each Global Trust Certificate held through it. While the Trust Certificates of each Series are represented by Global Trust Certificates, investors will be able to trade their interests only through the relevant clearing systems and their respective participants.

While the Trust Certificates of each Series are represented by Global Trust Certificates, the Trustee will discharge its payment obligation under the Trust Certificates by making payments through the relevant clearing systems. A holder of an interest in a Global Trust Certificate must rely on the procedures of the relevant clearing system and its participants in relation to payments under the relevant Series of Trust Certificates. The Trustee has no responsibility or liability for the records relating to, or payments made in respect of, interests in any Global Trust Certificate.

Holders of interests in a Global Trust Certificate will not have a direct right to vote in respect of the Trust Certificates 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.

Change of law

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

Risk factors relating to the Lease Assets

The occurrence of a Partial Loss Event could result in the Trust Certificates of the relevant Series being redeemed early

A "**Partial Loss Event**" is defined as the partial impairment of one or more Lease Assets (arising as a result of any event other than as set out in paragraph (b), including a failure by the Obligor (in its capacity as Seller under the relevant Purchase Agreement) to carry out Major Maintenance and Structural Repair) in a manner that substantially deprives the Lessee from the benefits expected from the whole of the Lease Assets, as determined by the Lessee and the occurrence of which: (a) has been certified in writing by a recognised independent industry expert; (b) has not arisen as a result of the Lessee's negligence or misconduct; and (c) does not constitute a Total Loss Event.

If a Partial Loss Event occurs with respect to the Lease Assets of a Series (the affected assets being the "**Impaired Lease Assets**"), the Lessee may, on or before the 30th day after the Partial Loss Event (and **provided that** the relevant Impaired Lease Assets have not already been replaced in accordance with clause 4.3 of the Master Purchase Agreement and clauses 2.2, 3.1.4, 3.5 and 3.7 of the Sale and Substitution Undertaking, deliver to the Lessor a Partial Loss Termination Notice, pursuant to which the Lease shall terminate on the 91st day after the date of the Partial Loss Event. If the Lessee does not serve a termination notice on or before the 30th day after the Partial Loss Event, it shall procure the replacement of the Impaired Lease Assets in accordance with clause 4.3 of the Master Purchase Agreement and clauses 2.2, 3.1.4, 3.5 and 3.7 of the Sale and Substitution Undertaking. If the Ministry of Finance does not procure such replacement on or before the 90th day after the date of the Partial Loss Event, the Lease shall automatically terminate on the 91st day after the Partial Loss Event occurred. Any such termination of the Lease in either of the circumstances set out in this paragraph shall constitute a MOF Event, following which the Trust Certificates of the relevant Series may be redeemed in full in accordance with the Conditions.

Risks relating to Enforcement

Investors may experience difficulty in enforcing foreign judgments in the Arab Republic of Egypt

Payments under the Trust Certificates are dependent upon the Ministry of Finance making payments to the Trustee in the manner contemplated under the Transaction Documents. If the Ministry of Finance fails to do so, it may be necessary to bring an action against the Ministry of Finance to enforce its obligations and/or to claim damages, as appropriate, which may be costly and time consuming.

The Trust Certificates and some of the Transaction Documents are governed by English law. Each of the Trustee and the Ministry of Finance will irrevocably submit to, and accept the non-exclusive jurisdiction of, the courts of England, with respect to any suit, action or proceeding arising out of or based on the Trust Certificates and such Transaction Documents and will irrevocably and unconditionally waive, to the fullest extent permitted by law, any objection which it 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 Arab Republic of Egypt 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 Arab Republic of Egypt; if such reciprocal treatment is not offered by the foreign court where the judgment is obtained, the Arab Republic of Egypt's courts will re-examine the merits of the case;
- the courts of the Arab Republic of Egypt 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 Arab Republic of Egypt.

There is no treaty between the Arab Republic of Egypt and the United Kingdom as to the enforcement of foreign court judgments which would satisfy the first criterion above. To the extent that either of the Trustee or the Ministry of Finance 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), it irrevocably agrees for the benefit of Certificateholders 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).

In addition, the Arab Republic of Egypt is a foreign sovereign state. Consequently, it may be difficult for investors to obtain or realise upon judgments of courts in England, the United States or any other country against the Trustee or the Ministry of Finance, 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 Certificateholders 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. Each of the

Trustee's and the Ministry of Finance's waiver of sovereign immunity shall constitute a limited and specific waiver for the purposes of the relevant Transaction Documents to which it is a party and the Trust Certificates and under no circumstances shall such waiver be interpreted as a general waiver by it or a waiver of immunity in respect of: (i) property used by a diplomatic or consular mission of the Arab Republic of Egypt; (ii) property of a military character and under the control of a military authority or defence agency of the Arab Republic of Egypt; or (iii) property located in the Arab Republic of Egypt and dedicated to a public or governmental use (as distinct from property dedicated to a commercial use) by the Arab Republic of Egypt. Without limiting the generality of (i), (ii) or (iii) in the preceding sentence, the holders of Trust Certificates shall have no recourse to the assets of the Central Bank of Egypt held for its own account.

Each of the following documents will be governed by the laws of the Arab Republic of Egypt:

(a) the master purchase agreement between the Trustee (in its capacity as purchaser), the Ministry of Finance (in its capacity as seller) and the Delegate dated 14 February 2023 (the "**Master Purchase Agreement**");

(b) each supplemental purchase agreement (each, a "**Supplemental Purchase Agreement**") having the details set out in the relevant Pricing Supplement;

(c) the master lease agreement between the Trustee (in such capacity as lessor), the Ministry of Finance (in its capacity as lessee) and the Delegate dated 14 February 2023 (the "**Master Lease Agreement**");

(d) each supplemental lease agreement (each, a "**Supplemental Lease Agreement**") having the details set out in the relevant Pricing Supplement; and

(e) each sale agreement or replacement agreement to be executed by the Trustee (in its capacity as seller), the Ministry of Finance (in its capacity as purchaser) and the Delegate (each, a "**Sale Agreement**" and "**Replacement Agreement**", respectively).

The documents in (a) to (e) shall together be defined as the "**Egyptian Law Documents**".

In respect of any dispute under any Egyptian Law Document, the Ministry of Finance agrees that such a dispute shall be resolved by arbitration according to the Rules of Arbitration of the Cairo Regional Centre for International Commercial Arbitration ("**CRCICA**"). Any judgement issued by CRCICA will be upheld and recognised and enforced in Egypt in accordance with Law No. 27 for 1994 governing arbitration (the "**Arbitration Law**"). It should be noted, however, that once the arbitral tribunal renders its award, the award became final, and the arbitration decision may not be challenged through any methods of appeal. Nevertheless, the party against whom the award has been issued may request that the award be declared null and void if certain conditions specified by Egyptian law are satisfied. The Cairo Court of Appeal is the competent court to review claims filed related to annulment of arbitration awards issued by CRCICA in the event that any of the following conditions are applicable:

(a) if the award was based on an invalid arbitration agreement or it was voidable or its duration had elapsed;

(b) either party to the arbitration agreement was at the time of the conclusion of the arbitration agreement fully or partially suffered from lack of capacity according to the law;

(c) either party was denied the opportunity to properly present its case before the tribunal;

(d) the arbitral award failed to apply the provisions of law agreed upon by the parties;

(e) the composition of the arbitral tribunal or the appointment of the arbitrators was in conflict with the Arbitration Law or the parties' agreement;

(f) the arbitral award dealt with matters not falling within the scope of the arbitration agreement or exceeds the limits of this agreement; or

(g) the arbitral award or award-related procedures contain a legal violation causing nullity.

To establish nullity of the arbitral award, the court decides whether to accept or reject the case, considering whether or not the conditions set out above are entirely fulfilled. The tribunal has no authority to review the evidence submitted to the arbitrator or alter the merits of an arbitration award.

ENFORCEABILITY OF CIVIL LIABILITIES

The Arab Republic of Egypt is a foreign sovereign state. Consequently, it may be difficult for investors to obtain or realise upon judgments of courts in England, the United States or any other country against the Ministry of Finance, 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 Certificateholders 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.

Each of the Trustee and the Ministry of Finance has irrevocably appointed the Ambassador of the Arab Republic of Egypt to the Court of St James's as its authorised agent for the service of process in England and Wales on whom process may be served in any action arising out of, or based on, the Trust Certificates and the Transaction Documents.

Each of the Trustee and the Ministry of Finance will irrevocably submit to, and accept the non-exclusive jurisdiction of, the courts of England, with respect to any suit, action or proceeding arising out of or based on the Trust Certificates and the Transaction Documents and will irrevocably and unconditionally waive, to the fullest extent permitted by law, any objection which it 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 Arab Republic of Egypt 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 Arab Republic of Egypt; if such reciprocal treatment is not offered by the foreign court where the judgment is obtained, the Arab Republic of Egypt's courts will re-examine the merits of the case;

- the courts of the Arab Republic of Egypt 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 Arab Republic of Egypt.

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

To the extent that either of the Trustee or the Ministry of Finance 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), it irrevocably agrees for the benefit of Certificateholders 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).

Each of the Trustee's and the Ministry of Finance's waiver of sovereign immunity shall constitute a limited and specific waiver for the purposes of the Transaction Documents to which it is a party and the Trust Certificates and under no circumstances shall such waiver be interpreted as a general waiver by it or a waiver of immunity in respect of: (i) property used by a diplomatic or consular mission of the Arab Republic of Egypt; (ii) property of a military character and under the control of a military authority or defence agency of the Arab Republic of Egypt; or (iii) property located in the Arab Republic of Egypt and dedicated to a public or governmental use (as distinct from property dedicated to a commercial use) by the Arab Republic of Egypt. Without limiting the generality of (i), (ii) or (iii) in the preceding sentence, the holders of Trust Certificates shall have no recourse to the assets of the Central Bank of Egypt held for its own account.

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

Each of the Egyptian Law Documents will be governed by the laws of the Arab Republic of Egypt. In respect of any dispute under any Egyptian Law Document, the Ministry of Finance agrees that such a dispute shall be resolved by arbitration according to the Rules of Arbitration of the CRCICA. Any judgement issued by CRCICA will be upheld and recognized and enforced in Egypt in accordance with the Arbitration Law. It should be noted, however, that once the arbitral tribunal renders its award, the award became final, and the arbitration decision may not be challenged through any methods of appeal. Nevertheless, the party against whom the award has been issued may request that the award be declared null and void if certain conditions specified by Egyptian law are satisfied. The Cairo Court of Appeal is the competent court to review claims filed related to annulment of arbitration awards issued by CRCICA in the event that any of the following conditions are applicable:

(a) if the award was based on an invalid arbitration agreement or it was voidable or its duration had elapsed;

(b) either party to the arbitration agreement was at the time of the conclusion of the arbitration agreement fully or partially suffered from lack of capacity according to the law;

(c) either party was denied the opportunity to properly present its case before the tribunal;

(d) the arbitral award failed to apply the provisions of law agreed upon by the parties;

(e) the composition of the arbitral tribunal or the appointment of the arbitrators was in conflict with the Arbitration Law or the parties' agreement;

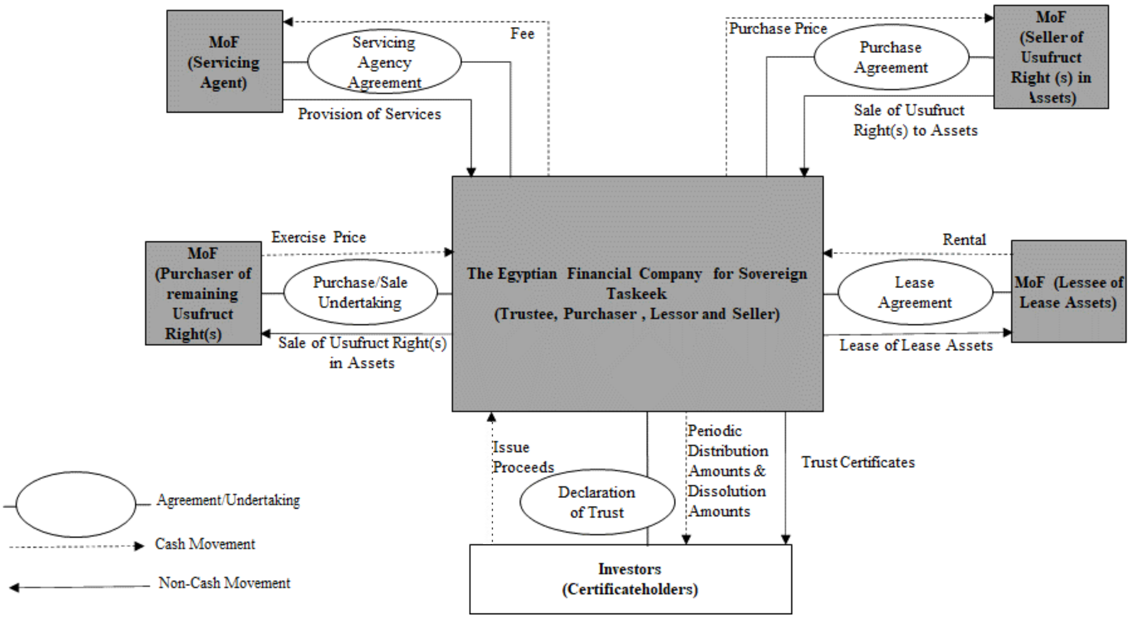
(f) the arbitral award dealt with matters not falling within the scope of the arbitration agreement or exceeds the limits of this agreement; or

(g) the arbitral award or award-related procedures contain a legal violation causing nullity.

To establish nullity of the arbitral award, the court decides whether to accept or reject the case, considering whether or not the conditions set out above are entirely fulfilled. The tribunal has no authority to review the evidence submitted to the arbitrator or alter the merits of an arbitration award.

STRUCTURE DIAGRAM AND CASHFLOWS

Set out below is a simplified structure diagram and description of the principal cash flows underlying each Series of Trust Certificates to be issued under the Programme. Potential investors are referred to the Conditions and the detailed descriptions of the relevant Transaction Documents set out elsewhere in this document for a fuller description of certain cash flows and for an explanation of the meaning of certain capitalised terms used below.



Cashflows

Payments by the Certificateholders and the Trustee

On the Issue Date of each Tranche of Trust Certificates, the relevant Certificateholders will pay the issue price (the "**Issue Proceeds**") in respect thereof to the Trustee, and the Trustee will pay the Issue Proceeds as the purchase price (the "**Purchase Price**") payable under the relevant Supplemental Purchase Agreement for the right of usufruct granted pursuant to the Sovereign Sukuk Law of Egypt No. 138 for 2021 and its Executive Regulations (the "**Usufruct Right(s)**") in or relating to certain real estate asset(s) located in the Arab Republic of Egypt (in the case of the first Tranche of a Series of Trust Certificates, the "**Assets**" or, if applicable, (in the case of each subsequent Tranche of a Series) the "**Additional Assets**").

For the avoidance of doubt, all references in this Base Offering Circular to any transfer or sale of assets shall, where the context so permits, mean the Usufruct Right(s) in or relating to such assets.

Periodic Payments by the Trustee

On the payment business day before each Periodic Distribution Date, the Ministry of Finance, acting in its capacity as Lessee under the Lease Agreement will pay the relevant rental amount directly into the Transaction Account, which amount is intended to be sufficient to fund the Periodic Distribution Amount payable by the Trustee under the Trust Certificates and shall be applied by the Trustee for that purpose.

Dissolution Payments

On the Scheduled Dissolution Date, the Trustee and the Delegate will have the right under the Purchase Undertaking to require the Ministry of Finance (in its capacity as Obligor) to purchase all of its rights, title, interests, benefits and entitlements, present and future, in, to and under the remaining Usufruct Right(s) to the Lease Assets for an amount equal to the Exercise Price.

The Exercise Price payable by the Ministry of Finance (in its capacity as Purchaser) to the Trustee (in its capacity as Seller) is intended to fund the relevant Final Dissolution Amount payable by the Trustee under the Trust Certificates.

The Trust may be dissolved prior to the Scheduled Dissolution Date for a number of reasons including: (i) unless the relevant Impaired Lease Assets have been replaced in accordance with clause 4.3 of the Master Purchase Agreement and clauses 2.2, 3.1.4, 3.5 and 3.7 of the Sale and Substitution Undertaking, upon the occurrence of a Total Loss Event (as defined herein); (ii) upon the occurrence of a Dissolution Event (as defined herein); or (iii) in certain cases where so specified in the applicable Pricing Supplement, at the option of the Ministry of Finance or any Certificateholder. In the case of (ii) and (iii) above, the relevant Dissolution Amount will be funded by requiring the Ministry of Finance to purchase the remaining Usufruct Right(s) to the relevant Lease Assets and pay the relevant Exercise Price, Optional Dissolution Exercise Price or Certificateholder Put Right Exercise Price, as the case may be. In the case of (i) above, the Dissolution Amount will be funded using (a) the Unutilised Usufruct Amount payable by the Ministry of Finance in its capacity as Seller pursuant to the Total Loss Event Payment Undertaking and (b) the outstanding Supplementary Rental payable by the Ministry of Finance in its capacity as Lessee, in each case which are required to be paid into the Transaction Account (as defined herein) by no later than the 91st day after the occurrence of the Total Loss Event.

USE OF PROCEEDS

The net proceeds of each Tranche of Trust Certificates issued under the Programme will be applied by the Trustee pursuant to the terms of the relevant Transaction Documents on the relevant Issue Date towards the purchase from the Ministry of Finance of all of its rights, title, interests, benefits and entitlements, present and future in, to and under (in the case of the first Tranche) the Usufruct Right(s) to the Assets and, if applicable (in the case of each subsequent Tranche) the Usufruct Right(s) to the Additional Assets pursuant to the relevant Purchase Agreement.

The amounts received by the Ministry of Finance in consideration for the transactions entered into with the Trustee as set out above, shall be used to finance investment and development projects included in the economic and social development plan in the State's general budget.

DESCRIPTION OF THE TRUSTEE

General

The Egyptian Financial Company for Sovereign Taskeek is a joint stock company incorporated in Egypt on 25 May 2022 for a period of 99 years (which is renewable) pursuant to decree No. 216 of 2022 and operates under the Sovereign Sukuk Law No. 138 of 2021 and its Executive Regulations no. 1574 of 2022. Trustee's registered number is 434624, its registered office is 2 Hassan Mourad st., Garden City, Cairo, Egypt and its telephone number is +20 101 101 0163.

Business of the Trustee

The Trustee has limited operating history or prior business and does not and will not have any substantial liabilities other than in connection with trust certificates that have been, and will be, issued under the Programme or under future programmes. The objects for which the Trustee is established are issuing sovereign sukuk and managing and implementing the Taskeek process for sovereign sukuk inside and outside the Arab Republic of Egypt.

Financial Statements

Since the date of its incorporation, no financial statements of the Trustee have been prepared. The Trustee is not required by Egyptian law to publish audited financial statements.

Directors of the Trustee

The Directors of the Trustee are as follows:

Name:	**Principal Occupation:**
Dr. Hussein Mohamed Eissa	Chairman
Mr. Hassan Mohamed Hafez	Managing Director
Mr. Ahmed Abdul Razek Mohamed	Member of the Board of Directors
Dr. Sherif Hazem Elbahnasy	Member of the Board of Directors
Ms. May Adel Ahmed	Member of the Board of Directors

The business address of each Director of the Trustee is c/o Ministry of Finance, 2 Hassan Mourad st., Garden City, Cairo, Egypt.

There are no conflicts of interest between the private interests or other duties of the Directors of the Trustee listed above and their respective duties to the Trustee.

Trustee Committees/Supervisory Bodies

Supervisory Committee: A committee composed of specialists in the fields of finance, economics, law, and Islamic law (Sharia). The Supervisory Committee is competent to verify the dealings on Sovereign Sukuk, starting from its issuance to value redemption, in accordance with the principles of Sharia, and other competencies stipulated in the Sovereign Sukuk Law referred to.

Higher Evaluation Committee: A committee of experts concerned with evaluating the usufruct right and estimating the rental value of the assets used as basis for the issuance of Sovereign Sukuk.

Corporate Governance

The Issuer has adopted corporate governance policies which comply with the Egyptian laws, rules and regulations, in particular the Sovereign Sukuk Law No. 138 of 2021 and its Executive Regulations no. 1574 of 2022 and the Egyptian Companies Law No. 159 of 1981.

Capital Structure

As of 25 May 2022, the Issuer's authorised capital amounted to EGP 2,000,000; and its issued capital amounted to EGP 1.000.000, divided into 1000 ordinary shares of EGP 1000 each.

Major Shareholders

As at 25 May 2022, 100 per cent. of the Issuer's shares were held by the Ministry of Finance.

OVERVIEW OF THE ARAB REPUBLIC OF EGYPT

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

Arab Republic of Egypt

Egypt is the most populous country in the Middle East and the third most populous country in Africa. Egypt is located in North Africa, bordering the Mediterranean Sea, the Red Sea, Libya, the Gaza Strip, Israel and Sudan. According to CAPMAS, Egypt had a population of 103.60 million in July 2022 compared with 102.88 million in January 2022, reflecting growth of 0.7%.

Political Developments

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

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

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

In January 2014, the current Constitution was adopted by referendum. The Constitution came into force on 18 January 2014, with the abolition of the Shoura Council being one of its prominent changes to the political system. President Abdel Fattah Al-Sisi was sworn in on 8 June 2014. Further Presidential and parliamentary elections took place between 26 and 28 March 2018. On 2 April 2018, the National Elections Authority declared President Al-Sisi the winner of the elections, securing a second four-year term after winning 97.1% of the valid votes cast. Historically, under Article 140 of the Constitution, the President served for a four-year term and could be re-elected once. Accordingly, this would have been President Al-Sisi's final term, expiring in March 2022.

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

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

President Al-Sisi appointed Mr. Mostafa Madbouly as Prime Minister in June 2018. In 2019, certain amendments were proposed to the Constitution, including making the Parliament a bicameral body. The Shura Council, which was abolished in 2014, was to be restored as the Senate, an advisory body without legislative powers. On 16 April 2019, the Parliament approved the proposed amendments, which were subsequently approved by referendum in April 2019.

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

The Egyptian Economy

The Republic's economy grew significantly in the period from 2004/05 to 2009/10 (at an average annual rate of 5.9%), primarily due to economic reforms implemented during that period. Economic growth was driven primarily by domestic consumption, while investment grew at a slower rate and the external sector contributed negatively. However, while the unemployment rate fell during this period, it remained high among young people. Following the 2011 Revolution, the growth rate of the economy (in real GDP terms) slowed to 2.2% in 2011/12, 2.2% in 2012/13 and 2.9% in 2013/14 before increasing to 4.4% in 2014/15, decreasing to 4.3% in 2015/16 and 4.2% in 2016/17, increasing to 5.3% in 2017/18, to 5.6% in 2018/19 and decreasing to 3.6% in 2019/20. The decrease in GDP growth rate in 2019/20 was primarily due to the impact of the COVID-19 pandemic on output in the real sector. According to the latest data announced by the Ministry of Petroleum and Mineral Resources ("**MOP**"), GDP growth in 2020/21 was 3.3%, increasing to 6.6% in 2021/22.

Given the diversified nature of the Egyptian economy, a broad range of sectors, including agriculture, manufacturing and tourism, have contributed to the overall recovery of the economy in recent years, thereby reducing the economy's reliance on any one sector. The IMF has projected Egypt's real GDP growth at 5.0% for 2023. See "*The Economy—Gross Domestic Product*".

Economic reforms in Egypt contributed to double digit inflation rates in 2016, 2017 and 2018. CPI was recorded at 13.8% in 2016, 29.5% in 2017 and 14.4% in 2018. However, single digit inflation rates were recorded from 2019 onwards. CPI was 9.2% in 2019 and 5.0% in 2020 before increasing slightly to 5.2% in 2021. In 2021/22, CPI was 8.5%, compared with 4.5% in 2020/21. These changes are calculated as annual averages and figures are based on June of each year. Following the liberalisation of the Egyptian Pound in November 2016 and the fiscal consolidation measures implemented, annual headline inflation increased significantly, reaching 33.0% in July 2017 (with annual core inflation reaching 35.3% in July 2017) but declined to 7.1% in December 2019 and to 5.4% in each of December 2020 and July 2021. Annual headline inflation was 5.9% in December 2021, 7.3% in January 2022, 8.8% in February 2022, 10.5% in March 2022, 13.1% in April 2022 and 13.5% in May 2022. It decreased slightly to 13.2% in June 2022. From July 2022, annual headline inflation continued to increase to 13.6%, 14.6% in August 2022, 15.0% in September 2022 and 16.2% in October 2022. See "*Risk Factors—Risk Factors Relating to Egypt—Inflation Risks*".

Following the liberalisation of the Egyptian Pound in November 2016 and the CBE's subsequent policy of non-intervention in foreign exchange markets, NIR with the CBE increased from U.S.$31.3 billion as at 30 June 2017, equivalent to 6.4 months of merchandise imports, to U.S.$44.3 billion as at 30 June 2018, equivalent to 8.4 months of merchandise imports, increasing further to U.S.$44.5 billion as at 30 June 2019, equivalent to 8.0 months of merchandise imports, before decreasing to U.S.$38.2 as at 30 June 2020, equivalent to 7.3 months of merchandise imports, to U.S.$40.6 billion as at 30 June 2021, equivalent to 6.9 months of merchandise imports, and decreasing to U.S.$33.4 billion as at 30 June 2022, equivalent to 4.6 months of merchandise imports. As at 31 October 2022, NIR with the CBE were U.S.$33.4 billion, covering approximately 4.6 months of merchandise imports.

In the period from July 2014 to August 2016, the value of the Egyptian Pound, calculated on a monthly average basis, depreciated against the U.S. Dollar from U.S.$1.00 = LE7.14 to U.S.$1.00 = LE8.78, 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 = LE8.78. Following the CBE's exchange rate liberalisation, the Egyptian Pound depreciated further to U.S.$1.00 = LE14.6350 (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 = LE14.6350 on 3 November 2016 and a low of U.S.$1.00 = LE19.35 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 = LE18.00. 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 limited liquidity and continued uncertainty over foreign exchange backlogs. In October 2022, the Egyptian Pound depreciated for the second time in 2022 to U.S.$1.00 = LE24.0578 (buy rate). On 11 January 2023, the official exchange rate (buy rate), as published by the CBE, was U.S.$1.00 = LE29.6333. See "*—Foreign Exchange*".

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

Net FDI inflows decreased from U.S.$7.9 billion in 2016/17 (3.0% of GDP) to U.S.$7.7 billion in 2017/18 (2.9% of GDP), increasing to U.S.$8.2 billion in 2018/19 (2.6% of GDP) and decreasing to U.S.$7.5 billion in 2019/20 (1.9% of GDP). The decrease in net FDI inflows in 2019/20 as compared with 2018/19 was primarily a result of the impact of the COVID-19 pandemic. During 2021/22, net FDI rose to U.S.$8.9 billion (1.9% of GDP) compared with U.S.$5.2 billion (1.2% of GDP) a year earlier. See "*External Sector—Foreign Direct Investment*".

Economic, Fiscal and Monetary Reforms

Following the completion of the 2016 economic reform programme, in 2020/21 the Government announced the launch of the second phase of its economic reform programme, known as the National Structural Reform Programme (the "**NSRP**") for 2021/2024. The NSRP targets the root causes of imbalances in the real sector and business environment in order to encourage inclusive growth, create new job opportunities, diversify and develop production patterns, improve the business climate, localise manufacturing, and enhance the competitiveness of Egypt’s exports, with the aim of achieving sustainable and inclusive economic development.

The NSRP encompasses six pillars. The main pillar aims to expand the relative weight of three leading sectors in the Egyptian economy: manufacturing, agriculture, and information communications technology ("**ICT**"). The Government is aiming to boost exports in these sectors, create jobs and encourage the growth of small and medium-sized enterprises.

The supporting pillars include: (1) improving labour market efficiency and the technical and vocational education training ("**TVET**") system, (2) promoting the business environment and enhancing the role of the private sector, (3) upgrading the governance and the efficiency of public institutions, (4) promoting financial inclusion and facilitating access to finance, and (5) bolstering human capital development, including education, health, and social protection. Each pillar is supported by well-defined targets, covering structural and legislative measures. See "*The Economy–Government Programme, Recent Developments and Reforms*".

On 11 May 2020, the Executive Board of the IMF approved the Republic's request for emergency financial assistance of SDR 2,073.1 million (approximately U.S.$2.8 billion). This Rapid Funding Instrument was designed to help alleviate the Republic's financial needs, enabling spending on health, social protection, and supporting the most affected sectors and vulnerable groups. On 26 June 2020, the Executive Board of the IMF approved Egypt's request for a U.S.$5.2 billion 12-month SBA, which, *inter alia*, also aims to alleviate the economic impact of the COVID-19 pandemic. An initial disbursement of SDR 1,158.0 million (approximately U.S.$1.7 billion) was made in June 2020. The first review of the SBA was completed on 18 December 2020, which permitted the Government to draw the equivalent of SDR 1,158.0 million (approximately U.S.$1.7 billion). The second and final review of the SBA was completed on 23 June 2021, which permitted the disbursement of a third tranche in the amount of SDR 1,158.0 million (approximately U.S.$1.7 billion), bringing total disbursements under the SBA to SDR 3,763.6 million (approximately U.S.$5.4 billion). In May 2022, the Government and the United Nations signed a declaration of intent to support implementation of the NSRP.

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

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

Selected Economic Information[(1)(2)]

	2016/17	2017/18	2018/19	2019/20	2020/21[(3)]	2021/22	July to September 2021/22	July to September 2022/23
Domestic Economy								
Nominal GDP (*LE billions*)	3,470	4,437	5,322	5,855	6,341	—	—	—
Nominal GDP (*U.S.$ billions*)	236	251	303	365	405	—	—	—
Real GDP (*LE billions*)[(4)]	1,998	3,654	3,858	3,995	4,128	—	—	—
Real GDP (*U.S.$ billions*)	136	207	220	249	263	—	—	—
Real GDP Growth Rate (*%*)[(5)(6)]	4.2	5.3	5.6	3.6	3.3	6.6	—	—
Consumer Price Index (%)[(7)]	29.8	14.4	9.4	5.6	4.9	13.2	6.6	15.0
Total population (in millions as at 1 July)	91.3	95.2	97.2	98.9	100.6	102	102.3	103.9
Balance of Payments								
Exports of Goods (*FOB*) (*in U.S.$ millions*)	21,728	25,827	28,495	26,376	28,677	43,906	—	—
Imports of Goods (*CIF*) (*in U.S.$ millions*)	-59,003	-63,103	-66,529	-62,841	-70,736	-87,302	—	—
Current Account Balance (*in U.S.$ millions*)	-14,394	-5,962	-10,894	-11,167	-18,436	-16,551	—	—
Overall Balance (*in U.S.$ millions*)	13,717	12,788	-103	-8,587	1,862	-10,546	—	—
Net International Reserves (*in U.S.$ millions*)	31,305	44,259	44,481	38,176	40,584	33,376	—	33,198 (8)
Months of Import Coverage	6.4	8.4	8	7.3	6.9	4.6	—	4.6(8)
Public Finance (*LE millions*)								
Total Revenues	659,184	821,134	941,910	975,429	1,108,625	1,325,571	223,903.7[(9)]	258,850.3(9)
Total Expenditure	1,031,941	1,244,408	1,369,870	1,434,723	1,578,774	1,812,074	391,331.9[(9)]	466,418.9(9)
Overall Fiscal Balance	-379,590	-432,579	-429,951	-462,775	-472,345	-484,798	-168,003.1[(9)]	-206,775.2(9)
Overall Deficit *(% of GDP*)	10.2	9.1	7.5	7.4	6.8	6.1	2.12[(9)]	2.27(9)
Primary Balance *(% of GDP*)	-1.7	0.1	1.8	1.7	1.3	1.3	0.09[(9)]	(0.11)(9)
Gross External Debt/GDP[(10)] (*%*)	33.6	37	36	33.9	34.2	32.6	—	—

(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 figures. GDP information is as reported by the CBE.
(4) Real GDP at constant prices for 2012/13 – 2016/17 is calculated using 2011/12 as the base year. Real GDP at constant prices for 2017/18 and 2018/19 is calculated using 2016/17 as the base year.
(5) Percentage change from previous year.
(6) The IMF has projected Egypt's real GDP growth at 5.0% for 2023.
(7) Annual rate of change. Data is presented for the years ended 30 June 2017, 2018, 2019, 2020, 2021 and 2022 and for the nine months ended 30 September 2021 and 2022, respectively.
(8) As at 30 September 2022. Months of import coverage is calculated based on 2021/22 imports of goods.
(9) For the period from July 2022 to September 2022 compared with July 2021 to September 2021.
(10) Gross External Debt as percent of GDP figures are as reported by CBE.

DOCUMENTS INCORPORATED BY REFERENCE

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

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

RESPONSE TO COVID-19

In common with most other countries, the COVID-19 pandemic has had, and will continue to have, a significant effect on the Republic. As at 31 October 2022, the Republic reported 515,240 infections, 490,442 recoveries and 24,798 deaths. Actual numbers of those who have contracted the virus may be even higher due to asymptomatic cases, as well as due to infections and deaths that remain undiscovered, and the exclusion of private test results from official figures. The Government has taken a number of measures in response to the COVID-19 pandemic. See also "*Risk Factors—Risk Factors Relating to Egypt—COVID-19 Pandemic*".

Government Policy Response

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

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

Emergency Health Measures

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

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

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

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

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

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

The Government launched its COVID-19 immunisation programme on 24 January 2021 by administering doses to its healthcare workers, who received the vaccine for free, followed by those suffering from chronic diseases and the elderly. As at January 2022, more than 2,200 medical centres were set up nationwide to administer the vaccine. The number of the vaccination centres has been adjusted regularly according to the number of vaccines being administered. In June 2021, the Prime Minister announced the intention for 40% of the population to have received at least one dose of a COVID-19 vaccine by 31 December 2021. This goal was achieved, and as at 31 October 2022, more than 50 million people have received at least one dose of a COVID-19 vaccine, and more than 39 million people have received two doses of a COVID-19 vaccine.

The Republic's COVID-19 vaccines come from various sources, including the COVAX facility, domestic production, purchases and donations. As at 17 September 2021, there were six COVID-19 vaccines approved for use in Egypt – Sinopharm, Sinovac, AstraZeneca, Moderna, Pfizer and Janssen. A total of 129,334,489 doses were received from these sources. See also "*Risk Factors–Risk Factors Relating to Egypt – COVID-19 Pandemic*".

Transportation

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

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

Education

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

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

Regulatory changes

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

Financial Measures

Fiscal stimulus

Egypt announced a U.S.$6.1 billion (LE100 billion) stimulus package and numerous tax relief initiatives. Of this package, LE17.4 billion has been allocated to support the wages of public health staff (with a 75% allowance for wages), the purchase of medical and preventive supplies and equipment, and the purchase of meals and other additional ancillary costs. Other relief and stimulus measures include support for several sectors of the economy which are particularly impacted by COVID-19, including the tourism, health, manufacturing, industrial, agricultural, construction, export, aviation and entertainment sectors. These measures include: a LE3.4 billion package to support the tourism industry; a loan of LE2 billion to EgyptAir with a two-year grace period; allocating LE14 billion to pay contractors and suppliers working on Government investment programmes; the reduction of natural gas and electricity prices to industrial customers and certain other fuel price support (by means of unifying prices and reducing tariffs); the ability of companies located in free zones to temporarily sell their products on the domestic market; the facilitation of low-cost financing for the import of key commodities and repatriation assistance for Egyptians abroad; deploying approximately LE3 billion to provide a cash subsidy of LE500 per month for affected workers; a 14% raise for pensioners; and LE20 billion (U.S.$1.3 billion) to support the EGX.

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

CBE measures

In March 2020, the CBE deployed 11.8% of its net international reserves to partially cover foreign portfolio investment outflows through the CBE's foreign exchange repatriation mechanism and accommodate the Republic's domestic market foreign currency needs to import strategic goods and repay of external debt service obligations. See "*External Sector—General*" and "*Monetary System—Net International Reserves*".

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

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

- ***Deferring all customers' credit dues (corporates, individuals and SMEs):*** retail loans and mortgage loans for personal housing were deferred for a period of six months and were exempted from late interest fees or additional fines for late payments, without considering this period a significant increase in credit risk.

- ***Setting measures to limit cash transactions and facilitate electronic payments***: for a period of six months starting from March 2020, fees and commissions were cancelled on services such as points of sale ("**POS**"), cash withdrawals from ATMs and e-wallets. This waiver was subsequently extended until the end of June 2022. Additionally, between March and December 2020, local transfers in Egyptian Pounds were exempted from commissions and expenses for all banks' customers. Similarly, this waiver was extended until June 2022 and further extended until the end of December 2022 for commissions on bank transfers using electronic means for individuals only. The CBE also directed banks to develop and enhance their transfers departments to avoid delays and to execute local transfers in Egyptian Pounds on a same-day basis. In addition, the CBE launched an initiative to increase the number of electronic points of acceptance to benefit companies and merchants who do not have a POS or QR codes. In addition, the CBE launched an initiative to distribute approximately 6,500 ATMs divided across a number of banks according to each bank's number of clients, with further ATMs to be distributed.

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

- ***Adjusting interest rates for CBE initiatives:*** the CBE reduced interest rates on certain initiatives from 10% to 8%, including mortgage financing for middle-class borrowers, the industrial sector, the agricultural and construction private sector, and the tourism sector.

- ***Initiatives for non-performing loans:*** subject to the fulfilment of certain conditions, non-performing individuals and companies in all sectors can be removed from non-performing loans lists, legal cases can be waived and the guarantees for debt released for a defined period. This initiative ended on 31 March 2021 for individuals, and 30 June 2021 for companies.

- ***Participation in bank board meetings virtually:*** to facilitate banks' board meetings, banks are allowed to hold these meetings via video or teleconference until the end of 2022 with certain requirements in place. There is no restriction on the number of maximum virtual attendances allowed (previously this was a maximum of two times per year) and the majority of board members no longer need to attend physically, whereas board members were previously required to attend eight times per year. This was amended by a circular issued on 9 September 2022, which reverted back to pre-pandemic board member attendance requirements but requires a minimum of only six board meetings per year.

- ***Easing concentration risk calculation requirements:*** banks are exempted until 31 December 2021 from calculating additional risk weights on the amount of total credit loans granted to the top 50 borrowers. This waiver has been extended until the end of December 2022.

- ***Amending simplified KYC regulations:*** to facilitate on-boarding and review of low-risk customers and to increase the account balance/transaction limits for individuals and micro businesses, to give more flexibility to customers in dealing with these accounts, the CBE issued amendments in October 2020 to the simplified KYC regulations previously issued in 2019.

- ***Supporting Tourism:*** to support the tourism sector, the CBE has allocated LE50 billion for the grants of loans to finance the replacement and renovation of hotels at an interest rate of 8% (decreasing over a period of 15 years).

- ***Allowing banks to issue short and simplified quarterly financial statements***: a circular issued in May 2020 allowed banks to issue short and simplified quarterly financial statements in accordance with the Egyptian Accounting Standard Number 30. This also obliged banks to prepare complete annual financial statements at the end of December 2020 for banks whose fiscal year ends in December, and at the end of June 2021 for banks whose fiscal year ends in June. This was done with the aim of reducing the burden on banks related to preparing complete financial statements, which was in accordance with international best practices.

- ***Enhancing the role of the Credit Guarantee Company:*** to cover large corporates in addition to the micro, small and medium-sized enterprises, the CBE issued pledges to the Credit Guarantee Company ("**CGC**"), to cover the guarantees issued by the CGC to banks, as follows:

  - LE7 billion for the industrial, agricultural and contracting sector initiative;

  - LE3 billion for the tourism sector initiative for payroll, basic maintenance and operational expenses guaranteed by the Ministry of Finance; and

  - LE2 billion in tranches within the tourism sector initiative to finance the replacement and renovation of hotels, floating hotels and touristic transport fleets (other than the LE3 billion specified in the initiative guaranteed by the Ministry of Finance).

IMF Emergency Financing

On 11 May 2020, the Executive Board of the IMF approved Egypt's request for emergency financial assistance of U.S.$2.8 billion (SDR 2.0 billion). This Rapid Funding Instrument was designed to alleviate the Republic's financial needs, enabling spending on health, social protection, and supporting the most affected sectors and vulnerable groups.

On 26 June 2020, the Executive Board of the IMF approved Egypt's request for a U.S.$5.2 billion 12-month SBA which, *inter alia*, aims to alleviate the economic impact of the COVID-19 pandemic. An initial disbursement of SDR 1,158.0 million (approximately U.S.$1.7 billion) was made in June 2020. The first review of the SBA was completed on 18 December 2020, which permitted the Government to draw the equivalent of SDR 1,158.0 million (approximately U.S.$1.7 billion). The second and final review of the SBA was completed on 23 June 2021, which permitted the disbursement of a third tranche in the amount of SDR 1,158.0 million (approximately U.S.$1.7 billion), bringing total disbursements under the SBA to SDR 3,763.6 million (approximately U.S.$5.4 billion).

The World Bank

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

THE ARAB REPUBLIC OF EGYPT

Area and Population

Egypt occupies 386,662 square miles (1,001,450 km^2) of North Africa, bordering the Mediterranean Sea, the Red Sea, Libya, the Gaza Strip, Israel and Sudan. The terrain is mostly a vast desert plateau (the "**Western Desert**"), 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 freshwater resources other than the Nile, which is the only perennial source of fresh water 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, Egypt had a population of 103.60 million in July 2022, compared with 102.88 million in January 2022, reflecting growth of 0.7%. In July 2022 CAPMAS estimates that the population is 51.4% male and 48.6% female. According to CAPMAS preliminary data, the birth rate per 1,000 population increased from 26.1 per 1,000 in 2007 to 31.2 per 1,000 in 2012, and then declined to 23.3 per 1,000 in 2019, to 22.2 per 1,000 in 2020 and to 21.0 per 1,000 in 2021. The death rate was 6.0 per 1,000 in 2007, 5.8 per 1,000 in 2019 and increased to 6.6 per 1,000 in 2020 and 7.2 per 1,000 in 2021.

Major cities in Egypt include Cairo, the capital of Egypt, Alexandria, Aswan, Asyut, Port Said, Suez and Ismailia. According to the 2017 Census, the overwhelming majority of Egypt's population live along the Nile River, the Nile Delta and the Suez Canal, particularly in Cairo and Alexandria with metropolitan populations of 24.5 million (including Giza and Kalyobeya) and 5.3 million, respectively, making these areas among the most densely populated areas in the world. There are small communities throughout the desert regions of Egypt, which are clustered around oases and historic trade and transportation routes. The number of Egyptians living in rural areas of Egypt continues to decrease, as people move to the cities in search of employment and higher living standards.

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

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

History

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

The Ottomans, French and British struggled for financial and political control of Egypt throughout the 19th century. Napoleon Bonaparte's campaign in Egypt ended in 1801, following which Anglo-Ottoman forces controlled Egypt until 1882. This was followed by complete occupation and virtual inclusion of Egypt within the British Empire. Britain declared an official protectorate over Egypt in 1914 in order to secure British interests during World War I. The British protectorate lasted until February 1922 when, in deference to increasing nationalism, Britain unilaterally declared Egypt's independence. In 1936, the Anglo-Egyptian Treaty was signed requiring the withdrawal of British troops from Egypt, except those necessary to protect the Suez Canal and its environs. The Wafd Government unilaterally abrogated the treaty in 1951. Three years later, Britain agreed to withdraw its troops. The withdrawal was finalised in July 1956, which Egyptians view as the date of full independence.

The Kingdom of Egypt, which lasted until the revolution of 1952, was a constitutional monarchy. During this post-independence period, three political forces competed with one another: the King, the Wafd (a broadly-based nationalist political party opposed to British influence) and the British, who were determined to maintain control over the Suez Canal. Following the creation of the State of Israel in 1948, Egypt, together with Iraq, Jordan, Lebanon and Syria, engaged in the first of four wars that it fought with Israel.

Establishment of the Republic

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

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

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

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

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

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

Egypt experienced continued political uncertainty and instability over the course of 2012. Although power was transferred to the House of Representatives, as a result of a ruling of the Supreme Constitutional Court that the law on parliamentary elections was unconstitutional, the SCAF issued an interim declaration on 17 June 2012 (the "**Interim Declaration**") granting itself more extensive powers and dissolving the House of

Representatives following the Interim Declaration. Presidential elections were held in June 2012 and were won by the Freedom and Justice Party candidate, Mr. Morsi, who took office on 30 June 2012. President Morsi revoked the Interim Declaration and transferred all legislative powers to the Presidency. On 22 November 2012, President Morsi issued a decree, which, among other things, exempted presidential decisions from judicial review and tasked a constitutional assembly with drafting the 2012 Constitution. This decree sparked further unrest among protestors, who argued its effect was to immunise the actions of the President from judicial challenge and to grant him far-reaching powers. The President rescinded the majority of the provisions of the decree on 20 December 2012. The 2012 Constitution was approved by House of Representatives on 30 November 2012, although the vote was boycotted by a number of members and approved by popular referendum on 26 December 2012.

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

Following further protests and demonstrations in August 2013 and a terrorist attack on the army in the Sinai Peninsula, the interim Government declared a state of emergency and imposed a curfew (which was lifted in November 2013). In September 2013, the military launched a campaign against militants in northern Sinai, and a court ruling 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 bomb blasts in Mansoura and other areas of Egypt. In April 2015, the Muslim Brotherhood leader, Mr. Mohammed Badie, and 13 other senior members of the organisation were sentenced to death. 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, 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 *Shari'a*. Mr. Morsi's death sentence was confirmed by the Grand Mufti in June 2015 but was overturned by the Court of Cassation in November 2016, which ordered a retrial. Mr. Morsi died of natural causes on 17 June 2019. *See* "*Risk Factors—Risk Factors Relating to Egypt—Political Risks*".

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

President Al-Sisi was sworn in on 8 June 2014. On 9 June 2014, Prime Minister Mahlab tendered both his and the Council of Ministers' resignation to President Al-Sisi; who then reappointed Mr. Mahlab as Prime Minister on the same day, asking 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. Mr. Mubarak was released from detention on 24 March 2017. He died of natural causes on 25 February 2020.

Recent Events

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

In March 2015, a coalition of Arab countries led by Saudi Arabia, and which included other GCC members, Egypt, Jordan, Morocco, Sudan and others, supported by the United States and other western governments, announced its intention to intervene in the civil war in Yemen on the side of the Yemeni government against the Houthi rebels, who had taken control of Yemen's capital, Sana'a. The coalition continues to conduct operations in Yemen. See "*Risk Factors—Risk Factors Relating to Egypt—Regional and International Considerations*".

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

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

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

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

In April 2017, explosions occurred at two Coptic Christian churches in Tanta and Alexandria, which killed 47 people. The so-called "Islamic State" claimed responsibility for the attacks. In response, President Al-Sisi declared a three-month state of emergency and ordered the deployment of the military across Egypt to protect vital infrastructure. The state of emergency has since been extended on a number of occasions, most recently in July 2021 for a further period of three months.

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

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

Presidential elections took place between 26 and 28 March 2018. On 2 April 2018, the National Elections Authority declared President Al-Sisi the winner of the elections, securing a second four-year term after winning 97.1% of the valid votes cast. Historically, under Article 140 of the Constitution, the President served for a four-year term and could be re-elected once. Accordingly, this would have been President Al-Sisi's final term, expiring in March 2022. See "*—Executive Branch—The President of the Republic*".

In May 2018, the Government announced an increase in the prices of metro tickets from a flat rate of LE2 to LE3, LE5 and LE9, depending on the length of the journey. After the announcement, there were protests at several metro stations in Cairo, following which more than 20 protestors were detained. In August 2020, the Government announced further increases in the ticket prices from LE3, LE5 and LE9, to LE5, LE7 and LE10, respectively.

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

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

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

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

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

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

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

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

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

In August 2021, it was announced that Egyptian forces had killed 89 so-called "Islamic State" militants in North Sinai.

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, co-operative 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 *Shari'a* are the main source of legislation. Article 9 of the Constitution enshrines the principle of equal opportunities for all citizens without discrimination. The Constitution also guarantees, *inter alia*: (i) the rights of Christians and Jews to apply their respective religious principles to personal status, religious affairs and leadership matters; (ii) equality between genders; (iii) healthcare and social insurance services; (iv) education; (v) personal freedom; (vi) privacy; and (vii) rights of the accused. Article 94 of the Constitution enshrines the principle of the rule of law.

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

Legislative Branch

The Constitution provides for a bicameral Parliament consisting of the House of Representatives and the Senate. The House of Representatives must be comprised of no fewer than 450 directly-elected members, elected by a direct secret public ballot. The President may appoint additional members not exceeding 5% in number of the elected members. Members of the House of Representatives serve for a term of five years. The Senate must be comprised of no fewer than 300 members, of which 200 members are elected by a direct secret public ballot. The remaining 100 members are appointed by the President. At least 10% of the Senate seats must be taken by women. Members of the Senate serve for a term of five years.

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

The Senate is an advisory body without legislative powers. Its role is to opine on: (i) amendments to the Constitution; (ii) the public social and economic development plan; (iii) alliance and peace treaties and all treaties related to sovereignty; (iv) draft laws referred to it by the President or the House of Representatives; and (v) matters referred to it by the President on matters of public policy or international relations.

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

Under Article 146 of the Constitution, the President nominates a Prime Minister to form the Government and submit the Government's programme to the House of Representatives. If the Government does not win a vote of confidence of a majority of the members of the House of Representatives within 30 days of the nomination, the President must appoint a Prime Minister who is nominated by the party or coalition that holds the majority or, failing a majority, the largest number of seats in the House of Representatives. If the Prime Minister is nominated in this way, the President must also, in consultation with the Prime Minister, nominate the Ministers of Defence, Interior, Foreign Affairs and Justice. If the government of this Prime Minister fails to win the confidence of the majority of the members of the House of Representatives within 30 days, the House of Representatives shall be deemed to be dissolved, and the President must call for the election of a new House of Representatives.

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

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

The President cannot dissolve the House of Representatives except under special circumstances and following approval by referendum. The House of Representatives cannot be dissolved for the same reason that caused the dissolution of the previous House of Representatives. If the referendum approves the dissolution, the President must issue a decree dissolving the House of Representatives and calling parliamentary elections within 30 days of the date of the decision.

The current House of Representatives was elected in 2020, and its first parliamentary session began in January 2021. Prior to the election of the previous House of Representatives in 2015 and pursuant to Article 156 of the Constitution of 2014, the President had legislated through presidential decrees. Following the convening of the House of Representatives, such laws needed to be debated and approved within a 15-day constitutional deadline to remain in force. Between the date of appointment of President Al-Sisi in June 2014 and the first parliamentary session in January 2016, the President had issued 342 decrees. In order to debate and approve these laws, 19 parliamentary committees were formed to discuss the proposed legislative ratifications. All but one of the proposed laws (the Civil Service Law) were approved by the House of Representatives within the constitutional deadline. The Civil Service Law was not approved within the deadline but was provisionally approved by the House of Representatives in a revised form in July 2016 (a new Civil Service Law was promulgated in November 2016). The Constitution provides that the House of Representatives must enact laws relating to the media, the building of churches, education and health during its first parliamentary session. In August 2016, the House of Representatives approved Law No. 80 of 2016, which sets out conditions for the construction of Christian churches in Egypt (including as to location and the process for obtaining the necessary approvals).

In line with the requirements of the Constitution, the Government presented its programme to the House of Representatives in March 2016. This programme sets out a number of economic, fiscal, monetary and structural targets.

The House of Representatives passed a vote of confidence in the Government and approved the Government's programme on 20 April 2016 by a margin of 433 to 38 votes. The most recent House of Representatives was elected in December 2020. See "*The Economy—Government Programme, Recent Developments and Reform*".

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

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

Parliamentary Elections

Parliamentary elections took place in October and November 2020. Of the 620 members of the House of Representatives, 118 are independent members unaffiliated with any political party, and 474 are affiliated with various political parties (with the Nation's Future Party holding the highest number of seats at 317). A further 28 members are appointed by the President. There are 163 female members of the House of Representatives, representing approximately 26% of the members. According to statistics announced by the House of Representatives, turnout for the first and second stages of the elections was 29%.

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

Composition of the House of Representatives following the 2020 elections

Party	Seats
Independent members	118
Nation's Future Party	317
Republican People's Party	49
New Wafd Party	24
Homeland Defenders Party	23
Modern Egypt Party	13
Other Parties	48
President-appointed members	28
Total	**620**

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

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

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

Composition of the Senate following the 2020 elections

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

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

Executive Branch

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

The President of the Republic

The President is the Head of State and head of the executive branch, and has historically been elected for a four-year term. In 2019, certain amendments were made to the Constitution, including extending the presidential term from four years to six years. Each President can serve no more than two consecutive terms, although the Constitution was amended to allow President Al-Sisi to serve a third term. During his presidency, the President may not hold any partisan position.

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

The procedural steps for the holding of presidential elections are set out in Article 141 of the Constitution, which provides that a presidential candidate must be an Egyptian born to Egyptian parents, and neither the candidate nor his/her 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/her candidacy for President.

Presidential elections took place between 26 and 28 March 2018. On 2 April 2018, the National Elections Authority declared President Al-Sisi the winner of the elections, securing a second four-year term after winning 97.1% of the valid votes cast. Historically, under Article 140 of the Constitution, the President served for a four-year term and could be re-elected once. Accordingly, this would have been President Al-Sisi's final term, expiring in March 2022.

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

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

Presidential powers include (*inter alia*):

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

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

The Government

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

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

The Prime Minister supervises the work of the Government, and each Minister is responsible for the performance of his/her Ministry before the House of Representatives. The responsibilities of the Council of Ministers include the preparation of draft laws and decrees, as well as the preparation of the national budget and the national plan. Under Article 160 of the Constitution, if the President resigns, dies or becomes permanently incapacitated, the Speaker of the House of Representatives shall act in his/her place until a new President is elected during a period not exceeding 90 days from the date on which the office becomes vacant.

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

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

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 Judicial 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 No. 120 of 2008 establishing the Economic Court, which specialises in disputes arising under certain laws, including laws relating to bankruptcies, consumer protection, capital markets and intellectual property. The Economic Court handles disputes relating to such laws between the State and private citizens, as well as disputes among private citizens.

Political Parties

There are currently more than 104 political parties in Egypt. Article 74 of the Constitution states that all citizens shall have the right to form political parties by notification under law. According to the same article, no political activity may be practiced and no political parties may be formed on the basis of religion or discrimination based on sex or origin or on a sectarian basis or geographic location. The Constitution also provides that a political party may not be dissolved unless such dissolution is sanctioned by a court order.

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

See "*Risk Factors—Risk Factors Relating to Egypt—Political Risks*", "*Risk Factors—Risk Factors Relating to Egypt—Terrorism Risk*" and "*—Constitutional System—Legislative Branch—Parliamentary Elections*".

National Security

Egypt's armed forces, which are among the largest in the region, include the Republic's Army, Air Force, Air Defence and Navy. The armed forces use equipment procured from the United States, the United Kingdom, Russia, France and China. Articles 200 and 201 of the Constitution provides that the Egyptian armed forces be headed by the SCAF, are regulated by law and the Minister of Defence must be appointed from the officers of the armed forces. The Constitution also established a National Defence Council, chaired by the President and comprised of the Prime Minister, the Speaker of the House of Representatives, the Minister of Defence, the Minister of Foreign Affairs, the Minister of Finance, the Minister of Interior, the Chief of the General Intelligence Services, and 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 No. 64 of 2016, prohibit police from providing information to the media without the permission of the Government. See "*—Press and Media*".

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

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

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

In February 2015, Law No. 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 No. 8 of 2015 was amended by placing a five-year limit on the number of years a natural or legal person may be listed on the "terrorist list", prohibiting natural or legal persons on the "terrorist list" from participating in rallies or other gatherings in support of nationalist or militant causes and expanding the Prosecutor General's authority to temporarily freeze the assets of terrorism suspects, regardless of whether such natural or legal persons are listed on the "terrorist list", pending review by the relevant courts. Further amendments were introduced to Law No. 8 of 2015 in March 2020 by virtue of Law No. 14 of 2020. The amendments included introducing, amongst other things: (i) additional legal consequences to both natural and legal persons being included on the "terrorist list"; (ii) amendments to the definitions of "terrorist financing" and "monetary and other assets"; and (iii) grounds for international co-operation and the sharing of information in relation to the placing of persons on the "terrorist list".

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

In April 2018, Law No. 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 No. 22 of 2018 also requires banks and governmental entities to co-operate with, and assist, CMDAT by providing documents and data.

In April 2018, Law No. 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 *Shari'a* 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 *Shari'a* in the Constitution, commercial law remains based on modern commercial practices.

Egypt's Arbitration Law No. 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 and 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 co-operation with Arab countries, in particular, the Kingdom of Saudi Arabia and the United Arab Emirates, this has not been at the expense of its existing relations with non-Arab states.

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

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

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

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

In June 2001, Egypt signed an Association Agreement with the Member States of the EU, establishing the Euro-Mediterranean Partnership (also known as the Barcelona Process) (the "**Association Agreement**"), a wide framework of political, economic and social relations between the Member States and countries of the Southern Mediterranean, including Egypt, which enhances co-operation in a number of key sectors, ranging from trade and investment to energy and education. The Association Agreement also provides for sustained and substantial EU assistance for reform efforts. The Association Agreement, which was approved by the House of Representatives in March 2003, establishes a free trade area with the elimination of tariffs on industrial products and concessions on agricultural products. In June 2010, an agreement between Egypt and the EU regarding agriculture and processed agricultural and fisheries products entered into force. In recent years, approximately three quarters of FDI inflows to Egypt have originated from the EU. Since 2004, bilateral trade of goods between the EU and Egypt has more than doubled, reaching U.S.$17.2 billion of imports and U.S.$7.2 billion of exports in 2020/21 and U.S.$18.2 billion of imports and U.S.$12.6 billion of exports in 2021/22. The EU remains Egypt's largest export market, accounting for approximately 28.6% of Egyptian exports in 2021/22. See "*External Sector—Foreign Trade*".

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

In December 2005, Egypt signed a free trade agreement with Turkey, which entered into force in March 2007. The agreement provides that imports of Egyptian products into Turkey (excluding agricultural goods) are free of duties and those duties and trade restrictions for Turkish products imported to Egypt are eliminated by tapering tariffs to 0% on four product groups between 2007 and 2020.

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

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

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

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

In April 2015, Kuwait, Saudi Arabia and the United Arab Emirates each deposited U.S.$2 billion with the CBE (for a total of U.S.$6 billion), which demonstrated such countries' continued support of the Egyptian economy. The interest rate on the deposits range from 2.5% to 4.5%, with the maturities ranging from one to five years.

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

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

- Phase one of a U.S.$3.2 billion capital city project in partnership with the Ministry of Housing, Utilities and Urban Communities.

- A U.S.$4.4 billion power station in Hamraouine in partnership with the Ministry of Electricity and Renewable Energy.

- A U.S.$2.7 billion pumping and storage station in Jebel Ataqa in partnership with the Ministry of Electricity and Renewable Energy.

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

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

In April 2016, President Al-Sisi announced the transfer of sovereignty over Tiran and Sanafir, two islands at the mouth of the Gulf of Aqaba, to Saudi Arabia during a visit to Egypt by the Saudi monarch, King Salman. The status of these islands had been disputed between Egypt and Saudi Arabia. This transfer led to protests in Cairo. In June 2016, Egypt's State Council annulled the maritime border agreement transferring the islands. The Government appealed this decision to the Supreme Administrative Court of the Egyptian Council of State. In September 2016, the Urgent Matters Court ("**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 Urgent Matters Court 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 Urgent Matters Court. 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 Urgent Matters Court 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.

The Kingdom of Saudi Arabia deposited U.S.$5 billion and U.S.$2 billion in March 2022 and in September 2016, respectively, with the CBE to support the Republic's foreign exchange reserves.

In March 2022, Qatar deposited U.S.$3 billion with the CBE, with a further U.S.$2 to U.S.$3 billion in additional investments under discussion. In March 2022, the Abu Dhabi Developmental Holding Company invested U.S.$2.1 billion in listed local Egyptian equities. This was further to a U.S.$3 billion deposit from the United Arab Emirates in February 2022.

The United States provides certain economic assistance to the Republic, and the amount varies from year-to-year. In March 2015, the United States restored military aid and deliveries, which had been suspended in 2013. In August 2017, the United States announced that it had withheld U.S.$95.7 million in military aid from Egypt and delayed a further U.S.$195 million, citing the slow progress of certain reforms. These funds were subsequently released. The United States provided U.S.$113.9 million in economic foreign assistance in 2018, comprising primarily of funds to promote economic development (U.S.$59.1 million). In recent years, budget laws passed by the U.S. Congress have subjected certain military and economic aid to Egypt to certain conditions, including the certification by the U.S. Secretary of State that the Government is taking certain steps in respect of human rights and democratic reforms or the provision by the U.S. Secretary of State of a waiver. In 2019 and 2020, the United States provided economic foreign assistance of U.S.$110.7 million and U.S.$122.7 million, respectively. In September 2021, the U.S. State Department notified the U.S. Congress that it was withholding U.S.$130 million in conditioned military aid until the Republic meets certain human rights criteria. No waiver was issued by the U.S. Secretary of State. Such withholding does not affect the U.S.$170 million of aid to be used for certain specified purposes.

Regional Security

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

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

Egypt continues to play a substantial role in negotiations between the Israeli and Palestinian sides. In November 2007, Egypt attended the international peace conference held at Annapolis, Maryland and continues to be a major regional player by attending major peace conferences and organising 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 confrontations in November 2012, August 2014 and May 2021.

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

On 5 June 2017, Saudi Arabia, the UAE and Bahrain, as well as Egypt and certain other countries, severed diplomatic, trade and transport links with, and imposed sanctions on, Qatar, citing Qatar's support for terrorist and extremist organisations, including Qatar's interference in other countries' internal affairs. Measures taken by the affected countries included the closure of land, sea and air links to Qatar, and requesting certain Qatari officials, residents and visitors to leave the territories of the affected countries. On 5 January 2021, Saudi Arabia, the UAE, Bahrain and Egypt reached an agreement with Qatar to resolve the dispute between the countries. On 18 January 2021, EgyptAir, the Government-owned airline, reopened its flight paths to Qatar. Diplomatic efforts to end the crisis have been undertaken by Kuwait and several other countries.

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

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

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

Press and Media

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

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

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

In August 2018, Law No. 180 of 2018, a new law regulating the press (the "**New Press Law**") was passed, replacing Law No. 96 of 1996 ("**Law 96**") and Law 92. The New Press Law, *inter alia*, expands the scope of Law 96 to include audiovisual and electronic media. Article 3 of the New Press Law states that Government scrutiny of the press is prohibited, save for during war or emergency situations for national security purposes. Law No. 178 of 2018 ("**Law 178**"), which regulates the National Media Organisation, and Law No. 179 of 2018 ("**Law 179**"), which regulates the National Press Organisation, were also promulgated in August 2018.

The New Press Law (and its executive regulations issued pursuant to Prime Minister Decree No. 418 of 2020), Law 178 and Law 179, *inter alia*, implement the constitutional aims of establishing a Supreme Council for the Regulation of the Media, a National Press Organisation and a National Media Organisation, and set forth the objectives and competencies of such bodies.

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

Health and Sanitation

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

The Government is committed to fulfilling the constitutional mandate to increase health and education spending and aims to establish a programme-based budgeting framework to improve monitoring and evaluation of such spending. In this respect, the Government has allocated LE128.1 billion for public health expenditure in the 2022/23 budget, compared with LE108.8 billion in the 2021/22 budget, which represents a 17.8% increase in budgeted funding. For the period from July 2022 to September 2022, the public health expenditure was LE26.4 billion.

Currently, the Egyptian healthcare system is served by the Government and private sector service providers. Government providers include, among others: (i) the Ministry of Health and Population (accounting for 26.4% of healthcare services); (ii) university hospitals (accounting for 4.3% of healthcare services); and (iii) other ministries (accounting for 2.8% of healthcare services). Government providers account for approximately 33.4% of healthcare services in Egypt.

The Government has also introduced initiatives to screen the population against common health problems like diabetes, blood pressure and hepatitis C. The 100 Million *Seha* ("**100 Million Healthy Lives**") campaign, which was launched nationally in October 2018, aims to detect and eliminate Hepatitis C in Egypt by 2023.

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

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

In December 2017, Decree No. 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 Vision 2030 development plan.

In January 2018, a new health insurance law (Law No. 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 Population 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 announced that the new Universal Health Insurance Law will be implemented 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 was implemented by the Ministry of Health and Population.

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

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

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

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

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

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

Education

Education has long been considered an important factor in Egypt's development, and the Government has allocated LE192.7 billion to education in the 2022/23 budget, and LE172.6 billion for education in 2021/22, compared with an actual expenditure of LE158.3 billion on education in 2020/21.

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 2021/22.

Number of Students and Schools by Educational Stage	Total	Females	Males	Schools
		(number)		
Pre-University Education (excluding Al-Azhar)				
Pre-Primary	1,170,516	568,442	602,074	12,743
Primary	13,678,021	6,665,414	7,012,607	19,578
Preparatory	5,829,775	2,825,717	3,004,058	13,300
General Secondary	2,008,664	1,108,336	900,328	4,254
Industrial	1,023,764	356,478	667,286	1,528
Agricultural	262,023	34,058	227,965	301
Commercial	904,935	505,550	399,385	1,052
Society Schools	140,224	94,386	45,838	4,912
Handicapped Schools	44,373	16,060	28,313	1,139
Total	**25,062,295**	**12,174,441**	**12,887,854**	**58,807**

Source: CAPMAS. Preliminary figures.

The table below sets out the number of students and schools at Al-Azhar by educational stage for 2021/22.

Number of Students and Schools at Al-Azhar by Educational Stage	Total	Females	Males	Schools
		(number)		
Al-Azhar Pre-University Education				
Primary	1,217,044	579,584	637,460	3,653
Preparatory	442,234	207,176	235,058	3,538
Secondary	381,456	167,477	213,979	2,341
Recitations	11,041	5,486	5,555	118
Total	**2,051,775**	**959,723**	**1,092,052**	**9,650**

Source: CAPMAS Preliminary figures.

In 2019/20, 2.4 million students were enrolled in 28 Egyptian state universities, and 0.2 million students were enrolled in 26 private universities in Egypt.

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

Legal Proceedings

There are 13 investment treaty arbitrations and international litigation proceedings against Egypt, of which seven are ICSID arbitrations. Egypt is defending these claims and does not believe that these claims, taken singly or collectively, as and when adjudicated, will have a significant effect on Egypt's financial position.

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 landowners did not support Nasser's plans, and capital flight was pervasive. Consequently, the Government became primarily responsible for industrial development in Egypt. As the Government's role in the economy grew, inefficiencies accumulated, quality and innovation suffered and enterprises became overstaffed.

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

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

The Republic's economy grew significantly in the period from 2004/05 to 2009/10 (at an average annual rate of 5.9%), primarily due to economic reforms implemented during that period. Economic growth was driven primarily by domestic consumption, while investment grew at a slower rate and the external sector contributed negatively. However, while the unemployment rate fell during this period, it remained high among young people. Following the 2011 Revolution, the growth rate of the economy (in real GDP terms) slowed to 2.2% in 2011/12, 2.2% in 2012/13 and 2.9% in 2013/14 before increasing to 4.4% in 2014/15, decreasing to 4.3% in 2015/16 and 4.2% in 2016/17, increasing to 5.3% in 2017/18, to 5.6% in 2018/19 and decreasing to 3.6% in 2019/20. The decrease in GDP growth rate in 2019/20 was primarily due to the impact of the COVID-19 pandemic on output in the real sector. According to the latest data announced by the MOP, GDP growth in 2020/21 was 3.3%, increasing to 6.6% in 2021/22.

Given the diversified nature of the Egyptian economy, a broad range of sectors, including agriculture, manufacturing and tourism, have contributed to the overall recovery of the economy in recent years, thereby reducing the economy's reliance on any one sector. The IMF has projected Egypt's real GDP growth at 5.0% for 2023.

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

Government Programme, Recent Developments and Reforms

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

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

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

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

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

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

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

- reducing the overall fiscal deficit to 6.8% of GDP in 2020/21 (below the revised target of 8.0% set as a result of the COVID-19 pandemic);

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

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

Following the success of the 2016 economic reform programme, the Government has launched its next phase of reforms, the NSRP. Launched in 2020/21, the NSRP targets the root causes of imbalances in the real sector and business environment in order to encourage inclusive growth, create new job opportunities, diversify and develop production patterns, improve the business climate, localise manufacturing, and enhance the competitiveness of Egypt’s exports, while aiming to achieve sustainable and inclusive economic development.

The programme encompasses six pillars. The main pillar aims to expand the relative weight of three leading sectors in the Egyptian economy: manufacturing, agriculture, and ICT. The Government is aiming to boost exports in these sectors, create jobs and encourage the growth of small- and medium-sized enterprises. The supporting pillars include: (1) improving labour market efficiency and the TVET system; (2) promoting the business environment and enhancing the role of the private sector; (3) improving the governance and the efficiency of public institutions; (4) promoting financial inclusion and facilitating access to finance; and (5) bolstering human capital development, including education, health, and social protection. Each pillar supported is by defined targets, covering structural and legislative measures.

In the 2022/23 budget, the Government aims to maintain a primary surplus of 1.5% of GDP and an overall budget deficit of 6.1% with a public debt level of 84% of GDP.

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

The Government is committed to fulfilling the constitutional mandate to increase health and education spending and aims to establish a programme-based budgeting framework to improve monitoring and evaluation of such spending. In this respect, the Government has allocated LE128.1 billion for public health expenditure in the 2022/23 budget, compared with LE108.8 billion in the 2021/22 budget, which represents a 17.8% increase in budgeted funding. From July 2022 to September 2022, the public health expenditure was LE26.4 billion.

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

- adopting a Medium-Term Revenue Strategy ("**MTRS**") aimed at creating more fiscal space to reduce the deficit and finance investments;
- diversifying the financing mix for Government borrowing needs;
- simplifying the tax regime for small- and medium-sized enterprises ("**SMEs**"), introducing a new tax dispute settlement scheme and further tax administration reforms designed to improve revenue collection and the efficiency of tax authorities;
- implementing further subsidies reform (see "*—Public Finance—Social Spending and Subsidies*");
- selling Government-owned land;
- divesting minority shares in certain state-owned companies (see "*—Privatisation and Restructuring of State-Owned Companies*"); and
- issuing the Universal Health Insurance Law (see "*The Arab Republic of Egypt—Health and Sanitation*").

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

The Government's social protection measures are focused on increasing Government spending on human development, promoting job creation and improving the focus of social spending so as to benefit lower-income groups. Fuel subsidy reform was also intended to reduce the budget deficit and make available more resources for social programmes to support vulnerable populations. The Government has phased out fuel subsidies, except for food manufacturing and electricity generation. Since October 2019, the Government has implemented a fuel indexation programme (automatic price adjustment mechanism) to hedge against international oil price changes and to protect citizens, as well as the budget.

Key Government reforms implemented in recent years include:

- the transition to a flexible exchange rate through the liberalisation of the Egyptian Pound and consequential reduction of the parallel market for foreign exchange in November 2016 (see "*Monetary System*");
- the introduction in 2017 of an investment law and industrial licensing law (see "*External Sector—Foreign Direct Investment—Investment Projects and Initiatives*");
- reforming the food subsidy system, introducing a ration card system to access certain subsidised products and implementing fuel price increases (see "*Public Finance—Social Spending and Subsidies*");
- passing the New Civil Service Law (as defined below), which aims to contain the wage bill and introduce a performance based salary structure (see "*—Employment and Labour—Labour Law*");
- passing a VAT law, which introduced VAT at a rate of 13% for 2016/17 and 14% in 2017/18, 2018/19, 2019/20 and 2020/21 subject to certain customary exemptions. E-commerce was included in 2021;
- the introduction of a new 10% tax on capital gains and dividends;
- implementing fuel subsidy reforms to increase efficiency and reduce subsidy-related expenditures;
- issuing and ratifying the universal health insurance law for all citizens;
- implementing an automatic price adjustment mechanism that revises the prices of fuel products quarterly according to the change in exchange rate and Brent oil price;

- introducing a fiscal stimulus package of LE100 billion in response to the COVID-19 pandemic, to be spent on the health sector as well as affected and vulnerable sectors and segments (see "*Response to Covid-19 — Fiscal stimulus*");

- passing the New Customs Law, in August 2021, with the intention of simplifying and digitalising procedures and enhance governance for a better business environment, easing trade movement and lowering import and export costs to stimulate investment;

- introducing a new initiative in March 2021, to replace old vehicles with new natural gas vehicles with the intention of encouraging local manufacturing, lowering energy subsidies, preserve the environment and improve people's welfare in light of the implementation of SDGs;

- passing the new Specialised Investment Funds law (the "**SIF law**") in 2019/20, to ensure additional liquidity and an improved financial situation for the social insurance funds such that they would be able to use additional inflows to invest in treasury bills and bonds generating interest earnings;

- introducing e-invoices for B2B transactions involving large taxpayers in 2021, which helps digitalise invoices to ease the tax payment process for large taxpayers;

- launching "Hayah Karima" in early 2022, an initiative intended to improve the living conditions and daily life for vulnerable segments of the population;

- On 21 March 2022, the CBE announced the devaluation of the Egyptian Pound against the U.S. Dollar by 14%, in response to the Russia-Ukraine conflict. The conflict put pressure on Egypt's external position and, consequently, pressure on its currency. The CBE decided to hike key interest rates by 100 basis points, setting the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate to 9.25%, 10.25%, 9.75% and 9.75%, respectively;

- The Government allocated a social assistance package of LE130 billion in March 2022 to mitigate the repercussions of global economic challenges resulting from the Russia-Ukraine conflict as well as the impact of the Egyptian pound devaluation on the most vulnerable groups and affected sectors. It includes measures such as allocating LE2.7 billion to include one million new families in "Takaful and Karama"; increasing the personal income tax threshold exemption from LE9,000 to LE15,000; an increase for pensions by 15% with a minimum of LE120 per month, starting April 2022; and bearing LE3.75 billion (cost of real estate taxes on industrial sectors for three years) to alleviate burdens on factories and industrial activities, as well as incentivise production. See "*Monetary System – Foreign Exchange*";

- On 13 June 2022, the Prime Minister launched the "State Ownership Policy Document", which includes different sectors and industries that the Government either plans to exit from or further expand in. The State Ownership Policy Document was finalised by September 2022, after three months of consultation with all relevant stakeholders from both public and private sectors. It serves as a roadmap for large-scale privatisation by the Government where it clarifies the sectors it will step away from and the sectors it will expand in. The strategy envisions more than doubling the private sector's role in the economy to 65% over the next three years, and attracting U.S.$40 billion in investment by 2026;

- The Government announced an exceptional package in September 2022, comprising of programmes for low-income citizens in co-operation with civil society organisations;

- On 27 October 2022, the Republic further devalued its currency and the Government announced additional social measures on top of the measures announced in September;

- In its special meeting held on 27 October 2022, the MPC raised the overnight deposit and lending rates and the CBE's main operation rate by 200 basis points to reach 13.25%, 14.25% and 13.75% respectively. The credit and discount rate was also raised by 200 basis points to 13.75%;

- IMF staff level agreement on a new EFF programme announced on 27 October 2022 underpinned by strong policy commitments. The IMF executive board approved the new EFF programme on 16 December 2022; and

- In its meeting on 22 December 2022, the MPC raised the overnight deposit rate, overnight lending rate and the rate of the main operation by 300 basis points to reach 16.25%, 17.25% and 16.75% respectively; the discount rate was also raised by 300 basis points to 16.75%.

Privatisation and Restructuring of State-owned Companies

The role of the private sector in the Egyptian economy has increased considerably since 1991. Government ownership of companies has been reduced through privatisation and the private sector grew significantly up to 2009. In March 2018, the Prime Minister announced the implementation of the first phase of the Government's privatisation programme, pursuant to which the Government announced the offer of a 15-30% stake in a number of state-owned companies over the next two to three years to external investors. In July 2018, the Government announced that the first five state-owned companies that are expected to offer shares under the programme are: (i) Alexandria Mineral Oils Company; (ii) Eastern Tobacco; (iii) Alexandria Container and Cargo handling; (iv) Abou Kir Fertilizers; and (v) Heliopolis Housing. The first of these transactions was successfully implemented during the third quarter of 2018/19, with a secondary offering of a 4.5% stake in Eastern Tobacco. The private placement of 96 million shares was 1.8x oversubscribed with a share price of LE17 (a 3% premium to the stock price) and raised total proceeds of LE1.6 billion, in addition to a public offering of five million shares with total proceeds of LE86 million. Eastern Tobacco is regulated by law 159/1981, as per its new ownership structure. In 2021, the Government decided to postpone the privatisation of Alexandria Container and Cargo handling and to consider the privatisation of three additional companies: Banque Du Caire, E-Finance and Misr Life insurance company. On 13 June 2022, the Prime Minister launched the State Ownership Policy Document, which includes different sectors and industries that the Government either plans to exit from or further expand in. The State Ownership Policy Document was finalised by September 2022, after three months of consultation with all relevant stakeholders from both public and private sectors. The strategy envisions more than doubling the private sector's role in the economy to 65% over the next three years, and attracting U.S.$40 billion in investment by 2026.

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

The following table sets forth certain metrics relating to state-owned companies.

State-Owned Public Enterprises	**2018/19**	**2019/20**	**2020/21**	**2020/21[2]**	**2021/22[1]**
Number of state-owned company affiliates	118	118	88[3]	79[4]	76[5]
Number of profitable state-owned companies	71	58	45	40	51
Number of Workers	198,334	187,890	168,302	152,397	146,846
Salaries (*LE millions*)	17,538	17,950	16,468	14,938	15,000
Total Operating Revenue (*LE millions*)	101,257	94,629	87,412	81,353	101,417
Net Profit (net of losses) (*LE millions*)	9,074	5,010	7,324	4,749	13,219
Dividends paid to Ministry of Finance (*LE millions*) [6]	2,978	3,377	3,816	2,816	—

(1) Figures for 2021/22 are preliminary until the Financial Statements 2021/22 are revised by the Central Auditing Agency ("**Central Auditing Agency**") endorsed by the general assemblies of the remaining subsidiaries.

(2) Pursuant to Presidential Decree No. 343 of 2022, the Holding Company for Maritime and Land Transport was transferred to the Ministry of Transport. Therefore, the financial results of the Holding Company for Maritime and Land Transport and its affiliates for 2020/21 were excluded.

(3) The number of subsidiaries was reduced from 118 in 2019/20 to 88 in 2020/21, with a decrease of 30 companies as a result of the following:

- The transfer of two subsidiaries from the Holding Company to pharmaceuticals to be affiliated to the Unified Procurement Authority;
- The mergers of 22 subsidiaries of the Holding Company for cotton and spinning and weaving;
- The mergers of seven subsidiaries of the Holding Company for construction and development; and
- The liquidation of the Egyptian Iron and Steel Company and the establishment of a new company called Iron and Steel for Mines and Quarries Company.

(4) The adding of Tanta Linen and Oils Company as an affiliated company to Holding Company for Chemical Industries, based on a court decree. The number of subsidiaries is reduced to 79, with a decrease of 9 companies as a result of the transfer of Holding Company for Maritime and Land Transport and its affiliates to Ministry of Transport.

(5) The number of subsidiaries was reduced to 76. This decrease was the result of the merger of two companies in the Nasr Company for Import and Export "Gosoor", and the merger of the Engineering Automotive Company in the Nasr Automotive Industry Company.

(6) Dividends paid to the Ministry of Finance for 2021/22 are unavailable until the general assemblies of the holding companies endorse the financial statements for holding companies.

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, steel, pharmaceutical, and spinning and weaving companies, and those in the chemical and insurance industries, among others, require extensive restructuring. These restructuring projects are being financed through various methods, including bank loans, utilising unused assets, cash injection, or partial retention of profits.

Recent Initiatives

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

- Since June 2018, state-owned companies have been classified into three tiers, according to the viability of their operations:
    - *Highest tier*: profitable companies with required levels of corporate governance that are potential candidates for initial public offerings.
    - *Middle tier*: loss making companies that are not viable and are to be wound down.
    - *Lowest tier*: distressed companies, which are potential candidates for restructuring or entering into a partnership with the private sector. Restructurings are generally based on a technical audit and assessment of the viability of the existing plant and required investments and are conducted by specialised consultants with international experience.
- Promoting partnership initiatives with the private sector as a means to gain technical and operational know-how, modern management techniques, marketing expertise and financial/equity investment; these partnership initiatives are encouraged, in particular, in the restructuring of facilities and expansion projects. Examples of announced strategic partners include: the Shepheard Hotel, Sultana Mallak in Luxor Governorate, the development and management of the sound and light shows in the Pyramids area, the establishment of a new project to manufacture pharmaceutical ingredients and active pharmaceutical raw materials.

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

- **Regulatory reforms**: Law No. 203/1991 was revised by Law No. 185/2020 in September 2020, to provide better governance and shareholder protection. Amendments to the executive regulations were issued by prime minister decree in May 2021 and provide for greater shareholder representation on boards of directors, the separation of the responsibilities of the chairman of the board of a company and its chief executive manager and the introduction of a new profit-sharing mechanism to motivate employees and management. New modified standard by-laws are currently being prepared. In addition, a ministerial committee was formed, with the objective of revising and standardising the procurement and other administrative, managerial, and governance practices across public business sector companies. This committee is led by the MPBS, chaired by the Prime Minister and includes the minister of finance (representing the government as the ultimate shareholder), and all ministers within affiliated public business sector companies.
- **Managerial**: The most important reforms proposed by the MPBS, to be implemented across the sector, include:
    - introducing a centralised marketing unit for all holding companies;
    - revising policies and procedures and unifying them across the sector, in line with international best practices, in preparation for the implementation of automated enterprise resource planning in 72 companies;

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

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

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

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

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

- **Technical restructuring of production lines**: this includes

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

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

  - the implementation of a total restructuring of the Delta Steel company with the aim of increasing production capacity by 500,000 tonnes per year in two phases as well as the establishment of a new cast-iron foundry with a total investment of U.S.$45 million. The first phase of the project was implemented and increased production capacity by 250,000 tonnes and the second phase is expected to be completed by mid-2023;

  - the Engineering Company for Automotive Industries was merged with the Al Nasr Automotive Company with the aim of increasing its competitiveness and attractiveness to investors. The merged company has now started negotiations with potential investors to establish a new SPV with a focus on electric vehicles;

  - the proposed reconditioning of the smelter owned by Egyptalum Company;

  - a new project to establish an aluminium production plant in Safaga in the Red Sea Governorate. 70% of its production will be exported, while 30% will go to the local market;

  - the restructuring of Al Nasr Export and Import Company, included merging Misr for Foreign Trade and Misr for Import and Export. The new entity will be rebranded as Gosoor, with the aim of providing full promotional, trade intermediation and logistical services for exporters. The restructuring included the establishment of an electronic catalogue, with a wide range of Egyptian products (16,941 products) for 1,175 producers. A full spectrum of logistical services will be provided including in-land transport, freight and air cargo transport, custom clearance, consolidation, inspection and warehousing.

Principles of Corporate Governance, Good Management and Disclosure

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

The board of directors of the FRA has issued a voluntary "Egyptian Corporate Governance Guide" for private and public sector companies, which is based on international and regional best corporate governance practices.

Gross Domestic Product

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

Real GDP Growth has increased in recent years, as confidence has increased due to improved political stability and the Government's adoption of reform measures, with net FDI inflows increasing from U.S.$6.9 billion in 2015/16 to U.S.$8.2 billion in 2018/19 and tourism income increasing from U.S.$7.4 billion in 2014/15 to U.S.$12.6 billion in 2018/19. See "—*Government Programme, Recent Developments and Reforms*". However, these gains were adversely affected by the COVID-19 pandemic, and net FDI inflows decreased to U.S.$7.5 billion in 2019/20 and to U.S.$5.2 billion in 2020/21, and tourism income decreased to U.S.$9.9 billion and to U.S.$4.9 billion in the same periods. These inflows increased again in 2021/22, with FDI increasing to reach U.S.$8.9 billion and tourism increasing to reach U.S.$10.7 billion.

According to GDP figures for 2020/21, real GDP grew by 3.3%, primarily due to increases in public and private consumption, which was partially offset by decreases in exports of goods and services and investments. The diversified nature of the Egyptian economy, however, reduces the Egyptian economy's reliance on any one sector, with a broad range of sectors, including agriculture, the extractive industries and manufacturing, all contributing significantly to growth in recent years. According to preliminary figures, the 3.3% real GDP growth in 2020/21 was comprised of growth in the following sectors: communications by 16.1%; construction and building sector by 6.8%; wholesale and retail by 4.4%, real estate by 3.8%; agriculture, forestry and fishing by 3.8%; and health by 5.4%. These gains were partially offset by a 5.8% decline in manufacturing (including petroleum refining) and a 26.7% decline in the tourism industry.

Real GDP growth for the fiscal year 2021/22 was 6.6%.

The commodity sector includes agriculture, forestry and fishing, the extractive industry, manufacturing, electricity, water and construction and building. It contributed LE2,551.4 billion to GDP (or 45.7% of total GDP) in 2019/20 and LE2,702.7 billion to GDP in 2020/21 (or 44.9% of total GDP), making it the largest contributor to GDP in both years. In 2020/21, the commodity services sector grew, in real terms, by 0.1%, compared with 1.2% in 2019/20. The continued growth in 2020/21 was primarily attributable to increases in electricity, which grew by 3.9%, and the construction and building industry, which grew by 6.8%. However, manufacturing (including petroleum refining) declined by 5.8% during the period.

Production services include transport and warehousing, telecommunications, information, revenues from the Suez Canal, wholesale and retail trade, financial intermediation, insurance, social insurance and tourism. The production services sector contributed LE1,686.7 billion to GDP (or 30.2% of total GDP) in 2019/20 and LE1,831.6 billion to GDP (or 30.5% of total GDP) in 2020/21. In 2020/21, the production services sector grew, in real terms, by 2.8%, compared with 2.8% in 2019/20. This growth was primarily attributable to increases in the growth rate of the telecommunications sector, which grew by 16.1% in 2020/21, compared with 15.2% in 2019/20.

Social services include general Government services, education, health, real estate and other services. The social services sector contributed LE1,343.9 billion to GDP (or 24.1% of total GDP) in 2019/20 and LE1,480.3 billion to GDP (or 24.6% of total GDP) in 2020/21. In 2020/21, the social services sector grew, in real terms, by 4.4%, compared with 4.7% in 2019/20. General Government expenditures represented 29.5% of this sector in 2020/21, or LE437.4 million, and grew by 4.9% in 2020/21, compared with LE403.5 million and growth of 6.1% in 2019/20. In addition to increases in general Government expenditures, growth in the sector was primarily attributable to increases in the rate of growth of the education sector, which grew by 4.7% in 2020/21, and the healthcare sector, which grew by 5.4% in 2020/21.

The 2022/23 budget allocates LE400 billion to public sector wages, increasing from preliminary actual expenditures of LE358.2 billion in 2021/22, an increase of approximately LE42 billion in order to accelerate granting regular bonuses, special bonuses and additional incentives to the administrative employees of the Government. The budget increases Government bonuses, the personal income tax exemption limit and the overall exemption limit by 25% while targeting further improvements in the wages of the pre-university education sector, the university teaching sector and the medical care sector. The budget allows for the hiring of 30,000 teachers and 30,000 physicians and pharmacists as well as fulfilling the needs within other sectors.

According to nominal GDP figures before rebasing, the Republic's GDP in nominal terms grew by 8.3% in 2020/21 compared with 2019/20, 10.0% in 2019/20 compared with 2018/19 and 19.9% in 2018/19, compared with 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]				
	2016/17	**2017/18**	**2018/19**	**2019/20**	**2020/21**
	(LE billions, except where indicated)				
Nominal GDP (GDP at current prices)	**3,470**	**4,437**	**5,322**	**5,855**	**6,341**
Domestic Demand	**3,938**	**4,901**	**5,762**	**6,297**	**6,923**
Final Consumption	3,408	4,163	4,791	5,492	6,148
Private Consumption	3,058	3,792	4,384	5,029	5,644
Public Consumption	350	371	408	464	504
Investment[2]	530	739	969	804	776
Net Exports	**-468**	**-464**	**-439**	**-442**	**-582**
Exports of Goods and Services[3]	549	839	931	767	704
Imports of Goods and Services	1,017	1,303	1,370	1,209	1,286
Final Consumption (% of GDP)	98	94	90	94	97
Investment (% of GDP)[2]	15	17	18	14	12
Exports of Goods and Services (% of GDP)	16	19	17	13	11
Imports of Goods and Services (% of GDP)	29	29	26	21	20

Source: Ministry of Planning, Monitoring and Administrative Reform

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

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

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

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

	Gross Domestic Product at Constant Prices[1][2]				
	2016/17	**2017/18**	**2018/19**	**2019/20**	**2020/21**
	(LE billions, except where indicated)				
Real GDP	**1,998**	**3,654**	**3,858**	**3,995**	**4,128**
Final Consumption	1,875	3,444	3,483	3,736	3,986
Private Consumption	1,639	3,088	3,117	3,345	3,581
Public Consumption	237	356	366	391	405
Investment[3]	336	613	692.7	548	506
Net Exports	**-213**	**-403**	**-319**	**-288**	**-364**
Exports of Goods and Services	404	722	706	553	479
Imports of Goods and Services	617	1,125	1,025	841	843
Final Consumption (% of GDP)	94	94	90	94	97
Investment (% of GDP)	17	17	18	14	12
Exports of Goods and Services (% of GDP)	20	20	18	14	12
Imports of Goods and Services (% of GDP)	31	31	27	21	20

Source: Ministry of Planning, Monitoring and Administrative Reform

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

(2) Real GDP at constant prices for 2012/13 – 2016/17 is calculated using 2011/12 as the base year. Real GDP at constant prices for 2017/18, 2018/19 and 2019/20 is calculated using 2016/17 as the base year.

(3) Including change in inventory.

Principal Sectors of the Economy

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

	2016/17	2017/18	2018/19	2019/20	2020/21
	(LE millions, except where indicated)				
GDP	**3,409,504**	**4,334,902**	**5,170,107**	**5,581,997**	**6,014,606**
Nominal GDP Growth Rate (%)	**27.5**	**27.1**	**19.3**	**8.0**	**7.8**
Total Commodity Sector	**1,569,691**	**2,049,564**	**2,483,953**	**2,551,419**	**2,702,709**
Growth (%)	31	30.6	21.2	2.7	5.9
Agriculture, Forestry and Fishing	398,539	498,098	588,038	677,284	750,236
Extractive Industry	326,940	477,083	611,738	414,459	402,778
Petroleum	142,965	198,545	242,750	170,756	162,707
Natural Gas	138,756	222,624	303,098	169,344	157,026
Growth NG (%)	59.9	60.4	36.1	-44.1	-7.3
Other	45,219	55,914	65,890	74,359	83,045
Manufacturing Industry	570,590	718,570	846,890	958,908	982,785
Petroleum Refinement	134,050	164,149	189,860	240,877	250,730
Other	436,540	554,421	657,030	718,032	732,054
Electricity	58,320	73,743	87,166	93,977	103,215
Water	20,204	24,954	29,303	32,095	34,544
Construction and Building	195,098	257,116	320,819	374,697	429,152
Growth (%)	34.1	31.8	24.8	16.8	14.5
Total Production Services	**996,400**	**1,284,951**	**1,524,459**	**1,686,671**	**1,831,595**
Growth (%)	28.6	29	18.6	10.6	8.6
Transport Rate and Warehousing	159,173	200,885	240,079	279,865	310,584
Telecommunications	62,294	87,593	102,491	121,710	146,653
Suez Canal	76,714	97,037	100,937	91,969	92,773
Growth (%)	86.1	26.5	4.0	-8.9	0.9
Wholesale and Retail Trade	473,235	594,787	707,416	810,213	901,335
Financial Intermediation	133,782	166,291	194,581	211,009	228,236
Insurance and Social Insurance	26,635	32,996	38,465	41,588	44,578
Tourism (Hotels and Restaurants)	64,567	105,362	140,490	130,317	107,437
Growth (%)	33.4	63.2	33.3	-7.2	-17.6
Total Social Services	**843,413**	**1,000,387**	**1,161,696**	**1,343,907**	**1,480,302**
Growth (%)	20.2	18.6	16.1	15.7	10.1
Real Estate	358,496	451,555	539,280	623,778	687,309
General Government	301,772	319,471	349,484	403,510	437,417
Education	63,907	80,014	94,670	108,241	120,904
Health	78,934	98,674	117,033	135,355	152,618
Other Services (3)	40,304	50,673	61,229	73,023	82,053

Source: Ministry of Planning, Monitoring and Administrative Reform

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

(2) In current prices.

(3) Includes the information sector.

Investment by Sector

Public sector entities, including the Government, Economic Authorities (as defined in "*Public Finance—Treatment of Public Sector and State-Owned Enterprises—Economic Authorities*"), state-owned companies and national projects, invested LE633.2 billion (or 72% of total investment) in the Egyptian economy in 2020/21 and LE850.3 billion (or 71% of total investment) in the Egyptian economy in 2021/22.

The commodity sector received 44.6% of total investment in 2019/20, the production services sector received 23.3% of total investment and the social services sector received 32.0% of total investment, In 2020/21, the commodity sector received 48.1% of total investment, the production services sector received 26.7% of total investment and the social services sector received 25.2% of total investment. In 2021/22, the commodity sector received 43.5% of total investment, the production services sector received 28.0% of total investment and the social services sector received 28.5% of total investment.

In 2021/22, total investments reached LE1,192.6 billion compared with LE882.5 billion in 2020/21 and 869.7 billion in 2019/20. National projects currently being implemented include large investments in infrastructure, in particular, transportation projects, including monorail and electric express train projects. The Government is also allocating large investments to green projects with a focus on smart transportation and renewable energy. The Government has allocated LE200 billion in the first phase of the "Hayah-Karima" Initiative, which aims to develop Egypt's rural villages. The majority of these investments are directed at projects focused on water and sanitation, health services, electricity and roads.

The following table sets forth the distribution of total investments in projects in the Egyptian economy during 2021/22.

Distribution of Investments in Projects in the Egyptian Economy

	Government	Economic Authorities	Public Sector	National Projects	Private Sector	% of Total
			(LE millions)			
Commodity Sector	**111,739.62**	**55,808.6**	**49,913.05**	**149,426.60**	**152,428.80**	**43.5%**
Of which:						
Agriculture	20,300.2	213.5	7.5	17,298.0	20,880.8	4.9%
Crude oil	322.7	33,586.4	2,538.3	1,223.4	7,066.3	3.8%
Natural gas	0.0	220.3	9,136.1	0.0	29,400.2	3.2%
Other extractions	51.6	0.0	159.7	0.0	2,881.2	0.3%
Oil refinement	0.0	0.0	10,182.9	0.0	7,200.3	1.5%
Other manufacturing	785.0	2,676.2	9,405.6	28,656.5	37,172.0	6.6%
Electricity	11,386.2	14,923.1	16,954.0	18,821.0	3,886.0	5.5%
Water	25,245.4	1,695.7	0.0	15,429.3	604.5	3.6%
Drainage	45,593.5	2,492.1	0.0	42,668.2	0.0	7.6%
Construction and building	8,055.0	1.3	1,529.0	25,330.2	43,337.5	6.6%
Production Services	**66,570.7**	**118,435.6**	**27,919.1**	**24,218.9**	**96,519.1**	**28.0%**
Of which:						
Transportation and storage	50,247.2	96,655.0	13,516.9	23,814.7	30,038.9	18.0%
Communications	12,948.6	4,599.7	5,648.8	58.5	24,792.2	4.0%
Information	3,302.1	294.6	90.5	0.0	5,245.0	0.7%
Suez Canal	0.0	16,578.8	0.0	137.8	0.0	1.4%
Wholesale and retail trade	0.0	128.4	1,161.6	207.9	18,450.0	1.7%
Financial services	16.8	155.2	6,757.2	0.0	7,435.0	1.2%
Tourism (restaurants and hotels)	55.9	23.9	744.1	0.0	10,558.0	1.0%
Social Services	**151,419.9**	**70,187.4**	**1,363.4**	**23,306.1**	**93,326.5**	**28.5%**
Of which:						
Real estate	15,391.5	325.4	0.0	9,211.0	58,423.5	7.0%
Education services	55,611.5	3,008.6	0.0	209.7	10,620.0	5.8%
Health services	34,523.4	2,076.8	31.9	737.6	11,890.0	4.1%
Other services	45,893.4	64,776.6	1,331.5	13,147.8	12,393.0	11.5%
Settlements						
Total Investments	**329,730.1**	**244,431.6**	**79,195.6**	**196,951.6**	**342,274.4**	**100.0**

Source: Ministry of Planning and Economic Development

Commodity sector

Egypt's commodity sector is well diversified and represented 44.9% of GDP in 2020/21, compared with 45.7% of GDP in 2019/20 and 48.0% of GDP in 2018/19. The commodity sector includes agriculture, forestry and fishing, extractive industry, manufacturing, electricity, water and construction and building.

Agriculture, forestry and fishing

The agricultural, forestry and fishing sector accounted for 12.5% of GDP in 2020/21, 12.1% of GDP in 2019/20 and 11.4% of GDP in 2018/19. In 2020/21 the sector grew by 10.8% (in nominal terms), compared with 2019/20.

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 2019/20, the total planted area was approximately 9.3 million *feddans* (approximately 3.9 million hectares), representing approximately 3.9% of the total land area of Egypt.

According to 2020/21 preliminary data, the total planted area was approximately 9.6 million *feddans* (approximately 4 million hectares), representing approximately 4% 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 two *feddans* (0.8 hectares). Land under cultivation in Egypt is generally productive, with some land able to yield harvests two or three times per year. However, increasing salinity affects up to 35% of land under cultivation. Certain principal field crops are corn, rice, wheat, sugar, sorghum, and broad beans (*fava ful*). Despite a considerable output, cereal production in Egypt falls short of total consumption needs. Accordingly, a proportion of foreign exchange is spent annually on the import of cereals and milling products. Other important crops include sugar cane, tomatoes, sugar beets, potatoes and onions. Many varieties of fruit are grown, and some, such as citrus fruits, are exported.

Agricultural Policy

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

Staple Production and Imports

Although Egypt is the world's largest wheat-importing country, wheat occupies approximately 33.6% of the total planted area and is the major staple crop. Egypt has one of the highest *per capita* wheat consumption levels in the world, consumed mainly as bread. According to statistics published by the Ministry of Agriculture and Land Reclamation, as of 2018/19, over 1.3 million hectares of crop area produced approximately 8.6 million tonnes of wheat. Despite increases in wheat output in recent years, Egypt continues to import substantial quantities of wheat from the United States, Canada, France, Ukraine, Russia and Argentina, among others. The self-sufficiency percentage of wheat in 2019 was estimated at 40.3%. In 2020/21, 55.6% of Egypt's total wheat imports came from Russia and 24.3% of the same came from Ukraine. In the six months ending 31 December 2021, 41.2% of Egypt's total wheat imports came from Russia and 42.5% of the same came from Ukraine. Egypt currently has four months of strategic wheat reserves. While there is no immediate risk of a food shortage in Egypt, there are pressures which may contribute to a slowdown of fiscal consolidation efforts. The Government has adopted policies to ensure the sufficiency, stability, and sustainability of wheat reserves, including building more efficient wheat silos and looking to alternative wheat suppliers. In June 2022, the Government agreed to purchase 175,000 tonnes of wheat from Russia, 50,000 tonnes of wheat from Bulgaria, 240,000 tonnes of wheat from Romania, approximately 63,000 tonnes of wheat from France and 61,500 tonnes of wheat from India. The Government has also held negotiations with the United States and Mexico as alternative sources of wheat imports. See also "*Risk Factors—Russia-Ukraine Conflict*".

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 LE15 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 the 2022/23 budget, the Government allocated LE54.0 billion for bread subsidies (compared with LE50.6 billion in the 2021/22 budget and LE48.0 billion in the 2020/21 budget) and LE36.0 billion for subsidies in the form of ration cards for food items (compared with LE36.6 billion in the 2021/22 budget and LE36.5 billion in the 2020/21 budget). The Government budgeted LE48.9 billion on bread subsidies in 2022/23 and LE44.9 billion on bread subsidies in 2021/22. The Government budgeted LE36 billion in 2022/23 on subsidies in the form of ration cards for food items compared with LE36.6 billion in subsidies in 2021/22. 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 approximately 2.76 million metric tonnes of sugar in 2020/21, with approximately 830,000 metric tonnes of sugar imported from sugar-producing nations. Both sugarcane and sugar beet are grown on approximately 588,000 acres, mainly in Upper Egypt and the Delta. A number of sugar beet production projects have been announced since 2013, which are ongoing.

Rice is a major summer crop in Egypt, occupying approximately 13.9% of Egypt's land under cultivation. The Egyptian rice crop is irrigated and cultivation is largely located in the northern part of the Delta. Egypt is a net exporter of rice, exporting 0.7 billion tonnes in 2017. In December 2015, President Al-Sisi launched a project aimed at expanding Egyptian farmland by 1.5 million *feddans* (630,000 hectares) 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 to 2023), with the aim of promoting agricultural development and food security in Egypt. The Egypt Country Strategic Plan (2018 to 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 16.3% of Egypt's GDP in 2020/21, compared with 17.2% of GDP in 2019/20 and 16.4% of GDP in 2018/19. Egypt's largest manufacturing industries are food processing and textiles, which benefit from Egypt's competitive advantage in these sectors. Other major manufacturing industries include metallurgy, fertilisers, automotive assembly, pharmaceuticals and cement. In 2020/21, the sector decreased, in real terms, by 5.8%, compared with 2019/20.

Egypt has one of the largest oil refining sectors in Africa and accounts for approximately 23% of total domestically-refined crude oil in Africa. As per data reported by Ministry of Planning and Economic Development, Petroleum Refining contributed LE263.2 billion, or 3.5%, to Egypt's GDP in 2021/22, compared with LE220.0 billion, or 4.5%, in 2020/21. 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.$3.0 to U.S.$4.0 per million British thermal units ("**MBTU**") in 2012 and was further increased to U.S.$6.0 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.$8.0 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.

In March 2020, as part of an effort to assist local industries in addressing the impacts of the COVID-19 outbreak, the price of natural gas was reduced to U.S.$4.5 per MBTU. However, in October 2021, the Government increased the price of natural gas for energy-intensive industries to U.S.$5.7 per MBTU, coinciding with the global rise in natural gas prices.

There are approximately 24 cement factories in Egypt. 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 2021, 290,846 automobiles were sold in Egypt, compared with 231,238 in 2020. According to statistics published by the Automotive Market Information Council, sales of passenger vehicles increased by 28% from 167,700 in 2020 to 215,072 in 2021, and sales of commercial vehicles increased by approximately 35.0% over the same period from 37,013 in 2020 to 49,970 in 2021. There are approximately 500 companies in the car assembly and automobile parts industries, which generate sales of approximately LE40 billion (of which LE30 billion is generated by sales of private automobiles) and serve 16 assembly plants. A number of major brands, including General Motors, Mercedes, Hyundai, BMW and China's Chery, assemble automobiles in Egypt. In 2021, 42,423 automobiles were produced in Egypt. Egypt also has a growing automobile components industry which takes advantage of the country's low labour costs, low overheads and geographical location. With a large domestic market and a substantial local manufacturing base, Egypt's automotive retail sector is one of the largest in the MENA region.

Extractive Industry

Petroleum and related products comprise one of Egypt’s key economic sectors. The extractive industry (excluding petroleum refining) accounted for 6.7% of GDP in 2020/21, 7.4% of GDP in 2019/20 and 11.8% of GDP in 2018/19. In 2020/21, the extractive industry decreased by 2.8% compared with 2019/20. In 2019/20, the extractive industry decreased by 32.2% in nominal terms compared with 2018/19, principally due to lower international oil prices in the context of the COVID-19 pandemic.

Fluctuations in world oil prices impact the contribution of this sector to GDP. According to statistics published by the U.S. Energy Information Administration, the average spot price of Brent crude oil was U.S.$43.64 per barrel in 2016, compared with U.S.$54.13 in 2017, U.S.$71.34 in 2018, U.S.$64.30 in 2019 and U.S.$41.96 in 2020, and U.S.$70.86 in 2021. In addition to petroleum and natural gas, Egypt's natural resources include iron ore, phosphates, manganese, limestone, gypsum, coal, lead, talc and zinc. Iron ore is mined in the Western Desert and near Aswan in southern Egypt. Phosphates are mined in the Sinai Peninsula.

Revenues from oil and gas decreased by 33% to LE136.4 billion in 2020 from LE203.6 billion in 2019, as a result of decreases in global oil prices. Revenues from oil and gas increased by 109.1% to U.S.$18.0 billion in 2021/22 from U.S.$8.6 billion in 2020/21, as a result of the increase in global oil prices.

EGPC, the main state-owned entity acting in the oil and gas sector, accounts for approximately 53.5% of oil production. Multinational companies, such as Apache Corporation, Eni S.A., Shell, BP, Dana Gas, GDF Suez Group, Hess, RWE, Petronas, Total Energies, Lukoil, Edison/Energean and BG, have operated both upstream and downstream activities in Egypt's petroleum and natural gas industry for many years, helping to achieve significant developments in the sector and the discovery of further reserves. In 2016, the MOP launched Egypt's oil and gas modernisation project, which aimed to attract major international oil companies, such as Exxon Mobil and Chevron, to work in Egypt's oil and gas upstream sector for the first time. The Government encourages foreign entities to conduct exploration for new oil and gas fields throughout the Republic. Once a new field has been identified, the foreign entity and either EGPC or EGAS generally enter into a development lease agreement and establish a joint operating company to develop the new field.

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

August 2019, with executive regulations issued in 2020, paving the way for attracting increased foreign investments and continued exploitation of Egypt's mining sector.

Petroleum

Petroleum production accounted for 2.7% of GDP in 2020/21, 3.1% of GDP in 2019/20 and 4.7% in 2018/19. In 2020/21, the sector decreased by 4.7% (in nominal terms), compared with 2019/20. In 2017/18, foreign and local investment in the oil sector stood at U.S.$9.1 billion. In 2018/19, foreign and local investment in the oil sector increased to U.S.$10 billion. In 2019/20, foreign and local investment in the oil sector decreased to U.S.$8.4 billion, followed by a further decrease to U.S.$6.8. billion in 2020/21. The number of oil sector agreements in place between Egypt and international oil companies or other countries increased to a total of 568 such agreements in 2021/22, from 559 such agreements in 2020/21. New field exploration activity in 2021/22 was 43 exploration projects underway during the year, compared with 46 exploration projects in 2020/21.

According to statistics published by EGPC, Egypt's oil is produced in the Western Desert, the Gulf of Suez, the Eastern Desert, Sinai, the Mediterranean Sea, the Delta and Upper Egypt. Most of Egypt's oil production is derived from relatively small oil fields that are connected to larger, regional production systems. Oil fields in Egypt are considered mature, as they have been producing oil since the 1960s. As Egypt's current oil fields continue to mature, production from these fields has fallen. EGPC is the economic corporation responsible for the development and exploitation of Egypt's petroleum resources and for ensuring the supply of various petroleum products within Egypt. In order to increase production from existing brownfields, EGPC is encouraging partner companies to invest in new brownfield technologies to enhance oil production. In addition, new bid rounds for new fields and concession are being offered. In recent years, two companies have been formed that operate alongside EGPC: EGAS, which focuses on natural gas activities and the exploitation of gas reserves, and Egyptian Petrochemical Holding Company ("**ECHEM**"), which focuses on the petrochemicals business. South Valley Egyptian Petroleum Holding Company ("**GANOPE**") has also been established to develop oil and gas activities in Southern Egypt. EGAS, ECHEM and GANOPE are wholly-owned subsidiaries of EGPC.

In recent years, the country has experienced shortages of fuel that have prompted an increased demand for alternative sources of supply, although the Government had previously sought to address fuel price increases as a result of shortages through the use of subsidies. Since July 2014, the Government has sought to reduce such subsidies and has implemented a number of fuel price increases. An increase was implemented in June 2018, in line with the economic reform programme launched by the Government. An energy subsidy reform programme was implemented in order to address energy subsidies and a more sustainable approach for fuel pricing, including the introduction of a fuel price indexation mechanism. See "*—Electricity Subsidies*" and "*Public Finance—Social Spending and Subsidies*".

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

On 16 May 2017, EGPC paid U.S.$750 million in respect of arrears owed to international oil and gas companies. EGPC made a further U.S.$750 million payment in respect of arrears in June 2017, following which the outstanding arrears owed to international oil companies were reduced to approximately U.S.$2.4 billion on 30 June 2017. In January 2018, EGPC paid U.S.$200 million in respect of arrears owed to international oil and gas companies. As at 30 June 2018, the remaining outstanding arrears were approximately U.S.$1.2 billion. As at each of 30 June 2019 and 2020, the remaining outstanding arrears were approximately U.S.$0.9 billion. As at 30 June 2022, EGPC paid U.S.$8.9 billion in arrears to international oil and gas companies compared with U.S.$5.7 billion in 2021, the remaining outstanding arrears were U.S.$1.2 billion compared with U.S.$0.8 billion in 30 June 2021. See "*—Energy Reform Strategy*" and "*Public Finance—Social Spending and Subsidies*".

The number of current concession agreements between Egypt and international oil companies as well as other countries was 153 in 2021/22 compared with 180 in 2020/21, 174 in 2019/20 and 160 in 2018/19.

In 2021/22, there were 43 new field exploration projects compared with 46 projects in 2020/21.

The following table sets out the countries from which Egypt imports crude oil in relation to the periods provided.

Countries	Imports of Crude Oil 2020/21 (U.S.$ millions)	201/22
Kuwait	1,410.6	1,593.8
Iraq	424.7	445.5
Saudi Arabia	1,603.7	2,485.7
Total	**3,439.0**	**4,525.0**

Source: MOP

The following table sets out the countries from which Egypt imports oil products in relation to the periods provided.

Countries	Imports of Oil Products 2020/21 (U.S.$ millions)	2021/22
UAE	291.5	525.4
Algeria	0.0	0.0
Saudi Arabia	927.5	2691.8
Kuwait	362.6	377.4
Greece	154.4	76.8
Spain	68.8	24.5
Italy	268.2	552.0
Belgium	190.7	435.1
Turkey	67.1	0.0
Georgia	-	18.5
Tunisia	27.2	260.9
Switzerland	34.1	0.0
Amman	27.0	0.0
France	25.0	0.0
Malta	51.3	0.0
Holland	87.0	152.6
Libya	0.0	0.0
Malaysia	35.5	0.0
Romania	15.6	0.0
Bulgaria	33.2	181.7
Finland	12.4	0.0
Midor (ITT)	-	20.8
Other mineral oils	383.4	427.1
Ireland	14.0	0.0
Israel	10.7	0.0
Argentina	27.0	0.0
Barbados	14.0	0.0
Estonia	1.3	0.0
Total	**3,129.5**	**5,744.6**

Source: MOP

The following table sets out the countries from which Egypt imports non-oil products in relation to the periods provided.

	Imports of Non-Oil Products during January to February		
Countries	**2021** (U.S.$ millions)	**2022**	**Percentage Change** (%)
China	2,193	2,444	11.4
USA	1,000	1,013	1.3
Turkey	493	741	50.3
Germany	646	686	6.2
Russia	592	529	(10.6)
India	410	658	60.5

Source: Ministry of Trade and Industry

The following table sets out the countries to which Egypt exports non-oil products in relation to the periods provided.

	Exports of Non-Oil Products during January to February		
	2021	2022	Percentage Change
Countries	(U.S.$ millions)		(%)
Saudi Arabia	305	384	25.9
USA	277	368	32.9
UAE	238	368	54.6
Turkey	343	361	5.2
Italy	285	334	17.2
China	83	196	136.1

Source: Ministry of Trade and Industry

The following table sets out the country from which Egypt imports liquified natural gas ("**LNG**") in relation to the periods provided.

	Imports of LNG	
	2020/21	2021/22
Countries	(U.S.$ millions)	
Israel	764.0	1,531.6
Total	**764.0**	**1,531.6**

Source: MOP

The following table sets out the countries from which Egypt imports butane gas in relation to the periods provided.

	Imports of Butane Gas	
	2020/21	2021/22
Countries	(U.S.$ millions)	
Saudi Arabia	495.5	387.2
Algeria	73.8	8.5
Libya	5.5	22.9
Switzerland	64.6	0.0
Italy	-	2.8
USA	341.6	825.8
Norway	11.7	38.6
Spain	17.3	8.2
England	11.8	0.0
Singapore	24.4	0.0
Argentina	9.1	0.0
UAE	0.0	188.6
Panama	5.4	0.0
Total	**1,060.7**	**1,482.6**

Source: MOP

The following table sets forth the amount of petroleum and product production and consumption for the periods indicated. These reflect the changes to the activity of the oil sector. There were also various changes in the rate of activity in respect of the oil sector.

Petroleum and Product Production and Consumption	2017/18	2018/19	2019/20	2020/21	2021/22[(1)]
	(millions of tonnes)				
Production					
Crude Oil, LPG and Condensates	32.2	32.0	30.8	29.3	28.6
Natural Gas	41.2	49.0	46.6	49.9	52
Total Production	**73.4**	**81.0**	**77.4**	**79.2**	**80.6**
Domestic Consumption					
Petroleum and Petrochemical Products	34.4	31.0	27.1	25.9	32.3

Petroleum and Product Production and Consumption	2017/18	2018/19	2019/20	2020/21	2021/22[(1)]
			(millions of tonnes)		
Natural Gas	44.9	45.9	44.1	47.4	47.3
Total Consumption	**79.3**	**76.9**	**71.2**	**73.3**	**79.6**

Source: MOP

(1) Preliminary figures.

Natural gas

Natural gas production accounted for 2.6% of GDP in 2020/21, 3.1% of GDP in 2019/20 and 5.9% of GDP in 2018/19. In 2020/21, the sector declined by 7.3% (in nominal terms), as compared with the previous year as a result of the effects of the COVID-19 pandemic.

The MOP estimates that over 80% of Egypt's natural gas reserves are located in the Mediterranean and Nile Delta. Production of natural gas, sales gas or marketed gas in Egypt increased from 1.9 trillion cubic feet ("**TCF**") in 2017/18, 2.3 TCF in 2018/19 and 2.2 TCF in 2019/20, 2.3 TCF in 2020/21 and 2.4 TCF in 2021/22. In 2021/22, gas produced from reserves in the Mediterranean region accounted for approximately 68% of total sales of natural gas, as compared with the Delta (16%), Western Desert (15%), and the Suez Gulf, Eastern Desert and Sinai region (1%).

Exploration projects for, and discoveries of, natural gas have increased in recent years. In 2015/16, there were 14 discoveries of natural gas (three located in the Mediterranean Sea, six in the Western Desert, four in the Delta and one in the Eastern Desert). These discoveries are expected to increase Egypt's reserves by 22.4 TCF of natural gas and 30.5 million barrels of condensate. In 2016/17, there were 19 discoveries of natural gas (two located in the Mediterranean Sea, 10 in the Western Desert, five in the Delta and two in the Eastern Desert). These discoveries are expected to increase Egypt's reserves by 2.0 TCF of natural gas and 19.6 mmsb of condensate. In 2017/18, there were 16 discoveries of natural gas (14 in the Western Sahara and two in the Delta). In 2018/19, there were 15 new discoveries of natural gas, of which 10 were in the Western Desert and five were in the Mediterranean Sea, which added approximately 0.8 TCF of actual reserves and 2.2 million barrels of condensate. In 2019/20, there were 23 new discoveries of natural gas, of which 16 were in the Western Desert, five in the Mediterranean Sea and two in the Delta, which added approximately 2.1 TCF of natural gas reserves gas. In 2020/21, there were eight new discoveries of natural gas, of which six were in the Western Desert and two in the Mediterranean Sea, which added approximately 562 billion cubic feet of natural gas reserves. During 2021/22 there were nine new discoveries of natural gas of which four were in the Western Desert, two in the Mediterranean Sea and three in the Delta, adding approximately 0.2 TCF of natural gas reserves.

In August 2015, the MOP announced two large gas field discoveries by BP (the Atoll Field) and Eni S.A. (the Zohr Field). In June 2016, BP approved investment in the first phase of development of the Atoll Field, which delivered its first gas in December 2017 and provides 300 million cubic feet per day ("**mcfd**") per day of gas to the Egyptian market. In September 2016, Eni S.A. completed the drilling of the fifth well on the Zohr Field, which confirmed the potential of the field to be 30 TCF of original gas in place. BP, Mubadala and Rosneft acquired interests (of 10% and 30%, respectively) in the concession containing the Zohr field from Eni S.A. in February 2017 and October 2017, respectively. Production at the Zohr Field commenced on 20 December 2017 with initial production levels of 350 mcfd. In April 2018, Zohr production reached 1,000 mcfd. This increased to 2,500 mcfd as at August 2022.

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.

In January 2023, Eni and Chevron announced the discovery of a natural gas well in an offshore field in the Egyptian eastern Mediterranean Sea. EGAS is evaluating the quantity of reserves in the well.

EGAS's strategy is to maximise Egypt's natural gas reserves and to attract further investment and create additional job opportunities in the sector. In line with this strategy and following a tender process involving international oil and gas companies, EGAS awarded four new blocks in the Mediterranean Sea in 2015 for gas and crude oil exploration activities. The exploration agreements for these blocks were signed in December 2016 and January 2017. In May 2018 EGAS announced an international tender procedure for 16 new blocks (13 located offshore in the Mediterranean Sea and three located onshore in the Delta). For the first time, Egypt is offering areas in the Red Sea for exploration. Between 11 February and 13 February 2019, the Egypt Petroleum Show 2019 was held in Cairo. At the show, Egypt announced 12 new blocks resulting from two bid rounds: five blocks for EGAS and seven blocks for EGPC. EGAS awarded the five blocks to bidders such as Shell BG, Eni, BP, DEA and Exxon Mobil. Since mid-2019, the MOP and EGAS have been negotiating nine new agreements, seven of which are for blocks in the western Mediterranean Sea, and the other two are for blocks in the eastern Mediterranean Sea. 12 agreements were signed in 2020 with minimum financial investments of U.S.$1,400 million, with commitments to drill 34 wells and acquire more than 21,000 km^2 of 3D seismic, over six to eight years. A further two agreements were signed in March 2021 for a period of eight years each.

In order to cover the gap between natural gas production and consumption, EGAS had historically imported liquid natural gas ("**LNG**") for the domestic market. EGAS' import strategy focuses on the use of floating storage regasification units ("**FSRUs**"), with the first two FSRUs delivered in April 2015 and November 2015, respectively. EGAS is not currently importing liquefied natural gas for the domestic market; it has released one FSRU and retains the other FSRU in case it is needed in an emergency.

EGAS stopped importing LNG by means of FSRUs in September 2018. This allowed it to achieve self-sufficiency. Natural gas imports started in January 2020, by means of the marine gas pipeline.

As at 1 September 2021, 44 concession agreements were in effect, 33 of which were between EGAS and international companies for gas and crude oil exploration (representing 25 offshore concession agreements and eight onshore concession agreements) and 11 of which were between EGPC and international companies supervised by EGAS (representing eight offshore concession agreements and three onshore agreements).

As at 1 November 2022, 41 concession agreements were in effect, 30 of which were between EGAS and international companies for gas and crude oil exploration (representing 23 offshore concession agreements and seven onshore concession agreements) and 11 of which were between EGPC and international companies supervised by EGAS (representing eight offshore concession agreements and three onshore agreements).

In 2017/18, 10 natural gas development projects were initiated by EGPC or private investors to expand existing facilities or develop new gas fields. These projects had a total investment cost of U.S.$5.6 billion. In 2018/19, seven natural gas development projects were initiated by EGAS and international oil companies to expand existing facilities or develop new gas fields. These projects had a total investment cost of U.S.$10.6 billion. In 2019/20, 11 natural gas development projects were initiated by EGAS and international oil companies to expand existing facilities or develop new gas fields. These projects had a total investment cost of U.S.$1.1 billion In 2020/21, four natural gas development projects were initiated by EGAS and international oil companies to expand existing facilities or develop new gas fields. These projects had a total investment cost of U.S.$4.2 billion
In 2021/22, 14 natural gas development projects were initiated by EGAS and international oil companies to expand existing facilities or develop new gas fields. These projects had a total investment cost of U.S.$431 million.

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

One of the key outcomes of the strategy to transform Egypt into a regional energy hub in the short term was to capitalise on the country's existing infrastructure to bring in regional gases from the East Mediterranean fields. In August 2016, Egypt and Cyprus entered into an agreement paving the way for the supply of gas to Egypt via an undersea pipeline. In September 2018, Egypt and Cyprus entered into an intergovernmental agreement to construct the undersea pipeline for the transportation of natural gas, which is expected to promote the export of natural gas from Cyprus to Egypt's processing facilities for onward re-export to Europe. EGAS is in ongoing discussions with Cyprus concerning the importation of gas from Cyprus.

Egypt has a well-developed natural gas grid of high-pressure pipelines with a total length of 7,920 km as at the start of 2020/21. In 2020/21, additional pipelines were constructed, resulting in increasing the national natural gas grid to 72,000 km. In 2021/22, 14,000 km of natural gas pipelines were constructed, and the total length of the national gas grid increased to 86,000 km.

Natural gas accounts for a greater proportion of energy production in Egypt than crude oil. The use of natural gas by power stations and industrial areas has increased. The share of natural gas consumed in the transportation sector has also been rising since the development of compressed natural gas ("**CNG**") infrastructure and vehicles. The electricity sector accounted for approximately 60.5% of local gas consumption in 2020/21, while the industrial sector accounted for approximately 22.3%, the petroleum sector accounted for approximately 11.2% and the residential and CNG sectors accounted for approximately 4.8% and 1.2%, respectively, of total consumption. The electricity sector accounted for 58.3% of local gas consumption in 2021/22, while the industrial sector accounted for 24.6%, the petroleum sector accounted for 10% and the residential and CNG sectors accounted for 5.43% and 1.63%, respectively, of total consumption.

According to figures compiled by the MOP, in 2018/19 Egypt reached a point of self-sufficiency in respect of natural gas when local production reached an average daily production level of 6,392 million mcfd. In 2019/20, the average production level was 6,091 mcfd and it increased to 6,409 mcfd during 2020/21, although this was lower than the production capacity of 7,200 mcfd in 2020/21 due to reduced gas production, which was, in turn, due to lower demand and lower exports as a result of the COVID-19 pandemic. In 2021/22, natural gas consumption reached 6,080 mcfd compared with 6,066 mcfd in 2020/21, and 5,754 mcfd in 2019/20.

The total number of residential consumers connected with natural gas reached 13.47 million consumers in June 2022. During the fiscal year 2021/22, 1.152 million residential consumers were connected to natural gas.

Egypt has been at the forefront of promoting the adoption of natural gas vehicles, starting with a pilot programme in 1985 supported by the MOP. Subsequently, a number of private companies have entered the market. In 2019/20, 42,292 vehicles were converted to run on natural gas, resulting in over 344,216 CNG-powered vehicles on Egyptian roads. In 2021/22, 80,000 vehicles were converted to natural gas compared with 51,030 vehicles in 2020/21 resulting in over 450,000 CNG-powered vehicles on Egyptian roads compared to 370,000 in 2020/21.

Egypt established 22 CNG conversion centres and 262 CNG fuelling stations during 2021/22, compared to 27 CNG conversion centres and 163 CNG fuelling stations in 2020/21, bringing the total stations by the end of June 2022 to about 122 conversion centres and 630 fuelling stations. Egypt added seven CNG conversion centres and 43 CNG fuelling stations between July and December 2022, bringing the total to 129 conversion centres and 673 fuelling stations by the end of December 2022.

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 mcfd per day, supporting the potential of the East Obeyed concession.

In 2001, Egypt agreed to supply Jordan with 2.3 billion cubic metres of natural gas per year, for 30 years, through the Arab Gas Pipeline ("**AGP**"), which commenced in 2003. The AGP originates in Egypt and connects to Jordan, Syria and Lebanon. Following a period of non-operation, the AGP resumed deliveries of natural gas in September 2018. The Egyptian National Grid is also connected to a pipeline to Ashkelon in Israel. In January 2020, natural gas was received from Israel's natural gas fields for liquefaction in Egypt's LNG facilities and further re-export to Europe.

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

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

Electricity

Electricity generation accounted for 1.7% of GDP in each of 2020/21, 2019/20 and 2018/19. In nominal terms, the sector grew by 9.8% in 2020/21, 7.8% in 2019/20 and 18.2% in 2018/19.

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

Electricity Generation and Consumption	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**
			(millions of megawatt hours)		
Domestic Electricity Consumption					
Industrial	43.6	44.4	41.1	42.1	45.7
Commercial and household	75.2	68.0	68.6	69.6	71.2
Other	38.1	38.5	37.5	40.5	45.2
Total electricity consumed domestically	**156.9**	**151.0**	**147.2**	**152.2**	**162.1**
Electricity generated, but not consumed domestically (build-own-operate and transfer and interconnection)	0.7	0.9	1.3	1.9	2.0
Total Electricity Consumed	**157.6**	**151.9**	**148.5**	**154.1**	**164.1**

Source: Ministry of Electricity and Renewable Energy

Electricity Generation

The Government views the electric power sector as a key contributor to growth in the productive sectors of the economy. Egypt has significant electricity generating capabilities. Notably, the Aswan High Dam serves as a source of hydroelectric power. As at 30 June 2021, total installed capacity of Egyptian power plants was approximately 58.8 GW (including hydroelectric, thermal and wind generating capacities). With demand for electricity growing at 2% to 5% per year, there are several new power plants being constructed in Egypt. Accordingly, the Government's energy policy focuses on increasing supply through improving the efficiency of existing electricity plants and networks, building new plants and diversifying sources of primary power for production of electricity.

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

In addition to the Aswan High Dam, hydroelectric power is also generated at Aswan, Esna, the Nagah Hamadi and Assiut hydroelectric power stations, which have a total installed capacity of 2,832 MW, which represented approximately 4.8% of the Republic's total installed capacity in 2020/21.

As part of Egypt's power generation expansion plan, the Government intends to diversify Egypt's power generation mix to reduce dependence on fossil fuel sources, which accounted for approximately 87.8% of total electricity generation in 2020/21. In this respect, the Government has awarded four contracts for 4.8 GW of nuclear power generation. The total installed capacity of renewable energy reached 6,150.5 MW by the end of year 2022, representing approximately 20% of the peak load. Egypt plans to increase its installed renewable energy capacity to approximately 10,000 MW by 2023/24.

Cross-Border Electricity Interconnection

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

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

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

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

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

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

Egypt has the following cross-border projects planned:

- **Upgrade Egypt – Jordan Interconnection Capacity from 550 MW to 1,100 MW:** the necessary procedures have been taken to appoint a consultant for the submarine cable (setting specifications, offering and supervising implementation) and the project is expected to be completed in 2024.

- **Interconnection between Egypt - Jordan – GCCIA**: the initial feasibility study for the project has been completed, and the study of the project structure is ongoing.

- **Interconnection between Egypt and Greece**: The Egyptian electricity transmission company and the Greek independent power transmission operator (the "**IPTO**") agreed to appoint a consultant to prepare a technical, economical, and financial feasibility study of the project. IPTO is preparing to tender for a consultant.

Wind and Solar Power Projects

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

Egypt has a number of wind power projects in the Gulf of Suez. The majority of Egypt's wind power is generated by the Zafarana and the Gulf of El Zayt wind farms, which have capacities of 545 MW and 830 MW, respectively, of which 250 MW is generated by the private sector.

With regards to solar energy, Egypt benefits from a large amount of sunlight, offering significant potential for the development of solar energy projects. Egypt issued a solar atlas in 2017, which indicated that the average direct normal solar radiation ranges between 2,000 (north) and 3,200 (south) kWh/m^2 per year, with few cloudy days and average hours of sunshine of between nine hours per day in winter and 11 hours per day in summer. Egypt's first concentrated solar power plant, the Integrated Solar Combined Cycle power plant in Kuraymat, with 140 MW capacity, including a 20 MW solar field, has been in operation since July 2011. A 26 MW photovoltaic power plant in Kom Ombo has been in operation since February 2020. There is also 120 MW in photovoltaic power plant projects currently under development (20 MW in Hurghada, 50 MW in Kom Ombo and 50 MW in Zafarana).

In 2014, Law No. 203 of 2014 was introduced by Presidential Decree to encourage the production of electricity from renewable sources. Pursuant to this law, the Egyptian Electricity Transmission Company ("**EETC**") announced a feed-in tariff programme in 2014, under which power purchase agreements are granted for projects financed on a build, own and operate basis. These projects are being funded by FDI of approximately U.S.$2 billion. As at 31 December 2019, 32 solar projects have been built under this scheme with a total capacity of 1,465 MW, including Benban Solar park, the largest solar park in Africa and one of the largest in the world, and the recipient of a World Bank award in 2019 for best project worldwide, as well as the Arab Government Excellence award for the best project for the development of infrastructure in 2020.

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

In November 2022, ACWA Power, a Saudi Arabian power generation company, signed a memorandum of understanding with the Sovereign Fund of Egypt to explore a joint investment in a 1,100 MW wind energy project in the Gulf of Suez.

Nuclear Power Projects

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

The main law governing nuclear and radiation safety in the Arab Republic of Egypt is the Law on Regulation of Nuclear and Radiation Activities No.7 of 2010 dated 29 March 2010, and is amended by virtue of Law No. 211 of 2017 dated 29 November 2017 (the "**Nuclear Law**"). The Executive Regulation of the Nuclear Law was enacted by virtue of Cabinet Decree No.1326 of 2011. The Nuclear Law defines the NPPA as the organisation responsible for the construction and operation of the nuclear power plants in the Arab Republic of Egypt, and estimates the Egyptian Nuclear and Radiological Regulatory Authority as the regulatory body for nuclear and radiation safety.

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. This will include four nuclear reactor units. The plant is located in El Dabaa on the Mediterranean coast and will have a capacity of 4,800 MW. Construction of the first nuclear reactor is expected to be completed by the end of 2028, and the fourth nuclear reactor is expected to be operational by the end of 2030. As of November 2022, the Russia-Ukraine conflict has not had a material impact on this project, which is being implemented in accordance with the contract between the NPPA and Rosatom. All four nuclear reactors are currently expected to be operational by the end of 2030.

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

Electricity subsidies

Historically, the electricity sector has benefited from significant subsidies from the Government. Electricity subsidies in 2017/18 were LE28.6 billion and LE16 billion in 2018/19. There were no electricity subsidies for 2019/20, 2020/21 and 2021/22.

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, whilst creating an innovative sector capable of forecasting and adapting to local, regional and international developments and complying, which comply with sustainable development goals.

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

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

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

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

As at the date of this Offering Circular, U.S.$4 billion has been invested in renewing and modernising Egypt's electricity transmission and distribution networks, including the establishment of a 2,000 km transmission and distribution network, as well as a U.S.$243 million loan from the Japanese International Co-operation Agency to finance automated control centres for electricity distribution companies in Alexandria, North Delta and North Cairo.

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

Construction and Building

The construction sector has been one of the fastest growing sectors of the Egyptian economy, growing by 34.1% in 2016/17, 31.8% in 2017/18, 24.8% in 2018/19, 16.8% in 2019/20 and 14.5% in 2020/21. The construction sector’s share of Egypt’s GDP was 6.2% in 2018/19, 6.7% in 2019/20 and 7.1% in 2020/21.

Housing

Following the 2011 Revolution, the level of activity in the housing market declined and investments, sales, lease rates and the rate of capital appreciation were negatively impacted. The housing sector has since recovered and there is steady demand for housing. According to CAPMAS, Egypt's population grew to 103.6 million as of July 2022 compared with 102.88 million in January 2022, reflecting a growth rate of 0.7%. Approximately 17.31% of the population was aged 20 to 29 years, and approximately 61.1% of the population was under 30-years old. These population growth rates are expected to maintain the need for housing in the coming years.

The table set forth below sets out the estimated population breakdown by gender and age group as at 1 July 2022.

Age Group	**Female**	**Male**	**Total**	**Proportion of total population**
				(%)
0-4	6,918,183	7,197,924	14,116,107	13.6
5-9	5,540,562	5,963,439	11,504,001	11.1
10-14	4,741,642	5,136,902	9,878,544	9.5
15-19	4,748,552	5,104,882	9,853,434	9.5
20-24	4,381,917	4,619,879	9,001,796	8.7
25-29	4,529,152	4,398,631	8,927,783	8.6
30-34	3,919,121	4,100,374	8,019,495	7.7
35-39	3,446,863	3,633,159	7,080,022	6.8
40-44	2,730,411	2,892,752	5,623,163	5.4
45-49	2,306,712	2,486,862	4,793,574	4.6
50-54	2,130,492	2,231,450	4,361,942	4.2
55-59	1,691,593	1,865,618	3,557,211	3.4
60-64	1,349,298	1,541,422	2,890,720	2.8
65-69	850,770	1,025,667	1,876,437	1.8
70-74	530,713	578,165	1,108,878	1.1
75+	492,257	519,675	1,011,932	1.0
Total	**50,308,238**	**53,296,801**	**103,605,039**	**100.0**

Source: CAPMAS

During the Egypt Economic Development Conference in March 2015, the Minister of Housing announced plans to construct a new capital to be located east of Cairo and outside the Second Greater Cairo Ring Road in a currently largely undeveloped area halfway to the seaport city of Suez (the "**New Capital City Project**"). The new city is intended to become the new administrative and financial capital of Egypt, housing the main government departments and ministries, as well as foreign embassies. It would also provide housing for up to 6.5 million people. The Government has established a company, The New Administrative Capital for Urban Development, which is owned 51% by the military and 49% by the state-owned New Urban Communities Authority, to oversee the New Capital City Project. In October 2017, the China State Construction Engineering Corporation entered into an agreement to build the central business district of the new capital, with an area of approximately 0.8 km^2. The total cost of the New Capital City Project has not yet been finalised. Administrative Capital for Urban Development is the main source of funding for this project as it owns the land and sells it to the private sector. The Government is continuing to explore financing options for this project. The Government has announced its intention to partially move Government buildings to the new capital city by mid-2022. 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 would be poured in for a 385-metre tower in the new capital city, Iconic Tower, expected to be Africa's tallest building.

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

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

Production Services Sector

The production services sector represented 30.5% of GDP in 2020/21, 30.2% of GDP in 2019/20 and 29.5% of GDP in 2018/19. The sector grew by 8.6% and 10.6% (in nominal terms) in 2020/21 and 2019/20, respectively.

Financial Intermediation

There are 38 banks registered with the CBE. The financial intermediation sector (in nominal terms) contributed 2.3% to GDP 2020/21, 3.8% of GDP in 2019/20 and 3.2% in 2018/19. In 2021/22, the sector grew (in nominal terms) by 11.3% compared with 2020/21. In 2020/21 it grew (in nominal terms) by 8.2% compared with 2019/20. In 2019/20, it grew (in nominal terms) by 8.4% in 2019/20 compared with the previous year.

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

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

See "*Monetary System*".

Transport and Warehousing

Transport and warehousing, excluding the Suez Canal, contributed 5.2% to GDP in 2020/21, 5.0% to GDP in 2019/20 and 4.6% to GDP in 2018/19. In 2020/21, the sector grew by 11.0% (in nominal terms) compared with 2019/20. In 2019/20, the sector grew by 16.6% (in nominal terms) compared with the previous year.

Suez Canal

The Suez Canal is a primary driver of economic activity in this sector. It has a total length of 195 km and has an average width of 360 metres. Suez Canal traffic receipts increased by 19.5% in 2021/22, reaching U.S.$6.98 billion. In 2020/21, receipts increased by 2.1%, to U.S.$5.84 billion from U.S.$5.72 billion in 2019/20.

In 2021, petroleum (including crude oil, refined products, chemicals and LPG) and LNG accounted for 21.3% and 3.4%, respectively, of Suez Canal cargoes, measured by cargo tonnage. In 2021, 20,694 ships transited the Suez Canal, of which 24.0% were petroleum tankers and 4.5% were LNG tankers. As the maximum draught allowed is 66 feet, crude oil tankers classed as "Very Large Crude Carriers" or "Ultra Large Crude Carriers" cannot pass through the Suez Canal fully loaded. From 23 to 29 March 2021, transport through the Suez Canal was disrupted when a ship became lodged sideways across the waterway, resulting in the temporary closure of the canal and significantly delaying shipping. The disruption has been resolved.

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

Suez Canal Traffic	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**
Number of vessels(1)	17,860	18,482	19,312	19,047	22,032
Vessels (*millions of tonnes*)	1,093	1,175	1,211	1,191	1,321
Receipts (*U.S.$ millions*)	5,609	5,750	5,718	5,843	6,978

Source: Suez Canal Authority

(1) Includes oil tankers and other vessels.

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

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

In order to finance the construction of the new canal, in September 2014, the Suez Canal Authority issued LE64 billion (approximately U.S.$9 billion) of certificates with a maturity of five years and a coupon of 12%. The certificates are guaranteed by the Government.

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

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

Ports

Egypt's navigable waterways total approximately 2,900 km (excluding the Suez Canal). Approximately 85% to 90% of Egypt's international trade travels through its ports. Grand Alexandria (Alexandria and Dekheila) is the main port, handling approximately 42% of Egypt's imported foreign trade and approximately 35% of Egypt's total foreign trade in 2021. Other significant major ports are Damietta, Port Said and Suez. Total cargo handling capacity for all Egyptian ports was estimated to be 184.2 million tonnes as at 31 December 2021. The total number of vessels calling on all Egyptian ports reached 11,592 in 2021, while total containers handled reached 7.2 million TEUs.

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

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

The National River Port Management Company, 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 metres and a depth of 18.5 metres in order to accommodate large oil tankers. The works cost approximately U.S.$36 million. Following completion of the second phase of the project, the volume of containers handled by the east port of Port Said increased from 2.2 million TEU to 5.1 million TEU.

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

In 2021, the total volume of cargo imported to Egyptian ports was 98 million tonnes, while the total volume of cargo exported from Egyptian ports was 64 million tonnes. The total number of passengers arriving at Egyptian ports was 130,161, while the total number of passengers departing from Egyptian ports was 227,381 in 2021. This brought the total number of passengers arriving and departing from Egyptian ports to 357,542 (up from 71,028 in 2020, an increase of 109%).

Air transportation

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

Cairo International Airport is Egypt's largest airport. Over 47 commercial and charter airlines and 12 cargo airlines use this airport, which includes three passenger terminals and a fourth terminal designed for private aircraft, and a seasonal hall designated for Hajj and Umrah flights. Recent projects include an expansion of the transit area in Terminal 3 at a total cost of approximately LE75 million and a project to connect the multi-storey garage to passenger building number 2, which is estimated to cost LE500 million.

Cairo International Airport has a total capacity of 28.2 million passengers annually. In 2021, approximately 11.3 million passengers travelled through the airport compared with 18.9 million passengers in 2019. The number of passengers in 2021 increased by 59% compared with 2020. In 2020, the number of passengers decreased by 40% compared with 2019. In 2021, the number of flights from Cairo International Airport increased by 50% compared with 2020, despite the impact of the COVID-19 pandemic and travel restrictions. The number of flights from the airport in 2020 decreased by 54%, compared with 2019, as a result of the impact of the COVID-19 pandemic and the corresponding restrictions on travel. Total airfreight tonnage handled at the airport in 2021 increased by 17.3%, to 333,000 tonnes, compared with 2020. Total airfreight tonnage handled at the airport in 2020 decreased by 58%, to 148,000 tonnes, compared with 2019. Sixty-four passenger airlines and 34 cargo airlines were operating at Cairo International Airport by the end of April 2022.

EgyptAir, the largest operator in Egyptian airports, commenced operations in 1933. Its fleet of 95 aircraft carried approximately 7.3 million passengers for the 10 months ended 31 October 2022, compared with approximately 4.9 million passengers carried by the airline in 2021. The fleet includes Airbus (A321-200, A220-200, A320-200, A340-200 and A330-300), Boeing (B737-800, B777-300ER and B787-0) and Embraer S.A. (ERJ170) passenger aircraft, as well as Airbus (A330-200P2F) freighter aircraft.

EgyptAir plans to upgrade its fleet by replacing older aircraft, as well as increasing the fleet to 104 aircraft by 2027. The expansion plan includes the introduction of new fuel-efficient aircraft to reduce CO2 and noise emissions, in line with its corporate sustainability strategy. The improved fleet is expected to help reduce costs and improve the profitability of the company. This plan is also expected to help EgyptAir improve its service offering and maintain its market position in the Africa and Middle East market.

EgyptAir currently serves 73 destinations: eight in Egypt, 22 in other countries in Africa, 16 in the Middle East, 21 in Europe, three in Asia and three in North America. It plans to increase this to 96 destinations by 2027.

Other airport development and modernisation projects include: (i) improving the efficiency of the auxiliary corridor at Aswan airport (at an estimated cost of LE156 million, which has been completed); (ii) developing and enhancing the terminal at Sharm El Sheikh Airport at a cost of LE453 million, of which LE182 million is to increase the number of aircraft stands; (iii) increasing the capacity at Sphinx Airport (at an estimated cost of LE1,888 billion); (iv) construction of a new low-cost passenger terminal for Borg El Arab airport (at an estimated cost of LE2.8 billion funded by JICA, a Japanese company, of which 52% has been completed); (v) increasing the efficiency of the auxiliary corridor and connections at Borg El Arab airport (recently completed at an estimated cost of LE97 million); (vi) establishing a new air field at St. Catherine International Airport and increasing its capacity (at a total cost of LE3,1billion); (vii) enhancing security at Hurghada and Sharm El Sheikh airports (at an estimated cost of LE532 million, which has been completed) and (viii) providing security equipment for new airports, including Sphinx Airport and Capital Airport (at an estimated cost of U.S.$19 million). In addition, the Air Navigation Company has announced the launch of a project to establish industrial circuits and install a microwave network (at a total estimated cost of LE200 million). The project will update the radars at all airports (for a total estimated cost of U.S.$305 million, plus a further U.S.$45 million in infrastructure costs), 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 an important role in the Egyptian economy and is an essential means of transportation for low-income citizens. The 9,600-km network is concentrated in the Delta and along the Nile Valley, and serves Egypt's main activities and population centres. In 2021/22, the total number and amount of passengers and freight carried was approximately 350 million passengers and 4.5 million tonnes, respectively. Train fares on commuter trains and third-class commuter trains are subsidised by the government. The vast majority of engines are diesel locomotives. While the engines and rails are imported, the passenger carriages are built and refurbished locally. The Egyptian National Railway is implementing a number of projects to modernise the railway signalling system. Six projects to increase the safety of secondary railway lines are underway, covering the Alexandria-Cairo, Cairo-Giza-Beni Suef, Beni Suef-Asuit, Asuit-NagaHammady, NagaHammady-Luxor and Benha-Ismalia-Port Said corridors.

In June 2017, the Egyptian National Railway entered into an agreement with GE to purchase 100 new diesel locomotives and to recondition 81 used locomotives to meet an expected increase in demand for railway services as a result of decreasing fuel subsidies. In 2017, the Egyptian National Railway signed an additional contract with GE to purchase 10 further locomotives, making a total of 110. All 110 new locomotives have been supplied and 36 of the used locomotives have been reconditioned. The European Bank for Reconstruction and Development ("**EBRD**") provided financing to support these purchases, and American Wabtec Corporation was awarded the supply contract for an additional 100 locomotives.

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

The Cairo Metro, the first in Africa and the Middle East, opened in 1989. Line 1 is 44 km long and runs between Helwan and El Marg, with 35 stations. Line 2 is 21.6 km long and runs between Shoubra El Kheima and Al Mounib. In July 2007, construction started on Line 3, the total length of which will be 42 km. The first phase was completed in 2012 and links Attaba to Abbassiya, while the second phase, completed in 2014, linked Abbassiya to El Ahram. Phase 4A, completed in October 2019, links Haroun to El Shams station. Phase 4B, a seven-km long extension, opened in August 2020. On 5 October 2022, the trial operation began with passengers for Phase 3A of Line 3, which extends from Ataba station to Kit Kat station, with a length of 4 km. Phase 3A will ultimately allow the interchange of passenger transportation service with Line 1 of the metro at Nasser Station. Line 3 will ultimately comprise 34 stations and extend from Imbaba in the northwest of Greater Cairo to the northeast at Adly Mansour station and will also serve Cairo International Airport. Construction of the remaining sections of Line 3 is expected to be completed in 2024.

In November 2020, construction of Phase 1 of the Line 4 project began. Construction of some 19 km of track linking the Cairo Governorate with the Giza Governorate is planned, which will connect both Line 1 and Line 2; there will be 17 stations. The project is being financed through a concessional loan with the Japanese International Co-operation Agency.

In June 2021, a road map for Line 6 of the Cairo Metro was signed with French authorities to assess the feasibility and potential financing of the project. Line 6 will have a total length of some 35 km and 23 stations, intersecting with Lines 1, 3 and 4. In November 2022, a framework agreement for Line 6 of the Cairo Metro was signed with a French consortium led by Alstom Company to implement the manufacture and supply of the electromechanical systems and rolling stock for Line 6.

A light rail network and a monorail project are also under construction. The light rail network, approximately 105 km long with 19 stations, is planned to connect with the new Line 3 of the Cairo Metro. The National Authority for Tunnels is working on the construction of two monorail lines (the New Capital City line and the 6th of October line) with a total length of 98.5 km. It is expected to start operating later this year.

In April 2018, Law No. 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 and/or maintenance activities for the national railway.

In May 2018, Law No. 33 of 2018 of the National Authority for Tunnels (the "**New Tunnels Law**"), which permits private sector participation in the construction, operation, management and/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 (compared with its previous mandate which related only to the execution of underground transportation projects).

In May 2018, the Government announced an increase in the price of metro tickets from a flat rate of LE2 to variable rates of LE3, LE5 and LE10, 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 renovation 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 Russo-Hungarian consortium, to purchase 1,300 passenger coaches. 658 coaches have been supplied.

In December 2020, the Government and the EIB signed a €1.1 billion investment agreement to support the development of the Egyptian urban transport infrastructure framework, including the reconditioning and expansion of the metro and tram systems in Alexandria and Cairo, projects to reduce emissions and improve air quality and projects to increase the availability and improve the quality of public transport systems in Alexandria and Cairo. The investment will be granted in two tranches, the first of which (for a principal amount of €600 million) was granted on 16 December 2020. The second tranche of €528 million was signed on 25 May 2021. The EIM Economic Resilience Initiative and the EU Neighbourhood Investment Programme have also provided grants for technical and advisory assistance during the reconditioning of the Line 2 project for €1.2 million.

Works on the Alexandria metro include conversion of the existing Abu Qir line (originally established as a suburban railway line) into a high-capacity metro, with the upgrade and electrification of 21.7 km of track and 20 stations. The estimated cost of the project is €1.7 billion and will be financed by EBRD (€250 million), the EIB (€750 million), the Asian Infrastructure Development Bank (€250 million), *L'Agence Francaise de Developpement* (€250 million) and the Egyptian treasury (€264 million).

Works on the Alexandria tram system include upgrading the existing Alexandra Raml tram, a double-track rail system which runs east-west across the city with a total length of 13.2 km and 25 stations. The estimated cost of the project is €538 million and is expected to be financed by the EIB (€138 million), *L'Agence Francaise de Developpement* (€100 million), and a grant of €8 million from the European Commission, with the remainder of the cost funded by the Egyptian treasury.

In August 2021, an electric express train project was launched to construct a network of electrical express trains and a railway line handling speeds of up to 230 km/p/h. The network is expected to be divided into three lines: (i) green line (Ain Sukhna-New Lamein-Marsa Matrouh, with a length of 660 km and 22 stations); (ii) blue line (6 October-Aswan-Abu Simbel, with a length of 1,100 km and 36 stations); and (iii) red line (Qena-Hurghada Safaga, with a length of 225 km and three stations). In September 2021, the Government signed a contract with a consortium (comprising Siemens, Orascom and Arab Contractors) led by Siemens Mobility to implement the electric express train project for the green line between Ain Sukhna on the Red Sea coast and Marsa Matrouh on the Mediterranean coast. The contract includes maintenance for a period of 15 years.

In May 2022, a contract was signed with the same consortium to implement the blue and red line electric express train projects.

In 2022, the Government announced a further increase in the price of metro tickets, to LE5, LE7 and LE10 depending on the length of the journey.

Roadways

The Egyptian highway network consists of approximately 30,500 km of roads. 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 longitudinal parallel axes to the Nile River. The Nile valley is also linked to the Red Sea coast through eight transversal axes. Fifty-one axes/bridges have been constructed to connect the road network across the Nile River, and work is underway to construct 12 new axes/bridges.

The Government has launched a construction programme to build 7,000 km of new roads, which are expected to cost LE175 billion. In addition, 5,800 km of roads were constructed, at an estimated cost of LE145 billion. The construction of a regional outer ring road in Cairo has been completed; it has a total length of 400 km and intersections with 18 lanes.

The construction programme includes developing, duplicating and upgrading 10,000 km of the current road network, of which 7,700 km have been completed.

Tourism

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

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

Tourism represented 1.8% of GDP in 2020/21, 2.3% of GDP in 2019/20 and 2.7% of GDP in 2018/19. The decreases in 2020/21 were primarily due to the adverse effects of the COVID-19 pandemic. See "*Risk Factors—Risk Factors Relating to Egypt*".

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

Tourism Receipts (July to December)	***(U.S.$ millions)***
2017/18	4,979
2018/19	6,790
2019/20	7,250
2020/21	1,788
2021/22	5,821

Source: Central Bank of Egypt (CBE)

The total number of tourist nights between July 2018 and February 2019 was 87.4 million. In the full year 2017/18, total tourist nights were 102.6 million in 2017/18, compared with 50.9 million in 2016/17. In each of 2015/16 and 2016/17, the total number of tourist nights was negatively affected by the impact of terrorist attacks on the tourism industry and security concerns in Egypt. Tourism income was U.S.$10.7 billion in 2021/22, U.S.$4.9 billion in 2020/21, U.S.$9.9 billion in 2019/20, U.S.$12.6 billion in 2018/19, U.S.$9.8 billion in 2017/18 and U.S.$4.4 billion in 2016/17. The decrease in tourism in 2020/21 was primarily due to continuing restrictions on travel as a result of the COVID-19 pandemic.

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

Tourism in Egypt is affected by tensions within the Republic and the Middle East, and tourism has historically declined following violent incidents in Egypt and the MENA region, as well as terrorist attacks. In October 2015, the so-called "Islamic State" claimed responsibility for the destruction of a Russian airliner in Sinai, which was flying from Sharm el Sheikh airport. All of the crew and 224 passengers were killed. The tourism industry was particularly affected by this attack, following which a number of international airlines cancelled flights to Sharm el Sheikh airport, and Russia cancelled all direct flights to Egypt. Following the attack, the UK Foreign and Commonwealth Office issued a travel advisory against all but essential travel by air to or from Sharm el Sheikh, which was lifted in October 2019. In May 2016, the German Ministry of Transport lifted its ban on direct flights to Sharm el Sheikh. In July 2016, Egypt invited Russian technical experts to assess Egypt's airport security in preparation for the resumption of flights to Egypt. In December 2017, high-level discussions between the Egyptian and Russian authorities were held regarding the potential resumption of Russian passenger flights to Egypt. In April 2018, Russian passenger flights to Egypt resumed. Two *ad hoc* arbitrations have been filed against the Republic in connection with the crash of the Russian airliner in October 2015: (i) one by MetroJet (Kogalymavia) Limited, a Russian company, pursuant to the Egypt-Russia bilateral investment treaty; and (ii) one by Prens Turizm

Kuyumculuk Tasimacilik ve Dis Ticaret Limited, a Turkish company, pursuant to the Egypt-Turkey bilateral investment treaty.

Terrorist attacks in Giza and Hurghada in January 2016, as well as the crash of an EgyptAir aircraft en route from Paris to Cairo in May 2016, also had a negative impact on Egypt's tourism industry. See "*Risk Factors—Risk Factors Relating to Egypt—Terrorism Risk*". In addition, the political unrest and frequent demonstrations and protests after the 2011 Revolution negatively affected the tourism industry. The tourism sector has, however, previously recovered quickly from such setbacks. 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 Organization noted that Egypt led tourist growth in the Middle East in 2017, both in absolute and relative terms, in terms of tourist arrivals. On 28 December 2018, three tourists and their Egyptian guide were killed by a roadside bomb near Giza. See "*The Arab Republic of Egypt—History— Recent Events*". More recently, the tourism sector has been particularly affected by the COVID-19 pandemic.

The Government is also seeking to provide support to the tourism sector in the form of rescheduling and delaying electricity, energy and rent expense payments for hotels, in addition to providing lending facilities through banks and establishing a fund for crisis support to tourism companies, hotels and other related businesses. In March 2013, the CBE launched an optional incentive initiative for banks to support the tourism sector by postponing the payment of certain debt instalments and delaying all outstanding or current dues on long-term and short-term credit. This initiative was then extended until December 2019, and, during 2019, all requests to postpone debt instalments were 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; (v) providing incentives for investors to invest in services such as shopping and associated infrastructure, in addition to hotel investment; and (vi) implementing a comprehensive sustainability strategy to ensure that the envisaged growth can be absorbed while maintaining Egypt's tourism assets for future generations.

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

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

Tourism Implemented Investments	**Public**	**Private**	**Total**
	(LE millions in current prices)		
2015/16	186	2,923	3,109
2016/17	407	4,300	4,707
2017/18	682	3,850	4,532
2018/19	1,080	6,900	7,980
2019/20	319	4,953	5,272
2020/21	408	5,596	6,004

Source: Ministry of Planning

Insurance

In 1998, restrictions on foreign-owned insurance companies were abolished, and foreign personnel ceilings for the boards of directors of insurance and reinsurance companies have been removed. Many foreign insurers have entered the Egyptian insurance market. There are 26 foreign-owned companies operating in the private sector in the Egyptian insurance market.

Total insurance premiums (including insurance companies and private pension funds) represented 1.0% and 0.9% of GDP in 2019/20 and 2020/21, respectively. In 2021/22, the sector grew by 20.0% (in terms of total premiums paid by insurance companies), compared with 2020/21. The Government believes that the insurance sector has particular growth potential, as Egypt has a low insurance density as measured by premium per capita and low penetration rate as measured by premiums as a percentage of GDP. Insurance density in Egypt was U.S.$29.0 in 2021/22 (based on population figures as at 30 June 2021), compared with U.S.$29.6 in 2020/21. Although total insurance premiums have increased, the insurance density has decreased due to the devaluation of the Egyptian Pound.

The estimated insurance gross premium volume was LE56.0 billion in 2021/22, compared with LE47.5 billion in 2020/21, representing an increase of 17.9%. In 2020/21, LE24.0 billion of gross premiums were generated by the life insurance business and LE23.5 billion by the non-life insurance business.

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

Direct Premiums and Market Shares	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21 ***	**2021/22 ***
			(LE millions)			
State-owned companies	10,393	12,570	13,300	14,368	17,243	19,578
Egyptian-owned private sector companies	3,027	4,872	8,200	2,106	3,542	4.640
Foreign-owned private sector companies	10,558	12,103	13,600	23,649	26,750	31,934
Total	**23,978**	**29,545**	**35,100**	**40,123**	**47,535**	**56,156**

Source: Financial Regulatory Authority

(*) *Refers to estimate figures.*

As at 30 June 2022, a total of 40 insurance companies were operating in Egypt, including 16 companies offering life and 24 companies offering property and casualty insurance (including 10 Islamic (Takaful) insurance companies operating in the market, four of which offer life insurance and six of which offer property and casualty insurance). The insurance market includes one co-operative insurance company and one export credit insurance company. As at 31 December 2021, there were also 694 private insurance funds.

As at 31 March 2022, total insurance sector assets were LE172.0 billion, compared with LE152.9 billion as at 30 June 2021, representing an increase of 12.5%.

Gross investments at 31 March 2022 were LE145.6 billion, compared with LE131.5 billion as at 30 June 2021, representing an increase of 10.7%.

Gross premiums written by the top five companies underwriting non-life insurance and the top five companies underwriting life insurance represented market shares of 64.6% and 87.7%, respectively, as at 30 June 2021.

Insurance regulation reform

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

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

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

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

- updating the insurance regulatory and supervisory regime;

- upgrading the private pension regulatory and supervisory regime, including outsourcing to professional managers;
- moving towards a more liberalised insurance market;
- reforming policy for third-party liability insurance; and
- expanding coverage and improving insurance inclusion to encourage diversification of the sector, for example by developing micro-insurance and niche offerings such as *Takaful* (Islamic insurance).

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

Financial Regulatory Authority

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

The FRA has also replaced the Egyptian Insurance Supervisory Authority, the Capital Market Authority and the Mortgage Finance Authority in application of the provisions of the supervision and regulation of Insurance Law No. 10 of 1981, the Capital Market Law No. 95 of 1992, the Depository and Central Registry Law No. 93 of 2000, the Mortgage Finance Law No. 148 of 2001, as well as other related laws, regulations and decrees that are part of the mandates of the above authorities. The FRA is also the administrative body entitled to apply the financial leasing provisions promulgated by Law No. 95 of 1995, which was later replaced by Law No. 176 of 2018 on financial leasing and factoring and by Law No. 141 of 2014 on microfinance and SME lending activities.

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

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

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

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

The FRA has established a policyholder protection fund, to be deployed in the case of insurance company insolvencies. Under the National Strategy 2018-22 for Non-bank Financial Services, the FRA aims to attract premiums of LE50 billion (U.S.$2.8 billion) by 2022, and to see an increase in investments made by insurance companies from LE86 billion (U.S.$4.9 billion) to LE150 billion (U.S.$8.5 billion) over the same period. In 2021/22, the value of both premiums and investment exceeded expectations.

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	As at 31 December					As at 30 September
	2017	2018	2019	2020	2021	2022
Fixed Services						
Exchange capacity (*millions*)	19.6	20.8	25.2	24.8	24.1	20.0
Number of fixed line subscribers (*millions*)	6.6	7.9	8.8	9.8	11.01	11.41
Mobile Phone						
Number of mobile phone subscriptions (*millions*)	101.3	93.8	95.3	95.4	103.5	99.07
Mobile service companies	4.0	4.0	4.0	4.0	4.0	4.0
Internet Penetration						
Internet capacity (*GB per second*)	1,536.1	2,397.1	2,565.8	—	—	—

(1) Figures unavailable.

Fixed-line telephony

Telecom Egypt is 80% owned by the state and is the principal provider of fixed-line telephone services in Egypt. Telecom Egypt conducted an IPO in 2005, selling 20% of its shares to domestic and international investors. Telecom Egypt remains the principal operator of fixed-line services, although it no longer has an exclusive licence. In closed residential compounds, the National Telecom Regulatory Authority 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 and 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 September 2022, there were 11.41 million fixed line subscribers in Egypt, compared with 11.0 million as at 31 December 2021, 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 subscribers continues to increase, from 10.7 million as at 31 December 2021 to 10.8 million as at 30 September 2022.

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 LE10 billion. In December 2017, 5G technology was tested at the Cairo International Telecommunication Exhibition and Conference.

As at 30 September 2022, there were 99.07 million mobile subscribers, compared with 103.45 million as at 31 December 2021.

Internet

Based upon a survey of ICT access and use by households and individuals in 2021/22, there were 10.07 million fixed broadband subscriptions and 65.51 million active mobile broadband subscriptions in Egypt, as compared to 8.81 million fixed broadband subscriptions and 56.44 million active mobile broadband subscriptions in December 2020, an increase of 1.26 million fixed broadband subscriptions, or 14% and an increase of 9.07 million active mobile broadband subscriptions or 16%, compared with December 2020. The internet penetration ratio reached 72.2% in 2021/22, compared with 55.7% in 2019/20. 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. These figures are based on a survey of ICT access and use by households and individuals in 2021/22.

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. These five cover digital Arabic content, national Free and Open-Source Software (FOSS), the Egyptian Government Cloud (EG-Cloud), social responsibility, and electronic design and manufacturing.

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

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

In August 2018, a new cybercrime law, Law No. 175 of 2018 (the "**Cybercrime Law**") was introduced. The Cybercrime Law imposes restrictions on users and service providers and permits governmental authorities to block access to websites that are considered to constitute a threat to national security or the economy. The executive regulation for the Cybercrime Law was issued by Prime Minister Decree No. 1699 of 2020.

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

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

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

Environment

There has been a heightened level of interest and concern by the Government and the Egyptian population over environmental issues in recent years. This is due to increasing awareness of the value of Egypt's natural resources and the Government's desire to provide for the general welfare of the population. Law No. 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 noise limits, the use of pesticides and standards for the maintenance of acceptable levels of radiation.

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

Nile River

The Nile River accounts for 72% of Egypt's total water resources. The Government has identified the protection of the Nile River as an important priority and has taken various measures to reduce pollution in the Nile River, such as establishing five stations to receive and treat waste from boats in Aswan, Asyut, Sohag, Menia and Cairo. Law 4 also regulates pollution of the marine environment generally, including coastal areas of the Red Sea, discharges of oil and hazardous materials, and the disposal of sewage waste and rubbish. See "*Risk Factors—Risk Factors Relating to Egypt— Ethiopia is constructing a dam, which could reduce Nile River flows*".

Climate Change

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

Employment and Labour

Egypt has the largest labour force in the Arab world. According to figures published by CAPMAS, the labour force represented 46% of the population as of December 2021, with approximately 64.1 million people between the ages of 15 and 60 as of July 2022, while 34% of the population was under the age of 15. As at 31 December 2021, approximately 19.2% of Egypt's labour force worked in the agricultural and fishing sectors, 57.9% in services, 12.6% in manufacturing, and 13.8% in construction.

As at 31 December 2021, the labour force totalled approximately 29.4 million people, an increase of 0.9 million compared with 28.5 million people as at 31 December 2020. Approximately half of population participates in the labour force. The labour force was 83% male and 17% female as at 31 December 2021.

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 as at 31 December for the years indicated.

Employment[(1)]	**2017**	**2018**	**2019**	**2020**	**2021**
Labour force (*millions*)..	29.5	28.8	28.3	28.5	29.4
Employed (*millions*)...	26.0	26.0	26.1	26.2	27.2
Unemployed (*millions*)...	3.5	2.8	2.2	2.3	2.2
Unemployment rate (*%*)...	11.8	9.9	7.9	7.9	7.4

Source: CAPMAS

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

According to figures published by CAPMAS, the unemployment rate was 7.4% in third quarter of 2022, compared with 7.2% in the first and second quarters of 2021 and 2022. In the second quarter of 2022, the percentage of unemployed people aged 15 to 29 was 61.3% of the total unemployed population, according to data published by CAPMAS.

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

Number of Workers by Sector	As at 31 December				
	2017	2018	2019	2020	2021
	(thousands of people)				
Agriculture, forestry and fishing	6,510	5,629	5,509	5,325	5,232
Mining	39	25	37	40	40
Manufacturing	3,125	3,253	3,384	3,409	3,414
Electricity, Gas and A/C supplies	204	213	235	230	215
Water supplies and drainage networks	180	221	225	249	284
Construction and building	3,358	3,258	3,570	3,518	3,739
Wholesale, retail, vehicles	3,280	3,533	3,591	3,794	4,077
Transport and warehousing	1,992	2,068	2,125	2,247	2,421
Tourism	681	759	814	786	820
Information and telecommunications	189	216	210	187	221
Financial intermediaries and insurance	165	170	180	160	201
Real estate and leasing	40	36	44	50	53
Technology	397	452	476	489	556
Administrative activities and subsidy services	188	192	220	222	234
Public administration, defence and obligatory social security	1,641	1,661	1,537	1,541	1,461
Education	2,130	2,219	1,978	2,024	2,126
Health and social work activities	779	870	868	918	1,003
Art and entertainment	123	146	130	116	146
Other Services	615	635	641	644	651
Individual households' services	357	416	263	178	231
International organisations and embassies	4	2	3	2	3
Other	11	37	72	70	63
Total	**26,008**	**26,021**	**26,122**	**26,199**	**27,188**

Source: CAPMAS

The following table sets forth the labour force distribution for people aged 15 and older according to age for the first quarter of 2022.

Labour Force Participation According to Age Group	Labour Force	Out of Labour Force
	(%)	
15-19	12.1	87.9
20-24	34.8	65.2
25-29	56.8	43.2
30-39	57.5	42.5
40-49	59.0	41.0
50-59	55.0	45.0
60-64	21.9	78.1
65+	25.9	74.1

Source: CAPMAS

The average monthly wage in Egypt for public and private sector employees was approximately LE3,768 in 2021, LE3,660 in 2020, LE5,132 in 2019, LE4,416 in 2018 and LE4,200 in 2017, for a six-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 LE700 per month in 2011/12, and then to LE1,200 per month with effect from the second half of 2013/14). In 2014, the Prime Minister issued Decree No. 22 of 2014, through which the wages of public officials, whether permanent or temporary, were increased according to a specific equation depending on the seniority level of each employee.

In 2020/21, wages and compensation of public sector employees increased by LE29.9 billion, or 10.4%, to LE318.7 billion from LE288.8 billion in 2019/20. This increase was primarily due to payment of a 7.0% bonus to public sector employees subject to the provisions of the New Civil Service Law and the payment of a 10.0% bonus to public sector employees not subject to the New Civil Service Law, in addition to the payment of certain exceptional bonuses to approximately 5.2 million state agency employees. The quality incentive for teachers was increased, as was the minimum wage, to LE2,000.

In June 2021, Law No. 69 of 2021 ("**Law 69**"), was promulgated, which updated the bonus structure for public sector employees. Law 69, *inter alia*: (a) sets a new minimum of LE75 for periodic bonuses for public sector employees, subject to the provisions of the New Civil Service Law; (b) grants public sector employees (subject to certain exceptions) not subject to the New Civil Service Law, a special bonus of 13% of a public sector employee's basic salary, which is to be considered part of the employee's basic salary starting with effect from 1 July 2021; (c) increases the additional incentives granted to public sector employees (those subject and not subject to the New Civil Service Law) to range from LE175 to LE400 depending on the post, and which is considered to be part of an employee's basic salary with effect from the same date.

The 2021/22 budget allocates LE361.0 billion to public sector wages, increasing from preliminary actual expenditures of LE318.8 billion in 2020/21, an increase of approximately LE42.0 billion, or 13%, in order to: (i) increase the minimum wage from LE2,000 to LE2,400; (ii) provide for bonuses of 7.0% for public sector employees subject to the New Civil Service Law and 13.0% for public sector employees who are not subject to the New Civil Service Law, with a minimum bonus of LE75 for all employees; (iii) provide for lump-sum exceptional bonuses starting from LE175 to LE400 based on seniority level (intended to have a greater impact on the salaries of more junior employees); and (iv) provide LE1.5 billion to finance promotion initiatives in administrative functions.

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

Weekly Average Wages[1]	**2017**	**2018**	**2019**	**2020**	**2021**
			(LE)		
Public Sector	1,247	1,278	1,479	1,834	1881
Private Sector	779	877	1,019	885	912
Overall	1,050	1,104	1,283	915	942

Source: CAPMAS

(1) Figures stated as at 31 December.

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

Labour Law

To comply with the standards of the International Labour Organization and other treaties, Egypt enacted Labour Law No. 12 of 2003 (the "**Labour Law**"), which has since been amended on two occasions: Law No. 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 No. 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, 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 No. 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, compared with the three months offered under previous laws, and permitted early retirement. Law 18 also set out an evaluation system and mandates the development of a new code of conduct for civil servants. Law 18 was the only presidential decree not approved by the House of Representatives within the constitutional deadline for ratification following the convening of the new House of Representatives. It was, however, provisionally approved by the House of Representatives in a revised form in July 2016. Law No. 6 of 2021 amended Law 18, expanding the mandate of the Central Agency for Organisation and Administration.

In November 2016, a new civil service law, Law No. 81 of 2016 (the "**New Civil Service Law**"), was promulgated, which, in line with the priorities set out in the Government's reform programme, aims to reform the civil service and regulate the performance of employees in Government departments and public authorities. The New Civil Service Law annulled the previous civil service law and provides for the introduction of more transparent hiring methods, performance reviews and bonus incentives. The New Civil Service Law also provides that the salaries of Government employees will be raised by 7% annually and introduced a retirement age of 60 years. The executive regulations for the New Civil Service Law were promulgated in May 2017. The New Civil Service Law was amended in July 2021 to permit dismissal without disciplinary action.

In June 2018, Law No. 96 of 2018, which sets forth a new bonus structure for government employees, was passed. The law set a new minimum of LE65 for periodic bonuses for governmental employees, in line with the requirements of the New Civil Service Law, and introduced 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 LE180 to LE200 depending on the post; it is considered to be part of an employee's basic salary.

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

In September 2021, Prime Minister Decree No. 57 of 2021 was passed. The decree set (i) minimum wages in private sector companies at LE2,400, to be applied starting January 2022, and (ii) minimum annual periodic bonuses for 2020/21 at a rate of 3% of an employee's insurance contribution as set out under the social insurance law (subject to a minimum amount of LE60).

Investment

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

Public-Private Partnership

In line with the Government's long-term strategy to promote private sector involvement in economic, social and political development, the Government introduced a public-private partnership ("**PPP**") programme in June 2006 as a tool to encourage investment and to allocate risk to achieve higher quality services at reduced cost. Accordingly, Law No. 67 of 2010 and its executive regulations (the "**PPP Law**") was enacted to develop a comprehensive PPP programme aimed at attracting additional investment through private sector financed, built, operated and managed public infrastructure projects and public services. The PPP Law created an institutional framework for PPP projects comprising: (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 Public-Private Partnership Central Unit has proposed certain amendments to Law No. 67 of 2010, by way of Law No. 153 of 2021, which was issued on 18 December 2021. The Executive Regulation of the new Law was issued on 13 September 2022. These amendments include the following:

- Introducing new measures to accelerate procurement procedures to reduce the overall time required for tendering processes:
  - Allowing the use of post-qualification or pre-qualification procedures regarding the nature of the projects.
  - Obtaining a single approval by the PPP Supreme Committee for tendering a project.
  - Shorten the duration of some procedures executed by the public authority.
- The application of new forms of contracting methods (direct order, unsolicited proposal, or limited tender) to meet the needs of the tendering authorities and expand the investment of PPP projects.
- The creation of a new joint committee between the Ministry of Finance and the Ministry of Planning to select the relevant PPP projects in the pipeline.
- If the best bid has a significant price difference compared to the other bids or the Public Sector Comparator, the Evaluation Committee has the right to clarify, request justification for such difference and reject this bid if this significant price difference is not justified.

The first Egyptian PPP project, a wastewater treatment plant, has been operational since 2013, and, as at November 2022, thirty-two infrastructure projects in the utilities, transport and social sectors, were being tendered through PPPs. Of these, 14 are contracted with a total capital investment of U.S.$592 million, while 18 projects with a total investment capital of U.S.$3.3 billion have been put out for tender. Also, 10 projects have been approved by the Supreme Committee to be put out for tender through a PPP programme, with an estimated investment capital of U.S.$2 billion.

PPP projects include, *inter alia*:

Signed Projects:

- *New Cairo Wastewater plant*: Construction, financing, operation and management of a new wastewater treatment plant with a total capacity of 250,000 m3/d. The tendering authority was the Ministry of Housing, Utilities & Urban Development represented by New Urban Communities Authority NUCA. The contract term is 20 years and the winning bidder was a consortium of Orascom Construction and FCC Aqualia. The investment cost is U.S.$140 million, and the project has been in operation since 2013.
- *Phase 1 - New Schools PPP Projects*: Eight projects for the construction and operation of public schools, for which 24 projects in seven governorates have been signed (tenders are planned to cover a total of 1,000 schools of the National Project for Building and Operation of Advanced PPP Language Schools). The projects involve the design, financing, construction, furnishing, maintenance and provision of educational services and other services, such as facility management, to operate the schools, with an estimated total investment cost of U.S.$22 million. The contracts were signed in January 2019 and the schools are in operation.

- *6th of October Dry Port PPP Project:* This project includes the design, building, financing, operation and transfer of a new dry port in the city of 6th October in the Giza governorate, and has an estimated total investment cost of U.S.$220 million. El-Sewedy Electric and DB Schenker Consortium, an international consortium, was the winning bidder. The Supreme Committee approved the contract award on 29 October 2020, and the El-Sewedy Electric Consortium was awarded the project on 5 February 2021. The Parliament approved the granting of the concession on 27 December 2020. A contract was signed between El-Sewedy Electric Consortium and a public sector partner, the General Authority for Lands and Dry Ports "**GALDP**" in March 2021. Construction was completed at the end of December 2022, and the dry port started operations on 1 January 2023.

- *Four strategic warehouses projects for the Strategic Commodities PPP Project*: These four projects are for the design, building, financing, operation, maintenance and transfer of a warehouse in the Fayom, Suez, Luxor and Sharqia governorates. The tendering authority is the Ministry of Supply and Internal Trading represented by the Internal Trade Development Authority. The total estimated investment cost is U.S.$210 million for the four sites. Four contracts were signed with Orascom (one warehouse), Hassan Allam Co. (one warehouse) and Samcrete (two warehouses) on 18 September 2022.

Projects put out for tender:

- *Phase 2 - New Schools PPP Project*: The second new schools PPP project involves the design, building, financing, operation, maintenance and transfer of 60 schools in 14 governorates across Egypt, with an estimated total investment cost of U.S.$62 million. Tender documents for the projects have been prepared. Five consortia qualified for the project in February 2022. The tendering authority announced the reopening of the pre-qualification stage on 7 March 2022 due to requests received from investors to apply for the project. Twenty-two consortia or individual companies submitted applications, and the short list of the qualifying companies / consortia will be announced in 2023. The Invitation to Bid will be issued in April 2023.

- *The 10th of Ramadan Dry Port PPP Project and Logistic Centre:* This project includes the design, building, financing, operation and transfer of a new dry port with logistics centre in the 10th of Ramadan city, with an area of 250 acres. The dry port, once constructed, is expected to serve a number of ports and industrial zones and the dry port will be linked with the seaports via a railway network. The investment cost is U.S.$260 million. Four international companies/consortia qualified for the PPP project: Medlog – MSC, ELSEWEDY ELECTRIC – CMA CGM – CEVA Logistics, ORASCOM Constructions – Abu Dhabi ports, and Bollore Transport & Logistics – Meridiam.

  The Ministry of Transport, represented by the Railway Authority, planned, designed and approved the construction of a freight line (Al-Rubiki—Belbeis—Asher) to serve the dry port and the logistics centre. The Invitation to Bid was issued on 15 September 2022, and four consortia then purchased the Tender Documents. The deadline for submission of bids is 30 April 2023.

- *The Development of Desalinated Seawater Plants powered by renewable energy sources in Different Locations Across Egypt Project (Phase I16 projects)*: The development of seawater desalination plants using renewable power sources. The pre-qualification shall be based on four categories with different capacities. The tendering authorities (New Urban Communities Authority NUCA & Holding Company for Water and Wastewater, and the Suez Canal Authority represented by the Sovereign Fund of Egypt) plan to launch multiple projects with a total capacity of 8.85 million cubic metres/day by 2050 and a specific capacity of 3.35 million cubic metres/day by 2025, with an estimated total capital investment of U.S.$3 billion (Phase 1). Projects will be tendered in different capacities in the form of bundles consisting of one or more projects, based on osmotic pressure technology. The pre-qualification document was issued 8 August 2022. The deadline to receive pre-qualification application was postponed to 24 November 2022 due to requests received from interested investors.

- *New Damietta Dry Port*: Design, Build, finance, operate and transfer of a new dry port on an area of 14.5 *feddans* (6.1 hectares) (West of Damietta Sea port). The tendering authority is the GALDP. The economic feasibility study has been finalised. The financial feasibility study and final studies for the project are under preparation.

Approved projects in the PPP pipeline include:

- *Sadat Dry port*: This project includes the development, financing, design, construction and operation of a new dry port in Sadat city. The tendering authority is GALDP Feasibility studies are underway; the expected investment cost is U.S.$160 million.

- *Beni Suef Dry Port:* This project includes the development, financing, design, construction and operation of a new dry port in New Beni Suef city. The tendering authority is GALDP. Feasibility studies are being updated due to changes to the project site. The estimated investment cost is U.S.$200 million.

- *Logistics Centre in 6th of October City:* This project includes the development, financing, design, construction and operation of a new logistics centre in *6th of October City*, adjacent to the 6th of October Dry Port. The tendering authority is GALDP. The estimated investment cost is U.S.$300 million.

- *Dikhila Multi-purpose terminal:* This project is estimated to have a total investment cost of around U.S.$225 million. The tendering authority is the Alexandria Port Authority.

- *Dikhila Dry bulk terminal:* This project is estimated to have a total investment cost of around U.S.$95 million. The tendering authority is the Alexandria Port Authority.

- *Dikhila Dirty bulk terminal*: This project is estimated to have a total investment cost of around U.S.$65 million. The tendering authority is the Alexandria Port Authority.

- *Borg El Arab Dry Port*: This project relates to the development, financing, design, building and operation of a new dry port in Borg El Arab city. The estimated investment cost is U.S.$86 million. The expected tender date will be third or fourth quarter 2023.

- *Benha Specialised Educational University Hospital PPP Project*: This project includes the design, building, financing, operation and provision of non-clinical services to the 250-bed General University Hospital (Benha University branch) in El Obour City. The project has an estimated total capital investment of U.S.$60 million and is expected to go out to tender in 2023.

- *6th of October Wastewater treatment Plant*: design, build, finance, maintain and operate a wastewater treatment plant in 6th of October City with a capacity 150,000 m3/d. A feasibility study is underway and the project is expected to go out to tender in first quarter of 2023.

- *Four Industrial wastewater treatment plants*: design, build, finance, maintain and operate wastewater treatment plants in four different Governorates: Port Said (60,000 m3/d), Kafr El-Shaikh (21,000 m3/d), Beheira (18,000 m3/d) and Giza (30,000 m3/d). A feasibility study is underway and the project is expected to go out to tender in third or fourth quarter of 2023.

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

Poverty

Poverty is widespread in Egypt. According to statistics published by CAPMAS, in 2019/20, the national poverty headcount ratio at national poverty lines (calculated as the percentage of the population living below the national poverty lines and based on population-weighted subgroup estimates from household surveys) was 29.7%, compared with 27.8% in 2015.

One of the Government's highest priorities is to reduce poverty through increased spending on education, healthcare and social programmes, and by improving the existing subsidy system to more efficiently target its subsidies at Egyptians on low incomes. 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 measures. 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 was approximately 40% to 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, some 68% of these work in the wholesale and retail sectors.

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

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

EXTERNAL SECTOR

General

In 2021/22, Egypt's balance of payments recorded an overall deficit of approximately U.S.$10.5 billion, compared with a surplus of approximately U.S.$1.9 billion in 2020/21, due to the impact of the COVID-19 pandemic, followed by the effect of the Russia-Ukraine war on the global economy. The current account deficit decreased by 10.2% to approximately U.S.$16.6 billion, compared with approximately U.S.$18.4 billion in 2020/21. Egypt's capital and financial account recorded a net inflow of approximately U.S.$11.8 billion, compared with a net inflow of approximately U.S.$23.4 billion in 2020/21.

In the fourth quarter of 2021/22, Egypt's balance of payments recorded an overall deficit of approximately U.S.$3.3 billion (against a surplus of U.S.$65.5 million in the corresponding period in 2020/21). The current account deficit decreased to approximately U.S.$3.0 billion, compared with approximately U.S.$5.1 billion in the corresponding period of 2020/21. This was primarily due to the improvement in the service balance, supported by a rise in tourism revenues by U.S.$796.9 million to approximately U.S.$2.5 billion, a decrease in the non-oil trade deficit by 10.2% to approximately U.S.$10.2 billion, and the shift in the oil trade balance to a surplus of U.S.$297.8 million. Egypt's capital and financial account recorded a net inflow of U.S.$988.3 million in the three months ended 30 June 2022, compared with a net inflow of approximately U.S.$6.3 billion in the three months ended 30 June 2021.

As at 30 June 2022, net international reserves with the CBE were U.S.$33.4 billion (according to provisional figures), covering approximately 4.6 months of merchandise imports, compared with U.S.$40.6 billion as at 30 June 2021, U.S.$38.2 billion as at 30 June 2020 and U.S.$44.5 billion as at 30 June 2019. As at 31 October 2022, net international reserves with the CBE reached U.S.$33.4 billion (according to provisional figures), covering approximately 4.6 months of merchandise imports. See "*Response to COVID-19*" and "*Monetary System—Net International Reserves*".

Net foreign assets held by Egyptian banks (excluding the CBE) increased from LE8.0 billion as at 30 June 2018, to LE35.8 billion as at 30 June 2019, then decreased to liabilities of LE34.5 billion as at 30 June 2020, increased to assets of LE26.4 billion as at 30 June 2021, and decreased to liabilities of LE219.2 billion as at 30 June 2022. Foreign currency deposits at Egyptian banks increased from U.S.$46.5 billion as at 30 June 2018 to U.S.$49.4 billion as at 30 June 2019. This decreased to U.S.$47.8 billion as at 30 June 2020 and then increased to U.S.$50.1 billion as at 30 June 2021, and then to U.S.$56.7 billion as at 31 January 2022. Foreign currency deposits as a percentage of total deposits were 23.4% as at 30 June 2018 and decreased to 20.7% as at 30 June 2019. This further decreased to 16.5% as at 30 June 2020, 13.7% as at 30 June 2021 and then increased to 14.5% as at 31 January 2022. See "*Monetary System—Liquidity and Credit Aggregates*".

Egypt's gross external debt (public and private) was U.S.$108.7 billion as at 30 June 2019, U.S.$123.5 billion as at 30 June 2020, U.S.$137.9 billion as at 30 June 2021 and U.S.$155.7 billion as at 30 June 2022. The 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*".

Gross external government debt is the major source of external debt, comprising 51.4% as at 30 June 2018, 52.7% as at 30 June 2019, 56.2% as at 30 June 2020, 59.8% as at 30 June 2021 and 52.8% as 30 June 2022. The gross external debt to GDP ratio was 37.0% as at 30 June 2018, 36.0% as at 30 June 2019, 33.9% as at 30 June 2020, 34.2% as at 30 June 2021 and 32.6% as at 30 June 2022. See "*Public Debt*".

Balance of Payments

Recent Developments

In 2021/22, Egypt's balance of payments recorded an overall deficit of approximately U.S.$10.5 billion, compared with a surplus of U.S.$1.9 billion in 2020/21. This was primarily due to the impact of the COVID-19 pandemic and the effect of the Russia-Ukraine war on the global economy. The current account deficit decreased by 10.2% to U.S.$16.6 billion, compared with U.S.$18.4 billion in 2020/21. Egypt's capital and financial account recorded a net inflow of U.S.$11.8 billion, compared with a net inflow of U.S.$23.4 billion in 2020/21.

Current Account

During 2021/22, the current account deficit decreased to U.S.$16.6 billion (against U.S.$18.4 billion in the preceding financial year). This was mainly due to the unprecedented increase in merchandise exports (oil and non-oil) which rose by 53.1%, together with the significant recovery of tourism revenues which more than doubled compared with the previous financial year. Moreover, a marked increase was seen in Suez Canal receipts.

The trade deficit increased by 3.2% to approximately U.S.$43.4 billion in 2021/22 from approximately U.S.$42.1 billion in 2020/21, due to a 23.4% increase in merchandise imports from approximately U.S.$70.7 billion in 2020/21 to U.S.$87.3 billion in 2021/22, which was partially offset by a 53.0% increase in merchandise exports, from U.S.$28.7 billion in 2020/21 to U.S.$43.9 billion in 2021/22. The oil trade balance ran a surplus of U.S.$4.4 billion (against a slight deficit of U.S.$6.7 million in the previous fiscal year). This was mainly as a result of the surge in oil exports by U.S/$9.4 billion in light of the increase in value of natural gas exports on the back of the noticeable hike in global prices and the rise in the quantities exported, along with the opening of new markets in Europe, mainly Turkey, Italy, France, Spain, Croatia, and Greece. The non-oil trade deficit widened by 13.7% to U.S.$47.9 billion in 2021/22 from U.S.$42.0 billion in 2020/21, primarily due to: (i) an increase in non-oil merchandise imports (from U.S.$62.1 billion in 2020/21 to U.S.$73.8 billion in 2021/22); (ii) and an increase in non-oil merchandise exports (from U.S.$20.1 billion in 2020/21 to U.S.$25.9 billion in 2021/22).

The services surplus increased by U.S.$6.0 billion to approximately U.S.$11.2 billion in 2021/22, compared with approximately U.S.$5.1 billion in 2020/21, primarily due to an increase in travel receipts (tourism revenues) by approximately U.S.$5.9 billion to approximately U.S.$10.7 billion in 2021/22, from approximately U.S.$4.9 billion in 2020/21. See "*The Economy—Production Services Sector—Tourism*". Transport receipts rose by 29.3% to approximately U.S.$9.7 billion in 2021/22 (compared with approximately U.S.$7.5 billion in 2020/21) mainly as a result of the increase in Suez Canal receipts by 18.4% to approximately U.S.$7.0 billion (compared with U.S.$5.9 billion in 2020/21).

The investment income deficit increased by 27.1% to approximately U.S.$15.8 billion in 2021/22, compared with approximately U.S.$12.4 billion in 2020/21. This was primarily due to investment income payments, which increased by approximately U.S.$3.8 billion to approximately U.S.$16.8 billion as a result of a rise in earnings of FDI in Egypt by approximately U.S.$2.6 billion to U.S.$10.7 billion in 2021/22, and a U.S.$907.4 million increase in portfolio investment dividends payments to U.S.$3.3 billion in 2021/22. On the other hand, investment income receipts increased by U.S.$423.6 million to U.S.$996.5 million in 2021/22, mainly due to a rise in dividends on foreign securities and bonds and the increase in interest payments on overseas deposits held by Egyptian nationals.

Net unrequited current transfers increased by U.S.$545.8 million to approximately U.S.$31.4 billion in 2021/22, compared with approximately U.S.$30.9 billion in 2020/21. This increase was primarily due to an increase in workers' remittances, which increased by 1.6% to record approximately U.S.$31.9 billion in 2021/22 (compared with approximately U.S.$31.4 billion in 2020/21).

Capital and Financial Account

In 2021/22, Egypt's capital and financial account net inflows decreased to U.S.$11.8 billion (from U.S.$23.4 billion in 2020/21), as a consequence of the following main developments:

Portfolio investment in Egypt reversed to a net outflow of U.S.$21.0 billion in 2021/22, compared with a net inflow of U.S.$18.7 billion in the previous year. This withdrawal of investment reflected investors' concerns over the Russian-Ukraine conflict, as well as the contractionary monetary policies adopted by the Federal Reserve leading to outflows of hot money from emerging markets.

FDI inflows increased by approximately U.S.$8.3 billion to approximately U.S.$22.2 billion in 2021/22, compared with U.S.$13.9 billion in the previous year, and FDI outflows increased by U.S.$4.6 billion to U.S.$13.3 billion, compared with U.S.$8.7 billion in 2020/21. This resulted in net FDI increasing by U.S.$3.7 billion to U.S.$8.9 billion in 2021/22, compared with U.S.$5.2 billion in 2020/21. This was primarily due to a U.S.$5.2 billion increase in net investments in non-oil sectors to U.S.$11.6 billion in 2021/22, which was mainly supported by U.S.$2.2 billion of increases in the net sale proceeds of companies and productive assets to non-residents, a U.S.$2.1 billion increase in net inflows for greenfield investments or capital increases of existing companies, and a U.S.$1.5 billion increase in net outflow in investments in the oil sector to U.S.$2.6 billion in 2021/22.

In 2021/22, medium- and long-term facilities recorded a net disbursement of U.S.$1.5 billion (against U.S.$6.4 billion in 2020/21) on the back of the rise in repayments to U.S.$6.2 billion in 2021/22 (from U.S.$3.4 billion in 2020/21), and the decline in disbursements to U.S.$7.6 billion in 2021/22 (from U.S.$9.8 billion in 2020/21).

Balance of Payments for 2017/18 to 2021/22 The following table sets forth data on Egypt's balance of payments for the periods indicated.

	Fiscal year				
	2017/18	**2018/19**	**2019/20[2]**	**2020/21[2]**	**2021/22[2]**
Exports[3]	25,827	28,495	26,376	28,677	43,906
Imports	-63,103	-66,529	-62,841	-70,736	-87,302
Trade Balance[4]	-37,276	-38,034	-36,465	-42,060	-43,396
Services and income (*net*)[5]	4,843	2,027	-2,382	-7,280	-4,605
Balance of goods, services and income	-32,433	-36,008	-38,847	-49,340	-48,000
Official Transfers (*net*)	206	351	218	-277	-271
Private Transfers (*net*)	26,265	24,763	27,462	31180	31,720
Total Transfers	26,471	25,114	27,680	30903	31,449
Balance of Current Account	-5,962	-10,894	-11,167	-18,436	-16,551
Foreign Direct Investment (*net*)[6][7]	7,720	8,236	7,453	5214	8,937
Portfolio Investment in Egypt (*net*)	12,095	4,230	-7,307	18,742	-20,983
Net Borrowing	10,279	6,253	4,542	7,965	-1,447
Medium- and Long-term Loans	6,739	3,334	7,217	4,264	710
Drawings	8,846	5,525	9,253	6,502	3,661
Repayments	-2,108	-2,192	-2,036	-2,239	-2,951
Medium- Term Suppliers' Credits	1,119	829	-645	2,174	750
Drawings	1,314	1,161	34	3,304	3,974
Repayments	-195	-332	-679	-1,131	-3,224
Short-Term Suppliers' Credits (*net*)	2,422	2,091	-2,030	1,527	2,909
Other Assets	-4,512	-8,882	-100	-6,039	4,242
Other Liabilities	-3,142	1,618	2,206	-1,225	21,620
Capital and Financial Account	21,997	10,857	5,375	23,374	11,806
Net Errors and Omissions	-3,247	-66	-2,795	-3,076	-5,800
Overall Balance	**12,788**	**-103**	**-8,587**	**1,862**	**-10,546**
Trade Balance/GDP (*%*)[8]	-14.2	-12.0	-9.5	-9.9	-9.1
Current Account/GDP (*%*)[8]	-2.3	-3.4	-2.9	-4.4	-3.5
Overall balance /GDP (*%*)[8]	4.9	0.0	-2.2	0.4	-2.2
NIR[9] as months of merchandise imports	8.4	8.0	7.3	6.9	4.6

Source: CBE

(1) This data differs from previously published data. See "*Presentation of Information*".
(2) Preliminary figures.
(3) Including petroleum and other exports.
(4) Including exports and imports of Free Zones.
(5) Includes transportation, travel, investment income, Government expenditure and other receipts and payments.
(6) Some data have been revised in accordance with a new method for compiling FDI and its earnings to include all undistributed realised earnings. This modification is pursuant to Prime Minister Decree No. 2732 of 2019 and applies to data from the first quarter of 2018/19 onwards. Previously, data were restricted to reinvested earnings.
(7) Includes FDI in the petroleum sector.
(8) See "*The Economy—Gross Domestic Product*".
(9) Net International Reserves. See "*Monetary System—Net International Reserves*". As at 31 October 2022, net international reserves were U.S.$33.4 billion (according to provisional figures), covering approximately 4.6 months of merchandise imports.

During 2021/22, Egypt's balance of payments recorded an overall deficit of U.S.$10.5 billion, compared with a surplus of U.S.$1.9 billion in 2020/21 primarily due to the impact of the COVID-19 pandemic and the effect of the Russia-Ukraine war on the global economy. This overall deficit was realised despite the fact that the current account deficit decreased to U.S.$16.6 billion (against U.S.$18.4 billion in 2020/21). This deficit was attributable to a decrease in net inflow of Egypt's capital and financial account which recorded a net inflow of U.S.$11.8 billion in 2021/22, compared with U.S.$23.4 billion in 2020/21.

Current Account

During 2021/22, the current account deficit decreased to approximately U.S.$16.6 billion (against approximately U.S.$18.4 billion in 2020/21). This was mainly due to the unprecedented increase in merchandise exports (oil and non-oil) which rose by 53.1%, together with the significant recovery of tourism revenues which more than doubled compared with the previous fiscal year. Moreover, a marked increase was seen in Suez Canal receipts.

The trade deficit increased by 3.2% to approximately U.S.$43.4 billion in 2021/22 from approximately U.S.$42.1 billion in 2020/21, due to a 23.4% increase in merchandise imports, from approximately U.S.$70.7 billion in 2020/21 to approximately U.S.$87.3 billion in 2021/22. This was only partially offset by a 53.1% increase in merchandise exports, from approximately U.S.$28.7 billion in 2020/21 to approximately U.S.$43.9 billion in 2021/22. The oil trade balance ran a surplus of U.S.$4.4 billion in 2021/22, compared with a deficit of U.S.$6.7 million in 2020/21, primarily due to approximately a U.S.$9.4 billion increase in oil exports (from approximately U.S.$8.6 billion in 2020/21 to an approximate U.S.$18.0 billion in 2021/22) as a result of the increase in the value of natural gas exports on the back of the noticeable hike of global prices and the rise of the quantities exported, along with the opening of new markets in Europe, mainly Turkey, Italy, France, Spain, Croatia and Greece. This increase was only partially offset by approximately a U.S.$4.9 billion increase in oil imports (from approximately U.S.$8.6 billion in 2020/21 to approximately U.S.$13.5 billion in 2021/22) which was mainly concentrated in imports of oil products, and crude oil. The non-oil trade deficit widened by approximately U.S.$5.8 billion to approximately U.S.$47.8 billion in 2021/22 from approximately U.S.$42.1 billion in 2020/21 due to: (i) an increase in non-oil merchandise imports (from approximately U.S.$62.1 billion in 2020/21 to U.S.$73.8 billion in 2021/22); and (ii) an increase in non-oil merchandise exports (from U.S.$20.1 billion in 2020/21 to approximately U.S.$25.9 billion in 2021/22).

The services surplus increased by U.S.$6.0 billion to U.S.$11.2 billion in 2021/22, compared with approximately U.S.$5.1 billion in 2020/21, primarily due to an increase in travel receipts (tourism revenues) by U.S.$5.9 billion to record approximately U.S.$10.7 billion in 2021/22, from approximately U.S.$4.9 billion in 2020/21. See "*The Economy—Production Services Sector—Tourism*". Transport receipts rose by 29.3% to approximately U.S.$9.7 billion in 2021/22 (against approximately U.S.$7.5 billion in 2020/21) mainly as a result of the increase in Suez Canal receipts by 18.4% to record approximately U.S.$7.0 billion (compared with approximately U.S.$5.9 billion in 2020/21).

The investment income deficit increased by 27.1% to approximately U.S.$15.8 billion in 2021/22, compared with approximately U.S.$12.4 billion in 2020/21. This was primarily as a result of an approximate U.S.$3.8 billion increase in investment income payments to approximately U.S.$16.8 billion resulting from a rise in earnings of FDI in Egypt by approximately U.S.$2.6 billion to approximately U.S.$10.7 billion in 2021/22, and a U.S.$907.4 million increase in portfolio investment dividends payments to approximately U.S.$3.3 billion in 2021/22. On the other hand, investment income receipts increased by a U.S.$423.6 million to U.S.$996.5 million in 2021/22, mainly due to the rise in dividends on foreign securities and bonds, and the increase in interest payments on overseas deposits held by Egyptian nationals.

Net unrequited current transfers increased by U.S.$545.8 million to approximately U.S.$31.4 billion in 2021/22, compared with approximately U.S.$30.9 billion in 2020/21. This increase was primarily due to an increase in workers' remittances, which increased by 1.6% to record approximately U.S.$31.9 billion in 2021/22.

The following table sets out the net unrequited current transfers of the Republic in relation to the periods indicated.

	2017/18	2018/19	2019/20	2020/21(2)	2021/22(2)
			(U.S.$ millions)		
Net unrequited current transfers	**26,471**	**25,114**	**27,680**	**30,903**	**31,449**
Net Private Transfers(1)	**26,265**	**24,763**	**27,462**	**31,180**	**31,720**
of which:					
Worker Remittances	26,393	25,151	27,758	31,425	31,924
Net official Transfers	**206**	**351**	**218**	**-277**	**-271**

Source: CBE

(1) This data differs from previously published data due to revisions of certain external debt and petroleum sector figures.

(2) Preliminary figures.

Capital and Financial Account

Egypt's capital and financial account recorded a net inflow of U.S.$11.8 billion in 2021/22, a decrease from a net inflow of U.S.$23.4 billion in 2020/21. Portfolio investment in Egypt reversed to a net outflow of U.S.$21.0 billion in 2021/22, compared with a net inflow of U.S.$18.7 billion in 2020/21. This withdrawal of investment reflected investors' concerns over the Russian-Ukraine conflict, as well as the contractionary monetary policies adopted by the Federal Reserve leading to outflows from emerging markets. FDI inflows increased by approximately U.S.$8.3 billion to approximately U.S.$22.2 billion in 2021/22, compared with U.S.$13.9 billion in the previous year, and FDI outflows increased by approximately U.S.$4.6 billion to U.S.$13.3 billion, compared with U.S.$8.7 billion in 2020/21. This resulted in an increase in net FDI by 71.4% to U.S.$8.9 billion in 2021/22, compared with approximately U.S.$5.2 billion in 2020/21. This was primarily due to a U.S.$5.2 billion increase in net investments in non-oil sectors to U.S.$11.6 billion in 2021/22, mainly supported by U.S.$2.2 billion of increases in the net sale proceeds of companies and productive assets to non-residents, and a U.S.$2.1 billion increase in the net inflows for greenfield investments or capital increases of existing companies, which was partially offset by increases in net outflow in investments in the oil sector to U.S.$2.6 billion in 2021/22.

In 2021/22, medium- and long-term facilities recorded a net disbursement of approximately U.S.$1.5 billion (against U.S.$6.4 billion in 2020/21).

Foreign Trade

Foreign trade in Egypt has experienced significant developments in recent years. The Government has overhauled Egypt's customs legislation to streamline the process for importing and exporting goods. A number of regulations and decrees have been introduced to improve inspection and control procedures, simplify documentation, reduce costs and delays, improve logistics and liberalise trade movements.

The number of customs procedures and approvals required to import or export goods have been reduced significantly. In addition, the time taken to issue customs declaration forms has been reduced to 24 hours. A "green route", allowing for the immediate release of imported/exported goods which meet certain criteria, has also been introduced.

To ensure that customs legislation is implemented effectively and efficiently, a "one-stop" control point for export and import licensing and the release of consignments has been established through the General Authority for Export and Import Control and the Customs Authority (departments of the Ministry of Trade and Industry and the Ministry of Finance, respectively) in collaboration with other ministries and agencies. In November 2020, a new customs law was introduced. See "*—Foreign Direct Investment—Investment Projects and Initiatives*".

In March 2018, Egypt and 43 other African countries signed the African Continental Free Trade Area Agreement, which aims to facilitate trade between member states according to a scheduled timeline, create a single market on the African continent for goods and services by removing certain barriers and tariffs among the member states, and establish an African Customs Union. This agreement entered into force on 30 May 2019 for 24 countries, including Egypt. As at May 2022, 43 countries had ratified the African Continental Free Trade Area Agreement.

The total volume of trade increased from U.S.$99.4 billion in 2020/21 to U.S.$131.2 billion in 2021/22, an increase of U.S.$31.8 billion, or 32.0%. This was primarily due to a 23.4% increase in imports, which was only partially offset by a 53.0% increase in exports in 2021/22, compared with 2020/21.

See "*Arab Republic of Egypt—Foreign Relations and International Organisations*".

Foreign trade with Russia and Ukraine

During Fiscal Year 2021/22, Egypt's non-oil exports to Russia increased to 1.4% of total non-oil exports, compared with 1.3% in 2020/21. The main exported commodities were potatoes, oranges and fresh or chilled vegetables. During Fiscal Year 2021/22, Egypt's non-oil imports from Russia declined to 3.7% of total non-oil imports, compared with 4.9% and 5.3% in 2020/21 and 2019/20, respectively. During Fiscal Year 2021/22, wheat imports from Russia represented 50.0% of total imports of wheat.

From 2019/20 to 2021/22, Egypt's non-oil exports to Ukraine were stable, representing 0.1% of total non-oil exports. Coal of various types and oranges were the main exported commodities. Egypt's non-oil imports from Ukraine were stable, representing 2.1% of total non-oil imports. During Fiscal Year 2021/ 22, wheat imports from Ukraine represented 32.8% of total imports of wheat, while maize imports represented 16.0% of total imports of maize.

The following table shows the non-oil import and export figures in relation to Russia and Ukraine.

	Fiscal Year					
	2019/20		2020/21		2021/22	
	(U.S.$ millions)	*(%)*	*(U.S.$ millions)*	*(%)*	*(U.S.$ millions)*	*(%)*
Total non-oil Exports, of which	17896.1	100.0	20079.3	100.0	25929.2	100.0
Russia (non-oil exports)	233.9	1.3	264.4	1.3	366.2	1.4
Ukraine (non-oil exports)	24.1	0.1	20.4	0.1	24.0	0.1
Total non-oil Imports, of which:	53940.2	100.0	62132.2	100.0	73757.8	100.0
Russia (non-oil imports)	2875.9	5.3	3068.1	4.9	2749.9	3.7
Ukraine (non-oil imports)	1422.4	2.6	1297.9	2.1	1568.1	2.1

Exports

The following table sets forth the value of products exported for the periods indicated.

	Exports by Product[(1)]				
	Fiscal year				
	2017/18	2018/19	2019/20	2020/21[(2)]	2021/22[(2)]
			(U.S.$ billions)		
Fuel Exports	**8.8**	**11.6**	**8.5**	**8.6**	**18.0**
Crude Petroleum	4.6	4.9	3.3	2.7	3.9
Petroleum products[(3)]	4.2	6.7	5.2	5.9	14.1
Non-Fuel Exports, of which:	**17.0**	**16.9**	**17.9**	**20.1**	**25.9**
Raw Materials	2.2	2.4	2.7	3.2	3.5
Semi-finished goods	4.3	3.7	5.2	5.4	5.9
Finished goods	10.4	10.6	9.8	11.3	16.3
Other Exports	0.0	0.0	0.0	0.0	0.0
Total Exports[(4)]	**25.8**	**28.5**	**26.4**	**28.7**	**43.9**

Source: CBE

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

Export proceeds were U.S.$43.9 billion in 2021/22, compared with U.S.$28.7 billion in 2020/21, an increase of 53.1%, due to a 28.9% increase in non-fuel exports from U.S.$20.1 billion in 2020/21 to U.S.$25.9 billion in 2021/22. Non-Fuel exports accounted for 59% of total exports in 2021/22, compared with 70.0% in 2020/21. Fuel exports accounted for 41% of total exports in 2021/22, compared with 30.0% in 2020/21. As a result, the export/import ratio increased to 50.3% in 2021/22, compared with 40.5% in 2020/21.

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

	Destinations of Egyptian Exports				
	Fiscal year				
	2017/18	2018/19	2019/20	2020/21[(1)]	2021/22[(1)]
			(U.S.$ billions)		
European Union	9.0	10.2	7.4	7.2	12.5
United States	2.1	2.9	2.4	2.9	4.4
Arab countries	6.0	6.1	6.8	6.7	7.6
Asian countries (excluding Arab countries)	2.7	3.4	3.3	4.4	6.9
Other European countries	2.1	2.1	2.8	4.2	7.5
African countries (excluding Arab countries)	0.7	0.6	0.5	0.6	0.9
Commonwealth of Independent States[(2)]	0.3	0.2	0.3	0.3	0.5
Other countries	2.9	3.0	2.9	2.3	3.6
Total Exports[(3)]	**25.8**	**28.5**	**26.4**	**28.7**	**43.9**

Source: CBE
(1) Preliminary figures.
(2) Includes Russia and Ukraine.
(3) Including exports from Free Zones.

In 2021/22, the EU was the largest importer of Egyptian goods, purchasing 28.5% of Egyptian exports, compared with 25.1% in 2020/21. Arab countries were Egypt's second largest trading partners, purchasing 17.3% of Egyptian exports in 2021/22 (compared with 23.5% in 2020/21), followed by other European countries, with 17.0% of total exports in 2021/22 (compared with 14.7% in 2020/21).

Imports

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

Imports by Product[1]

	Fiscal year				
	2017/18	**2018/19**	**2019/20**	**2020/21[2]**	**2021/22[2]**
			(U.S.$ billions)		
Fuel Imports	**12.5**	**11.5**	**8.9**	**8.6**	**13.5**
Petroleum products[3]	10.0	9.0	4.6	5.2	9.0
Crude Oil	2.5	2.5	4.3	3.4	4.5
Non-Fuel Imports	**50.6**	**55.0**	**53.9**	**62.1**	**73.8**
Raw Materials	5.9	6.1	6.8	7.5	9.6
Intermediate Goods	19.8	21.0	19.7	23.0	29.6
Investment Goods	8.9	10.6	9.1	9.6	10.0
Consumer Goods	13.0	14.9	16.9	19.0	22.0
Other Imports	0.0	0.0	0.0	3.0	2.6
Total Imports[4]	**63.1**	**66.5**	**62.8**	**70.7**	**87.3**

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

Total imports increased by 23.4% in 2021/22, compared with 2020/21. Fuel imports accounted for 15.5% of total imports in 2021/22, compared with 12.2% in 2020/21. Non-fuel imports accounted for 84.5% of total imports in 2021/22, compared with 87.8% in 2020/21.

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

Origins of Egyptian Imports

	Fiscal year				
	2017/18	**2018/19**	**2019/20**	**2020/21[1]**	**2021/22[1]**
			(U.S.$ billions)		
European Union	16.7	17.8	16.8	17.3	18.2
United States	2.9	3.4	3.2	3.7	5.0
Asian countries (excluding Arab countries)	12.6	14.4	14.5	17.4	22.7
Arab countries	12.4	12.9	12.6	13.2	18.9
Other European countries	4.3	5.3	5.8	7.3	9.3
Commonwealth of Independent States[2]	4.8	6.0	4.4	4.4	4.4
African countries (excluding Arab countries)	0.7	0.5	0.4	0.4	0.6
Australia	0.3	0.4	0.3	0.3	0.5
Other countries	8.5	5.9	4.8	6.7	7.7
Total Imports[3]	**63.1**	**66.5**	**62.8**	**70.7**	**87.3**

Source: CBE
(1) Preliminary figures.
(2) Includes Russia and Ukraine.
(3) Including exports of Free Zones.

In 2021/22, Asian countries (excluding Arab countries) were the largest source of imported goods into Egypt, accounting for 26.0% of Egyptian imports, compared with 24.6% in 2020/21. Arab countries were

Egypt's second largest trading partner, accounting for 21.7% of Egyptian imports in 2021/22 (compared with 18.7% in 2020/21), followed by EU, with 20.8% of total imports in 2021/22 (compared with 24.4% in 2020/21).

The following table sets out the countries from which Egypt imports non-oil products in relation to the periods provided.

	Imports of Non-Oil Products during Fiscal year		
	2020/21[1]	**2021/22[1]**	**Percentage Change**
Countries	*(U.S.$ millions)*		*(%)*
China	8120.4	9745.1	20.0
UAE	4575.2	5789.8	26.5
USA	3289.1	4136.7	25.8
Germany	4353.3	3882.2	-10.8
Turkiye	2576.7	3392.2	31.6
Switzerland	2328.7	3050.5	31.0

(1) Preliminary figures.

The following table sets out the countries to which Egypt exports non-oil products in relation to the periods provided.

	Exports of Non-Oil Products during Fiscal year		
	2020/21[1]	**2021/22[1]**	**Percentage Change**
Countries	*(U.S.$ millions)*		*(%)*
USA	2649.4	3745.8	41.4
UAE	2744.3	2457.5	-10.5
United Kingdom	1516.6	2381.9	57.1
Germany	1109.9	1581.0	42.4
Saudi Arabia	1154.1	1560.1	35.2
Switzerland	1510.1	1511.0	0.1

(1) Preliminary figures.

Foreign Direct Investment

In recent years, the Government has introduced a number of legislative and institutional reforms aimed at improving Egypt's investment climate and attracting both domestic investment and FDI. The Government has sought to address major constraints historically affecting inbound investment into Egypt. The General Authority for Free Zones and Investment ("**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, in turn, supports accelerated economic growth.

The Ministry of Investment was established in 2004, with a mandate to improve the investment climate in Egypt, further develop non-bank financial services and introduce an asset management programme for state-owned enterprises. In furtherance of its mandate, the Ministry of Investment has established "one-stop shops" throughout the various governorates of Egypt for establishing companies and obtaining various permits, licences and regulatory approvals. In addition, in 2007, seven investment zones in the information communications technology, textiles and apparel, auto manufacturing and other industries were established. In 2019, 24,373 new companies were established in Egypt, compared with 21,129 new companies in 2018 and 18,744 companies in 2017, according to statistics published by the Ministry of Investment. During 2021/22, overseas investments in Egypt's petroleum sector accounted for 21.1% of all FDI inflows, compared with 36.8% in 2020/21, 45.8% in 2019/20, 61.9% in 2018/19 and 67.3% in 2017/18. Overseas investment in the services sector accounted for 40.2% of total FDI inflows in 2021/22 compared with 35.3% of total FDI inflows in 2020/21, 29.7% in 2019/20, 20.1% in 2018/19 and 11.2% in 2017/18. Overseas investment in the manufacturing sector accounted for 26.5% of total FDI inflows in 2021/22 compared with 16.5% of total FDI inflows in 2020/21, 12.0% in 2019/20, 9.9% in 2018/19 and 10.0% in 2017/18.

Net FDI inflows decreased from approximately U.S.$7.9 billion in 2016/17 (3.0% of GDP) to approximately U.S.$7.7 billion in 2017/18 (2.9% of GDP), before increasing to approximately U.S.$8.2 billion in 2018/19 (2.6% of GDP), decreasing to approximately U.S.$7.5 billion in 2019/20 (1.9% of GDP) and further decreasing by 30.1% to approximately U.S.$5.2 billion in 2020/21 (1.2% of GDP). That trend of decreases stopped in 2021/22 when Net FDI in Egypt rose to approximately U.S.$8.9 billion (1.9% of GDP). The decrease in 2017/18, compared with 2016/17, was primarily due to lower levels of FDI in the agriculture, tourism, real estate and other services sectors. The increase in 2018/19, compared with 2017/18, was primarily due to the increase in net inflows from greenfield investments. The decreases in 2019/20 and 2020/21, compared with 2018/19, were primarily due to reduced foreign direct investment ("**FDI**") as a result of the impact of the COVID-19 pandemic, in addition to a decrease in inflows in the petroleum sector. The increase in 2021/22 was mainly due to a U.S.$5.2 billion increase in net investments in non-oil sectors, resulting in a net inflow of U.S.$11.6 billion (of which U.S.$7.2 billion was registered between January and June 2022) on the back of the rise in sale proceeds of companies and productive assets to non-residents by approximately U.S.$2.2 billion, to U.S.$2.3 billion, and the rise in net inflows for greenfield investments or capital increases of existing companies by U.S.$2.1 billion, to U.S.$3.4 billion. On the other hand, FDI in the oil sector registered a net outflow of U.S.$2.6 billion in 2021/22 (compared with U.S.$1.2 billion in 2020/21).

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

	FDI by Country[1]				
	2017/18	2018/19	2019/20[2]	2020/21[2]	2021/22[2]
			(U.S.$ millions)		
Total Net Foreign Direct Investment	7,720	8,236	7,453	5,214	8937
Inflows	13,163	16,393	15,837	13,915	22205
United States	2,244	1,354	1,412	1,625	1530
United Kingdom	4,553	3,661	2,359	1,770	1990
France	240	279	330	276	551
Spain	57	66	52	55	125
Germany	122	283	268	300	633
Saudi Arabia	297	430	356	325	492
Switzerland	186	186	152	471	649
Kuwait	112	690	364	354	669
Bahrain	88	186	309	246	458
United Arab Emirates	1,075	972	1,819	1,411	5656
Netherlands	349	987	1,410	1,329	2148
Oman	5	-8	1.1	-0.1	-5
Others	3,835	7,307	7,005	5,753	7309
Outflows[3]	-5,443	-8,157	-8,384	-8,701	-13268

Source: CBE

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

(2) Preliminary figures.

(3) Including cost recovery and profit sharing related to international oil and gas companies.

Investment Projects and Initiatives

The Governments strategy to boost growth and employment is dependent on increasing investment through improvements to the business climate and the attraction of FDI, as well as through the implementation of large infrastructure projects. In July 2021, the IMF forecast net FDI flows into Egypt in the coming years increasing as follows: U.S.$5.4 billion in 2020/21, U.S.$8.6 billion in 2021/22, U.S.$11.7 billion in 2022/23, U.S.$14.9 billion in 2023/24 and U.S.$16.5 billion in 2024/25.

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

Egypt ranked third among Arab countries in terms of FDI inflows in 2021 with U.S.$5.4 billion, according to the Arab Investment and Export Credit Guarantee Corporation. Net FDI flows for 2021/22 reached U.S.$8.9 billion compared with U.S.$5.2 billion in 2020/21. The increase in net FDI flows in 2021/22 was mainly driven by the non-petroleum sectors, which contributed U.S.$11.5 billion. The distribution of net FDI inflows in the non-petroleum sectors were U.S.$3.4 billion for establishment and expansion, U.S.$4.9 billion in retained earnings and surplus credit balance, U.S.$2.3 billion proceeds for selling local entities to non-residents, and U.S.$0.97 billion in transfers for the purchase of real estate in Egypt by non-residents. The top five FDI inflows to Egypt during 2021/22 were from the UAE, Netherlands, Italy, United Kingdom and the United States respectively.

In November 2022, GAFI won the award of excellence in promoting sustainable investment in agribusiness presented by the United Nations Conference on Trade and Development for the Canal Sugar Company, a joint venture between Egyptian and Emirati investors. The authority facilitated this deal, as it aligned with Egypt's Vision 2030, which includes goals relating to food security and adapting to climate change using smart agriculture systems. The project is estimated to create 50,000 jobs, achieve self-sufficiency in sugar, and train farmers, through an affiliated academy, to increase production while reducing the use of water and fertilisers.

In 2021/22, GAFI attracted new investments and encouraged existing companies to expand their businesses in targeted sectors such as home appliances, chemicals and petrochemicals and green energy. Some recent highlights include:

- obtaining the first golden licences for Grifols Egypt, a joint venture between Grifols S.A., a Spanish pharmaceutical multinational and the Egyptian government. The project aims to develop a fully integrated plasma supply infrastructure in Egypt with the goal of reaching self-sufficiency for plasma medicines;

- SE Wirings System Egypt, a Japanese company, announced plans to set up a large wiring facility for automotive products in the 10th of Ramadan city;

- Haier, a Chinese international company with a focus on home appliances, has plans to establish an industrial complex in the 10th of Ramadan city;

- Beko, a new Turkish subsidiary of Archelik Global, intends to start the first phase of a 1.1-million-unit capacity production facility for refrigerators and ovens;

- Scatec, a Norwegian company, has plans to develop a 100 MW green hydrogen production facility in Ain Sokhna; and

- Mapie, a new Italian company, intends to establish a chemical factory in the 10th of Ramadan city.

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 No. 148 of 2001 ("**Law 148**") was promulgated in 2001 to regulate mortgage finance through companies licensed by EFSA (now the FRA). Such financing is to be used for, among other things, projects for the purchase, building or renovation of real estate and is secured through liens or real estate mortgages over the financed assets. Law 148 was amended in 2014 to broaden the security to be granted in respect of such projects. The 2014 amendments, *inter alia*, also expanded the regulatory powers of EFSA (now the FRA), established the Egyptian Federation for Mortgage Finance to represent the collective interest of mortgage finance companies and exempted mortgage financings from stamp duties, other taxes and fees.

- *Amendments to the competition law*: On 17 January 2005, the Parliament passed Law No. 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 No. 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. Law No. 175 of 2022 further amended the Competition Law to introduce a pre-merger control process that gives the Egyptian Competition Authority (the "**ECA**") the power to review and approve proposed mergers and acquisitions.

- *Introduction of the Third Party Contract Appeal Law*: In April 2014, Law No. 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 No. 198 of 2014 (the "**New Mining Law**"), which introduced a new tax and royalty structure for the mining sector and measures to facilitate swifter allocation of mineral concessions to domestic and foreign companies. The New Mining Law also simplifies a number of administrative procedures in connection with the exploration and exploitation of mineral concessions. Executive regulations for the New Mining Law were published in June 2015. Such executive regulations were revoked and replaced by new executive regulations issued by virtue of Prime Minister Decree No. 108 of 2020.

- *Resolving outstanding investor disputes*: In accordance with its commitment to improve Egypt's investment climate, the Government prioritised the settlement of investor disputes and, since August 2015, 2,442 out of 2,762 currently outstanding investor disputes have been successfully resolved, with the remaining 320 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*: GAFI CEO Executive Decree No. 446 of 2020 put into effect the controls and rules of the executive regulations of Investment Law No. 72 of 2017 for work permits granted to non-Egyptians working on investment projects. These new rules allowed non-Egyptians to work in Egypt for up to the term of the investment project. The new decree raised the percentage of non-Egyptian workers allowed to work on sites to 20 – 30%, depending on the object of the company, capital invested, labour requirements and the requirements of the project site.

- *Investment Map*: In October 2017, the Ministry of Investment and International Co-operation launched an interactive Investment Map (the "**Investment Map**"), which aims to provide a comprehensive view of available investment opportunities across Egypt. Sector (A) of the Investment Map includes the geographic locations which most urgently need development, and Sector (B) covers the rest of the areas in the Republic. The map is intended to encourage new projects and business opportunities by permitting potential investors to search for investment opportunities by geographical location, economic sector or project. The Investment Map also identifies utilities and infrastructure in the project area and identifies the relevant Government authority to contact for further information. The development of a management system to promote the sustainability of the investment map and to allow local government authorities to update the map is ongoing. The second edition of Egypt's interactive cross-sector Investment Map has been launched and is operational on the official website. This edition includes the option of creating an e-account for investors seeking investment opportunities. In 2020/21, the Government offered 1,657 industrial plots of land for sale through this website.

- *Investment law*: In June 2017, the Investment Law was passed, which is aimed at attracting increased FDI inflows. The Investment Law provides certain guarantees and incentives for, *inter alia*: (i) fair and equitable treatment of foreign and Egyptian investors; (ii) granting residence permits to foreign investors; (iii) limiting the right of Egyptian authorities to suspend or terminate licences; (iv) repatriating profits and receiving international financing without restriction; (v) accelerating the liquidation process; (vi) directly importing raw materials, equipment and spare parts or using transportation without registration with the Importers Registry; (vii) exporting investment projects' products (directly or indirectly) without registration with the Exporters Registry; (viii) benefiting from exemptions from certain stamp and customs duties and the application of a unified custom duty for certain items; (ix) corporations incorporated within three years of the Investment Law coming into force to benefit from deductions of between 30% and 50%

of their investment costs from their taxable profit (in addition to ordinary depreciation) up to an amount equal to 80% of paid-in capital for seven years in certain sectors and for certain items; and (x) tax deductions for companies that allocate a certain percentage of their profits to charity and community development initiatives. The incentives provided under the Investment Law are available to both foreign and Egyptian investors, subject to certain conditions, including (among others) the incorporation of a company in Egypt. The Investment Law also provides for three types of investment system (investment zones system, technological zones system and free zones system). The Investment Law also establishes: (i) an administrative unit called the "investor service centre", which functions as a one-stop shop for investment-related services, such as establishing, expanding, or increasing the capital of, a business or issuing permits, approvals and licences; and (ii) a conflict resolution mechanism outside the court system, including a complaint committee within GAFI, ministerial committees for investment-related conflict resolution and an independent arbitration and mediation centre that focuses on investor-state disputes. The law also provides companies with three different sets of incentives: General Incentives, Specific Incentives and Additional Incentives. All companies subject to the Investment Law can benefit from the General Incentives, except for companies subject to the free zones system. The Specific Incentives and Additional Incentives are available to companies depending on their activities, size and location. In October 2017, the Council of Ministers approved the executive regulations for the Investment Law. Cabinet Decree No. 6 of 2020 set the regulations and conditions for the expansion of investment zone projects that may benefit from the incentives granted under the Investment Law, and Cabinet Decree No. 7 of 2020 allowed a number of governorates and regions to activate special incentives under the Investment Law (applying a 50% discount to investment costs in such areas).

- *New industrial licensing law*: In June 2017, a new industrial licensing law, Law No. 15 of 2017 (the "**New Industrial Licensing Law**"), was passed, which eliminates the previous licensing process and establishes more simplified procedures without the requirement for certain pre-approvals for some projects, including from Civil Defence and Fire Safety authorities, and provides for the automatic renewal of existing operational licences. For industries that do not conduct vital public functions, the New Industrial Licensing Law only requires businesses to comply with health, safety, civil defence and environmental requirements. For industries with vital public functions, the requirements are more stringent, but simpler than under the previous regime. In August 2017, executive regulations for the New Industrial Licensing Law were published, which aim to reduce the waiting period for obtaining industrial licences to establish new facilities, from around 600 days to 30 days.

- *Amendments to the Companies law:* In January 2018, a new law amending the Egyptian Companies Law No. 159/1981 (the "**Companies Law**") was passed, which aims to create a more favourable investment environment. The principal amendments introduced to the Companies Law include: (i) extending the Companies Law to sole proprietorships as limited liability entities; (ii) permitting companies to increase their share capital through a resolution of their ordinary general assembly (rather than being required to call an extraordinary general assembly); (iii) permitting the issuance of preferred shares even if not expressly contemplated by a company's articles of association; (iv) permitting board of director meetings to be held by electronic means (*e.g.*, through a video conference); and (v) permitting the use of electronic signatures.

- *Introduction of a new bankruptcy law*: In February 2018, a new bankruptcy law (the "**New Bankruptcy Law**") was passed, which aims to encourage companies, in particular SMEs, to resume economic activities following bankruptcy. The law sets out legal alternatives for debt restructuring before filing for bankruptcy and seeks to simplify the liquidation process, set out defined time frames for liquidation and to provide creditors with a greater role in the selection of bankruptcy trustees and other matters. In March 2018, the Council of Ministers approved executive regulations establishing a committee to supervise the execution of the New Bankruptcy Law, and, in August 2018, approved executive regulations establishing a list of bankruptcy experts from which judges may select an expert to assist in bankruptcy proceedings and restructurings. The New Bankruptcy Law was amended on 28 April 2021 by virtue of Law No. 11 of 2021. The amendments introduced to the New Bankruptcy Law include, *inter alia*: (a) a new definition for entities entitled to extend finance to indebted projects (such definition includes creditors); (b) a new voting mechanism for decision-making, whereby creditors are classified based on the type and the nature of the debt; and (c) the possibility of undertaking requisite bankruptcy procedures, as set out under the New Bankruptcy Law, electronically. The amendments to the New Bankruptcy Law are also aimed at enabling insolvent companies and investors to settle commercial disputes without resorting to the courts.

- *Amendments to the Capital Markets Law:* In February 2018, the Parliament approved a set of amendments to the Capital Markets Law, which establish a legal framework for *sukuk* issuances and trading in Egypt, authorise the establishment of an exchange for regulated trading in derivatives, including futures, options and swaps, abolish bearer securities and expand the scope of criminal offences and sanctions set out in the Capital Markets Law. The amended law also gives the EGX the flexibility to set lower listing fees in order to attract SMEs. The amendments to the Capital Markets Law were ratified by the President and published in March 2018. On 7 September 2020, the Cabinet of Ministers issued Decree No. 1760 of 2020 amending certain provisions of the Executive Regulations of the Capital Market Law. The amendment addresses some provisions regulating the *sukuk*, investment funds, real estate funds and tender offers. See "*The Economy—Production Services Sector—Financial Regulatory Authority*".

- *Amendment to the consumer protection law*: In September 2018, a new consumer protection law, Law No. 181 of 2018 (the "**Consumer Protection Law**"), was passed, which replaced the previous consumer protection law. The new Consumer Protection Law came into effect in December 2018, and the executive regulations of the Consumer Protection Law were passed in April 2019 (Decree No. 822 of 2019). The Consumer Protection Law regulates new concepts such as e-commerce, the sale of residential units and competition. It also increases certain penalties which had existed under the previous consumer protection law. The Consumer Protection Law also sets higher standards for warranty and after-sale services.

- *Government procurement law*: In October 2018, Parliament approved a new procurement law (the "**New Procurement Law**"). The New Procurement Law aims to modernise the procurement procedures for Government contracts and increase efficiency. Executive regulations governing the standardisation of Government procurement processes with the aim of encouraging competitive participation by the private sector were approved on 1 November 2019 under Decree No. 692 of 2019. A public contracts e-portal has been set up to automate certain processes, such as publishing Government-related tenders, e-bidding and e-evaluation. The portal is used by procurement departments in different Government organisations and suppliers, and includes a list of the latest Government auctions/tenders.

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

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

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

- *Free Zones (Public-Private) Regime:* Free zones in Egypt are a distinct investment form, as they are one of the investment systems that are governed by Investment Law No. 72 of 2017 and its Executive Regulations, and whose implementation is supervised by GAFI. The law allows investors to establish certain designated projects in the free zones in accordance with the policy set by GAFI, which primarily focuses on export-oriented industries. There are nine public free zones spread across the country that include all necessary facilities and infrastructure to operate and receive projects, in addition to an integrated customs unit and a port security police unit. Free zone sites were specifically selected to be located in major cities that are location-distinguished and labour-abundant, with high capabilities that support the free zone, and adjacent to seaports and airports. Private Free Zones are single entities which represent one independent project (or more than one project with similar activities) that its nature necessitates to be established outside the public free zones due to the project economies and type of activity that requires it to be established in certain locations in order to benefit from the site advantages in terms of proximity to raw materials and production requirements, export markets, labour, integration with nearby projects, or proximity to a specific port or road.

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

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

- *Investment climate decrees*: A number of executive decrees have been issued, which are aimed at facilitating and enhancing the investment climate in Egypt. Such decrees include: (i) Decree No. 8 of 2020 to establish a unit to assist Egyptian investors abroad (i.e. Egyptian nationals residing outside Egypt) with establishing projects in Egypt and to facilitate related procedures; (ii) Decree No. 445 of 2020 to establish a Legislative Support Unit to study the legislative impact of laws and decisions related to the investment climate; and (iii) Decree No. 160 of 2020 to allow meetings of boards of directors and general assemblies of companies to be conducted remotely, using modern audio visual communication technologies.

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

- *SME Tax Reform Measures*: In July 2020, the Government introduced a new tax regime by means of the small- and medium-sized enterprise (SME) law 2020 under which SMEs would pay a flat rate of tax. The aim of these reforms is to encourage SMEs and private businesses to join the formal economy.

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

- *Establishment of the "Golden License Unit"*: A "Golden License Unit" has been set up at GAFI pursuant to Prime Minister Decree No. 1156 of 2020. This unit considers applications for strategic or national projects which contribute to achieving sustainable development, in accordance with the Investment Law. The provisions governing the granting of "Golden Licences", also referred to as "Unified Licences", are currently set out under the New Investment Law No. 72 of 2017. This governs the granting of Unified Licences to companies which are set up for the purpose of executing: (i) strategic or national projects which contribute to attaining development: or (ii) partnership projects between the private sector and the state, the public sector or the public business sector in the areas of public utilities and infrastructure, new or renewable energy, roads, transportation, or ports. These companies may be granted one approval for the establishment, operation and management of the project, including the building licences and allocation of the real-estate properties required for the project. Such approval shall be effective without the need for any other procedures.

- *Introduction of a new customs law*: In November 2020, the new customs law (Law No. 207 of 2020) was published, which reflects the increasing shift of the Egyptian economy toward a freer trade orientation. The customs law was prepared in line with best international practices and aims, among other things, to simplify customs procedures to ensure the timely release of goods from the customs zone, to lower the unified customs rate on capital goods such as machinery, instruments, devices and production lines from 5.0% to 2.0% and to allow the settlement of due customs and fees on such goods to be paid in instalments. The customs law also introduces a "one-stop" information portal to permit users (including international traders) to deposit regulatory documents and obtain information using a "single window". The executive regulations of the new customs law were introduced in August 2021 as Prime Minister Decree No. 430 of 2021.

- *Prime Minister Decree No. 982 of 2022:* This aims to reduce the time required for obtaining the necessary approvals and licences for investment projects to a maximum of 20 working days, with the requirement to inform investors of the outcome of the decision.

- *Prime Minister Decree No. 983 of 2022*: This decree was introduced with the aim of activating the additional non-tax incentives provided in Article No. 13 of the Investment Law.

- *Cabinet Decree No. 20 of 2022*: This decree defines some areas of strategic projects stipulated in Article 20 of the Investment Law, which are authorised in accordance with Article 20 by means of a single approval or "golden licence" for the establishment, operation and management of the project. These areas include green hydrogen projects, green ammonia, and the electric vehicle industry, its feeding industries, and the necessary infrastructure such as charging stations.

- *Prime Minister Decree No. 2300 of 2022*: This decree amended the executive regulations of the investment law. The amendments specify that a person who applies for single approval or a "golden licence" stipulated in article 20 of the investment law is required to take the form of a shareholding company or a limited liability company, provided that the issued capital is not less than 20% of the projects investment costs, and the company is obligated to submit an initial feasibility study for the project, a specific time schedule, and a commitment to provide all infrastructure facilities.

- *Supreme Council of Investment*: In November 2022, the Cabinet ratified the presidential resolution forming the Supreme Council of Investment, made up of the Prime Minister, the Governor of the Central Bank of Egypt and several other ministers and heads of relevant entities.

- *Prime Minister Decree No. 104 of 2022*: This decree ratified the distribution of investment activity sub-sectors in the fields of industry, tourism, communications and information technology, petroleum and natural resources, agriculture and animal, poultry and fish production, transportation within the geographic territory of Sectors (A) and (B), which are defined in the Investment Map. A new unit – the "Special Incentives Unit" – was established in GAFI to distribute the sub sectors. Prime Minister Decree No. 1775 of 2022 distributed investment activities in the health sector within Sectors (A) and (B).

- *Prime Minister Decree No. 981 of 2022*: Prime Minister Decree No. 981 of 2022 stated that the Government will provide incentives and support to projects engaged in activities related to the green economy, artificial intelligence, innovation support, scientific research, and localisation of industry. Moreover, procedures will be simplified and time limits related to rendering various services to investors are to be set and/or reduced. It was approved to grant tax incentives to enterprises engaged in the electricity and renewable energy business, including those projects that produce, store and export green hydrogen and green ammonia, as well as other industrial projects that produce environmentally friendly alternatives to single-use plastic products. Tax incentives will also cover development projects in the education and sports sectors in order to attract and encourage investment in such areas that coincide with the Government's economic development plan.

- *Newly established private free zones*: In 2022, the Government issued eight decrees upon investors' request aligned with the Government initiative to localise industry and increase exports. These companies were: Egyptian Group for Multi-Purpose Stations, Leather & More, Badr & Asfour for metallurgical and engineering industries, CFC Fertilizer, Volo Textile, Damietta Alliance to develop new container terminals, Trans Egypt, "Forward Egypt" for the sports industry as commissioner to Adidas, and recently, Yazaki, a new Japanese company which intends to set up a manufacturing plant in Egypt for automotive products and wiring harnesses with total investment cost of around U.S.$1.6 billion.

Additional initiatives in the process of being implemented, include:

- *Egypt Entrepreneurship Programme*: Pursuant to the Investment Law, the Ministry of Investment and International Co-operation 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 LE451 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.

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

The Government has also announced several large infrastructure projects designed to increase economic growth and employment, in particular, the Suez Canal Development Projects. See "*The Economy—Transport and Warehousing—Suez Canal*". Other national projects are currently being implemented, including the New Capital City Project, the building of one million houses around greater Cairo, the national roads improvement programme, reclamation of one million acres of land, various renewable energy projects, the "Golden Triangle", which is aimed at exploiting the natural resources in the region between Qena, Quseir and Safaga, while developing the area for touristic, industrial, commercial and agricultural activities, and a construction project focused on regenerating certain areas of the Sinai peninsula. The Government has announced its intention to partially move Government buildings to the new capital city during 2023.

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

In May 2021, the executive regulations for Law No. 95 of 2018 were issued to regulate the work of the Industrial Development Authority, the Industrial Zones Support Fund and the Industrial Development's usages of Government-owned property. This law permits Government-owned properties to be allocated to certain manufacturers who meet certain criteria set by the Prime Minister.

In July 2018, Law No. 157 of 2018 was issued to establish the Upper Egypt Development Authority (the "**UEDA**"). The UEDA aims to establish plans and policies to accelerate development and investment in Upper Egypt. The Prime Minister issued a decree in February 2020, providing that certain governorates in Upper Egypt will receive an investment incentive in the form of a discount on taxable net profits through a 50% discount on investment costs.

In August 2018, Law No. 177 of 2018 was issued to establish a sovereign fund, the Misr Fund. This fund's main objective is to contribute to economic development by utilising and investing its assets and funds according to international standards. The President may (upon the Prime Minister's recommendation) transfer the ownership of the Republic's unutilised private assets to the Misr Fund or to any of its subsidiary funds, following consultation with the Ministry of Finance and the relevant ministry.

The articles of association of the Sovereign Fund of Egypt were issued under Prime Minister Decree No. 555 of 2019, which details the organisational structure of the Sovereign Fund of Egypt, its capacities and objectives, the management of its investments, and the powers vested with its board of directors. As at the date hereof, LE2 billion of capital (out of LE5 billion of paid-up capital) has been contributed by the Government to the capital of the Sovereign Fund of Egypt.

Impact of the Russia-Ukraine Conflict on Foreign Direct Investment

The following tables show the inflows and outflows of foreign direct investment in relation to Ukraine and Russia for the time periods presented:

	Ukraine		
	2019/20	**2020/21**	**2021/22**
		(U.S.$ millions)	
Inflow	20.0	22.4	38.0
Outflow	-	-	-
Net FDI	**20.0**	**22.4**	**38.0**

	Russia		
	2019/20	**2020/21**	**2021/22**
		(U.S.$ millions)	
Inflow	42.8	37.0	64.9
Outflow	-	-	-
Net FDI	**42.8**	**37.0**	**64.9**

The Government does not expect the Russia-Ukraine conflict to materially adversely affect FDI levels in Egypt given that total Russian and Ukrainian investments in Egypt represents a small percentage of the total foreign direct investment in Egypt. Foreign direct investment is expected to increase in the next period as a result of new investments, including those set forth below.

The Abu Dhabi Developmental Holding Company ("**ADQ**"), also known as the Abu Dhabi Wealth Fund, completed the acquisition of five companies in Egypt with a total value of U.S.$1.8 billion, including private sector and state-owned firms. The ADQ also announced its intention to invest up to U.S.$2 billion in the Egyptian market by purchasing state-owned stakes in a number of companies. According to EGX data, ADQ acquired 340,096,235 shares of the International Commercial Bank with a total value of approximately U.S.$911.4 million. ADQ acquired 215,124,316 shares of e-payment platform, Fawry, with a total value of U.S.$68.5 million, and obtained subscription rights for 201,603,746 shares of the company with a value of U.S.$54.8 million. In respect of state-owned companies, ADQ acquired 476,721,088 shares of Alexandria Container and Cargo Handling Company with a total value of U.S.$168 million. In addition, ADQ acquired 45,823,446 shares of Misr Fertilizers Production Company with a total value of U.S.$266.5 million, as well as 271,573,655 shares of Abu Qir Fertilizers for U.S.$391.9 million.

The Government announced that Saudi Arabia's state-owned Public Investment Fund ("**PIF**") will invest additional funds in Egypt. Co-operation between the PIF and the Sovereign Fund of Egypt will involve measures intended to attract U.S.$10 billion in investments, according to a statement from the Government.

Qatar has pledged investments worth U.S.$5 billion, according to the Government. The Government gave no details of the investments and partnerships, which were announced during a visit to Cairo by the Qatari Ministers of Foreign Affairs and Finance.

In March 2022, Qatar deposited U.S.$3 billion with the CBE with a further U.S.$2 to U.S.$3 billion in additional investments under discussion. In March 2022, the Abu Dhabi Developmental Holding Company invested U.S.$2.1 billion in listed local Egyptian equities. This was further to a U.S.$3 billion deposit from the United Arab Emirates in February 2022.

The Republic seeks to attract U.S.$10 billion in new investments annually over the next four years, including investments which will create opportunities for private sector participation in state-owned assets. The President also directed the Government to list military-owned firms on the EGX by the end of 2022. The Executive Director of the Sovereign Fund of Egypt announced in January 2023 that five state and military owned companies had been selected for pre-IPO funding with strategic investors to be completed in 2023.

The President also announced his intention for the Government to offer stakes in other state-owned companies that have no military shareholders for sale.

MONETARY SYSTEM

Central Bank of Egypt

The CBE, founded in 1961, is an autonomous public legal entity and is governed by Law No. 194 of 2020 (the "**CBE Law**"), which outlines the CBE's authority and responsibilities. The CBE is the issuer of all Egyptian currency and banknotes. It is responsible for formulating and implementing monetary, credit and banking policy, maintaining price stability, managing the Republic's gold and foreign reserves and regulating and supervising the banking sector.

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

Monetary Policy

Since 2005, the CBE has taken various steps to modernise its monetary policy formulation and operations. Several institutional and operational changes have been initiated to facilitate monetary policy formulation and assessment and provide the foundations for formally adopting an inflation-targeting regime, once certain prerequisites 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, at an extraordinary MPC meeting, the CBE announced the liberalisation of the exchange rate and raised benchmark policy rates by 300 basis points. Since November 2016, the CBE has maintained a policy of non-intervention in the foreign exchange market in order to preserve the CBE's foreign assets. See "—*Foreign Exchange*".

In March 2017, the CBE published its first quarterly monetary policy report on the CBE's website, with the objective of increasing transparency regarding the assessment of economic conditions and monetary policy decision-making. On 21 May 2017, the CBE announced its inflation target of 13% (±3 percentage points) on average by the fourth quarter of 2018 and single digits thereafter. In December 2018, the CBE announced a new annual headline inflation target of 9% (±3 percentage points) on average during the fourth quarter of 2020. This announcement formed part of the CBE's efforts to anchor inflation expectations for the medium term, targeting lower and stable inflation, and emphasising the CBE's commitment to its price stability mandate. In December 2020, the CBE announced a new annual headline inflation target of 7% (±2 percentage points) on average during the fourth quarter of 2022. See "*Risk Factors—Risk Factors Relating to Egypt—Inflation Risks*".

Between November 2016 and July 2017, the MPC raised benchmark policy rates by an aggregate of 700 basis points, with the aim of anchoring inflation expectations and containing demand-side pressures and second-round effects of the liberalisation of the exchange rate and the implementation of fiscal reforms on inflation.

As a result of the moderation of underlying inflationary pressures, the MPC has progressively reduced the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate. However, between March 2022 and December 2022, the CBE increased key interest rates by 800 basis points, setting the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate to 16.25%, 17.25%, 16.75% and 16.75%, respectively.

Institutional developments

The Co-ordinating 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 June 2022, there were 38 banks registered with the CBE, with 4,598 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 (in nominal terms) contributed 2.3% to GDP 2021/22, 3.8% to GDP 2020/21, 3.8% of GDP in 2019/20 and 3.2% in 2018/19. In 2021/22, the sector grew by (in nominal terms) by 11.3% compared with 2020/21. In 2020/21, the sector grew by (in nominal terms) 8.2% compared with 2019/20. In 2019/20, the sector grew by (in nominal terms) 8.4% in 2019/20 compared with 2018/19.

As at August 2022, there were 37 banks registered with the CBE after FAB's merger with Audi Bank. See "*The Economy—Production Services Sector—Financial Intermediation*".

The financial intermediation sector has shown strength in recent periods, with private credit growth increasing for five consecutive years in 2016/17, 2017/18, 2018/19, 2019/20, 2020/21 and 2021/22, 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, 11.5% in 2018/19, 16.4% in 2019/20 and 17.8% in 2020/21 and 22.7% in 2021/22. Newly-issued private credit was LE105 billion in 2017/18, LE135.1 billion in 2018/19, LE215.3 billion in 2019/20 and LE271.9 billion in 2020/21and LE409 billion in 2021/22. The increase in newly-issued private credit was primarily due to an increase in the industrial and services sectors.

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

Structure of the Egyptian Banking System

As at 30 June										As at 30 June	
2017		2018		2019		2020		2021		2022	
Banks	Branches	Banks	Branches	Banks	Branches	Banks	Branches	Banks	Branches	Banks	Branches
38	4,009	38	4,155	38	4,298	38	4,451	38	4,577	38	4,598

Source: CBE

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				
	2018	2019	2020	2021	2022
			(LE millions)		
Assets					
Cash	68,332	69,627	64,234	65,190	76,532
Securities and Investments Treasuries	1,680,811	1,765,356	2,622,324	2,871,055	3,739,698
Balances with Banks in Egypt	1,165,139	1,168,232	923,714	1,006,534	1,608,543
of which Loans and Discounts	3,807	4,741	5,920	6,195	6,411
Balances with Banks abroad	250,443	267,125	230,051	307,525	222,074
of which Loans and Discounts	4,730	4,166	4,072	6,546	9,447
Loans and Discount Balances for customers	1,629,664	1,854,326	2,200,381	2,903,723	3,564,671
Other Assets	286,181	392,140	367,557	794,088	825,553
Total Assets	**5,080,570**	**5,516,806**	**6,408,261**	**7,948,115**	**10037071**
Liabilities and Capital					
Capital	149,119	152,661	173,701	185,357	234,690
Reserves	213,732	236,065	319,817	362,183	428,927
Provisions	109,294	122,272	150,079	170,349	219,589
Bonds and Long-Term Loans	145,581	166,647	207,144	243,973	371,388
Obligations to Banks in Egypt	296,839	228,888	248,043	304,598	303,226
Obligations to Banks abroad	188,189	144,029	125,343	100,469	219,252
Total Deposits	3,553,634	3,992,673	4,686,875	5,731,539	7,353,461
Other Liabilities, of which	424,182	473,571	497,259	849,647	906,538
Cheques Payable	13,281	12,183	9,538	10,113	10,059
Total Liabilities	**5,080,570**	**5,516,806**	**6,408,261**	**7,948,115**	**10,037,071**

Source: CBE

The following table sets forth the composition of deposits with all domestically operating banks as at the dates indicated.

Aggregate Financial Position of Banks[(1)]	As at 30 June				
	2018	2019	2020	2021	2022
			(LE Millions)		
Total Deposits	**3,553,634**	**3,992,673**	**4,686,875**	**5,731,539**	**7,353,461**
Demand Deposits	634,011	704,300	739,993	928,597	1,280,398
Time and saving deposits and saving accounts	2,726,770	2,954,033	3,598,758	4,330,952	5,393,038
Blocked or retained deposits	192,853	334,340	348,124	471,990	680,025
Local Currency Deposits	**2,721,419**	**3,168,079**	**3,915,393**	**4,946,027**	**6,287,054**
Demand Deposits	475,434	552,702	590,451	768,637	1,038,772
Time and saving deposits and saving accounts	2,093,869	2,325,595	3,013,730	3,740,662	4,634,464
Blocked or retained deposits	152,115	289,782	311,212	436,729	613,817
Foreign Currencies Deposits	**832,216**	**824,594**	**771,482**	**785,512**	**1,066,407**
Demand Deposits	158,577	151,598	149,542	159,960	241,625
Time and saving deposits and saving accounts	632,900	628,438	585,028	590,290	758,573
Blocked or retained deposits	40,739	44,558	36,912	35,262	66,208

Source: CBE

(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)]	**As at FYE** [(1)]				
	2018	**2019**	**2020**	**2021**	**30 June 2022**
			(%)		
Regulatory capital to risk-weighted assets[(2)]	15.7	17.7	20.1	22.2	20.9
Leverage ratio	6.3	7.1	7.7	7.2	6.9
NPLs to total loans.	4.1	4.2	4.0	3.4	3.2
Loan provisions to NPLs	98.0	97.6	95.2	92.3	92.1
Return on average assets	1.4	1.8	1.2	1.2	N/A
Return on average equity	19.2	23.4	14.9	16.1	N/A
Liquidity Ratios					
Local currency	40.3	44.4	53.8	45.4	44.3
Foreign currency	67.7	67.7	71.5	67.9	78.4
Loans to deposits	46.2	46.7	46.4	48.3	48.6

Source: CBE

(1) For all years other than 2022. The fiscal year ends 30 June for public sector banks and 31 December for other banks. Quarterly figures are based on reports for all banks as at the end of the relevant quarter. Annual figures are based on audited annual reports provided by the banks depending on the end of their fiscal year (i.e. June for the public sector banks and December for the remaining banks).

(2) Basel II regulations introduced in December 2012 applied with effect from December 2012 to all banks whose fiscal year ends in December, and from June 2013 to those banks whose fiscal year ends in June.

The CBE has embarked on a banking sector reform programme, which was launched in September 2004. Since then, significant progress has been made in the banking sector, foreign exchange market and monetary policy. Improvements have included the consolidation of the banking sector, the divestiture of state-owned banks' stakes in joint venture banks, the strengthening of the capital base of Egyptian banks, the strengthening of the supervisory capacity of the CBE and the gradual provisioning of NPLs.

Despite the economic turbulence of recent years, the banking sector has generally maintained liquidity and credit quality.

In 2012, Basel II was implemented, and the CBE completed the implementation of Basel III in 2016. In this respect, the CBE has introduced regulations regarding the liquidity coverage ratio ("**LCR**"), net stable funding ratio ("**NSFR**"), leverage ratio, the conservation buffer and criteria for determining "Domestic-Systemically Important Banks". See "*—Banking Supervision—Basel II and Basel III*". In addition, the CBE is working on strengthening the macro-prudential supervision framework through regular stress testing to ensure the safety and stability of the banking system.

In August 2016, the CBE provided interest free, 10-year subordinated loans to National Bank of Egypt, Banque Misr and Banque du Caire in an aggregate principal amount of LE31 billion, in order to support the banks' capital bases. The CBE has also granted interest free loans in the amount of LE10 billion to the Agricultural Bank of Egypt and deposit support in the amount of LE2.5 billion to the Industrial Development Bank in order to support the banks' capital bases.

The CBE has been implementing a number of initiatives to encourage financial inclusion, in particular for women, youth and micro, small- and medium-sized companies ("**MSMEs**"). See "*—SME and MSME Financing*".

MSMEs have been identified as a priority sector and a number of initiatives have been introduced by the CBE to support his sector, including: (i) issuing a unified definition for MSMEs, which was subsequently set as the national definition in the MSMEs Law (2020); (ii) setting an MSME lending target; (iii) permitting banks to provide finance to MSMEs with an annual turnover up to LE20 million, and to assess eligibility for such finance by using social, financial and non-financial data rather than financial statements; (iv) issuing a unified definition of 'women-owned/led' enterprises (according to either ownership or management, or both) for statistical purposes; (v) launching the NilePreneurs initiative to support entrepreneurs 'from idea to launch' and help small businesses and start-ups grow through several programs such as incubation, innovation support, and knowledge transfer (the CBE, through NilePreneurs, is currently assisting iHub in Ain Shams University with its plan to become a regional hub for supporting entrepreneurship and innovation); (vi) launching, through NilePreneurs, business development service hubs established in partnership with local banks, Governmental entities, and ministries to offer non-financial services to MSMEs through separate offices at the branches of banks and youth centres; (vii) developing an Egyptian market-tailored MSMEs grading module in collaboration with S&P to measure creditworthiness in order to boost access to finance and assist lenders in making credit decisions; (ix) establishing a LE2 billion guarantee trust fund that targets MSMEs and supports start-ups; (x) incentivising banks to participate in equity raises for private equity funds targeting SMEs by allowing banks to include these investments as part of the mandatory 25% of the loan portfolio allocation to MSMEs, as well as assigning a preferential risk weight treatment for the invested amounts (encouraging funding of angel investments, venture capital funds and SME private equity growth funds); and (xi) boosting the capabilities of SME banking staff through the Egyptian Banking Institute (the educational arm of the CBE) by developing a compulsory certification for SME credit officers, accredited by the Frankfurt School of Finance and Management, as well as introducing another mandatory certification for BDS advisers, in co-operation with the Financial Regulatory Authority and the International Labour Organization. Between the launch of such initiatives in December 2015 and February 2021, the loan portfolios of MSMEs increased by LE244.9 billion, encompassing approximately 1.0 million companies. See "*—SME and MSME Financing*".

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

In November 2016, a law was passed transferring supervision of the Agriculture Bank of Egypt from the Ministry of Agriculture to the CBE, as well as 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 co-operation with the EBRD, the MENA Transition Fund, a fund backed by donor and partner countries including, *inter alia*, the United States, the United Kingdom, Germany, the UAE, Japan and Canada, and the African Development Bank, has implemented the first phase of an initiative aimed at: (i) creating a single, integrated system for treasury bonds and treasury bills; (ii) improving access to government securities for use as collateral; and (iii) deepening liquidity in the secondary market. Phase one of the initiative targeted enhancing liquidity for local government securities by creating a central securities depository. The central securities depository is comprised of: (i) core systems components, including a primary market auction system, a secondary market collateral management system and an electronic trading platform; (ii) data warehouses and an information dissemination platform; and (iii) a yield curve pricing model for government securities. The second phase is expected to include an electronic trading platform, data warehouses and an information dissemination platform.

Non-Performing Loans

The CBE's reform programmes implemented between 2004 and 2010 to address NPLs developed a variety of approaches and programmes, which has facilitated the repayment of more than 90% of NPLs in the banking sector (excluding debts of the public sector enterprises, which were separately settled). System-wide NPLs declined from 4.9% as at 30 June 2017 for public sector and other banks to 3.2% as of June 2022, with provisioning coverage at 98.3% as at 30 June 2017 for the public sector and other banks and 92.1% in June 2022. 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 2022, the ratio of banking sector NPLs to total loans was 3.2% (as compared with 3.5% in June 2021) and the ratio of regulatory capital to risk-weighted assets was 20.9% in June 2022 (as compared with 19.0% as of 30 June 2021). The banking sector local currency liquidity ratio was 44.3% as at 30 June 2022 (as compared with 45.5% as at 30 June 2022) and the foreign currency liquidity ratio was 78.4% as at 30 June2022 (as compared with 73.2% as at 30 June 2021).

On 14 December 2021, the CBE issued a regulation titled "NPLs Write-Off Framework", pursuant to which banks are requested to write-off loans after a maximum period of three years from the date they were classified as non-performing.

On 12 December 2019, a new initiative was introduced for non-performing companies (with credit scores of nine or 10) with outstanding debts below LE10 million (as at 30 September 2019) to be removed from the I-Score & Central credit registry **provided that** they repay 50% of their outstanding debts. This initiative was amended on 8 January 2020 and 20 February 2020 to include specific conditions for repayment. CBE initiatives for non-performing companies targeted approximately 8,586 borrowers, in default on principal loans worth an aggregate of LE4.1 billion, with total interest of LE31.2 billion as at 30 September 2019.

Another initiative was launched on 8 January 2020 for non-performing companies operating in the tourism sector with outstanding debts of LE10 million and more, to be removed from the I-Score & Central credit registry **provided that** they repay 50% of their outstanding debts.

A further initiative was launched on 16 March 2020 for non-performing individuals with outstanding debts below LE1 million (as at 30 September 2019), to be removed from the I-Score & Central credit registry **provided that** they repay 50% of their outstanding debts, subject to certain conditions.

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

- Cancelling the black list for enterprises, and the negative list for individuals.
- Lifting the ban on dealing with non-performing clients (within specific categories).
- Decreasing the disclosure period of historical data (after repayment) on the non-performing clients.
- Removing the data on non-performing individuals below a certain threshold (LE1,000), and thereby granting them access to credit.

Banking Supervision

The objective of the Banking Supervision Sector at the CBE is to maintain the financial stability of the banking system, as well as the financial soundness of banks operating in Egypt. The Banking Supervision Sector aims to achieve this objective through the issuance of regulations by the Regulations Department, as well as through on-site and off-site supervision, macro-prudential surveillance and by adopting a risk-based approach to supervision.

Reporting of prudential requirements, periodical financial data and credit registry data by banks takes place via electronic linkage between banks and the CBE. The first private credit bureau, I-Score, which was established by 25 Egyptian banks and the Social Development Fund and commenced operations in the first quarter of 2008, provides credit information on natural persons and SMEs to its members, including financial institutions, mortgage lenders, credit card companies and mobile phone operators.

Other key regulations currently imposed by the CBE on the banking sector include:

- *Basel II and Basel III:* The application of the executive instructions of Basel II standards to the Egyptian banking system commenced in 2012, and the standards have been effective for all banks since June 2013. In the context of the Basel implementation, in September 2014, the CBE issued its Internal Control regulation, and, in March 2016, the CBE issued its Internal Capital Adequacy Assessment Process (ICAAP). In 2011, the Basel Committee on Banking Supervision agreed on a new standard, Basel III, which, *inter alia*, set new capital, liquidity and leverage requirements to be applied by 2019. In response, the CBE began implementing the Basel III requirements in the Egyptian banking sector, issuing regulations in July 2015, April 2016 and July 2016, regarding leverage ratios, capital conservation buffers and liquidity risk management (including LCRs and NSFRs), respectively, which are being implemented according to the timetable set by the Basel Committee (see "—*Liquidity requirements*"). In addition, in May 2017, the CBE issued its methodology to identify "Domestic Systemically Important Banks" and the additional capital charge calculations for such banks, which became effective in January 2019. In October 2018, the CBE issued regulations regarding the Interest Rate Risk in the Banking Book, which took into consideration the standards issued by the Basel Committee in April 2016. In April 2019, the CBE issued regulations regarding credit concentration risk which provides a methodology for banks to calculate the capital charge needed if they exceed the required regulatory limits, and which became effective from March 2019. In January 2021, the CBE issued its final regulations on operational risk in order to implement the new standardised approach in accordance with the "Basel III: Post-crisis Reforms" framework published in December 2017. In July 2021, the CBE published an "Updated Discussion paper for Market Risk according to Basel III Reforms" along with a quantitative impact study aimed at assisting with the implementation of "the simplified standardised approach" to cover market risk. The CBE is currently working on a disclosure discussion paper addressing the revised disclosure requirements published by the Basel committee in January 2015, March 2017 and December 2018. Such disclosure requirements are not expected to be published until final regulations of related topics are updated in accordance with other Basel III guidelines. In the meantime, disclosure requirements are subject to the CBE's Corporate Governance rules and IFRS requirements relating to the publication of financial statements. In addition, the CBE is currently revising the part related to regulatory capital to reflect changes in Basel committee documentation. The CBE is also finalising two discussion papers related to the revised leverage ratios and the new standardised approach for credit risk in accordance with the "Basel III: Post-crisis Reforms" framework.

- *Capital requirements*: The minimum requirement for paid-up capital is LE5 billion for domestic banks and U.S.$150 million for branches of foreign banks.

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

- *Reserve requirements*: Banks are required to maintain 14% of banks' deposits in local currency and 10% of banks' deposits in foreign currencies with the CBE. Local currency reserves are non-interest bearing, while foreign currency deposits receive interest at the London Interbank Bid Rate.

- *Liquidity requirements*: Banks are required to comply with a liquidity ratio of not less than 20% on the local portion of deposits and 25% in respect of the foreign portion. In order to prepare for the implementation of certain elements of Basel III, in July 2016, a new regulation on liquidity risk was issued, which requires banks to comply with two new ratios: a LCR and a NSFR of 100% in local and foreign currencies. According to the timetable set by the Basel Committee, the NSFR shall become effective immediately, while the minimum LCR requirement was 70% in 2016, increasing to 80% in 2017, 90% in 2018 and 100% in 2019.

- *Exposure (foreign exchange position) limits*: In November 2017, the CBE decreed that a bank's long position in any single currency must not exceed 10% of its capital base, while total long positions in all currencies must not exceed 20% of the capital base. Similarly, a bank's short position in any single currency must not exceed 10% of its capital base, while total short positions in all currencies must not exceed 20% of the capital base.

- *Asset classification and provisioning*: The instructions concerning asset classification and provisioning issued in 1991, were replaced by regulations issued by the CBE in May 2005, to be adopted by banks in December 2005. These regulations include standards for creditworthiness and provisioning, taking into consideration the obligor risk rating for loans granted to business organisations, grading the credit risk inherent to a customer into 10 categories, and required provisioning (0% to 5% as general provision, and 20%, 50%, 100% as specific provision). The regulations allow some collateral to be taken under specific conditions and include standards for consumer and SME lending and provisioning.

- *IFRS 9*: The CBE is working with the banking sector to implement IFRS 9. In January 2018, the CBE released a circular regarding the implementation of IFRS 9, requiring banks to: (i) begin to prepare their financial statements in accordance with IFRS 9 beginning in 2019; (ii) present the CBE with a plan detailing the timeline for the implementation of IFRS 9; (iii) prepare financial statements from 31 March 2018 based on existing standards, with separate financial statements also to be prepared reflecting the application of IFRS 9; (iv) assess the expected quantitative impact of IFRS 9; (v) present the CBE with quarterly capital adequacy ratio reports showing the impact of the trial application of IFRS 9; (vi) ensure that all applications and forms used by the bank are compatible with the requirements of IFRS 9 and related standards; and (vii) put in place risk provisions for IFRS 9 amounting to 1% of total weighted credit risk (to be calculated based on net profit (after tax) for 2017). Pursuant to the circular, banks' boards of directors or regional managers are required to oversee the implementation of the rules outlined in the circular and to undertake all actions to ensure the implementation of IFRS 9. IFRS 9 includes measures to ensure banks' financial soundness and proper disclosure, and provides that banks must design their own business models according to their own strategy, and should have proper historical data and internal credit scoring in order to calculate expected credit risk. Since February 2019, the CBE has required all banks to prepare their financial statements in accordance with IFRS 9. Due to the COVID-19 pandemic, a payment moratorium was introduced on 22 March 2020, deferring credit repayments for all customers (individuals, SMEs and corporates) for a period of six months. On 14 September 2020, the CBE issued a circular ending the moratorium period, with no further extension, and setting out measures designed to support clients whose cash flows have been negatively affected by the COVID-19 pandemic, directing banks to: (i) set appropriate procedures to deal with all clients based on their ability to repay debts and their cash flows; (ii) restructure clients' debts to a structure that matches their repayment abilities through several alternatives (with special attention to those clients whose activities were negatively affected by COVID-19); (iii) ensure that following such restructuring, if the client becomes able to commence regular repayments, such previous restructuring should not be considered as an indicator for a significant increase in the client's credit risk rating; and (iv) study and analyse the overall risks associated with the COVID-19 pandemic, including conducting stress tests to determine the impact of the crisis on the credit portfolio and develop plans to address potential losses. The previous deferral period will not affect customers' creditworthiness. Since 5 May 2020, banks are permitted to prepare brief quarterly financial statements in parallel with their full financial statements prepared at the end of the fiscal year.

- *Money Market Fund ("**MMF**")*: In January 2016, the CBE amended the MMF regulation to prohibit banks from holding more than 2.5% of the total bank's deposits in local currency in MMF and fixed income funds or to hold 50 times the maximum limit of total bank's share in total MMFs (calculated as 2% of its going concern capital common equity), whichever is lower.

- *Credit exposure limits*: Permitted exposure to a single borrower and its related parties is set at 30% by the CBE Law. Total exposures exceeding 10% of a bank's capital base should not exceed eight times its capital base. In addition, the regulation requires the risk weighting to be increased for the purposes of calculating CARs where the total credit facilities granted to the top 50 bank's clients and their related parties exceed 50% of the bank's credit portfolio. In addition, the total exposure of foreign banks' branches to the top 50 clients and their related parties must not exceed 50% of the bank's capital base. In response to the COVID-19 pandemic, on 16 April 2020 the CBE issued a circular giving banks an exemption from calculating risk weighting on loans granted to a bank's top 50 borrowers (and related parties) that exceed 50% of such bank's total credit portfolio. This exemption has been extended until the end of 2021.

- Current exposure limits to connected parties are as follows:

    - Banks are not allowed to grant any type of credit facilities or guarantees to their board of directors, external auditors or their respective connected parties, as well as certain major shareholders and their respective connected parties.

    - In respect of a single client and its related parties and major legal entity shareholders not represented on the board of directors:

        - For public companies, the exposure should not exceed 5% of a bank's capital base and the total exposures to these companies should not exceed 10% of a bank's capital base.

        - For private companies, the exposure should not exceed 2% of a bank's capital base and the total exposures to these companies should not exceed 5% of a bank's capital base.

        - Bank management other than board members and a bank's subsidiaries are to be treated on an arm's-length basis.

- *Country and counterparty limits of banks exposures*: Banks are also required to limit their exposure to single countries, financial institutions and financial groups, based on the bank's capital base and the relevant country's credit ratings and GDP. Any excess exposure to a single country must be approved in advance by the CBE. The regulation sets the following limits on exposure to a single financial group:

    - for investments in a foreign bank, 10% of the local bank's total exposures invested abroad or 40% of the bank's capital, whichever is the lower;

    - for investments in any financial group, 50% of the bank's capital base; and

    - for investments by a branch of a foreign bank in its head office, branches and affiliated banks and institutions in all countries, up to 100% of its capital base.

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

- *Equity Participation*: Banks may own up to 40% of the issued capital in non-financial companies and 100% of financial companies. The total value of these shares must not exceed a bank's total capital base. Any excess exposure to non-financial companies is subject to impairment. On 6 August 2020, the CBE issued a circular permitting banks to own unlimited shares in payment service providers and similar companies, **provided that** banks holding more than 5% of the issued capital in these companies should present certain information about such company to the CBE.

- *Developer and Acquisition Finance*: Among other specified general rules, banks are required to increase the risk weights applicable to high risk transactions, such as developer finance and acquisition finance, while setting a limit on the total acquisition finance portfolio related to each bank's total loan portfolio.

- *Debt to Income Regulation*: According to CBE regulations, a bank must not grant finance to a retail client if its debt to income ratio exceeds 35% of its total monthly income after deduction of taxes and social security. This ratio may be increased to 40% for mortgage financing for housing to low and middle income clients, in accordance with the mortgage finance initiative of the CBE. On 19 December 2019, the CBE issued a circular raising the above threshold ratio from 35% to 50%.

- *Acquisition Finance Regulation*: Amendments to the acquisition finance regulation have been introduced, which impose: (i) increased risk weighting for the financing of certain acquisitions; (ii) reduced limits on a bank's acquisition portfolio for acquisition financing (to 2.5% of the bank's total loan portfolio) and limits on acquisition financing transactions with single customers and their related parties (to 0.5% of the bank's total loan portfolio); and (iii) a restriction on the value of the bank's total acquisition financing portfolio, which should not exceed 50% of the value of the total acquisitions comprising the portfolio.

Banking Sector Governance

Applying governance rules has become one of the main pillars of the second phase of the banking reform programme. The CBE Law provides for increased governance rules for the CBE as well as banks. In addition, the CBE Law introduced the anti-competition unit ECA within the CBE to prevent anti-competitive practices of the banks.

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

Bancassurance Regulation

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

Commercial registry and authentication services regulation

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

Mobile payments Regulation

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

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

SME and MSME Financing

As part of the banking sector reform in Egypt, an initiative was launched to enhance access to finance with a special focus on SMEs. Accordingly, the CBE's Board of Directors' issued a decree in December 2008 exempting direct finance to certain SMEs from the reserve requirements and enhancing co-ordination among the relevant authorities.

In 2014, Law No. 141 of 2014 was enacted, which set the maximum limit for lending by microfinance institutions at LE100,000 (such limit does not apply to direct bank lending), and it was amended in 2020 by virtue of Law No. 201 allowing for the establishment of companies providing SME lending. Pursuant to this amendment to the law, each of micro finance and SME lending became a distinct financial activity, with each such activity requiring a separate licence from the FRA. The amendment to the law also set the rules for the minimum capital requirements of each activity.

In 2015, the CBE launched a series of initiatives to encourage MSME financing, including: (i) providing a unified definition for MSMEs based on their annual turnover/revenue; (ii) requiring banks to increase the percentage of loans provided to MSMEs to 20% of their total lending portfolio to be achieved by the end of December 2023, with a minimum percentage of loans provided to small companies of 10%; (iii) permitting banks to provide finance to MSMEs with an annual turnover up to LE20 million, and to assess eligibility for such finance by using social, financial and non-financial data rather than financial statements; (iv) incentivising banks to participate in equity raises for private equity funds targeting SMEs by allowing banks to include these investments as part of the mandatory 25% of the loan portfolio allocation to MSMEs, as well as assigning a preferential risk weight treatment for the invested amounts; (v) exempting banks from reserve requirements in respect of the full amount of credit facilities granted to small enterprises with a 5% interest rate and giving priority to industrial enterprises targeting import substitution and export amplification; (vi) supporting medium-sized companies working in the industrial, agricultural and renewable energy sectors by granting them medium- and long-term loans with a 7% interest rate to fund their capital expenditure, (although this initiative was terminated in January 2020 as the available funding was fully allocated), and short-term facilities with a 12% interest rate to finance their working capital, which was terminated in March 2018; and (vii) decreasing the minimum limit for the annual turnover of small enterprises operating in the agri-business, fisheries, poultry and livestock sectors to LE1.0 million to LE250,000 in order to allow such enterprises to benefit from small enterprises initiatives, including allowing farmers' co-operatives to benefit from this initiative, financed through the Egyptian Agricultural Bank. On 5 April 2021, the CBE extended the initiative to benefit local bakeries by financing their transformation to businesses reliant on natural gas through loans with a 5% interest rate. In addition, the CBE has pledged LE7 billion under the initiative for the Credit Guarantee Company to cover a proportion of the risks associated with financing large companies (with an annual turnover of LE200 million or more).

A further initiative was issued in December 2019, under which a LE100 billion fund has been allocated (through banks) at an 8% (decreasing) interest rate to finance industrial companies in the private sector, companies in the agricultural sector (including agricultural co-operatives) and construction sector companies whose annual turnover is LE50 million or more. This initiative extends to newly established medium-sized companies (according to their paid-in capital) and small companies affiliated with major groups. The initiative is designed to finance the purchase of raw materials, production supplies, machinery and equipment, and capital expenditure (e.g. on production facilities), in addition to workers' salaries and other utilities expenses. On 23 March 2021, the CBE allocated LE1.2 billion tranche to support the rescheduling of natural gas debts owed by ceramic and porcelain, according to specific conditions.

Ownership in Banks

The CBE's prior written consent is required to acquire a stake greater than 10% in an Egyptian bank, and the CBE must be notified if ownership exceeds 5%.

Anti-Money Laundering and Combating Terrorism Measures

Banks are required to determine the identities and the legal status of their customers and report all suspicious transactions to the Anti-Money Laundering and Combating Financial Terrorism Unit ("**AML/CFT Unit**" in 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. Law No. 154 of 2022 amends the Anti-Money Laundering Law No. 80 of 2002 by introducing new roles for law enforcement authorities and further statutory obligations for persons who may be in possession of funds or other assets relating to persons on the United Nations Security Council lists on terrorist financing and proliferation of weapons of mass destruction.

Mortgage finance initiative to low and middle income individuals

In February 2014, recognising the banking sector's role in supporting mortgage finance, the CBE introduced a mortgage finance initiative aimed at low and middle income borrowers. This initiative provides a fund of LE20 billion over a maximum period of 20 years and with lower interest rates ranging from 5% to 10.5%. The fund is supplied to banks for on-lending as mortgages to low and middle income borrowers. The scope of the initiative was widened in February 2016 by adding tranches aimed at "below low income" borrowers and "above middle income" borrowers. On 19 December 2019, a new mortgage finance initiative was introduced by the CBE, allocating LE50 billion for the benefit of middle income borrowers with an 8% interest rate over a maximum period of 20 years, subject to certain conditions. On 13 July 2021, an additional mortgage finance initiative was introduced by the CBE, allocating LE100 billion for the benefit of low and middle income borrowers (defined as borrowers with a maximum net income of LE4,500 for individuals and LE6,000 for families and LE10,000 for individuals and LE14,000 for families, respectively), with a 3% interest rate over a maximum period of 30 years, subject to certain conditions.

Tourism sector initiatives

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

On 8 January 2020, two additional tourism sector initiatives were launched. The first allows non-performing companies working in the tourism sector with outstanding debts of LE10 million and more to be removed from the I-Score & Central credit registry, provided that they repay 50% of their outstanding debts.

The second initiative allocated a fund of LE50 billion to finance the renovation of hotels, offering a decreasing 8% interest rate over a period of 15 years. Banks were asked to make use of the LE50 billion fund in granting credit facilities to companies working in the tourism sector, to help cover their working capital needs, including payment of salaries and other dues. Companies can repay this facility over a maximum period of two years, with a grace period until June 2022. The maximum loan available to a company (and its related parties) is LE400 million. The first instalment must be repaid by July 2022 regardless of the date of the granting loan. Clients holding NPLs are eligible to benefit from this initiative only if they settle their NPLs within the framework of the CBE initiative issued for NPLs. On 17 February 2021, the CBE pledged LE2 billion in favour of the Credit Guarantee Company, to be issued in tranches. The first tranche of LE1 billion is to be used to cover up to 70% of the risks associated with financing tourism sector companies within the CBE initiative.

In June 2020, a LE3 billion tranche issued under this initiative was allocated to finance the payroll of workers in the tourism sector (with at least 40% of the tranche allocated for this purpose), as well as to subsidise basic maintenance and operating expenses. The maximum loan available to a company pursuant to this initiative is LE30 million, or LE40 million for a company together with its related parties. The tranche carries a 5% (decreasing) interest rate and is backed by the guarantee of the Ministry of Finance. The CBE has pledged LE3 billion in favour of the Credit Guarantee Company (also guaranteed by the Ministry of Finance) to cover 100% of these loans.

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

Import transaction regulations

On 28 November 2017, the CBE issued a circular removing all withdrawal and deposit limits on foreign currencies for companies importing non-priority products. This circular removed both the monthly U.S.$50,000 cash deposit cap for non-priority goods and the monthly U.S.$30,000 cash withdrawal cap that were previously in place.

In May 2018, the CBE issued a circular addressing the facilitation of import transactions, which (i) exempts MSMEs importing staple food products from the 100% minimum cash margin for import transactions for trading purposes and (ii) permits documents of collection for all categories of imported goods to be negotiated directly with customers, rather than on a bank-to-bank basis. On 23 March 2021, the CBE extended the exemption of certain food products from cash cover requirements for one year until March 2022.

Sustainable finance

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

In October 2020, the Republic issued U.S.$750,000,000 5.2% Green Bonds due 2025, its inaugural issuance of green bonds. The Ministry of Finance is working on updating its green financing framework in order to incorporate sustainability elements.

Other initiatives

In May 2018 and June 2018, the CBE issued two circulars requiring banks to ensure that non-governmental organisations be licensed by the Ministry of Solidarity before they are permitted to open a bank account for the acceptance of donations.

On 16 August 2018, CBE issued a unified definition of women-owned enterprises for statistical purposes, taking into consideration the MSMEs unified definition issued in 5 March 2017. It defined a woman-owned enterprise according to either capital (at least 51% women ownership) or capital and management (at least 20% women ownership and at least one woman as CEO, President or Vice-President).

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 statistics.

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

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

On 3 January 2021, the CBE launched an initiative, pursuant to which LE15 billion has been allocated to banks to be used for the granting of loans to individuals wishing to replace their existing vehicles with dual fuel vehicles. The loans will be offered for a period of seven to 10 years, at an interest rate of 3% and are to be repaid in equal monthly instalments. The CBE has also pledged LE15 billion to the Credit Guarantee Company, which will be made available in tranches, to cover up to 80% of balances of certain guarantees issued by the company in favour of banks.

On 22 February 2021, the CBE issued a circular requiring banks to increase the mandatory percentage of MSMEs lending portfolio to 25%, up from 20% previously. The banks' investments in MSMEs companies, or fund of funds, would be included in the 25% threshold. In addition, banks are required to allocate at least 10% (of the 25% threshold) to finance small companies. The CBE allowed banks to grant loans to MSMEs (with an annual turnover of maximum LE20 million) based on behavioural scoring assessment models, and without obtaining audited financial statements.

On 4 August 2021, the CBE issued the Dormant Accounts Regulation in order to unify the definitions and practices related to dormant accounts, including a re activation mechanism and a requirement that banks monitor such accounts.

On 2 September 2021, the CBE issued the Recovery Plans regulation, whereby banks are requested to prepare recovery plans to ensure their readiness and raise their ability to respond effectively to any potential economic or financial distress.

On 30 September 2021, the CBE issued a circular to direct banks to facilitate access to banking services for handicapped individuals.

On 11 November 2021, the CBE issued a circular to amend the regulation issued in 23 August 2011 regarding the composition of banks' boards of directors (to be effective at the end of the banks' current board term). These amendments included mainly segregating the roles of CEO and the non-executive Chairman, increasing the number of non-executive and independent board members, as well as including women membership in the banks' boards of directors. Moreover, on 9 September 2022, the CBE issued a circular regarding decreasing the number of boards of directors meetings attended by board members physically to be six times per year, instead of eight, and allowing the use of teleconference and video conference meetings twice per year.

On 10 January 2022, CBE issued the Emergency Liquidity Assistance ("**ELA**") Regulation, which provided collateralised liquidity to solvent banks facing temporary liquidity constraints. The regulation included the definition of solvent banks, acceptable collateral, pricing, tenor and procedures for obtaining ELA in order to allow for predictability and enhance banks' readiness to deal with any future liquidity constraints.

On 22 September 2022, the CBE issued a circular increasing the reserve ratio from 14% to 18%.

On 27 October 2022, the CBE issued a circular allowing banks to perform foreign exchange forwards, foreign exchange swaps and non-deliverable forwards for companies for commercial purposes in local currency, in addition to allowing banks to perform the same transactions with other local banks for non-speculation purposes.

On 3 November 2022, the CBE issued the Sustainable Finance Regulation, requiring banks to establish a sustainable finance department, and to include sustainable finance framework within the banks' existing credit and investment policies.

In addition, and pursuant to the requirements of the new Banking Law No. 194 of 2020, the CBE is currently in the process of issuing additional prudential regulations governing all banks and companies that are subject to CBE supervision, such as e-payment services providers and operators, money transfer companies, exchange companies, credit bureaux and credit guarantee companies.

Inflation and Interest Rates

Annual headline inflation, as measured by the CPI, was 29.8% in 2016/17, 14.4% in 2017/18, 9.4% in 2018/19, 5.6% in 2019/20, 4.9% in 2020/21 and 13.2% in 2021/22. The decrease in inflation between 2011 and 2012 was largely driven by the decline in prices of food items, as well as lower prices for butane gas cylinders. Subsequent increases in inflation have been primarily due to supply shocks in volatile food as well as increases in prices of core food and regulated items, in particular as a result of the introduction by the Government of a reformed energy subsidy programme and higher electricity tariffs since July 2014, which have partially offset the impact of lower international energy prices. See "*The Economy—Production Sectors—Electricity*" and "*Public Finance—Social Spending and Subsidies*".

In line with the targets set out in the EFF with the IMF, in November 2016, the CBE announced the move to a liberalised exchange rate regime, by devaluing the Egyptian Pound and allowing it to float freely. This followed the implementation of other reforms under the EFF, including, *inter alia*, the implementation of the VAT law, the reduction of subsidies on petroleum products and increases in transportation prices. As a result of all of these factors, annual headline urban inflation increased to 23.3% in December 2016, compared with 13.6% in October 2016.

The CBE has implemented a number of monetary policy initiatives aimed at containing inflationary pressures. Between November 2016 and July 2017, the MPC raised benchmark policy rates by an aggregate of 700 basis points, with the aim of anchoring inflation expectations and containing demand-side pressures and second-round effects of the liberalisation of the exchange rate and the implementation of fiscal consolidation measures on inflation. Tighter real monetary conditions supported a decline of annual headline inflation.

In addition, on 21 May 2017, the CBE announced its first inflation target was 13% (±3 percentage points) on average during the fourth quarter of the calendar year 2018. This announcement formed part of the CBE's efforts to anchor inflation expectations for the medium-term, targeting lower and more stable inflation, and emphasising the CBE's commitment to its price stability mandate.

As a result of the moderation of underlying inflationary pressures, the MPC progressively reduced the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate.

Annual headline urban inflation, as measured by the CPI, and core urban inflation declined for the tenth consecutive month to 11.4% and 11.1%, respectively, in May 2018, having peaked at 33.0% and 35.3%, respectively, in July 2017. In June 2018, the Government implemented a third round of subsidy reform measures, as well as announcing higher prices of certain other regulated items, and implemented the Universal Health Insurance Law, which raised taxes on tobacco products. In addition, there was a transitory supply shock related to the prices of fresh vegetables, especially those of potatoes and tomatoes. As a result, annual headline inflation increased to 17.7% in October 2018 from 11.4% in May 2018. Core urban inflation remained below 10% from July 2018, albeit increasing slightly from 8.5% in July 2018 to 8.9% in October 2018. These price developments also contributed to a widening of the spread between annual headline inflation and core urban inflation between June 2018 and October 2018. However, with the reversal of the supply shock, annual headline inflation declined to 15.7% in November 2018 and 12.0% in December 2018. Annual headline inflation averaged 15.1% during the fourth quarter of 2018 and accordingly, CBE's inflation target of 13% (±3 percentage points) was achieved. In December 2018, the CBE announced a new inflation target of annual headline inflation of 9% (±3 percentage points) on average during the second quarter of 2020/21.

On 14 February 2019, the MPC reduced the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate by a further 100 basis points each to 15.75%, 16.75%, 16.25% and 16.25%, respectively.

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

On 22 August 2019, the MPC reduced the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate by a further 150 basis points each to 14.25%, 15.25%, 14.75% and 14.75%, respectively. On 26 September 2019, the MPC reduced the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate by a further 100 basis points each to 13.25%, 14.25%, 13.75% and 13.75%, respectively. On 14 November 2019, the MPC reduced the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate by a further 100 basis points each to 12.25%, 13.25%, 12.75% and 12.75%, respectively. On 16 March 2020, the MPC reduced the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation, and the discount rate, by a further 300 basis points each to 9.25%, 10.25%, 9.75% and 9.75%, respectively. This cut in interest rates was a pre-emptive decision by the MPC to give support to domestic economic activity in light of the global and domestic developments arising as a result of the COVID-19 pandemic. On 24 September 2020, the CBE cut the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate to 8.75%, 9.75%, 9.25% and 9.25%, respectively. On 12 November 2020, the CBE cut the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate to 8.25%, 9.25%, 8.75% and 8.75%, respectively.

In MPC meetings on 24 December 2020, 4 February 2021, 18 March 2021, 28 April 2021, 17 June 2021, 5 August 2021, 16 September 2021, 28 October 2021, 16 December 2021 and 3 February 2022, the CBE decided to keep these rates unchanged. In a special MPC meeting scheduled on 21 March 2022, the CBE decided to hike key interest rates by 100 basis points, setting the overnight deposit rate, the overnight lending rate, the rate of the CBE's main operation and the discount rate to 9.25%, 10.25%, 9.75% and 9.75%, respectively. In the MPC meeting held on 19 May 2022, the MPC decided to raise the CBE's overnight deposit rate, the overnight lending rate, the rate of the main operation, and the discount rate by 200 basis points to 11.25%, 12.25%, 11.75%, and 11.75%, respectively. In its meetings held on 23 June 2022, 18 August 2022, and 22 September 2022, the MPC decided to keep key policy rates unchanged. In its meeting held on 22 September 2022 the MPC decided to increase the required reserve ratio to 18% from 14%. This works as a catalyst, complementing the tightening stance that the CBE is maintaining, by calibrating liquidity conditions. In its special meeting held on 27 October 2022, the MPC raised the CBE's overnight deposit rate, the overnight lending rate, and the rate of the main operation by 200 basis points to 13.25%, 14.25% and 13.75%, respectively. The discount rate was also raised to 13.75%.

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

Annual headline urban inflation increased to 5.9% in December 2021, after declining for two consecutive months, to record 5.6% and 6.3% in November 2021 and October 2021, respectively. That is compared with 6.6% in September 2021, partially reflecting: (i) unfavourable base effects resulting from the low inflation levels that were recorded in the second half of 2020, especially in the third quarter of 2020 when the impact of the COVID-19 outbreak became deflationary; (ii) the reversal of a short-lived tomato supply shock witnessed during December 2020; and (iii) the impact of rising international commodity prices such as Brent prices which recorded an average of 71.5 U.S.$/bbl. in 2021 compared with an average of 41.6 U.S.$/bbl. in 2020, which led the Automatic Price Indexation Committee to raise the prices of some fuel products in three reviews. In addition, several fiscal consolidation measures were announced by the government which include raising electricity prices for households, fees on various governmental paperwork and licences, Butane gas prices, as well as the price of natural gas for houses, cars and factories. Moreover, the Ministry of Agriculture and Land Reclamation of Egypt announced an increase in the prices of subsidised fertilisers which plays a role in increasing the input costs of food production.

In addition, annual headline urban inflation continued to increase for the third consecutive month in February 2022 to 8.8 % from 7.3 % in January 2022. This reflects adverse weather conditions affecting crops, as well as the impact of surging international prices on domestic prices of feed, which affected poultry, eggs and red meat prices. Annual core CPI inflation increased for the sixth consecutive month to 7.3 % in February 2022 from 6.3 % in January 2022 and 6.0 % in December 2021. Monthly inflation recorded 1.2 % in February 2022 compared with 0.3 % in February 2021.

Annual headline inflation was an average of 14.4% during the third quarter of 2022, up from 13.3% during the second quarter of 2022 and 8.9% during the first quarter of 2022. Average annual core inflation recorded was 16.8% during the third quarter of 2022, up from 13.3% during the second quarter of 2022 and 7.9% during the first quarter of 2022. This was mainly driven by the effect of the Russia-Ukraine conflict, the depreciation of the Egyptian Pound, four increases in fuel prices, as announced by the Fuel Automatic Pricing Committee and the season impact of the holiday season. In October 2022, annual headline inflation was 16.2%, while annual core inflation was 19.0%. This was a result of increases in food prices as well as the seasonal impact of the new academic year.

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

See "*Risk Factors—Risk Factors Relating to Egypt—Inflation Risks*", "*—The Central Bank of Egypt—Monetary Policy*", "*—Foreign Exchange*" and "*—The Egyptian Banking Sector and Reform*".

The following table sets forth annual headline inflation rates as measured by the CPI for the 12 months ended in the month indicated year-on-year.

Inflation—Annual Headline Inflation—Twelve Months Percentage Change	**2018**	**2019**	**2020**	**2021**	**2022**
			(%)		
January	17.1	12.7	7.2	4.3	7.3
February	14.4	14.4	5.3	4.5	8.8

Inflation—Annual Headline Inflation—Twelve Months Percentage Change	**2018**	**2019**	**2020**	**2021**	**2022**
			(%)		
March	13.3	14.2	5.1	4.5	10.5
April	13.1	13.0	5.9	4.1	13.1
May	11.4	14.1	4.7	4.8	13.5
June	14.4	9.4	5.6	4.9	13.2
July	13.5	8.7	4.2	5.4	13.6
August	14.2	7.5	3.4	5.7	14.6
September	16.0	4.8	3.7	6.6	15.0
October	17.7	3.1	4.5	6.3	16.2
November	15.7	3.6	5.7	5.6	
December	12.0	7.1	5.4	5.9	

Sources: CAPMAS and CBE

The 10th series of the CPI was introduced on 10 October 2019, starting with September 2019 inflation data. The weights involved in the formation of the CPI were taken from the results of the 2017/18 survey of household income, expenditure and consumption, using the average of 2018/19 as a base period.

The following table sets forth the current composition of the CPI and the relative weight of the component that CAPMAS uses to calculate the Urban CPI.

Composition and Weighting of the CPI

Component	**Weight**
	(%)
Food and non-alcoholic beverages	32.73
Tobacco and related products	4.41
Clothing and footwear	4.38
Housing, water, electricity, gas and other fuels	19.46
Furnishings, household equipment and routine maintenance of dwellings	3.93
Medical care	8.59
Transportation	6.66
Communications	2.76
Recreation and culture	2.24
Education	5.49
Hotels, cafés and restaurants	4.98
Miscellaneous services	4.37

Sources: CAPMAS and CBE

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

CBE Key Interest Rates	**Overnight Deposit Rate**	**Overnight Lending Rate**	**Discount Rate**
		(%)	
9 June 2011	8.25	9.75	8.50
24 November 2011	9.25	10.25	9.50
21 March 2013	9.75	10.75	10.25
1 August 2013	9.25	10.25	9.75
19 September 2013	8.75	9.75	9.25
5 December 2013	8.25	9.25	8.75
17 July 2014	9.25	10.25	9.75
15 January 2015	8.75	9.75	9.25
24 December 2015	9.25	10.25	9.75
17 March 2016	10.75	11.75	11.25
16 June 2016	11.75	12.75	12.25
3 November 2016	14.75	15.75	15.25
21 May 2017	16.75	17.75	17.25
6 July 2017	18.75	19.75	19.25
15 February 2018	17.75	18.75	18.25
29 March 2018	16.75	17.75	17.25
14 February 2019	15.75	16.75	16.25
22 August 2019	14.25	15.25	14.75
26 September 2019	13.25	14.25	13.75
14 November 2019	12.25	13.25	12.75
16 March 2020	9.25	10.25	9.75
13 August 2020	9.25	10.25	9.75
24 September 2020	8.75	9.75	9.25
12 November 2020	8.25	9.25	8.75
24 December 2020	8.25	9.25	8.75
4 February 2021	8.25	9.25	8.75

CBE Key Interest Rates	Overnight Deposit Rate	Overnight Lending Rate	Discount Rate
		(%)	
18 March 2021	8.25	9.25	8.75
28 April 2021	8.25	9.25	8.75
17 June 2021	8.25	9.25	8.75
5 August 2021	8.25	9.25	8.75
16 September 2021	8.25	9.25	8.75
28 October 2021	8.25	9.25	8.75
16 December 2021	8.25	9.25	8.75
3 February 2022	8.25	9.25	8.75
21 March 2022[*]	9.25	10.25	9.75
19 May 2022	11.25	12.25	11.75
23 June 2022	11.25	12.25	11.75
18 August 2022	11.25	12.25	11.75
22 September 2022	11.25	12.25	11.75
27 October 2022(*)	13.25	14.25	13.75

Source: CBE

(*) *Special, Unscheduled MPC meeting*

Liquidity and Credit Aggregates

The following table sets forth the liquidity and credit aggregates for the periods indicated.

Liquidity and Credit Aggregates[1]

	As at 30 June					
	2017	**2018**	**2019**	**2020**	**2021**	**2022**
	(LE millions, except where indicated)					
M1[2]	707,427	820,574	923,562	1,084,742	1,255,198	1545378
Domestic Liquidity (M2)[3]	2,918,193	3,454,321	3,863,642	4,538,808	5,356,609	6614488
Change in Domestic Liquidity (%)	39.3	18.4	11.8	17.5	18.0	23.5
Foreign Currency Deposits (as a % of M2)	23.8	20.7	18.5	14.7	12.1	12.8
Foreign Currency Deposits (as a % of Total Deposits)	27.8	23.8	21.2	16.9	13.9	14.50
Domestic Credit						
Government (net)[4]	1,979,641	2,217,557	2,427,968	3,235,840	3,519,566	4424940
Public Business Sector	148,715	160,177	162,128	156,339	148,587	154513
Private Business Sector	744,572	801,381	869,675	1,008,819	1,195,071	1482282
Household Sector	238,342	281,175	347,443	445,797	557,216	695900
Total Domestic Credit	**3,111,270**	**3,460,290**	**3,807,214**	**4,846,795**	**5,420,440**	**6757635**
Year-on-year Change in Domestic Credit (%)	26.5	11.2	10.0	27.3	11.8	24.7

Source: CBE

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

(2) Money in circulation plus local currency demand deposits.

(3) M1 plus local currency time and saving deposits and foreign currency deposits.

(4) Including public enterprises and authorities.

Domestic liquidity grew by 91.5% from LE3,454.3 billion as at 30 June 2018 to LE6,614.5 billion as at 30 June 2022. Domestic credit increased by 95.3% from LE3,460.3 billion as at 30 June 2018 to LE6,757.6 billion as at 30 June 2022 Domestic liquidity increased on a year-on-year basis by LE1257.9 billion, or 23.5%, from 30 June 2021 to 30 June 2022, LE817.8 billion, or 18.0%, from 30 June 2020 to 30 June 2021, compared with LE675.2 billion, or 17.5%, from 30 June 2019 to 30 June 2020 and by LE409.3 billion, or 11.8%, from 30 June 2018 to 30 June 2019, as compared to LE536.1 billion, or 18.4%, from 30 June 2017 to 30 June 2018.

Foreign currency deposits, as a percentage of M2, decreased from 20.7%, as at 30 June 2018, to 18.5% as at 30 June 2019, to 14.7% as at 30 June 2020, 12.1% as at 30 June 2021 and increased to 12.8% as at 30 June 2022. Foreign currency deposits, as a percentage of total deposits, decreased from 23.8% as at 30 June 2018, to 21.2% as at 30 June 2019, to 16.9% as at 30 June 2020, 13.9% as at 30 June 2021 and increased to 14.5% as at 30 June 2022.

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
		(%)	
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	18.94	17.00
July	17.25	19.24	16.94
August	17.25	18.78	17.01
September	17.25	19.39	17.03
October	17.25	19.76	16.91
November	17.25	19.40	16.86
December	17.25	19.68	16.83
2019			
January	17.25	18.84	16.96
February	16.25	17.86	15.92
March	16.25	17.53	15.86
April	16.25	17.41	15.99
May	16.25	17.55	15.96
June	16.25	17.70	15.81
July	16.25	17.81	15.83
August	14.75	17.53	14.35
September	13.75	16.24	13.35
October	13.75	15.86	13.43
November	12.75	15.62	12.45
December	12.75	15.35	12.49
2020			
January	12.75	14.34	12.53
February	12.75	13.50	12.43
March	9.75	12.78	9.90
April	9.75	12.35	9.46
May	9.75	12.48	9.65
June	9.75	12.65	10.14
July	9.75	13.42	10.22
August	9.75	13.55	10.19
September	9.25	13.37	10.06
October	9.25	13.30	10.18
November	8.75	13.27	8.32
December	8.75	12.79	10.26
2021			
January	8.75	12.61	10.61
February	8.75	12.78	10.56
March	8.75	13.04	10.39
April	8.75	13.12	10.03
May	8.75	13.16	8.32
June	8.75	13.15	10.44
July	8.75	13.14	8.69
August	8.75	12.89	8.91
September	8.75	12.40	8.40
October	8.75	12.34	8.31
November	8.75	12.45	9.69
December	8.75	11.93	10.04

Interest Rates[1]	Discount Rate	91-day Treasury Bills	Overnight Interbank Rate
		(%)	
2022			
January	8.75	11.33	9.96
February	8.75	11.34	9.60
March	9.75	11.35	9.46
April	9.75	12.32	9.51
May	11.75	13.42	11.79
June	11.75	15.14	11.63
July	11.75	15.57	11.55
August	11.75	16.04	11.30
September	11.75	15.70	11.28
October	13.75	15.99	13.39

(1) In order to uphold the CBE's mandate of ensuring price stability over the medium term, the MPC decided on 27 October 2022 to raise the overnight deposit rate, the overnight lending rate and the rate of the main operation by 200 basis points to 13.25%, 14.25%, and 13.75%, respectively. The discount rate was also raised by 200 basis points to 13.75%.

Foreign Exchange

The currency of the Republic is the Egyptian Pound. The CBE has regularly intervened in foreign exchange rates, in particular between the Egyptian Pound and the U.S. Dollar. Restrictions in auctions and on the interbank market, as well as only partial clearance of foreign exchange requests from commercial banks, have generated a parallel market for foreign exchange. Prior to 3 November 2016, there were restrictions on the remittance of foreign currency outside of Egypt. From time to time, there has also been a shortage of U.S. Dollars in Egypt, as a result of which, the ability to repatriate foreign currency has been historically limited or curtailed. In order to address these imbalances, on 3 November 2016, the CBE announced the move to a liberalised exchange rate regime and the adoption of a series of other measures, as described below. These measures included lifting the restrictions on the deposit and withdrawal of foreign currency by all individuals and companies, except for certain restrictions (which have subsequently been lifted) affecting companies which import non-essential goods and products and subject to an annual limit of U.S.$100,000 for remittances abroad by Egyptian individuals and certain companies.

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

In December 2012, in order to enhance the efficiency of the foreign exchange market, the CBE introduced FX auctions alongside the foreign exchange interbank system. 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 10 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 09:00 pm 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 LE14.6 per U.S.$1.0 (buy rate) on 3 November 2016, compared with LE8.8 (buy rate) per U.S.$1.0 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)

2016	2017	2018	2019	2020	2021
		(LE per U.S.$1.0)			
10.08	17.82	17.82	16.80	15.80	15.70

Source: CBE

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

(2) The figures in this table represent the average exchange rates for each calendar year.

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 = LE7.14 to U.S.$1.00 = LE8.78, 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 = LE8.78. Following the CBE's exchange rate liberalisation, the Egyptian Pound depreciated further to U.S.$1.00 = LE14.6350 (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 = LE14.6350 on 3 November 2016 and a low of U.S.$1.00 = LE19.35 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 = LE18.00. 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 limited liquidity and continued uncertainty over foreign exchange backlogs. From January 2019 until December 2019, the Egyptian Pound appreciated by almost 11%, reaching U.S.$1.00 = LE16.03 as a result of increased foreign exchange resources coming in to the banking sector throughout 2019.

On 30 December 2021, the official exchange rate (buy rate), as published by the CBE, was U.S.$1.00 = LE15.6493. On 28 February 2022, the official exchange rate (buy rate), as published by the CBE, was U.S.$1.00 = L.E 15.6504. In March 2022, the Egyptian Pound depreciated and the CBE raised key policy. On 28 April 2022, the official exchange rate (buy rate), as published by the CBE, was U.S.$1.00 = LE18.4360. In October 2022, the Egyptian pound depreciated for the second time in 2022. On 11 January 2023, the official exchange rate (buy rate), as published by the CBE, was U.S.$1.00 = LE29.6333.

The Government allocated a social assistance package of LE130 billion in March 2022 to mitigate the repercussions of global economic challenges resulting from the Russia-Ukraine conflict, as well as the impact of the Egyptian pound devaluation on the most vulnerable groups and affected sectors. It includes measures such as allocating LE2.7 billion to include one million new families in "Takaful and Karama"; increasing the personal income tax threshold exemption from LE9,000 to LE15,000; an increase for pensions by 15% with a minimum of LE120 per month starting in April 2022; and bearing LE3.75 billion (cost of real estate taxes on industrial sectors for three years) to alleviate burdens on factories and industrial activities as well as incentivise production. See "*Monetary System – Foreign Exchange*".

Other measures announced include: (i) LE36 billion in allowances and bonuses for civil servants and other workers, which forms part of the LE400 billion in the total wage bill for 2022/23 (around 20% of expenditure); (ii) customs dollar capped at LE16 for basic commodities and production inputs until the end of April 2022, to ease the effect of the devaluation on citizens, especially since April was month of Ramadan where consumption was at its peak; and (iii) the manufacturing sector will be exempt from real estate tax for three years, with the Republic bearing the cost, which amounts to LE3.8 billion, in a bid to encourage economic activity especially in the industrial sector and avoid economic dampening following the effects of recent shocks.

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 No. 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 10 years imprisonment. The provisions of Law No. 66 of 2016 have subsequently been replaced by the CBE Law.

Net International Reserves

As at 31 October 2022, NIR were U.S.$33.4 billion, covering approximately 4.6 months of merchandise imports. NIR with the CBE were U.S.$33.4 as at 30 June 2022, compared with U.S.$40.6 billion as at 30 June 2021, compared with U.S.$38.2 billion as at 30 June 2020. NIR covered 4.6 months of merchandise imports as at 30 June 2022, 6.9 months as at 30 June 2021 and 7.3 months as at 30 June 2020.

The following table sets forth NIR data for the periods indicated:

Net International Reserves	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22[1]**
			(U.S.$ millions)		
Net International Reserves	**44,259**	**44,481**	**38,176**	**40,584**	**33376**
Gross Official Reserves	44,262	44,485	38,180	40,591	33381
Gold	2,641	2,821	4,076	4,111	7314
Foreign Currencies	38,898	41,204	33,806	36,279	26017

Net International Reserves	2017/18	2018/19	2019/20	2020/21	2021/22[(1)]
			(U.S.$ millions)		
Special Drawing Rights	2,706	453	298	201	50
Loans to IMF	17	7	0	0	0
Banks' Net Foreign Assets	**449**	**2,141**	**-2,138**	**1,686**	**-11660.1**
Assets	16,761	18,533	16,601	21,934	14529
Liabilities	16,312	16,392	18,739	20,248	26189.1
NIR in months of merchandise imports	8.4	8.0	7.3	6.9	4.6

Source: CBE

(1) Preliminary figures.

As at 30 September 2022, banks had net foreign liabilities of U.S$14.0 billion, compared with net foreign liabilities of U.S$11.7 billion as at 30 June 2022 and net foreign assets of U.S$1.7 billion as at 30 June 2021.

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

The Egyptian Stock Market

Egypt's stock exchange, the EGX, is governed by a board of directors. The EGX's predecessor exchanges, the Alexandria Stock Exchange and the Cairo Exchange, were established in 1883 and 1903, respectively. Government policies adopted in the mid-1950s led to a drastic reduction in activity on the exchanges, which remained dormant between 1961 and 1992.

The then-Government's economic reform programme resulted in the adoption of the Capital Market Law No. 95 of 1992 ("**Law 95**"), which empowered the CMA, an independent institution that has since been replaced by the FRA, to regulate the securities industry and laid the regulatory framework for that industry. Law 95 permits the establishment of companies that provide underwriting of subscriptions, brokerage services, securities and mutual fund management, clearance and settlement of security transactions and venture capital activities. It also authorises the issuance of corporate bonds and authorises the issuance of bearer shares. Activity on the EGX increased following initial public offerings by the Government as part of its privatisation programme.

The Nile Stock Exchange (the "**NILEX**"), established under the EGX, was launched to offer small- and medium-sized companies the means to raise capital under an appropriate regulatory framework and is the first such market in the MENA region. As at 31 December 2019, 14 companies were listed on the NILEX, with a total market capitalisation of LE782 million.

Misr for Central Clearing, Depository and Registry ("**MCDR**") was established in 1994 to handle clearing and settlement operations. Its shareholders include the EGX, brokers and dealers, the public and private sector banks. Since the establishment of MCDR, the securities market has been moving towards dematerialisation of securities. Since July 2000, all shares are traded in dematerialised form on the EGX. MCDR is 50% owned by Egyptian banks and financial intermediaries, 45% owned by securities intermediaries and 5% owned by the EGX.

In relation to this work, major amendments have been introduced in recent years, most recently in 2018 to increase certain required thresholds for listing companies on the EGX, including in respect of the listing of small- and medium-sized companies.

In 2017, the EGX began implementing its plan to enhance the market environment to restore investor confidence and attract increased local and international investment. This plan has included the implementation of changes to the listing rules to further enhance corporate governance and minority shareholder protection. The EGX has also conducted testing of a short-selling and market maker mechanism, the introduction of which is awaiting the approval of the FRA.

In February 2018, the Parliament approved a set of amendments to the Capital Markets Law, which establish a legal framework for sukuk issuances and trading in Egypt, authorise the establishment of an exchange for regulated trading in derivatives, including futures, options and swaps, abolish bearer securities and expand the scope of criminal offences and sanctions set out in the Capital Markets Law. The amendments to the Capital Markets Law were ratified by the President and published in March 2018.

EGX 30 Performance

The EGX 30 Index (the "**Index**") declined to 9,225.6 in 30 June 2022 from 11,909.7 in 1 January 2022, which represented a decline of 22.5% between 1 January 2022 and 30 June 2022, before rebounding to 14,598.5 by the end of 29 December 2022, marking a rise of 58.2%.

As at 24 November 2022, there were 213 listed companies on the main market of the EGX, and there were 16 listed companies on the SME market, with a total market capitalisation of LE840 billion.

The following table sets forth selected indicators for the EGX as at the dates, or for the periods, indicated.

Selected Indicators for the Egyptian Exchange[(1)]	As at or for the year ended 31 December					As at or for the six months ended 30 June
	2017	2018	2019	2020	2021	2022
Total Market Capitalisation[(2)] (LE billion)....	824.9	749.7	708.3	649.9	763.1	620.2
Total Market Capitalisation[(3)] (% of GDP) ...	23.8	16.9	13.3	11.2	11.5	7.9
Total Value of Trading[(4)](LE billion)	332.2	358.5	409.7	689.7	1,007.0	637.5
Number of Listed Companies[(2)]....................	222	220	218	215	212	213
Number of Transactions (million)	7.0	6.3	5.0	8.6	11.4	4.1
EGX 30 Index (end of period)......................	15,019	13,036	13,962	10,845	11,949.0	9,225.6

Source: EGX

(1) This data differs from previously published data. See "*Presentation of Information*".
(2) Main market.
(3) This ratio is calculated based on GDP preliminary figures for each year.
(4) Listed, NILEX, Operations & OTC. Trading on NILEX has been effective since 3 June 2010.

PUBLIC FINANCE

The Budget Process

The Government's fiscal year runs from 1 July to 30 June. In October of each year, the Ministry of Finance issues a circular to all Government authorities outlining in a general manner the fiscal policies, targets and economic assumptions to be adhered to in the preparation of their respective budgets. By December of each year, the Ministry of Finance receives and reviews the draft budgets submitted by Government authorities, following which mutual discussions of submitted budgets take place through joint committees. Such submitted budgets may be revised by the Ministry of Finance's Budget Department to ensure that the aggregate revenue and expenditure figures in the draft budget conform to the integrated macroeconomic targets previously set by the Macro Fiscal Policy Unit (the "**MFPU**").

By February, the Ministry of Finance submits a preliminary draft budget (comprising the budgets of the Government, the central and local administration units and Service Authorities) to the Ministerial Economic Sub-committee, which is headed by the Prime Minister. The Ministerial Economic Sub-Committee may introduce amendments to the draft budget before submitting the budget to the Council of Ministers for approval. The final budget is then submitted first to the President and then to the House of Representatives before the end of March, following which the budget is discussed among various legislative committees and must be approved and ratified in an annual budget law by the House of Representatives before the end of June. In the event that the House of Representatives has been dissolved or is otherwise absent, pursuant to the Constitution, the President has temporary legislative authority and may ratify the budget.

The ratified budget represents a ceiling for total expenditure for Government authorities during the year. If an exceptional expenditure item arises during a fiscal year, the Ministry of Finance will prepare a supplementary appropriation, which is submitted to the Ministerial Economic Sub-Committee and subsequently to the Council of Ministers, which, in turn, will submit it to the House of Representatives for approval and ratification.

Prior to the end of each fiscal year, the Final Accounts Department at the Ministry of Finance issues a circular to all Government authorities with instructions regarding the preparation of their final accounts. The Government authorities then submit their final accounts to the Ministry of Finance and the Accountability State Authority, 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 No. 53 of 1973, as amended, together with executive regulations promulgated thereunder, regulate the process of preparing and implementing the General State Budget of the Republic. The consolidated general Government account is comprised of the budget sector, the National Investment Bank ("**NIB**") and the Social Insurance Funds. Fiscal reporting is completed on a consolidated cash basis, which requires the exclusion of financial interrelations among the consolidated bodies.

The budget sector consolidates the fiscal operations of the following entities:

- Central Administration Units, such as ministries and their affiliated agencies;
- Local Administration Units, representing the 27 governorates; and
- Service Authorities.

Both Local Administration Units and Service Authorities depend on the treasury to finance their respective yearly deficits.

There are two levels of published public finance data: (i) stand-alone budget sector fiscal data; and (ii) general Government fiscal data, which include consolidated fiscal data of the budget sector, the NIB and Social Insurance Funds accounts.

Service Authorities

Service Authorities are Government-owned and administered organisations operating on a non-profit basis, such as Cairo University, the National Sewage Authority, the National Meteorology Authority and the National Authority for Roads and Bridges. Service Authorities generally provide public services, including public infrastructure services, education, health and research.

Economic Authorities

Economic Authorities such as the Suez Canal Authority, the General Authority for Supply of Commodities, the New Urban Communities Authority, the National Postal Authority and the Radio and Television Authority are owned by the Government but operate on a for-profit basis. For purposes of the financial information set out in this Base Offering Circular, EGPC is included in this classification. The financial operations of the Economic Authorities are accounted for in the national budget either in the form of dividends paid to the Ministry of Finance (if such entities are in profit) or capital contributions made by the Ministry of Finance to such authorities (if such entities are in deficit).

Other Government-owned entities

The Government also has a portfolio of other public sector companies that play an important role in the Egyptian economy. The companies are managed on a for-profit basis and seek to maximise shareholder value. The profits of these companies are accounted for in the national budget in the form of dividends. The Government may also inject capital in such companies through capital contributions (in the case of a deficit). Other Government-owned entities include public sector banks regulated by the CBE Law and its executive regulations, including National Bank of Egypt and Bank Misr, and holding companies regulated by Law No. 203 of 1991, including Misr Insurance Holding Company, the EEHC, EGAS and ECHEM.

Improving Budget Classification

According to Law No. 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 No. 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 No. 139 of 2006 established the Treasury Single Account (the "**TSA**") at the CBE. The TSA incorporates all the accounts of the Ministry of Finance, central and local administrative authorities, the service authorities and Economic Authorities and special funds. All revenues generated by such authorities are deposited in the TSA, and all expenditures are deducted from TSA.

Government Finances and Projections

Since 2009/10, annual budgets include medium-term projections, as well as a fiscal sustainability analysis by the MFPU. The budget for 2019/20 includes a section on medium-term projections and Ministry of Finance medium-term fiscal and debt objectives. The MFPU also prepares economic and fiscal policy advice for the Minister of Finance. In addition, the MFPU is responsible for:

- monitoring budget execution to identify important developments and recommend appropriate action;
- recommending structural reforms to facilitate the sustainability of the fiscal and macroeconomic sectors;
- assessing macroeconomic and fiscal effects of different revenue and expenditure policy options;
- co-ordinating 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 6.1% of GDP by 2019/20 and less than 5.0% (4.1%) of GDP by 2021/22; and to reduce the debt to GDP ratio to 80% of GDP by 2021/22. See "*The Economy—Government Programme, Recent Developments and Reforms*".

Fiscal Reforms

Since 2015, Government reforms to increase Government revenue and control Government expenditure have included:

- *VAT*: In 2015, the Government announced its intention to replace the sales tax with a new VAT law in order to: (i) broaden the tax base by including services under the tax system; and (ii) assist in the prevention of tax evasion. In August 2016, the House of Representatives approved VAT rates of 13% for 2016/17 and 14% for 2017/18. The VAT law came into effect on 8 September 2016 and executive regulations were published in March 2017. VAT was not previously levied. For 2018/19 through 2020/21, the VAT rate has been 14%.
- *Corporate tax*: In 2015, the Government reduced the top corporate tax rate to 22.5%, while extending it to all economic zones.
- *Controlling the public sector wage bill*: In 2014, the Government set a public sector wage ceiling, discontinued the automatic inclusion of bonuses in basic wages after five years and subjected bonuses to income tax in an effort to control the public sector wage bill. Public sector employee hiring has also been centralised. Further controls to the public sector wage bill have been introduced through the New Civil Service Law, which was promulgated on 1 November 2016. See "*The Economy—Employment and Labour—Labour Law*".
- *Refocusing spending*: The Government is refocusing public spending through increased spending on infrastructure investment and social services, including health and education investment, in line with the Government's constitutional mandate. The Government is also implementing efficiency measures to reduce Government expenditure. See "*Public Finance—Social Spending and Subsidies*".
- *Real estate tax*: In July 2018, the Government amended provisions of the income tax law relating to real estate tax. The law increases the tax exemption limits to LE24 million from LE18 million and allocates 50% of the total proceeds from real estate taxes for upgrading housing in deprived areas. Certain properties, including, *inter alia*, the premises of non-government organisations,

historic buildings, youth and sports centres, buildings used for religious purposes and state-owned buildings are exempted from the tax. In July 2018, amendments were also made to change the rate of real estate tax from 2.5% of transaction profits to 2.5% of the whole transaction value. Law No. 5 of 2021 has postponed the implementation of Law No. 186 of 2020 requiring registration of real estate before a notary public upon any disposal until 30 June 2023 and removed certain provisions of tax law covering real estate.

- *Income tax law:* In May 2020, Law No. 26 of 2020 amended the income tax law, increasing the annual personal income tax allowance to LE9,000 and introducing the following new tax rates and tax brackets: (i) 2.5% on annual net income ranging from LE15,001 to LE30,000; (ii) 25% on annual income of LE400,000 and over; and (iii) removing the application of lower tax rates on annual income above LE600,000. The amendments regulate the application of additional tax and facilitates the settlement of tax disputes by applying a 50% reduction to tax penalties to encourage taxpayers to settle their disputes with the Egyptian tax authority.

- *Development fees*: In June 2018, the House of Representatives approved amendments to the development fees law, revising fees charged to the public for Government services.

- *Extension of settlement period for taxation disputes*: In February 2018, the Government extended the settlement period for taxation disputes for two years.

- *Late payment fees*: In August 2018, Law No. 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 No. 174 also implements the rules for the settlement of current tax disputes or customs disputes.

- *Introduction and amendment of unified tax procedures law:* In October 2020, Law No. 206 of 2020 was published, which introduced unified tax procedures for the assessment and collection of tax amounts applied for income tax,

- *VAT, state development tax, stamp duty and any other similar taxes* (the "**Unified Tax Procedures Law**"): The Unified Tax Procedures Law seeks to unify procedures for similar types of taxes and to establish a legal basis to transfer tax procedures to a new tax e-system. In December 2020, the Unified Tax Procedures Law was amended by Law No. 211 of 2020 to introduce stricter penalties for non-compliance relating to transfer pricing documentation and tax return filings. The executive regulations of the Unified Tax Procedures Law were issued in June 2021 and aim to further integrate, simplify and automate the procedures of linking and collecting the various types of applicable taxes. Decree No. 20 of 2023 amends Article 31 of the executive regulations to oblige taxpayers to include monthly withholding amounts under their tax accounts, which are calculated via a standardised system.

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

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

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

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

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

- *Amendments to VAT Law*: In February 2022, changes to the VAT law approved by the House of Representatives in 2021 were officially ratified. The VAT law involves taxing fully-finished broadcast advertisements, which includes advertisements on TV, radio, outdoor billboards and the internet, at a rate of 14%, replacing the 20% stamp tax which had previously applied. In addition, entry to theatres, parks, clubs, sports events, and other entertainment venues are now subject to a 5% to 20% tax. People leaving the country are now subject to a LE100 tax instead of the existing LE50 exit tax, with the exception of tourists visiting the Red Sea, South Sinai, Luxor, Aswan and Matrouh governorates, whose exit fee remains fixed at its current LE50. The VAT law does not apply to bus or truck drivers transporting passengers or goods out of the country. Tourists are now able to claim VAT rebates on their departure from Egypt for any purchases of certain items worth LE1,500 or more. This replaces the previous LE5,000 threshold for VAT drawbacks. Certain medical supplies, including medicines, active substances, vaccines, blood collection bags, birth control methods, and blood and its derivatives, are exempt from the VAT law. The VAT law also exempts machinery and equipment imported from abroad, production inputs for the paper industry, and agricultural products, including seeds, vegetables and fruits produced locally. Civil aircraft, along with their engines, components and spare parts are not subject to the VAT law. Shipping companies are also not required to pay VAT on transit fees paid to the Suez Canal Authority.

Office and commercial spaces will be subject to a 1% schedule tax on the rent or purchase value. Stamp tax on most insurance premia would also be raised by 1% under amendments to the Stamp Tax Act. This means that policyholders and insurance companies would each see a 0.5% tax increase due to a clause in the legislation that requires the tax to be split 50/50.

- *New Customs Tax Law No. 207 of 2020*: The law aims to simplify customs procedures, develop new customs systems, further develop processing techniques using new technologies, comply with international practices, improve the investment environment in Egypt and increase Egypt's competitiveness.

- *Real Estate Tax Law Amendments*: Law No. 4 of 2019 extended the use of rent value estimates already set to evaluate tax amounts until the end of December 2021 to alleviate the burden on taxpayers. Law No. 23 of 2020 also exempted certain real estate units used for the production of goods and services from real estate tax in order to encourage investments in industrial development.

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

2022/23 Budget

The budget for 2022/23 was approved by the House of Representatives on 21 June 2022, with a projected fiscal deficit to GDP ratio of 6.1%, compared with actual fiscal deficit ratios of 6.1% and 6.8% in 2021/22 and 2020/21 respectively.

The budget for 2022/23 has been prepared on the basis of the following key assumptions:

- economic growth of 5.5%;
- average inflation of approximately 9%;
- an average oil price (Brent crude) of U.S.$80 per barrel; and
- global economic growth of 3.8%.

For a discussion of the impact of the COVID-19 virus on the budget for 2019/20 and 2020/21, see "*Response to COVID-19*".

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

2020/21 - 2021/22 (Actual Results) - 2022/23 (Budget)	**2020/21**[(1)]	**2021/22**[(1)]	**2022/23**[(2)]
		(LE millions)	
Revenues and Grants	**1,108,625**	**1,325,571**	**1,517,854**
Tax Revenue	833,993	990,138	1,168,795
Grants	2,955	2,889	912
Other Revenues	271,678	332,544	348,147
Expenditures	**1,578,774**	**1,812,074**	**2,070,872**
Wages and Salaries	318,806	358,184	400,000
Purchases of Goods and Services	81,462	95,578	125,600
Interest Payments	565,497	584,819	690,150
Subsidies, Grants and Social Benefits	263,886	341,854	355,993
Other Expenditures	99,751	113,417	122,700
Purchases of Non-Financial Assets	249,372	318,223	376,429
Cash Deficit	**470,149**	**486,503**	**553,018**
Net Acquisition of Financial Assets	**2,196**	**1,705**	**5,133**
Overall Fiscal Deficit	**472,345**	**484,798**	**558,151**
Overall Deficit/GDP *(%)*	6.8	6.1	6.1
Primary Surplus/GDP *(%)*	1.3	1.3	1.5
Revenues/GDP *(%)*	16.0	16.7	16.7
Expenditure/GDP *(%)*	22.8	22.8	22.8

Source: Ministry of Finance

(1) GDP, according to the Ministry of Planning, is LE6,923 billion for 2020/21, and LE7,925 billion for 2021/22.

(2) No assurance can be given that the actual financial performance and condition will match the forecasts in the Republic's budget. The budget was approved by the House of Representatives in June 2021. For the 2022/23 Budget, GDP is estimated at LE9,092 billion.

Revenues

Total revenues for 2022/23 are budgeted to be LE1,517.9 billion, compared with LE1,325.6 billion in 2021/22, representing an annual increase of LE192.3 or 14.5%, primarily due to an increase of LE178.7 billion in tax revenues. Tax revenues are budgeted to increase by 18.0% to LE1,168.8 billion for 2022/23, compared with LE990.1 billion for 2021/22, primarily due to expected improved collections as a result of tax administration reforms and automation. Total grants are budgeted to be LE0.9 billion in 2022/23, compared with LE2.9 billion in 2021/22, reflecting a decline of 68.4%. 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 2022/23, are budgeted at LE348.1 billion compared with LE332.5 billion for 2021/22, representing an annual increase of 4.7%.

Expenditures

Government expenditure is budgeted to increase by 14.3% to LE2,070.9 billion in 2022/23, compared with LE1,812.1 billion in 2021/22. This increase was primarily due to budgeted increases of: (i) LE30.0 billion, or 31.4%, for the purchases of goods and services; (ii) LE58.2 billion, or 18.3%, purchases of non-financial assets; and (iii) LE105.3 billion, or 18%, in interest payments.

In addition, contributions to pension funds are budgeted to increase to LE127.0 billion in the 2022/23 budget, as compared to LE120 billion in 2021/22, reflecting an increase of 5.8%. See "*—Social Spending and Subsidies*".

The Russia-Ukraine conflict has affected and continues to negatively affect economies worldwide, including the Republic, particularly with respect to global commodities markets and global inflation. While global supply chains and commodities markets have been volatile even during the COVID-19 pandemic, the Russia-Ukraine conflict has further disrupted supply chains and caused further instability in the energy markets. The conflict could lead to further global supply chain shortages, market disruptions, including further significant volatility in commodity prices, credit and capital markets on a global scale as well as inflation. According to Eurostat, the annual inflation rate in April 2022 was almost 8.1% in the EU, compared to only 2.0% in April 2021. In October 2022, the annual inflation rate in the EU was 11.5%, compared to 4.4% in October 2021. According to the US Bureau of Labor Statistics, the annual inflation rate (based on CPI) was almost 8.3% in the United States in April 2022, compared with only 4.2% in April 2021. In October 2022, the annual inflation rate (based on CPI) was 7.7%, compared with 6.2% in October 2021. In Egypt, headline annual inflation was 13.1% in April 2022, compared with 4.1% in the previous year. In October 2022, headline annual inflation was 16.2%, compared with 6.3% in the previous year. See also "*Risk Factors—Inflation Risk*", "*Risk Factors—Egypt's deficit and debt levels*", "*Risk Factors—Exchange Rate Risks*", and "*Risk Factors—Russia-Ukraine Conflict*".

The Russia-Ukraine conflict has caused the Government to raise key interest rates, which affects the interest bill in the budget. For instance, in the 2022/23 budget, it is expected that every increase of one percentage point in domestic interest rates will increase the interest bill by approximately LE28.0 billion.

Given the volatility in oil prices, partially caused by uncertainties around the supply of Russian oil resulting from the Russia-Ukraine conflict, the Government also expects that the net relation with the treasury will deteriorate by more than LE1.0 billion with every dollar increase in oil price, for the 2022/2023 budget. The General Authority for Supply Commodities ("**GASC**") subsidies increased approximately 16.6% in 2021/22 compared with actual figures of 2020/21 to reach LE96.8 billion. In the 2022/23 budget, LE90.0 billion has been allocated to GASC subsidies.

Public Accounts

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

Public Accounts[1]	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23 Budget**[2]
			(LE millions)			
Revenues and Grants	**821,134**	**941,910**	**975,429**	**1,108,625**	**1,325,571**	**1,517,854**
Tax Revenues	**629,302**	**736,121**	**739,633**	**833,993**	**990,138**	**1,168,795**
Income Tax	207,230	250,080	286,907	321,246	385,499	428,789
Property Taxes	51,410	58,907	59,596	72,404	89,777	114,459
Taxes on Goods and Services	294,257	350,576	329,979	384,913	453,944	540,983
Taxes on International Trade	37,908	42,020	32,572	36,130	43,297	46,014
Other Taxes	38,497	34,538	30,579	19,300	17,621	38,550
Grants	**3,194**	**2,609**	**5,263**	**2,955**	**2,889**	**912**
Other Revenues	**188,639**	**203,181**	**230,533**	**271,678**	**332,544**	**348,147**
Returns on Financial Assets	69,116	70,354	65,519	79,669	91,434	105,674
Proceeds from Sales of Goods and Services	51,433	53,565	58,809	57,730	75,291	78,968
Other	68,090	79,262	106,206	134,279	165,819	163,506
Expenditures	**1,244,408**	**1,369,870**	**1,434,723**	**1,578,774**	**1,812,074**	**2,070,872**
Wages and Salaries	240,054	266,091	288,773	318,806	358,184	400,000
Purchases of Goods and Services	53,088	62,365	69,871	81,462	95,578	125,600
Interest Payments	437,448	533,044	568,421	565,497	584,819	690,150
Subsidies, Grants and Social benefits	329,379	287,462	229,214	263,886	341,854	355,993
Other Expenditures	74,758	77,565	86,803	99,751	113,417	122,700
Purchases of Non-Financial assets	109,680	143,342	191,642	249,372	318,223	376,429

Public Accounts[1]	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23 Budget[2]
			(LE millions)			
Cash Deficit[3]	**423,273**	**427,960**	**459,294**	**470,149**	**486,503**	**553,018**
Net Acquisition of Financial assets	**9,306**	**1,991**	**3,481**	**2,196**	**-1,705**	**5,133**
Overall Fiscal Deficit	**432,580**	**429,951**	**462,775**	**472,345**	**484,798**	**558,151**
Overall Deficit/GDP (%)[4]	9.1	7.5	7.4	6.8	6.1	6.1
Primary Balance/GDP (%)[4]	0.1	1.8	1.7	1.3	1.3	1.5
Revenues/GDP (%)[4]	17.2	16.5	15.5	16.0	16.7	16.7
Expenditure/GDP (%)[4]	26.1	23.9	22.8	22.8	22.8	22.8

Source: Ministry of Finance

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

(2) Budgeted figures.

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

(4) According to the Ministry of Planning, GDP LE4,768 billion for 2017/18, LE5,724 billion for 2018/19, LE6,295 billion for 2019/20, LE6,923 billion for 2020/21 and LE7,925 billion for 2021/22. The GDP for the 2022/23 budget is LE9,092 billion.

Overview

Total budget sector revenues have grown over each of the past five years from LE821.1 billion in 2017/18 to LE1,325.6 billion in 2021/22, or by 61.4%. Principal factors in the growth of revenues since 2017/18 include increased GDP growth and increases in tax revenues, as a result of the implementation of tax reforms including the introduction of VAT and measures to improve the efficiency of tax administration and widen the tax base.

Total budget sector expenditures have also grown over each of the past five years from LE1,224.4 billion in 2017/18 to LE1,812.1 billion in 2021/22. Total budget sector expenditures increased by 20.6% in 2017/18, 10.1% in 2018/19, 4.7% in 2019/20, 10.0% in 2020/21 and 14.8% in 2021/22. Principal factors in the growth of expenditures since 2016/17 include the growth of the wages and subsidies bills and the growth of public investments, as well as increases in interest payments as a result of an increased level of public debt.

The overall fiscal deficit was LE432.6 billion in 2017/18 (9.1% of GDP), LE430.0 billion in 2018/19 (7.5% of GDP), LE462.8 billion in 2019/20 (7.4% of GDP), LE472.3 billion in 2020/21 (6.8% of GDP) and LE484.8 billion in 2021/22 (6.1% of GDP).

Revenues

The Government's principal sources of revenues are corporate taxes, general sales taxes, customs duties and transferred profits (dividends) from Government-owned entities. The Government also receives revenue in the form of grants from international agencies and countries.

The following table sets out budget sector revenues for the periods indicated.

Revenues[1]	2017/18	2018/19	2019/20	2020/21	2021/22
Total Revenues and Grants	**821,134**	**941,910**	**975,429**	**1,108,625**	**1,325,571**
Annual Change (%)	24.6	14.7	3.6	13.7	19.6
Percentage of GDP[2]	17.2	16.5	15.5	16.0	16.7
Percentage of Tax Revenues	130.5	128.0	131.9	132.9	133.9
Tax Revenues	**629,302**	**736,121**	**739,633**	**833,993**	**990,138**
Annual Change (%)	36.2	17.0	0.5	12.8	18.7
Percentage of GDP[2]	13.2	12.9	11.7	12.0	12.5
Percentage of Total Revenues and Grants	76.6	78.2	75.8	75.2	74.7
Taxes on Income, Profits and Capital Gains	**207,230**	**250,080**	**286,907**	**321,246**	**385,499**
Annual Change (%)	24.2	20.7	14.7	12.0	20.0
Percentage of GDP[2]	4.3	4.4	4.6	4.6	4.9
Percentage of Total Revenues and Grants	25.2	26.6	29.4	29.0	29.1
Percentage of Tax Revenues	32.9	34.0	38.8	38.5	38.9
Property Tax	**51,410**	**58,907**	**59,596**	**72,404**	**89,777**
Annual Change (%)	40.7	14.6	1.2	21.5	24.0
Percentage of GDP[2]	1.1	1.0	0.9	1.0	1.1
Percentage of Total Revenues and Grants	6.3	6.3	6.1	6.5	6.8
Percentage of Tax Revenues	8.2	8.0	8.1	8.7	9.1
Taxes on Goods and Services	**294,257**	**350,576**	**329,979**	**384,913**	**453,944**
Annual Change (%)	41.0	19.1	-5.9	16.6	17.9
Percentage of GDP[2]	6.2	6.1	5.2	5.6	5.7

Revenues[1]	2017/18	2018/19	2019/20	2020/21	2021/22
Percentage of Total Revenues and Grants	35.8	37.2	33.8	34.7	34.2
Percentage of Tax Revenues	46.8	47.6	44.6	46.2	45.8
Taxes on International Trade	**37,908**	**42,020**	**32,572**	**36,130**	**43,297**
Annual Change (%)	10.7	10.8	-22.5	10.9	19.8
Percentage of GDP[2]	0.8	0.7	0.5	0.5	0.5
Percentage of Total Revenues and Grants	4.6	4.5	3.3	3.3	3.3
Percentage of Tax Revenues	6.0	5.7	4.4	4.3	4.4
Grants	**3,194**	**2,609**	**5,263**	**2,955**	**2,889**
Annual Change (%)	-81.9	-18.3	101.7	-43.9	-2.2
Percentage of GDP[2]	0.1	0.0	0.1	0.0	0.0
Percentage of Total Revenues and Grants	0.4	0.3	0.5	0.3	0.2
Percentage of Tax Revenues	0.5	0.4	0.7	0.4	0.3
Other Revenues	**188,639**	**203,181**	**230,533**	**271,678**	**332,544**
Annual Change (%)	5.1	7.7	13.5	17.8	22.4
Percentage of GDP[2]	4.0	3.5	3.7	3.9	4.2
Percentage of Total revenues and Grants	23.0	21.6	23.6	24.5	25.1
Percentage of Tax Revenues	30.0	27.6	31.2	32.6	33.6

Source: Ministry of Finance

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

(2) GDP, according to the Ministry of Planning, is LE4,768 billion for 2017/18, LE5,724 billion for 2018/19, LE6,295 billion for 2019/20, LE6,923 billion for 2020/21 and LE7,925 billion for 2021/22.

Total budget sector revenues and grants increased from LE1,108.6 billion in 2020/21, to LE1,325.6 billion in 2021/22, representing a 19.6% increase. This increase was primarily due to increases in income taxes and other revenues.

Tax revenues include income tax, corporate income tax, general sales tax and customs duties. EGPC and the Suez Canal Authority are the principal sources of corporate income tax revenues, contributing LE39.8 billion and LE32.5 billion, respectively, in corporate income tax for 2020/21, and LE29.7 billion and LE39.0 billion, respectively, for 2021/22.

Tax revenues increased by 18.7% to LE990.1 billion in 2021/22 from 2020/21 and by 12.8% to LE834 billion in 2020/21 from LE739.6 billion in 2019/20. This increase in tax revenues is primarily due to increases in receipts of income tax. Taxes on income, profits and capital gains increased by 20% to LE385.5 billion in 2021/22 compared with LE321.2 billion in 2020/21, and by 12% in 2020/21, compared with LE286.9 billion in 2019/20, which was, in turn, primarily due to increased economic activity and improvements in tax collection and administration. Property taxes increased by 24% to LE89.8 billion in 2021/22 from LE72.4 billion in 2020/21 and increased by 21.5% to LE72.4 billion in 2020/21, compared with LE59.6 billion in 2019/20. Taxes on international trade increased by 19.8% to LE43.3 billion in 2021/22 compared with 2020/21 and increased by 10.9% to LE36.1 billion in 2020/21, compared with LE32.6 billion in 2019/20. Taxes on goods and services increased by 17.9% to LE453.9 billion in 2021/22 compared with 2020/21 and increased by 16.6% to LE384.9 billion in 2020/21, compared with LE330.0 billion in 2019/20. In 2021/22, tax revenues accounted for 74.7% of total budget sector revenues, compared with 75.2% in 2020/21 and 75.8% 2019/20.

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 22.4% to LE332.5 billion in 2021/22, compared with 2020/21 and by 17.8% to LE271.7 billion in 2020/21, compared with LE230.5 billion in 2019/20. The increase in non-tax revenues was small due to the slowdown in global trade and economic activity caused by the COVID-19 pandemic in 2019/20 and 2020/21.

In 2021/22, grants accounted for 0.2% of total budget sector revenues, compared with 0.3% in 2020/21 and 0.5% in 2019/20, while other revenues accounted for 25.1% of total budget sector revenues, compared with 24.5% in 2020/21 and 23.6% in 2019/20.

Expenditures

The following table sets out budget sector expenditures for the periods indicated:

Expenditures[1]	2017/18	2018/19	2019/20	2020/21	2021/22
Expenditures	**1,244,408**	**1,369,870**	**1,434,723**	**1,578,774**	**1,812,074**
Annual Change (%)	20.6	10.1	4.7	10.0	14.8

Expenditures[1]	2017/18	2018/19	2019/20	2020/21	2021/22
Percentage of GDP[2]	26.1	23.9	22.8	22.8	22.8
Percentage of Tax Revenues	197.7	186.1	194.0	189.3	183.0
Wages and Salaries	**240,054**	**266,091**	**288,773**	**318,806**	**358,184**
Annual Change (%)	6.4	10.8	8.5	10.4	12.4
Percentage of GDP[2]	5.0	4.6	4.6	4.6	4.5
Percentage of Total Expenditures	19.3	19.4	20.1	20.2	19.8
Percentage of Tax Revenues	38.1	36.1	39.0	38.2	36.2
Purchases of Goods and Services.	**53,088**	**62,365**	**69,871**	**81,462**	**95,578**
Annual Change (%)	25.1	17.5	12.0	16.6	17.3
Percentage of GDP[2]	1.1	1.1	1.1	1.2	1.2
Percentage of Total Expenditures	4.3	4.6	4.9	5.2	5.3
Percentage of Tax Revenues	8.4	8.5	9.4	9.8	9.7
Interest Payments	**437,448**	**533,044**	**568,421**	**565,497**	**584,819**
Annual Change (%)	38.3	21.9	6.6	-0.5	3.4
Percentage of GDP[2]	9.2	9.3	9.0	8.2	7.4
Percentage of Total Expenditures	35.2	38.9	39.6	35.8	32.3
Percentage of Tax Revenues	69.5	72.4	76.9	67.8	59.1
Subsidies, Grants and Social Benefits	**329,379**	**287,462**	**229,214**	**263,886**	**341,854**
Annual Change (%)	19.0	-12.7	-20.3	15.1	29.5
Percentage of GDP[2]	6.9	5.0	3.6	3.8	4.3
Percentage of Total Expenditures	26.5	21.0	16.0	16.7	18.9
Percentage of Tax Revenues	52.3	39.1	31.0	31.6	34.5
Other Expenditures	**74,758**	**77,565**	**86,803**	**99,751**	**113,417**
Annual Change (%)	21.5	3.8	11.9	14.9	13.7
Percentage of GDP[2]	1.6	1.4	1.4	1.4	1.4
Percentage of Total Expenditures	6.0	5.7	6.1	6.3	6.3
Percentage of Tax Revenues	11.9	10.5	11.7	12.0	11.5
Purchase of Non-financial Assets	**109,680**	**143,342**	**191,642**	**249,372**	**318,223**
Annual Change (%)	0.5	30.7	33.7	30.1	27.6
Percentage of GDP[2]	2.3	2.5	3.0	3.6	4.0
Percentage of Total Expenditures	8.8	10.5	13.4	15.8	17.6
Percentage of Tax Revenues	17.4	19.5	25.9	29.9	32.1

Source: Ministry of Finance

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

(2) GDP, according to the Ministry of Planning, is LE4,768 billion for 2017/18, LE5,724 billion for 2018/19, LE6,295 billion for 2019/20, LE6,923 billion for 2020/21 and LE7,925 billion for 2021/22.

Total expenditures increased from LE1,578.8 billion in 2020/21 to LE1,812.1 billion in 2021/22, representing a 14.8% increase from the previous year, primarily due to increases in wages and salaries, subsidies, grants and social benefits, as well as purchases of non-financial assets.

Wages and salaries increased by 8.5% to LE288.8 billion in 2019/20 from LE266.1 billion in 2018/19 and to LE318.8 billion in 2020/21, representing an 10.4% increase from the previous year, primarily due to social benefits introduced by the government in 2017/18 granting civil servants and special cadres (which include teachers and physicians) a bi-annual bonus of 7% and 10%, respectively, of their base salary. Wages and salaries increased in 2021/22 by 12.4% to reach LE358.2 billion as compared with 2020/21. In 2021/22, wages and salaries accounted for 19.8% of total expenditures, compared with 20.2% in 2020/21 and 20.1% in 2019/20. See "*The Economy—Employment and Labour*".

Subsidies, grants and social benefits decreased by 20.3% to LE229.2 billion in 2019/20 from LE287.5 billion in 2018/19, primarily due to cuts in fuel and electricity subsidies, before increasing to LE263.9 billion in 2020/21, representing a 15.1% increase from the previous year, primarily due to the settlement of pension funds (see "*—Social Spending and Subsidies*"). In 2021/22, subsidies, grants and social benefits accounted for 18.9% of total expenditures, and increased further to reach LE341.9 billion, representing an increase of 29.5% as compared with the previous year.

Interest payments increased by 3.4% to LE584.8 billion in 2021/22 from LE565.5 billion in 2020/21, which, in turn, represented a 0.5% decrease from 568.4 billion in 2019/20. In 2021/22, interest payments accounted for 32.3% of total expenditures, compared with 35.8% in 2020/21 and 39.6% in 2019/20.

Other expenditures increased by 13.7% to LE113.4 billion in 2021/22 from LE99.8 billion in 2020/21, when it accounted for 6.3% of total expenditures, compared with 6.3% of total expenditures in each of 2020/21 and 2021/22.

Purchases of non-financial assets increased by 33.7% to LE191.6 billion in 2019/20 from LE143.3 billion in 2018/19 and to LE249.4 billion in 2020/21, representing a 30.1% increase from the previous year, primarily due to increased investment in infrastructure and in the housing, health and education sectors over the past five years. In 2021/22, it increased further to reach LE318.2 billion, representing an increase of 27.6% as compared with the previous year. In 2021/22, purchases of non-financial assets accounted for 17.6% of total expenditures, compared with 15.8% in 2020/21 and 13.4% in 2019/20.

Interim Results for the Fiscal Year 2021/22

The following table sets forth Egypt's actual fiscal results for the four-month period ended 31 October 2022, compared with the corresponding period in 2020/21.

Interim Results[(1)]	July-October 2021/22	July-October 2022/23
	(LE millions)	
Revenues and Grants	**311,291**	**360,899**
Tax Revenues	245,154	294,139
Grants	27.6	88
Other Revenues	66,110	66,672
Expenditures	**530,656**	**628,831**
Wages and Salaries	120,702	129,229
Purchases of Goods and Services	24,757	29,221
Interest Payments	215,801	282,143
Subsidies, Grants and Social Benefits	79,098	89,479
Other Expenditures	33,109	39,274
Purchases of Non-Financial Assets	57,189	59,485
Cash Deficit[(2)]	**219,365**	**267,932**
Net Acquisition of Financial Assets	447.70	-1,437.90
Overall Fiscal Deficit	**219,812**	**266,494**
Overall Deficit/GDP (%)[(3)]	2.8	2.9
Primary Balance/GDP (%)[(3)]	0.05	-0.17
Revenues/GDP (%)[(3)]	3.9	4.0
Expenditure/GDP (%)[(3)]	6.7	6.9

Source: Ministry of Finance

(1) Results for interim periods are not necessarily indicative of full year results.
(2) Overall deficit excluding net acquisition of financial assets.
(3) July-October ratios are based on full year GDP. For 2021/22 interim figures, the Ministry of Finance's GDP figure of LE7,925 billion has been used. The 2022/23 interim figures use the Ministry of Finance's GDP figure of LE9,092 billion.

Revenues

Total revenues and grants increased by 15.9% to LE360.9 billion in the four-month period ended 31 October 2022 from LE311.3 billion in the corresponding period in 2021. Tax revenues increased by 20.0% to LE294.1 billion in the four-month period ended 31 October 2022 from LE245.2 billion in the corresponding period in 2021, primarily due to increased tax revenues from domestic salaries, industrial and commercial profits, stronger performance from companies and improving revenue collection from VAT. Grants increased by 218.5% to LE0.88 billion in the four-month period ended 31 October 2022 from LE0.28 billion in the corresponding period in 2021. Other revenues increased by 0.9% to LE66.7 billion in the four-month period ended 31 October 2022 from LE66.1 billion in the corresponding period in 2021.

Expenditures

Total expenditures increased by 18.5% to LE628.8 billion in the four-month period ended 31 October 2022 from LE530.7 billion in the corresponding period in 2021, primarily due to increases in wages and salaries as well as purchases of goods and services related to the health sector, due to the increasing need created by the COVID-19 pandemic for medical equipment, supplies and medical care. Wages and salaries increased by 7.1% to LE129.2 billion in the four-month period ended 31 October 2022 from LE120.7 billion in the corresponding period in 2021, primarily due to an increase in rewards and insurance benefits. Purchases of goods and services increased by 18% to LE29.2 billion in the four-month period ended 31 October 2022 from LE24.6 billion in the corresponding period in 2021, primarily due to an increase in the purchase of medicines, water services and maintenance costs.

Interest payments increased by 30.7% to LE282.1 billion in the four-month period ended 31 October 2022 from LE215.8 billion in the corresponding period in 2021, primarily due to an increase in budget sector debt to pay for the COVID-19 stimulus package and additional spending needs. See "Public Debt".

Subsidies, grants and social benefits increased by 13.1% to LE89.5 billion in the four-month period ended 31 October 2022 from LE79.1 billion in the corresponding period in 2021. Other expenditures increased by 18.6% to LE39.3 billion in the four-month period ended 31 October 2022 from LE33.1 billion in the corresponding period in 2021. Purchases of non-financial assets (i.e. investments) increased by 4.0% to LE59.5 billion in the four-month period ended 31 October 2022 from LE57.2 billion in the corresponding period in 2021.

Social Spending and Subsidies

Prior to 2014/15, Government spending on subsidies to support low-income Egyptians had increased year-on-year. In order to foster material and sustained improvements to living conditions, the Government has increasingly shifted its social policy framework to ensure efficient allocation of public resources and has developed a five-year plan to streamline fuel and electricity subsidies and to restructure the wheat and food subsidy system.

The Government's social policy framework is aimed at fostering inclusive growth and reaching the most vulnerable sections of society. This framework focuses on: (i) employment policies and job creation through continued financing of public investments, promotion of sustainable energy and export and the expansion of vocational training; (ii) improvement of the quality and accessibility of public services; and (iii) the expansion of Egypt's "social safety net" through subsidy and social programmes.

Since 2014/15, the Government has gradually shifted away from providing in-kind transfers, instead focusing on cash transfer programmes, which are expected to have a higher impact on poverty reduction.

The Government's current subsidy policy consists principally of the following cash, semi-cash and limited/exclusive in kind transfer schemes:

- two cash transfer schemes, which operate in addition to the existing pension system: an unconditional benefit for the elderly and disabled (*Karama*) and a conditional transfer for families to support children's health and education in poor areas (*Takaful*);
- semi-cash transfer schemes for food subsidies pursuant to which the Government provides LE50 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 LE0.05;
- in-kind transfer schemes, including transportation and petroleum products (namely fuel oil and butane), cylinders for electricity generation and food industries; and
- continued expenditures on health, education and scientific research in line with the constitutional mandates. See "*The Arab Republic of Egypt—Health and Sanitation*" and "*The Arab Republic of Egypt—Education*".

Total subsidies for 2021/22 were LE181.3 billion, compared with subsidies of LE121.5 billion in 2020/21 (representing an increase of 49.2%) and LE132.7 billion in 2019/20. The decrease in subsidies for 2020/21 and 2019/20, compared with 2018/19, was primarily due to the implementation of measures under the Government's economic reform programme, including the lifting of fuel and electricity subsidies (see "—*Fuel Subsidies*"). The decrease in subsidies for 2019/20 was primarily due to the cessation of electricity subsidies and a 70.7% reduction in petroleum subsidies, compared with 2018/19.

The Government announced an exceptional social assistance package in October 2022 comprising LE68.3 billion allocated to temporary programs to deal with short-term hardship. The package consists of the following:

- LE32 billion to increase all pensions by an additional LE300 per month;
- LE18.5 billion to give a temporary bonus of LE300 to all government employees;

- LE3.3 billion to increase ration card values for 10.5 million families until 30 June 2023;
- Increasing the untaxable income bracket to LE30,000 from LE24,000;
- Freezing electricity prices until 30 June 2023;
- Increasing the minimum wage from LE2700 to LE3000 and increasing all government wage brackets by LE300; and
- Where employees are working at struggling private companies, the State Treasury will bear the cost of employees' salaries, on the condition that employees are not terminated until 30 June 2023. These expenditures will be taken from emergency funds at the Ministry of Labour.

In line with the Government's policy to phase out inefficient and poorly targeted energy subsidies and to replace such subsidies with better targeted social programmes, the Government has taken a number of steps to reduce energy subsidies through the improvement of production and consumption efficiency and the increase of petroleum products and electricity prices.

In July 2017, the Electricity Minister announced that energy subsidies would remain in place for three years longer than expected, with such subsidies to be phased out more gradually by the end of 2021/22. The short-term negative macroeconomic impact of the floating of the Egyptian Pound in November 2016 was cited as the reason for the extension of energy subsidies. See "—*Electricity Subsidies*".

The following table sets forth the details of the actual subsidies for the fiscal years indicated.

Subsidies (Actual Figures)[(1)]	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**
			(LE millions)		
Food subsidies	**80,500**	**87,000**	**80,427**	**83,018**	**96,805**
Petroleum subsidies	**120,803**	**84,733**	**18,677**	**18,913**	**59,601**
Electricity subsidies	**28,585**	**16,000**	**0**	**0**	**0**
Support subsidies	**13,698**	**15,925**	**33,574**	**19,600**	**24,890**
Housing loan Interest	124	129	280	369	260
Transportation	1,804	1,850	1,850	1,800	1,848
Potable water	1,000	1,350	923	1,497	4,530
Low-income housing	0	0	1,424	1,499	2,048
Export Subsidies	2,305	3,657	5,682	3,927	2,528
Industrial Zones	1,172	0	0	0	0
Other subsidies[(2)]	7,294	8,939	23,415	10,508	13,675
Total	**243,587**	**203,657**	**132,677**	**121,530**	**181,296**

(1) The figures in this table have been revised and differ from previously published data. See "*Presentation of Information*".
(2) Includes, among other items, subsidies to farmers, medical insurance and subsidies in respect of the development of Upper Egypt.

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

Fuel Subsidies

In 2012, the Government raised the price of natural gas and electricity by approximately one-third for energy intensive industries. See "*The Economy—Commodity Sector—Extractive Industry*". In 2013, the Government also raised the price of state-subsidised cooking gas (butane cylinders) for the first time in two decades. In particular, the Government increased the price of cooking gas cylinders sold for domestic use by 60% to LE8.00 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.$8.0 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 LE115 billion in 2016/17, compared with LE51.0 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 LE110.1 billion.

On 4 November 2016, the Prime Minister issued decrees increasing the prices of 92 octane gasoline by 34.6%, 80 octane gasoline by 46.8%, diesel by 30.5% and natural gas for vehicles by 45.5% and confirming that the price of 95 octane gasoline will no longer be set by decree, will be based on market prices and fluctuate periodically according to procedures set by the Minister of Petroleum. Increases in the prices of

LNG, fuel used by electric utilities and food production industries (among others) and natural gas used in private homes and by certain businesses were also implemented.

In June 2017, average gasoline and diesel prices were increased by 53% and prices for kerosene and fuel oil (for cement) were increased by 55% and 40%, respectively, to achieve a pre-tax price-to cost ratios of 55% for gasoline and diesel and 58% for all fuel products. LPG prices were also doubled.

In June 2018, average gasoline, diesel, kerosene and fuel oil prices were increased by 44% to achieve a pre-tax price-to cost ratio of 73% for these fuel products. In June 2018, the Government approved an automatic fuel price indexation mechanism for most fuel products, which is designed to maintain the cost-recovery ratios for fuel products and safeguard the budget against unexpected changes in the exchange rate and global oil prices. The automatic fuel price indexation mechanism is designed to adjust fuel prices to changes in global oil prices, the exchange rate and the share of imported fuel in domestic consumption. In December 2018, the Prime Minister issued a decree to introduce an automatic fuel price indexation mechanism for 95 octane gasoline. The first price adjustment under this mechanism is scheduled to occur by the end of March 2019 and will continue on a quarterly basis subject to a 10% cap. Implementation of automatic fuel price indexation mechanisms for other fuels (save for LPG and fuel used for electricity generation and bakeries) is expected to follow at a later stage. See "*The Economy—Manufacturing*".

Following the price increases in June 2018, diesel prices per litre were LE5.5, compared with LE3.7 in July 2017, LE2.4 in November 2016, LE1.8 in June 2014 and LE1.1 in May 2014. Gasoline 80 prices per litre were increased to LE5.5 in June 2018, compared with LE3.7 in July 2017, LE2.4 in November 2016, LE1.6 in June 2014 and LE0.9 in May 2014. Gasoline 92 prices per litre were increased to LE6.8 in June 2018, compared with LE5.0 in July 2017, LE3.5 in November 2016, LE2.6 in June 2014 and LE1.9 in May 2014.

As EGPC receives free crude oil and natural gas under its product, or sharing contracts, when international prices exceed budgeted assumptions, the excess cost is borne by EGPC under the subsidy system, which, in turn, negatively affects EGPC's financial performance and has, in the past resulted in large arrears (totalling U.S.$6.1 billion in 2014 and since reduced to approximately U.S.$1.2 billion as at 30 June 2018, U.S.$1.0 billion as at 15 December 2018, U.S.$0.9 billion as at each of 30 June 2019 and 30 June 2020 and U.S.$850 million as at 30 June 2021) being owed to international oil and gas companies. See "*The Economy—Commodity Sector—Extractive Industry—Petroleum*".

The Government is implementing measures to encourage investment in the oil and gas sector to increase production and is investing in the downstream sector by rehabilitating refineries to increase their efficiency and intends to phase out fuel subsidies by the end of 2018/19.

On 5 July 2019, retail prices of all fuel types (excluding LPG and fuel used for electricity generation and bakeries) were raised by an average of 22% to reach full cost-recovery (with prices of 92 octane grade petrol increased by 18.5% to LE8 per litre, 80 octane grade petrol increased by 22.7% to LE6.75 per litre, 95 octane grade fuel increased by 16.1% to LE9 per litre, diesel increased by 22.7% to LE6.75 per litre and the price of cooking gas cylinders increased by 30% to LE65 for domestic use and LE130 for commercial use). On 6 July 2019, fuel price indexation for these fuels was implemented. The mechanism is intended to maintain prices at cost-recovery levels and safeguard the budget from unexpected changes in the exchange rate and global oil prices. Price adjustments are initially expected to take place on a quarterly basis and to be capped at 10%. On 4 October 2019, the first price adjustment took place, with the prices of 95 octane grade fuel revised from LE9 per litre to LE8.75 per litre, 92 octane grade petrol revised from LE8 per litre to LE7.75 per litre, 80 octane grade petrol revised from LE6.75 per litre to LE6.5 per litre and fuel oil for industries revised from LE4,500 per tonne to LE4,250 per tonne; the price of diesel was left unchanged at LE6.75 per litre. On 10 April 2020, the second price adjustment took place, with the prices of 95 octane grade fuel revised from LE8.75 per litre to LE8.5 per litre, 92 octane grade petrol revised from LE7.75 per litre to LE7.5 per litre, 80 octane grade petrol revised from LE6.5 per litre to LE6.25 per litre and fuel oil for industries revised from LE4,250 per tonne to LE3,900 per tonne; the price of diesel was left unchanged at LE6.75 per litre.

In April 2020, the Government's fuel pricing committee (the "**Fuel Committee**"), which was formed in 2019 and meets once a quarter to review fuel prices, agreed to cut the price of all fuel grades by LE0.2 per litre, and cut the price of mazut (heavy fuel oil) for factories. The price of 95 octane became LE8.5 per litre, the price of 92 octane became LE7.5 per litre and the price of 80 octane became LE6.2 per litre. This was as a result of the impact of the COVID-19 pandemic on oil markets globally.

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

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

In October 2020, the Fuel Committee decided to freeze gasoline and diesel prices in the domestic market, to ensure they remained unchanged until December 2020. The per litre prices of 80 octane, 92 octane and 95 octane gasoline remained at LE6.25, LE7.50 and LE8.50, respectively, whilst the price of diesel remained at LE6.75 per litre. This decision was taken under the 'automatic pricing mechanism', which aims to review and adjust the price of petroleum products in the domestic market every three months.

As the indexation fuel pricing mechanism is still in effect, the price for a litre of 80-octane gasoline recently rose from LE7 to LE7.25, 92-octane increased from LE8.25 to LE8.50, and 95-octane increased from LE9.25 to LE9.50 according to the latest national pricing committee meeting in February (and the first this year). The price of diesel fuel remains at LE6.75 per litre.

In 2021, the pricing committee increased fuel prices by 25 piastres in three consecutive meetings in April, July, and October. Egypt's latest decision to cut gasoline prices was in April 2020 by 25 piasters per litre.

In March 2022, Egypt also raised the prices of butane gas cylinders for the first time in two years by around 7.1% for commercial and domestic use. Furthermore, the government increased the price of natural gas used in some industries, such as cement, by more than 100%.

Electricity Subsidies

Electricity subsidies were LE16.0 billion in 2018/19, compared with LE28.6 billion in 2017/18 and LE27.6 billion in 2016/17. Following the phasing out of electricity subsidies, none of the 2019/20, 2020/21 or 2021/22 budgets provide for electricity subsidies.

At the beginning of 2014/15, the Government announced a five-year plan to eliminate electricity subsidies through the gradual increase of electricity prices, with prices to initially increase by an average of 31% per year. The Government has implemented three electricity price increases since the beginning of 2014/15. A price increase in June 2016, of up to 40%, was larger than initially forecasted due to the effect of the devaluation of the Egyptian Pound against the U.S. Dollar in March 2016.

In July 2017, the Government announced an increase in household electricity prices by 42% with effect from August 2017. At the same time, however, the Electricity Minister announced that energy subsidies would remain in place for three years longer than expected, with such subsidies to be phased out more gradually by the end of 2021/22. The short term negative macroeconomic impact of the floating of the Egyptian Pound in November 2016 was cited as the reason for the extension of energy subsidies.

In July 2018, in line with its plan to phase out energy subsidies by the end of 2021/22, the Government increased commercial sector electricity prices by up to 22.2% for commercial entities (with commercial entities with the lowest consumption facing the highest price increases), up to 43.2% for industrial entities (with industrial entities with the highest consumption facing the highest price increases) and up to 69.0% for households (with households with the lowest consumption facing the highest price increases).

National Investment Bank

The NIB was established by Law No. 119 of 1980 for funding infrastructure investments according to the Government's five-year economic and development plans.

The NIB serves as a development fund to finance infrastructure projects on a for-profit basis.

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

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

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

National Investment Bank Sources and Uses	2017/18	2018/19	2019/20	2020/21	2021/22
			(LE millions)		
Sources	**484,191**	**643,398**	**726,294**	**597,031**	**479,427.1**
Social Insurance Fund for Government Employees	35,382	36,542	—	—	—
Social Insurance Fund for Public and Private Business Sector Employees	21,384	19,548	—	—	—
Balances devolved to the Ministry of Finance from two Social Insurance Funds[1]					
Balances devolved to the Ministry of Finance from two Social Insurance Funds [1]	—	—	55,328	57,007	60,785.7
Accumulated Interest on Investment Certificates (Category A)					
Proceeds from Investment Certificates	281,240	424,754	490,734	345,167.0	210,854.6
Accumulated Interest on Investment Certificates (Category A)	7,294	8,288	9,485	11,070	9,537.8
Others					
Proceeds from U.S. Dollar Development Bonds	2	—	—	—	—
Loans to Economic Authorities					
Post Office Savings	134,431	149,219	164,719.7	179,581	194,844.9
Others	4,458	5,047	6,026.6	4,206	3,404.1
Uses, *of which*	484,191	643,398	726,294	597,031	479,427.1
Loans to Economic Authorities	71,691	72,032	73,782	72,674	57,484.2
Investments in government securities (bills and bonds)	144,341	290,643	347,171	174,634	67,930.3
Deposits of the NIB with the banking system	1,264	500	1,188	9,581	30,095.5

Source: National Investment Bank.

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

Social Insurance Funds

Egypt has two general pension funds: one for Governmental sector employees ("**GSIF**") and the other for public and private sector employees ("**PSIF**"). The Government makes contributions to the Governmental sector pension fund in its capacity as an employer (in addition to contributions to pension funds). The Government's contributions to pension funds (other than its contributions as an employer) were LE120 billion for both the GSIF and the PSIF in 2021/22, compared with LE99.1 billion in 2020/21.

In June 2017, as part of its economic reform programme, the Government set up a Social Package to alleviate pressures linked to fiscal consolidation measures. In 2017/18, the social package amounted to LE85 billion, and was allocated to:

- *first*, increasing pensions by 15% for approximately 10 million beneficiaries;
- *second*, increasing the "Takaful and Karama" cash subsidy by approximately LE100 per month to each of the programme's 1.7 million beneficiaries;
- *third*, increasing food subsidies by increasing cash subsidies on ration cards from LE21 to LE50 per person;
- *fourth*, approving two special bonuses of 7% and 10% in the 2017/18 budget to those addressed by the Civil Service Law and special cadres, respectively;
- *fifth*, increasing the annual net personal income tax exemption limit from LE6,500 to LE7,200. This limit was raised again to LE8,000 in the 2018/2019 budget, starting 1 July 2018; and
- *sixth*, establishing an agricultural land tax break for three years.

In September 2019, the Ministry of Finance introduced a new pension reform plan which aims to solve the problem of complicated financial entanglements through an agreement to transfer LE160.5 billion from the treasury in that year, which will increase by 5.8% on a compounded basis annually for 50 years. This amount will replace all the previous, current and future pension-related debts of the treasury. The reform also states that at least 75% of the system's assets should be invested in treasury bills and bonds with tax exempt market rates.

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 No. 112 of 1980. Total collected contributions and returns for the PSIF under Law No. 112 of 1980 were LE0.4 billion in 2017/18. Law No. 112 of 1980 has subsequently been replaced by the social insurance and pension law No. 148 of 2019. In addition, in March 2015, the Government launched two cash transfer schemes, which operate in addition to the existing pension system. See "—*Social Spending and Subsidies*".

The Government is in the process of developing a comprehensive reform plan for social insurance funds to ensure the sustainability of the pension systems. A social insurance and pension law containing amendments to the social insurance and pension scheme was enacted on 20 August 2019 pursuant to Law No. 148 of 2019 with the co-operation of the Ministry of Finance and Ministry of Social Solidarity. A reform plan was also introduced to write-off LE370 billion of debt on the budget of the pension funds. The reform plan envisaged the phasing out of such liabilities and the payment of LE160 billion in 2019/20 (with an annual growth rate of 5.7% for 50 years).

PUBLIC DEBT

Overview

Egypt's public sector debt is comprised of the domestic debt of the central Government, the debt of Economic Authorities and Service Authorities, and the external debt of the central Government. For the purposes of this section, external debt is debt payable in foreign currency held by non-Egyptian entities.

As at 30 June 2022, Egypt's net consolidated public domestic debt was LE4,877.6 billion, representing 61.4% of GDP and a 10.8% increase compared with net consolidated public domestic debt as at 30 June 2021, which was LE4,400.8 billion, representing 63.6% of GDP. This increase was primarily a result of an increase in gross consolidated general Government debt. Total outstanding tradable domestic Government securities increased by 18.1% from LE3,372.9 billion as at 30 June 2020 to LE3,985.1 billion as at 30 June 2021.

As at 30 June 2022, gross external debt was U.S.$155.7 billion, representing 32.6% of GDP and a 12.9% increase, compared with gross external debt of U.S.$137.9 billion as at 30 June 2021, in turn, an increase of 11.6% compared with U.S.$123.5 billion as at 30 June 2020.

As at 30 June 2022, gross external Government debt was U.S.$82.3 billion, representing 17.2% of GDP and a 0.2% decrease, compared with gross external Government debt of U.S.$82.4 billion as at 30 June 2021, representing 20.5% of GDP, in turn, an increase of 18.9%, compared with U.S.$69.3 billion as at 30 June 2020.

The public debt figures set out herein do not include Government guarantees of debt owed by all public entities (including state-owned enterprises that are not Economic Authorities or Service Authorities). The Government does not currently publish breakdowns of Government-guaranteed debt. The Government estimates that total Government-guaranteed debt (including state-owned enterprise guaranteed debt) was approximately 19.5% of GDP, as at 31 December 2021, which is split between domestic and external guaranteed debt. See "*Risk Factors—Risk Factors Relating to Egypt—The statistics published by the Republic may differ from those produced by other sources*".

The following table sets forth Egypt's general Government debt as at the dates indicated.

Total General Government Debt(1)(2)(3)	**As at 30 June**				
	2018	**2019**	**2020**	**2021**	**2022**
	(LE millions, unless otherwise stated)				
Gross Consolidated Public Domestic Debt	**3,648,984**	**3,829,148**	**4,256,229**	**5,046,259**	**5,970,816**
Gross Consolidated General Government Domestic Debt	3,259,378	3,507,185	4,013,573	4,564,074	5,243,262
Economic Authorities' Domestic Debt	479,644	503,003	475,504	672,118	907,330
Less:					
Economic Authorities' Borrowings from NIB	*69,526*	*178,497*	*225,378*	*184,707*	*168,554*
Economic Authorities' Deposits in TSA(4)	*20,512*	*2,543*	*7,470*	*5,226*	*11,222*
Less:					
Public Sector Deposits	474,969	586,329	621,436	645,504	1,093,173
General Government Deposits	369,386	361,736	413,455	402,272	723,837
Economic Authorities Gross Deposits	161,834	277,475	276,993	322,973	458,651
Less:					
Social Insurance Funds Deposits(5)(6)	*35,739*	*50,339*	*61,542*	*74,515*	*78,093*
Economic Authorities' Deposits in TSA(4)	20,512	2,543	7,470	5,226	11,222
Net Consolidated Public Domestic Debt	**3,174,015**	**3,242,819**	**3,634,793**	**4,400,755**	**4,877,643**
Gross External Debt (*U.S.$ millions*)	**92,644**	**108,698**	**123,491**	**137,859**	**155,709**
Gross External Government Debt (*U.S.$ millions*)	**47,649**	**57,272**	**69,352**	**82,445**	**82,275**
Bonds and Notes (*U.S.$ millions*)	14,278	19,372	23,899	28,709	29,014
Loans (*U.S.$ millions*)	33,371	37,900	45,453	51,736	53,262
Shot-term Debt (Loans) (*U.S.$ millions*)				2,000	
Gross External Non-Government Debt (*U.S.$ millions*)	**44,995**	**51,426**	**54,139**	**55,414**	**73,434**
Monetary Authorities (*U.S.$ millions*)	26,560	27,979	27,886	25,567	40,882
Banks (*U.S.$ millions*)	6,047	9,510	11,921	14,390	17,714
Other sectors (*U.S.$ millions*)	12,388	13,937	14,332	15,457	14,837
Total General Government Debt (*LE millions*)(7)	**4,103,880**	**4,452,781**	**5,118,098**	**5,831,711**	**6,769,887**
Debt to GDP Ratios(8)					
Gross Consolidated Public Domestic Debt/GDP (%)	76.5	66.9	67.6	72.9	75.2
Net Consolidated Public Domestic Debt/GDP (%)	66.6	56.7	57.7	63.6	61.4
Gross External Debt/GDP (%)(9)	37	36	33.9	34.2	32.6
Gross External Government Debt/GDP(%)(9)	19	19	19.1	20.5	17.2
General Government Debt/GDP (%)	86.1	77.8	81.3	84.2	85.3
Budget Sector Debt/GDP (%)	90.5	83.9	80.9	84.6	87.2

Sources: Ministry of Finance and CBE

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

(2) Excluding outstanding debt of Economic Authorities to NIB.

(3) See "*—Recent Developments*" for a discussion of certain additional debt incurred since 31 March 2021.

(4) Represents a portion of the Economic Authorities' deposits at TSA that is borrowed by the budget sector in the form of loan facilities. Accordingly, it represents an interrelated debt between the Budget and Economic Authorities and is deducted on consolidation from both gross public sector debt and deposits of Economic Authorities.
(5) Data revised to exclude deposits used as loan facilities for the budget sector.
(6) In 2006, outstanding debt of the treasury to the Social Insurance Fund (through the NIB) was recognised as a direct liability of the treasury to the Social Insurance Fund. (See "*Public Finance—National Investment Bank*"). The outstanding debt relates to the issuance of two treasury bonds in the interest of the Social Insurance Fund of LE1.2 billion. A third bond of LE74.5 million was issued in June 2007. A fourth bond of LE1.1 billion was issued in June 2008. A fifth bond of LE2.3 billion was issued in June 2009. A sixth bond of LE988.8 million was issued in June 2010. A seventh bond of LE1.8 billion was issued in June 2011. In December 2012, additional bonds were issued with a total amount of LE15.5 billion to repay part of the historical liability.
(7) Total General Government debt is the sum of Gross Consolidated General Government Domestic Debt and Gross External Government Debt.
(8) See "*The Economy—Gross Domestic Product*".
(9) As reported by the CBE.

Recent Developments

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

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

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

The second and final review of the SBA with the IMF was completed on 23 June 2021, which permitted the disbursement of a third tranche in the amount of SDR 1,158.0 million (approximately U.S.$1.7 billion), bringing total disbursements under the SBA to SDR 3,763.6 million (approximately U.S.$5.4 billion)

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

Also in June 2021, the Government agreed a €776 million treasury loan in connection with the Cairo Metro Line 1 upgrade project and a €988 million sovereign loan with *L'Agence Francaise de Developpement* to support priority projects in Egypt over the period 2021 to 2025. In March 2022, the Government signed a €52 million loan towards the Helwan Wastewater Treatment Project, and a €97 million loan and grant towards the Tanta – El Mansoura – Damietta Railway Upgrade, and a €250 million loan in June 202l for the construction of the Alexandria-Abu Qir Metro.

In January 2022, the Government and the World Bank agreed on a $360 million budget support loan to finance the development policy framework.

Also in January 2022, the Government and the Asian Infrastructure Investment Bank agreed on a $360 million budget support loan to finance the development policy framework.

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

Domestic Debt

Budget Sector domestic debt consists of debt payable in Egyptian Pounds and foreign currency debt held by Egyptian entities and excludes the debt of the NIB and Economic Authorities.

Egypt's net consolidated public domestic debt represented 61.4% of GDP as at 30 June 2022 compared with 63.6% of GDP as at 30 June 2021, and 57.7% of GDP as at 30 June 2020. Total outstanding Government securities increased from LE4,191.0 billion as at 30 June 2020 to LE4,812.9 billion as at 30 June 2021 and LE5,474.6 billion as at 30 June 2022.

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

Budget Sector Domestic Debt[1]	**As at 30 June**				
	2018	**2019**	**2020**	**2021**	**2022**[2]
			(LE millions)		
Gross Domestic Budget Sector Debt	**3,470,968**	**3,856,215**	**3,989,688**	**4,591,676**	**5,399,149**
Ministry of Finance Securities	3,404,214	3,788,666	4,191,007	4,812,921	5,474,564

Budget Sector Domestic Debt[(1)]	As at 30 June				
	2018	2019	2020	2021	2022[(2)]
			(LE millions)		
Treasury Bills[(3)]	1,547,140	1,639,031	1,768,378	1,786,568	1,758,783
Treasury Bonds	739,172	976,588	1,604,542	2,198,487	2,805,549
Treasury Bonds and Notes issued to Bank Misr and NBE	49,018	45,763	44,199	42,948	51,555
Treasury Bonds and Notes issued to the CBE	662,769	678,170	675,207	672,838	689,143
Revaluation Bonds	22,360	25,060	25,060	41,062	83,068
Insurance Notes	2,000	2,000	0	0	0
Eurobonds (held domestically)	36,336	52,866	73,570	70,967	86,413
Housing Bonds	48	50	51	51	53
Social Insurance Fund Bonds	345,371	369,138	0	0	0
Other[(4)]	0	0	0	0	0
Budget Sector Bank Loans	66,754	67,549	-201,319	-221,245	-75,415
Facilities from Social Insurance Funds[(5)]	0	0	0	0	0
From banking sector	66,754	67,549	-201,319	-221,245	-75,415
Budget Sector Deposits	**340,500**	**304,908**	**343,092**	**311,859**	**617,722**
Net Domestic Budget Sector Debt	**3,130,468**	**3,551,307**	**3,646,596**	**4,279,817**	**4,781,427**
Gross Domestic Budget Sector Debt/GDP (%)[(6)]	72.8	67.4	63.4	66.3	68.0
Net Domestic Budget Sector Debt/GDP (%)[(6)]	65.7	62.0	57.9	61.8	60.2
Treasury Bonds and Notes issued to the CBE	662,769	678,170	675,207	672,838	689,143
Revaluation Bonds	22,360	25,060	25,060	41,062	83,068
Insurance Notes	2,000	2,000	0	0	0
Eurobonds (held domestically)	36,336	52,866	73,570	70,967	86,413
Housing Bonds	48	50	51	51	53
Social Insurance Fund Bonds	345,371	369,138	0	0	0
Other[(4)]	0	0	0	0	0

Sources: Ministry of Finance and CBE

(1) Outstanding domestic debt stock due from the central administration, local governments and public service authorities. The figures in this table have been revised and differ from previously published data. See "*Presentation of Information*".

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

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

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

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

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

As at 31 March 2022, 41.4%, or LE2,139.0 billion of outstanding domestic debt had a maturity of less than one year, 37.2%, or LE1,924.3 billion, had a maturity of one to three years, 8.9%, or LE462.1 billion, had a maturity of three to five years, 4.3%, or LE224.3 billion, had a maturity of five to seven years, 7.4%, or LE384.5 billion, had a maturity of seven to ten years, and 0.7%, or LE36.6 billion, had a maturity of more than ten years.

As at 30 June 2021, 39.1%, or LE1,796.7 billion of outstanding domestic debt had a maturity of less than one year, 36.2%, or LE1,659.8 billion, had a maturity of one to three years, 13.4%, or LE612.9 billion, had a maturity of three to five years, 5.4%, or LE251 billion, had a maturity of five to seven years, 5.5%, or LE252.4 billion, had a maturity of seven to ten years, and 0.4%, or LE19.0 billion, had a maturity of more than ten years.

Treasury Bills and Bonds

Treasury bills and bonds placed through the auction market provide a substantial source of funding for the Government. As at 30 June 2022, treasury bills and bonds accounted for 96.5% of net domestic budget sector debt (according to preliminary estimates), compared with 93.9% as at 30 June 2021, 92.5% as at 30 June 2020, 73.7% as at 30 June 2019 and 73.0% as at 30 June 2018.

The following table sets forth details of the Government's securities issuances, denominated in Egyptian Pounds as at the dates indicated.

Government Securities Issuances[(1)]	As at 30 June				
	2018	2019	2020	2021	2022
			(LE millions)		
Issued	**2,807**	**2,955**	**3,478**	**3,402**	**3,040**
Treasury Bills	2,631	2,495	2,390	2,521	2216
Treasury Bonds	176	460	1,088	881	824
Matured	2,436	2,495	2,732	2,795	2,503
Treasury Bills	2,271	2,358	2,249	2,501	2283
Treasury Bonds	164	137	483	294	220
Net Issuances	**371**	**460**	**746**	**608**	**537**
Outstanding Stock (End of Period)	**2,103**	**2,563**	**3,309**	**3,916**	**4,454**
Treasury Bills	1,350	1,486	1,627	1,648	1,581
Treasury Bonds	753	1,077	1,682	2,269	2,873

Government Securities Issuances[(1)]	As at 30 June				
	2018	2019	2020	2021	2022
			(LE millions) (%)		
Average Interest Rates					
91-day Treasury Bills	18.8	18.6	14.8	13.1	12.5
182-day Treasury Bills	18.8	18.8	14.9	13.3	12.9
273-day Treasury Bills	18.3	18.8	14.9	13.4	13.2
364-day Treasury Bills	18.1	18.6	14.6	13.4	14.2

Source: Ministry of Finance

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

The Ministry of Finance began issuing U.S. Dollar-denominated treasury bills in the local market in November 2011, with the purpose of absorbing the excess liquidity of foreign currencies that was available with local banks. The first issuance was for a nominal amount of U.S.$1.5 billion, issued at a 3.9% interest rate.

In August 2012, the Ministry of Finance issued its first treasury bills denominated in Euros in a nominal amount of €513 million, which bore interest at a rate of 3.25%.

In December 2013, the Ministry of Finance issued treasury bonds denominated in U.S. Dollars in a nominal amount of U.S.$3.0 billion, which bear interest at a rate of 3.5%.

In September 2014, the Suez Canal Authority issued LE64 billion (approximately U.S.$9 billion) in certificates with a maturity of five years and a coupon of 12%. The certificates are guaranteed by the Government.

As at 30 June 2019, treasury bills and bonds accounted for 73.7% of net domestic budget sector debt (according to preliminary estimates), compared with 73.0% as at 30 June 2018.

Subsequently, the Ministry of Finance has conducted numerous issuances of U.S. Dollar- and Euro-denominated treasury bills in the local market. As at 30 November 2022, the outstanding nominal amount of U.S. Dollar-denominated treasury bills was U.S.$11.4 billion, the outstanding nominal amount of Euro-denominated treasury bills was €1.3 billion and the outstanding nominal amount of U.S. Dollar-denominated treasury bonds was U.S.$13.7 billion.

The following table sets forth details of Egypt's outstanding amount of U.S. Dollar and Euro-denominated treasury bills and treasury bonds as at 30 November 2022.

Issue Date	Issue Size	Interest Rate	Maturity Date
7 December 2021	U.S.$1,000,000,000	2.995%	6 December 2022
4 January 2022	U.S.$852,900,000	2.994%	3 January 2023
8 February 2022	U.S.$1,078,500,000	2.997%	7 February 2023
22 February 2022	U.S.$2,925,800,000	2.997%	21 February 2023
23 February 2022	U.S.$460,400,000	2.997%	22 February 2023
17 March 2022	U.S.$644,400,000	2.997%	16 March 2023
4 May 2022	U.S.$1,016,800,000	2.997%	3 May 2023
7 June 2022	U.S.$565,100,000	3.044%	6 June 2023
20 July 2022	U.S.$200,000,000	3.050%	19 July 2023
16 August 2022	€626,900,000	1.697%	15 August 2023
8 November 2022	€699,200,000	2.300%	7 November 2023
15 November 2022	U.S.$1,612,000,000	4.598%	14 November 2023
22 November 2022	U.S.$1,057,800,000	4.600%	21 November 2023
23 February 2021	U.S.$979,700,000	3.300%	21 February 2023
17 June 2021	U.S.$2,750,000,000	3.750%	17 June 2024
23 November 2021	U.S.$5,000,000,000	3.750%	25 November 2031
14 December 2021	U.S.$2,500,000,000	3.750%	16 December 2031
28 December 2021	U.S.$2,500,000,000	3.750%	23 December 2031

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 2022, gross external debt was U.S.$155.7 billion, representing 32.6% of GDP and a 12.9% increase compared with gross external debt of U.S.$137.9 billion as at 30 June 2021, which was an increase of 11.6% compared with gross external debt of U.S.$123.5 billion as at 30 June 2020, in turn, an increase of 13.6% compared with U.S.$108.7 billion as at 30 June 2019.

As at 30 June 2022, gross external Government debt was U.S.$82.3 billion, representing 17.2% of GDP and a 0.1% decrease as compared to gross external Government debt of U.S.$82.4 billion as at 30 June 2021, representing 20.5% of GDP. This was an increase of 18.7% compared with U.S.$69.4 billion as at 30 June 2020.

As at 30 June 2022, 27.1%, or U.S.$42.2 billion, of total external debt had a maturity of less than one year. As at 30 June 2021, 26.6%, or U.S.$36.7 billion, of total external debt had a maturity of less than one year. As at 30 June 2020, 21.1%, or U.S.$26.1 billion of total external debt had a maturity of less than one year

Historical Development of Egypt's External Debt

The following table sets forth details of the development of Egypt's external debt stock as at the dates indicated.

External Debt Stock	**As at 30 June**				
	2018	**2019**	**2020**	**2021**	**2022[(1)]**
			(U.S.$ millions)		
Medium- and Long-term External Public and Publicly Guaranteed Debt	79,900	97,235	112,202	123,752	128,255
Rescheduled bilateral debt	3,728	3,127	2,500	1,926	1,275
Other bilateral debt	7,644	7,705	8,573	10,053	10,326
Multilateral Institutions[(2)]	28,417	32,808	43,007	49,947	51,275
Suppliers' and buyers' credit	8,434	17,020	17,035	18,139	21,404
Bonds and Notes	14,278	19,372	23,899	28,709	29,013
Sovereign Notes	1,002	937	352	355	355
Eurobonds denominated in U.S. Dollars	11,114	14,103	19,356	23,128	23,550
Eurobonds denominated in Euros	2,161	4,332	4,191	4,489	3,931
Green bonds issued in U.S. Dollars	0.0	0.0	0.0	737	737
Samurai bonds issued in JPY	0.0	0.0	0.0	0.0	440
Euro Medium-Term Notes (EMTN)	0.0	0.0	0.0	0.0	0.0
Saudi Bonds	0.0	0.0	0.0	0.0	0.0
Guaranteed Notes	0.0	0.0	0.0	0.0	0.0
Deposits[(3)]	17,400	17,203	17,188	14,977	14,962
Medium- and Long-term Private Sector Non-guaranteed Debt	460	409	422	392	834
Short-Term Debt[(4)]	12,284	11,055	10,866	13,716	26,620
Currency and Deposits (non-residents)	3,784	3,707	3,568	4,035	16,859
Loans and Trade Credits	8,500	7,348	7,298	9,681	9,761
Total	**92,644**	**108,699**	**123,490**	**137,860**	**155,709**

Source: CBE

(1) Preliminary figures.

(2) Includes, as at 30 June 2022, U.S.$10,543 million disbursed under the EFF with the IMF, U.S.$3,799.94 million of SDR allocations by the IMF to its member countries, of which Egypt's share is SDR 2,850.92 million, U.S.$2,715 million representing amounts drawn down under the RFI with the IMF (SDR 2,037.1 million) and U.S.$5,017 million representing amounts drawn down under the SBA with the IMF (SDR 3,763.6 million).

(3) Representing United Arab Emirates, Saudi and Kuwait deposits of, as at 30 June 2022, U.S.$5,661.7 million, U.S.$5,300 million and U.S.$4,000 million, respectively.

(4) Includes, as at 30 June 2022, United Arab Emirates, Saudi Arabia & Qatar deposits amounted U.S.$5,000 million, U.S.$5,000 million and U.S.$3,000 million respectively, and U.S.$2,686.9 million representing the currency swap arrangement entered into with the People's Bank of China.
See "*Monetary System—Foreign Exchange*".

The following table sets forth Egypt's total external debt, by currency, as at the dates indicated.

Total External Debt by Currency	**As at 30 June**				
	2018	**2019**	**2020**	**2021**	**2022[(1)]**
			(U.S.$ millions)[(2)]		
U.S. Dollar	58,837	69,352	77,622	85,382	103,463

Total External Debt by Currency	As at 30 June				
	2018	2019	2020	2021	2022[(1)]
			(U.S.$ millions)[(2)]		
Euro	13,935	16,320	15,900	17,550	16,374
Japanese Yen	2,354	2,509	2,576	2,582	2,794
Kuwaiti Dinar	2,526	2,606	2,893	3,730	3,904
Special Drawing Rights	10,517	12,166	18,668	22,628	23,431
Chinese Yuan	2,715	3,635	3,694	3,900	3,635
Egyptian Pound	460	485	494	406	404
Swiss Franc	163	175	181	143	134
British Pound Sterling	21	17	14	9	7
Canadian Dollar	33	30	26	26	21
Danish Kroner	52	45	39	35	27
UAE Dirham	31	27	21	19	19
Swedish Kroner	0	0	1	0	2
Saudi Riyal	998	1,330	1,359	1,448	1,473
Norwegian Kroner	2	2	1	1	1
Korean Won	0	0	1	1	20
Total	**92,644**	**108,699**	**123,490**	**137,860**	**155,709**

Source: CBE

(1) Preliminary figures.

(2) Using end of period exchange rate.

The following table sets forth details of Egypt's short-term external debt as at the dates indicated.

Short-term External Debt	As at 30 June				
	2018	2019	2020	2021	2022[(1)]
			(U.S.$ millions)		
Short-Term Debt	**12,283.7**	**11,055.4**	**10,866**	**13,716**	**26,620**
Deposits (Non-Residents)[(2)]	3,783.9	3,706.9	3,568	4,035	16,859
Other Facilities	8,499.8	7,348.5	7,298	9,681	9,761

Source: CBE

(1) Preliminary figures.

(2) Includes United Arab Emirates, Saudi Arabia & Qatar deposits amounted U.S.$5 billion, U.S.$5 billion and U.S.$3 billion respectively, and U.S.$2.69 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	As at 30 June				
Creditor	2018	2019	2020	2021	2022[(1)]
			(U.S.$ millions)[(2)]		
Group of banks	0.00	12,310.17	11,119.57	12,063.80	10,989.76
Russia	0.00	373.86	506.63	702.58	1,126.53
Korea	0.00	73.65	130.89	169.70	210.53
France	1,663.38	1,279.64	1,348.03	1,545.50	1,490.64
United States	1,207.34	1,024.84	729.85	434.85	160.01
Germany	6,974.67	2,796.63	2,785.88	2,776.25	2,329.23
Japan	2,243.59	2,420.75	2,499.64	2,619.81	2,402.91
Spain	263.78	265.95	276.07	278.65	238.82
United Kingdom	797.63	9.18	755.24	751.40	784.35
Italy	956.42	54.82	49.80	47.95	42.90
Bahrain	257.55	0.0	170.00	170.00	208.28
Austria	67.33	57.73	46.05	37.82	27.30
Kuwait	990.06	1,065.82	1,224.48	1,745.11	1,886.41
Switzerland	18.0	12.77	7.48	2.84	2.25
Denmark	88.62	67.94	47.39	36.80	26.21
Canada	34.95	32.16	27.72	285.53	511.96
Qatar	23.53	0.0	0.0	0.0	0.0
Turkey	0.0	0.0	0.0	0.0	0.0
China	2,144.34	3,744.45	4,177.17	4,631.54	4,775.79
The Netherlands	54.01	47.49	41.00	37.13	26.94
Belgium	104.97	3.51	1.74	0.0	0.0
Finland	2.65	2.25	1.88	1.63	1.12
United Arab Emirates	915.96	880.94	804.68	177.78	3,896.16
Sweden	0.06	0.04	0.02	0.0	0.0
Saudi Arabia	996.19	1,326.21	1,356.33	1,440.78	1,469.71
Norway	0.83	0.57	0.29	0.0	0.0

Medium- and Long-term Public External Debt by Creditor	**As at 30 June**				
Creditor	**2018**	**2019**	**2020**	**2021**	**2022[1]**
			(U.S.$ millions)[2]		
Hungary	0.00	0.00	0.00	161.02	396.83
International Organisations[3][4]	28,416.76	32,808.55	43,007.08	49,947.36	51,275.36
Guaranteed Sovereign Bonds	0.00	0.00	0.00	0.00	0.0
Sovereign Notes	1002.28	936.5	352.40	355.40	355.40
Saudi Bond	0.00	0.00	0.00	0.00	0.0
Deposits[5]	17,400.00	17,203.25	17,188.44	14,976.55	14,961.74
Eurobonds denominated in U.S. Dollars	11,114.21	14,103.23	19,356.29	23,127.67	23,550.06
Eurobonds denominated in Euros	2,161.19	4,332.17	4,190.64	4,489.00	3,930.98
Green Bonds issued in U.S. Dollars	0.00	0.00	0.00	737.20	737.20
Samurai Bonds issued in JPY	0.00	0.00	0.00	0.00	439.82
Total	**79,900.29**	**97,235.07**	**112,202.68**	**123,751.65**	**128,255.20**

Source: CBE

(1) Preliminary figures.

(2) Using end of period exchange rate.

(3) Includes international organisations, such as the European Investment Bank, the Arab Fund for Economic and Social Development, the World Bank Group and the African Development Group.

(4) Includes, as at 30 June 2022, U.S.$10,543 million disbursed under the EFF with the IMF, U.S.$3,799.94 million of SDR allocations by the IMF to its member countries, of which Egypt's share is SDR 2,850.92 million, U.S.$2,715 million representing amounts drawn down under the RFI with the IMF (SDR 2,037.1 million) and U.S.$5,017 million representing amounts drawn down under the SBA with the IMF (SDR 3,763.6 million).

(5) Representing United Arab Emirates, Saudi and Kuwait deposits of, as at 30 June 2022, U.S.$5,661.74 million, U.S.$5,300 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**
		(% per annum)	
21 February 2018	U.S.$1,250,000,000	5.577	21 February 2023
20 November 2019	U.S.$500,000,000	4.5500	20 November 2023
26 February 2019	U.S.$750,000,000	6.2004	1 March 2024
10 November 2016[3]	U.S.$1,320,000,000	6.750	10 November 2024
11 April 2019	€750,000,000	4.750	11 April 2025
11 June 2015	U.S.$1,500,000,000	5.875	11 June 2025
16 April 2018	€1,000,000,000	4.750	16 April 2026
16 November 2018[3]	U.S.$860,000,000	7.125	10 November 2026
31 January 2017	U.S.$1,000,000,000	7.50	31 January 2027
29 May 2017[1]	U.S.$1,000,000,000	7.50	31 January 2027
21 February 2018	U.S.$1,250,000,000	6.588	21 February 2028
10 November 2016[2]	U.S.$1,320,000,000	7.000	10 November 2028
26 February 2019	U.S.$1,750,000,000	7.6003	1 March 2029
16 April 2018	€1,000,000,000	5.625	16 April 2030
16 November 2018[3]	U.S.$1,710,000,000	7.625	10 November 2030
11 April 2019	€1,250,000,000	6.375	11 April 2031
20 November 2019	U.S.$1,000,000,000	7.0529	15 January 2032
30 April 2010	U.S.$500,000,000	6.875	30 April 2040
31 January 2017	U.S.$1,250,000,000	8.500	31 January 2047
29 May 2017[1]	U.S.$1,250,000,000	8.500	31 January 2047
21 February 2018	U.S.$1,500,000,000	7.903	21 February 2048
26 February 2019	U.S.$1,500,000,000	8.7002	1 March 2049
20 November 2019	U.S.$500,000,000	8.1500	20 November 2059
29 May 2020	U.S.$1,250,000,000	5.750	29 May 2024
29 May 2020	U.S.$1,750,000,000	7.625	29 May 2032
29 May 2020	U.S.$2,000,000,000	8.875	29 May 2050
6 October 2020[4]	U.S.$750,000,000	5.250	6 October 2025
16 February 2021	U.S.$750,000,000	3.875	16 February 2026
16 February 2021	U.S.$1,500,000,000	5.875	16 February 2031
16 February 2021	U.S.$1,500,000,000	7.500	16 February 2061
30 September 2021	U.S.$1,125,000,000	5.800	30 September 2027
30 September 2021	U.S.$1,125,000,000	7.300	30 September 2033
30 September 2021	U.S.$750,000,000	8.750	30 September 2051
31 March 2022[5]	JPY 60,000,000,000	0.85%	31 March 2027

Source: Ministry of Finance

(1) Notes issued as a tap issuance.

(2) Issued in connection with the 2016 Repurchase Transactions.

(3) Issued in connection with the 2018 Repurchase Transactions.
(4) Green bond.
(5) Samurai bond.

In April 2010, the Republic issued U.S.$1 billion 5.75% Notes due 2020 and U.S.$500 million 6.875% Notes due 2040 in order to refinance a U.S.$1 billion bond that matured in July 2011, extend external debt maturities and diversify its investor base.

In May 2015, the Republic established the Programme. In June 2015, the Republic issued U.S.$1.5 billion Notes due 2025 (Series 1) under the Programme, which bear interest at a rate of 5.875% *per annum*.

In November 2016, the Republic issued: (i) U.S.$1.36 billion Notes due 2017, which bear interest at a rate of 4.622% *per annum*; (ii) U.S.$1.32 billion Notes due 2024, which bear interest at a rate of 6.750% *per annum*; and (iii) U.S.$1.32 billion Notes due 2028, which bear interest at a rate of 7.000% *per annum*. In November 2017, the Republic conducted a consent solicitation exercise to extend the maturity date of its U.S.$1.36 billion 4.622% Notes due 2017 from 10 December 2017 to 10 December 2018.

In January 2017, the Republic issued U.S.$1.75 billion 6.125% Notes due 2022 (Series 2), U.S.$1.0 billion 7.500% Notes due 2027 (Series 3) and U.S.$1.25 billion 8.500% Notes due 2047 (Series 4) under the Programme. These Notes are listed on the Luxembourg Stock Exchange and the London Stock Exchange.

In May 2017, the Republic issued U.S.$750 million 6.125% Notes due 2022 (which were consolidated to form a single series with the U.S.$1.75 billion 6.125% Notes due 2022 (Series 2) issued on 31 January 2017), the U.S.$1 billion 7.500% Notes due 2027 (which were consolidated to form a single series with the U.S.$1 billion 7.500% Notes due 2027 (Series 3) issued on 31 January 2017) and U.S.$1.25 billion 8.500% Notes due 2047 (which were consolidated to form a single series with the U.S.$1.25 billion 8.500% Notes due 2047 (Series 4) issued on 31 January 2017) under the Programme. These Notes are listed on the Luxembourg Stock Exchange and the London Stock Exchange.

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

In April 2018, the Republic issued €1.0 billion 4.750% Notes due 2026 and €1.0 billion 5.625% Notes due 2030 under the Programme. These Notes are listed on the London Stock Exchange.

In November 2018, the Republic issued the November 2018 Notes: the U.S.$860 million 7.125% Notes due 2026 (Series D) and U.S.$1.71 billion 7.625% Notes due 2030 (Series E). These Notes are listed on the Irish Stock Exchange.

In February 2019, the Republic issued U.S.$750 million 6.2004% Notes due 2024, U.S.$1.75 billion 7.6003% Notes due 2029 and U.S.$1.5 billion 8.7002% Notes due 2049 under the Programme.

In April 2019, the Republic issued €750 million 4.750% Notes due 2025 and its €1.25 billion 6.375% Notes due 2031 under the Programme. These Notes are listed on the London Stock Exchange.

In November 2019, the Republic issued U.S.$500 million 4.5500% Notes due 2023, U.S.$1.0 billion 7.0529% Notes due 2032 and U.S.$500 million 8.1500% Notes due 2059 under the Programme.

In May 2020, the Republic issued U.S.$1,250 million 5.75% Notes due 2024, U.S.$1,750 million 5.875% Notes due 2032 and U.S.$2,000 million 8.875% Notes due 2050.

In October 2020, the Republic issued U.S.$750,000,000 5.250% Green Bonds due 2025, its inaugural issuance of green bonds.

In February 2021, the Republic issued U.S.$750 million 3.875% Notes due 2026, U.S.$1.5 billion 5.875% Notes due 2031 and U.S.$1.5 billion 7.5% Notes due 2061 under the Programme.

In September 2021, the Republic issued U.S.$1.125 billion 5.800% Notes due 2027, U.S.$1.125 billion 7.300% Notes due 2033 and U.S.$750 million 8.750% Notes due 2051.

In March 2022, the Republic issued JPY60 billion 0.850% samurai bonds due 2027.

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 June 2022.

Year	Projected Medium and Long-Term Public External Debt Service Based on Outstanding Amounts as at 30 June 2022		
	Principal Repayments(1)	Interest Payments	Total Debt Service
		(U.S.$ millions)	
2022/H2	6,421.42	2,309.40	8,730.82
2023/H1	9,016.29	2,500.66	11,516.95
2023/H2	6,300.85	2,132.26	8,433.11
2024/H1	9,753.96	2,229.85	11,983.81
2024/H2	11,507.42	1,764.55	13,271.97
2025/H1	8,140.44	1,756.56	9,897.01
2025/H2	4,430.63	1,406.96	5,837.59
2026/H1	5,038.75	1,502.21	6,540.95
2026/H2	8,991.19	1,266.22	10,257.41
2027/H1	4,594.05	1,215.69	5,809.74
2027/H2	3,343.54	993.74	4,337.28
2028/H1	2,569.95	1,079.04	3,648.98
2028/H2	1,750.16	898.32	2,648.48
2029/H1	2,960.63	1,019.55	3,980.18
2029/H2	1,434.62	816.39	2,251.01
2030/H1	2,292.10	943.20	3,235.31
2030/H2	1,189.75	791.28	1,981.03
2031/H1	3,525.10	861.31	4,386.40
2031/H2	933.35	732.79	1,666.14
2032/H1	3,480.24	723.22	4,203.46
2032/H2	899.28	618.97	1,518.26
2033/H1	828.31	609.19	1,437.49
2033/H2	1,939.85	601.60	2,541.45
2034/H1	757.33	552.19	1,309.52
2034/H2	743.16	546.08	1,289.24
2035/H1	726.08	539.40	1,265.48
2035/H2	696.49	533.79	1,230.28
2036/H1	595.93	527.88	1,123.81
2036/H2	588.62	523.07	1,111.69
2037/H1	549.07	517.74	1,066.81
2037/H2	501.76	513.62	1,015.38
2038/H1	449.70	509.11	958.81
2038/H2	418.26	505.72	923.97
2039/H1	404.28	502.09	906.37
2039/H2	389.60	499.07	888.66
2040/H1	728.27	495.83	1,224.10
2040/H2	342.86	480.70	823.57
2041/H1	336.81	477.56	814.38
2041/H2	305.00	475.03	780.03
2042/H1	261.86	472.25	734.12
2042/H2	248.05	470.31	718.36
2043/H1	234.84	468.05	702.89
2043/H2	223.85	466.35	690.20
2044/H1	220.97	464.44	685.41
2044/H2	210.62	462.72	673.34
2045/H1	206.75	460.75	667.50
2045/H2	206.75	459.27	666.02
2046/H1	200.63	457.35	657.98
2046/H2	195.49	455.90	651.39
2047/H1	2,681.61	454.05	3,135.66
2047/H2	192.18	346.85	539.02
2048/H1	1,681.02	345.14	2,026.16
2048/H2	188.10	284.78	472.87
2049/H1	1,670.58	282.98	1,953.55
2049/H2	185.37	216.99	402.36
2050/H1	2,182.90	215.22	2,398.11
2050/H2	149.90	125.12	275.02
2051/H1	136.70	123.60	260.30
2051/H2	870.61	122.55	993.16

Year	Projected Medium and Long-Term Public External Debt Service Based on Outstanding Amounts as at 30 June 2022		
	Principal Repayments[1]	Interest Payments	Total Debt Service
		(U.S.$ millions)	
2052/H1	105.23	88.53	193.76
2052/H2	74.81	87.68	162.48
2053/H1	47.20	86.96	134.15
2053/H2	40.22	86.78	127.00
2054/H1	22.42	86.34	108.76
2054/H2	15.08	86.39	101.47
2055/H1	12.77	86.17	98.95
2055/H2	10.13	86.30	96.42
2056/H1	8.90	86.18	95.08
2056/H2	7.88	86.27	94.16
2057/H1	3.12	86.11	89.22
2057/H2	2.88	86.26	89.15
2058/H1	2.88	86.10	88.99
2058/H2	2.88	86.26	89.14
2059/H1	2.88	86.10	88.98
2059/H2	502.88	86.26	589.14
2060/H1	2.88	65.78	68.66
2060/H2	2.88	65.88	68.76
2061/H1	1,502.88	65.72	1,568.60
2061/H2	2.88	9.63	12.51
2062/H1	2.88	9.47	12.35
2062/H2	2.88	9.62	12.51
2063/H1	2.88	9.46	12.35
2063/H2	2.88	9.62	12.50
2064/H1	2.88	9.51	12.40
2064/H2	2.88	9.62	12.50
2065/H1	2.88	9.46	12.34
2065/H2	2.88	9.61	12.50
2066/H1	2.88	9.46	12.34
2066/H2	2.88	9.61	12.49
2067/H1	2.88	9.45	12.34
2067/H2	2.88	9.61	12.49
2068/H1	2.88	9.50	12.39
2068/H2	2.88	9.61	12.49
2069/H1	2.88	9.45	12.33
2069/H2	2.88	9.60	12.49
2070/H1	2.88	9.44	12.33
2070/H2	2.88	9.60	12.48
2071/H1	2.88	9.44	12.32
2071/H2	2.93	4.80	7.73

Sources: Ministry of Finance and the CBE

(1) Excludes U.S.$3,799.94 million representing SDR allocation by IMF to its member countries, Egypt's share is SDR 2,850.92 million.

Guaranteed Debt

The following table sets forth details of Egypt's publicly-guaranteed private sector external debt outstanding as at 30 June 2022.

Publicly-Guaranteed Private Sector External Debt	
Borrower	**Outstanding Amount**
	(U.S.$ millions)
Medium and Long Term Debt	**206.6**
Short-Term Debt	**2,669.5**
Loans	1,780.0
Trade Credits	889.5
Total	**2,876.1**

Source: CBE

Public Debt Management

The role of the Ministry of Finance's Public Debt Management Unit is to procure Government budget funding requirements at the lowest long-term cost relative to the general level of interest rates, consistent with prudent fiscal and monetary policy framework. The Debt Management Unit follows a market-orientated funding strategy based on projected budgetary requirements, determining frequency, volume, timing and maturities for all debt issuances to ensure a prudent Government debt structure. This funding strategy was reviewed in the fourth quarter of 2020, in the context of uncertain inflation dynamics and a decrease in food prices. A revised public financial management law was published in the official newspapers on 8 February 2022.

Debt Management Strategy

In 2022, the Ministry of Finance upgraded its Debt Management Financial System for Analysis and Statistics ("**DMFAS**"), a software system developed by the United Nations Conference on Trade and Development, in order to upgrade its domestic debt management capabilities. DMFAS records the country's domestic debt and generates various reports, including domestic sovereign borrowing, contingent liabilities and on-lent loans and grants.

The Ministry of Finance's debt management policy is aimed at lengthening the maturity of domestic public debt, as well as consolidating an elongated domestic yield curve by means of increasing its medium-to-long term issuances in order to reduce refinancing risk. After the decrease in interest rates following the MPC decisions to decrease benchmark policy rates between August 2019 and March 2020, the Debt Management Unit has been implementing a strategy to conduct issuances at the longer rather than the shorter end of the yield curve. This strategy has, in turn, led to an increase in outstanding treasury bonds to LE2.8 billion as at 30 June 2022 compared with LE2.2 billion as at 30 June 2021, LE1.6 billion as at 30 June 2020, LE961.9 million as at 30 June 2019, LE722.6 million as at 30 June 2018 and LE711.0 million as at 30 June 2017. As at 30 June 2020, total outstanding tradable debt issuances in the domestic market were LE2,334 billion. As at 30 June 2020, the average life for domestic tradable debt was 1.6 years, and, as a result of planned issuances, the average life for domestic tradable debt increased to 1.9 years as at 30 June 2022.

On 31 January 2022, Egypt was officially included in the JP Morgan Government Bond Index Emerging Markets. This was based on 14 Egyptian bonds with a total value of around U.S.$26 billion.

Medium Term Debt Management Strategy

The Republic's Medium Term Debt Management Strategy ("**MTDS**") was established to outline the process of managing the Republic's public debt using cost and risk analysis, in order to provide a key input into the debt management strategy decision-making process. Debt management is directed at providing the Government's budget funding requirements at the lowest long-term cost relative to the general level of interest rates, at an examined degree of risk consistent with prudent fiscal and monetary policies frameworks. The strategy aims to extend the maturity profile of domestic debt in line with cost and risk trade-off. It also aims to maintain a level of interest rate risk that is well-balanced with the objective of supporting market development.

The MTDS focuses on managing risk exposure embedded in the Republic's debt portfolio. The MTDS analysis consists of eight steps: (i) clarifying the objectives and scope of the MTDS; (ii) clarifying the current debt management strategy and reviewing the cost-risk characteristics of existing debt to determine amendments to be made; (iii) reviewing potential funding sources for future borrowing strategies; (iv) reviewing macroeconomic and market environment and medium-term forecasts on an annual basis; (v) identifying risk factors facing the Egyptian economy to be taken into account in the MTDS; (vi) defining and analysing the cost-risk performance of alternative debt management strategies; (vii) reviewing the preferred strategy with policy makers and market participants; and (viii) producing a debt management strategy document for approval by the Minister of Finance and for subsequent public dissemination.

The MTDS is typically implemented for a period of three fiscal years. The most recent MTDS was issued in December 2020 and covers four fiscal years from 2020/21 to 2023/24 and continues its predecessor's objective of ensuring that Government financing needs are met at the lowest possible cost over the medium-term and to manage risk. The MTDS also aims to support the development of the domestic securities market. The MTDS is reviewed on an annual basis.

Debt Management Initiatives

In January 2010, the regulations promulgated under the Capital Market Law were amended to allow public authorities to issue debt in the domestic market.

To support and enhance the development of an effective Government securities market and reduce illiquidity premiums and refinancing risks, the Ministry of Finance has implemented a new transparent and visible issuance strategy with effect from January 2010, which comprises the following pillars:

- limiting future debt issuances to a small number of benchmark maturities (i.e. two, three, five, seven, 10 and 15 years);
- increasing the frequency of re-openings of each security so as to raise each security's outstanding principal amount to LE12 to 15 billion;
- increasing the standardisation of debt issuance, in particular for Government bonds; and
- creating a fixed calendar for the issuance of treasury bonds and auctions to avoid a "crowding" of maturities.

In addition, the MTDS focuses on diversifying the sources of financing through the issuance of new instruments, such as "*sukuk*", to finance development and infrastructure projects, as well as expanding the Republic's investor base by seeking to attract retail investors and incorporate more non-banking financial institutions. See "*—New Debt Instruments—Sukuk*" and see also "*—External Debt*" for details of Egypt's international capital markets transactions in recent years.

The Ministry of Finance's Debt Management Unit is in the process of developing a comprehensive reform programme in respect of the domestic capital markets in collaboration with the CBE and other stakeholders (including the FRA, the EGX, Misr for Central Clearing, Depositary and Registry and certain primary dealers). The reform programme is based on the following four pillars:

- *Primary Market Reforms*: Amending legislation to focus on improving the balance of incentives and obligations for primary dealers and market-makers, in particular, in respect of market making obligations; encouraging the use of primary dealers and market-makers for the distribution of Government securities; and promoting an acceptable level of domestic Government borrowing costs.
- *Secondary Market Reforms*: Development of secondary debt markets, with a focus on the reduction of financing costs. Such reforms are expected to include: (i) market architecture reforms, including imposing quoting obligations on primary dealers to improve price transparency; (ii) measures to encourage new market participants, including the introduction of a second tier of market participants in the secondary market for treasury bills, introducing incentives and utilising penalties; (iii) the introduction of a new electronic trading platform and improving the existing system; (iv) the introduction of additional secondary market products to encourage repo activity and to enhance liquidity in fixed income markets; and (v) the development of a new clearing system for clearing and settlement functions. The proposed reforms are intended to permit the Government to implement market-making obligations in the primary market while also providing the tools in the secondary market to permit primary dealers and market-makers to conduct repos, sales and buybacks of domestic securities.
- *Euroclearability*: Setting-up an 'i-Link' between Euroclear Bank and the Egyptian domestic capital market through which international investors would be able to purchase domestic Egyptian bonds and treasury bills directly through 'i-Link'. This proposed link with Euroclear Bank is expected to result in an increase of new international investors to the Egyptian capital market, while the macroeconomic benefits of establishing such link are expected to include reduced borrowing costs, market growth and increased price stability, which is, in turn, expected to result in increased liquidity in the secondary market, multi-currency availability and enhancement of the reputation of the Egyptian capital markets.
- *Official Yield Curve:* Constructing an official yield curve (one year – 10 years) in collaboration with the CBE and the EGX, to be used in, *inter alia*, pricing financial assets, managing financial

risk, allocating portfolios, structuring fiscal debt, conducting monetary policy and valuing capital goods.

In addition, the CBE, in co-ordination with the EBRD, the Middle East and North African Transition Fund and the African Development Bank is currently implementing a central securities depository for government securities project, which consists of establishing the core system components for such depositary, an electronic trading platform, data warehouses and an information dissemination platform and a yield curve pricing model for Government securities. The main objectives of this project are to establish a single integrated settlement system for treasury bonds and treasury bills, enhance access to Government securities to use as collateral, promote high- quality simultaneous delivery versus payment settlement and increase secondary market liquidity.

New Debt Instruments

U.S. Dollar and Euro Treasury Bills

The Ministry of Finance has issued a number of U.S. Dollar- and Euro-denominated treasury bills in the domestic market. See "*—Domestic Debt—Treasury Bills and Bonds*".

Zero-Coupon Bonds

In September 2013, the Ministry of Finance introduced zero-coupon bonds with a maturity of 1.5 years, followed by zero-coupon bonds with a maturity of three years. The Ministry of Finance now regularly issues zero-coupon bonds with a 1.5 year-tenor, which are primarily subscribed for by Egyptian banks.

Sukuk

As a further tool of diversification, and in order to broaden its investor base, the Ministry of Finance established the infrastructure to issue Islamic *sukuks* alongside other Government securities and has been financing infrastructure and development projects with *sukuk* issuances to help achieve the Ministry of Finance's social justice targets, whilst alleviating social development financing burdens on the budget.

A *sukuk* law was promulgated by the Shoura Council in March 2013 to regulate both sovereign and corporate *sukuk* issuances. No executive regulations, however, were issued to put this law in force.

In February 2018, the Parliament approved a set of amendments to the Capital Markets Law, which. *inter alia*, established a legal framework for *sukuk* issuances and trading in Egypt and repealed the 2013 law. The amendments to the Capital Markets Law were ratified by the President and published in March 2018.

In June 2021, the House of Representatives approved a draft law submitted by the Government relating to the issuances of sovereign Sukuk (the "**Sovereign Sukuk Law**"). The Sovereign Sukuk Law entered into force in August 2021 and regulates the issuance of *Shari'a*-compliant certificates by the Ministry of Finance. The Sovereign Sukuk Law sets out the various types of certificates that may be issued and permits the establishment of a Sovereign Sukuk company (a joint-stock company to be wholly-owned by the Ministry of Finance) for the sole purpose of the issuance and management of such certificates. The executive regulations were effective as at April 2022 after receiving Cabinet approval.

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 co-ordination with the IMF and the World Bank, agreed to provide a comprehensive reorganisation of the entire stock of Egypt's external public debt of U.S.$20.6 billion. The agreement provided, over time, for up to a 50% reduction in the net present value of debt. In order to achieve this reduction, creditors were offered three options: (i) reduction of principal; (ii) reduction of the interest rate; and (iii) a lesser interest rate reduction than option (ii), combined with partial capitalisation of moratorium interest at longer maturities.

The economic reform programme that the Government had agreed on with the IMF was implemented over three phases and provided for certain debt forgiveness if certain economic reform programme goals were met. The first two phases were implemented in 1991 and the third phase was implemented in 1996.

International Support

The Government has entered into concessional and other agreements with a number of international financial institutions and multilateral and national development agencies.

African Development Bank

Egypt was one of the founding members of the African Development Bank in 1964 and remains its second-largest regional shareholder. Since 1974, the African Development Bank has financed almost 100 projects in Egypt, with an investment cost of approximately U.S.$5.7 billion. Projects funded by the African Development Bank are primarily in the infrastructure, energy and social sectors, with a particular focus on providing loans to SMEs. Current projects supported by the African Development Bank focus on macroeconomic stabilisation to support the recovery of the economy and promoting inclusive growth to reduce poverty.

In December 2015, the African Development Bank's Board of Directors approved a Cooperation Strategy with Egypt entitled "*Egypt Country Strategy Paper*", for the period 2015 to 2019. Within the framework of the Cooperation Strategy with Egypt, the African Development Bank and the World Bank signed a three year U.S.$4.5 billion Development Policy Financing Programme (the "**DPFP**") with Egypt. The DPFP supports the Government's reform programme, in particular: (i) advancing fiscal consolidation; (ii) ensuring a sustainable energy supply; and (iii) enhancing the business climate. Of the U.S.$4.5 billion, U.S$3 billion is funded by the World Bank and U.S$1.5 billion is funded by the African Development Bank.

See "*—World Bank"*.

Since the approval of the Cooperation Strategy in December 2015, the African Development Bank has approved new financing totalling U.S.$1.8 billion for 18 operations.

As of December 2019, 29 projects had been completed, including the PBO and two energy operations in the Benban solar power programme. These operations have contributed to achieving several national objectives, which are aligned with the aims of the Cooperation Strategy. The PBO 'Economic Governance and Energy Support Programme,' for example, supports the macroeconomic stabilisation process and has helped improve the business environment including the investment law, industrial licensing and micro-finance. In the Republic's energy sector, the African Development Bank's funding projects have added over 3,400 MW to the grid during the Cooperation Strategy period. This has helped to meet domestic electricity demand and eliminate power outages, as well as contribute to a power surplus, some of which is now being exported. The support to the ERC has also contributed to strengthening the Republic's refining capacity: the ERC can now produce 4.7 million tonnes of refined products and high-quality oil derivatives per year, benefiting the country through reduced imports and logistics costs, and enhanced revenue generation. The ERC operation has also benefited local communities through the creation of over 15,000 job opportunities and the provision of special assistance to vulnerable groups. In other sectors (sanitation, irrigation and agriculture), the African Development Bank's support has contributed to reducing flooding to enhance crop production, addressing pollution and protecting the environment through improving wastewater treatment. Furthermore, the technical assistance provided in the form of actuarial modelling enabled the Government to launch the first national health insurance scheme in 2018.

The current portfolio consists of eight operations with a total commitment of U.S.$452 million. The sectoral distribution of the ongoing portfolio constitutes, water and sanitation (57%), transportation (31%), irrigation and agriculture (10%), finance, solidarity, and higher education (capacity building grants) (2%).

In December 2015, the African Development Bank and the Ministry of International Cooperation entered into a U.S.$500 million loan to support the Government's economic reform programme, which was disbursed in December 2016. A second tranche of U.S.$500 million was approved by the African

Development Bank's Board of Directors in March 2017 and was disbursed in May 2017, and a third tranche of U.S.$500 million was approved by the African Development Bank's Board of Directors in January 2018 and was disbursed in October 2018.

In 2018, 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 wastewater 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. Eight projects are currently ongoing. The public sector programme that the African Development Bank supports in 2020 and 2021 include budget support operations to strengthen the reforms in the electricity sector and support the Government's actions on containing the COVID-19 pandemic, as well as projects in the transport, sanitation, social and agriculture/irrigation.

In March 2021, the African Development Bank disbursed a loan of U.S.$254 million under the Electricity and Green Growth Support Programme signed in July 2020, and a grant of U.S.$500,000 for emergency humanitarian relief during the COVID-19 pandemic signed in December 2020.

In 2021, the African Development Bank approved two projects: (i) a loan and a grant of U.S.$131 million signed in March 2021 to support the Programme for Integrated Rural Sanitation in Upper Egypt – Luxor; and (ii) a loan of U.S.$177 million signed in May 2021 to support railway modernisation projects in Egypt.

In 2022, the African Development Bank approved two projects: (i) a loan of U.S.$90 million signed in April 2022 in support of the Electricity and Green Growth Support Programme II; and (ii) a loan of U.S.$271 million signed in November 2022 in support of the Food Security and Economic Resilience Support Programme.

Arab Monetary Fund

Egypt is a member state of the Arab Monetary Fund. In 2014, the Arab Monetary Fund made grants and loans in respect of, among other projects: (i) the financing of the Assiut Refinery Project to develop a refinery and construct a complex for high-level octane production in Upper Egypt; (ii) the Egyptian-Saudi Electricity Connection Project to construct an electricity connection line between Egypt and Saudi Arabia to meet growing energy demand; and (iii) projects aimed at encouraging SME activity. In September 2015, the Arab Monetary Fund extended a U.S.$339 million loan to Egypt to support financial and banking sector reform programme. In June 2018, the Arab Monetary Fund approved extending a loan to support improving the investment climate for SMEs. The details of this loan are yet to be approved.

In July 2020, the Arab Monetary Fund approved a loan of U.S.$637 million to support the Structural Adjustment Facility in the Public Finance Sector.

L'Agence Francaise de Developpement

Egypt has received support from the *L'Agence Francaise de Developpement*, a French government entity, in respect of the Government's economic reform programme. *L'Agence Francaise de Developpement* has developed a "Country Intervention Framework" for Egypt, which is reviewed and renewed every three years.

Projects financed by *L'Agence Francaise de Developpement* focus on: promoting the modernisation and competitiveness of the private sector; improving living conditions; improving the efficiency of energy and renewable energy production; reducing industrial pollution and improving air and water quality; promoting SMEs; and promoting agricultural industries. In April 2018, *L'Agence Francaise de Developpement* approved a €70 million loan to EGAS to support the Ministry of Electricity and Renewable Energy's programme to support improving household energy connectivity. The EU provided €62 million in grants, while the World Bank provided a €500 million loan. In August 2018, *L'Agence Francaise de Developpement* approved €50 million loan, which was signed in June 2020, to support the Egyptian National Authority for Tunnels' partial reconditioning of the Cairo Metro. The *L'Agence Francaise de*

Developpement loan will be supported by a €205 million loan provided by EBRD and a €350 million loan from the EIB. In June 2020, the Government and *L'Agence Francaise de Developpement* signed a €150 million (U.S.$170 million) loan and €1 million grant for the Development Policy Financing Programme to the Electricity Sector. In December 2020, the Government and *L'Agence Francaise de Developpement* signed agreements for €715.6 million in development financing, making up a package designed to accelerate the transition to a green recovery and investment in human capital and a €1.5 million grant for technical co-operation to support the teaching of French as a foreign language in public schools.

In December 2020, the Government and *L'Agence Francaise de Developpement* signed agreements for €715.6 million in development financing, making up a package designed to accelerate the transition to a green recovery and investment in human capital.

In June 2021, the Government and *L'Agence Francaise de Developpement* signed a €12 million (U.S.$14.5 million) loan for the re-establishment of the French University in Egypt, and a €2 million grant and a further loan of €150 million (U.S.$181 million) to support the budget of the Social Protection Sector in Egypt, which provides comprehensive health insurance.

In June 2021, the Government agreed to a €776 million treasury loan and a €988 million sovereign loan with *L'Agence Francaise de Developpement* to support priority projects in Egypt over the period 2021 – 2025. In March 2022, the Government signed a €52 million loan towards the Helwan Wastewater Treatment Project, a €97 million loan and grant towards the Tanta – El Mansoura – Damietta Railway Upgrade, and €250 million loan in June 202l for the construction of the Alexandria-Abu Qir Metro.

In March 2022, the Government signed two grants of €1.8 million for gender and climate initiatives. In May 2022, the Government signed grant of €0.5 million for the development of the green hydrogen sector in Egypt, and in October 2022 signed a further grant of €0.5 million for technical co-operation to support the teaching of French as a foreign language in public schools.

L'Agence Francaise de Developpement is currently financing a portfolio of 20 projects worth U.S.$1,736 billion, including, *inter alia*, U.S.$1,722 billion of loans and U.S.$14 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 to 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 to 2020 is between €432 million and €528 million.

In July 2018, the EU approved a U.S.$50 million grant to fund irrigation projects, including water pumping stations and agricultural wastewater treatment farms.

In January 2019, the EU announced the approval of a three year project, including €3.1 million in funding, aimed at transforming the Egyptian Museum of Cairo in collaboration with the Egyptian Museum and the Ministry of Antiquities. The three-year project is the first phase of a larger upgrade project for the Egyptian Museum.

The EU's current portfolio of projects for Egypt includes U.S.$825 million of grant financing for 38 projects, primarily in the housing, irrigation, agriculture, energy, education, electricity, environment, health, human rights, solidarity and transportation sectors.

In March 2022, the EU signed a grant of €25.1 million to finance the Helwan Wastewater Treatment Project (organised by AFD).

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 15 projects worth U.S.$3.5 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 the construction of a wind farm in the Gulf of Suez (€115 million).

As part of EIB's "Economic Resilience Initiative", EIB signed two loans with Egyptian companies in 2018: the first, signed in June 2018, a U.S.$45 million loan to Bank of Alexandria to support SME funding; and the second, signed in July 2018, a €375 million loan to NBE to fund investments by SMEs, including women-owned businesses and enterprises in less-developed areas of Egypt.

In December 2018, EIB approved a €350 million loan, which was signed in December 2018, to support the Egyptian National Authority for Tunnels' partial reconditioning of the Cairo Metro, including increasing the capacity of Line 1 and providing youth training opportunities. The EIB loan will be supported by a €205 million loan provided by EBRD and a €50 million loan from *L'Agence Francaise de Developpement*. See "*—L'Agence Francaise de Developpement*".

Two loans were agreed in July and October 2018 between the Government and the EIB in an aggregate amount of U.S.$450 million, to support development projects in the housing and infrastructure sectors. The two loan agreements were signed in July and December 2018. In December 2018, the Government and the EIB signed a third, further agreement for an aggregate total of approximately U.S.$17 million in the form of a grant to the community development programme and an agreement to invest U.S.$11.3 million in the Sawari Ventures Fund.

In December 2019, the Government and the EIB agreed a U.S.$135 million (€120 million) project loan to finance expanding and developing the western sewage treatment plant in Alexandria.

In January and February 2020, the Government and the EIB agreed a U.S.$3 million (€2.7 million) grant for the transport sector.

In December 2020, the Government and the EIB signed a €1.1 billion investment agreement to support the development of the Egyptian urban transport infrastructure framework, including the reconditioning and expansion of the metro and tram systems in Alexandria and Cairo, projects to reduce emissions and improve air quality and projects to increase the availability and improve the quality of public transport systems in Alexandria and Cairo. The investment will be granted in two tranches, the first of which (for a principal amount of €600 million) was granted on 16 December 2020. The second tranche of €528 million was signed on 15 May 2021. The EIM Economic Resilience Initiative and the EU Neighbourhood Investment Programme have also provided grants for technical and advisory assistance during the project.

Also in December 2020, the EIB and Banque Misr signed a €425 million credit line agreement to support the recovery of Egyptian private small- and medium-sized enterprises that have been impacted by the COVID-19 pandemic.

In January 2022, two loans were signed between the Government and the EIB for: (i) the Tanta – El Mansoura – Damietta Railway Upgrade for U.S.$250 million; and (ii) the Helwan Wastewater Treatment project for U.S.$88 million.

Currently, EIB is financing a portfolio of 14 projects worth U.S.$2.975 billion.

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 serves as the lead development partner for the energy pillar of Egypt's Nexus on Water, Food and Energy ("**NWFE**") to support Egypt's green energy transition.

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 reconditioning of the Cairo Metro, including increasing the capacity of Line 1 and providing youth training opportunities. The EBRD loan will be supported by a €350 million loan provided by EIB and a €50 million loan from *L'Agence Francaise de Developpement*.

In December 2018, the EBRD approved a €79 million loan for the Kitchner Drain Solid Waste Project to support the Ministry of Local Development, and a €69 million loan for Kitchner Drain Depollution Project to support the Ministry of Irrigation.

In August 2019, two grants totalling €1.5 million were agreed to support the transport sector and in November 2019, two further loans were agreed, one of €182.9 million to improve Egypt's electricity networks (cancelled in January 2022) and the second of U.S.$50 million to provide additional funding for the Energy Efficiency Improvement Programme for the Suez Petroleum Processing Company.

In October 2020, the EBRD approved a €250 million loan to Egypt to finance the reconditioning and upgrade of Cairo Metro Line 2, upgrade and refurbish the existing rolling stock fleet and purchase new rolling stock. The total project is expected to cost €553.9 million and will be co-financed by EIB.

In November 2020, the EBRD approved the provision of a sovereign loan of up to €250 million to Egypt to finance the upgrade and electrification of an existing rail line connecting downtown Alexandria and the north-eastern town of Abou Qir into a high-capacity metro system which was signed in December 2021. The project is part of an overall investment package with an estimated value of €1.6 billion, which is expected to be co-financed by the EIB, *L'Agence Francaise de Developpement* and the Asian Infrastructure Investment Bank.

On 12 January 2021, the Government signed the Technical Cooperation Package with the EBRD and the UNWTO, to accelerate the recovery of the tourism sector following the impact of the COVID-19 pandemic on the sector. The Technical Cooperation Package is 90% funded by the EBRD and 10% funded by the UNWTO, and is expected to be delivered by August 2021. Assistance in Egypt is expected to include training on impact analysis, measurement and monitoring of the impact of COVID-19 on the tourism sector; the development of tourism recovery incentive programmes; reviews of the effectiveness of operational protocols on safety, hygiene and security activity, work on building the resilience of tourism enterprises as they adapt to the COVID-19 reality, including the required safety and hygiene protocols, by developing tailor-made training programmes; as well as institutional strengthening to better co-ordinate the recovery and further growth of Egypt's tourism.

In May 2021, a €3 million grant was agreed to support the modernisation of Line 1 of the Cairo metro.

In April 2022, the EBRD signed a grant of €0.6 million for a scheme to finance the Alexandria Abu Qir Railway.

In July 2022, the EBRD signed a loan of €250 million and grant of €1.85 million for the reconditioning and modernisation of Cairo Metro Line 2.

As at 30 September 2022, the EBRD's portfolio in Egypt comprised 11 active projects worth U.S.$1.429 billion, distributed among the following sectors: infrastructure (23%), energy (27%) and transport (50%).

World Bank

In December 2015, the Government and the World Bank Group approved the Country Partnership Framework 2015-19, which is guided by the World Bank Group's overarching sustainable development goals and global mandate of fighting poverty and inequality. This framework, which is based on the Government's medium-term strategy and national priorities for economic development, envisages the disbursement of approximately U.S.$8 billion to Egypt between 2015 to 2019. Under the World Bank Group's performance and learning review, the framework has been extended to 2021 to further the strategic objectives of improved governance, private sector-led job creation, and inclusion, with a stronger focus on private sector development and strengthening human capital.

The World Bank's engagement is based on the Government of Egypt's medium-term strategy and national priorities for economic development. It is informed by a rigorous analysis of key constraints to poverty reduction and shared prosperity, and by extensive consultations with the Government, the private sector, academia, civil society organisations, and youth groups. Complemented by a U.S.$21 million programme of World Bank-executed advisory services and analytics, the World Bank active portfolio includes 12 projects totalling U.S.$6.4 billion, of which 60% has been disbursed. In September 2016, a first disbursement of U.S.$1.0 billion was made under the framework and a further loan of U.S.$500 million was approved by the World Bank. Further loans were agreed with the World Bank, which were disbursed in March 2017 (U.S.$1.0 billion), December 2017 (U.S.$1.2 billion) and March 2018 (U.S.$1 billion), each of which is to support the Government's economic reform programme. Any failure to complete reforms under the Government's economic reform programme may result in the withholding of future disbursements from the World Bank Group. The World Bank Group is currently considering a new Country Partnership Framework 2021–2025 (which, as with the Country Partnership Framework 2015-19, is expected to be based on the World Bank Group's overarching development goals and will set out planned disbursements over the period). Through a combination of global and local knowledge, financial resources, and strong partnerships, the new framework is expected to address Government priorities and emerging challenges, including support for Egypt's socio-economic response to the COVID-19 pandemic.

In the context of the 2015-19 Country Partnership Framework, the World Bank, the African Development Bank and the Government have entered into a three-year, U.S.$4.5 billion DPFP to support the Government's reform programme. See "*—African Development Bank*".

In September 2016, the World Bank disbursed U.S.$1 billion under the DPFP (the first disbursement made in the context of the Country Partnership Framework 2015-19) to support, *inter alia*, fiscal consolidation through higher revenue collection, greater moderation of wage bill growth and stronger debt management.

In September 2016, the World Bank approved a U.S.$500 million loan under the Country Partnership Framework to support development initiatives in Upper Egypt, including improving private sector development and strengthening local government capacity for infrastructure and service delivery.

In December 2016, the World Bank entered into a U.S.$1.0 billion loan agreement with the Ministry of Investment and International Co-operation to support the Government's economic reform programme. This loan was disbursed in March 2017.

In October 2017, IFC and a consortium of nine international banks completed a U.S.$653 million debt package to finance the construction of 13 solar power plants near Aswan, which, once completed, are expected to form part of Benban Solar Park, the largest solar park in the world.

In December 2017, the World Bank entered into a U.S.$1.2 billion loan agreement with the Ministry of Investment and International Co-operation to support Egypt's economic reform programme.

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

In April 2018, the World Bank announced its five-year "Supporting Egypt Education Reform", comprising a U.S.$500 million loan to support investment in Egypt's education sector, including, *inter alia*, through improving access to kindergarten and early childhood education, supporting the adoption of digital technology and resources in the classroom, developing a reliable student assessment and examination system and enhancing the capacity of teachers. In January 2019, President El-Sisi ratified the approval of the World Bank's "Supporting Egypt Education Reform". See "*The Arab Republic of Egypt—Education*".

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

In September 2018, the World Bank approved a U.S.$300 million loan to strengthen institutions and policies for increasing access and improving rural sanitation services in certain selected governorates.

In December 2018, the World Bank and Egypt signed an agreement in respect of a U.S.$1 billion programme focusing on creating opportunities for Egyptians and raising living standards by promoting the private sector and improving Government performance.

In May 2019, the World Bank and Egypt signed an agreement in respect of a U.S.$200 million loan for supporting entrepreneurs and small and medium enterprises.

In September 2019, the World Bank and Egypt signed an agreement in respect of a U.S.$500 million loan for phase II of the Strengthening Social Safety Net Project.

In July 2020, the World Bank and Egypt signed an agreement in respect of a U.S.$500 million programme, in line with recommendations from the implementing agency the Social Housing and Mortgage Finance Fund (the "**SHMFF**"), under the World Bank's Inclusive Housing Finance Programme. This programme aims to improve the affordability of formal housing for low-income households in the Republic and to strengthen the SHMFF's capacity to design policies and co-ordinate programmes in the social housing sector.

In July 2020, the World Bank and Egypt signed an agreement in respect of U.S.$50 million for Egypt under the World Bank Group's Fast Track COVID-19 Facility, to help Egypt combat the COVID-19 virus and strengthen its detection and response measures, including procurement and distribution of medical equipment, health worker training, quarantine operations, treatment centres, rapid response teams, and public awareness tools. The World Bank provided technical assistance to Egypt as Egypt published the first impact report for the Egyptian Sovereign Financing Framework in 2021. The impact report was reviewed by V.E Vigeo Eris, an independent reviewer, which certified the ongoing alignment of the green bond issued in 2020 by the Republic pursuant to the Green Bond Principles 2018. In January 2021, the World Bank and Egypt signed an agreement in respect of U.S.$400 million, in line with recommendations received from the implementing agency the Ministry of Finance, in order to increase the coverage of Egypt's Universal Health Insurance Systems and to help finance health expenditures related to vulnerable populations within the Republic.

In January 2021, the World Bank and Egypt signed an agreement in respect of U.S.$200 million, in order to assist pollution management and climate change projects within Greater Cairo.

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

As at 30 September 2022, the World Bank had a portfolio of 12 projects in Egypt with a total commitment of U.S.$5.383 billion.

In January 2022, the World Bank and Egypt signed an agreement in respect of U.S.$360 million of loan financing to the Egypt Inclusive Growth for Sustainable Recovery Development Policy. See "*Risk Factors—Risk Factors Relating to Egypt—Economic Risk*".

In July 2022, the World Bank and Egypt signed a U.S.$500 million loan financing agreement to support the Emergency Food Security and Resilience Support Program. In November 2022. Egypt signed a loan of U.S.$400 million to finance the development of the Trade Logistics line between Cairo and Alexandria.

Islamic Development Bank

At the Egyptian Economic Development Conference held in Sharm El Sheikh in March 2015, the Minister of International Cooperation entered into four agreements with the President of the Islamic Development Bank ("**IDB**") worth a total amount of U.S.$800 million to finance a number of development projects in Egypt, including U.S.$198 million in lease financing for the Assiut Refinery Project to develop a refinery and construct a complex for high-level octane production in Upper Egypt. In addition, a framework agreement for approximately U.S.$3 billion was also entered into between the International Islamic Trade Finance Corporation (an affiliate of the IDB) and EGPC to import petroleum products for the Egyptian market over the next three years. In June 2022, the credit limit of the framework agreement signed in 2018 was amended to U.S.$6 billion.

In April 2018, the Ministry of Investment and International Co-operation announced that IDB was expected to provide U.S.$3 billion in support for development projects in Egypt, including, *inter alia*, water desalination, as part of a new strategic partnership.

The Government and the IDB developed a Country Assistance Strategy framework for 2017 to 2019, which identified the key pillars and areas of co-operation for IDB programmes and projects in Egypt. IDB's current portfolio of projects in Egypt is worth approximately U.S.$418 million, targeted to support the energy sector.

As of January 2021, the Republic is within the top 10 countries benefiting the from funds received from the IDB, with U.S.$12.7 billion having been received for 238 projects in the period between 2018 and December 2020. A further 51 projects are currently under discussion between the parties.

International Monetary Fund

In November 2016, the Executive Board of the IMF approved a three-year EFF for Egypt in an amount of SDR 8.6 billion (approximately U.S.$12 billion). The EFF was aimed at supporting the Government's economic reform programme and was intended to help restore macroeconomic stability and promote inclusive growth. The approval of the EFF allowed for the immediate disbursement of SDR 2.0 billion (approximately U.S.$2.8 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.$1.3 billion). As part of this first review, the Executive Board of the IMF approved the Egyptian authorities' request for waivers of the June 2017 performance criteria for the primary fiscal balance and the fuel subsidy bill, which were missed due to higher costs of imported food and fuel products, caused by the depreciation of the Egyptian Pound. The second review under the EEF was completed in December 2017, permitting the immediate disbursement of SDR 1.4 billion (approximately U.S.$2.0 billion) and bringing total disbursements under the EEF to SDR 4.3 billion (approximately U.S.$6.1 billion). As part of this second review, the Executive Board of the IMF approved the Egyptian authorities' request for modifications to the December 2017 and June 2018 performance criterion for net domestic assets and the June 2018 performance criterion for the primary fiscal balance. The third review under the EFF was completed in June 2018. The completion of the third review permitted the disbursement of the equivalent of SDR 1,432.8 million (approximately U.S.$2.0 billion). This amount was disbursed in June 2018, bringing total disbursements under the EFF to SDR 5,731.1 million (approximately U.S.$8.1 billion). As part of this third review, the Executive Board of the IMF approved the Egyptian authorities' request for a waiver of non-observance of the December 2017 performance criterion for the primary fiscal balance and the modification of the June 2018 performance criterion of the fuel subsidy bill. On 4 February 2019, the Executive Board of the IMF completed the fourth review under the EEF, which permits the Egyptian authorities to draw the equivalent of SDR 1,432.8 million (approximately U.S.$2.0 billion), bringing total disbursements to SDR 7,163.8 million (approximately U.S.$10.0 billion).

On 24 July 2019, the Executive Board of the IMF completed its fifth and final review under the EFF, which permitted the disbursement of SDR 1,432.7 million (approximately U.S.$2.0 billion) under the EFF (and which was disbursed in July 2019), bringing total disbursements to SDR 8,596.5 million (approximately U.S.$11.9 billion). Following completion of the fifth review, the IMF noted that Egypt had successfully completed the three-year arrangement and achieved its main objectives, noting that the macroeconomic situation had improved markedly since 2016.

On 11 May 2020, the Executive Board of the IMF approved Egypt's request for emergency financial assistance of SDR 2,073.1 million (approximately U.S.$2.8 billion) to meet balance of payment needs stemming from the outbreak of the COVID-19 pandemic. This financial assistance was granted under the RFI. Purchase under the RFI entails exceptional access due to outstanding credit under the previous extended arrangement under the EFF.

On 26 June 2020, the Executive Board of the IMF approved Egypt's request for a U.S.$5.2 billion 12-month SBA, which, *inter alia*, aims to alleviate the economic impact of the COVID-19 pandemic. An initial disbursement of SDR 1,158.0 million (approximately U.S.$1.7 billion) was made in June 2020. The first review of the SBA was completed on 18 December 2020, which permitted the Government to draw the equivalent of SDR 1,158.0 million (approximately U.S.$1.7 billion). In its January 2021 report following completion of the first review under the SBA, the Executive Board stated its support for the monetary policy consultation under the SBA, and proposed modification of the monetary-policy consultation clause ("**MPCC**") as requested by the Government to take into account recent inflation dynamics. It was noted that all end-September quantitative performance criteria were met under the MPPC, although a decline in food prices resulted in a breach of the lower outer band of the end-September MPCC. The second and final review of the SBA was completed on 24 May 2021, which permitted the disbursement of a third tranche in the amount of SDR 1,158.0 million (approximately U.S.$1.7 billion), bringing total disbursements under the SBA to SDR 3,763.6 million (approximately U.S.$5.4 billion). In its review, the Executive Board commended Egypt's strong performance and commitment to maintaining macroeconomic stability during the COVID-19 pandemic while protecting necessary social and health spending and implementing key structural reforms. All structural benchmarks were met, including the further advancement of reforms related to fiscal transparency and governance, social protection, and improvements to the business environment. The Government was advised to further define specific policy measures aimed at: (i) allowing the private sector to operate in a competitive environment; and (ii) encouraging exports through further reducing trade impediments.

In December 2022, the Executive Board of the IMF approved a three-year EFF for Egypt in an amount of SDR 2,350.17 million (approximately U.S.$3.0 billion). The approval of the EFF allowed for the immediate disbursement of SDR 261.13 million (approximately U.S.$347 million) in December 2022. The second tranche of SDR 261.13 million (approximately U.S.$347 million) is intended to be disbursed after the conclusion of the first review scheduled in March 2023. Egypt has also requested access under the RSF for up to SDR 1.0 billion in funds. The Government is continuously liaising with the IMF to discuss the features of the RSF and what measures and reforms should be implemented to enhance the Egyptian economy's sustainability and resilience against climate change and other shocks such as pandemic related disturbances or natural disasters.

See "*Risk Factors—Risk Factors Relating to Egypt—COVID-19 Pandemic*".

USAID

USAID has been operating in Egypt since 1978. USAID is currently financing projects worth U.S.$1.245 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.

In June 2020, six new grants were signed with the United States Agency for International Development, totalling U.S.$90 million, to implement a number of priority development projects in the sectors of basic education, higher education, scientific research, science and technology, health, agriculture, trade and investment, and in September 2020 signed a grant of U.S.$22.8 million for governance.

In September 2021, seven new grants were signed with USAID totalling U.S.$129.8 million, to implement a number of priority development projects in the sectors of basic education, higher education, scientific research, science and technology, health, agriculture, trade and investment, and governance.

In September 2022, seven new grants were signed with USAID totalling U.S.$125 million, to implement a number of priority development projects in the sectors of basic education, higher education, scientific research, science and technology, health, agriculture, trade and investment, environment, and governance.

France

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

In January 2019, the government of France signed three memorandums of understanding with Egypt, including a strategic partnership on social and economic development from 2019 to 2023, a facilitated credit agreement with a loan of €6 million to support the social security sector and a facilitated credit agreement to support female-owned SMEs with a loan of €50 million and a €1 million grant. In addition, an agreement was signed to provide a loan of €336 million in respect of the fourth phase of works on the Cairo Metro.

Germany

Support from Germany has typically focused on priority areas, including renewable energy and energy efficiency, climate change, water supply and sanitation, irrigation and waste management, technical education, employment creation, as well as MSMEs and youth empowerment. Other project initiatives have also focused on supporting women and families, promoting decentralisation and enhancing urban development and the housing sector.

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

In December 2018, the government of Germany signed two agreements valued at approximately €158.5 million, aimed at: (i) promoting employment to foster sustainable economic development, supporting the labour market and promoting micro, small- and medium-sized businesses, in each case with a special focus on women and young people; (ii) developing the water sector and waste management, including drinking water supply and sanitation, agricultural irrigation and drainage; and (iii) promoting renewable energy and energy efficiency.

In November 2019, the Germany and Egypt signed two financial and technical co-operation agreements worth €44.9 million.

In December 2020, the Government signed and exchanged notes valued at €3 million for the Special Initiative for the Middle East and North Africa to support the private sector training and employment initiative.

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

In December 2021, Germany and Egypt signed a loan in the aggregate amount of €15 million for the electricity sector.

Germany's current portfolio of support to Egypt comprises 31 projects, worth U.S.$541 million, comprising U.S.$299 million in loans and U.S.$242 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 International Co-operation has nine ongoing projects with the government of Saudi Arabia for a total amount of U.S.$843 million.

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. In March 2022, the Kingdom of Saudi Arabia deposited U.S.$5 billion with the CBE to support the Republic's foreign exchange reserves.

Kuwaiti Fund for Arab Economic Development

In March 2018, the Kuwaiti Fund for Arab Economic Development and the Government signed five agreements valued at approximately KWD 86.1 million (U.S.$283.5 million), to finance infrastructure development and economic and social reform projects, including: (i) KWD 60 million (U.S.$197.6 million) to finance the road network in the Sinai region in conjunction with the Sinai Peninsula Development Program; (ii) KWD 17.5 million (U.S.$57.6 million) allocated to finance the Ardi 4 road to improve traffic and increase tourism in the Sinai Peninsula; (iii) KWD 500,000 (U.S.$1.6 million) to finance the Strategic Document Center, which supports the Council of Ministers in documenting Egypt's economic and social reform programme; (iv) KWD 100,000 (U.S.$329,000) to support a feasibility study for implementing date palm cultivation and date processing; and (v) KWD 7 million to support the transport sector, modernise trains and finance 100 new tractors for the Egyptian National Railway Authority.

In July 2018, the Kuwaiti Fund for Arab Economic Development and Egypt signed a KWD 50 million loan (U.S.$165.5 million) to finance the establishment of Bahr Al Bagar in South Sinai.

In December 2018, the Kuwaiti Fund for Arab Economic Development and Egypt signed a KWD 15 million loan (U.S.$49.8 million) agreement to finance the establishment of four seawater desalination plants in South Sinai and a supplementary loan agreement in an amount of KWD 25 million agreement (U.S.$82.4 million) to finance the construction of facilities to divert approximately 5.0 million cubic metres per day of water from three drainage systems: Bahr Al Baqar, Shadr Azam and Om Al Reesh, to be treated at a new treatment plant facility to be constructed east of the Suez Canal.

In November 2019, the Kuwaiti Fund for Arab Economic Development and Egypt signed two KWD 51 million loans to support the transport sector.

In November 2020, the Kuwaiti Fund for Arab Economic Development and Egypt signed two KWD 60.5 million loans to support the housing and utilities sector.

The Kuwaiti Fund for Arab Economic Development's current portfolio in Egypt amounts to U.S.$1.037 billion, comprised of, *inter alia*, U.S.$1.015 billion of loans and U.S.$22 million of grants, relating to the financing of 17 projects in the governance, agriculture, humanitarian (supporting Syrian refugees), energy, civil aviation, transportation, irrigation, education, trade and investment sectors.

In April 2022, the Kuwaiti Fund for Arab Economic Development and Egypt signed a grant of KWD 0.750 million to finance preparing feasibility studies for the construction of a railway link between Egypt and Sudan.

Other

In January 2020, the Minister of International Cooperation signed reciprocal letters with South Korea to provide a U.S.$2.9 million grant to support a project to develop an intellectual property automation system in the patent office in Egypt.

In March 2020, the Minister of International Cooperation signed two grant agreements with the Canadian Embassy, for an aggregate amount of 14 million Canadian Dollars, in support of the health sector, economic and social support, and women's empowerment, under a bi-lateral co-operation programme.

In March 2020, the Government and Arab Fund for Economic and Social Development signed a KWD 1 million (U.S.$3.2 million) grant to support the health sector in combating the COVID-19 pandemic, and in June 2020, they also signed a KWD 75 million (U.S.$245 million) loan to complete the financing of the Bahr Al Baqar water system construction project.

In June 2020, the Government and OPEC Fund for International Development signed a U.S.$95 million loan, the third of a three-phase loan scheme, to support credit lines for small and micro enterprises.

In March 2021, the Minister of International Cooperation signed two grant agreements with the Canadian Embassy, for an aggregate amount of 9.5 million Canadian dollars, for women's empowerment, under a bi-lateral co-operation programme.

In August 2021, the Minister of International Cooperation signed: (i) an exchange of notes with Japan for JP¥125 million for a specialised paediatric hospital; and (ii) a loan from Austria for U.S.$10 million to support Egyptian National Railway.

In September 2021, the Minister of International Cooperation signed two grant agreements with Swed Fund International for an amount of SEK15 million for: (i) the Egyptian-Swedish Collaboration for Improved Electricity Grid Stability and Efficiency; and (ii) the Egyptian-Swedish Collaboration on Urban Transportation and Bus Rapid Transit.

In November 2021, the Minister of International Cooperation signed a grant with China for CNY400 million to finance development projects in different sectors.

In January 2022, exchanged letters were signed between Egypt and Korea regarding a grant to implement a project to improve the electronic procurement system in Egypt in the amount of U.S.$7.9 million.

In January 2022, the International Fund for Agricultural Development signed a loan and a grant of U.S.$64.5 million with the Minister of International Cooperation for Sustainable Transformation for Agricultural Resilience (STAR).

In January 2022, the Asian Infrastructure Investment Bank and Egypt signed an agreement in respect of a U.S.$360 million of loan financing to the Egypt Inclusive Growth for Sustainable DPF programme.

In January 2022, Korea and Egypt signed an agreement in respect of U.S.$251.6 million of loan financing for the Egypt Luxor and High Dam Railway Modernization Project.

In July 2022, Spain signed a grant of €0.350 million supporting the Women's Complaints Office's strategy for sustainable rights.

In November 2022, Switzerland signed a grant of 9.370 million Swiss franc for drinking water management in Upper Egypt II.

Syndicated Loan with International Banks

In September 2020, Egypt entered into a U.S.$2.0 billion global syndicated conventional and Islamic financing facility with a consortium of 18 international and regional banks, in order to diversify the Republic's sources of funding and access to the international capital markets. The facilities are intended to serve the Government's general budgetary requirements and to fund the fiscal deficit and funding requirements resulting from the COVID-19 pandemic.

Debt Record

Egypt has not, within a period of 20 years prior to the date of this Base Offering Circular, defaulted on the principal or interest of any external security.

FORM OF PRICING SUPPLEMENT

The form of Pricing Supplement that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

[**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 Trust Certificates has led to the conclusion that: (i) the target market for the Trust Certificates 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 Trust Certificates to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Trust Certificates (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 Trust Certificates (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Trust Certificates has led to the conclusion that: (i) the target market for the Trust Certificates is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No. 600/2014 as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018; and (ii) all channels for distribution of the Trust Certificates to eligible counterparties and professional clients are appropriate. Any [person subsequently offering, selling or recommending the Trust Certificates (a "**distributor**")] [distributor] should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Trust Certificates (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**Singapore Securities and Futures Act Product Classification** – Solely for the purposes of its obligations pursuant to sections 309B(1)[(a) and 309B(1)(c)] of the Securities and Futures Act 2001 (the "**SFA**"), the Trustee has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Trust Certificates are ["prescribed capital markets products"/capital markets products other than "prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).]

Pricing Supplement dated [•]

The Egyptian Financial Company for Sovereign Taskeek
Legal Entity Identifier (LEI): 894500CX5LI3HIC87H85
Issue of [Aggregate Face Amount of Tranche] [Title of Trust Certificates] under the Trust Certificate Issuance Programme

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Trust Certificates (the "**Conditions**") set forth in the base offering circular dated 14 February 2023 [and the supplement(s) thereto dated [•]] ([together,] the "**Base Offering Circular**"). This document constitutes the Pricing Supplement of the Trust Certificates described herein and must be read in conjunction with the Base Offering Circular. Full information on the Trustee, the Ministry of Finance and the offer of the Trust Certificates is only available on the basis of the combination of this Pricing Supplement and the Base Offering Circular. The Base Offering Circular [and this Pricing Supplement][1] [is/are] available for viewing on the website of the London Stock Exchange (http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html). The Base Offering Circular [and this Pricing Supplement] [is/are] available for inspection and/or collection (including

[1] To be included only if the Trust Certificates are to be admitted to trading on the ISM.

by way of email distribution) during normal business hours at the specified office of the Principal Paying Agent.]

1.	(a)	Trustee and Lessor:	The Egyptian Financial Company for Sovereign Taskeek
	(b)	Seller, Obligor, Lessee and Servicing Agent:	The Arab Republic of Egypt represented by the Ministry of Finance (the "**Ministry of Finance**")
2.	(a)	Series Number:	[•]
	(b)	Tranche Number:	[•]/[Not Applicable]
	(c)	Date on which the Trust Certificates become fungible:	[The Trust Certificates will be consolidated and form a single Series with [identify earlier Tranche(s)] on [insert date/the Issue Date]][Not Applicable]
3.	Specified Currency:		[•]
4.	Aggregate Face Amount:		
	(a)	Series:	[•]
	(b)	Tranche:	[•]
5.	Issue Price:		[•] per cent. of the Aggregate Face Amount
6.	(a)	Specified Denominations:	[•]
	(b)	Calculation Amount:	[•]
7.	(a)	Issue Date:	[•]
	(b)	Return Accumulation Commencement Date:	[[•]/Issue Date]
8.	Scheduled Dissolution Date:		[•]
9.	Periodic Distribution Amount Basis:		Fixed Rate Trust Certificates (further particulars specified below in paragraph 14)
10.	Dissolution Basis:		The Trust Certificates will be redeemed at 100 per cent. of the Aggregate Face Amount
11.	Put/Call Rights:		[Not Applicable] [Optional Dissolution Call Right] [Certificateholder Put Right] [Clean Up Call Right]
12.	Status:		The Trust Certificates are direct, unsubordinated, unsecured and limited recourse obligations of the Trustee
13.	Date of Trustee's approval and date of Ministry of Finance's approval for issuance of Trust Certificates:		[[•] and [•], respectively]

Provisions relating to profit payable (if any)

14.	Fixed Periodic Distribution Provisions:		
	(a)	Rate[(s)]:	[•] per cent. per annum payable [annually/semi-annually/quarterly/monthly/[•]] [in arrear on each Periodic Distribution Date]
	(b)	Return Accumulation Period:	[[•]/[Not Applicable]]
	(c)	Periodic Distribution Date(s):	[[•] in each year up to and including the Scheduled Dissolution Date]
	(d)	Fixed Amount(s) for Trust Certificates in definitive form (and in relation to Trust Certificates in global form, see Condition [7]):	[•] per Calculation Amount
	(e)	Broken Amount(s):	[[•] per Calculation Amount, payable on the Periodic Distribution Date falling [in/on] [•]/Not Applicable]
	(f)	Day Count Fraction:	[30/360 / Actual/Actual / Actual/Actual (ICMA) / Actual/365 (Fixed) / Actual/365 (Sterling) / Actual/360]
	(g)	Determination Date(s):	[[•] in each year/Not Applicable]

Provisions relating to dissolution

15.	Optional Dissolution Call Right:		[Applicable/Not Applicable]
	(a)	Optional Dissolution Date(s):	[•]
	(b)	Optional Dissolution Amount (Call):	[[•]/As per Condition 10.2]
	(c)	Notice periods:	[[•]/As per Condition 10.2]]
	(d)	If redeemable in part:	[[Applicable]/[Not Applicable]]
		(i) Minimum Redemption Amount:	[•] per Calculation Amount
		(ii) Maximum Redemption Amount:	[•] per Calculation Amount
16.	Clean Up Call Right:		[Applicable/Not Applicable]
	(a)	Clean Up Call Right Dissolution Date(s):	[•]
	(b)	Clean Up Call Right Dissolution Amount:	[[•]/As per Condition 10.3]
	(c)	Notice periods:	[[•]/As per Condition 10.3]]
17.	Certificateholder Put Right:		[[Applicable]/[Not Applicable]]
	(a)	Optional Dissolution Amount (Put):	[[•]/As per Condition 10.5]]

	(b)	Certificateholder Put Right Date(s):	[•]
	(c)	Notice periods:	[[•]/As per Condition 10.5]]
18.	Dissolution Event Amount:		[•]
19.	Final Dissolution Amount:		[•]
20.	Total Loss Dissolution Amount:		[•]

General provisions applicable to the Trust Certificates

21.	Form of Trust Certificates:		Trust Certificates in registered form. [Unrestricted Global Trust Certificate(s) (U.S.$[•] aggregate face amount) registered in the name of a nominee for [The Depository Trust Company/a common depositary for Euroclear Bank SA/NV and Clearstream Banking S.A.]] [Restricted Global Trust Certificate(s) (U.S.$[•] aggregate face amount) registered in the name of a nominee for [The Depository Trust Company/a common depositary for Euroclear Bank SA/NV and Clearstream Banking S.A.]] [Reg S Compliance Category 2] [Rule 144A]
22.	Additional Financial Centre(s):		[Not Applicable/[•]]

Provisions in respect of the Trust Assets

23.	Trust Assets:		Condition 5.1 applies
24.	(a)	Details of Transaction Account (to be held in London):	The Egyptian Financial Company for Sovereign Taskeek Transaction Account No: [•] with [•] for Series No.: [•]
	(b)	Supplemental Declaration of Trust:	Supplemental Declaration of Trust dated [•] between the Trustee, the Ministry of Finance and the Delegate
	(c)	Supplemental Purchase Agreement:	Supplemental Purchase Agreement dated [•] between the Trustee and the Ministry of Finance
	(d)	Supplemental Lease Agreement:	Supplemental Lease Agreement dated [•] between the Trustee, the Lessor, the Lessee and the Delegate
	(e)	Declaration of Commingling of Assets:	[Declaration of Commingling of Assets dated [•] executed by the Trustee] [Not Applicable]

Signed on behalf of The Egyptian Financial Company for Sovereign Taskeek	Signed on behalf of the Arab Republic of Egypt represented by the Ministry of Finance
By:..	By:...
Duly authorised	*Duly authorised*

PART B – OTHER INFORMATION

1. **Listing and Admission to Trading**

(a)	Listing and Admission to trading:	[Application [has been][is expected to be] made by the Trustee (or on its behalf) for the Trust Certificates to be admitted to trading on the London Stock Exchange plc's International Securities Market with effect from [•].] [•] [Not Applicable.]
(b)	Estimate of total expenses related to admission to trading:	[•]

2. **Ratings**

Ratings:	The Trust Certificates to be issued [have been/are expected to be/will not be] rated. [[•]: [•]] [[•]: [•]] [[•]: [•]]

3. **Interests of Natural and Legal Persons involved in the Issue**

[Save for any fees payable to the [Managers/Dealer], so far as each of the Trustee and the Ministry of Finance is aware, no person involved in the issue of the Trust Certificates has an interest material to the offer. The [Managers/Dealer] and [its/their] affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Ministry of Finance and/or the Trustee (and each of their affiliates) in the ordinary course of business for which they may receive fees.]

4.	**Yield**:	[•] per cent. per annum. The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
5.	**Estimated Net Proceeds**:	[•]

6. **Operational Information**

(a)	ISIN:	[•]
(b)	Common Code:	[•]
(c)	CUSIP:	[•]
(d)	FISN:	[•]
(e)	CFI:	[•]
(f)	Any clearing system(s) other than The Depository Trust Corporation, Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s):	[Not Applicable/give name(s), address(es) and number(s)]
(g)	Delivery:	Delivery [against/free of] payment

(h)	Names and addresses of additional Paying Agent(s) (if any):	[•]
(i)	Stabilisation Manager(s):	[•]

TERMS AND CONDITIONS OF THE TRUST CERTIFICATES

The following is the text of the Terms and Conditions of the Trust Certificates, which (subject to completion in accordance with the provisions of Part A of the applicable Pricing Supplement) will be endorsed on each Trust Certificate in definitive registered form issued under the Programme and will apply to each Global Trust Certificate.

The Egyptian Financial Company for Sovereign Taskeek (in its capacity as issuer of the Trust Certificates (as defined below) and as trustee for the Certificateholders (as defined below), as applicable, the "**Trustee**"), has established a programme (the "**Programme**") for the issuance of trust certificates (the "**Trust Certificates**").

As used herein, "**Tranche**" means Trust Certificates which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Trust Certificates together with any further Tranche or Tranches of Trust Certificates which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of Periodic Distribution Amounts (as defined herein) thereon and the date from which Periodic Distribution Amounts start to accrue.

The final terms for this Trust Certificate (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement attached to or endorsed on this Trust Certificate which complete these Terms and Conditions (these "**Conditions**"). References to the "applicable Pricing Supplement" are to Part A of the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Trust Certificate (save where otherwise expressed herein).

Each of the Trust Certificates will represent an undivided ownership interest in the Trust Assets (as defined below) which are held by the Trustee on trust (the "**Trust**") for, *inter alia*, the benefit of the holders of the Trust Certificates pursuant to: (i) a Master Declaration of Trust (the "**Master Declaration of Trust**") dated 14 February 2023 and made between the Trustee, the Arab Republic of Egypt represented by the Ministry of Finance (the "**Ministry of Finance**" or the "**Obligor**") and HSBC Bank plc (the "**Delegate**"); and (ii) a supplemental declaration of trust (the "**Supplemental Declaration of Trust**" and, together with the Master Declaration of Trust, the "**Declaration of Trust**") having the details set out in the applicable Pricing Supplement.

In these Conditions, references to "Trust Certificates" shall be references to the Trust Certificates of the Series which are the subject of the applicable Pricing Supplement only, not to all Trust Certificates that may be issued under the Programme (whether in global form as a Global Trust Certificate or in definitive form as Definitive Trust Certificates), which are the subject of the applicable Pricing Supplement.

Payments relating to the Trust Certificates will be made pursuant to an agency agreement dated 14 February 2023 (the "**Agency Agreement**") made between the Trustee, the Delegate, the Ministry of Finance and HSBC Bank plc in its capacity as principal paying agent (in such capacity, the "**Principal Paying Agent**", which expression shall include any successor), the other paying agents named therein (in such capacity, the "**Paying Agents**"), HSBC Bank plc as registrar in respect of any Unrestricted Trust Certificates (the "**Regulation S Registrar**"), and HSBC Bank USA, National Association as registrar only in respect of any Restricted Trust Certificates (the "**Rule 144A Registrar**" and together, the "**Registrars**" and each in such capacity, a "**Registrar**"), HSBC Bank plc as transfer agent in respect of any Unrestricted Trust Certificates and HSBC Bank USA, National Association as transfer agent only in respect of any Restricted Trust Certificates (in such capacity, a "**Transfer Agent**" and any further or other transfer agents appointed from time to time in respect of the Trust Certificates, the "**Transfer Agents**"). The Principal Paying Agent, the Paying Agents, the Transfer Agents and the Registrars are together referred to in these Conditions as the "**Agents**". References to the Agents or any of them shall include their successors.

The holders of the Trust Certificates (the "**Certificateholders**") are bound by, and are deemed to have notice of, all of the provisions applicable to them in the documents set out below, copies of which are available for inspection by Certificateholders by emailing the Principal Paying Agent at ctlondon.conventional@hsbc.com and ctla.payingagency@hsbc.com:

(a) a master purchase agreement between the Trustee (in its capacity as purchaser), the Ministry of Finance (in its capacity as seller) and the Delegate dated 14 February 2023 (the "**Master Purchase Agreement**");

(b) the supplemental purchase agreement (the "**Supplemental Purchase Agreement**" and, together with the Master Purchase Agreement, the "**Purchase Agreement**") having the details set out in the applicable Pricing Supplement;

(c) a master lease agreement between the Trustee (in such capacity as lessor), the Ministry of Finance (in its capacity as lessee) and the Delegate dated 14 February 2023 (the "**Master Lease Agreement**");

(d) the supplemental lease agreement (the "**Supplemental Lease Agreement**" and, together with the Master Lease Agreement, the "**Lease Agreement**") having the details set out in the applicable Pricing Supplement;

(e) a purchase undertaking executed by the Ministry of Finance (in its capacity as obligor) as a deed dated 14 February 2023 in favour of the Trustee and the Delegate (the "**Purchase Undertaking**"), containing the form of sale agreement (the "**Sale Agreement**") to be executed by the Ministry of Finance (in its capacity as purchaser) and the Trustee (in its capacity as seller) on the Scheduled Dissolution Date, the Dissolution Event Redemption Date or the Certificateholder Put Right Date, as the case may be (each such expression having the meaning given to it in the Purchase Undertaking);

(f) a sale and substitution undertaking executed by the Trustee as a deed dated 14 February 2023 in favour of the Ministry of Finance (the "**Sale and Substitution Undertaking**") containing the forms of sale agreement (the "**Sale Agreement**") and replacement agreement (the "**Replacement Agreement**") to be executed by the Trustee (in its capacity as seller) and the Ministry of Finance (in its capacity as purchaser) on the Optional Dissolution Date, the Clean Up Call Right Dissolution Date, the Cancellation Date, the Substitution Date or the Replacement Date, as the case may be (each such expression having the meaning given to it in the Sale and Substitution Undertaking) and, in particular, the Certificateholders shall be deemed to have consented to the provisions therein relating to the substitution or replacement of Lease Assets (or the Usufruct Right(s) thereto), and no further Certificateholder consent shall be required in connection with any such substitution or replacement pursuant to such provisions;

(g) a servicing agency agreement between the Trustee (in its capacity as lessor), the Ministry of Finance (in its capacity as servicing agent, the "**Servicing Agent**") and the Delegate dated 14 February 2023 (the "**Servicing Agency Agreement**"), and, in particular, the Certificateholders shall be deemed to have consented to the provisions therein relating to the replacement of Lease Assets (or the Usufruct Right(s) thereto) and no further Certificateholder consent shall be required in connection with any such replacement pursuant to such provisions;

(h) a total loss event payment undertaking executed by the Ministry of Finance (in its capacity as seller) as a deed dated 14 February 2023 in favour of the Trustee and the Delegate (the "**Total Loss Event Payment Undertaking**");

(i) a declaration of commingling of assets entered into by the Trustee as a deed pursuant to the Declaration of Trust;

(j) the Declaration of Trust;

(k) the Agency Agreement; and

(l) the applicable Pricing Supplement,

paragraphs (a) to (k) above together being the "**Transaction Documents**".

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Transaction Documents.

Each initial Certificateholder, by its acquisition and holding of its interest in a Trust Certificate, shall be deemed to authorise and direct the Trustee to enter into each Transaction Document to which it is a party, subject to the terms and conditions of the Declaration of Trust and these Conditions, and to apply the sums paid by it in respect of its Trust Certificates in accordance with the terms of the Transaction Documents.

1. INTERPRETATION

1.1 Definitions

Words and expressions defined in the Declaration of Trust and the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and **provided that**, in the event of inconsistency between any such document and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail. In addition, in these Conditions the following expressions have the following meanings:

"**Accrual Period**" has the meaning given to it in Condition 7.2 (*Determination of Periodic Distribution Amount*);

"**Aggregation Agent**" has the meaning given to it in Condition 19.1 (*Appointment*);

"**Business Day**" means a day which is:

(a) a day on which commercial banks and foreign exchange markets are open for general business (including dealing in foreign exchange and foreign currency deposits) and settle payments in the Specified Currency in the Additional Financial Centre(s) or, if no Specified Currency is indicated, generally in each Additional Financial Centre specified in the applicable Pricing Supplement; and

(b) either: (i) in relation to any sum payable in a Specified Currency other than euro, 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 principal financial centre of the country of the relevant Specified Currency (if other than the Additional Financial Centre); or (ii) in relation to any sum payable in euro, a TARGET2 Settlement Day;

"**Calculation Agent**" has the meaning given to it in Condition 18.7 (*Claims Valuation*);

"**Cancellation Date**" means the date on which Trust Certificates are to be cancelled as specified in the Cancellation Notice;

"**Cancellation Notice**" means a notice substantially in the form set out in Schedule 2 to the Sale and Substitution Undertaking;

"**Cancelled Lease Asset(s)**" means the assets specified as such in the applicable Cancellation Notice;

"**Certificateholder Put Right**" means the right exercisable by the Trustee at the request of Certificateholder pursuant to Condition 10.5 (*Dissolution at the Option of the Certificateholders (Certificateholder Put Right)*);

"**Certificateholder Put Right Date**" means the date on which the relevant Trust Certificates are to be redeemed in accordance with Condition 10.5 (*Dissolution at the Option of the Certificateholders (Certificateholder Put Right)*), as specified in the relevant Exercise Notice;

"**Certificateholder Put Right Exercise Price**" has the meaning given to it in the Purchase Undertaking;

"**Clean Up Call Right**" means the right exercisable by the Trustee at the request of the Ministry of Finance pursuant to Condition 10.3 (*Dissolution at the Option of the Ministry of Finance (Clean Up Call Right)*);

"**Clean Up Call Right Dissolution Amount**" has the meaning given to it in Condition 10.3 (*Dissolution at the Option of the Ministry of Finance (Clean Up Call Right)*);

"**Clean Up Call Right Dissolution Date**" means the date on which the relevant Trust Certificates are to be redeemed in accordance with Condition 10.3 (*Dissolution at the Option of the Ministry of Finance (Clean Up Call Right)*), as specified in the relevant Exercise Notice;

"**Clearing System Business Day**" has the meaning given to it in Condition 8 (*Payment*);

"**Clearstream, Luxembourg**" means Clearstream Banking S.A.;

"**Code**" means the U.S. Internal Revenue Code of 1986, as amended;

"**Day Count Fraction**" has the meaning given to it in Condition 7.2 (*Determination of Periodic Distribution Amount*);

"**Definitive Trust Certificates**" means the Unrestricted Trust Certificates and the Restricted Trust Certificates in definitive form;

"**Determination Date**" means the date specified in the applicable Pricing Supplement;

"**Determination Period**" has the meaning given to it in Condition 7.2 (*Determination of Periodic Distribution Amount*);

"**Disputes**" has the meaning given to it in Condition 24.2 (*Jurisdiction*);

"**Dissolution Amount**" means, as appropriate, the Final Dissolution Amount, the Dissolution Event Amount, the Optional Dissolution Amount (Call), the Clean Up Call Right Dissolution Amount, the Total Loss Dissolution Amount or the Optional Dissolution Amount (Put), which shall, unless otherwise specified in the applicable Pricing Supplement, in each case, be equal to the sum of:

(a) the outstanding face amount of the relevant Trust Certificates; and

(b) any due and unpaid Periodic Distribution Amounts of such Trust Certificates; or

(c) such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the applicable Pricing Supplement (including any amount payable following a Total Loss Event);

"**Dissolution Date**" means, as the case may be: (a) the Scheduled Dissolution Date; (b) the Dissolution Event Redemption Date; (c) the Optional Dissolution Date; (d) the Clean Up Call Right Dissolution Date; (e) the Total Loss Dissolution Date; and (f) the Certificateholder Put Right Date;

"**Dissolution Event**" has the meaning given to it in Condition 14 (*Dissolution Events*);

"**Dissolution Event Amount**" has the meaning given to it in Condition 10.6 (*Dissolution following a Dissolution Event*);

"**Dissolution Event Redemption Date**" has the meaning given to it in Condition 14 (*Dissolution Events*);

"**Dissolution Notice**" has the meaning given to it in Condition 14 (*Dissolution Events*);

"**Dissolution Request**" has the meaning given to it in Condition 14 (*Dissolution Events*);

"**DTC**" means The Depository Trust Company;

"**Euroclear**" means Euroclear Bank SA/NV;

"**Exercise Notice**" means a notice substantially in the form set out in Schedule 1 to the Sale and Substitution Undertaking or the Purchase Undertaking, as applicable;

"**Exercise Price**" has the meaning given to it in the Sale and Substitution Undertaking or the Purchase Undertaking, as applicable;

"**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 Ministry of Finance;

"**External Sukuk Obligation**" means any present or future undertaking or other obligation to pay any money given in connection with the issue of trust certificates or other securities issued in compliance with (or intended to be in compliance with) the principles of *Shari'a*, whether or not in return for consideration of any kind, 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 Ministry of Finance;

"**Extraordinary Resolution**" has the meaning given to it in Condition 18.1(g) (*Convening Meetings of Certificateholders; Conduct of Meetings of Certificateholders; Written Resolutions*);

"**Final Dissolution Amount**" has the meaning given to it in Condition 10.1 (*Scheduled Dissolution*);

"**Global Trust Certificates**" means the Unrestricted Global Trust Certificates and the Restricted Global Trust Certificates;

"**Guarantee**" means, in relation to any indebtedness of any Person, any obligation of another Person to pay such indebtedness including (without limitation): (a) any obligation to purchase such indebtedness; (b) 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; (c) any indemnity against the consequences of a default in the payment of such indebtedness; and (d) any other agreement to be responsible for such indebtedness;

"**IMF**" means the International Monetary Fund;

"**Issue Date**" means, in relation to each Tranche, the date specified as such in the applicable Pricing Supplement, which date shall be the same date on which the relevant Supplemental Purchase Agreement shall be entered into;

"**Lease**" has the meaning given to it in the Lease Agreement;

"**Lease Asset(s)**" has the meaning given to it in the Lease Agreement;

"**Lessee**" has the meaning given to it in the Lease Agreement;

"**Lessor**" has the meaning given to it in the Lease Agreement;

"**Liability**" means any actual loss (excluding opportunity cost), actual damage, actual cost (excluding cost of funding), fee, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any value added tax or similar tax charged or chargeable in respect thereof and legal or other fees and expenses on a full indemnity basis;

"**Major Maintenance and Structural Repair**" has the meaning given to it in the Lease Agreement;

"**MOF Event**" has the meaning given to it in Condition 14 (*Dissolution Events*);

"**Multiple Series Single Limb Extraordinary Resolution**" has the meaning given to it in Condition 18.3(b) (*Multiple Series Aggregation – Single Limb Voting*);

"**Multiple Series Single Limb Written Resolution**" has the meaning given to it in Condition 18.3(c) (*Multiple Series Aggregation – Single Limb Voting*);

"**Multiple Series Two Limb Extraordinary Resolution**" has the meaning given to it in Condition 18.4(b) (*Multiple Series Aggregation – Two Limb Voting*);

"**Multiple Series Two Limb Written Resolution**" has the meaning given to it in Condition 18.4(c) (*Multiple Series Aggregation – Two Limb Voting*);

"**Optional Dissolution Amount (Call)**" has the meaning given to it in Condition 10.2 (*Dissolution at the Option of the Ministry of Finance (Optional Dissolution Call Right)*);

"**Optional Dissolution Amount (Put)**" has the meaning given to it in Condition 10.5 (*Dissolution at the Option of the Certificateholders (Certificateholder Put Right)*);

"**Optional Dissolution Call Right**" means the right exercisable by the Trustee at the request of the Ministry of Finance pursuant to Condition 10.2 (*Dissolution at the Option of the Ministry of Finance (Optional Dissolution Call Right)*);

"**Optional Dissolution Date**" means the date on which Trust Certificates are to be redeemed in accordance with Condition 10.2 (*Dissolution at the Option of the Ministry of Finance (Optional Dissolution Call Right)*), as specified in the relevant Exercise Notice;

"**Optional Dissolution Exercise Price**" has the meaning given to it in the Sale and Substitution Undertaking;

"**Partial Loss Dissolution Event**" means, in relation to any Series, the termination of the Lease on the 91st day after the Partial Loss Event Date as a result of either: (a) the delivery by the Ministry of Finance of a Partial Loss Termination Notice to the Trustee and the Delegate within 30 days after the Partial Loss Event Date in accordance with the terms of the Lease Agreement; or (b) the failure by the Ministry of Finance to replace the Lease Assets within 90 days after the Partial Loss Event Date in accordance with the terms of the Sale and Substitution Undertaking;

"**Partial Loss Event**" means the partial impairment of one or more Lease Assets (arising as a result of any event other than as set out in paragraph (b) below, including a failure by the Ministry of Finance (in its capacity as seller under the relevant Purchase Agreement) to carry out Major Maintenance and Structural Repair (as defined in the Master Lease Agreement)) in a manner that substantially deprives the Lessee from the benefits expected from the whole of the Lease Assets, as determined by the Lessee and the occurrence of which (a) has been certified in writing by a recognised independent industry expert, (b) has not arisen as a result of the Lessee's negligence or misconduct, and (c) does not constitute a Total Loss Event;

"**Partial Loss Event Date**" has the meaning given to it in the Supplemental Lease Agreement;

"**Partial Loss Termination Notice**" has the meaning given to it in the Supplemental Lease Agreement;

"**Payment Business Day**" means:

(a) a day on which banks in the relevant place of surrender (as required) of the Definitive Trust Certificates are open for payment of registered securities and for dealings in foreign currencies; and

(b) in the case of payment by transfer to an account:

   (i) if the currency of payment is euro, a TARGET2 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 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;

"**Periodic Distribution Amount**" means, in relation to a Trust Certificate and a Return Accumulation Period, the amount of profit payable in respect of that Trust Certificate for that Return Accumulation Period which amount may be a Fixed Amount, a Broken Amount or an amount otherwise calculated in accordance with Condition 7 (*Fixed Periodic Distribution Provisions*) (as the case may be);

"**Periodic Distribution Date**" means the first Periodic Distribution Date and any other date or dates specified as such in, or determined in accordance with the provisions of, the applicable Pricing Supplement;

"**Permitted Security Interest**" means:

(a) 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;

(b) 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;

(c) any Security Interest in existence on the date on which agreement is reached to issue the first Tranche of the Trust Certificates of the Series; and

(d) 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;

"**Potential Dissolution Event**" means any condition, event or act which, with the giving of notice, lapse of time, determination of materiality or fulfilment of any other applicable condition (or any combination of the foregoing), would constitute a Dissolution Event;

"**Public External Indebtedness**" means any External Indebtedness or External Sukuk Obligation, which: (a) is in the form of, or represented by, any bond, debenture, note, *Shari'a* compliant sukuk or trust certificate or other similar instrument; and (b) 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;

"**QIBs**" means qualified institutional buyers as defined in Rule 144A;

"**QP**" means qualified purchaser within the meaning of Section 2(a)(51)(A) of the Investment Company Act 1940, and the rules and regulations thereunder;

"**Rate**" means the rate or rates specified in the applicable Pricing Supplement;

"**Record Date**" (a) means: (i) in respect of a Global Trust Certificate, at the close of the business day (being for this purpose a day on which DTC and Euroclear and Clearstream, Luxembourg are open for business) before the relevant Periodic Distribution Date or the relevant Dissolution Date, as the case may be; and (ii) in respect of Definitive Trust Certificates, the date falling on the seventh day before the relevant Periodic Distribution Date or the Dissolution Date, as the case may be, and (b) in the case of meetings of Certificateholders (as provided in Condition 18 (*Meetings of Certificateholders; Written Resolutions*)), has the meaning given to it in Condition 18.1(f) (*Convening Meetings of Certificateholders; Conduct of Meetings of Certificateholders; Written Resolutions*);

"**Register**" has the meaning given to it in Condition 2.1 (*Form and Denomination*);

"**Regulation S**" means Regulation S under the Securities Act;

"**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; or (b) if the full amount payable has not been received in the principal financial centre of the currency of payment by the Principal Paying 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 Certificateholders in accordance with Condition 17 (*Notices*);

"**Relevant Jurisdiction**" has the meaning given to it in Condition 12 (*Taxation*);

"**Rentals**" has the meaning given to it in the relevant Supplemental Lease Agreement;

"**Replacement Date**" has the meaning given to it in the Sale and Substitution Undertaking;

"**Reserved Matter**" has the meaning given to it in Condition 18.5 (*Reserved Matters*);

"**Restricted Global Trust Certificates**" means Restricted Trust Certificates held in global form;

"**Restricted Trust Certificates**" means the Trust Certificates of each Series offered and sold within the United States to QIBs who are also QPs in reliance on Rule 144A and Section 3(c)(7) of the Investment Company Act, in registered form;

"**Return Accumulation Commencement Date**" means the Issue Date or such other date as specified in the applicable Pricing Supplement;

"**Return Accumulation Period**" means the period from (and including) a Periodic Distribution Date (or the Return Accumulation Commencement Date) to (but excluding) the next (or first) Periodic Distribution Date;

"**Rule 144A**" means Rule 144A under the Securities Act;

"**Scheduled Dissolution Date**" means the date on which Trust Certificates are to be redeemed in accordance with Condition 10.1 (*Scheduled Dissolution*) as specified in the applicable Pricing Supplement;

"**Securities Act**" means the United States Securities Act of 1933;

"**Securities Capable of Aggregation**" has the meaning given to it in Condition 18.1(j) (*Convening Meetings of Certificateholders; Conduct of Meetings of Certificateholders; Written Resolutions*);

"**Security Interest**" means any lien, pledge, mortgage, security interest, deed of trust, charge or other encumbrance or arrangement having a similar effect;

"**Single Series Extraordinary Resolution**" has the meaning given to it in Condition 18.2(b) (*Modification of this Series of Trust Certificates Only*);

"**Single Series Written Resolution**" has the meaning given to it in Condition 18.2(c) (*Modification of this Series of Trust Certificates Only*);

"**Specified Currency**" means the currency specified as such in the applicable Pricing Supplement or, if none is specified, the currency in which the Trust Certificates are denominated;

"**Substitution Date**" has the meaning given to it in the Sale and Substitution Undertaking;

"**Supervisory Committee**" means the supervisory committee established in accordance with the Sukuk Law and the Executive Regulations;

"**Supplementary Rental**" has the meaning given to it in the Master Lease Agreement;

"**TARGET2 Settlement Day**" means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is open;

"**Total Loss Dissolution Amount**" has the meaning given to it in Condition 10.4 (*Dissolution Following a Total Loss Event*);

"**Total Loss Dissolution Date**" has the meaning given to it in Condition 10.4 (*Dissolution Following a Total Loss Event*);

"**Total Loss Event**" has the meaning given to it in Condition 10.4 (*Dissolution Following a Total Loss Event*);

"**Transaction Account**" means the non-interest bearing account in the Trustee's name maintained with the Principal Paying Agent, details of which are specified in the applicable Pricing Supplement and which shall be held in the United Kingdom;

"**Trust Assets**" means the assets, rights and/or cash described in Condition 5.1 (*Trust Assets*);

"**Uniformly Applicable**" has the meaning given to it in Condition 18.3(e) (*Multiple Series Aggregation – Single Limb Voting*);

"**Unrestricted Global Trust Certificates**" means the Unrestricted Trust Certificates held in global form;

"**Unrestricted Trust Certificates**" means the Trust Certificates of each Series offered and sold in reliance on Regulation S, which will be sold outside the United States to Persons who are not U.S. persons (as defined in Regulation S) or acquiring for the account or benefit of U.S. persons outside the United States, in registered form;

"**Unutilised Usufruct Amount**" has the meaning given to it in the Total Loss Event Payment Undertaking;

"**Usufruct Right(s)**" has the meaning given to it in the Master Purchase Agreement; and

"**Written Resolution**" has the meaning given to it in Condition 18.1(h) (*Convening Meetings of Certificateholders; Conduct of Meetings of Certificateholders; Written Resolutions*).

1.2 Interpretation

In these Conditions:

(a) any reference to face amount shall be deemed to include any Dissolution Amount and any other amount in the nature of face amounts payable pursuant to these Conditions;

(b) any reference to Periodic Distribution Amounts shall be deemed to include any additional amounts in respect of profit distributions which may be payable under Conditions 10 (*Capital Distributions of Trust*) and 12 (*Taxation*) and any other amount in the nature of a profit distribution payable pursuant to these Conditions;

(c) references to Trust Certificates being "**outstanding**" shall be construed in accordance with the Master Declaration of Trust; and

(d) any reference to a Transaction Document shall be construed as a reference to that Transaction Document as amended and/or supplemented up to and including the Issue Date.

2. FORM, DENOMINATION AND TITLE

2.1 Form and Denomination

The Trust Certificates are issued in registered form in the Specified Denominations (as defined in respect of each Series in the applicable Pricing Supplement). A certificate will be issued to each Certificateholder in respect of its registered holding of Trust Certificates. Each certificate will be numbered serially with an identifying number which will be recorded on the relevant certificate and in the relevant register of Certificateholders (each such register, a "**Register**") which the Trustee will cause to be kept by the relevant Registrar outside the United Kingdom.

In these Conditions, "**Certificateholder**" or "**holder**" means the person in whose name a Trust Certificate is registered.

Upon issue, unless otherwise specified in the applicable Pricing Supplement, the Trust Certificates will be represented by one or more Global Trust Certificates deposited with a custodian for DTC, or in the case of Trust Certificates issued outside the United States in reliance on Regulation S, the Trust Certificates may be represented by a Global Trust Certificate deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Trust Certificates sold to QIBs who are also QPs in the United States in reliance on Rule 144A under the Securities Act will be represented by a Restricted Global Trust Certificate. Trust Certificates sold to investors outside the United States in reliance on Regulation S under the Securities Act will be represented by an Unrestricted Global Trust Certificate. The Conditions are modified by certain provisions contained in the Global Trust Certificates. Except in certain limited circumstances, owners of interests in the Global Trust Certificates will not be entitled to receive Definitive Trust Certificates representing their holdings of Trust Certificates.

2.2 **Title**

The Trustee will cause the relevant Registrar to maintain the relevant Register in respect of the Trust Certificates in accordance with the provisions of the Agency Agreement. Title to the Trust Certificates passes only by registration in the relevant Register. The registered holder of any Trust Certificate will (except as otherwise required by law) be treated as the absolute owner of the Trust Certificates represented by the relevant certificate for all purposes (whether or not any payment thereon is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the certificate) and no person will be liable for so treating the holder of any Trust Certificate. The registered holder of a Trust Certificate will be recognised by the Trustee as entitled to such Trust Certificate free from any equity, set-off or counterclaim on the part of the Trustee against the original or any intermediate holder of such Trust Certificate.

3. **TRANSFERS OF TRUST CERTIFICATES**

3.1 **Transfers of Trust Certificates**

(a) ***Transfer***

Subject to this Condition 3.1 (*Transfers of Trust Certificates*) and Conditions 3.2 (*Closed Periods*) and 3.3 (*Formalities Free of Charge*), a Definitive Trust Certificate may be transferred in whole or in an amount equal to the Specified Denomination or any integral multiple thereof by depositing the Definitive Trust Certificate, with the form of transfer on the back duly completed and signed, at the specified office of the relevant Registrar.

(b) ***Delivery of New Definitive Trust Certificates***

Each new Definitive Trust Certificate to be issued upon transfer of Definitive Trust Certificates will, within five business days of receipt by the relevant Registrar of the duly completed form of transfer endorsed on the relevant Definitive Trust Certificate, be mailed by uninsured mail at the risk of the holder entitled to the Definitive Trust Certificate to the address specified in the form of transfer. For the purposes of this Condition 3.1(b) (*Delivery of New Definitive Trust Certificates*), "**business day**" shall mean a day on which banks are open for business in the city in which the specified office of the relevant Registrar is located.

Where some but not all of the Trust Certificates in respect of which a Definitive Trust Certificate is issued are to be transferred, a new Definitive Trust Certificate in respect of the Trust Certificates not so transferred will, within five business days of receipt by the relevant Registrar of the original Definitive Trust Certificate, be mailed by uninsured mail at the risk of the holder of the Trust Certificates not so transferred to the address of such holder appearing on the relevant Register or as specified in the form of transfer.

(c) ***Regulations***

All transfers of Definitive Trust Certificates and entries on the relevant Register will be made subject to the detailed regulations concerning the transfer of Trust Certificates scheduled to the Master Declaration of Trust. A copy of the current regulations will be mailed (free of charge) by the relevant Registrar to any Certificateholder who requests one. Notwithstanding the above, the Trustee may from time to time agree with the relevant Registrar reasonable regulations to govern the transfer and registration of Definitive Trust Certificates.

(d) ***Compulsory Sale***

If at any time a beneficial owner of an interest in a Restricted Global Trust Certificate is a U.S. person within the meaning of Regulation S that is not a QIB and a QP, the Trustee may: (a) compel such beneficial owner to sell its interest in such Restricted Global Trust Certificate to a person who is: (i) a U.S. person who is a QIB and a QP that is otherwise qualified to purchase the Trust Certificates represented hereby in a transaction exempt from registration under the Securities Act; or (ii) not a U.S. person within the meaning of Regulation S; or (b) compel the beneficial owner to sell its interest in the Restricted Global Trust Certificates to the Trustee or an affiliate of the Trustee or transfer its interest in such Restricted Global Trust Certificates to a Person designated by or acceptable to the Trustee at a price equal to the lesser of (x) the purchase price paid by the beneficial owner, (y) 100 per cent. of the face amount of the beneficial owner's interest in the Restricted Global Trust Certificate and (z) the fair market value of such interest in the Restricted Global Trust Certificate. The Trustee has the right to refuse to honour a transfer of an interest in the Restricted Global Trust Certificates to a U.S. person who is not a QIB and a QP.

Transfer of interests in the Trust Certificates represented by a Global Trust Certificate will be effected in accordance with the rules of the relevant clearing system through which the interest is held.

3.2 **Closed Periods**

No Certificateholder may require the transfer of a Definitive Trust Certificate to be registered during the period of 15 days ending on a Periodic Distribution Date or a Dissolution Date or any other date on which any payment of the face amount or payment of any profit in respect of a Trust Certificate falls due.

3.3 **Formalities Free of Charge**

Transfers of Trust Certificates on registration or exercise of an early dissolution right will be effected without charge by or on behalf of the Trustee, the Registrars or the Transfer Agents, but upon payment (or the giving of such indemnity as the Trustee, the Registrars and/or the Transfer Agents may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

3.4 **Regulations**

All transfers of Definitive Trust Certificates and entries on the relevant Register will be made subject to the detailed regulations concerning the transfer of Trust Certificates scheduled to the Master Declaration of Trust. A copy of the current regulations will be mailed (free of charge) by the relevant Registrar to any Certificateholder who requests one. Notwithstanding the above, the Trustee may from time to time agree with the Registrars reasonable regulations to govern the transfer and registration of Definitive Trust Certificates.

4. **STATUS, NEGATIVE PLEDGE AND LIMITED RECOURSE**

4.1 **Status**

Each Trust Certificate evidences an undivided ownership interest in the Trust Assets subject to the terms of the Declaration of Trust and these Conditions, and is a direct, unsubordinated, unsecured and limited recourse obligation of the Trustee. Each Trust Certificate ranks *pari passu*, without any preference or priority, with the other Trust Certificates.

The payment obligations of the Ministry of Finance (in any capacity) to the Trustee under the Transaction Documents to which it is a party in respect of each Series of Trust Certificates are and will be direct, general, unconditional, unsubordinated and (subject to the negative pledge provisions described in the Purchase Undertaking) unsecured obligations of the Ministry of

Finance and shall at all times rank at least *pari passu* with all other unsecured External Indebtedness and External Sukuk Obligations of the Ministry of Finance from time to time outstanding. The Ministry of Finance shall have no obligation to effect equal or rateable payment(s) at any time with respect to other External Indebtedness and External Sukuk Obligations and, in particular, the Ministry of Finance shall have no obligation to pay other External Indebtedness and External Sukuk Obligations at the same time or as a condition of paying sums due under the Transaction Documents, and *vice versa*. The full faith and credit of the Ministry of Finance is pledged for the due and punctual performance of its obligations in respect of the Transaction Documents to which it is a party.

4.2 **Negative Pledge**

The Ministry of Finance has agreed in the Purchase Undertaking that for so long as any Trust Certificate remains outstanding, it 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 Ministry of Finance or any other Person, or any Guarantee thereof unless, at the same time or prior thereto, the obligations of the Ministry of Finance under the Transaction Documents to which it is, in whatever capacity, a party are secured equally and rateably therewith or have the benefit of such other arrangements as may be approved by an Extraordinary Resolution of the Certificateholders.

4.3 **Limited Recourse and Agreement of Certificateholders**

The proceeds of realisation of, or enforcement with respect to, the Trust Assets are the sole source of payments on the Trust Certificates. Such proceeds may not be sufficient to make all payments due in respect of the Trust Certificates. Certificateholders, by subscribing for or acquiring the Trust Certificates, acknowledge and agree that notwithstanding anything to the contrary contained in these Conditions or any Transaction Document:

(a) no payment of any amount whatsoever shall be made by any of the Trustee, the Delegate (acting in the name and on behalf of the Trustee) or any of their respective agents on their behalf except to the extent funds are available therefor from the Trust Assets;

(b) no recourse shall be had for the payment of any amount owing hereunder or under any relevant Transaction Document, whether for the payment of any fee, indemnity or other amount hereunder or any other obligation or claim arising out of or based upon the Transaction Documents, against the Trustee (and/or its directors, officers or administrators), the Delegate, any Agent or any of their respective agents or affiliates to the extent the Trust Assets have been exhausted following which all obligations of the Trustee, the Delegate, any Agents and their respective agents or affiliates shall be extinguished;

(c) if the proceeds of the Trust Assets are insufficient to make all payments due in respect of the Trust Certificates, Certificateholders will have no recourse to any assets of the Trustee (and/or its directors, officers, shareholders or corporate services providers in their capacity as such) (other than the Trust Assets in the manner and to the extent contemplated by the Transaction Documents), the Delegate or any of their respective directors, officers, employees, agents, shareholders or affiliates, in each case in respect of any shortfall or otherwise;

(d) prior to the date which is one year and one day after the date on which all amounts owing by the Trustee under the Transaction Documents to which it is a party have been paid in full, it will not institute against, or join with any other person in instituting against, the Trustee any bankruptcy, reorganisation, arrangement or liquidation proceedings or other proceedings under any bankruptcy or similar law;

(e) no recourse under any obligation, covenant or agreement contained in any Transaction Document shall be had against any officer, agent or director of the Trustee, by the enforcement of any assessment or by any proceeding, by virtue of any statute or otherwise. The obligations of the Trustee under the Transaction Documents to which it is a party are corporate or limited liability obligations of the Trustee and no personal liability shall attach to or be incurred by the officers, agents or directors of the Trustee save in the case of their wilful default or actual fraud. Reference in these Conditions to wilful default or actual fraud means a finding to such effect by a court of competent jurisdiction in relation to the conduct of the relevant party; and

(f) it shall not be entitled to claim or exercise any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Trust Certificate. No collateral is or will be given for the payment obligations by the Trustee under the Trust Certificates.

Pursuant to the terms of the Transaction Documents, the Ministry of Finance is obliged to make certain payments directly to or to the order of the Trustee. Such payment obligations form part of the Trust Assets and the Trustee and the Delegate (failing which the Certificateholders pursuant to Condition 15.3 (*Direct Enforcement by Certificateholders*) will thereby have direct recourse against the Ministry of Finance to recover payments due to the Trustee from the Ministry of Finance pursuant to such Transaction Documents notwithstanding any other provision of this Condition 4.3 (*Limited Recourse and Agreement of Certificateholders*).

5. THE TRUST

5.1 Trust Assets

Pursuant to the Declaration of Trust, the Trustee holds the Trust Assets for each Series on trust absolutely for and on behalf of the Certificateholders of such Series *pro rata* according to the face amount of the Trust Certificates held by each holder. The Trust Assets will comprise:

(a) the cash proceeds of the Trust Certificates, pending application thereof in accordance with the terms of the Transaction Documents;

(b) any and all of the rights, title, interest, benefits and entitlements, present and future, of the Trustee in, to and under the Usufruct Right(s) to the Lease Asset(s);

(c) any and all of the rights, title, interest, benefits and entitlements, present and future, of the Trustee in, to and under the Transaction Documents (excluding: (i) any representations given by the Ministry of Finance to the Trustee and the Delegate pursuant to the Transaction Documents; and (ii) the covenant given to the Trustee pursuant to clause 13.1 of the Master Declaration of Trust);

(d) all monies standing to the credit of the Transaction Account from time to time; and

(e) all proceeds of the foregoing.

5.2 Application of Proceeds from the Trust Assets

On each Periodic Distribution Date, or on any Dissolution Date, the Principal Paying Agent, notwithstanding any instructions to the contrary from the Trustee, will apply the monies standing to the credit of the Transaction Account in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full):

(a) *first*, (to the extent not previously paid) to the Delegate in respect of all amounts owing to it under the Transaction Documents in its capacity as Delegate;

(b) *secondly*, only if such payment is made on a Periodic Distribution Date, in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts due and unpaid;

(c) *thirdly*, only if such payment is made on a Dissolution Date, in or towards payment *pari passu* and rateably of the Dissolution Amount; and

(d) *fourthly*, only if such payment is made on any Dissolution Date on which all the Trust Certificates of the relevant Series are redeemed in full and **provided that** all amounts required to be paid in respect of such Trust Certificates have been discharged in full, in payment of any residual amount to the Ministry of Finance in its capacity as Servicing Agent as an incentive.

6. **COVENANTS**

6.1 Subject to Condition 6.2 below, the Trustee covenants that, for so long as any Trust Certificate is outstanding, it will not (without the prior written consent of the Delegate):

(a) incur any indebtedness in respect of financed, borrowed or raised money whatsoever (whether structured (or intended to be structured) in accordance with the principles of *Shari'a* or otherwise), or give any guarantee or indemnity in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares) or any other certificates except, in all cases, as contemplated in the Transaction Documents;

(b) grant or permit to be outstanding any lien, pledge, charge or other security interest upon any of its present or future assets, properties or revenues (other than those arising by operation of law or permitted under or pursuant to any of the Transaction Documents);

(c) sell, lease, transfer, assign, participate, exchange or otherwise dispose of, or pledge, mortgage, hypothecate or otherwise encumber (by security interest, lien (statutory or otherwise), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise) (or permit such to occur or suffer such to exist), any part of its interest in any of the Trust Assets, except pursuant to the Transaction Documents;

(d) use the proceeds of the issue of the Trust Certificates for any purpose other than as stated in the Transaction Documents;

(e) amend or agree to any amendment of any Transaction Document to which it is a party (other than in accordance with the terms thereof);

(f) amend or agree to any amendment of its memorandum and articles of association and by-laws (other than in relation to any increase in the aggregate face amount of the Programme) unless such amendment (i) would not adversely impact the Trustee's ability to exercise its rights or perform its obligations under the Conditions and/or the Transaction Documents to which it is a party, (ii) would not be materially prejudicial to the interests of Certificateholders, and (iii) is required to comply with law or regulation in connection with an issuance contemplated by Condition 6.2;

(g) act as trustee in respect of any trust (other than pursuant to the Declaration of Trust);

(h) have any subsidiaries;

(i) redeem or purchase any of its shares or pay any dividend or make any other distribution to its shareholders (excluding any consideration payable by the Trustee (acting in any capacity) to the Ministry of Finance (acting in any capacity) as contemplated by the Transaction Documents or these Conditions or in connection with any issuance contemplated by Condition 6.2);

(j) prior to the date which is one year and one day after the date on which all amounts owing by the Trustee under the Transaction Documents to which it is a party have been paid in full, put to its directors or shareholders any resolution for, or appoint any liquidator for, its winding-up, liquidation or dissolution or any resolution for the commencement of any other bankruptcy or insolvency proceeding with respect to it; or

(k) enter into any contract, transaction, amendment, obligation or liability other than the Transaction Documents to which it is a party or any permitted amendment or supplement thereto or as expressly permitted or required thereunder or engage in any business or activity other than:

(i) any such contract, transaction, amendment, obligation or liability in relation to its operations that is of a routine or administrative nature;

(ii) as provided for or permitted in the Transaction Documents;

(iii) the ownership, management and disposal of the Trust Assets as provided in the Transaction Documents; and

(iv) such other matters which are incidental thereto.

6.2 Nothing in sub-paragraph (a), (g) or (k) of Condition 6.1 above, shall prevent the Trustee from issuing (or entering into any transaction for the purpose of issuing or entering into any contract in relation thereto or performing any of its obligations thereunder or acting as a trustee in respect of any trust in respect thereof) any sukuk, certificates or other securities intended to be issued in compliance with the principles of *Shari'a* **provided that**, in respect of such securities, the obligations of the Ministry of Finance to the Trustee shall rank at least *pari passu* with the obligations of the Ministry of Finance to the Trustee in respect of the Trust Certificates, and that the obligations of the Trustee in respect of such securities shall rank *pari passu* with the Trust Certificates.

7. FIXED PERIODIC DISTRIBUTION PROVISIONS

7.1 Periodic Distribution Amount

A Periodic Distribution Amount will be payable in respect of the Trust Certificates and will be distributable by the Trustee to the Certificateholders, *pro rata* to their respective holdings, in accordance with these Conditions.

7.2 Determination of Periodic Distribution Amount

Except as provided in the applicable Pricing Supplement, the Periodic Distribution Amount payable in respect of each Definitive Trust Certificate for any Return Accumulation Period shall be the Fixed Amount. Payments of Periodic Distribution Amount in respect of Definitive Trust Certificates on any Periodic Distribution Date may, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

Except in the case of Definitive Trust Certificates where a Fixed Amount or Broken Amount is specified in the applicable Pricing Supplement, the Periodic Distribution Amount shall be calculated in respect of any period by applying the Rate applicable to the relevant Return Accumulation Period to:

(a) in the case of Trust Certificates which are represented by a Global Trust Certificate, the aggregate outstanding face amount of the Trust Certificates represented by such Global Trust Certificate; or

(b) in the case of Definitive Trust Certificates, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Definitive Trust Certificate is a multiple of the Calculation Amount, the Periodic Distribution Amount payable in respect of such Trust Certificate shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

In these Conditions:

"**Day Count Fraction**" means, in respect of the calculation of a Periodic Distribution Amount in accordance with these Conditions:

(a) if "**Actual/Actual**" is specified in the applicable Pricing Supplement, the actual number of days in the Return Accumulation Period divided by 365 (or, if any portion of that Return Accumulation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Return Accumulation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Return Accumulation Period falling in a non-leap year divided by 365);

(b) if "**Actual/365 (Fixed)**" is specified in the applicable Pricing Supplement, the actual number of days in the Return Accumulation Period divided by 365;

(c) if "**Actual/365 (Sterling)**" is specified in the applicable Pricing Supplement, the actual number of days in the Return Accumulation Period divided by 365 or, in the case of a Periodic Distribution Date falling in a leap year, 366;

(d) if "**Actual/360**" is specified in the applicable Pricing Supplement, the actual number of days in the Return Accumulation Period divided by 360;

(e) if "**30/360**" is specified in the applicable Pricing Supplement, the number of days in the Return Accumulation Period divided by 360, calculated on a formula basis as follows:

$$\text{DayCountFraction} = \frac{[360 \text{ x } (Y_2 - Y_1) + (30 \text{ x } (M_2 - M_1) + (D_2 - D_1)]}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Return Accumulation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Return Accumulation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Return Accumulation Period, unless such number is 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Return Accumulation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(f) if "**Actual/Actual (ICMA)**" is specified in the applicable Pricing Supplement:

(i) in the case of Trust Certificates where the number of days in the relevant period from (and including) the most recent Periodic Distribution Date (or, if none, the Return Accumulation Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or

(ii) in the case of Trust Certificates where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year.

"**Determination Period**" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Return Accumulation Commencement Date or the final Periodic Distribution Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

"**sub-unit**" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

7.3 **Payment in Arrear**

Subject to Condition 7.4 (*Cessation of Profit Entitlement*), Conditions 10.2 (*Dissolution at the Option of the Ministry of Finance (Optional Dissolution Call Right)*) to 10.5 (*Dissolution at the Option of the Certificateholders (Certificateholder Put Right)*) and Condition 14 (*Dissolution Events*), and unless otherwise specified in the applicable Pricing Supplement, each Periodic Distribution Amount will be paid in respect of the relevant Trust Certificates in arrear on each Periodic Distribution Date in respect of the Return Accumulation Period ending immediately before that Periodic Distribution Date.

7.4 **Cessation of Profit Entitlement**

No further Periodic Distribution Amounts will be payable on any Trust Certificate from and including: (a) any Dissolution Date (excluding a Total Loss Dissolution Date), unless default is made in the payment of the Dissolution Amount in which case Periodic Distribution Amounts will continue to accrue (both before and after judgment) in respect of the Trust Certificates in the manner provided in this Condition 7.4 (*Cessation of Profit Entitlement*) to the earlier of: (i) the Relevant Date; or (ii) the date on which a sale agreement is executed pursuant to the Purchase Undertaking or clause 2.1.1 of the Sale and Substitution Undertaking, as the case may be, in each case where all of the Trust Certificates of the relevant Series are being redeemed; and (b) the Total Loss Dissolution Date.

Pursuant to the Lease Agreement, if the relevant Exercise Price is not paid following a Dissolution Event then Rental shall continue to accrue in accordance with the relevant Supplemental Lease Agreement until such date as the Exercise Price is paid.

8. **PAYMENT**

Payment of Dissolution Amounts and Periodic Distribution Amounts will be made by transfer to the registered account (as defined below) of a Certificateholder. Payments of Dissolution Amounts (where all of the Trust Certificates of the relevant Series are to be redeemed in full) will only be made against surrender of the relevant Trust Certificate (or the certificate representing such Trust Certificate) at the specified office of the relevant Registrar or the Principal Paying Agent. Dissolution Amounts and Periodic Distribution Amounts will be paid to the Certificateholder shown on the Registers at the close of business on the relevant Record Date.

For so long as the Trust Certificates are represented by a Global Trust Certificate deposited with a custodian for DTC or a common depositary for Euroclear and Clearstream, Luxembourg, payments of the Dissolution Amount and each Periodic Distribution Amount will be made to the person shown on the relevant Register as the registered Certificateholder represented by such Global Trust

Certificate at the close of business on the Clearing System Business Day before the due date for such payment (where "**Clearing System Business Day**" means a day on which each clearing system with which the Global Trust Certificate is being held is open for business).

For the purposes of this Condition 8 (*Payment*), a Certificateholder's "registered account" means the account in the Specified Currency maintained by or on behalf of such Certificateholder with a bank that processes payments in the Specified Currency, details of which appear on the relevant Register at the close of business on the relevant Record Date.

All such payments will be made subject to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions described in Condition 12 (*Taxation*). No commissions or expenses shall be charged to the Certificateholders in respect of such payments.

Payment instructions will be initiated on the Payment Business Day preceding the due date for payment or, in the case of a payment of face amounts (where all of the Trust Certificates of the relevant Series are to be redeemed in full) if later, on the Payment Business Day on which the relevant Trust Certificate is surrendered (where such surrender is required) at the specified office of the relevant Registrar or the Principal Paying Agent.

Certificateholders will not be entitled to any payment for any delay after the due date in receiving the amount due if the due date is not a Payment Business Day, if the Certificateholder is late in surrendering its Trust Certificate (if required to do so in accordance with this Condition 8 (*Payment*)).

If the amount of any Dissolution Amount or Periodic Distribution Amount is not paid in full when due, the relevant Registrar will annotate the relevant Register with a record of the amount of such Dissolution Amount or Periodic Distribution Amount in fact paid.

9. AGENTS

9.1 Agents of Trustee

In acting under the Agency Agreement and in connection with the Trust Certificates, the Agents act solely as agents of the Trustee and (to the extent provided therein) the Delegate and do not assume any obligations towards or relationship of agency or trust for or with any of the Certificateholders.

9.2 Specified Offices

The names of the initial Agents are set out above. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the Pricing Supplement attached to or endorsed on this Trust Certificate. The Trustee reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents **provided, however, that**:

(a) there will at all times be a Principal Paying Agent;

(b) there will at all times be a Registrar in New York and a Registrar in London; and

(c) so long as any Trust Certificates are admitted to listing, trading and/or quotation on any listing authority, stock exchange and/or quotation system, there will at all times be a Paying Agent, Registrar and a Transfer Agent having its specified office in such place (if any) as may be required by the rules of such listing authority, stock exchange and/or quotation system.

Notice of any variation, termination or appointment and of any changes in specified offices will be given to the Certificateholders promptly by the Trustee in accordance with Condition 17 (*Notices*).

10. CAPITAL DISTRIBUTIONS OF TRUST

10.1 Scheduled Dissolution

Unless the Trust Certificates are redeemed, purchased and/or cancelled earlier, each Trust Certificate shall be redeemed on the Scheduled Dissolution Date at its Final Dissolution Amount (which is its Dissolution Amount), including all unpaid Periodic Distribution Amounts accrued (if any) to (but excluding) the Scheduled Dissolution Date (the "**Final Dissolution Amount**"). Upon payment in full of such amounts, the Trust will be dissolved, the Trust Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

10.2 Dissolution at the Option of the Ministry of Finance (Optional Dissolution Call Right)

If the Optional Dissolution Call Right option is specified in the applicable Pricing Supplement as being applicable, the Ministry of Finance may in its sole discretion deliver to the Trustee a duly completed Exercise Notice, subject to and in accordance with the provisions of the Sale and Substitution Undertaking and, on receipt of such notice, the Trustee shall redeem the Trust Certificates in whole or, if so specified in the applicable Pricing Supplement, in part on any Optional Dissolution Date at the relevant Optional Dissolution Amount (Call) (which is its Dissolution Amount), including all unpaid Periodic Distribution Amounts accrued (if any) to (but excluding) the Optional Dissolution Date (the "**Optional Dissolution Amount (Call)**") on the Trustee giving not less than 30 days' nor more than 60 days' notice to the Delegate and the Certificateholders (or such other notice period as may be specified hereon) in accordance with Condition 17 (*Notices*) (which notice shall be irrevocable and shall oblige the Trustee to redeem the Trust Certificates or, as the case may be, the Trust Certificates specified in such notice on the relevant Optional Dissolution Date). Any such redemption or exercise must relate to Trust Certificates of a face amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

If the Trust Certificates are to be redeemed in part only on any date in accordance with this Condition 10.2 (*Dissolution at the Option of the Ministry of Finance (Optional Dissolution Call Right)*), the Trust Certificates shall be redeemed (so far as may be practicable) *pro rata* to their face 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 Trust Certificates may be listed, traded or quoted.

In the case of the redemption of part only of a Trust Certificate, a new Definitive Trust Certificate in respect of the unredeemed balance shall be issued in accordance with Condition 3 (*Transfers of Trust Certificates*) which shall apply as in the case of a transfer of Trust Certificates as if such new Definitive Trust Certificate were in respect of the untransferred balance.

10.3 Dissolution at the Option of the Ministry of Finance (Clean Up Call Right)

If Clean Up Call Right is specified in the applicable Pricing Supplement as being applicable and 75 per cent. or more of the aggregate face amount of the Trust Certificates of the relevant Series then outstanding have been redeemed and/or purchased and cancelled pursuant to this Condition 10 (*Capital Distributions of Trust*) or Condition 11 (*Purchase and Cancellation of Trust Certificates*), the Ministry of Finance may in its sole discretion deliver to the Trustee a duly completed Exercise Notice, subject to and in accordance with the provisions of the Sale and Substitution Undertaking, and, on receipt of such notice, the Trustee shall redeem the Trust Certificates in whole but not in part, on the Trustee giving not less than 30 days' nor more than 60 days' notice to the Delegate and the Certificateholders (or such other notice period as may be specified in the applicable Pricing Supplement) in accordance with Condition 17 (*Notices*) (which notice shall be irrevocable and shall oblige the Trustee to redeem the Trust Certificates on the Clean Up Call Right Dissolution Date), at the Clean Up Call Right Dissolution Amount (which is its Dissolution Amount) including all unpaid Periodic Distribution Amounts accrued (if any) to (but excluding) the Clean Up Call Right Dissolution Date (the "**Clean Up Call Right Dissolution Amount**").

10.4 Dissolution Following a Total Loss Event

Upon the occurrence of a Total Loss Event (as defined below) and unless the Lease Asset(s) is/are replaced as provided in the Master Purchase Agreement and the Sale and Substitution Undertaking by no later than the 90th day after the occurrence of a Total Loss Event, the Trust Certificates shall be redeemed and the Trust dissolved by no later than the close of business in London on the 91st day after the occurrence of the Total Loss Event (or, if such date is not a Payment Business Day, on the immediately following Payment Business Day) (the "**Total Loss Dissolution Date**"), following notification thereof to the Delegate and the Certificateholders in accordance with Condition 17 (*Notices*). The Trust Certificates will be redeemed at the Dissolution Amount (which for the avoidance of doubt, shall include any accrued but unpaid Periodic Distribution Amounts) (the "**Total Loss Dissolution Amount**").

A "**Total Loss Event**" is the total loss or destruction of, or damage to the whole of, the Lease Asset(s) or any event or occurrence that renders the whole of the Lease Asset(s) permanently unfit for any economic use and (but only after taking into consideration any insurances or other indemnity granted by any third party in respect of the Lease Asset(s)) the repair or remedial work in respect thereof is wholly uneconomical.

Upon the occurrence of a Total Loss Event, the Servicing Agent shall promptly notify the Lessor, the Delegate and the Trustee of the same and, upon receipt of such notice, the Trustee shall promptly notify Certificateholders (the "**Trading Notice**") that (a) a Total Loss Event has occurred and (b) from the date of the Trading Notice and until any further notice from the Trustee to the Certificateholders (which notice shall be given upon replacement of the relevant Lease Assets in accordance with the Transaction Documents), as determined in consultation with the Supervisory Committee, the Trust Certificates should be tradable only in accordance with the *Shari'a* principles of debt trading.

For the avoidance of doubt, neither the Delegate nor any Agent will have any responsibility for monitoring or ensuring compliance with any such *Shari'a* principles of debt trading nor shall it be liable to any Certificateholder or any other persons in respect thereof.

10.5 Dissolution at the Option of the Certificateholders (Certificateholder Put Right)

If Certificateholder Put Right is specified in the applicable Pricing Supplement as being applicable, upon the holder of any Trust Certificate giving to the Trustee in accordance with Condition 17 (*Notices*) (with a copy to the Delegate) not less than 30 days' nor more than 60 days' notice (or such other notice period as may be specified hereon), the Trustee shall, upon the expiry of such notice, redeem such Trust Certificate on the Certificateholder Put Right Date and at the Optional Dissolution Amount (Put) (which is its Dissolution Amount), including all unpaid Periodic Distribution Amounts accrued (if any) to (but excluding) the relevant Certificateholder Put Right Date (the "**Optional Dissolution Amount (Put)**"). For the purposes thereof, the Trustee (or the Delegate (on behalf of the Trustee)) shall deliver to the Ministry of Finance a duly completed Exercise Notice (in the case of delivery by the Trustee, with a copy to the Delegate), subject to and in accordance with the provisions of the Purchase Undertaking. Trust Certificates may be redeemed or, as the case may be, purchased under this Condition 10.5 (*Dissolution at the Option of the Certificateholders (Certificateholder Put Right)*) in any multiple of their lowest Specified Denomination.

To exercise the right to require redemption of any Trust Certificate pursuant to this Condition 10.5 (*Dissolution at the Option of the Certificateholders (Certificateholder Put Right)*) the holder thereof must, if the Trust Certificate is in definitive form and held outside DTC, Euroclear and Clearstream, Luxembourg, deliver, at the specified office of the relevant Registrar at any time during normal business hours of such Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) set out in the Agency Agreement and obtainable from any specified office of the relevant Registrar (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 10.5 (*Dissolution at the Option of the Certificateholders (Certificateholder Put Right)*) and the aggregate face amount thereof to be redeemed and, if less than the full aggregate face amount of the Definitive Trust Certificates so surrendered is to be redeemed, an address to which a new Definitive Trust Certificate in respect of the balance of such Definitive Trust Certificates is to be sent subject to and in accordance with the provisions of Condition 3 (*Transfers of Trust Certificates*).

If the relevant Trust Certificate is represented by a Global Trust Certificate and held through DTC or Euroclear and Clearstream, Luxembourg, to exercise the right to require redemption thereof the holder of such Trust Certificate must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of DTC or Euroclear and Clearstream, Luxembourg (as applicable) (which may include notice being given on such Certificateholder's instruction by DTC or Euroclear and Clearstream, Luxembourg or any depositary or custodian (as applicable) for them to the Principal Paying Agent by electronic means) in a form acceptable to DTC or Euroclear and Clearstream, Luxembourg (as applicable) from time to time and at the same time present or procure the presentation of the relevant Global Trust Certificate to the Principal Paying Agent for notation accordingly.

No Put Notice or other notice given in accordance with the standard procedures of DTC or Euroclear and Clearstream, Luxembourg given by a holder of any Trust Certificate pursuant to this Condition 10.5 (*Dissolution at the Option of the Certificateholders (Certificateholder Put Right)*) may be withdrawn without the prior consent of the Trustee except where, prior to the due date of redemption, a Dissolution Event has occurred and the Delegate has declared the Trust Certificates are to be redeemed pursuant to Condition 14 (*Dissolution Events*), in which event such holder, at its option, may elect by notice to the Trustee to withdraw the notice given pursuant to this Condition 10.5 (*Dissolution at the Option of the Certificateholders (Certificateholder Put Right)*).

The holder of a Trust Certificate may not exercise such Certificateholder Put Right in respect of any Trust Certificate which is the subject of an exercise by the Ministry of Finance of its Optional Dissolution Call Right option or Clean Up Call Right option.

In the case of the redemption of part only of a Trust Certificate, a new Definitive Trust Certificate in respect of the unredeemed balance shall be issued in accordance with Condition 3 (*Transfers of Trust Certificates*) which shall apply as in the case of a transfer of Trust Certificates as if such new Definitive Trust Certificate were in respect of the untransferred balance.

10.6 **Dissolution Following a Dissolution Event**

Upon the occurrence of a Dissolution Event, the Trust Certificates shall be redeemed at their Dissolution Event Amount (which is their Dissolution Amount), including all unpaid Periodic Distribution Amounts accrued (if any) to (but excluding) the Dissolution Event Redemption Date (the "**Dissolution Event Amount**"), subject to and as more particularly described in Condition 14 (*Dissolution Events*) and this Condition 10 (*Capital Distributions of Trust*).

10.7 **No Other Optional Early Dissolution**

Neither the Trustee nor the Certificateholders shall be entitled to redeem, or cause to be redeemed, as applicable, the Trust Certificates, otherwise than as provided in this Condition 10 (*Capital Distributions of Trust*) and Condition 14 (*Dissolution Events*). Upon payment in full of all amounts due in respect of the Trust Certificates of any Series the Trustee shall be bound to dissolve the Trust and the Trust Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and neither the Ministry of Finance nor the Trustee shall have any further obligations in respect thereof.

10.8 **Cancellation**

All Trust Certificates which are redeemed will forthwith be forwarded to the relevant Registrar, cancelled and destroyed and accordingly may not be held, reissued or resold.

11. **PURCHASE AND CANCELLATION OF TRUST CERTIFICATES**

11.1 **Purchases**

The Trustee, the Ministry of Finance and/or any other Public Sector Instrumentality may at any time purchase Trust Certificates in the open market or otherwise and at any price. Following any purchase of Trust Certificates pursuant to this Condition 11.1 (*Purchases*), such Trust Certificates 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 Trust Certificates resold pursuant to Rule 144A 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 Trust Certificates will be cancelled forthwith. Any Trust Certificates so purchased, while held by, or on behalf of, the Trustee, the Ministry of Finance or any Public Sector Instrumentality, shall not entitle the holder to vote at any meeting of Certificateholders and shall not be deemed to be outstanding for the purposes of meetings of Certificateholders or for the purposes of any Written Resolution or for the purposes of Condition 14 (*Dissolution Events*), 18 (*Meetings of Certificateholders; Written Resolutions*) or 19 (*Aggregation Agent; Aggregation Procedures*), all as more particularly set out in Condition 18.9 (*Trust Certificates Controlled by the Trustee or the Ministry of Finance*).

11.2 **Cancellation**

Should the Ministry of Finance wish to cancel any Trust Certificates purchased pursuant to Condition 11.1 (*Purchases*), it shall deliver a Cancellation Notice to the Trustee (in accordance with the Sale and Substitution Undertaking) whereupon the Trustee shall, in accordance with the terms of the Sale and Substitution Undertaking, be obliged to transfer all of the Trustee's rights, title, interests, benefits and entitlements, present and future, in, to and under the remaining Usufruct Right(s) to the Cancelled Lease Asset(s) to the Ministry of Finance in consideration for which the Trust Certificates shall be cancelled. The transfer of the Cancelled Lease Asset(s) will take effect by the Ministry of Finance, the Trustee and the Delegate entering into a Sale Agreement (in the form scheduled to the Sale and Substitution Undertaking). Following the entry into such Sale Agreement, the Trustee shall forthwith surrender to the relevant Registrar the relevant Trust Certificates identified for cancellation in the Cancellation Notice on the Cancellation Date and, upon surrender thereof, all such Trust Certificates shall be cancelled forthwith.

12. **TAXATION**

All payments in respect of the Trust Certificates shall be made in the Specified Currency 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 Arab Republic of Egypt or any political subdivision therein or any authority therein or thereof having power to tax (the "**Relevant Jurisdiction**"), unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Trustee shall pay such additional amounts as will result in receipt by the Certificateholders, 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 Trust Certificate:

(a) held 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 Trust Certificate by reason of the holder or a beneficial owner having some connection with the Relevant Jurisdiction, other than the mere acquisition or holding of any Trust Certificate or the enforcement or receipt of payment under or in respect of any Trust Certificate; or

(b) more than 30 days after the Relevant Date, except to the extent that the holder of such Trust Certificate would have been entitled to such additional amounts on presenting such Trust Certificate for payment on the last day of such period of 30 days.

The Transaction Documents provide that payments thereunder by or on behalf of the Ministry of Finance shall be made free and clear of, and without any deduction or withholding for, any taxes of whatever nature imposed, levied, collected, withheld or assessed by or within any Relevant Jurisdiction or any authority therein or thereof having power to tax, unless the withholding or deduction is required by law. In that event, the Transaction Documents provide for the payment by the Ministry of Finance of such additional amounts as will result in the receipt by the Trustee of such amounts as would have been received by it had no such deduction or withholding been required and accordingly the Obligor has undertaken to pay to the Trustee or such other persons *as the Trustee may direct such additional amounts forthwith upon demand and in the manner and Specified Currency prescribed in the Transaction Documents.*

Further, in accordance with the terms of the Master Declaration of Trust, the Obligor has unconditionally and irrevocably undertaken to (irrespective of the payment of any fee), as a continuing obligation, if the Trustee fails to comply with any obligation to pay additional amounts pursuant to this Condition 12 (Taxation), pay to or to the order of the Delegate (for the benefit of the Certificateholders) an amount equal to the liability of the Trustee in respect of any and all additional amounts required to be paid by the Trustee in respect of the Trust Certificates pursuant to this Condition 12 (Taxation).

Notwithstanding any other terms of the Trust Certificates, any amounts to be paid on or with respect to the Trust Certificates will be paid net of any deduction or withholding imposed or required pursuant to sections 1471 through 1474 of the Code ("**FATCA**"), any current or future Treasury regulations or rulings promulgated thereunder, any law, regulation or other official guidance enacted in any jurisdiction implementing FATCA, any intergovernmental agreement between the United States and any other jurisdiction to implement FATCA or any law enacted by such other jurisdiction to give effect to such agreement, or any agreement with the U.S. Internal Revenue Service under FATCA. Neither the issuer nor any other person will be required to pay any additional amounts in respect of FATCA with respect to the Trust Certificates.

13. PRESCRIPTION

The rights to receive distributions in respect of the Trust Certificates will be forfeited unless claimed within periods of 10 years (in the case of Dissolution Amounts) and five years (in the case of Periodic Distribution Amounts) from the Relevant Date in respect thereof.

14. DISSOLUTION EVENTS

If any of the following events occurs and is continuing (each, a "**Dissolution Event**"):

(a) default is made in the payment of the Dissolution Amount on the date fixed for payment thereof or default is made in the payment of any Periodic Distribution Amount on the due date for payment thereof and, in the case of the Dissolution Amount, such default continues unremedied for a period of seven Business Days and, in the case of a Periodic Distribution Amount, such default continues unremedied for a period of 14 Business Days; or

(b) the Trustee fails to perform or observe any one or more of its other duties, obligations or undertakings under the Trust Certificates or the Transaction Documents, which failure is, in the sole opinion of the Delegate, incapable of remedy or, if in the sole opinion of the Delegate is capable of remedy, is not, in the sole opinion of the Delegate, remedied within the period of 30 days following the service by the Delegate of a notice on the Trustee requiring the same to be remedied; or

(c) a MOF Event occurs; or

(d) the Trustee repudiates or challenges the valid, legal, binding and enforceable nature of any, or any part of a, Transaction Document to which it is a party or does or causes to be done any act or thing evidencing an intention to repudiate or challenge the valid, legal, binding and enforceable nature of any, or any part of a, Transaction Document to which it is a party; or

(e) at any time it is or will become unlawful or impossible for the Trustee to perform or comply with any or all of its obligations under the Trust Certificates or the Transaction Documents or any of the obligations of the Trustee under the Trust Certificates or the Transaction Documents are not or cease to be legal, valid, binding and enforceable; or

(f) either: (i) the Trustee is (or is deemed by law or a court to be) insolvent or unable to pay its debts as they fall due; or (ii) an administrator or liquidator of the whole or substantially the whole of the undertaking, assets and revenues of the Trustee is appointed (or application for any such appointment is made); or (iii) the Trustee takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it; or (iv) the Trustee ceases or threatens to cease to carry on all or substantially the whole of its business (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or

(g) an order or decree is made or an effective resolution is passed for the winding-up, liquidation or dissolution of the Trustee; or

(h) any event occurs which under the laws of the Arab Republic of Egypt has an analogous effect to any of the events referred to in paragraphs (f) and (g) above,

the Delegate, upon receiving notice thereof under the Declaration of Trust or otherwise becoming aware of the occurrence of a Dissolution Event and subject to it being indemnified and/or secured and/or prefunded to its satisfaction, shall promptly give notice of the occurrence of such Dissolution Event to the holders of Trust Certificates in accordance with Condition 17 (*Notices*) with a request to such holders to indicate to the Trustee and the Delegate if they wish the Trust Certificates to be redeemed and the Trust to be dissolved. Following the issuance of such notice, the Delegate in its sole discretion may, and if so requested in writing by the holders of at least 25 per cent. of the then aggregate face amount of the Series of Trust Certificates outstanding or if so directed by an Extraordinary Resolution of the holders of the Trust Certificates (each a "**Dissolution Request**") the Delegate shall, (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction) give notice (a "**Dissolution Notice**") to the Trustee, the Ministry of Finance and the holders of the Trust Certificates of the relevant Series in accordance with Condition 17 (*Notices*) that the Trust Certificates are immediately due and payable at the Dissolution Amount, on the date of such notice (the "**Dissolution Event Redemption Date**"), whereupon they shall become so due and payable. If it has not already done so, (so long as a Total Loss Event has not occurred), the Trustee (or the Delegate acting on behalf of the Certificateholders) shall exercise its rights under the Purchase Undertaking by serving an Exercise Notice on the Ministry of Finance.

Upon payment in full of such amounts, the Trust will be dissolved, the Trust Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

For the purposes of paragraph (a) above, amounts shall be considered due in respect of the Trust Certificates (including for the avoidance of doubt any amounts calculated as being payable under Condition 7 (*Fixed Periodic Distribution Provisions*) and Condition 10 (*Capital Distributions of Trust*)) notwithstanding that the Trustee has at the relevant time insufficient funds or Trust Assets to pay such amounts.

For the purposes of this Condition 14 (*Dissolution Events*), "**MOF Event**" shall mean each of the following events:

(i) if the Ministry of Finance (acting in any capacity) fails to pay an amount in the nature of profit (corresponding to all or part of the Periodic Distribution Amounts payable by the Trustee under the Trust Certificates) payable by it pursuant to any Transaction Document to which it is a party or an amount in the nature of principal (corresponding to all or part of the Dissolution Amount payable by the Trustee under the Trust Certificates) payable by it pursuant to any Transaction Document to which it is a party (including, for the avoidance of doubt, any Supplementary Rental due under the Lease Agreement and any Unutilised Usufruct Amount due under the Total Loss Event Payment Undertaking) and the failure continues for a period of 15 days; or

(ii) the occurrence of a Partial Loss Dissolution Event;

(iii) if the Ministry of Finance (acting in any capacity) fails to perform or observe any one or more of its other obligations under the Transaction Documents (including clause 3.1 of the relevant Supplemental Lease Agreement), which failure is, in the sole opinion of the Delegate, incapable of remedy or, if in the sole opinion of the Delegate capable of remedy, is not, in the sole opinion of the Delegate, remedied within the period of 30 days following the service by the Delegate on the Ministry of Finance of notice requiring the same to be remedied; or

(iv) if the Ministry of Finance repudiates or challenges the valid, legal, binding and enforceable nature of any, or any part of a, Transaction Document to which it is a party or does or causes to be done any act or thing evidencing an intention to repudiate or challenge the valid, legal, binding and enforceable nature of any, or any part of a, Transaction Document to which it is a party; or

(v) if:

(a) if any other Public External Indebtedness of the Ministry of Finance becomes due and payable prior to its stated maturity by reason of default;

(b) any such Public External Indebtedness is not paid at maturity thereof; or

(c) any Guarantee of such Public External Indebtedness is not honoured when due and called upon,

and, in the case of either sub-paragraph (b) or (c) above, such failure continues beyond any applicable grace period, **provided that** the amount of Public External Indebtedness referred to in sub-paragraph (a) and/or (b) above and/or the amount payable under any Guarantee referred to in sub-paragraph (c) above, as applicable, either alone or when aggregated with all other indebtedness in respect of which such an event shall have occurred and be continuing shall be more than U.S.$75,000,000 (or its equivalent in any other currency or currencies); or

(vi) the Ministry of Finance ceases to be a member in good standing, or becomes ineligible to use the resources of the IMF or of any successor of which the Ministry of Finance shall have become a member that performs the function of, or functions similar to, the IMF; or

(vii) the Ministry of Finance shall have declared a general moratorium on the payment of principal of, or profit or interest on, all or any part of its Public External Indebtedness; or

(viii) for any reason whatsoever, the obligations under the Trust Certificates or the Transaction Documents become unlawful or are declared by a court of competent jurisdiction to be no longer binding on, or no longer enforceable against, the Ministry of Finance; or

(ix) the Ministry of Finance or any of its political sub-divisions on behalf of the Ministry of Finance contest the validity of any Series of the Trust Certificates or any, or any part of a, Transaction Document to which it is a party; or

(x) the requisition, confiscation, attachment, sequestration or execution of any legal process by the Ministry of Finance in respect of the whole of the Lease Assets; or

(xi) if any action, condition or thing at any time required to be taken, fulfilled or done in order:

(a) to enable the Ministry of Finance lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Transaction Documents; or

(b) to ensure that those obligations are legal, valid, binding and enforceable,

is not taken, fulfilled or done.

15. ENFORCEMENT AND EXERCISE OF RIGHTS

15.1 Limitation on Liability of the Trustee

Following the enforcement, realisation and ultimate distribution of the proceeds of the Trust Assets in respect of the Trust Certificates to the Certificateholders in accordance with these Conditions and the Declaration of Trust, the Trustee shall not be liable for any further sums, and accordingly no Certificateholder may take any action against the Trustee, the Delegate or any other Person to recover any such sum in respect of the Trust Certificates or Trust Assets.

15.2 **Delegate Not Obliged to Take Action**

The Delegate shall not be bound in any circumstances to take any action to enforce or to realise the Trust Assets or take any action, step or proceedings against the Ministry of Finance and/or the Trustee under any Transaction Document unless directed or requested to do so in writing by the holders of at least 25 per cent. in aggregate face amount of the Trust Certificates then outstanding and subject, in each case, to it being indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

15.3 **Direct Enforcement by Certificateholders**

No Certificateholder shall be entitled to proceed directly against the Trustee or the Ministry of Finance, under any Transaction Document, unless the Delegate, having become so bound to proceed, (i) fails to do so within 30 days of becoming so bound; or (ii) is unable for any reason (including by reason of an order of a court having competent jurisdiction) to do so, and such failure or inability is continuing. Under no circumstances shall the Trustee, the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the Trust Assets (other than as expressly contemplated in the Transaction Documents and/or these Conditions), and the sole right of the Trustee, the Delegate and the Certificateholders against the Trustee and the Ministry of Finance, as applicable, shall be to enforce their respective obligations under the Transaction Documents.

15.4 **Limited Recourse**

Conditions 15.1 (*Limitation on Liability of the Trustee*), 15.2 (*Delegate Not Obliged to Take Action*) and 15.3 (*Direct Enforcement by Certificateholders*) are subject to this Condition 15.4. After enforcing or realising the Trust Assets in respect of the Trust Certificates of the relevant Series and distributing the net proceeds of the relevant Trust Assets in accordance with these Conditions and the Declaration of Trust, the obligations of the Trustee in respect of the Trust Certificates of the relevant Series shall be satisfied and no Certificateholder may take any further steps against the Trustee or the Delegate or any other Person to recover any further sums in respect of the Trust Certificates of the relevant Series and the right to receive any such sums unpaid shall be extinguished.

16. **REPLACEMENT OF DEFINITIVE TRUST CERTIFICATES**

Should any Definitive Trust Certificate be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the relevant Registrar upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Trustee may reasonably require (in light of prevailing market practice). Mutilated or defaced Definitive Trust Certificates must be surrendered and cancelled before replacements will be issued.

17. **NOTICES**

17.1 **Notices to Certificateholders while Trust Certificates are held in global form**

So long as any Trust Certificates are evidenced by a Global Trust Certificate and such Global Trust Certificate is held by or on behalf of DTC, Euroclear or Clearstream, Luxembourg, notices to Certificateholders may be given by delivery of such notice to the relevant clearing systems for communication by them to entitled account holders.

So long as the Trust Certificates are represented by one or more Global Trust Certificates held on behalf of DTC or Euroclear and/or Clearstream, Luxembourg, or, in each case, the relevant nominee, notices to Certificateholders may be given by delivery of the relevant notice to those clearing systems for communication to entitled holders in substitution for notification as set out above.

17.2 **Notices to Certificateholders of Definitive Trust Certificates**

Notices to Certificateholders of Definitive Trust Certificates 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 Certificateholders of those Trust Certificates at their respective addresses as recorded in the relevant Register for those Trust Certificates, 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.

17.3 **Rules of listing authority, stock exchange and/or quotation system**

The Trustee shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any listing authority, stock exchange and/or quotation system (if any) on which the Trust Certificates are for the time being listed or on which they have been admitted to trading and/or quotation (as applicable) including, if required by those rules or regulations, publication on the website of the relevant authority, relevant stock exchange and/or relevant quotation system and/or in a daily newspaper of general circulation in the place or places required by those rules. In addition, for so long as any Trust Certificates are listed on a stock exchange or are admitted to trading by another relevant authority and/or admitted to quotation (as applicable) and the rules of that stock exchange, relevant authority or quotation system (as applicable) so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules. If in the opinion of the Delegate any such publication is not practicable, notice required to be given pursuant to these Conditions shall be validly given if published in another leading daily English language newspaper with general circulation in Europe.

18. **MEETINGS OF CERTIFICATEHOLDERS; WRITTEN RESOLUTIONS**

18.1 **Convening Meetings of Certificateholders; Conduct of Meetings of Certificateholders; Written Resolutions**

(a) The Trustee, the Ministry of Finance and/or the Delegate may convene a meeting (including by way of conference call or by use of a videoconference platform) of the Certificateholders at any time in respect of the Trust Certificates in accordance with the provisions of the Master Declaration of Trust and the Agency Agreement. The Trustee, the Ministry of Finance or the Delegate, as the case may be, will determine the time and place (or the details of the electronic platform to be used in the case of a virtual meeting) of the meeting and will notify the Certificateholders of the time, place and purpose of the meeting not less than 21 and not more than 45 calendar days before the meeting. Every virtual meeting shall be held via an electronic platform and at a time approved by the Delegate. With respect to a virtual meeting, each such notice shall set out such other and further details as are required by the Master Declaration of Trust and the Agency Agreement.

(b) The Trustee, the Ministry of Finance and/or the Delegate (subject to its being indemnified and/or secured and/or prefunded to its satisfaction) will convene a meeting (including by way of conference call or by use of a videoconference platform) of Certificateholders if the holders of at least 10 per cent. in face amount of the outstanding Trust Certificates (as defined in the Master Declaration of Trust and described in Condition 18.9 (*Trust Certificates Controlled by the Trustee or the Ministry of Finance*)) have delivered a written request to the Trustee, the Ministry of Finance or the Delegate (with a copy to the Trustee and the Ministry of Finance) setting out the purpose of the meeting. The Delegate shall agree the time and place of the meeting with the Trustee and the Ministry of Finance promptly. The Trustee, the Ministry of Finance or the Delegate, as the case may be, will notify the Certificateholders 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. The notice convening any meeting will specify each of the details set out in paragraph (d) below.

(c) The Trustee or the Ministry of Finance (as the case may be) (with the agreement of the Delegate) will set the procedures governing the conduct of any meeting in accordance with the Master Declaration of Trust and the Agency Agreement. If neither the Master Declaration of Trust nor the Agency Agreement includes such procedures, or additional procedures are required, the Trustee, the Ministry of Finance and the Delegate 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 Trustee or the Ministry of Finance (as the case may be) proposes any modification to the terms and conditions of, or action with respect to, two or more series of securities issued by it.

(d) The notice convening any meeting will specify, *inter alia*:

(i) the date, time and location of the meeting;

(ii) the agenda and the text of any Extraordinary Resolution (as defined below) to be proposed for adoption at the meeting;

(iii) the Record Date for the meeting, which shall be no more than five business days before the date of the meeting;

(iv) the documentation required to be produced by a Certificateholder in order to be entitled to participate at the meeting or to appoint a proxy to act on the Certificateholder's behalf at the meeting;

(v) any time deadline and procedures required by any relevant international and/or domestic clearing systems or similar through which the Trust Certificates are traded and/or held by Certificateholders;

(vi) whether Condition 18.2 (*Modification of this Series of Trust Certificates Only*), 18.3 (*Multiple Series Aggregation – Single Limb Voting*) or 18.4 (*Multiple Series Aggregation – Two Limb Voting*) shall apply and, if relevant, in relation to which other series of securities it applies;

(vii) if the proposed modification or action relates to two or more series of securities issued by it and contemplates such series of securities being aggregated in more than one group of securities, a description of the proposed treatment of each such group of securities;

(viii) such information that is required to be provided by the Trustee in accordance with Condition 18.6 (*Information*);

(ix) the identity of the Aggregation Agent (appointed in accordance with Condition 19.1 (*Appointment*) and as defined therein) 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 18.7 (*Claims Valuation*); and

(x) 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 securities.

(e) In addition, the Master Declaration of Trust contains provisions relating to Written Resolutions (as defined below). All information to be provided pursuant to Condition 18.1(d) (*Convening Meetings of Certificateholders; Conduct of Meetings of Certificateholders; Written Resolutions*) shall also be provided, *mutatis mutandis*, in respect of Written Resolutions.

(f) A "**Record Date**" in relation to any proposed modification or action means the date fixed by the Trustee or the Ministry of Finance (as the case may be) for determining the Certificateholders and, in the case of a multiple series aggregation, the holders of 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 as set out below.

(g) 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.

(h) 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.

(i) Any reference to "**securities**" means any trust certificates (including, without limitation, the Trust Certificates), bonds, debentures or other securities (which for these purposes shall be deemed to include any other sukuk representing the credit of the Ministry of Finance or any other similar instruments) issued directly or indirectly by the Trustee or the Ministry of Finance in one or more series with an original stated maturity of more than one year.

(j) "**Securities Capable of Aggregation**" means those securities which include or incorporate by reference this Condition 18 (*Meetings of Certificateholders; Written Resolutions*) and Condition 19 (*Aggregation Agent; Aggregation Procedures*) or provisions substantially in these terms which provide for the securities which include such provisions to be capable of being aggregated for voting purposes with other series of securities.

(k) "**business day**" shall mean a day on which banks are open for business in the city in which the specified office of the relevant Registrar is located.

18.2 **Modification of this Series of Trust Certificates Only**

(a) Without prejudice to clause 9 of the Master Declaration of Trust, any modification of any provision of, or any action in respect of, these Conditions or the Transaction Documents in respect of the Trust Certificates may be made or taken if approved by a Single Series Extraordinary Resolution or a Single Series Written Resolution as set out below.

(b) A "**Single Series Extraordinary Resolution**" means a resolution passed at a meeting of Certificateholders duly convened and held in accordance with the procedures prescribed by the Trustee or the Ministry of Finance and the Delegate pursuant to Condition 18.1 (*Convening Meetings of Certificateholders; Conduct of Meetings of Certificateholders; Written Resolutions*) by a majority of:

(i) in the case of a Reserved Matter, at least 75 per cent. of the aggregate face amount of the outstanding Trust Certificates; or

(ii) in the case of a matter other than a Reserved Matter, more than 50 per cent. of the aggregate face amount of the outstanding Trust Certificates.

(c) A "**Single Series Written Resolution**" means a resolution in writing signed or confirmed in writing by or on behalf of the holders of:

(i) in the case of a Reserved Matter, at least 75 per cent. of the aggregate face amount of the outstanding Trust Certificates; or

(ii) in the case of a matter other than a Reserved Matter, more than 50 per cent. of the aggregate face amount of the outstanding Trust Certificates.

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 Certificateholders.

(d) Any Single Series Extraordinary Resolution duly passed or Single Series Written Resolution approved shall be binding on all Certificateholders, 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.

18.3 **Multiple Series Aggregation – Single Limb Voting**

(a) 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 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 (as defined below) is satisfied.

(b) A "**Multiple Series Single Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Trustee or the Ministry of Finance (as the case may be) and the Delegate pursuant to Condition 18.1 (*Convening Meetings of Certificateholders; Conduct of Meetings of Certificateholders; Written Resolutions*), as supplemented if necessary, which is passed by a majority of at least 75 per cent. of the aggregate face amount of the outstanding securities of all affected series of Securities Capable of Aggregation (taken in aggregate).

(c) 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 Securities Capable of Aggregation, in accordance with the applicable securities documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of at least 75 per cent. of the aggregate face amount of the outstanding securities of all affected series of 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 Certificateholders or one or more holders of each affected series of Securities Capable of Aggregation.

(d) Any Multiple Series Single Limb Extraordinary Resolution duly passed or Multiple Series Single Limb Written Resolution approved shall be binding on all Certificateholders and holders of each other affected series of 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.

(e) The "**Uniformly Applicable**" condition will be satisfied if:

(i) the holders of all affected series of Securities Capable of Aggregation are invited to exchange, convert, or substitute their securities, on the same terms, for (A) the same new instrument or other consideration; or (B) a new instrument, new instruments or other consideration from an identical menu of instruments or other consideration; or

(ii) the amendments proposed to the terms and conditions of each affected series of 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 currency of issuance).

(f) It is understood that a proposal under Condition 18.3(c) (*Multiple Series Aggregation – Single Limb Voting*) will not be considered to satisfy the Uniformly Applicable condition if each exchanging, converting, substituting or amending holder of each affected series of Securities Capable of Aggregation is not offered the same amount of consideration per Dissolution Amount, the same amount of consideration per Periodic Distribution Amount accrued but unpaid and the same amount of consideration per past due Periodic Distribution Amount, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of 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 Securities Capable of Aggregation is not offered the same amount of consideration per Dissolution Amount, the same amount of consideration per amount of Periodic Distribution Amount accrued but unpaid and the same amount of consideration per amount of past due Periodic Distribution Amount, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Securities Capable of Aggregation electing the same option from such menu of instruments).

(g) Any modification or action proposed under this Condition 18.3 (*Multiple Series Aggregation – Single Limb Voting*) may be made in respect of some series only of the Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 18.3 (*Multiple Series Aggregation – Single Limb Voting*) may be used for different groups of two or more series of Securities Capable of Aggregation simultaneously.

18.4 **Multiple Series Aggregation – Two Limb Voting**

(a) In relation to a proposal that includes a Reserved Matter (as defined below), any modification to the terms and conditions of, or any action with respect to, two or more series of 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.

(b) A "**Multiple Series Two Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Trustee or the Ministry of Finance (as the case may be) and the Delegate pursuant to Condition 18.1 (*Convening Meetings of Certificateholders; Conduct of Meetings of Certificateholders; Written Resolutions*), as supplemented if necessary, which is passed by a majority of:

(i) at least 66⅔ per cent. of the aggregate face amount of the outstanding securities of affected series of Securities Capable of Aggregation (taken in aggregate); and

(ii) more than 50 per cent. of the aggregate face amount of the outstanding securities in each affected series of Securities Capable of Aggregation (taken individually).

(c) 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 Securities Capable of Aggregation, in accordance with the applicable securities documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of:

(i) at least 66⅔ per cent. of the aggregate face amount of the outstanding securities of all the affected series of Securities Capable of Aggregation (taken in aggregate); and

(ii) more than 50 per cent. of the aggregate face amount of the outstanding securities in each affected series of 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 Certificateholders or one or more holders of each affected series of Securities Capable of Aggregation.

(d) Any Multiple Series Two Limb Extraordinary Resolution duly passed or Multiple Series Two Limb Written Resolution approved shall be binding on all Certificateholders and holders of each other affected series of 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.

(e) Any modification or action proposed under this Condition 18.4 (*Multiple Series Aggregation – Two Limb Voting*) may be made in respect of some series only of the Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 18.4 (*Multiple Series Aggregation – Two Limb Voting*) may be used for different groups of two or more series of Securities Capable of Aggregation simultaneously.

18.5 **Reserved Matters**

In these Conditions, "**Reserved Matter**" means any proposal:

(a) to change the Scheduled Dissolution Date or any other date, or the method of determining the Scheduled Dissolution Date or any other date, for payment of the Dissolution Amount, the Periodic Distribution Amount or any other amount in respect of the Trust Certificates, to reduce or cancel the amount of the Dissolution Amount, the Periodic Distribution Amount or any other amount payable on any date in respect of the Trust Certificates or to change the method of calculating the amount of the Dissolution Amount, the Periodic Distribution Amount or any other amount payable in respect of the Trust Certificates on any date for any such payment;

(b) to change the currency in which any amount due in respect of the Trust Certificates is payable or the place in which any payment is to be made;

(c) to change the majority required to pass an Extraordinary Resolution, a Written Resolution or any other resolution of Certificateholders or the number or percentage of votes required to be cast, or the number or percentage of Trust Certificates required to be held, in connection with the taking of any decision or action by or on behalf of the Certificateholders or any of them;

(d) 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";

(e) to change the definition of "securities" or "Securities Capable of Aggregation";

(f) to change the definition of "**Uniformly Applicable**";

(g) to change the definition of "**outstanding**" or to modify the provisions of Condition 18.9 (*Trust Certificates Controlled by the Trustee or the Ministry of Finance*);

(h) to change the legal ranking of the Trust Certificates;

(i) to change the priority of payments as described in Condition 5.2 (*Application of Proceeds from the Trust Assets*);

(j) to change any provision of the Trust Certificates describing circumstances in which Trust Certificates may be declared due and payable prior to their scheduled maturity date, set out in Condition 14 (*Dissolution Events*);

(k) to change the law governing the Trust Certificates, the courts to the jurisdiction of which the Issuer and the Ministry of Finance has submitted in the Trust Certificates, any of the arrangements specified in the Trust Certificates to enable proceedings to be taken or the Trustee's and the Ministry of Finance's waiver of immunity, in respect of actions or proceedings brought by any Certificateholder, set out in Condition 25 (*Waiver of Immunity*);

(l) to impose any condition on or otherwise change the Trustee's obligation to make payments of the Dissolution Amount, the Periodic Distribution Amount or any other amount in respect of the Trust Certificates, including by way of the addition of a call option;

(m) to modify the provisions of this Condition 18.5 (*Reserved Matters*);

(n) to change the Trustee's covenants included in the Transaction Documents or to change any of the Ministry of Finance's covenants set out in the Lease Agreement or any of its covenants or undertakings to make a payment under any Transaction Document to which it is a party; or

(o) to exchange or substitute all the Trust Certificates for, or convert all the Trust Certificates into, other obligations or securities of the Trustee or the Ministry of Finance (as the case may be) or any other person, or to modify any provision of these Conditions in connection with any exchange or substitution of the Trust Certificates for, or the conversion of the Trust Certificates into, any other obligations or securities of the Trustee or the Ministry of Finance (as the case may be) or any other person, which would result in these Conditions as so modified being less favourable to the Certificateholders which are subject to these Conditions as so modified than:

(i) the provisions of the other obligations or securities of the Trustee or the Ministry of Finance (as the case may be) or any other person resulting from the relevant exchange or substitution or conversion; or

(ii) if more than one series of other obligations or securities results from the relevant exchange or substitution or conversion, the provisions of the resulting series of securities having the largest aggregate face amount.

18.6 **Information**

Prior to or on the date that the Trustee or the Ministry of Finance or the Delegate (as the case may be) proposes any Extraordinary Resolution or Written Resolution pursuant to Condition 18.2 (*Modification of this Series of Trust Certificates Only*), 18.3 (*Multiple Series Aggregation – Single Limb Voting*) or 18.4 (*Multiple Series Aggregation – Two Limb Voting*), the Trustee or the Ministry of Finance (as the case may be) shall publish in accordance with Conditions 17 (*Notices*) and 19 (*Aggregation Agent; Aggregation Procedures*), and provide the Delegate with the following information:

(a) a description of the Trustee's and the Ministry of Finance's economic and financial circumstances which are, in the Trustee's or the Ministry of Finance's, as applicable, opinion, relevant to the request for any potential modification or action, a description of the Trustee's and the Ministry of Finance's existing debts and *Shari'a*-compliant financings and a description of the Ministry of Finance's broad policy reform programme and provisional macroeconomic outlook;

(b) if the Trustee or the Ministry of Finance shall at the time have entered into an arrangement for financial assistance with multilateral and/or other major financiers or creditor groups and/or an agreement with any such financiers regarding debt relief, a description of any such arrangement or agreement. Where permitted under the information disclosure policies of the multilateral or such other financiers, as applicable, copies of the arrangement or agreement shall be provided;

(c) a description of the Trustee's and/or the Ministry of Finance's proposed treatment of external securities that fall outside the scope of any multiple series aggregation and its intentions with respect to any other securities and its other major creditor groups; and

(d) if any proposed modification or action contemplates securities being aggregated in more than one group of securities, a description of the proposed treatment of each such group, as required for a notice convening a meeting of the Certificateholders in accordance with Condition 18.1(d)(vii) (*Convening Meetings of Certificateholders; Conduct of Meetings of Certificateholders; Written Resolutions*).

18.7 **Claims Valuation**

For the purpose of calculating the par value of the Trust Certificates and any affected series of securities which are to be aggregated with the Trust Certificates in accordance with Conditions 18.3 (*Multiple Series Aggregation – Single Limb Voting*) and 18.4 (*Multiple Series Aggregation – Two Limb Voting*), the Trustee or the Ministry of Finance (as the case may be) may appoint a calculation agent (in such capacity, the "**Calculation Agent**"). The Trustee or the Ministry of Finance (as the case may be) 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 Trust Certificates and such affected series of 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 Trust Certificates and each other affected series of securities for these purposes, and the same methodology will be promulgated for each affected series of securities.

18.8 **Manifest Error, etc.**

The Trust Certificates, these Conditions and the provisions of the Declaration of Trust or any other Transaction Document can only be amended by the Ministry of Finance and the Trustee with the prior written consent of the Delegate and the Delegate may agree, without the consent of Certificateholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the Conditions of the Trust Certificates, these Conditions, the Declaration of Trust or any other Transaction Document or determine, without any such consent or sanction as aforesaid, that any Dissolution Event or Potential Dissolution Event shall not be treated as such if, in the opinion of the Delegate:

(a) such modification is of a formal, minor or technical nature; or

(b) such modification is made to correct a manifest error; or

(c) such modification, waiver, authorisation or determination is not, in the sole opinion of the Delegate, materially prejudicial to the interests of Certificateholders and is other than in respect of a Reserved Matter,

provided that no such modification, waiver, authorisation or determination may be made in contravention of any express direction by Extraordinary Resolution or request in writing by the holders of at least 25 per cent. of the outstanding aggregate face amount of Trust Certificates.

Any such modification, waiver, authorisation or determination may be made on such terms and subject to such conditions (if any) as the Delegate may determine, shall be binding upon the Certificateholders and shall as soon as practicable thereafter be notified by the Trustee to Certificateholders in accordance with Condition 17 (*Notices*).

18.9 **Trust Certificates Controlled by the Trustee or the Ministry of Finance**

For the purposes of (a) determining the right to attend and vote at any meeting of Certificateholders, or the right to sign or confirm in writing, or authorise the signature of, any Written Resolution, (b) this Condition 18 (*Meetings of Certificateholders; Written Resolutions*) and (c) Condition 14 (*Dissolution Events*), any Trust Certificates which are for the time being held by or on behalf of the Trustee, the Ministry of Finance, or by or on behalf of any Person which is owned or controlled directly or indirectly by the Trustee, the Ministry of Finance or by any Public Sector Instrumentality shall be disregarded and be deemed not to remain outstanding.

A Trust Certificate will also be deemed to be not outstanding if, in accordance with these Conditions, the Trust Certificate has previously been cancelled or delivered for cancellation or held for reissuance but not reissued, or, where relevant, the Trust Certificate has previously been called for redemption in accordance with its terms or previously become due and payable at maturity or otherwise and the Trustee or the Ministry of Finance (as the case may be) has previously satisfied its obligations to make all payments due in respect of the Trust Certificates in accordance with its terms.

In advance of any meeting of Certificateholders, or in connection with any Written Resolution, the Trustee or the Ministry of Finance (as the case may be) shall provide to the Delegate a copy of the certificate prepared pursuant to Condition 19.4 (*Certificate*) which includes information on the total number of Trust Certificates which are for the time being held by or on behalf of the Trustee or the Ministry of Finance or by or on behalf of any person which is owned or controlled directly or indirectly by the Trustee, the Ministry of Finance or by any Public Sector Instrumentality and, as such, such Trust Certificates shall be disregarded and deemed not to remain outstanding for the purposes of ascertaining the right to attend and vote at any meeting of Certificateholders or the right to sign, or authorise the signature of, any Written Resolution in respect of any such meeting. The Delegate 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.

18.10 **Publication**

The Trustee or the Ministry of Finance (as the case may be) 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 19.7 (*Manner of Publication*).

18.11 **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, these Conditions may be implemented at the Trustee's or the Ministry of Finance's (as the case may be) option by way of a mandatory exchange or conversion of the Trust Certificates and each other affected series of securities, as the case may be, into new *Shari'a* compliant securities containing the modified terms and conditions if the proposed mandatory exchange or conversion of the Trust Certificates is notified to Certificateholders at the time notification is given to the Certificateholders as to the proposed modification or action. Any such exchange or conversion shall be binding on all Certificateholders.

19. **AGGREGATION AGENT; AGGREGATION PROCEDURES**

19.1 **Appointment**

The Trustee or the Ministry of Finance (as the case may be) will appoint an aggregation agent (in such capacity, the "**Aggregation Agent**") to calculate whether a proposed modification or action has been approved by the required face amount outstanding of Trust Certificates and, in the case of a multiple series aggregation, by the required face amount of outstanding securities of each affected series of 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 Transaction Documents in respect of the Trust Certificates and in respect of the terms and conditions or securities documentation in respect of each other affected series of securities. The Aggregation Agent shall be independent of the Trustee and the Ministry of Finance.

19.2 **Extraordinary Resolutions**

If an Extraordinary Resolution has been proposed at a duly convened meeting of Certificateholders to modify any provision of, or action in respect of, these Conditions and other affected series of 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 face amount of the outstanding Trust Certificates and, where relevant, each other affected series of 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.

19.3 **Written Resolutions**

If a Written Resolution has been proposed under these Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of 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 face amount of the outstanding Trust Certificates and, where relevant, each other affected series of 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.

19.4 **Certificate**

For the purposes of Conditions 19.2 (*Extraordinary Resolutions*) and 19.3 (*Written Resolutions*), the Trustee and the Ministry of Finance 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 18.2 (*Modification of this Series of Trust Certificates Only*), 18.3 (*Multiple Series Aggregation – Single Limb Voting*) or 18.4 (*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:

(a) list the total face amount of Trust Certificates and, in the case of a multiple series aggregation, the total face amount of each other affected series of securities outstanding on the Record Date; and

(b) clearly indicate the Trust Certificates and, in the case of a multiple series aggregation, securities of each other affected series of securities which shall be disregarded and deemed not to remain outstanding as a consequence of Condition 18.9 (*Trust Certificates Controlled by the Trustee or the Ministry of Finance*) on the Record Date identifying the holders of the Trust Certificates and, in the case of a multiple series aggregation, securities of each other affected series of securities.

The Aggregation Agent may rely upon the terms of any certificate, notice, communication or other document believed by it to be genuine.

19.5 **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 Delegate, the Trustee and the Ministry of Finance as soon as practicable after such determination. Notice thereof shall also promptly be given to the Certificateholders by the Trustee or the Ministry of Finance in accordance with Condition 17 (*Notices*).

19.6 **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 Trustee, the Ministry of Finance, the Delegate and the Certificateholders 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.

19.7 **Manner of Publication**

The Trustee and the Ministry of Finance will publish all notices and other matters required to be published pursuant to the Declaration of Trust including any matters required to be published pursuant to Condition 14 (*Dissolution Events*), Condition 18 (*Meetings of Certificateholders; Written Resolutions*) and this Condition 19 (*Aggregation Agent; Aggregation Procedures*):

(a) through Euroclear, Clearstream, Luxembourg, DTC and/or any other clearing system in which the Trust Certificates are held (as applicable);

(b) in such other places and in such other manner as may be required by applicable law or regulation; and

(c) in such other places and in such other manner as may be customary.

20. **INDEMNIFICATION AND LIABILITY OF THE DELEGATE**

20.1 The Declaration of Trust contains provisions for the indemnification of the Delegate in certain circumstances and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction.

20.2 The Delegate makes no representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of the Ministry of Finance (acting in any capacity) under any Transaction Document and shall not under any circumstances have any Liability or be obliged to account to the Certificateholders in respect of any payment which should have been made by the Ministry of Finance (acting in any capacity), but is not so made, and shall not in any circumstances have any Liability arising from the Trust Assets other than as expressly provided in these Conditions or in the Declaration of Trust.

20.3 Each of the Delegate and the Trustee is exempted from: (a) any Liability in respect of any loss or theft of the Trust Assets or any cash; (b) any obligation to insure the Trust Assets or any cash; and (c) any claim arising from the fact that the Trust Assets or any cash are held by or on behalf of the Trustee or on deposit or in an account with any depositary or clearing system or are registered in the name of the Trustee or its nominee, unless such loss or theft arises as a result of wilful default, gross negligence or fraud of the Delegate or the Trustee, as the case may be.

21. **CURRENCY INDEMNITY**

The Specified Currency is the sole currency of account and payment for all sums payable by the Trustee under or in connection with the Trust Certificates, including actual damages. Any amount received or recovered in a currency other than the Specified Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any Certificateholder in respect of any sum expressed to be due to it from the Trustee shall only constitute a discharge to the Trustee to the extent of the Specified Currency amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so) at the then spot rate of exchange. If that Specified Currency amount is less than the Specified Currency amount expressed to be due to the recipient under any Trust Certificate, the Trustee shall indemnify it against any actual loss sustained by it as a result. In any event, the Trustee shall indemnify the recipient against the actual cost of making any such purchase. For the purposes of this Condition 21 (*Currency Indemnity*), it will be sufficient for the Certificateholder to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Trustee's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Certificateholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Trust Certificate or any other judgment or order.

22. **FURTHER ISSUES**

In respect of any Series, the Trustee shall, subject to and in accordance with the Declaration of Trust, be at liberty from time to time without the consent of the Certificateholders to create and issue additional Trust Certificates having the same terms and conditions as the outstanding Trust Certificates of such Series (or terms and conditions which are the same in all respects save for the date and amount of the first payment of the Periodic Distribution Amount and the date from which Periodic Distribution Amounts start to accrue), and so that the same shall be consolidated and form a single Series with the outstanding Trust Certificates of such Series. Any additional Trust Certificates which are to form a single Series with the outstanding Trust Certificates previously constituted by the Declaration of Trust shall be constituted by a deed supplemental to the Declaration of Trust. References in these Conditions to the Trust Certificates include (unless the context requires otherwise) any other trust certificates issued pursuant to this Condition 22 (*Further Issues*) and forming a single series with the outstanding Trust Certificates.

23. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No Person shall have any right to enforce any term or condition of the Trust Certificates under the Contracts (Rights of Third Parties) Act 1999.

24. **GOVERNING LAW AND JURISDICTION**

24.1 **Governing Law**: The Declaration of Trust (including these Conditions), the Agency Agreement, the Servicing Agency Agreement, the Purchase Undertaking, the Sale and Substitution Undertaking and the Trust Certificates and any non-contractual obligations arising out of or in connection with the same are and shall be governed by, and construed in accordance with, English law.

24.2 **Jurisdiction**: The Delegate, the Trustee and the Ministry of Finance have in the Declaration of Trust agreed for the benefit of the Certificateholders 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 Declaration of Trust and/or the Trust Certificates ("**Proceedings**") and to settle any dispute or difference of whatever nature howsoever arising under, out of or in connection with the Declaration of Trust and/or the Trust Certificates (including a dispute or difference as to the breach, existence or validity of the Declaration of Trust and/or the Trust Certificates) ("**Disputes**") and, for such purposes, irrevocably submits to the jurisdiction of such courts.

24.3 **Appropriate Forum**: Each of the Trustee and the Ministry of Finance has, in the Declaration of Trust, irrevocably waived 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.

24.4 **Service of Process**: Each of the Trustee and the Ministry of Finance has, in the Declaration of Trust, irrevocably appointed the Ambassador of the Ministry of Finance 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 Certificateholder to serve process in any other manner permitted by law.

24.5 **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 Certificateholder 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.

24.6 **Consent to Enforcement etc.**: Subject to Condition 25 (*Waiver of Immunity*) and for the purposes of the State Immunity Act 1978, each of the Trustee and the Ministry of Finance, has in the Declaration of Trust, consented 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.

25. **WAIVER OF IMMUNITY**

Under the Declaration of Trust, the Ministry of Finance and the Trustee has each agreed that, to the extent that it 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), it irrevocably agrees for the benefit of holders of Trust Certificates 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). Each of the Ministry of Finance and the Trustee's waiver of sovereign immunity shall constitute a limited and specific waiver for the purposes of the Transaction Documents to which it is party and the Trust Certificates and under no circumstances shall such waiver be interpreted as a general waiver by it or a waiver of immunity in respect of: (a) property used by a diplomatic or consular mission of the Arab Republic of Egypt; (b) property of a military character and under the control of a military authority or defence agency of the Arab Republic of Egypt; or (c) property located in the Arab Republic of Egypt and dedicated to a public or governmental use (as distinct from property dedicated to a commercial use) by the Arab Republic of Egypt. Without limiting the generality of (a), (b) or (c) in the preceding sentence, the holders of Trust Certificates shall have no recourse to the assets of the Central Bank of Egypt held for its own account.

26. WAIVER OF INTEREST

26.1 Each of the Trustee, the Ministry of Finance and the Delegate has in the Declaration of Trust irrevocably agreed that no interest will be payable or receivable under or in connection therewith and if it is determined that any interest is payable or receivable in connection therewith by a party, whether as a result of any arbitral or judicial award or by operation of any applicable law or otherwise, such party has agreed to waive any rights it may have to claim or receive such interest and has agreed that if any such interest is actually received by it, it shall promptly donate the same to a registered or otherwise officially recognised charitable organisation.

26.2 For the avoidance of doubt, nothing in this Condition 26 (*Waiver of Interest*) shall be construed as a waiver of rights in respect of any Periodic Distribution Amounts, Rentals, Dissolution Amounts, Exercise Price, Certificateholder Put Right Exercise Price, Optional Dissolution Exercise Price, Unutilised Usufruct Amount or profit or principal or other amount payable of any kind howsoever described payable by the Ministry of Finance (in any capacity) or the Trustee (in any capacity) pursuant to the Transaction Documents and/or these Conditions, howsoever such amounts may be described or re-characterised by any court or arbitral tribunal.

SUMMARY OF PROVISIONS RELATING TO THE TRUST CERTIFICATES WHILE IN GLOBAL FORM

1. INITIAL ISSUE OF TRUST CERTIFICATES

The Trust Certificates of each Series will be in registered form. The Trust Certificates will be issued: (i) to non-U.S. persons outside the United States in reliance on the exemption from registration provided by Regulation S; and (ii) within the United States in reliance on (a) Rule 144A or otherwise in private transactions that are exempt from the registration requirements of the Securities Act and (b) Section 3(c)(7) of the Investment Company Act.

1.1 Form of Trust Certificates

The Trust Certificates of each Tranche offered and sold in reliance on Regulation S, which will be sold outside the United States to persons who are not U.S. persons or acquiring for the account or benefit of U.S. persons, will initially be represented by ownership interests in an Unrestricted Global Trust Certificate. Prior to expiry of the distribution compliance period applicable to each Tranche of Trust Certificates, ownership interests in an Unrestricted Global Trust Certificate may not be offered or sold to, or for the account or benefit of, a U.S. person and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Unrestricted Global Trust Certificate will bear a legend regarding such restrictions on transfer.

The Trust Certificates of each Tranche offered and sold in the United States or to U.S. persons may only be offered and sold in private transactions to QIBs who are also QPs, in each case acting for their own account or for the account of one or more QIBs who are also QPs. The Trust Certificates of each Tranche sold to QIBs who are also QPs in reliance on Rule 144A and Section 3(c)(7) of the Investment Company Act will initially be represented by one or more Restricted Global Trust Certificates. By the acquisition of an ownership interest in such certificate, the purchaser thereof will be deemed to represent, among other things, that it is a QIB that is also a QP and that, if in the future it determines to transfer such ownership interest, it will transfer such ownership interest in accordance with the procedures and restrictions contained in the Restricted Global Trust Certificate.

No ownership interest in an Unrestricted Global Trust Certificate may be transferred to a person who takes delivery in the form of an ownership interest in a Restricted Global Trust Certificate unless: (i) the transfer is to a person that is a QIB who is also a QP; (ii) such transfer is made in reliance on Rule 144A and Section 3(c)(7) of the Investment Company Act; and (iii) the transferor provides the Registrars with a written certification to the effect that the transferor reasonably believes that the transferee is a QIB who is also a QP, that the transfer is being made in a transaction meeting the requirements of Rule 144A and Section 3(c)(7) of the Investment Company Act and that such transaction is in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. No ownership interest in the Restricted Global Trust Certificates may be transferred to a person who takes delivery in the form of an ownership interest in an Unrestricted Global Trust Certificate unless the transfer is to an investor that is not a U.S. person, or a person acquiring for the account or benefit of a U.S. person, in an offshore transaction in reliance on Regulation S and the transferor provides the Registrars with a written certification to the effect that the transfer is being made to a person who is a not a U.S. person, or a person acquiring for the account or benefit of a U.S. person, in accordance with Regulation S.

Global Trust Certificates will either: (a) be deposited with a custodian for, and registered in the name of a nominee of, DTC; or (b) be deposited with a Common Depositary for, and registered in the name of a nominee of, Euroclear and Clearstream, Luxembourg, as specified in the applicable Pricing Supplement. Persons holding ownership interests in Global Trust Certificates will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Definitive Trust Certificates in fully registered form.

1.2 Exchange for Definitive Trust Certificates

Interests in a Global Trust Certificate will be exchangeable (free of charge), in whole but not in part, for Definitive Trust Certificates of a particular Series only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that: (i) in the case of Trust

Certificates registered in the name of a nominee for DTC, either DTC has notified the Trustee that it is unwilling or unable to continue to act as depositary for the Trust Certificates or DTC has ceased to constitute a clearing agency registered under the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and, in any case, no successor or alternative clearing system is available; or (ii) in the case of Trust Certificates registered in the name of a nominee for a Common Depositary for Euroclear and Clearstream, Luxembourg, the Trustee has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor or alternative clearing system is available. The Trustee will promptly give notice to Certificateholders in accordance with Condition 17 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, any of the Trustee or DTC, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Global Trust Certificates) may give notice to the relevant Registrar requesting exchange. Any such exchange shall occur not later than ten days after the date of receipt of the first relevant notice by the relevant Registrar. Definitive Trust Certificates issued in exchange for an ownership interest in a Restricted Global Trust Certificate shall bear the legends applicable to transfers pursuant to Rule 144A and Section 3(c)(7) of the Investment Company Act, as set out under " *Transfer Restrictions*".

1.3 **Delivery**

Upon the transfer, exchange, or replacement of a Definitive Trust Certificate bearing the legend referred to under "*Transfer Restrictions*", or upon specific request for removal of the legend on a Definitive Trust Certificate, the Trustee will deliver only Definitive Trust Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Trustee and the relevant Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Trustee, that neither the legend nor the restrictions on transfer set out therein are required to ensure compliance with the provisions of the Securities Act.

1.4 **Transfer Restrictions**

Interests in a Global Trust Certificate may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Global Trust Certificate. No owner of an interest in a Global Trust Certificate will be able to transfer such interest, except in accordance with the applicable procedures of DTC and/or Euroclear and/or Clearstream, Luxembourg, in each case to the extent applicable.

The Trust Certificates are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see "*Transfer Restrictions*".

2. **AMENDMENT TO CONDITIONS**

The Global Trust Certificates contain provisions that apply to the Trust Certificates that they represent, some of which modify the effect of the terms and conditions of the Trust Certificates set out in this Base Offering Circular. The following is a summary of certain of those provisions:

2.1 **Payments**

All payments in respect of Trust Certificates represented by a Global Trust Certificate will be made (against surrender of that Global Trust Certificate if no further payment falls to be made in respect of the Trust Certificates) to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means a day on which each Clearing System with which the Global Trust Certificate is being held is open for business.

For the purposes of any payments made in respect of Trust Certificates represented by a Global Trust Certificate, the definition of Payment Business Day in Condition 1.1 shall be substituted in full as follows:

"**Payment Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business, in such jurisdictions as shall be specified as "**Financial Centres**" in the applicable Pricing Supplement and:

(i) (in the case of a payment in a currency other than Euro) where payment is to be made by transfer to an account maintained with a bank in the Specified Currency, on which foreign exchange transactions may be carried on in the Specified Currency in the principal financial centre of the country of such Specified Currency; or

(ii) (in the case of a payment in Euro) which is a TARGET Business Day; and

(iii) in the case of any payment in respect of a Global Trust Certificate denominated in a Specified Currency other than U.S. Dollars and registered in the name of The Depository Trust Company or its nominee and in respect of which an accountholder of The Depository Trust Company (with an interest in such Global Trust Certificate) has made no election to and will receive any part of such payment in U.S. Dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City and London.

A record of each payment made will be noted on the relevant Register which shall be *prima facie* evidence that such payment has been made in respect of the Trust Certificates.

2.2 **Meetings**

All holders of Trust Certificates are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Trust Certificates comprising such Certificateholder's holding.

2.3 **Cancellation**

Cancellation of any Trust Certificate represented by a Global Trust Certificate that is surrendered for cancellation (other than upon its redemption in full) will be effected by reduction in the aggregate face amount of the relevant Series of Trust Certificates in the Register.

2.4 **Notices**

Notices required to be given in respect of the Trust Certificates represented by a Global Trust Certificate may be given by their being delivered (so long as such Global Trust Certificate is held on behalf of DTC and/or Euroclear and Clearstream, Luxembourg or any other clearing system (as applicable)) to DTC, Euroclear, Clearstream, Luxembourg or such other clearing system, as the case may be, or otherwise to the holder of such Global Trust Certificate, rather than by publication as required by the Conditions, **provided that** such notices must also be given or published in a manner which complies with the rules and regulations of any listing authority, stock exchange, quotation system or other relevant authority on which the Trust Certificates are for the time being listed or admitted to trading or quotation. Any such notice shall be deemed to have been given to the holders of the Trust Certificates on the day on which the said notice was given to DTC and/or Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as applicable).

2.5 **Further Issues**

Pursuant to the Agency Agreement, the Principal Paying Agent shall arrange that, where a further Tranche is issued which is intended to form a single Series with an existing Tranche at a point after the Issue Date of the further Tranche, the Trust Certificates of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CUSIP number which are different from the common code, ISIN and CUSIP assigned to Trust Certificates of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series.

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, Luxembourg (together, 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 Trustee, the Ministry of Finance, the Delegate 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 Trust Certificates 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 Trustee and the Ministry of Finance believe to be reliable, but neither the Trustee, the Ministry of Finance, the Delegate, the Agents nor the Dealers take any responsibility for the accuracy thereof. Each of the Trustee and the Ministry of Finance confirm 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 sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

DTC Book-Entry System

Trust Certificates whether as part of the initial distribution of the Trust Certificates or in the secondary market, are eligible to be held in book-entry form in DTC.

DTC has advised the Trustee 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 Trust Certificates among Direct Participants on whose behalf it acts with respect to Trust Certificates accepted into DTC's book-entry settlement system ("**DTC Trust Certificates**") as described below, and receives and transmits distributions of principal and profit on DTC Trust Certificates. The DTC Rules are on file with the U.S. Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Trust Certificates ("**Owners**") have accounts with respect to the DTC Trust Certificates are similarly required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Trust Certificates through Direct Participants or Indirect Participants will not possess Trust Certificates, 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 Trust Certificates.

Purchases of DTC Trust Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Trust Certificates on DTC's records. The ownership interest of each actual purchaser of each DTC Trust Certificate ("**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 Trust Certificates 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 Trust Certificates, except in the event that use of the book-entry system for the DTC Trust Certificates is discontinued.

To facilitate subsequent transfers, all DTC Trust Certificates deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of DTC Trust Certificates 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 Trust Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Trust Certificates 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.

Dissolution notices shall be sent to Cede & Co. If less than all of the DTC Trust Certificates 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 Trust Certificates. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee 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 Trust Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and profit payments on the DTC Trust Certificates 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 registered in "street name", and will be the responsibility of such Participant and not of DTC or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and profit to DTC is the responsibility of the Trustee, 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 Trust Certificates for Definitive Trust Certificates, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Restricted Global Trust Certificate, will be legended as set forth under "*Transfer Restrictions*".

Book-entry Ownership of and Payments in respect of DTC Trust Certificates

The Trustee may apply to DTC in order to have each Tranche of Trust Certificates represented by a Restricted Global Trust Certificate, and if applicable, the Unrestricted Global Trust Certificate, accepted in its book-entry settlement system. Upon the issue of any Global Trust Certificates, DTC or its custodian will credit, on its internal book-entry system, the respective face amounts of the individual beneficial interests represented by such Global Trust Certificate 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 Trust Certificate will be limited to Direct Participants or Indirect Participants. Ownership of beneficial interests in a Global Trust Certificate 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 profit in respect of a Global Trust Certificate registered in the name of DTC's nominee will be made to the order of such nominee as the registered holder of such Trust Certificate. In the case of any payment in a currency other than U.S. Dollars, payment will be made to the relevant Paying Agent on behalf of DTC's nominee and the relevant Paying Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Global Trust Certificate in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. Dollars and credited to the applicable Participants' account.

The Trustee 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 Trustee also expects that payments by Participants to beneficial owners of Trust Certificates 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 Registrars or the Trustee. Payments of principal, premium, if any, and profit, if any, on Trust Certificates to DTC are the responsibility of the Trustee.

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 Trust Certificates directly through Euroclear or Clearstream, Luxembourg if they are accountholders or indirectly through organisations which are accountholders therein.

Transfers of Trust Certificates Represented by Global Trust Certificates

Transfers of any interests in Trust Certificates represented by a Global Trust Certificate will be effected in accordance with the customary rules and operating procedures of Euroclear, Clearstream, Luxembourg and/or DTC, as the case may be. 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 Trust Certificates represented by a Global Trust Certificate to such persons may depend upon the ability to exchange such Trust Certificates for Definitive Trust 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 Trust Certificates represented by a Global Trust Certificate held by DTC to pledge such Trust Certificates to persons or entities that do not participate in the DTC system or to otherwise take action in respect of such Trust Certificates may depend upon the ability to exchange such Trust Certificates for Definitive Trust Certificates. The ability of any holder of Trust Certificates represented by a Global Trust Certificate held by DTC to resell, pledge or otherwise transfer such Trust Certificates may be impaired if the proposed transferee of such Trust Certificates is not eligible to hold such Trust Certificates 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 Trust Certificate to a transferee who takes delivery of such book-entry interest through an Unrestricted Global Trust Certificate for the same Series of Trust Certificates will only be made upon delivery to the relevant Registrar of a certificate setting forth compliance with the provisions of Regulation S. Prior to the expiration of the distribution compliance period (as defined in Regulation S), ownership of book-entry interests in an Unrestricted Global Trust Certificate will be limited to persons that have accounts with Euroclear, Clearstream, Luxembourg and/or DTC, as the case may be, or persons who hold such book-entry interest through Euroclear, Clearstream, Luxembourg and/or DTC, as the case may be, and any sale or transfer of such book-entry interest to a U.S. person (within the meaning of Regulation S) shall not be permitted during such period unless such resale or transfer is made pursuant to Rule 144A and Section 3(c)(7) of the Investment Company Act. Transfers at any time by a holder of a book-entry interest in an Unrestricted Global Trust Certificate to a transferee who takes delivery of such book-entry interest through a Restricted

Global Trust Certificate for the same Series of Trust Certificates will only be made upon receipt by the relevant Registrar or the relevant 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 who is also a QP within the meaning of Rule 144A and Section 3(c)(7) of the Investment Company Act, respectively, in a transaction meeting the requirements of Rule 144A and Section 3(c)(7) of the Investment Company Act 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 Trust Certificates described under "*Transfer Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream, Luxembourg accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrars, and/or the Paying Agents, as the case may be, and any custodian with whom the relevant Global Trust Certificates have been deposited.

On or after the relevant issue date for any Series, transfers of Trust Certificates of such Series between accountholders in Euroclear or Clearstream, Luxembourg and transfers of Trust Certificates 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, Luxembourg participants will need to have an agreed settlement date between the parties to such transfer. As there is no direct link between DTC, on the one hand, and Euroclear or Clearstream, Luxembourg on the other, transfers of interests in the relevant Global Trust Certificates will be effected through the relevant Registrar and/or the relevant Transfer 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, Luxembourg 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.

Euroclear, Clearstream, Luxembourg and DTC have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Global Trust Certificates among participants and accountholders of Euroclear, Clearstream, Luxembourg and DTC. 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 Trustee, the Ministry of Finance, the Delegate, the Agents or any Dealer will be responsible for any performance by Euroclear, Clearstream, Luxembourg and DTC or its 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 Trust Certificates represented by Global Trust Certificates or for maintaining, supervising or reviewing any records relating to such beneficial interests.

SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS

The following is a summary of certain provisions of the principal Transaction Documents. Copies of the Transaction Documents will be available for inspection by emailing the Principal Paying Agent at ctlondon.conventional@hsbc.com and ctla.payingagency@hsbc.com. Words and expressions defined in the Conditions shall have the meanings in this summary.

Master Declaration of Trust

The Master Declaration of Trust was entered into on or about 14 February 2023 between the Trustee, the Ministry of Finance and the Delegate and is governed by English law. Pursuant to the Master Declaration of Trust, a Supplemental Declaration of Trust between the same parties will be entered into on the Issue Date of each Tranche of Trust Certificates and will also be governed by English law.

Upon issue of any Series of Trust Certificates, the Master Declaration of Trust and each relevant Supplemental Declaration of Trust shall together constitute the trust over the relevant Trust Assets declared by the Trustee in relation to such Series.

The Trust Assets in respect of each Series of Trust Certificates comprise, *inter alia*, the rights, title, interests, benefits and entitlements, present and future, of the Trustee in, to and under the Usufruct Right(s) to the relevant Lease Asset(s), the rights, title, interest, benefits and entitlements, present and future, of the Trustee in, to and under the Transaction Documents (excluding: (i) any representations given by the Ministry of Finance to the Trustee and the Delegate pursuant to the Transaction Documents; and (ii) the covenant given to the Trustee pursuant to clause 15.1 of the Master Declaration of Trust) and all monies standing to the credit of the relevant Transaction Account from time to time.

Pursuant to the Declaration of Trust, the Trustee will agree to act for and on behalf of the Certificateholders and, *inter alia*, in relation to each Tranche of Trust Certificates:

(a) hold the relevant Trust Assets on trust absolutely for the Certificateholders as beneficial tenants in common *pro rata* according to the face amount of Trust Certificates held by each Certificateholder; and

(b) act as trustee in respect of such Trust Assets, distribute the income from such Trust Assets and perform its duties in accordance with the provisions of the Declaration of Trust.

Each Declaration of Trust will specify, *inter alia*, that in relation to each Series:

(a) no recourse shall be had for the payment of any amount under the Declaration of Trust or under any relevant Transaction Document, whether for the payment of any fee, indemnity or other amount under the Declaration of Trust or any other obligation or claim arising out of or based upon the Transaction Documents, against the Trustee (and/or its directors, officers, or administrators) to the extent the Trust Assets have been exhausted following which all obligations of the Trustee and its agents or affiliates shall be extinguished;

(b) the Trustee may from time to time (but always subject to the provisions of the Declaration of Trust), without the consent of the Certificateholders, create and issue additional Trust Certificates having the same terms and conditions as the outstanding Trust Certificates of such Series (or terms and conditions that are the same in all respects save for the date and amount of the first payment of the Periodic Distribution Amount and the date from which Periodic Distribution Amounts start to accrue), and so that the same shall be consolidated and form a single series, with the outstanding Trust Certificates of such Series, and that any additional Trust Certificates which are to be created and issued so as to form a single series with the outstanding Trust Certificates of a particular Series shall be constituted by a Supplemental Declaration of Trust in relation to which all applicable stamp duties or other documentation fees, duties or taxes have been paid and, if applicable, duly stamped and containing such other provisions as are necessary (including making such consequential modifications to the Master Declaration of Trust) in order to give effect to the issue of such additional Trust Certificates. Holders of such additional Trust Certificates will be entitled to payments of Periodic Distribution Amounts in such amount and on such dates as specified in the applicable Pricing Supplement; and

(c) on the date upon which any additional Trust Certificates are created and issued pursuant to the provisions pursuant to the provisions described in paragraph (b) above, a Supplemental Purchase Agreement will be entered into by the Ministry of Finance (in its capacity as seller) and the Trustee (in its capacity as purchaser) for the sale, transfer and conveyance of the Usufruct Right(s) to the relevant Additional Asset(s). The Trustee will execute a Declaration of Commingling of Assets for and on behalf of the holders of the existing Trust Certificates and the holders of such additional Trust Certificates so created and issued, declaring that the Usufruct Right(s) to the Additional Asset(s) (as set out in the relevant Declaration of Commingling of Assets) and the Usufruct Right(s) to the Lease Asset(s) in respect of the relevant Series as in existence immediately prior to the creation and issue of the additional Trust Certificates in respect of the relevant Series are commingled and shall collectively comprise part of the Trust Assets for the benefit of the holders of the existing Trust Certificates and the holders of such additional Trust Certificates as tenants in common *pro rata* according to the face amount of Trust Certificates held by each Certificateholder, in accordance with the Declaration of Trust.

In the Declaration of Trust, the Trustee will irrevocably and unconditionally appoint the Delegate to, *inter alia*, exercise all the present and future powers, trusts, rights, authorities and discretions (including but not limited to the authority to request instructions from any Certificateholders and the power to sub-delegate and to make any determinations to be made under the Declaration of Trust) vested in the Trustee by the relevant provisions of the Declaration of Trust. The appointment of the Delegate by the Trustee is intended to be in the interests of the Certificateholders and, subject as provided in the Declaration of Trust, does not affect the Trustee's continuing role and obligations as trustee of the trusts created pursuant to the Master Declaration of Trust.

In the Declaration of Trust, the Delegate will undertake that, *inter alia*, if it has express written notice pursuant to the Declaration of Trust or otherwise becomes aware of the occurrence of a Dissolution Event in respect of any Trust Certificates and subject to Condition 14 it shall promptly give notice of the occurrence of such Dissolution Event to the Certificateholders in accordance with Condition 17 with a request to such holders to indicate whether they wish the Trust Certificates to be redeemed and the Trust to be dissolved. Following the issuance of such a notice, the Delegate in its sole discretion may, and if so requested in writing by Certificateholders representing not less than 25 per cent. in aggregate face amount of the Trust Certificates for the time being outstanding or if so directed by an Extraordinary Resolution of the Certificateholders the Delegate shall, (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction) give notice to the Trustee, the Ministry of Finance and the Certificateholders in accordance with Condition 17 that the Trust Certificates are immediately due and payable on the Dissolution Event Redemption Date specified in such notice at the Dissolution Event Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement.

A non-interest bearing Transaction Account in the United Kingdom will be established in the name of the Trustee in respect of each Series of Trust Certificates. Monies received in the Transaction Account in respect of each Series will, *inter alia*, comprise payments corresponding to Periodic Distribution Amounts and/or Dissolution Amounts immediately prior to each Periodic Distribution Date and/or any Dissolution Date, as the case may be. The Master Declaration of Trust provides that all moneys standing to the credit of the Transaction Account from time to time in respect of each Series will be applied in the manner set out in Condition 5.2.

The Ministry of Finance has further undertaken that: (i) if, at the time of delivery of the Exercise Notice in accordance with the provisions of the Purchase Undertaking or the Sale and Substitution Undertaking, as the case may be, the Ministry of Finance is in actual or constructive possession, custody or control of all or any part of the relevant Lease Assets, Certificateholder Put Right Lease Assets or the Optional Dissolution Lease Assets, as the case may be; and (ii) if, following delivery of the Exercise Notice in accordance with the provisions of the Purchase Undertaking or the Sale and Substitution Undertaking, as the case may be, the Exercise Price, the Certificateholder Put Right Exercise Price or the Optional Dissolution Exercise Price, as the case may be, is not paid in accordance with the provisions of the Purchase Undertaking or the Sale and Substitution Undertaking, as the case may be, for any reason whatsoever, the Ministry of Finance shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the Trust Certificates then outstanding or the Certificateholder Put Right Trust Certificates (as defined in the Purchase Undertaking) or the Optional Dissolution Trust Certificates (as defined in the Sale and Substitution Undertaking), as the case may be, and, accordingly, the amount payable under any such indemnity claim will equal the Exercise Price, the Certificateholder Put Right Exercise Price or the Optional Dissolution Exercise Price, as the case may be.

In addition, if the Trustee fails to comply with any obligation to pay additional amounts pursuant to Condition 12, the Ministry of Finance has undertaken that it will unconditionally and irrevocably (irrespective of the payment of any fee), as a continuing obligation, pay to or to the order of the Delegate (for the benefit of the Certificateholders) an amount equal to the liability of the Trustee in respect of any and all additional amounts required to be paid by the Trustee in respect of the Trust Certificates pursuant to Condition 12.

Master Purchase Agreement

The Master Purchase Agreement was entered into on or about 14 February 2023 between the Trustee (in its capacity as purchaser) and the Ministry of Finance (in its capacity as seller) and is governed by the laws of the Arab Republic of Egypt. A Supplemental Purchase Agreement between the same parties will be entered into on the Issue Date of the relevant Tranche (including any additional Tranche of Trust Certificates issued pursuant to Condition 22 (an "**Additional Tranche**")) of Trust Certificates and will also be governed by the laws of the Arab Republic of Egypt.

The Ministry of Finance (in its capacity as seller) undertakes to the Trustee (in its capacity as Purchaser) that the Seller: will carry out of all Major Maintenance and Structural Repair in respect of the Asset(s) and Additional Asset(s) in accordance with good maintenance and practice; and pay all proprietorship taxes (if any) charged, levied or claimed on the relevant Lease Asset(s).Pursuant to the Master Purchase Agreement, the Ministry of Finance (in its capacity as seller) may, from time to time, offer to sell, transfer and convey to the Trustee (in its capacity as purchaser), and the Trustee may, from time to time, agree to purchase and accept the transfer and conveyance from the Ministry of Finance of, all of the Ministry of Finance's rights, title, interests, benefits and entitlements, present and future, in, to and under: (a) on the Issue Date of the first Tranche of a Series, the Usufruct Right(s) to the relevant Asset(s); and (b) on the Issue Date of any Additional Tranche, the Usufruct Right(s) to the Additional Asset(s), in each case pursuant to a Supplemental Purchase Agreement which will, among other things, specify the Asset(s) or Additional Asset(s) or Additional Asset(s), as the case may be, being sold and the price to be paid for the Usufruct Right(s) to them.

Master Lease Agreement

The Master Lease Agreement was entered into on or about on 14 February 2023 between the Trustee (in its capacity as lessor), the Ministry of Finance (in its capacity as lessee) and the Delegate and is governed by the laws of the Arab Republic of Egypt. A Supplemental Lease Agreement between the same parties will be entered into on the Issue Date of the first Tranche of a Series and will also be governed by the laws of the Arab Republic of Egypt.

Pursuant to the Lease Agreement, the Trustee (in its capacity as lessor) may, from time to time, agree to lease to the Ministry of Finance (in its capacity as lessee), and the Ministry of Finance may, from time to time, agree to lease from the Trustee, certain Lease Asset(s) during renewable rental periods commencing on the Lease Commencement Date (which shall be the relevant Issue Date) and extending to the Scheduled Dissolution Date (unless the relevant Supplemental Lease Agreement is terminated earlier in accordance with its terms or extended in accordance with the Purchase Undertaking).

Pursuant to the Lease Agreement, the Ministry of Finance (in its capacity as lessee) undertakes to pay rental amounts by no later than the payment business day preceding the relevant Rental Payment Date, and supplementary rental (being an amount equal to, in respect of each Tranche, the sum of (i) the aggregate face amount of the Trust Certificates multiplied by the proportion of the Usufruct Term that is represented by the relevant Lease Term (or, in respect of a tap, the remaining Lease Term); (ii) the difference between the Face Amount and the Purchase Price for the relevant Tranche; and (iii) two Periodic Distribution Amounts) on the date the Lease is terminated in accordance with the Supplemental Lease Agreement (save that a proportion of such supplementary rental shall be payable or cancelled, as the case may be, on any partial redemption date or cancellation date).

The Ministry of Finance (in its capacity as lessee) will agree to use the relevant Lease Asset(s) at its own risk. Accordingly, the Ministry of Finance shall from the date of the relevant Supplemental Lease Agreement bear the entire risk of loss of or damage to the relevant Lease Asset(s) or any part thereof arising from the usage or operation thereof by it to the extent that such loss or damage has resulted from the Ministry of Finance's gross negligence, wilful default, actual fraud, or breach of its obligations under the relevant Supplemental Lease Agreement. In addition, the Trustee (as lessor) shall not be liable (and the

Ministry of Finance (as lessee) will waive any claim or right, howsoever arising, to the contrary) for any indirect, consequential or other losses, howsoever arising, in connection with the Ministry of Finance's use or operation of the relevant Lease Asset(s).

Under the Supplemental Lease Agreement, the Ministry of Finance (in its capacity as lessee) shall not be responsible for: (i) the performance of any Major Maintenance and Structural Repair; or (ii) the payment of any proprietorship or other relevant taxes (excluding any taxes that are by law imposed, charged or levied against a lessee or a tenant), and the Ministry of Finance (as lessee) will acknowledge that such obligations shall be the responsibility of the Ministry of Finance (as seller) under the Purchase Agreement.

All payments by the Ministry of Finance (as lessee) to the Trustee (as lessor) under each Lease Agreement shall be made in the Specified Currency without set-off or counterclaim of any kind and free and clear of, and without any deduction or withholding, for any Taxes of whatever nature imposed, levied, collected, withheld or assessed by or within any Relevant Jurisdiction or any authority therein or thereof having power to tax, unless the withholding or deduction is required by law. In that event, the Ministry of Finance (as lessee) will agree under the relevant Lease Agreement to pay such additional amounts as will result in the receipt by the Trustee (as lessor) of such amounts as would have been received by it had no such deduction or withholding had been required.

The Ministry of Finance (in its capacity as lessee) will ensure that its payment obligations under each Lease Agreement are and will be direct, general, unconditional, unsubordinated and (subject to the negative pledge provisions described in the Purchase Undertaking) unsecured obligations of the Ministry of Finance and (save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions described in the Purchase Undertaking) at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Ministry of Finance from time to time outstanding, **provided, further, that** the Ministry of Finance shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other obligations and, in particular, shall have no obligation to pay such other obligations at the same time or as a condition of paying sums due under the Lease Agreement and *vice versa*.

Servicing Agency Agreement

The Servicing Agency Agreement was entered into on or about 14 February 2023 between the Trustee (in its capacity as lessor) and the Ministry of Finance (in its capacity as servicing agent), and is governed by English law.

If a Loss Event occurs, the Ministry of Finance (in its capacity as servicing agent) will be required to promptly notify the Trustee and the Delegate of such occurrence. Upon receipt of such notice relating to the occurrence of a Total Loss Event, the Trustee will in turn be required to promptly notify Certificateholders that:

(i) a Total Loss Event has occurred; and

(ii) from the date of such notice and until any further notice from the Trustee to the Certificateholders (which notice shall be given upon replacement of the Lease Assets in accordance with clause 4.3 of the Master Purchase Agreement and clauses 2.2, 3.1.4, 3.5 and 3.7 of the Sale and Substitution Undertaking), as determined in consultation with the Supervisory Committee, the Trust Certificates should be tradeable only in accordance with *Shari'a* principles of debt trading.

If the amounts standing to the credit of the Transaction Account are insufficient (a) to pay the Rental Reimbursement Amount in accordance with the Lease Agreement or (b) following the occurrence of a Total Loss Event, to pay the Periodic Distribution Amounts required to be paid to Certificateholders on any Periodic Distribution Date (the "**Required Amount**"), the Servicing Agent may either: (a) provide Shari'a compliant funding itself; or (b) procure Shari'a compliant funding from a third party, in each case, to the extent necessary to ensure that, in the case of (a), the Trustee is able to pay the Rental Reimbursement Amount on the Partial Loss Event Reimbursement Date and, in the case of (b), there is no shortfall between the amount standing to the credit of the Transaction Account and the Required Amount payable on such Periodic Distribution Date, in each case on terms that such funding is payable on the relevant Dissolution Date on which the Trust Certificates are redeemed in full (such funding in relation to a Series, a "**Liquidity Facility**").

In relation to a Series, the Ministry of Finance and the Trustee have agreed that any amounts outstanding in respect of a Liquidity Facility which have not previously been paid or reimbursed shall on the Scheduled Dissolution Date (or any earlier Dissolution Date on which all (but not some only) of the Trust Certificates of the relevant Series are to be redeemed) be set-off against the payment by the Obligor of the Exercise Price, the Certificateholder Put Right Exercise Price or the Optional Dissolution Exercise Price, as the case may be, upon exercise of the Purchase Undertaking or the Sale and Substitution Undertaking, as the case may be.

Purchase Undertaking

The Purchase Undertaking was executed on or about 14 February 2023 by the Ministry of Finance (in its capacity as obligor) as a deed in favour of the Trustee and the Delegate and is governed by English law.

In relation to each Series, **provided that** no Total Loss Event has occurred and is continuing (or if a Total Loss Event has occurred, the Impaired Lease Assets have been replaced pursuant to clause 4.3 of the Master Purchase Agreement and clauses 2.2, 3.1.4, 3.5 and 3.7 of the Sale and Substitution Undertaking, the Ministry of Finance (in its capacity as obligor) has irrevocably granted to the Trustee and the Delegate the right to require the Ministry of Finance to purchase all of the Trustee's rights, title, interests, benefits and entitlements, present and future, in, to and under the remaining Usufruct Right(s) to the relevant Lease Assets (or the applicable proportion thereof, as the case may be) upon the Trustee or the Delegate (on behalf of the Trustee) exercising its option thereunder and delivering an Exercise Notice to the Ministry of Finance in accordance with the terms of the Purchase Undertaking, on the relevant Scheduled Dissolution Date or, if earlier, on the Dissolution Event Redemption Date at the Exercise Price or on the Certificateholder Put Right Date at the Certificateholder Put Right Exercise Price, as the case may be.

The "**Exercise Price**" or "**Certificateholder Put Right Exercise Price**", as the case may be, payable by the Ministry of Finance (as obligor), in relation to each Series, shall be equal to the aggregate face amount of the Trust Certificates then outstanding or the Trust Certificates to be redeemed on the Certificateholder Put Right Date, as the case may be, plus all accrued but unpaid Periodic Distribution Amounts (if any) relating to such Trust Certificates plus, if all of the Trust Certificates of a Series are being redeemed, to the extent not previously satisfied in accordance with the Servicing Agency Agreement, an amount equal to the sum of any outstanding amounts repayable in respect of any Liquidity Facility plus, without duplication or double counting, if all of the Trust Certificates of the relevant Series are being redeemed in full, an amount representing any amounts payable by the Trustee (in any capacity) under the Transaction Documents to which it is a party **provided that**, in the case of any amounts payable pursuant to Condition 5.2(a), the Ministry of Finance has received a notification from the Delegate of such amounts by not later than the third business day prior to the date on which the Exercise Notice is delivered, plus, without duplication or double counting any other amounts payable on redemption of the Trust Certificates, as specified in the applicable Pricing Supplement, less any Supplementary Rental paid into the Transaction Account or, as the case may be, the Certificateholder Put Right Proportion of the Supplementary Rental relating to each Tranche, to the extent paid into the Transaction Account in accordance with the terms of the Lease Agreement.

The Ministry of Finance (in its capacity as obligor) has undertaken in the Purchase Undertaking that, in relation to any Series, it shall irrevocably and unconditionally fully accept such ownership interest as the Trustee may have in the relevant Lease Assets or the Certificateholder Put Right Lease Assets, as the case may be, (or the applicable proportion thereof, as the case may be). The Ministry of Finance (in its capacity as obligor) has further undertaken in the Purchase Undertaking that if, at the time of delivery of the Exercise Notice in accordance with the provisions of the Purchase Undertaking, the Obligor remains in actual or constructive possession, custody or control of all or any part of the Lease Assets or the Certificateholder Put Right Lease Assets, as the case may be, and if, following delivery of the Exercise Notice in accordance with the provision of the Purchase Undertaking, the relevant Exercise Price or the Certificateholder Put Right Exercise Price, as the case may be, is not paid in accordance with the provisions of the Purchase Undertaking for any reason whatsoever, it shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the Trust Certificates then outstanding or the Certificateholder Put Right Lease Assets, as the case may be, and, accordingly, the amount payable under any such indemnity claim will equal the relevant Exercise Price or the Certificateholder Put Right Exercise Price, as the case may be.

Payment of an amount equal to the relevant Exercise Price or the Certificateholder Put Right Exercise Price, as the case may be, into the Transaction Account in accordance with the Purchase Undertaking shall (i) evidence the acceptance of the exercise notice by the Obligor delivered in accordance with the provisions of the Purchase Undertaking and the conclusion of the transfer of the Trustee's rights, title, interests, benefits and entitlements, present and future, in, to and under the remaining Usufruct Right(s) to the Lease Asset(s) or the Certificateholder Put Right Lease Asset(s), as the case may be, to the Obligor and (ii) constitute full discharge of the obligation of the Obligor to pay the relevant Exercise Price or the Certificateholder Put Right Exercise Price, as the case may be, to the Trustee (for the benefit of the Certificateholders).

The Ministry of Finance (in its capacity as obligor) will also agree in the Purchase Undertaking that all payments by it under the Purchase Undertaking will be made in the Specified Currency without set-off (except as provided below) or counterclaim of any kind and, free and clear of, any deduction or withholding for Taxes of whatever nature imposed, levied, collected, withheld or assessed by or within any Relevant Jurisdiction or any authority therein or thereof having power to tax, unless required by law. In that event, the Ministry of Finance (as obligor) shall pay such additional amounts as will result in the receipt by the Trustee of such amounts as would have been received by it had no withholding or deduction had been required.

The Ministry of Finance (in its capacity as obligor) will also agree in the Purchase Undertaking that, to the extent that all of the Trust Certificates of the relevant Series are being redeemed and there are any outstanding amounts payable in respect of any Liquidity Facility, the full such amounts shall be set-off against the Exercise Price or Certificateholder Put Right Exercise Price, as the case may be, payable by the Obligor pursuant to the exercise of the Purchase Undertaking.

Under the Purchase Undertaking, the Ministry of Finance has undertaken that, for so long as any Trust Certificate remains outstanding, the Ministry of Finance (acting in any capacity) 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 Ministry of Finance or any other Person, or any Guarantee thereof unless, at the same time or prior thereto, the obligations of the Ministry of Finance under the Transaction Documents to which it is, in whatever capacity, a party are secured equally and rateably therewith or have the benefit of such other arrangements as may be approved by an Extraordinary Resolution of the Certificateholders.

In addition, the Ministry of Finance has agreed that a MOF Event shall constitute a Dissolution Event for the purposes of the Conditions.

Sale and Substitution Undertaking

The Sale and Substitution Undertaking was executed on 14 February 2023 by the Trustee as a deed in favour of the Ministry of Finance and is governed by English law.

In relation to each Series, **provided that** no Total Loss Event has occurred and is continuing (or if a Total Loss Event has occurred, the Impaired Lease Assets have been replaced pursuant to clause 4.3 of the Master Purchase Agreement and clauses 2.2, 3.1.4, 3.5 and 3.7 of the Sale and Substitution Undertaking), the Trustee has irrevocably granted to the Ministry of Finance the right to require the Trustee to sell, transfer and/or convey all of its rights, title, interests, benefits and entitlements, present and future, in, to and under the Usufruct Right(s) to the relevant Lease Assets to the Ministry of Finance on the Optional Dissolution Date or the Clean Up Call Right Dissolution Date (as the case may be) at the Optional Dissolution Exercise Price or Exercise Price, respectively, upon the Ministry of Finance exercising its right thereunder and delivering an Exercise Notice to the Trustee in accordance with the terms of the Sale and Substitution Undertaking.

In addition, under the terms of the Sale and Substitution Undertaking, in relation to each Series:

(i) if at any time the Ministry of Finance wishes to cancel any Trust Certificates purchased pursuant to Condition 11.1, the Ministry of Finance may, by exercising its option under the Sale and Substitution Undertaking and by delivering a Cancellation Notice to the Trustee in accordance with the terms of the Sale and Substitution Undertaking, oblige the Trustee to transfer all of its interest in the Usufruct Right(s) to the Cancelled Lease Assets to the Ministry of Finance in consideration for which the Trust Certificates purchased shall be cancelled subject to certain conditions set out in the Sale and Substitution Undertaking. Following such transfer, the Trustee shall forthwith surrender to the relevant Registrar the relevant Trust Certificates identified for cancellation in the Cancellation Notice on the Cancellation Date;

(ii) the Trustee has granted to the Ministry of Finance the right to require the Trustee to sell all of its interest in the Usufruct Right(s) to the Substituted Lease Assets to it in exchange for the sale to the Trustee of a Usufruct Right(s) to the new Lease Assets subject to certain conditions set out in the Sale and Substitution Undertaking; and

(iii) on the occurrence of a Loss Event (other than a Partial Loss Event where a Partial Loss Termination Notice has been delivered by the Lessee to the Lessor in accordance with the Lease Agreement), the Trustee has granted to the Ministry of Finance the right to, at its discretion, replace the relevant Impaired Lease Asset(s) and transfer to the Trustee the Ministry of Finance's rights, title, interests, benefits and entitlements, present and future, in, to and under the Usufruct Right(s) to the Replacement Lease Asset(s) in consideration for the continuous delivery by the Ministry of Finance to the Trustee of the Usufruct Right(s) to the relevant Lease Asset(s) for the remaining period of such Usufruct Right(s). To the extent there is any residual economic use in, to and under the remaining Usufruct Right(s) to the Impaired Lease Asset(s), the Trustee has undertaken to transfer to the Ministry of Finance such remaining Usufruct Right(s) on the relevant Replacement Date, subject to and in accordance with the provisions of the Sale and Substitution Undertaking.

Total Loss Event Payment Undertaking

The Total Loss Event Payment Undertaking was executed on or about 14 February 2023 by the Ministry of Finance (in its capacity as obligor) as a deed in favour of the Trustee and the Delegate and is governed by English law.

In relation to each Series, the Ministry of Finance (in its capacity as seller) has expressly declared and undertaken that if a Total Loss Event has occurred and the relevant Lease Asset(s) have not been replaced by the 90th day after the date of the Total Loss Event in accordance with clause 4.3 of the Master Purchase Agreement and clauses 2.2, 3.1.4, 3.5 and 3.7 of the Sale and Substitution Undertaking, the Ministry of Finance (in its capacity as seller) shall pay an amount equal to the Unutilised Usufruct Amount (being an amount equal to the product of the Purchase Price of the relevant Lease Asset(s) and the unutilised usufruct term, adjusted in respect of any partial redemptions) directly into the Transaction Account, by no later than the 91st day after the date of the Total Loss Event.

All payments by the Seller under the Total Loss Event Payment Undertaking must be made in the Specified Currency without set-off or counterclaim of any kind and, free and clear of, and without any deduction or withholding for, any Taxes of whatever nature imposed, levied, collected, withheld or assessed by or within any Relevant Jurisdiction or any authority therein or thereof having power to tax, unless the withholding or deduction is required by law. In that event, the Seller shall pay such additional amounts as will result in the receipt by the Trustee of such amounts as would have been received by it had no such deduction or withholding been required and accordingly the Seller undertakes to pay to the Trustee or such other persons as the Trustee may direct such additional amounts forthwith upon demand and in the manner and Specified Currency prescribed under the Total Loss Event Payment Undertaking.

Shari'a Compliance

Each Transaction Document to which it is a party provides that each of the Trustee and the Ministry of Finance agrees that it has accepted the *Shari'a* compliant nature of the Transaction Documents to which it is a party and the transactions contemplated therein and further agrees that:

- it shall not claim that any of its obligations under the Trust Certificates and the Transaction Documents to which it is a party (or any provision thereof) is *ultra vires*, not valid, legal, binding or enforceable or not compliant with the principles of *Shari'a*, regardless of any pronouncement by any *Shari'a* committee, authority, institution or *Shari'a* adviser to that effect;

- it shall not take any steps or bring any proceedings in any forum to challenge the *Shari'a* compliance of the Trust Certificates or the Transaction Documents to which it is a party; and

- none of its obligations under the Trust Certificates and the Transaction Documents to which it is a party shall in any way be diminished, abrogated, impaired, invalidated or otherwise adversely affected by any finding, declaration, pronouncement, order or judgment of any court, tribunal or other body that the Trust Certificates or the Transaction Documents to which it is a party are not compliant with the principles of *Shari'a*.

TAXATION

The following is a general description of certain Egyptian and United States tax considerations relating to the Trust Certificates. It does not purport to be a complete analysis of all tax considerations relating to the Trust Certificates, whether in those jurisdictions or elsewhere. Prospective purchasers of Trust Certificates should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Trust Certificates and receiving payments under the Trust Certificates and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Offering Circular and is subject to any change in law that may take effect after such date.

Egyptian Taxation

Under Law 182 for 2020, income and capital gains tax that arise from transactions relating to the Trust Certificates that are (i) issued in the name of the Arab Republic of Egypt, (ii) guaranteed by the Public Treasury Authority of Egypt, and (iii) offered for subscription on international financial markets, are exempted from all taxes and fees throughout their duration.

U.S. Federal Income Taxation

The following summary of certain U.S. federal income tax considerations of the purchase, ownership and disposition of the Trust Certificates by a U.S. Holder (as defined below) is based upon the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), final, temporary and proposed Treasury regulations issued thereunder, and published judicial and administrative interpretations thereof, each as of the date hereof, and all of which are subject to change, possibly with retroactive effect. No ruling will be sought from the U.S. Internal Revenue Service (the "**IRS**") with respect to any statement or conclusion in this discussion, and there can be no assurance that the IRS will not challenge such statement or conclusion in the following discussion or, if challenged, a court would uphold such statement or conclusion.

This summary does not purport to be a complete analysis of all potential tax consequences. This discussion does not address all of the U.S. federal income tax consequences that may be relevant to an investor in light of such investor's particular circumstances or to investors subject to special treatment under U.S. federal income tax laws, such as financial institutions, certain U.S. expatriates, insurance companies, retirement plans, dealers in securities or foreign currencies, traders in securities that elect mark-to-market tax accounting, U.S. Holders whose functional currency is not the U.S. dollar, persons required for U.S. federal income tax purposes to accelerate the recognition of any item of gross income with respect to the Trust Certificates as a result of such income being recognised on an applicable financial statement, partnerships, tax-exempt organisations, regulated investment companies, real estate investment trusts, persons subject to alternative minimum tax or the Medicare unearned income tax or surtax, and persons holding the Trust Certificates as part of a "straddle," "hedge," "conversion transaction" or other integrated transaction. In addition, this discussion is limited to persons that purchase the Trust Certificates for cash at the price of the applicable offering and that hold the Trust Certificates as capital assets for U.S. federal income tax purposes.

For purposes of this discussion, the term "**U.S. Holder**" means a beneficial owner of a Trust Certificate that is, for U.S. federal income tax purposes, (i) an individual that is a citizen or resident of the United States, (ii) a corporation created or organised in, or under the laws of, the United States, any state therein or the District of Columbia, or (iii) an estate or trust the income of which is subject to U.S. federal income tax regardless of its source.

If an entity or arrangement classified as a partnership for U.S. federal income tax purposes invests in Trust Certificates, the U.S. federal income tax treatment of a partner in such partnership will generally depend upon the status of such partner and the activities of the partnership. Prospective investors that are partnerships, and partners in such partnerships, should consult their own tax advisers to determine the U.S. federal income tax consequences to them of the purchase, ownership and disposition of the Trust Certificates.

Prospective purchasers of the Trust Certificates should consult their own tax advisers concerning the tax consequences of investing in Trust Certificates in light of their particular circumstances, including the application of the U.S. federal income tax considerations discussed below, as well as the application of state, local, non-U.S. and other tax laws.

This summary assumes that the Trust Certificates are not characterised as contingent payment debt instruments for U.S. federal income tax purposes. To the extent that Trust Certificates are treated as contingent payment debt instruments for U.S. federal income tax purposes, the U.S. federal income tax consequences of holding such Trust Certificates will be discussed in the applicable prospectus supplement. This summary should be read in conjunction with any discussion of U.S. federal income tax consequences in the applicable prospectus supplement. To the extent there is any inconsistency in the discussion of U.S. tax consequences to holders between this Base Offering Circular and the applicable prospectus supplement, holders should rely on the tax consequences described in the applicable prospectus supplement instead of this Base Offering Circular.

Classification of the Trust Certificates

The Trustee intends to treat the Trust Certificates as representing a beneficial interest in indebtedness for U.S. federal income tax purposes and each holder and beneficial owner of a Trust Certificate, by acceptance of such Trust Certificate or a beneficial interest therein, will likewise agree to treat the Trust Certificates as representing a beneficial interest in indebtedness for such purposes. This treatment is not binding on the IRS and no ruling will be sought from the IRS regarding this or any other aspect of the tax treatment of the Trust Certificates. It is possible that the IRS could successfully argue that the Trust Certificates should be treated as equity interests in the Trustee. If the Trust Certificates were treated as equity interests in the Trustee, U.S. Holders likely would be treated as owning interests in a passive foreign investment company (or "**PFIC**"), which could have materially adverse tax consequences for such U.S. Holders. Prospective investors should seek advice from their own tax advisors as to the consequences to them of alternative characterisations of the Trust Certificates, the possibility that the Trust Certificates might be classified as equity interests in a PFIC and the consequences of owning an equity interest in a PFIC. The remainder of this discussion assumes that the Trust Certificates represent a beneficial interest in indebtedness for U.S. federal income tax purposes.

Payment of Periodic Distribution Amounts

General

Except as discussed below under "—*Original Issue Discount*", payments of Periodic Distribution Amounts on the Trust Certificates (including any additional amounts payable pursuant to Condition 12) will be treated as payments of interest and generally will be taxable to a U.S. Holder as ordinary income at the time that such payments are received or accrued, in accordance with such U.S. Holder's usual method of accounting for U.S. federal income tax purposes. Periodic Distribution Amounts and original issue discount ("**OID**"), if any, received or accrued on the Trust Certificates generally will constitute foreign source income to U.S. Holders for U.S. federal income tax purposes.

Special rules governing the treatment of Periodic Distribution Amounts paid with respect to original issue discount Trust Certificates and foreign currency Trust Certificates (each as defined below) are described under "—*Original Issue Discount*" and "—*Foreign Currency Trust Certificates*".

Pre-Issuance Accrued Periodic Distribution Amount

If a portion of the price paid for a Trust Certificate is allocable to Periodic Distribution Amount that accrued prior to the date the Trust Certificate is issued ("**Pre-issuance Accrued Periodic Distribution Amount**"), the Trustee intends to take the position that, on the first payment date, a portion of the Periodic Distribution Amount received in an amount equal to any Pre-issuance Accrued Periodic Distribution Amount will be treated as a return of the Pre-issuance Accrued Periodic Distribution Amount and not as a payment of Periodic Distribution Amount on the Trust Certificate. In determining the issue price of a Trust Certificate and the amount paid for a Trust Certificate, there will be excluded an amount equal to the Pre-issuance Accrued Periodic Distribution Amount. Amounts treated as a return of Pre-issuance Accrued Periodic Distribution Amount should not be taxable when received. The remainder of this discussion assumes that in determining the issue price of a Trust Certificate and the amount paid for a Trust Certificate, there will be excluded an amount equal to the Pre-issuance Accrued Periodic Distribution Amount. U.S. Holders should consult their tax advisors with regard to the tax treatment of the Pre-issuance Accrued Periodic Distribution Amounts on a Trust Certificate.

Original Issue Discount

A Trust Certificate that has an "issue price" (generally, the first price at which a substantial amount of such issue of Trust Certificate has been sold to the public, other than in sales to bond houses, broker-dealers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers) that is less than its "stated redemption price at maturity" will be considered to have been issued with OID for U.S. federal income tax purposes (and will be referred to as an "**original issue discount Trust Certificate**") unless the Trust Certificate satisfies a *de minimis* threshold (as described below). The "stated redemption price at maturity" of a Trust Certificate generally will equal the sum of all payments required to be made under the Trust Certificate other than payments of "qualified stated profit". "**Qualified stated profit**" is stated profit unconditionally payable (other than in debt instruments of the Trustee) at least annually during the entire term of the Trust Certificate at a single fixed rate of profit, at a single qualified floating rate of profit, or at a rate that is determined at a single fixed formula that is based on objective financial or economic information.

If the difference between a Trust Certificate's stated redemption price at maturity and its issue price is less than a *de minimis* amount, i.e., one-quarter of one per cent. of the stated redemption price at maturity multiplied by the number of complete years to maturity (or weighted average maturity if any amount included in the stated redemption price at maturity is payable before maturity), the Trust Certificate will not be considered to have OID. U.S. Holders of the Trust Certificates with less than a *de minimis* amount of OID will include this OID in income, as capital gain, on a *pro rata* basis as principal payments are made on the Trust Certificate.

U.S. Holders of original issue discount Trust Certificates that mature more than one year from their date of issuance will be required to include OID in income for U.S. federal tax purposes as it accrues in accordance with a constant yield method based on compounding, regardless of whether cash attributable to this income is received. Under these rules, U.S. Holders generally will have to include in taxable income increasingly greater amounts of OID in successive accrual periods.

A U.S. Holder may make an election to include in gross income all profit that accrues on any particular Trust Certificate (including stated profit, acquisition discount, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated profit, as adjusted by any amortisable premium, as defined below, or acquisition premium, as described below) in accordance with a constant yield method based on compounding, and generally may revoke such election (a "**constant yield election**") only with the permission of the IRS. However, if the Trust Certificate has amortisable premium (discussed below), the U.S. Holder will be deemed to have made an election to apply amortisable premium against interest for all debt instruments with amortisable premium, other than instruments the interest on which is excludable from gross income, held as of the beginning of the taxable year to which the election applies or to any taxable year thereafter. If a U.S. Holder makes a constant yield election with respect to a Trust Certificate with market discount (discussed below), the U.S. Holder will be treated as having made an election to include market discount in income currently over the life of all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which such election applies. U.S. Holders should consult their tax advisors about making this election in light of their particular circumstances.

A Trust Certificate that matures one year or less from its date of issuance (a "**short-term Trust Certificate**") will be treated as being issued at a discount and none of the profit paid on the Trust Certificate will be treated as qualified stated profit regardless of its issue price. In general, a cash method U.S. Holder of a short-term Trust Certificate is not required to accrue the discount for U.S. federal income tax purposes but may elect to do so. Cash method U.S. Holders who do not elect to accrue the discount should include stated profit payments on short-term Trust Certificates as ordinary income upon receipt. Cash method U.S. Holders who do elect to accrue the discount and certain other holders, including those who report income on the accrual method of accounting for U.S. federal income tax purposes, are required to include the discount in income as it accrues on a straight-line basis, unless another 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 who is not required and who does not elect to include the discount in income currently, any gain realised on the sale, exchange, or retirement of the short-term Trust Certificate will be ordinary income to the extent of the discount accrued on a straight-line basis (or, if elected, according to a constant yield method based on daily compounding) through the date of sale, exchange or retirement. In addition, those U.S. Holders will be required to defer deductions for any interest paid on indebtedness incurred to purchase or carry short-term Trust Certificates in an amount not exceeding the accrued discount until the accrued discount is included in income.

The Trustee may have an unconditional option to redeem, or U.S. Holders may have an unconditional option to require the Trustee to redeem, a Trust Certificate prior to its stated maturity date. Under applicable regulations, if the Trustee has an unconditional option to redeem a Trust Certificate prior to its stated maturity date, this option will be presumed to be exercised if, by utilising any date on which the Trust Certificate may be redeemed as the maturity date and the amount payable on that date in accordance with the terms of the Trust Certificate as the stated redemption price at maturity, the yield on the Trust Certificate would be lower than its yield to maturity. If the U.S. Holders have an unconditional option to require the Trustee to redeem a Trust Certificate prior to its stated maturity date, this option will be presumed to be exercised if making the same assumptions as those set forth in the previous sentence, the yield on the Trust Certificate would be higher than its yield to maturity. If it was presumed that an option would be exercised but it is not in fact exercised, the Trust Certificate would be treated solely for purposes of calculating OID as if it were redeemed, and a new Trust Certificate were issued, on the presumed exercise date for an amount equal to the Trust Certificate's adjusted issue price on that date. The adjusted issue price of an original issue discount Trust Certificate is defined as the sum of the issue price of the Trust Certificate and the aggregate amount of previously accrued OID, less any prior payments other than payments of qualified stated profit.

Market Discount

If a U.S. Holder purchases a Trust Certificate (other than a short-term Trust Certificate) for an amount that is less than its stated redemption price at maturity or, in the case of an original issue discount Trust Certificate, its adjusted issue price, the amount of the difference will be treated as market discount for U.S. federal income tax purposes, unless this difference is less than a specified *de minimis* amount.

A U.S. Holder will be required to treat any principal payment (or, in the case of an original issue discount Trust Certificate, any payment that does not constitute qualified stated profit) on, or any gain on the sale, exchange, retirement or other disposition of a Trust Certificate, including disposition in certain non-recognition transactions, as foreign source ordinary income to the extent of the market discount accrued on the Trust Certificate at the time of the payment or disposition unless this market discount has been previously included in income by the U.S. Holder pursuant to an election by the U.S. Holder to include market discount in income as it accrues. An election to include market discount in income as it accrues applies to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which such election applies and may not be revoked without the consent of the IRS. In addition, a U.S. Holder that does not elect to include market discount in income currently may be required to defer, until the maturity of the Trust Certificate or its earlier disposition (including certain non-taxable transactions), the deduction of all or a portion of the interest expense on any indebtedness incurred or maintained to purchase or carry such Trust Certificate. Such interest is deductible when paid or incurred to the extent of income from the Trust Certificate for the year. If the interest expense exceeds such income, such excess is currently deductible only to the extent that such excess exceeds the portion of the market discount allocable to the days during the taxable year on which such Trust Certificate was held by the U.S. Holder.

Market discount will accrue on a straight line basis unless a U.S. Holder makes an election on a Trust Certificate to accrue on the basis of a constant rate. This election is irrevocable once made.

Acquisition Premium and Amortisable Premium

A U.S. Holder who purchases a Trust Certificate for an amount that is greater than the Trust Certificate's adjusted issue price but less than or equal to the stated redemption price at maturity will be considered to have purchased the Trust Certificate at an acquisition premium. Under the acquisition premium rules, the amount of OID that the U.S. Holder must include in its gross income with respect to the Trust Certificate for any taxable year will be reduced by the portion of acquisition premium properly allocable to that year.

If an investor purchases a debt instrument for an amount that is greater than the stated redemption price at maturity of that instrument, the investor will be considered to have purchased that instrument with amortisable bond premium for U.S. federal income tax purposes in an amount equal to the excess of the purchase price over the amount payable at maturity ("**amortisable premium**"). If a U.S. Holder purchases a Trust Certificate with amortisable premium, the U.S. Holder may elect to amortise this premium, using a constant yield method, over the remaining term of the Trust Certificate. A U.S. Holder who elects to amortise premium must reduce its tax basis in the Trust Certificate by the amount of the premium amortised in any year. An election to amortise premium applies to all taxable debt obligations then owned and thereafter acquired by the U.S. Holder and may be revoked only with the consent of the IRS.

If a U.S. Holder makes a constant yield election (as described under "*—Original Issue Discount*") for a Trust Certificate with amortisable premium, such election will result in a deemed election to amortise premium for all of the U.S. Holder's debt instruments with amortisable premium.

Sale or Other Disposition of Trust Certificates

A U.S. Holder's tax basis in a Trust Certificate generally will be its cost, increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Trust Certificate and the amount, if any, of income attributable to *de minimis* OID and *de minimis* market discount included in the U.S. Holder's income with respect to the Trust Certificate, and reduced by (i) the amount of any payments other than qualified stated profit payments, and (ii) the amount of any amortisable premium applied to reduce profit on the Trust Certificate.

A U.S. Holder generally will recognise gain or loss on the sale or other disposition of a Trust Certificate equal to the difference between the amount realised on the sale or other disposition and the tax basis of the Trust Certificate. Except to the extent described above under "*—Original Issue Discount*" and "*—Market Discount*" or attributable to accrued but unpaid profit or changes in exchange rates (as discussed below), gain or loss recognised on the sale or other disposition of a Trust Certificate will be capital gain or loss and generally will be treated as from U.S. sources for U.S. federal income tax purposes. In the case of a U.S. Holder that is an individual, estate or trust, the maximum marginal federal income tax rates applicable to capital gain are currently lower than the maximum marginal rates applicable to ordinary income if the Trust Certificates have been held for more than one year at the time of the sale or other disposition. The deductibility of capital losses is subject to significant limitations.

Foreign Currency Trust Certificates

The following discussion summarises certain U.S. federal income tax consequences to a U.S. Holder of the ownership and disposition of Trust Certificates the payments of profit or principal on which are denominated in or determined by reference to a currency other than the U.S. dollar ("**foreign currency Trust Certificates**").

The rules applicable to foreign currency Trust Certificates could require some or all gain or loss on the sale, exchange or other disposition of a foreign currency Trust Certificate to be recharacterised as ordinary income or loss. The rules applicable to foreign currency Trust Certificates are complex and may depend on the U.S. Holder's particular U.S. federal income tax situation. For example, various elections are available under these rules, and whether a U.S. Holder should make any of these elections may depend on the U.S. Holder's particular U.S. federal income tax situation. U.S. Holders are urged to consult their tax advisors regarding the U.S. federal income tax consequences of the ownership and disposition of foreign currency Trust Certificates.

A U.S. Holder who uses the cash method of accounting and who receives a payment of qualified stated profit in a foreign currency with respect to a foreign currency Trust Certificate will be required to include in income the U.S. dollar value of the foreign currency payment (determined on the date the payment is received) regardless of whether the payment is in fact converted to U.S. dollars at the time, and this U.S. dollar value will be the U.S. Holder's tax basis in the foreign currency.

An accrual method U.S. Holder will be required to include in income the U.S. dollar value of the amount of profit (including OID or market discount, but reduced by acquisition premium and amortisable premium, to the extent applicable) that has accrued and is otherwise required to be taken into account with respect to a foreign currency Trust Certificate during an accrual period. The U.S. dollar value of the accrued income will be determined by translating the income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the relevant taxable year.

An accrual method U.S. Holder or cash method U.S. Holder accruing OID may elect to translate profit (including OID) into U.S. dollars at the spot rate on the last day of the accrual period (or, in the case of a partial accrual period, the spot rate on the last day of the partial accrual period in the relevant taxable year).

Additionally, if the last day of the accrual period is within five business days of the date of receipt of the accrued profit, a U.S. Holder that has made such election may translate accrued profit using the spot rate of exchange in effect on the date of receipt. A U.S. Holder that makes this election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS.

The U.S. Holder will recognise ordinary income or loss with respect to accrued profit on the date the income is actually received. The amount of ordinary income or loss recognised will equal the difference between the U.S. dollar value of the foreign currency payment received (determined on the date the payment is received) in respect of the accrual period and the U.S. dollar value of the profit that has accrued during the accrual period (as determined above). Rules similar to these rules apply in the case of a cash method taxpayer required to currently accrue OID or market discount.

OID, market discount, acquisition premium and amortisable premium on a foreign currency Trust Certificate are to be determined in the relevant foreign currency. Where the taxpayer elects to include market discount in income currently, the amount of market discount will be determined for any accrual period in the relevant foreign currency and then translated into U.S. dollars on the basis of the average rate in effect during the accrual period. Exchange gain or loss realised with respect to such accrued market discount shall be determined in accordance with the rules relating to accrued profit described above. Accrued market discount (other than market discount currently included in income) taken into account upon the receipt of any partial principal payment or upon the sale, retirement or other disposition of a Trust Certificate is translated into U.S. dollars at the spot rate on such payment or disposition date.

If an election to amortise premium is made, amortisable premium taken into account on a current basis shall reduce profit in units of the relevant foreign currency. Exchange gain or loss is realised on amortised premium with respect to any period by treating the premium amortised in the period in the same manner as on the sale, exchange or retirement of the foreign currency Trust Certificate. Any exchange gain or loss will be ordinary income or loss as described below. If the election is not made, any loss realised on the sale, exchange or retirement of a foreign currency Trust Certificate with amortisable premium by a U.S. Holder who has not elected to amortise the premium will be a capital loss to the extent of the premium.

Gain or loss realised upon the sale, exchange or retirement of a foreign currency Trust Certificate that is attributable to fluctuation in currency exchange rates will be ordinary income or loss which will not be treated as interest income or expense. Gain or loss attributable to fluctuations in exchange rates will equal the difference between: (i) the U.S. dollar value of the foreign currency purchase price of the Trust Certificate, determined on the date the payment is received or the Trust Certificate is disposed of; and (ii) the U.S. dollar value of the foreign currency purchase price of the Trust Certificate, determined on the date the U.S. Holder acquired the Trust Certificate. Payments received attributable to accrued profit will be treated in accordance with the rules applicable to payments of profit on foreign currency Trust Certificates described above. The foreign currency gain or loss will be recognised only to the extent of the total gain or loss realised by the U.S. Holder on the sale, exchange or retirement of the foreign currency Trust Certificate. The source of the foreign currency gain or loss will be determined by reference to the residence of the U.S. Holder or the "qualified business unit" of the U.S. Holder on whose books the Trust Certificate is properly reflected. Any gain or loss realised by these U.S. Holders in excess of the foreign currency gain or loss will be capital gain or loss except to the extent of any accrued market discount or discount on a short-term Trust Certificate not previously included in the U.S. Holder's income. Holders should consult their tax advisors with respect to the tax consequences of receiving payments in a currency different from the currency in which payments with respect to such Trust Certificate accrue.

U.S. Holders should consult their tax advisors concerning how to account for payments made or received in a foreign currency, including whether such holders have foreign currency gain or loss in connection with any difference in the U.S. dollar value of such foreign currency between the trade date and settlement date of the acquisition and disposition of a foreign currency Trust Certificate.

Backup Withholding and Information Reporting

Information returns may be filed with the IRS (unless the U.S. Holder establishes, if requested to do so, that it is an exempt recipient) in connection with payments on the Trust Certificates, and the proceeds from the sale, exchange or other disposition of Trust Certificates. If information reports are required to be made, a U.S. Holder may be subject to U.S. backup withholding if it fails to provide its taxpayer identification number, or to establish that it is exempt from backup withholding. The amount of any backup withholding imposed on a payment will be allowed as a credit against any U.S. federal income tax liability of a U.S.

Holder and may entitle the U.S. Holder to a refund, provided the required information is timely furnished to the IRS.

U.S. Holders should consult their own tax advisors regarding any reporting obligations they may have as a result of their acquisition, ownership or disposition of Trust Certificates, including requirements related to the holding of certain foreign financial assets or accounts. Failure to comply with applicable reporting obligations could result in the imposition of substantial penalties.

ERISA CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), and Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), impose certain restrictions on (i) employee benefit plans (as defined in Section 3(3) of ERISA) that are subject to Part 4 of Subtitle B of Title I of ERISA, (ii) plans (as defined in Section 4975(e)(1) of the Code) that are subject to Section 4975 of the Code, including individual retirement accounts and Keogh plans, (iii) any entities whose underlying assets could be deemed to include plan assets by reason of a plan's investment in such entities (each of the foregoing, a "**Plan**") and (iv) persons who have certain specified relationships to a Plan or its assets ("**parties in interest**" under ERISA and "**disqualified persons**" under the Code; collectively, "**Parties in Interest**"). ERISA also imposes certain duties on persons who are fiduciaries of Plans subject to ERISA, and ERISA and Section 4975 of the Code prohibit certain transactions between a Plan and its Parties in Interest. Violations of these rules may result in the imposition of excise taxes and other penalties and liabilities under ERISA and the Code.

ERISA and Section 4975 of the Code prohibit a broad range of transactions involving "plan assets" and Parties in Interest, unless a statutory or administrative exemption is available. Parties in Interest that participate in a prohibited transaction may be subject to penalties imposed under ERISA and/or excise taxes imposed pursuant to Section 4975 of the Code, unless a statutory or administrative exemption is available. These prohibited transactions generally are set forth in Section 406 of ERISA and Section 4975 of the Code. Certain employee benefit plans, including governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA), and non-U.S. plans (as described in Section 4(b)(4) of ERISA) are not subject to the prohibited transaction rules of ERISA or the Code but may be subject to similar rules under other applicable laws or documents. Accordingly, assets of such plans may be invested in the Trust Certificates without regard to the prohibited transaction considerations under ERISA and the Code described below, subject to the provisions of other applicable federal, state or non-U.S. law ("**Similar Law**").

The term "**plan assets**" is defined in Section 3(42) of ERISA. The U.S. Department of Labor, the governmental agency primarily responsible for the administration of ERISA, has issued a final regulation (29 C.F.R. Section 2510.3 101), which, together with Section 3(42) of ERISA, set out the standards that will apply for determining what constitutes the assets of a Plan (collectively, the "**Plan Asset Regulation**"). Under the Plan Asset Regulation, if a Plan invests in an "**equity interest**" of an entity that is neither a "publicly offered security" nor a security issued by an investment company registered under the Investment Company Act, the Plan's assets include both the equity interest and an undivided economic interest in each of the entity's underlying assets, unless it is established that the entity is an "operating company" or that equity participation in the entity by "benefit plan investors" (which are essentially Plans) is not "**significant**". The Plan Assets Regulation generally defines equity participation in an entity by "**benefit plan investors**" as "**significant**" if 25 per cent. or more of the value of any class of equity interest in the entity is held by "benefit plan investors". For the purposes of determining whether participation by "**benefit plan investors**" is "significant," Trust Certificates held by an investor (other than a "**benefit plan investor**") that has discretionary authority or control over the assets of the Trustee or provides investment advice for a fee with respect to such assets, and any "affiliates" of such an investor within the meaning of paragraph (f)(3) of the Plan Asset Regulation, are excluded from such calculation. If the assets of the Trustee were deemed to be plan assets of a Plan, the Trustee would be subject to certain fiduciary obligations under ERISA and certain transactions that the Trustee might enter into, or may have entered into, in the ordinary course of business might constitute or result in non-exempt prohibited transactions under ERISA or Section 4975 of the Code and might have to be rescinded.

Each purchaser or transferee of the Trust Certificates (or any interest in a Trust Certificate) will be deemed to have acknowledged, represented and agreed that (a) it is not, and it is not acting on behalf of: (i) a Plan or (ii) a governmental, church or non-U.S. plan or entity whose underlying assets are deemed to include the assets of any such plan unless, under this subsection (ii), the acquisition, holding and disposition of the

Trust Certificate would not result in a non-exempt violation of any Similar Law or subject the Trustee or any transactions thereby to any such Similar Law and (b) it will not sell or otherwise transfer any Trust Certificates or interest to any person unless the same foregoing representations and warranties apply to that person.

No purchase by or transfer to a Plan of the Trust Certificate, or any interest herein, will be effective, and neither the Trustee nor the delegate will recognise any such acquisition or transfer. In the event that the Trustee determines that the Trust Certificate is held by a Plan, the Trustee will cause a sale or transfer in the manner described in the Base Offering Circular.

TRANSFER RESTRICTIONS

As a result of the following restrictions, prospective Certificateholders are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Trust Certificates.

The Trust Certificates have not been and will not be registered under the Securities Act or any other securities laws, and may not be offered or sold in the United States or to, or for the account of benefit of, U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Trust Certificates are being offered and sold only in the United States to persons reasonably believed to be QIBs, as defined in Rule 144A, who are also QPs, as defined in the Investment Company Act in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and the exemption from the registration requirements of the Investment Company Act provided by Section 3(c)(7) thereof and (2) outside the United States to non-U.S. persons (within the meaning of Regulation S) in offshore transactions in reliance on Regulation S.

Any reoffer, resale, pledge, transfer or other disposal, or attempted reoffer, resale, pledge, transfer or other disposal, made other than in compliance with the restrictions noted below shall not be recognized by the Trustee.

Restricted Global Trust Certificates

Each purchaser of Trust Certificates within the United States pursuant to Rule 144A will be deemed to have represented, acknowledged and agreed, as follows, on its own behalf and on behalf of each account for which it is purchasing (terms used in this paragraph that are defined in Rule 144A are used herein as defined therein):

(a) It: (i) is both a QIB that is also a QP, in each case who is aware that the sale to it is being made in reliance on Rule 144A and Section 3(c)(7) of the Investment Company Act; (ii) is not a broker-dealer that owns and invests on a discretionary basis less than U.S.$25 million in securities of unaffiliated issuers; (iii) is not a participant-directed employee plan, such as a 401(k) plan, or a trust holding assets of such a plan; (iv) is acquiring such Trust Certificates for its own account or for the account of one or more QIBs, each of which is also a QP; (v) was not formed for the purpose of investing in the Trust Certificates or the Trustee; and (vi) is aware, and each beneficial owner of such Trust Certificates has been advised, that the seller of such Trust Certificates may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

(b) It will: (i) along with each account for which it is purchasing, hold and transfer interests in the Restricted Global Trust Certificates in a principal amount that is not less than U.S.$250,000; and (i) provide notice of the transfer restrictions set forth herein to any subsequent transferees. In addition, it understands that the Trustee may receive a list of participants holding positions in the Trustee's securities from one or more book entry depositories.

(c) It understands that such Trust Certificates have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred except (i) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB who is also a QP purchasing for its own account or for the account of one or more persons who is a QIB who is also a QP, (ii) to non-U.S. persons in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (iii) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available to a person it reasonably believes to be a QP), in each case in accordance with any applicable securities laws of any state or other jurisdiction of the United States.

(d) The purchaser understands that any sale transfer of the Trust Certificates (or of any beneficial interest therein) to a person that does not comply with the requirements set forth in this "*Transfer Restrictions*" section will be null and void *ab initio* and not honoured by the Trustee. It further understands that if at any time the Trustee determines in good faith that a holder of the Trust Certificates (or of any beneficial interest therein) is in breach, at the time given, of any of the representations and agreements contained in this "*Transfer Restrictions*" section, the Trustee may require such holder to transfer such Trust Certificate (or beneficial interest therein) to a transferee acceptable to the Trustee who is able to and who does make all of the representations and agreements set forth in this "*Transfer Restrictions*" section. Pending such transfer, such holder will be deemed not to be the holder of such Trust Certificates for any purpose, including but not limited to receipt of principal and profit payments on such Trust Certificates, and such holder will be deemed to have no interest whatsoever in such Trust Certificates except as otherwise required to sell its interest therein as described in this paragraph.

(e) Restricted Global Trust Certificates sold in the offering will constitute "restricted securities" within the meaning of Rule 144 under the Securities Act, and for so long as they remain "restricted securities" such Restricted Global Trust Certificates may not be transferred except as described in paragraph (c) above.

(f) It understands that such Trust Certificates, unless the Trustee determines otherwise in accordance with applicable law, will bear a legend to the following effect:

"THE TRUST CERTIFICATE REPRESENTED HEREBY HAS 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 AND ACCORDINGLY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (A "**QIB**") WITHIN THE MEANING OF RULE 144A AND A QUALIFIED PURCHASER (A "**QP**") WITHIN THE MEANING OF SECTION 2(A)(51) OF THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**") AND THE RULES AND REGULATIONS PROMULGATED THEREUNDER, PURCHASING FOR ITS OWN ACCOUNT OR A PERSON PURCHASING FOR THE ACCOUNT OF ONE OR MORE QIBS EACH OF WHICH IS A QP WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT AND SECTION 3(C)(7) UNDER THE INVESTMENT COMPANY ACT, AND IN AN AMOUNT FOR EACH ACCOUNT OF NOT LESS THAN U.S.$250,000 OR (2) IN AN OFFSHORE TRANSACTION TO A PERSON WHO IS NOT A U.S. PERSON WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**") IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S, AND, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THE TRUST CERTIFICATES REPRESENTED HEREBY IN RESPECT HEREOF OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. ANY TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE OR EFFECT, WILL BE VOID *AB INITIO*, AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE TRUSTEE, THE MINISTRY OF FINANCE OR ANY INTERMEDIARY, NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THIS RESTRICTED GLOBAL TRUST CERTIFICATE.

THE BENEFICIAL OWNER HEREOF REPRESENTS THAT: (1) IT IS A QIB THAT IS ALSO A QP; (2) IT IS NOT A BROKER DEALER WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.$25,000,000 IN SECURITIES OF UNAFFILIATED ISSUERS; (3) IT IS NOT A PARTICIPANT-DIRECTED EMPLOYEE PLAN, SUCH AS A 401(K) PLAN; (4) IT IS HOLDING THE TRUST CERTIFICATES REPRESENTED HEREBY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS, EACH OF WHICH IS ALSO A QP; (5) IT WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE TRUSTEE OR THE TRUST CERTIFICATES REPRESENTED HEREBY; (6) IT, AND EACH ACCOUNT FOR WHICH IT HOLDS TRUST CERTIFICATES, WILL HOLD AND TRANSFER AT LEAST U.S.$250,000; (7) IT UNDERSTANDS THAT THE TRUSTEE MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN ITS SECURITIES FROM ONE OR MORE BOOK ENTRY DEPOSITARIES; AND (8) IT WILL PROVIDE NOTICE OF THE FOREGOING TRANSFER

RESTRICTIONS TO ITS SUBSEQUENT TRANSFEREES. IF THE BENEFICIAL OWNER HEREOF IS A U.S. PERSON WITHIN THE MEANING OF REGULATION S,

THE BENEFICIAL OWNER HEREOF HEREBY ACKNOWLEDGES THAT IF AT ANY TIME WHILE IT HOLDS AN INTEREST IN THIS RESTRICTED GLOBAL TRUST CERTIFICATE IT IS A U.S. PERSON WITHIN THE MEANING OF REGULATION S THAT IS NOT A QIB AND A QP, THE TRUSTEE MAY (A) COMPEL IT TO SELL ITS INTEREST IN THIS RESTRICTED GLOBAL TRUST CERTIFICATE TO A PERSON WHO IS (I) A U.S. PERSON WHO IS A QIB AND A QP THAT IS, IN EACH CASE, OTHERWISE QUALIFIED TO PURCHASE THE TRUST CERTIFICATES REPRESENTED HEREBY IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OR (II) NOT A U.S. PERSON WITHIN THE MEANING OF REGULATION S OR (B) COMPEL THE BENEFICIAL OWNER TO SELL ITS INTEREST IN THE TRUST CERTIFICATES REPRESENTED HEREBY TO THE TRUSTEE OR AN AFFILIATE OF THE TRUSTEE OR TRANSFER ITS INTEREST IN THIS RESTRICTED GLOBAL TRUST CERTIFICATE TO A PERSON DESIGNATED BY OR ACCEPTABLE TO THE TRUSTEE AT A PRICE EQUAL TO THE LESSER OF (X) THE PURCHASE PRICE THEREFOR PAID BY THE BENEFICIAL OWNER, (Y) 100 PER CENT. OF THE FACE AMOUNT THEREOF OR (Z) THE FAIR MARKET VALUE THEREOF. THE TRUSTEE HAS THE RIGHT TO REFUSE TO HONOUR A TRANSFER OF AN INTEREST IN THE TRUST CERTIFICATES REPRESENTED HEREBY TO A U.S. PERSON WHO IS NOT A QIB AND A QP. THE TRUSTEE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT.

BY ACCEPTING THIS RESTRICTED GLOBAL TRUST CERTIFICATE (OR ANY INTEREST IN THE TRUST CERTIFICATES REPRESENTED HEREBY) EACH BENEFICIAL OWNER HEREOF, AND EACH FIDUCIARY ACTING ON BEHALF OF THE BENEFICIAL OWNER (BOTH IN ITS INDIVIDUAL AND CORPORATE CAPACITY), WILL BE DEEMED TO REPRESENT, WARRANT AND AGREE THAT, DURING THE PERIOD IT HOLDS ANY INTEREST IN THIS RESTRICTED GLOBAL TRUST CERTIFICATE (A) IT IS NOT, AND IT IS NOT ACTING ON BEHALF OF AN "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**")) SUBJECT TO THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, A "PLAN" AS DEFINED IN AND TO WHICH SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED ("**CODE**") APPLIES, OR ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF SUCH AN EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN SUCH ENTITY (EACH, A "**PLAN**"), AND NO PART OF THE ASSETS TO BE USED BY IT TO PURCHASE OR HOLD SUCH TRUST CERTIFICATES OR ANY INTEREST HEREIN CONSTITUTES THE ASSETS OF ANY PLAN AND (B) IF IT IS, OR IS ACTING ON BEHALF OF A GOVERNMENTAL, CHURCH OR NON U.S. PLAN, OR ANY ENTITY WHOSE UNDERLYING ASSETS ARE DEEMED TO INCLUDE THE ASSETS OF ANY SUCH GOVERNMENTAL, CHURCH OR NON U.S. PLAN SUCH ACQUISITION DOES NOT AND WILL NOT CONSTITUTE OR RESULT IN A NON EXEMPT VIOLATION OF ANY LAWS THAT ARE SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE AND WILL NOT SUBJECT THE TRUSTEE OR ANY TRANSACTIONS THEREBY TO ANY LAWS, RULES OR REGULATIONS APPLICABLE TO SUCH PLAN AS A RESULT OF THE INVESTMENT IN THE TRUST CERTIFICATES BY SUCH PLAN. NO PURCHASE BY OR TRANSFER TO A PLAN OF THIS RESTRICTED GLOBAL TRUST CERTIFICATE, OR ANY INTEREST HEREIN, WILL BE EFFECTIVE, AND NEITHER THE TRUSTEE NOR THE DELEGATE WILL RECOGNISE ANY SUCH ACQUISITION OR TRANSFER. IN THE EVENT THAT THE TRUSTEE DETERMINES THAT THIS RESTRICTED GLOBAL TRUST CERTIFICATE IS HELD BY A PLAN, THE TRUSTEE WILL CAUSE A SALE OR TRANSFER IN THE MANNER DESCRIBED IN THE BASE OFFERING CIRCULAR.

THE TRUSTEE MAY COMPEL EACH BENEFICIAL OWNER OF THE TRUST CERTIFICATES REPRESENTED HEREBY THAT IS A U.S. PERSON WITHIN THE MEANING OF REGULATION S TO CERTIFY PERIODICALLY THAT SUCH BENEFICIAL OWNER IS A QIB AND A QP."

(g) The purchaser understands that no representation can be made as to the availability of the exemption provided by Rule 144 for resales of the Trust Certificates offered hereby.

(h) It understands and acknowledges that the Trustee has not registered and does not intend to register as an "investment company" (as such term is defined in the Investment Company Act and the rules and regulations promulgated thereunder) and that the Trustee has imposed the transfer and offering restrictions with respect to persons in the United States and U.S. persons described herein designed to ensure that the Trustee will qualify for the exception provided under Section 3(c)(7) of the Investment Company Act and will have no obligation to register as an investment company in the United States.

(i) The Trustee, each Agent, each Manager and their affiliates or, as the case may be, each relevant Dealer and its affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. The purchaser agrees that if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of the Trust Certificates are no longer accurate, it shall promptly notify the Trustee and the Relevant Dealer(s). If it is acquiring any Trust Certificates for the account of one or more QIBs who are also QPs, it 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.

(j) It understands that the Trust Certificates offered in reliance on Rule 144A will be represented by one or more Restricted Global Trust Certificate. Before any interest in a Restricted Global Trust Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Trust Certificate, it will be required to provide to each of the Principal Paying Agent and the Registrars a written confirmation, substantially in the form set out in the Agency Agreement, amended as appropriate to the effect that such offer, sale, pledge or other transfer is being made in compliance with applicable securities laws.

Prospective purchasers are hereby notified that the sellers of the Trust Certificates may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Unrestricted Global Trust Certificates

Each purchaser of Trust Certificates outside the United States pursuant to Regulation S and each subsequent purchaser of such Trust Certificates in resales prior to the expiration of the distribution compliance period, by accepting delivery of this Base Offering Circular and the Trust Certificates, will be deemed to have represented, acknowledged and agreed, as follows:

(a) it is or at the time the Trust Certificates are purchased will be, the beneficial owner of such Trust Certificates and (i) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and (ii) it is not an affiliate of the Ministry of Finance or the Trustee or a person acting on behalf of such an affiliate;

(b) it understands that such Trust Certificates have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Trust Certificates except (i) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB who is also a QP purchasing for its own account or for the account of a QIB who is also a QP (x) in a transaction that meets the requirements of Rule 144A in an amount not less than U.S.$250,000 or (y) pursuant to any other available exemption form the registration requirements of the Securities Act, or (ii) to a non-U.S. person within the meaning of Regulation S in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any state or other jurisdiction of the United States;

(c) it understands that the Unrestricted Global Trust Certificates, unless otherwise determined by the Trustee in accordance with applicable law, will bear a legend substantially in the following form:

"THE TRUST CERTIFICATE REPRESENTED HEREBY HAS 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 AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT IN A TRANSACTION THAT WILL NOT CAUSE THE TRUSTEE TO BECOME REQUIRED TO REGISTER AS AN INVESTMENT COMPANY UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED. THIS PARAGRAPH OF THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE TRUST CERTIFICATES OF THE SERIES OF WHICH THIS UNRESTRICTED GLOBAL TRUST CERTIFICATE FORMS PART.

BY ACCEPTING THIS UNRESTRICTED GLOBAL TRUST CERTIFICATE (OR ANY INTEREST IN THE TRUST CERTIFICATES REPRESENTED HEREBY) EACH BENEFICIAL OWNER HEREOF, AND EACH FIDUCIARY ACTING ON BEHALF OF THE BENEFICIAL OWNER (BOTH IN ITS INDIVIDUAL AND CORPORATE CAPACITY), WILL BE DEEMED TO REPRESENT, WARRANT AND AGREE THAT, DURING THE PERIOD IT HOLDS ANY INTEREST IN THIS UNRESTRICTED GLOBAL TRUST CERTIFICATE (A) IT IS NOT, AND IT IS NOT ACTING ON BEHALF OF AN "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**")) SUBJECT TO THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, A "PLAN" AS DEFINED IN AND TO WHICH SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED ("**CODE**") APPLIES, OR ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF SUCH AN EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN SUCH ENTITY (EACH, A "**PLAN**"), AND NO PART OF THE ASSETS TO BE USED BY IT TO PURCHASE OR HOLD SUCH TRUST CERTIFICATES OR ANY INTEREST HEREIN CONSTITUTES THE ASSETS OF ANY PLAN AND (B) IF IT IS, OR IS ACTING ON BEHALF OF A GOVERNMENTAL, CHURCH OR NON U.S. PLAN, OR ANY ENTITY WHOSE UNDERLYING ASSETS ARE DEEMED TO INCLUDE THE ASSETS OF ANY SUCH GOVERNMENTAL, CHURCH OR NON U.S. PLAN SUCH ACQUISITION DOES NOT AND WILL NOT CONSTITUTE OR RESULT IN A NON EXEMPT VIOLATION OF ANY LAWS THAT ARE SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE AND WILL NOT SUBJECT THE TRUSTEE OR ANY TRANSACTIONS THEREBY TO ANY LAWS, RULES OR REGULATIONS APPLICABLE TO SUCH PLAN AS A RESULT OF THE INVESTMENT IN THE TRUST CERTIFICATES BY SUCH PLAN. NO PURCHASE BY OR TRANSFER TO A PLAN OF THIS UNRESTRICTED GLOBAL TRUST CERTIFICATE, OR ANY INTEREST HEREIN, WILL BE EFFECTIVE, AND NEITHER THE TRUSTEE NOR THE DELEGATE WILL RECOGNISE ANY SUCH ACQUISITION OR TRANSFER. IN THE EVENT THAT THE TRUSTEE DETERMINES THAT THIS UNRESTRICTED GLOBAL TRUST CERTIFICATE IS HELD BY A PLAN, THE TRUSTEE WILL CAUSE A SALE OR TRANSFER IN THE MANNER DESCRIBED IN THE BASE OFFERING CIRCULAR.";

(d) it understands and acknowledges that the Trustee has not registered and does not intend to register as an "investment company" (as such term is defined in the Investment Company Act and the rules and regulations promulgated thereunder) and that the Trustee has imposed the transfer and offering restrictions with respect to persons in the United States and U.S. persons outside the United States described herein to help ensure that the Trustee will qualify for the exception provided under Section 3(c)(7) of the Investment Company Act and will have no obligation to register as an investment company in the United States;

(e) the Trustee, each Agent, each Manager and their affiliates or, as the case may be, the relevant Dealer and its 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 Unrestricted Global Trust Certificates is no longer accurate, it shall promptly notify the Trustee, each Agent, each Manager and their affiliates or, as the case may be, the relevant Dealer and its affiliates; and

(f) It understands that the Trust Certificates offered in reliance on Regulation S will be represented by one or more Unrestricted Global Trust Certificates. Prior to the expiration of the distribution compliance period, before any interest in the Unrestricted Global Trust Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Unrestricted Global Trust Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

ERISA transfer restrictions

Each purchaser or transferee of the Trust Certificates (or any interest in a Trust Certificate) will be deemed to have acknowledged, represented and agreed that (a) it is not, and it is not acting on behalf of: (i) a Plan, or (ii) a governmental, church or non-U.S. plan or entity whose underlying assets are deemed to include the assets of any such plan, unless, under this subsection (ii), the acquisition, holding and disposition of the Trust Certificate would not result in a non-exempt violation of any Similar Law or subject the Trustee or any transaction thereby to any such Similar Law and (b) it will not sell or otherwise transfer any Trust Certificates or interest to any person unless the same foregoing representations and warranties apply to that person.

SUBSCRIPTION AND SALE

Words and expressions defined in the Conditions shall have the same meanings in this section.

The Dealers have, in a dealer agreement (such dealer agreement as modified and/or supplemented and/or restated from time to time, the "**Dealer Agreement**") dated 14 February 2023, agreed with the Trustee and the Ministry of Finance a basis upon which they or any of them may from time to time agree to purchase Trust Certificates. In the Dealer Agreement, each of the Trustee and the Ministry of Finance has agreed to reimburse the Dealers for certain of their expenses in connection with the issue of Trust Certificates under the Programme.

Selling Restrictions

United States

The Trust Certificates have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that, except as permitted by the Dealer Agreement, it will not offer or sell any Tranche of Trust Certificates: (i) as part of their distribution at any time; or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date of such Tranche, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Trust Certificates during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of such Tranche of Trust Certificates within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

Accordingly, the Trust Certificates are being offered and sold outside the United States to investors that are not U.S. persons or acquiring for the account or benefit of U.S. persons in accordance with Regulation S. The Dealer Agreement provides that Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Trust Certificates within the United States only to QIBs who are also QPs in reliance on Rule 144A and Section 3(c)(7) of the Investment Company Act.

Each Dealer has represented, warranted, undertaken and agreed that it has offered and sold and will offer and sell the Trust Certificates only in the United States to persons whom it reasonably believes are QIBs, as defined in Rule 144A, and QPs, as defined in the Investment Company Act who can represent that: (a) they are QIBs who are QPs; (b) they are not broker dealers who own and invest on a discretionary basis less than U.S.$25 million in securities of unaffiliated issuers; (c) they are not a participant-directed employee plan, such as a 401(k) plan; (d) they are acting for their own account, or the account of one or more persons who is a QIB each of which is also a QP; (e) they are not formed for the purpose of investing in the Trust Certificates or the Trustee; (f) each account for which they are purchasing will hold and transfer at least U.S.$250,000 in principal amount of Trust Certificates at any time; (g) they understand that the Trustee may receive a list of participants holding positions in its securities from one or more book entry depositories; and (h) they will provide notice of the transfer restrictions set forth in this Base Offering Circular to any subsequent transferees.

In connection with the offer and resale of the Trust Certificates in the United States each Dealer has represented and agreed that it is a QIB who is also a QP.

In addition, until 40 days after the commencement of the offering of the Trust Certificates of the Tranche of which such Trust Certificates are a part, an offer or sale of Trust Certificates within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A and Section 3(c)(7) of the Investment Company Act.

Each purchaser or transferee of the Trust Certificates (or any interest in a Trust Certificate) will be deemed to have acknowledged, represented and agreed that (a) it is not, and it is not acting on behalf of: (i) a Plan or (ii) a governmental, church or non-U.S. plan or entity whose underlying assets are deemed to include the assets of any such plan unless, under this subsection (ii), the acquisition, holding and disposition of the

Trust Certificate would not result in a non-exempt violation of any Similar Law or subject the Trustee or any transactions thereby to any such Similar Law and (b) it will not sell or otherwise transfer any Trust Certificates or interest to any person unless the same foregoing representations and warranties apply to that person.

Public Offer Selling Restriction under the Prospectus Regulation

In relation to each Member State of the EEA (each a "**Member State**"), each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not made and will not make an offer of Trust Certificates which are the subject of the offering contemplated by this Base Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Member State, except that it may make an offer of such Trust Certificates to the public in that Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Trustee and the Ministry of Finance for any such offer; or

(c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Trust Certificates referred to above shall require the Trustee, the Ministry of Finance or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer of Trust Certificates to the public" in relation to any Trust Certificates in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Trust Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Trust Certificates.

United Kingdom

Public Offer Selling Restriction under the UK Prospectus Regulation

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not made and will not make an offer of Trust Certificates which are the subject of the offering contemplated by this Base Offering Circular as completed by the Pricing Supplement in relation thereto to the public in the United Kingdom, except that it may make an offer of such Trust Certificates to the public in the United Kingdom:

(a) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Trustee and the Ministry of Finance for any such offer; or

(c) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Trust Certificates referred to above shall require the Trustee, the Ministry of Finance or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Trust Certificates to the public**" means the communication in any form and by any means of sufficient information on the terms of the offer and the Trust Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Trust Certificates.

Other UK regulatory restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) 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 Trust Certificates in circumstances in which Section 21(1) of the FSMA does not apply to the Trustee or the Ministry of Finance; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Trust Certificates in, from or otherwise involving the United Kingdom.

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 Trust Certificates 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 Conduct of Business Module of the DFSA rulebook.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Trust Certificates other than: (i) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**Companies Ordinance**") or which do not constitute an offer to the public within the meaning of the Companies Ordinance; and

(b) 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 Trust Certificates, 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 the Trust Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. 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 any Trust Certificates or caused the Trust Certificates to be made the subject of an invitation for subscription or purchase and will not offer or sell any Trust Certificates or cause the Trust Certificates to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Trust Certificates, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore), as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (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 provision of the SFA.

Where the Trust Certificates are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) 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

(b) 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 derivatives 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 Trust Certificates pursuant to an offer made under Section 275 of the SFA except:

(1) 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)(c)(ii) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

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 or sold, and will not offer or sell, any Trust Certificates, 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 (excluding that person's principal place of residence);

(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).

Sultanate of Oman

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Offering Circular has not been filed with or registered as a prospectus with the Oman Capital Market Authority pursuant to Article 3 of the Capital Market Law (Royal Decree 80/98, as amended) ("**Article 3**"), and the Trust Certificates will not be offered or sold as a public offer of securities in Oman as contemplated by the Commercial Companies Law or Article 3.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Trust Certificates to be issued under the Programme and this Base Offering Circular have not been and will not be offered, sold or delivered and no invitation to subscribe for or to purchase the Trust Certificates has been or will be made, directly or indirectly, nor may any document or other material in connection therewith be distributed in Oman to any person in Oman unless: (A) (i) the provisions of the Capital Market Law of Oman (Royal Decree 80/98 as amended), and its Executive Regulations (issued pursuant to Decision 1/2009 as amended) are observed, and (ii) the prior consent of the Oman Capital Market Authority is obtained; or (B) the Dealer is duly licensed to market the Trust Certificates in Oman.

The information contained in the Base Offering Circular neither constitutes a public offer of securities in Oman as contemplated by the Commercial Companies Law) or the Capital Market Law of Oman (Royal Decree 80/98, as amended), nor does it constitute an offer to sell, or the solicitation of any offer to buy, non-Omani securities in Oman as contemplated by Article 139 of the Executive Regulations to the Capital Market Law (issued pursuant to Decision 1/2009).

The 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 Trust Certificates 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 or sale of securities.

Kingdom of Saudi Arabia

Each Dealer has represented and agreed, and any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires any Trust Certificates pursuant to an offering should note, that (i) no action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Trust Certificates and (ii) the Trust Certificates will not be offered or sold to a Saudi Investor other than to 'institutional and qualified clients' under Article 8(a)(1), or by way of a limited offer under Article 9, of the Offer of Securities Rules and, in each case, Article 10 of the Offer of Securities Rules.

Each offer of Trust Certificates shall not therefore constitute a "public offer", an "exempt offer" or a "parallel market offer" pursuant to the Offer of Securities Rules, but will be subject to the restrictions on secondary market activity under Article 14 of the Offer of Securities Rules.

State of Qatar

Any Trust Certificates to be issued under the Programme will not be offered, sold or delivered at any time, directly or indirectly, in the State of Qatar (including the Qatar Financial Centre) in a manner that would constitute a public offering. This Offering Circular 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 regulations or any other regulations in the State of Qatar. The Trust Certificates are not and will not be traded on the Qatar Stock Exchange. The Trust Certificates and interests therein will not be offered to investors domiciled or resident in the State of Qatar and do not constitute debt financing in the State of Qatar under the Commercial Companies Law No. (11) of 2015 or otherwise under the laws of the State of Qatar.

Kuwait

Unless all necessary approvals from the Kuwait Capital Markets Authority (the "**CMA**") pursuant to Law No. 7 of 2010, and its executive bylaws (each as amended) (the "**CML Rules**") together with the various resolutions, regulations, directives and instructions issued pursuant thereto, or in connection therewith (regardless of nomenclature) or any other applicable law or regulation in Kuwait, have been given in respect of the marketing and sale of the Trust Certificates, the Trust Certificates may not be offered for sale, nor sold, in Kuwait.

This Offering Circular is not for general circulation to the public in Kuwait nor will the Trust Certificates be sold by way of a public offering in Kuwait. In the event where the Trust Certificates are intended to be purchased onshore in Kuwait, the same may only be so purchased through a licensed person duly authorised to undertake such activity pursuant to the CML Rules. Investors from Kuwait acknowledge that the CMA and all other regulatory bodies in Kuwait assume no responsibility whatsoever for the contents of this Offering Circular and do not approve the contents thereof or verify the validity and accuracy of its contents. The CMA, and all other regulatory bodies in Kuwait, assume no responsibility whatsoever for any damages that may result from relying (in whole or in part) on the contents of this Offering Circular. Prior to purchasing any Trust Certificates, it is recommended that a prospective holder of any Trust Certificates seeks professional advice from its advisors in respect to the contents of this Offering Circular so as to determine the suitability of purchasing the Trust Certificates.

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 the Trust Certificates 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.

Japan

The Trust Certificates have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 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 Trust Certificates, and will not, directly or indirectly, offer or sell any Trust Certificates 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 No. 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

Any Trust Certificates to be issued under the Programme may not be offered for subscription or purchase and no invitation to subscribe for or purchase such Trust Certificates in Malaysia may be made, directly or indirectly, and this Offering Circular or any document or other materials in connection therewith may not be distributed in Malaysia other than to persons falling within the categories set out in Part I of Schedule 6 or Section 229(1)(b), Part I of Schedule 7 or Section 230(1)(b), read together with Schedule 8 or Section 257(3) of the Capital Market and Services Act 2007 (the "**CMSA**") of Malaysia, as may be amended and/or varied from time to time and subject to any amendments to the applicable laws from time to time. The Securities Commission of Malaysia shall not be liable for any non-disclosure on the part of the Trustee or the Bank and assumes no responsibility for the correct-ness of any statements made or opinions or reports expressed in this Offering Circular.

Switzerland

This Programme is not intended to constitute an offer or solicitation to purchase or invest in the Trust Certificates. The Trust Certificates may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**") and no application has or will be made to admit the Trust Certificates to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Programme nor any other offering or marketing material relating to the Trust Certificates constitutes a prospectus pursuant to the FinSA, and neither this Programme nor any other offering or marketing material relating to the Trust Certificates may be publicly distributed or otherwise made publicly available in Switzerland.

General

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws, regulations and directives in force in any jurisdiction in which it purchases, offers, sells or delivers Trust Certificates or possesses or distributes this Base Offering Circular, any other offering material or any Pricing Supplement and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Trust Certificates under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Trustee, the Ministry of Finance and any other Dealer shall have any responsibility therefor.

None of the Trustee, the Ministry of Finance or any of the Dealers: (i) makes any representation that any action has been or will be taken in any jurisdiction that would permit a public offering of any Trust Certificates, or possession or distribution of this Base Offering Circular, any other offering, material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required; or (ii) represents that Trust Certificates may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

With regard to each Tranche, the relevant Dealer(s) will be required to comply with any additional restrictions agreed between the Trustee, the Ministry of Finance and the relevant Dealer(s) and set out in the relevant dealer accession letter or subscription agreement, as the case may be. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Trust Certificates to which it relates or in a supplement to this Base Offering Circular.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the entry of the Trustee into the transaction contemplated by the Transaction Documents and the execution thereof has been duly authorised by a resolution of the Board of Directors of the Trustee dated 2 February 2023. Entry by the Ministry of Finance into the Transaction Documents to which it is a party was duly authorised by a decree of the supervisory committee for sovereign sukuk established by Prime Minister Decree No.1574 of 2022 dated 19 January 2023.

The Trustee and the Ministry of Finance have each obtained all necessary consents, approvals and authorisations in connection with the establishment of the Programme and will obtain all necessary consents, approvals and authorisations in connection with the issue of any Trust Certificates thereunder and the execution and performance of the Transaction Documents to which they are a party.

Listing of Trust Certificates

Application has been made to the London Stock Exchange for the Trust Certificates issued under the Programme during the period of 12 months from the date of this Base Offering Circular to be admitted to the ISM.

The ISM is not a regulated market for the purposes of UK MiFIR. The ISM is a market designated for professional investors. Trust Certificates admitted to trading on the ISM are not admitted to the Official List of the FCA. The London Stock Exchange has not approved or verified the contents of this Base Offering Circular.

Trust Certificates may also 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 that they will 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 Trustee, the Ministry of Finance and the relevant Dealer(s).

No Significant Change and No Material Adverse Change

There has been no significant change in the tax and budgetary systems, gross public debt, foreign trade and balance of payments, foreign exchange reserves, financial position and resources and income and expenditure figures of the Ministry of Finance since 30 June 2022. There have been no recent events relevant to the evaluation of the Ministry of Finance's solvency.

There has been no significant change in the financial performance or financial position of the Trustee and no material adverse change in the financial position or prospects of the Trustee, in each case, since the date of its incorporation.

Litigation

Neither the Ministry of Finance nor the Trustee is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) of which the Ministry of Finance or the Trustee is aware during the 12 months preceding the date of this Base Offering Circular which may have or has had in the recent past significant effects on the financial position of the Ministry of Finance and/or the financial position or profitability of the Trustee and/or on the Trustee's ability to meet its obligations to Certificateholders.

Documents Available

For the period of 12 months following the date of this Base Offering Circular, copies of the following documents will be made available for inspection at the office of the Principal Paying Agent:

(a) the Ministry of Finance's 2022/23, 2021/22 and 2020/21 budgets;

(b) the Sovereign Sukuk Law of Egypt No. 138 for 2021 and its executive regulations issued by Prime Minister Decree No. 1574 for 2022;

(c) copies of the constitutional documents of the Trustee; and

(d) the Master Declaration of Trust and each relevant Supplemental Declaration of Trust in relation to Trust Certificates which are admitted to trading on the ISM.

The applicable Pricing Supplement for Trust Certificates that are admitted to trading on the ISM will be published on the website of the London Stock Exchange at http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.

Clearing Systems

The Trust Certificates 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 Certificates allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Pricing Supplement. In addition, the Trustee may make an application for any Trust Certificates to be accepted for trading in book-entry form by DTC. The CUSIP number for each Tranche of such Trust Certificates, together with the relevant ISIN and (if applicable) common code, will be specified in the applicable Pricing Supplement. If the Trust Certificates are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Pricing Supplement. 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, New York 10041, United States of America.

Trustee's Legal Entity Identifier

The Trustee's Legal Entity Identifier ("**LEI**") code is 894500CX5LI3HIC87H85.

Third-Party Information

Where information in this Base Offering Circular has been sourced from third parties, this information has been accurately reproduced and, as far as the Trustee or the Ministry of Finance is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third-party information is identified where used.

Dealer not acting for any prospective or actual holders of Trust Certificates

None of the Dealers or the Arrangers is acting for any actual or prospective holders of Trust Certificates, and are neither advising nor treating as a client any other person and will not be responsible to any actual or prospective holders of Trust Certificates and will not be responsible to anyone other than the Trustee for providing the protections afforded to its clients nor for providing the services in relation to the offering described in this Base Offering Circular and/or the applicable Pricing Supplement or any transaction or arrangement referred to herein or therein. None of the Dealers, the Arrangers nor any of their respective affiliates has authorised the content of, or any part of, this Base Offering Circular and/or the applicable Pricing Supplement.

Dealers transacting with the Ministry of Finance

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in various financial advisory, investment banking and/or commercial banking transactions with, and may perform services for, the Ministry of Finance and/or their affiliates (including any other public sector instrumentality, as defined in the Conditions) in the ordinary course of business for which they have received, and for which they may in the future receive, fees and expenses. In particular, certain of the Dealers are lenders to the Ministry of Finance and/or its affiliates (including any other public sector instrumentality) and proceeds from the issue of the Trust Certificates may be used to repay such outstanding loan facilities. In connection with any offering under the Programme, the Dealers may purchase and sell Trust Certificates in the open market.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisors) 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 and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such investments and securities activities may involve securities and/or instruments of the Ministry of

Finance and/or its respective affiliates (including any other public sector instrumentality), including Trust Certificates issued under the Programme, may be entered into at the same time or proximate to offers and sales of Trust Certificates or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Trust Certificates. Trust Certificates issued under the Programme may be purchased by or be allocated to any Dealer or an affiliate for asset management and/or proprietary purposes but not with a view to distribution.

Certain of the Dealers or their affiliates may be full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Dealers or their affiliates that have a lending relationship with the Ministry of Finance and/or its respective affiliates (including any other public sector instrumentality) routinely hedge their credit exposure to the Ministry of Finance and/or its respective affiliates (including any other public sector instrumentality) consistent with their customary risk management policies. Any role of the Arrangers, Dealers and/or their respective affiliates as agent and/or lender in any existing lending relationship with the Ministry of Finance should not be taken as a recommendation to purchase the Trust Certificates.

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 Trust Certificates. Any such short positions could adversely affect future trading prices of the Trust Certificates 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.

INDEX OF DEFINED TERMS

THE TRUSTEE

The Egyptian Financial Company for Sovereign Taskeek
Ministry of Finance
2 Hassan Mourad st.
Garden City
Cairo
Egypt

THE ARAB REPUBLIC OF EGYPT REPRESENTED BY THE MINISTRY OF FINANCE

Ministry of Finance
Ministry of Finance Towers
Ramsis Street Extension
Nasr City
Cairo
Egypt

PRINCIPAL PAYING AGENT, REGULATION S REGISTRAR, REGULATION S TRANSFER AGENT AND EUROCLEAR/CLEARSTREAM RULE 144A REGISTRAR

HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom

DELEGATE

HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom

RULE 144A PAYING AGENT, DTC RULE 144A REGISTRAR AND DTC RULE 144A TRANSFER AGENT

HSBC Bank USA, National Association
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452 Fifth Avenue
New York, NY 10018
United States of America

ARRANGERS AND DEALERS

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Abu Dhabi
United Arab Emirates

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Canary Wharf
London E14 5LB
United Kingdom

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92547 Montrouge Cedex
France

Emirates NBD Bank PJSC
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The Gate Building
DIFC
Dubai
United Arab Emirates

First Abu Dhabi Bank PJSC
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Abu Dhabi
United Arab Emirates

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United Kingdom

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