



THE ARAB REPUBLIC OF EGYPT

U.S.\$10,000,000,000 Global Medium Term Note Programme

Under this U.S.\$10,000,000,000 Global Medium Term Note Programme (the “**Programme**”), the Arab Republic of Egypt (the “**Issuer**”, the “**Republic**” or “**Egypt**”) may elect, subject to compliance with all relevant laws, regulations and directives, from time-to-time to issue notes (the “**Notes**”) denominated in any currency agreed between the Issuer and the relevant Dealer(s) (as defined below).

Notes may be issued in bearer or registered form (respectively, “**Bearer Notes**” and “**Registered Notes**”). The maximum aggregate nominal amount of all Notes from time-to-time outstanding under the Programme will not exceed U.S.\$10,000,000,000 (or its equivalent in other currencies calculated as provided in the Dealer Agreement described herein), subject to increase, as described herein.

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

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

This Base Prospectus has been approved by the the Supervisory Commission of the Financial Sector (*Commission de Surveillance du Secteur Financier*) (the “**CSSF**”), in its capacity as competent authority under the Luxembourg law on prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*) dated 10 July 2005 (the “**Luxembourg Prospectus Law**”) which implements Directive 2003/71/EC, as amended (the “**Prospectus Directive**”). By approving this Base Prospectus, the CSSF gives no undertaking as to the economic and financial soundness of the transaction and the quality or solvency of the Issuer in line with the provisions of Article 7(7) of the Luxembourg Prospectus Law. Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list (the “**Official List**”) and to trading on its regulated market, pursuant to the rules and regulations of the Luxembourg Stock Exchange. The regulated market of the Luxembourg Stock Exchange is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39 EC.

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

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

Each of Fitch Ratings Ltd. (“**Fitch**”), Moody’s Investors Service Limited (“**Moody’s**”) and Standard & Poor’s Credit Market Services Europe Limited (“**S&P**”) is established in the EU and is registered under the CRA Regulation.

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

Arrangers

Morgan Stanley

NATIXIS

Dealers

BNP PARIBAS

Citigroup

J.P. Morgan

Morgan Stanley

NATIXIS

The date of this Base Prospectus is 26 May 2015.

IMPORTANT NOTICES

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive, as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant member state of the EU (an “**EU Member State**”)) and for the purpose of giving information with regard to the Issuer and the Notes which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position and prospects of the Issuer.

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

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

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

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

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

None of the Arrangers, the Dealers or any of their respective affiliates makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial, economic, political or otherwise), general affairs or prospects of the Issuer since the date hereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see “*Subscription and Sale*”. In particular, the Notes have not been and will not be registered under the Securities Act and are subject to U.S. tax law requirements.

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

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed U.S.\$10,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into U.S. Dollars at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement)). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time-to-time, subject to compliance with the relevant provisions of the Dealer Agreement.

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

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

SUPPLEMENTS TO THIS BASE PROSPECTUS

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

NOTICE TO U.S. INVESTORS

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

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

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

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

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

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT NOR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, 1955 WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by the Final Terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by Final

Terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State, such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or Final Terms, as applicable, and the Issuer has consented in writing to its use for the purpose of such offer. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer. The expression “**Prospectus Directive**” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

NOTICE TO UK RESIDENTS

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

Any individual intending to invest in any investment described in this Base Prospectus should consult his professional adviser and ensure that he fully understands all the risks associated with making such an investment and that he has sufficient financial resources to sustain any loss that may arise from such investment.

NOTICE TO RESIDENTS OF THE KINGDOM OF SAUDI ARABIA

This Base Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the “**Capital Market Authority**”).

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

NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN

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

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

NOTICE TO RESIDENTS OF THE STATE OF QATAR

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

PRESENTATION OF INFORMATION

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

Statistical information reported herein has been derived from official publications of, and information supplied by, a number of agencies of the Republic, including the Central Agency for Public Mobilisation and Statistics (“**CAPMAS**”), as well as the Central Bank of Egypt (the “**CBE**”). Some statistical information has also been derived from information publicly made available by the International Monetary Fund (the “**IMF**”). Certain historical statistical information contained herein is based on estimates that the Republic or its agencies believe to be based on reasonable assumptions.

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

The Republic’s official financial and economic statistics are subject to review as part of a regular confirmation process. Accordingly, financial and economic information presented herein may differ from previously published figures and may be subsequently adjusted or revised. Certain of the information and data contained in this Base Prospectus for all or part of the fiscal years 2013/14 and 2014/15 are preliminary and subject to further adjustment or revision. While the government of the Republic (the “**Government**”) does not expect revisions to be material, no assurance can be given that material changes will not be made. Unless specified otherwise, budget data for the fiscal year 2014/15 is included as approved in July 2014 and is not a representation of actual financial performance. No assurance can be given that the actual financial performance and condition will match the forecasts in the Republic’s budget. Any results of financial performance for the fiscal years 2013/14 and 2014/15 include periods starting from 1 July 2013 and 1 July 2014, respectively, and ending on the last day of the calendar month of the respective period.

The language of the Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Websites referred to in this Base Prospectus and the websites of the Government and the CBE and any information on therein do not form part of this Base Prospectus.

Data Dissemination

The Republic is a subscriber to the IMF’s Special Data Dissemination Standard (the “**SDDS**”), which is designed to improve the timeliness and quality of information of subscribing member countries. The SDDS requires subscribing member countries to provide schedules indicating, in advance, the date on which data will be released, the so-called “Advance Release Calendar”. For the Republic, precise dates or “no-later-than dates” for the release of data under the SDDS are disseminated no later than three months in advance through the Advance Release Calendar, which is published on the Internet under the IMF’s Dissemination Standards Bulletin Board.

Summary methodologies of all metadata to enhance transparency of statistical compilation are also provided on the Internet under the IMF’s Dissemination Standard Bulletin Board.

The website is: <http://dsbb.imf.org/Applications/web/sddscountrycategorylist/?strcode=EGY>.

Certain Conventions

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

- Gross domestic product, or “**GDP**”, is a measure of the total value of final products and services produced in a country in a specific year. Nominal GDP measures the total value of final production in current prices. “**Real GDP**” measures the total value of final production in constant prices of a particular year, thus allowing historical GDP comparisons that exclude the effect of inflation. In this Base Prospectus, Real GDP figures are based on constant 2006/07 prices for each year from 2009/10 to 2011/12 and constant July-December 2011/12 prices for 2012/13 to 2013/14 and June-March 2014/15.

- The inflation rate provides an aggregate measure of the rate of change in the prices of goods and services in the economy. The Republic measures the inflation rate by the percentage change between two periods in the consumer price index (the “CPI”), unless otherwise specified. The CPI is based on a basket of goods and services that reflects the pattern of consumption of Egyptian households. Starting in August 2009, the Republic has calculated the CPI on the basis of a basket and weights derived from the 2008/09 income and expenditure survey conducted by CAPMAS.

Currencies and Exchange Rates

All references in this Base Prospectus to:

- “**Egyptian Pounds**” and “**LE**” are to the Egyptian Pound, being the legal currency for the time being of the Republic;
- “**U.S. Dollars**” and “**U.S.\$**” are to United States Dollars, being the legal currency for the time being of the United States of America; and
- “**Euros**” and “**€**” are to the currency introduced at the start of the third stage of the Treaty on the Functioning of the EU, as amended.

For ease of presentation, the Issuer presents certain financial information as translated into U.S. Dollars. Unless otherwise indicated, such translations have been performed using the weighted average exchange rate for the year to which the translated amount relates. The CBE calculated this weighted average exchange rate for amounts prior to 1 January 2005 based on the official exchange rate and, since the introduction of the Egyptian interbank market for foreign currency in December 2004, based on spot transactions in the interbank market. These translations, including translations of Egyptian Pounds into U.S. Dollars, have been performed solely for your convenience 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 21 May 2015, the market exchange rate (buy rate) as published by the CBE was U.S.\$1.00 = LE 7.608. See “*Monetary System—Foreign Exchange Rates*”.

FORWARD-LOOKING STATEMENTS

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

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

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

- adverse domestic factors, such as continuing or increased political and socio-economic unrest, a decline in foreign direct investment, increases in domestic inflation, high domestic interest rates and exchange rate volatility, which could lead to lower economic growth or a decrease in the Issuer's international reserves; and
- other adverse factors that may affect the Middle East and North Africa (“**MENA**”) region.

ENFORCEMENT OF CIVIL LIABILITIES

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

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

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

- the foreign courts rendering the relevant judgment must offer reciprocal treatment to judgments obtained in the courts of the Republic; if such reciprocal treatment is not offered by the foreign court where the judgment is obtained, the Republic's courts will re-examine the merits of the case;
- the courts of the Republic are not exclusively competent to hear the dispute that is the subject of the foreign judgment, and the foreign courts are shown to have been competent to hear the dispute in accordance with their own respective laws;
- the parties to the dispute were duly notified and properly represented in the proceedings;
- the foreign judgment is final, non-appealable and conclusive in accordance with relevant law; and
- the foreign judgment does not conflict with a prior Egyptian judgment or a court order on the same subject matter and is not contrary to public order in the Republic.

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

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

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

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

STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilising manager(s) in the relevant subscription agreement (the “Stabilising Manager”) (or persons acting on behalf of any Stabilising Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of a Stabilising Manager(s)) in accordance with all applicable laws and rules.

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OVERVIEW

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

Overview of the Republic

Political Developments

Egypt is the most populous country in the Middle East and the third most populous country in Africa. Egypt is located in North Africa, bordering the Mediterranean Sea, the Red Sea, Libya, the Gaza Strip, Israel and Sudan. According to the most recent census, which was conducted in 2006 (the “**2006 Census**”), Egypt had a population of 72.6 million; CAPMAS estimates the population in January 2015 to have grown to 88.0 million, an average annual growth rate of over 2.6%.

Commencing on 25 January 2011 and precipitated by the uprising in Tunisia, which led to the departure of its long-standing president, 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 (the “**2011 Revolution**”). Power was assumed by the Supreme Council of the Armed Forces (“**SCAF**”), which suspended the constitution and announced it would govern Egypt until elections were held. Whilst a period of political instability and uncertainty followed, presidential elections were held in June 2012, which led to Mr. Mohammed Morsi taking office as President on 30 June 2012.

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

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

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

President Al-Sisi was sworn in on 8 June 2014. The interim Government took office on 17 June 2014 and today consists of 34 ministers. Parliamentary elections were due to be held in March and April 2015 but have since been postponed following a ruling by the Supreme Constitutional Court on 1 March 2015 that certain provisions of the electoral constituencies law were unconstitutional. The Government has proposed amendments to such provisions, which are being finalised, and the elections are expected to take place shortly after the finalisation of such amendments.

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, the unemployment rate remained high among the youth. Following the 2011 Revolution, the growth rate of the economy (in Real GDP terms) slowed significantly to 1.8% in 2010/11, 2.2% in 2011/12, 2.1% in 2012/13 and 2.2% in 2013/14. For the period from July to December 2014/15, Real GDP grew by 5.6%, as compared to 1.2% in the corresponding period in 2013/14. This resumption of growth was primarily driven by

the improving political stability in Egypt and the Government's adoption of a range of macroeconomic reforms and other measures to improve the domestic investment environment. Given the diversified nature of the Egyptian economy, a broad range of sectors, including agriculture, manufacturing and tourism, have contributed to the recovery, thereby reducing the economy's reliance on any one sector.

Annual inflation, as measured by the consumer price index ("CPI"), was 11.0% in 2010/11, 8.7% in 2011/12, 6.9% in 2012/13 and 10.1% in 2013/14. In July 2014, the Government implemented measures to reform energy subsidies and increased electricity tariffs. This resulted in a one-off increase in headline CPI inflation by 3.5%, month-on-month. As a result, the annual headline CPI inflation rate increased from 8.2% in June 2014 to 11.0% in July 2014.

In March 2015, the annual inflation rate increased to 11.5%, as compared to 9.8% in March 2014. This increase was primarily due to increases in food and beverage prices (principally meat and vegetables), alcoholic beverages and tobacco prices (principally cigarettes) and housing, water, electricity and gas prices, which was, in turn, partially due to the introduction of new taxes on tobacco, as well as a reduction in energy subsidies. See "*Public Finance—Social Spending and Subsidies*". In addition, depreciation of the Egyptian Pound against the U.S. Dollar in March 2015 also contributed to increased inflation. See "*Monetary System—Inflation and Interest Rates*".

Net international reserves increased by U.S.\$1.8 billion in 2013/14 to U.S.\$16.7 billion at 30 June 2014, which represented 3.3 months of merchandise imports. Net international reserves were U.S.\$15.3 billion as at 31 December 2014, which represented 2.8 months of merchandise imports, and U.S.\$20.5 billion as at 30 April 2015, which represented 3.8 months of merchandise imports.

Between 1991 and 2003, the exchange rate of the Egyptian Pound was pegged to the U.S. Dollar. In January 2003, the Central Bank of Egypt (the "CBE") abandoned the U.S. Dollar peg and the Egyptian Pound now floats freely against foreign currencies. In the period from July 2013 to March 2015, the value of the Egyptian Pound, calculated on a monthly average basis, has depreciated against the U.S. Dollar from U.S.\$1.00 = LE 7.007 to U.S.\$1.00 = LE 7.629, or by 8.9%. On 21 May 2015, the market exchange rate (buy rate) as published by the CBE was U.S.\$1.00 = LE 7.608.

Net foreign direct investment ("FDI") inflows decreased from U.S.\$6.8 billion in 2009/10 (3.1% of GDP) to U.S.\$2.2 billion in 2010/11 (0.9% of GDP), before increasing to U.S.\$4.0 billion in 2011/12 (1.5% of GDP), U.S.\$3.7 billion in 2012/13 (1.4% of GDP) and U.S.\$4.1 billion in 2013/14 (1.4% of GDP). The decrease in 2010/11 was primarily due to uncertainty by investors regarding political and economic stability in the country, which deterred investment. The lack of growth of net FDI inflows, as a percentage of GDP, between 2011/12 and 2013/14 was primarily due to judicial uncertainty generated by court cases relating to past privatisation transactions and continued political instability. To encourage FDI inflows, the Government has taken a number of steps, including, among others, the introduction of amendments to legislation on investments, mining and competition, the payment of a significant portion of arrears due to international oil and gas companies and the settlement of a large number of investor disputes. In March 2015, the Egyptian Economic Development Conference was held in Sharm El Sheikh and was attended by 22 heads of state and 3,500 delegates. The conference was intended to attract private investment through FDI and public-private partnerships. In the Prime Minister's closing speech, he announced that approximately U.S.\$36.2 billion in new investments had been signed at the conference. See "*External Sector—Foreign Direct Investment—Investment Projects and Initiatives*" and "*The Economy—Extractive Industry—Petroleum*".

Economic Reforms

As part of its economic programme, the Government's key economic targets by the end of 2018/19 include: (i) real annual GDP growth of 6%; (ii) inflation to reduce to a range between 6% and 8%; (iii) the budget deficit to reduce to 8-8.5% of GDP; (iv) the budget sector debt to reduce to 80-85% of GDP; and (v) foreign exchange reserves to increase to 3.5 months of imports. The Government has also announced intentions to increase spending on health, education and scientific research, as mandated by the Constitution. See "*The Arab Republic of Egypt—Health*" and "*The Arab Republic of Egypt—Education*".

Key reform measures announced by the Government include: (i) implementing subsidy reforms, pursuant to which the Government (a) introduced fuel price increases in July 2014 and overhauled the food subsidy system and (b) intends to implement further fuel and electricity price increases over the next five years; (ii) establishing a public sector wage ceiling; (iii) reducing non-priority capital spending by approximately 1%; (iv) replacing the current sales tax with a new value added tax ("VAT"); and (v) encouraging increased investment in Egypt, through improvements to the business climate and attracting FDI. See "*The Economy—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⁾

	2009/10	2010/11	2011/12	2012/13	2013/14⁽³⁾
Domestic Economy:					
Nominal GDP (<i>LE billions</i>)	1,207	1,371	1,575	1,753	1,998
Real GDP (<i>LE billions</i>) ⁽⁴⁾	878	894	1,576	1,609	1,643
Real GDP Growth Rate (%) ⁽⁵⁾	5.1	1.8	2.2	2.1	2.2
Consumer Price Index (%) ⁽⁶⁾	11.7	11.0	8.7	6.9	10.1
Balance of Payments					
Exports of Goods (<i>FOB</i>) (<i>in U.S.\$ millions</i>)	23,873	26,993	25,072	26,988	26,119
Imports of Goods (<i>CIF</i>) (<i>in U.S.\$ millions</i>)	(48,993)	(54,096)	(59,211)	(57,683)	(59,822)
Current Account Balance (<i>in U.S.\$ millions</i>)	(4,318)	(6,088)	(10,146)	(6,390)	(2,356)
Overall Balance (<i>in U.S.\$ millions</i>)	3,356	(9,754)	(11,278)	237	1,479
Net International Reserves (<i>in U.S.\$ millions</i>)	35,221	26,564	15,534	14,936	16,687
Months of Import Coverage ⁽⁷⁾	8.6	5.9	3.1	3.1	3.3
Public Finance (<i>LE billions</i>):					
Total Revenues	268,114	265,286	303,622	350,322	456,788
Total Expenditure	365,987	401,866	470,992	588,188	701,514
Overall Balance	(98,038)	(134,460)	(166,705)	(239,719)	(255,439)
Overall Deficit (% of GDP)	8.1	9.8	10.6	13.7	12.8
Primary Deficit (% of GDP)	2.1	3.6	4.0	5.3	4.1
Gross External Debt/GDP (%)	15.9	15.2	13.2	17.3	16.5

Notes:

- (1) The fiscal year in Egypt runs from 1 July to 30 June. See “*Presentation of Information*”.
- (2) The figures in this table have been revised and differ from previously published data.
- (3) Preliminary data.
- (4) Real GDP is calculated using constant prices using 2006/07 as the base year for 2009/10, 2010/11 and 2011/12 and using 2011/12 as the base year for all subsequent years.
- (5) Percentage change from previous year.
- (6) Annual rate of change.
- (7) Imports of goods.

Overview of the Programme

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

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

Issuer	The Arab Republic of Egypt.
Description	Global Medium Term Note Programme.
Initial Programme Amount	Up to U.S.\$10,000,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding at any one time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
Risk Factors	There are risks relating to the Notes, which investors should ensure they fully understand. These include the fact that the Notes may not be suitable investments for all investors, and risks relating to the Issuer and the market. See “ <i>Risk Factors</i> ”.
Arrangers	Morgan Stanley & Co. International plc and Natixis.
Dealers	BNP Paribas, Citigroup Global Markets Limited, J.P. Morgan Securities plc, Morgan Stanley & Co. International plc and Natixis and any other Dealer appointed from time-to-time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes.
Fiscal Agent, Exchange Agent and Calculation Agent	Citibank, N.A., London Branch.
Paying Agent and Transfer Agent	Citibank, N.A., London Branch.
Registrar	Citigroup Global Markets Deutschland AG.
Currencies	Notes may be denominated in any currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements, as agreed between the Issuer and the relevant Dealer(s). Payments in respect of Notes may, subject to such compliance, be made in any currency or currencies other than the currency in which such Notes are denominated.
Final Terms	Notes issued under the Programme may be issued pursuant to this Base Prospectus and the relevant Final Terms. The terms and conditions applicable to any particular Tranche of Notes will be the terms and conditions set out herein (the “ Conditions ”), as completed by the relevant Final Terms.

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

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

Bearer Notes

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

Registered Notes

Each Tranche of Registered Notes will be represented by either:

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

in each case as specified in the relevant Final Terms.

Each Note represented by an Unrestricted Global Certificate will be registered in the name of a common depository (or its nominee) for Euroclear and/or Clearstream, Luxembourg, registered in the name of Cede & Co., as nominee for DTC, if such Unrestricted Global Certificate will be held for the benefit of Euroclear and/or Clearstream, Luxembourg through DTC and/or any other relevant clearing system and the relevant Unrestricted Global Certificate will be deposited on or about the issue date with the common depository or such other nominee or custodian.

Each Note represented by a Restricted Global Certificate will be registered in the name of Cede & Co. (or such other entity as is specified in the relevant Final Terms), as nominee for DTC, and the relevant Restricted Global Certificate will be deposited on or about the issue date with the DTC Custodian. Beneficial interests in Notes represented by a Restricted Global Certificate may only be held through DTC at any time.

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

Optional Redemption	Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Final Terms.
Interest	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
Denominations.....	The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and as specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. The minimum denomination of each Note shall be €100,000 (or, if the Notes are denominated in a currency other than Euros, the equivalent amount in such currency as at the date of the issue of the Notes).
Negative Pledge	The Notes will have the benefit of a negative pledge, as described in Condition 6 (<i>Negative Pledge</i>).
Cross Acceleration	The Notes will have the benefit of a cross-acceleration, as described in Condition 14(iii) (<i>Cross-acceleration of the Issuer</i>).
Meetings of Noteholders.....	The Conditions contain a “collective action” clause, which permits defined majorities to bind all Noteholders, as described in Condition 18 (<i>Meeting of Noteholders; Written Resolutions</i>).
	If the Issuer issues future debt securities, which contain collective action clauses in substantially the same form as the collective action clause in the Conditions, Notes would be capable of aggregation for voting purposes with any such future debt securities, thereby allowing “cross-series” modifications to the terms and conditions of all affected series of Notes (even, in some circumstances, where majorities in certain Series did not vote in favour of the modifications being voted on). See “Risk Factors—Risks relating to the Notes and the market generally—The Conditions contain a “collective action” clause under which the terms of any one Series of Notes and/or multiple Series of Notes may be amended, modified or waived without the consent of the holders of all Notes”.
Taxation.....	Under Egyptian Tax Law № 91 of 2005, interest payable on the Notes is subject to 20% withholding tax. Accordingly, subject to certain customary exceptions, the Issuer will pay the Noteholders the additional amounts required to ensure that they receive the same amount as they would have received without this withholding tax. See Condition 13 (<i>Taxation</i>).
Enforcement of Notes in Global Form.....	In the case of Global Notes and Global Certificates, individual investors’ rights against the Issuer will be governed by a deed of covenant dated on or about 26 May 2015 (the “ Deed of Covenant ”), a copy of which will be available for inspection at the specified office of the Fiscal Agent.

Ratings..... The rating of certain Series of Notes to be issued under the Programme may be specified in the relevant Final Terms.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the EU and registered under the CRA Regulation will be disclosed in the relevant Final Terms.

Selling Restrictions and Transfer

Restrictions..... For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in Egypt, the United States of America, the European Economic Area, the United Kingdom, Hong Kong, Japan, Malaysia, Singapore, the Kingdom of Saudi Arabia, the Kingdom of Bahrain, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the State of Qatar (excluding the Qatar Financial Centre) and the Qatar Financial Centre and such other restrictions as may be required in connection with the offering and sale of the Notes, see “*Subscription and Sale*”.

There are restrictions on the transfer of Notes sold pursuant to Regulation S and Rule 144A. See “*Transfer Restrictions*” below.

In the case of Bearer Notes, the relevant Final Terms will specify whether United States Treasury Regulations §1.163-5(c)(2)(i)(C) or any successor rules in substantially the same form as the rules in such regulations for purposes of Section 4701 of the Internal Revenue Code of 1986, as amended (the “**TEFRA Rules**”) or TEFRA D Rules are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Governing Law..... English law.

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

The Republic’s waiver of sovereign immunity shall constitute a limited and specific waiver for the purposes of the Agency Agreement, the Deed of Covenant, the Dealer Agreement (each as defined herein) and the Notes and under no circumstances shall such waiver be interpreted as a general waiver by the Republic or a waiver of immunity in respect of: (i) property used by a diplomatic or consular mission of the Republic; (ii) property of a military character and under the control of a military authority or defense agency of the Republic; or (iii) property located in the Republic and dedicated to a public or governmental use (as distinct from property dedicated to a commercial use) by the Republic. Without limiting the generality of (i), (ii) or (iii) in the preceding sentence, the holders of Notes shall have no recourse to the private property and assets of the CBE.

RISK FACTORS

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

Risk Factors Relating to Egypt

The Republic has faced significant political unrest since January 2011

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 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 further demonstrations and protests in 2013, culminating in revolution on 30 June 2013 calling for President Morsi’s resignation, the Egyptian military removed President Morsi from office. Following protests and demonstrations by supporters of former President Morsi in August 2013, the interim Government declared a state of emergency and a curfew was imposed (which was lifted in November 2013). In September 2013, following a number of terrorist attacks on army personnel, the military launched a campaign against militants in northern Sinai, and a court banned the Muslim Brotherhood from carrying out any activities in Egypt. In December 2013, the interim Government declared the Muslim Brotherhood a terrorist organisation following a bomb blast in Mansoura. In April 2015, Muslim Brotherhood leader, Mohammed Badie, and 13 other senior members of the organisation were sentenced to death and a number of other members of the organisation were sentenced to life imprisonment, in connection with the violence following the removal of President Morsi. Subsequently, former President Morsi and a number of other Muslim Brotherhood members were sentenced to 20 years in prison for ordering the arrest and torture of protestors during a sit-in held outside the presidential palace in December 2012. Mr. Morsi has announced his intention to appeal his conviction in this case. In May 2015, following a retrial, former President Mr. Mubarak was convicted of corruption charges relating to his time in office. In May 2015, the Cairo Criminal Court requested the opinion of the Grand Mufti as to whether or not death sentences in respect of former President Morsi, as well as Mr. Badie and other individuals for other convictions would be in accordance with principles of Sharia’a. Final sentencing in respect of such convictions is expected in June 2015. There can be no assurance that there will not be protests, attacks or other violent or political reactions to such convictions and sentencing.

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 representatives and public figures, was adopted by referendum. The Constitution came into force on 18 January 2014. In March 2014, the then-defence minister, Field Marshal Abdel Fattah Al-Sisi, announced his intention to run for president and resigned from the 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.

The Government is likely to continue to face social, economic and political challenges and risks of instability that often accompany political transition. These challenges, together with the 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 affect Egypt and its economy.

Egypt has experienced several terrorist attacks

In common with other countries in the region, Egypt has experienced a number of terrorist attacks in recent years, including violent incidents outside a Coptic church in Alexandria in 2011, which killed at least 21 people, at an Egyptian military base in Sinai in August 2012, resulting in the death of 16 Egyptian soldiers, and in Mansoura in December 2013, which killed 12 people. More recently, terrorist attacks in North Sinai, in particular, focused on

Egyptian military bases, have increased since the removal of President Morsi, resulting in the deaths of soldiers and police. Sporadic terrorist attacks resulting in fatalities have continued in 2015. As a result of such 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. There can be no assurance that extremists or terrorist groups will not continue violent activities in Egypt, which may, in turn, adversely affect the Egyptian economy.

The Government is participating in the Saudi-led coalition conducting military operations in Yemen

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. The coalition has conducted a number of air strikes on Houthi positions in Sana’a and elsewhere, and the Saudi military has deployed troops and armour on the Saudi-Yemeni border. In March 2015, Saudi and Egyptian military ships were also deployed to the Bab al-Mandab strait. In April 2015, Saudi Arabia announced that the coalition’s intervention in Yemen would shift focus from military operations to the political process; military operations, however, continue on a reduced scale.

The Government has stated its willingness to provide ground troops, if needed, and is leading efforts to create an Arab military force under the auspices of the Arab League. The lack of government control in Yemen resulting from the civil war could also lead to a reduction in shipping traffic in the Red Sea, which could, in turn, reduce the revenue the Government receives from the Suez Canal. Conflict in Yemen, including as a result of Egyptian participation in “Operation Decisive Storm”, could, if funded by the Government, strain the general resources of the Government and its finances, negatively affect the Egyptian economy and increase the risk of attacks from Houthi supporters.

The Budget Law № 65 of 2014 (“Budget Law № 65”) may be retroactively repealed, which may render any outstanding Notes issued under the authority of Budget Law № 65 null and void and require the Issuer to make early repayment of the Notes and may affect the interest payable thereunder, in whole or in part and/or in a timely manner.

Parliamentary elections were due to be held in the first quarter of 2015 but have been postponed following a ruling by the Supreme Constitutional Court on 1 March 2015 that certain provisions of the electoral constituencies law were unconstitutional. The Government has proposed amendments to such provisions, which are being finalised and the elections are expected to take place shortly after the finalisation of such amendments. Following Parliamentary elections, a new government is expected to be formed, which must obtain a vote of confidence from the House of Representatives. It is possible that Parliamentary elections may not be held or the new government may not be formed and it is uncertain what the new government’s outlook and economic, political and social policies will be, what the reaction of the various Egyptian political parties to the composition or the policies of the new government will be or what the impact of such policies and reactions will be on the political, economic or social situation in Egypt.

Currently, there is no serving House of Representatives. Nonetheless, pursuant to Article 156 of the Constitution, the President may issue decrees that have the force of law. Provided that such decrees are referred to, debated and adopted by the new House of Representatives within 15 days of its convening, these decrees will remain in force. If such decrees are not referred to, debated and adopted by the new House of Representatives, they will be deemed to be repealed at the end of the 15 day period with retroactive effect, unless the House of Representatives determines otherwise. Budget Law № 65, which authorises the issuance of Notes under the Programme, was issued pursuant to a presidential decree with the force of law, and the Government’s current economic reform programme has thus far been implemented, in part, through such presidential decrees. The House of Representatives, when elected, may not adopt some or all of these decrees, including Budget Law № 65. In the event that Budget Law № 65 (or the relevant part thereof authorising the Minister of Finance to borrow funds) is retroactively repealed, the Notes issued under Budget Law № 65 may become null and void, in which case, assuming principles of Egyptian law apply, the Issuer may be required to make early repayment of the principal amount of such Notes and it is not clear (i) within what timeframe such repayment(s) would be effected and/or (ii) what interest rate, if any, would be deemed payable on the relevant Notes and/or (iii) whether and, if so, the extent to which, the Issuer’s obligation to repay principal would be offset against interest payments already received by noteholders.

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

The 2011 Revolution and subsequent events have had material negative macro-economic consequences for the Egyptian economy. These events have contributed to declines in economic growth, as well as significant decreases in FDI and tourism revenues. The Real GDP growth rate declined from 5.1% in 2009/10 to 1.8% in 2010/11, 2.2% in 2011/12, 2.1% in 2012/13 and 2.2% in 2013/14. Total net FDI decreased by 39.0% during the period 2009/10 to 2013/14, although it has since rebounded, increasing by 9.8% in 2013/14, as compared to 2012/13, due to improved stability.

Tourism revenue decreased by 8.6% in 2010/11 and 11.0% in 2011/12, before increasing by 3.5% in 2012/13 but subsequently decreasing by 48.0% in 2013/14. This decrease in tourism revenue in 2013/14 widened the Republic's current account deficit. Continued 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.

As a result of efforts to compensate for the effects of the contraction in foreign investments in treasury bills and securities on the Egyptian Exchange (the "EGX") and the declines in tourism revenues and net FDI, the net international reserves of the CBE decreased by U.S.\$14.6 billion, or 46.6%, from U.S.\$31.3 billion, as at 30 June 2009, to U.S.\$16.7 billion, as at 30 June 2014, although reserves have subsequently recovered to U.S.\$20.5 billion, as at 30 April 2015.

Such factors have contributed, in part, to Egypt's budget deficit increasing from 8.1% of GDP in 2009/10 to 9.8% in 2010/11, 10.6% in 2011/12 and 13.7% in 2012/13, although the budget deficit decreased to 12.8% in 2013/14. The 2014/15 budget projects a budget deficit of 10.5% of GDP. If the budget deficit is not reduced, through the ongoing subsidy reform and other measures, it could have a material adverse effect on the Egyptian economy.

There can be no assurance that Egypt will be able to adequately address these and other economic issues. Any failure to do so 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.

The Egyptian economy is subject to the risk of inflation

Inflation, as measured by the CPI, decreased from 11.7% in 2009/10, 11.0% in 2010/11, 8.7% in 2011/12 and 6.9% in 2012/13 before increasing to 10.1% in 2013/14. The Egyptian economy is subject to further risk of high or increasing inflation due to the devaluation of the Egyptian Pound since the 2011 Revolution and an expected recovery in GDP growth rates as economic reforms are implemented. In past years, most recently in 2013, price increases have led to social unrest. Although price stability is at the centre of the CBE's monetary policy, there can be no guarantee that the CBE will be able to achieve or maintain price stability and thus control inflation. A failure to control inflation could have a material adverse effect on the investment climate in Egypt and negatively affect the Egyptian economy.

Egypt is located in a region that has been subject to on-going political and security concerns and the "Arab Spring" has brought significant political instability to the region

Egypt is located in a region that has been subject to on-going 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 and issues concerning Iran's nuclear programme. 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 conflicts 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 effects of the Arab Spring in the short-term 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, and international tensions in respect of Iran's nuclear programme continue. The continuation of such events or the outbreak of new conflicts in the region could negatively affect the Egyptian economy.

International investors' reactions to events occurring in one emerging market or "Arab Spring" 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 the recent events in Sudan, Yemen and Libya, violence involving the so-called "Islamic State", other recent events of volatility 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.

The Government's failure to implement economic reforms may have a negative effect on the performance of the Egyptian economy

As part of its economic programme, the Government's key economic targets by the end of 2018/19 include: (i) achieving real annual GDP growth of 6%; (ii) reducing inflation to a range between 6% and 8%; (iii) reducing the budget deficit to 8-8.5% of GDP; (iv) reducing budget sector debt to 80-85% of GDP; and (v) increasing foreign

exchange reserves to 3½ months of imports. Planned reforms include, *inter alia*, further reform of energy and other subsidies, as well as tax reforms. Subsidies constituted 22.6% of total expenditures in the 2014/15 budget and historically subsidies have contributed to an increase in the Republic's budget deficit. The aim of the economic reforms is to increase revenue and job creation, to reallocate public spending to productive and socially inclusive uses and to decrease the Republic's budget deficit. Disagreements amongst political parties, social discontent and protest against the introduction of such reforms, any reduction in external support (including from GCC countries) and the political situation in the region could delay the implementation of this programme. Any failure to implement the programme or meet the economic targets included therein may have a negative effect on the performance of the Egyptian economy and may hinder the Republic's ability to obtain external financing. Although the Government intends to proceed with its economic reforms, there can be no assurance that these reforms will be fully implemented or that, if implemented, will be successful or that the economic targets will be met.

The Republic's foreign currency credit rating is sub-investment grade and was repeatedly downgraded following the 2011 Revolution

The rating of Egypt's long-term foreign currency debt was downgraded in recent years due to, among other things, the political and economic challenges faced by Egypt following, and as a result of, the political protests and uprisings occurring, although, since 2014, certain ratings agencies have upgraded Egypt's credit ratings in light of post-2011 Revolution policies adopted by the Government and Egypt's improving macroeconomic condition. Egypt's long-term foreign currency debt is currently assigned a rating of "B-" with a positive outlook by S&P, a rating of B3 with a stable outlook by Moody's and a rating of "B" with a stable 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 inform the holders of Notes of any such revision, downgrade or withdrawal. A suspension, downgrade or withdrawal at any time of the credit rating assigned to the Republic may adversely affect the market price of the Notes.

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

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

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

Additionally, the statistics produced by the Republic may have certain weaknesses that could impede an analysis of the Egyptian economy. The Republic subscribed to the Special Data Dissemination Standard ("SDDS") of the International Monetary Fund (the "IMF") in January 2005, but data improvements in certain areas are still required. For example, in 2013, the IMF reported that whilst Egypt met all SDDS requirements for coverage, periodicity and integrity for all data categories, it did not meet requirements for timeliness and punctuality in certain data categories, which included analytical accounts of the banking sector, analytical accounts for the CBE, official reserve assets, reserve templates and producer price index (albeit the delays were minor).

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

As in many other emerging market jurisdictions, the incidence and perception of elevated levels of corruption remains a significant issue in Egypt. Egypt was ranked 94 out of 175 countries in Transparency International's 2014 Corruption Perceptions Index. Egypt's score in the 2014 index was 37 (with 1 the most corrupt score and 100 being the least corrupt).

Egypt's business climate and competitive indicators are also negatively affected by bureaucracy, cumbersome regulations, an unpredictable judicial system and poor enforcement of contracts and protections for minority investors. In the World Bank's *Doing Business Survey*, Egypt ranked 112 out of 189 countries for ease of doing business, while Egypt ranked 119 out of 144 countries in the World Economic Forum 2014-15 *Global Competitiveness Index*.

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 foreign investment and lead to further instances of political instability, which could, in turn, have a material adverse effect on the Egyptian economy.

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

Over the past five fiscal years, public debt, as a percentage of GDP, has been increasing. As at 30 June 2014, total Government debt, as a percentage of GDP, was 95.5%, as compared to 93.8% as at 30 June 2013, 83.2% as at 30 June 2012, 82.3% as at 30 June 2011 and 79.4% as at 30 June 2010. Total government debt is forecasted to be approximately 95% of GDP in the 2014/15 budget. Relatively high levels of indebtedness through 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.

Any significant depreciation of the Egyptian Pound against the U.S. Dollar, the Euro or other major currencies would have a material adverse effect on Egypt's ability to repay its debt denominated in currencies other than the Egyptian Pound, including amounts due under Notes

The Egyptian Pound experiences volatility against the U.S. Dollar, the Euro and other major currencies. While the CBE manages the Egyptian Pound/U.S. Dollar exchange rate, the value of the Egyptian Pound is impacted by a number of factors, which are outside of the control of the Government and the CBE. In January 2015, the Egyptian Pound depreciated against the U.S. Dollar by 6.3% at 10 consecutive auctions. As at 31 December 2014, 62.2% of Egypt's total external debt was denominated in U.S. Dollars and 17.0% in Euros (as compared to 61.8% and 17.7%, respectively, as at 30 June 2014 and 58.6% and 19.2%, respectively, as at 30 June 2013). Any significant depreciation of the Egyptian Pound against the U.S. Dollar, the Euro or other major 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 Notes issued under the Programme. In addition, a significant depreciation of the Egyptian Pound against the U.S. Dollar, the Euro or other foreign currencies may result in reduced revenues and outflows of capital from the Egyptian Pound, each of which could have a material adverse effect on Egypt's economy.

The CBE has in the past intervened, and may continue in the future to intervene, in the exchange rate. For example, since June 2013, external support, in particular from GCC countries, has permitted the CBE to stabilise the official exchange rate, while the nominal exchange rate has depreciated, the real effective exchange rate has appreciated due to high inflation differentials with trading partners and the appreciation of the U.S. Dollar against other major currencies. In addition, restrictions in auctions and on the interbank market, as well as only partial clearance of foreign exchange requests from commercial banks, has generated a parallel market for foreign exchange. On occasion, there has also been a shortage of U.S. Dollars in the Egyptian market to service foreign currency transactions. Lower levels of intervention may lead to currency depreciation, which would, in turn, increase external debt servicing costs. Significant interventions in the exchange rate, 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.

Deterioration of financial conditions in the EU could adversely affect the Egyptian economy

The EU is Egypt's largest trading partner for exports and Egypt's second-largest trading partner for imports, and trade with the EU accounted for 35.6% of exports in 2009/10, 42.4% in 2010/11, 36.2% in 2011/12, 33.0% in 2012/13, 38.8% in 2013/14 and 33.8% in July to December 2014/15 and 28.9% of imports in 2009/10, 34.6% in 2010/11, 32.6% in 2011/12, 30.7% in 2012/13, 27.1% in 2013/14 and 30.6% in July to December 2014/15. FDI inflows from the EU were LE 6.6 billion in 2013/14, representing approximately 61% of total FDI inflows, as compared to 54.7% in 2012/13. As a result, the Egyptian economy is impacted by events in the EU, including events affecting the Euro and the Eurozone.

In the second half of 2011, the situation in the international financial markets deteriorated and the credit ratings of several sovereigns within the Eurozone were downgraded. In general, such instability has caused doubts over the sustainability of the Eurozone. Further sovereign downgrades have occurred subsequently, which have resulted in higher rates for sovereign debt and have also disrupted national economies within the Eurozone. A further decline in the economic growth in Eurozone countries, any inability of such countries to issue securities in the sovereign debt market or to service existing debt, an intensification of the Eurozone crisis 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. In addition, 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. These events could have a material adverse impact on Egypt's balance of trade and have a material adverse effect on the Egyptian economy.

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, resulting in a lack of revenue for the Government, ineffective regulation, unreliability of statistical information (including the understatement of GDP and the contribution to GDP of various sectors) and an inability to monitor or otherwise regulate this portion of the economy. Although the Government is attempting to address the informal economy, there can be no assurance that such reforms will adequately address the issues and bring the informal economy into the formal sector, which could, in turn, have a material adverse effect on the Egyptian economy.

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

In the past, and on an ongoing basis, Egypt has had trade relations and has engaged in trading activities with certain countries or entities subject to sanctions administered by the Office of Foreign Assets Control ("OFAC") of the U.S. Department of the Treasury, the EU and other member states of the EU and the United Nations Security Council (collectively, "Sanctions"). Egypt also maintains diplomatic relations with, and has embassies in, certain countries subject to sanctions, including Sudan. Egypt believes that these trade relations and diplomatic activities have not violated, and do not violate, any Sanctions. If such trade transactions were engaged in by U.S. persons (as such term is defined in 31 C.F.R. §538.315) and/or transacted in U.S. dollars, such transactions could potentially fall under U.S. sanctions. 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. Egypt has maintained a strong and longstanding partnership with the United States and the EU. The existence of Sanctions, however, leaves open the possibility of interpretations or actions that could adversely affect Egypt's trade flows or other activities with such sanctioned countries or entities and/or Egypt's ability to attract third-party financing.

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

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

In April 2014, the then-interim President Adly Mansour issued Law № 32 of 2014 ("Law 32") by Presidential decree, which regulates the process of challenging the contracts to which the State or any Government authorities are a party ("State Contracts"). Law 32 limits contractual parties' rights to file any lawsuit contesting the validity of any State Contracts and provides that courts should *ex officio* hold all lawsuits pending before the courts or any future lawsuits yet to be filed, inadmissible without prejudice to the *res judicata* effects of the final verdicts. A claim before the Supreme Constitutional Court has, however, been made challenging the constitutionality of Law 32, and, accordingly, there is a risk that Law 32 may be revoked and that, in turn, such lawsuits will continue or further lawsuits may arise. In addition, the amended investment law, introduced in March 2015, sets out a legal framework and standard procedures for the resolution of investor disputes. Such framework and procedures are, however, untested and there can be no assurance that they will be effective in the successful management of investor disputes.

Furthermore, there are a number of ongoing investment treaty arbitrations and international litigation proceedings against Egypt, certain of which, if adversely determined, could have a significant effect on Egypt's financial position. See "*The Arab Republic of Egypt—Legal Proceedings—International Investment Treaty Claims*".

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

In April 2011, the Ethiopian government began construction of the Grand Ethiopian Renaissance Dam. Construction is expected to be completed in 2017. If completed, Nile River flows reaching Egypt may be reduced over several years as the reservoir behind the dam 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.

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.

The disruptions recently experienced in the international and domestic capital markets have led to reduced liquidity and increased credit risk premiums for certain market participants, and companies in countries in the emerging markets, including Egypt, may be particularly susceptible to these disruptions and reductions in the availability of credit or increases in financing costs, which could result in them experiencing financial difficulty.

The global financial crisis has had and may continue to have an impact on the financial condition of the Republic

The global financial crisis, which commenced in 2007, has significantly affected global markets and volatility and declines in security prices, severely diminished liquidity and credit availability, inability to access capital markets, the bankruptcy, default, failure, collapse or sale of various financial institutions and an unprecedented level of intervention from the United States federal government and other governments continues. In particular, global financial markets have experienced increased volatility in the second half of 2011, during which the sovereign ratings of, among others, the United States and certain European countries, as well as Egypt and many Gulf countries have been downgraded. No assurance can be given that a further economic downturn or financial crisis will not occur, or that measures to support the financial system, if taken to overcome a crisis, will be sufficient to restore stability in the global financial sector and markets in the short-term or beyond. In addition, there can be no guarantee that a deterioration in the financial sector in Egypt would not have an impact on the Government's finances, either as a result of direct support needed from the Government for the financial sector, or as a result of reduced availability of funding from the financial sector to the Government.

In particular, Egypt's economy may be vulnerable to external shocks, including the continuing impact of the global financial crisis and those that could be caused by future significant economic difficulties of its major regional trading partners or by more general "contagion" effects, which could have a material adverse effect on Egypt's economic growth.

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

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

Notes subject to optional redemption by the Issuer

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

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

Partly-Paid Notes

The Issuer may issue Notes where the issue price is payable in more than one installment. Failure to pay any subsequent installment could result in an investor losing all of its investment.

Fixed/Floating Rate Notes

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

Notes issued at a substantial discount or premium

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

Risk Factors Relating to the Notes and the Market Generally

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

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

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

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

Any modification or actions relating to reserved matters, including in respect of payments and other important terms, may be made to a single Series of Notes with the consent of the holders of 75% of the aggregate nominal amount outstanding of such Notes, and to multiple Series of Notes with the consent of both (i) the holders of 66⅔% of the aggregate nominal amount outstanding of all Series of Notes being aggregated and (ii) the holders of 50% in aggregate nominal amount outstanding of each Series of Notes being aggregated. In addition, under certain circumstances, including the satisfaction of the Uniformly Applicable Condition in the Conditions, any such modification or action relating to reserved matters may be made to multiple Series of Notes with the consent of 75% of the aggregate nominal amount outstanding of all Series of Notes being aggregated only, without requiring a particular percentage of the holders in any individual affected Series of Notes to vote in favour of any proposed modification or action. Any modification or action proposed by the Issuer may, at the option of the Issuer, be made in respect of some Series of Notes only and, for the avoidance of doubt, the provisions may be used for different groups of two or more Series of Notes simultaneously. At the time of any proposed modification or action, the Issuer will be obliged, inter alia, to specify which method or methods of aggregation will be used by the Issuer.

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

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

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

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

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

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

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

European Monetary Union

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

The EU Savings Directive may result in certain holders not receiving the full amount of interest

Under EC Council Directive 2003/48/EC on the taxation of savings income (the “**EU Savings Directive**”), each EU Member State is required to provide to the tax authorities of another EU Member State details of payments of interest or other similar income (within the meaning of the EU Savings Directive) paid by a person established within its jurisdiction to (or for the benefit of) an individual resident or certain limited types of entities established in that other EU Member State; however, for a transitional period, Austria will (unless during that period it elects otherwise) instead apply a withholding system in relation to such payments. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries and certain dependent or associated territories of certain EU Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent within its jurisdiction to, or collected by such a paying agent for, an individual resident in an EU Member

State. In addition, the EU Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in an EU Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The Council of the EU has adopted a Directive (the “**Amending Directive**”) which will, when implemented, amend and broaden the scope of the requirements of the EU Savings Directive described above. The Amending Directive will expand the range of payments covered by the EU Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. For example, payments made to (or for the benefit of) (i) an entity or legal arrangement effectively managed in an EU Member State that is not subject to effective taxation, or (ii) a person, entity or legal arrangement established or effectively managed outside of the EU (and outside any third country or territory that has adopted similar measures to the Savings Directive) which indirectly benefit an individual resident in an EU Member State, may fall within the scope of the EU Savings Directive, as amended. The Amending Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

If a payment were to be made or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the EU Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26/27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive, neither the Republic nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. Furthermore, once the Amending Directive is implemented and takes effect in EU Member States, such withholding may occur in a wider range of circumstances than at present, as explained above. The Issuer is required to maintain a Paying Agent in an EU Member State that is not obliged to withhold or deduct tax pursuant to the EU Savings Directive or any law implementing or complying with, or introduced in order to conform to such Directive. However, investors should be aware that any custodians or intermediaries through which they hold their interest in the Notes may nonetheless be obliged to withhold or deduct tax pursuant to such laws unless the investor meets certain conditions, including providing any information that may be necessary to enable such persons to make payments free from withholding and in compliance with the EU Savings Directive, as amended.

Noteholders should consult their own tax advisers regarding the implications of the EU Savings Directive in their particular circumstances.

Change of law

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

Notes where denominations involve integral multiples: Definitive Notes

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

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

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

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

Investors may experience difficulty in enforcing foreign judgments in the Republic

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

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

- the foreign courts rendering the relevant judgment must offer reciprocal treatment to judgments obtained in the courts of the Republic; if such reciprocal treatment is not offered by the foreign court where the judgment is obtained, the Republic's courts will re-examine the merits of the case;
- the courts of the Republic are not exclusively competent to hear the dispute that is the subject of the foreign judgment, and the foreign courts are shown to have been competent to hear the dispute in accordance with their own respective laws;
- the parties to the dispute were duly notified and properly represented in the proceedings;
- the foreign judgment is final, non-appealable and conclusive in accordance with relevant law; and
- the foreign judgment does not conflict with a prior Egyptian judgment or a court order on the same subject matter and is not contrary to public order in the Republic.

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

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

See also "*Enforcement of Civil Liabilities*".

Reliance on DTC, Euroclear and Clearstream, Luxembourg procedures

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

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

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

Transferability of the Notes may be limited under applicable securities laws

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

In addition, if at any time the Issuer determines that any owner of Notes, or any account on behalf of which an owner of Notes purchased its Notes, is a person that is required to be a QIB, the Issuer may compel that such owner’s Notes be sold or transferred to a person designated by or acceptable to the Issuer.

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

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

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

The secondary market generally

Notes issued under the Programme will (unless they are to be consolidated into a single Series with any Notes previously issued) be new securities which may not be widely distributed and for which there is currently no active trading market. Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for the Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of the Notes.

Exchange rate risks and exchange controls

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

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

An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease: (1) the Investor's Currency equivalent yield on the Notes; (2) the Investor's Currency equivalent value of the principal payable on the Notes; and (3) the Investor's Currency equivalent market value of the Notes.

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

Interest rate risks

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

Credit ratings may not reflect all risks

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

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

There may be no active trading market for the Notes

Although an application has been made to list on the Official List of the Luxembourg Stock Exchange and to trade the Notes on the Luxembourg Stock Exchange's regulated market, there is no assurance that such application will be accepted or that an active trading market for the Notes will develop or, if one does develop, that it will be liquid or maintained. If an active trading market in the Notes does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected.

In addition, if the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Republic. As a result of the above factors, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

Legal investment considerations may restrict certain investments

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

USE OF PROCEEDS

The Republic will use the net proceeds from the issue of each Tranche of Notes to finance a portion of its budget deficit for the relevant fiscal year.

THE ARAB REPUBLIC OF EGYPT

Area and Population

Egypt occupies 386,662 square miles (1,001,450 square kilometres) of North Africa, bordering the Mediterranean Sea, the Red Sea, Libya, the Gaza Strip, Israel and Sudan. The terrain is mostly vast desert plateau interrupted by the Nile valley and delta (the “**Delta**”). The Western Desert accounts for approximately two thirds of Egypt’s land area. Approximately 3% of the land is arable and approximately 3.2% of the total land area is under irrigation. Agricultural land is currently being lost due to urbanisation and windblown sands, although some land is being reclaimed through irrigation. There are limited fresh water resources other than the Nile, which is the only perennial water source in Egypt. The climate is hot and dry, with the temperature in Cairo during the mid-winter months ranging from 46°F to 64°F (8°C to 18°C), rising to an average maximum temperature of 97°F (36°C) in July, the hottest month. Even in the wettest months, such as 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 the 2006 Census, Egypt had a population of 72.6 million, which CAPMAS estimates to have grown to 88.0 million in January 2015, an average annual growth rate of over 2.6%. CAPMAS estimates that the population is 51.0% male and 49.0% female. According to CAPMAS estimates, the birth rate has increased in recent years, increasing from 26.2 per 1,000 population in 2003 to 31.0 per 1,000 in 2013; over the same period, the death rate has decreased from 6.5 per 1,000 to 6.0 per 1,000.

Major cities in Egypt include Cairo, the capital of Egypt, Alexandria, Aswan, Asyut, Port Said, Suez and Ismailia. According to the 2006 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 populations of 6.8 million (14.1 million, including Giza and Kalyobeya) and 4.1 million, respectively, making these areas amongst the most densely populated areas in the world. In January 2015, CAPMAS estimated that Cairo and Alexandria had populations of 9.3 million (22.0 million, including Giza and Kalyobeya) and 4.8 million, respectively. 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 the World Bank, in 2012, the female adult literacy rate (15+ years) was 66% and the male adult literacy rate (15+ years) was 82%.

Egypt is generally classified as a lower-middle-income developing country. The following table sets forth selected comparative statistics published by the World Bank.

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

Comparative Statistics ⁽¹⁾⁽²⁾								
	Egypt	Tunisia	Morocco	Jordan	Philippines	South Africa	Indonesia	United Kingdom
Gross national income <i>per capita</i> (U.S.\$) ⁽³⁾	3,140	4,200	3,020	4,950	3,270	7,190	3,580	41,680
Average annual growth of GDP (%).....	2.1	2.5	4.4	2.9	7.2	1.9	5.8	1.7
Life expectancy: Male (years) ⁽⁴⁾	69	73	69	72	65	54	69	80
Life expectancy: Female (years) ⁽⁵⁾	73	77	72	75	72	58	73	84
Adult Male literacy rate (%) ages 15 and older ⁽⁵⁾ ...	82	88	76	98	95	95	96	—
Adult Female literacy rate (%) ages 15 and older ⁽⁵⁾ ...	66	72	58	94	95	93	90	—
Under 5 mortality (<i>per 1,000 live births</i>)	22	15	30	19	30	44	29	5
National poverty rate (%) ⁽⁶⁾	25.2	15.5	8.9	14.4	25.2	45.5	11.3	—

Source: The World Bank, *World Development Indicators*

Notes:

- (1) World Bank figures may differ from figures published by other organisations, including CAPMAS and other Government agencies.
- (2) Figures are for 2013, except where indicated.
- (3) Figures are calculated based on the World Bank atlas method. The atlas method represents the sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output, plus net receipts of primary income (compensation of employees and property income) from abroad.
- (4) Survey year: 2012
- (5) Survey year: Egypt, 2012; Tunisia, 2011; Morocco, 2011; Jordan, 2012; Philippines, 2008; South Africa, 2012; and Indonesia, 2011.
- (6) Survey year: Egypt, 2011; Tunisia, 2010; Morocco, 2007; Jordan, 2010; Philippines, 2012; South Africa, 2011; and Indonesia, 2014.

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 nineteenth century.

The Ottomans, French and British struggled for financial and political control of Egypt throughout the nineteenth century. Napoleon Bonaparte's Egypt campaign ended in 1801, following which Anglo-Ottoman forces controlled Egypt until 1882, which was followed by complete occupation and virtual inclusion of Egypt within the British Empire. Britain declared an official protectorate over Egypt in 1914 in order to secure its 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.

Following World War II and the first Arab-Israeli War in 1948, Egypt was in an unstable condition, the King was highly unpopular amongst 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. Nasser became president in 1954 and over time, became a charismatic leader of Egypt and of the Arab world as a whole. 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, Nasser nationalised the privately owned Suez Canal Company, which provoked the Suez Canal Crisis, in which Britain, France and Israel invaded the Sinai Peninsula in order to assume control of the Suez Canal. The crisis ended in November 1956 after a ceasefire was agreed.

Egypt, under 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).

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 territories occupied by Israel. In 1977, 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 which, he won the Nobel Peace Prize. Following the peace treaty, all occupied territories were returned to Egypt. Domestically, Sadat relaxed government controls over the economy and encouraged private investment. On 6 October 1981 Sadat was assassinated by Islamic extremists and 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. Whilst economic conditions in the Republic improved due to the adoption of liberal economic policies, leading to increases in international reserves and foreign direct investment, 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.

Recent Events

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 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 Parliament, as a result of a ruling of the Supreme Constitutional Court that the law on parliamentary elections was unconstitutional, 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 prerogative powers. The President rescinded the majority of the provisions of the decree on 20 December 2012. The 2012 Constitution was approved by Parliament 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, culminating in a revolution on 30 June 2013 calling for President Morsi’s resignation following his appointment of allies as regional leaders 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 following a terrorist attack on the army in the Sinai Peninsula, the interim Government declared a state of emergency and imposed a curfew (which was lifted in November 2013). In September 2013, the military launched a campaign against militants in northern Sinai, and a court banned the Muslim Brotherhood from carrying out any activities in Egypt. In December 2013, the interim Government declared the Muslim Brotherhood a terrorist organisation following a bomb blast in Mansoura. In April 2015, Muslim Brotherhood leader, Mohammed Badie, and 13 other senior members of the organisation were sentenced to death and a number of other members of the organisation were sentenced to life imprisonment, in connection with the violence following the removal of President Morsi. Subsequently, former President Morsi and a number of other Muslim Brotherhood members were sentenced to 20 years in prison for ordering the arrest and torture of protestors during a sit-in held outside the presidential palace in December 2012. Mr. Morsi has announced his intention to appeal his conviction in this case. In May 2015, following a retrial, former President Mr. Mubarak was convicted of corruption charges relating to his time in office. In May 2015, the Cairo Criminal Court requested the opinion of the Grand Mufti as to whether or not death sentences in respect of former President Morsi, as well as Mr. Badie and other individuals for other convictions would be in accordance with principles of Sharia'a. Final sentencing in respect of such convictions is expected in June 2015. There can be no assurance that there will not be protests, attacks or other violent or political reactions to such convictions and sentencing. See *"Risk Factors—Risk Factors Relating to Egypt—The Republic has faced significant political unrest since January 2011"*.

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

President Al-Sisi was sworn in on 8 June 2014. On 9 June 2014, Prime Minister Mahlab tendered his cabinet's resignation to President Al-Sisi; who reappointed Mr. Mahlab as Prime Minister on the same day and asked him to form a new interim Government. The interim Government took office on 17 June 2014 and consists of 34 ministers. Parliamentary elections were due to be held in March and April 2015 but have since been postponed following a ruling by the Supreme Constitutional Court on 1 March 2015 that certain provisions of the electoral constituencies law were unconstitutional. The Government has proposed amendments to such provisions, which are being finalised and the elections are expected to take place shortly after the finalisation of such amendments.

In October 2014, the Government ordered the demolition of houses along the Egyptian border with Gaza to create a buffer zone, in order to prevent arms smuggling to terrorist group Ansar Beit al-Maqdis along the border following attacks on security forces in the Sinai Peninsula. The Government also granted the military extra powers along the peninsula under a three-month state of emergency (which has since been lifted).

In November 2014, an Egyptian court acquitted former President Mubarak in connection with charges related to the killing of 240 protestors during the Revolution.

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 March 2015, a coalition of Arab countries led by Saudi Arabia and including other GCC members, Egypt, Jordan, Morocco, Sudan and others, supported by the United States and other western governments, announced its intention to intervene in the civil war in Yemen on the side of the Yemeni government against the Houthi rebels, who have taken control of Yemen's capital, Sana'a. The coalition has conducted a number of air strikes on Houthi positions in Sana'a and elsewhere, and the Saudi military deployed troops and armour on the Saudi-Yemeni border. In March 2015, Saudi and Egyptian ships were also deployed to the Bab al-Mandab strait. The Government also stated its willingness to provide ground troops, if necessary, and is leading efforts to create an Arab military force under the auspices of the Arab League. In April 2015, Saudi Arabia announced the end of the air strike campaign 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 *"Risk Factors—Risks Relating to Egypt—The Government is participating in a Saudi-led coalition conducting military operations in Yemen"*.

At the Arab League summit held in Sharm El-Sheikh in March 2015, the heads of the Arab League states agreed to the principle of creating a joint Arab military force with further details to be agreed.

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. 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 bombings have also occurred in Cairo and other cities. Sporadic terrorist attacks resulting in fatalities have

continued in 2015. See “*Risk Factors—Risk Factors Relating to Egypt—Egypt has experienced several terrorist events*”.

Constitutional System

Prior to the 1952 revolution, Egypt was a constitutional monarchy. The first Egyptian constitution of 1923, which followed the declaration of the end of the British protectorate, stated that Egypt was an independent sovereign Islamic state with Arabic as its language and provided for a representative Parliament. This constitution was abolished 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, which 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 national language. Amongst its notable features, the constitution recognised three types of ownership, being public, cooperative and private and granted vast powers to the President.

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

The referendum to approve the 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. It has been reported that many Egyptians saw approving the Constitution as a first step towards the restoration of political stability in Egypt and the referendum was approved by a majority of 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 SCAF to appoint the Minister of Defence for the eight years following its entry into force. The Constitution further provides that Islam is the religion of the State and Arabic is its official language. It also provides that the principles of Islamic Sharia are the main source of legislation. Article 9 of the Constitution enshrines the principle of equal opportunities for all citizens without discrimination. The Constitution also guarantees, *inter alia*: (i) the rights of Christians and Jews to apply their respective religious principles to personal status, religious affairs and leadership matters; (ii) equality between genders; (iii) healthcare and social insurance services; (iv) education; (v) personal freedom; (vi) privacy; and (vii) rights of the accused. Article 94 of the Constitution enshrines the principle of the rule of law.

Legislative Branch

The Constitution provides for a unicameral Parliament consisting of the House of Representatives, which must be comprised of no less than 450 directly-elected members, elected by a direct secret public ballot. The President may appoint additional members who do not exceed 5% of the elected members. Members of the House of Representatives serve for a term of five years. Currently, there is no serving House of Representatives and, accordingly, pursuant to Article 156 of the Constitution of 2014, the President may issue decrees that have the force of law. Provided that such decrees are referred to, debated and adopted by the new House of Representatives within 15 days of its convening, these decrees will remain in force. If such decrees are not referred to, debated and adopted by the new House of Representatives, they will be deemed to be repealed at the end of the 15 day period with retroactive effect, unless the House of Representatives determines otherwise.

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 State’s national policy, the economic and social development plan, its national budget and to generally oversee the Government’s performance, although the President and the Cabinet may also propose laws. Once passed by the House of Representatives, the President has the right either to sign or veto laws. The President must exercise his veto right within 30 days of passage or the law automatically comes into force. By a two-thirds vote, the House of Representatives may override a presidential veto.

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

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

Pursuant to Article 152 of the Constitution, the President acts as Supreme Commander of the armed forces. The President may not, however, declare war, or send armed forces to a combat mission outside the State borders, except after consulting with the National Defence Council and obtaining the approval of the House of Representatives by a majority of two-thirds, 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 Cabinet and the National Defence Council must be obtained). See "*—Executive Branch—The President of the Republic*".

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, a 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. 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. 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.

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.

Executive Branch

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

The President of the Republic

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

The President is elected by an absolute majority of votes of the Egyptian people, for a four year term. A Presidential candidate must be nominated by (i) at least 20 elected members of the House of Representatives or (ii) 20,000 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.

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 cabinet, after consulting with the Prime Minister and subject to the approval of a 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;
- appointing and dismissing civil and military employees in accordance with applicable law;
- after consultation with the cabinet, 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;
- after consultation with the cabinet, issuing pardons or reducing sentences;
- calling the House of Representatives into session for emergency sessions; and
- calling referendums.

Currently, there is no serving House of Representatives. Accordingly, pursuant to Article 156 of the Constitution, the President may issue decrees that have the force of law. Provided that such decrees are referred to, debated and adopted by the new House of Representatives within 15 days of its convening, these decrees will remain in force. If such decrees are not referred to, debated and adopted by the new House of Representatives, they will be deemed to be repealed at the end of the 15 day period with retroactive effect, unless the House of Representatives determines otherwise. The Government's current economic reform programme has thus far been implemented, in part, through such presidential decrees. See *"Risk Factors—Risks Relating to Egypt—There are uncertainties regarding the upcoming Parliamentary elections and subsequent formation and policies of the new Government"*.

The Government

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

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

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

The interim Government took office on 17 June 2014, is headed by Prime Minister Mahlab and consists of 34 ministers. Parliamentary elections are expected to be held following the finalisation of certain amendments to the electoral law, although a date has not yet been formally set. See *"Risk Factors—Risk Factors Relating to Egypt—The Republic has faced significant political unrest since January 2011"* and *"Risk Factors—Risk Factors Relating to Egypt—There are uncertainties regarding the upcoming Parliamentary elections and subsequent formation and policies of the new Government."*

Local Administrations

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

Judicial Branch

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

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

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

The Supreme Constitutional Court was first established in 1979 and its powers are set out in Article 190 *et seq.* of the Constitution. In particular, the Supreme Constitutional Court has the sole constitutional power to: (i) determine the constitutionality of laws and regulations; (ii) interpret legislative provisions; and (iii) adjudicate on disputes pertaining to affairs of its members, certain jurisdictional matters, the implementation of certain contradictory judgments and on the execution of its judgments and decisions.

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

In order to improve the Egyptian economic and investment landscape, in 2008, the Government enacted Law № 120 of 2008 establishing the Economic Court, which specialises in bankruptcies, consumer protection, capital markets and intellectual property disputes. The Economic Court is divided into two bodies, a body handling disputes between the State and private citizens, and another handling disputes among private citizens.

Political Parties

There are currently over 84 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.

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—The Republic has faced significant political unrest since January 2011*” and “*Risk Factors—Risk Factors Relating to Egypt—Egypt has experienced several recent terrorist events*”.

Parliamentary elections were due to be held in March and April 2015, but have since been postponed.

See “*Risk Factors—Risk Factors Relating to Egypt—There are uncertainties regarding the upcoming Parliamentary elections and subsequent formation and policies of the new Government*”

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 inventory includes equipment from the United States, the United Kingdom, Russia, France and China. Articles 200 and 201 of the Constitution provides that the Egyptian armed forces are headed by a supreme council (i.e., SCAF), which is to be regulated by law, and that the Minister of Defence must be drawn from the officers of the armed forces. The Constitution also establishes a National Defence Council, chaired by the President and comprised of the Prime Minister, the Speaker of the House of Representatives, the Minister of Defence, the Minister of Foreign Affairs, the Minister of Finance, the Minister of Interior, the Chief of the General Intelligence Services, the Chief of Staff of the Armed Forces, as well as the Commanders of the Navy, Air Force and Air Defence, the Chief of Operations of the Armed Forces and the Head of Military Intelligence.

Egypt's police authority has the power to preserve public order, security and morals; protect lives and properties and to prevent crimes and seize criminals. It is also responsible for ensuring tranquillity and security for citizens of all types and for performing all duties afforded to it by laws and regulations.

In 1981, the United States and Egypt, near the Egyptian coastal city of Alexandria, conducted the first "Bright Star" joint military exercises for infantry, airborne, artillery and armoured forces. In October 2009, the Bright Star exercises, conducted with 15 other countries (including France, Greece, Kuwait, Pakistan and the United Arab Emirates) included a computer-simulated command post exercise and tactical airborne and amphibious training.

U.S. economic and military assistance to Egypt has totalled U.S.\$73.2 billion since 1979. U.S. economic assistance to Egypt has concentrated on health, economic growth, education, improvements to economic policy and the business environment. Following the 2003 Iraq war, the U.S. Congress, under the Emergency Wartime Supplemental Appropriation Act 2003 (Public Law 108-11), approved U.S.\$300 million in Economic Support Funds and U.S.\$2 billion in loan guarantees, as a result of which, in 2005, the Republic issued U.S.\$1.25 billion 4.45% Guaranteed Notes due 2015, guaranteed by the United States. Annually, Egypt had received U.S.\$250 million in economic assistance and U.S.\$1.3 billion in military assistance. The actual amount of economic assistance used varies from year to year, according to the Republic's needs. The total amount of economic assistance utilised by the Republic in 2012, 2013 and 2014 was U.S.\$190 million in budget support pursuant to an agreement relating to cash transfers signed by Egypt and the United States in March 2013. In 2014, six new agreements and two amendment agreements were signed representing U.S.\$268 million in U.S. support for the education (basic and higher education) justice, antiquities, tourism and agriculture sectors, as well as for SMEs and other economic sectors. In October 2013, the United States suspended military aid to Egypt in protest at the removal of President Morsi. In March 2015, the United States announced that military aid and deliveries would be resumed.

Partially as a result of smuggling activity through man-made tunnels under Egypt's border with the Gaza Strip, the Government has increased its surveillance of the border and constructed a six-mile (ten-kilometre) iron wall to counter such smuggling activities and the threat it poses to the Republic's national security.

In February 2015, President Al-Sisi established a new Council for National Security by presidential decree. The Council for National Security is responsible for investigating matters and methods to ensure the safety and security of the Republic.

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, announced its intention to intervene in the civil war in Yemen on the side of the Yemeni government against the Houthi rebels, who have taken control of Yemen's capital, Sana'a. The coalition has conducted a number of air strikes on Houthi positions in Sana'a and elsewhere, and the Saudi military deployed troops and armour on the Saudi-Yemeni border. In March 2015, Saudi and Egyptian military ships were also deployed to the Bab al-Mandab strait. The Government has also stated its willingness to provide ground troops, if necessary, and is leading efforts to create an Arab military force under the auspices of the Arab League.

Legal System

Article 2 of the Constitution provides that the principles of Islamic *Shariah* are the main source of legislation. Egypt's legal system is also based on the Napoleonic codes, including the French *Code Civil*, upon which the Egyptian civil code has been largely based. Marriage and family law 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. Whilst there have been moves to consolidate the influence of the *Shariah* in the Constitution, commercial law remains based on modern commercial practices.

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

Foreign Relations and International Organisations

The Republic's foreign policy is not formally aligned with or against any major bloc. In addition, 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.

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

In June 1998, Egypt joined the 21 member Common Market for Eastern and Southern Africa ("**COMESA**") (which is now formed of 19 members, including Egypt) and reduced tariffs with other COMESA countries by 90%, with a view to the implementation of a common external tariff, based on a four band tariff structure of capital goods, raw materials, intermediate goods and final goods, respectively. In addition, the members are committed to establishing a monetary union.

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

In June 2001, Egypt signed an Association Agreement with the Member States of the European Union (the "**EU**") establishing the Euro-Mediterranean Partnership (also known as the Barcelona Process), a wide framework of political, economic and social relations between the Member States and countries of the Southern Mediterranean, including Egypt (the "**Association Agreement**"). The Association Agreement, which was approved by Parliament in March 2003, provides for immediate duty free access for certain Egyptian products into EU markets, whilst customs duties and charges payable on EU products imported into Egypt are to be phased out over a twelve-year period. In January 2004, the trade component of the Association Agreement entered into force. In December 2004, an adjustment protocol was signed granting additional preferential treatment on market access of Egyptian agricultural and processed agricultural exports to EU markets.

During 2004, the Republic entered into a framework agreement for the establishment of a free trade area with the *Mercado Común del Sur* ("**MERCOSUR**") which is comprised of Argentina, Brazil, Paraguay and Uruguay. The framework agreement aims (i) to promote the expansion of trade between the Republic and MERCOSUR and (ii) to provide the conditions and mechanisms to negotiate a free trade area between the Republic and MERCOSUR in conformity with the rules of the World Trade Organisation. In August 2010, Egypt entered into a free trade agreement with MERCOSUR.

In February 2004, Egypt signed the Agadir Agreement with Morocco, Tunisia and Jordan, which came into force in July 2006. 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.

In December 2004, Egypt, the United States and Israel entered into a "Qualified Industrial Zones" protocol pursuant to which manufacturing companies in specified zones in Egypt (the Greater Cairo Zone, the Alexandria Zone, the Suez Canal Zone and the Central Delta Zone) can export products to the United States duty free under the same terms as those governing trade under the U.S.-Israel Free Trade Area Agreement, provided that certain requirements as to Egyptian and Israeli content are met. The agreement entered into force in February 2005.

With effect from January 2005, the Government has committed to observing the obligations of Article VIII, Sections 2, 3 and 4 of the IMF's Articles of Agreement. Pursuant to these sections, IMF members undertake not to impose restrictions on the making of payments and transfers for current international transactions and from engaging in any discriminatory currency arrangements or multiple currency practices without IMF approval.

In December 2005, Egypt signed a free trade agreement with Turkey, which entered into force in March 2007. The free trade agreement provides that imports of Egyptian products into Turkey (excluding agricultural goods) are free of duties and those duties and trade restrictions for Turkish products imported to Egypt will be eliminated in four stages by 2021. The first stage includes raw materials and machinery, followed by intermediary goods, then finished goods and finally other products.

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.

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: Switzerland, Iceland, Liechtenstein and Norway. The agreement also contains provisions on protection of intellectual property rights, as well as competition and technical cooperation.

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

In July 2007, Egypt became the fortieth country to adhere to the Organisation for Economic Cooperation and Development Declaration on International Investment and Multinational Enterprises. Under this Declaration, Egypt is committed to improving its investment climate, ensuring equal treatment for foreign and domestic investors and promoting responsible international business conduct.

In June 2013, Egypt and the EU entered into a comprehensive dialogue to deepen its trade and investment ties, in particular, through the negotiation of a deep and comprehensive free trade agreement ("**DCFTA**"). The DCFTA aims to improve market access opportunities and the investment climate and to support economic reforms undertaken by Egypt. The DCFTA would extend the scope of the existing Association Agreement to include trade in services, government procurement, competition, intellectual property rights and investment protection. In 2014, a sustainability impact assessment of the entry into a DCFTA was, in line with EU regulations and procedures, conducted by an independent contractor.

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

In January 2015, the Executive Board of the IMF concluded its Article IV consultation with Egypt, the first since the 2011 Revolution. In its report, among other things, the Executive Board welcomed the Egyptian authorities' focus on improving infrastructure and reforming the energy sector.

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

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.

Egypt and the United States share a bilateral relationship, an important aspect of which is U.S. military and economic assistance to Egypt that expanded following the signing of the Camp David Egyptian-Israeli peace treaty in 1979 and Egypt's participation in the Gulf War.

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.

In 2000, Egypt hosted two summits at Sharm El-Sheikh and one at Taba in an effort to resume the Camp David negotiations suspended in July 2000. In June 2003, Egypt hosted another summit on the Middle East peace process. A further summit was convened in Sharm El Sheikh in early 2005, which was attended by Egypt, Israel, the Palestinian Authority and Jordan. In addition, Egypt continues to play a substantial role in negotiations between the Israeli and Palestinian sides.

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

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

Press and Media

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

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 the affairs of 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.

The press is regulated by law № 96 of 1996 ("**Law 96**"), as amended. Article 3 of Law 96 states that Government scrutiny of the press is prohibited, save for during war or emergency situations for national security purposes.

Health

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 budget circular for 2015/16 requires nine ministries to prepare their budgets in the form of programmes. In addition, the Government has allocated an additional LE 8.9 billion to public expenditure on health in 2014/15, for a total allocation of LE 42.4 billion for the year, as compared to LE 33.5 billion in 2013/14, which represents a 26.6% increase in funding over the period.

The Egyptian healthcare system is served by Government and private sector service providers. Government providers include: (i) the Ministry of Health (accounting for 18% of healthcare services); (ii) university hospitals (accounting for 4% of healthcare services); (iii) military and police (accounting for 4% of healthcare services); and (iv) other ministries (accounting for less than 1% of healthcare services) and provide approximately 28% of healthcare services in Egypt.

The following table sets out the number of health units with hospital beds, by sector, for the years indicated:

Health Units with Beds by Sector					
	2009	2010	2011	2012	2013
Government sector	658	660	643	646	657
Private sector	1,241	1,252	1,265	1,351	1,422
Total	1,899	1,912	1,908	1,997	2,079

Source: CAPMAS

There are 539 hospitals in Egypt, including 409 hospitals offering curative and critical care, 11 curative care organisations, 20 general organisations for teaching hospitals and institutes, 42 specialist centres, 37 health insurance organization hospitals and 20 centres for the treatment of mental health and addiction.

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 2015-2018 and for the prevention, care and treatment of viral hepatitis for the period 2014-2018 have also been established.

Education

Education has long been considered an important factor in Egypt's development, and the Government allocated LE 94.3 billion to education in the 2014/15 budget, as compared to LE 83.6 billion (or 11.3% of total budgetary expenditures), to education in 2013/14.

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 for 2013/14:

Number of Students and Schools by Educational Stage				
	Total	Females	Males	Schools
	(thousands of students)			(number)
Pre-University Education (excluding Al-Azhar)				
Pre-Primary.....	1,110	533	577	10,227
Primary.....	9,906	4,795	5,111	17,619
Preparatory	4,338	2,143	2,195	10,928
General Secondary	1,455	782	674	2,994
Industrial.....	794	290	504	966
Agricultural.....	166	30	135	199
Commercial	650	389	261	819
Handicapped Schools	36	13	23	903
Other	99	79	20	4,780
Total	18,554	9,054	9,500	49,435
Al-Azhar Pre-University Education				
Primary.....	1,148	525	624	3,514
Preparatory	474	204	270	3,201
Secondary	341	143	198	2,119
Other	63	32	30	310
Total	2,026	904	1,122	9,144

Source: CAPMAS

In 2012/13, 1.7 million students were enrolled in Egyptian state universities, approximately 49.4% of whom were female, and 0.1 million students were enrolled in 19 private universities in Egypt.

Legal Proceedings

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

International Investment Treaty Claims

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

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

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

The claimants in the ICSID arbitration claim damages from Egypt quantified at U.S.\$882.6 million, including interest calculated to April 2014. The claimants in the PCA arbitration claim damages from Egypt quantified at U.S.\$1,217.9 million, including interest calculated to April 2014. Hearings took place in the PCA arbitration in September 2014 and in the ICSID arbitration in October and November 2014. No award has been issued in either arbitration to date.

THE ECONOMY

Background

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

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

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

The Republic's economy grew significantly in the period from 2004/05 to 2009/10 (at an average annual rate of 5.9%), primarily due to economic reforms implemented during that period. Economic growth was driven primarily by domestic consumption, while investment grew at a slower rate and the external sector contributed negatively. However, while the unemployment rate fell during this period, the unemployment rate remained high among the youth. Following the 2011 Revolution, the growth rate of the economy (in Real GDP terms) slowed significantly to 1.8% in 2010/11, 2.2% in 2011/12, 2.1% in 2012/13 and 2.2% in 2013/14. For the period from July to December 2014/15, Real GDP grew by 5.6%, as compared to 1.2% in the corresponding period in 2013/14. This resumption of growth was primarily driven by the improving political stability in Egypt and the Government's adoption of a range of macroeconomic reforms and other measures to improve the domestic investment environment. Given the diversified nature of the Egyptian economy, a broad range of sectors, including agriculture, manufacturing and tourism, have contributed to the recovery, thereby reducing the economy's reliance on any one sector.

Real GDP is expected to grow by 3.8% in 2014/15 and by 4.3% in 2015/16, according to statistics published by the IMF.

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.

Following the appointment of the new Government, the Government announced its programme to promote higher and more inclusive growth. The Government's macroeconomic policy framework and structural reform programme is based on three fundamental principles:

- *Prudent macroeconomic policies.* The Government is implementing macroeconomic policies intended to promote sustainable economic growth, together with long-term, economically viable development projects and improving public services.
- *Private sector partnership.* The Government seeks to promote the private sector's role in driving economic growth and generating jobs, as well as to encourage its partnership in investment in basic infrastructure. See "*—Public Private Partnership*".
- *Balance fiscal and social objectives.* The Government seeks to balance fiscal consolidation efforts with social objectives in order to promote inclusive and sustainable economic growth, as well as to partially redistribute savings from austerity measures to fund social protection and youth development programmes.

As part of its economic programme, the Government's key economic targets by the end of 2018/19 include: (i) real annual GDP growth of 6%; (ii) inflation to reduce to a range between 6% and 8%; (iii) the budget deficit to reduce to 8-8.5% of GDP; (iv) the budget sector debt to reduce to 80-85% of GDP; and (v) foreign exchange reserves to increase to

3½ months of imports. The Government has also announced intentions to increase spending on health, education and scientific research, as mandated by the Constitution. See “*The Arab Republic of Egypt—Health*” and “*The Arab Republic of Egypt—Education*”.

Key reform measures announced by the Government include:

- *Subsidy reform:* The Government introduced fuel price increases in July 2014 and intends to implement further fuel and electricity prices increases over the next five years in order to gradually phase out fuel and electricity subsidies. The Government has also overhauled the food subsidy system and introduced a smart card system for access to certain subsidised products. See “*Public Finance—Social Spending and Subsidies*”. Budgetary savings from subsidy and similar reforms are expected to be used to increase social programmes, including constitutionally-mandated payments for education, health and scientific research.
- *Controlling the public sector wage bill:* The Government has 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. The public sector employee hiring has also been centralised.
- *Reprioritisation of spending:* The Government has announced its intention to reduce non-priority capital spending by approximately 1%. Health and education investment are expected to increase by a corresponding amount, in line with the Government’s constitutional mandate.
- *VAT and other reform:* The Government announced its intention to replace the current sales tax with a new VAT. A draft VAT law, prepared in conformity with international standards, has been prepared and is expected to be implemented in 2015. In addition, the Government is developing a simplified tax regime for small- and medium-sized enterprises (“SMEs”) and methods to improve tax compliance and control systems.
- *Increasing investment:* The Government’s strategy to boost growth and employment is focused on increasing investment, through improvements to the business climate and attraction of FDI, as well as the implementation of large infrastructure projects. Measures taken to date include, among others, amending the competition law, the investment law and the labour law, as well as introducing a new mining law and a microfinance law. See “*External Sector—Foreign Direct Investment—Investment Projects and Initiatives*”.

Other reforms implemented by the Government since 2014 include: (i) the introduction of a temporary tax bracket of 5% for personal and corporate income over LE 1 million; (ii) the introduction of a new 10% tax on capital gains and dividends, although the implementation of the capital gains tax has since been postponed for two years; (iii) the introduction of a property tax on residential and commercial units valued at over LE 2 million, subject to certain exemptions (50% of the proceeds of such tax are expected to be used to improve living conditions in urban and rural slum areas); (iv) increased excise tax on cigarettes and alcoholic beverages; and (v) a new mining law intended to increase fees and royalties due to the Government, while incentivising new investment in the mining sector. The Government has also made certain proposals to reduce the top corporate tax rate to 22.5% and to apply the same tax rates to economic zones. The Government is in the process of issuing telecom licences for universal services and high-speed internet that will serve to boost the telecoms industry, support growth and generate revenues to the treasury.

In March 2015, the Egyptian Economic Development Conference was held in Sharm El Sheikh and was attended by 22 heads of state and 3,500 delegates. The conference was intended to attract private investment through FDI and public-private partnerships. In the Prime Minister’s closing speech, he announced that approximately U.S.\$36.2 billion in new investments had been signed at the conference. See “*External Sector—Foreign Direct Investment—Investment Projects and Initiatives*”.

Privatisation Programme and Role of the State in the Economy

The role of the private sector in the Egyptian economy has increased considerably since 2001. Government ownership of companies was reduced through privatisation and the private sector grew significantly. The Government’s privatisation programme was subsequently discontinued in 2009 and, pursuant to Law № 203 of 1991, the role of the state in the restructuring and modernisation of the remaining 146 public enterprises (“PEs”) has been mandatory. Since 2009, no privatisation or other similar transactions have taken place and there are no current plans to pursue further privatisation. The Ministry of Investment has instead been focusing its efforts on developing partnerships between PEs and the private sector to examine investment opportunities in a variety of sectors, including insurance, chemicals, petrochemicals, real estate development, metallurgical industries and tourism. Such opportunities have often involved the creation of joint ventures between PEs and private sector companies. See also “—*Public Private Partnerships*”. A

number of investment opportunities were presented at the Egypt Economic Development Conference in March 2015 in Sharm el-Sheikh. See “*External Sector—Foreign Direct Investment—Investment Projects and Initiatives*”.

Following the privatisation of various companies, a number of cases were filed before the State Council contesting the validity of certain transactions. In April 2014, the then-interim President, Adly Mansour, issued Law 32, which regulates the process of challenging State Contracts. See “*Risk Factors—Risk Factors Relating to Egypt—Recent cases challenging the privatisation of formerly public sector companies may have an impact on the financial conditions of the Republic if further cases are brought forth seeking to invalidate privatisation transactions*”.

The restructuring and reengineering of PEs and the introduction of principles of corporate governance have been key objectives of the Government. PEs have, since the 2011 Revolution, faced numerous challenges, which have led to declines in revenue and profitability (especially in service sectors such as tourism), which, while in some cases have started to recover, have not been fully restored to pre-2011 Revolution levels. PEs have, however, largely been able to overcome such challenges, as a result of investments made in PEs in the last 10 years, as well as the settlement of certain debt of PEs owed to public commercial banks.

The following table sets forth the main indicators of the PEs:

	Public Enterprises			
	2009/10	2010/11	2011/12	2012/13
Number of PE affiliates	147	146	146	146
Number of profitable PEs	109	98	80	72
Number of Workers.....	316,280	310,651	309,613	304,272
Salaries (<i>LE millions</i>)	8,302	9,669	11,445	13,574
Total Operating Revenue (<i>LE millions</i>)	64,353	68,936	67,074	70,987
Net Profit (net of losses) (<i>LE millions</i>)	4,892	3,829	3,068	1,156
Net Equity (<i>LE millions</i>).....	8,048	8,948	10,795	8,229
Investments during the Fiscal Year (restructuring, modernisation, renovations) (<i>LE millions</i>)	4,776	3,345	2,542	3,452
Share of Ministry of Finance in Holding Companies’ profits (<i>LE millions</i>)	613	834	840	855

In 2012/13, net profit of PEs decreased to LE 1,156 million from LE 3,068 million in 2011/12. Increasing worker demands, privatised companies returning to state ownership and exchange rate fluctuations are among several factors to have impacted the financial performance of PEs in recent years.

Any Government decision to restructure a PE is influenced by a number of factors, including financial considerations (such as return on investment) and socio-economic considerations. Currently, public commercial banks may no longer provide any financing to a PE unless they are satisfied that the relevant PE will be able to repay any such debts incurred. Certain PEs, such as aluminium and steel companies, and those in the chemical and insurance industries, among others, require extensive restructuring, including by way of cash injection or a partial retention of profits. The Government also seeks to consolidate interests within sectors where such consolidation may result in improved financial performance taking advantage of economies of scale.

Various sector-based restructuring packages are either being prepared or implemented. For example, in the textiles sector, in which PEs employ approximately 60,000 workers, a special committee was established by order of the Prime Minister to prepare a comprehensive analysis and a phased plan for the restructuring of textile PEs. The final report estimated that the cost to restructure PEs in the textile sector would be approximately LE 6 billion. The Government is in the process of recruiting an international consultant to conduct a full feasibility study and to develop an investment plan in respect of the recommendations in the final report.

Separately, in the iron and steel sectors, the Government is finalising a restructuring plan, which focuses on the renovation of existing facilities and furnaces and is estimated to cost approximately U.S.\$340 million, and conducting a project to increase production capacity.

In the second half of 2014, the Ministry of Investment announced the implementation of a PE monitoring programme, pursuant to which, the Ministry of Investment will evaluate financial results of PEs on a monthly rather than an annual basis in order to improve oversight and allow for more timely remedial action to be taken, if necessary.

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 the 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**”). 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.

Gross Domestic Product

Following the 2011 Revolution, the growth rate of the economy (in Real GDP terms) slowed significantly to 1.8% in 2010/11, 2.2% in 2011/12, 2.1% in 2012/13 and 2.2% in 2013/14. The slower rate of growth reflects the political and security challenges that Egypt faced since 2011, which resulted in a reduction in net FDI inflows, a decline in Suez Canal receipts and declines in manufacturing outputs, exports and earnings from tourism. Growth has increased in recent periods as confidence has increased due to improved political stability and the Government’s adoption of reform measures. See “—*Recent Developments and Reforms*”. For the period from July to December 2014/15, Real GDP grew by 5.6%, as compared to 1.2% in the corresponding period in 2013/14. Notably, the diversified nature of the Egyptian economy reduces the Egyptian economy’s reliance on any one sector, with a broad range of sectors, including agriculture, manufacturing and tourism, all contributing significantly to GDP.

The commodity sector of the Egyptian economy contributed LE 1,038.7 billion to GDP in 2013/14, or 54.4%, making it the largest contributor to GDP. The commodity sector includes agriculture, forestry and fishing, extractive industry, manufacturing, electricity, water and construction and building. In 2013/14, the commodity sector grew, in nominal terms, by 15.5%, as compared to 11.2% in 2012/13. This growth was primarily attributable to increases in the manufacturing industries, which grew by 19.6% in 2013/14, and the petroleum refinement industry, which grew by 17.7% in 2013/14. The commodity sector contributed LE 595.3 billion to GDP in the period from July to December 2014/15, or 53%.

The production services sector contributed LE 539.4 billion to GDP, or 28.2%, in 2013/14. Production services include transport and warehousing, telecommunications, information, revenues from the Suez Canal, wholesale and retail trade, financial intermediation, insurance, social insurance and tourism. In 2013/14, the production services sector grew, in nominal terms, by 9.7%, as compared to 10.3% in 2012/13. This growth was primarily attributable to increases in the rate of growth of Suez Canal activity, which grew by 14.9% in 2013/14, the telecommunications industry, which grew by 8.9% in 2013/14, and the wholesale and retail trade industry, which grew by 13.7% in 2013/14. The production services sector contributed LE 336.3 billion to GDP for the period from July to December 2014/15, or 30.0%.

The social services sector contributed LE 332.6 billion to GDP, or 17.4%, in 2013/14. Social services include general Government services, education, health, real estate and other services. General Government expenditures represented 61.0% of this sector in 2013/14, or LE 202.9 billion, and grew by 16.1% in 2013/14. The social services sector contributed LE 190.8 billion to GDP for the period from July to December 2014/15, or 17.0%.

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⁾					Jul-Dec 13	Jul-Dec 14⁽²⁾
	2009/10	2010/11	2011/12	2012/13	2013/14⁽²⁾		
	<i>(LE millions, except where indicated)</i>						
Nominal GDP	1,207	1,371	1,575	1,753	1,998	1,017	1,171
Domestic Demand.....	1,270	1,428	1,708	1,871	2,175	1,100	1,264
Final Consumption	1,035	1,193	1,450	1,623	1,894	977	1,116
Private Consumption	900	1,036	1,271	1,418	1,654	860	982
Public Consumption	135	157	179	205	240	117	134
Investment ⁽³⁾	235	234	258	249	281	123	148
Net Exports.....	(63)	(57)	(133)	118	177	(83)	(93)
Exports of Goods and Services ⁽⁴⁾	258	282	275	317	303	146	176
Imports of Goods and Services	321	339	407	435	481	228	268
<i>Final Consumption (% of GDP).....</i>	<i>86</i>	<i>87</i>	<i>92</i>	<i>93</i>	<i>95</i>	<i>96</i>	<i>95</i>
<i>Investment (% of GDP)⁽³⁾.....</i>	<i>20</i>	<i>17</i>	<i>16</i>	<i>14</i>	<i>14</i>	<i>12</i>	<i>13</i>
<i>Exports of Goods and Services (% of GDP)⁽⁴⁾</i>	<i>21</i>	<i>21</i>	<i>17</i>	<i>18</i>	<i>15</i>	<i>14</i>	<i>15</i>
<i>Imports of Goods and Services (% of GDP)</i>	<i>27</i>	<i>25</i>	<i>26</i>	<i>25</i>	<i>24</i>	<i>22</i>	<i>23</i>

Source: Ministry of Planning

Notes:

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

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

Gross Domestic Product at Constant Prices⁽¹⁾						Jul-Dec	Jul-Dec
	2009/10	2010/11	2011/12	2012/13	2013/14⁽²⁾	2013	2014⁽²⁾
	<i>(LE millions, except where indicated)</i>						
Real GDP	878	894	1,576	1,609	1,643	825	871
Final Consumption	722	761	1,450	1,489	1,554	793	834
Private Consumption	627	662	1,271	1,304	1,358	697	731
Public Consumption	95	99	179	185	196	96	104
Investment ⁽³⁾	176	172	258	233	244	106	115
Net Exports	(20)	(39)	(133)	(114)	(154)	(74)	(79)
Exports of Goods and Services ⁽⁴⁾	241	244	275	291	254	126	135
Imports of Goods and Services	261	282	407	405	409	199	214
<i>Final Consumption (% of GDP)</i>	<i>82</i>	<i>85</i>	<i>92</i>	<i>93</i>	<i>95</i>	<i>96</i>	<i>96</i>
<i>Investment (% of GDP)⁽³⁾</i>	<i>20</i>	<i>19</i>	<i>16</i>	<i>15</i>	<i>15</i>	<i>13</i>	<i>13</i>
<i>Exports of Goods and Services (% of GDP)⁽⁴⁾</i>	<i>27</i>	<i>27</i>	<i>17</i>	<i>18</i>	<i>15</i>	<i>15</i>	<i>15</i>
<i>Imports of Goods and Services (% of GDP)</i>	<i>30</i>	<i>32</i>	<i>26</i>	<i>25</i>	<i>25</i>	<i>24</i>	<i>25</i>

Source: Ministry of Planning

Notes:

- (1) The figures in this table have been revised and differ from previously published data.
- (2) Preliminary data.
- (3) Real GDP is calculated using constant prices using 2006/07 as the base year for each year from 2009/10 to 2011/12 and using 2011/12 as the base year for subsequent years.
- (4) Including change in inventory.

Principal Sectors of the Economy

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

Gross Domestic Product by Sector (at Factor Cost) ⁽¹⁾⁽²⁾							
	2009/10	2010/11	2011/12	2012/13	2013/14 ⁽³⁾	July-Dec 2013 ⁽³⁾	July-Dec 2014 ⁽³⁾
	(LE millions, except where indicated)						
GDP	1,150,590	1,309,906	1,508,527	1,677,352	1,910,615	974,941	1,122,386
Nominal GDP Growth Rate (%)	15.7	13.8	15.2	11.2	13.9	15.1	15.1
Total Commodity Sector	591,903	682,156	808,871	899,251	1,038,684	532,369	595,350
Growth (%).....	16.5	15.2	18.6	11.2	15.5	16.9	11.8
Agriculture, Forestry and Fishing.....	160,970	190,159	218,216	243,356	276,732	151,207	174,350
Extractive Industry.....	165,747	195,136	261,671	290,739	329,815	173,672	159,020
Petroleum.....	68,538	81,566	110,619	124,748	146,953	74,384	73,386
Natural Gas.....	92,538	108,206	145,040	159,344	175,371	95,593	81,453
Growth (%).....	12.6	16.9	34.0	9.9	10.1	20.3	(14.8)
Other	4,671	5,364	6,012	6,647	7,491	3,695	4,182
Manufacturing Industry	194,290	216,184	238,283	262,505	314,077	150,096	192,579
Petroleum Refinement	12,516	14,829	16,837	19,612	23,083	12,230	13,610
Other	181,774	201,355	221,446	242,893	290,995	137,866	178,969
Electricity	14,897	16,832	19,080	21,237	23,919	11,774	13,800
Water.....	3,390	3,775	4,239	4,667	5,207	2,677	3,031
Construction and Building	52,609	60,070	67,382	76,747	88,934	42,944	52,570
Growth (%).....	19.5	14.2	12.2	13.9	15.9	15.7	22.4
Total Production Services	364,518	404,837	445,903	491,687	539,375	282,415	336,254
Growth (%).....	14.4	11.1	10.1	10.3	9.7	10.2	19.1
Transport Rate and Warehousing	47,400	53,351	60,513	67,212	76,132	37,579	43,750
Telecommunications.....	34,818	37,301	38,670	41,160	44,837	22,039	24,087
Suez Canal.....	25,803	29,311	31,203	32,396	37,236	18,348	20,872
Growth (%).....	(3.8)	13.6	6.5	3.8	14.9	(18.7)	13.7
Wholesale and Retail Trade	133,774	150,658	166,330	183,831	209,096	115,856	134,032
Financial Intermediation.....	41,174	44,834	49,741	54,814	61,907	32,670	37,658
Insurance and Social Insurance	41,521	47,627	53,663	59,513	67,698	33,195	38,615
Tourism (Hotels and Restaurants)	40,028	41,755	45,783	52,761	42,469	22,727	37,240
Growth (%).....	16.4	4.3	9.6	15.2	(19.5)	(18.7)	63.9
Total Social Services	194,170	222,912	253,753	286,414	332,557	160,158	190,782
Growth (%).....	15.9	14.8	13.8	12.9	16.1	18.2	19.1
Real Estate.....	30,262	34,066	38,035	43,474	51,251	22,997	26,825
General Government	114,944	133,688	153,984	174,713	202,949	97,955	118,432
Education.....	12,828	14,558	16,229	17,950	20,684	10,203	11,791
Health.....	14,797	16,595	18,560	20,610	23,568	12,087	14,028
Other Services.....	21,339	24,005	26,945	29,667	34,105	16,916	19,706

Source: Ministry of Planning

Notes:

- (1) The figures in this table have been revised and differ from previously published data.
- (2) In current prices.
- (3) Preliminary data.

Investment by Sector

The single largest contributor to investment in the Egyptian economy is the private business sector, which invested LE 164.9 billion in the Egyptian economy (or 62.2%) in 2013/14. Public sector entities, including the Government, economic authorities ("Economic Authorities") (See "Public Finance—Treatment of Public Sector and State-Owned Entities—Economic Authorities") and PEs, invested LE 100.1 billion (or 37.8%) in the Egyptian economy in 2013/14. The commodity sector received 42.8% of total investment and represented 54.4% of GDP in 2013/14, while the production services sector received 23.6% of total investment and represented 28.2% of GDP and the social services sector received 33.6% of total investment and represented 17.4% of GDP.

From July to December 2014, investments grew by LE 25.9 billion, or 22.3%.

The following table sets forth the distribution of total investments in the Egyptian economy during July-December 2014/15.

Distribution of Investment in the Egyptian Economy⁽¹⁾⁽²⁾						
	Government	Economic Authorities	Public Business Sector	Private Business Sector	Total	Percentage of Total Investments
			(LE millions)			(%)
Total Investments	17,384	12,209	12,666	99,783	142,040	100.0
Total Commodity Sector	3,374	1,159	10,152	53,677	68,361	48.1
Agriculture, irrigation and fishing ..	2,173	22	0	3,661	5,856	4.1
Crude oil	0	1	613	1,500	2,114	1.5
Natural gas	0	2	1,039	20,051	21,092	14.8
Other extractions	0	0	0	9,732	9,732	6.9
Oil refining	0	0	323	0	323	0.2
Other manufacturing	37	4	3,306	16,733	20,080	14.1
Electricity	334	495	4,491	750	6,069	4.3
Water	816	630	5	0	1,451	1.0
Construction and building	14	5	375	1,250	1,644	1.2
Total Production Services	2,857	8,117	2,463	23,165	36,601	25.8
Transportation and storage	2,714	1,405	1,889	5,972	11,981	8.4
Communications	68	64	0	6,258	6,389	4.5
Information	57	21	2	2,315	2,395	1.7
Suez Canal	0	6,600	0	0	6,600	4.6
Wholesale and retail trade	0	21	60	7,120	7,200	5.1
Financial intermediation	8	0	392	0	400	0.3
Insurance and social solidarity	0	0	0	0	0	0.0
Tourism	10	6	120	1,500	1,636	1.2
Total Social Services	11,153	2,934	51	22,941	37,079	26.1
Real estate	3,069	111	0	15,637	18,817	13.2
Educational services	1,390	55	0	2,705	4,150	2.9
Health services	1,134	62	0	2,198	3,394	2.4
Drainage	2,277	326	0	0	2,603	1.8
Other services	3,283	80	51	2,401	5,815	4.1
Settlements	0	2,300	0	0	2,300	1.6

Source: Ministry of Planning

Notes:

(1) Preliminary data.

(2) Excluding change in inventory.

Commodity sector

Egypt's commodity sector is well diversified and represented 54.4% of GDP in 2013/14, as compared to 53.6% in 2012/13. 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 14.5% of Egypt's GDP in 2013/14, consistent with the contribution of the sector in 2012/13. From July to December 2014, the sector grew by 15.3%, accounting for 15.5% of GDP.

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 valley and the Delta. According to statistics published by CAPMAS, the total planted area is approximately 9.3 million acres (3.7 million hectares), representing approximately 3.7% of the total land area of Egypt and of which 0.5 million acres (0.2 million hectares) is reclaimed land. Other than along the Mediterranean coast, all agricultural land in Egypt is irrigated. Agricultural landholdings are fragmented, with average farm sizes of 2 *feddans* (0.8 hectares). Land under cultivation in Egypt is generally productive, with some land able to be cropped two or three times per year, however increasing salinity affects up to 35% of land under cultivation.

Among other 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, 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.

The following table sets out targeted crop productivity in 2030 under the Agricultural Development Strategy, by crop type:

Targeted Crop Productivity	
Crop	Yield in 2030 (tonnes per feddan)
Wheat.....	3.6
Rice.....	5.2
Maize.....	5.0
Sugar Cane.....	65.4
Sugar Beet.....	35.0
Perennial Clover.....	50.0
Citrus.....	15.0
Grape.....	14.0
Mango.....	10.0
Tomatoes.....	30.0
Potatoes.....	14.0

Source: Agricultural Research Centre

Staple Production and Imports

Although Egypt is the world's largest wheat-importing country, wheat occupies approximately 35% of the total winter crop area and is the major staple crop. Egypt has one of the highest *per capita* wheat consumption levels in the world (approximately 397 lbs (101 kg) per person per year); consumed mainly as bread. In 2014, over 1.3 million hectares of crop area produced approximately 8.2 million tonnes of wheat. Despite increases in wheat output in recent years, Egypt continues to import substantial quantities of wheat from the United States, Canada, France, Ukraine, Russia and Argentina, among others. Total domestic consumption of wheat in 2014 was estimated at 18.4 million tonnes, including 10.5 million tonnes of imported wheat (representing approximately 57.1% of total wheat consumption). The Government subsidises wheat, sugar and cooking oil. In 2013/14, the Government spent LE 21.0 billion on wheat subsidies, LE 5.4 billion on sugar subsidies, LE 7.2 billion on cooking oil subsidies and LE 1.9 billion on rice subsidies. According to the 2014/15 budget, wheat subsidies are budgeted to be LE 18.5 billion, whereas ration card subsidies for food items are budgeted to be LE 13.4 billion. Since June 2014, however, the Government has 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) will be replaced by allocating subsidies of LE 15 to each beneficiary, which can, in turn, be used to purchase any of 54 commodities. The nationwide roll-out of this scheme has recently been completed. 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, expected to be 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 73 lbs (34 kg) per year. According to the U.N. Food and Agricultural Organisation, the global average sugar consumption per capita is 51 lbs (23 kg) per year. Egypt consumed 2.9 million tonnes of sugar in 2014, according to statistics published by the U.S. Department of Agriculture, with approximately 1.2 million tonnes imported from sugar-producing nations, such as France, Brazil and India. Both sugarcane and sugar beet are grown on approximately 588,000 acres, mainly in Upper Egypt and the Nile Delta. In January 2013, it was announced that an Emirati sugar producer, would launch a U.S.\$500 million project in Egypt to produce up to 400,000 tonnes per year of sugar from sugar beets. A private group is also implementing an agricultural project on 200,000 feddans, or 840 million m², of land for a sugar beet plantation to meet the demand for beets and to cultivate crops such as wheat and corn, which is expected to reduce agricultural imports and expand arable farmland.

Rice is a major summer crop in Egypt, occupying approximately 10% of Egypt's land under cultivation. The Egyptian rice crop is irrigated and cultivation is largely located in the northern part of the Nile Delta. Egypt is a net exporter of rice, exporting 0.5 million tonnes in 2013/14.

See *"Risk Factors—Risks Relating to Egypt—Ethiopia is constructing a dam that could reduce Nile River flows"*.

Manufacturing

The manufacturing sector, which includes petroleum refining, accounted for 16.4% of Egypt's GDP in 2013/14, as compared to 15.6% in 2012/13. 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.

Petroleum refining contributed LE 23.1 billion, or 1.2%, to Egypt's GDP in 2013/14, as compared to LE 19.6 billion, or 1.2% in 2012/13. Egypt is Africa's second largest oil refining country and accounts for approximately 23% of total domestically-refined crude oil in Africa. There are nine refineries in Egypt, all of which are operated by EGPC, with the exception of the MIDOR Refinery in Alexandria, which is 78%-owned by EGPG, 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.

The Ministry of Trade and Small and Medium Enterprises presented a strategy at the Egypt Economic Development Conference in March 2015 in Sharm el-Sheikh to promote Egypt as a leading modern, industrialised and knowledge-based economy within the MENA region with an attractive investment climate. Announced targets for 2020 include (i) a minimum average annual manufacturing growth rate of 9%, (ii) increasing the share of the manufacturing sector's contribution to GDP to 25% and (iii) the creation of two million new jobs. The strategy sets out a number of short-, medium- and long-term policies across three categories: (i) structural transformation and industrial policy; (ii) promotion of an outward-oriented trade policy and further integration of Egypt into the global economy; and (iii) an aggressive SME development strategy.

Since 2001, a number of international cement companies, such as 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 that is needed for cement production. The price of natural gas for energy-intensive industries was increased by the Government from U.S.\$3.00 to U.S.\$4.00 per million British thermal units ("**MBTU**") in 2012 and was further increased to U.S.\$6.00 per MBTU in February 2013. In June 2014, in line with the Government's decision to reduce fuel subsidies, the price of natural gas increased further to U.S.\$8.00 per MBTU. There are approximately 20 cement factories in Egypt, which consume an aggregate of approximately 9% of the total amount of natural gas produced in Egypt, behind only the consumption of the electricity and fertiliser industries. In June 2014, as a result of the energy-intensive nature of the cement industry, the Government lifted the ban on the import and use of coal for energy generation, which is expected to increase utilisation rates and provide certain cost savings.

In 2014, 293,00 automobiles were sold in Egypt, as compared to 195,900 in 2013 and in excess of the 280,000 sales forecasted by the Automotive Marketing Information Council ("**AMIC**"). According to AMIC's 2014 report, sales of private automobiles increased by 55% from 133,700 in 2013 to 208,000 in 2014, while sales of buses increased by approximately 30% and sales of trucks increased by approximately 41% over the same period. Completed investments in the Egyptian automotive sector are estimated to be U.S.\$2 billion and there are approximately 556 companies in the car assembly and feeding industries, which generate sales of approximately LE 40 billion (LE 30 billion of which is generated by sales of private automobiles). A number of major brands, including General Motors, Mercedes, Hyundai,

BMW and China's Chery, assemble automobiles in Egypt. In 2014, 17,830 passenger automobiles and 9,190 commercial vehicles were produced in Egypt, a decline of 30.8% from the previous year, partially as a result of the impact of subsidy reforms, which negatively affected demand for automobiles, as well as a decrease in tariffs imposed on automobiles imported from the EU. 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. Petroleum and natural gas (excluding petroleum refining) accounted for 16.9% of GDP in each of 2012/13 and 2013/14.

Fluctuations in world oil prices impact the contribution of this sector to GDP. 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. Phosphate is mined in the Sinai Peninsula.

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

Petroleum

Foreign and local investments in the oil sector increased from U.S.\$6.2 billion in 2012/13 to U.S.\$8.4 billion in 2013/14 and the net inflow of investments in the sector increased in the first half of 2014/15 to U.S.\$1.2 billion, as compared to U.S.\$1.0 billion in the first half of 2013/14.

The number of oil sector agreements between Egypt and international oil companies or other countries has increased over the last 10 years, reaching a total of 481 such agreements in 2013/14, as compared to 450 in 2012/13. Explorations of new fields decreased, however, in 2013/14 to 55 exploration projects, as compared to 86 exploration projects in 2012/13.

Egypt's reserves of crude oil and condensate decreased from 4.0 billion barrels in 2012/13 to 3.7 billion barrels in 2013/14. Egypt's reserves of natural gas have remained fairly stable at 77.2 trillion cubic feet ("**TCF**").

According to statistics published by EGPC, Egypt's oil production derives from the Western Desert (51%), the Gulf of Suez (20%), the Eastern Desert (12%), Sinai (10%), the Mediterranean Sea (5%), Nile Delta (1%) and Upper Egypt (less than 1%). Most of Egypt's oil production is derived from relatively small oil fields that are connected to larger, regional production systems. Oil fields in Egypt are considered mature as they have been producing oil since the 1960s. As Egypt's current oil fields continue to mature, production from these fields has fallen. EGPC is the economic corporation responsible for the development and exploitation of Egypt's petroleum resources and for ensuring the supply of various petroleum products within Egypt. In recent years, two companies have been formed that operate alongside EGPC, EGAS, which focuses on natural gas activities and the exploitation of gas reserves, and Egyptian Petrochemical Holding Company ("**ECHEM**"), which focuses on the petrochemicals business. Ganoub El-Wady Petroleum Holding Company ("**GANOPE**") has also been established to develop oil and gas activities in Southern Egypt. EGAS, ECHEM and GANOPE are wholly-owned subsidiaries of EGPC.

EGPC, the main state-owned entity acting in the oil and gas sector, accounts for approximately 20% of oil production. Foreign companies, such as Apache Corporation, BP, Eni, Shell and Hess Corporation, also invest in exploration and play a significant role in Egypt's oil sector.

In recent years, the country has experienced shortages of fuel that have prompted the rise of alternative sources of supply, which the Government had previously sought to address with subsidies. Since July 2014, however, the Government has sought to reduce such subsidies and has implemented a number of fuel price increases. See "*Electricity Subsidies*" and "*Public Finance—Social Spending and Subsidies*".

EGPC paid U.S.\$5 billion in arrears to international oil and gas companies in the fourth quarter of 2014, which reduced arrears to U.S.\$3.1 billion, as at 31 December 2014. EGPC expects to settle remaining outstanding arrears in 2015. See "*Energy reform strategy*" and "*Public Finance—Social Spending and Subsidies*".

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

Petroleum and Product Production and Consumption					
	2009/10	2010/11	2011/12	2012/13	2013/14
	<i>(millions of tonnes)</i>				
Production					
Crude Oil, LPG and Condensates.....	34.0	34.7	34.9	34.4	34.5
Natural Gas.....	46.7	46.4	46.1	44.2	39.2
Total Production.....	80.7	81.1	81.0	78.6	73.7
Domestic Consumption					
Petroleum and Petrochemical Products.....	33.6	33.0	32.5	34.6	29.7
Natural Gas.....	33.0	35.2	39.1	39.2	37.6
Total Consumption.....	66.6	68.2	71.6	73.8	67.3

Sources: Information and Decision Support Centre, Ministry of Petroleum

Natural gas

As at 31 December 2014, the Ministry of Petroleum estimated Egypt's total proven gas reserves to be 77 TCF, which are believed to be the third highest in Africa, after Nigeria and Algeria. Over 80% of Egypt's natural gas reserves and 70% of Egypt's production are located in the Mediterranean and Nile Delta. In 2013/14, Egypt produced approximately 1.7 TCF of natural gas. Natural gas discoveries are made almost every year in the deepwater areas of the Mediterranean Sea, Nile Delta and Western Desert. Approximately 80% of Egypt's natural gas reserves are located in the Mediterranean Sea and 11% in the Western Desert. Natural gas production accounted for 9.2% of GDP in 2013/14, as compared to 9.5% in 2012/13.

In the first half of 2014/15, the contribution of natural gas to GDP declined by 14.8%, as compared to the first half of 2013/14.

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 and the Government has recently lifted the ban on the import and use of coal for energy generation. 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. Egypt has been at the forefront of promoting the adoption of natural gas vehicles, starting with a pilot programme in 1985 supported by the Ministry of Petroleum. Subsequently, six private companies have entered the market. As a result, over 200,000 CNG-powered vehicles are on Egyptian roads and there are 175 CNG refuelling stations and 73 CNG conversion centres. In 2013/14, total gas sales amounted to 5.0 billion m³.

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 plans to invest U.S.\$350 million in Egypt over the next two and a half years, which is intended to be used to develop new wells and facilities, for debottlenecking and to increase the company's natural gas production.

In 2001, Egypt agreed to supply Jordan with 2.3 billion cubic metres of natural gas per year for 15 years through the Arab Gas Pipeline ("AGP"), which commenced in 2003. The AGP originates in Egypt and connects to Jordan, Syria and Lebanon. The Egyptian National Grid is also connected to another pipeline to Ashkelon in Israel. As a result of terrorist attacks on the National Grid and the AGP, gas supplied by EGAS to customers in Jordan declined by 65% in 2011 and, in 2013/14, was 0.017 TCF. There have been disputes following the termination of an agreement between EGPC, EGAS and EMG for the supply of gas for export to Israel. See *"The Arab Republic of Egypt—Legal Proceedings—International Investment Treaty Claims"*.

Egypt has liquid natural gas ("LNG") processing facilities at Edku and Damietta that were constructed for LNG export, but that have been underutilised in recent years. These plants have a total export capacity of approximately 610 billion cubic feet ("BCF") per year. In 2013/14, these plants exported 26 BCF of LNG, as compared to 135 BCF in 2012/13, representing a decrease of 81%. Plans are in place to further improve these existing facilities and to use them to export

LNG and other gas from nearby countries, with the possibility of becoming a regional hub for gas transportation. Since March 2015, EGAS has been taking steps to import LNG for the domestic market.

Electricity

Electricity generation accounted for 1.3% of GDP in each of 2012/13 and 2013/14. The following table sets forth electricity generation and consumption for the periods indicated.

Electricity Generation and Consumption					
	2009/10	2010/11	2011/12	2012/13	2013/14
	<i>(millions of megawatt hours)</i>				
Domestic Electricity Consumption					
Industrial.....	38.9	40.7	42.1	39.9	37.3
Commercial and Household.....	50.6	54.7	60.2	63.8	66.9
Other	48.4	49.8	53.4	60.4	63.4
Total Electricity consumed domestically	137.9	145.2	155.7	164.1	167.6
Electricity Generated, but not consumed domestically ..	1.1	1.6	1.7	0.5	0.5
Total Electricity Generated	139.0	146.8	157.4	164.6	168.1

Source: Ministry of Electricity and Energy

Electricity Generation

The Government views the electric power sector as a key contributor to growth in the productive sectors of the economy. Egypt has significant electricity generating capabilities. Notably, the High Dam serves as a source of hydroelectric power. As at 31 December 2014, total installed capacity of Egyptian power plants was approximately 27 gigawatts (“**GW**”) (including hydroelectric, thermal and wind generating capacities). With demand for electricity growing at 2-5% per year, there are several new power plants being constructed in Egypt, and the Government expects that the total installed capacity will reach 30 GW by the end of 2020. 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.

In addition, the Government is planning to expand its electricity interconnection with neighbouring countries and the Government and the Saudi government entered into a U.S.\$1.6 billion agreement to connect the two countries via a 12-mile underwater 3-GW electricity cable, under the Gulf of Aqaba. This project is expected to expand each country’s electricity capacity by pulling from each other’s supplies during peak demand times. According to Business Monitor International (“**BMI**”), peak demand times in Egypt and Saudi Arabia are at different times of the day (*i.e.*, noon and midnight in Saudi Arabia and after sunset in Egypt). Construction of the electricity undersea cable is expected to begin in 2015 and to be completed in 2018.

Egypt’s electric transmission grid is currently connected to Jordan, Syria, Iraq, Turkey and Libya. Egypt is also a part of the Nile Basin Initiative and has announced tentative plans to interlink its transmission grid with certain countries within the organisation.

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

Hydroelectric power is also generated at Esna and the Nagah Hamadi hydroelectric power station has a maximum generation capacity of 64 MW. In 2013/14, hydroelectric power provided 10% of Egypt’s total generated power.

As part of Egypt’s power generation expansion plan, the Government intends to diversify Egypt’s power generation mix to reduce dependence on fossil fuel sources, which currently account for approximately 90% of generation. In this respect, the Government has announced plans to award contracts for 2-4 GW of nuclear power generation and to expand renewable energy capacity to 20% by 2020.

Wind and Solar Power Projects

In February 2008, the Supreme Council of Energy approved a plan, which aims to satisfy 20% of the Republic’s electricity needs with renewable energies by 2020, including 12% from wind energy generating approximately

7,200 MW from grid-connected wind farms, 6% from hydroelectricity and 2% from solar energy. One-third of the funds required will be provided from public investments and the remaining two thirds from private investments comprising competitive bidding, feed-in tariffs and third party access schemes.

According to the New and Renewable Energy Authority (the “**NREA**”), Egypt has a number of wind power resources, especially in the Gulf of Suez and Nile Valley. The majority of Egypt’s wind power is generated by the Zafarana and Hurghada wind farms. Egypt’s largest non-hydro renewable project is the Zafarana wind farm, which has a capacity of 550 MW and is located on the western coast of the Gulf of Suez. The wind farm houses a number of wind projects that were developed in several stages and financed in cooperation with development banks from Germany, Denmark, Spain and Japan.

With regards to solar energy, the first concentrated solar power plant with 140 MW capacity including a 20 MW solar field, has been in operation since July 2011. In July 2012, the Egyptian Solar Plan was approved by the Council of Ministers, which is aimed at installing facilities for the generation of approximately 3,500 MW of solar power by 2027.

In 2014, Law № 203 of 2014 was introduced by Presidential Decree to encourage the production of electricity from renewable sources. Pursuant to this law, the New and Renewable Energy Authority will offer tenders for new electricity production projects to be completed using renewable energy sources. Electricity generated from such projects will be sold to the Egyptian Electricity Transmission Company at a price determined by the New and Renewable Energy Authority and approved by the Council of Ministers. Private investors will also be allowed to sell such electricity directly to consumers through the national transmission and distribution grid.

Nuclear Power Projects

In September 2007, the Government confirmed its intention to build four 1,650 MW nuclear power stations by 2022. The first station is expected to be built at El-Daba’a on the Mediterranean coast to meet the expected increase in demand for electricity. Egypt is coordinating this initiative with the International Atomic Energy Agency. The plan has been well received both within the country and by the international community, with several members of the international community stating that they do not see an Egyptian nuclear power plant as giving rise to a threat of nuclear proliferation.

In June 2009, the Egyptian Nuclear Power Plant Authority signed a consultancy services contract with the Australian engineering company Worley Parsons for technical assistance with site selection and evaluation, as well as with certain pre-construction activities, such as project specification, quality assurance, preparation of key contracts and a financial assessment. A law to regulate the nuclear industry was adopted in March 2010, and the executive regulation was finalised in October 2011. In March 2012, the Nuclear and Radiological Regulatory Authority was established, as an independent regulator of the sector. The construction of the first nuclear power plant is expected to take approximately eight years and cost approximately U.S.\$2 billion. The project is currently at an advanced bidding stage.

Electricity subsidies

Historically, the electricity sector has benefited from significant subsidies from the Government, although in recent years the Government has reduced the amount of subsidies available. Electricity subsidies were LE 13 billion in 2013/14. Electricity subsidies increased by LE 10.6 billion to LE 20.6 billion in the first nine months of 2014/15, primarily due to expenditures made under the Government’s emergency energy plan. The 2014/15 and 2015/16 budgets provide for electricity subsidies of LE 27.2 billion and LE 31.1 billion, respectively. See “*Public Finance—Social Spending and Subsidies*”.

Energy Reform Strategy

The Government is implementing a short- to medium-term strategy designed to revive the energy sector and bridge the gap between supply and demand over the next five years. 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 (in this respect, 56 new concessions and agreements were entered into in the second half of 2014 and the first quarter of 2015 for aggregate projected investments of U.S.\$12.2 billion), 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.

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. See “*External Sector—Foreign Direct Investment—Investment Projects and Initiatives*” for further details.

Construction and Building

The construction sector has been one of the fastest growing sectors of the Egyptian economy, growing by 19.5% in 2009/10, 14.2% in 2010/11, 12.2% in 2011/12, 13.9% in 2012/13 and 15.9% in 2013/14. The construction sector’s share of Egypt’s GDP was 4.7% in 2013/14, as compared to 4.6% in 2012/13.

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

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 continuing demand for housing. Egypt’s population of 88.0 million (of which approximately 61% are below the age of 29) is growing at a rate of 2.5% per annum, which is expected to maintain the need for housing in the coming years.

During the Egypt Economic Development Conference in March 2015, the Minister of Housing announced plans to construct a new capital to be located east of Cairo and outside the Second Greater Cairo Ring Road in a currently largely undeveloped area halfway to the seaport city of Suez. It is anticipated that the new city would 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 accommodation for up to five million people. The proposal also includes plans to build a major theme park and a new international airport. The first phase of the project is expected to comprise the transfer of Parliament, presidential palaces and foreign embassies and is expected to be completed between 2020 and 2022, although the sources of funding and estimated total cost of the project have not yet been finalised.

Production Services Sector

The production services sector represented 28.2% of GDP in 2013/14, as compared to 29.3% in 2012/13. Production services include transport and warehousing, telecommunications, financial intermediation, insurance and tourism. The largest components of Egypt’s production services sector are: (i) finance intermediation; (ii) transportation and warehousing; and (iii) tourism.

Finance

As at 31 December 2014, there were 38 banks registered with the CBE. The financial sector contributed 3.2% to GDP in 2013/14, as compared to 3.3% of GDP in 2012/13. 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 on-going banking sector reform programme of the CBE, which includes measures to strengthen banking supervision and regulation and reduce non-performing loans, has aided the Egyptian banking system in withstanding the challenges posed by the 2011 Revolution and the external shock of the global financial crisis, has enhanced competition in the banking industry and has created a healthier business environment.

See “*Monetary System*”.

Transport and Warehousing

Transport and warehousing, excluding the Suez Canal, contributed 4.0% to GDP in each of 2012/13 and 2013/14.

At the Egyptian Economic Development Conference held in Sharm El Sheikh in March 2015, a number of proposed investments in the transport and warehousing sector were agreed. See “*External Sector—Foreign Direct Investment—Investment Projects and Initiatives*”.

Suez Canal

A primary source of revenue in this sector is the Suez Canal. Suez Canal revenues increased by 14.9% in 2013/14 to LE 37.2 billion from LE 32.4 billion in 2012/13.

In 2014, petroleum (both crude oil and refined products) and LNG accounted for 21.7% and 3.0%, respectively, of Suez Canal cargoes, measured by cargo tonnage. In 2014, 17,148 ships transited the Suez Canal from both directions, of which 23.6% were petroleum tankers and 3.6% were LNG tankers. At only 1,000 feet wide at its narrowest point, crude oil tankers classed as “Very Large Crude Carriers” or “Ultra Large Crude Carriers” cannot pass through the Suez Canal.

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

	Suez Canal Traffic				
	2009/10	2010/11	2011/12	2012/13	2013/14 ⁽¹⁾
Number of vessels ⁽²⁾	17,504	18,050	17,664	16,665	16,744
Vessels (millions of tonnes)	787	897	939	912	931
Receipts (U.S.\$ millions) ⁽³⁾	4,517	5,053	5,227	5,027	5,307

Source: Suez Canal Authority

Notes:

- (1) Preliminary data.
- (2) Includes oil tankers and other vessels.
- (3) Receipts are for the fiscal year.

In August 2014, President Al-Sisi announced the Suez Canal project, to construct a new canal of 60-95 km, in addition to the deepening and widening of the Great Bitter Lakes by-passes and the Ballah by-pass of the existing canal. The project will create a new canal, parallel to the existing one, to maximize benefit from the present canal and its by-passes and double the longest possible parts of the waterway to facilitate traffic in both directions, thereby minimising the waiting time of transiting ships and increasing the capacity of the waterway, all in anticipation of expected growth in world trade. The project is due to be completed in August 2015 and is estimated to cost U.S.\$8.5 billion.

The Suez Canal project is being implemented simultaneously with the Suez Canal Area Development Project, which includes a number 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 through the Suez corridor to link the Eastern and Western banks of the Suez Canal; (iii) the construction of a tunnel at southern Port Said 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 by-pass on the Ismailia canal to support new development areas.

These projects are expected to increase foreign currency earnings, provide job opportunities and create new urban communities. In order to finance the construction of the new canal, in September 2014, the Suez Canal Authority issued LE 64 billion (approximately U.S.\$9 billion) in certificates with a maturity of five years and a coupon of 12%. The certificates are guaranteed by the Government.

Ports

Egypt’s navigable waterways total approximately 2,900 km (excluding the Suez Canal). Approximately 85-90% of Egypt’s international trade travels through its ports. Grand Alexandria (Alexandria and Dekheila) is the main port, handling approximately 60% of Egypt’s foreign trade. Significant other major ports are Damietta, Port Said and Suez. Total cargo handling capacity for all Egyptian ports was estimated to be 140.4 million tonnes as at 31 December 2014.

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. Operations at Sokhna Port were interrupted in 2013 following labour unrest, leading to the diversion of incoming cargo ships to alternative ports in Egypt and elsewhere. The primary cause of the unrest was a dispute regarding workers' new employment contracts with six subcontractors following the termination of their original contracts with DP World at the end of 2012. There have been a number of subsequent strikes for similar reasons, most recently in March 2015, by workers at the Queen Service Company (one of the Sokhna Port service companies) in respect of the late distribution of shares of profits and other allowances. Such events have not, however, had a material adverse effect on the operations of State instrumentalities in this sector.

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 four river ports in Oena, Sohag, Meet Ghamr and Assiut. Since 2013, ISMED has been working with the RTA, the PPP Central Unit and other public and private stakeholders on a legal framework and matters relating to risk allocation for river port projects in order to raise the profile of the RTA and improve the attractiveness of project tenders.

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

Tanash Port currently handles bulk goods such as grains, metals and aggregates as well as containers. The port is 27,000 square metres 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.

The NRPMC is currently developing three ports: Cairo South in Tebbin, Cairo North in Imbaba and a third port in Alexandria. NRPMC is expected to strategically target opportunities to acquire new ports in the future in connection with tenders to be conducted by the Egyptian River Transport Authority.

Air transportation

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

Cairo International Airport is Egypt's largest airport, and is the second busiest airport in Africa, after Johannesburg's Tambo International Airport. Over 47 commercial and charter airlines and 12 cargo airlines use Cairo airport. EgyptAir is the largest operator at the airport, holding 61% of the departure slots in 2014. EgyptAir was established in 1932 and commenced operations in 1933. Its fleet of 62 aircraft carried approximately 7.0 million passengers in 2014 and includes Airbus (A320, A330 and A340), Boeing (737 and 777) and Embraer (E-170 and E-300) aircraft, with an average age of 11.2 years. It serves 81 destinations; 12 in Egypt, 19 in other countries in Africa, 20 in the Middle East, 21 in Europe, seven in Asia and two in Americas.

In June 2007, a new subsidiary of EgyptAir, EgyptAir Express, began a low-cost, short-haul service from Cairo to Sharm El Sheikh, Hurghada, Luxor and Alexandria. With the inclusion of the carrier into Star Alliance in July 2008, Cairo International Airport has the potential to be a major hub given its location between Africa, the Middle East and Europe (especially in light of the airport's facilities for the Airbus A380). The Government owns EgyptAir, but it is self-financed and receives no subsidy from the Government.

In 2013, the airport served 12.4 million passengers, representing a decrease of 15.6%, as compared to 2012, primarily due to security concerns in Egypt. The airport handled approximately 132,050 aircraft movements in 2013, representing a decrease of 7.4%, as compared to 2012, primarily for the same reason. Total airfreight tonnage handled at the airport in 2012/13 decreased by 7.4% to approximately 188 million tonnes, as compared to 203 tonnes in 2011/12.

Railways and the Cairo Metro

The railway sector plays a significant role in the Egyptian economy and is an essential mode of transport for low-income citizens. The 5,100-km network, 60% of which is concentrated in the Nile Delta and along the Nile Valley, serves the main activities and population centres in Egypt. In 2014, total transported passengers and freight was

approximately 193.4 million passengers and 4.5 million tonnes, respectively. Train fares in commuter trains and third class passenger trains are subsidised by the Government. The vast majority of engines are diesel-driven. Whilst engines and rails are imported, passenger wagons are built and refurbished domestically.

In January 2015, Egyptian National Railways entered into a €100 million contract with Alstom to purchase signalling equipment for the 240 km line between Beni Suef and Asyut and provide maintenance services for a five-year period. Alstom will also provide a new smartlock electronic interlocking system to replace the current electromechanical system, which is expected to increase the number of trains operating on the route by more than 80%.

The Cairo Metro, the first metro in Africa and the Middle East, opened in 1987 and currently operates two lines, Line 1 (43 km from Helwan to El Marg) with 33 stations and Line 2 (19 km from Shoubra El Kheima to Cairo University, with an extension to Giza) with 20 stations. In October 2007, construction started on the first of four phases of a new Line 3, the total length of which will be 38 km. The first phase was completed in 2010 and linked Attaba to Abbassiya and the second phase will link Abbassiya to Heliopolis. Line 3 will ultimately extend from Imbaba in the northwest of Greater Cairo to the northeast at Heliopolis and will also serve Cairo International Airport. Line 3 comprises 29 stations, two of which will be above ground and 27 will be underground. Construction of Line 3 is expected to be completed by October 2019.

Roadways

The Egyptian road network consists of approximately 96,093 miles of roadways. As part of its scheme to improve the country's infrastructure, the Government continues to invest in highway and bridge systems. A network of roads has been constructed to link Sinai to the Nile valley. In addition, Upper Egypt and Lower Egypt have been connected through three vertical axial roads parallel to the Nile. The Nile valley is also joined to the Red Sea coast through seven transversal roads. Ten bridges were constructed to connect the road network across the Nile at Beni Suef, Minya, Dessouk, Benha, Mansoura, Faraskour, Luxor, Asyut, Sherbeen and Meet Ghamr.

The Government has launched a construction programme to build 3,200 km of roads (including 15 new roads), which is expected to cost LE 36 billion. The first phase of this programme envisages the construction of 1,200 km of roads at an estimated cost of LE 17 billion and is expected to be completed by the end of 2014/15.

Tourism

Tourism represented 2.2% of GDP in 2013/14, as compared to 3.1% in 2012/13, and is one of Egypt's principal sources of foreign exchange, generating approximately U.S.\$5.1 billion in 2013/14, as compared to U.S.\$9.7 billion in 2012/13. See *"Risk Factors—Risk Factors Relating to Egypt—The Republic has faced significant political unrest since January 2011"* and *"Risk Factors—Risk Factors Relating to Egypt— The Egyptian economy has faced significant challenges since the 2011 Revolution which has put increasing pressure on its public finances and has led to rising balance of payments deficits and Government budget deficits"*.

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

	Contribution to GDP Growth (PPT)							
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
				(%)				
Contribution of tourism sector to GDP growth	0.4	0.9	0.1	0.5	(0.2)	0.1	0.2	(0.9)

In the first half of 2014/15, tourism grew by a record 82.0%, by tourist nights, (although following a year in which tourism revenues had declined by 48.0%), as compared to the first half of 2013/14 as a result of increased stability and the strengthening of security in Egypt.

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

Tourism has traditionally been an important source of foreign exchange, with at least eight million visits to Egypt each year, although the number of tourists and volume of tourism revenues have fallen in times of political instability. Most

foreign visitors come from Western Europe and from other Arab countries. The Government is encouraging private sector development on the Mediterranean coast, especially at Sidi-Abdel Raham and Al-Alamein.

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

	Tourism Activities				
	2009/10	2010/11	2011/12	2012/13	2013/14 ⁽¹⁾
Total Arrivals (<i>in thousands</i>)	13,758	11,931	10,952	12,213	7,967
Total Number of Tourist Nights (<i>in thousands</i>).....	136,370	124,571	131,768	142,432	72,919
Average Number of Nights (<i>per tourist</i>).....	9.9	10.4	12.0	11.7	9.2
Tourism Income (<i>U.S.\$ millions</i>)	11,591	10,589	9,419	9,748	5,073
Tourism Income per Night (<i>U.S.\$</i>).....	85	85	71	68	70

Source: Ministry of Tourism

Note:

(1) Preliminary data.

The total number of tourist nights in 2013/14 was approximately 72.9 million, as compared to 142.4 million in 2012/13, a decrease of 48.8%. This decrease was primarily due to social instability, as well as travel advisory warnings issued by certain western countries. Tourism income was U.S.\$5.1 billion in 2013/14, as compared to U.S.\$9.7 billion in 2012/13, a decrease of U.S.\$4.7 billion, or 48.0%. In the period July-February 2014/15, the total number of tourist nights was 65.8 million, and tourism income was U.S.\$4.0 billion.

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. See *“Risk Factors—Risks Relating to Egypt—Egypt has experienced several terrorist attacks”*. In addition, the political unrest and frequent demonstrations and protests after the 2011 Revolution has negatively affected the tourism industry. The tourism sector has, however, recovered quickly in the past. The Ministry of Interior is taking measures to prevent the recurrence of attacks of this kind, such as upgrading its surveillance infrastructure and increasing its security presence in and around major tourist areas, hotels, airports and museums.

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.

The Government has announced targets of doubling tourist numbers to 15 million by 2017/18 and further increasing tourist numbers to 30 million by 2020. The Government’s strategy to meet these targets includes: (i) developing existing tourism sectors, such as group tourism, beach tourism and cultural tourism through the tightening of quality controls and increased capacity and infrastructure development; (ii) broadening Egypt’s tourism offering to include key sectors, such as business travel, conventions and specialist tourism (*e.g.*, golf, yachting, medical, adventure and sports); (iii) expanding sources of tourism to include more tourists from Asia and the wider Middle East through dedicated marketing campaigns; (iv) developing new areas of Egypt, most notably Egypt’s North coast on the Mediterranean sea; (v) providing incentives for investors to invest in services such as shopping and associated infrastructure, in addition to hotel investment; (vi) implementing a comprehensive sustainability strategy to ensure that the envisaged growth can be absorbed while maintaining Egypt’s tourism assets for future generations.

At the Egyptian Economic Development Conference held in Sharm El Sheikh in March 2015, a number of proposed investments in the tourism sector were agreed. See *“External Sector—Foreign Direct Investment—Investment Projects and Initiatives”*.

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

Tourism Implemented Investments			
	Public	Private	Total
	<i>(LE millions in current prices)</i>		
2009/10.....	346	4,038	4,384
2010/11.....	373	5,372	5,745
2011/12.....	571	5,000	5,571
2012/13.....	331	6,300	6,631
2013/14.....	1,338	1,530	2,868

Source: Ministry of Planning

Insurance

Total insurance premiums represented 1.2% of GDP in 2013/14 (including insurance companies and private pension funds). The Government believes that the insurance sector has growth potential, in particular, as Egypt has a low insurance density (premium *per capita*) and low penetration rate (premiums as a percentage of GDP), which are approximately 2.3% in peer countries. Insurance density in Egypt was U.S.\$22.3 in 2013/14, as compared to U.S.\$21.6 in 2012/13.

Insurance gross premium volume amounted to LE 14.4 billion in 2013/14, representing an increase of 12.5%, as compared to LE 12.8 billion for the year 2012/13. In 2014/13, LE 6.2 billion (gross premium) was generated by life insurance business and LE 8.2 billion by non-life insurance business.

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

Direct Premiums and Market Shares					
	2009/10	2010/11	2011/12	2012/13	2013/14
	<i>(LE millions)</i>				
State-owned companies	4,421	4,598	4,924	5,689	6,275
Egyptian-owned private sector companies.....	1,293	1,421	1,618	1,456	1,554
Foreign-owned private sector companies.....	3,068	3,636	4,030	5,067	5,872
Total	8,782	9,655	10,572	12,221	13,701

Source: EFSA

As at 31 December 2014, a total of 32 insurance companies were operating in Egypt, including 13 companies offering life and 19 companies offering properties and casualty insurance, which includes one co-operative insurance company and one export credit insurance company, as well as 610 private insurance funds.

As at 31 December 2014, there were eight Islamic (*Takaful*) insurance companies operating in the market, three of which offer life insurance and five of which offer property and casualty insurance.

Insurance company consolidation

A new holding company was established in August 2006 to facilitate the technical and financial restructuring, ownership and management of state-owned insurance companies and to improve their profitability, increase industry growth rates and increase insurance industry penetration.

A major step was taken in November 2007, when three insurance companies (Egypt Re, El-Chark Insurance and the non-life insurance arm of Misr Insurance Company) were merged into Misr Insurance Company, and the life insurance business of Misr Insurance Company was merged with the National Insurance Company to form Misr Life Insurance Co.

The merger process was completed in 2008 and resulted in the creation of two of the five largest insurers in the region, with a combined capital of LE 3.3 billion and combined assets of LE 33.7 billion.

Foreign owned insurance companies

Since 1998, restrictions on foreign ownership have been abolished. Many foreign insurers have entered the Egyptian insurance market. Foreign personnel ceilings in the boards of directors of insurance and reinsurance companies have been removed. Currently 21 foreign-owned private sector companies are operating in the Egyptian insurance market.

Insurance regulation reform

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

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

EFSA has implemented measures to promote the development of the insurance sector, focusing on the following four pillars:

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

In 2007, Law № 72 of 2007 (“**Law 72**”) and its executive regulations were enacted to replace the compulsory insurance act 652/1955 regarding third party liability with the aim of introducing a no-fault system to cap the exposure of insurance companies to LE 40,000 for death or total disablement and LE 10,000 for property. According to Law 72, insurance companies should pay compensation to the insured immediately to facilitate the processing of third party claims without litigation and regardless of fault.

In addition to determining a maximum compensation limit to be paid by insurance companies, Law 72 established a Governmental fund to guarantee quick payment of compensation to victims for claims arising from uninsured vehicles and cases not covered by insurance companies.

In 2008, the supervisory authority adopted a number of reforms amending Insurance Law № 10 of 1981 in accordance with Law № 118 of 2008. The most important amendments included strengthening the independence of the regulator, implementing risk management and financial solvency based controls, separating life and non-life insurance businesses, increasing minimum capital and introducing corporate brokers. In addition, each insurance company in the market is obliged to join the Insurance Federation of Egypt.

The Government’s non-bank financial sector reform programme focuses on insurance products aimed at SMEs, micro-insurance in cooperation with international institutions, new legislation to promote private and optional pension funds and health care regulation.

Egyptian Financial Supervisory Authority

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

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

In September 2014, EFSA 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. Egypt has also been selected to host the 2016 annual meetings of the Union of Arab Securities Authorities.

In addition, the World Bank/IFC Doing Business Report 2015 recognised Egypt for improving its investor minority protection rights, in particular, through the new listing and delisting rules introduced by EFSA.

See “Monetary System—The Egyptian Stock Market”.

Telecommunications

The following table sets forth information on the telecommunications sector in Egypt for the periods indicated.

	Telecommunications				
	2010	2011	2012	2013	2014
Fixed Services					
Exchange capacity (<i>millions</i>)	14.5	14.6	14.7	14.8	15.2
Number of fixed line subscribers (<i>millions</i>)	9.6	8.7	8.6	6.8	6.3
Number of international connection circuits and links ⁽¹⁾	67,612	72,124	77,882	81,746	—
Mobile Phone					
Number of mobile phone subscribers (<i>millions</i>)	70.7	83.4	96.8	99.7	95.3
Mobile Service companies	3.0	3.0	3.0	3.0	3.0
Internet Penetration					
Internet capacity (<i>GB per second</i>)	122.3	185.7	214.4	253.5	471.3
Number of Internet users (<i>millions</i>)	23.0	29.0	32.6	38.8	48.3

Source: Ministry of Communications and Information Technology

Note:

(1) 2014 figures are not available as at the date of this Base Prospectus.

Fixed-line telephony

Telecom Egypt is 80% owned by the state and is the exclusive 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.

As at 31 December 2014, there were 6.3 million fixed line subscribers in Egypt, as compared to 6.8 million as at 31 December 2013, which makes Telecom Egypt the largest fixed-line provider in the Middle East and Africa. The decrease in fixed line subscribers in 2014 was primarily due to the continuing shift in demand from landlines to mobile phones in recent years. Although in recent years the number of fixed-line subscribers has remained relatively stagnant, the number of asymmetric digital subscriber line (“ADSL”) subscribers continues to increase, from 2.6 million as at 31 December 2013 to 3.0 million as at 31 December 2014.

Mobile telephony

Egypt has three mobile phone operators, Mobinil, Vodafone Egypt and Etisalat. Mobinil, which was established in 1998, was the first mobile phone operator in Egypt. As at December 2014, there were 95.3 million mobile subscribers, representing a year-on-year decrease of 4.4%, as compared to 31 December 2013, with penetration reaching 110.9%.

Mobinil is 98.9% owned by MT Telecom (which is 100% owned by France Telecom), following the sale of Orascom Telecom Holding SAE’s 5% interest to MT Telecom in March 2015. Vodafone Egypt is 55.05% owned by Vodafone, the UK-based mobile phone operator, and 44.95% owned by Telecom Egypt. Etisalat Egypt is 66% owned by Etisalat UAE, 20% by Egypt Post and 5% by DAS Holdings.

Internet

As at 31 December 2014, there were 48.3 million internet users in Egypt, representing a year-on-year increase of 24.5%. The internet penetration ratio reached 56.2% as at 31 December 2014, as compared to 45.9% as at 31 December

2013. The Government considers the expansion of broadband access as a key driver for sustained growth and development in the telecommunications sector, in particular, and the economy, in general.

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. This 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 business plans, five of which were released in 2014 and cover digital Arabic content, national Free and Open Source Software (FOSS), the Egyptian Government Cloud (EG-Cloud), social responsibility and electronic design and manufacturing.

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

The Government is also in the process of issuing telecom licences for universal services and high-speed internet that is expected to boost the telecoms industry, support growth and generate revenues to the treasury.

Environment

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

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

Nile River

The 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—Risks Relating to Egypt—Ethiopia is constructing a dam that could reduce Nile River flows*".

Employment and Labour

Egypt has the largest labour force in the Arab world. According to the 2006 Census, the portion of the population between the ages of 15 and 60 was 55.9 million, and 31.3% of the population was under the age of 15. Approximately 28.0% of Egypt's labour force works in the agricultural sector, 48.0% in services and 24.0% in industry. The labour force was 27.7 million people as at 31 December 2014, as compared to 27.3 million people as at 31 December 2013. Approximately one third of the population participates in the labour force. The labour force was 76.6% male and 23.4% female as at 31 December 2014.

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

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

	Employment⁽¹⁾				
	2010	2011	2012	2013	2014
Labour force (<i>millions</i>).....	26.2	26.8	27.0	27.3	27.7
Employed (<i>millions</i>).....	23.9	23.5	23.5	23.7	24.1
Unemployed (<i>millions</i>).....	2.3	3.3	3.5	3.7	3.6
Unemployment rate (%).....	8.9	12.4	13.0	13.4	12.9

Source: CAPMAS

Note:

(1) The figures in this table have been revised and differ from previously published data.

The decrease in the unemployment rate in 2014 was as a result of the launch of recent large-scale infrastructure projects, including the Suez Canal Development Project. See “—Transport and Warehousing—Suez Canal” and “External Sector—Foreign Direct Investment—Investment Projects and Initiatives”.

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

	Number of Workers by Sector⁽¹⁾			
	2010	2011	2012	2013
	<i>(thousands of people)</i>			
Agriculture, forestry and fishing	6,728	6,810	6,386	6,703
Mining.....	47	50	41	41
Manufacturing.....	2,882	2,292	2,619	2,571
Electricity, Gas and A/C supplies.....	266	260	253	226
Water supplies and drainage networks.....	150	172	159	214
Construction and building.....	2,694	2,716	2,795	2,728
Wholesale, retail, vehicles amendments.....	2,695	2,572	2,585	2,688
Transport and warehousing.....	1,471	1,602	1,648	1,699
Tourism.....	528	465	520	526
Information and telecommunications.....	211	198	202	189
Financial intermediaries and insurance.....	192	201	195	167
Real estate and leasing.....	16	12	17	26
Technology	396	416	378	372
Administrative activities and subsidy services	169	164	149	147
Public administration, defence and obligatory social security	1,857	1,862	1,889	1,886
Education.....	2,093	2,123	2,237	2,299
Health and social work activities.....	612	625	667	646
Art and entertainment	104	115	120	113
Other Services.....	539	516	550	597
Individual households' services	140	119	184	133
International organisations and embassies	3	2	3	2
Other	37	55	2	—
Total	23,830	23,347	23,599	23,973

Note:

(1) 2014 figures are not available as at the date of this Base Prospectus.

The following table sets forth labour force participation according to age as at 31 December 2013.

Labour Force Participation according to Age		
Age Group	Labour Force	Out of Labour
	(%)	(%)
15-19	17.2	82.8
20-24	56.1	43.9
25-29	61.9	38.1
30-39	62.6	37.4
40-49	61.8	38.2
50-49	57.8	42.2
60-64	26.5	73.5
65+	11.5	88.5

Source: CAPMAS

Because of the abundance of labour, wages in Egypt are generally low. In 2013, the average wage for public and private sector employees was approximately U.S.\$391 (LE 2,684) a month for a 6-day, 42-hour working week.

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

In the period July to March 2014/15, wages and compensation of employees increased by LE 21.4 billion, or 17.6%, to LE 143.3 billion. This increase was primarily due to: (i) a LE 7.6 billion increase in spending on cash benefits to LE 18.7 billion, mainly due to minimum wage allowances of approximately LE 5.1 billion (compared to LE 1.6 billion during the corresponding period of 2013/14) and special allowances of approximately LE 8.1 billion (compared to LE 7.3 billion during the corresponding period of 2013/14); (ii) a LE 5.9 billion, or 11.2%, increase in rewards and incentives to LE 58.3 billion, mainly due to an increase in other benefits to teachers; (iii) a LE 1.8 billion increase in specific allowances to LE 16.6 billion; and (iv) a LE 0.5 billion, or 32.2%, increase in in-kind benefits to LE 2 billion.

The Government has since set a ceiling for public sector wages (at 35 times the minimum monthly salary), discontinued the automatic inclusion of bonuses in basic wages after five years of service and subjected bonuses to income tax, all in an effort to control the public sector wage bill. The hiring of new public sector employees is also now centralised.

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

Weekly Average Wages⁽¹⁾					
	2009	2010	2011	2012	2013
	(LE)				
Public Sector.....	455	542	657	845	964
Private Sector.....	296	299	397	395	439
Overall.....	362	439	534	641	671

Source: CAPMAS

Note:

(1) 2014 figures are not available as at the date of this Base Prospectus.

Statistics relating to employment and unemployment in Egypt are inherently unreliable for a variety of reasons. The definition of “employed” and “unemployed” are not comparable to international standards. Persons that are considered to be employed for purposes of unemployment statistics may nevertheless be underemployed, spending only a few hours a week at their job. Only a small proportion of unemployed workers actually register as being unemployed. Nevertheless, the statistical information in this Base Prospectus is included to illustrate in broad terms the dynamics of the unemployment situation in Egypt.

Labour Law

To comply with the standards of the International Labour Organisation and other treaties, Egypt enacted Labour Law № 12 of 2003 (the “**Labour Law**”), which has since been amended on two occasions: Law № 180 of 2008 established committees for the resolution of disputes under the Labour Law and regulated certain dismissal procedures and the related compensation; and Law № 125 of 2010 establishes 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, public sector and public business sector companies. This includes workers in mines and quarries and construction. The Labour Law does not, however, apply to Government employees. Under the Labour Law, Egyptian workers are legally allowed to strike. In 2008, “dispute committees” were introduced to allow employers and employees to attempt to settle disputes amicably before further action is taken. The Labour Law expanded the role of labour unions and collective agreements, and created certain bodies to carry out specific functions, including the:

- 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.

The Government has adopted a new strategy for administrative reform, which aims to create an efficient and effective public administration, promoting principles of professionalism, transparency, accountability, justice and responsiveness and providing better quality services, invoking citizen satisfaction and contributing to the achievement of Egypt’s development goals and improving citizens’ lives.

On 12 March 2015, the President passed Law № 18 of 2015 (“**Law 18**”), which is known as the “New Civil Service Law”, designed to increase the efficiency of the public service delivery process. Law 18 targets the improvement of working conditions for civil servants and provides for recruitment decisions for civil jobs to be based on merit, thereby removing favouritism and discrimination. Pursuant to Law 18, civil service jobs are to be granted on the basis of fair tenders organised by the Central Agency for Organization 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 has been put in place to complement the reforms introduced by the law. Law 18 grants women four months of maternity leave, as compared to the three months offered under previous laws, and permits early retirement. Law 18 also sets out an evaluation system and mandates the development of a new code of conduct for civil servants.

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. See “*External Sector—Foreign Direct Investment—Investment Projects and Initiatives*”.

Public Private Partnership

In 2010, Law № 67 of 2010 (the “**PPP Law**”) was enacted to develop a comprehensive public private partnership (“**PPP**”) programme aimed at attracting additional investment through privately built and managed public infrastructure projects. The PPP Law created an institutional framework for PPP projects comprised of: (i) the PPP Supreme Committee, which regulates PPP activities and is chaired by the Prime Minister; (ii) the PPP Central Unit, which is responsible for 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 to develop future PPP projects. The Government has announced its intention to use PPPs as a tool to further its economic reform programme and efforts to improve the investment climate and enhance co-operation across Government ministries are expected to increase the effectiveness of PPPs.

The first Egyptian PPP project was completed in 2008, and, as at 1 March 2015, seven infrastructure projects were being tendered through PPPs, with an estimated total investment capital of LE 8.5 billion. The PPP Central Unit has also announced plans for 11-13 projects to be tendered in 2016, with an initial estimated total investment capital of between LE 16 and LE 20 billion. Although initial projects have been domestically funded, the International Finance Corporation and the European Bank for Reconstruction and Development, among others, have submitted bids to finance projects under the PPP programme.

Tools used by the Government to date in order to increase the attractiveness of long-term PPP contracts include bearing interest rate risk, to be calculated every three years, signing off-take agreements to offload demand risk borne by the private sector and banks and providing sovereign guarantees for certain projects.

Poverty

Poverty is prevalent in Egypt. In 2012/13, poverty rose to 26.3% of the population, with a further 20% of the population estimated to be close to the poverty line.

One of the Government's highest priorities is to reduce poverty through the increase of expenditure on education, healthcare and social programmes and to improve its existing subsidy system to more efficiently target its subsidies at low-income Egyptians. In recent years, the Government's social policy framework has gradually shifted towards addressing the structural underpinnings of inter-generational development challenges and the Government has announced its intention for future social welfare provision to target improved inclusivity, efficiency and productivity enhancing measure. Further reforms are expected to be funded by rechanneling 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 geographic and proxy-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 both goods and services and is a significant source of employment. According to figures published by CAPMAS, approximately 0.3 million people participated in the informal economy in 2012/13. Of the participants in the informal economy, approximately 43.5% work in the wholesale and retail sectors.

EXTERNAL SECTOR

General

Egypt's balance of payments improved in 2013/14, generating a surplus of U.S.\$1.5 billion, as compared to a surplus of U.S.\$0.2 billion in 2012/13. The current account deficit narrowed, registering a U.S.\$2.4 billion deficit in 2013/14, as compared to a U.S.\$6.4 billion deficit in 2012/13. The improvement in the current account deficit was attributed mainly to the increase in net unrequited transfers (principally grants from GCC countries) to U.S.\$30.4 billion in 2013/14, as compared to U.S.\$19.3 billion in 2012/13. While the services surplus dropped from U.S.\$5.0 billion to U.S.\$1.0 billion, the trade deficit increased by 9.8% to U.S.\$33.7 billion in 2013/14, as compared to U.S.\$30.7 billion in 2012/13.

The capital and financial account resulted in a net inflow of U.S.\$4.9 billion in 2013/14, as compared to the capital and financial account net inflow of U.S.\$9.8 billion in 2012/13. This was primarily due to the decline in the net change in the external liabilities of the CBE, which registered a net inflow of U.S.\$1.9 billion in 2013/14, as compared to U.S.\$6.5 billion in 2012/13, in turn, due to the effects of the reimbursement of a portion of the deposits placed at the CBE by certain Arab countries. See *"Public Debt—External Debt—Historical Development of Egypt's External Debt"*.

In the first half of 2014/15, Egypt's balance of payments recorded a deficit of U.S.\$1.0 billion and the capital and financial account resulted in a net inflow of U.S.\$0.9 billion.

Net international reserves increased by U.S.\$1.7 billion in 2013/14 to U.S.\$16.7 billion at 30 June 2014, which represented 3.3 months of merchandise imports. As at 31 December 2014, net international reserves decreased to U.S.\$15.3 billion, which represented 2.8 months of merchandise imports, before increasing to U.S.\$20.5 billion as at 30 April 2015, which represented 3.8 months of merchandise imports. See *"Monetary System—Net International Reserves"*.

Net foreign assets held by Egyptian banks decreased by LE 4.0 billion, from LE 123.2 billion as at 30 June 2013, to LE 119.2 billion as at 30 June 2014. Foreign currency deposits at Egyptian banks increased from U.S.\$290.7 billion as at 30 June 2013, to U.S.\$336.0 billion as at 30 June 2014. As a result of the weakening of the Egyptian Pound relative to the U.S. Dollar and the widening of the interest rate differential between the Egyptian Pound and the U.S. Dollar, foreign currency deposits as a percentage of total deposits decreased from 24.4% as at 30 June 2013, to 23.4% as at 30 June 2014. See *"Monetary System"*.

Egypt's gross external debt (public and private) as at 31 December 2014 was U.S.\$41.3 billion, as compared to U.S.\$45.8 billion as at 31 December 2013, representing a decrease of 9.7%.

Government debt is the major source of external debt, comprising 63.0% of external debt as at 30 June 2014 and 60.7% as at 31 December 2014. Government debt represented 95.5% of GDP as at 30 June 2014 and 89.4% of GDP as at 31 December 2014. Egypt's external debt (public and private) to GDP ratio declined to 16.5% as at 30 June 2014, as compared to 17.3% at 30 June 2013. See *"Public Debt."*

Balance of Payments

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

Balance of Payments						Jul-Dec	Jul-Dec
	2009/10	2010/11	2011/12	2012/13	2013/14	2013	2014
	(U.S.\$ millions)						
Exports ⁽¹⁾	23,873	26,993	25,072	26,988	26,119	13,154	12,239
Imports	(48,993)	(54,096)	(59,211)	(57,683)	(59,822)	(28,253)	(32,411)
Trade Balance	(25,120)	(27,103)	(34,139)	(30,695)	(33,703)	(15,099)	(20,172)
Services (net) ⁽²⁾	10,339	7,878	5,585	5,039	979	(464)	3,886
Balance of Goods and Services	(14,781)	(19,225)	(28,554)	(25,655)	(32,724)	(15,563)	(16,287)
Official Transfers (net)	954	753	632	836	11,920	6,212	2,606
Private Transfers (net)	9,509	12,39	17,776	18,429	18,448	8,485	9,380
Total Transfers	10,463	13,137	18,408	19,265	30,368	14,697	11,986
Balance of Current Account	(4,318)	(6,088)	(10,146)	(6,390)	(2,356)	(866)	(4,301)
Foreign Direct Investment (net) ⁽³⁾	6,758	2,189	3,982	3,753	4,119	2,069	2,733
Portfolio Investment in Egypt (net)	7,879	(2,551)	(5,025)	1,477	1,237	1,226	(2,095)
Net Borrowing	3,004	1501	246	1,174	(619)	(1,202)	2,089
Medium and Long-Loans	(80)	(829)	(31)	750	(1,316)	(609)	(482)
Drawings	1,835	1,148	1,637	2,710	793	418	663
Repayments	(1,755)	(1,977)	(1,947)	(1,959)	(2,110)	(1,027)	(1,145)
Medium Term Suppliers' Credits	12	(63)	(7)	(18)	(57)	(28)	(26)
Drawings	103	73	78	43	8	4	3
Repayments	(92)	(136)	(85)	(62)	(64)	(32)	(29)
Short Term Suppliers' Credits (net)	2,913	2,393	563	442	754	(565)	2,598
Other Assets	(9,669)	(3,427)	1,163	(2,116)	(1,648)	(812)	(2,172)
Other Liabilities	2,542	(802)	1,151	5,732	1,912	(2,147)	540
Capital and Financial Account	8,980	(4,199)	1,023	9,773	4,935	3,239	884
Net Errors and Omissions	(1,306)	533	(2,155)	(3,146)	(1,100)	(374)	2,400
Overall Balance	3,356	(9,754)	(11,278)	237	1,479	1,999	(1,017)
Current Account/GDP (%)	(2.0)	(2.6)	(3.9)	(2.4)	(0.8)	(0.3)	(1.3)
Balance of Payments/GDP (%)	1.5	(4.1)	(4.3)	(0.1)	(0.5)	0.7	(0.3)
NIR ⁽⁴⁾ as Months of Imports (%)	8.6	5.9	3.1	3.1	3.3	3.6	2.8

Source: CBE

Notes:

- (1) Including petroleum and other exports.
- (2) Includes transportation, travel, investment income, Government expenditure and other receipts and payments.
- (3) Includes foreign direct investment in the petroleum sector.
- (4) Net International Reserves. See "Monetary System—Net International Reserves".

Current Account

Exports from Egypt have increased during the past five years from U.S.\$23.9 billion in 2009/10 to U.S.\$26.1 billion in 2013/14, an increase of U.S.\$2.2 billion, or 9.2%. In addition, the trade deficit has widened during the same period from U.S.\$25.1 billion in 2009/10 to U.S.\$33.7 billion in 2013/14, an increase of U.S.\$8.6 billion, or 34.2%, principally due to an increase in imports, specifically petroleum products, and a decline in tourism revenues due to security and political concerns. Export proceeds were U.S.\$26.1 billion in 2013/14, as compared to U.S.\$27.0 billion in 2012/13, representing a decrease of 3.3%. This is primarily due to the decrease in both oil exports by 4.4% (47.7% of total exports) and non-oil exports by 2.1%. As a result, the export/import ratio decreased to 43.7% in 2013/14 from 46.8% in 2012/13.

Services income decreased by 80.0% from U.S.\$5.0 billion in 2012/13 to U.S.\$1.0 billion in 2013/14. The principal contributors to this decrease were a decline in tourism revenues by 48.0% to U.S.\$5.1 billion in 2013/14 from U.S.\$9.8 billion in 2012/13, reflecting a decline of 48.8% in the number of tourist nights to 72.9 million nights in 2013/14 from 142.4 million nights in 2012/13. In addition, receipts from other services declined by 15.3% to U.S.\$2.2 billion, as compared to U.S.\$2.6 billion in 2012/13, principally due to the decline in construction services, communication services, computer services and legal and consultation fees. Investment income receipts declined by 1.8% to U.S.\$194.2 million from U.S.\$197.8 million, primarily due to a decrease in other investment income receipts.

Net transfers increased by 57.6% from U.S.\$19.3 billion in 2012/13 to U.S.\$30.3 billion in 2013/14. This increase is primarily due to an increase in net official transfers (cash and commodities) to U.S.\$11.9 billion in 2013/14 from U.S.\$835.6 million in 2012/13, and the stability of net private transfers at U.S.\$18.4 billion, despite a decrease in workers' remittances by 0.8% from U.S.\$18.7 billion in 2012/13 to U.S.\$18.5 billion in 2013/14.

The following table sets forth data on gross private transfers flowing into the Republic for the periods indicated.

	Gross Private Transfers				
	2009/10	2010/11	2011/12	2012/13	2013/14
	<i>(U.S.\$ millions)</i>				
Total Private Transfers (Gross)	9,509	12,384	17,776	18,429	18,448

Source: CBE

Capital and Financial Account

The Republic's capital and financial account surplus declined from U.S.\$9.8 billion in 2012/13 to a surplus of U.S.\$4.9 billion in 2013/14, a decrease of 49.5%, primarily due to a fall in net foreign investment in bonds to U.S.\$1.0 billion in 2013/14, as compared to U.S.\$2.3 billion in 2012/13, in addition to net repayments of medium- and long-term loans and suppliers' credit of U.S.\$1.4 billion (against net disbursements of U.S.\$0.7 billion).

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.

As a result, in part, of this liberalisation of foreign trade, total trade in goods, both imports and exports, has slightly increased between the period 2009/10 and 2013/14. Total trade increased from LE 72.9 billion in 2009/10 to LE 81.1 billion in 2010/11, LE 84.2 billion in 2011/12, LE 84.7 billion in 2012/13 and LE 85.9 billion in 2013/14. This represents increases of LE 8.2 billion (or 11.2%) in 2010/11, as compared to 2009/10, LE 3.1 billion (or 3.8%) in 2011/12, as compared to 2010/11, LE 0.5 billion (or 0.6%) in 2012/13, as compared to 2011/12, and LE 1.2 billion (or 1.4%) in 2013/14, as compared to 2012/13. Over the period 2009/10 to 2013/14, imports have generally grown faster than exports (22% over the period for imports, as compared to 9.4% for exports).

Exports

The following table sets forth the value of products exported for the periods indicated.

Exports by Product⁽¹⁾							
	For the year ended 30 June					For the six months ended 31 December	
	2010	2011	2012	2013	2014	2013	2014
	<i>(U.S.\$ billions)</i>						
Fuel Exports	10.6	12.6	11.6	13.2	12.6	6.6	5.3
Crude Petroleum	4.5	5.7	5.2	7.3	7.7	4.1	3.7
Petroleum products ⁽²⁾	5.8	6.5	6.0	5.7	4.7	2.6	1.5
Non-Fuel Exports	13.0	14.3	13.5	13.8	13.5	6.6	7.0
Raw Materials	1.3	1.4	1.2	1.3	1.5	0.6	0.7
Semi-finished goods	1.6	2.1	1.9	2.0	2.2	1.1	1.0
Finished goods	10.1	10.8	10.4	10.5	9.8	4.8	5.1
Other Exports⁽³⁾	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Total Exports	23.9	27.0	25.0	27.0	26.1	13.2	12.3

Source: CBE

Notes:

- (1) According to the Harmonised System Coding (Degree of Processing).
(2) Including gas and bunker and jet fuel.
(3) Including exports of Free Zones.

Export proceeds were U.S.\$26.1 billion in 2013/14, as compared to U.S.\$27.0 billion in 2012/13, a decrease of 3.3%, primarily due to the decrease in both oil exports by 4.4% and non-oil exports by 2.1%. As a result, the export/import ratio decreased by 43.7% in 2013/14 from 46.8% in 2012/13.

As a result of the decrease in both oil and non-oil exports, total exports decreased by 3.3% in 2013/14, as compared to 2012/13. Fuel exports accounted for 48.3% of total exports in 2013/14, as compared to 48.9% in 2012/13. Non-fuel exports accounted for 51.7% of total exports in 2013/14, as compared to 51.1% in 2012/13.

The following table sets forth the destination of exports from Egypt for the periods indicated.

Destinations of Egyptian Exports							
	For the year ended 30 June					For the six months ended 31 December	
	2010	2011	2012	2013	2014	2013	2014
	<i>(U.S.\$ billions)</i>						
European Union	8.5	11.4	9.1	8.9	10.1	4.9	4.1
United States	4.4	3.6	3.4	3.8	2.5	1.2	1.3
Arab countries	4.7	4.9	5.3	5.2	5.5	2.7	2.9
Asian countries (excluding Arab countries)	3.4	4.0	4.6	4.9	3.5	2	1.8
Other European countries	1.1	1.7	1.4	1.8	1.4	0.8	0.8
African countries (excluding Arab countries)	0.4	0.5	0.5	0.4	0.5	0.2	0.2
Commonwealth of Independent States ⁽¹⁾	0.1	0.2	0.1	0.2	0.2	0.0	0.3
Other countries ⁽²⁾	1.3	0.6	0.6	1.9	2.5	1.3	0.8
Total Exports	23.9	27.0	25.0	27.0	26.1	13.2	12.3

Source: CBE

Notes:

- (1) Includes Russia
(2) Including exports of Free Zones.

In 2013/14, the EU was the largest importer of Egyptian goods, purchasing 38.6% of Egyptian exports, as compared to 32.9% in 2012/13. Arab countries were Egypt's second largest trading partners purchasing 21.1% of Egyptian exports

(19.2% in 2012/13), followed by Asian countries, with 13.4% of total exports (18.1% in 2012/13) and the United States, with 9.6% of total exports (14.1% in 2012/13).

Imports

The following table sets forth the levels of Egyptian imports by product for the periods indicated.

	Imports by Product ⁽¹⁾					For the six months ended 31 December	
	For the year ended 30 June					ended 31 December	
	2010	2011	2012	2013	2014	2013	2014
	(U.S.\$ billions)						
Fuel Imports	3.8	7.6	9.9	9.5	11.3	5.4	5.7
Petroleum products ⁽²⁾	3.3	6.9	9.7	9.4	11.2	5.3	5.5
Coal and types thereof.....	0.1	0.2	0.1	0.1	0.1	0.0	0.1
Non-Fuel Imports	44.0	46.3	48.2	47.0	48.0	22.8	26.3
Raw Materials.....	5.5	7.8	8.1	8.3	8.0	3.4	4.7
Intermediate Goods.....	16.3	15.8	16.9	16.0	17.9	8.7	8.9
Investment Goods.....	10.0	10.4	9.6	9.8	8.8	4.4	5.3
Consumer Goods.....	12.2	12.3	13.6	12.9	13.3	6.3	7.4
Other Imports	1.1	0.3	1.0	1.1	0.4	0.2	0.4
Total Imports ⁽³⁾	49.0	54.1	59.2	57.7	59.8	28.2	32.4

Source: the CBE

Notes:

(1) According to The Harmonised System Coding (H.S.C.) (Degree of Use).

(2) Including gas and bunker and jet fuel.

(3) Including imports of Free Zones, and commodity grants and loans.

As a result of an increase in oil and non-oil imports, total imports increased by 3.7% in 2013/14, as compared to 2012/13. Fuel imports accounted for 18.9% of total imports in 2013/14, as compared to 16.5% in 2012/13. Non-fuel imports accounted for 80.3% of total imports in 2013/14, as compared to 81.5% in 2012/13.

The following table sets forth the origin of Egyptian imports for the periods indicated.

	Origins of Egyptian Imports					For the six months ended 31 December	
	For the year ended 30 June					ended 31 December	
	2010	2011	2011	2012	2013	2013	2014
	(U.S.\$ billions)						
European Union.....	18.0	18.7	19.3	17.7	16.2	7.8	9.4
United States.....	5.3	5.8	4.8	4.0	4.2	2	1.7
Asian countries (excluding Arab countries).....	10.5	11.0	11.7	11.9	12.2	5.6	7.1
Arab countries.....	5.4	8.7	10.2	11.0	16.7	7.7	7.7
Other European countries.....	6.0	4.7	6.1	5.1	4.3	2.3	2.6
Commonwealth of Independent States ⁽¹⁾	1.4	1.1	2.6	2.0	2.6	0.9	1.5
African countries (excluding Arab countries).....	0.6	0.6	0.5	0.6	0.5	0.2	0.3
Other countries.....	1.8	3.5	4.0	5.4	3.1	1.7	2.1
Total Imports ⁽²⁾	49.0	54.1	59.2	57.7	59.8	28.2	32.4

Source: CBE

Notes:

(1) Includes Russia.

(2) Including imports of Free Zones.

In 2013/14, Arab countries were the largest source of imported goods into Egypt, accounting for 27.9% of Egyptian imports, as compared to 19.1% in 2012/13. The EU was Egypt's second largest trading partners accounting for 27.1% of Egyptian imports (30.7% in 2012/13), followed by Asian countries, with 20.4% of total imports (20.6% in 2012/13) and the United States, with 7.0% of total imports (6.9% in 2012/13).

Foreign Direct Investment

In recent years, the Government has introduced a number of legislative and institutional reforms aimed at improving Egypt's investment climate and attracting both domestic and foreign direct investment. The Government sought to address major constraints historically affecting inbound investment into Egypt. The General Authority for Investment and Free Zones ("GAFI") has streamlined the procedures for inward investment thereby establishing a favourable investment climate which, amongst other factors, has historically helped to attract increased inflows of FDI and which, 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 2014, 984 new companies were established in Egypt, as compared to 846 companies in 2013 and 829 in 2012, according to statistics published by the Ministry of Investment. Egypt ratified the United Nations Convention Against Corruption in 2005.

In 2013/14, overseas investment in Egypt's petroleum sector accounted for 71.7% of all FDI inflows, as compared to 68.7% in 2012/13. Overseas investment in the services sector accounted for 4.0% of total FDI inflows in 2013/14, as compared to 7.7% in 2012/13. Overseas investment in the manufacturing sector accounted for 2.0% of total FDI inflows in 2013/14, as compared to 2.7% in 2012/13.

Net FDI inflows decreased from U.S.\$6.8 billion in 2009/10 (3.1% of GDP) to U.S.\$2.2 billion in 2010/11 (0.9% of GDP), before increasing to U.S.\$4.0 billion in 2011/12 (1.5% of GDP), U.S.\$3.7 billion in 2012/13 (1.4% of GDP) and U.S.\$4.1 billion in 2013/14 (1.4% of GDP). The decrease in 2010/11 was primarily due to investor uncertainty regarding the political and economic situation in Egypt. The lack of growth of net FDI inflows between 2011/12 and 2013/14 was primarily due to judicial uncertainty generated by court cases relating to past privatisation transactions and continued political instability.

Net FDI inflows increased from U.S.\$2.1 billion in the first half of 2013/14 to U.S.\$2.7 billion in corresponding period of 2014/15, which is primarily due to increased investor confidence in Egypt in a more politically and economically stable environment.

The following table sets forth FDI figures and the principal countries of origin for the periods indicated.

	FDI by Country					For the six months ended 31 December	
	For the year ended 30 June					2013	2014 ⁽¹⁾
	2010	2011	2012	2013	2014 ⁽¹⁾		
	(U.S.\$ millions)						
Total Net Foreign Direct Investment.....	6,758	2,189	3,982	3,753	4,119	2,069	2,733
Inflows	11,008	9,574	11,768	10,274	10,893	5,421	5,834
United States.....	1,425	1,791	578	2,183	2,230	1,142	1,230
United Kingdom.....	4,926	4,307	5,820	3,997	5,116	2,686	2,574
France.....	286	227	316	266	347	110.6	103.7
Spain.....	81	47	61	30	6	0.9	10.2
Germany.....	110	275	203	186	194	82.9	91.5
Saudi Arabia.....	323	206	240	192	284	108.3	197.5
Switzerland.....	111	159	125	115	95	46.5	59.1
Kuwait.....	189	59	64	46	130	92.5	37.9
Bahrain.....	64	66	153	263	194	92.1	78
United Arab Emirates.....	304	411	560	481	401	164.4	385.5
Netherlands.....	129	146	409	164	192	93.8	46.3
Oman.....	10	12	13	11	13	4.2	2.3
Others.....	3,050	1,868	3,226	2,340	1,691	797	1,018
Outflows⁽²⁾	(4,250)	(7,386)	(7,786)	(6,520)	(6,774)	(3,352)	(3,100)

Source: CBE

Notes:

(1) Preliminary data.

(2) Including cost recovery and profit sharing related to international oil and gas companies.

Investment Projects and Initiatives

The Government's strategy to boost growth and employment is dependent upon increasing investment, through improvements to the business climate and the attraction of FDI, as well as through the implementation of large infrastructure projects. Recent initiatives to improve the framework for businesses and investment and to foster private sector-led growth include measures to streamline procedures for doing business and increase transparency, including:

- *Amendments to the competition law:* On 17 January 2005, the Parliament passed Law № 3 of 2005 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 governing 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 was amended in 2014 to increase the competitiveness of the Egyptian market, including by strengthening the role of the Competition Authority 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.
- *Amendments to the investment law:* On 12 March 2015, the President signed an amended investment law, which aims to simplify certain administrative procedures for investors and reduce delays in connection with the issue of investment licences, the procurement of land and the process for obtaining utility services. Pursuant to the law, GAFI is granted authority to act as the sole point of contact for investors in obtaining government approvals and licences in connection with an investment. The law also includes a legal framework and set of standard procedures for the resolution of investor disputes.
- *Amendments to the labour law:* In March 2015, a new civil service labour law was introduced, which is intended to increase the efficiency of the public service delivery process. See "*The Economy—Labour Law*".

- *Introduction of the new mining law:* On 9 December 2014, the President signed Law № 198 of 2014 (the “**New Mining Law**”), which introduced a new tax and royalty structure for the mining sector and measures to facilitate swifter allocation of mineral concessions to domestic and foreign companies. The New Mining Law also simplifies a number of administrative procedures in connection with the exploration and exploitation of mineral concessions.
- *Introduction of the Third Party Contract Appeal Law:* In April 2014, the then-interim President Adly Mansour issued Law 32, which regulates the appeals procedure and prohibits third party interference in contracts between the State and investors (subject to certain exceptions). See “*Risk Factors—Risks Related to Egypt—Recent cases challenging the privatisation of formerly public sector companies may have an impact on the financial condition of the Republic if further cases are brought forth seeking to invalidate privatisation transactions.*”
- *Introduction of a microfinance law:* In November 2014, the President passed Law № 141 of 2014, which permits licensed entities to offer microfinance loans of up to LE 100,000 to SMEs or low income persons engaged in production, services or trading.
- *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 September 2014, 275 out of 390 currently outstanding investor disputes have been successfully resolved, with the remaining 115 expected to be resolved in 2015. The Prime Minister is the chairman of a committee formed to settle major investment disputes.
- *Introduction of the Conflicts of Interest Law:* The Conflict of Interests Law of Public Officials № 106 of 2013 (“**Law 106**”) regulates conflicts of interest of specific public officials, including, among others, the President, the Prime Minister, ministers, governors and heads of public authorities. According to Law 106, there are two types of conflicts: absolute conflicts and relative conflicts. In situations where there is an absolute conflict, the relevant public official must either cure the conflict or resign. In situations where there is a relative conflict, the relevant public official must disclose the conflict and ensure that actual conflicts are avoided.
- *Regulating Mortgage Finance:* The Mortgage Finance Law № 148 of 2001 (“**Law 148**”) was promulgated in 2001 to regulate mortgage finance through companies licensed by EFSA. Such financing is to be used for, among other things, projects for the purchase, building or renovation of real estate and is secured through liens or real estate mortgages over the financed assets. Law 148 was amended in 2014 to broaden the security to be granted in respect of such projects. The 2014 amendments also expanded the regulatory powers of EFSA, 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.

Certain additional initiatives are also in the process of being implemented, including:

- *Amendments to the companies law:* The Government has announced plans to amend the companies law to, *inter alia*, simplify procedures for the establishment of companies and the expansion of company groups, protect minority shareholder rights and facilitate voluntary liquidation and market exits. The draft legislation is also intended to encourage SME growth, through the creation of sole shareholder limited liability companies. In addition, in February 2014, new listing rules were introduced by EFSA, which, *inter alia*, strengthen minority investor protection.
- *Amendments to the commercial register law:* The Government has announced plans to update the commercial register law in line with international standards and to enable modernisation of the commercial registry system, including the registration of foreign company branches and to permit the participation of foreign individual traders.
- *Introduction of a new bankruptcy law:* A draft new bankruptcy law is being prepared to encourage investors, in particular, SMEs, to resume economic activities following bankruptcy, to provide for better bankruptcy settlement protection and to establish an independent body to devise appropriate criteria for the selection of bankruptcy trustees and other matters.

- *Introduction of a new customs law:* The Ministry of Finance is drafting a new customs law to reflect the increasing shift of the Egyptian economy to market fundamentals and free trade. The draft customs law is being 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 from 5% to 2% and to allow the settlement of due customs and fees on such goods to be paid in instalments.

The Government has also announced several large infrastructure projects designed to increase economic growth and employment, in particular, the New Suez Canal and Suez Canal Development Projects. See “*The Economy—Transport and Warehousing—Suez Canal*”. Other proposed projects include the new capital 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 and 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.

In March 2015, the Egyptian Economic Development Conference was held in Sharm El Sheikh and was attended by 22 heads of state and 3,500 delegates. The conference was intended to attract private investment through FDI and public-private partnerships. In the Prime Minister’s closing speech, he announced that approximately U.S.\$36.2 billion in new investments had been signed at the conference. Such investments include, among others:

- *Extractive and Petroleum Industries:* (i) an agreement with the Islamic Development Bank for lease financing of U.S.\$198 million for the Assiut Refinery Project to develop a refinery and construct a complex for high-level octane production in Upper Egypt; (ii) a U.S.\$6.5 billion arrangement between Egypt’s Orascom group and the Abu-Dhabi-owned International Petroleum Investment Co. to build a coal-fired power plant; (iii) initial agreements for a U.S.\$4 billion investment by British Gas to develop natural gas fields in the Mediterranean over the next two years; (iv) the signing of a preliminary agreement with ENI for the development of Egypt’s oil and gas reserves in an amount of U.S.\$5 billion; (v) a U.S.\$350 million deal with Dana Gas to drill almost 40 new natural gas development wells, conduct well workovers, construct new pipelines and debottleneck an existing plant over 30 months; and (vi) a commitment by BP to invest U.S.\$12 billion to develop gas resources and condensates in the West Nile Delta over the next four years. The agreement with BP would represent the largest foreign investment deal in Egypt to date.
- *Electricity industry:* a U.S.\$10.5 billion agreement with Siemens to boost Egypt’s electricity generation, and various planned investments in the power sector by General Electric.
- *Renewable Energy:* the conclusion of a memorandum of understanding between Masdar, ACWA Power (a Riyadh-based global water and power developer, owner and operator) and the Egyptian Electricity Holding Company to analyse the development of up to 4 GW of renewable and natural gas power generation projects in Egypt.
- *Transportation:* the Minister of International Co-operation entered into an agreement with the President of the Islamic Development Bank for two tranches of lease financing of U.S.\$226.8 million and U.S.\$230 million for the Sharm El Sheikh Airport Development Project, which aims to increase the capacity of Sharm El Sheikh airport to 18 million passengers per year by 2025.
- *Tourism:* investment opportunities, including: (i) the 6th October Touristic City, a mixed use development integrating commercial, administrative, cultural, sports, hospitality facilities and 3-star hotels, and aquarium facilities, with a total investment cost of U.S.\$2 billion; (ii) the Waterfront Festival World Complex, a beachfront project located in Sahl Hasheesh for a 624,425 m² mixed use project with residential, commercial, hospitality and entertainment facilities, with an estimated investment cost of U.S.\$450 million to be completed in three phases over a six year period; and (iii) the Port Ghalib Projects, a diversified portfolio of projects within Port Ghalib, 65km North of Marsa Alam, including construction of Lagoon Valley, a wind farm and a medical and rehabilitation centre, with an estimated investment cost of approximately U.S.\$400 million.

MONETARY SYSTEM

Central Bank of Egypt

The CBE, founded in 1961, is an autonomous public legal entity governed by Law № 88 of 2003, 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.

Monetary Policy

Since 2005, the CBE has taken active 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 the pre-requisites have been met. The monetary policy framework is published on the CBE's website.

Egyptian monetary policy has helped maintain price stability and contributed to maintaining economic growth in recent years. The CBE's current monetary policy is to seek to control and gradually reduce inflation over the medium-term to enhance external competitiveness, while maintaining an active and orderly foreign exchange market that reflects supply and demand.

In particular, in recent years the CBE has maintained a monetary policy that has sought to stimulate the economy amidst reduced investment and growth, without jeopardising price stability. In July 2014, the Monetary Policy Committee (the "MPC") raised policy rates by 100 basis points, in tandem with the Government's fiscal consolidation program (particularly reducing energy subsidies, thus raising retail energy prices), in order to combat potential second round inflationary effects. However, in January 2015, the MPC decided to cut policy rates by 50 basis points to encourage investment amid expectations of contained imported inflation on the back of lower global oil and commodity prices.

In addition, tackling supply-side bottlenecks by investing in and upgrading the supply chain network is expected to contribute to dampening inflationary pressures by avoiding spikes in the prices of commodities arising from supply shortages.

Institutional changes

The Coordinating Council on Monetary Policy, headed by the Prime Minister, was established in January 2005 to enhance consistency between monetary and fiscal policy.

The MPC convenes every six weeks to decide on appropriate actions with respect to key policy rates. The MPC consists of seven members including the CBE's Governor, two deputy governors and four 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 changes

In December 2004, the CBE formally launched an online interbank system for foreign exchange trading, consolidating the supply of foreign exchange in the banking system whereby most banks became capable of satisfying their clients' foreign exchange needs, eliminating the parallel market and causing the Egyptian Pound to appreciate against the U.S. Dollar. 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 administered prices. The index has helped the CBE better 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. The CBE also launched a specialised monetary policy page on its website. 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. The deposit auctions have seven days' maturity with a fixed annual interest rate of 10.25%.

The Egyptian Banking Sector and Reform

As at 31 December 2014, there were 38 banks registered with the CBE. The total number of banks has remained constant during 2012/13 and 2013/14. The registration of the Arab International Bank in June 2012 is the most recent addition to the Egyptian banking system. In addition, the financial sector also includes non-bank financial institutions, such as brokerage firms, investment banks and mutual funds. The financial sector contributed 3.2% to GDP in 2013/14, as compared to 3.3% of GDP in 2012/13.

The financial sector has shown strength in recent periods, with private credit growth increasing for four consecutive quarters through the second quarter of 2014/15, primarily due to growth in both private and business investment and consumption. In particular, the stock of private sector credit increased by 11.2% in the second quarter of 2014/15, as compared to the previous quarter, the fastest rate of increase in five years. Newly-issued private credit was LE 42.1 billion in the second quarter of 2014/15, as compared to LE 1.4 billion in the corresponding period of 2013/14. New household credit accounted for LE 21.4 billion of the increase, while new private business credit accounted for LE 20.7 billion.

The following table sets forth statistics regarding the Egyptian banking sector, as at 30 June and 31 December for the years indicated.

Structure of the Egyptian Banking System											
As at 30 June										As at	
2010		2011		2012		2013		2014		31 December 2014	
Banks	Branches	Banks	Branches	Banks	Branches	Banks	Branches	Banks	Branches	Banks	Branches
39	3,502	39	3,573	40	3,610	40	3,651	40	3,712	38	3,743

Source: CBE

The divestiture of public sector banks' stakes in joint venture banks has had a positive impact on Egypt's banking sector, as it has attracted a number of European and regional banks (such as *Intesa Sanpaolo*, Piraeus Bank and Union National Bank). International banks, which were already active in the Egyptian banking sector (such as *Crédit Agricole*, Barclays Bank and *Société Générale*), have consolidated their positions in the market, either through new acquisitions or through raising their shareholdings in their existing Egyptian subsidiaries. For example, on 22 January 2013, the CBE's Board of Directors approved the acquisition of National *Société Générale* Bank-Egypt by QNB Group.

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 31 December 2014
	As at 30 June					
	2010	2011	2012	2013	2014	
	(LE millions)					
Assets						
Cash	12,448	14,830	14,534	29,227	27,276	23,296
Securities and Investments Treasuries	405,895	474,176	555,326	653,889	825,524	904,293
CBE Notes & Certificates of Deposit Balances with Banks in Egypt	200,719	117,010	104,269	131,326	174,786	222,158
Loans and Discounts.....	729	885	978	953	963	343
Balances with Banks.....	57,371	96,080	75,905	77,012	78,742	56,421
Loans and Discounts.....	2004	1,398	2714	1,800	2,284	1,907
Loans and Discount Balances for customers	465,990	474,139	506,736	549,120	587,852	629,221
Other Assets.....	78,232	93,455	109,390	123,275	122,693	132,991
Total Assets	1,220,655	1,269,690	1,366,160	1,563,849	1,816,873	1,968,380
Liabilities and Capital						
Capital	46,598	59,049	67,345	72,061	77,555	79,438
Reserves	28,486	22,056	25,539	35,838	47,022	43,324
Provisions	70,418	55,106	54,127	61,264	62,777	64,109
Long-Term, Loans and Bonds.....	21,697	26,180	27,840	30,312	30,168	31,424
Obligations to Banks in Egypt.....	53,881	28,171	19,009	25,608	17,858	18,042
Obligations to Banks abroad	20,305	15,168	14,792	15,222	14,699	20,347
Total Deposits	892,492	957,037	1,023,517	1,186,985	1,429,432	1,555,334
Other Liabilities, of which:	86,778	106,923	133,991	136,559	137,362	156,362
Cheques Payable.....	4,764	5,143	4,848	4,850	6,880	6,936
Total Liabilities	1,220,655	1,269,690	1,366,160	1,563,849	1,816,873	1,968,380

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						As at 31 December 2014
	As at 30 June					
	2010	2011	2012	2013	2014	
	(LE millions)					
Total Deposits	892,492	957,037	1,023,517	1,186,985	1,429,432	1,555,334
Demand Deposits	119,518	130,087	133,704	167,939	215,870	247,813
Time and saving deposits and saving accounts....	738,650	789,407	851,117	974,286	1,157,976	1,231,272
Blocked or retained deposits	34,324	37,543	38,696	44,759	55,586	76,249
Local Currency Deposits	686,052	724,878	777,806	896,477	1,093,686	1,228,228
Demand Deposits	84,152	86,967	86,742	110,598	150,297	185,211
Time and saving deposits and saving accounts....	580,020	615,839	666,995	759,515	907,531	982,579
Blocked or retained deposits	21,880	22,072	24,069	26,364	35,858	60,438
Foreign Currencies Deposits	206,440	232,159	245,711	290,508	335,747	327,105
Demand Deposits	35,366	43,120	46,962	57,341	65,573	62,602
Time and saving deposits and saving accounts....	158,630	173,568	184,122	214,771	250,445	248,693
Blocked or retained deposits	12,444	15,471	14,627	18,395	19,728	15,810

Source: CBE

The following table sets forth indicators of banking sector financial soundness as at the dates indicated.

Banking Sector Financial Soundness Indicators⁽¹⁾					
	As at 30 June				As at 31 December 2014
	2011	2012	2013	2014	
				(%)	
Regulatory capital to risk-weighted assets ⁽²⁾	15.9	14.9	13.7	13.0	13.1
Net worth to assets	6.8	7.2	7.1	6.9	6.6
NPLs to total loans	10.5	9.8	9.3	9.1	8.6
Loan provisions to NPLs	94.5	97.1	99.8	98.0	97.0
Return on assets	0.8	1.0	1.0	1.0	1.0
Return on equity	11.7	13.9	14.5	14.5	14.5
Liquidity Ratios					
Local currency	55.6	58.4	61.8	62.9	62.0
Foreign currency	51.8	56.3	55.2	61.2	55.6
Loans to deposits	50.2	48.1	44.1	41.1	40.4

Sources: CBE, IMF Article IV Egypt Country Report (2014)

Notes:

(1) The fiscal year ends 30 June for public banks and 31 December for other banks.

(2) Basel II regulations introduced in December 2012, except for banks whose fiscal year ends in June.

The CBE has embarked on a banking sector reform programme launched in September 2004. Since then, significant progress has been made in the banking sector, foreign exchange market and monetary policy. Improvements have included the consolidation of the banking sector, the divestiture of state-owned banks' stakes in joint venture banks, the strengthening of the capital base of Egyptian banks, the strengthening of the supervisory capacity of the CBE and the gradual provisioning of non-performing loans ("NPLs").

The first phase of the CBE's banking sector reform programme was completed in 2008, and the second phase began in 2009 and was completed in 2011, as scheduled. The main pillars of the second phase were: (i) preparing and implementing a comprehensive programme for the financial and administrative restructuring of specialised state-owned banks; (ii) monitoring the ongoing performance of National Bank of Egypt, Banque Misr and Banque du Caire in light of the reforms introduced under the first phase of the restructuring programme; (iii) adopting Basel II standards in Egyptian banks to enhance their risk management practices; (iv) reviewing and issuing governance rules for banks in the Egyptian banking sector and the CBE; and (v) promoting the development and growth of banking services and access to finance for various sectors, especially SMEs.

Despite the economic turbulence of recent years, the banking sector has generally maintained both liquidity and credit quality. The CBE plans to continue enhancing the banking system regulatory environment through the finalisation of the second phase of Basel II and the subsequent implementation of 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.

The Government believes that its on-going banking sector reform programme, including the strengthening of banking supervision and regulation and a continuing effort to reduce non-performing loans, has aided the banking system in withstanding the external shock of the global financial crisis, has enhanced competition in the banking industry and has ultimately created a healthier business environment.

Non-Performing Loans

The CBE's Non-Performing Loans Management Unit has 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 business sector). System-wide NPLs declined from 10.5% in 2011 to 9.1% in June 2014, with provisioning coverage reaching 98%. 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.

Banking Supervision

The objective of the Banking Supervision Unit 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 Unit aims to achieve this objective through on-site and off-site supervision, macro-prudential surveillance and by adopting a risk-based approach to supervision.

In 2009, the CBE signed a protocol with the European Central Bank and seven European national central banks to assist the Banking Supervision Unit in the implementation of the Basel II framework in the Egyptian banking sector. The aim of such protocol is to enhance risk and capital management and foster financial stability.

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 27 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.

The key regulations currently imposed by the CBE on the banking sector include:

- *Capital requirements:* The minimum requirement for paid up capital is LE 500 million for domestic banks and U.S.\$50 million for branches of foreign banks.
- *Capital adequacy:* Banks are required to maintain a capital base (Tier 1 and Tier 2) of at least 10% of risk weighted assets.
- *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. The reserve requirement for deposits in local currency was decreased from 14% to 12%, and subsequently to 10% during the first and second quarters of 2012, respectively. Local currency reserves are non-interest bearing, while foreign currency deposits receive interest at the London Interbank Bid Rate.
- *Liquidity requirements:* Banks must comply with a liquidity ratio of not less than 20% on the local portion of deposits and 25% in respect of the foreign portion.
- *Exposure limits:* In December 2012, the CBE decreed that a bank's long position in any single currency must not exceed 1% of its capital base, while total long positions in all currencies must not exceed 2% 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. The CBE has also issued a regulation setting out exposure limits for public banks in respect of countries, financial institutions and financial groups, as a percentage of a bank's 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 (ORR) for loans granted to business organisations, grading the credit risk inherent to a customer into ten categories, and required provisioning (0% to 5% as general provision, and 20%, 50%, 100% as specific provision). The regulations allow some collateral to be taken under specific conditions and include standards for consumer and SME lending and provisioning.
- *Credit exposure limits:* Permitted exposure to a single borrower and its related parties was amended in February 2006 to 20% and 25%, respectively, compared to 30% in the past. Total exposures exceeding 10% of a bank's capital base should not exceed eight times its capital base.

Current exposure limits to connected parties are as follows:

- Banks are not allowed to grant any type of credit facilities or guarantees to their board of directors, external auditors or their respective connected parties, as well as certain major shareholders and their respective connected parties.
- In respect of 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.

Bank placements/exposure with correspondents

Bank placements and exposure (excluding branches of foreign banks) with a single correspondent abroad should not exceed 10% of total placements and exposures with correspondents, or U.S.\$3 million, whichever is larger, taking into account that total placements and exposures should not exceed 40% of a bank's capital base.

Equity Participation

Banks can 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.

Developer and Acquisition Finance

Amongst other specified general rules, banks are required to increase the risk weights applicable to high risk transactions such as developer finance and acquisition finance.

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 2011 the Basel Committee on Banking Supervision agreed on a new standard, Basel III, that, *inter alia*, set new capital, liquidity and leverage requirements to be applied by 2019. In response, the CBE is continuing to implement Basel II requirements, while examining the possibility of implementation of Basel III in the Egyptian banking sector.

The CBE's decision at the end of 2012 to set a 10% capital adequacy ratio was made within the framework of its Basel II implementation process. The CBE has also required banks to submit data to the CBE, both in the traditional format in terms of capital adequacy and according to new regulations formulated by the CBE to comply with Basel II reporting criteria. This dual-reporting process remains in place, while the CBE assesses the accuracy of the reporting system and any issues arising from the data it receives.

Banking Sector Governance

Applying governance rules in Egyptian banks and the CBE has also become one of the centrepieces of the second phase of the banking reform programme. In this respect, bank governance rules were approved by the CBE in July 2011. A decree-law was also issued in October 2011, amending certain provisions of the Law of the Central Bank, the Banking Sector and Money № 88 of 2003, which provides for increased governance and conflict of interest rules to be followed by the CBE's Board of Directors.

SME Financing

As part of the banking sector reform in Egypt, an initiative was launched to enhance access to finance with a special focus on SMEs. Accordingly, the CBE's Board of Directors' issued a decree in December 2008 exempting direct finance to certain SMEs from the reserve requirements and enhancing coordination amongst the relevant authorities.

In 2014, Law № 141 of 2014 was enacted, which permits licensed banking entities to offer microfinance loans of up to LE 100,000 to SMEs engaged in production, services or trading. The principal amount may be increased by up to 5% *per annum*. Such financing is supervised by EFSA.

Banking Sector Reporting Guidelines

In December 2008, the CBE issued guidelines requiring banks to prepare their financial statements in accordance with IFRS.

Ownership in Banks

The CBE's written consent is required to acquire a stake greater than 10% in an Egyptian bank, and the CBE must be notified if ownership exceeds 5%.

Anti-Money Laundering Measures

Banks are required to determine the identities and the legal status of their customers and report all suspicious transactions to 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.

Mortgage finance initiative to low and middle income individuals

Recognising the banking sector's role in supporting mortgage finance, in February 2014 the CBE introduced a mortgage finance initiative by providing a fund of LE 20 billion, to be supplied in tranches to participating banks. The first tranche of LE 10 billion is to be issued over a maximum period of 20 years and is directed towards mortgage lenders as an incentive to encourage banks to expand and improve their mortgage finance activity directed to low and middle income borrowers.

Tourism sector initiative

In March 2013, the CBE launched an optional incentive initiative for banks in support of the tourism sector. The initiative is designed to postpone debt instalments and delay all outstanding or current dues on long-term or short-term credit. This initiative ends in June 2015.

Deposit margin required for import transactions

The minimum cash margin requirement for import transactions for trading purposes was reduced to 50%. During 2012, this minimum margin deposit was waived for certain strategic goods and this waiver has been extended every six months since the waiver first came into effect. The exempted goods include medicine, vaccines and related chemicals, milk for children, staple food products such as grain, oil and wheat, feed products such as maize, soy and other related crops, pesticides and fertilisers, poultry and meats and sugar.

Inflation and Interest Rates

The annual headline CPI rate recorded an average of 11.3% in 2010, 10.1% in 2011, 7.2% in 2012. The decrease in inflation was largely driven by the decline in prices of fresh vegetables, as well as lower prices for butane gas cylinders. Monetary policy over the period helped to support the Egyptian economy and price stability during a period of political change.

In its most recent statement, the MPC assessed that upside risks on the inflation outlook from domestic supply shocks are largely mitigated by contained imported inflation on the back of lower oil prices and the consequent downward revision in international food price forecasts. In the meantime, while investments in large domestic projects, such as the Suez Canal expansion, are expected to contribute to economic growth, the downside risks that surround the global recovery on the back of challenges facing the Eurozone and the softening growth in emerging markets could limit GDP growth.

In July 2014, the Government implemented measures to reform energy subsidies and increased electricity tariffs. This resulted in a one-off increase in headline CPI inflation by 3.5%, month-on-month. As a result, the annual headline CPI inflation rate increased from 8.2% in June 2014 to 11.0% in July 2014.

Inflation has since been declining and headline CPI inflation averaged 10.4% year-on-year in the second quarter of 2014/15, as compared to an average of 11.7% in the corresponding quarter of 2013/14 and 11.2% in the first quarter of 2014/15. The decline in inflation is more visible in declining core inflation, which excludes administratively regulated items and price-volatile food items. Core inflation declined to an average of 8.0% in the second quarter of 2014/15, as compared to 11.7% in the corresponding quarter of 2013/14 and 9.6% in the first quarter of 2014/15. Core inflation was 7.2% in February 2015.

In March 2015, the annual inflation rate increased to 11.5%, as compared to 9.8% in March 2014. This increase was primarily due to increases in food and beverage prices (principally meat and vegetables), alcoholic beverages and tobacco prices (principally cigarettes) and housing, water, electricity and gas prices, which was, in turn, partially due to the introduction of new taxes on tobacco, as well as a reduction in energy subsidies. See “*Public Finance—Social Spending and Subsidies*”. There have also been recent increases in the prices of regulated items, primarily butane cylinders due to bottlenecks in supply distribution channels. In addition, depreciation of the Egyptian Pound against the U.S. Dollar in March 2015 also contributed to increased inflation. In April 2015, the annual inflation rate was 11.0%.

See “—*The Central Bank of Egypt—Monetary Policy*”, “—*Foreign Exchange Rates*” and “—*The Egyptian Banking Sector and Reform*”.

The following table sets forth annual inflation rates as measured by the CPI for the twelve months ended in the month indicated year-on-year.

	Inflation—Twelve Months Percentage Change					
	2010	2011	2012	2013	2014	2015
	(%)					
January	13.6	10.8	8.6	6.3	11.4	9.7
February	12.6	10.7	9.2	8.2	9.8	10.6
March	11.9	11.5	9.0	7.6	9.8	11.5
April	10.8	12.1	8.8	8.1	8.9	11.0
May	10.0	11.8	8.3	8.2	8.2	—
June	10.1	11.8	7.3	9.8	8.2	—
July	10.4	10.4	6.4	10.3	11.0	—
August	10.9	8.5	6.5	9.7	11.5	—
September	11.0	8.2	6.2	10.1	11.1	—
October	11.0	7.1	6.7	10.4	11.8	—
November	10.2	9.1	4.3	13.0	9.1	—
December	10.3	9.6	4.7	11.7	10.1	—

Sources: CAPMAS and CBE

The following table sets forth the current composition of the CPI and the relative weight of the component that CAPMAS uses to calculate the Urban CPI.

Composition and Weighting of the CPI	
Component	Weight
	(%)
Food and non-alcoholic beverages	39.92
Tobacco and related products	2.19
Clothing and footwear	5.41
Housing, water, electricity, gas and other fuels	18.37
Furnishings, household equipment and routine maintenance of dwellings	3.77
Medical care	6.33
Transportation	5.68
Communications	3.12
Recreation and culture	2.43
Education	4.63
Hotels, cafés and restaurants	4.43
Miscellaneous services	3.72

Sources: CAPMAS and CBE

The ninth series of the CPI was introduced in September 2010. The weights involved in the formation of the CPI were taken from the results of the 2008/09 survey of household income, expenditure and consumption, using January 2010 as a base period.

In its eight meetings held during 2010/11, the MPC kept the overnight lending and deposit rates broadly unchanged at 8.25% and 9.75%, respectively, and the discount rate at 8.5%.

During 2011/12, the MPC decided in its meetings held during July and October 2011 to keep the overnight deposit and lending rates, along with the discount rate, unchanged. However, as a precautionary measure against potentially higher inflationary pressures, the MPC decided in the November 2011 meeting to raise each rate, which then remained unchanged until the end of the fiscal year. To provide adequate liquidity for the banking system, the MPC decided in June 2012 to introduce a 28-day repurchasing agreement at various rate tenders with a minimum bid equal to the seven-day repurchase rate. The seven-day repurchases have been conducted by the CBE since March 2011. The CBE's Board of Directors also made two successive cuts to the required reserve ratio (from 14% to 12% and then to 10%).

While the CBE's interest rates (the overnight deposit and interest rates) underwent no change in MPC meetings convened between July 2012 and February 2013, they were raised in March 2013 by 50 basis points each, to 9.75% and 10.75%, respectively. The CBE's main operational rate was raised by 50 basis points to 10.25% and the discount rate was raised by 75 basis points to 10.25% at the same time.

The government revised the prices of several regulated items within the CPI basket upwards at the beginning of 2014/15, including fuel, electricity, and tobacco prices, in line with the Government's economic reform and subsidy restructuring programme. As a result, in July 2014, the MPC raised its policy rates by 100 basis points in order to pre-empt any second round inflationary effects of such regulated price increases, in line with its price stability mandate.

In January 2015, the MPC reduced its benchmark interest rate by 50 basis points, reflecting an improved inflation outlook as a result of declining oil prices and the subsequent revision of food price forecasts.

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

Source: CBE

Liquidity and Credit Aggregates

The following table sets forth the liquidity and credit aggregates for the periods indicated.

	Liquidity and Credit Aggregates					
	2009/10	2010/11	2011/12	2012/13	2013/14	Dec 2014
	<i>(LE millions, except where indicated)</i>					
M1 ⁽¹⁾	214,040	248,707	274,510	344,100	410,554	445,733
Domestic Liquidity (M2) ⁽²⁾	917,459	1,009,411	1,094,408	1,296,086	1,516,601	1,606,505
Change in Domestic Liquidity (%).....	10.4	10.0	8.4	18.4	17.0	15.8
Foreign Currency Deposits (as a % of M2).....	17.2	17.5	17.0	17.3	15.6	14.5
Foreign Currency Deposits (as a % of Total Deposits).....	20.2	21.0	20.7	21.3	19.0	17.5
Domestic Credit						
Government (net)	326,141	437,337	578,654	802,539	1,045,186	1,126,838
Public Business Sector.....	29,985	32,981	40,620	42,866	45,417	58,557
Private Business Sector.....	326,350	323,241	340,865	369,814	389,275	396,179
Household Sector	92,792	99,207	112,427	127,921	145,263	158,177
Total Domestic Credit	775,268	892,766	1,072,566	1,343,140	1,625,141	1,739,751
Year-on-year Change in Domestic Credit (%)...	11.5	15.2	20.1	25.2	21.0	19.0

Source: CBE

Notes:

(1) Money in circulation plus local currency demand deposits.

(2) M1 plus local currency time and saving deposits and foreign currency deposits.

Domestic liquidity grew by 65.3% over the five-year period from 2009/10 to 2013/14, while domestic credit increased by 109.6% over the same period.

Domestic liquidity increased on a year-on-year basis by LE 220.5 billion, or 17.0%, from 30 June 2013 to 30 June 2014, as compared to a LE 201.7 billion, or 18.4%, increase from 30 June 2012 to 30 June 2013. Domestic credit increased by LE 282.0 billion, or 21.0%, and LE 270.5 billion, or 25.2% over the same periods, respectively.

Foreign currency deposits, as a percentage of M2, declined from 17.3%, as at 30 June 2013, to 15.6%, as at 30 June 2014, primarily due foreign currency deposits increasing at a slower rate (EGP 12 billion) than the rate of increase of M2 (EGP 221 billion). Foreign currency deposits, as a percentage of total deposits, declined from 21.3%, as at 30 June 2013, to 19.0%, as at 30 June 2014.

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		
	Discount Rate	91-day Treasury Bills (%)	Overnight Interbank Rate
2010			
January	8.50	9.92	8.27
February	8.50	9.73	8.27
March	8.50	9.61	8.27
April	8.50	9.66	8.27
May	8.50	10.08	8.27
June	8.50	10.26	8.27
July	8.50	10.16	8.27
August	8.50	9.72	8.26
September	8.50	9.56	8.26
October	8.50	9.06	8.26
November	8.50	8.93	8.26
December	8.50	9.06	8.26

Interest Rates			
	Discount Rate	91-day Treasury Bills (%)	Overnight Interbank Rate
2011			
January	8.50	9.49	8.26
February	8.50	10.59	8.74
March	8.50	11.32	8.98
April	8.50	11.18	8.90
May	8.50	11.56	8.95
June	8.50	11.72	9.02
July	8.50	11.91	8.97
August	8.50	11.93	8.98
September	8.50	12.67	9.07
October	8.50	12.52	8.89
November	9.50	13.04	9.17
December	9.50	14.08	9.70
2012			
January	9.50	13.86	9.66
February	9.50	13.83	9.64
March	9.50	13.83	9.65
April	9.50	13.95	9.73
May	9.50	14.29	9.67
June	9.50	14.60	9.78
July	9.50	14.33	9.68
August	9.50	14.21	9.65
September	9.50	13.43	9.66
October	9.50	12.61	9.66
November	9.50	12.39	9.61
December	9.50	13.05	9.69
2013			
January	9.50	13.18	9.67
February	9.50	12.82	9.53
March	10.25	12.67	9.68
April	10.25	13.42	10.06
May	10.25	14.07	10.18
June	10.25	14.05	10.15
July	10.25	13.34	10.00
August	9.75	11.48	9.55
September	9.75	11.15	9.24
October	9.25	10.91	8.83
November	9.25	10.87	8.81
December	8.75	10.46	8.51
2014			
January	8.75	10.37	8.33
February	8.75	10.22	8.32
March	8.75	10.24	8.34
April	8.75	10.40	8.37
May	8.75	10.52	8.38
June	8.75	10.60	8.41
July	9.75	11.19	8.83
August	9.75	11.72	9.41
September	9.75	11.75	9.43
October	9.75	11.57	9.42
November	9.75	11.62	9.41
December	9.75	11.51	9.36
2015			
January	9.25	11.44	9.15
February	9.25	11.04	8.84
March	9.25	11.22	8.87
April	9.25	11.16	8.89

Source: CBE

Foreign Exchange Rates

The currency of the Republic is the Egyptian Pound. From 1991-2003, the exchange rate of the Egyptian Pound was pegged to the U.S. Dollar. In January 2003, the CBE abandoned the exchange rate mechanism within which the Egyptian Pound floated relative to the U.S. Dollar, and the Egyptian Pound now trades within loose bands against foreign currencies.

From 1992 to 1997, the increased foreign exchange earnings on the back of the stabilisation programme, external debt forgiveness and rescheduling made the currency peg sustainable during that period. However, in 1997, the Republic's balance of payments suffered from the combined effect of lower oil prices, reduced tourism revenues and reduced capital inflows following the Asian market crisis. Increased foreign currency demand in 1997 led to a shortage, in particular in respect of U.S. Dollars, and a gap developed between the official exchange rate announced by the CBE and the unofficial rate on the foreign exchange market. The CBE gradually increased the peg from U.S.\$1.00 = LE 3.45 in June 2000 to U.S.\$1.00 = LE 4.50 in January 2002. The CBE abandoned the peg on 29 January 2003.

Following the CBE's abandonment of the currency peg in 2003, the unofficial parallel market rate soared with heightened speculation in the foreign exchange market, reaching a premium of over 15%, as compared to the banking system rate in late 2003. However, in the second half of 2004, strong current account inflows and higher interest rates caused both the official and the unofficial foreign exchange rate to substantially converge.

On 23 December 2004, the CBE launched an online interbank system for foreign exchange trading. The system consolidated the supply of foreign exchange in the banking system whereby most banks became capable of satisfying their clients' foreign exchange needs, eroding the unofficial foreign exchange market and causing the Egyptian Pound to further appreciate against the U.S. Dollar. Accordingly, the Government abolished the foreign exchange surrender requirement that had been introduced in 2003. In 2013/14, the total transaction volume in the interbank system was EGP 489.9 billion. The upgrade of the CBE's foreign currency management and the interbank system was a major stabilising factor during the global financial crisis, in particular during the period from August to October 2008, during which the Republic experienced a net capital outflow as a result of the liquidation of certain foreign investors' position in domestic financial securities.

In order to enhance the efficiency of the foreign exchange market, the CBE introduced FX auctions alongside the foreign exchange interbank system. The aim is to enhance transparency in the foreign exchange market, reduce speculation and avoid depletion of international reserves by rationalising hard currency sourcing, which covered around three months of merchandise imports by the end of December 2012. The FX Auction is a regular auction for buying and selling U.S. Dollars through which banks offer their tenders to the CBE. The mechanism became effective on 30 December 2012.

Since then, the CBE has worked to ensure a properly functioning foreign exchange market in which it conducts auctions of foreign currency to domestic banks on a weekly and as needed basis with a goal of stabilising the foreign exchange market amid speculation. Recent auctions in January 2015 have shown increased flexibility in exchange rate movement, which serves to close the gap between the official and parallel markets while allowing for increased flexibility in the exchange rate itself. In January 2015, the Egyptian Pound depreciated against the U.S. Dollar by 6.3% at 10 consecutive auctions.

The CBE has in the past intervened, and may continue in the future to intervene, in the exchange rate. For example, since June 2013, external support, in particular from GCC countries, has permitted the CBE to stabilise the official exchange rate, while the nominal exchange rate has depreciated, the real effective exchange rate has appreciated due to high inflation differentials with trading partners and the appreciation of the U.S. Dollar against other major currencies. In addition, restrictions in auctions and on the interbank market, as well as only partial clearance of foreign exchange requests from commercial banks, has generated a parallel market for foreign exchange. On occasion, there has been a shortage of U.S. Dollars in the Egyptian market to service foreign currency transactions.

See *“Risk Factors—Risk Factors Relating to Egypt—Any significant depreciation of the Egyptian Pound against the U.S. Dollar, the Euro or other major currencies would have a material adverse effect on Egypt’s ability to repay its debt denominated in currencies other than the Egyptian Pound, including amounts due under the Notes”*.

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⁾							
2010	2011	2012	2013	2014	January 2015	February 2015	March 2015
(LE per U.S.\$1)							
5.622	5.933	6.056	6.869	7.079	7.259	7.600	7.629

Source: CBE

Note:

(1) The rates in this table may differ from the actual rates used in the preparation of the information appearing in this Base Prospectus. See “Presentation of Information”.

In the period from July 2013 to March 2015, the value of the Egyptian Pound, calculated on a monthly average basis, has depreciated against the U.S. Dollar from U.S.\$1.00 = LE 7.007 to U.S.\$1.00 = LE 7.629, or by 8.9%. On 21 May 2015, the market exchange rate (buy rate) as published by the CBE was U.S.\$1.00 = LE 7.608.

Since the launch of the interbank system at the end of 2012, the average daily interbank volume was approximately U.S.\$180 million. This volume declined in 2013 in part due to the introduction of the foreign exchange auction mechanism by the CBE.

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.

Net International Reserves

Net international reserves (“NIR”) with the CBE increased by U.S.\$1.8 billion, or 11.7%, in 2013/14, to U.S.\$16.7 billion as at 30 June 2014 (from U.S.\$14.9 billion as at 30 June 2013). This increase was primarily due to an increase of approximately U.S.\$1.5 billion in foreign currency holdings. NIR covered 3.3 months of merchandise imports as at 30 June 2014 and were U.S.\$20.5 billion as at 30 April 2015, thereby covering 3.8 months of merchandise imports.

Despite the recent instability in Egypt, and the corresponding pressures on NIR, Egypt fulfilled all of its external commitments. Current banking policies seek to ensure a stable exchange rate, a functioning foreign exchange market and to encourage foreign exchange inflows.

The following table sets forth the NIR of the CBE as at the end of each period.

Net International Reserves						
	2009/10	2010/11	2011/12	2012/13	2013/14 ⁽¹⁾	February 2015
	(U.S. millions)					
Net International Reserves	35,221	26,564	15,534	14,936	16,687	15,456
Gross Official Reserves	35,248	26,593	15,556	14,960	16,710	15,477
Gold	2,180	2,743	3,303	2,463	2,662	2,464
Foreign Currencies	31,774	22,450	10,926	11,181	12,695	11,777
Special Drawing Rights	1,210	1,311	1,243	1,233	1,274	1,169
Loans to IMF	84	89	84	83	79	67
Banks’ Net Foreign Assets	16,184	17,809	13,462	12,122	11,452	4,656
Assets	21,703	23,312	18,947	16,886	16,224	11,661
Liabilities	5,519	5,503	5,485	4,764	4,772	7,005
NIR in months of merchandise imports	8.6	6.3	3.2	3.1	3.3	2.9

Source: CBE

Note:

(1) Preliminary data.

The Establishment of the Egyptian Financial Services Authority

The EFSA was established in 2009 as an integrated financial supervisory authority. See “The Economy—Egyptian Financial Services Authority”.

The Egyptian Stock Market

Egypt's stock exchange, the EGX, is governed by a board of directors. The EGX's predecessor exchanges, the Alexandria Stock Exchange and the Cairo Exchange, were established in 1883 and 1903, respectively. Government policies adopted in the mid-1950s led to a drastic reduction in activity on the exchanges, which remained dormant between 1961 and 1992.

The then-Government's economic reform programme resulted in the adoption of the Capital Market Law № 95 of 1992 ("**Law 95**"), which empowered the CMA, an independent institution that has since been replaced by the EFSA, 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. Currently 33 companies are listed on the NILEX, of which nine were listed in 2014. As of December 2015, the market capitalisation of the NILEX was LE 1.1 billion.

Misr for Central Clearing, Depository and Registry ("**MCDR**") was established in 1994 to handle clearing and settlement operations. Its shareholders include the EGX, brokers and dealers, the public and private sector banks. Since the establishment of MCDR, the securities market has been moving towards dematerialisation of certificates. 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.

The EGX, in collaboration with the EFSA, is continuously working on review of the listing and disclosure rules to ensure further enforcement of corporate governance, help improve the business environment and to ensure that the EGX attracts and retains quality issuers with sustainable business models.

In relation to this work, major amendments have been introduced in recent years, including EFSA approval of the amendments to the listing rules in 2011 with regard to initial public offerings, treasury stocks and the obligation imposed on companies to release their shareholding structure. The NILEX listing rules were also amended to provide investor protections, through freezing 25% of a company's shares to be held by the founders and the board members for at least two consecutive fiscal years from the date of the offering.

To ensure greater transparency, the listing rules were amended in 2012, obliging listed companies to launch a website in order to publish their annual and periodical financial statements with explanatory statements as well as the auditor's reports and other data and information defined by the EGX. Additionally, the rules concerning the listing of the subscription of rights issues were also amended in 2012.

Further changes to the listing rules were introduced in 2014, which, among other things, improved minority protection rights.

In accordance with technological developments, the EGX upgraded its trading platform to OMX high performance "X-Stream" solution in 2008. Additionally, the EGX launched a new automated surveillance trading system in 2012 from "Millennium IT", a member of the London Stock Exchange Group, to increase investors' confidence and to ensure maximum protection for investors.

In order to increase cross border trading, the EGX launched a FIX HUB in 2012 to enable international investors to trade Egyptian securities easily through a FIX gateway which will facilitate foreign investors' entry to the market thereby enhancing the Egyptian markets liquidity.

The EGX has continued to intensify its efforts to strengthen its international presence through becoming a member of the following organisations:

- the World Federation of Exchanges (WFE);
- the African Securities Exchanges Association (ASEA);
- Vice President of the Federation of Euro-Asian Stock Exchanges (FEAS);
- A founding member of the Union of Arab Exchanges; and
- An affiliate member of the International Organisation of Securities Commissions (IOSCO).

EGX 30 Performance

The EGX 30 Index (the “**Index**”) grew by 15% in 2010, before decreasing by approximately 49% in 2011 as a result of political instability following the 2011 Revolution. The Index grew by 51% in 2012, showing renewed market confidence. In 2013, the Index grew by 24.2% and continued to grow in 2014, by 31.6%, as a result of increased political stability and reaction to the economic reforms announced and implemented by the Government.

As at 31 March 2015, the EFSA licenced three brokerage companies, 48 mutual fund managers, 19 underwriting and venture capital companies and one company for clearing and settlements. As at 31 December 2014, there were 214 listed companies on the main market of the EGX, with a total market capitalisation of LE 500 billion.

The following table sets forth selected indicators for the EGX as at 31 December of each year.

Selected Indicators for the Egyptian Exchange					
	As at 31 December				
	2010	2011	2012	2013	2014
Total Market Capitalisation ⁽¹⁾ (LE billion)	488.0	294.0	376.0	427.0	500.0
Total Market Capitalisation (% of GDP)	40.0	19.0	24.0	20.8	21.5
Total Value of Trading (LE billion) ⁽²⁾	321.0	148.0	185.0	162.0	291.0
Number of Listed Companies ⁽¹⁾	212.0	213.0	213.0	212.0	214.0
Number of Transactions (million)	10.2	5.6	6.2	4.7	7.2
EGX 30 Index (end of period).....	7,142.0	3,622.0	5,462.0	6,783.0	8,927.0

Source: EGX

Notes:

(1) Main market.

(2) Listed, NILEX & OTC. Trading on NILEX has been effective since 3 June 2010.

PUBLIC FINANCE

The Budget Process

The Government's fiscal year runs from 1 July to 30 June. In October of each year, the Ministry of Finance issues a circular to all Government authorities outlining in a general manner the fiscal policies, targets and economic assumptions to be adhered to in the preparation of their respective budgets. By December of each year, the Ministry of Finance receives and reviews the draft budgets submitted by Government authorities, following which mutual discussions of submitted budgets take place through joint committees. Such submitted budgets may be revised by the Ministry of Finance's Budget Department to ensure that the aggregate revenue and expenditure figures in the draft budget conform with the integrated macroeconomic targets previously set by the Macro Fiscal Policy Unit (the "MFPU").

By the following February, the Ministry of Finance submits a preliminary draft budget (comprising the budgets of the Government, the central and local administration units and service authorities) to the Ministerial Economic Sub-committee, which is headed by the Prime Minister. The Ministerial Economic Sub-committee may introduce amendments to the draft budget before submitting the budget to the Council of Ministers for approval. The final budget is then submitted first to the President and then to the Parliament before the end of March, following which the budget is discussed among various Parliamentary committees and must be approved and ratified in an annual budget law by Parliament before the end of June. In the event that Parliament 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 Parliament for ratification.

Prior to the end of each fiscal year, the Final Accounts Department at the Ministry of Finance issues a circular to all Government authorities with instructions regarding the preparation of their final accounts. The Government authorities then submit their final accounts to the Ministry of Finance and the Accountability State Authority (the "ASA"), which audits the accounts both on a standalone (for each Government authority) and consolidated basis. Final accounts are submitted by the Minister of Finance to Parliament before the end of October of each year for ratification.

Treatment of Public Sector and State-Owned Enterprises

Law № 53 of 1973, as amended, together with executive regulations made thereunder regulate the process of preparing and implementing the General State Budget of the Republic. The consolidated general Government account is comprised of the budget sector, the National Investment Bank ("NIB") and the Social Insurance Fund ("SIF"). Fiscal reporting is completed on a consolidated cash basis, which requires the exclusion of financial interrelations among the consolidated bodies.

The budget sector consolidates the fiscal operations of the following entities:

- Central Administration Units, such as Ministries and their affiliated agencies;
- Local Administration Units, representing the 27 governorates; and
- Service Authorities.

Both Local Administration Units and Service Authorities depend on the treasury to finance their respective yearly deficits.

There are two levels of published public finance data, (i) stand-alone budget sector fiscal data, and (ii) general Government fiscal data, which include consolidated fiscal data of the budget sector, the NIB and Social Insurance Funds accounts.

Service Authorities (budget sector)

Service Authorities are Government-owned and administered organisations operating on a non-profit basis, such as Cairo University, the National Sewage Authority, the National Meteorology Authority and the National Authority for Roads and Bridges. Service Authorities generally provide public services, including public infrastructure services, education, health and research.

Economic Authorities

Economic Authorities, such as the Suez Canal Authority, the General Authority for Supply of Commodities, the New Urban Communities Authority, the National Postal Authority and the Radio and Television Authority are owned by the Government but operate on a for profit basis. For purposes of the financial information set out in this Base Prospectus, EGPC, an economic corporation, 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 similar to private sector companies, seeking to maximise shareholder value. The profits of these companies are accounted for in the national budget in the form of dividends. The Government may also inject capital in such companies through capital contributions (in the case of a deficit). Other Government-owned entities include public sector banks regulated by Law № 88 of 2003, including National Bank of Egypt and Bank Misr, and holding companies regulated by Law № 203 of 1991, including Misr Insurance Holding Company, the Egyptian Electricity Holding Company (“**EEHC**”), Egyptian Natural Gas Holding Company (EGAS) and the Egyptian Petrochemicals Holding Company (ECHEM).

Improving Budget Classification

According to Law № 97 of 2005, the annual State Budget is prepared in accordance with the IMF 2001 Government Finance Statistics (“**GFS**”) classification standard (modified to cash principles). This system is consistent with international budget accounting practices and is designed to generate standardised reporting during the year and to facilitate comparisons with budgets prepared by other countries. These accounting procedures were adopted to bring greater transparency to the budget and public sector economic activity. This permits better analysis of resources and expenditures to improve efficiency and to ensure that the budget remains focused on the social and economic priorities of the Government.

GFS distinguishes between economic, administrative and functional classifications. There is a clear distinction between revenues, expenditures and financing transactions, as well as between transfers and exchange transactions. Fiscal policy is monitored on the basis of the cash surplus/deficit and the overall fiscal balance.

Budget Automation

Use of an Automated Government Expenditure System (“**AGES**”) has led to more efficient preparation of the budget and improved control of spending. The Ministry of Finance has applied the AGES since 2007/08 to link all budget entities to a central unit at the Ministry of Finance in order to facilitate the process of budget preparation, monitor expenditure more effectively, limit the use of cash in Government transactions and automate the issuance of end of year closing accounts. Pursuant to Circular № 2 of 2015, the Minister of Finance extended the application of the AGES across all budget entities and items, including wages and salaries, which is expected to permit the Ministry of Finance to monitor the public wage bill more effectively.

The Treasury Single Account (TSA)

Law № 139 of 2006 established the Treasury Single Account (“**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 fiscal sustainability analysis by the MFPU. The draft budget for 2015/16 includes a section on medium-term projections and Ministry of Finance medium-term fiscal and debt objectives. The MFPU prepares economic and fiscal policy advice for the Minister of Finance. The MFPU has the following key functions:

- producing medium-term budget projections consistent with the overall macroeconomic framework;
- monitoring budget execution to identify important developments and recommend appropriate action;
- recommending structural reforms to facilitate the sustainability of the fiscal and macroeconomic sectors;
- assessing macroeconomic and fiscal effects of different revenue and expenditure policy options;
- coordinating technical consultations between the Ministry of Finance and international financial institutions; and
- monitoring international economic developments to assess the impact on Egypt's economy.

Fiscal Policy and Budget Performance

The soundness of public finances is a key pillar in the Government's economic programme, which aims to balance fiscal consolidation efforts with social objectives in order to promote inclusive and sustainable economic growth through, *inter alia*, enhancing tax efficiency and reprioritising public spending. As part of its economic programme, the Government has established key economic targets for 2018/19, including to reduce the budget deficit to 8-8.5% of GDP and to reduce the gross budget sector debt to 80-85% of GDP. See "*The Economy—Recent Developments and Reforms*".

Recent Budgets

The budget law for 2014/15 was ratified in July 2014 with a projected budget deficit to GDP ratio of 10.0%, as compared to an actual deficit ratio of 12.8% of GDP in 2013/14 and an actual deficit ratio of 13.7% in 2012/13. Preliminary estimates indicate that the actual budget deficit for 2014/15 will be approximately 10.5% of GDP, or 0.5% higher than budget estimates, primarily due to a downward revision in GDP projections due to lower than expected inflation.

The budget for 2014/15 has been prepared on the basis of the following key economic assumptions:

- economic growth of 3.2%;
- average inflation of 14.5%;
- an average oil price (Brent crude oil) of U.S.\$105/bbl; and
- global economic growth of 3.7%.

The following table sets out the budgets for the periods indicated.

Budgets-2013/14—2014/15		
	2013/14	2014/15⁽¹⁾
	<i>(LE millions)</i>	
Revenues and Grants.....	456,788	548,632
Tax Revenue.....	260,289	364,290
Grants.....	95,856	23,492
Other Revenues.....	100,642	160,850
Expenditures	701,514	789,431
Wages and Salaries.....	178,589	207,243
Purchases of Goods and Services	27,247	33,070
Interest Payments	173,150	199,011
Subsidies, Grants and Social Benefits.....	228,579	233,853
Other Expenditures.....	41,068	49,065
Purchases of Non-Financial Assets.....	52,882	67,189
Cash Deficit	244,727	240,799
Net Acquisition of Financial Assets	10,713	(827)
Overall Fiscal Deficit	255,439	239,972
Overall Deficit/GDP (%) ⁽²⁾	12.8	10.0
Primary Deficit/GDP (%) ⁽²⁾	4.1	1.7
Revenues/GDP (%) ⁽²⁾	22.9	22.8
Expenditure/GDP (%) ⁽²⁾	35.1	32.8

Source: Ministry of Finance

Notes:

- (1) Budgeted as approved in July 2014. No assurance can be given that the actual financial performance and condition will match the forecasts in the Republic's budget.
- (2) For 2014/15, the Ministry of Finance's budgeted GDP figure of LE 2,403.4 billion has been used.

Revenues

Total revenues for 2014/15 are budgeted to be LE 549 billion, as compared to LE 457 billion in the 2013/14 budget, representing an annual increase of 20.1%, primarily due to an increase in tax revenues. Tax revenues are budgeted to increase by 40.0% to LE 364 billion for 2014/15, as compared to LE 260 billion for 2013/14. This budgeted increase is principally due to: (i) recently introduced taxes on capital gains and dividends (which were expected to generate revenues of LE 4.2 billion, although the introduction of the new capital gains tax was postponed in May 2015 for a period of two years); (ii) a 5.0% increase in income tax rates for businesses and individuals earning more than LE 1 million (which is expected to generate revenues of LE 3.5 billion); (iii) the implementation of measures to close tax loopholes, improve collection processes and strengthen tax administration (which is expected to generate revenues of LE 2.2 billion); (iv) the application of property tax to residential and commercial buildings valued at LE 2 billion or above (which is expected to generate revenues of LE 3.5 billion); (v) amendments to the mining law and the introduction of new telecommunications licence fees (which are expected to generate revenues of LE 4.0 billion and LE 3.5 billion, respectively); and (vi) the implementation of the new VAT law, which was budgeted on a half year basis but is now expected to come into force in 2015/16.

Total grants for 2014/15 are budgeted to be LE 23 billion, as compared to LE 96 billion in 2013/14, representing an annual decrease of 75.5%.

Other revenues comprising mainly of year-end profits, royalties and dividends transferred to the treasury from various Economic Authorities, such as the Suez Canal, EGPC, the New Urban Community Authority, or public sector banks and publicly-owned companies for 2014/15 are budgeted at 161 billion, as compared to LE 101 billion for 2013/14, representing an annual increase of 59.8%. This increase was primarily due to a 78.7% increase in dividend income from LE 54 billion in 2013/14 to LE 96 billion in 2015/14, in turn, due to increased dividends expected from EGPC (as a result of subsidy reform policies) and an expected increase in dividend income from the CBE (as a result of an expected increase in interest by the CBE to be collected on Government debt).

Expenditures

Government expenditure is budgeted to increase by 12.5% to LE 789 billion in 2014/15, as compared to LE 702 billion in 2013/14. This increase is primarily due to a 16.0% increase in wages and salaries from LE 179 billion in 2013/14 to LE 207 billion in 2014/15 and a 14.9% increase in interest payments from LE 173 billion in 2013/14 to LE 199 billion in 2014/15.

Subsidies, grants and social benefits, which include subsidies for commodities (mainly fuel and food), transportation, medicine and exports, are budgeted to be LE 234 billion in 2014/15, as compared to LE 229 billion in 2013/14, representing an annual increase of 2.3%, principally due to the early stages of the Government's subsidy reform programme. See "*Social Spending and Subsidies*". Pricing adjustments, which primarily target gasoline, fuel oil, diesel and natural gas are projected to yield LE 45 billion in gross savings for the 2014/15 budget.

2015/2016 Budget

The proposed budget for 2015/16 was submitted by the Ministry of Finance to the Ministerial Economic Sub-Committee, where it is under discussion. The draft 2015/16 budget targets a budget deficit of 10.0% of GDP.

The priorities of the draft 2015/2016 budget are to continue the fiscal consolidation programme in order to meet the Government's economic targets through continued tax reforms (including the implementation of VAT) and rationalisation of public expenditure (including through continued subsidy reform and control of the public wage bill).

The draft 2015/16 budget is being prepared based on the following key economic assumptions:

- economic growth of 5.0%;
- average inflation of 11.0%;
- an average oil price (Brent crude oil) of U.S.\$65/bbl; and
- global economic growth of 3.3%.

2014/15 Interim Results

The following table sets forth Egypt's actual fiscal results for the periods indicated.

	Interim Results—July-March ⁽¹⁾	
	July 2013 - March 2014	July 2014 - March 2015 ⁽²⁾
	(LE millions)	
Revenues and Grants	282,701	282,127
Tax Revenues.....	168,958	204,903
Grants.....	51,395	7,905
Other Revenues.....	62,348	69,319
Expenditures	423,022	490,646
Wages and Salaries.....	121,905	143,300
Purchases of Goods and Services	16,090	18,765
Interest Payments	113,777	127,087
Subsidies, Grants and Social Benefits.....	118,205	133,370
Other Expenditures.....	26,365	34,088
Purchases of Non-Financial Assets.....	26,680	34,038
Cash Deficit ⁽³⁾	140,321	208,519
Net Acquisition of Financial Assets	4,638	9,732
Overall Fiscal Deficit	144,959	218,251
Overall Deficit/GDP (%) ⁽⁴⁾	7.3	9.4
Primary Deficit/GDP (%) ⁽⁴⁾	1.6	3.9
Revenues/GDP (%) ⁽⁴⁾	14.2	12.2
Expenditure/GDP (%) ⁽⁴⁾	21.2	21.1

Source: Ministry of Finance

Notes:

- (1) Results for interim periods are not necessarily indicative of full year results.
- (2) Preliminary data as at 31 March 2015.
- (3) Overall deficit excluding net acquisition of financial assets.
- (4) July-March ratios are based on full year GDP. For 2014/15, the Ministry of Finance's estimated GDP figure of LE 2,403.4 billion has been used.

Revenues

Total revenues and grants decreased by 0.2% to LE 282.1 billion in July-March 2014/15 from LE 282.7 billion in July-March 2013/14, primarily due to a decrease in exceptional grants in 2014/15, which was partially offset by an increase in tax revenues. Tax revenues increased by 21.3% to LE 204.9 billion in July-March 2014/15 from LE 168.9 billion in July-March 2013/14, primarily due to a 13.4% increase in dividend income, which was, in turn, due to a 47.9% increase in taxes from industrial and commercial profits and a 35.0% increase in taxes from other companies to LE 5.6 billion and LE 16.2 billion, respectively. In addition, sales tax on goods and services increased by 34.8% to LE 86.4 billion in July-March 2014/15, as compared to LE 64.1 billion in July-March 2013/14. Taxes on international trade also increased from LE 12.4 billion in July-March 2013/14 to LE 16.4 billion in July-March 2014/15, reflecting tighter controls on traded goods at Egypt's ports. Grants decreased by 84.6% to LE 7.9 billion in July-March 2014/15 from LE 51.4 billion in July-March 2013/14, primarily due to the non reoccurrence of exceptional cash grants from GCC countries and other countries and in-kind petroleum grants received in July-March 2013/14. Other revenues increased by 11.2% to LE 69.3 billion in July-March 2014/15 from LE 62.3 in July-March 2013/14.

Expenditures

Total expenditures increased by 16.0% to LE 490.6 billion (or 21.1% of GDP) in July-March 2014/15 from LE 423.0 billion (or 21.2% of GDP) in July 2013/14, primarily due to increases in all expenditure items. Wages and salaries increased by 17.6% to LE 143.3 billion in July-March 2014/15 from LE 121.9 billion in July 2013/14, primarily due to increases in teachers' special cadre allowances, minimum wage allowances, specific allowances and in-kind benefit allowances. Purchases of goods and services increased by 16.6% to LE 18.8 billion in July-March 2014/15 from LE 16.0 billion in July 2013/14, primarily due to increased spending on raw materials, maintenance and transportation. Interest payments increased by 11.7% to LE 127.1 billion in July-March 2014/15 from LE 113.8 billion in July 2013/14, primarily due to increases in domestic interest. Subsidies, grants and social benefits increased by 12.8% to LE 133.5 billion in July-March 2014/15 from LE 118.2 billion in July 2013/14, primarily due to the settlement of arrears to

international oil and gas companies. See “—*Social Spending and Subsidies*”. Other expenditures increased by 29.3% to LE 34.1 billion in July-March 2014/15 from LE 26.4 billion in July 2013/14. Purchases of non-financial assets increased by 27.6% to LE 34.0 billion in July-March 2014/15 from LE 26.7 billion in July 2013/14, primarily due to increased spending on direct investments in line with the Government’s policy to increase investment allocations for infrastructure, health and education.

Public Accounts

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

Overview of Government Fiscal Operations Budget Sector⁽¹⁾						
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15⁽²⁾
	<i>(LE millions)</i>					
Revenues and Grants.....	268,114	265,286	303,622	350,322	456,788	548,632
Tax Revenues.....	170,494	192,072	207,410	251,119	260,289	364,290
Income Tax	76,618	89,593	91,245	117,762	120,925	169,665
Property Taxes.....	8,770	9,452	13,089	16,453	18,761	26,159
Taxes on Goods and Services.....	67,095	76,068	84,594	92,924	91,867	137,163
Taxes on International Trade.....	14,702	13,858	14,788	16,771	17,673	20,694
Other Taxes.....	3,309	3,102	3,694	7,208	11,062	10,608
Grants.....	4,333	2,287	10,104	5,208	95,856	23,492
Other Revenues.....	93,288	70,927	86,108	93,996	100,642	160,850
Returns on Financial Assets.....	54,571	41,188	55,979	56,494	56,990	116,778
Proceeds from Sales of Goods and Services	17,212	17,405	17,819	22,733	28,499	21,831
Other	20,400	10,779	11,118	13,677	13,547	21,011
Expenditures	365,987	401,866	470,992	588,188	701,514	789,431
Wages and Salaries.....	85,369	96,271	122,818	142,956	178,589	207,243
Purchases of Goods and Services	28,059	26,148	26,826	26,652	27,247	33,070
Interest Payments	72,333	85,077	104,441	146,995	173,150	199,011
Subsidies, Grants and Social benefits	102,974	123,125	150,193	197,093	228,579	233,853
Other Expenditures.....	28,901	31,364	30,796	34,975	41,068	49,065
Purchases of Non-Financial assets.....	48,350	39,881	35,918	39,516	52,882	67,189
Cash Deficit⁽³⁾	97,872	136,580	167,370	237,865	244,727	240,799
Net Acquisition of Financial assets.....	166	(2,120)	(665)	(1,854)	10,713	(827)
Overall Fiscal Deficit	98,038	134,460	166,705	239,719	255,439	239,972
Overall Deficit/GDP (%) ⁽⁴⁾	8.1	9.8	10.6	13.7	12.8	10.0
Primary Deficit/GDP (%) ⁽⁴⁾	2.1	3.6	4.0	5.3	4.1	1.7
Revenues/GDP (%) ⁽⁴⁾	22.2	19.3	19.3	20	22.9	22.8
Expenditure/GDP (%) ⁽⁴⁾	30.3	29.3	29.9	33.5	35.1	32.8

Source: Ministry of Finance

Notes:

- (1) The figures in this table have been revised and differ from previously published data.
- (2) Budgeted as approved in July 2014.
- (3) Overall deficit excluding net acquisition of financial assets.
- (4) For 2014/15, the Ministry of Finance’s budgeted GDP figure of LE 2,403.4 billion has been used.

Overview

Total budget sector tax revenues have grown over each of the past four years from LE 170.5 billion in 2009/10 to LE 260.3 billion in 2013/14. Total budget sector tax revenues are budgeted to be LE 364.3 billion in 2014/15. Total budget sector tax revenues increased by 4.5% in 2009/10, 12.7% in 2010/11, 8.0% in 2011/12, 21.1% in 2012/13 and 3.7% in 2013/14 and are budgeted to increase by 40.0% in 2014/15. Principal factors in the growth of revenues since 2009/10 include GDP growth and increases in tax revenues.

Total budget sector expenditures have also grown over each of the past four years from LE 366.0 billion in 2009/10 to LE 701.5 billion in 2013/14. Total budget sector expenditures are budgeted to be LE 789.4 billion in 2014/15. Total budget sector expenditures increased by 4.1% in 2009/10, 9.8% in 2010/11, 17.2% in 2011/12, 24.9% in 2012/13 and 19.3% in 2013/14 and are budgeted to increase by 12.5% in 2014/15. Principal factors in the growth of expenditures since 2009/10 include the growth of the wages and subsidies bills, as well as increases in interest payments as a result of increasing levels of public debt.

The overall fiscal deficit was LE 255.4 billion in 2013/14 (12.8% of GDP), as compared to LE 239.7 billion in 2012/13 (13.7% of GDP), LE 166.7 billion in 2011/12 (10.6% of GDP), LE 134.5 billion in 2010/11 (9.8% of GDP) and LE 98.0 billion in 2009/10 (8.1% of GDP). The overall fiscal deficit is budgeted to be LE 240.0 billion in 2014/15 (10.0% of GDP).

Revenues

The Government's principle sources of revenues are corporation taxes, general sales taxes, customs duties and transferred profits (dividends) from Government-owned entities. The Government also receives revenue in the form of grants from international agencies and countries.

The following table sets out budget sector revenues for the periods indicated.

	Revenues ⁽¹⁾					
	2009/10 ⁽²⁾	2010/11 ⁽²⁾	2011/12 ⁽²⁾	2012/13 ⁽²⁾	2013/14 ⁽²⁾	2014/15 ⁽³⁾
	(LE millions)					
Total Revenues and Grants	268,114	265,286	303,622	350,322	456,788	548,632
Annual Change (%).....	(5.1)	(1.1)	14.5	15.4	30.4	20.1
Percentage of GDP ⁽⁴⁾	22.2	19.3	19.3	20.0	22.9	22.8
Percentage of Tax Revenues	157.3	138.1	146.4	139.5	175.5	150.6
Tax Revenues.....	170,494	192,072	207,410	251,119	260,289	364,290
Annual Change (%).....	4.5	12.7	8.0	21.1	3.7	40.0
Percentage of GDP ⁽³⁾	14.1	14.0	13.2	14.3	13.0	15.2
Percentage of Total Revenues and Grants.....	63.6	72.4	68.3	71.7	56.9	66.4
Taxes on Income, Profits and Capital Gains.....	76,618	89,593	91,245	117,762	120,925	169,665
Annual Change (%).....	(4.5)	16.9	1.8	29.1	2.7	40.3
Percentage of GDP ⁽⁴⁾	6.3	6.5	5.8	6.7	6.1	7.1
Percentage of Total Revenues and Grants.....	28.6	33.8	30.1	33.6	26.5	30.9
Percentage of Tax Revenues	44.9	46.6	44.0	46.9	46.5	46.6
Property Tax	8,770	9,452	13,089	16,453	18,761	26,159
Annual Change (%).....	217.4	7.8	38.5	25.7	14.0	39.4
Percentage of GDP ⁽⁴⁾	0.7	0.7	0.8	0.9	0.9	1.1
Percentage of Total Revenues and Grants.....	3.3	3.6	4.3	4.7	4.1	4.8
Percentage of Tax Revenues	5.1	4.9	6.3	6.6	7.2	7.2
Taxes on Goods and Services ...	67,095	76,068	84,594	92,924	91,867	137,163
Annual Change (%).....	7.1	13.4	11.2	9.8	-1.1	49.3
Percentage of GDP ⁽⁴⁾	5.6	5.5	5.4	5.3	4.6	5.7
Percentage of Total Revenues and Grants.....	25	28.7	27.9	26.5	20.1	25.0
Percentage of Tax Revenues	39.4	39.6	40.8	37.0	35.3	37.7
Taxes on International Trade...	14,702	13,858	14,788	16,771	17,673	20,694
Annual Change (%).....	4.3	(5.7)	6.7	13.4	5.4	17.1
Percentage of GDP ⁽⁴⁾	1.2	1.0	1.0	1.0	0.9	0.9
Percentage of Total Revenues and Grants.....	5.5	5.2	4.9	4.8	3.9	3.8
Percentage of Tax Revenues	8.6	7.2	7.1	6.7	6.8	5.7
Grants.....	4,333	2,287	10,104	5,208	95,856	23,492
Annual Change (%).....	(45.7)	(47.2)	341.8	(48.5)	1740.7	(75.5)
Percentage of GDP ⁽⁴⁾	0.4	0.2	0.7	0.3	4.8	1.0
Percentage of Total Revenues and Grants.....	1.6	0.9	3.3	1.5	21.0	4.3
Percentage of Tax Revenues	2.5	1.2	4.9	2.1	36.8	6.4
Other Revenues	93,288	70,927	86,108	93,996	100,642	160,850
Annual Change (%).....	(16.2)	(24.0)	21.4	9.2	7.1	59.8
Percentage of GDP ⁽⁴⁾	7.7	5.2	5.5	5.4	5.0	6.7
Percentage of Total revenues and Grants.....	34.8	26.7	28.4	26.8	22.0	29.3
Percentage of Tax Revenues	54.7	36.9	41.5	37.4	38.7	44.2

Source: Ministry of Finance

Notes:

- (1) The figures in this table have been revised and differ from previously published data.
- (2) Actual revenue figures.
- (3) Budgeted as approved in July 2014.
- (4) For 2014/15, the Ministry of Finance's estimated GDP figure of LE 2,403.4 billion has been used.

Total budget sector revenues increased from LE 350.3 billion in 2012/13 to LE 456.8 billion in 2013/14, representing a 30.4% increase.

Tax revenues include income tax, corporation income tax, general sales tax and customs duties. EGPC and the Suez Canal are principal sources of corporate income tax revenues, contributing LE 46.1 billion and LE 14.3 billion, respectively, in corporate income tax for 2013/14.

Tax revenues increased by 3.7% to LE 260.3 billion in 2013/14 from LE 251.1 billion in 2012/13. The increase in tax revenues was primarily driven by an increase in income tax by 2.7% to LE 120.9 billion from in 2013/14, as compared to LE 117.8 billion in 2012/13, primarily due to (i) a 14.3% increase in taxes on domestic salaries; (ii) a 17.8% increase in receipts from the Suez Canal; and (iii) a 38.2% increase in taxes on industrial and commercial profits. Property taxes increased by 14.0% to LE 18.8 billion in 2013/14, as compared to LE 16.5 billion in 2012/13, primarily due to a 15.9% increase in proceeds from tax on interest on treasury bills and bonds. Other taxes increased by 53.5% LE 11.1 billion in 2013/14, as compared to LE 7.2 billion in 2012/13. Taxes on international trade increased by 5.4% to LE 17.7 billion in 2013/14, as compared to LE 16.8 billion in 2012/13. In 2013/14, tax revenues accounted for 56.9% of total budget sector revenues, as compared to 71.7% in 2012/13.

Non-tax revenues mainly comprise grants, the proceeds of assets sales, as well as yearly royalties, profits and dividend transfers from the Suez Canal, the CBE, various Economic Authorities and other public sector enterprises. Non-tax revenues increased by 98.1% to LE 196.5 billion in 2013/14 from LE 99.2 billion in 2012/13, primarily due to (i) a 1,740.6% increase in grants to a record of LE 96 billion in 2013/14 as a result of LE 21 billion in cash grants received from the United Arab Emirates and Saudi Arabia, LE 53 billion in-kind grants in the form of petroleum products received from certain Gulf states and a LE 20 billion grant as part of deposits at the CBE placed by GCC countries; and (ii) a 25.4% increase in proceeds from sales of goods and services, which was, in turn, due to a 28.6% increase in current revenue from special accounts and funds. In 2013/14, non-tax revenues accounted for 43.0% of total budget sector revenues, as compared to 28.3% in 2012/13.

Expenditures

The following table sets out budget sector expenditures for the periods indicated.

	Expenditures ⁽¹⁾					
	2009/10 ⁽²⁾	2010/11 ⁽²⁾	2011/12 ⁽²⁾	2012/13 ⁽²⁾	2013/14 ⁽²⁾	2014/15 ⁽³⁾
	(LE millions)					
Expenditures	365,987	401,866	470,992	588,188	701,514	789,431
Annual Change (%).....	4.1	9.8	17.2	24.9	19.3	12.5
Percentage of GDP ⁽⁴⁾	30.3	29.3	29.9	33.5	35.1	32.8
Percentage of Tax Revenues	214.7	209.2	227.1	234.2	269.5	216.7
Wages and Salaries.....	85,369	96,271	122,818	142,956	178,589	207,243
Annual Change (%).....	12.1	12.8	27.6	16.4	24.9	16.0
Percentage of GDP ⁽⁴⁾	7.1	7.0	8.0	8.2	8.9	8.6
Percentage of Total Expenditures.....	23.3	24	26.1	24.3	25.5	26.3
Percentage of Tax Revenues	50.1	50.1	59.2	56.9	68.6	56.9
Purchases of Goods and Services.	28,059	26,148	26,826	26,652	27,247	33,070
Annual Change (%).....	11.9	(6.8)	2.6	-0.6	2.2	21.4
Percentage of GDP ⁽⁴⁾	2.3	1.9	1.7	1.5	1.4	1.4
Percentage of Total Expenditures.....	7.7	6.5	5.7	4.5	3.9	4.2
Percentage of Tax Revenues	16.5	13.6	12.9	10.6	10.5	9.1
Interest Payments.....	72,333	85,077	104,441	146,995	173,150	199,011
Annual Change (%).....	37	17.6	22.8	40.7	17.8	14.9
Percentage of GDP ⁽⁴⁾	6.0	6.2	6.6	8.4	8.7	8.3
Percentage of Total Expenditures.....	19.8	21.2	22.2	25.0	24.7	25.2
Percentage of Tax Revenues	42.4	44.3	50.4	58.5	66.5	54.6
Subsidies, Grants and Social Benefits	102,974	123,125	150,193	197,093	228,579	233,853
Annual Change (%).....	(18.9)	19.6	22	31.2	16.0	2.3
Percentage of GDP ⁽⁴⁾	8.5	9.0	9.5	11.2	11.4	9.7
Percentage of Total Expenditures.....	28.1	30.6	31.9	33.5	32.6	29.6
Percentage of Tax Revenues	60.4	64.1	72.4	78.5	87.8	64.2
Other Expenditures.....	28,901	31,364	30,796	34,975	41,068	49,065
Annual Change (%).....	7	8.5	(1.8)	13.6	17.4	19.5
Percentage of GDP ⁽⁴⁾	2.4	2.3	2.0	2.0	2.1	2.0
Percentage of Total Expenditures.....	7.9	7.8	6.5	5.9	5.9	6.2
Percentage of Tax Revenues	17	16.3	14.8	13.9	15.8	13.5
Purchase of Non-financial Assets	48,350	39,881	35,918	39,516	52,882	67,189
Annual Change (%).....	11.3	(17.5)	(9.9)	10.0	33.8	27.1
Percentage of GDP ⁽⁴⁾	4	2.9	2.3	2.3	2.6	2.8
Percentage of Total Expenditures.....	13.2	9.9	7.6	6.7	7.5	8.5
Percentage of Tax Revenues	28.4	20.8	17.3	15.7	20.3	18.4

Source: Ministry of Finance

Notes:

- (1) The figures in this table have been revised and differ from previously published data.
- (2) Actual expenditure figures.
- (3) Budgeted as approved in July 2014.
- (4) For 2014/15, the Ministry of Finance's budgeted GDP figure of LE 2,403.4 billion has been used.

Total expenditures increased from LE 588.2 billion in 2012/13 to LE 701.5 billion in 2013/14, representing a 19.3% increase, primarily due to increases in public sector wages and salaries.

Wages and salaries increased by 24.9% to LE 178.6 billion in 2013/14 from LE 143 billion in 2012/13, primarily due to (i) a 22.8% increase in rewards and employees incentives; (ii) a 10.3% increase in basic pay for permanent staff; (iii) a 28.0% increase in specific allowances; and (iv) a 51.8% increase in cash benefits or allowances. In 2013/14, wages and salaries accounted for 25.5% of total expenditures, as compared to 24.3% in 2012/13.

Interest payments increased by 17.8% to LE 173.2 billion in 2013/14 from LE 147.0 billion in 2012/13, primarily due to a 29.8% increase in interest on treasury bills and a 0.4% increase in interest on treasury bonds. In 2013/14, interest payments accounted for 24.7% of total expenditures, as compared to 25.0% in 2012/13.

Subsidies, grants and social benefits increased by 16.0% to LE 228.6 billion in 2013/14 from LE 197.1 billion in 2012/13, primarily due to a 5.2% increase in petroleum subsidies and a 9.0% increase in GASC subsidies. In 2013/14, subsidies, grants and social benefits accounted for 32.6% of total expenditures, as compared to 33.5% in 2012/13.

Other expenditures increased by 17.4% to LE 41.1 billion in 2013/14 from LE 35.0 billion in 2012/13. In 2013/14, other expenditures accounted for 5.9% of total expenditures, consistent with 2012/13.

Purchases of non-financial assets increased by 33.8% to LE 52.9 billion in 2013/14 from LE 39.5 billion in 2012/13 primarily due to the partial effect of the first stimulus package provided by the Government. In 2013/14, purchases of non-financial assets accounted for 7.5% of total expenditures, as compared to 6.7% in 2012/13.

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. In this respect, the Government has developed a five-year plan to streamline fuel and electricity subsidies and to restructure the wheat and food subsidy system.

The Government's current subsidy policy consists principally of:

- semi-cash transfer schemes for food subsidies pursuant to which the Government provides LE 15 in rations per person, which can be spread among 54 products (rather than rationing specific quantities of chosen products); beneficiaries are also allocated a daily quota of five loaves of bread at a subsidised cost of LE 0.05;
- cash transfer schemes on an agency-by-agency basis; gradual increases in allocations to cash transfer programmes are expected in future budgets;
- in-kind transfer schemes which provide for transportation, electricity and petroleum products (*e.g.*, diesel oil and butane) subsidies; and
- increasing expenditures on health, education and scientific research in line with the constitutional mandate. See *"The Arab Republic of Egypt—Health"* and *"The Arab Republic of Egypt—Education"*.

Total subsidies for 2013/14 were LE 188 billion, as compared to LE 171 billion in 2012/13, an increase of 9.9%, primarily due to high commodity prices, in particular, wheat prices, as well as a depreciation of the Egyptian Pound against other major currencies. Total subsidies for 2014/15 are budgeted to be LE 179 billion and the 2015/16 draft budget provides for total subsidies of LE 157 billion.

In 2012, the Government raised the price of natural gas and electricity by approximately one-third for energy intensive industries. In 2013, the Government also raised the price of state-subsidised cooking gas (butane cylinders) for the first time in two decades. In particular, the Government increased the price of cooking gas cylinders sold for domestic use by 60% to LE 8.00 per cylinder and doubled the price for the larger cylinders used by businesses. In addition, electricity prices for higher consumption brackets increased in conjunction with efforts to enhance production efficiency.

Petroleum subsidies increased from LE 120 billion in 2012/13 to LE 126 billion in 2013/14 and petroleum subsidies represented 6% of GDP in 2013/14. In line with the Government's decision to reduce fuel subsidies, fuel prices were increased by up to 300% at the beginning of 2014/13; the price of natural gas increased to U.S.\$8.00 per MBTU in June 2014 and, in July 2014, the Government increased prices of diesel by 64%, octane 80 gasoline by 78% and octane 92 gasoline by 41%. Pricing adjustments primarily targeting gasoline, fuel oil, diesel and natural gas are projected to yield LE 37 billion in gross savings for the budget in 2014/15. In line with its policy to gradually phase out fuel subsidies, the Government has announced its intention to further increase fuel and electricity prices over the next five years. The amount of such price increases may be impacted by global oil prices over the same period.

As part of its subsidy reforms, the Government has launched a smart card system to distribute diesel and gasoline and to build a consumption and distribution database. In the coming years, the smart cards will be fitted with specific point based allocations of diesel and gasoline at subsidised prices for eligible customers and diesel or gasoline purchased

above such allocations will be charged at the pump price. The smart cards are also intended to be used to improve targeting and prevent smuggling. In October 2014, the smart card system was piloted in the Port Said Governorate, pursuant to which 2.8 million smartcards have been issued. Nationwide rollout of the smart card system is expected in the fourth quarter of 2014/15, pursuant to which approximately 4.0 million additional cards will be issued.

Electricity subsidies were LE 13 billion in 2013/14. The budgeted costs of these subsidies were more than 6% of GDP in 2013/14 as a result of their universal availability and high international oil prices. As EGPC receives free crude oil and natural gas under its product 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 being owed to international oil and gas companies. In order to ensure its financial sustainability, EGPC paid U.S.\$5 billion in arrears to international oil and gas companies in the fourth quarter of 2014, which reduced arrears to U.S.\$3.1 billion, as at 31 December 2014. EGPC expects to settle remaining outstanding arrears in 2015.

The Government announced a five-year plan to gradually increase electricity prices, with prices to initially increase by an average of 31% per year. The Government has also undertaken measures to upgrade the national grid, increase production and consumption efficient, increase production and encourage investment, including through the repayment of arrears owed to international oil companies.

In 2014/15, the Government announced a gradual shift from in-kind transfers towards cash and semi-cash transfer programs, which are expected to have a higher poverty reduction impact. Reforms include the overhaul of the food subsidy system to a semi-cash transfer system, as well as the launch of cash transfer schemes, including the Takaful and Karama subsidy schemes in Upper Egypt in March 2015.

The following table sets forth the details of the actual subsidies for 2013/14 and the budgeted subsidies for 2014/15.

Subsidies		
	Actual 2013/14 ⁽¹⁾	Budget 2014/15 ⁽²⁾
	(LE millions)	
Commodity Subsidies	35,493	31,557⁽³⁾
Wheat	3,688	—
Sugar	5,442	—
Food oil	5,302	—
Other Commodity Subsidies (<i>rice, tea, etc.</i>)	21,061	—
Petroleum Subsidies	126,180	100,251
Electricity subsidies	13,280	27,242
Support Subsidies	12,706	19,604
Housing Loan Interest	695	750
Transportation	1,434	1,488
Potable Water	750	750
Low-income Housing	82	150
Export Subsidies	3,072	2,600
Industrial Zones	1,567	400
Other subsidies ⁽⁴⁾	5,107	13,466
Total	187,659	178,654

Source: Ministry of Finance

Notes:

- (1) Actual.
- (2) Projected as at 31 March 2015.
- (3) The Government has replaced the ration card system, which was operational in 2013/14, with a semi-cash transfer scheme.
- (4) Includes, among other items, subsidies to farmers, medical insurance and subsidies in respect of the development of Upper Egypt.

See “Risk Factors—Risk Factors Relating to Egypt—The Egyptian economy has faced significant challenges since the 2011 Revolution which has put increasing pressure on its public finances and has led to rising balance of payments deficits and Government budget deficits.”

National Investment Bank

The NIB was established by Law № 119 of 1980 for funding infrastructure investments according to the Government's five year economic and development plans.

The NIB serves as a development fund to finance infrastructure projects on a for-profit basis.

The following table sets forth the NIB's sources and use of funds for the periods indicated.

National Investment Bank Sources and Uses					
	2009/10	2010/11	2011/12	2012/13	2013/14
	<i>(LE millions)</i>				
Sources	227,769	240,851	253,679	268,388	282,670
Social Insurance Fund for Government Employees	31,613	32,982	34,999	38,499	40,580
Social Insurance Fund for Public and Private Business Sector Employees.....	27,384	29,663	29,765	30,249	31,437
Proceeds from Investment Certificates	91,134	94,635	97,904	102,253	108,451
Accumulated Interest on Investment Certificates (Category A)	8,648	8,747	8,005	7,149	7,240
Proceeds from U.S. Dollar Development Bonds	10	9	7	6	5
Post Office Savings	64,837	71,978	78,852	86,382	93,376
Others ⁽¹⁾	4,143	2,837	4,147	3,850	1,581
Uses.....	227,769	240,851	253,679	268,388	282,670
Loans to economic authorities.....	51,469	52,141	52,655	51,313	52,029
Investments in government securities (bills and bonds).....	13,664	15,543	13,877	12,301	9,154
Deposits of the NIB with the banking system	5,510	2,672	2,651	1,793	1,728

Source: National Investment Bank.

Note:

(1) Including deposits of the private insurance funds, saving certificates, and loans & deposits of various authorities.

Social Insurance Funds

Egypt has two general pension funds: one for Governmental sector employees ("GSIF") and the other for public and private sector employees ("PSIF"). The Government makes contributions to the Governmental sector pension fund in its capacity as an employer and its contributions were LE 29.2 billion in 2013/14, as compared to LE 16.4 billion in 2012/13.

Since 2006/07, there has been a diversified investment portfolio for the GSIF's accumulated assets. In 2013/14, the fund's invested assets totalled approximately LE 378.6 billion, of which 15.4% is invested in Government bonds and treasury bills, 19.1% is deposited at the NIB and 65.5% is invested in direct investments.

This pension system covers 61% of the formal labour force and there are programmes for covering the informal labour force; one of these programmes is Law № 112 of /1980. Total collected contributions for the GSIF and the PSIF in 2013/14 were LE 53.8 billion.

In addition, in March 2015, the Government launched 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*). These schemes are being piloted in Upper Egypt and are expected to cover 1.5 million beneficiaries once fully implemented.

PUBLIC DEBT

Overview

Egypt's public sector debt is comprised of the domestic debt of the central Government, the debt of Economic Authorities and the external debt of the central Government and all Government-owned enterprises (whether or not guaranteed by 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 2014, Egypt's net consolidated public domestic debt was LE 1,441 billion, representing 72.2% of GDP and a 21.0% increase, as compared to net consolidated public domestic debt as at 30 June 2013, which represented 67.9% of GDP. In the first six months of 2014/15, net consolidated public domestic debt increased by LE 92.3 billion to LE 1,533 billion (or 66.1% of GDP) as at 31 December 2014 as a result of the increase in treasury issuances in the local market, as compared to redemption amounts. Total outstanding tradable domestic Government securities increased from LE 1,270.7 billion as at 30 June 2013 to LE 1,481.1 billion as at 30 June 2014. Total outstanding tradable domestic Government securities were LE 1,083.1 billion as at 31 December 2014.

As at 30 June 2014, gross external debt was U.S.\$46.1 billion, representing 16.5% of GDP and a 6.7% increase, as compared to gross external debt as at 30 June 2013. In the first six months of 2014/15, gross external debt decreased by U.S.\$4.8 billion to U.S.\$41.3 billion as at 31 December 2014 as a result of the decrease in book value by U.S.\$582 million due to the appreciation of the U.S. Dollar against other currencies, in addition to a U.S.\$115 million repayment. As at 30 June 2014, gross external Government debt was U.S.\$29.1 billion, representing 10.4% of GDP and a 2.1% increase, as compared to gross external Government debt as at 30 June 2013. In the first six months of 2014/15, gross external Government debt decreased by U.S.\$4.0 billion to U.S.\$25.1 billion as at 31 December 2014.

The following table sets forth Egypt's general Government debt as at the dates indicated.

Total General Government Debt⁽¹⁾						
	As at 30 June					As at 31 December
	2010	2011	2012	2013	2014	2014⁽²⁾
	<i>(LE millions, unless otherwise stated)</i>					
Gross Consolidated Public Domestic Debt.....	769,783	932,460	1,129,030	1,410,643	1,648,521	1,786,100
Gross Consolidated General Government Domestic Debt.....	733,387	889,045	1,087,945	1,363,686	1,597,870	1,785,474
Economic Authorities' Domestic Debt.....	100,104	109,251	105,521	110,321	117,926	122,203
Less:						
Economic Authorities' Borrowings from NIB.....	51,469	52,670	52,655	51,382	51,457	53,209
Economic Authorities' Deposits in TSA ⁽³⁾	12,239	13,166	11,781	11,982	15,818	68,368
Public Sector Deposits.....	170,171	191,116	198,066	220,035	207,534	252,780
General Government Deposits.....	158,531	166,527	173,292	191,395	172,678	217,545
Net Deposits of Economic Authorities.....	11,640	24,589	24,774	28,640	34,856	35,235
Economic Authorities Gross Deposits.....	32,334	42,432	42,409	46,995	60,138	115,651
Less:						
SIF Deposits ⁽⁴⁾⁽⁵⁾	8,455	4,677	5,854	6,373	9,464	0
Economic Authorities' Deposits in TSA ⁽³⁾	12,239	13,166	11,781	11,982	15,818	68,368
Net Consolidated Public Domestic Debt.....	599,612	741,344	930,964	1,190,608	1,440,987	1,533,320
Gross External Debt (U.S.\$ millions).....	33,694	34,906	34,385	43,233	46,067	41,324
Gross External Government Debt (U.S.\$ millions) ...	26,249	27,092	25,594	28,490	29,054	25,082
Bonds and Notes (U.S.\$ millions).....	3,080	2,821	2,901	5,159	6,085	3,585
Loans (U.S.\$ millions).....	23,170	24,271	22,694	23,331	22,969	21,497
Gross External Non-Government Debt (U.S.\$ millions).....	7,445	7,814	8,790	14,744	17,013	16,242
Monetary Authorities (U.S.\$ millions).....	1,260	1,500	2,612	9,064	11,005	10,389
Banks (U.S.\$ millions).....	1,964	1,725	1,624	1,600	1,544	1,709
Other sectors (U.S.\$ millions).....	4,221	4,589	4,554	4,080	4,464	4,144
Total General Government Debt (LE millions)⁽⁶⁾	882,061	1,049,890	1,242,354	1,563,002	1,805,403	1,964,685
Debt to GDP Ratios⁽⁷⁾						
Gross Consolidated Domestic Debt/GDP (%).....	63.8	68.0	71.7	80.5	82.6	77.0
Net Consolidated Domestic Debt/GDP (%).....	49.7	54.1	59.1	67.9	72.2	66.1
Gross External Debt/GDP (%).....	15.9	15.2	13.2	17.3	16.5	12.7
Gross External Government Debt/GDP (%).....	12.4	11.8	9.8	11.4	10.4	7.7
General Government Debt/GDP (%).....	73.1	76.6	78.9	89.2	90.4	84.5

Sources: Ministry of Finance and CBE

Notes:

- (1) Excluding outstanding debt of Economic Authorities to NIB.
- (2) Preliminary data.
- (3) 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.
- (4) Data revised to exclude deposits used as loan facilities for the budget sector.
- (5) In 2006, outstanding debt of the treasury to the Social Insurance Fund (through the NIB) was recognised as a direct liability of the treasury to the Social Insurance Fund. (See "Public Finance—National Investment Bank"). The outstanding debt relates to the issuance of two treasury bonds in the interest of the Social Insurance Fund of LE 1.2 billion. A third bond of LE 74.5 million was issued in June 2007. A fourth bond of LE 1.1 billion was issued in June 2008. A fifth bond of LE 2.3 billion was issued in June 2009. A sixth bond of LE 988.8 million was issued in June 2010. A seventh bond of LE 1.8 billion was issued in June 2011. In December 2012, additional bonds were issued with a total amount of LE 15.5 billion to repay part of the historical liability.
- (6) Total General Government debt is the sum of Gross Consolidated General Government Domestic Debt and Gross External Government Debt.
- (7) Projected GDP, according to estimates of the Ministry of Finance, of LE 2,321.1 billion have been used for the 2014/15 period.

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. The first foreign-currency denominated domestic debt was the notes issued in 1991 by the Ministry of Finance to certain public sector banks in respect of their foreign exchange liabilities.

Egypt's net budget sector domestic debt was 77.0% of GDP at the end of 2013/14, as compared to 71.9% as the end of 2012/13. As at 31 December 2014 net budget sector debt was 72.9% of GDP. Total outstanding Government securities increased from LE 1,270.7 billion as at the end of 2012/13 to LE 1,481.1 billion at the end of 2013/14, and, as at 31 December 2014, total outstanding Government securities were LE 1,644.9 billion.

The following table sets forth Egypt's outstanding domestic debt as at the dates indicated.

Budget Sector Domestic Debt⁽¹⁾						
	As at 30 June					As at 31 December 2014⁽²⁾
	2010	2011	2012	2013	2014	
	<i>(LE millions)</i>					
Gross Domestic Budget Sector Debt.....	808,384	967,290	1,155,312	1,444,370	1,699,946	1,895,187
Ministry of Finance Securities.....	779,232	916,976	1,078,350	1,270,710	1,481,103	1,644,883
Treasury Bills ⁽³⁾	266,121	356,103	408,602	483,265	534,670	556,353
Treasury Bonds	159,767	206,767	270,567	315,478	436,510	505,939
Treasury Bonds and Notes issued to Bank Misr and NBE	—	—	—	—	21,390	21,392
Treasury Bonds and Notes issued to the CBE	112,470	112,470	162,471	222,470	222,470	282,471
Revaluation Bonds	9,063	18,126	16,360	16,360	17,860	17,860
Commercial Banks Recapitalisation Bonds	4,000	4,000	4,000	—	—	—
Bank Restructuring Bonds	11,883	—	—	—	—	—
Insurance Notes.....	2,000	2,000	2,000	2,000	2,000	2,000
Eurobonds (held domestically) ⁽⁴⁾	6,005	7,583	4,027	6,961	8,422	7,073
Egyptian Notes issued abroad and purchased Domestically.....	3,807	3,954	4,279	—	—	—
Housing Bonds.....	114	115	111	106	101	92
The 5% Government Bonds.....	1,765	1,830	1,905	1,998	2,052	2,068
Barwa Bonds.....	—	—	—	2,565	1,924	1,603
Social Insurance Fund Bonds.....	202,237	204,028	204,028	219,507	233,704	248,032
Facilities from Social Insurance Funds⁽⁵⁾	2,343	2,343	1,725	1,225	1,225	925
Borrowing from other sources.....	—	2,000	13,036	25,348	15,686	9,269
Budget Sector Bank Loans	26,809	45,971	62,201	147,087	201,932	240,110
Of which Economic Authorities' Deposits in TSA.....	12,239	13,166	11,781	11,982	15,818	68,368
Budget Sector Deposits.....	144,566	159,178	164,788	183,230	161,485	203,354
Net Domestic Budget Sector Debt	663,818	808,112	990,524	1,261,140	1,538,461	1,691,833
Gross Domestic Budget Sector Debt/GDP (%)	67.00	70.5	73.3	82.4	85.1	81.7
Net Domestic Budget Sector Debt/GDP (%).....	55.00	58.9	62.9	71.9	77.0	72.9

Sources: Ministry of Finance and CBE

Notes:

- (1) Outstanding domestic debt stock due from the central administration, local governments and public service authorities. The figures in this table have been revised and differ from previously published data.
- (2) Preliminary.
- (3) Includes treasury bills issued in U.S. Dollars and Euros.
- (4) Includes Eurobonds issued in 2001, 2010 and 2013. Since June 2012, this item includes an additional stock of the Egyptian Dollar Certificate, whereby in December 2014 the stock of the Eurobond amounted to LE 4.7 billion, and the stock of the Egyptian dollar certificate amounted to LE 2.3 billion.
- (5) A portion of the SIF deposits that are used as loan facilities for the budget sector are recognised as part of budget sector domestic debt obligations.

Treasury Bills and Bonds

Treasury bills and bonds placed through the auction market provide a substantial source of funding for the Government. As at 31 December 2014, treasury bills and bonds accounted for 64.1% of net domestic budget sector debt.

The following table sets forth details of the Government's securities issuances, denominated in Egyptian Pounds for the periods indicated.

Government Securities Issuances						
	2009/10	2010/11	2011/12	2012/13	2013/14	Jul-Dec 2014
	(LE millions)					
Issued.....	453	549	647	726	963	530
Treasury Bills.....	377	492	563	645	754	423
Treasury Bonds	75	57	84	80	209	107
Matured.....	358	412	531	617	767	436
Treasury Bills.....	350	402	510	575	700	399
Treasury Bonds	8	10	20	42	68	37
Net Issuances	94	137	116	109	196	93
Outstanding Stock (End of Period)	432	569	685	794	990	1,083
Treasury Bills.....	266	356	408	478	533	557
Treasury Bonds	166	213	277	316	457	527
						(%)
Average Interest Rates						
91-day Treasury Bills	9.9	11.5	13.1	13.3	10.9	11.6
182-day Treasury Bills	10.2	11.8	14.1	14.0	11.3	11.8
273-day Treasury Bills	10.5	11.4	14.8	14.3	11.4	12.0
364-day Treasury Bills	10.5	11.5	14.8	14.4	11.5	12.1

Source: Ministry of Finance

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 liquidity of foreign currencies that were available with local banks. The first issuance was for a nominal amount of U.S.\$1.5 billion, issued at a 3.9% discount.

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%.

Since 2012, the Ministry of Finance has conducted numerous issuances of U.S. Dollar- and Euro-denominated treasury bills in the local market. As at 31 March 2015, the outstanding nominal amount of U.S. Dollar-denominated treasury bills was U.S. \$7,072.4 million, the outstanding nominal amount of Euro-denominated treasury was €1,357.7 million and the outstanding nominal amount of U.S. Dollar-denominated treasury bonds was U.S. \$ 3,000 million.

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

The following table sets forth details of Egypt's outstanding amount of U.S. Dollar- and Euro-denominated treasury bills and U.S. Dollar-denominated treasury bonds as at 31 March 2015.

Issue Date	Issue Size	Interest Rate	Maturity Date
13 May 2014	U.S.\$1,289,200,000	2.433%	12 May 2015
17 June 2014	U.S.\$725,500,000	2.236%	16 June 2015
25 November 2014	U.S.\$1,795,700,000	2.182%	24 November 2015
16 December 2014	U.S.\$1,173,100,000	2.133%	15 December 2015
13 January 2015	U.S.\$971,300,000	2.125%	12 January 2016
17 February 2015	U.S.\$1,117,600,000	2.230%	16 February 2016
26 August 2014	€623,400,000	1.98%	25 August 2015
18 November 2014	€734,300,000	1.89%	17 November 2015
18 December 2013	U.S.\$3,000,000,000	3.50%	18 December 2016

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, external long-term indebtedness incurred directly or guaranteed by the Government and private sector non-guaranteed debt.

As at 30 June 2014, gross external debt was U.S.\$46.1 billion, representing 16.5% of GDP and a 6.7% increase, as compared to gross external debt of U.S.\$43.2 billion as at 30 June 2013 (which represented 17.3% of GDP). In the first six months of 2014/15, gross external debt decreased by U.S.\$4.8 billion to U.S.\$41.3 billion as at 31 December 2014 (to 12.7% of GDP), primarily as a result of the decrease in book value by U.S.\$582 million due to the depreciation of other currencies of external debt relative to the U.S. Dollar exchange rate, in addition to a U.S.\$115 million repayment. As at 30 June 2014, gross external Government debt was U.S.\$29.1 billion, representing 10.4% of GDP and a 2.1% increase, as compared to gross external Government debt as at 30 June 2013 (which represented 11.4% of GDP). In the first six months of 2014/15, gross external Government debt decreased by U.S.\$4.0 billion to U.S.\$25.1 billion as at 31 December 2014 (to 7.7% of GDP).

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.

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 31 December 2014 ⁽¹⁾
	As at 30 June					
	2010	2011	2012	2013	2014	
	(U.S.\$ millions) ⁽²⁾					
Bilateral Loans (Paris Club).....	16,374	17,072	14,944	13,641	12,623	10,855
Bilateral Loans (Non-Paris Club).....	917	1,003	1,114	2,393	2,458	2,416
Suppliers and Buyers Credit.....	313	426	405	14	11	8
Multilateral Loans ⁽³⁾	9,978	10,809	11,068	11,963	12,229	12,117
Sovereign Bonds maturing 2011	226	187	0	0	0	0
Sovereign Bonds (guaranteed by USAID) maturing 2015	1,250	1,250	1,250	1,250	1,250	1,250
Egyptian Pound-denominated Eurobond.....	386	343	285	0	0	0
Sovereign Notes	1,218	1,041	866	909	834	835
Treasury Bonds	0	0	500	500	500	500
Euro Medium Term Notes	0	0	0	2,500	3,500	1,000
Long -Term Deposits ⁽⁴⁾	0	0	1,000	3,000	9,000	9,000
Total	30,662	32,131	31,431	36,170	42,405	37,981
Private Sector Non-guaranteed Debt	77	18	51	17	11	22
Short Term Debt	2,955	2,757	2,902	7,046	3,651	3,321
Total	33,694	34,906	34,385	43,233	46,067	41,324

Source: CBE

Notes:

- (1) Preliminary data.
- (2) Using end of period exchange rate.
- (3) Includes U.S.\$1.3 billion representing an SDR allocation by the IMF to its member countries of which Egypt's share is SDR 898.45 million.
- (4) Representing Saudi, Libya, United Arab Emirate and Kuwait deposits with the CBE of U.S.\$3.0, U.S.\$2.0, U.S.\$2.0 and U.S.\$2.0 billion, respectively.

The following table sets forth Egypt's medium- and long-term public and publicly-guaranteed external debt, by currency, as at the dates indicated.

Medium- and Long-term Public and Publicly-Guaranteed External Debt by Currency						As at 31 December 2014 ⁽¹⁾
As at 30 June						
2010	2011	2012	2013	2014		
(U.S.\$ millions) ⁽²⁾						
U.S. Dollar.....	14,493	13,732	15,019	25,355	28,448	25,714
Euros	8,835	10,064	8,384	8,311	8,149	7,028
Japanese Yen	4,212	4,480	4,380	3,236	2,964	2,463
Kuwaiti Dinar	1,973	2,112	2,223	2,414	2,543	2,468
Special Drawing Rights	2,279	2,599	2,724	2,689	2,630	2,365
Egyptian Pound.....	722	606	563	237	443	485
Swiss Franc.....	509	619	491	435	393	305
British Pound Sterling	215	203	168	145	121	99
Canadian Dollar	144	145	124	108	92	77
Australian Dollar.....	107	118	93	68	52	37
Danish Kroner.....	112	122	97	92	88	76
UAE Dirham.....	30	30	22	23	22	40
Swedish Kroner.....	26	28	22	19	14	10
Saudi Riyal	33	44	72	98	106	152
Norwegian Kroner.....	4	5	4	4	4	3
Total	33,694	34,906	34,385	43,233	46,067	41,324

Source: CBE

Notes:

- (1) Preliminary data.
- (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 31 December 2014 ⁽¹⁾
	As at 30 June					
	2010	2011	2012	2013	2014	
	(U.S.\$ millions) ⁽²⁾					
Short-Term Debt	2,954.77	2,757.48	2,901.89	7,046.1	3,651.0	3,320.8
Deposits (Non-Residents)	1,359.47	972.68	913.72	5,293.4	1,392.5	1,112.9
Other Facilities	1,595	1,784.80	1,988.17	1,752.75	2,258.49	2,207.9

Source: CBE

Notes:

(1) Preliminary data.

(2) Using end of period exchange rate.

The following table sets forth Egypt's medium- and long-term public and publicly-guaranteed external debt, by origin of creditor, as at the dates indicated.

Medium- and Long-term Public and Publicly-Guaranteed External Debt by Creditor						As at 31 December 2014 ⁽¹⁾
Creditor	As at 30 June					
	2010	2011	2012	2013	2014	
	(U.S.\$ millions) ⁽²⁾					
France.....	3,355.86	3,691.38	2,934.21	2,686.98	2,363.06	1,905.69
United States.....	3,283.05	3,032.85	2,784.37	2,537.61	2,284.82	2,140.58
Germany.....	3,268.91	3,785.87	3,236.51	3,328.04	3,450.20	3,091.58
Japan	3,982.74	4,149.37	4,065.44	3,066.66	2,816.24	2,323.71
Spain	660.02	626.53	548.11	503.57	431.25	370.34
United Kingdom.....	165.65	159.67	136.37	113.10	100.63	79.68
Italy	477.73	433.30	365.48	306.96	244.83	206.70
Austria	377.94	392.81	291.05	250.82	205.85	156.49
Kuwait.....	738.53	784.11	890.05	939.45	988.87	939.69
Switzerland.....	356.71	413.32	306.70	257.18	207.39	156.26
Denmark.....	245.19	279.94	242.52	228.25	208.83	172.84
Canada.....	185.67	182.23	156.52	134.74	112.19	94.33
Australia	147.82	153.42	123.74	92.68	69.98	51.60
Turkey	0.00	0.00	0.00	1,000.00	1,000.00	1,000.00
China.....	119.99	153.04	133.28	336.12	344.06	330.32
The Netherlands.....	83.29	96.14	80.79	82.38	83.89	73.41
Belgium.....	63.26	65.75	49.15	41.91	35.49	26.61
United Arab Emirates.....	29.40	25.42	21.43	21.80	20.94	40.32
Sweden.....	27.23	29.36	22.80	19.69	14.84	10.68
Saudi Arabia	29.50	40.64	68.74	95.71	103.98	105.81
Norway.....	6.52	5.98	5.17	4.39	3.55	3.06
Lebanon.....	0.26	0.00	0.00	0.00	0.00	0.00
International Org's ⁽³⁾⁽⁴⁾	9,977.51	10,808.65	11,068.14	11,963.31	12,228.58	12,117.34
Guaranteed Sovereign Bonds ⁽⁵⁾	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00
Sovereign Notes.....	1,217.59	1,040.67	866.21	908.61	835.28	834.88
Saudi Bond	0.00	0.00	500.00	500.00	500.00	500.00
LE-Denominated Eurobond ..	385.65	343.43	284.45	0.00	0.00	0.00
Sovereign Bond.....	226.21	186.85	0.00	0.00	0.00	0.00
Deposit ⁽⁶⁾	0.00	0.00	1,000.00	3,000.00	9,000.00	9,000.00
Euro Medium Term Notes ..	0.00	0.00	0.00	2,500.00	3,500.00	1,000.00
Total	30,662.23	32,130.73	31,431.23	36,169.96	42,404.75	37,981.92

Source: CBE

Notes:

- (1) Preliminary data.
- (2) Using end of period exchange rate.
- (3) Includes international organisations, such as the European Investment Bank, the International Development Association, the Arab Fund for (4) Economic and Social Development, the International Bank for Reconstruction and Development and the African Development Bank.
- (4) Includes U.S.\$1.4 billion representing the IMF's SDR allocation to Egypt (SDR 898.45 million).
- (5) Guaranteed Notes represent a Eurobond issued by the Government and guaranteed by the United States Government pursuant to U.S. Public Law 108 of 2003.
- (6) Representing Saudi deposits of U.S.\$1.0 billion.

At the end of December 2012, a long-term deposit of U.S.\$1 billion from the Saudi Fund of Development was placed at the CBE. The placing of this deposit was the principal reason for the U.S.\$3.8 billion increase in short-term debt as at 31 December 2012 to U.S.\$6.7 billion, as compared to June 2012.

In July 2001, the Republic issued its first Eurobonds for U.S.\$500 million, which matured and were repaid in 2006, and U.S.\$1 billion, which matured and were repaid in 2011.

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

Issue Date	Issue Size	Coupon	Maturity	S&P Rating
27 September 2005	U.S.\$1,250,000,000	4.450	15 September 2015	AAA ⁽¹⁾
1 July 2013	U.S.\$1,000,000,000	3.500	1 July 2016	Non-rated
1 June 2012	U.S.\$500,000,000	5.000	1 June 2017	Non-rated ⁽²⁾
29 April 2010	U.S.\$1,000,000,000	5.750	29 April 2020	BB+
30 April 2010	U.S.\$500,000,000	6.875	30 April 2040	BB+

Source: Ministry of Finance

Notes:

(1) Guaranteed by USAID.

(2) These notes are unlisted.

In accordance with the U.S. Wartime Supplemental Appropriation Act 2003 (Public Law 108-11), the Ministry of Finance, in September 2005 issued a 10-year note for U.S.\$1.25 billion, which bore interest at a rate of 4.45% and was fully guaranteed as to principal and interest by the United States Government acting through the U.S. Agency for International Development ("USAID").

In April 2010, the Republic issued its U.S.\$1 billion 5.75% Notes due 2020 and its U.S.\$500 million 6.875% Notes due 2040 in order to refinance a U.S.\$1 billion bond that matured in July 2011, extend external debt maturities and diversify its investor base.

In June 2012, the Republic issued its U.S.\$500 million Notes due 2017, which bear interest at a rate of 5.0% per annum. These notes are not listed.

In July 2013, the Republic issued its U.S.\$1 billion Notes due 2016, which bear interest at a rate of 3.5% per annum.

The following table sets forth Egypt's medium and long-term public and publicly-guaranteed external debt service for the years indicated based on outstanding debt as at 31 December 2014.

Projected External Debt Service Based on Outstanding Amounts as at 31 December 2014⁽¹⁾

Year	Principal Repayments	Interest Payments	Total Debt Service
		(U.S.\$ millions)	
2015 H1.....	1,219.96	294.51	1,514.47
2015 H2.....	2,820.95	306.74	3,127.68
2016 H1.....	1,557.74	253.74	1,811.47
2016 H2.....	3,111.61	256.67	3,368.28
2017 H1.....	2,256.46	206.09	2,462.55
2017 H2.....	1,765.80	203.66	1,969.47
2018 H1.....	1,576.01	172.86	1,748.87
2018 H2.....	7,069.40	182.51	7,251.90
2019 H1.....	1,042.60	152.65	1,195.24
2019 H2.....	1,084.50	150.15	1,234.65
2020 H1.....	1,456.19	133.21	1,589.40
2020 H2.....	953.62	117.68	1,071.30
2021 H1.....	845.91	101.46	947.37
2021 H2.....	807.97	98.46	906.43
2022 H1.....	616.41	84.78	701.18
2022 H2.....	618.11	84.02	702.13
2023 H1.....	598.31	73.94	672.24
2023 H2.....	602.85	72.59	675.44
2024 H1.....	585.22	63.24	648.46
2024 H2.....	576.59	61.33	637.92
2025 H1.....	535.58	52.27	588.15
2025 H2.....	547.06	50.20	597.26
2026 H1.....	486.64	42.42	529.06
2026 H2.....	464.55	39.71	504.26
2027 H1.....	249.91	33.66	283.57
2027 H2.....	255.64	33.31	288.95
2028 H1.....	216.52	29.96	246.48
2028 H2.....	216.85	29.22	246.08
2029 H1.....	190.45	26.82	217.27

Projected External Debt Service Based on Outstanding Amounts as at 31 December 2014⁽¹⁾

Year	Principal Repayments	Interest Payments	Total Debt Service
		<i>(U.S.\$ millions)</i>	
2029 H2.....	191.52	25.93	217.45
2030 H1.....	162.10	24.16	186.26
2030 H2.....	204.03	23.35	227.38
2031 H1.....	109.89	22.33	132.21
2031 H2.....	105.02	21.55	126.57
2032 H1.....	101.76	20.80	122.56
2032 H2.....	99.35	20.08	119.43
2033 H1.....	89.26	19.38	108.64
2033 H2.....	77.71	18.78	96.49
2034 H1.....	71.99	18.29	90.28
2034 H2.....	69.92	17.87	87.80
2035 H1.....	68.87	17.46	86.33
2035 H2.....	67.64	17.06	84.70
2036 H1.....	63.32	16.66	79.98
2036 H2.....	62.09	16.29	78.37
2037 H1.....	60.60	15.91	76.51
2037 H2.....	59.63	15.55	75.18
2038 H1.....	47.36	15.18	62.54
2038 H2.....	30.40	15.02	45.42
2039 H1.....	20.27	14.91	35.18
2039 H2.....	19.63	14.84	34.47
2040 H1.....	421.27	14.77	436.04
2040 H2.....	17.16	0.85	18.01
2041 H1.....	15.53	0.79	16.31
2041 H2.....	15.21	0.74	15.95
2042 H1.....	13.41	0.68	14.09
2042 H2.....	11.38	0.63	12.01
2043 H1.....	11.30	0.59	11.89
2043 H2.....	10.33	0.55	10.88
2044 H1.....	7.45	0.51	7.96
2044 H2.....	7.24	0.49	7.73
2045 H1.....	6.94	0.46	7.40
2045 H2.....	6.94	0.44	7.38
2046 H1.....	6.18	0.41	6.59
2046 H2.....	4.64	0.39	5.03
2047 H1.....	3.76	0.37	4.13
2047 H2.....	3.53	0.36	3.90
2048 H1.....	2.81	0.35	3.16
2048 H2.....	2.24	0.34	2.58
2049 H1.....	0.42	0.33	0.75
2049 H2.....	0.42	0.33	0.75
2050 H1.....	0.29	0.32	0.62
2050 H2.....	0.04	0.33	0.37

Sources: Ministry of Finance and the CBE

Note:

(1) Total external debt includes direct indebtedness and external debt of state-owned enterprises.

Guaranteed Debt

The following table sets forth details of Egypt's publicly-guaranteed private sector external debt outstanding as at 31 December 2014.

Publicly-Guaranteed Private Sector External Debt	
Borrower	Outstanding Amount
	<i>(U.S.\$ millions)⁽²⁾</i>
Export Development Bank.....	9.13
DANTEX.....	0.03
Total	9.16

Source: CBE

Public Debt Management

The role of the Ministry of Finance's Public Debt Management Unit is to procure Government budget funding requirements at the lowest long-term cost relative to the general level of interest rates, consistent with prudent fiscal and monetary policy framework. The Debt Management Unit follows a market-orientated funding strategy based on projected budgetary requirements, determining frequency, volume, timing and maturities for all debt issuances to ensure a prudent Government debt structure.

Debt Management Strategy

The Ministry of Finance installed an upgraded version of the Debt Management Financial System for Analysis and Statistics ("**DMFAS**"), a software system developed by the United Nations Conference on Trade and Development, in 2012 in order to upgrade its domestic debt management capabilities. DMFAS records the country's domestic debt, generates various reports, including domestic sovereign borrowing, contingent liabilities and on-lent loans and grants.

The Ministry of Finance's debt management policy is aimed at lengthening the maturity of domestic public debt, as well as consolidating a domestic yield curve by means of increasing its medium-to-long term issuances in order to reduce refinancing risk. To further this goal, it has increased its issuance of long-term fixed income securities to LE 515 billion as at 31 March 2015, from LE 483 billion as at 31 December 2014, LE 353 billion as at 31 December 2013 and LE 13 billion as at 30 June 2004, representing a 38 times increase. As at 31 March 2015, total outstanding debt issuances in the domestic market were LE 1,143 billion. As at 31 March 2015, the average life for domestic tradable debt was 1.9 years and, as a result of planned upcoming issuances, the average life for domestic tradable debt is expected to increase to two years by the end of 2014/15.

Medium Term Debt Management Strategy

The Republic's Medium Term Debt Management Strategy ("**MTDS**") was established to outline the process of managing the Republic's public debt using cost and risk analysis, in order to provide a key input into the debt management strategy decision-making process. Debt management is directed at providing the Government's budget funding requirements at the lowest long term cost relative to the general level of interest rates, at an examined degree of risk consistent with prudent fiscal and monetary policies frameworks. The strategy aims to extend the maturity profile of domestic debt in line with cost and risk trade-off. It also aims to maintain a level of interest rate risk that is well-balanced with the objective of supporting market development.

Each MTDS is implemented for a period of three fiscal years. The current MTDS covers 2014/15, 2015/16 and 2016/17. The objective of the current MTDS is to ensure that Government financing needs are met at the lowest possible cost over the medium-term and to manage risk. It also aims to support the development of the domestic securities market. The MTDS is reviewed on a semi-annual basis.

Historical Debt Management Initiatives

In July 2005, the Ministry of Finance, in coordination with Egypt's national oil company, EGPC, through a special purpose vehicle (Petroleum Export Ltd.), issued Egypt's first amortising pre-paid forward sale transaction backed by crude oil and naphtha products, which matured in July 2010.

In July 2007, in an effort to diversify its investor base, the Republic issued its first notes denominated in Egyptian Pounds with principal and interest payable in U.S. Dollars. The notes had a nominal value of LE 6 billion and bore interest at a rate of 8.75%. These notes matured in July 2012. In April 2010, the Republic issued a further two tranches of notes denominated in U.S. Dollars of notes; its U.S.\$1 billion 5.75% due 2020 and its U.S.\$500 million 6.875% due 2040.

In May 2009, the NUCA, an economic authority wholly-owned by the Ministry of Housing, in coordination with the Ministry of Finance issued the first asset-backed securities in Egypt in a nominal amount of LE 4.6 billion, which mature in 2017. The securities, which are guaranteed by the treasury were granted a AAA local rating.

In January 2010, the regulations promulgated under the Capital Market Law were amended to allow public authorities to issue debt in the domestic market. Accordingly, NUCA issued a LE 2.5 billion five-year floating rate note (based on the six month treasury bill yield) and a LE 2.5 billion 13-month fixed rate note. Both issues were guaranteed by the treasury.

With effect from January 2010, in order to support and enhance the development of an effective Government securities market and reduce illiquidity premiums and refinancing risks, the Ministry of Finance implemented a new transparent and visible issuance strategy, which was comprised of the following pillars:

- limiting future debt issuances to a small number of benchmarks maturities (*i.e.*, three, five, seven and ten years);
- increasing the frequency of re-openings of each security so as to raise each security's outstanding principal amount to LE 10 billion; and
- increasing the standardisation of debt issuance, in particular for Government bonds.

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*”.

Fixed and Floating Rate Notes

In order to diversify Government securities issuances, in September 2012 the Ministry of Finance issued LE 1 billion floating rate notes due September 2014. The interest rate for the notes was linked to 182-day treasury bills issued by the Government.

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 targeting financing infrastructure and development projects with *sukuk* issuances to help achieve the Ministry of Finance's social justice targets, while 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. The law was an outcome of a series of dialogues between political parties and decision makers, including the CBE, EFSA, the EGX and the Islamic Finance Association. In addition, the law has received preliminary approval from Al Azhar, which will include certain amendments on the *Shariah* advisory board structure. The law is currently under further review by the Ministry of Finance and EFSA.

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 August 1990, 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 embodied less expansionary fiscal and monetary policies with real sector reforms, the introduction of market-based exchange and interest rate systems, a more efficient and equitable tax system and a reduction of import tariffs and subsidies. The Government reform programme was supported by measures agreed with the IMF.

In May 1991, the Paris Club, in coordination with the IMF and the World Bank, agreed to provide a comprehensive reorganisation of the entire stock of Egypt's external public debt, which amounted to U.S.\$20.6 billion. The agreement provided, over time, for up to a 50% reduction in the net present value of debt. In order to achieve this reduction, creditors were offered three options: (i) reduction of principal, (ii) reduction of the interest rate and (iii) a lesser interest rate reduction than option (ii) combined with partial capitalisation of moratorium interest at longer maturities.

The economic reform programme that the Government had agreed on with the IMF was implemented over three phases and provided for certain debt forgiveness if certain economic reform programme goals were met. The first two phases were implemented in 1991 and the third phase was implemented in 1996. Since completion of this programme, the Republic has not made any further agreements with the IMF.

Debt Cancellation

In late 1990, the United States forgave approximately U.S.\$7 billion in military debt owed by Egypt because of Egypt's support during the first Gulf War. This relieved Egypt of annual repayments of more than U.S.\$700 million. Other countries in Europe, the Arab Gulf and Canada also forgave certain debt obligations of the Republic. By November 1990, the total debt cancelled was approximately U.S.\$14 billion.

International Aid

In line with the Government's monetary policy framework, aid packages have been received from various countries.

African Development Bank

Egypt was one of the founding members of the African Development Bank in 1964 and remains its second-largest regional shareholder. Since 1974, the African Development Bank has financed almost 100 projects in Egypt, with an investment cost of approximately U.S.\$5.7 billion. Projects funded by the African Development Bank are primarily in the infrastructure, energy and social sectors, with a particular focus on providing loans to SMEs. Current projects supported by the African Development Bank focus on macroeconomic stabilisation to support the recovery of the economy and promoting inclusive growth to reduce poverty. In 2014, the African Development Bank disbursed approximately U.S.\$2.8 million to Egypt in support of the Judicial Authority in Egypt and funding preparations for the Egyptian Economic Development Conference held in Sharm El Sheikh in March 2015.

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.

L'Agence Francaise de Developpement

Egypt has received support from the *L'Agence Francaise de Developpement* in respect of the Government's economic reform programme. Projects financed by *L'Agence Francaise de Developpement* focus on promoting the modernisation and competitiveness of the private sector, improving living conditions and promoting sustainable development. In 2014, the *L'Agence Francaise de Developpement* disbursed approximately €200 million to Egypt in support of projects by the Social Fund for Development, a project to increase access to natural gas and projects to reduce pollution.

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.

European Investment Bank

Egypt's partnership with the European Investment Bank 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 European Investment Bank in Egypt cover a number of sectors, including the energy, transport, water and industry sectors, and provide support for SMEs. In 2014, the European Investment Bank disbursed approximately €50 million in connection with the Egyptian Pollution Abatement Project, €3.8 million in loans to finance the improvement of sanitation services in Kafr El-Shiekh and €205 million to finance upgrade works at the El-Shabab and West Damietta electricity power plants.

European Bank for Reconstruction and Development

Egypt's partnership with the European Bank for Reconstruction and Development 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 European Bank for Reconstruction and Development expanded its mandate in Southern and Eastern Mediterranean countries, including Egypt following the events of the Arab Spring. In 2014, the European Bank for Reconstruction and Development disbursed approximately U.S.\$190 million in loans to EEHC and €126 million in loans to the Ministry of Transportation.

International Bank for Reconstruction and Development

Egypt's partnership with the International Bank for Reconstruction and Development focuses on private sector job creation and reducing poverty. In 2014, the International Bank for Reconstruction and Development disbursed approximately U.S.\$12 million in grants to Egypt in connection with projects undertaken by EFSA and the Egyptian Environmental Affairs Agency.

Islamic Development Bank

Egypt has been working with the Islamic Development Bank since 1977. In 2014, the Islamic Development Bank approved disbursements of approximately U.S.\$2.1 billion to Egypt in connection with the financing of several projects including projects in the energy, agriculture (particularly, irrigation) and education sector, projects involving SMEs and project aimed at reducing unemployment.

At the Egyptian Economic Development Conference held in Sharm El Sheikh in March 2015, the Minister of International Co-operation entered into four agreements with the President of the Islamic Development Bank worth a total amount of U.S.\$800 million to finance a number of development projects in Egypt, including: (i) U.S.\$220 million in lease financing for the Egyptian-Saudi Electricity Connection Project to construct an electricity connection line between Egypt and Saudi Arabia to meet growing energy demands; (ii) two tranches of lease financing of U.S.\$226.8 million and U.S.\$230 million for the Sharm El Sheikh Airport Development Project to increase the capacity of Sharm El Sheikh airport to 18 million passengers per year by 2025; and (iii) U.S.\$198 million in lease financing for the Assiut Refinery Project to develop a refinery and construct a complex for high-level octane production in Upper Egypt. In addition, a framework agreement for approximately U.S.\$3 billion was also entered into between the International Islamic Trade Finance Corporation (an affiliate of the Islamic Development Bank) and EGPC to import petroleum products for the Egyptian market over the next three years.

Debt Record

Other than as described above, Egypt has not, within a period of 20 years prior to the date of this Base Prospectus, defaulted on the principal or interest of any external security.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as completed by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “Forms of the Notes” above.

1. **Introduction**

(a) **Programme**

The Arab Republic of Egypt (the “**Issuer**” or the “**Republic**”) has established a Global Medium Term Note Programme (the “**Programme**”) for the issuance of up to U.S.\$10,000,000,000 in aggregate principal amount of notes (the “**Notes**”).

(b) **Final Terms**

Notes issued under the Programme are issued in series (each a “**Series**”) and each Series may comprise one or more tranches (each a “**Tranche**”) of Notes. Each Tranche is the subject of a final terms (the “**Final Terms**”), which completes these terms and conditions (the “**Conditions**”). The terms and conditions applicable to a particular Tranche of Notes are these Conditions, as supplemented by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.

(c) **Agency Agreement**

The Notes are the subject of an issue and paying agency agreement dated 26 May 2015, as amended or supplemented from time-to-time (the “**Agency Agreement**”) between the Issuer, Citibank N.A., London Branch, as fiscal agent (the “**Fiscal Agent**”, which expression includes any successor fiscal agent appointed from time-to-time in connection with the Notes) and as transfer agent (the “**Transfer Agent**”, which expression includes any successor transfer agent appointed from time-to-time in connection with the Notes), Citigroup Global Markets Deutschland, AG as registrar (the “**Registrar**”, which expression includes any successor registrar appointed from time-to-time in connection with the Notes) and the paying agents named therein (together with the Fiscal Agent, the “**Paying Agents**”, which expression includes any successor or additional paying agents appointed from time-to-time in connection with the Notes). References herein to the “**Agents**” are to the Registrar, the Fiscal Agent, the Transfer Agent and the Paying Agents, and any reference to an “**Agent**” is to each one of them.

(d) **Deed of Covenant**

The Notes may be issued in bearer form (“**Bearer Notes**”), or in registered form (“**Registered Notes**”). Registered Notes are constituted by a deed of covenant dated 26 May 2015 (the “**Deed of Covenant**”) entered into by the Issuer.

(e) **The Notes**

All subsequent references in these Conditions to “**Notes**” are to the Notes, which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for inspection during normal business hours at the specified office of the Fiscal Agent, the initial specified office of which is set out in the Agency Agreement.

(f) **Overviews**

Certain provisions of these Conditions are overviews of the Agency Agreement or the Deed of Covenant or are subject to their detailed provisions. The holders of the Notes (the “**Noteholders**”, which expression shall, where appropriate, be deemed to include holders of Bearer Notes or Registered Notes, and the holders of related interest coupons, if any (the “**Couponholders**” and the “**Coupons**” respectively), are bound by, and are deemed to have notice of all the provisions of the Agency Agreement and the Deed of Covenant applicable to them. Copies of the Agency Agreement and the Deed of Covenant are available for inspection by Noteholders and Couponholders during normal business hours at the Specified Offices of the Paying Agent, or, if applicable, the Registrar, the initial Specified Offices of which are set out in the Agency Agreement.

2. Interpretation

(a) Definitions

In these Conditions the following expressions have the following meanings:

“Accrual Yield” has the meaning given in the relevant Final Terms;

“Additional Business Centre(s)” means the city or cities specified as such in the relevant Final Terms;

“Additional Financial Centre(s)” means the city or cities specified as such in the relevant Final Terms;

“Business Day” means:

- (i) in relation to any sum payable in euros, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (ii) in relation to any sum payable in a currency other than euros, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

“Business Day Convention” in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) **“Following Business Day Convention”** means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) **“Modified Following Business Day Convention”** or **“Modified Business Day Convention”** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) **“Preceding Business Day Convention”** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) **“FRN Convention”, “Floating Rate Convention”** or **“Eurodollar Convention”** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred provided that:
 - (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
 - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day;
 - (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (v) **“No Adjustment”** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

“Calculation Agent” means the Fiscal Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

“**Calculation Amount**” has the meaning given in the relevant Final Terms;

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended;

“**control**” means the power, directly or indirectly, through the ownership of voting securities or other ownership interests or through contractual control or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other entity;

“**Coupon Sheet**” means, in respect of a Note, a coupon sheet relating to the Note;

“**Day Count Fraction**” means, in respect of the calculation of an amount for any period of time (the “**Calculation Period**”), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

(i) if “**Actual/Actual (ICMA)**” is so specified, means:

(A) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of: (1) the actual number of days in such Regular Period; and (2) the number of Regular Periods in any year; and

(B) where the Calculation Period is longer than one Regular Period, the sum of:

(a) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(b) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;

(ii) if “**Actual/365**” or “**Actual/Actual (ISDA)**” is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(iii) if “**Actual/365 (Fixed)**” is so specified, means the actual number of days in the Calculation Period divided by 365;

(iv) if “**Actual/360**” is so specified, means the actual number of days in the Calculation Period divided by 360;

(v) if “**30/360**” or “**360/360**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + [360 \times (D2 - D1)]}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30;

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (vi) if “**30E/360**” or “Eurobond Basis” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + [360 \times (D_2 - D_1)]}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30; and

- (vii) if “**30E/360 (ISDA)**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{DayCountFraction} = \frac{[360](Y_2 - Y_1) + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30,

provided, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

“DTC” means The Depository Trust Company;

“Early Termination Amount” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Final Terms;

“Euro Exchange Date” means the date on which the Issuer gives notice (the **“Euro Exchange Notice”**) to the Noteholders that replacement Notes denominated in euros are available for exchange;

“External Indebtedness” means any indebtedness of any Person for money borrowed or raised, which is payable, or which at the option of the relevant creditor or holder thereof may be payable, in a currency other than the lawful currency of the Issuer;

“Final Redemption Amount” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

“First Interest Payment Date” means the date specified in the relevant Final Terms;

“Fixed Coupon Amount” has the meaning given in the relevant Final Terms;

“Guarantee” means, in relation to any indebtedness of any Person, any obligation of another Person to pay such indebtedness including (without limitation): (i) any obligation to purchase such indebtedness; (ii) any obligation to lend money, to purchase or subscribe for shares or other securities or to purchase assets or services in order to provide funds for the payment of such indebtedness; (iii) any indemnity against the consequences of a default in the payment of such indebtedness; and (iv) any other agreement to be responsible for such indebtedness;

“Interest Amount” means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

“Interest Commencement Date” means the Issue Date of the Notes or such other date as may be specified as the interest commencement date in the relevant Final Terms;

“Interest Determination Date” has the meaning given in the relevant Final Terms;

“Interest Payment Date” means the First Interest Payment Date and any date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the First Interest Payment Date) or the previous Interest Payment Date (in any other case);

“Interest Period” means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

“ISDA Definitions” means the 2006 ISDA Definitions or such other ISDA Definitions as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.;

“Issue Date” has the meaning given in the relevant Final Terms;

“Margin” has the meaning given in the relevant Final Terms;

“Maturity Date” has the meaning given in the relevant Final Terms;

“Maximum Redemption Amount” has the meaning given in the relevant Final Terms;

“Minimum Redemption Amount” has the meaning given in the relevant Final Terms;

“Optional Redemption Amount (Call)” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

“Optional Redemption Amount (Put)” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

“Optional Redemption Date (Call)” has the meaning given in the relevant Final Terms;

“Optional Redemption Date (Put)” has the meaning given in the relevant Final Terms;

“Participating Member State” means a member state of the European Union which adopts the Euro as its lawful currency in accordance with the Treaty establishing the European Communities, as amended;

“Payment Business Day” means:

- (i) if the currency of payment is euros, any day which is:
 - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (ii) if the currency of payment is not euros, any day which is:
 - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

“Permitted Security Interest” means:

- (i) any Security Interest upon property incurred for the purpose of financing the acquisition or construction of such property or any renewal or extension of any such Security Interest, which is limited to the original property covered thereby and which secures any renewal or extension of the original secured financing;
- (ii) any Security Interest existing on any property at the time of its acquisition and any renewal or extension of any such Security Interest which is limited to the original property covered thereby and which secures any renewal or extension of the original secured financing;
- (iii) any Security Interest in existence on 26 May 2015; and
- (iv) any Security Interest incurred for the purpose of financing all or part of the costs of the acquisition, construction, development or expansion of any project (including costs such as escalation, interest during construction and financing and refinancing costs), provided that the property over which such Security Interest is granted consists solely of the assets and revenues of such project;

“Person” means any individual, company, corporation, firm, partnership, joint venture, association, unincorporated organisation, trust or any other juridical entity, including, without limitation, state or agency of a state or other entity, whether or not having separate legal personality;

“Principal Financial Centre” means, in relation to any currency, the principal financial centre for that currency provided, that:

- (i) in relation to euros, it means the principal financial centre of such member state of the European Union as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (ii) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland; in each case as is selected by the Issuer;

“Public External Indebtedness” means any External Indebtedness, which: (i) is in the form of, or a represented by, any bond, debenture, note or other similar instrument; and (ii) as of the date of its issue is, or is capable of being, quoted, listed or ordinarily purchased and sold on any stock exchange, automated trading system or over-the-counter or other securities market;

“public sector instrumentality” means the Central Bank of Egypt, any department, ministry or agency of the government of The Arab Republic of Egypt;

“Put Option Notice” means a notice in the form available from the Specified Office of the Paying Agent, or in the case of Registered Notes, the Registrar, which must be delivered to the Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder, and as set out at Schedule 4 (Form of Put Option Notice) of the Agency Agreement;

“Put Option Receipt” means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder, substantially in the form set out at Schedule 5 (Form of Put Option Receipt) of the Agency Agreement;

“Rate of Interest” means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

“Record Date” has the meaning given to such term in Condition 12 (*Payments—Registered Notes*);

“Redemption Amount” means, as appropriate, the Final Redemption Amount, the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms;

“Reference Banks” means the four major banks selected by the Issuer (in consultation with the Calculation Agent) in the market that is most closely connected with the Reference Rate;

“Reference Price” has the meaning given in the relevant Final Terms;

“Reference Rate” has the meaning given in the relevant Final Terms;

“Regular Period” means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the First Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **“Regular Date”** means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **“Regular Date”** means the day

and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

“Relevant Banking Day” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments generally in the place of presentation of the relevant Note or, as the case may be, Coupon or, in connection with the transfer of Registered Notes only, the place of the Specified Office of the Registrar;

“Relevant Date” means, in relation to any payment, whichever is the later of: (a) the date on which the payment in question first becomes due; and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders in accordance with Condition 21 (*Notices*);

“Relevant Financial Centre” has the meaning given in the relevant Final Terms;

“Relevant Screen Page” means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

“Relevant Time” has the meaning given in the relevant Final Terms;

“Security Interest” means any lien, pledge, mortgage, security interest, deed of trust, charge or other encumbrance or arrangement having a similar effect;

“Specified Currency” has the meaning given in the relevant Final Terms;

“Specified Denomination(s)” has the meaning given in the relevant Final Terms;

“Specified Office” has the meaning given in the Agency Agreement;

“Specified Period” has the meaning given in the relevant Final Terms;

“Talon” means a talon for further Coupons;

“TARGET2” means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

“TARGET Settlement Day” means any day on which TARGET2 is open for the settlement of payments in euros; and

“Zero Coupon Note” means a Note specified as such in the relevant Final Terms.

(c) ***Interpretation***

In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 13 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;

- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest, which may be payable under Condition 13 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being “**outstanding**” shall be construed in accordance with the Agency Agreement;
- (vii) if an expression is stated in Condition 2(a) (*Interpretation—Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is “not applicable” then such expression is not applicable to the Notes; and
- (viii) any reference to the Agency Agreement or the Deed of Covenant shall be construed as a reference to the Agency Agreement or the Deed of Covenant, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.

3. **Form, Denomination and Title**

(a) ***Notes in Bearer Form***

Bearer Notes are issued in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue and may be held in holdings equal to the minimum denomination specified in the relevant Final Terms. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination. Title to Bearer Notes and Coupons will pass by delivery. The holder of any Bearer Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof), and no Person shall be liable for so treating such holder. All Definitive Notes will be serially numbered, with coupons, if any, attached.

(b) ***Notes in Registered Form***

Registered Notes are issued in the Specified Denomination and may be held in holdings equal to the minimum denomination specified in the relevant Final Terms and integral multiples in excess thereof. The holder of each Registered Note shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Registered Note relating thereto (other than the endorsed form of transfer) or any previous loss or theft of such Registered Note), and no Person shall be liable for so treating such holder. Title to Registered Notes will pass by transfer and registration in the register, which the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement. All individual Registered Notes will be numbered serially with an identity number which will be recorded in the register.

4. **Transfers of Registered Notes**

(a) ***Transfers of Registered Notes***

A Registered Note may, upon the terms and subject to the conditions set forth in the Agency Agreement, be transferred in whole or in part only (**provided, that** such part is, or is an integral multiple of, the minimum denomination specified in the Final Terms) upon the surrender of the Registered Note to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the Specified Office of the Registrar. A new Registered Note will be issued to the transferee and, in the case of a transfer of part only of a Registered Note, a new Registered Note in respect of the balance not transferred will be issued to the transferor.

(b) ***Issue of new Registered Notes***

Each new Registered Note to be issued upon the transfer of a Registered Note will, within five Relevant Banking Days of the day on which such Note was presented for transfer, be available for collection by each relevant holder at the Specified Office of the Registrar or, at the option of the holder requesting such transfer, be mailed (by uninsured post at the risk of the holder(s) entitled thereto) to such address(es), as may be specified by such holder. For these purposes, a form of transfer received by the Registrar or the Fiscal Agent after the Record Date in respect of any payment due in respect of Registered Notes shall be deemed not to be effectively received by the Registrar or the Fiscal Agent until the day following the due date for such payment.

(c) ***Charges for transfer or exchange***

The issue of new Registered Notes on transfer will be effected without charge by or on behalf of the Issuer, the Fiscal Agent or the Registrar, but upon payment by the applicant of (or the giving by the applicant of such indemnity, as the Issuer, the Fiscal Agent or the Registrar may require in respect of) any tax, duty or other governmental charges which may be imposed in relation thereto.

(d) ***Closed Periods***

Holders of Registered Notes may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.

(e) ***Forced Transfer***

If at any time the Issuer determines that any beneficial owner of Notes, or any account for which such owner purchased Notes, who is required to be a qualified institutional buyer (a “**QIB**”) as defined in Rule 144A under the U.S. Securities Act of 1933 (the “**Securities Act**”) is not a QIB, the Issuer may (i) compel such beneficial owner to sell its Notes to a person who is (A) a U.S. person who is a QIB and that is, in each case, otherwise qualified to purchase such Notes in a transaction exempt from registration under the Securities Act or (B) not a U.S. person within the meaning of Regulation S under the Securities Act or (ii) compel the beneficial owner to sell such Notes to the Issuer or an affiliate thereof at a price equal to the lesser of (x) the purchase price paid by the beneficial owner for such Notes, (y) 100% of the principal amount thereof and (z) the fair market value thereof. The Issuer has the right to refuse to honour the transfer of interests in a Restricted Global Certificate or any Restricted Notes (as defined in the Agency Agreement) to a U.S. person who is not a QIB.

5. Status

The Notes constitute direct, general, unconditional, unsubordinated and (subject to Condition 6 (*Negative Pledge*)), unsecured obligations of the Issuer, and the full faith and credit of the Issuer is pledged for the due and punctual payment of principal of, and interest on, the Notes and for the performance of all other obligations of the Issuer in respect of the Notes and the Deed of Covenant. The Notes shall at all times rank *pari passu* without any preference among themselves and at least *pari passu* with all other unsecured External Indebtedness of the Issuer from time-to-time outstanding, provided, however, that the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to other External Indebtedness and, in particular, the Issuer shall have no obligation to pay other External Indebtedness at the same time or as a condition of paying sums due under the Notes, and *vice versa*.

6. Negative Pledge

So long as any Note remains outstanding (as defined in the Agency Agreement), the Issuer will not create or permit to subsist any Security Interest other than a Permitted Security Interest upon the whole or any part of its present or future assets or revenues to secure any Public External Indebtedness of the Issuer or any other Person or any Guarantee thereof unless, at the same time or prior thereto, the obligations of the Issuer under the Notes and the Agency Agreement are secured equally and rateably therewith or have the benefit of such other arrangements as may be approved by an Extraordinary Resolution of the Noteholders.

For the avoidance of doubt, any right granted to holders of *sukuk* representing the credit of the Arab Republic of Egypt or any other similar instruments to redeem or enforce such certificates or instruments by requiring the issuer thereof to sell the relevant underlying asset(s) to the Issuer (or any person on its behalf) or by any other mechanism provided for and implemented in accordance with the applicable laws and regulations having an analogous effect (and howsoever documented) shall not of itself comprise a Security Interest or guarantee or indemnity for the purposes of this Condition 6 (*Negative Pledge*).

7. Fixed Rate Note Provisions

(a) ***Application***

This Condition 7 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note provisions are specified in the relevant Final Terms as being applicable.

(b) ***Accrual of interest***

The Notes bear interest from, and including, the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*Payments—Bearer Notes*) and Condition 12 (*Payments—Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7 (*Fixed Rate Note Provisions—Accrual of interest*) (after as well as before judgment) until whichever is the earlier of: (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) ***Fixed Coupon Amount***

The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

(d) ***Calculation of interest amount***

The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a “**sub-unit**” means, in the case of any currency other than U.S. Dollars, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of U.S. Dollars, means one cent.

8. Floating Rate Note Provisions

(a) ***Application***

This Condition 8 (*Floating Rate Note Provisions*) is applicable to the Notes only if the Floating Rate Note provisions are specified in the relevant Final Terms as being applicable.

(b) ***Accrual of interest***

The Notes bear interest from, and including, the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*Payments—Bearer Notes*) and Condition 12 (*Payments—Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 8 (*Floating Rate Note Provisions—Accrual of Interest*) (after as well as before judgment) until whichever is the earlier of: (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) ***Screen Rate Determination***

If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:

- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

- (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
 - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
 - (B) determine the arithmetic mean of such quotations; and
- (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

(d) ***ISDA Determination***

If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where “**ISDA Rate**” in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
- (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
- (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either: (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (“LIBOR”) or on the Euro-zone inter-bank offered rate (“EURIBOR”) for a currency, the first day of that Interest Period; or (B) in any other case, as specified in the relevant Final Terms.

(e) ***Maximum or Minimum Rate of Interest***

If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

(f) ***Calculation of Interest Amount***

The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a “**sub-unit**” means, in the case of any

currency other than U.S. Dollars, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of U.S. Dollars, means one cent.

(g) ***Calculation of other amounts***

If the relevant Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.

(h) ***Publication***

The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Issuer, the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

(i) ***Notifications etc.:***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 8 (*Floating Rate Note Provisions—Notifications etc.*) by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders, and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

9. Zero Coupon Note Provisions

(a) ***Application***

This Condition 9 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note provisions are specified in the relevant Final Terms as being applicable.

(b) ***Late payment on Zero Coupon Notes***

If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

- (i) the Reference Price; and
- (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of: (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

10. Redemption and Purchase

(a) ***Scheduled redemption***

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 11 (*Payments—Bearer Notes*) and Condition 12 (*Payments—Registered Notes*).

Subject to any purchase and cancellation or early redemption, Notes will be redeemed on the relevant maturity date at 100% or more of their nominal amount.

(b) ***Redemption at the option of the Issuer***

If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).

(c) ***Partial redemption***

If the Notes are to be redeemed in part only on any date in accordance with Condition 10(b) (*Redemption and Purchase—Redemption at the option of the Issuer*):

- (i) in the case of Bearer Notes, the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 10(b) (*Redemption and Purchase—Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified; and
- (ii) in the case of Registered Notes, the Notes shall be redeemed (so far as may be practicable) *pro rata* to their principal amounts, subject always to compliance with all applicable laws and the requirements of any listing authority, stock exchange or quotation system on which the relevant Notes may be listed, traded or quoted.

In the case of the redemption of part only of a Registered Note, a new Registered Note in respect of the unredeemed balance shall be issued in accordance with Condition 4 (*Transfers of Registered Notes*) which shall apply as in the case of a transfer of Registered Notes as if such new Registered Note were in respect of the untransferred balance.

(d) ***Redemption at the option of Noteholders***

If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 10(d) (*Redemption and Purchase—Redemption at the option of Noteholders*), the holder of a Note must, not less than 30 nor more than 60 days' before the relevant Optional Redemption Date (Put), deposit at the Specified Offices of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent or Registrar specifying the aggregate outstanding principal amount in respect of which such option is exercised. The Paying Agent or Registrar with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing holder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 10(d) (*Redemption and Purchase—Redemption at the option of Noteholders*), may be withdrawn; **provided that** if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent or Registrar, as the case may be, shall mail notification thereof to the depositing holder at such address as may have been given by such holder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing holder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent or Registrar, as the case may be, in accordance with this Condition 10(d) (*Redemption and Purchase—Redemption at the option of Noteholders*), the depositor of such Note, and not such Paying Agent, shall be deemed to be the holder of such Note for all purposes.

The Issuer shall redeem the Notes in respect of which Put Option Receipts have been issued on the Optional Redemption Date (Put), unless previously redeemed. Payment in respect of any Note so delivered will be made:

- (i) if the Note is in definitive form and held outside Euroclear, Clearstream, Luxembourg and DTC and if the holder duly specified a bank account in the Put Option Notice to which payment is to be made, on the Optional Redemption Date (Put) by transfer to that bank account and in every other case on or after the Optional Redemption Date (Put), in each case against presentation and surrender or (as the case may be) endorsement of such Put Option Receipt and, where appropriate, entry in the Register, at the Specified Office of any Paying Agent; or
- (ii) if the Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg or DTC, in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg or DTC, as applicable.

The holder of a Note may not exercise such Put Option in respect of any Note which is the subject of an exercise by the Issuer of its Call Option.

In the case of the redemption of part only of a Registered Note, a new Registered Note in respect of the unredeemed balance shall be issued in accordance with Condition 4 (*Transfers of Registered Notes*) which shall apply in the case of a transfer of Registered Notes as if such new Registered Note were in respect of the untransferred balance.

(e) ***No other redemption***

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 10(a) (*Redemption and Purchase—Scheduled redemption*) to 10(d) (*Redemption and Purchase—Redemption at the option of Noteholders*) above.

(f) ***Early redemption of Zero Coupon Notes***

Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

- (i) the Reference Price; and
- (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 10(f) (*Redemption and Purchase—Early redemption of Zero Coupon Notes*) or, if none is so specified, a Day Count Fraction of 30E/360.

(f) ***Purchase***

The Issuer and any public sector instrumentality may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise and at any price. Such Notes may be held, resold (provided that such resale is outside the United States (as defined in Regulation S under the Securities Act) or, in the case of any Notes resold pursuant to Rule 144 under the Securities Act, is only made to a Person reasonably believed to be a QIB) or, at the discretion of the holder thereof, surrendered for cancellation and, upon surrender thereof, all such Notes will be cancelled forthwith. Any Notes so purchased, while held by, or on behalf of, the Issuer or any public sector instrumentality, shall not entitle the holder to vote at any meeting of Noteholders and shall not be deemed to be outstanding for the purposes of meetings of Noteholders or for the purposes of any Written Resolution or for the purposes of Conditions 14, 18 or 19, all as more particularly set out in Condition 18(i).

(g) ***Cancellation***

All Notes surrendered for cancellation in accordance with Condition 10(g) (*Purchase*) above may not be reissued or resold, and the obligations of the Issuer in respect of any such Notes shall be discharged.

11. **Payments—Bearer Notes**

This Condition 11 (Payments—Bearer Notes) is only applicable in relation to Bearer Notes.

(a) **Principal**

Payments of principal shall be made only against presentation and **(provided that** payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euros, any other account to which euros may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London).

(b) **Interest**

Payments of interest shall, subject to Condition 11(h) (*Payments—Bearer Notes—Payments other than in respect of matured Coupons*) below, be made only against presentation and **(provided that** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in Condition 11(a) (*Payments—Bearer Notes—Principal*) above.

(c) **Payments in New York City**

If payments of principal or interest will be made in U.S. dollars, then such payment may be made at the Specified Office of a Paying Agent in New York City if: (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Bearer Notes in U.S. Dollars; (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. Dollars; and (iii) payment is permitted by applicable United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(d) **Payments subject to fiscal laws**

All payments of principal and interest in respect the Bearer Notes are subject in all cases to: (i) any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 13 (*Taxation*); (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto; and (iii) any withholding or deduction required pursuant to Egyptian Tax Law № 91 of 2005 of the Republic, or any similar laws, regulations and directives passed in the Republic. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) **Deductions for unmatured Coupons**

If the relevant Final Terms specifies that the Fixed Rate Note provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:

- (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **provided that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
- (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
 - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the “**Relevant Coupons**”) being equal to the amount of principal due for payment; provided that where this sub-paragraph (A) would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

- (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; provided that if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in Condition 11(a) (*Payments—Bearer Notes—Principal*) above against presentation and (provided that payment is made in full) surrender of the relevant missing Coupons.

(f) ***Unmatured Coupons void***

If the relevant Final Terms specifies that this Condition 11(f) (*Payments—Bearer Notes—Unmatured Coupons void*) is applicable or that the Floating Rate Note provisions are applicable, on the due date for final redemption of any Bearer Note or early redemption in whole of such Bearer Note pursuant to Condition 10(b) (*Redemption and Purchase—Redemption at the option of the Issuer*), Condition 10(d) (*Redemption and Purchase—Redemption at the option of Noteholders*) or Condition 14 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

(g) ***Payments on business days***

If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(h) ***Payments other than in respect of matured Coupons***

Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bearer Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by Condition 11(c) (*Payments—Bearer Notes—Payments in New York City*) above).

(i) ***Partial payments***

If a Paying Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

(j) ***Exchange of Talons***

On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 15 (*Prescription*)). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Bearer Note shall become void and no Coupon will be delivered in respect of such Talon.

12. Payments—Registered Notes

This Condition 12 (Payments—Registered Notes) is only applicable in relation to Registered Notes.

(a) ***Redemption Amount***

Payments of the Redemption Amount (together with accrued interest) due in respect of Registered Notes shall be made in the currency in which such amount is due against presentation, and save in the case of partial payment of the Redemption Amount, surrender of the relevant Registered Notes at the Specified Office of the Registrar. If the due date for payment of the Redemption Amount of any Registered Note is not a business day (as defined below), then the Noteholder will not be entitled to payment until the next business day, and from such day and thereafter will be entitled to payment by cheque (which may be posted to the address (as recorded in the register held by the Registrar) of the Noteholder thereof (or, in the case of joint Noteholders, the first-

named)) on any Relevant Banking Day, or will be entitled to payment by transfer to a designated account on any day which is a Relevant Banking Day, business day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Conditions, in which event interest shall continue to accrue as provided in these Conditions.

(b) ***Principal and interest***

Payments of principal and interest shall be made by cheque drawn in the currency in which the payment is due to the Noteholder (or in the case of joint Noteholders, the first-named) appearing in the register kept by the Registrar as at the opening of business (as at the local time) on the fifteenth Relevant Banking Day before the due date for payment (the “**Record Date**”), and posted to the address (as recorded in the register held by the Registrar) of the Noteholder (or, in the case of joint Noteholders, the first named) on the Relevant Banking Day unless prior to the relevant Record Date such Noteholder has applied to the Registrar and the Registrar has acknowledged such application, for payment to be made to a designated account denominated in the relevant currency in which case payment shall be made on the relevant due date for payment by transfer to such account. In the case of payment by transfer to a designated account, if the due date for any such payment is not a business day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located, then the Noteholder will not be entitled to payment thereof until the first day thereafter which is a business day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is subsequent failure to pay in accordance with these Conditions, in which event interest shall continue to accrue as provided in these Conditions.

(c) ***Payments subject to fiscal laws***

All payments of principal and interest in respect of the Registered Notes are subject in all cases to: (i) any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 13 (*Taxation*); (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto; and (iii) any withholding or deduction required pursuant to Egyptian Tax Law №91 of 2005 of the Republic, or any similar laws, regulations and directives passed in the Republic. No commission or expenses shall be charged to the Registered Noteholders in respect of such payments.

(d) In this Condition 12 (*Payments—Registered Notes*), “**business day**” means:

- (i) any day which is in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in each Additional Financial Centre; or
- (ii) in the case of surrender of a Registered Note, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the place in which the Registered Note is surrendered.

13. Taxation

All payments of principal and interest in respect of the Notes and the Coupons by, or on behalf of, the Issuer shall be made free and clear of, and without withholding or deduction for, or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Republic shall pay such additional amounts as will result in receipt by the holders, after such withholding or deduction, of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

- (i) by or on behalf of a holder, that would not have been payable or due but for the holder being liable for such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the Republic, or any political subdivision or any authority thereof or therein having power to tax, other than the mere acquisition or holding of any Note or Coupon or the enforcement or receipt of payment under or in respect of any Note or Coupon; or

- (ii) where such withholding or deduction is imposed on a payment and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (iii) by or on behalf of a Noteholder or Couponholder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a member state of the European Union; or
- (iv) more than 30 days after the Relevant Date, except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days; or
- (v) where such withholding or deduction is required pursuant to Section 1471(b) of the Code, or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.

14. Events of Default

If any one or more of the following events (each an “**Event of Default**”) occurs and is continuing with respect to a Series of Notes:

(i) *Non-payment*

the Issuer fails to pay any amount of principal, premium, if any, or interest in respect of any of the Notes of such Series when due and payable and such failure continues for a period of 15 days; or

(ii) *Breach of other obligations*

the Issuer fails to perform any other obligations in respect of the Notes of such Series, and that failure continues unremedied for 30 days after written notice to remedy such failure, addressed to the Issuer by any Noteholder or Couponholder of such Series, has been delivered to the Issuer and to the Specified Office of the Fiscal Agent; or

(iii) *Cross-acceleration of the Issuer*

(A) any other Public External Indebtedness of the Issuer becomes due and payable prior to its stated maturity by reason of default;

(B) any such Public External Indebtedness is not paid at maturity thereof; or

(C) any Guarantee of such Public External Indebtedness is not honoured when due and called upon,

and, in the case of either sub-paragraph (B) or (C) above, such failure continues beyond any applicable grace period, **provided that** the amount of Public External Indebtedness referred to in sub-paragraph (A) above and/or (B) 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.\$20,000,000 (or its equivalent in any other currency or currencies); or

(iv) *IMF Membership*

the Issuer ceases to be a member in good standing, or becomes ineligible to use the resources of, the International Monetary Fund (the “**IMF**”) or of any successor of which the Issuer shall have become a member that performs the function of, or functions similar to, the IMF; or

(v) *Moratorium*

the Issuer shall have declared a general moratorium on the payment of principal of, or interest on, all or any part of its Public External Indebtedness; or

(vi) *Unlawfulness*

for any reason whatsoever, the obligations under the Notes of such Series or the Agency Agreement become unlawful or are declared by a court of competent jurisdiction to be no longer binding on, or no longer enforceable against, the Issuer ; or

(vii) *Validity*

the Issuer or any of its political sub-divisions on behalf of the Issuer contest the validity of such Series of the Notes,

then the holders of at least 25% in aggregate principal amount of the outstanding Notes of such Series may, by notice in writing to the Issuer (with a copy to the Fiscal Agent), declare all the Notes of such Series to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount, together (if applicable) with accrued interest to the date of payment without further action or formality. Notice of any such declaration shall promptly be given to all other Noteholders by the Issuer.

If the Issuer receives notice in writing from holders of at least 50% in aggregate principal amount of the relevant Series of outstanding Notes to the effect that the Event of Default or Events of Default giving rise to any above-mentioned declaration of acceleration is or are cured following any such declaration and that such Noteholders wish the relevant declaration to be withdrawn, the Issuer shall give notice thereof to the Noteholders (with a copy to the Fiscal Agent), whereupon the relevant declaration shall be withdrawn and shall have no further effect but without prejudice to any rights or obligations that may have arisen before the Issuer gives such notice (whether pursuant to these Conditions or otherwise). No such withdrawal shall affect any other or any subsequent Event of Default or any right of any Noteholder in relation thereto.

15. Prescription

Claims against the Issuer for principal in respect of Notes shall become void unless made within ten years of the appropriate Relevant Date. Claims against the Issuer for interest or Coupons in respect of Notes shall become void unless made within five years of the appropriate Relevant Date.

Any money paid by the Issuer to the Fiscal Agent for payment due under any Note that remains unclaimed at the end of two years after the due date for payment of such Note will be repaid to the Issuer, and the holder of such Note shall thereafter look only to the Issuer for payment.

16. Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system) (in the case of Bearer Notes or Coupons) or the Registrar (in the case of Registered Notes), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

17. Agents

(a) *Obligations of Agents*

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents, the Calculation Agent and the Registrar act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders, and each of them shall only be responsible for the performance of the duties and obligations expressly imposed upon it in the Agency Agreement or other agreement entered into with respect to its appointment or incidental thereto.

(b) The initial Fiscal Agent and Registrar and their initial Specified Offices are listed in the Agency Agreement. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Fiscal Agent) or the

Registrar or the Calculation Agent and to appoint a successor fiscal agent, paying agent, calculation agent or registrar; **provided that:**

- (i) the Issuer shall at all times maintain a Fiscal Agent;
- (ii) the Issuer shall at all times maintain, in the case of Registered Notes, a Registrar;
- (iii) the Issuer shall at all times maintain a paying agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to such Directive;
- (iv) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent;
- (v) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Issuer shall maintain a Paying Agent (which may be the Fiscal Agent) and a Registrar (for Registered Notes) each with a Specified Office in the place required by such competent authority, stock exchange and/or quotation system; and
- (vi) in the circumstances described in Condition 11(c) (Payments—Bearer Notes—Payments in New York City), a paying agent with a Specified Office in New York City.

Notice of any change in the Paying Agent, the Registrar, the Calculation Agent or in their Specified Offices shall promptly be given to the Noteholders in accordance with Condition 21 (*Notices*).

18. Meeting of Noteholders; Written Resolutions

(a) Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions

- (i) The Issuer may convene a meeting of the Noteholders at any time in respect of the Notes in accordance with the provisions of the Agency Agreement. The Issuer will determine the time and place of the meeting and will notify the Noteholders of the time, place and purpose of the meeting not less than 21 and not more than 45 calendar days before the meeting.
- (ii) The Issuer or the Fiscal Agent will convene a meeting of Noteholders if the holders of at least 10% in principal amount of the outstanding Notes (as defined in the Agency Agreement and described in Condition 18(i) (Notes controlled by the Issuer)) have delivered a written request to the Issuer or the Fiscal Agent (with a copy to the Issuer) setting out the purpose of the meeting. The Fiscal Agent will agree the time and place of the meeting with the Issuer promptly. The Issuer or the Fiscal Agent, as the case may be, will notify the Noteholders within 10 days of receipt of such written request of the time and place of the meeting, which shall take place not less than 21 and not more than 45 calendar days after the date on which such notification is given.
- (iii) The Issuer (with the agreement of the Fiscal Agent) will set the procedures governing the conduct of any meeting in accordance with the Agency Agreement. If the Agency Agreement does not include such procedures, or additional procedures are required, the Issuer and the Fiscal Agent will agree such procedures as are customary in the market and in such a manner as to facilitate any multiple series aggregation, if in relation to a Reserved Matter the Issuer proposes any modification to the terms and conditions of, or action with respect to, two or more series of debt securities issued by it.
- (iv) The notice convening any meeting will specify, *inter alia*:
 - (A) the date, time and location of the meeting;
 - (B) the agenda and the text of any Extraordinary Resolution to be proposed for adoption at the meeting;
 - (C) the record date for the meeting, which shall be no more than five business days before the date of the meeting;

- (D) the documentation required to be produced by a Noteholder in order to be entitled to participate at the meeting or to appoint a proxy to act on the Noteholder's behalf at the meeting;
 - (E) any time deadline and procedures required by any relevant international and/or domestic clearing systems or similar through which the Notes are traded and/or held by Noteholders;
 - (F) whether Condition 18(b) (*Modification of this Series of Notes only*), Condition 18(c) (*Multiple Series Aggregation—Single limb voting*), or Condition 18(d) (*Multiple Series Aggregation—Two limb voting*) shall apply and, if relevant, in relation to which other series of debt securities it applies;
 - (G) if the proposed modification or action relates to two or more series of debt securities issued by it and contemplates such series of debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group of debt securities;
 - (H) such information as is required to be provided by the Issuer in accordance with Condition 18(f) (*Information*);
 - (I) the identity of the Aggregation Agent and the Calculation Agent, if any, for any proposed modification or action to be voted on at the meeting, and the details of any applicable methodology referred to in Condition 18(g) (*Claims Valuation*); and
 - (J) any additional procedures which may be necessary and, if applicable, the conditions under which a multiple series aggregation will be deemed to have been satisfied if it is approved as to some but not all of the affected series of debt securities.
- (v) In addition, the Agency Agreement contains provisions relating to Written Resolutions. All information to be provided pursuant to this Condition 18(a) shall also be provided, mutatis mutandis, in respect of Written Resolutions.
 - (vi) A “**record date**” in relation to any proposed modification or action means the date fixed by the Issuer for determining the Noteholders and, in the case of a multiple series aggregation, the holders of debt securities of each other affected series that are entitled to vote on a Multiple Series Single Limb Extraordinary Resolution or a Multiple Series Two Limb Extraordinary Resolution, or to sign a Multiple Series Single Limb Written Resolution or a Multiple Series Two Limb Written Resolution.
 - (vii) An “**Extraordinary Resolution**” means any of a Single Series Extraordinary Resolution, a Multiple Series Single Limb Extraordinary Resolution and/or a Multiple Series Two Limb Extraordinary Resolution, as the case may be.
 - (viii) A “**Written Resolution**” means any of a Single Series Written Resolution, a Multiple Series Single Limb Written Resolution and/or a Multiple Series Two Limb Written Resolution, as the case may be.
 - (ix) Any reference to “**debt securities**” means any notes (including the Notes), bonds, debentures or other debt securities (which for these purposes shall be deemed to include any sukuk representing the credit of the Arab Republic of Egypt or any other similar instruments) issued directly or indirectly by the Issuer in one or more series with an original stated maturity of more than one year.
 - (x) “**Debt Securities Capable of Aggregation**” means those debt securities which include or incorporate by reference this Condition 18 and Condition 19 (Aggregation Agent; Aggregation Procedures) or provisions substantially in these terms which provide for the debt securities which include such provisions to be capable of being aggregated for voting purposes with other series of debt securities.
- (b) ***Modification of this Series of Notes only***
- (i) Any modification of any provision of, or any action in respect of, these Conditions or the Agency Agreement in respect of the Notes may be made or taken if approved by a Single Series Extraordinary Resolution or a Single Series Written Resolution as set out below.

- (ii) A **“Single Series Extraordinary Resolution”** means a resolution passed at a meeting of Noteholders duly convened and held in accordance with the procedures prescribed by the Issuer and the Fiscal Agent pursuant to Condition 18(a) (*Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*) by a majority of:
 - (A) in the case of a Reserved Matter, at least 75% of the aggregate principal amount of the outstanding Notes; or
 - (B) in the case of a matter other than a Reserved Matter, more than 50% of the aggregate principal amount of the outstanding Notes.
- (iii) A **“Single Series Written Resolution”** means a resolution in writing signed or confirmed in writing by or on behalf of the holders of:
 - (A) in the case of a Reserved Matter, at least 75% of the aggregate principal amount of the outstanding Notes; or
 - (B) in the case of a matter other than a Reserved Matter, more than 50% of the aggregate principal amount of the outstanding Notes.

Any Single Series Written Resolution may be contained in one document or several documents in the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders.

- (iv) Any Single Series Extraordinary Resolution duly passed or Single Series Written Resolution approved shall be binding on all Noteholders, whether or not they attended any meeting, whether or not they voted in favour thereof and whether or not they signed or confirmed in writing any such Single Series Written Resolution, as the case may be, and on all Couponholders.

(c) **Multiple Series Aggregation—Single limb voting**

- (i) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Single Limb Extraordinary Resolution or by a Multiple Series Single Limb Written Resolution as set out below, **provided that** the Uniformly Applicable condition is satisfied.
- (ii) A **“Multiple Series Single Limb Extraordinary Resolution”** means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer and the Fiscal Agent pursuant to Condition 18(a) (*Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*), as supplemented if necessary, which is passed by a majority of at least 75% of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate).
- (iii) A **“Multiple Series Single Limb Written Resolution”** means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of at least 75% of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate). Any Multiple Series Single Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of debt securities.
- (iv) Any Multiple Series Single Limb Extraordinary Resolution duly passed or Multiple Series Single Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Single Limb Written Resolution, as the case may be, and on all Couponholders and couponholders of each other affected series of Debt Securities Capable of Aggregation.

- (v) The “**Uniformly Applicable**” condition will be satisfied if:
 - (A) the holders of all affected series of Debt Securities Capable of Aggregation are invited to exchange, convert, or substitute their debt securities, on the same terms, for (1) the same new instrument or other consideration or (2) a new instrument, new instruments or other consideration from an identical menu of instruments or other consideration; or
 - (B) the amendments proposed to the terms and conditions of each affected series of Debt Securities Capable of Aggregation would, following implementation of such amendments, result in the amended instruments having identical provisions (other than provisions which are necessarily different, having regard to the different currency of issuance).
 - (vi) It is understood that a proposal under paragraph (c)(i) above will not be considered to satisfy the Uniformly Applicable condition if each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation (or, where a menu of instruments or other consideration is offered, each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation electing the same option from such menu of instruments).
 - (vii) Any modification or action proposed under paragraph (c)(i) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 18(c) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.
- (d) **Multiple Series Aggregation—Two limb voting**
- (i) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Two Limb Extraordinary Resolution or by a Multiple Series Two Limb Written Resolution as set out below.
 - (ii) A “**Multiple Series Two Limb Extraordinary Resolution**” means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer and the Fiscal Agent pursuant to Condition 18(a) (*Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*), as supplemented if necessary, which is passed by a majority of:
 - (A) at least 66⅔% of the aggregate principal amount of the outstanding debt securities of affected series of Debt Securities Capable of Aggregation (taken in aggregate); and
 - (B) more than 50% of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).
 - (iii) A “**Multiple Series Two Limb Written Resolution**” means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of:
 - (A) at least 66⅔% of the aggregate principal amount of the outstanding debt securities of all the affected series of Debt Securities Capable of Aggregation (taken in aggregate); and
 - (B) more than 50% of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

Any Multiple Series Two Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

- (iv) Any Multiple Series Two Limb Extraordinary Resolution duly passed or Multiple Series Two Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Two Limb Written Resolution, as the case may be, and on all Couponholders and couponholders of each other affected series of Debt Securities Capable of Aggregation.
- (v) Any modification or action proposed under paragraph (d)(i) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 18(d) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

(e) ***Reserved Matters***

In these Conditions, “**Reserved Matter**” means any proposal:

- (i) to change the date, or the method of determining the date, for payment of principal, interest or any other amount in respect of the Notes, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the Notes or to change the method of calculating the amount of principal, interest or any other amount payable in respect of the Notes on any date;
- (ii) to change the currency in which any amount due in respect of the Notes is payable or the place in which any payment is to be made;
- (iii) to change the majority required to pass an Extraordinary Resolution, a Written Resolution or any other resolution of Noteholders or the number or percentage of votes required to be cast, or the number or percentage of Notes required to be held, in connection with the taking of any decision or action by or on behalf of the Noteholders or any of them;
- (iv) to change this definition, or the definition of “Extraordinary Resolution”, “Single Series Extraordinary Resolution”, “Multiple Series Single Limb Extraordinary Resolution”, “Multiple Series Two Limb Extraordinary Resolution”, “Written Resolution”, “Single Series Written Resolution”, “Multiple Series Single Limb Written Resolution” or “Multiple Series Two Limb Written Resolution”;
- (v) to change the definition of “debt securities” or “Debt Securities Capable of Aggregation”;
- (vi) to change the definition of “Uniformly Applicable”;
- (vii) to change the definition of “outstanding” or to modify the provisions of Condition 18(i) (Notes controlled by the Issuer);
- (viii) to change the legal ranking of the Notes;
- (ix) to change any provision of the Notes describing circumstances in which Notes may be declared due and payable prior to their scheduled maturity date, set out in Condition 14 (Events of Default);
- (x) to change the law governing the Notes, the courts to the jurisdiction of which the Issuer has submitted in the Notes, any of the arrangements specified in the Notes to enable proceedings to be taken or the Issuer’s waiver of immunity, in respect of actions or proceedings brought by any Noteholder, set out in Condition 24 (Governing Law and Jurisdiction);
- (xi) to impose any condition on or otherwise change the Issuer’s obligation to make payments of principal, interest or any other amount in respect of the Notes, including by way of the addition of a call option;
- (xii) to modify the provisions of this Condition 18(e);

- (xiii) except as permitted by any related guarantee or security agreement, to release any agreement guaranteeing or securing payments under the Notes or to change the terms of any such guarantee or security;
- (xiv) to exchange or substitute all the Notes for, or convert all the Notes into, other obligations or securities of the Issuer or any other person, or to modify any provision of these Conditions in connection with any exchange or substitution of the Notes for, or the conversion of the Notes into, any other obligations or securities of the Issuer or any other person, which would result in the Conditions as so modified being less favourable to the Noteholders which are subject to the Conditions as so modified than:
 - (A) the provisions of the other obligations or debt securities of the Issuer or any other person resulting from the relevant exchange or substitution or conversion; or
 - (B) if more than one series of other obligations or debt securities results from the relevant exchange or substitution or conversion, the provisions of the resulting series of debt securities having the largest aggregate principal amount.

(f) **Information**

Prior to or on the date that the Issuer proposes any Extraordinary Resolution or Written Resolution pursuant to Condition 18(b) (*Modification of this Series of Notes only*), Condition 18(c) (*Multiple Series Aggregation—Single limb voting*), or Condition 18(d) (*Multiple Series Aggregation—Two limb voting*), the Issuer shall publish in accordance with Condition 19(g) (*Manner of Publication*), and provide the Fiscal Agent with the following information:

- (i) a description of the Issuer's economic and financial circumstances which are, in the Issuer's opinion, relevant to the request for any potential modification or action, a description of the Issuer's existing debts and a description of its broad policy reform programme and provisional macroeconomic outlook;
- (ii) if the Issuer shall at the time have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, a description of any such arrangement or agreement and where permitted under the information disclosure policies of the multilateral or such other creditors, as applicable, copies of the arrangement or agreement shall be provided;
- (iii) a description of the Issuer's proposed treatment of external debt securities that fall outside the scope of any multiple series aggregation and its intentions with respect to any other debt securities and its other major creditor groups; and
- (iv) if any proposed modification or action contemplates debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group, as required for a notice convening a meeting of the Noteholders in Condition 18(a)(iv)(G).

(g) **Claims Valuation**

For the purpose of calculating the par value of the Notes and any affected series of debt securities which are to be aggregated with the Notes in accordance with Condition 18(c) (*Multiple Series Aggregation—Single limb voting*) and Condition 18(d) (*Multiple Series Aggregation—Two limb voting*), the Issuer may appoint a Calculation Agent. The Issuer shall, with the approval of the Aggregation Agent and any appointed Calculation Agent, promulgate the methodology in accordance with which the par value of the Notes and such affected series of debt securities will be calculated. In any such case where a Calculation Agent is appointed, the same person will be appointed as the Calculation Agent for the Notes and each other affected series of debt securities for these purposes, and the same methodology will be promulgated for each affected series of debt securities.

(h) **Manifest error, etc.**

The Notes, these Conditions and the provisions of the Agency Agreement may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the

consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature or it is not materially prejudicial to the interests of the Noteholders.

(i) ***Notes controlled by the Issuer***

For the purposes of (i) determining the right to attend and vote at any meeting of Noteholders, or the right to sign or confirm in writing, or authorise the signature of, any Written Resolution and (ii) Condition 18 (*Meetings of Noteholders; Written Resolutions*) and (iii) Condition 14 (*Events of Default*), any Notes which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled directly or indirectly by the Issuer or by any public sector instrumentality of the Issuer shall be disregarded and be deemed not to remain outstanding.

A Note will also be deemed to be not outstanding if the Note has previously been cancelled or delivered for cancellation or held for reissuance but not reissued, or, where relevant, the Note has previously been called for redemption in accordance with its terms or previously become due and payable at maturity or otherwise and the Issuer has previously satisfied its obligations to make all payments due in respect of the Note in accordance with its terms.

In advance of any meeting of Noteholders, or in connection with any Written Resolution, the Issuer shall provide to the Fiscal Agent a copy of the certificate prepared pursuant to paragraph (d) (Certificate) of Condition 19 (*Aggregation Agent; Aggregation Procedures*), which includes information on the total number of Notes which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled directly or indirectly by the Issuer or by any public sector instrumentality of the Issuer and, as such, such Notes shall be disregarded and deemed not to remain outstanding for the purposes of ascertaining the right to attend and vote at any meeting of Noteholders or the right to sign, or authorise the signature of, any Written Resolution in respect of any such meeting. The Fiscal Agent shall make any such certificate available for inspection during normal business hours at its Specified Office and, upon reasonable request, will allow copies of such certificate to be taken.

(j) ***Publication***

The Issuer shall publish all Extraordinary Resolutions and Written Resolutions which have been determined by the Aggregation Agent to have been duly passed in accordance with Condition 19(g) (*Aggregation Agent; Aggregation Procedures, Manner of Publication*).

(k) ***Exchange and Conversion:***

Any Extraordinary Resolutions or Written Resolutions which have been duly passed and which modify any provision of, or action in respect of, the Conditions may be implemented at the Issuer's option by way of a mandatory exchange or conversion of the Notes and each other affected series of debt securities, as the case may be, into new debt securities containing the modified terms and conditions if the proposed mandatory exchange or conversion of the Notes is notified to Noteholders at the time notification is given to the Noteholders as to the proposed modification or action. Any such exchange or conversion shall be binding on all Noteholders and Couponholders.

19. Aggregation Agent; Aggregation Procedures

(a) ***Appointment***

The Issuer will appoint an Aggregation Agent to calculate whether a proposed modification or action has been approved by the required principal amount outstanding of Notes and, in the case of a multiple series aggregation, by the required principal amount of outstanding debt securities of each affected series of debt securities. In the case of a multiple series aggregation, the same person will be appointed as the Aggregation Agent for the proposed modification of any provision of, or any action in respect of, these Conditions or the Agency Agreement in respect of the Notes and in respect of the terms and conditions or bond documentation in respect of each other affected series of debt securities. The Aggregation Agent shall be independent of the Issuer.

(b) ***Extraordinary Resolutions***

If an Extraordinary Resolution has been proposed at a duly convened meeting of Noteholders to modify any provision of, or action in respect of, these Conditions and other affected series of debt securities, as the case

may be, the Aggregation Agent will, as soon as practicable after the time the vote is cast, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have voted in favour of the Extraordinary Resolution such that the Extraordinary Resolution is passed. If so, the Aggregation Agent will determine that the Extraordinary Resolution has been duly passed.

(c) **Written Resolutions**

If a Written Resolution has been proposed under the Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as reasonably practicable after the relevant Written Resolution has been signed or confirmed in writing, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have signed or confirmed in writing in favour of the Written Resolution such that the Written Resolution is passed. If so, the Aggregation Agent will determine that the Written Resolution has been duly passed.

(d) **Certificate**

For the purposes of Condition 19(b) (*Extraordinary Resolutions*) and Condition 19(c) (*Written Resolutions*), the Issuer will provide a certificate to the Aggregation Agent up to three days prior to, and in any case no later than, with respect to an Extraordinary Resolution, the date of the meeting referred to in Condition 18(b) (*Modification of this Series of Notes only*), Condition 18(c) (*Multiple Series Aggregation—Single limb voting*), or Condition 18(d) (*Multiple Series Aggregation—Two limb voting*), as applicable, and, with respect to a Written Resolution, the date arranged for the signing of the Written Resolution.

The certificate shall:

- (i) list the total principal amount of Notes and, in the case of a multiple series aggregation, the total principal amount of each other affected series of debt securities outstanding on the record date; and
- (ii) clearly indicate the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities which shall be disregarded and deemed not to remain outstanding as a consequence of Condition 18(i) (*Meetings of Noteholders; Written Resolutions, Notes controlled by the Issuer*) on the record date identifying the holders of the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities.

The Aggregation Agent may rely upon the terms of any certificate, notice, communication or other document believed by it to be genuine.

(e) **Notification**

The Aggregation Agent will cause each determination made by it for the purposes of this Condition 19 to be notified to the Fiscal Agent and the Issuer as soon as practicable after such determination. Notice thereof shall also promptly be given to the Noteholders.

(f) **Binding nature of determinations; no liability**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 19 by the Aggregation Agent and any appointed Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Fiscal Agent and the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such person will attach to the Aggregation Agent or the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(g) **Manner of publication**

The Issuer will publish all notices and other matters required to be published pursuant to the Agency Agreement including any matters required to be published pursuant to Condition 17, Condition 18 and this Condition 19:

- (i) through Euroclear Bank SA/NV, Clearstream Banking, *société anonyme*, DTC and/or any other clearing system in which the Notes are held;

- (ii) in such other places and in such other manner as may be required by applicable law or regulation; and
- (iii) in such other places and in such other manner as may be customary.

20. Further Issues

The Issuer may from time-to-time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the amount and date of the first payment of interest) so as to form a single Series with the Notes Series, provided that, unless the Notes are either (i) not issued with original issue discount, (ii) issued with a *de minimis* amount of original issue discount or (iii) issued in a “qualified reopening” for U.S. federal income tax purposes, such further notes will be issued with a separate CUSIP and ISIN. The Agency Agreement contains provisions for convening a single meeting of the Noteholders of a particular Series and the holders of Notes of other Series.

The Issuer may, with the prior approval of the Fiscal Agent (which shall not be unreasonably withheld), from time to time on any Interest Payment Date occurring on or after the Redenomination Date (as defined in Condition 23 (*Redenomination*)) on giving not less than 30 days’ prior notice to the Noteholders in accordance with Condition 21 (*Notices*), without the consent of the Noteholders, consolidate the Notes of one Series with the Notes of one or more other Series issued by it, whether or not originally issued in the same currency provided such other Notes have been redenominated into the Specified Currency (if not originally so denominated) and which otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the Notes.

21. Notices

(a) *Notices to Noteholders while Notes are held in Global Form*

So long as any Notes are evidenced by a Global Note and such Global Note is held by or on behalf of DTC, Euroclear or Clearstream, Luxembourg, notices to Holders may be given by delivery of such notice to the relevant clearing systems for communication by them to entitled account holders; provided that, so long as the Notes are listed on any stock exchange, notice will also be published or otherwise given in accordance with the rules of such stock exchange. In respect of Notes listed on the Official List of the Luxembourg Stock Exchange, notice will be published on the website of the Luxembourg Stock Exchange, being www.bourse.lu.

(b) *Notices to Holders of Registered Definitive Notes*

Notices to Holders of Definitive Notes in registered form will be deemed to be validly given if sent by first class mail (or the equivalent) or (if posted to an overseas address) by airmail to the Noteholders of those Notes at their respective addresses as recorded in the Register for those Notes, and will be deemed to have been validly given on the fourth day after the date of mailing as provided above or, if posted from a country other than that of the addressee, on the fifth day after the date of such mailing. In respect of Definitive Notes in registered form listed on the Official List of the Luxembourg Stock Exchange, notice will be published on the website of the Luxembourg Stock Exchange, being www.bourse.lu.

(c) *Notices to Holders of Bearer Definitive Notes*

Notices to Holders of Bearer Definitive Notes shall be given by publication in a leading English-language daily newspaper published in London, provided that, so long as the Notes are listed on any stock exchange, notice will also be published or otherwise given in accordance with the rules of such stock exchange. In respect of Bearer Definitive Notes listed on the Official List of the Luxembourg Stock Exchange, notice will be published on the website of the Luxembourg Stock Exchange, being www.bourse.lu. Holders of Coupons will be deemed for all purposes to have notice of the contents of any notice given to Holders of Definitive Notes in bearer form in accordance with this Condition.

22. Rounding

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms): (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with 0.000005% being rounded up to 0.00001%); (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up); (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount; and (d) all amounts denominated in any other currency used

in or resulting from such calculations will be rounded to the nearest two decimal places in such currency (with 0.005 being rounded upwards).

23. Redenomination

(a) Redenomination

This Condition 23 is applicable to the Notes only if it is specified in the relevant Final Terms as being applicable.

(b) Redenomination Date

If the country of the Specified Currency becomes or, announces its intention to become, a Participating Member State, the Issuer may, without the consent of the Noteholders, on giving at least 30 days' prior notice to the Fiscal Agent and the Noteholders, designate a date (the "**Redenomination Date**"), being an Interest Payment Date under the Notes falling on or after the date on which such country becomes a Participating Member State.

(c) Calculation of Redenominated Notes

Notwithstanding the other provisions of these Terms and Conditions, with effect from the Redenomination Date:

- (i) the Notes shall be deemed to be redenominated into euros in the denomination of €0.01 with a principal amount for each Note equal to the principal amount of that Note in the Specified Currency, converted into euros at the rate for conversion of such currency into euros established by the Council of the European Union pursuant to the Treaty (including compliance with rules relating to rounding in accordance with European Community regulations); provided, however, that, if the Issuer determines, with the agreement of the Fiscal Agent that the then market practice in respect of the re denomination into €0.01 of internationally offered securities is different from that specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders and Couponholders, each listing authority, stock exchange or quotation system (if any) by which the Notes have then been admitted to listing, trading or quotation and the Fiscal Agent of such deemed amendments;
- (ii) if Notes have been issued in definitive form:
 - (A) the payment obligations contained in all Notes denominated in the Specified Currency will become void on the Euro Exchange Date but all other obligations of the Issuer thereunder (including the obligation to exchange such Notes in accordance with this Condition 23) shall remain in full force and effect; and
 - (B) new Notes denominated in euros will be issued in exchange for Notes denominated in the Specified Currency in such manner as the Fiscal Agent may specify and as shall be notified to the Noteholders in the Euro Exchange Notice; and
- (iii) all payments in respect of the Notes (other than, unless the Redenomination Date is on or after such date as the Specified Currency ceases to be a sub division of the euros, payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in euros by cheque drawn on, or by credit or transfer to a euro account (or any other account to which euros may be credited or transferred) maintained by the payee with, a bank in the principal financial centre of any member state of the European Union

(d) Calculation of Interest on redenominated Definitive Note Certificates

Following redenomination of the Notes pursuant to this Condition 23, where Notes have been issued in definitive form, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of the Notes held by the relevant holder.

(e) ***Change of Interest Determination Date***

If the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable and Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, with effect from the Redenomination Date the Interest Determination Date shall be deemed to be the second TARGET Settlement Day before the first day of the relevant Interest Period.

24. Governing Law and Jurisdiction

(a) ***Governing law***

The Agency Agreement, the Notes and the Coupons and any non-contractual obligations arising out of, or in connection with, the Agency Agreement, the Notes (including the remaining provisions of this Condition 24 (*Governing Law and Jurisdiction*)) and the Coupons, are and shall be governed by, and construed in accordance with, English law.

(b) ***Jurisdiction***

The Issuer agrees for the benefit of the Noteholders that the courts of England and Wales shall have jurisdiction to hear and determine any suit, action or proceedings which may arise out of or in connection with the Notes (“**Proceedings**”) and to settle any dispute or difference of whatever nature howsoever arising under, out of or in connection with the Notes (including a dispute or difference as to the breach, existence or validity of the Notes) (“**Disputes**”) and, for such purposes, irrevocably submits to the jurisdiction of such courts.

(c) ***Appropriate forum***

The Issuer irrevocably waives any objection which it might now or hereafter have to the courts of England and Wales being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and agrees not to claim that any such court is not a convenient or appropriate forum.

(d) ***Service of process***

The Issuer irrevocably appoints the Ambassador of the Republic to the Court of St James’s as its authorised agent for the service of process in England and Wales. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law.

(e) ***Non-exclusivity***

The submission to the jurisdiction of the courts of England and Wales shall not (and shall not be construed so as to) limit the right of any Noteholder to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

(f) ***Consent to enforcement etc.***

Subject to Condition 24(g) (*Waiver of immunity*) and for the purposes of the State Immunity Act 1978, the Issuer consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such Proceedings.

(g) ***Waiver of immunity***

To the extent that the Republic may in any jurisdiction claim or acquire for itself or its assets immunity (sovereign or otherwise) from suit, execution, attachment or other legal process (whether through service or notice or otherwise), the Republic irrevocably agrees for the benefit of holders of Notes not to claim, and irrevocably waives such immunity, to the fullest extent permitted by the laws of such jurisdiction (other than immunity from pre-judgment attachments, which is expressly not waived). The Republic’s waiver of sovereign immunity shall constitute a limited and specific waiver for the purposes of the Agency Agreement, the Deed of Covenant and the Notes and under no circumstances shall such waiver be interpreted as a general waiver by the Republic or a waiver of immunity in respect of: (a) property used by a diplomatic or consular mission of the Republic; (b) property of a military character and under the control of a military authority or defence

agency of the Republic; or (c) property located in the Republic and dedicated to a public or governmental use (as distinct from property dedicated to a commercial use) by the Republic. Without limiting the generality of (a), (b) or (c) in the preceding sentence, the holders of Notes shall have no recourse to the assets of the Central Bank of Egypt held for its own account.

25. Rights of Third Parties

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.

Final Terms dated [•]

THE ARAB REPUBLIC OF EGYPT

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the U.S.\$10,000,000,000
Global Medium Term Note Programme**

PART A — CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 26 May 2015 [and the supplement[s] to the Base Prospectus dated *[insert date of supplements]*] which [together] constitute[s] a base prospectus (the “**Base Prospectus**”) for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”), as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State).

This document constitutes the Final Terms relating to the issue of Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus [as so supplemented]. Any unlisted notes will not constitute Final Terms for the purposes of Article 5.4 of the Prospectus Directive. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus [as so supplemented].

The Base Prospectus [as so supplemented] is available for viewing in accordance with Article 14 of the Prospectus Directive on the website of the Luxembourg Stock Exchange ([http: www.bourse.lu](http://www.bourse.lu)) and during normal business hours at Ministry of Finance Towers, Ramsis Street Extension, Nasr City, Cairo, Egypt (Tel.: +2 02 2686 1200) and the Fiscal Agent at One Canada Square, Canary Wharf, London E14 5AL, United Kingdom.

- | | | |
|----|---|---|
| 1. | [(i) Series Number: | [•]] |
| | [(ii) Tranche Number: | [•]] |
| | [(iii) Date on which the Notes become fungible: | [Not Applicable/The Notes shall be consolidated and form a single series with the existing tranche(s) of the Series on [the Issue Date] / <i>[Insert date]</i> .] |
| 2. | Specified Currency or Currencies: | [•]] |
| 3. | Aggregate Nominal Amount: | |
| | [(i) Series: | [•]] |
| | [(ii) Tranche: | [•]] |
| 4. | Issue Price: | [•]]% of the Aggregate Nominal Amount |
| | | [plus accrued interest from [•]] |
| | (i) Specified Denominations: | [•] |
| | (ii) Calculation Amount: | [•] |
| 5. | (i) Issue Date: | [•] |
| | (ii) Interest Commencement Date: | [•]/[Issue Date]/[Not Applicable] |

6. Maturity Date: [•]
7. Interest Basis: [[•]% Fixed Rate]
[[•] [+/-] [•]% Floating Rate]
[Zero Coupon]
8. Redemption/Payment Basis: *[[For Fixed Rate Notes and Floating Rate Notes] Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100% of their nominal amount.]/[[For Zero Coupon Notes] [•]]*
9. Change of Interest or Redemption/Payment Basis: [Applicable]/[Not Applicable]
10. Put/Call Options: [Investor Put]
[Issuer Call]
[Not Applicable]
11. [(ii) Date approval for issuance of Notes obtained: [•]]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

12. **Fixed Rate Note Provisions** [Applicable]/[Not Applicable]
- (i) Rate[(s)] of Interest: [•]% *per annum* [payable [annually]/[semi-annually]/[quarterly]/[monthly] in arrear]
- (ii) Interest Payment Date(s): [•][[, [•], [•]] and [•] in each year]
- [(iii) First Interest Payment Date: [Issue Date]/[•]]
- (iv) Fixed Coupon Amount[(s)]: [•] per Calculation Amount
- (v) Broken Amount(s): [[•] per Calculation Amount, payable on the Interest Payment Date falling [in]/[on] [•]/[Not Applicable]]
- (vi) Day Count Fraction: [360/360]/[Actual/Actual (ICMA)]
- [(vii) Determination Dates [•] in each year]/[Not Applicable]]
13. **Floating Rate Note Provisions** [Applicable]/[Not Applicable]
- (i) Interest Period(s): [•]
- (ii) Specified Period: [•]
- (iii) Specified Interest Payment Dates: [•]
- [(iv) First Interest Payment Date: [Issue Date]/[•]]
- (v) Business Day Convention: [Floating Rate Convention]/[Following Business Day Convention]/[Modified Following Business Day Convention]/
[Preceding Business Day Convention]/
[No Adjustment]

(vi) Additional Business Centre(s):	[•]/[Not Applicable]
(vii) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination] / [ISDA Determination]
(viii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Fiscal Agent):	[[•] shall be the Calculation Agent]
(ix) Screen Rate Determination:	
• Reference Rate:	[LIBOR]/[EURIBOR]
• Interest Determination Date(s):	[•]
• Relevant Screen Page:	[•]
• Relevant Time:	[•]
• Relevant Financial Centre:	[•]
(x) ISDA Determination:	
• Floating Rate Option:	[•]
• Designated Maturity:	[•]
• Reset Date:	[•]
(xi) Margin(s):	[+/-] [•]% per annum
(xii) Minimum Rate of Interest:	[•]% per annum
(xiv) Day Count Fraction:	[Actual/Actual (ISDA)]
	[Actual/365 (Fixed)]
	[Actual/365]
	[Actual/360]
	[30/360]
	[30E/360]
	[30E/360 (ISDA)]
14. Zero Coupon Note Provisions	[Applicable]/[Not Applicable]
(i) Accrual Yield:	[•]% per annum
(ii) Reference Price:	[•]

PROVISIONS RELATING TO REDEMPTION

15. Call Option	[Applicable]/[Not Applicable]
	(if not applicable, delete the remaining sub-paragraphs of this paragraph)
	(this paragraph and sub-paragraphs may be repeated fro issues with more than one call option)

- (i) Optional Redemption Date(s): [•] / [Any date from and including [•] to but excluding [•]]
- (ii) Optional Redemption Amount(s) of each Note: [•] per Calculation Amount
- (iii) If redeemable in part: [Applicable]/[Not Applicable]
- (if not applicable, delete the remaining sub-paragraphs of this paragraph)
- (a) Minimum Redemption Amount: [•] per Calculation Amount
- (b) Maximum Redemption Amount: [•] per Calculation Amount
16. **Put Option** [Applicable]/[Not Applicable]
- (if not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s) of each Note: [•] per Calculation Amount
17. **Final Redemption Amount of each Note** [100% of their nominal amount] / [•] per Calculation Amount
- (The Final Redemption Amount must be at least 100% of the nominal value of the Notes)*
18. **Early Termination Amount** [Applicable]/[Not Applicable]
- Early Termination Amount(s) of each Note payable on redemption for taxation reasons or on Event of Default: [•] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

19. Form of Notes: **[Bearer Notes:]**
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on [•] days' notice]/[at any time]/[in the limited circumstances specified in the Permanent Global Note]]
- [Temporary Global Note exchangeable for Definitive Notes on [•] days' notice]
- [Permanent Global Note exchangeable for Definitive Notes [on [•] days' notice]/[at any time]/[in the limited circumstances specified in the Permanent Global Note]]

[Registered Notes:]

[Individual Note Certificates]

[Unrestricted Global Certificate exchangeable for unrestricted Individual Note Certificates [on [•] days' notice]/[at any time]/[in the limited circumstances described in the Unrestricted Global Certificate]]

[Restricted Global Certificate exchangeable for Restricted Individual Note Certificates [on [•] days' notice]/[at any time]/[in the limited circumstances described in the Restricted Global Certificate]]

[Unrestricted Global Certificate registered in the name of a nominee for [DTC]/[a common depositary for Euroclear and Clearstream, Luxembourg]

[Restricted Global Certificate registered in the name of a nominee for [DTC]]

20. Additional Financial Centre(s): [•]/[Not Applicable]

21. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes]/[No]

Signed on behalf of
THE ARAB REPUBLIC OF EGYPT:

By:
Duly Authorised

PART B—OTHER INFORMATION

1. LISTING

- (i) Listing: [Luxembourg/other (specify)/None]
- (ii) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the Regulated Market of the Luxembourg Stock Exchange] / [•] with effect from [•.] / [Not applicable.]
- (ii) Estimate of total expenses related to admission to trading: [•]

2. RATINGS

Ratings:

The Notes to be issued have been rated:

[Standard & Poor's: [•]]

[Fitch: [•]]

[[Other]: [•]]

Option 1 - CRA established in the EEA and registered under the CRA Regulation

[•] is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”). [•] appears on the latest update of the list of registered credit rating agencies (as of [insert date of most recent list]) on the ESMA website <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>.

Option 2 - CRA not established in the EEA but relevant rating is endorsed by a CRA which is established and registered under the CRA Regulation

[•] is not established in the EEA but the rating it has given to the Notes is endorsed by [•], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”). [Insert legal name of particular credit rating agency entity providing rating] appears on the latest update of the list of registered credit rating agencies (as of [insert date of most recent list]) on the ESMA website <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>.

Option 3 - CRA is not established in the EEA and relevant rating is not endorsed under the CRA Regulation but CRA is certified under the CRA Regulation

[•] is not established in the EEA but is certified under Regulation (EU) No 1060/2009, as

amended (the “CRA Regulation”).

Option 4 - CRA neither established in the EEA nor certified under the CRA Regulation and relevant rating is not endorsed under the CRA Regulation

[•] is not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the “CRA Regulation”) and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation.

In general, European regulated investors are restricted from using a rating for regulator purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.

Option 5 – Not Applicable

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business for which they may receive fees.]

4. [Fixed Rate Notes only—YIELD]

Indication of yield: [•]

5. U.S. SELLING RESTRICTIONS

[TEFRA C]/[TEFRA D]/[TEFRA rules not applicable]

6. OPERATIONAL INFORMATION

CUSIP: [•] [Not Applicable]

ISIN Code: [•]

Common Code: [•]

Any clearing system(s) other than DTC, Euroclear Bank SA/NV and Clearstream Banking, *société anonyme* and the relevant addresses and identification numbers): [Not Applicable/give name(s), address(es) and number(s)]

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) [•]
(if any):

Name and address of Calculation Agent (if any), if [•]
different from Fiscal Agent:

7. **THIRD PARTY INFORMATION**

[[•] has been extracted from [•]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced information inaccurate or misleading]/[Not Applicable]

FORMS OF THE NOTES

Bearer Notes

Each Tranche of Bearer Notes will initially be in the form of either a temporary global note in bearer form (a “**Temporary Global Note**”), without interest coupons, or a permanent global note in bearer form (a “**Permanent Global Note**”), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a “**Global Note**”) will be deposited on or around the issue date of the relevant Tranche of the Notes with a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system. Bearer Notes issued in compliance with the TEFRA D Rules must be initially issued in the form of a Temporary Global Note.

Whilst any Bearer Note issued in accordance with the United States Treasury Regulation §1.163-5(c)(2)(i)(D) or any successor rules in substantially the same form as the rules in such regulations for purposes of Section 4701 of the Internal Revenue Code of 1986, as amended (the “**TEFRA D Rules**”) is represented by a Temporary Global Note, payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Global Note only to the extent that certification (substantially in the form to be provided) to the effect that the beneficial owners of such Temporary Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by the relevant clearing system(s) and the relevant clearing system(s) has or have given a like certification (based on the certifications it has or they have received) to the Paying Agent. Any reference in this section to the relevant clearing system(s) shall mean the clearing and/or settlement system(s) specified in the applicable Final Terms.

In the case of each Tranche of Bearer Notes, the relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) or any successor rules in substantially the same form as the rules in such regulations for purposes of Section 4701 of the Internal Revenue Code of 1986, as amended (the “**TEFRA C Rules**”) or TEFRA D Rules are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for Permanent Global Note

If the relevant Final Terms specifies the form of Notes as being “Temporary Global Note exchangeable for a Permanent Global Note”, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date (the “**Exchange Date**”) of the relevant Tranche of Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the delivery of a Permanent Global Note, duly authenticated to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Notes represented by the Permanent Global Note in accordance with its terms against:

- (a) presentation and (in the case of final exchange) presentation and surrender of the Temporary Global Note to or to the order of the Fiscal Agent; and
- (b) receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership, within seven days of the bearer requesting such exchange.

The principal amount of Notes represented by the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership provided, however, that in no circumstances shall the principal amount of Notes represented by the Permanent Global Note exceed the initial principal amount of Notes represented by the Temporary Global Note.

If:

- (a) the Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (London time) on the seventh day after the bearer of the Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or

- (b) the Temporary Global Note (or any part thereof) has become due and payable in accordance with the Conditions or the date for final redemption of the Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under a deed of covenant dated 26 May 2015 (the “**Deed of Covenant**”) executed by the Issuer). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Temporary Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being “Temporary Global Note exchangeable for Definitive Notes” and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Bearer Notes in definitive form (“**Definitive Notes**”) not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Final Terms specifies the form of Notes as being “Temporary Global Note exchangeable for Definitive Notes” and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of Notes represented by the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

Permanent Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being “Permanent Global Note exchangeable for Definitive Notes”, then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes:

- (a) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (b) at any time, if so specified in the relevant Final Terms; or
- (c) if the relevant Final Terms specifies “in the limited circumstances described in the Permanent Global Note”, then if either of the following events occurs:
 - (i) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or does in fact do so; or
 - (ii) any of the circumstances described in Condition 14 (*Events of Default*) occurs.

The exchange upon notice option described in paragraph (a) above should not be expressed to be applicable under Form of Notes in the relevant Final Terms if the relevant Notes have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount. Furthermore, Notes should not be issued which have such denominations if such Notes are to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) the Permanent Global Note (or any part thereof) has become due and payable in accordance with the Conditions or the date for final redemption of the Permanent Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer thereof in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

If the relevant Final Terms specifies the form of Notes as being “Permanent Global Note exchangeable for Definitive Notes”, such Permanent Global Note and any Definitive Notes issued upon exchange may only be issued in the Specified Denomination.

Registered Notes

Each Tranche of Notes in registered form (“**Registered Notes**”) will be represented by either:

- (a) one or more unrestricted global certificates (“**Unrestricted Global Certificate(s)**”) in the case of Registered Notes sold outside the United States to non-U.S. persons in reliance on Regulation S (“**Unrestricted Registered Notes**”) and/or one or more restricted global note certificates (“**Restricted Global Certificate(s)**”) in the case of Registered Notes sold to QIBs in reliance on Rule 144A (“**Restricted Registered Notes**”); or
- (b) individual note certificates in registered form (“**Individual Note Certificates**”),

in each case as specified in the relevant Final Terms, and references in this Base Prospectus to “**Global Certificates**” shall be construed as a reference to Unrestricted Global Certificates and/or Restricted Global Certificates.

Each Note represented by an Unrestricted Global Certificate will be registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg registered in the name of Cede & Co. as nominee for DTC if such Unrestricted Global Certificate will be held for the benefit of Euroclear and/or Clearstream, Luxembourg through DTC and/or any other relevant clearing system and the relevant Unrestricted Global Certificate will be deposited on or about the issue date with the common depositary or such other nominee or custodian.

Each Note represented by a Restricted Global Certificate will be registered in the name of Cede & Co. (or such other entity as is specified in the relevant Final Terms) as nominee for DTC and the relevant Restricted Global Certificate will be deposited on or about the issue date with the custodian for DTC (the “**DTC Custodian**”). Beneficial interests in Notes represented by a Restricted Global Certificate may only be held through DTC at any time.

If the relevant Final Terms specifies the form of Notes as being “Individual Note Certificates”, then the Notes will at all times be represented by Individual Note Certificates issued to each Noteholder in respect of their respective holdings.

Global Certificate exchangeable for Individual Note Certificates

If the relevant Final Terms specifies the form of Notes as being “Global Certificate exchangeable for Individual Note Certificates”, then the Notes will initially be represented by one or more Global Certificates each of which will be exchangeable in whole, but not in part, for Individual Note Certificates:

- (a) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (b) at any time, if so specified in the relevant Final Terms; or
- (c) if the relevant Final Terms specifies “in the limited circumstances described in the Global Certificate”, then:
 - (i) in the case of any Global Certificate held by or on behalf of DTC, if DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Global Certificate or DTC ceases to be a “clearing agency” registered under the U.S. Securities Exchange Act of 1934 (the “**Exchange Act**”) or if at any time DTC is no longer eligible to act as such, and the relevant Issuer is unable to locate a qualified successor within 90 days of receiving notice or becoming aware of such ineligibility on the part of DTC;
 - (ii) in the case of any Unrestricted Global Certificate held by or on behalf of Euroclear, Clearstream, Luxembourg or any other relevant clearing system, if Euroclear, Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; and
 - (iii) in any case, if any of the circumstances described in Condition 14 (*Events of Default*) occurs.

Whenever a Global Certificate is to be exchanged for Individual Note Certificates, each person having an interest in a Global Note Certificate must provide the Registrar (through the relevant clearing system) with such information as the Issuer and the Registrar may require to complete and deliver Individual Note Certificates (including the name and address of each person in which the Notes represented by the Individual Note Certificates are to be registered and the principal amount of each such person’s holding). In addition, whenever a Restricted Global Certificate is to be exchanged for Individual Note Certificates, each person having an interest in the Restricted Global Certificate must provide the Registrar (through the relevant clearing system) with a certificate given by or on behalf of the holder of each beneficial interest in the Restricted Global Certificate stating either (i) that such holder is not transferring its interest at the time of such exchange or (ii) that the transfer or exchange of such interest has been made in compliance with the transfer restrictions applicable to the Notes and that the person transferring such interest reasonably believes that the person acquiring such interest is a QIB and is obtaining such beneficial interest in a transaction meeting the requirements of Rule 144A. Individual Note Certificates issued in exchange for interests in the Restricted Global Certificate will bear the legends and be subject to the transfer restrictions set out under “*Transfer Restrictions*”.

Any such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled to the Agency Agreement and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If:

- (a) Individual Note Certificates have not been issued and delivered by 5.00 p.m. (London time) on the thirtieth day after the date on which the same are due to be issued and delivered in accordance with the terms of the Global Certificate; or
- (b) any of the Notes evidenced by the Global Certificate has become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the holder of the Global Certificate on the due date for payment in accordance with the terms of the Global Certificate,

then the Global Certificate (including the obligation to deliver Individual Note Certificates) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such date (in the case of (b) above) and the holder will have no further rights thereunder (but without prejudice to the rights which the holder or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg (or any other relevant clearing system) as being entitled to interests in the Notes will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately

before the Global Certificate became void, they had been the registered holders of Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear, Clearstream, Luxembourg or any other relevant clearing system (as the case may be).

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under “*Terms and Conditions of the Notes*” and the provisions of the relevant Final Terms which complete those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent below.

Payments

Subject to the restrictions described under “Bearer Notes”, payments in respect of a Global Note or Global Certificate will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note or Global Certificate to or to the order of any Fiscal Agent or Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note or Global Certificate, the Issuer shall procure that the payment is noted in a schedule thereto.

Payment Business Day

In the case of a Global Note or Global Certificate, this shall be, if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre, or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

Payment Record Date

Each payment in respect of a Global Certificate will be made to the person shown as the holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the “**Record Date**”) where “**Clearing System Business Day**” means a day on which each clearing system for which the Global Registered Note is being held is open for business.

Exercise of put option

In order to exercise the option contained in Condition 10(d) (*Redemption and Purchase–Redemption at the option of Noteholders*), the bearer of a Permanent Global Note or the holder of a Global Certificate must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to any Paying Agent or Registrar specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option

In connection with an exercise of the option contained in Condition 10(b) (*Redemption and Purchase–Redemption at the option of the Issuer*) in relation to only some of the Notes, a Permanent Global Note or Global Certificate may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

Notices

Notwithstanding Condition 21 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or a Global Certificate and the relevant Note or Notes is/are deposited with a common depository, a custodian or nominee for Euroclear and/or Clearstream, Luxembourg and/or DTC and/or any other relevant clearing system, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC and/or any other relevant clearing system and, in any case,

such notices shall be deemed to have been given to the Noteholders in accordance with Condition 21 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or DTC and/or any other relevant clearing system.

Clearing System Accountholders

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or DTC and/or any other relevant clearing system as being entitled to an interest in a Global Note or a Global Certificate (each an “**Accountholder**”) must look solely to Euroclear and/or Clearstream, Luxembourg and/or DTC and/or such other relevant clearing system (as the case may be) for such Accountholder’s share of each payment made by the Issuer to the bearer of such Global Note or the holder of a Global Certificate and in relation to all other rights arising under the Global Note or Global Certificate. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note or Global Certificate will be determined by the respective rules and procedures of Euroclear, Clearstream, Luxembourg, DTC and any other relevant clearing system from time-to-time. For so long as the relevant Notes are represented by a Global Note or Global Certificate, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the bearer of the Global Note or the holder of the Global Certificate.

Legend concerning U.S. persons

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days, the Notes in global form, the Bearer Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the U.S. Internal Revenue Code of 1986, as amended.”

The sections referred to in such legend provide that a U.S. person who holds a Bearer Note, Coupon or Talon will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Bearer Note, Coupon or Talon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

Rights under Deed of Covenant

Under the Deed of Covenant, persons shown in the records of DTC, Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note or a Permanent Global Note which becomes void will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note or Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of DTC, Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

TAXATION

The following is a general description of certain Egyptian, United States and EU tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective investors in the Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This overview is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

Egyptian Taxation

Under Egyptian Tax Law № 91 of 2005, interest payable on the Notes is subject to a 20% withholding tax unless reduced by a treaty. The Issuer will pay, subject to customary exceptions, such additional amounts as will result in the receipt by the Noteholder of such amounts as would have been received by such Noteholder had no such withholding or deduction been required. See Condition 13 (*Taxation*).

United States Federal Income Taxation

The following is an overview of material U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a holder thereof. This overview does not address the U.S. federal income tax consequences of every type of Note which may be issued under the Programme, and additional or modified disclosure concerning the material U.S. federal income tax consequences relevant to such type of Note may be provided, as appropriate. This overview only applies to Notes held as capital assets and does not address, except as set forth below, aspects of U.S. federal income taxation that may be applicable to holders that are subject to special tax rules, such as financial institutions, insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, tax exempt organisations, dealers or traders in securities or currencies, persons that mark their securities to market, holders that will hold Notes through a partnership or other pass through entity, holders that will hold a Note as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes, controlled foreign corporations, passive foreign investment companies, U.S. Holders (as defined below) that have a functional currency other than the U.S. Dollar, or certain expatriates and long-term residents of the United States. Moreover, this overview does not address the U.S. federal estate and gift tax or alternative minimum tax consequences or the consequences of the tax on "net investment income" imposed under Section 1411 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") of the acquisition, ownership or disposition of Notes and does not include any description of the tax laws of any U.S. State or local governments. This overview only addresses the U.S. federal income tax treatment of holders that acquire Notes as part of the initial distribution at their initial issue price.

This overview only addresses Notes in registered form. Bearer Notes are not being offered to U.S. Holders. A U.S. Holder who owns a Bearer Note may be subject to limitations under United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Code.

This overview is based on the Code, existing and proposed U.S. Treasury Regulations, administrative pronouncements and judicial decisions, each as available and in effect on the date hereof. All of the foregoing are subject to change, possibly with retroactive effect, or differing interpretations which could affect the tax consequences described herein. Any special U.S. federal income tax considerations relevant to a particular issue of the Notes will be provided in a supplement to this Base Prospectus.

For purposes of this description, a U.S. Holder is a beneficial owner of the Notes who for U.S. federal income tax purposes is (i) an individual who is a citizen or resident of the United States; (ii) a corporation (or entity treated as a corporation for U.S. federal income tax purposes) created or organised in or under the laws of the United States or any State thereof, including the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust (1) that validly elects to be treated as a United States person for U.S. federal income tax purposes or (2)(a) it is subject to the primary supervision of a court within the United States and (b) one or more "United States persons" as defined in the Code (each a "**U.S. Person**") have the authority to control all substantial decisions of the trust.

If any entity treated as a partnership for U.S. federal income tax purposes holds Notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax advisor concerning the U.S. federal income tax consequences of the acquisition, ownership or disposition of Notes by the partnership.

A Non-U.S. Holder is a beneficial owner of Notes that is neither a U.S. Holder nor an entity treated as a partnership for U.S. federal income tax purposes.

THE OVERVIEW OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR OWN TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Tax Consequences to U.S. Holders

Payments of Interest

Except as set forth below, payments of stated interest on a Note, whether payable in U.S. Dollars or a currency, composite currency or basket of currencies other than U.S. Dollars (a “**foreign currency**”), and including any additional amounts paid pursuant to Condition 13 in order that the net amount received by holders is equal to the amount that would have been received had no withholding on account of Egyptian taxes been made, will be includible in a U.S. Holder’s gross income as ordinary interest income at the time it is received or accrued, in accordance with the U.S. Holder’s usual method of tax accounting.

Interest income on the Notes will be treated as foreign source income for U.S. federal income tax purposes. For purposes of calculating the U.S. Holder’s foreign tax credit limitation, interest on the Notes should generally constitute “passive category income” or, in the case of certain U.S. Holders, “general category income”. Income taxes withheld from interest income may be eligible for credit against the U.S. Holder’s U.S. federal income tax liability or, at the election of the U.S. Holder, for deduction in computing the U.S. Holder’s taxable income. The U.S. federal income tax rules relating to foreign tax credits and limitations thereof are complex and may vary depending on the facts and circumstances of each U.S. Holder. Accordingly, U.S. Holders should consult their own tax advisers regarding the availability of a foreign tax credit for Egyptian tax withheld under such U.S. Holder’s particular situation.

Foreign Currency Denominated Qualified Stated Interest

Except as set forth below, if any qualified stated interest payment (as defined below), including any additional amounts, is denominated in, or determined by reference to, a foreign currency (a “**Foreign Currency Note**”), the amount of income realized by a U.S. Holder will be the U.S. Dollar value of the foreign currency, including the amount of any applicable withholding tax thereon, regardless of whether the foreign currency is converted into U.S. Dollars. Generally, a U.S. Holder that uses the cash method of tax accounting and that receives a payment of qualified stated interest will determine such U.S. Dollar value using the spot rate of exchange on the date of receipt. Generally, a U.S. Holder that uses the accrual method of tax accounting will determine the U.S. Dollar value of accrued interest income using the average rate of exchange for the accrual period (or, in the case of an accrual period that spans two taxable years of the U.S. Holder, the part of the period within the applicable taxable year) or, at the U.S. Holder’s election, at the spot rate of exchange on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years of the U.S. Holder, the part of the period within the applicable taxable year) or the spot rate on the date of receipt, if that date is within five business days of the last day of the accrual period. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS. A U.S. Holder that uses the accrual method of accounting for tax purposes will recognize U.S. source foreign currency gain or loss on the receipt of an interest payment if the exchange rate in effect on the date payment is received differs from the rate applicable to an accrual of that interest, regardless of whether the payment is converted to U.S. dollars at such time. This foreign currency gain or loss will be treated as ordinary income or loss, but generally will not be treated as an adjustment to interest income received on the debt security.

Original Issue Discount

U.S. Holders of Notes issued with original issue discount (“**OID**”), including Zero Coupon Notes, with a term of over one year (each an “**Original Issue Discount Note**”), will be subject to special tax accounting rules, as described in greater detail below. Additional rules applicable to Original Issue Discount Notes that are denominated in or determined by reference to a currency other than the U.S. Dollar are described below under “*Foreign Currency Discount Notes.*”

The following discussion does not address the application of the U.S. Treasury Regulations addressing OID to, or address the U.S. federal income tax consequences of, an investment in contingent payment debt instruments. In the event the Issuer issues contingent payment debt instruments, the relevant supplemental prospectus will describe the material U.S. federal income tax consequences thereof.

For U.S. federal income tax purposes, a Note (including a Zero Coupon Note) will be treated as issued with OID if the excess of the Note's stated redemption price at maturity over its issue price equals or exceeds a specified *de minimis* amount (0.25% of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity (or, in the case of a Note that provides for payments other than qualified stated interest before maturity, its weighted average maturity)). The "issue price" of each Note in a particular offering will be the first price at which a substantial amount of that particular offering is sold (other than to an underwriter, broker, placement agent or wholesaler). The term "qualified stated interest" means stated interest that is unconditionally payable in cash or in property (other than debt instruments of the issuer) at least annually at a single fixed rate or, subject to certain conditions, at a variable rate (including a rate based on one or more interest indices). Interest is payable at a single fixed rate only if the rate appropriately takes into account the length of the interval between payments. Notice will be given in the relevant Final Terms if it is determined that a particular Note will bear interest that is not qualified stated interest. In the case of a Note issued with *de minimis* OID, a U.S. Holder of such Note will recognise capital gain with respect to any *de minimis* OID as stated principal payments on the Note are made. The amount of such gain with respect to each principal payment will equal the product of the total amount of the Note's *de minimis* OID and a fraction, the numerator of which is the amount of the principal payment made and the denominator of which is the stated principal amount of the Note.

U.S. Holders of Original Issue Discount Notes must, in general, include OID as ordinary income, calculated on the constant yield method, as described in this paragraph, in advance of the receipt of some or all of the related cash payments, regardless of their method of accounting. The amount of OID includible in income by the initial U.S. Holder of an Original Issue Discount Note is the sum of the "daily portions" of OID with respect to the Note for each day during the taxable year or portion of the taxable year in which such U.S. Holder held such Note ("**accrued OID**"). The daily portion is determined by allocating to each day in any "accrual period" a *pro rata* portion of the OID allocable to that accrual period. The "accrual period" for an Original Issue Discount Note may be of any length and may vary in length over the term of the Note, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs on the first day or the final day of an accrual period. The amount of OID allocable to any accrual period is an amount equal to the excess, if any, of (a) the product of the Note's adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of any qualified stated interest allocable to the accrual period. OID allocable to a final accrual period is the difference between the amount payable at maturity (other than a payment of qualified stated interest) and the adjusted issue price at the beginning of the final accrual period. Special rules will apply for calculating OID for an initial short accrual period. The "stated redemption price at maturity" of a Note is the sum of all amounts payable on the Note after the purchase date that are not payments of qualified stated interest. The "adjusted issue price" of a Note at the beginning of any accrual period is equal to its issue price increased by the accrued OID for each prior accrual period (determined without regard to the amortisation of any acquisition or bond premium, as described below) and reduced by any payments made on such Note (other than qualified stated interest) on or before the first day of the accrual period. The "yield to maturity" of a Note is the discount rate that causes the present value of all payments on the Note as of its original issue date to equal the issue price of such Note. Under these rules, a U.S. Holder will generally have to include in income increasingly greater amounts of OID in successive accrual periods.

Certain of the Notes may be redeemed prior to their maturity at the Issuer's option and/or at the option of the holder. Original Issue Discount Notes containing such features may be subject to rules that differ from the general rules discussed herein. Persons considering the purchase of Original Issue Discount Notes with such features should carefully examine the relevant Final Terms and should consult their own tax advisors with respect to such features since the tax consequences with respect to OID will depend, in part, on the particular terms and features of the Notes.

In the case of an Original Issue Discount Note that is a Floating Rate Note, both the "yield to maturity" and "qualified stated interest" will be determined solely for purposes of calculating the accrual of OID, as though the Note will bear interest in all periods at a fixed rate generally equal to the rate that would be applicable to interest payments on the Note on its date of issue or, in the case of certain Floating Rate Notes, the rate that reflects the yield to maturity that is reasonably expected for the Note. Additional rules may apply if interest on a Floating Rate Note is based on more than one interest index or if the principal amount of the Note is indexed in any manner. Persons considering the purchase of Floating Rate Notes should carefully examine the relevant supplemental prospectus and should consult their own tax advisors regarding the U.S. federal income tax consequences of the ownership and disposition of such Notes.

Election to Treat All Interest as Original Issue Discount

U.S. Holders may elect to treat all interest on any Note as OID and calculate the amount includible in gross income under the constant yield method described above. For the purposes of this election, interest includes stated interest, acquisition discount, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortisable bond premium or acquisition premium. This election will generally apply only to the Note

with respect to which it is made and may not be revoked without the consent of the IRS. U.S. Holders should consult their own tax advisors about this election.

Short Term Notes

In the case of Notes having a term of one year or less (“**Short-term Notes**”), all payments (including all stated interest) will be included in the stated redemption price at maturity and, thus, U.S. Holders generally will be taxable on the discount in lieu of any stated interest. The discount will be equal to the excess of the stated redemption price at maturity over the issue price of a Short-term Note, unless the U.S. Holder elects to compute this discount using tax basis instead of issue price. Under the OID regulations, in general, individuals and certain other cash method U.S. Holders of a Short term Note are not required to include accrued discount in their income currently unless the U.S. Holder elects to do so (but may be required to include any stated interest in income as it is received). U.S. Holders that report income for U.S. federal income tax purposes on the accrual method and certain other U.S. Holders are required to accrue discount on such Short-term Notes (as ordinary income) on a straight line basis, unless an election is made to accrue the discount according to a constant yield method based on daily compounding. In the case of a U.S. Holder that is not required, and does not elect, to include discount in income currently, any gain realised on the sale, exchange or retirement of the Short-term Note will generally be ordinary income to the extent of the discount accrued on a straight-line basis (unless an election is made to accrue the OID under the constant-yield method) through the date of sale, exchange or retirement. In addition, a U.S. Holder that is not required and does not elect to include currently accrued discount in income may be required to defer deductions for a portion of the U.S. Holder’s interest expense with respect to any indebtedness incurred or continued to purchase or carry such Notes.

Acquisition Premium

A U.S. Holder that purchases an Original Issue Discount Note for an amount that is greater than its adjusted issue price but less than or equal to the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, will be considered to have purchased the Original Issue Discount Note at an “acquisition premium”. If the U.S. Holder does not make the election described above under “*Election to Treat all Interest as Original Issue Discount*,” under the acquisition premium rules, the daily portions of original issue discount which the U.S. Holder must include in its gross income with respect to such Original Issue Discount Note will be reduced by an amount equal to the daily portion of the original issue discount for such day multiplied by the acquisition premium fraction. The numerator of the “acquisition premium fraction” is the excess of the U.S. Holder’s adjusted basis in the Note immediately after its purchase over the adjusted issue price of the Note, and the denominator is the sum of the daily portions of OID for such Note for all days after the date of purchase and ending on the stated maturity date (i.e., the total original issue discount remaining on the Note).

Market Discount

If a U.S. Holder purchases a Note (other than a Short-term Note) for an amount that is less than its stated redemption price at maturity (or, in the case of a Note issued with OID, its adjusted issue price), the amount of the difference will be treated as market discount, unless this difference is less than a specified *de minimis* amount (0.25% of the Note’s stated redemption price at maturity multiplied by the number of complete years to its maturity (or, in the case of a Note that provides for payments other than qualified stated interest before maturity, its weighted average maturity)). A U.S. Holder must treat any gain it recognizes on the maturity or disposition of a market discount Note as ordinary income to the extent of the accrued market discount on such Note while held by such U.S. Holder. Alternatively, such U.S. Holder may elect to include market discount in income currently over the life of such Note. If a U.S. Holder makes this election, it will apply to all debt instruments with market discount that a U.S. Holder acquires on or after the first day of the first taxable year to which the election applies. A U.S. Holder may not revoke this election without the consent of the IRS. If a U.S. Holder owns a market discount Note and does not make this election, it will generally be required to defer deductions for interest on borrowings allocable to such Note in an amount not exceeding the accrued market discount on such Note until the maturity or disposition of such Note.

Under current law, a U.S. Holder will accrue market discount on a market discount Note on a straight-line basis unless it elects to accrue market discount using a constant yield to maturity method. If such U.S. Holder makes this election, it will apply only to the Note with respect to which it is made and is irrevocable without the consent of the IRS.

Variable Rate Debt Instruments

Generally, a Floating Rate Note will qualify as a “variable rate debt instrument” if: (a) its issue price does not exceed the total noncontingent principal payments due under the Floating Rate Note by more than an amount equal to the lesser of (i) 0.015 multiplied by the product of the total noncontingent principal payments and the number of complete years to maturity from the issue date or (ii) 15 percent of the total noncontingent principal payments; (b) it does not provide for

stated interest other than stated interest that pays or compounds at least annually at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate; and (c) each qualified floating rate or objective rate in effect at any time during the term of the Note is set at a current value of that rate (i.e., the value of the rate on any day that is no earlier than three months prior to the first day on which the value is in effect and no later than one year following that first day).

A “qualified floating rate” is any variable rate where: (a) variations in the value of such rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Floating Rate Notes are denominated; or (b) the rate is equal to a rate specified in (a) multiplied by either a fixed multiple that is greater than 0.65 but not more than 1.35; or (c) the rate is equal to a rate specified in (a) or (b), increased or decreased by a fixed rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Floating Rate Notes together will constitute a single qualified floating rate. Two or more qualified floating rates will be presumed to meet the requirements of the previous sentence if the values of all rates on the issue date are within 25 basis points of each other. Notwithstanding the foregoing, a variable rate is not a qualified floating rate if it is subject to certain restrictions (including caps, floors, governors or other similar restrictions) unless such restrictions are fixed throughout the term of the Note or are not reasonably expected to significantly affect the yield on the Note.

An “objective rate” is a rate that: (a) is not a qualified floating rate; and (b) is determined using a single fixed formula that is based on objective financial or economic information that is not within the control of or unique to the circumstances of the issuer or a related party. Despite the foregoing, a variable rate of interest on Floating Rate Notes will not constitute an objective rate if it is reasonably expected that the average value of such rate during the first half of the Floating Rate Notes’ term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Floating Rate Notes’ term. A “qualified inverse floating rate,” is any objective rate where such rate is equal to a fixed rate minus a qualified floating rate, and the variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the cost of newly borrowed funds in the currency in which the Floating Rate Notes are denominated.

Generally, if a Floating Rate Note provides for stated interest (payable unconditionally at least annually) at a fixed rate for an initial period of one (1) year or less followed by a variable rate that is either a single qualified floating rate or a single objective rate, and the value of the variable rate on the Floating Rate Notes’ issue date is intended to approximate the fixed rate, then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be. If the Notes pay interest at a single objective rate or a single qualified floating rate, the amount of original issue discount allocated to an accrual period, if any, is determined by using the constant yield method with a fixed rate equal to, in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or, for any other objective rate, a fixed rate that reflects the yield reasonably expected for such Floating Rate Note.

If a Floating Rate Note that is a variable rate debt instrument does not provide for stated interest at a single qualified floating rate or single objective rate, or at a single fixed rate (other than at a single fixed rate for an initial period), the amount of qualified stated interest and the amount and accrual of original issue discount on the Note are generally determined by: (a) determining a fixed rate substitute for each variable rate provided under the Floating Rate Note (generally, the value of each variable rate as of the issue date or, in the case of an objective rate that is not a qualified inverse floating rate, a rate that reflects the yield that is reasonably expected for the Note); (b) constructing the equivalent fixed rate debt instrument (using the fixed rate substitutes described above); (c) determining the amount of qualified stated interest and original issue discount with respect to the equivalent fixed rate debt instrument (by applying the general original issue discount rules as described above in “*Original Issue Discount*”); and (d) making the appropriate adjustment for actual variable rates during the applicable accrual period.

If a Floating Rate Note provides for stated interest either at one or more qualified floating rates or at a qualified inverse floating rate and in addition provides for stated interest at a single fixed rate (other than a single fixed rate for an initial period), a U.S. Holder generally must determine the amount of interest and original issue discount accruals by using the method described in the preceding paragraph with the modification that the Floating Rate Note is treated, for purposes of the first three steps of the determination, as if it provided for a qualified floating rate (or qualified inverse floating rate, if the Note provides for a qualified inverse floating rate) rather than the fixed rate. The qualified floating rate (or qualified inverse floating rate) replacing the fixed rate must be such that the fair market value of the Note as of the issue date would be approximately the same as the fair market value of an otherwise identical debt instrument that provides for a qualified floating rate (or qualified inverse floating rate) rather than a fixed rate.

A Floating Rate Note that does not qualify as a variable rate debt instrument will be treated as a contingent payment debt obligation. The proper U.S. federal income tax treatment of such a Note will be more fully described in the relevant supplemental prospectus.

Foreign Currency Discount Notes

OID for any accrual period on an Original Issue Discount Note that is denominated in, or determined by reference to, a foreign currency will be determined in the foreign currency and then translated into U.S. Dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above under “*Foreign Currency Denominated Qualified Stated Interest*.” Upon receipt of an amount attributable to OID (whether in connection with a payment of interest or the sale or retirement of a Note), a U.S. Holder will recognise foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. Dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. Dollars.

Notes Purchased at a Premium

A U.S. Holder that purchases a Note for an amount in excess of the sum of all amounts payable on the Note after the purchase date other than qualified stated interest will be considered to have purchased the Note with “amortisable bond premium” equal to such excess. A U.S. Holder generally may elect to amortise the premium over the remaining term of the Note on a constant yield method. If a U.S. Holder makes this election, it will reduce the amount required to be included in income each year with respect to interest on the Note by an amount of the amortisable bond premium allocable to that year, and the U.S. Holder must reduce its tax basis in the Note by the amount of the premium used to offset qualified stated interest. In the case of a Note that is denominated in, or determined by reference to, a foreign currency, bond premium will be computed in units of foreign currency, and amortisable bond premium will reduce interest income in units of the foreign currency. On the date amortised bond premium offsets interest income, exchange gain or loss (taxable as ordinary income or loss) will be recognized to the extent of the difference between the spot rate of exchange on that date and on the date of the acquisition of the Notes. Any election to amortise bond premium shall apply to all bonds (other than bonds the interest on which is excludable from gross income) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. Special rules limit the amortisation of premium in the case of debt that is redeemable at a premium. Bond premium on a Note held by a U.S. Holder that does not make such an election will decrease the capital gain or increase the capital loss otherwise recognised on disposition of the Note.

Sale, Exchange or Retirement

A U.S. Holder’s tax basis in a Note generally will be its U.S. Dollar cost (as defined herein) increased by the amount of any OID included in the U.S. Holder’s income with respect to the Note and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortisable bond premium applied to reduce interest on the Note. The U.S. Dollar cost of a Note (including a Note purchased with a foreign currency) generally will be the U.S. Dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market, as defined in the applicable U.S. Treasury Regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

A U.S. Holder generally will recognise gain or loss on the sale, exchange or retirement of a Note equal to the difference between the amount realised on the sale or retirement and the tax basis of the Note. The amount realised does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income. The amount realised on a sale, exchange or retirement for an amount in foreign currency will be the U.S. Dollar value of such amount on the date of sale or retirement or, in the case of Notes traded on an established securities market, within the meaning of the applicable U.S. Treasury Regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale. Such settlement date election (described in this and the preceding paragraph) by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

Gain or loss recognised on the sale, exchange or retirement of a Note (other than gain or loss that is attributable to OID, market discount or to changes in exchange rates) will be capital gain or loss and will be long-term capital gain or loss if the Note was held for more than one year at the time of such sale. The deductibility of capital losses is subject to limitation. Gain or loss recognised by a U.S. Holder on the sale, exchange or retirement of a Note that is attributable to changes in the exchange rates will be treated as U.S. source ordinary income or loss; however, exchange gain or loss is taken into account only to the extent of total gain or loss realised on the transaction. Gain or loss realised by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source income or loss. Prospective investors should consult their tax advisors as to the foreign tax credit implications of such sale, exchange or retirement of Notes.

Sale, Exchange or Retirement of Foreign Currency

A U.S. Holder will have a tax basis in any foreign currency received as interest on a Note or on the sale, exchange or retirement of a Note equal to its U.S. Dollar value at the time such interest is received or at the time of such sale or retirement. Foreign currency that is purchased generally will have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss realized by a U.S. Holder on a sale or other disposition of foreign currency (including its exchange for U.S. Dollars or its use to purchase Notes) generally will be U.S. source ordinary income or loss.

Reportable Transaction Reporting

Under certain U.S. Treasury Regulations, U.S. Holders that participate in “reportable transactions” (as defined in the regulations) must attach to their U.S. federal income tax returns a disclosure statement on Form 8886. Under the relevant rules, if the Notes are denominated in a foreign currency, a U.S. Holder may be required to treat foreign currency exchange loss from the Notes as a reportable transaction if this loss exceeds the relevant threshold in the regulations (U.S.\$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amount for other non-individual U.S. Holders), and to disclose its investment by filing Form 8886 with the IRS. A penalty of up to U.S.\$10,000 in the case of a natural person and U.S.\$50,000 in all other cases may be imposed in any taxable year on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. U.S. Holders should consult their own tax advisors as to the possible obligation to file Form 8886 with respect to the ownership or disposition of the Notes, or any related transaction, including without limitation, the disposition of any foreign currency received as interest or as proceeds from the sale, exchange or retirement of the Notes.

Foreign Financial Asset Reporting

Certain U.S. Holders who are individuals are required to report information relating to an interest in the Notes, subject to certain exceptions (including an exception for Notes held in accounts maintained by U.S. financial institutions). U.S. Holders are urged to consult their tax advisors regarding their information reporting obligations, if any, with respect to their ownership and disposition of the Notes.

Non-U.S. Holders

Under U.S. federal income tax law currently in effect, subject to the discussion below under the caption “U.S. Backup Withholding Tax and Information Reporting,” payments of interest (including OID) on a Note to a Non-U.S. Holder generally will not be subject to U.S. federal income tax unless the income is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States.

Subject to the discussion below under the caption “U.S. Backup Withholding Tax and Information Reporting,” any gain realized by a Non-U.S. Holder upon the sale, exchange or retirement of a Note generally will not be subject to U.S. federal income tax, unless (i) the gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the sale, exchange or retirement and certain other conditions are met.

U.S. Backup Withholding Tax and Information Reporting

For non-corporate U.S. Holders, information reporting requirements will apply to payments of principal and interest on the Notes, in each case, if such payments are made within the United States or paid by or through a custodian, nominee or other agent that is a United States Controlled Person, as defined below. Backup withholding will apply to such payments for a non-corporate U.S. Holder that (i) fails to provide an accurate U.S. taxpayer identification number, (ii) in the case of interest payments, fails to certify that such holder is not subject to backup withholding, or (iii) is notified by the IRS that such holder has failed to report all interest and dividends required to be shown on the holder’s United States federal income tax returns.

For Non-U.S. Holders, information reporting and backup withholding generally will not apply to payments of principal and interest on the Notes (assuming that the gain or income is otherwise exempt from U.S. federal income tax), but such holders may be required to comply with certification and identification procedures or otherwise establish an exemption. If Non-U.S. Holders are paid proceeds from a sale or redemption of Notes effected at the United States office of a broker, such holders generally will be subject to the information reporting and backup withholding rules described in the preceding sentence. In addition, the information reporting rules will apply to payments of proceeds of a sale effected at a foreign office of a broker that is a United States Controlled Person, unless the broker has documentary evidence that

such holder is not a United States person (and has no actual knowledge or reason to know to the contrary) or the holder otherwise establishes an exemption.

A “**United States Controlled Person**” is: (i) a U.S. Person; (ii) a controlled foreign corporation for U.S. federal income tax purposes; (iii) a foreign person 50% or more of whose gross income is derived for United States federal income tax purposes from a United States trade or business for a specified three-year period; or (iv) a foreign partnership in which U.S. Persons hold more than 50% of the income or capital interests or which is engaged in a United States trade or business.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a holder of Notes generally will be allowed as a refund or a credit against such holder’s U.S. federal income tax liability as long as such holder provides the required information to the IRS in a timely manner.

EU Savings Directive

Under the EU Savings Directive, each EU Member State is required to provide to the tax authorities of another EU Member State details of payments of interest or other similar income (within the meaning of the EU Savings Directive) paid by a person established within its jurisdiction to (or for the benefit of) an individual resident or certain limited types of entities established in that other EU Member State; however, for a transitional period, Austria may instead apply a withholding system in relation to such payments. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries and certain dependent or associated territories of certain EU Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent within its jurisdiction to, or collected by such a paying agent for, an individual resident in an EU Member State. In addition, the EU Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in an EU Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The Council of the EU has adopted a Directive (the “**Amending Directive**”) which will, when implemented, amend and broaden the scope of the requirements of the EU Savings Directive described above. The Amending Directive will expand the range of payments covered by the EU Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. For example, payments made to (or for the benefit of) (i) an entity or legal arrangement effectively managed in an EU Member State that is not subject to effective taxation, or (ii) a person, entity or legal arrangement established or effectively managed outside of the EU (and outside any third country or territory that has adopted similar measures to the Savings Directive) which indirectly benefit an individual resident in an EU Member State, may fall within the scope of the EU Savings Directive, as amended. The Amending Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

If a payment were to be made or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the EU Savings Directive or any law implementing or complying with, or introduced in order to conform to such Directive, neither the Republic nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Republic is required to maintain a Paying Agent in an EU Member State that is not obliged to withhold or deduct tax pursuant to the EU Savings Directive or any law implementing or complying with, or introduced in order to conform to such Directive. However, investors should be aware that any custodians or intermediaries through which they hold their interest in the Notes may nonetheless be obliged to withhold or deduct tax pursuant to such laws unless the investor meets certain conditions, including providing any information that may be necessary to enable such persons to make payments free from withholding and in compliance with the EU Savings Directive, as amended.

Investors who are in any doubt as to their position should consult their professional advisers.

The Proposed Financial Transactions Tax (“FTT”)

On 14 February 2013, the Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”).

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Joint statements issued by participating Member States indicate an intention to implement the FTT by 1 January 2016.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

Notes may be sold from time-to-time by the Issuer to any one or more of BNP Paribas, Citigroup Global Markets Limited, J.P. Morgan Securities plc, Morgan Stanley & Co. International plc and Natixis and any additional dealer(s) appointed under the Programme from time-to-time by the Issuer (the “Dealers”). The arrangements under which Notes may from time-to-time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in the Dealer Agreement dated 26 May 2015 (the “Dealer Agreement”) and made between the Issuer, the Arrangers and the Dealers. Any such agreement will, inter alia, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

General

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out below) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or in a supplement to this Base Prospectus.

Arab Republic of Egypt

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that Notes to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in Egypt other than in compliance with any laws applicable in Egypt governing the issue, offering and sale of securities.

United States of America

The Notes have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and Bearer Notes are subject to U.S. tax law requirements. The Notes may not be offered, sold or (in the case of Bearer Notes) delivered within the United States, or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder. The relevant Final Terms will identify whether the TEFRA C Rules or the TEFRA D Rules apply or whether TEFRA is not applicable.

In respect of Bearer Notes where TEFRA D is specified in the relevant Final Terms:

- (i) except to the extent permitted under rules in substantially the same form as the TEFRA D Rules, each Dealer (a) represents that it has not offered or sold, and agrees that during the restricted period it will not offer or sell, Bearer Notes to a person who is within the United States or its possessions or to a United States person, and (b) represents that it has not delivered and agrees that it will not deliver within the United States or its possessions definitive Bearer Notes that are sold during the restricted period;

- (ii) each Dealer represents that it has and agrees that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bearer Notes are aware that such Bearer Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the TEFRA D Rules;
- (iii) if it is a United States person, each Dealer represents that it is acquiring Bearer Notes for purposes of resale in connection with their original issuance and if it retains Bearer Notes for its own account, it will only do so in accordance with the requirements of rules in substantially the same form as U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D)(6) for purposes of Section 4701 of the Code; and
- (iv) with respect to each affiliate that acquires Bearer Notes from a Dealer for the purpose of offering or selling such Bearer Notes during the restricted period, such Dealer agrees that it will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in clauses (i), (ii) and (iii) above.

In respect of Bearer Notes where TEFRA C is specified in the relevant Final Terms under rules in substantially the same form as the TEFRA C Rules, such Bearer Notes must be issued and delivered outside the United States and its possessions. Each Dealer represents and agrees that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, such Bearer Notes within the United States or its possessions. Further, each Dealer represents and agrees that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either such purchaser or it is within the United States or its possessions and will not otherwise involve its U.S. office in the offer or sale of such Bearer Notes.

Notes issued pursuant to the TEFRA D Rules and any receipts or coupons appertaining thereto will bear the following legend: “ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE”.

The Notes will be offered and sold (A) in bearer form or registered form outside the United States in reliance on Regulation S and (B) in registered form within the United States only to persons who are QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from registration under the Securities Act.

The Dealer Agreement provides that the Arranger(s), or any Dealer with the prior written consent of the Arranger(s), may directly or through its respective agents or affiliates arrange for the resale of Restricted Registered Notes in the United States only to QIBs pursuant to Rule 144A.

To the extent that any Dealers that are not U.S. registered broker dealers intend to effect any sales of Notes in the United States, they will only do so through one or more U.S. registered broker dealer affiliates as permitted by Financial Industry Regulatory Authority guidelines.

Public Offer Selling Restriction Under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression “an offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “**Prospectus Directive**” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than: (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that 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 Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act № 25 of 1948, as amended) (the “FIEA”). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold Notes, and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act № 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Malaysia

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) this Base Prospectus has not been registered as a prospectus with the Securities Commission of Malaysia under the Capital Markets and Services Act 2007 of Malaysia; and
- (b) accordingly, the Notes have not been and will not be offered, sold or delivered, and no invitation to subscribe for or purchase the Notes have been or will be made, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons or in categories falling within Schedule 6 (or Section 229(1)(b)), Schedule 7 (or Section 230(1)(b)), and Schedule 8 (or Section 257(3)) of the Capital Markets and Services Act 2007 of Malaysia, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the Securities Commission of Malaysia and/or any other regulatory authority from time-to-time.

Residents of Malaysia may be required to obtain relevant regulatory approvals including approval from the Controller of Foreign Exchange to purchase the Notes. The onus is on the Malaysian residents concerned to obtain such regulatory approvals and none of the Dealers is responsible for any invitation, offer, sale or purchase of the Notes as aforesaid without the necessary approvals being in place.

Singapore

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and that it will not offer or sell any Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, nor will it circulate or distribute this Base Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of the Notes, whether directly or indirectly, to any person in Singapore other than: (i) to an institutional investor pursuant to Section 274 of the SFA Chapter 289; (ii) to a relevant person 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) pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (b) where no consideration is or will be given for the transfer;
- (c) where the transfer is by operation of law; or
- (d) as specified in Section 276(7) of the SFA.

Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Notes. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a “**Saudi Investor**”) who acquires any Notes pursuant to an offering should note that the offer of Notes is a private placement under Article 10 or Article 11 of the “Offer of Securities Regulations” as issued by the Board of the Capital Market Authority resolution number 2-11-2004

dated 4 October 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated 18 August 2008 (the “**KSA Regulations**”), through a person authorised by the Capital Market Authority (“**CMA**”) to carry on the securities activity of arranging and following a notification to the CMA under the KSA Regulations.

The Notes may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to “sophisticated investors” under Article 10 of the KSA Regulations or by way of a limited offer under Article 11 of the KSA Regulations. Each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Notes to a Saudi Investor will comply with the KSA Regulations.

Investors are informed that Article 17 of the KSA Regulations place restrictions on secondary market activity with respect to the Notes, including as follows:

- (a) a Saudi Investor (referred to as a “**transferor**”) who has acquired Notes pursuant to a private placement may not offer or sell Notes to any person (referred to as a “**transferee**”) unless the offer or sale is made through an authorised person where one of the following requirements is met:
 - (1) the price to be paid for the Notes in any one transaction is equal to or exceeds Saudi Riyals one million or an equivalent amount;
 - (2) the Notes are offered or sold to a sophisticated investor; or
 - (3) the Notes are being offered or sold in such other circumstances as the CMA may prescribe for these purposes.
- (b) if the requirement of paragraph (a)(1) above cannot be fulfilled because the price of the Notes being offered or sold to the transferee has declined since the date of the original private placement, the transferor may offer or sell the Notes to the transferee if their purchase price during the period of the original private placement was equal to or exceeded Saudi Riyals 1 million or an equivalent amount;
- (c) if the requirement in paragraph (b) above cannot be fulfilled, the transferor may offer or sell Notes if he/she sells his entire holding of Notes to one transferee; and
- (d) the provisions of paragraphs (a), (b) and (c) above shall apply to all subsequent transferees of the Notes.

United Arab Emirates (excluding the Dubai International Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Notes to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

- (a) an “**Exempt Offer**” in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority (the “**DFSA**”); and
- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module.

Kingdom of Bahrain

This Base Prospectus does not constitute an offer to: (i) the Public (as defined in Articles 142- 146 of the Commercial Companies Law (decree Law № 21 of 2001 of Bahrain)) in the Kingdom of Bahrain; or (ii) any person in the Kingdom of Bahrain who is not an accredited investor.

For this purpose, an “**accredited investor**” means:

- (a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.\$1,000,000 or more;
- (b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000; or
- (c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, and will not offer, Notes except on a private placement basis to persons in the Kingdom of Bahrain who are accredited investors.

State of Qatar (excluding the Qatar Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, directly or indirectly, any Notes in the State of Qatar, except: (i) in compliance with all applicable laws and regulations of the State of Qatar; and (ii) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar.

Qatar Financial Centre

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that this Base Prospectus: (i) has not been, and will not be, registered with or approved by the Qatar Financial Centre Regulatory Authority and may not be publicly distributed in the Qatar Financial Centre; (ii) is intended for the original recipient only and must not be provided to any other person; and (iii) is not for general circulation in the Qatar Financial Centre and may not be reproduced or used for any other purpose.

TRANSFER RESTRICTIONS

Regulation S Notes

Each purchaser of Bearer Notes or Unrestricted Registered Notes outside the United States pursuant to Regulation S and each subsequent purchaser of such Notes in resales prior to the expiration of the distribution compliance period, by accepting delivery of this Base Prospectus and the Notes, will be deemed to have represented, agreed and acknowledged that:

- (i) it is, or at the time Notes are purchased will be, the beneficial owner of such Notes and:
 - (a) it is not a U.S. person and it is, or at the time Notes are purchased will be, the beneficial owner of such Notes and it is located outside the United States (within the meaning of Regulation S); and
 - (b) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate;
- (ii) it understands that such Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period (as defined in Regulation S), it will not offer, sell, pledge or otherwise transfer such Notes except:
 - (a) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S; or
 - (b) to the Issuer; or
 - (c) in the case of Unrestricted Registered Notes only, in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or the account of a QIB,in each case in accordance with any applicable securities laws of any State of the United States; and
- (iii) it understands that the Issuer, the Fiscal Agent, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Notes is no longer accurate, it shall promptly notify the Issuer and the Dealer(s).

On or prior to the fortieth day after the relevant issue date, Notes represented by an interest in an Unrestricted Global Certificate may be transferred to a person who wishes to hold such Notes in the form of an interest in a Restricted Global Certificate only upon receipt by the Registrar of a written certification from the transferor to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States. After such fortieth day, such certification requirements will no longer apply to such transfers, but such transfers will continue to be subject to the transfer restrictions contained in the legend appearing on the face of such Global Certificate, as described above under “*Forms of the Notes*”.

Notes represented by an interest in a Restricted Global Certificate may also be transferred to a person who wishes to hold such Notes in the form of an interest in an Unrestricted Global Certificate, but only upon receipt by the Registrar of a written certification from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144 (if available) under the Securities Act.

Any interest in a Note represented by an Unrestricted Global Certificate that is transferred to a person who takes delivery in the form of an interest in a Note represented by a Restricted Global Certificate will, upon transfer, cease to be an interest in a Note represented by an Unrestricted Global Certificate and become an interest in a Note represented by a Restricted Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to Notes represented by a Restricted Global Certificate.

Rule 144A Notes

Each purchaser of Restricted Registered Notes in reliance on Rule 144A, by accepting delivery of this Base Prospectus, will be deemed to have represented, agreed and acknowledged as follows (terms used in the following paragraphs that are defined in Rule 144A have the respective meanings given to them in Rule 144A):

- (i) the purchaser is (a) a QIB, (b) acquiring the Notes for its own account or for the account of one or more QIBs, (c) not formed for the purpose of investing in the Notes or the Issuer and (d) is aware, and each beneficial owner of such Notes has been advised that the sale of the Notes to it is being made in reliance on Rule 144A;
- (ii) the purchaser understands that (1) the Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it, and any person acting on its behalf, reasonably believes is a QIB purchasing for its own account or for the account of one or more QIBs, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), (d) pursuant to an effective registration statement under the Securities Act or (e) to the Issuer or any of their respective affiliates, in each case in accordance with any applicable securities laws of any State of the United States; and (2) it will, and each subsequent holder of the Restricted Registered Notes is required to, notify any purchaser of the Restricted Registered Notes from it of the resale restrictions applicable to the Restricted Registered Notes;
- (iii) the purchaser understands that the Restricted Global Certificate and any restricted Individual Note Certificate (a “**Restricted Individual Note Certificate**”) will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

THE NOTES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”) OR ANY SECURITIES LAW OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING THE NOTES REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF THE ISSUER THAT THE NOTES REPRESENTED HEREBY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (1) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR A PERSON PURCHASING FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (4) TO THE ISSUER OR ITS AFFILIATES OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES;

- (iv) if it is acquiring any Notes for the account of one or more QIBs, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and
- (v) the purchaser understands that the Issuer, the Fiscal Agent, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Notes is no longer accurate, it shall promptly notify the Issuer and the Dealer(s).

Upon the transfer, exchange or replacement of a Restricted Global Certificate or a Restricted Individual Note Certificate, or upon specific request for removal of the legend, the Issuer will deliver only a Restricted Global Certificate or one or more Restricted Individual Note Certificates that bear such legend or will refuse to remove such legend, unless there is delivered to the Issuer and the Registrar such satisfactory evidence (which may include a legal opinion) as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Any interest in a Restricted Global Certificate that is transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Certificate will, upon transfer, cease to be an interest in a Restricted Global Certificate and become an interest in an Unrestricted Global Note Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to an interest in an Unrestricted Global Certificate.

Prospective purchasers that are QIBs are hereby notified that sellers of the Restricted Registered Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

CLEARING AND SETTLEMENT

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear and/or Clearstream (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 Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but neither the Issuers nor any Dealer takes any responsibility for the accuracy thereof. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

DTC Book-Entry System

Registered Notes whether as part of the initial distribution of the Notes or in the secondary market, are eligible to be held in book-entry form in DTC.

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a “banking organisation” within the meaning of the New York Banking Law, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants (“**Participants**”) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants (“**Direct Participants**”) include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”).

Under the rules, regulations and procedures creating and affecting DTC and its operations (the “**DTC Rules**”), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC’s book-entry settlement system (“**DTC Notes**”) as described below, and receives and transmits distributions of principal and interest on DTC Notes. The DTC Rules are on file with the SEC. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (“**Owners**”) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the DTC Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest with respect to the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC’s records. The ownership interest of each actual purchaser of each DTC Note (“**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participant’s records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time-to-time.

Redemption notices shall be sent to Cede & Co. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time-to-time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, DTC will exchange the DTC Notes for Individual Note Certificates, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Restricted Global Note Certificate, will be legended as set forth under "*Transfer Restrictions*".

Book-entry Ownership of and Payments in respect of DTC Notes

The Issuer may apply to DTC in order to have each Tranche of Notes represented by the Restricted Global Certificate, and if applicable, the Unrestricted Global Certificate, accepted in its book-entry settlement system. Upon the issue of any Global Registered Notes, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Global Registered Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer.

Ownership of beneficial interests in a Global Registered Note will be limited to Direct Participants or Indirect Participants. Ownership of beneficial interests in a Global Registered Note will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Global Registered Note registered in the name of DTC's nominee will be made to the order of such nominee as the registered holder of such Note. 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 Registered Note 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 Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Paying Agents, the Registrar or the Issuer. Payments of principal, premium, if any, and interest, if any, on Notes to DTC are the responsibility of the Issuer.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and

custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either system. Investors may hold their interests in Global Certificates directly through Euroclear or Clearstream, Luxembourg if they are accountholders or indirectly through organisation which are accountholders therein.

Transfers of Notes Represented by Global Registered Notes

Transfers of any interests in Notes represented by a Global Registered Note will be effected in accordance with the customary rules and operating procedures of Euroclear, Clearstream 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 Notes represented by a Global Registered Note to such persons may depend upon the ability to exchange such Notes for Individual Note Certificates. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Global Registered Note held by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or to otherwise take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Global Registered Note held by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a direct or indirect participant in the DTC system.

Transfers at any time by a holder of a book-entry interest in a Restricted Global Certificate to a transferee who takes delivery of such book-entry interest through an Unrestricted Global Certificate for the same Series of Notes will only be made upon delivery to the Registrar of a certificate setting forth compliance with the provisions of Regulation S. Prior to the expiration of the distribution compliance period (as defined in Regulation S), ownership of book-entry interests in an Unrestricted Global Certificate will be limited to persons that have accounts with Euroclear, Clearstream and/or DTC, as the case may be, or persons who hold such book-entry interest through Euroclear, Clearstream and/or DTC, as the case may be, and any sale or transfer of such book-entry interest to a US 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. Transfers at any time by a holder of a book-entry interest in an Unrestricted Global Certificate to a transferee who takes delivery of such book-entry interest through a Restricted Global Note Certificate for the same Series of Notes will only be made upon receipt by the Registrar or the Transfer Agent of a written certificate from the transferor of such book-entry interest to the effect that such transfer is being made to a person whom such transferor, and any person acting on its behalf, reasonably believes is a QIB within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under “*Transfer Restrictions*” and in accordance with any applicable securities laws of any state of the United States.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under “*Transfer Restrictions*”, cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, and/or the Paying Agents, as the case may be, and any custodian with whom the relevant Global Registered Notes have been deposited.

On or after the relevant issue date for any Series, transfers of Notes of such Series between accountholders in Euroclear or Clearstream and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in DTC and Euroclear or Clearstream participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear or Clearstream on the other, transfers of interests in the relevant Global Registered Notes will be effected through the Registrar and/or the relevant Paying Agent, as the case may be, and the custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payments must be made separately.

Euroclear, Clearstream and DTC have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Global Registered Notes among participants and accountholders of Euroclear, Clearstream 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 Issuer, the Registrar, the Paying Agents or any Dealer(s) will be responsible for any performance by Euroclear, Clearstream 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 Notes represented by Global Registered Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

GENERAL INFORMATION

Authorisation

The establishment of the Programme by the Issuer was authorised by a resolution of the Minister of Finance dated 26 May 2015. The issuance of the first series of Notes under the Programme was authorised by the Budget Law № 65. The Issuer has obtained or will obtain from time-to-time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

Approval, Listing and Admission to Trading of Notes

It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the regulated market of the Luxembourg Stock Exchange will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes initially representing the Notes of such Tranche.

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to the Official List and admitted to trading on the regulated market of the Luxembourg Stock Exchange. The approval of the Programme in respect of Notes is expected to be granted on or around 26 May 2015. Unlisted Notes may be issued pursuant to the Programme. Any unlisted notes will not constitute Final Terms for the purposes of Article 5.4 of the Prospectus Directive.

Legal and Arbitration Proceedings

Save as set out under the caption “*The Arab Republic of Egypt—Legal Proceedings—International Investment Treaty Claims*”, the Issuer is not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Base Prospectus which may have or have had in the recent past a significant effect on the Issuer’s financial position or which are material in the context of the issue of the Notes.

Significant/Material Change

Since 30 June 2014, there has been no material adverse change in the information set out under the following headings in this Base Prospectus: “*The Economy*”, “*External Sector*”, “*Monetary System*”, “*Public Finance*” and “*Public Sector Debt*” (the “**Egypt Disclosure Sections**”). Since 31 December 2014, there has not been any significant change in the Egypt Disclosure Sections.

Documents on Display

Physical copies of the following documents may be inspected during normal business hours at the specified offices of the Paying Agent for twelve months from the date of this Base Prospectus:

- (a) the Issuer’s 2014/15 budget;
- (b) Budget Law № 65;
- (c) the Agency Agreement;
- (d) the Deed of Covenant; and
- (e) the Base Prospectus and any future supplements and any Final Terms to this Base Prospectus (save that Final Terms relating to an unlisted Note will only be available for inspection by a Holder of such Note and such Holder must produce evidence satisfactory to the Paying Agent as to the identity of such Holder).

Clearing of the Notes

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg which are the entities in charge of keeping the records. The appropriate common code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the relevant Final Terms. In addition, the Issuer may make an application for any Notes in registered form to be accepted for trading in book-entry form by DTC. The CUSIP numbers for each Tranche of such Registered Notes, together with the relevant ISIN and (if applicable) common code,

will be specified in the relevant Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the relevant Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, New York 10041, United States of America.

Conditions for Determining Price and Yield

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions. In the case of different Tranches of a Series of Notes, the issue price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche.

The yield of each Tranche of Notes will be calculated on an annual or semi-annual basis using the relevant issue price at the relevant issue date. It is not an indication of future yield.

Dealers transacting with the Issuer

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer in the ordinary course of business for which they have received, and they may in the future receive, fees.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Redemption Basis

Subject to any purchase and cancellation or early redemption, Notes to be issued under the Programme will be redeemed on the relevant maturity date at 100% or more of their nominal amount.

ISSUER

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