Central Bank of Egypt

Annual Report

2011/2012

Board Members

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Dr. Farouk Abd El Baky El Okdah

Deputy Governor
Mr. Gamal Mohamed Negm

Deputy Governor
Mrs. Lobna Mohamed Helal

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Mr. Mahmoud Mohamed Hussein
Representative of the Ministry of Finance

Dr. Mahmoud Abd El-Fadeel Hussein
Economic Expert

Counselor/ Moataz Kamel Morsy
Legal Expert

Dr. Laila Ahmed El Khawaga
Economic Expert

Dr. Alaa Essam El Shazly
Financial and Economic Expert

Preface

I have the pleasure to present the Annual Report of the Central Bank of Egypt for FY 2011/2012. The Report reviews and analyzes the major domestic economic developments, including economic growth, inflation, state budget, balance of payments, and foreign trade, along with the CBE's activities and the main monetary, credit and banking developments.

On the domestic arena, the economic performance improved during the year. Real GDP growth picked up to 2.2 percent at both market prices and factor cost (against 1.8 percent at market prices and 1.9 percent at factor cost in FY 2010/2011). The economic improvement was owed to the higher growth in Q3 (Jan./March 2012) and Q4 (April/June 2012), where real GDP growth (at factor cost) registered 5.2 percent and 3.3 percent, respectively.

As for **monetary policy** management, the CBE continued to pursue price stability, being the ultimate objective of the monetary policy, by working to bring inflation to an appropriate level, so as to help stimulate investments and steer economic growth. The decisions of the Monetary Policy Committee (MPC) taken during the year were supportive of that objective. In this context, the MPC decided in its meetings held during July/Oct. 2011 to keep the overnight deposit and lending rates, and the discount rate unchanged. However, as a precautionary measure against potentially higher inflationary pressures, it was decided in November meeting to raise the said rates, and they remained unchanged till 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 (repo) at variable rate tenders, with a minimum bid equal to the 7-day repo rate. The 7-day repos have been conducted by the CBE since March 2011. Moreover, the CBE's BOD made two successive cuts to the required reserve ratio (from 14 percent to 12 percent and then to 10 percent).

As part of **the banking reform program**, the CBE has completed the second phase in March 2012. Implementation of that phase started in January 2009. Its main concern was the application of Basel II standards in the banking sector. The actual application of the executive instructions of Basel II standards is scheduled to commence in 2012. For banks with fiscal year ending in June, these standards shall be binding as of June 2013, and for the other banks, as of Dec. 2012. Moreover, the said phase embraced an initiative promoting the development and growth of banking activities/services catering and access to finance for various sectors, especially small- and medium-sized enterprises (SMEs). In this regard, the CBE exempted banks' deposits -equivalent to the size of loans extended thereby to finance SMEs- from the reserve requirement ratio. Applying governance rules in the Egyptian banks and the CBE has also become one of the centerpieces of the second phase of the banking reform program. In this respect, bank governance rules were approved by the CBE

Board Decision dated July 5, 2011. Finally, a decree-law was issued on 8 Oct., 2011, amending certain provisions of the Law of the Central Bank, Banking Sector and Money, regarding CBE's Board of Directors to enforce governance rules and prevent conflict of interests.

The aggregate financial position of registered banks operating in Egypt reached LE 1366.2 billion at end of June 2012, with total equities of LE 92.9 billion, deposits of LE 1023.5 billion, investments in securities and bills of LE 555.3 billion, and clients' loan and discount balances of LE 506.7 billion.

Moving to **financial soundness indicators**, the capital adequacy ratio (capital/risk-weighted assets) reached approximately 15.7 percent at end of June 2012, against an established minimum ratio of 10 percent. In FY 2011/2012, return on average assets posted 0.8 percent, return on average equities 11.7 percent, and net interest margin 2.6 percent (against 1 percent, 14.3 percent, and 2.3 percent, respectively, in FY 2010/2011). The ratio of non-performing loans to total loans reached 9.9 percent at end of June 2012, against 11.0 percent at end of June 2011. Loan provisions/non-performing loans registered 95.4 percent, against 93.6 percent.

Attesting to the CBE's successful management of **the foreign exchange market**, through the dollar interbank system, the market continued to perform well, thanks to adequate foreign currency liquidity. This cushioned the Egyptian pound against any drastic volatility versus the US dollar, especially after large investments had fled the country and tourism revenues had plunged, amid the political circumstances in Egypt. Accordingly, the LE value depreciated by only 1.5 percent in the reporting year. Net international reserves (NIR) receded by US$ 11.1 billion or 41.5 percent to US$ 15.5 billion, thus covering 3.2 months of merchandise imports at end of June 2012.

Transactions with the external world unfolded an overall **BOP** deficit of US$ 11.3 billion (against US$ 9.8 billion a year earlier). This was a confluence of the rise in the current account deficit by 30.2 percent to US$ 7.9 billion (from US$ 6.1 billion), along with the net outflows of the capital and financial account of US$ 1.4 billion (against US$ 4.2 billion).

Finally, I would like to extend my thanks to all the staff of the CBE and the banking system for their sincere efforts that enabled the banking system to continue performing its role under the umbrella of development and modernization. May God help us serve our dear country and further its progress and prosperity.

The CBE Governor
Dr. Farouk El Okdah

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Main Indicators of the Performance of Egyptian Economic Sectors

	Fiscal Year	
	2010/11	**2011/12**
Real Sector		
Real GDP growth rate at factor cost (%), of which:	1.9	2.2
The share of the private sector (percentage point)	0.8	1.5
Real GDP growth rate at market and constant prices (%), of which:	1.8	2.2
Share of private consumption (percentage point)	3.9	4.4
Share of public consumption (percentage point)	0.4	0.3
Share of investment (percentage point)	-0.4	1.5
Share of net external demand (percentage point) (exports of goods and services - imports of goods and services)	-2.1	-4.0
CPI inflation (urban) July/June (%)	11.8	7.3
PPI inflation, July/June (%)	19.4	-3.7
Financial & Monetary Sector		
Domestic liquidity growth rate M2 (%)	10.0	8.4
Growth rate of time & saving deposits in local currency (%)	7.0	8.6
Growth rate of foreign currency deposits (%)	11.9	5.1
Foreign currency deposits/Total deposits (dollarization rate) (%)	21.0	20.7
Private business sector credit/Total credit (%)	36.2	31.8
Net claims on the government/Total credit (%)	49.0	53.9
Household sector credit/Total credit (%)	11.1	10.5
Public business sector credit/Total credit (%)	3.7	3.8
Change in private business sector credit/Change in total credit (%)	(2.6)	9.8
Change in net claims on the government/Change in total credit (%)	94.6	78.6

Main Indicators of the Performance of Egyptian Economic Sectors (contd.)

	Fiscal Year 2010/11	Fiscal Year 2011/12
Change in household sector credit/Change in total credit (%)	5.5	7.4
Change in public business sector credit/Change in total credit (%)	2.5	4.2
Net international reserves (US$ mn) at end of the period	26564	15534
NIR in months of merchandise imports	6.3	3.2
Banks' Financial Soundness Indicators (FSIs), of which:		
Capital adequacy ratio (%)	16.0	15.7
Nonperforming loans/Total gross loans (%)	11.0	9.9
Loan provisions/Total nonperforming loans (%)	93.6	95.4
Return on average assets* (%)	1.0	0.8
Return on average equities* (%)	14.3	11.7
External Sector		
Trade Balance/GDP (%)	(11.5)	(12.3)
Service Balance/GDP (%)	3.3	2.1
FDI in Egypt (net)/GDP (%)	0.9	0.8
Net transfers/GDP (%)	5.6	7.2
External Debt		
External debt/ GDP (%)	15.2	13.5
Short-term external debt/Total external debt	7.9	8.4
External debt service/Exports of goods and services (%)	5.7	6.1
Budget Sector		
Expenditure/GDP (%)	29.3	30.5
Revenues/GDP (%)	19.3	19.7
Total wages/Total public revenues (%)	36.3	40.5
Primary deficit**/GDP (%)	3.6	4.0
Overall deficit/GDP (%)	9.8	10.8
Gross domestic public debt/GDP (%)	76.2	80.3

* According to the latest audited financial statements for FY 2010 and 2011. The fiscal year ends on June 30 for public sector banks and on December 31 for other banks.

** Overall deficit, excluding the interest payments.

Executive Summary

The Annual Report for FY 2011/2012 highlights the CBE's activity and the main monetary, credit and banking developments. Also, it sheds light on the key economic developments at the domestic level, especially economic growth, inflation, the state budget, the balance of payments and external trade.

In FY 2011/2012, **real GDP growth** registered 2.2 percent (at market prices and factor cost), against 1.8 percent (at market prices) and 1.9 percent (at factor cost) in 2010/2011. The improvement was attributed to the faster economic growth witnessed during Q3 and Q4 ((Jan./March and April/June) where real GDP growth (at factor cost) recorded 5.2 percent and 3.3 percent, respectively. The better economic growth witnessed in the year was owed to the higher performance of manufacturing, tourism, agriculture and irrigation, electricity, finance, transportation and storage, and wholesale and retail trade, which stood in contrast to the lower performance of the Suez Canal, the general government, communications, and extractions.

Implemented investments totaled LE 236.1 billion over the year in question, up by LE 7.0 billion or 3.1 percent (against a decline of LE 2.7 billion and 1.2 percent in 2010/2011). Carrying out 64.1 percent of total investments, the private sector was the key player. The volume of its investments reached LE 151.2 billion, a 6.7 percent higher than the preceding year's level.

The decisions made by **the Monetary Policy Committee (MPC)** in its eight periodic meetings held in FY 2011/2012, were not only responsive to the changes in inflation and the Committee's assessment of inflationary pressures, but also sought to encourage investment and stimulate economic activity. In the three meetings held during July/Oct., the MPC decided to keep the CBE's key interest rates (the overnight deposit and lending rates) unchanged at 8.25 percent and 9.75 percent per annum, in order. The lending and discount rate was also maintained at 8.50 percent as before, and the 7-day repo rate at 9.25 percent per annum. However, on 24 November 2011, the overnight deposit rate was raised by 100 bps to 9.25 percent and the overnight lending rate by 50 bps to 10.25 percent, thereby narrowing the margin between the ceiling and the floor of the corridor to 1 percent, from 1.5 percent. The lending and discount rate was also raised by 100 bps to 9.50 percent and the 7-day repo rate by 50 bps to 9.75 percent per annum. The higher interest rates were aimed to hedge against any upside risks to the inflation outlook due to rigidities in demand, together with the potential re-emergence of local supply bottlenecks and distortions in the distribution channels. During the subsequent meetings in the reporting year, it was decided to keep these rates applicable.

Amid the current domestic and international developments that adversely affected liquidity in the domestic market, the MPC decided on 14 June 2012 to introduce 28-day repurchase agreements (repo) as of 10 July 2012, at a variable rate tender, with a minimum bid equal to the 7-day repo rate, launched by the CBE in March 2011. In this context, the CBE's Board of Directors decided on 20 March 2012 to reduce the required reserve ratio (RRR) from 14 percent to 12 percent, and further to 10 percent on 22 May. This provided extra liquidity to the banking system, to ease the credit conditions of the market.

At end of June 2012, reserve money edged up by LE 12.7 billion or 5.1 percent (against LE 47.9 billion and 23.6 percent), scoring LE 263.7 billion at end of June 2012. The increase in reserve money reflected the growth in the currency in circulation outside the CBE by LE 25.8 billion or 14.4 percent, which was offset by the decline in the LE deposits of banks with the CBE by LE 13.1 billion or 18.2 percent.

Domestic liquidity stepped up to LE 1094.4 billion at end of June 2012, up by LE 85.0 billion or 8.4 percent in FY 2011/2012 (against LE 92.0 billion and 10.0 percent). The rise was due to the acceleration in net domestic assets and the decline in net foreign assets, as the former provided a positive contribution of 17.9 points to domestic liquidity growth, in contrast to the negative contribution of 9.5 points of the latter. The rise in domestic liquidity was indicative of the rise in LE deposits with banks by LE 49.8 billion or 7.5 percent to LE 714.3 billion, representing almost two thirds of domestic liquidity at end of June 2012. This is in addition to the pickup in the currency in circulation outside the banking system by LE 26.1 billion or 15.6 percent and the rise in foreign currency deposits by LE 9.1 billion worth or 5.1 percent.

The CBE continued its **banking reform** plan launched in Sept. 2004, as the second phase was finalized according to the set plan. It aimed at enhancing the efficiency and soundness of the Egyptian banking system and upgrading its competitiveness and risk management ability, so that it can perform its role in financial intermediation for the good interest of the national economy, and achieve the targeted development rates. The main pillars of the phase in question were as follows: (1) prepare and implement a comprehensive program for the financial and administrative restructuring of specialized state-owned banks; and (2) follow up the results of the first stage of the restructuring program of the National Bank of Egypt (NBE), Banque Misr (BM) and Banque du Caire (BdC), which revealed that the first stage of the reform plan had positively affected their performance levels; besides fully satisfying the requirements for raising the efficiency of these banks in financial intermediation and risk management. The stage targeted also the adoption of Basel II standards in Egyptian banks to enhance their risk management practices. It is worthy to note that the strategy of the CBE for the implementation of Basel II framework is based on the two main principles of simplicity and consultation with banks, to ensure banks' compliance with these standards. This strategy was phased in over four stages, taking into account that Basel standards develop and change to cope with the challenges of the global banking market. In this context, Basel III has been launched on the international level, and is expected to be fully implemented in the world banking market by 2019. While making arrangements for the application of Basel II, the CBE has been also taking into consideration Basel III applications in order to facilitate their future adoption in the Egyptian banking sector.

The second phase aimed at reviewing and issuing the governance rules of banks in the Egyptian banking sector and the CBE, following the revision of the regulatory framework of the international governance rules of banks. In this regard, a Decree Law was issued on 8 Oct. 2011, amending certain provisions of Law No. 88 of 2003 of the Central Bank, Banking Sector and Money, with respect to the CBE's Board of Directors, with a view to enforcing governance rules and preventing any conflict of interests. Moreover, the CBE's Board of Directors issued (on 5 July 2011) a decision on banks' governance rules regarding the formation of the Bank's Board of Directors, the clear definition of its responsibilities and obligations, the respective roles of the Board's committees, and the supervisory role of the Board. In addition, the decision required banks to put in place governance systems or develop them in consistency with these rules

The second phase embraced an initiative promoting the development and growth of banking services catering and access to finance for various sectors, especially small- and medium-sized enterprises (SMEs). In this respect, the CBE exempted banks' deposits - equivalent to the size of loans extended thereby to finance SMEs - from the required reserve ratio. Moreover, the database of SMEs has been inaugurated on the EBI website in February 2012.

The second phase of the banking reform program proceeded, after the successful implementation of **the first phase**, where some voluntary and state-forced mergers took place, decreasing the number of banks operating in Egypt from 57 at end of December 2004 to 40 banks at end of the reporting year. In the first phase of the program, state-owned banks were restructured, and the problem of non-performing loans was addressed, as more than 90 percent of NPLs (excluding debts of the public business sector) were settled, given that all debts of the public business sector were settled. Also, the process of developing the CBE's Supervision Sector took place during this phase.

In pursuit of its role in developing the banking system and enhancing its soundness and stability, the CBE BOD - in its session dated 3 January 2012 - issued a decision, amending the provisions of BOD Decision dated 26 April 2005 pertaining to the regulations of the CBE credit registration system. The decision tackled those clients with arrears; the instructions of their inclusion in the negative lists and the action to be taken. Furthermore, the CBE set a number of rules on December 28, 2011 to be followed by banks when making direct transfers for import transactions, in order to tighten supervision thereon.

The **financial position of banks** operating in Egypt (excluding the CBE) substantially climbed by LE 96.5 billion or 7.6 percent in FY 2011/2012 (almost double the increase of LE 49.0 billion or 4.0 percent in the year of comparison), ending the year at LE 1366.2 billion. Deposits at banks grew by LE 66.5 billion or 6.9 percent (against LE 64.5 billion and 7.2 percent), to register LE 1023.5 billion, thus making up nearly three quarters of the aggregate financial position of banks at end of June 2012. Lending and discount balances went up by LE 32.6 billion or 6.9 percent (almost fourfold the pickup of LE 8.1 billion and 1.7 percent in the year of comparison), ending the year at LE 506.7 billion. Banks' investments in securities and bills escalated by LE 81.2 billion or 17.1 percent (against LE 68.3 billion and 16.8 percent in the previous FY), standing at LE 555.3 billion, or 40.6 percent of the aggregate financial position of banks at end of June 2012.

As for **banks' financial soundness indicators** (i.e. capital adequacy standard, profitability, and asset quality), the capital base/risk-weighted assets recorded around 15.7 percent at end of June 2012, compared with 16.0 percent at end of June 2011 (against a minimum established ratio of 10 percent).

Relative to FY 2010, **profitability indicators** retreated in 2011, as the return on assets and on the average of equities reached, respectively, 0.8 percent and 11.7 percent (against 1.0 percent and 14.3 percent), while net interest margin posted 2.6 percent (against 2.3 percent).

Regarding **asset quality indicators,** non-performing loans/total loans decreased to 9.9 percent at end of June 2012, from 11.0 percent at end of June 2011. Concurrently, provisions/non-performing loans increased from 93.6 percent to 95.4 percent.

Moving to **the payment systems and information technology (IT)**, the CBE kept up its efforts to upgrade these systems, in order to safeguard the soundness and stability of the financial system, reduce credit risks, expedite payment settlements, and ensure their reliability and confidentiality. A step forward in this direction was the introduction of the RTGS system. In this regard, among the salient measures taken by the CBE in the reporting year was the progress made on the project of automating the payment of government employees' salaries through electronic cards, in cooperation with the Ministry of Finance. In addition, the rules of ACH Direct Debit (between the Egyptian Banks Company for Technological Advancement (EBC) and commercial banks in Egypt) were revised and the pilot operation thereof started as of October 2012. With respect to preparing the infrastructure for the establishment of a permanent Disaster Recovery (DR) site, alongside the current database in El-Gomhoria building, the relevant "conditions and specifications booklet" was drawn up. Furthermore, a study detailing the IT requirements and estimated cost for setting up a "Business Continuity Site" was prepared. The site in question should be accessible, in emergency cases, to the employees of the investment and external relations sectors and their affiliate units; and banking operation sector, to enable them to use the bank's different systems. In this concern, it was decided to consider the possibility of introducing this service to the other sectors of the bank subsequently. Under the plan of developing the CBE branches and modernizing their IT applications; as far as the operations of government accounts are concerned, the accounting system of the CBE "CAS" started operation in Alexandria branch. The process of the application of CAS to the other branches (Mohandessin and Port Said) is on track. The CBE participated as well in the project of installing, operating and securing the required IT infrastructure for the GATS, which will enable the Ministry of Finance to transform government payments to the CBE into electronic (cashless) government payments. Similarly, the CBE has proceeded with the project of installing, operating, and providing security for the IT infrastructure as required to put the "Straight Through Processing" system of the automated clearing house (ACH-STP) into operation. The project aims to link the CBE to the interbank ACH.

In FY 2011/2012, the **Egyptian Exchange** witnessed a retreat of 12.4 percent in the benchmark (EGX 30) index, to post 4708.6 points at end of June 2012. The same downtrend came over EGX 20 Capped, which recorded a drop of 7.4 percent, to 5452.0 points at end of June 2012. EGX 70 also went down 33.0 percent to 422.0 points, together with EGX 100 which moved down 25.0 percent to 729.5 points. The decline in all indicators reflects above all the state of uncertainty among Arab and foreign dealers in anticipation of the consequences of political and economic conditions in Egypt.

The Central Bank of Egypt has continued to efficiently manage the **foreign exchange market** through the dollar interbank system, which proved highly effective in cushioning the market against any shortage of liquidity, and in turn staved off any drastic volatility. Accordingly, the dollar interbank system helped soothe investors' fears against any fluctuations in foreign exchange rates, especially after large investments had fled the country and tourism revenues had plunged, amid the exceptional circumstances experienced by Egypt. The weighted average of the US dollar in the interbank market posted LE 6.0590 at end of June 2012 (against LE 5.9690 at end of June 2011), down by 1.5 percent in the value of the Egyptian pound. In the reporting period, the US dollar registered LE 6.1113 at end of November 2012, with a depreciation of 2.3 percent in the Egyptian pound relative to the end of June 2011.

NIR at the CBE shrank by about US$ 11.1 billion or 41.5 percent in the reporting year, standing at US$ 15.5 billion at end of June 2012 (against US$ 26.6 billion at end of June 2011), mainly because of the contraction in foreign investments in treasury bills and securities on the Egyptian Exchange and the drop of tourism revenues and FDI. Consequently, NIRs covered 3.2 months of merchandise imports at end of June 2012. At the time of preparing the Report at hand, NIRs recorded US$ 15.0 billion at end of November 2012, thereby covering 3.3 months of imports.

Moving to **external transactions**, the balance of payments ran an overall deficit of US$ 11.3 billion or 4.4 percent of GDP in the reporting year (against US$ 9.8 billion and 4.1 percent of GDP a year earlier). The overall deficit was a dual effect of the pickup in the current account deficit by 30.2 percent, to US$ 7.9 billion (from US$ 6.1 billion a year earlier), and the net outflow of US$ 1.4 billion realized by the capital and financial account (against US$ 4.2 billion).

The higher current account deficit came on the back of the increase of the trade deficit by 17.0 percent to US$ 31.7 billion and the decrease in the services surplus by 31.9 percent to US$ 5.4 billion, while net unrequited transfers surged by 40.1 percent. On the other hand, the capital and financial account recorded a net outflow of US$ 1.4 billion in the said year (against US$ 4.2 billion), as portfolio investment in Egypt achieved a net outflow of US$ 5.0 billion (against US$ 2.6 billion). Meanwhile, FDI in Egypt recorded a net inflow of US$ 2.1 billion (against US$ 2.2 billion).

As regards **public finance**, the government took a number of measures during the reporting year. Paramount of these measures was the implementation of the first stage of raising energy prices (by 25 percent), with respect to energy intensive industries; specifically the factories of cement, refractories, glass, ceramic and aluminum. Also, an austerity plan was applied, whereby the spending of government entities should be cut down by 4%, without prejudice to the basic public services. Moreover, a high priority was given to tightening the collection of taxes and customs duties and combating tax evasion, with a view to enlarging tax and customs proceeds. In parallel, efforts were exerted to resolve the issue of tax arrears, especially as related to the national press institutions and public sector companies.

According to the preliminary actual data on the fiscal operations of the state budget (administrative system, local administration and service authorities) for FY 2011/2012, revenues and expenditures totaled LE 303.6 billion and LE 471.0 billion, in order. In turn, the cash deficit amounted to LE 167.4 billion (10.9 percent of GDP). Meanwhile, the overall deficit posted LE 166.7 billion (10.8 percent of GDP). Local financing sources were chiefly used to finance the budget deficit, besides making external repayments of LE 9.1 billion, together with some various local repayments.

Domestic public debt hit LE 1238.1 billion at end of June 2012 (80.3 percent of GDP). It consists of the sum of net government debt, public economic authorities' debt and that of the National Investment Bank (minus intra-debts of public economic authorities and the government to NIB).

Net government debt (domestic and external) amounted to LE 1145.2 billion at end of June 2012 (74.3 percent of GDP), up by 18.1 percent in the reporting year.

External debt decreased by about US$ 521.2 million at end of June 2012. Its outstanding balance (public and private) denominated in US dollar posted US$ 34.4 billion, compared to US$ 34.9 billion at end of June 2011. The decline was an outcome of the depreciation of most currencies of borrowing versus the US dollar (lowering the debt balance by US$ 1.6 billion worth), and the net disbursements of loans, facilities and bonds (causing the debt balance to rise by US$ 1.1 billion).

Turning to Egypt's external debt indicators, they proved to be within safe limits in terms of international levels. Comparing Egypt's key debt indicators with those prevailing in other regional country group, (according to the IMF classification) shows that the debt indicator as a percentage of GDP came among the best levels worldwide; that ranged between 15.1 percent (for developing Asia) and 63.6 percent (for North and Central Europe). The ratio of debt service to the exports of goods and services recorded 6.1 percent; well below the world levels estimated for 2011, that ranged between 12.2 percent (for sub-Saharan Africa) and 55.7 percent (for North and Central Europe), according to the IMF World Economic Outlook, released in April 2012.

Chapter 1: Central Bank of Egypt

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Chapter 1
Central Bank of Egypt

1/1- Monetary Policy

By embracing price stability as the ultimate objective of the monetary policy, the CBE seeks to bring inflation to an appropriate and stable level that helps in building confidence and stimulating investments to achieve the targeted economic growth.

The overnight interbank interest rate is considered the operational target of the monetary policy, whereby a framework based on the corridor system is applied, within which the ceiling is the overnight interest rate on lending from the Central Bank, and the floor is the overnight deposit interest rate at the Bank.

The following are the results of the MPC meetings held in FY 2011/2012:

- During July/Oct. 2011/2012, MPC decided in its regular meetings (three meetings in number) to keep CBE key interest rates (overnight deposit and lending rates) and the discount rate unchanged at 8.25 percent, 9.75 percent and 8.50 percent per annum, in order. Also, the 7-day repo underwent no change (9.25 percent per annum).

- In its meeting on November 24, 2011, MPC decided to raise the overnight deposit rate by 100 bps to 9.25 percent and the overnight lending rate by 50 bps to 10.25 percent per annum. Accordingly, the margin between the corridor's ceiling and floor narrowed from 1.5 percent to 1 percent. The CBE discount rate was also raised by 100 bps to 9.50 percent per annum and the 7-day repo by 50 bps to 9.75 percent.

- In the four meetings held during February/June 2012, the CBE key interest rates, the discount rate and the 7-day repo rate underwent no change. Also, no change had been made to the said rates in MPC meeting on 26 July 2012; the time of preparing the Report at hand.

- Furthermore, as part of its monetary policy framework, MPC decided on 14 June 2012 to introduce a 28-day repurchasing agreement (repo) starting July 10, 2012, at variable rate tenders, with a minimum bid equal to the 7-day repo rate.

- In light of the liquidity situation in the domestic market amid the current domestic and global developments, CBE Board of Directors decided on 20 March and 22 May 2012 to reduce the required reserve ratio (RRR) from 14 percent to 12 percent and then to 10 percent. This provided the banking system with further liquidity, with the aim of easing credit conditions in the market.

The following table shows the CBE's key interest rates, according to the MPC decisions taken in the eight meetings during FY 2011/2012:

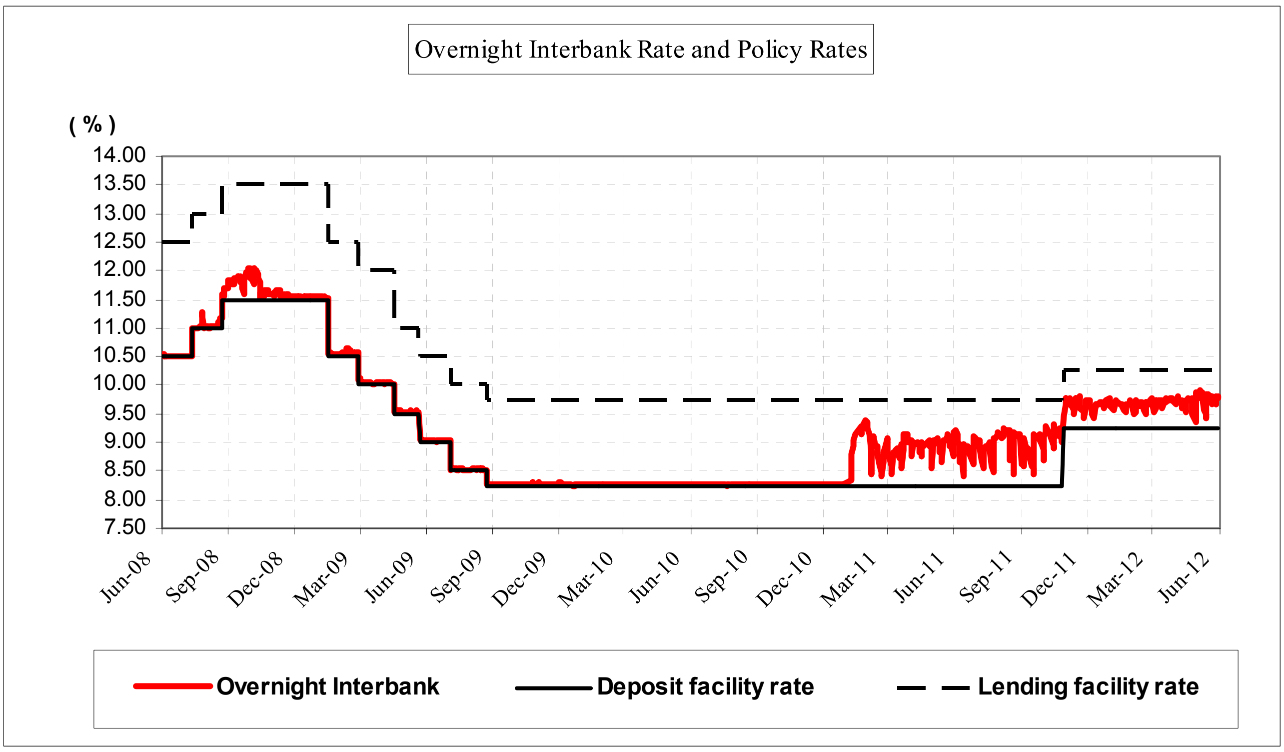
	Overnight Deposit Rate	**Overnight Lending Rate**	**Discount Rate**
9 June 2011	8.25%	9.75%	8.50%
21 July 2011	Unchanged	Unchanged	Unchanged
25 August 2011	Unchanged	Unchanged	Unchanged
13 October 2011	Unchanged	Unchanged	Unchanged
24 Nov. 2011	9.25%	10.25%	9.50%
2 Feb. 2012	Unchanged	Unchanged	Unchanged
22 March 2012	Unchanged	Unchanged	Unchanged
3 May 2012	Unchanged	Unchanged	Unchanged
14 June 2012	Unchanged	Unchanged	Unchanged

Interest Rate Developments

The decisions taken in FY 2011/2012 were reflected in the interest rates in the money market (whether on overnight interbank transactions or on local currency deposits and loans). This can be seen as follows:

1- Overnight Interbank Interest Rate

Given the continuous drop in the volume of liquidity at the banking system, the weighted average of the overnight interbank interest rate increased, hovering around the middle of the corridor. (see the following chart)



2- Interest Rates on LE Deposits and Loans

The MPC's decisions affected the market interest rates on deposits and loans. Hence, the weighted average of the interest rate on three-month, six-month and one-year deposits posted 7.7 percent, 7.6 percent and 8.4 percent, respectively, in June 2012 (against 6.6 percent, 6.9 percent and 7.4 percent in June 2011). In addition, the weighted average of the market interest rate on one-year loans rose to 11.9 percent[+] in June 2012 (from 11.0 percent in June 2011).

Open Market Operations

Reacting to the political changes in Egypt in the wake of the January 25th revolution, which cast their shadow over the level of economic activity and the performance of financial markets, and eventually over the available liquidity in the market, the CBE conducted 7-day repo operations to provide the necessary liquidity for banks that may face potential liquidity pressures.

Hence, the average value of the repo operations conducted by CBE in June 2012 posted LE 33.1 billion (against LE 8.2 billion in June 2011).

[+] Interest rate on corporate loans, after the application of the DMMS.

1/2- Reserve Money (MO)

Reserve money reached LE 263.7 billion at end of June 2012, up by LE 12.7 billion or 5.1 percent in FY 2011/2012 (against LE 47.9 billion or 23.6 percent in the previous FY). The increase in reserve money reflects the growth in money in circulation outside the CBE, offset by the fall in banks' deposits in local currency at the Bank.

Reserve Money and Counterpart Assets*

(LE mn)

	Balances at End of June 2012	Change during FY +(-) 2010/2011 Value	2011/2012 Value
A- Reserve Money	**263668**	**47921**	**12676**
- Currency in circulation outside CBE	204870	34843	25774
- Banks' deposits in local currency	58798	13078	(13098)
B- Counterpart Assets	**263668**	**47921**	**12676**
Net Foreign Assets	**76059**	**(43037)**	**(71138)**
Foreign assets	92168	(42274)	(64163)
Foreign liabilities	16109	763	6975
Net Domestic Assets	**187609**	**90958**	**83814**
Claims on the government (net)	165374	21951	62812
Claims on banks (net)	-2706	(28863)	(2853)
Net balancing items	24941	97870	23855

* Derived from the CBE's balance sheet.

It is to be noted that the currency in circulation outside the CBE (the main component of reserve money) recorded an increase of LE 25.8 billion or 14.4 percent in the reporting year (against LE 34.8 billion and 24.2 percent a year earlier) reaching LE 204.9 billion or 77.7 percent of reserve money at end of June 2012. This pickup was ascribed to the rise in banknote issue by LE 27.7 billion to LE 207.5 billion at end of the year under review (June 2012).

As for the components of the issue cover at end of June 2012, the Egyptian government bonds made up LE 178.8 billion or 86.2 percent, gold LE 20.0 billion or 9.6 percent and foreign currencies the equivalent of LE 8.7 billion or 4.2 percent.

Banknote Issue*

(LE mn)

End of June	Balance of Banknote Issue	Change during the Year	
		Value	%
2008	112705	19206	20.5
2009	127912	15207	13.5
2010	146220	18308	14.3
2011	180118	33898	23.2
2012	207824	27706	15.4

* Including subsidiary coins issued by the Ministry of Finance.

It is worth mentioning that gold is revaluated on an annual basis. At the end of the reporting year, revaluation was made on the following bases: 85 percent of the average price of gold per ounce on London market at the end of the fiscal year, or 85 percent of the average price of gold per ounce on London market in the last three months of the fiscal year (April-May-June), whichever is less. This came in the wake of the Decision issued by the CBE's Board of Directors dated 2 July 2012. According to the Decision, the percentage for revaluating gold deposits in the issue cover was adjusted from 75 percent to 85 percent, but all other rules of revaluation were kept intact.

The breakdown of the currency in circulation outside the CBE showed an increase in the relative importance of large denominations (LE 200, LE 100 and LE 50) to 93.2 percent of total currency in circulation at end of June 2012 (against 90.5 percent at end of June 2011). The increase was due to the rise in the relative importance of the LE 200 denomination from 37.2 percent to 42.6 percent.

Currency in Circulation by Denomination*

(LE mn)

Denomination	June 2011		June 2012		Change during FY (+ -)	
	Value	Relative Importance	Value	Relative Importance	2010/2011	2011/2012
Total	**179096**	**100.0**	**204870**	**100.0**	**24.2**	**14.4**
Banknote in Circulation	**178772**	**99.8**	**204518**	**99.8**	**24.2**	**14.4**
PT 25	161	0.1	147	0.1	(12.5)	(8.7)
PT50	302	0.2	296	0.1	3.5	(2.0)
LE 1	907	0.5	888	0.4	7.6	(2.1)
LE 5	2654	1.5	1897	0.9	77.5	(28.5)
LE 10	2886	1.6	2797	1.4	1.5	(3.1)
LE 20	9672	5.4	7527	3.7	76.5	(22.2)
LE 50	22246	12.4	20629	10.1	18.9	(7.3)
LE 100	73269	40.9	82961	40.5	6.7	13.2
LE 200**	66675	37.2	87377	42.6	46.7	31.0
Subsidiary coins	**324**	**0.2**	**351**	**0.2**	**5.9**	**8.3**

* Representing the difference between banknote issue and cash at the CBE.

** The LE 200 note has been in circulation since May 2007.

Banks' local currency deposits at CBE (second component of reserve money) declined by LE 13.1 billion or 18.2 percent in 2011/2012 (against an increase of LE 13.1 billion and 22.2 percent a year earlier) ending the year at LE 58.8 billion.

It is to be noted that the CBE's Board of Directors had issued two decisions dated 20 March and 22 May 2012 to reduce the required reserve ratio (RRR) from 14 percent to 12 percent and then to 10 percent. The decisions aimed at providing the banking system with further liquidity to ease the credit conditions in the market.

The increase in **the counterpart assets of reserve money** in the reporting year was primarily attributed to the pickup in net domestic assets, held back by the negative contribution of net foreign assets. Net domestic assets made a positive contribution to reserve money growth (33.4 percentage points), while the latter made a negative contribution (28.3 points).

In figures, net domestic assets surged by LE 83.8 billion, (against a rise of LE 91.0 billion), reaching LE 187.6 billion at end of June 2012. The increase was a confluence of a number of developments, namely the rise in net claims on the government, the pickup in net balancing items and the decrease in net claims on banks. To elaborate, the CBE's net claims on the government mounted by LE 62.8 billion. This was due to the pickup in its claims on the government by LE 67.0 billion or 35.3 percent (as securities rose by LE 48.2 billion and loans to the government by LE 18.8 billion) and the increase in government deposits at the CBE by LE 4.2 billion or 4.8 percent. Moreover, net balancing items went up by LE 23.9 billion. This was mainly ascribed to the rise in the balance of open market operations by LE 18.5 billion, thanks to the increase in the balance of repos by LE 19.3 billion. On the other hand, the CBE's net claims on banks decreased by LE 2.9 billion. The decrease was a dual effect of the decline in its claims on banks by LE 1.2 billion (because of its lower foreign currency deposits at banks) and the step-up in banks' foreign currency deposits at the CBE by LE 1.7 billion worth.

Net foreign assets at the CBE (expressed in LE) rolled back by LE 71.1 billion or 48.3 percent (against a retreat of LE 43.0 billion or 22.6 percent), posting LE 76.1 billion at end of June 2012. Specifically, foreign assets at the CBE decelerated by LE 64.1 billion or 41.0 percent (against a decrease of LE 42.3 billion and 21.3 percent), reaching LE 92.2 billion at end of June 2012. The decline was mainly traced to the need to finance some basic commodity imports, taking into account the retreat in foreign currency earnings (particularly from tourism and foreign direct investment).

On the other hand, foreign liabilities at the CBE augmented by the equivalent of LE 7.0 billion or 76.4 percent (against a pickup of LE 0.8 billion worth or 9.1 percent) to stand at LE 16.1 billion worth at end of June 2012.

1/3- Payment Systems and Information Technology (IT)

The CBE continued to work on upgrading the payment systems and information technology to bolster the soundness and stability of the financial system, reduce credit risks, and expedite payment settlements and ensure their reliability and confidentiality. A step forward in this direction was the introduction of the RTGS system. Among the measures taken in this regard during the FY 2011/2012 were the following:

Payment Systems

- The project of automating the payment of government employees' salaries through cards is moving forward in cooperation with the Ministry of Finance after a transitional pause over the 25th of January Revolution. A number of other governmental units were put into operation at the National Bank of Egypt. Among the vast benefits of this project was minimizing the risks of cash transfers of salaries from banks to the related government units.

- A revision of ACH direct debit rules has been finalized. Direct debit services are executed between the EBC "Egyptian Banks Company for Technological Advancement" and commercial banks in Egypt. Such payment services will facilitate the expansion of electronic-based payments. The service went through a pilot phase in October 2012.

- The CBE is currently gearing to join the COMESA Clearing House. This initiative aims at enriching the commercial and financial exchange with the COMESA countries as a major contributor to the Egyptian national security. The relevant internal rules and procedures are under consideration by the Central Bank of Egypt, parallel to the sign-off of the related agreements with COMESA and the Central Bank of Mauritius.

Information Technology

- The CBE has finished preparing the RFP for the preparations of a permanent Disaster Recovery (DR) site for the CBE (located next to the current main data centre at El-Gomhoria building in Cairo), to be functional in emergencies as a substitute for the main data centre in El-Gomhoreya Building. This is intended to ensure the continuity of IT services. Also, procedures are currently being taken to invite the specialized companies for bidding.

- The CBE finished the study of the IT's demands and the expected cost to provide a "Business Continuity Site" designed to be accessible, in emergency cases, to the employees of the investment and external relations sectors and their affiliate units, to enable them to use the bank's different systems. In addition, the possibility of making such service available to the other sectors of the bank is to be posed for consideration.

- In respect of the IT development plan at the Printing Press, the course of action to be taken to complement the development of the other three systems (accounts - monitoring of inventory - costs) is currently under consideration, together with modernizing the IT infrastructure of the Press.

- Under the plan of developing the CBE branches and modernizing their IT applications; as far as the operations of government accounts are concerned, the accounting system of the CBE "CAS" started operation in Alexandria branch. A study of the application of CAS to the other branches (Mohandessin and Port Said) is about to be finished soon.

- The CBE has participated in the IT infrastructure installation and implementation project and took the necessary precautions to put the GATS system, for electronic government transfers, into operation. The project aims at enabling the Ministry of Finance to transform government payments to the CBE, into electronic (cashless) government payments. Such a step is bound to enhance the efficiency, accuracy and speed of making the accounting entries on the same day of their receipt.

- The IT infrastructure installation and implementation project has been started and necessary precautions were taken to put the "Straight Through Processing" system of the automated clearing house (ACH-STP) into operation. By linking the CBE to the interbank ACH, the project will enable it not only to receive electronic transfers from other banks, but also to automatically and directly affect government accounts on the CAS system therein. In this sense, the project will upgrade and expedite the settlement of the government receipts processed through the ACH of banks.

1/3/1- RTGS and SWIFT Local Service

Local bank transfers in Egyptian pound under RTGS system (effective mid March 2009) showed an increase in the number of executed messages from 1248.7 thousand in 2010/2011 to 1298.8 thousand in 2011/2012. Their value, however, declined from LE 15879.7 billion to LE 9402.3 billion. These transactions included transfers of banks and clients, and transactions of treasury bills and Misr for Central Clearing, Depository and Registry (MCDR), in addition to corridor operations and deposits for monetary policy purposes.

RTGS and SWIFT Local Service Activity in Local Currency

	Number of Messages (Unit)	Value of Transfers (LE mn)	Change during the Year + (-)	
			Number	Value
2008/2009	897205	5294357	196537	2201956
2009/2010	1191374	13274677	294169	7980320
2010/2011	1248692	15879701	57318	2605024
2011/2012	1298763	9402300	50071	(6477401)

According to the statistics of the CBE Automated Clearing House that became part of the RTGS system since its initiation, the number of exchanged papers scaled down to 12829 thousand (from 13012 thousand). However, the value of theses papers increased to LE 661.2 billion (from LE 626.8 billion a year earlier). As a result, the average value per paper edged up to LE 51.5 thousand from LE 48.2 thousand.

CBE Automated Clearing House Activity

	Number of Papers (Thousand)	Value of Papers (LE mn)	Change Rate + (-)	
			Number	Value
2008/2009	12062	548038	2.9	13.4
2009/2010	12994	584546	7.7	6.7
2010/2011	13012	626757	0.1	7.2
2011/2012	12829	661196	(1.4)	5.5

Transactions executed in foreign currencies under the Fin-Copy system, via SWIFT showed a decrease in terms of the number and value. Specifically, the number of executed transactions amounted to 14.1 thousand at a value of US$ 62.3 billion, against 15.1 thousand at a value of US$ 88.1 billion a year earlier.

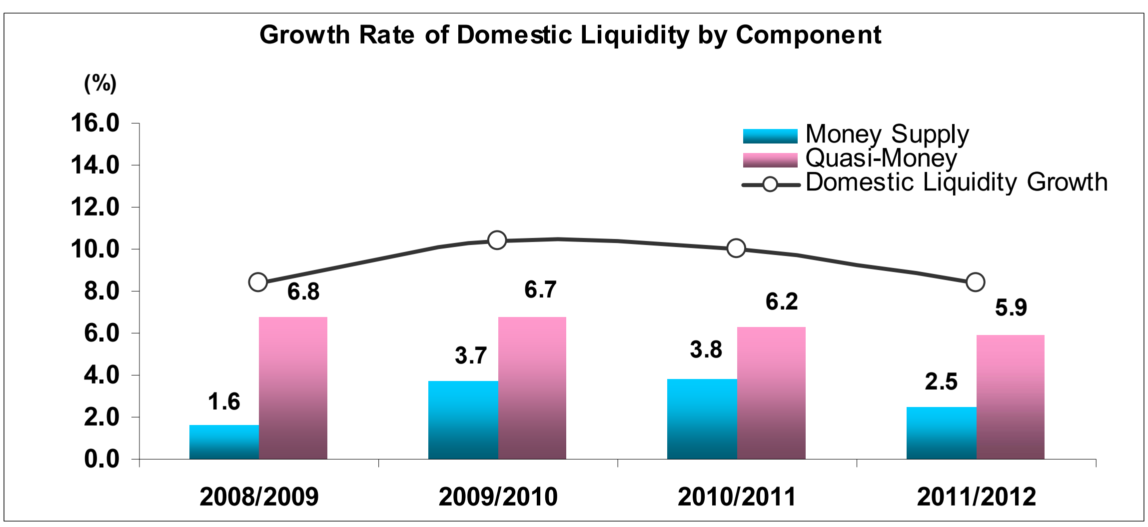
SWIFT Local Service Activity in US Dollar

	Number of Messages (Unit)	Value of Transfers (US$ mn)	Change during the Year + (-)	
			Number	Value
2008/2009	12365	83019	(1560)	(22567)
2009/2010	12204	70008	(161)	(13011)
2010/2011	15066	88052	2862	18044
2011/2012	14080	62321	(986)	(25731)

1/4- Domestic Liquidity and Counterpart Assets

In 2011/2012, domestic liquidity went up by LE 85.0 billion or 8.4 percent (against LE 92.0 billion and 10.0 percent a year earlier) ending the year at LE 1094.4 billion. The rise was a twofold effect of the increase in net domestic assets and the drop in net foreign assets. The former made a positive contribution of 17.9 percentage points to domestic liquidity growth, while the latter made a negative contribution of 9.5 points. About 60.0 percent of the increase in domestic liquidity was pronounced in local currency deposits with banks, which rose by LE 49.8 billion or 7.5 percent, posting LE 714.3 billion (almost two thirds of domestic liquidity at end of June 2012). This is in addition to the rise in the currency in circulation outside the banking system by LE 26.1 billion or 15.6 percent, and the increase in foreign currency deposits by LE 9.1 billion worth or 5.1 percent.

The pickup in domestic liquidity reflects the growth in money supply and quasi-money. **Money supply (M1)** scaled up by LE 25.8 billion or 10.4 percent in the reporting year (against LE 34.7 billion and 16.2 percent in the year of comparison), to reach a total of LE 274.5 billion or 25.1 percent of domestic liquidity at end of June 2012. The rise in money supply was an outcome of the increase in the currency in circulation outside the banking sector and the mild decline in local currency demand deposits. The former rose by LE 26.1 billion or 15.6 percent (against LE 32.7 billion and 24.2 percent a year earlier), scoring LE 194.0 billion at end of June 2012.



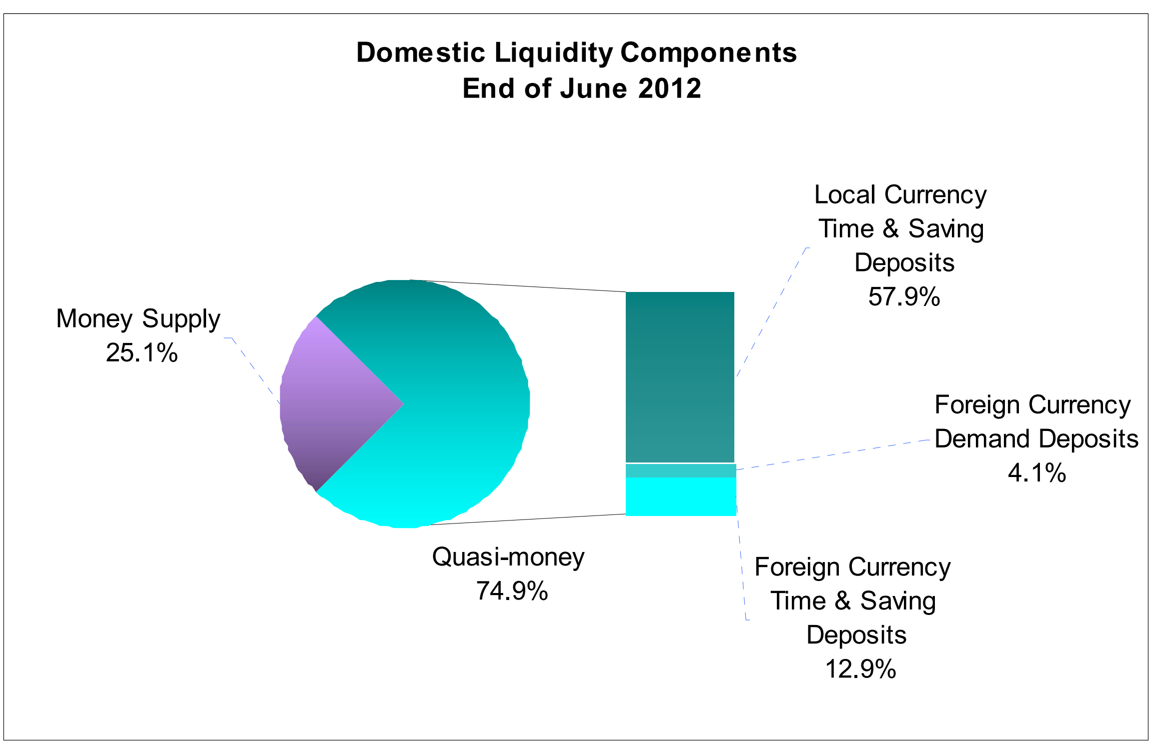
Local currency demand deposits decreased by merely LE 0.3 billion or 0.4 percent during the reporting year (against a rise of LE 2.0 billion or 2.5 percent in the previous FY), ending the year at LE 80.5 billion. The decline came on the back of the drop in the deposits of the private business sector by LE 4.3 billion; offset by the rise in the deposits of the household and public business sectors by LE 3.3 billion and LE 0.7 billion, respectively.

Quasi-money (time and saving deposits in local currency plus demand and time and saving deposits in foreign currencies) augmented by LE 59.2 billion or 7.8 percent in the reporting year (against LE 57.3 billion and 8.1 percent a year earlier), scoring LE 819.9 billion or nearly three quarters of domestic liquidity at end of June 2012. That rise reflected the growth in both LE time and saving deposits and foreign currency deposits.

LE time and saving deposits surged by LE 50.1 billion or 8.6 percent, to LE 633.9 billion or 77.3 percent of total quasi-money at end of June 2012. The increase of LE 62.1 billion in LE time and saving deposits of the household sector outpaced the rise in total local currency deposits. Nevertheless, such a rise in this type of deposits was curbed by the fall in the deposits of the business sectors (public and private) by LE 6.9 billion and LE 5.1 billion, in order.

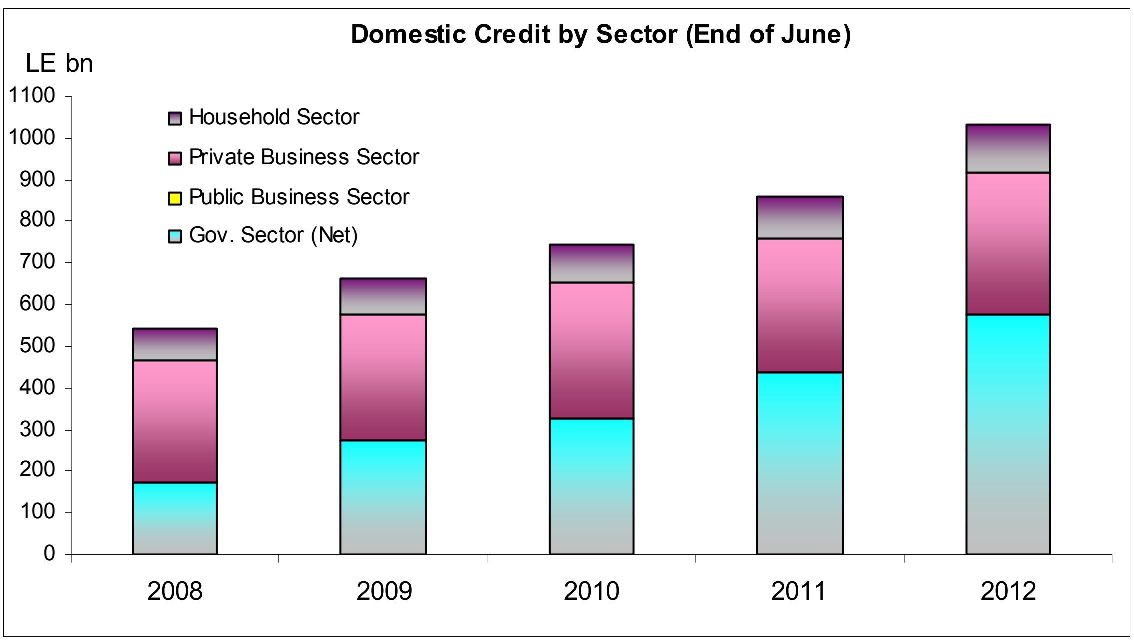
Deposits in foreign currencies (demand and time and saving) expressed in local currency, went up by LE 9.1 billion or 5.1 percent in the reporting year (against LE 18.9 billion and 11.9 percent in the previous FY), standing at LE 186.0 billion or 22.7 percent of total quasi-money. All sectors contributed to the said rise: deposits of the private business sector grew by LE 4.2 billion, the household sector's by LE 3.6 billion, and the public business sector's by LE 1.3 billion.

Against these developments, the ratio of foreign currency deposits/total deposits (dollarization rate) inched down from 21.03 percent at end of June 2011 to 20.66 percent at end of June 2012.



The increase in **the counterpart assets of domestic liquidity** was traced both to the rise in net domestic assets and the fall in net foreign assets. The former registered a rise of LE 180.9 billion or 23.9 percent (compared with LE 120.9 billion and 19.0 percent in the previous FY), to hit LE 936.8 billion at end of June 2012.

Domestic credit rose by LE 179.8 billion or 20.1 percent in the reporting year (against LE 117.5 billion and 15.2 percent in the previous FY), posting LE 1072.6 billion at end of June 2012.



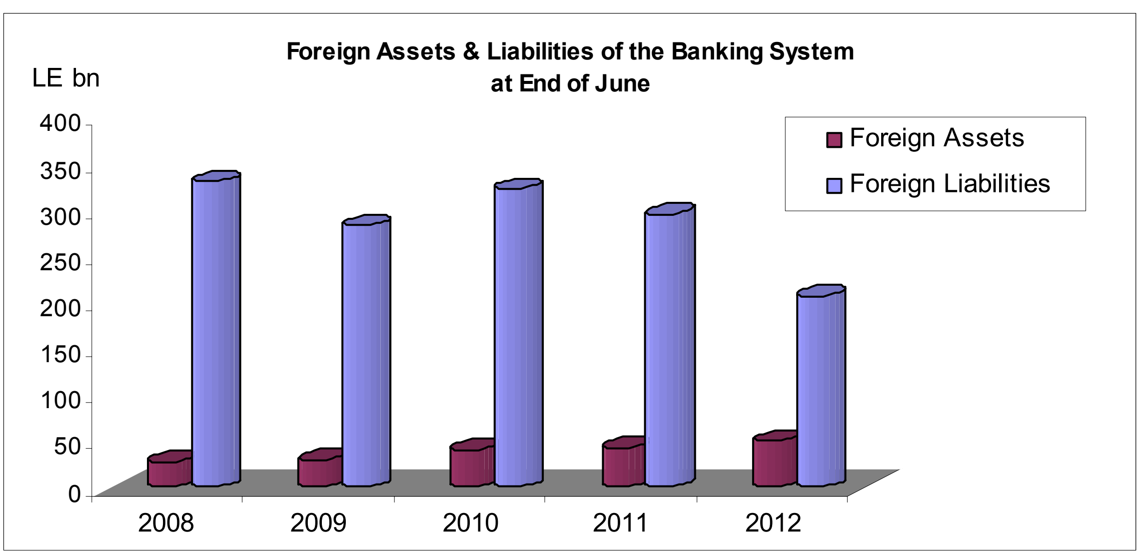
Interestingly, more than three quarters of the increase in domestic credit (78.6 percent) was ascribed to the surge of LE 141.3 billion or 32.3 percent in net credit to the government (including public economic authorities), against LE 111.2 billion and 34.1 percent a year earlier, posting LE 578.7 billion or more than half of domestic credit (53.9 percent) at end of June 2012. The rise reflects the increase in banks' holdings of government securities by LE 134.4 billion, and in government borrowing by LE 12.5 billion, on the one hand, and the rise in government deposits by LE 5.6 billion, on the other.

Credit to the private business sector also stepped up by LE 17.6 billion or 5.5 percent in the reporting year (against a decline of LE 3.1 billion or 1.0 percent a year earlier), bringing its indebtedness to banks to LE 340.9 billion or 31.8 percent of total credit at end of June 2012.

Likewise, credit to the household sector scaled up by LE 13.2 billion or 13.3 percent (against LE 6.4 billion and 6.9 percent) bringing its debts to LE 112.4 billion or 10.5 percent of total credit at end of June 2012. Moreover, credit to the public business sector climbed by LE 7.7 billion or 23.2 percent (against LE 3.0 billion and 10.0 percent) bringing its debts to banks to LE 40.6 billion or 3.8 percent of total credit at end of June 2012.

Net balancing items (the sum of capital accounts, inter-bank net credit and debit positions and those between banks and the CBE and net unclassified assets/liabilities) had an expansionary effect on domestic liquidity during the year under review. Their negative balance fell by LE 1.1 billion, due partly to the increase in net unclassified assets and liabilities by LE 40.4 billion, and partly to the augmentation of capital accounts by LE 22.2 billion and the rise in the negative balance of inter-banks net credit and debit positions by LE 17.1 billion.

However, the pickup in net domestic assets was held back by the drop in net foreign assets of the banking system by LE 95.9 billion worth or 37.8 percent in the year under study (against LE 28.9 billion worth and 10.2 percent a year earlier), to register LE 157.6 billion worth at end of June 2012. The decline came on the back of the fall in net foreign assets at both the CBE and banks. In figures, net foreign assets at the CBE declined by LE 71.1 billion worth (due to the contraction in its foreign assets by LE 64.1 billion worth and the increase in its foreign liabilities by LE 7.0 billion worth). Similarly, net foreign assets at banks dropped by LE 24.8 billion worth, as an outcome of the LE 24.4 billion decline in their foreign assets, and the LE 0.4 billion increase in their foreign liabilities.



1/5- Supervision Sector

Being the regulator of banks in Egypt, the CBE aims to ensure the soundness of banks' financial positions and evaluate their performance from the perspective of risk-based supervision. In addition, it ascertains banks' compliance with the established regulatory standards, including the minimum reserve requirement and liquidity ratios, the maximum limits of a bank's concentration of investments with a single customer along with his related parties, and investments abroad, as well as the asset-liability matching in terms of maturity and currency. This is in addition to a number of qualitative standards that ensure the soundness of banks' performance and the safety of depositors' funds, including governance rules; information systems efficiency rules; and eligibility and competency criteria for officials and managers of key sectors at banks.

The implications of the recent international financial crises bore out that the instructions and reform policies adopted by the CBE to restructure banks; raise their capital and strengthen their risk management systems proved highly instrumental in containing the repercussions of the crises. Moreover, the CBE had thoroughly monitored the financial crises in many countries, especially in the euro area, so as to respond with immediate decisions - when necessary - to counteract the spillovers of the crisis in due time.

Hereunder are the main decisions taken by the CBE's board of directors to regulate the banking activity, as well as the bank instructions issued by the Supervision Sector during the reporting period:

- The CBE BOD - in its session dated 3 January 2012 - issued Decision No. 104/2012 to amend the provisions of the BOD Decision dated 26 April 2005 pertaining to the regulations of the CBE credit registration system regarding clients who delay their repayments, with respect to the instructions of the their inclusion in the negative lists and the course of action to be taken in this regard. Also, in continuation of the efforts made to enhance the efficiency and transparency of this system, the Decision updated the credit registration system at the CBE to help take appropriate credit decisions when granting credit, and to cope with any changes in the conditions of the banking sector. In addition, the Decision aims to ensure the provision of clear and accurate data on clients with delinquencies and payment delays, remove the unjustified cases from the negative lists, and to set fair listing rules in the future to guarantee that banks' transactions with clients are transparent enough to achieve the soundness of the credit system in the banking sector.

- Setting a number of rules on December 28, 2011 to be followed by banks when conducting direct transfers for import transactions, in order to tighten supervision over that type of transactions. The decision came after discussing, in the meeting of the Federation of Egyptian Banks on December 27, 2011, the requests of clients for making such transactions, to guarantee the execution of direct transfers for suppliers abroad, even before the receipt of documents.

- Extending the cash cover exemptions on all meat, poultry and sugar imports - by merchants (for trading purposes) or by government entities - from the minimum cash cover limit, for additional six months ending on 31 December 2012.

- On its session dated 5 July 2011, the CBE Board of Directors issued a decision on banks' governance rules. Banks were required to set or develop their governance systems accordingly, in line with the size and complexity of their respective activities, policies and risk management capacity; no later than 1 March 2012. In case any bank fails to abide by any of these rules, the matter should be referred to the CBE for consideration, attached with reasonable justifications.

  The aforementioned governance rules mainly focused on the following:

  - The formation of the board;
  - A clear definition of the responsibilities and obligations of the members of the board of directors, besides emphasizing that the senior management is accountable to the board;
  - The roles of the Board's committees and their formation;
  - The supervisory role of the Board over risk management systems and internal control;
  - Formulation of effective policies for salaries and remunerations and for the management of conflicts of interest; and
  - The principle of transparency and disclosure of important financial and non-financial information, as well as the disclosure of the total value (on the basis of a monthly average) of the pay (salaries and rewards) earned by the twenty highest paid employees in a bank, based on the financial statements made in December 2011 and June 2012, according to the date at which the fiscal year of each bank ends.

In this respect, on its session dated 6 April 2004, the CBE BOD approved the competency criteria for chairmen, board members and executive directors of banks, to make sure that they are qualified for their posts. Competency criteria were modified by the BOD in its session on 24 November 2009, where a new criterion was introduced, prohibiting any official to simultaneously occupy the two positions of a senior manager in one bank and a member of the board of directors of another. The new criterion was applicable to future nominations, with the exception of those banks entirely owned by the CBE. This modification was intended to prevent any conflict of interests, in compliance with the good governance practices. In addition, interviews should be made with chairmen, deputy chairmen, delegated members, executive board members of banks and executive directors to ensure their eligibility for the positions they are nominated for, particularly as far as the candidates for risk-, compatibility- and compliance-related positions are concerned.

As for foreign nominees at banks (board members and executive directors), a criterion was set to ensure that the regulatory authority of the parent bank, or the bank where the nominee was last employed (as the case may be) is to be consulted about the nominee in question, to identify his/her eligibility for the vacant position.

In this context, the register of banks witnessed the addition of (111) members in the different positions of banks' board of directors and (28) executive directors, pursuant to Article 43 of Law No. 88 of the year 2003 promulgating the Law of the Central Bank, the Banking system and Monetary sector.

In the light of Article 32/3 of the aforesaid Law which states that the Governor of the Central Bank, following consent of the Board of Directors, shall approve the statute of the bank and any modification thereto, certain articles of the statutes of 14 banks were modified during the reporting year.

In consistency with the policy of the CBE that encourages the growth and geographical expansion of banks by opening new branches nationwide, the applicable criteria for approving the establishment of new branches/agencies for banks were revised, with a view to streamlining and simplifying the relevant procedures. Moreover, a number of guidelines were set for applicant banks that give due regard to the soundness of banks' financial positions, internal control systems, the efficiency of their information systems and capital adequacy to ensure that they can better face the risks arising from the expansion in their activities. In this respect, fifty seven new branches of nineteen banks were added to the register of banks in the period under review.

Recently, banks have been eager to provide e-banking services to keep pace with the technological progress in this field. Such services (either traditional or innovative and effected via electronic networks) had been regulated earlier by the rules issued by the CBE Board of Directors on 28 February 2002. Later, on 2 February 2010, the CBE Board of Directors approved the regulations governing the operation of payment orders via mobile phones in Egypt. Furthermore, the CBE is currently updating the rules of e-banking operations and the rules regulating the electronic payment services, in order to limit the risks of banks' exposure as a result of offering such services. In this concern, nineteen banks have been licensed to offer twenty six e-banking services including, for instance, inquiry for accounts through the internet, electronic bill display and repayment, electronic balance sheets and notifications with account operations via SMS.

To organize dealing in the Forex market in Egypt and maximize the savings of workers abroad, Forex dealers and money transfer companies operating in Egypt were subjected to off-site supervision, according to the Law of the Central Bank, Banking Sector and Money Market. In this respect, while the Report at hand has been under preparation, one exchange dealer company was de-listed and, according to the CBE Governor's Decision No. 17 for 2012, a license was given to a new one. Moreover, 37 branches of existing Forex dealers were registered, thus bringing their total number to 484 nationwide after delisting a branch of one company.

Moving to tourism services, the CBE - pursuant to the aforesaid Law - had already licensed shops in the customs areas at airports to sell in foreign currencies, alongside the Egyptian pound, with the aim of covering part of the State’s resources of foreign currencies and encouraging tourism. Two new shops were granted this license, thus bringing the total number of licensed shops to 81 at the end of the reporting period. Also, after the CBE had licensed four shops in the free zones to sell in foreign currencies as well as the Egyptian pound, their number reached 27 shops at the end of the same period.

The CBE allowed banks to participate in the establishment of different types of mutual funds, to cater for risk-averse investors who have cash money but lack the necessary experience, know-how, or time to invest in such tools that yield good returns. Three banks were given approval to start the procedures for establishing three mutual funds in the period in question.

In order to encourage individuals to save, registered banks were allowed to issue saving systems of at least three years, with some privileges, to be able to raise their market interest rates above the short-term interest rates. Hence, banks were permitted, during this period, to issue 39 new saving vessels (in local currency) and to make some adjustments to the existing ones, with the aim of increasing the volume of medium- and long-term savings, to help banks finance productive and industrial enterprises. Moreover, banks were also permitted to issue three new saving systems in US dollar.

The CBE has been keen to support the "primary dealers system" established by virtue of the Minister of Finance's Decree No. 480 for 2002, by taking all means possible for its success, in view of its positive impact on the government stock market. This system allowed the selection of a number of banks to engage in the underwriting of the primary issues of government securities and to actively trade thereon in the secondary market. Within this context, the CBE renewed the license of 13 banks for practicing the primary dealers' activity, as they managed to comply with the regulations issued by the CBE Board in its decision on 6 June 2002 that permitted banks to practice such activity.

Turning to on-site supervision, the CBE made progress with its plan for the inspection of the banking sector units (banks) and Forex dealers according to the risk level of each bank and the quality of its products and activities. Furthermore, considerable efforts have been made to monitor the transfers made by Egyptian banks and verify their purposes and the parties involved, in accordance with the relevant CBE instructions to help take immediate corrective actions as deemed necessary.

In addition, the system of specialization-based examination was adopted to enable bank inspection to be conducted by inspectors specialized in the relevant activities (e.g. retail banking, market risks, IT, etc.). That approach is bound to render the inspection process more effective and in-depth by providing a thorough risk profile of the inspected bank, and monitor progress on the execution of corrective actions in collaboration with off-site supervision.

On the other hand, the Supervision Sector at the CBE continued to cooperate with the supervisory and judicial authorities in settling a number of money and bank issues. Moreover, the Sector examines the complaints filed by the banking system customers and provides the required banking expertise.

1/6- Banking Sector Reform

In continuation of the banking reform program, launched in September 2004, the CBE finished the implementation of the second phase (2009 - 2011). The phase aimed at raising the efficiency and soundness of the Egyptian banking sector, and enhancing its competitiveness and ability for risk management so that it can perform its role in financial intermediation in a way beneficial to the national economy, and achieve the targeted development rates. The second phase of the reform program was based on a number of pillars, namely:

- Preparing and implementing a comprehensive program for the financial and administrative restructuring of specialized state-owned banks (the Principal Bank for Development and Agricultural Credit, Egyptian Arab Land Bank, and Industrial Development and Workers Bank of Egypt), which is expected to positively affect these banks' performance.

- Following up periodically on the results of the first phase of restructuring the commercial state-owned banks (the National Bank of Egypt (NBE), Banque Misr (BM) and Banque du Caire (BdC). The follow-up showed that the first phase of the banking sector reform program (2004-2008) had already borne fruit and positively affected the performance of those banks. In the second phase, all requirements for enhancing the efficiency of the said banks - in terms of financial intermediation, risk management, human resources, and IT - have been met to ensure the continued improvement of their financial performance and competitiveness.

- Applying Basel II standards in Egyptian banks to enhance their risk management practices. In this context, a protocol had been signed with the European Central Bank and seven European central banks to provide a three-year technical assistance program launched in January 2009, to implement Basel II requirements in the Egyptian banking sector. It is worthy to note that the strategy of the CBE in implementing Basel II framework, which was announced for Egyptian banks and the relevant parties in an extensive meeting held in Oct. 2009, is based on the two main principles of simplicity and consultation with banks, to ensure banks' compliance with these standards. According to the above-said strategy, Basel II standards should be phased in gradually over the following stages:

    - The first stage (January - June 2009) focused on the improving the technical skills of the CBE's core team and creating the strategy for Basel II implementation. This phase had been successfully completed.

- The second stage (July 2009 - June 2011) - the pivotal phase of the reform program - covers extensive coordination with the banking sector, through discussion papers related to the most important topics and selection of the most appropriate methods for application in Egypt, taking into consideration similar experiences in other countries that had implemented Basel II. Moreover, the quantitative impact of the possible consequences of Basel II standards will be measured before the mandatory application. That phase was also successfully completed.

- The third stage (July - December 2011) focused on the fine-tuning of future supervisory regulations related to Basel II, taking into account the legal aspects and development of corrective action plans commensurate with the different types of banks, according to the simulation results for each bank on a case-by-case basis. Also, a parallel run of existing regulations and Basel II will be applied upon issuance. The draft regulations and some relevant proposals for banks that may require further actions to help them abide by the established minimum requirements of the capital adequacy standard have already been prepared. A study of the qualitative impact was also conducted on a sample of banks related to the level of internal audit in preparation for the issuance of related supervisory regulations. In addition, some of the resources provided by the EU have been used to develop the regulatory performance of the Supervision Sector. Moreover, a new data warehousing framework will be implemented to improve the process of collecting and maintaining of data to be consistent with the future updated supervisory regime.

- The fourth stage (implementation is under way) - a parallel run of Basel II and the existing regulations on capital adequacy will be applied upon issuance. Moreover, the data warehousing framework will be completed.

The aforementioned program which was guided by the positive results of the first phase of the banking reform program (2004-2008) had been finalized by the end of March 2012. Foremost of these results were the efforts exerted to contain the impact of the global financial crisis, as was the case in most other international financial markets and banking systems and, not least, the resilience of the Egyptian banking system amid the events of January Revolution. On the other hand, the European Central Bank took part in the first phase of upgrading the CBE Supervision Sector by concluding a cooperation agreement in 2005, whereby a shift was made from compliance-based to risk-based supervision. Concurrently, the MIS system was upgraded to ensure the accuracy and timeliness of required data.

In this light, the application of Basel II to the Egyptian banking sector has become one of the centerpieces of the second phase of the banking reform program initiated by the CBE in 2009. In other words, it is considered an integral part of the regulatory framework of Egypt, that aims at the following:

- Enhancement of the management of all risk types to ensure bank stability.
- A more efficient management of capital, in order to address virtual risks.
- Keeping pace with the international best practices, to help improve the competitiveness of the Egyptian banking system.

However, it should be taken into consideration that Basel standards develop and change in their own right - by virtue of their dynamic nature - so as to cope with the challenges of the global banking market. In this context, Basel III has been launched on the international level, and its full and timely implementation in the world banking market is expected to be completed by 2019. While making arrangements for the application of Basel II, the CBE has been also considering Basel III applications in order to facilitate their future adoption in the Egyptian banking sector.

The actual application of the executive instructions of Basel II standards to the Egyptian banking system is scheduled to commence in 2012. For banks with fiscal year ending in June, these standards shall be binding as of June 2013, and for the other banks, as of Dec. 2012.

❖ Embracing an initiative promoting the development and growth of banking activities/services catering and access to finance for various sectors, especially small- and medium-sized enterprises (SMEs). In this regard, the CBE exempted banks' deposits - equivalent to the size of direct loans and credit facilities extended thereby to finance SMEs - from the 14 percent reserve requirement ratio (RRR was decreased to 12 percent then 10 percent during Q1 and Q2 of 2012, respectively). Needless to say that poor access to adequate, timely and reliable statistical data and information is one of the main obstacles to the development and finance of small- and medium-sized enterprises (SMEs). Hence, the Central Bank of Egypt and the Egyptian Banking Institute (EBI), in collaboration with the Central Agency for Public Mobilization and Statistics (CAPMAS), embarked on a field survey of small- and medium-sized enterprises (SMEs) covering all the governorates of Egypt, on the basis of the full count approach. The first phase, conducted in Al Sharqiya Governorate, had been completed, and in the light of its results, the survey was carried out in the rest of the governorates. It is worthy to mention that all other governorates were surveyed, up to December 2011. Moreover, the database has been inaugurated on the EBI website in February 2012 and will be periodically updated.

- ❖ Revising and issuing corporate governance rules in the Egyptian banking sector and the CBE. In this concern, the instructions of bank governance rules were approved by the CBE Board Decision dated July 5, 2011 (as stated above), after consultation with the Egyptian Financial Supervisory Authority (EFSA) within the framework of coordination among the regulatory authorities of the financial sector. Moreover, the draft of the said instructions was presented to all banks to get their feedback (comments and proposals) to avoid the difficulties of application.

The second phase of the banking reform program was launched after the successful implementation of the first phase, which was centered on four pillars: (1) consolidation and privatization of the banking sector, (2) financial and managerial restructuring of state-owned banks, (3) addressing the non-performing loans issue, and (4) upgrading the Supervision Sector at the CBE.

As for the first pillar, some voluntary and state-forced mergers took place, leading to a decrease in the number of banks operating in Egypt from 57 at end of December 2004 to 39 banks at end of December 2008. Under this program, 80 percent of the share of the capital of the Bank of Alexandria was sold to Italy's Sanpaolo Bank, besides the divestiture of the shareholdings of state-owned banks in a number of joint venture banks.

With respect to the second pillar, state-owned banks were restructured under a comprehensive and time-lined plan, designed by the Banking Reform Unit at the CBE. The plan was intended to develop all departments and technological systems, besides establishing new departments, particularly for risk management, information technology (IT), and human resources. To this end, a project on the application of the international best practices - implemented with the assistance of foreign consultants - was completed on time. In addition, a full audit of state-owned banks was conducted according to international accounting standards, covering the years from 2004 to 2008. Finally, the recruitment of highly qualified banking cadres and senior management at state-owned banks (financed by the Banking Reform Fund) enabled those banks to push ahead with reform and development.

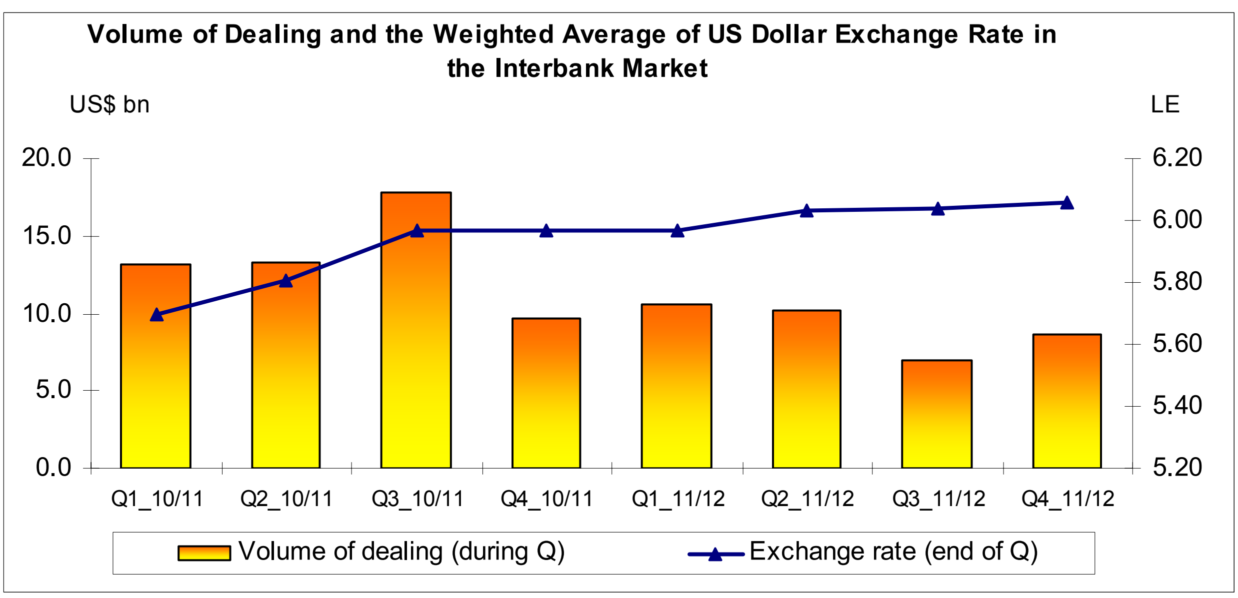
Concerning the third pillar, to address the problem of non-performing loans, the CBE's NPL Management Unit worked out a variety of approaches and programs that helped settle more than 90 percent of NPLs (excluding debts of the public business sector). With regard to the non-performing loans of public business sector enterprises to public banks, about 62 percent was repaid in cash to the public commercial banks. As for the remaining debts (38 percent), an agreement was signed on 14/9/2009 whereby the in-kind repayment of the outstanding debt was made at the end of June 2010.

A program to reform the Supervision Sector was devised to achieve the following targets: enhance the efficiency of this sector by benefiting from the international best practices, and apply the concept of risk-based supervision to ensure the sector's robustness and soundness. Furthermore, efforts were exerted to recruit highly qualified staff versed in advanced technology, enhance the efficiency of human cadres to be capable of managing this key sector, and upgrade the management information system (MIS) to ensure timely access to accurate data. In light of the aforementioned, a technical assistance program - in collaboration with the European Central Bank (ECB) and four European central banks - was completed in the last quarter of 2007. Moreover, Basel II applications program which was introduced in the Egyptian banking sector, with the participation of seven European central banks - in coordination with the European Central Bank - was finalized at the end of Q1 of 2012 as mentioned above.

1/7- Management of the Foreign Exchange Market and International Reserves
1/7/1- Foreign Exchange and Dollar Interbank Markets

The Central Bank of Egypt continued its successful management of the forex market through the dollar interbank system, which proved highly instrumental in cushioning the market against the shortage in foreign currency liquidity, and in turn preventing any drastic volatility. This helped soothe dealers' concerns over the exchange rate fluctuations, especially after large investments had abandoned the country and tourism revenues had plunged amid the political circumstances in Egypt. The weighted average of the US dollar interbank rate posted LE 6.0590 at end of June 2012 (against LE 5.9690 at end of June 2011) with a 1.5 percent drop in the value of the Egyptian pound. While the report was under preparation, the Egyptian pound slided further (2.3 percent below the end of June 2011 level), thus bringing the US dollar exchange rate to LE 6.1113 at end of November 2012.

The volume of transactions in the dollar interbank market amounted to US$ 36.4 billion in the reporting year (against US$ 53.9 billion a year earlier). Purchases and sales of private sector banks accounted for 96.26 percent and 85.54 percent, respectively. Thus, the total volume of trade in the interbank market posted US$ 337.4 billion since its inception at the end of 2004 up to the end of June 2012.

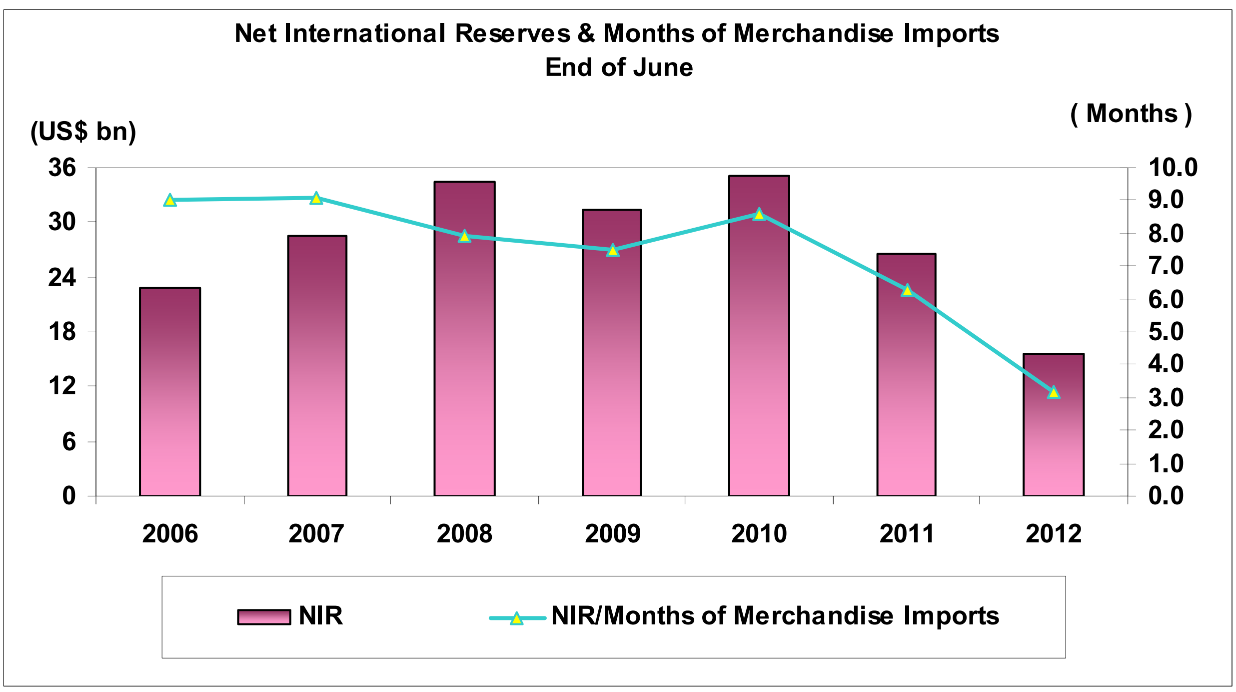


Resources and Uses of the CBE

CBE resources of foreign currencies increased to US$ 19.39 billion during FY 2011/2012 (from US$ 17.16 billion a year earlier), while uses reached US$ 31.31 billion (against US$ 33.37 billion).

1/7/2- International Reserves

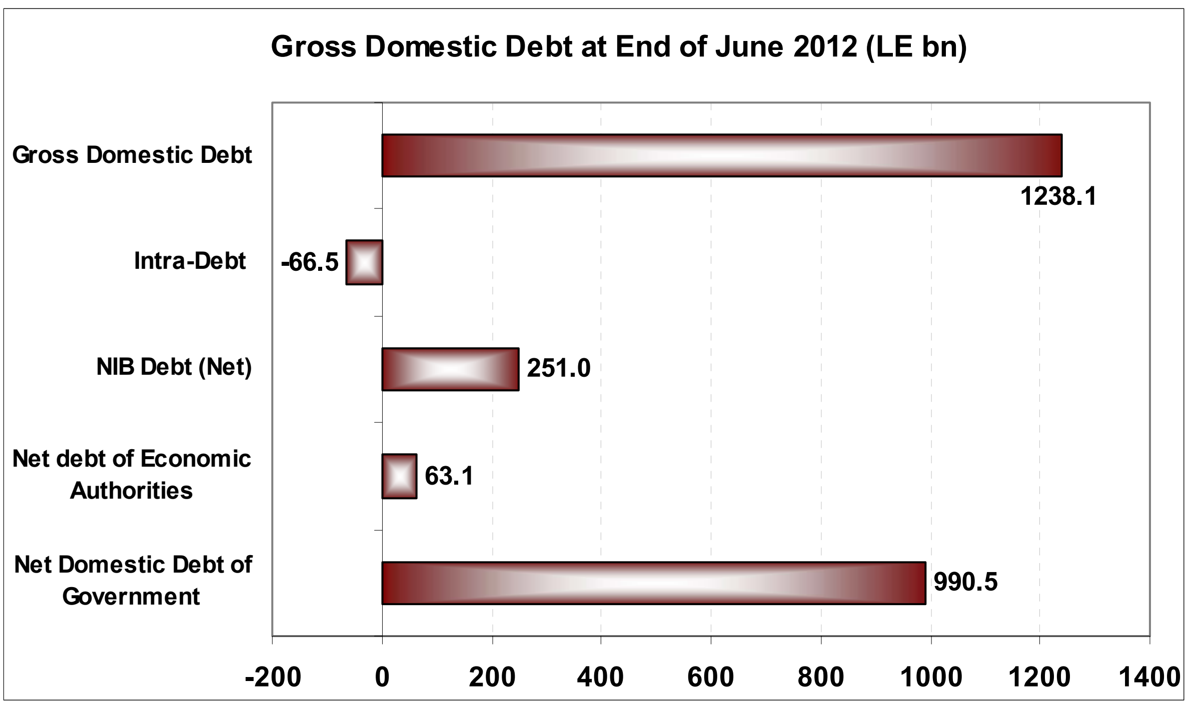
Net international reserves (NIR) with the CBE dropped by some US$ 11.1 billion or 41.5 percent in the reporting year, to US$ 15.5 billion at end of June 2012 (from US$ 26.6 billion at end of June 2011). This was a chief result of the country's resort to the NIR, at this particular juncture, to make up for the contraction in foreign investments in treasury bills and securities on the Egyptian Exchange and the fall in tourism revenues and foreign direct investment. NIR covered 3.2 months of merchandise imports at end of June 2012. At the time of preparing the Report, the NIR reached US$ 15.0 billion at end of November 2012, thereby covering 3.3 months of merchandise imports.



1/8- Domestic Public Debt and External Debt

1/8/1- Domestic Public Debt

At end of June 2012, gross domestic public debt amounted to LE 1238.1 billion, or 80.3 percent of GDP at current market prices, up by LE 193.2 billion or 18.5 percent during FY 2011/2012. The balance of domestic public debt equals the sum of net government debt, public economic authorities' debt and debt of the National Investment Bank (NIB), minus the intra-debt of public economic authorities and the government to NIB.



1/8/1/1- Debt of the Government (Net)

Net government domestic debt registered LE 990.5 billion (64.2 percent of GDP) at end of June 2012, up by LE 182.4 billion or 22.6 percent in FY 2011/2012. The rise was a confluence of the LE 161.2 billion increase in the balances of treasury bonds and bills, and the LE 10.6 billion decline in net credit position of the government at the banking system (as government loans and deposits grew by LE 16.2 billion and LE 5.6 billion, respectively). Add to this the increase in government loans from other local entities by LE 11.0 billion and the issuance of the Masri Dollar Certificate* with a value of LE 0.2 billion. In the meantime, credit facilities from the SIFs decreased by LE 0.6 billion.

* In order to support the Egyptian economy and finance the development plan, the National Bank of Egypt issued a new US dollar certificate in May 2012 for Egyptians resident abroad to invest their savings in the Egyptian market. The Masri Dollar Certificate is a three-year certificate, with a 4% annual return, and is not redeemable in the first six months. Its minimum purchase value is US$ 1000, and has no ceiling.

Domestic Debt of the Government (Net)

(LE bn)

Balances at End of	June 2011		June 2012		Change (+)-
	Value	%	Value	%	2011/2012
Government Domestic Debt (Net)	**808.1**	**100.0**	**990.5**	**100.0**	**182.4**
- Balances of Bonds & Bills+	**917.0**	**113.5**	**1078.2**	**108.9**	**161.2**
• Bonds, of which:	560.9	69.4	669.6	67.6	108.7
Tradable on exchanges	218.4	27.0	278.8	28.1	60.4
• Treasury bills	356.1	44.1	408.6	41.3	52.5
- Credit Facilities from SIFs	**2.3**	**0.3**	**1.7**	**0.2**	**-0.6**
- Borrowing from Other Entities	**2.0**	**0.2**	**13.0**	**1.3**	**11.0**
- Masri Dollar Certificate	**0.0**	**0.0**	**0.2**	**0.0**	**0.2**
- Net Balances at the Banking System	**-113.2**	**-14.0**	**-102.6**	**-10.4**	**10.6**
• Credit facilities	46.0	5.7	62.2	6.2	16.2
• Deposits (-)	159.2	19.7	164.8	16.6	5.6
Net Government Domestic Debt/GDP (%)	**58.9**		**64.2**		

Source: Ministry of Finance, CBE, and NIB.
Ratios are calculated in terms of LE million.
+ Including treasury bonds; housing bonds; bonds denominated in foreign currencies with public commercial banks; the 5 percent ratio retained from the profits of corporations subject to Law No. 97 of 1983 for the purchase of government bonds; the holdings of resident financial institutions (banking system and insurance sector) of bonds floated abroad; and the SIFs bonds against transferring NIB debt to the Public Treasury.

The increase of LE 161.2 billion in the balances of government bonds and bills was an outcome of the following developments:

A- The rise in the balance of government bonds by LE 108.7 billion, to LE 669.6 billion at end of June 2012, as a result of:

1- The LE 63.8 billion increase in the Egyptian treasury bonds in FY 2011/2012, due to:

- The issuance of the 66th tranche of three-year bonds on 3 April 2012, at a value of LE 2.0 billion and an annual interest rate of 16.15 percent. Afterwards, the value of this tranche was increased by LE 8.0 billion (LE 2.0 billion in April, LE 4.0 billion in May and LE 2.0 billion in June 2012) on the same conditions of issuance, bringing its total value to LE 10.0 billion.

- The issuance of the 67th tranche of seven-year bonds on 3 April 2012, at a value of LE 1.0 billion, and an annual interest rate of 16.85 percent. The value of this tranche was then increased by LE 4.5 billion (LE 3.5 billion in May and LE 1.0 billion in June 2012) on the same conditions of issuance, bringing its total value to LE 5.5 billion.

- The issuance of the 68th tranche of ten-year bonds on 3 April 2012, at a value of LE 1.0 billion, and an annual interest rate interest of 17.0 percent. The value of this tranche was increased by LE 3.0 billion (LE 1.0 billion in April, LE 1.0 billion in May and LE 1.0 billion in June 2012) on the same conditions of issuance, raising its total value to LE 4.0 billion.
- The issuance of the 69th tranche of five-year bonds on 10 April 2012, at a value of LE 1.5 billion and an annual interest rate of 16.55 percent. Later on, the value of this tranche was increased by LE 5.5 billion (LE 1.5 billion in April, LE 2.5 billion in May and LE 1.5 billion in June 2012) on the same conditions of issuance, bringing its total value to LE 7.0 billion.
- The issuance of treasury bonds at a value of LE 54.3 billion in July/March 2011/2012.
- The redemption of LE 17.0 billion of Egyptian treasury bonds (the 11th tranche on 26 October 2011, at a value of LE 5.0 billion; the 36th tranche on 13 January 2012, at a value of LE 6.0 billion; and the 39th tranche on 28 April 2012, at a value of LE 6.0 billion).

2- The issuance of three-year treasury bonds, at a value of LE 50.0 billion and an annual interest rate of 16.21 percent, on 30 June 2012.

3- The reduction in the value of public treasury bonds (non-interest bearing) issued on 1 July 2009 by LE 1.5 billion in August 2011, followed by another reduction of LE 266 million in June 2012, bringing their value to LE 7.3 billion.

4- The increase of LE 0.3 billion worth in the balance of LE bonds floated abroad.

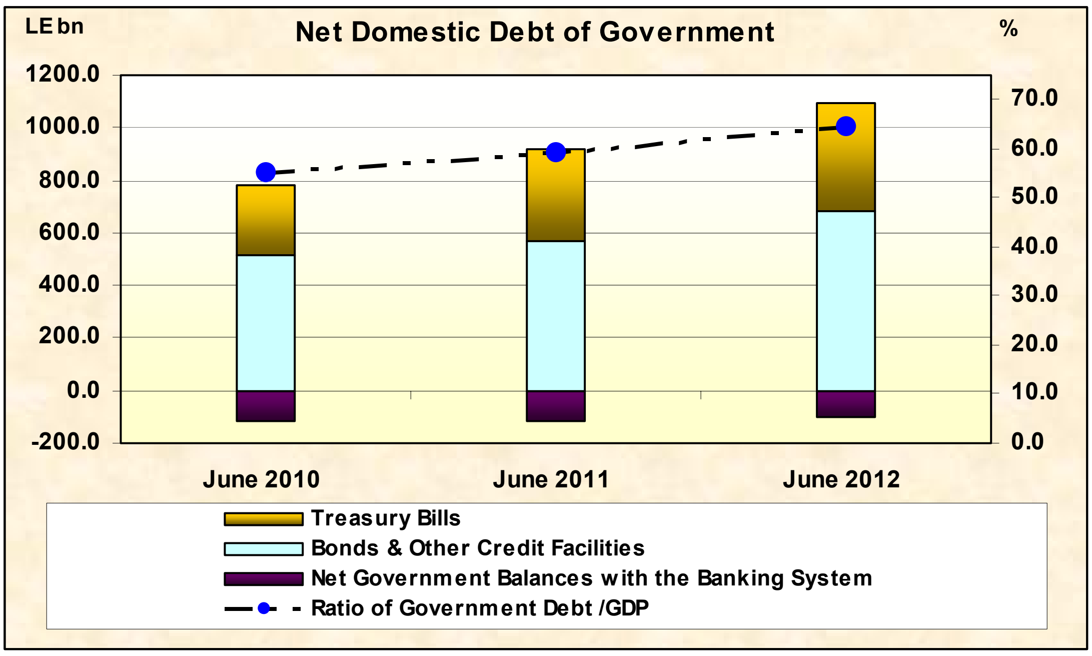
5- The decline in the balance of bonds tradable abroad in US dollar by the equivalent of LE 3.7 billion, as the second tranche thereof reached maturity in July 2011.

6- The LE 0.1 billion rise in the balance of the 5 percent ratio retained from profits of corporations for the purchase of government bonds.

B- The rise of LE 52.5 billion in the outstanding balance of treasury bills, to stand at LE 408.6 billion at end of June 2012, on the back of:

- The issuance of 363-day TBs in US dollar on 16 May 2012, at a value of LE 6.2 billion worth, and on 22 June, at a value of LE 3.2 billion worth, in addition to the TBs issued earlier during July/March in the amount of LE 25.8 billion, thus bringing their total balance to LE 35.2 billion at end of June 2012.

- The rise of LE 17.3 billion in the outstanding balance of public treasury bills, issued in Egyptian pound, thereby increasing the balance of these bills to LE 373.4 billion at end of June 2012, compared with LE 356.1 billion at end of June 2011.

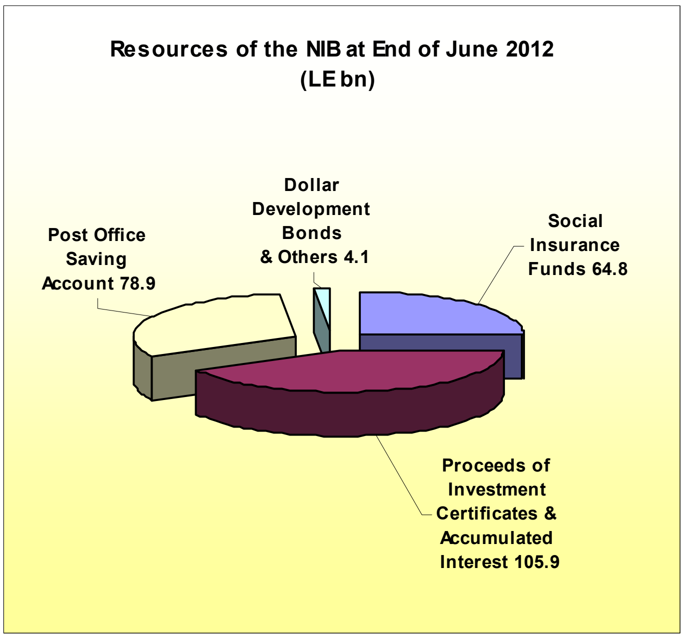


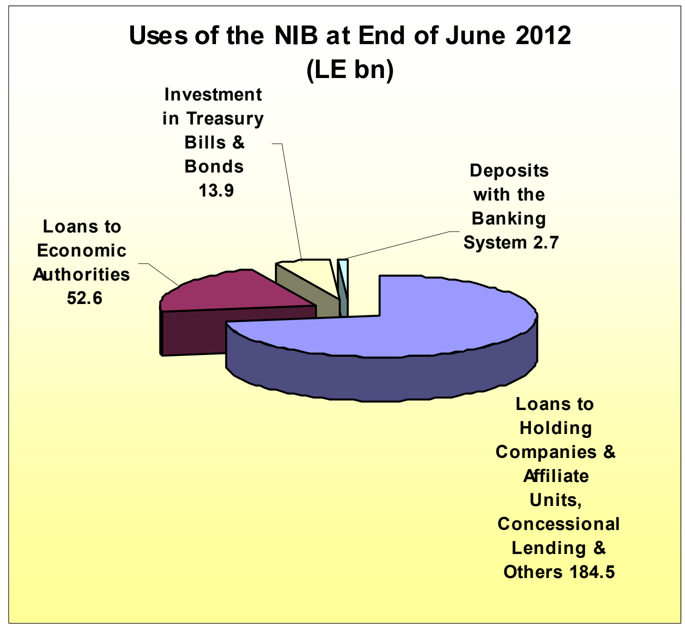
1/8/1/2- Debt of Public Economic Authorities (Net)

In FY 2011/2012, **net debt of public economic authorities** went down by LE 3.2 billion, ending the year at LE 63.1 billion. The fall was a dual effect of the decrease in their net borrowing from the banking system by LE 3.7 billion (mainly because of the decline in their claims by LE 3.7 billion and in their deposits by only LE 23 million), in addition to the rise in their borrowing from the National Investment Bank by LE 0.5 billion.

1/8/1/3- Debt of the National Investment Bank (Net)

Net debt of NIB (including intra-debt) rose by some LE 12.8 billion in the reporting year, to stand at LE 251.0 billion at end of June 2012. The rise reflected the expansion in NIB total invested resources by LE 12.8 billion, to post LE 253.7 billion at end of June 2012, and the decline in its deposits at the banking system by LE 21.0 million.





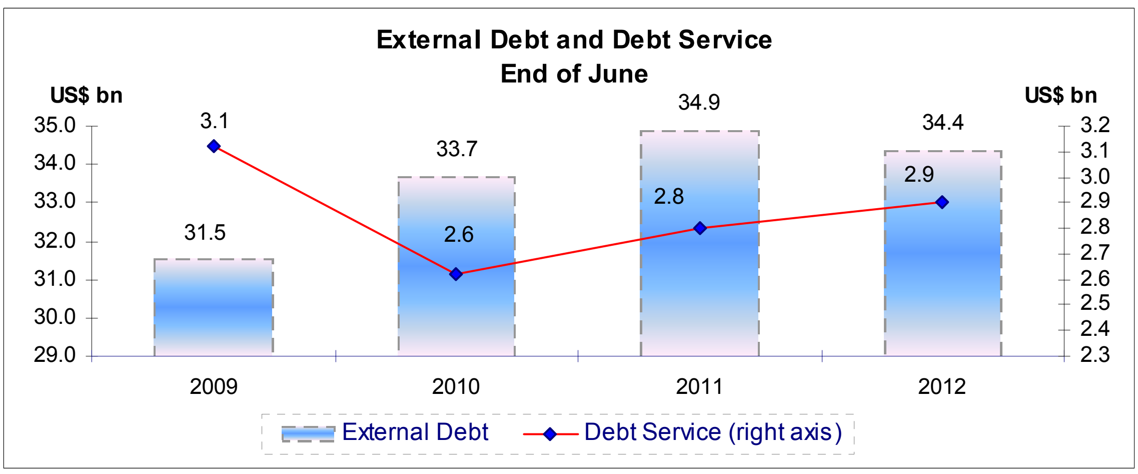
1/8/1/4- Intra-Debt

The intra-debt of public economic authorities and the government to NIB amounted to LE 66.5 billion at end of June 2012 (against LE 67.7 billion at end of June 2011). Loans granted by NIB to these authorities accounted for LE 52.6 billion, with an increase of LE 0.5 billion during the year under review. NIB investments in government securities (bills and bonds) registered LE 13.9 billion, down by LE 1.7 billion during the year.

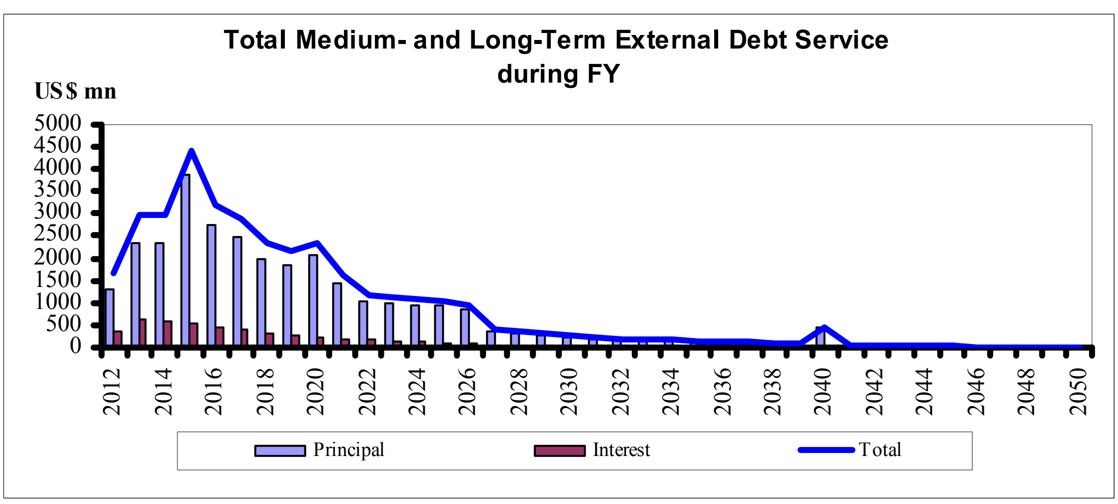
1/8/2- External Debt*

Outstanding external debt (public and private - all maturities), denominated in US dollar, retreated by about US$ 521.2 million, to US$ 34.4 billion at end of June 2012 (against about US$ 34.9 billion at end of June 2011). The decrease was due to:

- The decline in most currencies of borrowing versus the US dollar by US$ 1651.4 million worth;
- Net disbursement of loans, facilities and deposits (all maturities) of US$ 1046.2 million; and
- The increase in the balance of Egyptian bonds and notes issued in global markets by US$ 84.0 million.



Turning to external debt service (medium- and long-term), debt service payments accelerated by US$ 105.4 million in FY 2011/2012, posting about US$ 2.9 billion, against about US$ 2.8 billion in the preceding FY. It reflected the rise in principal repayments by US$ 84.4 million to US$ 2.2 billion, and in interest payments by US$ 21.0 million to about US$ 659.0 million.



* The structure of Egypt's external debt, according to currencies of borrowing, is considered one of the main indicators used by the CBE to determine the structure of international reserves by currency.

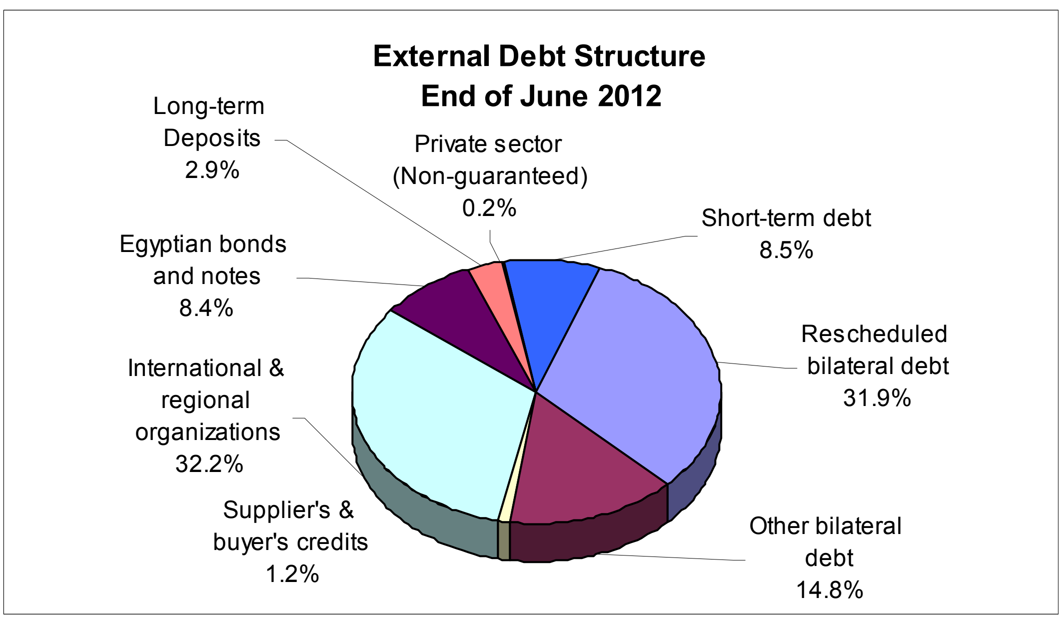
The public sector was the major obligor (official debt), with a share of US$ 32.7 billion or 95.1 percent of total external debt, while the private sector accounted for US$ 1.7 billion or 4.9 percent at end of June 2012. Below is the distribution of external debt by:

1- Debt structure
2- Debtors
3- Main currencies
4- Main creditors

1- External Debt Structure

The breakdown of external debt by maturity indicates that medium- and long-term debt (guaranteed and non-guaranteed) registered US$ 31.5 billion, accounting for 91.5 percent of external debt at end of June 2012 (long-term debt represented US$ 30.3 billion and medium-term debt US$ 1.2 billion). Short-term debt (US$ 2.9 billion) constituted 8.5 percent of the total debt.

- Around US$ 15.3 billion of medium- and long-term loans (44.6 percent of the total debt) were owed to Paris Club members, in the form of bilateral loans (rescheduled or non-rescheduled), and suppliers' and buyers' credit. Debt to countries other than Paris Club members amounted to US$ 1.1 billion (3.2 percent) at end of June 2012.



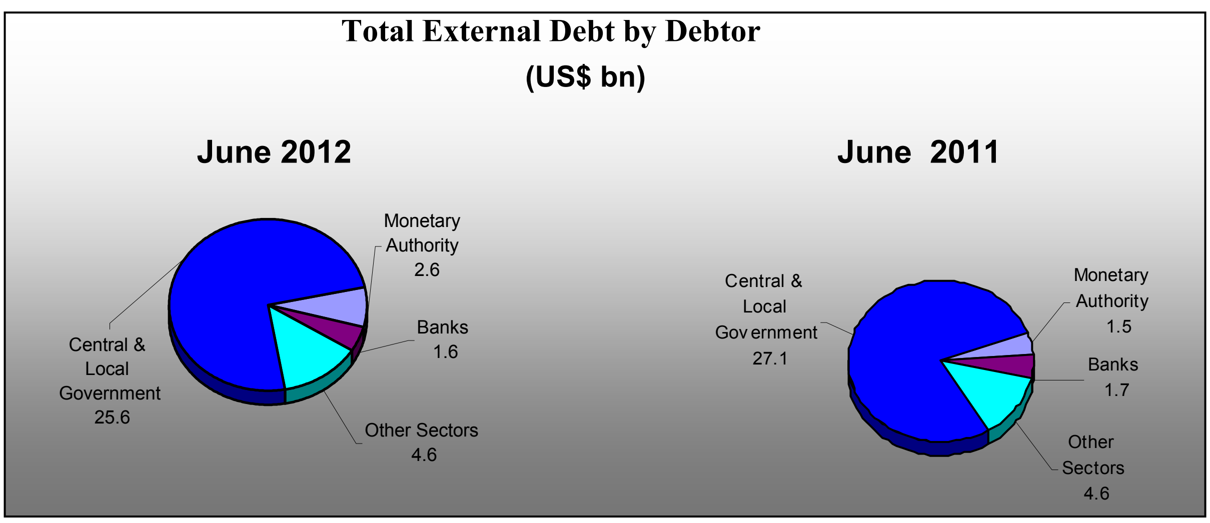
- Debt to international and regional organizations posted some US$ 11.1 billion or 32.2 percent of the total at end of June 2012 (the public sector owed 99.5 percent).
- The balance of Egyptian bonds and notes (held by non-residents) reached US$ 2.9 billion (8.4 percent of the total debt), including:
    - Guaranteed government bonds issued in September 2005, at a value of US$ 1250.0 million and falling due in September 2015;

- LE bonds issued in July 2007, in the amount of US$ 284.5 million, and maturing in July 2012;
- Sovereign bonds issued in April 2010, at a value of US$ 866.2 million, and falling due over two tranches in 2020 and 2040; and
- Government bonds* issued in June 2012, at a value of US$ 500.0 million, and falling due in June 2017.

- Non-guaranteed debt of the private sector registered US$ 51.3 million (0.2 percent of the total debt).
- Long-term deposits reached about US$ 1.0 billion (2.9 percent of the debt), represented in the deposit of the Saudi Fund for Development (SFD) held with the CBE.
- Short-term debt (8.5 percent of total debt) rose 5.2 percent to about US$ 2.9 billion (54.9 percent owed by the private sector). This was an outcome of the increase in short-term trade facilities by 11.4 percent to US$ 2.0 billion and the fall in short-term deposits of non-residents by 6.1 percent to US$ 913.7 million.

2- External Debt by Debtor

The breakdown of external debt by debtor at end of June 2012 showed that the central government remained the main obligor (74.4 percent of the total external debt), followed by the monetary authority (7.5 percent), banks (4.8 percent) and the other sectors (13.3 percent).

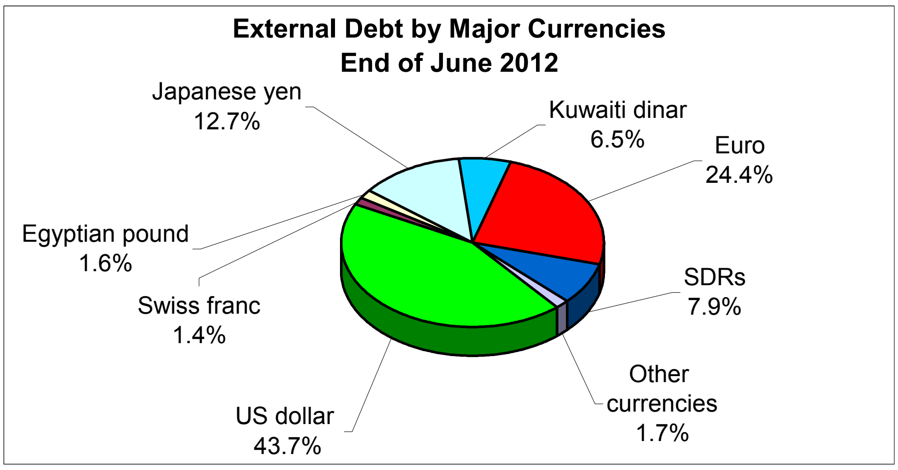


The above breakdown showed also that debt of the central government decreased by US$ 1.5 billion to US$ 25.6 billion, of banks by 100.9 million to US$ 1.6 billion, and of the other sectors by US$ 34.8 million to US$ 4.6 billion. By contrast, the debt of the monetary authority (the CBE) scaled up by US$ 1.1 billion to US$ 2.6 billion (due to the aforementioned US$ 1.0 billion deposit of SFD).

* Issued by the Ministry of Finance for the Saudi Fund for Development (SFD).

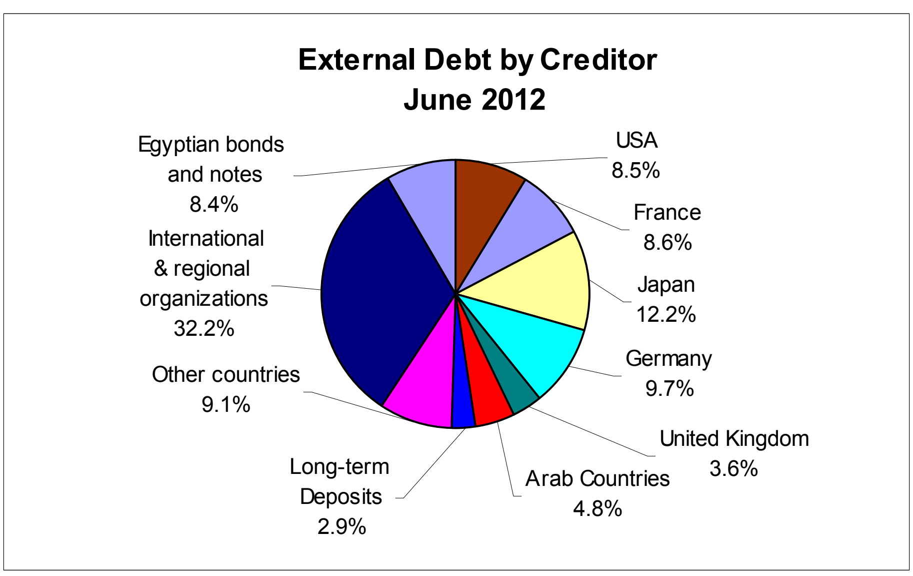
3- External Debt by Currency

The distribution of external debt by main component currencies manifested that the US dollar was the main currency of borrowing, with a relative importance of 43.7 percent, because of the outstanding obligations in US dollar to creditors other than the USA. The Euro came next (24.4 percent), followed by the Japanese yen (12.7 percent), the SDRs (7.9 percent) and the Kuwaiti dinar (6.5 percent).



4- External Debt by Creditor

The breakdown of external debt* by creditor revealed that 39.0 percent of the total debt was owed to the four main Paris Club members; namely Japan (12.2 percent), Germany (9.7 percent), France (8.6 percent) and USA (8.5 percent), together with the international and regional organizations (32.2 percent). On the other hand, the Arab countries combined accounted for 4.8 percent, mainly owed to Kuwait (2.8 percent) and Saudi Arabia** (0.8 percent).



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* Bilateral loans represent only borrowing between governments.
** Excluding the US$1.5 billion deposit at the CBE and the government bond of the Ministry of Finance, since they are classified as follows: US$1 billion long-term deposit and US$ 500 million under Egyptian notes and bonds.

External Debt by Creditor

(US$ mn)

End of	June 2011		June 2012	
	Value	Relative Importance	Value	Relative Importance
External Debt	**34905.7**	**100.0**	**34384.5**	**100.0**
USA	**3132.5**	**9.0**	**2928.0**	**8.5**
Japan	**4258.3**	**12.2**	**4176.0**	**12.2**
EU Countries	**10879.0**	**31.2**	**9466.0**	**27.4**
France	3741.4	10.7	2967.6	8.6
Germany	3854.9	11.0	3339.7	9.7
UK	942.6	2.7	1234.8	3.6
Spain	645.9	1.9	562.6	1.6
Italy	718.9	2.1	483.1	1.4
Austria	403.4	1.2	328.8	1.0
Denmark	285.7	0.8	247.7	0.7
Holland	112.8	0.3	133.8	0.4
Belgium	87.9	0.3	95.5	0.3
Sweden	42.0	0.1	40.6	0.1
Others	43.5	0.1	31.8	0.0
Arab Countries	**1626.5**	**4.6**	**1657.6**	**4.8**
Kuwait	854.1	2.3	967.0	2.8
Saudi Arabia	307.6	0.9	290.6	0.8
UAE	162.4	0.5	107.7	0.3
Libya	55.4	0.2	53.9	0.2
Qatar	16.1	0.0	46.2	0.1
Jordan	32.8	0.1	29.1	0.1
Yemen	55.8	0.2	19.3	0.1
Sudan	24.7	0.1	25.0	0.1
Others	117.6	0.3	118.8	0.3
Long-Term Deposits	**0.0**	**0.0**	**1000.0***	**2.9**
International and Regional Organizations	**10808.6**	**30.9**	**11068.1**	**32.2**
IDA	1369.5	3.9	1256.4	3.6
Arab Fund for Economic and Social Development	1325.4	3.8	1332.9	3.9
European Investment Bank	2032.6	5.8	1739.7	5.1
World Bank	2620.4	7.5	2940.6	8.6
AMF	29.8	0.1	336.5	1.0
African Development Fund and Bank	1537.0	4.4	1621.4	4.7
Islamic Development Bank (Jeddah)	106.4	0.3	118.4	0.3
Other Organizations	1787.5	5.1	1722.2	5.0
Egyptian Bonds and Notes	**2821.0**	**8.1**	**2900.7**	**8.4**
Other Countries	**1379.8**	**4.0**	**1188.1**	**3.6**

* Representing the long-term deposit of the Saudi Development Fund held with the CBE.

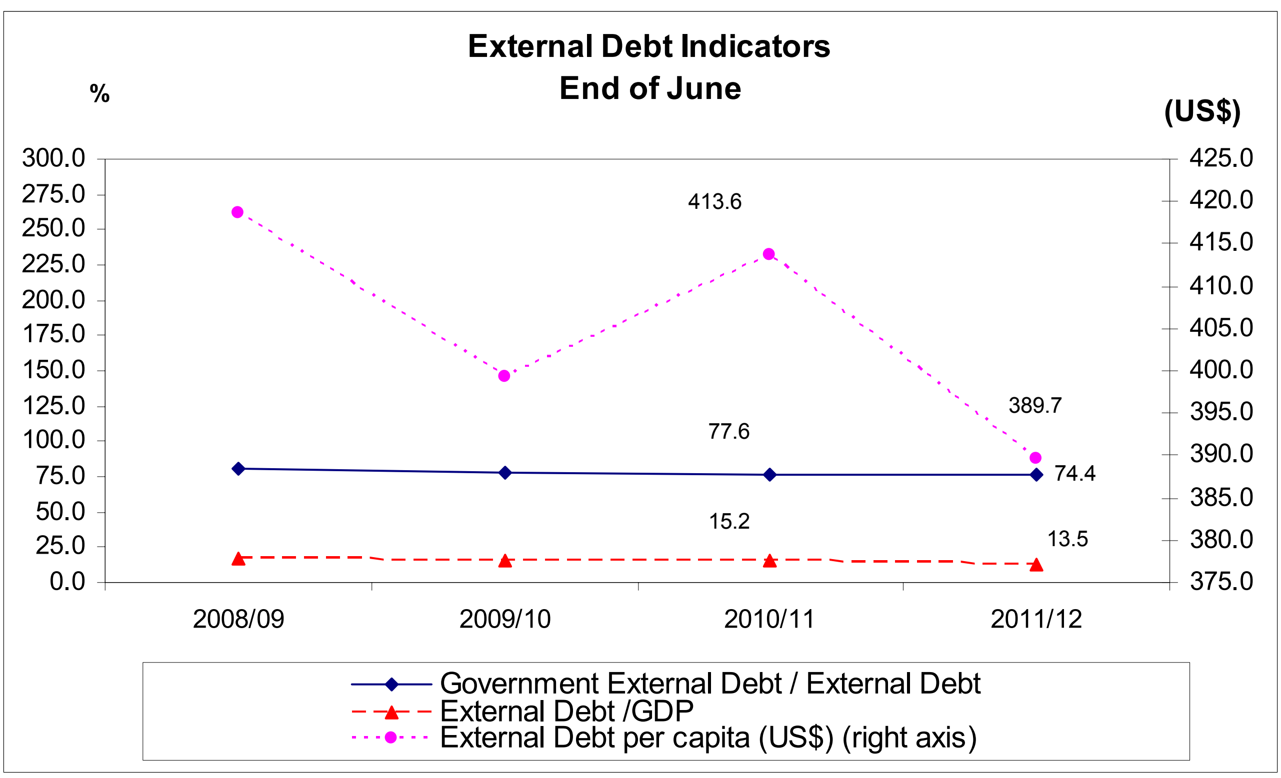
- New Commitments on Loans and Facilities

The reporting year witnessed new commitments on loans and facilities, amounting to US$ 2.7 billion (up by US$ 960.1 million, relative to the year before), mostly from international and regional organizations (US$ 2.3 billion or 85.6 percent of total commitments). The remaining US$ 390.7 million or 14.4 percent constituted commitments on bilateral loans (new commitments with the African Development Bank and the Institute for International Islamic Financial Trade, in addition to Japan and Italy).

Main Indicators of External Debt

Compared with June 2011, the key indicators of external debt in June 2012 showed the following declines:

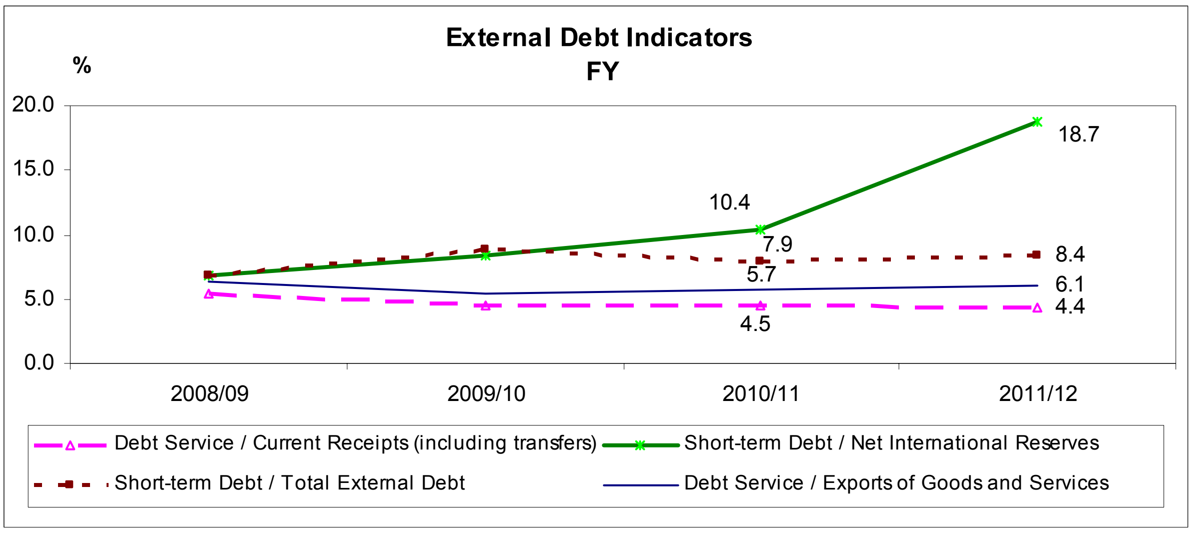
- Debt/GDP from 15.2 percent to 13.5 percent.
- Debt per capita from US$ 413.6 to US$ 389.7.
- Ratio of government debt/total external debt from 77.6 percent to 74.4 percent.



On the other hand, indicators showed a pickup in:

- Debt service/export proceeds of goods and services from 5.7 percent to 6.1 percent (due to the decline in the export proceeds of goods and services by 2.1 percent in the year under review).

- Short-term debt/total debt from 7.9 percent to 8.4 percent (due to the increase in the former by 5.2 percent compared to the previous FY).
- Short-term debt/net international reserves from 10.4 percent to 18.7 percent (due to the fall in international reserves by 41.5 percent).



The indicators of external debt in Egypt, relative to peer groups of economic regions showed that IMF classification of Egypt's external debt indicators lay within safety limits (as shown in the following table). Egypt's debt as a percentage of GDP (13.5 percent) during FY 2011/2012 came among the best global levels, that ranged between 15.1 percent (for developing Asian countries) and 63.6 percent (for North and Central European countries). Moreover, by recording 6.1 percent, the indicator of debt service/exports of goods and services was lower than global forecasts for 2011, that ranged between 12.2 percent (for sub-Saharan Africa) and 55.7 percent (for North and Central Europe), according to IMF World Economic Outlook issued in April 2012.

Main Debt Indicators in Egypt Vs. Economic Regions

Region	External Debt/GDP		External Debt/ Exports of Goods & Services		Debt Service/ Exports of Goods & Services	
	2010	2011	2010	2011	2010	2011
North and Central Europe	65.6	63.6	178.7	159.1	59.1	55.7
Asia	15.5	15.1	49.5	48.3	19.5	22.6
Latin America and the Caribbean	21.3	22.0	104.4	101.0	31.4	30
Sub-Saharan Africa	23.6	22.2	66.3	58.6	15.8	12.2
Middle East and North Africa	30.9	27.9	63.9	53.5	17.9	15.3

Source: IMF World Economic Outlook - April 2012 (Statistical Appendix).

1/9- Human Resources Development (HRD)

The Central Bank of Egypt has been concerned with the development of the human resources in the banking system, aiming to qualify a new generation of banking cadres for managing this vital sector. To this end, the Egyptian Banking Institute (EBI), an affiliate to the CBE, offers a number of distinct and diverse training programs, conducted by local and foreign experts, on the latest international banking developments,.

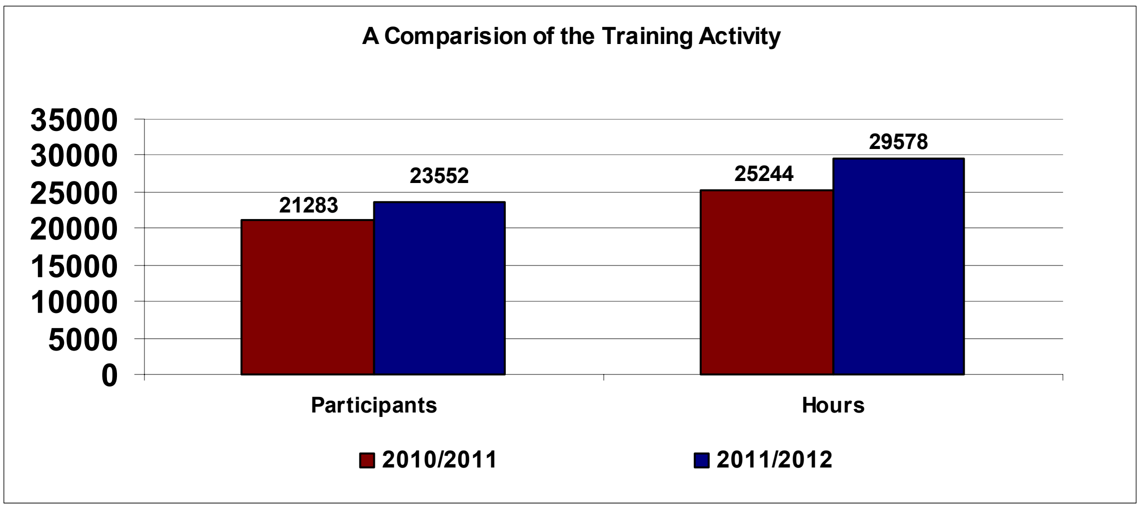
1/9/1- Activity of EBI

Since the beginning of the banking reform program adopted by CBE, the EBI has been keen to make its programs and services conducive for applying this program. This program aimed at raising the efficiency of the banking system, and enhancing its competitiveness and ability for risk management. The reform program is based on three main pillars, namely: (1) applying Basel II standards in Egyptian banks; (2) implementing corporate governance rules in the banking sector; and (3) encouraging banks to provide finance to SMEs. In this context, the EBI established a Corporate Governance Unit responsible for raising the awareness on corporate governance principles, systems, and applications to implement the best international practices, especially in the financial services sector and other sectors that seek to apply governance systems to enhance their opportunities of dealing with financial institutions.

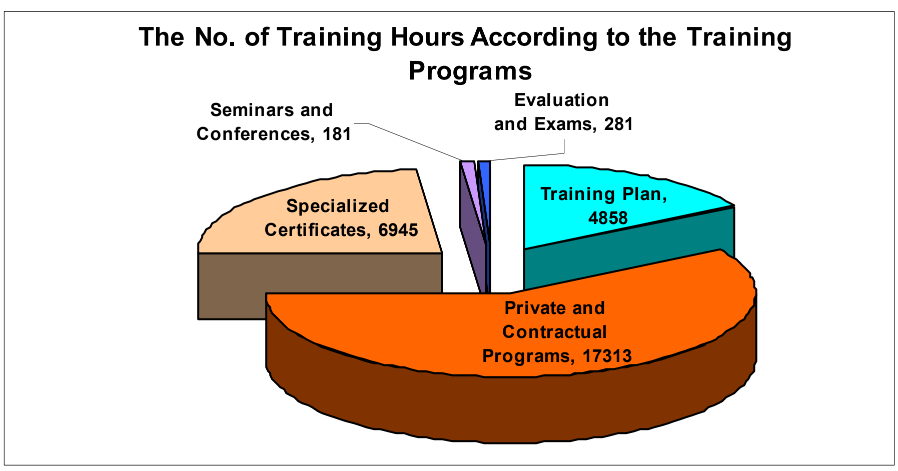
Moreover, the EBI launched a SME Web Portal that provides access to data and information for more than 36 thousand SMEs at the country level. The site also provides a package of researches, reports and international and local news that reflect the application of best practices to serve this sector. Launching this Web Portal was the culmination of the efforts made by the EBI to develop and upgrade the SMEs.

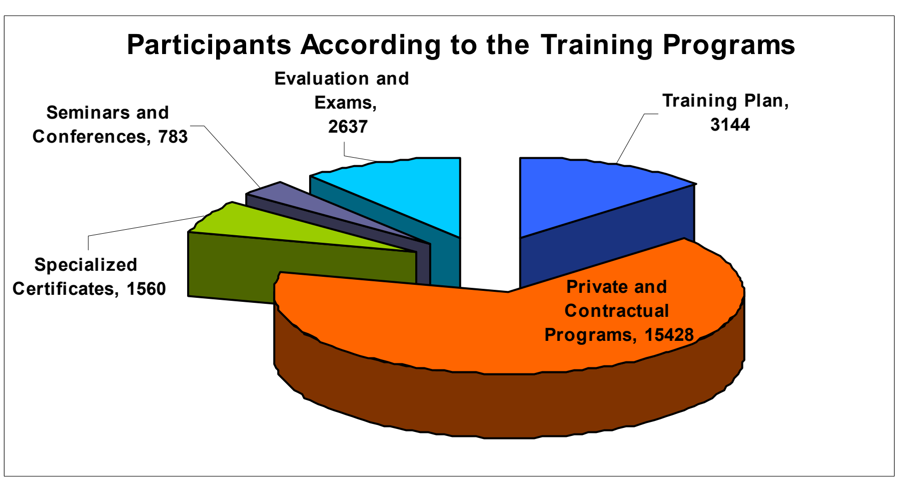
The strategic plan to upgrade and develop the EBI's activity embraced **two pillars**: **I)** attaching importance to upgrading a group of programs for performance management and development that focuses on adjusting human behavior and developing the skills necessary for carrying out tasks with the required quality and effectiveness. As such, specialized programs offered by the EBI have been expanded to include more specialized five packages namely: (Development of Leadership Skills - Basic Skills Development - Marketing and Sales - Human Resources and Training - Senior Management). Moreover, the programs included under each of the said packages were expanded. **II)** conducting many of these programs in cooperation with major international institutions specialized in these fields, to maintain the EBI’s prominence as a leading training provider of this important type of programs.

During the year under review, the EBI -through its training plan- offered a number of annual, special and contractual programs. In addition, greater attention was given to specialized certificates, particularly as related to the qualification of senior and junior banking managers. The following chart shows the total number of participants and the hours of training in the reporting year, as compared with the previous year.



The following charts show the distribution of participants and the training hours according to the training packages through FY 2011/2012.





EBI’s local activity: In collaboration with national and international experts, the Institute arranged a number of seminars, conferences, workshops, and lectures for bank staff, academics, researchers, and others who are interested in financial/banking issues. In this context, 22 symposiums were organized, attended by 608 trainees. To encourage junior bankers to make studies and researches, the EBI sponsors every year a research competition on key urgent banking topics on the economic arena. The topics are selected and researches are reviewed by distinguished academics, as well as the CBE's senior staff for their evaluation. Winners are honored and granted financial and moral awards in recognition of their efforts.

The EBI also organized an integrated training program for the National Post Authority in some areas of management and leadership, in addition to internal audit and inspection, and feasibility studies. The number of participants in this program reached 100 over 112 training hours.

In order to bridge the gap between the academic university education and labor market requirements, the EBI organized a "Training-for-recruitment Program" attended by 1508 trainees of fresh graduates from the Egyptian universities.

At the regional level: A cooperation protocol was signed between the EBI and the Institute of Banking and Financial Studies of the Central Bank of Libya to provide the latter with the EBI's expertise in training the CBL staff and raising their abilities. Within the framework of the World Bank's plan to develop the banking system in Iraq, the EBI conducted an integrated program in the field of bank supervision, beside the training programs on accounting, auditing and risk management (attended by 174 participants in FY 2011/2012).

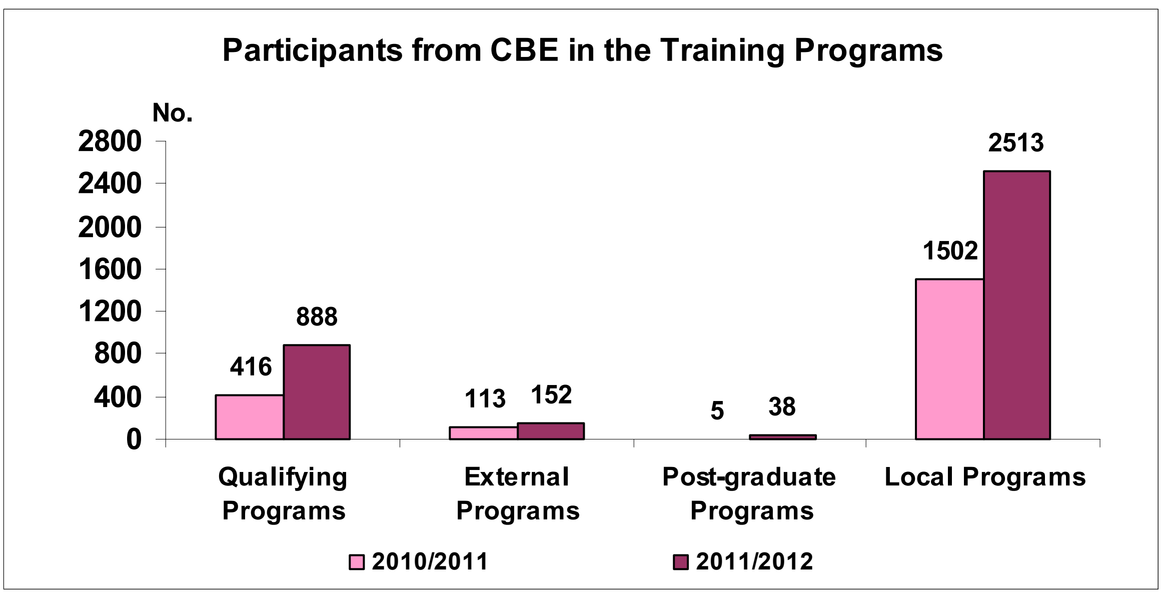
On the international arena, the EBI activated and developed its partnership with international institutions in some fields such as:

- In the area of Leadership, “Agence de Transfert de Technologie Financière (ATTF)”, Luxembourg
- In the area of credit, “Global Talent Intelligence Strategies (GTIS)”
- In the area of risks, “ToneStar Consulting”
- In internal auditing, “MIS Training Institute”
- In the area of governance, about 47 programs and international scholarships were offered for 770 trainees during the year in cooperation with Darien Middle East.

In addition, a number of programs were conducted, in collaboration with some international institutions, including the “Global Association of Risk Professionals (GARP)”, “Institute of Internal Auditors (IIA)”, "International Faculty of Finance (IFF)", "IIR Middle East", "Game Solution Ag", and the American institution "International Council of E-Commerce Consultants (EC- Council)", which the EBI is keen to cooperate with.

1/9/2- CBE Staff Programs

The number of participants in the training programs for CBE staff reached 3591 trainees, involving 2513 participants in local programs (specialized and administrative, language and computer courses), 888 trainees in qualifying programs, and 152 participants in external programs. Also, 38 employees at the Bank completed their post-graduate studies.



In the year under review, the Banking Institute offered diverse training programs for 412 employees of the CBE. The programs engaged 99 participants from the Supervision Sector in topics related to "Detection of Forgery and Falsification - Incoterms 2012", 165 participants in manager promotion programs and 148 participants in supervisor development programs.

Chapter 2: Banking Developments

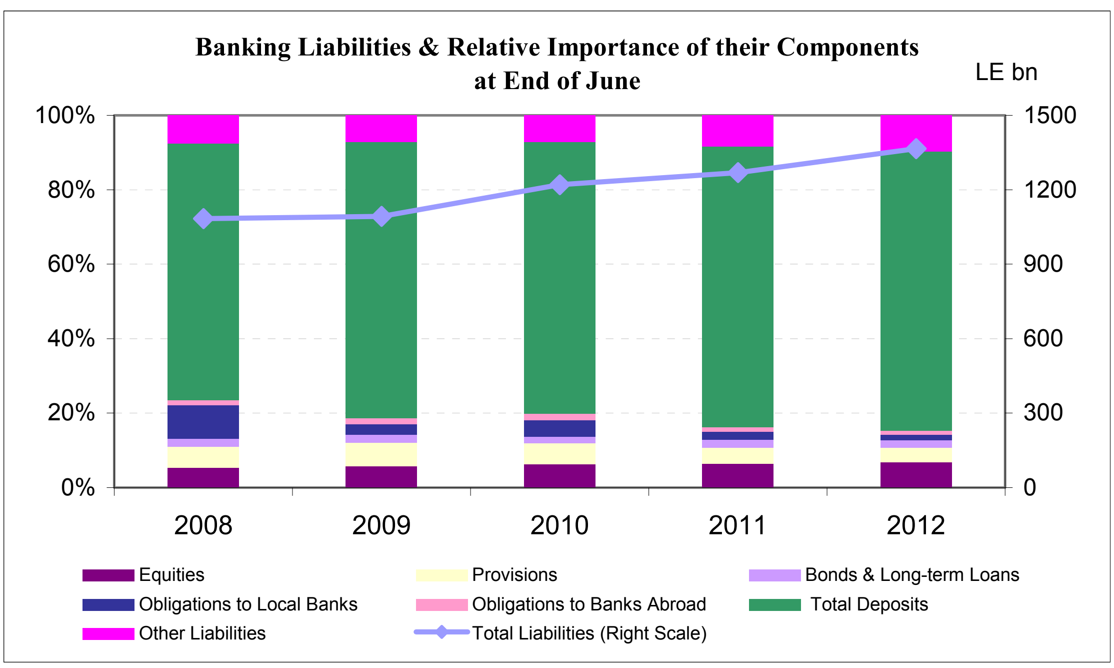
2/1- Financial Position
2/2- Deposits
2/3- Lending Activity
2/4- Cash Flows
2/5- Performance Indicators

Chapter 2
Banking Developments

2/1- Financial Position

The aggregate financial position of registered banks operating in Egypt (40 in number)* posted LE 1366.2 billion at end of June 2012, up by LE 96.5 billion or 7.6 percent during FY 2011/2012, well above the figures of the previous FY (LE 49.0 billion and 4.0 percent).

Most of the rise on the **liabilities side** (roughly two thirds or 68.9 percent) stemmed from the pickup in deposits at banks (by LE 66.5 billion or 6.9 percent), to register LE 1023.5 billion and 74.9 percent of the aggregate financial position of banks at end of June 2012. Increases were also seen in banks' equities (by LE 11.8 billion or 14.5 percent), bonds and long-term loans (by LE 1.7 billion or 6.3 percent), and other liabilities (by LE 27.1 billion or 25.3 percent). Conversely, obligations to banks in Egypt (including CBE) shrank by LE 9.2 billion or 32.5 percent, along with provisions by LE 1.0 billion or 1.8 percent, and obligations to banks abroad by LE 0.4 billion or 2.5 percent.



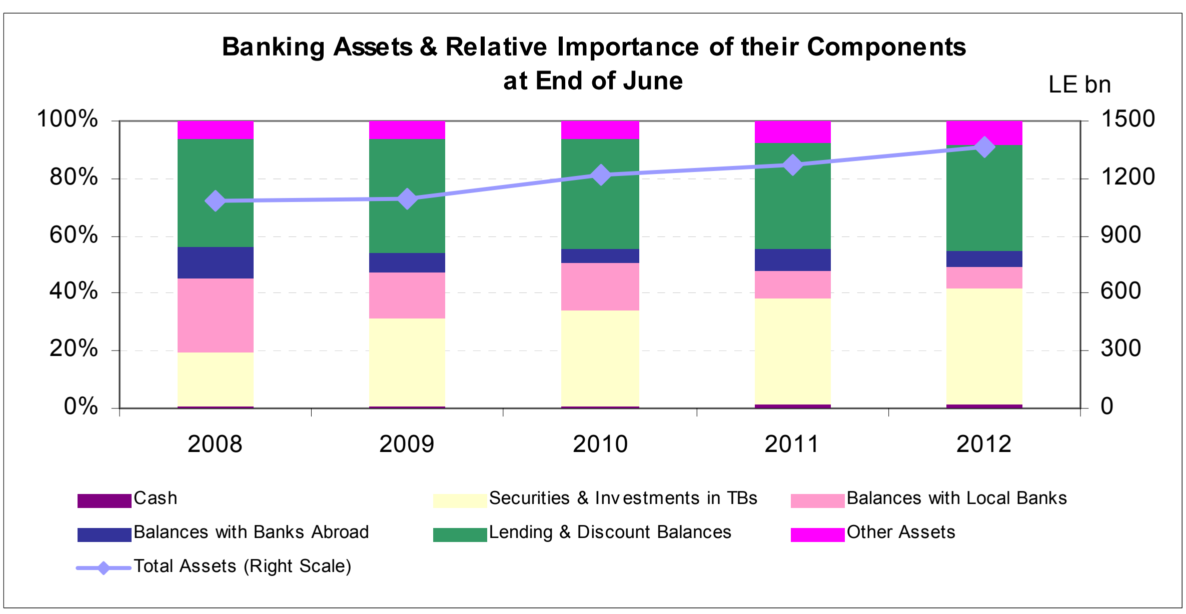
* After adding the Arab International Bank, given that 39 banks only are included in the financial position data.

Changes in Liabilities

(LE mn)

	Change in FY			
	2010/2011		2011/2012	
	Value	%	Value	%
Capital	12451	26.7	8296	14.0
Reserves	(6430)	(22.6)	3483	15.8
Provisions	(15312)	(21.7)	(978)	(1.8)
Bonds and long-term loans	4483	20.7	1660	6.3
Obligations to CBE	(24442)	(71.5)	(7203)	(74.0)
Obligations to banks in Egypt	(1268)	(6.4)	(1959)	(10.6)
Obligations to banks abroad	(5137)	(25.3)	(376)	(2.5)
Total deposits	64545	7.2	66480	6.9
Other liabilities, of which:	20145	23.2	27067	25.3
Payable cheques	379	8.0	(295)	(5.7)
Total Liabilities	**49035**	**4.0**	**96470**	**7.6**

On the **assets side**, banks' investments in securities and treasury bills expanded by LE 81.2 billion or 17.1 percent (against LE 68.3 billion and 16.8 percent in the previous FY), to record LE 555.3 billion, representing 40.6 percent of the aggregate financial position of banks at end of June 2012. Likewise, lending and discount balances increased by LE 32.6 billion or 6.9 percent to LE 506.7 billion, thereby constituting 37.1 percent of banks' aggregate financial position. In addition, other assets augmented by LE 15.9 billion or 17.1 percent. On the other hand, balances with local banks retreated by LE 12.7 billion or 10.9 percent and so did balances with banks abroad by LE 20.2 billion worth or 21.0 percent.

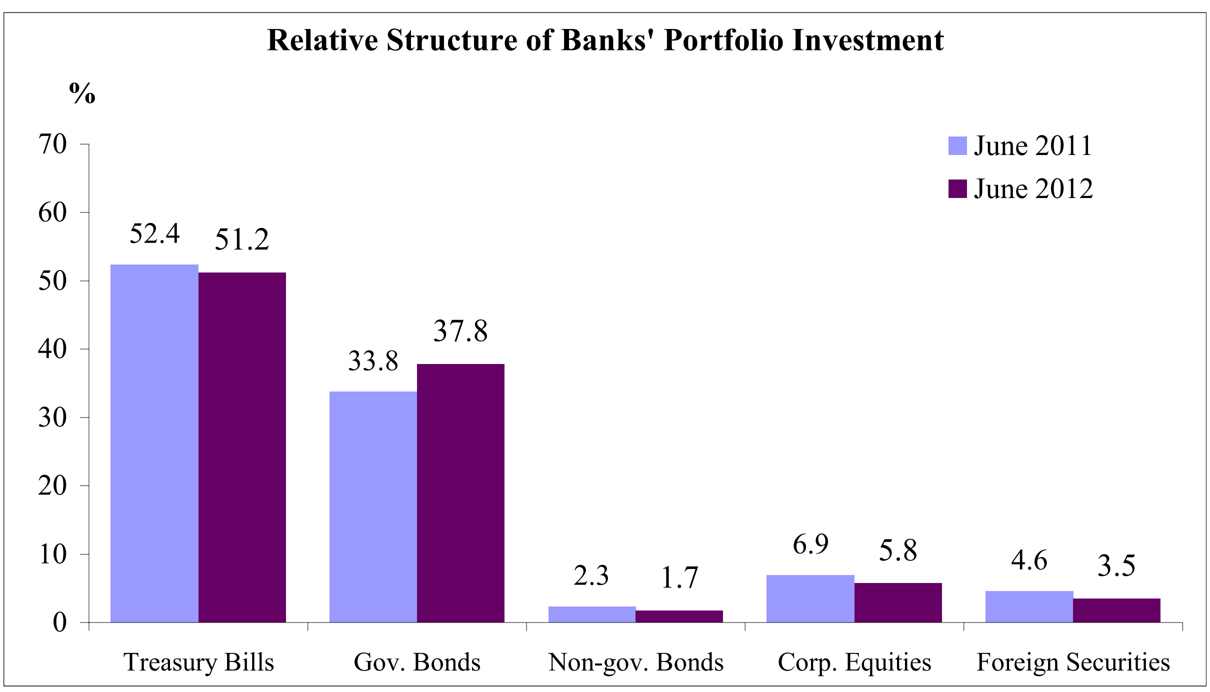


Changes in Assets

(LE mn)

	Change in FY			
	2010/2011		2011/2012	
	Value	%	Value	%
Cash	2382	19.1	(296)	(2.0)
Securities and investments	68281	16.8	81150	17.1
Balances with CBE	(83040)	(45.9)	(11037)	(11.3)
Balances with banks in Egypt, of which:	(669)	(3.4)	(1703)	(9.0)
Lending and discount	156	21.4	93	10.5
Balances with banks abroad, of which:	38709	67.5	(20176)	(21.0)
Lending and discount	(606)	(30.2)	1316	94.1
Lending and discount balances (market rates)	8149	1.7	32597	6.9
Other assets	15223	19.5	15935	17.1
Total Assets	**49035**	**4.0**	**96470**	**7.6**

The increase in banks' investments in securities and bills was largely ascribed to the rise in their investments in government bonds by LE 50.1 billion and in treasury bills by LE 36.0 billion. However, investments in foreign securities fell by LE 2.5 billion, in non-government bonds by LE 1.4 billion and in corporate equities by LE 1.0 billion.



In 2011/2012, **net transactions of local banks with correspondents abroad** unfolded a decline in their net credit balances with those correspondents (by the equivalent of LE 19.8 billion or 24.5 percent) to stand at LE 61.1 billion worth at end of June 2012 (against LE 80.9 billion worth at end of June 2011). The fall in banks' credit balances was a dual effect of the decrease in both their balances with banks abroad and their obligations thereto, by the equivalent of LE 20.2 billion and LE 0.4 billion, in order.

Transactions with Banks Abroad

(LE mn)

End of	June 2011	June 2012	Change in FY 2010/2011		Change in FY 2011/2012	
			Value	%	Value	%
Net Position	**80912**	**61112**	**43846**	**118.3**	**(19800)**	**24.5**
Balances with banks abroad	96080	75904	38709	67.5	(20176)	21.0
Obligations to banks abroad	15168	14792	(5137)	(25.3)	(376)	2.5

2/2- Deposits

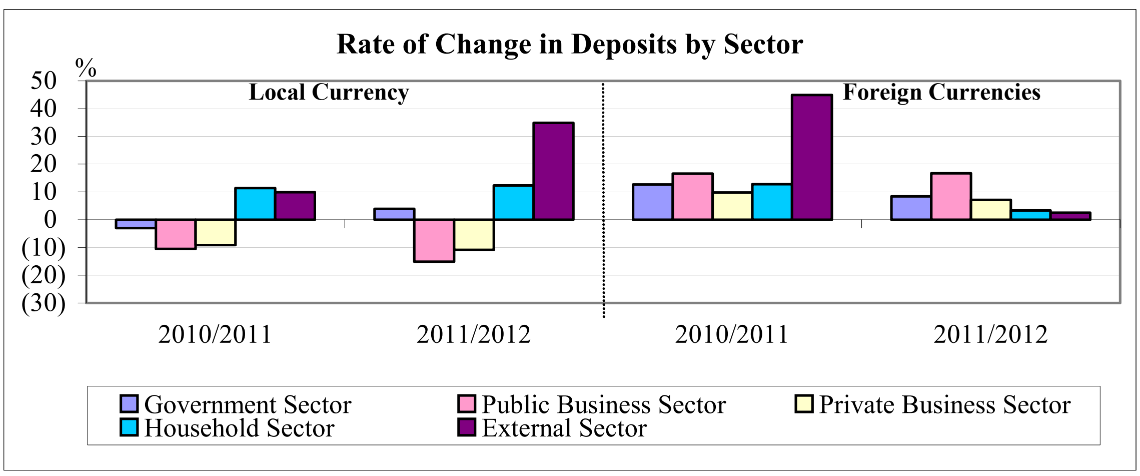
During FY 2011/2012, banks' deposits (including government deposits) grew by LE 66.5 billion or 6.9 percent (against LE 64.5 billion and 7.2 percent during the previous FY), standing at LE 1023.5 billion or 74.9 percent of banks' aggregate financial position at end of June 2012. More than three quarters of the increase (79.6 percent) resulted from local currency deposits, which rose by LE 52.9 billion or 7.3 percent, to LE 777.8 billion at end of June 2012. On the other hand, deposits in foreign currencies increased by LE 13.6 billion worth or 5.8%, to the equivalent of LE 245.7 billion.

Deposits at Banks by Sector

(LE mn)

End of June	Local Currency 2010	Local Currency 2011	Local Currency 2012	Foreign Currencies 2010	Foreign Currencies 2011	Foreign Currencies 2012
Total	**686052**	**724878**	**777806**	**206440**	**232159**	**245711**
Government sector	58496	56728	58930	45618	51403	55731
Public business sector	32726	29278	24843	6474	7549	8812
Private business sector	114372	103965	92697	54907	60241	64496
Household sector	477842	532032	597459	96875	109248	112859
External sector	2616	2875	3877	2566	3718	3813

The pickup in the **local currency deposits** of the household sector was higher than the increase witnessed in total LE deposits. To elaborate, its deposits in local currency scaled up by LE 65.4 billion or 12.3 percent to LE 597.5 billion, thereby representing 76.8 percent of total LE deposits at end of June 2012. Moreover, the deposits of the government sector rose by LE 2.2 billion or 3.9 percent, and those of the external sector by LE 1.0 billion or 34.9 percent. However, the rise was offset by the decrease of LE 11.3 billion in the deposits of the private business sector, and of LE 4.4 billion in those of the public business sector. Turning to **foreign currency deposits**, their increase was attributed to the government and the private business sectors, whose deposits grew by the equivalent of LE 4.3 billion each. Also, foreign currency deposits of the household sector went up by LE 3.6 billion worth to LE 112.9 billion worth, making up 45.9 percent of total deposits in foreign currencies at end of June 2012. Those of the public business sector mounted by LE 1.3 billion worth or 16.7 percent.



2/3- Lending Activity

Banks expanded their lending activity during the year, compared to the preceding FY. As a result, their lending and discount balances grew by LE 32.6 billion or 6.9 percent (against LE 8.1 billion and 1.7 percent), totaling LE 506.7 billion, and making up 37.1 percent of total assets and 49.5 percent of total deposits at end of June 2012.

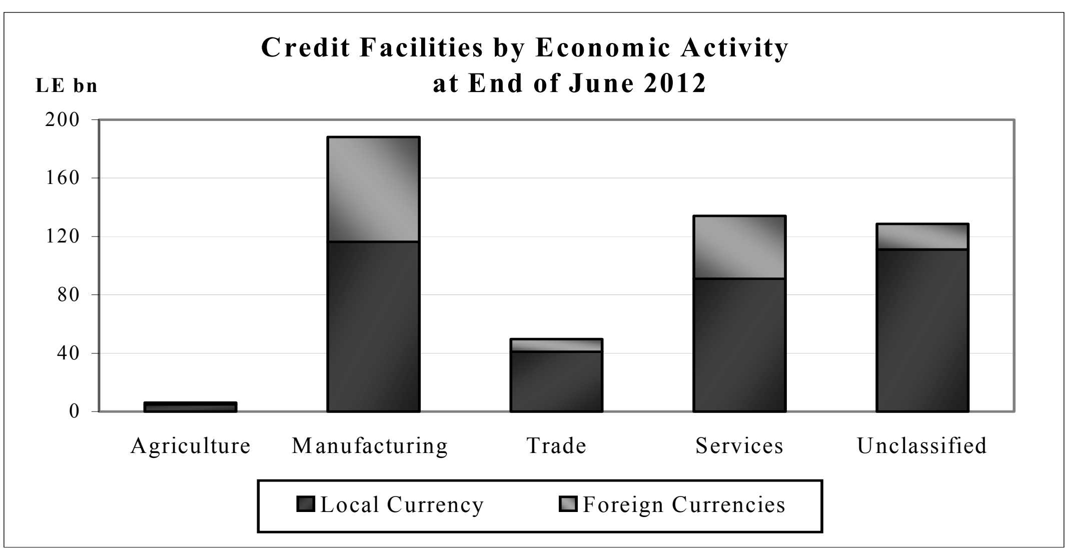
Change in Bank Loans by Sector in FY 2011/2012

(LE mn)

End of June	Local Currency	Foreign Currencies
Total	**36411**	**(3814)**
Government sector	(3576)	(2637)
Public business sector	7021	709
Private business sector	19524	107
Household sector	13626	(405)
External sector	(184)	(1588)

The pickup in the lending and discount balances came on the back of the rise in local currency loans by LE 36.4 billion or 11.1 percent, to LE 364.2 billion at end of June 2012, and the decline in those extended in foreign currencies by LE 3.8 billion worth or 2.6 percent, to LE 142.5 billion worth. The private business sector accounted for around 53.6 percent of the increase in local currency loans, registering a rise of LE 19.5 billion or 10.4 percent (against LE 2.1 billion and 1.1 percent). Likewise, the share of the household sector moved up by LE 13.6 billion or 14.2 percent, and the public business sector's by LE 7.0 billion or 28.6 percent. In contrast, loans to the government sector decreased by LE 3.6 billion and to the external sector by LE 0.2 billion. As for loan and discount balances in foreign currencies, the decline reflected the fall in the share of the government sector by LE 2.6 billion worth or 12.2 percent, of the external sector by LE 1.6 billion worth or 9.6 percent, and of the household sector by LE 0.4 billion or 13.1 percent.

The relative distribution of loans by economic activity at end of June 2012 ran as follows: the manufacturing sector got 37.1 percent (both in local and foreign currencies). The services sector came next (26.5 percent), followed by the unclassified sectors, including the household sector (25.4 percent), trade (9.8 percent) and agriculture (1.2 percent).



At end of June 2012, loans and advances (excluding discounts) by maturity registered LE 503.2 billion, with an increase of LE 31.9 billion or 6.8 percent during the reporting year. The increase was manifest in short-term loans (one year or less), which rose by LE 17.3 billion or 8.0 percent, as a result of the expansion in local currency loans by LE 18.3 billion and the contraction in foreign currency loans by LE 1.0 billion worth. Furthermore, long-term loans (more than one year) increased by LE 14.6 billion or 5.7 percent, due to the growth in local currency loans by LE 17.2 billion and the fall in those in foreign currencies by the equivalent of LE 2.6 billion.

2/4- Cash Flows

Cash flow statement of banks showed a deficit of LE 22.3 billion in local transactions, as resources reached LE 120.0 billion and uses LE 142.3 billion. By contrast, banks' external transactions showed a surplus equivalent to that deficit. Typically, banks' sources of funds come from the decrease in assets or the increase in obligations, while uses of funds result from the contrary (the decrease of obligations/the increase of assets).

Regarding **local transactions**, the resources generated from the decrease in assets (LE 13.0 billion) in FY 2011/2012, came on the back of the drop in the balances at the CBE by LE 11.0 billion, balances at local banks by LE 1.7 billion, and in cash by LE 0.3 billion. The resources realized from the rise in obligations (LE 107.0 billion), came largely from the increase of LE 66.5 billion in deposits with banks (79.6 percent was in local currency). Interestingly, the pickup of LE 69.0 billion in the deposits of the household sector outpaced the total increase in deposits. Moreover, capital accounts (equities) rose by LE 11.8 billion.

Local uses brought about by the increase in assets reflected the pickup in portfolio investment by LE 83.6 billion (mostly bills and government bonds), lending and discount balances by LE 32.6 billion, and other assets by LE 16.0 billion. As for uses arising from the reduction in obligations, banks’ obligations to the CBE dropped by LE 7.2 billion, obligations to banks in Egypt by LE 1.9 billion, and provisions at banks by LE 1.0 billion.

Banks' Cash Flow Statement*
Local Transactions

(LE mn)

	2010/2011	2011/2012
1. Total Resources:	**178905**	**120022**
A. From the Increase in Obligations (Liabilities)	**95196**	**106986**
Deposits	64545	66480
Capital accounts (equities)	6022	11779
Other liabilities	20146	27067
Loans and bonds	4483	1660
B. From the Decrease in Assets	**83709**	**13036**
Cash	-	296
balances with the CBE	83040	11037
Balances with local banks	669	1703
2. Total Uses:	**159274**	**142299**
A. To Reduce Obligations	**41024**	**10140**
Obligations to the CBE	24443	7203
Obligations to local banks	1268	1959
Provisions	15313	978
B. To Increase Assets	**118250**	**132159**
Cash	2382	-
Portfolio investment	92496	83627
Lending and discount	8149	32597
Other assets	15223	15935
Sources/Uses Surplus (+) or Deficit (-)	**19631**	**-22277**

* Figures in this statement represent the difference between the balances at end of both the reporting year and the preceding year.

As for banks' external transactions, their resources emanated from the decline in their balances at banks abroad by LE 20.2 billion worth and in their portfolio investment by LE 2.5 billion worth. On the other hand, uses represented only the decrease in local banks' obligations to banks abroad by LE 0.4 billion worth.

Banks' Cash Flow Statement*
External Transactions

(LE mn)

	2010/2011	2011/2012
1. Total Resources:	**24215**	**22653**
A. From the Increase in Obligations	**0**	**0**
B. From the Decrease in Assets	**24215**	**22653**
Portfolio investment	24215	2477
balances with banks abroad	-	20176
2. Total Uses:	**43846**	**376**
A. To Reduce Obligations	**5137**	**376**
Obligations to banks abroad	5137	376
B. To Increase Assets	**38709**	**0**
Balances with banks abroad	38709	-
Sources/Uses Surplus (+) or Deficit (-)	**-19631**	**22277**

* Figures in this statement represent the difference between the balances at end of both the reporting year and the preceding year.

2/5- Bank Performance Indicators

The following are banks' outcomes according to their financial positions at end of June 2012:

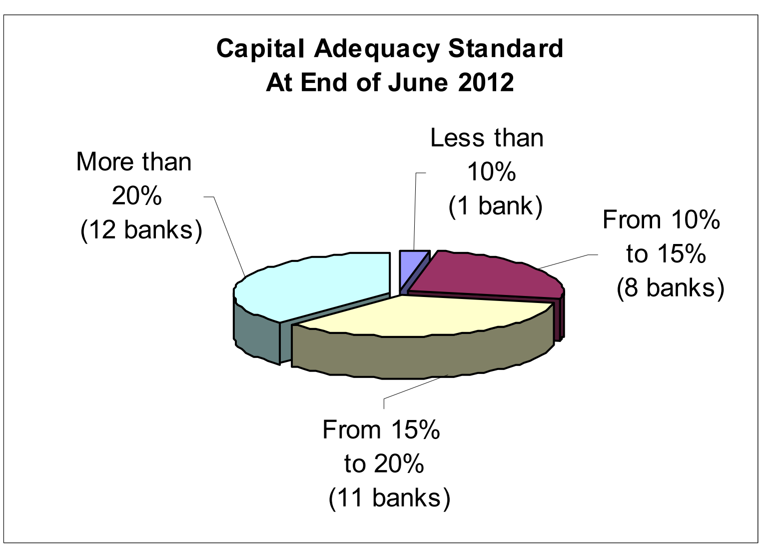
First: Capital Adequacy Standard

According to this standard, registered banks (32 in number, excluding branches of foreign banks) are required to maintain a specific ratio (a minimum of 10 percent) of the capital (core and supplementary) to risk-weighted assets and contingent liabilities.

Assets and contingent liabilities are calculated on risk-weights ranging between 0 and/above 100 percent, for real estate development companies operating in the construction of for-sale housing units in case the project's leverage exceeds 2 : 1, and for banking finance granted for a whole or partial acquisition of companies; or 40 percent, 150 percent, or 200 percent when exceeding countries' exposure limits. Meeting that standard reflects a bank's ability to face any potential risks.

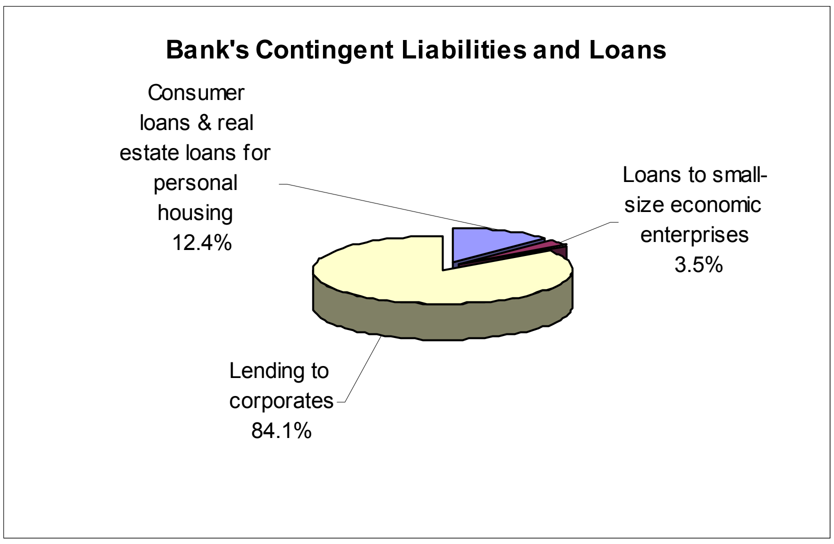
A follow-up of banks' compliance with this standard came up with the following findings:

- For banks combined, the ratio was 15.7 percent against a minimum established ratio of 10.0 percent. The ratio reflected core capital of 13.6 percent and supplementary capital of 2.1 percent.
- Banks, on a case by case basis, complied with the capital adequacy standard (the minimum established ratio of 10.0 percent). Moreover, the capital adequacy ratio ranged between 10-15 percent in 8 banks, and exceeded 15 percent in 23 banks. A single bank has been under continuous follow-up.



Second: Asset Quality

On 24 May 2005, the CBE issued the regulations of customer credit rating and provisioning. The regulations comprise lending to institutional customers (taking into account the obligor risk rate ORR), loans for consumer purposes, real estate loans for personal housing, and loans for small-sized businesses. The following chart demonstrates the beneficiaries of credit facilities:



The ratio of non-performing loans to total loans reached 9.9 percent, whereas loan provisions to non-performing loans registered 95.4 percent.

Third: Profitability

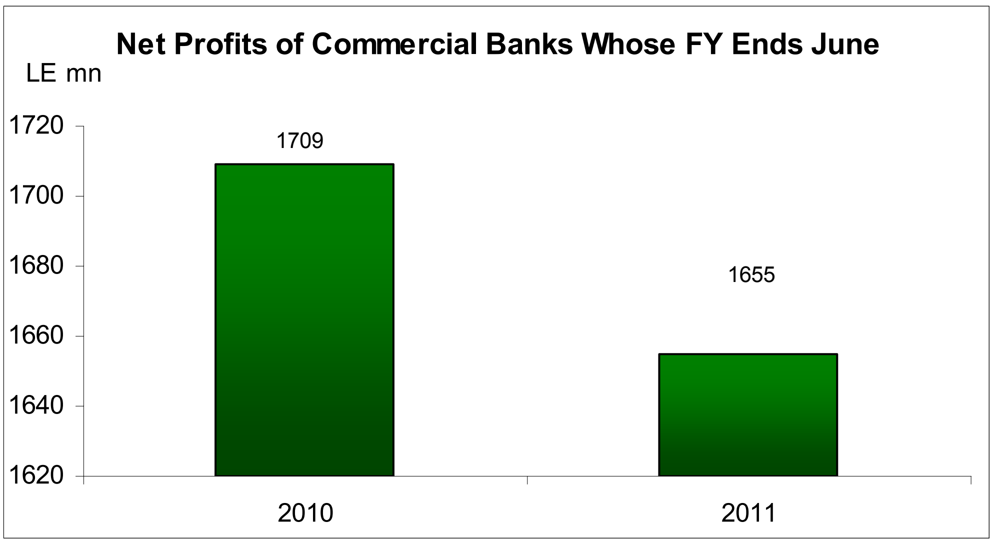
This indicator shows the level of profitability realized by a bank, its ability to strengthen its equities, and to distribute dividends among its shareholders. The average return on the assets and equities of the banking system reached 0.8 percent and 11.7 percent, in order, while the net interest margin was 2.6 percent for FY 2011. A follow-up of banks' profitability levels revealed the following:

A- Banks for Which the FY Ends June 30 [*](Public Sector Banks and the Export Development Bank of Egypt)

Net profits (mostly of the National Bank of Egypt) amounted to LE 1655 million for the FY ending June 30, 2011.

The respective ratios of banks' net profits to average assets and to average equities stood at 0.3 percent and 6.8 percent, in order.

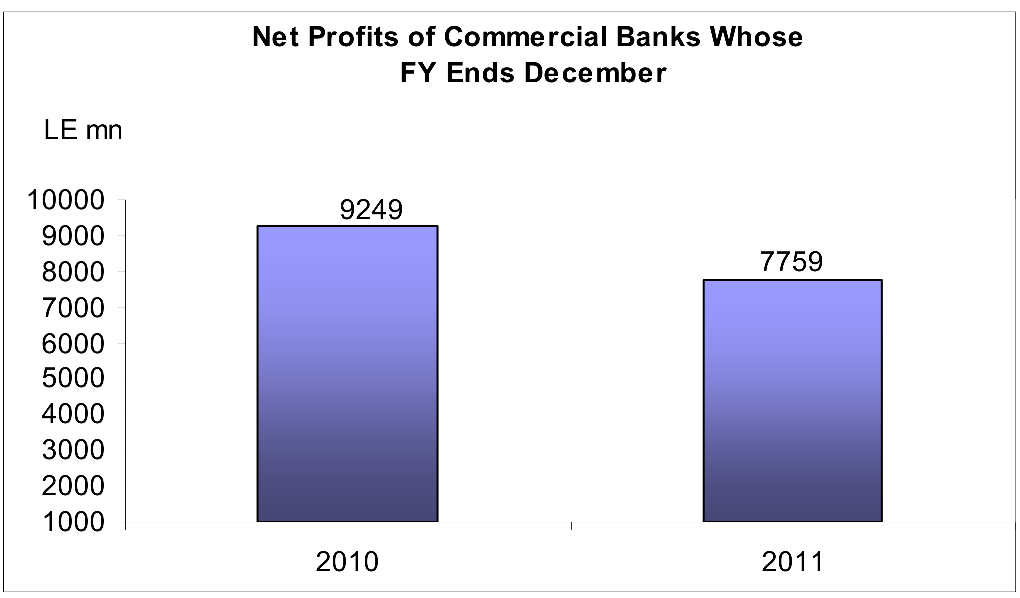
[*] Including a single bank whose financial statement is under approval.



B- Banks for Which the FY Ends December 31*

- Bank's net profits for the FY ending December 31, 2011 registered LE 7759 million.

- The ratio of banks' net profits to average assets was 1.2 percent, and to average equities 13.5 percent, respectively.



* Including two banks whose financial statements are under approval.

Chapter 3: Macroeconomic Developments

3/1- Gross Domestic Product (GDP)
3/2- Inflation
3/3- Consolidated Fiscal Operations of the General Government
3/4- Balance of Payments and External Trade
3/5- Non-Banking Financial Services Sector

Chapter 3
Macroeconomic Developments

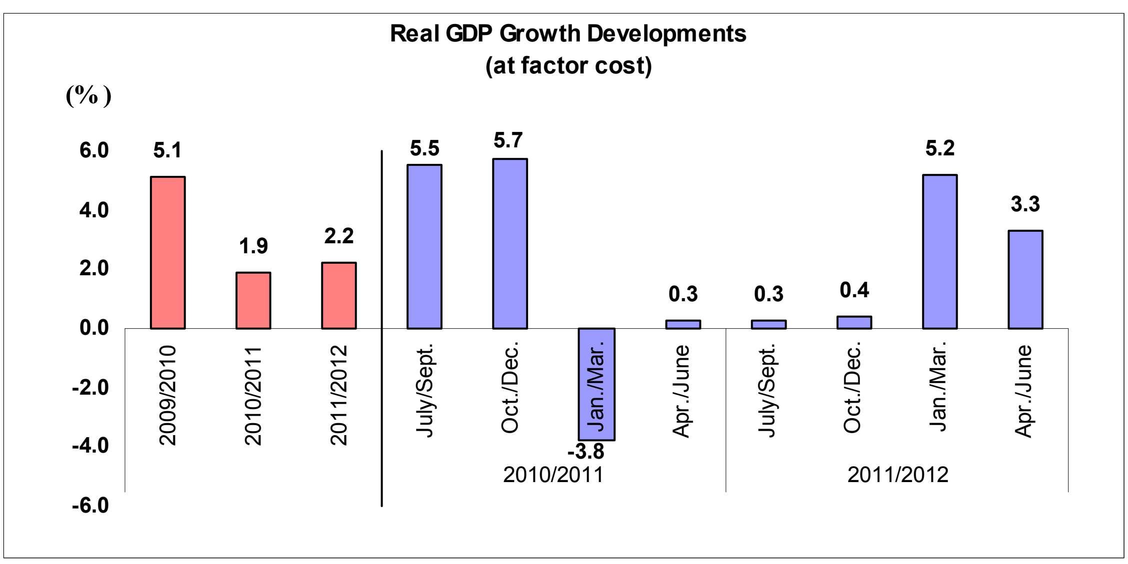
3/1- Gross Domestic Product (GDP)

Egypt's economy showed a relative recovery in FY 2011/2012. Real GDP growth (at factor cost and market prices) inched up to 2.2 percent (from 1.8 percent at market prices, and 1.9 percent at factor cost in FY 2010/2011). The improvement is traced to the rise in real GDP growth at factor cost in Q3 (Jan./ March 2012) and Q4 (April/ June 2012) of the reporting year, to register 5.2 percent and 3.3 percent, in order (against -3.8 percent and 0.3 percent in the respective quarters a year earlier).

Gross Domestic Product at Constant Prices*

	(LE bn)					Growth Rate (%)				
	FY		Jan. March	April June	April June	FY		Jan. March	April June	April June
	2010/11	2011/12	2012		2011	2010/11	2011/12	2012		2011
GDP at factor cost and constant prices	854.0	873.1	209.4	223.0	215.8	1.9	2.2	5.2	3.3	0.3
Indirect taxes (net)	40.0	40.7	8.9	12.4	12.0	-1.7	1.7	4.7	3.3	0.8
GDP at market prices	894.0	913.8	218.3	235.4	227.8	1.8	2.2	5.2	3.3	0.4

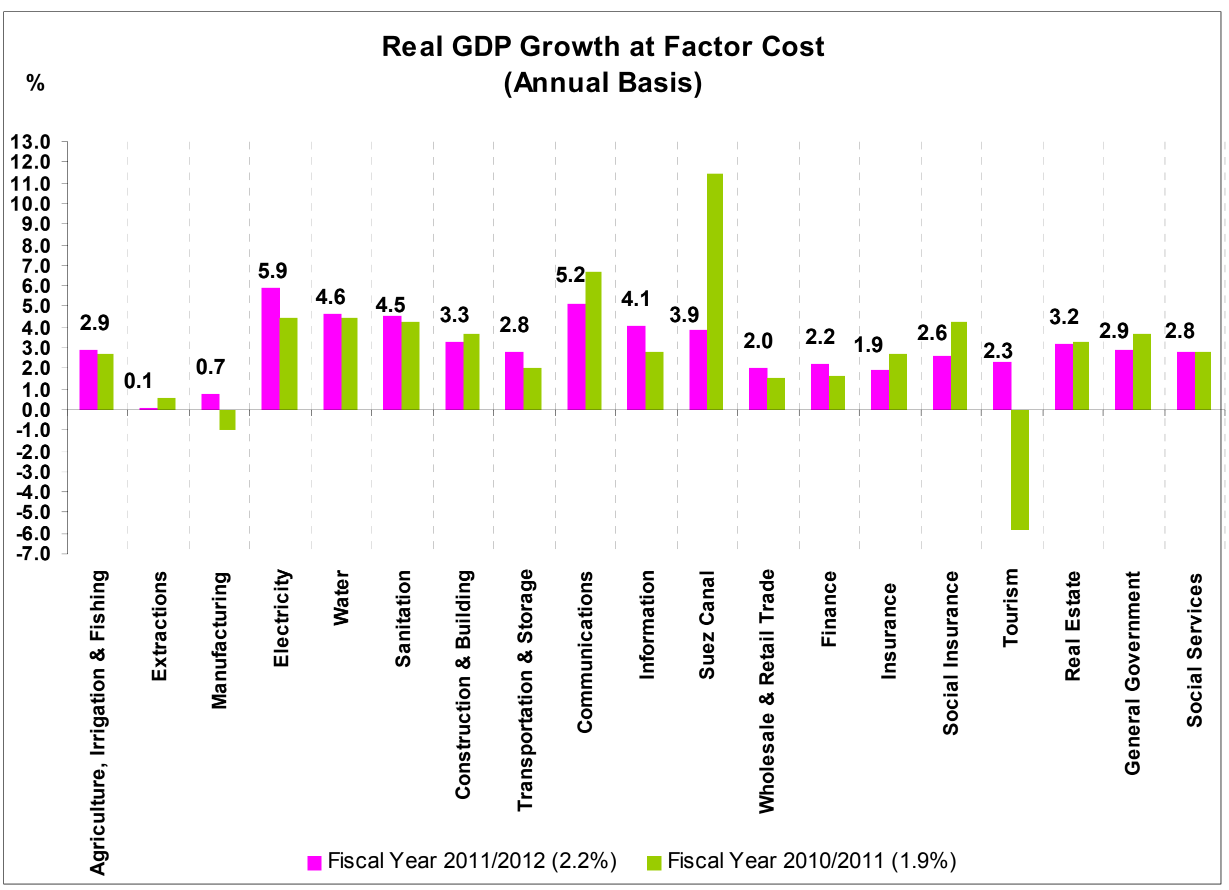
Source: Ministry of Planning
* At 2006/2007 prices



GDP (at factor cost and 2006/07 prices)

Productive sectors performance revealed a slight decline in the relative importance of domestic demand-driven sectors, constituting 89.7 percent of real GDP growth in FY 2011/2012 (against 90.7 percent a year earlier). The increase in real GDP growth at factor cost, as mentioned earlier (2.2 percent against 1.9 percent) stemmed from higher contributions of a number of sectors, as compared with the previous FY. The key contributors to the increase were manufacturing (0.11 percentage point against a negative 0.15 point), agriculture and irrigation (0.39 point against 0.36 point), wholesale and retail trade (0.21 point against 0.17 point) and transportation and storage (0.12 point against 0.09 point). By contrast, the general government made a lower contribution of 0.26 point (against 0.32 point), and so did communications (0.22 point against 0.27 point) and social insurance (0.09 point against 0.15 point).

The relative share of external demand-driven sectors in real GDP growth mounted from 9.3 percent to 10.3 percent, adding 0.23 percentage point (against 0.18 point). The main contributor was tourism (0.09 point against a negative 0.25 point). Conversely, the share of Suez Canal retreated from 0.35 point to 0.13 point, and of extractions from 0.08 point to 0.01 point.

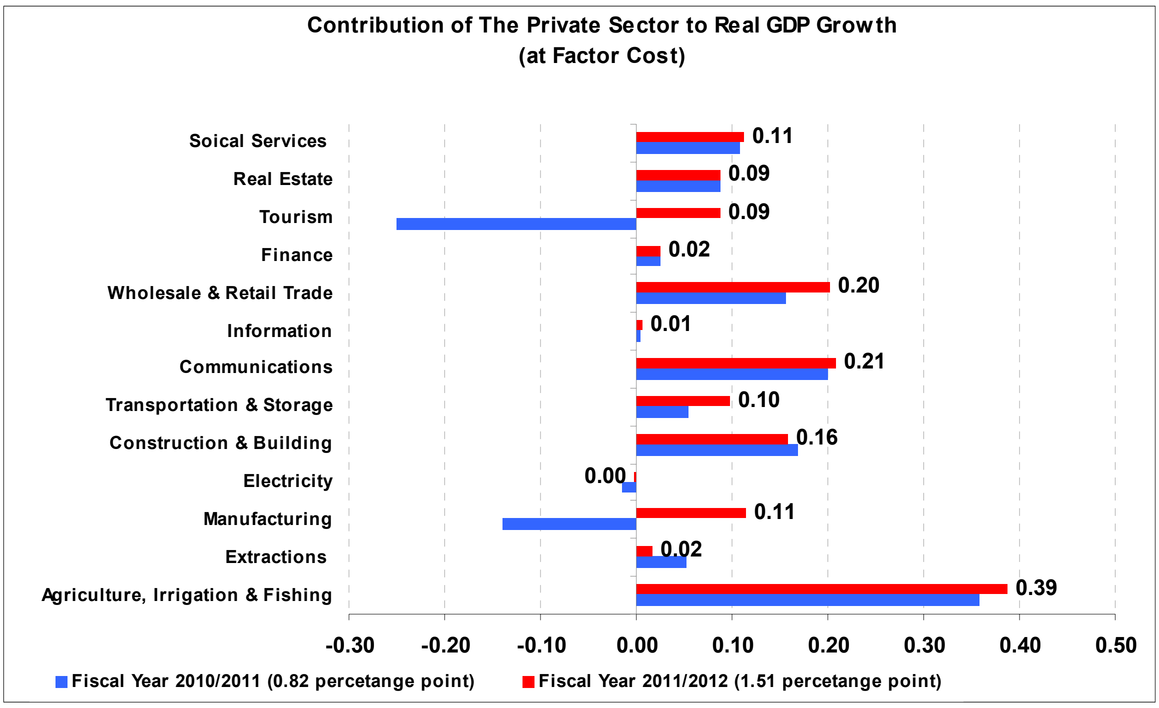


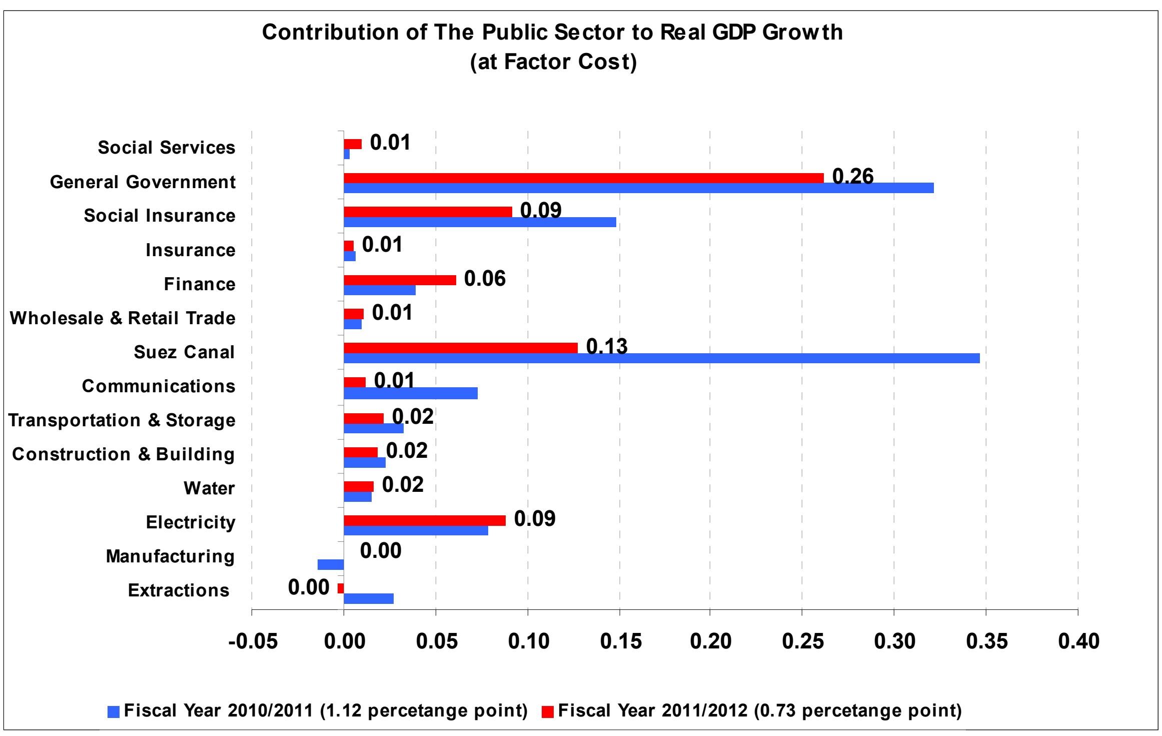
Growth Rate and Share of Productive Sectors in Real GDP Growth (At Factor Cost)

Sector	Share in Real GDP Growth (Percentage Point)					Growth Rate (%)				
	FY		Jan./March	April/June		FY		Jan./March	April/June	
	2010/11	2011/12	2012	2011	2012	2010/11	2011/12	2012	2011	2012
	Domestic Demand- Driven Sectors									
Agriculture, irrigation and fishing	0.36	0.39	0.42	0.28	0.29	2.7	2.9	3.1	2.5	2.5
Manufacturing	(0.15)	0.11	0.86	(0.66)	0.63	(0.9)	0.7	5.8	(3.8)	3.8
Electricity	0.06	0.09	0.14	0.03	0.10	4.5	5.9	9.5	2.3	6.5
Construction and building	0.19	0.18	0.52	0.01	0.39	3.7	3.3	10.2	0.3	7.0
Transportation and storage	0.09	0.12	0.28	0.16	0.17	2.0	2.8	7.9	3.4	3.4
Communications	0.27	0.22	0.38	0.11	0.22	6.7	5.2	9.1	2.3	4.6
Wholesale and retail trade	0.17	0.21	0.57	0.22	0.33	1.6	2.0	5.3	2.1	3.1
Finance	0.06	0.09	0.21	0.06	0.08	1.6	2.2	5.2	1.7	2.3
Social insurance	0.15	0.09	0.14	0.10	0.09	4.3	2.6	3.7	2.9	2.5
Real estate	0.09	0.09	0.13	0.09	0.11	3.3	3.2	4.5	2.8	3.4
General government	0.32	0.26	0.31	0.28	0.25	3.7	2.9	3.2	3.2	2.8
Social services	0.11	0.12	0.18	0.08	0.10	2.8	2.8	4.3	2.1	2.4
Other sectors*	0.04	0.04	0.07	0.03	0.01	3.5	3.6	6.30	2.20	2.5
Total	**1.76**	**2.01**	**4.21**	**0.79**	**2.77**					
External Demand-Driven Sectors										
Extractions	0.08	0.01	0.15	(0.08)	0.13	0.6	0.1	1.0	(0.6)	1.0
Suez Canal	0.35	0.13	0.12	0.38	(0.08)	11.5	3.9	3.6	12.7	(2.5)
Tourism	(0.25)	0.09	0.75	(0.76)	0.48	(5.9)	2.3	24.7	(19.5)	15.4
Total	**0.18**	**0.23**	**1.02**	**(0.46)**	**0.53**					
Grand Total	**1.94**	**2.24**	**5.23**	**0.33**	**3.30**	**1.9**	**2.2**	**5.2**	**0.3**	**3.3**

* Including the sectors of water, sanitation, information and insurance

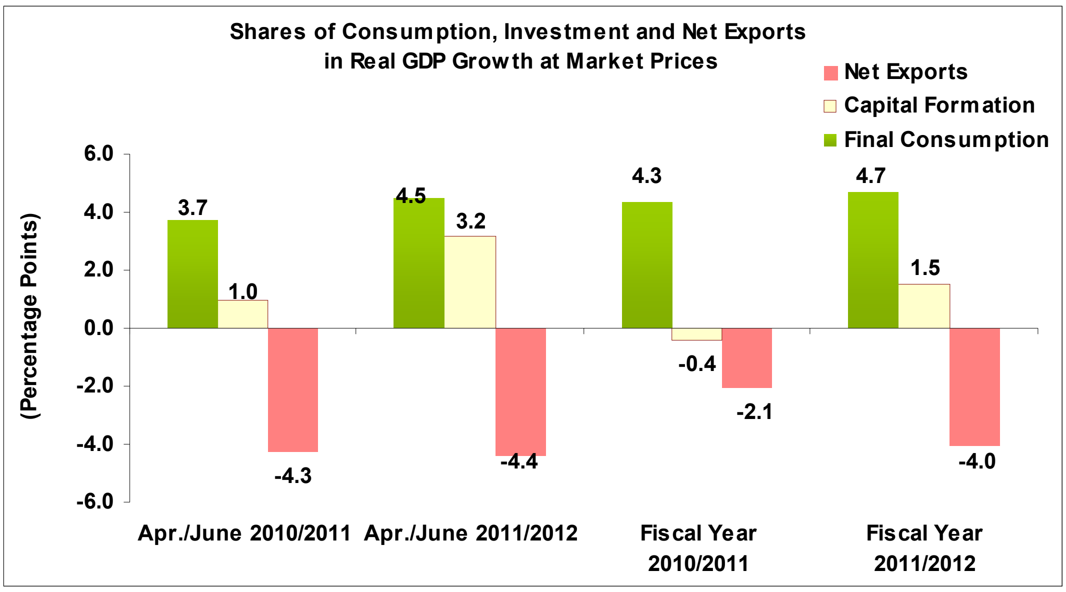
Turning to the public and private sectors' contributions to GDP growth (2.2 percent) in the year, the share of the public sector declined to 0.7 point (from 1.1 point). The underperformance was clearly seen in the sectors of Suez Canal, communications, social insurance and the general government. By contrast, the portion of the private sector climbed from 0.8 point to 1.5 point, reflecting a relatively better performance of tourism, manufacturing, and wholesale and retail trade.





GDP by Expenditure (at 2006/2007 market prices)

On the demand side, the increase in real GDP growth stemmed basically from higher contribution of final consumption to real GDP growth at market prices (4.7 percentage points against 4.3 points) due mainly to larger portion of private consumption (4.4 points against 3.9 points). In addition, the share of capital formation (including the change in stock) moved up from a negative 0.4 point to a positive 1.5 point. Yet, the bulk of this increase reflected the change in stock during FY 2011/2012 (LE 22.0 billion against LE 9.5 billion). The improvement in real GDP growth could have been larger but for the rise in the negative contribution of net external demand (exports of goods and services less imports of goods and services) to real GDP growth at market prices (a negative 4.0 points against a negative 2.1 points).

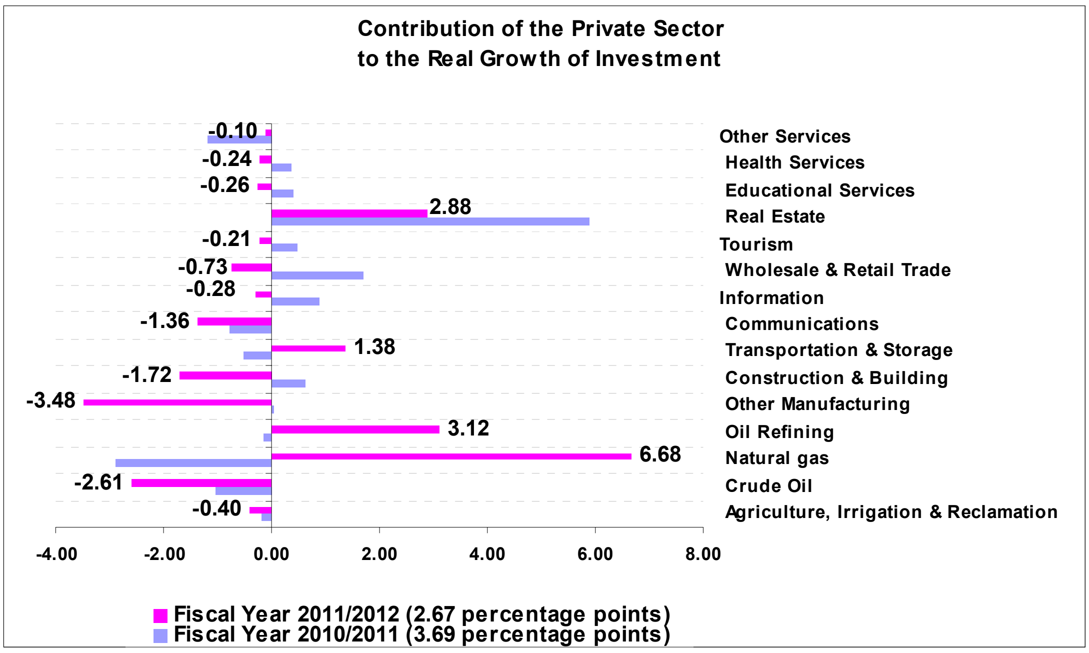


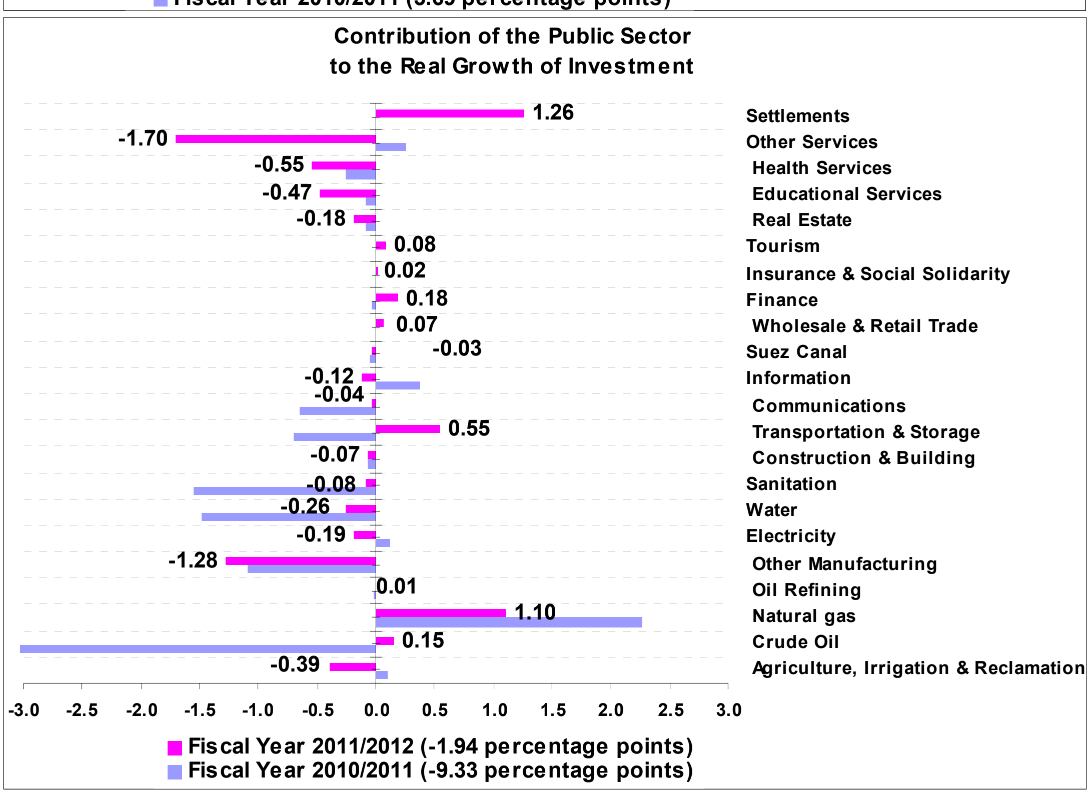
Growth Rate and Share of Demand Components in Real GDP at Market Prices

	Shares in GDP Growth (percentage point)				Growth Rates (%)			
	FY		April/June		FY		April/June	
	2010/11	2011/12	2011	2012	2010/11	2011/12	2011	2012
Real GDP Growth	**1.8**	**2.2**	**0.4**	**3.3**	**1.8**	**2.2**	**0.4**	**3.3**
1-Domestic Demand	**3.9**	**6.2**	**4.7**	**7.7**	**3.8**	**6.0**	**4.6**	**7.3**
A- Final Consumption	4.3	4.7	3.7	4.5	5.3	5.5	4.7	5.4
Private	3.9	4.4	3.2	4.1	5.5	5.9	4.8	5.8
Public	0.4	0.3	0.5	0.4	3.8	3.1	4.2	3.3
B- Capital Formation (Including Change in Stock),	-0.4	1.5	1.0	3.2	-2.1	8.0	4.4	14.0
of which:								
Fixed Investment	-1.1	0.1	-2.1	2.7	-5.6	0.7	-9.4	13.7
2- Net External Demand	**-2.1**	**-4.0**	**-4.3**	**-4.4**	**95.0**	**93.0**	**816.7**	**90.0**
A- Exports of Goods and Services	0.4	-0.6	-4.7	-1.4	1.2	-2.3	-16.4	-5.8
B- Imports of Goods and Services	-2.5	-3.4	0.4	-3.0	8.4	10.8	-1.5	10.2

Source: Based on the Ministry of Planning data

Implemented investments (at 2006/2007 prices) increased 0.7 percent (compared with a 5.6 percent decline a year earlier), to register LE 164.0 billion, due to the pickup in private sector's investments (to LE 105.1 billion from LE 100.7 billion) to account for 64.1 percent of total investments in the reporting year (against 61.8 percent). The key contributors were the sectors of natural gas, oil refining, transportation and storage, and real estate. By contrast, public sector's investments edged down from LE 62.1 billion to LE 58.9 billion. Despite that decline, their negative contribution to investment growth moderated from -9.33 points to -1.94 point, thanks to the sectors of crude oil, transportation and storage, finance, and wholesale and retail trade.



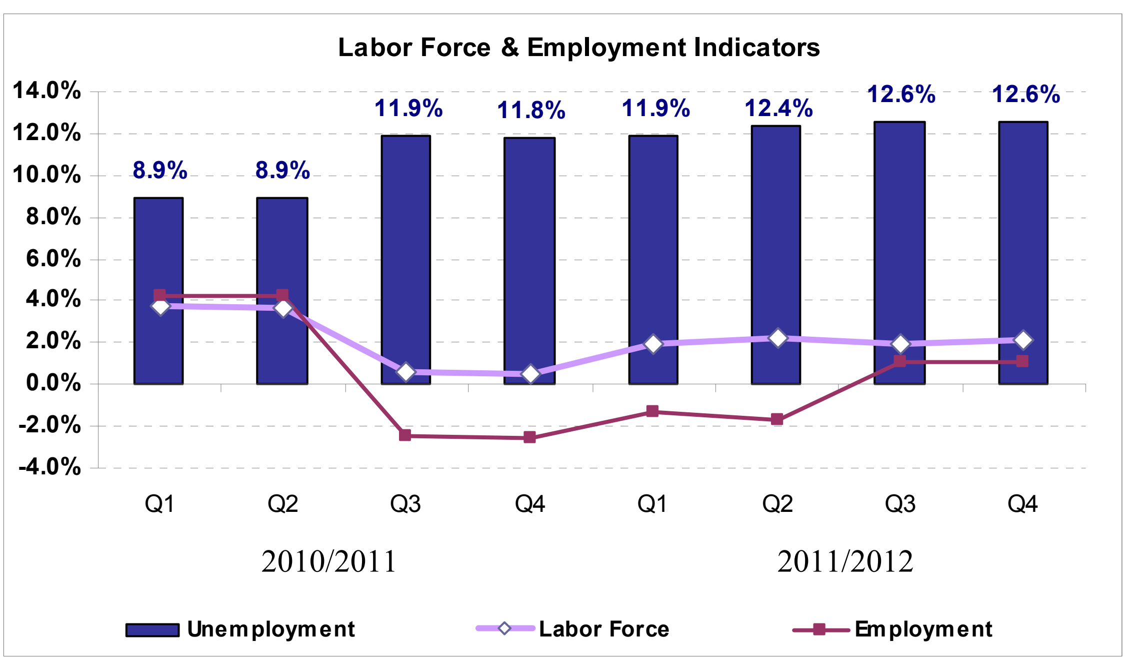


The sectoral distribution of investments in the reporting year ran as follows: 26.7 percent in productive services, 25.5 percent in social services, 24.7 percent in extractions, 11.5 percent in electricity, water, and sanitation, 8.7 percent in manufacturing, 2.2 percent in agriculture, and 0.7 percent in construction and building.

3/1/1- Labor Force, Employment and Unemployment

According to the quarterly Labor Force Sample Survey (LFSS) released by CAPMAS in Q4 2011/2012, the size of the labor force rose to 26.89 million persons, up by 52 thousand or 0.2 percent above the end of March 2012, and by 549 thousand or 2.1 percent above the end of June 2011. Moreover, the number of employed mounted to 23.49 million at end of June 2012 (18.84 million males and 4.65 million females), with a rise of 40 thousand persons or 0.2 percent above the end of March 2012, and 262 thousand or 1.1 percent above the end of June 2011. The sector of agriculture and fishing accounted for the lion's share of the total number of employed (26.9 percent).

Unemployment remained stable at 12.6 percent at end of both March and June 2012 (against 11.8 percent at end of June 2011). In detail, unemployment among males reached 9.2 percent at end of June 2012 (against 9.3 percent at end of March 2012 and 8.7 percent at end of June 2011), and that for females 24.1 percent (against 23.8 percent and 22.5 percent, in order).

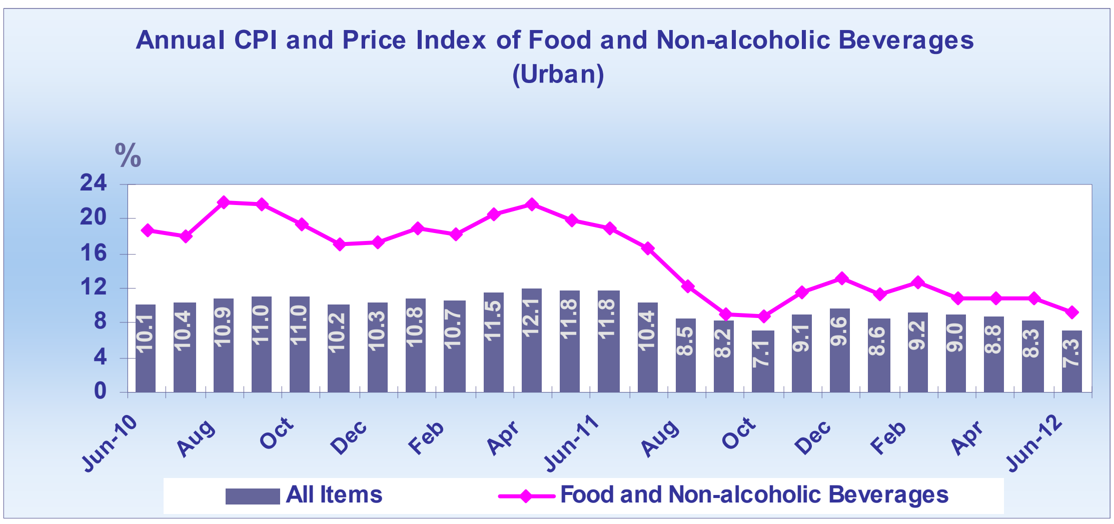


Source: CAPMAS

3/2- Inflation

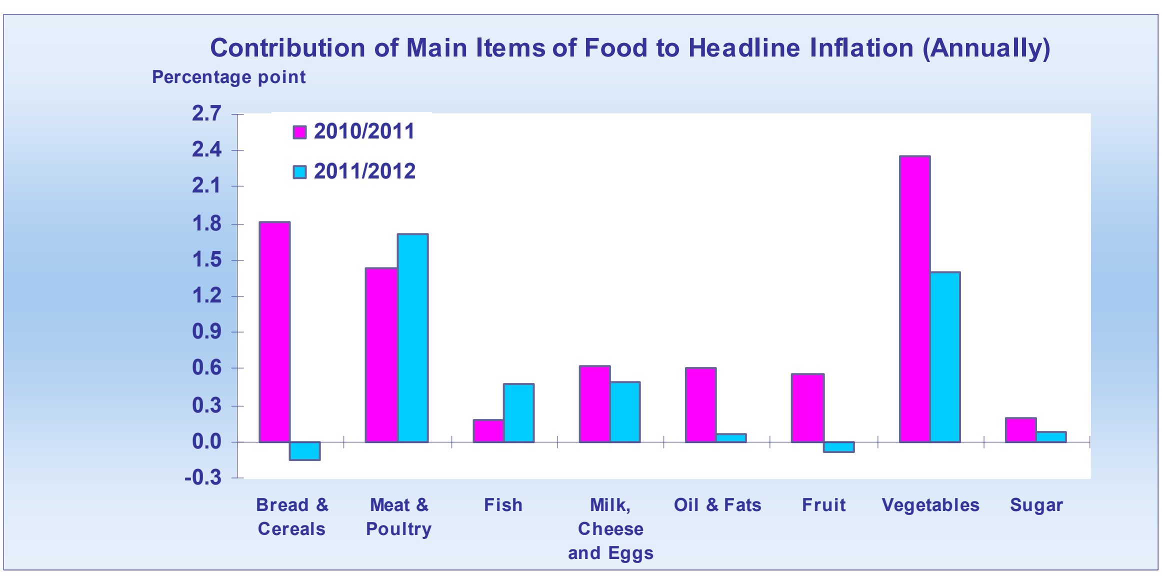
Consumer Price Index (CPI)

During FY 2011/2012, **the annual headline CPI (urban)** moderated to 7.3 percent in June 2012 from 11.8 percent in June 2011, on the back of lower prices of food and non-alcoholic beverages, whose share in headline inflation declined from 7.8 percentage points to 4.1 points. Decreases were also observed in tobacco and narcotics (0.6 point against 1.5 point), education (0.5 point against 1.1 point), restaurants and hotels (0.2 point against 0.5 point), and healthcare, communications and miscellaneous goods by 0.1 point each.



Source: CAPMAS

On the other hand, increases were manifest in the groups of housing, electricity and fuel (1.2 point against 0.2 point), furnishings (0.3 point against 0.1 point) and clothing by 0.1 point. Moreover, transportation remained unchanged at 0.1 point.



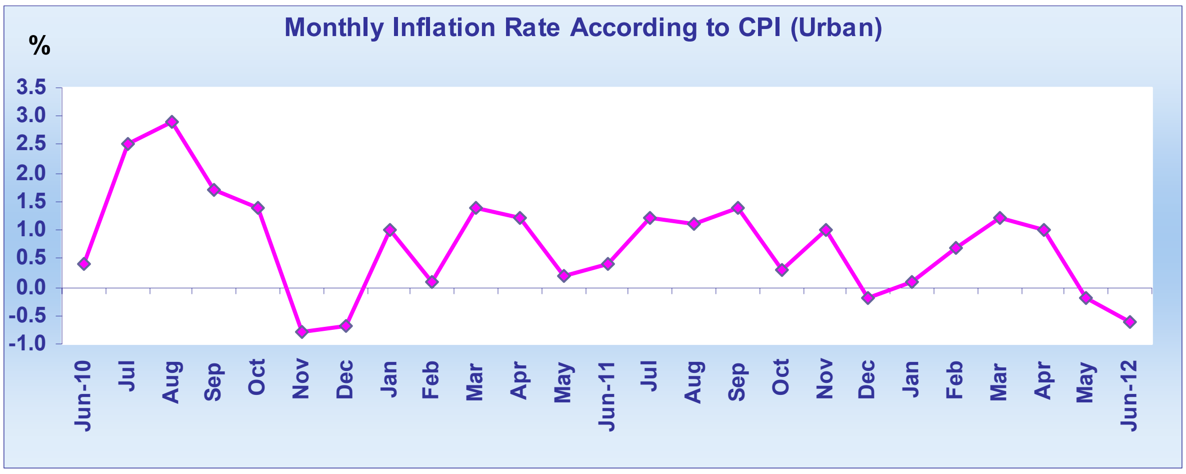
The drop in the group of food and non-alcoholic beverages resulted from lower contributions of the following subgroups: bread and cereals (-0.1 point against 1.8 point), vegetables (1.4 point against 2.3 points), fruit (-0.1 point against 0.6 point), and oil and fats (0.1 point against 0.6 point). Conversely, the share of meat and poultry inched up (1.7 point against 1.4 point), and so did fish (0.5 point against 0.2 point).

The following table illustrates the shares of CPI groups in headline inflation in the reporting year and the year of comparison:

(Jan. 2010=100)

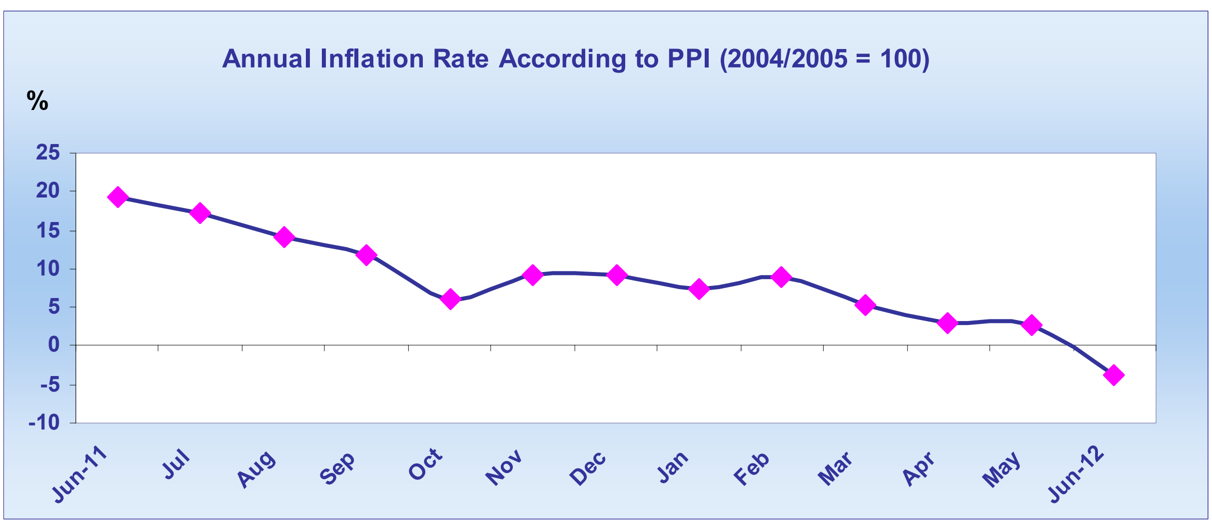
Main CPI Groups	**Inflation in FY (%)**		**Share in Headline Inflation in FY (Percentage Point)**	
	2010/11	**2011/12**	**2010/11**	**2011/12**
General Index	**11.8**	**7.3**	**11.8**	**7.3**
Food & non-alcoholic beverages	19.0	9.2	7.8	4.1
Alcoholic beverages, tobacco and narcotics	69.9	18.8	1.5	0.6
Clothing and footwear	2.2	4.5	0.1	0.2
Housing, water, electricity, gas & fuel	1.1	7.2	0.2	1.2
Furnishings, household equipment and routine maintenance	2.5	8.8	0.1	0.3
Healthcare	1.9	0.1	0.1	0.0
Transportation	1.1	2.8	0.1	0.1
Communications	0.1	-4.5	0.0	-0.1
Culture & recreation	5.9	8.6	0.2	0.2
Education	24.3	9.9	1.1	0.5
Restaurants & hotels	12.1	3.6	0.5	0.2
Miscellaneous goods & services	2.4	1.3	0.1	0.0

Headline CPI (m/m) decelerated to 0.6 percent on average in the reporting year (from 0.9 percent a year earlier) to reach its lowest level in June 2012 (-0.6 percent) on the back of the 1.3 percent drop in the prices of food and non-alcoholic beverages during the said month.



Producer Price Index (PPI)

Following the same downtrend of the CPI, annual headline PPI inflation fell to -3.7 percent in FY 2011/12, compared with 19.4 percent in the previous FY.



The decline in PPI inflation was primarily due to the fall in the contribution of agriculture and fishing (-2.3 points against 7.9 points) affected by lower shares of most sub-groups, especially vegetables (-2.8 points against 2.1 points), cereals and leguminous crops (0.3 point against 1.7 point), fruit (-0.3 point against 1.4 point), and rice (-0.2 point against 0.8 point).

The share of mining and quarrying declined (-2.3 points against 7.3 points). The decline was largely seen in crude oil (-3.8 points against 11.2 points) as inflation of this group noticeably decreased from 48.2 percent to -13.3 percent.

The following table shows the inflation rates and shares of PPI groups in headline inflation during the reporting year and the year of comparison.

Share of PPI Groups in Headline Inflation

(2004/2005= 100)

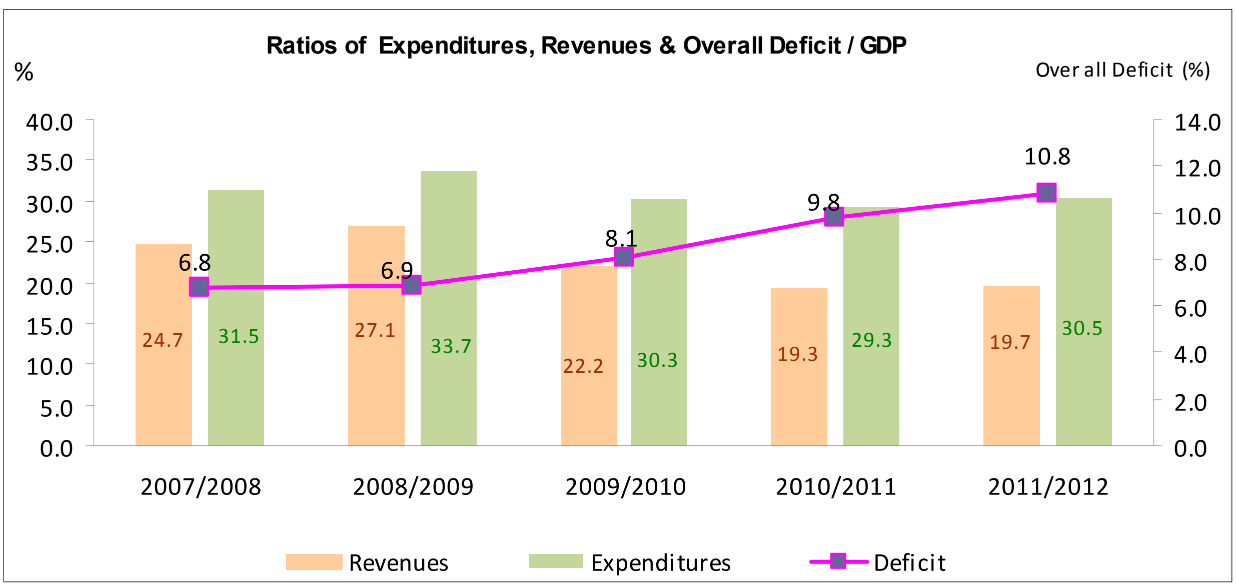
Main PPI Groups	Inflation (%) July/June		Share in Headline Inflation (Percentage Point) July/June	
	2010/11	2011/12	2010/11	2011/12
General Index	**19.4**	**-3.7**	**19.4**	**-3.7**
1-Agriculture, Irrigation and Fishing, of which:	**23.9**	**-6.7**	**7.9**	**-2.3**
Cereals and leguminous crops	44.6	6.5	1.7	0.3
Rice	75.0	-13.1	0.8	-0.2
Vegetables	30.1	-37.2	2.1	-2.8
Fruit	21.4	-4.7	1.4	-0.3
Cotton	87.4	-20.4	0.5	-0.2
Poultry and eggs	1.6	5.3	0.1	0.2
Fish	2.0	14.1	0.0	0.3
2-Mining and Quarrying, of which:	**36.3**	**-10.1**	**7.3**	**-2.3**
Crude oil	48.2	-13.3	11.2	-3.8
Sand and stone	8.9	-0.7	0.0	-0.1
3-Manufacturing, of which:	**10.3**	**1.9**	**3.7**	**0.6**
Processed food products, of which:	12.8	4.0	1.1	0.3
Oils and fats	21.1	2.2	0.3	0.0
Dairy products	8.9	4.4	0.1	0.0
Fertilizers	7.4	-3.6	0.1	0.0
Wood & products	35.4	9.3	0.0	0.1
Cement	1.4	-3.1	0.0	0.0
Iron and steel	24.2	-7.9	1.1	-0.4
4-Electricity and Gas, of which:	**0.0**	**0.0**	**0.0**	**0.0**
Electricity generation and distribution	0.0	0.0	0.0	0.0
5-Water Supply Activities	**0.0**	**7.4**	**0.0**	**0.1**
6-Transportation and Storage, of which:	**2.0**	**3.0**	**0.0**	**0.1**
Land transportation	0.0	0.0	0.0	0.0
7- Accommodation and Food Services, of which:	**13.1**	**3.4**	**0.5**	**0.1**
Meal serving services in limited service facilities	17.0	0.0	0.1	0.0
8-Information and Communications	**0.0**	**0.0**	**0.0**	**0.0**

Source: CAPMAS

3/3- Consolidated Fiscal Operations of the General Government

According to the state budget for FY 2011/2012, total revenues went up 14.5 percent to LE 303.6 billion, constituting 19.7 percent of GDP, while total expenditures rose 17.2 percent to LE 471.0 billion (30.5 percent of GDP).

Accordingly, the overall budget deficit widened by 24.0 percent, compared with the preceding FY, to reach LE 166.7 billion, constituting 10.8 percent of GDP (against some LE 134.5 billion or 9.8 percent of GDP a year earlier). The deficit is a 24.1 percent above the estimated figure for the whole FY. The high deficit and its increasing ratio to GDP was mainly attributed to the fulfillment of factional demands in the aftermath of the 25th January Revolution. Another contributing factor was the drop in public revenues –especially tax revenues– at higher pace than estimated, owing to the fact that investment activities came to a standstill and most foreign investments abandoned the country amid security concerns and labor strikes and sit-ins.



In response to the growing deficit, the government took a number of measures and decisions in the reporting year. **On the expenditure side**, the government began to restructure subsidies. The first stage of raising energy prices by 25 percent for energy-intensive industries, such as ceramics and cement, was put into effect. Moreover, an austerity plan was launched, through decreasing those expenditures that do not affect key public services by 4 percent, reducing the number of advisors in government administrations and stopping the purchase of new cars. This is besides limiting, to a large extent, official travels to abroad and prohibiting the creation of special accounts or funds for any entities/ authorities. Prohibition also extended to the purchase of new office equipment, furniture, or supplies that exceed budget allocations. On the other hand, a particular emphasis was placed on stimulating government investments, especially in key sectors.

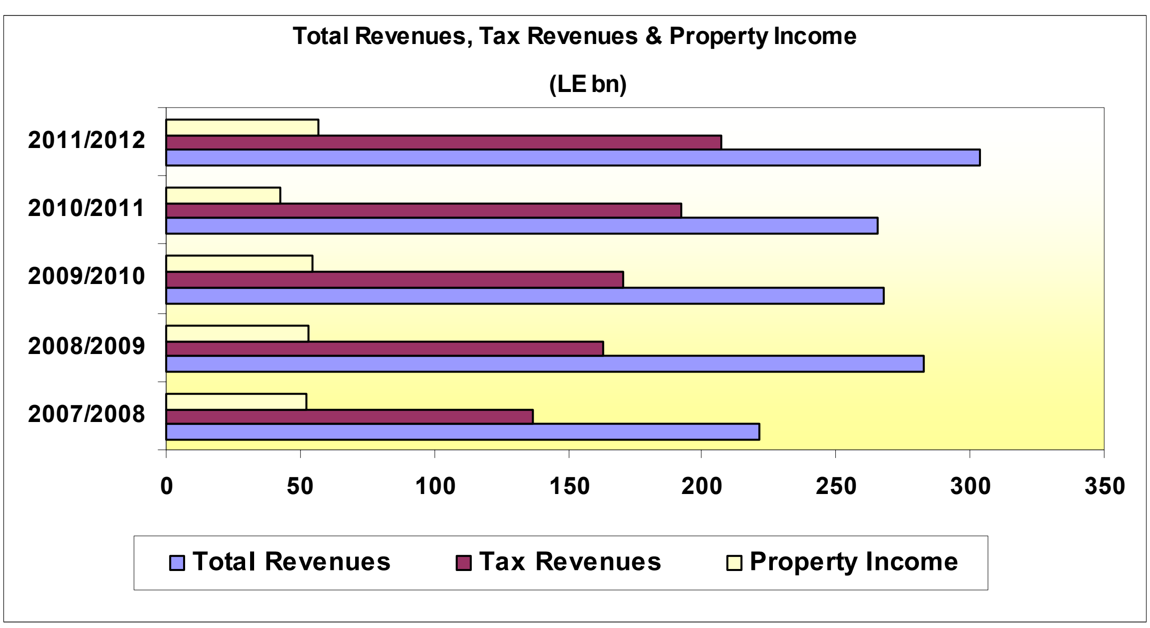
On the revenues side, the government aimed at tightening the collection of taxes and customs duties, and combating tax evasion, to increase customs and tax proceeds. Moreover, a new tax bracket was introduced in the income tax structure, whereby income tax on the profits of stock corporations and individuals were increased 5 percent, for any taxable income exceeding LE 10 million a year. Also, tax rates on local and imported cigarettes were raised 10 percent, and the limit of tax exemption for salaries was raised from LE 9 thousand to LE 12 thousand per annum. Moreover, given the difficulty of complying with the current rules, tax accounting rules for small businesses were adjusted. In addition, and in order to protect public funds, an electronic tax payment system was activated this season. Steps were also taken to clear tax arrears, especially those of the national press institutions and public business sector companies.

Hereunder is a follow-up of the execution of the consolidated fiscal operations of the general government in FY 2011/2012, according to the actual data of the Ministry of Finance:

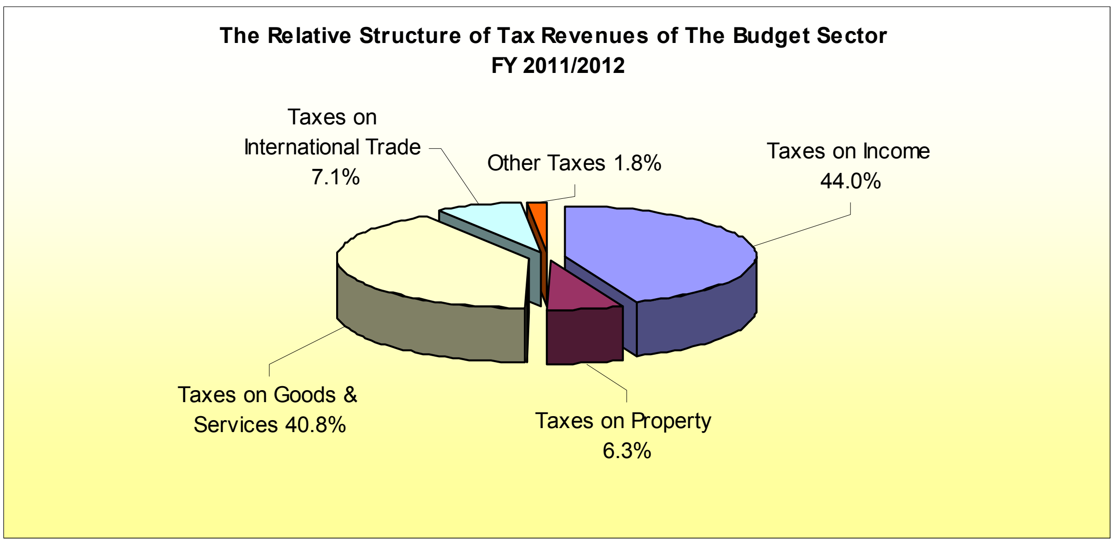
3/3/1- Budget Sector
(Administrative System - Local Administration - Service Authorities)

Public revenues increased by some LE 38.3 billion or 14.5 percent in the reporting year, to record LE 303.6 billion (19.7 percent of GDP).

The LE 15.3 billion or 8.0 percent pickup in tax revenues, and the LE 14.5 billion rise in excess profit transfers by CBE (reaching LE 15.0 billion, against LE 498 million in the preceding FY) were principally responsible for the increase. Another factor at work was the increase in external grants by LE 7.8 billion. Meanwhile, excess surplus from EGPC retreated by some LE 6.0 billion or 28.5 percent, to post LE 15.0 billion.

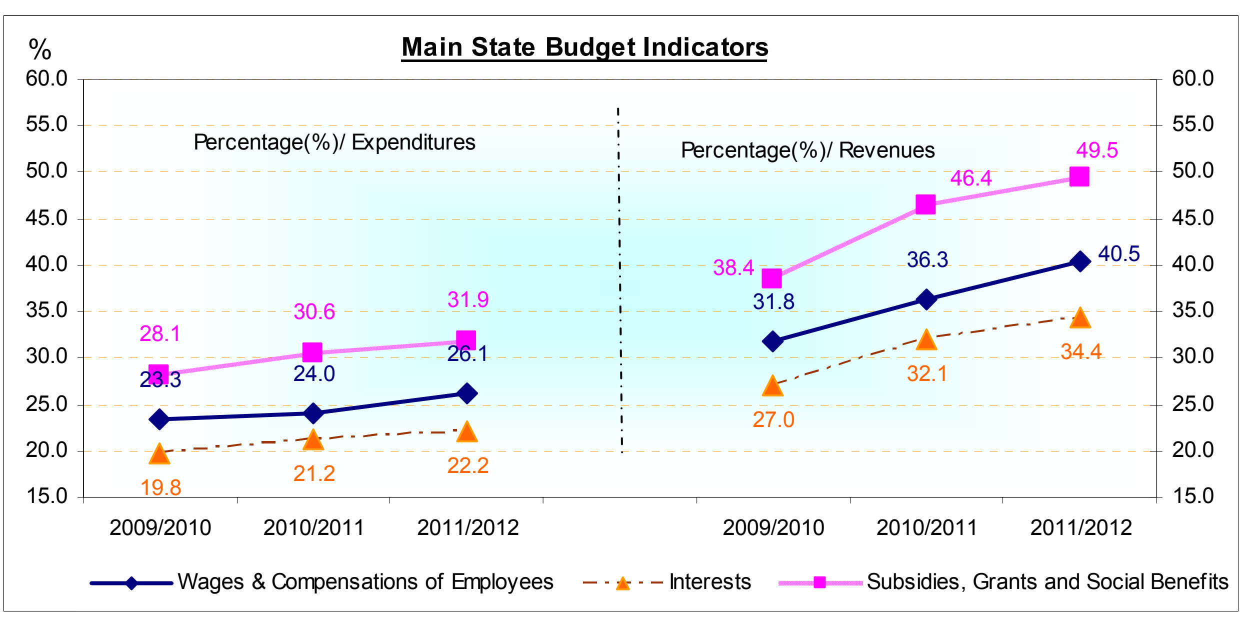


Collected taxes on goods and services went up by LE 8.5 billion or 11.2 percent, on property by LE 3.6 billion or 38.5 percent, on incomes and profits by LE 1.7 billion or 1.8 percent, and on international trade (customs) by LE 930 million or 6.7 percent.



As indicated by actual figures, total expenditures increased by LE 69.1 billion or 17.2 percent above the previous fiscal year, registering LE 471.0 billion or 30.5 percent of GDP.

The increase stemmed mainly from wages and compensations of employees that rose by LE 26.5 billion or 27.6 percent, to stand at LE 122.8 billion, absorbing 40.5 percent of total revenues and accounting for some 28.2 percent of current government spending. Subsidies augmented by LE 23.8 billion or 21.4 percent compared with the previous FY, to LE 135.0 billion, draining 44.5 percent of total revenues.



Interest payments on domestic and external debt accelerated by some LE 19.4 billion or 22.8 percent to LE 104.4 billion, absorbing 34.4 percent of total revenues, and reflecting, as such, the high burden of debt service. In addition, purchases of goods and services went up by LE 678 million or 2.6 percent. However, investments of infrastructure projects have continued to decline since the previous FY, registering a drop of LE 4.0 billion or 9.9 percent to LE 35.9 billion, as the construction of some projects has been suspended since the outbreak of the revolution.

Summary of the Fiscal Operations of the Budget Sector

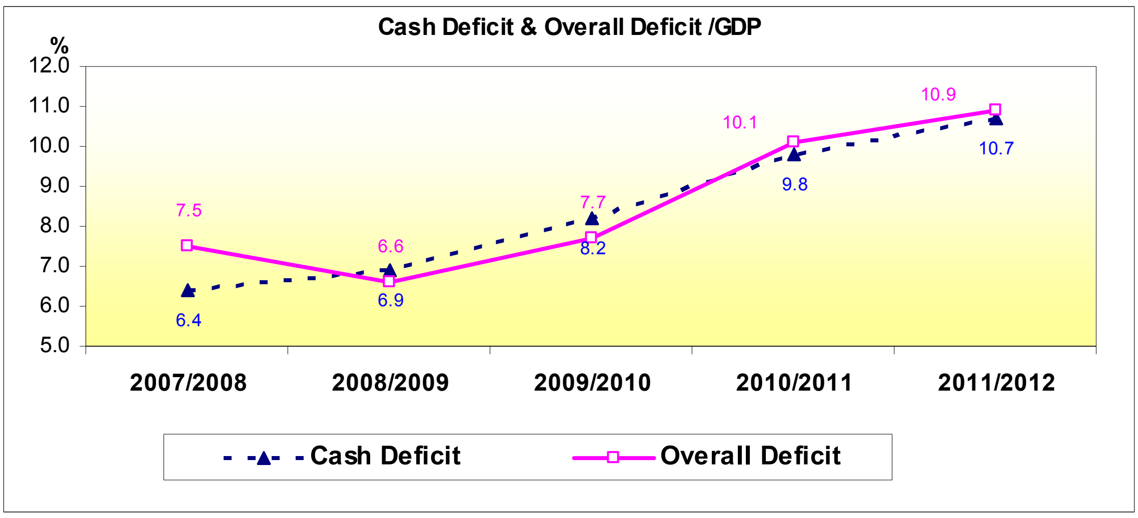
(LE mn)

Revenues	2010/11 Actual	2011/12 Actual	Expenditures	2010/11 Actual	2011/12 Actual
Total Revenues	**265286**	**303622**	**Total Expenditures**	**401866**	**470992**
Tax revenues	192072	207410	Wages and compensations of employees	96271	122818
Taxes on income & profits	89593	91245	Purchases of goods & services	26148	26826
Taxes on property	9452	13089	Interest	85077	104441
Taxes on goods & services	76068	84594	Subsidies, grants & social benefits	123125	150193
Taxes on international trade (customs)	13858	14788	Subsidies	111211	134963
Other taxes	3101	3694	Grants	5319	5305
Grants	2287	10103	Social benefits	6118	9367
Other revenues	70927	86109	Others	477	558
Property income	42504	56996	Other expenditures	31364	30796
Proceeds of selling goods & services	17405	17819	Defense	26484	26018
Financial investments	8355	6595	Others	4880	4778
Others	2663	4699	Purchases of non-financial assets (investments)	39881	35918

Against this background, the budget showed an overall deficit of LE 166.7 billion or 10.8 percent of GDP in FY 2011/12, against LE 134.5 billion or 9.8 percent of GDP a year earlier. Domestic sources (especially banks' subscriptions for bonds and TBs) were mainly used to cover the overall budget deficit. In addition, external repayments (roughly LE 9.1 billion worth) and some miscellaneous repayments were made.

3/3/2- Budget Sector, NIB and SIFs

When adding the fiscal operations of the NIB and SIFs to those of the budget sector, collected revenues would surge by LE 45.2 billion to LE 348.9 billion (22.6 percent of GDP). Likewise, public expenditures would rise by LE 45.4 billion to LE 516.4 billion (33.5 percent of GDP).



Accordingly, the overall deficit of the consolidated fiscal operations of the general government reached LE 165.7 billion or 10.7 percent of GDP.

Summary of the Consolidated Fiscal Operations of the General Government

(LE mn)

	2010/2011	2011/2012
	Actual	
Total Revenues	302010	348865
Total Expenditures	440410	516422
Cash Deficit	138400	167557
Net Acquisition of Financial Assets	-4262	-1868
Overall Deficit	134138	165689
Financing Sources	134138	165689
Domestic Financing	135903	184014
Banking Financing	107238	145320
Non-Banking Financing	28665	38694
Foreign Borrowing	5022	-9062
Others	11623	-1997
Financing Effects for Eliminations	-	-
Exchange Rate Revaluation	3922	1533
Net Privatization Proceeds	22	0
Difference between Treasury Bills Face Value & Present Value	-7419	-11376
Discrepancy	-14935	2577

The said deficit was largely financed from local sources, and some external repayments of LE 9.1 billion were made.

3/4 - Balance of Payments and External Trade

3/4/1- Balance of Payments

Egypt's overall BOP deficit widened to US$ 11.3 billion in the reporting year (against US$ 9.8 billion a year earlier). As a result, net international reserves (NIR) at the CBE declined.

The BOP deficit came on the back of the 30.2 percent increase in the current account deficit, to register US$ 7.9 billion (against US$ 6.1 billion in the previous FY). In addition, the capital and financial account recorded a net outflow of US$ 1.4 billion (compared with US$ 4.2 billion a year earlier).

The widening of **the current account** deficit in FY 2011/2012 was ascribed to the following developments:

- The trade deficit widened by 17.0 percent, posting US$ 31.7 billion, as an outcome of the rise in merchandise imports by 8.5 percent to US$ 58.7 billion, while merchandise exports remained broadly unchanged at the previous year's level (US$ 27.0 billion).
- The service surplus dropped 31.9 percent to US$ 5.4 billion in the year under review (against US$ 7.9 billion a year earlier), because of the 10.8 percent rise in service payments and the 4.6 percent decrease in service receipts.
- The current account deficit was, nonetheless, curbed by the surge in net unrequited transfers by 40.1 percent to US$ 18.4 billion, reflecting the pickup in net private transfers by 43.5 percent to US$ 17.8 billion, while net official transfers dropped 16.0 percent, to US$ 632.4 million.

The capital and financial transactions realized a net outflow of US$ 1.4 billion (against US$ 4.2 billion), as net portfolio investment outflows doubled from US$ 2.6 billion to US$ 5.0 billion, and foreigners' dealings on the stock market reversed into net sales of US$ 1.1 billion (from net purchases of US$ 316.7 million). Moreover, foreign direct investment (FDI) in Egypt achieved a net inflow of US$ 2.1 billion (compared with US$ 2.2 billion a year earlier). Other assets and liabilities recorded a net inflow of US$ 2.1 billion (against a net outflow of US$ 4.2 billion).

The following table shows the BOP main indicators according to GDP estimates, and the main changes in the BOP items during FY 2011/2012 compared with the previous FY:

Balance of Payments Indicators

	FY (%)	
	2010/2011	2011/2012
Trade Balance:		
- Merchandise exports/GDP	11.5	10.5
• Oil exports/Total exports	45.0	48.7
• Crude oil exports/Oil exports	46.7	54.2
- Merchandise imports/GDP	-23.0	22.9
• Non-oil imports/Total imports	82.9	79.9
Foodstuffs & cereals imports/Non-oil imports	21.2	23.4
• Oil products imports/Total imports	12.8	16.6
- Volume of foreign trade/GDP	34.4	33.4
- Coverage ratio of merchandise exports/merchandise imports	49.9	46.0
- Trade Balance/GDP	-11.5	-12.3
Services Balance:		
- Services balance/GDP	3.3	2.1
• Total services receipts/GDP, of which:	9.3	8.1
Suez Canal receipts/GDP	2.1	2.0
Tourism/GDP	4.5	3.7
Transfers:		
- Net transfers/GDP	5.6	7.2
Remittances of Egyptians working abroad/GDP	5.3	7.0
Current Account/GDP	**-2.6**	**-3.1**
- Current receipts/GDP	26.3	25.8
- Current payments/GDP	28.9	28.9
- Current receipts/Current payments	91.9	89.3
Capital and Financial Account:		
- Net FDI in Egypt/GDP	0.9	0.8
Overall Balance/GDP	**-4.1**	**-4.4**
- Months of merchandise and service imports covered by NIR (end of June)	4.7	2.5

3/4/1/1- Current Account

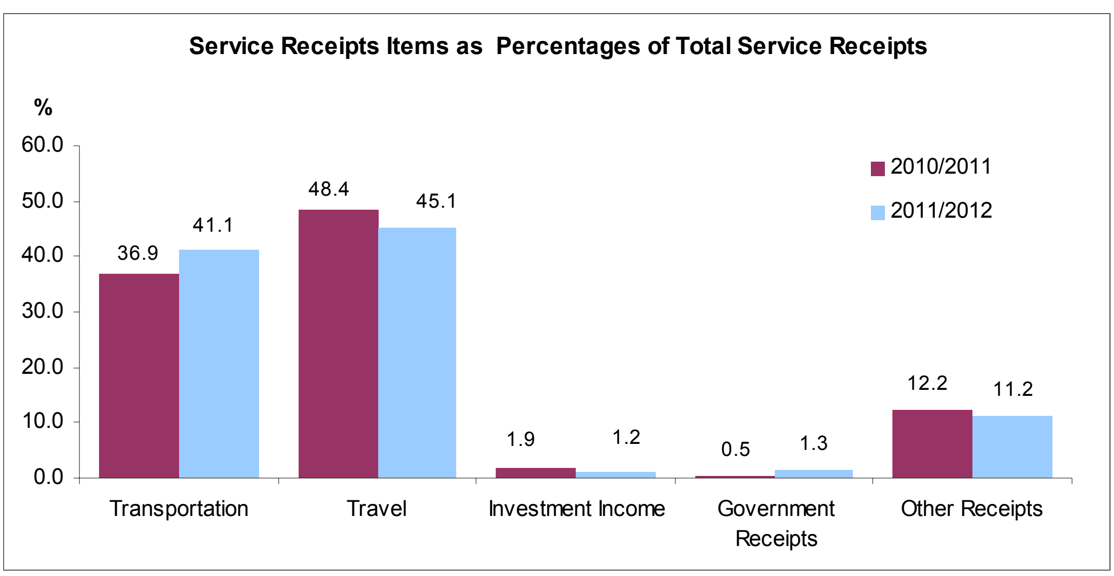
I - Trade Balance

The trade deficit accelerated by 17.0 percent, posting US$ 31.7 billion, as an outcome of the 8.5 percent rise in merchandise imports, to register US$ 58.7 billion. Meanwhile, merchandise exports remained broadly unchanged at the previous year's level (US$ 27.0 billion). Consequently, the coverage ratio of merchandise exports to imports fell to 46.0 percent during the year in question, from 49.9 percent in the previous year.

II – Balance of Services

The services surplus shrank 31.9 percent to US$ 5.4 billion (from US$ 7.9 billion), due to the following developments:

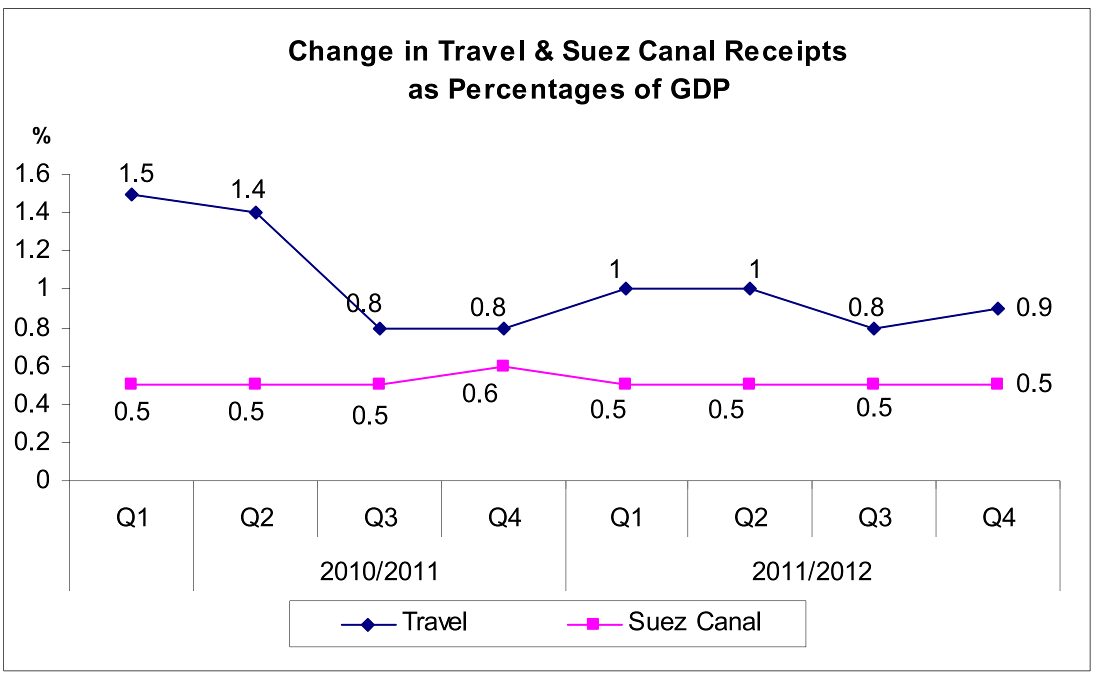
- **Services receipts** decreased by about US$ 1.0 billion, standing at US$ 20.9 billion, on the back of the declines of most items, especially the following:
  - **Tourism revenues*** fell 11.0 percent to US$ 9.4 billion (from US$ 10.6 billion), owing to the drop in the average tourist spending per night to US$ 72.2/night in July/Sept., US$ 69.6/night in Oct./March and US$ 74.4/night in April/June 2011/2012, compared with US$ 85.0/night in 2010/2011.



* Calculated on the basis of the number of tourist nights of departures multiplied by the average spending of the tourist per night.

- **Other services receipts** declined 12.4 percent to US$ 2.3 billion (from US$ 2.7 billion), as a result of the drop in the receipts of construction and contracting services, legal and consulting fees, communication services, and agencies' commissions and fees.

- **Investment income receipts** rolled back to US$ 246.1 million (from US$ 418.8 million), on account of the drop in interest and dividends of bonds and securities, as well as receipts from direct investment income, and other investment income represented in interest on deposits abroad.

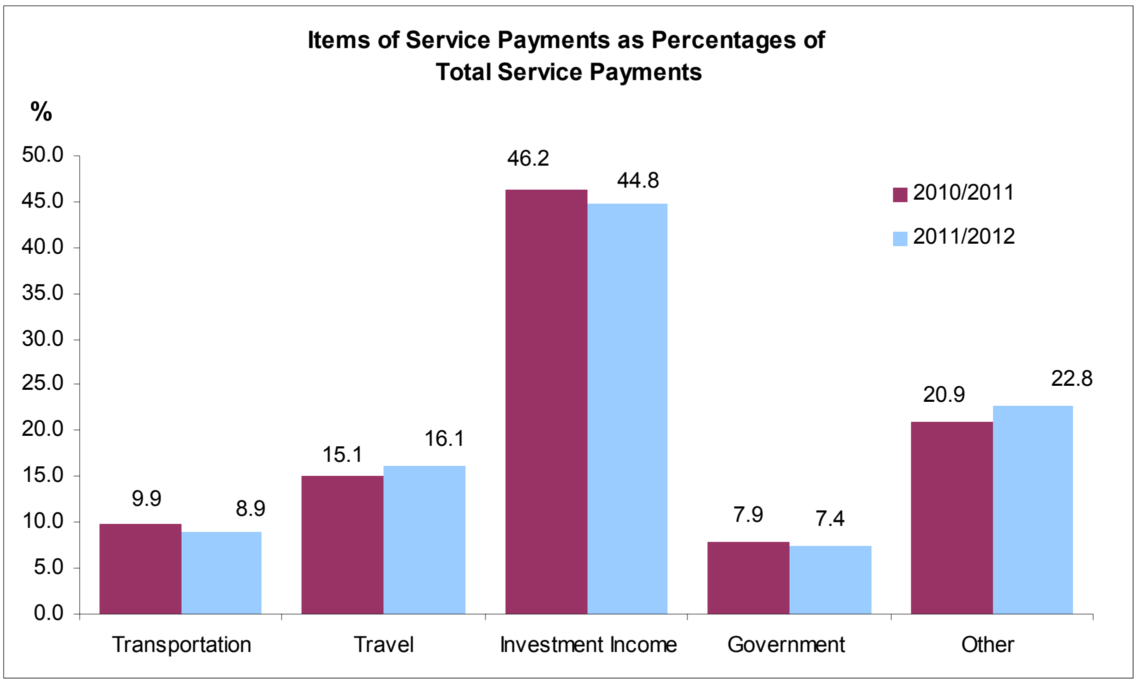


On the other hand, rises were seen in:

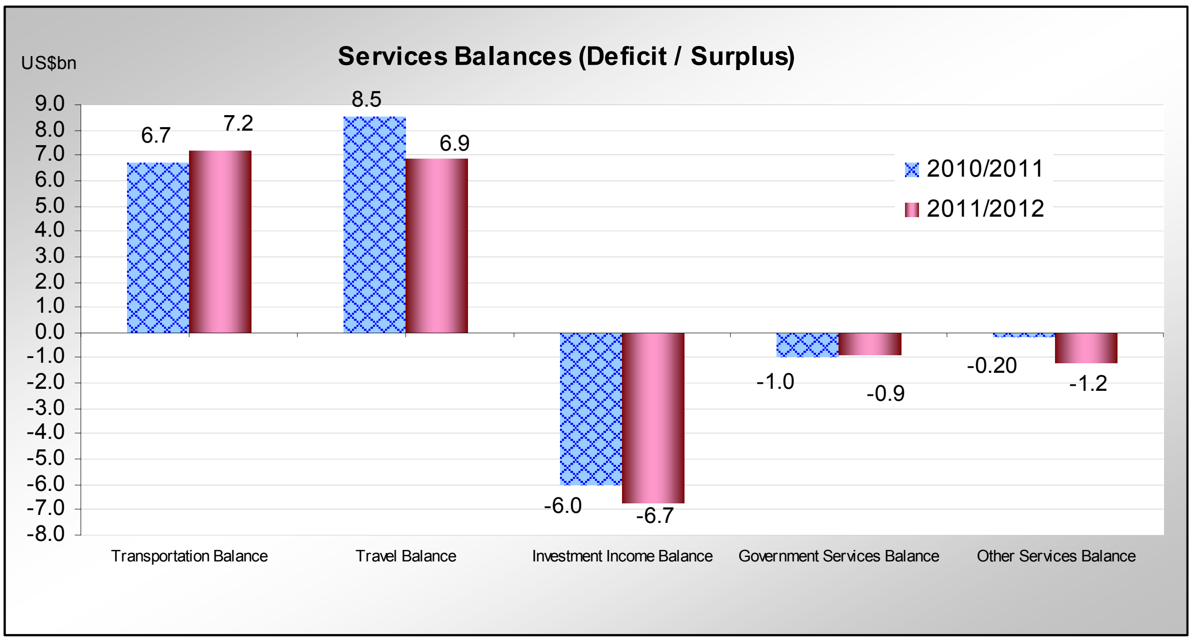
- **Transportation receipts**, up by 6.4 percent to US$ 8.6 billion, due to the rise of 37.0 percent in the receipts of freight transportation by Egyptian navigation and aviation companies, to register US$ 2.0 billion (against US$ 1.4 billion). Also, Suez Canal receipts rose 3.1 percent to US$ 5.2 billion.

- **Government receipts**, mounting to US$ 276.2 million (from US$ 117.7 million), due to the rise in the other government receipts and the expenses of both the Arab League and international institutions resident in Egypt.

- **Services payments** went up 10.8 percent, registering US$ 15.5 billion (against US$ 14.0 billion), reflecting the following factors:



- **Investment income payments** scaled up by 7.4 percent to US$ 6.9 billion, primarily because of the rise in the profit transfers of foreign oil companies.
- **Other service payments** rose 21.1 percent to US$ 3.5 billion, on the back of the increase in the amounts transferred abroad by foreign oil companies, royalties and licensing fees, and communication service payments.
- **Travel payments** surged 18.2 percent to US$ 2.5 billion (because of the rise in lottery pilgrims' fees, visa card payments, tourism and medical payments, and tuition fees abroad.
- **Government expenditures** increased 4.1 percent to US$ 1.2 billion, due to the pickup in the compensations and expenditures of government employees seconded abroad.
- In contrast, **transportation payments** declined 0.8 percent to US$ 1.4 billion, on account of the retreat in the amounts transferred by Egyptian navigation companies, passenger transportation services by foreign aviation companies, SOMID pipeline services' payments, and external transfers for renting planes from abroad and ports' services.



III – Net Unrequited Transfers

Unrequited transfers (net basis) surged 40.1 percent to US$ 18.4 billion in FY 2011/2012 (against US$ 13.1 billion in the previous FY), reflecting the following developments:

- The step-up of 43.5 percent in net private transfers, to record US$ 17.8 billion, consisting mainly of workers' remittances (US$ 18.0 billion or 7.0 percent of GDP); and
- The decline of 16 percent in net official transfers, to US$ 632.4 million (against US$ 752.9 million), due to lower cash and merchandise grants to the Egyptian government.

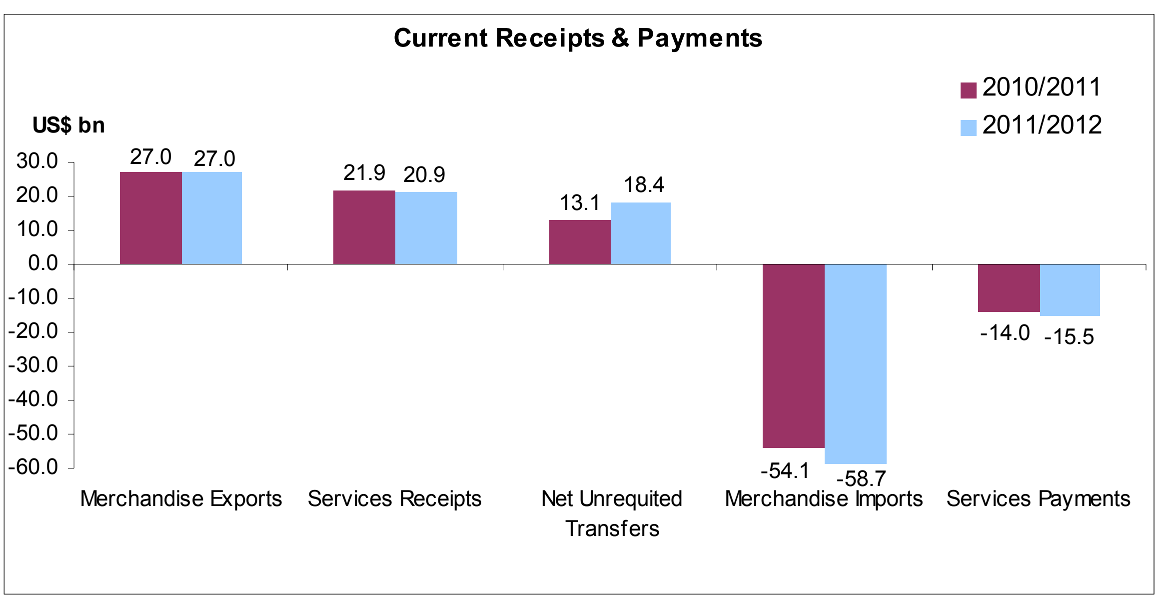
Unrequited Current Transfers (Net)

(US$ mn)

	2010/2011	2011/2012	Change Value	Change %
Unrequited Current Transfers (Net)	**13136.8**	**18408.0**	**5271.2**	**40.1**
1- Official Transfers (Net) (a+b-c)	**752.9**	**632.4**	**-120.5**	**-16.0**
a- Inflows of cash grants	532.9	519.5	-13.4	-2.5
b- Other inflows of grants	249.6	174.5	-75.1	-30.1
c- Outflows of official transfers	29.6	61.6	32.0	108.1
2- Private Transfers (Net) (a+b-c)	**12383.9**	**17775.6**	**5391.7**	**43.5**
a- Workers' remittances	12592.6	17970.9	5378.3	42.7
b- Other transfers	85.6	112.7	27.1	31.7
c- Private transfers abroad	294.3	308.0	13.7	4.7

The above developments in the items of the current account balance during the year under review led to a 30.2 percent rise in the current account deficit, to hit US$ 7.9 billion (against US$ 6.1 billion a year earlier), representing 3.1 percent of GDP. The deficit came on the back of the 9.0 percent pickup in current payments, to register US$ 74.2 billion (against US$ 68.1 billion), and the lower rise of 6.9 percent in current receipts, to stand at US$ 66.3 billion (against US$ 62.0 billion). Hence, the coverage ratio of current receipts to current payments fell.

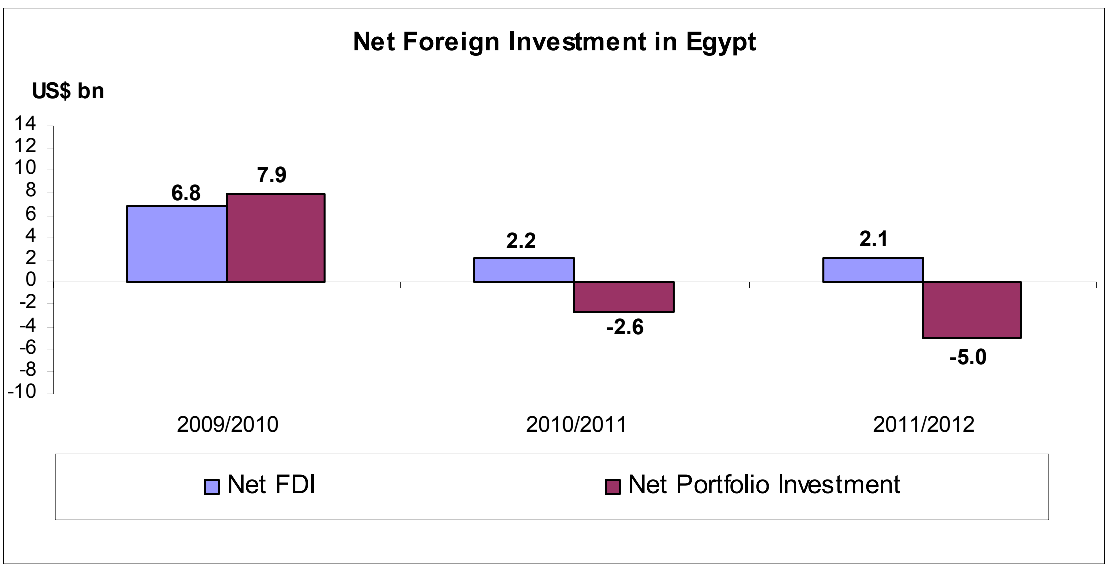
The following chart shows current receipts and payments during the reporting year and the year of comparison:



3/4/1/2 - Capital and Financial Account

Over 2011/2012, the capital and financial account recorded a net outflow of US$ 1.4 billion (against US$ 4.2 billion), as a confluence of the following factors:

1- The net outflow of portfolio investment* in Egypt doubled to US$ 5.0 billion (against US$ 2.6 billion), after foreigners had sold their holdings of securities - especially Egyptian TBs - which brought about net sales of US$ 4.0 billion (against US$ 3.1 billion a year earlier). In addition, foreigners' transactions in the stock market switched into net sales of US$ 1.1 billion (against net purchases of US$ 316.7 million).



2- Foreign direct investment** in Egypt unfolded a net inflow of US$ 2.1 billion (against US$ 2.2 billion the previous FY), because:

- Greenfield investments unfolded a net inflow of US$ 2.1 billion (against US$ 2.2 billion);
- Investments in the oil sector registered a net outflow of US$ 1.8 billion (against US$ 191.3 million); and
- Proceeds from selling companies and productive assets to non-residents jumped to US$ 1.7 billion (from US$ 19.2 million).

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* Represents foreigners' net transactions in securities and Egyptian bonds and notes.

** FDI represents the foreign investor that owns 10 percent or more of the capital of any resident economic entity, or has an effective voice in its management. In Egypt, a foreign investor's equity participation is at least 10 percent or more of the capital of any enterprise.

The following table illustrates sectoral distribution of total FDI flows to Egypt:

(US$ mn)

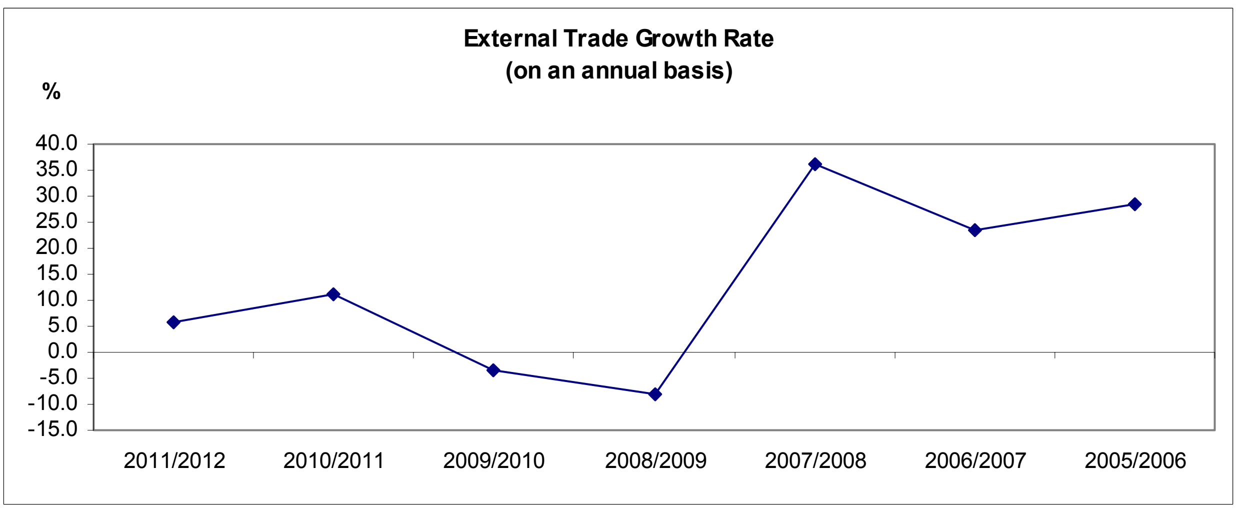
Economic Activity Sectors	2010/2011	Share (%)	2011/2012	Share (%)
Total FDI Flows to Egypt	**9574.4**	**100.0**	**11768.1**	**100.0**
1- Manufacturing	803.9	8.4	732.6	6.2
2- Agriculture	30.4	0.3	80.7	0.7
3- Construction	108.8	1.1	127.2	1.1
4- Services, of which:	620.2	6.5	2196.6	18.7
Real estate	134.0	1.4	86.2	0.7
Finance	114.0	1.2	212.7	1.8
Tourism	158.0	1.6	41.7	0.4
Communications & IT	7.0	0.1	1390.9	11.8
Other services	207.2	2.2	465.1	4.0
5- Oil	7014.7	73.3	7101.0	60.3
6- Undistributed	996.4	10.4	1530.0	13.0

3- Other assets and liabilities (the change in banks' foreign assets and liabilities; the CBE non-reserve foreign assets and foreign liabilities; and the counterpart to some items included in the current account) posted a net inflow of US$ 2.1 billion (against a net outflow of US$ 4.2 billion in the previous FY), due partly to the drop in foreign assets of Egyptian banks by US$ 4.4 billion, and partly to the rise of CBE foreign obligations by US$ 1.0 billion.

4- Medium- and long-term loans and facilities revealed a decrease in the net repayment to US$ 664.3 million (from US$ 891.8 million), as an outcome of the increase in total disbursements to US$ 1.4 billion (from US$ 1.2 billion), while total repayments maintained the same level of US$ 2.1 billion.

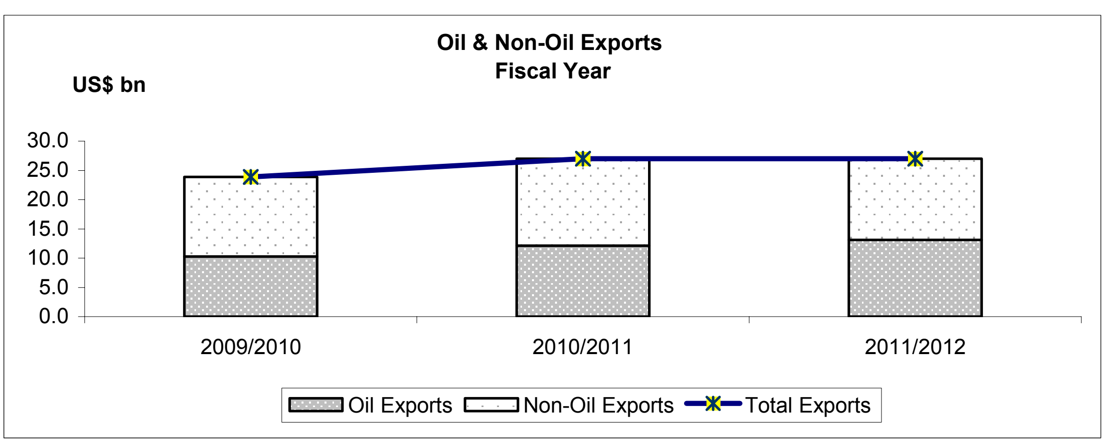
3/4/2- External Trade

In FY 2011/2012, the volume of trade increased 5.6 percent, posting US$ 85.6 billion (33.4 percent of GDP) against US$ 81.1 billion in the previous FY. Merchandise imports went up 8.5 percent to US$ 58.7 billion (22.9 percent of GDP). By contrast, exports slightly retreated to US$ 27 billion (10.5 percent of GDP). However, on a quarterly basis, exports stood at US$ 7.0 billion and imports at US$ 14.6 billion.



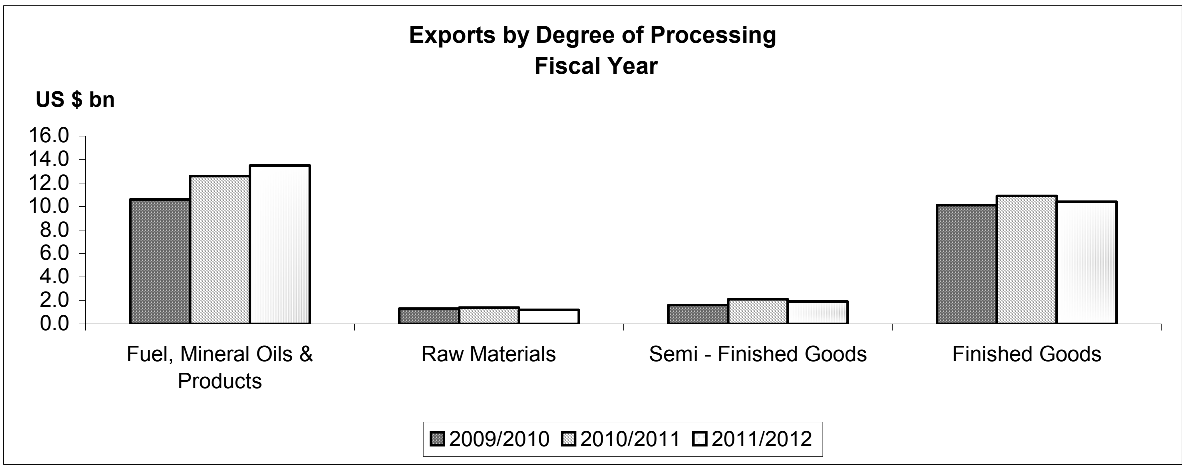
First- Distribution of Merchandise Exports

Exports slightly declined 0.1 percent to US$ 27.0 billion, reflecting the 6.8 fall in non-oil exports to US$ 13.9 billion, and the 8.2 percent rise in oil exports to US$ 13.1 billion.



1- Export Proceeds by Degree of Processing

Exports of fuel, mineral oils and products rose 7.1 percent, spurred by the rise in oil exports. Conversely, non-oil exports decreased, due to the lower exports of all groups. In figures, raw materials declined by 17.3 percent, semi-finished goods by 6.7 percent and finished goods by 4.6 percent.



A) Fuel, Mineral Oils and Products (50.1 percent of total exports)

Exports of fuel, mineral oils and products inched up 7.1 percent to US$ 13.5 billion (against US$ 12.6 billion), on the back of the rise in crude oil exports (25.7 percent) and the decline in those of oil products (7.1 percent). Exports of crude oil and products amounted to US$ 13.1 billion, representing 97.2 percent of the group's total exports. The pickup in oil exports was traced to the hike in world average prices of oil, scoring US$ 111.97 per barrel (against US$ 96.4 per barrel).

B) Raw Materials (4.3 percent of total exports)

Exports of raw materials rolled back by 17.3 percent, to stand at US$ 1.2 billion (against US$ 1.4 billion). The decline was ascribed to the drop in the exports of cotton (38.3 percent), in edible fruits and nuts (30.4 percent), and in vegetables and plants, fresh, chilled or frozen (21.5 percent).

C) <u>Semi-Finished Goods (7.2 percent of total exports)</u>

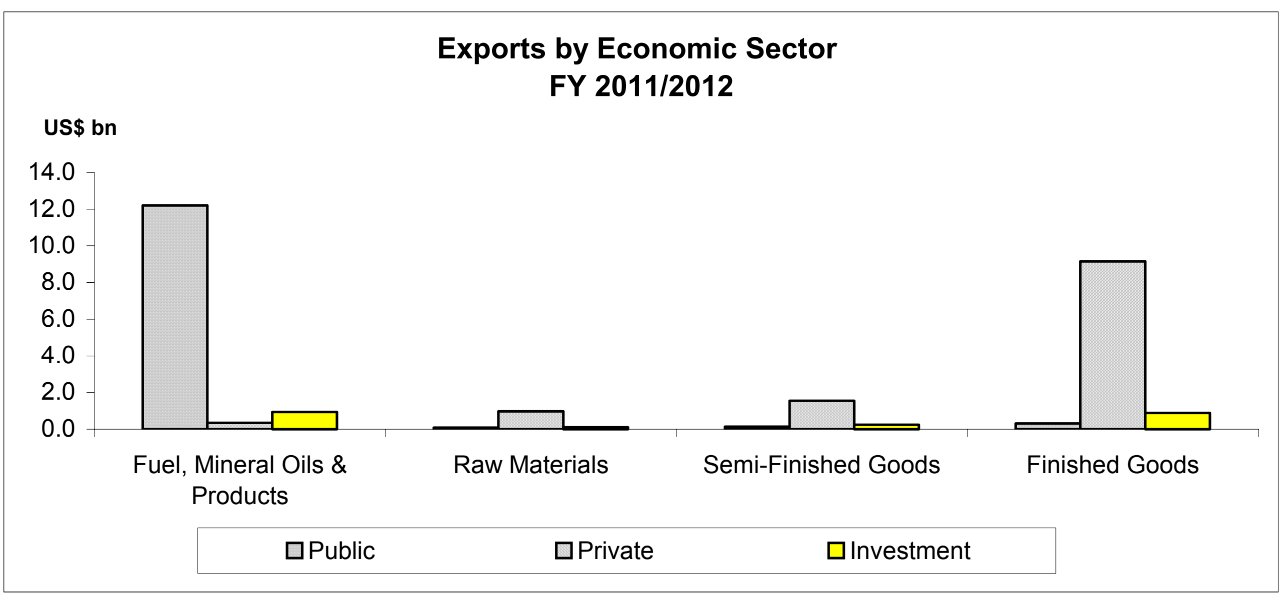
Exports of this group retreated 6.7 percent to US$ 1.9 billion (against US$ 2.1 billion), driven by the declines in the exports of synthetic fibers (57.3 percent), cotton yarn (56.3 percent), and cast iron, semi-finished products and rolled iron (15.6 percent).

D) <u>Finished Goods (38.4 percent of total exports)</u>

Exports of finished goods shrank by 4.6 percent to US$ 10.4 billion (against US$ 10.9 billion), due to the lower exports of iron and steel products (46.4 percent), fertilizers (24.8 percent), and pharmaceuticals (20.0 percent).

2- Sectoral Distribution of Export Proceeds

The sectoral distribution of export proceeds relatively changed in FY 2011/2012. The public sector's share in total exports climbed to 47.2 percent (from 42.4 percent). That of the private and investment sectors fell to 44.6 percent and 8.2 percent, respectively.



A) <u>The Public Sector (47.2 percent of total exports)</u>

Exports of the public sector edged up 11.2 percent to US$ 12.7 billion (against US$ 11.5 billion). The most salient exports of this sector were crude oil and products (95.8 percent of its total exports); aluminum articles; unalloyed aluminum; cotton; cast iron, semi-finished products, and rolled iron; cotton yarn; fertilizers; plastics and articles thereof; iron and steel products; and cotton textiles.

B) <u>The Private Sector (44.6 percent of total exports)</u>

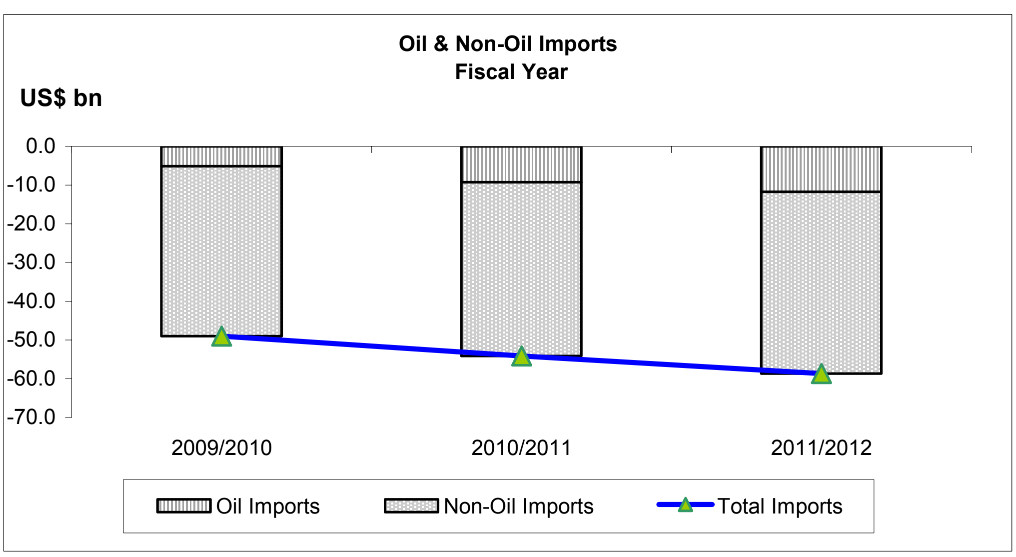
Export proceeds of the private sector rolled back 3.9 percent to US$ 12.0 billion (against US$ 12.5 billion) as the exports of all groups declined. Finished goods made up 76 percent of the total exports of this sector. The major exports were fertilizers; ready-made clothes; organic and inorganic chemicals; cotton textiles; soap, detergents, and artificial waxes; miscellaneous edible preparations; and pharmaceuticals.

C) <u>The Investment Sector (8.2 percent of total exports)</u>

Export proceeds of the investment sector went down by 26.8 percent to US$ 2.2 billion (from US$ 3.0 billion) as the exports of all groups decreased. Fuel, mineral oils and products constituted 43.1 percent of its total exports. The key exports were oil products; ready-made clothes; cast iron and semi-finished goods; cotton textiles; carpets and other floor coverings; organic and inorganic chemicals; ceramic products; pharmaceuticals; and iron and steel products.

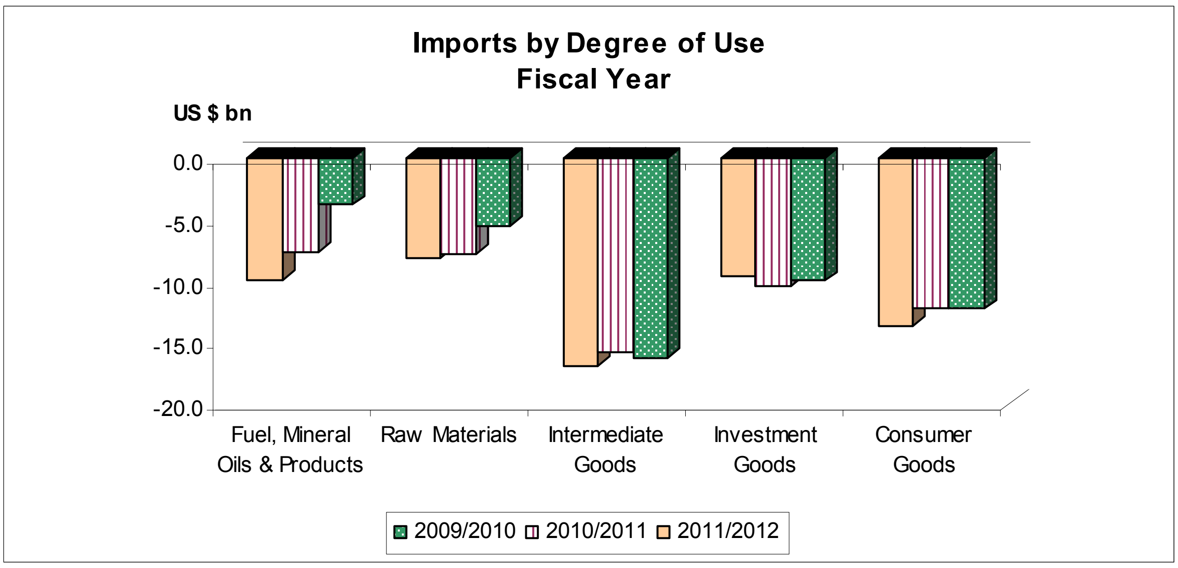
Second- Distribution of Merchandise Imports

Imports increased 8.5 percent to US$ 58.7 billion (against US$ 54.1 billion), due to the rise in oil imports by 27.1 percent to US$ 11.8 billion and the jump in non-oil imports by 4.6 percent to US$ 46.9 billion.



1- Imports by Degree of Use

Imports of most merchandise groups increased. In detail, imports of fuel, mineral oils and products mounted by 30.7 percent, consumer goods by 11.3 percent, intermediate goods by 6.9 percent and raw materials by 4.1 percent. By contrast, imports of investment goods decelerated by 7.4 percent.



A) Fuel, Mineral Oils and Products (16.8 percent of total imports)

Imports of fuel, mineral oils and products rose 30.7 percent to US$ 9.9 billion (from US$ 7.6 billion). Oil products surged by 40.4 percent, constituting 98.5 percent of the total imports of the group.

B) Raw Materials (13.8 percent of total imports)

Imports of raw materials stepped up 4.1 percent to US$ 8.1 billion (from US$ 7.8 billion). The rise was explained by the hike in the imports of maize (73.1 percent); iron ores (64.4 percent); and oil seeds and oleaginous fruits (25.6 percent). The main imports were wheat, crude oil, maize, iron ores, oil seeds and oleaginous fruits, and tobacco.

C) Intermediate Goods (28.8 percent of total imports)

Imports of intermediate goods climbed by 6.9 percent to US$ 16.9 billion (from US$ 15.8 billion). The rise was traced to the acceleration in the imports of raw sugar (175.4 percent); rubber and products (35.6 percent); organic and inorganic chemicals (20.9 percent); and animal and vegetable fats, greases and oils and products (20.9 percent). The basic imports were iron and steel products; organic and inorganic chemicals; animal and vegetable fats, greases and oils and products; car spare parts and accessories; plastics and articles thereof; wood and articles thereof; and paper, cardboard, and paper products.

D) Investment Goods (16.5 percent of total imports)

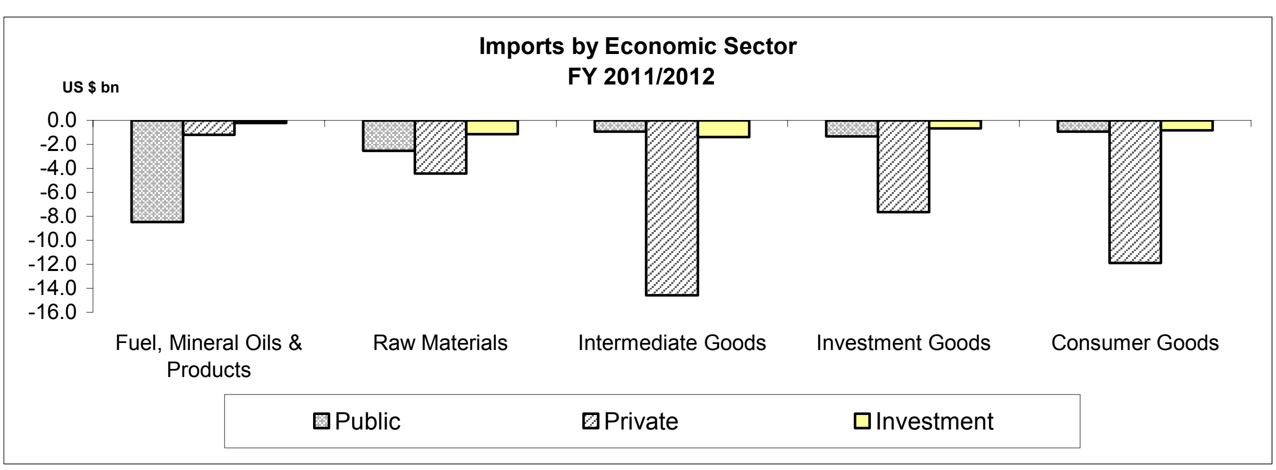
Imports of this group decelerated 7.4 percent to US$ 9.7 billion (from US$ 10.4 billion). The decline was particularly manifest in the imports of passenger vehicles (59.3 percent); agricultural machinery (42.3 percent); railway and tramway locomotives or rolling stock equipment and parts thereof (32.3 percent); and machines and apparatus for ginning and spinning and parts thereof (28.1 percent); bulldozers and cranes (25.4 percent); air conditioners (21.0 percent); and goods-transport vehicles (19.3 percent). The imports of this group were mainly cranes and bulldozers; electric appliances for telephones and telegraph; motors, generators, transformers and parts thereof; computers; pumps, fans, and parts thereof; and optical appliances.

E) Consumer Goods (23.3 percent of total imports)

Imports of consumer goods increased by 11.3 percent to US$ 13.7 billion (from US$ 12.3 billion). The pickup came largely on the back of the surge in the imports of non-durable goods by 13.4 percent to US$ 10.7 billion; and durable goods by 4.4 percent to US$ 3.0 billion. The increase in non-durable goods was largely driven by the imports of soaps and waxes (70.4 percent); cotton textiles (35.3 percent); dairy products (33.1 percent); and ready-made clothes (25.9 percent). The major imports were pharmaceuticals; ready-made clothes; miscellaneous edible preparations; meat; cotton textiles; and edible vegetables, roots and tubers. The increase in durable goods was also owed to the rise in the imports of televisions and parts thereof by 40.5 percent; and household electric-motor appliances by 14.4 percent. The chief imports were cars for the transport of passengers; household electric-motor appliances; televisions and parts thereof; and household refrigerators and electric freezers.

2- Sectoral Distribution of Merchandise Imports

The shares of the private and investment sectors in total imports retreated to 67.7 percent and 7.2 percent, respectively, in the reporting year. By contrast, the share of the public sector climbed to 25.1 percent.



A- <u>The Private Sector (67.7 percent of total imports)</u>

Imports of the private sector moved up 5.9 percent to US$ 39.7 billion (from US$ 37.5 billion). Intermediate goods represented 36.7 percent of its total imports. The key imports were iron and steel products; pharmaceuticals; organic and inorganic chemicals; wheat; plastics and articles thereof; car spare parts and accessories; wood and articles thereof; oil products; and cranes, bulldozers, and parts thereof.

B- <u>The Public Sector (25.1 percent of total imports)</u>

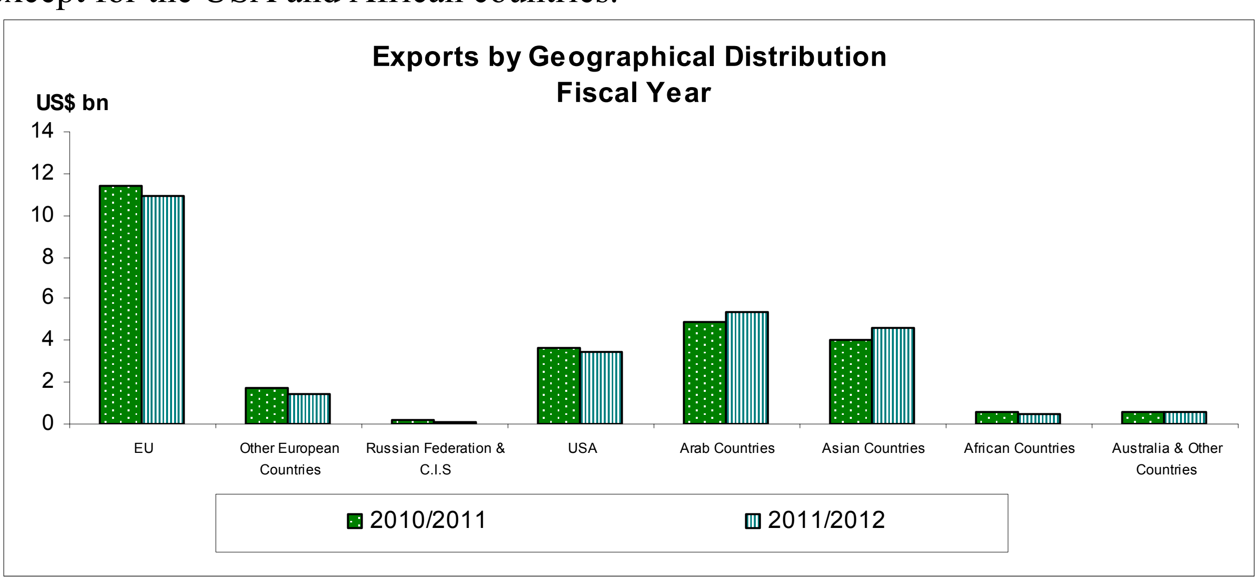
Imports of this sector edged up 23.0 percent to US$ 14.7 billion (from US$ 12.0 billion). Of the total imports of this sector, fuel, mineral oils and products constituted 57.6 percent. The major imports were crude oil and products; wheat; motors, generators, transformers and parts thereof; animal and vegetable fats, greases and oils and products; pharmaceuticals; raw sugar; and railway and tramway locomotives or rolling stock equipment and parts thereof.

C) <u>Investment Sector (7.2 percent of total imports)</u>

Imports of the investment sector rolled back 8.2 percent to US$ 4.2 billion (from US$ 4.6 billion). Intermediate goods constituted 33.0 percent of its total imports. The imports were mainly crude oil and products; maize; animal and vegetable fats, greases and oils and products; car spare parts and accessories; and edible vegetables, roots and tubers; pumps and fans and parts thereof; cranes and bulldozers and parts thereof; iron and steel products; and iron ores.

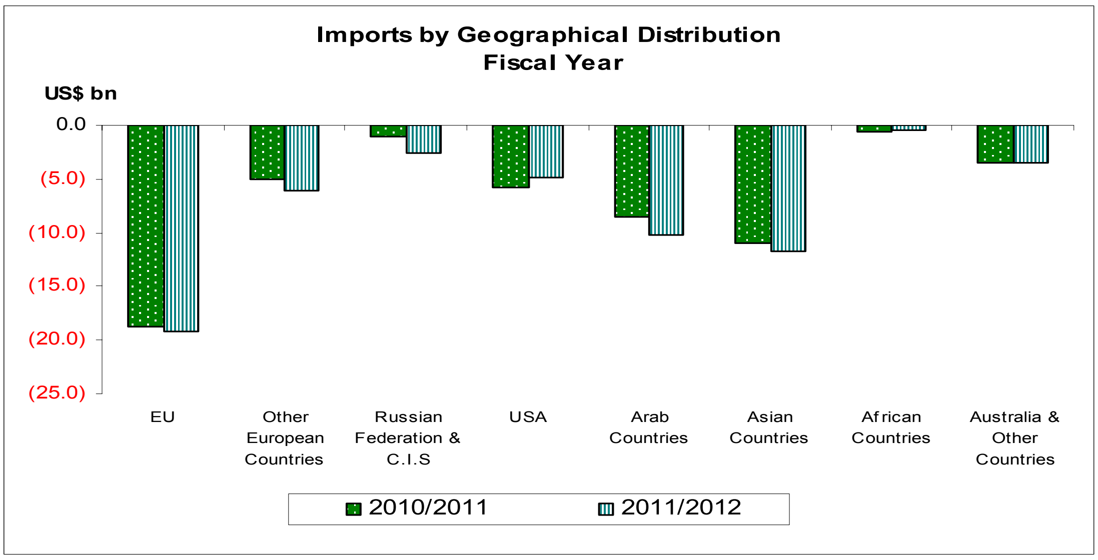
Third - Geographical Distribution of Merchandise Transactions

According to the geographical distribution of merchandise transactions by main economic groupings in FY 2011/2012, exports of all groupings declined, except for the Arab and Asian countries. On the other hand, imports of all groupings increased, except for the USA and African countries.



Regarding exports, the EU ranked first (40.7 percent of total exports), followed by the Arab countries (19.7 percent), and the Asian countries (17.1 percent).

Turning to imports, the EU also came in the lead (32.9 percent of the total), followed by the Asian countries (19.9 percent) and the Arab countries (17.4 percent).



According to the main trade partners, in terms of exports, Italy ranked first, followed by the USA, India, UAE, and UK (with a combined share of 51.5 percent of total export proceeds). In terms of imports, the USA came first, then China, Germany, Switzerland, UK, Kuwait, Turkey, Saudi Arabia, and UAE (with a combined share of 50.4 percent of total import payments).

A) EU Countries (40.7 percent of total exports and 32.9 percent of total imports)

Exports to the EU countries dropped 4.0 percent to US$ 11.0 billion (from US$ 11.4 billion). Italy was the main importer (50.9 percent of total exports). The UK came next (11.4 percent), then Germany (8.4 percent), and Spain (7.5 percent). The chief exports were crude oil and products; fertilizers; cotton textiles; aluminum products; pharmaceuticals; ready-made clothes; organic and inorganic chemicals; carpets and other floor coverings; and iron and steel products.

Conversely, imports from these countries went up 3.1 percent to US$ 19.3 billion (from US$ 18.7 billion). About 58.4 percent of these imports came from four countries, namely, Germany (18.5 percent); UK (15.2 percent); the Netherlands (12.5 percent); and Italy (12.2 percent). They mainly imported oil products; pharmaceuticals; iron and steel products; organic and inorganic chemicals; wheat; cranes and bulldozers; wood and articles thereof; and electric appliances for telephones and telegraph.

B) Arab Countries (19.7 percent of total exports and 17.4 percent of total imports)

Exports to Arab countries rose 9.4 percent to US$ 5.3 billion (from US$ 4.9 billion). UAE ranked first (25.6 percent of total exports of this group), followed by Saudi Arabia (16.2 percent), Lebanon (14.8 percent), and Jordan (11.7 percent). The key exports were crude oil and products; fertilizers; cast iron, semi-finished products, and rolled iron; organic and inorganic chemicals; iron and steel products; paper, cardboard paper and products; and ceramic products.

Imports from the Arab countries also increased 17.3 percent to US$ 10.2 billion (from US$ 8.7 billion a year earlier). Kuwait ranked first (27.8 percent), then Saudi Arabia (25.3 percent), and UAE (25.2 percent). The main imports were crude oil and products; plastics and articles thereof; iron and steel products; organic and inorganic chemicals; paper, cardboard paper and products; computers; and raw sugar.

C) Asian (Non-Arab) Countries (17.1 percent of total exports and 19.9 percent of total imports)

Exports to the Asian (non-Arab) countries surged by 14.8 percent to US$ 4.6 billion (from US$ 4.0 billion). India ranked first, accounting for 49.2 percent, then Japan (11.1 percent), China (9.9 percent), and South Korea (9.4 percent). The key exports were crude oil and products; ready-made clothes; glass and articles thereof; cotton textiles; raw cotton; organic and inorganic chemicals; cast iron, semi-finished products, and rolled iron; paper, cardboard paper, and products; and fertilizers.

Imports from these countries also rose by 6.5 percent to US$ 11.7 billion (from US$ 11.0 billion). China ranked first, with a share of 38.0 percent, then India (13.3 percent), and South Korea (9.7 percent). The most prominent imports were car spare parts and accessories; ready-made clothes; animal and vegetable fats, greases and oils and products; cars for the transport of passengers; synthetic fibers; and organic and inorganic chemicals.

D) USA (12.7 percent of total exports and 8.2 percent of total imports)

Egyptian exports to the USA declined 4.7 percent to US$ 3.4 billion (from US$ 3.6 billion). The chief exports were crude oil and products; fertilizers; ready-made clothes; cotton textiles; organic and inorganic chemicals; cement; carpets and other floor coverings; aluminum products; and pharmaceuticals.

Imports from the USA also shrank by 17.2 percent to US$ 4.8 billion (from US$ 5.8 billion). The major imports were maize; oil products; pharmaceuticals; iron and steel products; wheat; organic and inorganic chemicals; cranes and bulldozers; and pumps, fans and parts thereof.

E) Other European Countries (5.3 percent of total exports and 10.4 percent of total imports)

Exports to this group of countries declined by 16.8 percent to US$ 1.4 billion (from US$ 1.7 billion). Turkey ranked first, with a share of 53.4 percent and Switzerland came second with 44.4 percent. The most important exports were ready-made clothes; oil products; organic and inorganic chemicals; rubber and products; cotton textiles; fertilizers; cast iron, semi-finished products and rolled iron; carbon; and aluminum products.

On the other hand, imports from these countries mounted by 29.8 percent to US$ 6.1 billion (from US$ 4.7 billion). Switzerland was the major exporter (with a share of 53.3 percent), followed by Turkey (43.8 percent). The most salient imports were oil products; iron and steel products; pharmaceuticals; wheat; raw sugar; and animal and vegetable fats, greases, and oils, and products.

F) Australia, and Other Countries and Regions (2.2 percent of total exports, and 6.0 percent of total imports)

Exports to this group rolled back 4.0 percent to US$ 599.9 million (from US$ 625.1 million). Brazil came first, accounting for 20.1 percent, then Canada (9.5 percent) and Australia (3.7 percent). The group mainly imported crude oil and products; cars, tractors, and bicycles; carpets and other floor coverings; cotton textiles; ready-made clothes; glass and products; and organic and inorganic chemicals.

On the other hand, imports maintained the same figure of the previous year (US$ 3.5 billion). Brazil ranked first, with a share of 32.3 percent, then Argentina (12.3 percent), Australia (12.1 percent), and Canada (10.4 percent). The basic imports were crude oil and products; meat; animal and vegetable fats, greases and oils and products; dairy products, eggs, and honey; iron ores; iron and steel products; wheat; and maize.

G) African (Non-Arab) Countries (1.9 percent and 0.9 percent of total exports and imports, in order)

Exports to this group retreated by 8.1 percent to US$ 499.1 million (from US$ 542.9 million). Kenya was the chief importer, with a share of 20.3 percent, followed by Ethiopia (17.5 percent), and South Africa (10.2 percent). The major exports to this group were paper, cardboard paper and products; organic and inorganic chemicals; oil products; iron and steel products; vegetable and animal fats, greases and oils and products; and pharmaceuticals.

In parallel, imports from this group also dropped 19.2 percent to US$ 505.0 million (against US$ 625.1 million). Kenya came in the forefront, with a share of 50.7 percent, then South Africa (12.3 percent), and Zambia (8.8 percent). The chief imports were tea; manufactured tobacco and tobacco substitutes; copper and articles thereof; pharmaceuticals; animal and vegetable fats, greases and oils and products; wheat; and wood and articles thereof.

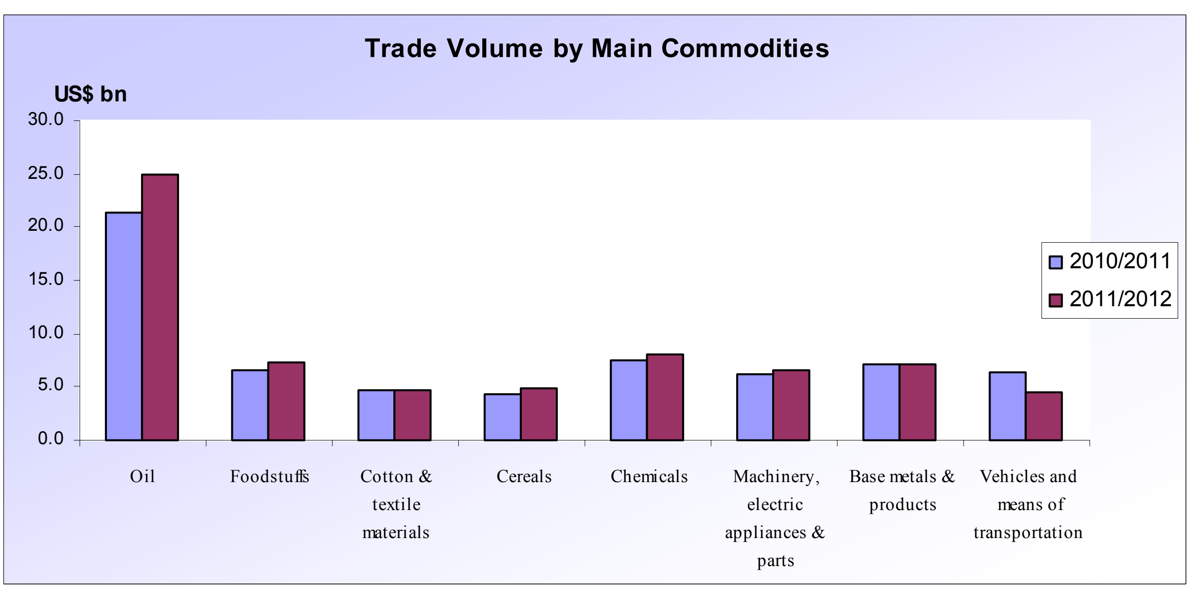
H) Russia and the Commonwealth of Independent States (0.4 percent of total exports and 4.4 percent of total imports)

Exports to these countries went down by 43.9 percent to US$ 107.4 million (from US$ 191.6 million). The most important exports were citrus fruits; oil products; cement; potatoes; pharmaceuticals; cast iron, semi-finished products, and rolled iron; and paper, cardboard paper, and products.

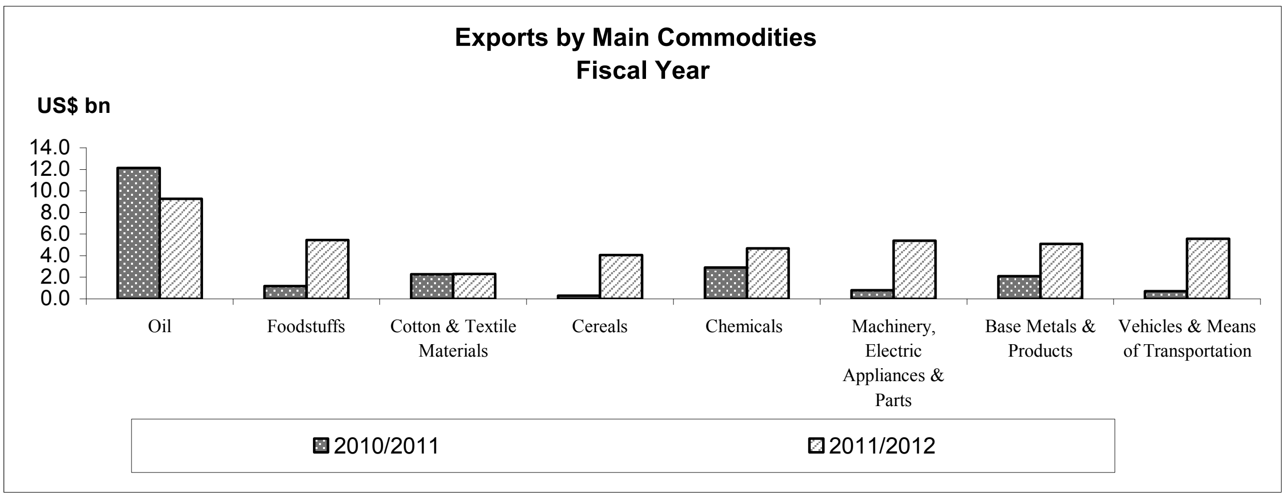
Conversely, imports from these countries surged to US$ 2.6 billion (from US$ 1.1 billion). The most salient imports were wheat; oil products; maize; animal and vegetable fats, greases, and oils, and products; wood and articles thereof; iron and steel products; and iron ores.

Fourth - Breakdown of Trade by Main Commodity

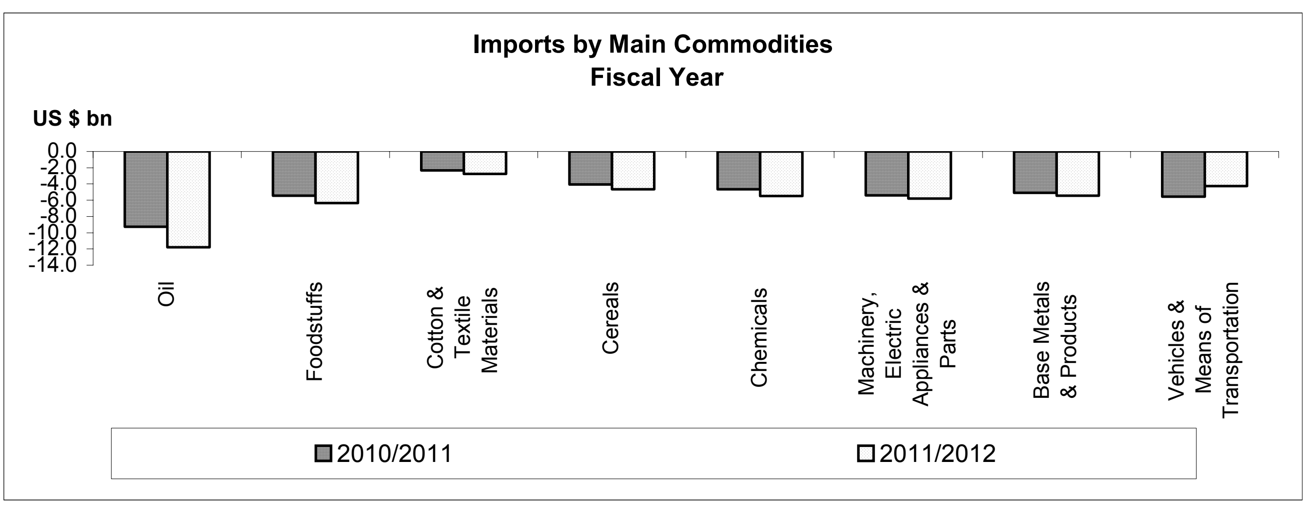
In FY 2011/2012, the volume of trade of all merchandise groups increased, with the exception of base metals and products; and vehicles, cars and other means of transportation. Crude oil and products accounted for 29.1 percent of the total volume of trade, followed by chemicals (9.5 percent), foodstuffs (8.7 percent), base metals (8.3 percent), and machinery, electric appliances and parts thereof (7.6 percent).



A breakdown of export proceeds by main commodity shows that crude oil and products came first, accounting for 48.7 percent of total exports, followed by chemicals (9.7 percent), raw cotton and its products and other textile materials (7.2 percent), base metals (6.3 percent), and foodstuffs excluding cereals (4.0 percent).



The breakdown of merchandise imports by main commodity indicates that crude oil and products topped the list, with a share of 20.1 percent, followed by foodstuffs (excluding cereals) with 10.8 percent, then machinery, electric appliances and parts thereof (9.9 percent), chemicals (9.4 percent), base metals (9.3 percent), and cereals (7.9 percent).



A) <u>Crude Oil and Products:</u>

Exports of crude oil and products edged up by 8.2 percent to US$ 13.1 billion (from US$ 12.1 billion). Exports of this group represented 48.7 percent of total exports. The increase was manifest in the exports of crude oil (rising by 25.7 percent), bunker and jet fuel (15.6 percent), and natural gas (2.9 percent). By contrast, imports of oil products fell 19.9 percent.

Likewise, imports of this group (20.1 percent of total imports) rose by 27.1 percent to US$ 11.8 billion (from US$ 9.3 billion). The increase was a confluence of the rise in the imports of oil products by 38.3 percent, and bunker and jet fuel (68.2 percent) and the decline in those of crude oil (12.1 percent). As a result, the oil balance registered a surplus of US$ 1.4 billion, with a retreat of 52.9 percent in comparison with the previous FY.

B) Chemicals:

Exports of chemicals (9.7 percent of total exports) retreated by 8.4 percent to US$ 2.6 billion (from US$ 2.9 billion). The decline was pronounced in the exports of insecticides (53.0 percent); fertilizers (24.8 percent); tanning, dyeing extracts and printing ink (21.6 percent); and pharmaceuticals (20.0 percent).

In contrast, imports of this group (9.4 percent of total imports) stepped up by 17.8 percent to US$ 5.5 billion (from US$ 4.7 billion). The rise was a dual effect of the higher imports of soap, detergents, and waxes by 81.5 percent; pharmaceuticals (21.2 percent); organic and inorganic chemicals and carbon (20.2 percent) and the lower imports of insecticides; tanning, dyeing extracts and printing ink; and essential oils, perfumers and toilet preparations. Accordingly, the merchandise balance ran a deficit of US$ 2.9 billion.

C) Raw Cotton and Products and Other Textile Materials:

Exports of this group (7.2 percent of total exports) scaled down by 14.7 percent to US$ 1.9 billion (from US$ 2.3 billion). This was attributed to the steep decline in the exports of cotton yarn by 56.3 percent; bed, table, and kitchen linens by 47.6 percent; raw cotton by 38.8 percent; and carpets and other floor coverings by 14.2 percent.

On the other hand, imports of this group (4.7 percent of total imports) edged up by 19.3 percent to US$ 2.8 billion (from US$ 2.3 billion). The rise was a result of the increase in imports of raw flax by 76.5 percent; cotton textiles by 35.3 percent; blankets by 31.7 percent; and ready-made clothes by 25.9 percent. This is besides the drop in the import payments of raw cotton by 52.2 percent, and cotton yarn by 14.5 percent. As a result, the merchandise balance registered a deficit of US$ 835.6 million.

D) <u>Base Metals and Products:</u>

Exports of this group (6.3 percent of total exports) declined by 18.9 percent to US$ 1.7 billion (from US$ 2.1 billion), under lower exports (by 30.3 percent) of iron ore, iron and steel and articles thereof.

However, imports (9.3 percent of total imports) hiked by 6.7 percent to US$ 5.4 billion (from US$ 5.1 billion). The rise was an effect of the marked surge in the imports of unwrought nickel and articles thereof by 439.9 percent; and lead ore and products (128.1 percent) and the decline in those of zinc ore and products by 41.8 percent. Accordingly, the merchandise balance posted a deficit of US$ 3.7 billion.

E) <u>Foodstuffs (Excluding Cereals):</u>

Exports of this group (4.0 percent of total exports) retreated by 8.6 percent, to stand at US$ 1.1 billion (against US$ 1.2 billion). The drop was mostly felt in the imports of residues of food processing (decreasing by 57.8 percent); and fresh or frozen plants and vegetables (by 24.0 percent), raw sugar and confectionaries (by 19.9 percent); and nuts and fruits (by 8.2 percent).

However, imports of foodstuffs (10.8 percent of total imports) inched up 16.4 percent to US$ 6.3 billion (from US$ 5.4 billion). This came on the back of the increase in the imports of raw sugar and confectionaries by 136.4 percent; spices and vanilla by 36.3 percent; dairy products and eggs by 33.1 percent; animal and vegetable fats, greases, and oils and products by 20.9 percent; tea by 17.9 percent; and fish by 9.2 percent. Against this background, the merchandise balance ran a deficit of US$ 5.3 billion.

F) <u>Machinery, Appliances, Electric Equipment and Parts:</u>

Exports of this group (2.8 percent of total exports) contracted by 1.4 percent to US$ 744.2 million (from US$ 754.8 million). This stemmed from the decline in the exports of household refrigerators and electric freezers by 31.2 percent; electric appliances for telephones and telegraph by 24.3 percent; air conditioners by 23.9 percent, and household electric-motor appliances by 10.6 percent.

Conversely, imports of this group (9.9 percent of total imports) increased by 7.7 percent to US$ 5.8 billion (from US$ 5.4 billion). This was owed to the rise in the imports of electrical apparatus for switching or protecting electrical circuits (by 81.1 percent); electric appliances for telephones and telegraph (by 41.4 percent); printing machines, appliances, and parts thereof (by 39.3 percent); and household electric-motor appliances (by 14.4 percent). In contrast, imports of agriculture machinery; textile and ginning machinery and parts thereof; and air conditioners recorded declines. Consequently, the merchandise balance posted a deficit of US$ 5.1 billion.

G) Vehicles, Cars and Other Means of Transportation:

Exports of this group (1.0 percent of total exports) fell back by 60.0 percent to US$ 277.3 million (from US$ 692.9 million). The decline was traceable to the fall in the exports of cranes, bulldozers, and parts thereof by 73.9 percent; ships, boats, and floating structures by 60.5 percent; cars and vehicles for passengers and goods by 32.7 percent; and car accessories, batteries, and spare parts by 29.0 percent.

Likewise, imports of this group (7.2 percent of total imports) declined by 23.9 percent to US$ 4.2 billion (from US$ 5.6 billion). Behind this decline was the drop in the imports of planes and parts thereof by 61.5 percent; ships, boats, and floating structures by 60.7 percent; railway and tramway locomotives or rolling stock equipment and parts thereof by 32.3 percent; cranes, bulldozers, and parts thereof by 25.4 percent, and cars and vehicles for passengers and goods by 19.7 percent. Accordingly, the merchandise balance registered a deficit of US$ 4.0 billion.

H) Cereals:

Egypt's exports of cereals (0.6 percent of total exports) retreated by 35.6 percent, to register US$ 156.9 million (against US$ 243.7 million). This was ascribed to the decline in the exports of maize by 77.0 percent; and oil seeds and oleaginous fruits, and plants for manufacturing by 13.4 percent.

On the other hand, imports of this group (7.9 percent of total imports) inched up by 14.7 percent to US$ 4.7 billion (from US$ 4.1 billion). This was a dual effect of the pickup in the imports of rice; maize; and oil seeds and oleaginous fruits and the decline in those of barley, wheat, and lentils. As a consequence, the merchandise balance recorded a deficit of US$ 4.5 billion.

3/5- Non-Banking Financial Services Sector*

3/5/1- Stock Market

In FY 2011/2012, progress has been made with the efforts to develop the regulations of the stock market. In this context, the Prime Minister issued Decree no. 421 for 2012 on 20/4/2012 to amend Articles (58) and (59) of the Executive Regulations of Central Depository and Registry Law promulgated by the Minister of Foreign Trade's Decree no. 906 for 2001, concerning the regulations of selecting the members of the Board of Directors of Misr for Central Clearing, Depository and Registry (MCDR). Article 58 mainly provides that the membership of the MCDR Board of Directors shall consist of not more than 13 members, and the majority of them - including the chairman and the managing director - shall have the required experience and competence. The Egyptian Exchange (EGX) shall be represented by at least one member in the MCDR's Board. The MCDR's statute specifies the percentages of representation of the company's groups of shareholders in the Board, and how to nominate candidates for chairmanship and membership, given that the EFSA' Board of Directors shall determine the criteria of nomination in terms of the required experience and competence.

Article 59 stipulates that the EFSA's Chairman shall be notified with the decision on the appointment of the chairman and members of the MCDR's Board; or with any modification in the Board’s membership, within two weeks of the decision’s issuance. Should the position of any Board member become vacant, it shall be occupied by the member next to the former in terms of the number of voices obtained in the latest election of the Board. And the term of membership of the latter shall be complementary to that of his/her predecessor.

In order to regulate dealing in the stock market, the Prime Minister issued Decree no. 572 for 2012 dated 24/5/2012, to amend some provisions of the Executive Regulations of the Capital Market Law, promulgated by Decree no. 135 for 1993 issued by the Minister of Economy and Foreign Trade. The aforesaid Decree obliged securities brokerage companies, bonds brokerage and intermediation companies and portfolio management companies to restrict their trading on foreign securities - for their own account or in behalf of their customers - to the certificates of deposits of listed securities at the EGX; rather than foreign securities abroad, according to the regulations set by the EFSA' Board of Directors. In addition, the Decree obligated these companies to adjust their positions in consistency with the provisions prescribed in the said Decree, not later than six months of the date of the Decision’s enforcement.

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* Source: the EFSA, and the EGX's monthly reports.

In order to regulate and protect dealers in financial instruments, the EFSA's Board of Directors issued Decision no. 105 for 2011 dated 18/12/2011 regarding the rules and procedures regulating the transfer of more than one securitization portfolio to a single securitization company, and the issuance of more than one securitization bond by any joint stock company (other than securitization companies). According to the said Decision, the issued capital must be fully paid, and shall not be less than LE 5 million, whereas the net value of the company's assets shall not be less than the value of the issued capital and the paid-in capital. In addition, the custodian in charge of managing the issuance of securitization bonds shall not violate any of his obligations to the holders of securitization bonds issued earlier. Additionally, a securitization company shall obtain a pledge from the owner of the financial rights to the portfolio to transfer the rights in question to the securitization company, given that the pledge shall specify the estimated value of the transferred portfolio. For a securitization company to be granted license, the Decision stipulates that it shall comply with the requirement of disclosure, in accordance with the laws and regulations of the EFSA's BOD, and shall pay the established fees and deposit the insurance amount with the EFSA. The Decision also specifies the documents to be attached to the license application of a joint-stock company (other than securitization companies) for making more than one securitization bond issue.

In order to enhance disclosure and transparency in the stock market, the EFSA issued Decision No. 23 for 2012 dated 12/3/2012, amending Articles (3) and (32 bis) of the rules of listing, continuation of listing, and delisting of securities on the Egyptian Exchange issued by the CMA's BOD Decision No. 30 for 2002 on 18/6/2002 and its amendments, regarding subscription rights. The meaning of a subscription right is to grant preemptive rights to senior shareholders to subscribe for shares of capital increase by cash nominal shares. Pursuant to these amendments, companies are required to complete the full listing of issued securities. The subsequent issues (shares and subscription rights) shall be listed as follows: (1) in relation to capital increase, within two months following the date of closing subscription, (2) in relation to capital increase due to merger, within two months following the date of issuing the decision of the administrative entity on the merger, and (3) within two months after the general assembly's approval of the capital increase through the distribution of free shares. Moreover, any listed company willing to increase its paid-up capital, and to make effective the preemptive rights of senior shareholders, must submit an application for listing these rights to the EGX, at least five working days prior to the date of opening subscription. The application must be enclosed with the EFSA's approval on the announcement of the invitation of senior shareholders for subscription, along with the approval of MCDR on listing these rights. The subscription right shall be listed by a decision of the EGX listing committee.

Moreover, the Decision obligated companies to comply with the takeover rules stated in Chapter 12 of the Executive Regulations of Capital Market Law No. 95 of 1992. It also set forth the regulations of trading in subscription rights dependently with the principle shares, provided that the period from the date of publishing the announcement till the last day of subscription shall not be less than 15 days. For the capital increase shares that are traded separately from principle shares, this period shall not be less than 30 days. As for regulating trading in subscription rights, the EFSA's Chairman issued Decision no 282 dated 26/4/2012 concerning the rules of trading in subscription rights. The Decision permitted those shareholders who lack financial solvency to participate in raising corporate capitals by selling their rights to other investors in return for a percentage of cash.

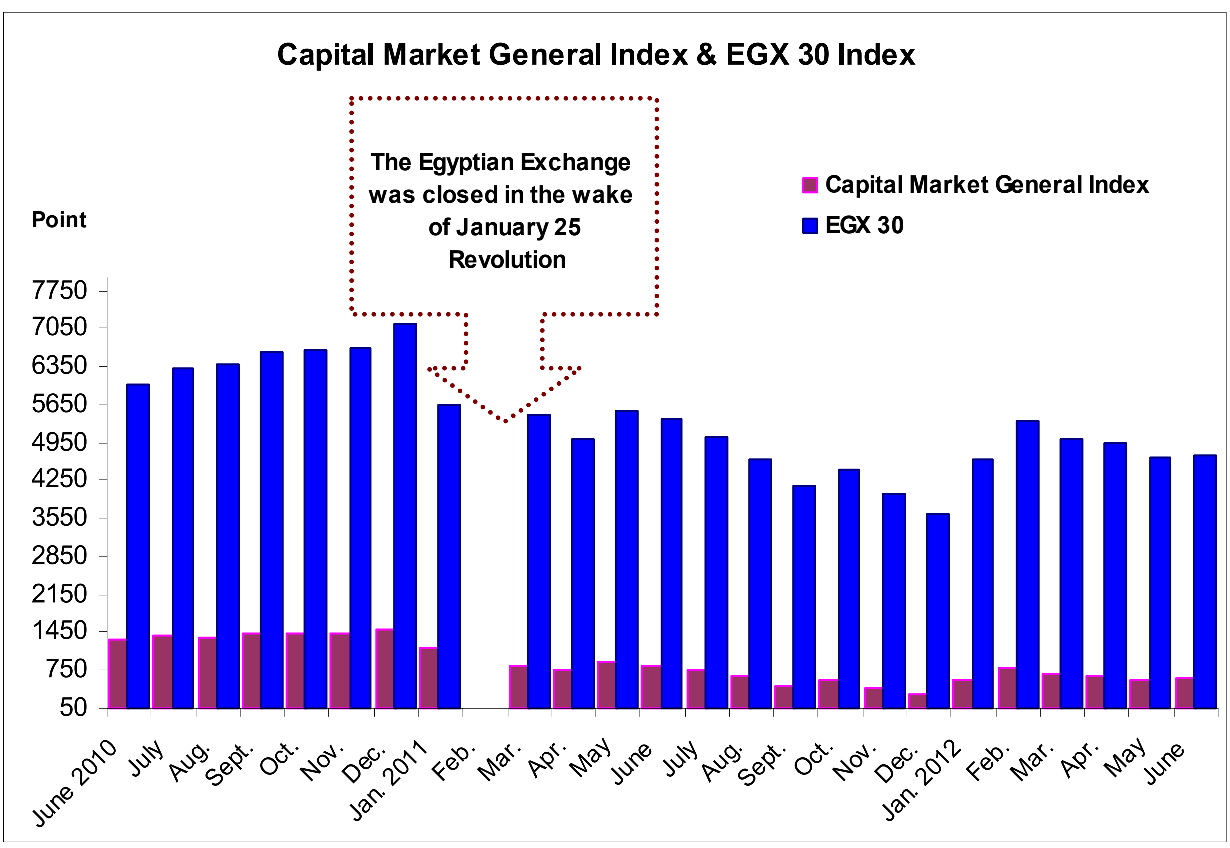
The first Article provides that the trading rules for subscription rights - issued by the EGX Board of Directors and mentioned in the letter of the EGX Chairman dated 20/2/2012 - shall be approved, without prejudice to the takeover rules prescribed in Chapter 12 of the Executive Regulations of Capital Market Law No. 95 of 1992. Moreover, all the trading rules that have force in the EGX shall be applied to trading in subscription rights. The second Article stipulates that trading in subscription rights shall be subject to the same supervision and control rules applicable to trading in the corporate shares listed on the EGX.

Within the framework of activating the role of small and medium enterprises in view of their important role in supporting the Egyptian economy in the current stage, the EFSA Board of Directors issued Decision no 738, regarding trading, settlement, and supervision of the listed shares of small and mid cap companies. Companies listed on the small and mid cap market (NILEX) shall be traded in a daily continuous trading session that lasts for one hour, according to the same trading mechanism applicable in the main market. The price limits are allowed to fluctuate within a range of 5% up and down. Settlement of small and mid cap stocks shall take place on (T+2). Moreover, the BOD of the EFSA issued Decisions no. (81) and (83) of 2011, regarding the listing rules of securities issued by SMEs at the EGX tables, and the regulation of the registry of accredited sponsors for small and medium enterprises. As for the latter, it included transferring the registry -together with all listing requests and documents- from the EFSA to the EGX.

Under the development plan adopted by the EGX to upgrade its infrastructure technologically and technically, the EGX inaugurated its new premises at the Smart Village on 12/4/2012. Moreover, a memorandum of understanding was signed between the EGX and Istanbul Menkul Kiymetler Borsasi (IMKB) on 22/6/2012 to reinforce cooperation between the two markets as related to Exchange Traded Funds (ETFs), and to exchange technical information in the field of Automated Trading Systems Development.

As part of its marketing policy that aims to attract a new bracket of companies to be listed on the Egyptian Exchange, its Board agreed (in April 2012) to exempt companies applying for the first time from the listing fees, provided that they should finish all the listing and offering procedures within a period not exceeding three months (from 1/7/2012 till 30/9/1212). To raise market participants' awareness with the advantages of listing in the NILEX, the EGX signed - during the second half of the FY - a memorandum of understanding with the Information Technology Industry Development Agency (ITIDA), and the EGX officials held a series of meetings and workshops with a number of businessmen and investors.

Turning to the performance of the EGX, all price indices registered losses in FY 2011/2012, triggered by the worries of market participants about the consequences of the political and economic turmoil in Egypt. Thus, EGX 30 lost 12.4 percent, ending the year at 4708.6 points (against 5373.0 points at end of June 2011). Likewise, EGX 20 Capped declined 7.4 percent to 5452.0 points, EGX 70 moved down as well, by 33.0 percent to 422.0 points, and so did EGX 100 by 25.0 percent to 729.5 points. Similarly, the general index of the capital market lost 28.9 percent, concluding the year with 604.6 points.



The primary market: the number of new issues approved by EFSA during this year reached 3107, at a total value of LE 38.1 billion (against 2654 issues, at a total value of LE 44.6 billion a year earlier). Issues for new businesses reached 2021 in number (65.0 percent of total issues), at a value of LE 7.2 billion. The number of issues for capital increases reached 1086, with a total value of LE 30.9 billion (81.0 percent of total issues).

The listing activity on the EGX showed that the number of listed companies rose to 212 at end of June 2012 (from 211 at end of June 2011). The nominal capital of these companies mounted by 3.7 percent to LE 150.1 billion (from LE 144.7 billion). However, their market capitalization declined by 15.0 percent to LE 339.8 billion or 22.0 percent of GDP (against LE 399.8 billion), on the back of the drop in the prices of most shares traded on the EGX.

The value of issued and listed bonds surged by LE 60.5 billion or 26.9 percent in the year under review, posting LE 285.3 billion at end of June 2012 (against LE 224.8 billion a year earlier). That was attributed to the rise of LE 63.8 billion in the value of Egyptian treasury bonds (primary dealers) in the reporting year, to LE 270.6 billion or 94.8 percent of the total value of listed bonds at end of June 2012. In the meantime, corporate and securitization bonds fell by LE 2.4 billion and LE 0.9 billion, respectively.

The secondary market: the number of transactions dropped by 1752 thousand or 24.5 percent to 5408 thousand, and so did the number of traded securities (shares and bonds) by 892 million or 3.8 percent, posting 22.3 billion papers. Their value decreased, as well, by LE 47.7 billion or 23.8 percent, to LE 152.9 billion.

Share transactions accounted for the bulk of trading on the EGX (79.5 percent in the year under study, against 77.5 percent the previous FY). Trading in bonds made up the remaining 20.5 percent (against 22.5 percent).

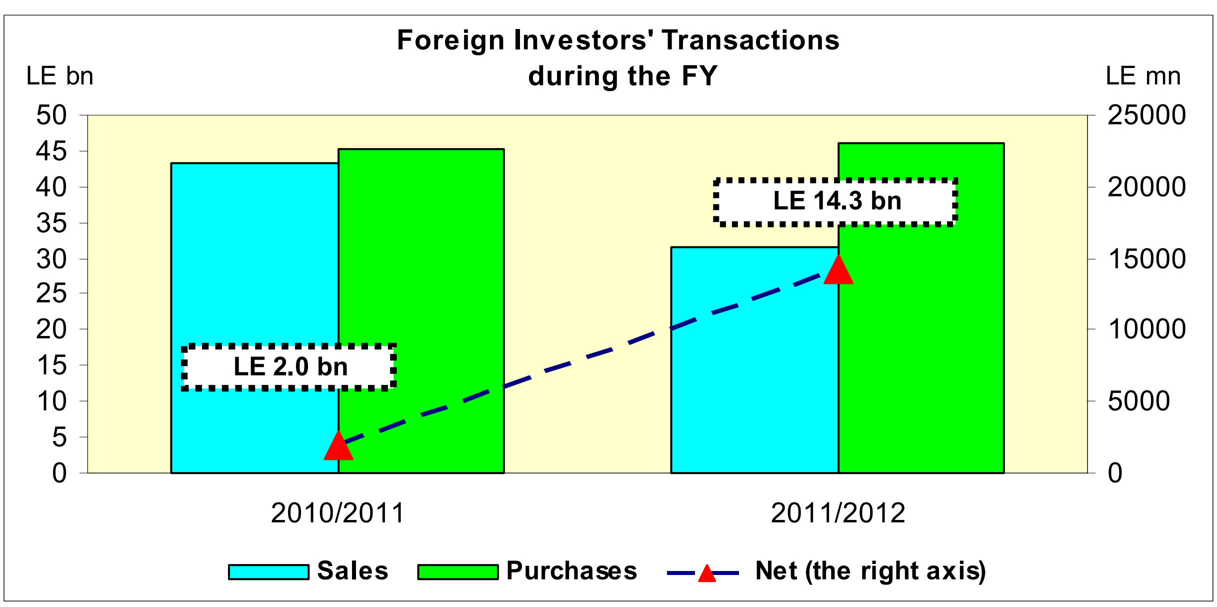
Turning to the market of small and medium enterprises (NILEX), the number of listed companies reached 21, and the market capitalization of listed shares on NILEX amounted to some LE 1.1 billion at end of June 2012. Traded securities amounted to 45 million papers, through 19460 transactions, with a total value of LE 182 million.

Trading in Securities

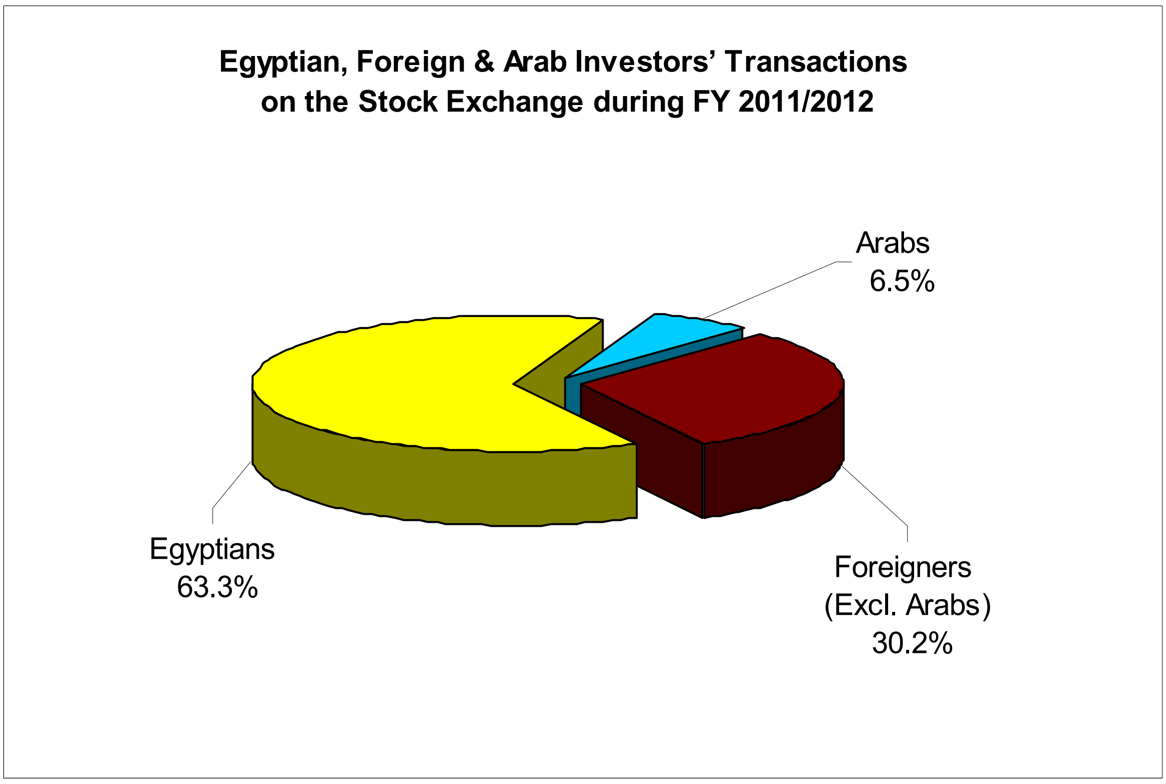
	2008/09	2009/10	2010/11	2011/12
No. of Transactions (000s)	**13169**	**12116**	**7160**	**5408**
A- Shares, bonds and mutual funds' certificates (listed)	12123	11383	7068	5334
B- Shares, bonds and mutual funds' certificates (unlisted)	1046	733	84	54
C- Small and Medium Enterprises Market (NILEX)*	-	-	8	20
No. of Traded Securities (mn)	**31956**	**32880**	**23236**	**22344**
A- Shares, bonds and mutual funds' certificates (listed)	25455	25362	21048	21182
B- Shares, bonds and mutual funds' certificates (unlisted)	6501	7518	2166	1117
C- Small and Medium Enterprises Market (NILEX)*	-	-	22	45
Value of Transactions (LE mn)	**319682**	**441315**	**200578**	**152881**
A- Shares, bonds and mutual funds' certificates (listed)	278383	312141	182890	137127
B- Shares, bonds and mutual funds' certificates (unlisted)	41299	129174	17460	15572
C- Small and Medium Enterprises Market (NILEX)*	-	-	228	182

Source: EFSA- monthly reports of the EGX.
* Trading on NILEX started on June 3, 2010.

Foreigners' transactions on EGX stepped down 12.5 percent below the previous FY's level, scoring LE 77.7 billion (against LE 88.7 billion). Their transactions resulted in net purchases of LE 14.3 billion (against LE 2.0 billion in the previous FY).



Egyptians' trading on EGX accounted for 63.3 percent of total transactions in FY 2011/2012. On the other hand, dealings of non-Arab foreigners represented 30.2 percent, while those of Arab investors made up 6.5 percent.



Annex

Statistical Section

Statistical Section

(1/1) CBE Financial Position: Reserve Money and Counterpart Assets

(LE mn)

End of June	2006	2007	2008	2009	2010	2011	2012
Reserve Money	**116050**	**134126**	**169911**	**175104**	**203071**	**250992**	**263668**
Currency in circulation outside CBE *	78604	92174	111412	126268	144253	179096	204870
Banks' deposits in local currency	37446	41952	58499	48836	58818	71896	58798
Counterpart Assets	**116050**	**134126**	**169911**	**175104**	**203071**	**250992**	**263668**
Net Foreign Assets+	**61302**	**95372**	**180333**	**171732**	**190234**	**147197**	**76059**
Foreign Assets	**129477**	**160197**	**182021**	**173055**	**198605**	**156331**	**92168**
Gold	6429	6744	8695	9385	12393	16343	19979
Foreign securities	48353	108606	151175	150556	162247	114608	51524
Foreign currencies	74695	44847	22151	13114	23965	25380	20665
Foreign Liabilities**	**68175**	**64825**	**1688**	**1323**	**8371**	**9134**	**16109**
Net Domestic Assets	**54748**	**38754**	**-10422**	**3372**	**12837**	**103795**	**187609**
Net Claims on Government	**114055**	**117254**	**81872**	**68613**	**80611**	**102562**	**165374**
Claims; of which:	171808	192192	159697	146899	150288	189620	256605
Government securities **	164761	166724	123123	121708	121533	130597	178831
Deposits	57753	74938	77825	78286	69677	87058	91231
Net Claims on Banks	**1018**	**59512**	**77581**	**334**	**29010**	**147**	**-2706**
Claims	17412	77270	97828	21786	49863	23496	22296
Deposits in foreign currencies	16394	17758	20247	21452	20853	23349	25002
Other Items (Net)+	**-60325**	**-138012**	**-169875**	**-65575**	**-96784**	**1086**	**24941**

Source : Central Bank of Egypt.
* Including subsidiary coins issued by the Ministry of Finance.
** The settlement of rescheduled debts - under Paris Club agreements - resulted in the decline of the CBE's foreign liabilities, claims on the government (securities) and the unclassified assets (net).

+ According to the updated statistical treatment adopted by the IMF, SDR allocations are to be classified as foreign liabilities rather than capital accounts, as of August 2009.

(1/2) CBE: Banknote Issued By Denomination

(LE mn)

End of June	2006	2007	2008	2009	2010	2011	2012
Total	**79253**	**93499**	**112705**	**127912**	**146220**	**180118**	**207824**
Currency by Denomination +	**79017**	**93240**	**112430**	**127625**	**145914**	**179794**	**207473**
PT 25	136	144	147	160	184	161	147
PT 50	241	240	252	309	294	303	296
LE 1	545	565	608	772	845	909	890
LE 5	1121	1071	1169	1309	1619	2738	1944
LE 10	4274	3470	2938	2991	2930	2983	2940
LE 20	9226	8796	7394	6419	5619	9950	7809
LE 50	27959	28152	25646	23045	18836	22350	21720
LE 100	35515	47552	54987	61561	69299	73444	83606
LE 200*		3250	19289	31059	46288	66956	88121
Subsidiary Coins**	**236**	**259**	**275**	**287**	**306**	**324**	**351**

Source : Central Bank of Egypt.

+ Including coin denominations of 50 and 100 piasters.

* The LE 200 note has been in circulation as of May 2007.

** Issued by the Ministry of Finance.

(1/3) CBE: Transactions via RTGS and SWIFT

During FY	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Local Currency Transactions via RTGS*						
1- Automated Clearing House (ACH)						
Number of transactions (thousand)	10481	11724	12062	12994	13012	12829
Value of transactions (LE mn)	356900	483113	548038	584546	626757	661196
2- Other Transactions via RTGS**						
Number of transactions (in unit)	525236	700668	897205	1191374	1248692	1298763
Value of transactions (LE mn)	2280198	3092401	5294357	13274676	15879701	9402300
Foreign Currency Transfers (Dollar Interbank Transactions) via the Fin-Copy System* **						
Number of transactions (in unit)	12070	13925	12365	12204	15066	14080
Value of transactions (US$ mn)	78997	105587	83019	70008	88052	62321

Source : Central Bank of Egypt.

* The RTGS was launched on 15 /3/ 2009.

** Including corridor operations and deposits for monetary policy purposes as of 15/3/2009.

*** This service was introduced on 19/ 9/ 2004.

(2/1) Banking Survey : Domestic Liquidity and Counterpart Assets

(LE mn)

End of June	2006	2007	2008	2009	2010	2011	2012
First : Domestic Liquidity	**560356**	**662688**	**766664**	**831211**	**917459**	**1009411**	**1094408**
a - Money Supply	**109274**	**131290**	**170579**	**182991**	**214040**	**248707**	**274510**
Currency in circulation outside the banking system	74239	86860	104656	118146	135209	167887	194027
Demand deposits in local currency	35035	44430	65923	64845	78831	80820	80483
b - Quasi-Money	**451082**	**531398**	**596085**	**648220**	**703419**	**760704**	**819898**
Time & saving deposits in local currency	314188	377424	436268	481054	545303	583732	633858
Demand and time & saving deposits in foreign currencies	136894	153974	159817	167166	158116	176972	186040
Second : Counterpart Assets							
Net foreign assets	133385	218629	303680 *	254134	282408	253500	157624
Domestic credit	509532	531314	570953*	695326	775268	892766	1072566
Other items (net)	-82561	-87255	-107969	-118249	-140217	-136855	-135782

Source : Central Bank of Egypt.

* As a result of the settlement of rescheduled debts (under Paris Club Agreement) with the government.

(2/2) Banking Survey : Deposits in Local Currency

(LE mn)

End of June	2006	2007	2008	2009	2010	2011	2012
Total Deposits in Local Currency	**349223**	**421854**	**502191**	**545899**	**624134**	**664552**	**714341**
First : Demand Deposits	**35035**	**44430**	**65923**	**64845**	**78831**	**80820**	**80483**
Public business sector *	4934	6278	8698	7145	8938	6670	7363
Private business sector	15863	20681	34301	33240	41246	43324	39083
Household sector	14831	18378	24003	25235	29510	31645	34944
Minus: Purchased cheques & drafts	593	907	1079	775	863	819	907
Second : Time and Saving Deposits	**314188**	**377424**	**436268**	**481054**	**545303**	**583732**	**633858**
Public business sector *	15465	17186	20736	21654	23788	22608	17480
Private business sector	25580	56823	85415	71076	73183	60736	53862
Household sector	273143	303415	330117	388324	448332	500388	562516

Source : Central Bank of Egypt.

* Including all public sector companies subject or not to Law No. 203 for 1991.

(2/3) Banking Survey : Deposits in Foreign Currencies

(LE mn)

End of June	2006	2007	2008	2009	2010	2011	2012
Total Deposits in Foreign Currencies	**136894**	**153974**	**159817**	**167166**	**158116**	**176972**	**186040**
First : Demand Deposits	**18533**	**26917**	**26581**	**32050**	**33901**	**41298**	**44965**
Public business sector *	935	947	943	1334	1055	1248	980
Private business sector	10417	18453	17417	21104	22313	26039	29669
Household sector	7392	7689	8404	9712	10673	14077	14443
Minus: Purchased cheques & drafts	211	172	183	100	140	66	127
Second : Time and Saving Deposits	**118361**	**127057**	**133236**	**135116**	**124215**	**135674**	**141075**
Public business sector *	4734	5774	8202	7401	5419	6301	7832
Private business sector	28845	30641	39785	37217	32594	34202	34827
Household sector	84782	90642	85249	90498	86202	95171	98416

Source : Central Bank of Egypt.

* Including all public sector companies subject or not to Law No. 203 for 1991.

(2/4) Banking Survey : Foreign Assets and Liabilities

(LE mn)

End of June	2006	2007	2008	2009	2010	2011	2012
Net Foreign Assets	**133385**	**218629**	**303680**	**254134**	**282408**	**253500**	**157624**
First : Foreign Assets	**218982**	**304968**	**330770**	**282914**	**322209**	**295480**	**206964**
Central Bank of Egypt	129477	160197	182021	173055	198605	156331	92168
Banks	89505	144771	148749	109859	123604	139149	114796
Second : Foreign Liabilities	**85597**	**86339**	**27090**	**28780**	**39801**	**41980**	**49340**
Central Bank of Egypt +	68176	64825	1688 *	1323	8371	9134	16109
Banks	17421	21514	25402	27457	31430	32846	33231

Source : Central Bank of Egypt.

+ According to the new classification of SDR allocations referred to in Table (1/1).

* Due to settling rescheduled debts (under Paris Club Agreement) with the government.

(2/5) Banking Survey : Domestic Credit and Other Items (Net)

(LE mn)

End of June	2006	2007	2008	2009	2010	2011	2012
First : Domestic Credit	**509532**	**531314**	**570953**	**695326**	**775268**	**892766**	**1072566**
Net claims on the government (A+B-C)	184131	178323	174005	273122	326141	437337	578654
A- Securities	295974	278011	271788**	397804	440410	542792	677139
B- Credit facilities	28044	52151	67732	55939	68139	98826	111362
C- Government deposits	139887	151839	165515	180621	182408	204281	209847
Claims on public business sector *	32888	24446	26897	33146	29985	32981	40620
Claims on private business sector	239338	268607	291719	304470	326350	323241	340865
Claims on household sector	53175	59938	78332	84588	92792	99207	112427
Second : Other Items (Net)	**-82561**	**-87255**	**-107969**	**-118249**	**-140217**	**-136855**	**-135782**
Capital accounts+	-102139	-114534	-135401	-148332	-170877	-146543	-168778
Net unclassified assets and liabilities	19578	27279	27432**	30083	30660	9688	32996

Source : Central Bank of Egypt.

* Including all public sector companies subject or not to Law No. 203 for 1991.

+ According to the new classification of SDR allocations referred to in Table (1/1).

** Due to settling rescheduled debts (under Paris Club Agreement) with the government.

(2/6) Total Saving Vessels

(LE mn)

End of June	2006	2007	2008	2009	2010	2011	2012
Total Saving Vessels	**560229**	**655376**	**742177**	**803063**	**794350**	**855132**	**917643**
Savings at the Banking System	**451082**	**531398**	**596085**	**648220**	**703419**	**760704**	**819898**
Time & saving deposits in local currency	314188	377424	436268	481054	545303	583732	633858
Demand and time & saving deposits in foreign currencies	136894	153974	159817	167166	158116	176972	186040
Net Sales of Investment Certificates	**63697**	**68311**	**79354**	**81262**	**90931**	**94428**	**97745**
Post Office Saving Deposits	**45450**	**55667**	**66738**	**73581**	**N.A.**	**N.A.**	**N.A.**

Source : Central Bank of Egypt.

(3/1) Gross Domestic Debt

(LE mn)

End of June	2007	2008	2009	2010	2011	2012
Gross Domestic Debt (1+2+3-4)	**630966**	**658307**	**755297**	**888715**	**1044898**	**1238137**
1- Net Domestic Debt of Government (A+B+C+D+E)	**478173**	**478811**	**562327**	**663818**	**808113**	**990529**
A- Balances of Bonds & Bills	**562897**	**568960**	**681838**	**779232**	**916976**	**1078162**
Treasury bonds with the CBE	165980	122378	121708	121533	130596	178830
Local currency bonds with public sector banks	4000	4000	4000	4000	4000	4000
Bonds offered abroad *:						
US$	3868	3750	4036	6005	7583	3834
LE	0	112	3773	3808	3954	4279
Egyptian treasury bonds	57000	78500	92500	159767	206767	270567
Government notes to compensate for the actuarial deficit in social insurance funds	2000	2000	2000	2000	2000	2000
Housing bonds	119	117	116	114	115	111
Foreign currency bonds with public sector commercial banks	11886	11126	11677	11883	0	0
The equivalent of the retained 5% of corporate profits to purchase government bonds	1588	1636	1700	1764	1830	1905
Bonds of the Insurance Funds (against the transfer of NIB debt to the Treasury)	197799	198902	201248	202237	204028	204028
Treasury Bills						
LE	118657	146439	239080	266121	356103	373398
US$	0	0	0	0	0	35210
B- Borrowing from other entities	**0**	**0**	**0**	**0**	**2000**	**13036**
C- Credit Facilities from the Social Insurance Funds	**4517**	**2343**	**2343**	**2343**	**2343**	**1725**
D - The Masri Dollar certificate **	**0**	**0**	**0**	**0**	**0**	**193**
E- Net Government Balances with the Banking System	**-89241**	**-92492**	**-121854**	**-117757**	**-113206**	**-102587**
2- Borrowing of Economic Authorities (Net)	**44557**	**50123**	**52255**	**67771**	**66290**	**63112**
Net Balances of Economic Authorities with the Banking System	-7177	-1156	2193	16302	14149	10457
Borrowing of Economic Authorities from NIB ***	51734	51279	50062	51469	52141	52655
3- NIB Debt (Net)	**166201**	**189180**	**200754**	**222259**	**238179**	**251028**
NIB Debt	169152	193071	205560	227769	240851	253679
Deposits of the NIB with the banking system (-)	2951	3891	4806	5510	2672	2651
4- NIB Intradebt	**57965**	**59807**	**60039**	**65133**	**67684**	**66532**
Government debt to the NIB (investments in government securities)	6231	8528	9977	13664	15543	13877
Loans of economic authorities to NIB	51734	51279	50062	51469	52141	52655

Source: Central Bank of Egypt - Ministry of Finance - National Investment Bank.

* (Holdings of resident financial institutions in Egypt represented in the banking system and the insurance sector).

** In order to support the national economy and finance the development plan , the National Bank of Egypt issued a new US dollar certificate in May 2012 for Egyptians resident abroad to invest their savings in the Egyptian market. The Masri Dollar Certificate is a three-year certificate, with a 4% annual return, and is not redeemable in the first six months. Its minimum purchase value is US$ 1000, with no ceiling.

*** Apart from the interest payments due to the NIB.

(3/2) NIB Resources and Uses

(LE mn)

End of June	2007	2008	2009	2010	2011	2012
Liabilities :of which	**169152**	**193071**	**205560**	**227769**	**240851**	**253679**
Social Insurance Fund for Gov. Employees	27428	29076	29638	31613	32982	34999
Social Insurance Fund for Pub. & Priv. Business Sectors Employees	20574	22632	24895	27384	29663	29765
Proceeds from investment certificates	68485	79232	81454	91134	94635	97904
Accumulated interest on investment certificates (category A)	7579	7509	8654	8648	8747	8005
Proceeds from US dollar development bonds	483	152	11	10	9	7
Post office savings	43518	49255	54487	64837	71978	78852
Others*	1085	5215	6421	4143	2837	4147
Assets :of which	**169152**	**193071**	**205560**	**227769**	**240851**	**253679**
Loans to government	0	0	0	0	0	0
Loans to economic authorities	51734	51279	50062	51469	52141	52655
Investments in government securities (bills and bonds)	6231	8528	9977	13664	15527	13877
Deposits of the NIB with the banking system	2951	3891	4806	5510	2672	2651
Lending for equity participations, concessional loans, and others (NIB debt minus its intradebt)	108236	129373	140715	157126	170511	184496

Source : Central Bank of Egypt - National Investment Bank.

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

(3/3) External Debt

(US$ mn)

End of June	2006	2007	2008	2009	2010	2011	2012 +
Total External Debt*	**29592.6**	**29898.0**	**33892.8**	**31531.1**	**33694.2**	**34905.7**	**34384.5**
Rescheduled bilateral debt **	15229.0	14846.5	15606.4	14081.4	12599.3	12860.6	10983.3
ODA	7610.6	7396.5	7787.8	7448.0	7054.6	7271.6	6654.6
Non-ODA	7618.4	7450.0	7818.6	6633.4	5544.7	5589.0	4328.7
Other bilateral debt	4295.5	4346.0	4972.1	4824.2	4692.4	5214.5	5074.2
Paris Club countries	3590.4	3630.1	4130.4	3978.3	3774.7	4211.3	3960.7
Other countries	705.1	715.9	841.7	845.9	917.7	1003.2	1113.5
International & regional institutions	5205.0	6815.2	7361.5	8168.8	9977.5	10808.6	11068.1
Suppliers' & buyers' credits	979.5	791.6	763.5	323.6	313.5	426.0	405.0
Egyptian bonds & notes	1861.9	1570.3	2651.8	1926.1	3079.5	2821.0	2900.7
Long- term deposits	300.0	0.0	0.0	0.0	0.0	0.0	1000.0
Private sector debt (non-guaranteed)	88.7	78.9	18.2	83.0	77.2	17.5	51.3
Short-term debt	1633.0	1449.5	2519.3	2124.0	2954.8	2757.5	2901.9
Deposits	633.1	536.0	1048.3	1156.1	1359.5	972.7	913.7
Other short-term facilities	999.9	913.5	1471.0	967.9	1595.3	1784.8	1988.2

Source: Loans and External Debt Department -CBE.

+ Provisional

* The difference from World Bank Data is in short-term debt .

** According to the agreement signed with Paris Club countries on May 25, 1991.

(3/4) Distribution of External Debt by Main Currencies

(US$ mn)

End of	June 2011		June 2012*		Change
	Value	%	Value	%	(-)
Total	**34905.7**	**100.0**	**34384.5**	**100.0**	**(521.2)**
US dollar **	13731.9	39.4	15018.8	43.7	1286.9
Canadian dollar	145.1	0.4	124.4	0.3	(20.7)
Australian dollar	117.5	0.3	93.4	0.3	(24.1)
Swiss franc	618.7	1.8	490.9	1.4	(127.8)
Sterling pound	203.3	0.6	167.7	0.5	(35.6)
Japanese yen	4480.4	12.8	4380.1	12.7	(100.3)
Danish krone	121.7	0.3	96.6	0.3	(25.1)
Norwegian krone	5.0	0.0	4.2	0.0	(0.8)
Swedish krona	28.1	0.1	22.1	0.1	(6.0)
Kuwaiti dinar	2111.6	6.1	2222.9	6.5	111.3
Saudi riyal	43.6	0.1	71.6	0.2	28.0
UAE dirham	30.4	0.1	21.6	0.1	(8.8)
Euro	10064.0	28.8	8383.6	24.4	(1680.4)
Egyptain Pound	605.7	1.7	562.5	1.6	(43.2)
SDRs	2598.7	7.5	2724.1	7.9	125.4

Source: Loans & External Debt Department- CBE

* Provisional.

** Including other due liabilities in US Dollar.

(4/1) Structure of the Egyptian Banking System

End of	Number of Banks Operating in Egypt	Number of Branches
June 2006	43	2944
June 2007	41	3056
June 2008	40	3297
June 2009	39	3443
June 2010	39	3502
June 2011	39	3573
June 2012	40*	3610

Source : Central Bank of Egypt.

* After including the Arab International Bank in the banks' record, and being under the supervision of the CBE as of 5/6/2012.

(4/2) Representation Offices of Foreign Banks in Egypt Registered with the CBE

(on June 30, 2012)

Name	Registration Date	Address
Al-Raghi Banking & Investment Corporation*	20/10/1993	19 Adly St.,2nd Floor , Apart. 59, Cairo.
Bank of New York Mellon	27/10/1993	9 Abd El- Moneim Riad St., Dokki, Giza.
Commerz Bank AG.	31/05/1994	Building No. 2401 B, 1st Floor, Smart Village, Cairo-Alex. Highway (28 Km).
Monte dei Paschi di Siena S.P.A.	05/07/1994	10 Sarai EL- Gezeera St.,2nd Floor, Flat No. 5, Zamalek 11211,Cairo.
Union De Banques Arabes et Francaises (UBAF)	15/08/1994	4 Behlar Passage, Kasr El-Nil St., Cairo.
State Bank of India	03/10/1994	15 Kamel El-Shinnawy St., Garden City, Cairo.
Deutsche Bank AG.	10/11/1994	6 Poulis Hanna St., Dokki, Giza.
Intesa SanPaolo Spa.	13/03/1995	3 Abo Elfeda St., Zamalek, Cairo.
JP Morgan Chase Bank N.A.	05/08/1996	3 Ahmed Nessim St., Giza.
Bank of Tokyo Mitsubishi UFJ Ltd.	04/03/1997	Nile City Towers, South Tower, 10th Floor/C, Corniche El-Nil, Cairo.
UBS AG.	22/10/1997	International Trade Building, 1191 Corniche El-Nil St., 13th Floor, Cairo.
Credit Suisse AG.	16/03/1998	Nile City Towers, North Tower, Ramlah Boulak,Cairo.
Wells Fargo Bank, National Association	06/05/1998	9 El-Gomhoria El-Motahida Square, Dokki, Giza.
Credit Industriel et Commercial, CIC.	22/07/1999	28 Sherif St., Cairo.
B.H.F Bank A.G.	02/08/1999	8 El-Sadd El-Aley St., Dokki, 12311,Giza.
Royal Bank Of Scotland (RBS)	17/11/1999	31 Gezirat El-Arab St., Mohandeseen, Giza.
Natixis	22/03/2000	El-Kamel Building, 54/B, Banks Zone, 6th of Oct.
Den Norske Bank*	27/05/2001	19 El-Gabalaya St., Zamalek,Cairo.
Bank of Valleta Plc.	10/07/2003	7 EL-Thawra Square, 7th Floor, Flat No.71, Dokki, Giza.
Sumitomo Mitsui Banking Corporation	19/01/2004	3 Ibn Kassir, Corniche El-Nile St., 14th Floor, Flat No. 6, Giza.
Standard Chartered Bank	12/09/2005	El Sheikha Fatma St., City Stars Towers, Star Capital (2), Office No. 21-22, Misr El-Gadedah, Cairo.
Sudanese Egyptian Bank	28/05/2008	4 Ahmed Basha St., 16th Floor, Garden City, Cairo.
China Development Bank Corporation	02/11/2009	Apartment no. 1 & 2, Building 41, St. 18., Maadi, Cairo.
Türkiye İş Bankasi, A.Ş.	31/03/2010	Nile City Towers, North Tower, 27th Floor, Corniche El-Nil, Cairo.
CaixaBank S.A	08/07/2012	Nile City Towers, North Tower, 23rd Floor, Corniche El-Nil, Cairo.

Source : Central Bank of Egypt.

* Currently not operating

(5/1) Banks : Aggregate Financial Position

(LE mn)

End of June	2006	2007	2008	2009	2010	2011	2012
Assets							
Cash	6813	7705	10261	11128	12448	14830	14534
Securities & investments in TBs, of which:	193965	176098	201858	332597	405895	474176	555326
CBE notes	21563	17617	-	-	-	-	-
Balances with banks in Egypt; of which:	121695	217363	278185	173482	200719	117010	104269
Lending and discount balances	413	946	1307	775	729	885	978
Balances with banks abroad; of which:	72554	124366	122792	77120	57371	96080	75905
Lending and discount balances	1273	2836	2448	1869	2004	1398	2714
Clients' Loan and discount balances	324041	353746	401425	429957	465990	474139	506736
Other assets	42494	58645	68790	67709	78232	93455	109390
Assets = Liabilities	**761562**	**937923**	**1083311**	**1091993**	**1220655**	**1269690**	**1366160**
Liabilities							
Capital	27112	33037	37576	41550	46598	59049	67345
Reserves	13418	12552	19763	21371	28486	22056	25539
Provisions	54950	53469	62314	69748	70418	55106	54127
Bonds & long-term loans	17526	26351	22285	22045	21697	26180	27840
Obligations to banks in Egypt	21488	82619	98699	31004	53881	28171	19009
Obligations to banks abroad	8770	10006	13327	18195	20305	15168	14792
Total deposits	568841	649953	747199	809694	892492	957037	1023517
Other liabilities; of which:	49457	69936	82148	78386	86778	106923	133991
Payable cheques	2973	5801	4450	3576	4764	5143	4848

Source : Central Bank of Egypt.

(5/2) Banks : Deposits by Maturity

(LE mn)

End of June	2006	2007	2008	2009	2010	2011	2012
Total Deposits	**568841**	**649953**	**747199**	**809694**	**892492**	**957037**	**1023517**
Demand deposits	62431	78759	100569	102853	119518	130087	133704
Time & saving deposits	479805	542982	612737	673048	738650	789407	851117
Blocked or retained deposits	26605	28212	33893	33793	34324	37543	38696
In Local Currency	**401143**	**463320**	**552079**	**598587**	**686052**	**724878**	**777806**
Demand deposits	41793	50366	71971	69262	84152	86967	86742
Time & saving deposits	345953	396351	460285	509156	580020	615839	666995
Blocked or retained deposits	13397	16603	19823	20169	21880	22072	24069
In Foreign Currencies	**167698**	**186633**	**195120**	**211107**	**206440**	**232159**	**245711**
Demand deposits	20638	28393	28598	33591	35366	43120	46962
Time & saving deposits	133852	146631	152452	163892	158630	173568	184122
Blocked or retained deposits	13208	11609	14070	13624	12444	15471	14627

Source : Central Bank of Egypt.

(5/3) Banks : Deposits by Sector

(LE mn)

End of June	2006	2007	2008	2009	2010	2011	2012
Total Deposits	**568841**	**649953**	**747199**	**809694**	**892492**	**957037**	**1023517**
In Local Currency	**401143**	**463320**	**552079**	**598587**	**686052**	**724878**	**777806**
Government sector	49422	37233	44789	49564	58496	56728	58930
Public business sector *	20399	23464	29434	28800	32726	29278	24843
Private business sector	41444	77504	119716	104250	114372	103965	92697
Household sector	287973	321793	354119	413558	477842	532032	597459
External sector **	1905	3326	4021	2415	2616	2875	3877
In Foreign Currencies	**167698**	**186633**	**195120**	**211107**	**206440**	**232159**	**245711**
Government sector	29290	30329	33203	41481	45618	51403	55731
Public business sector *	5668	6721	9146	8735	6474	7549	8812
Private business sector	39263	49093	57202	58321	54907	60241	64496
Household sector	92174	98331	93653	100210	96875	109248	112859
External sector **	1303	2159	1916	2360	2566	3718	3813

Source : Central Bank of Egypt.

* Including all public sector companies subject or not to Law No. 203 for 1991.

** Including counterpart deposits of USAID.

(5/4) Banks : Lending and Discount Balances by Sector

(LE mn)

End of June	2006	2007	2008	2009	2010	2011	2012
Total	**324041**	**353746**	**401425**	**429957**	**465990**	**474139**	**506736**
In Local Currency	**238926**	**248544**	**267166**	**295192**	**313654**	**327764**	**364175**
Government sector	11285	10788	9698	12946	15389	18191	14615
Public business sector *	26269	18097	19475	23725	21051	24560	31581
Private business sector	150491	163292	167258	177107	185694	187810	207334
Household sector	50158	55453	69838	78827	90266	96112	109738
External sector	723	914	897	2587	1254	1091	907
In Foreign Currencies	**85115**	**105202**	**134259**	**134765**	**152336**	**146375**	**142561**
Government sector	9712	15896	21460	17802	23995	21611	18974
Public business sector *	6373	6091	7177	9155	8761	8128	8836
Private business sector	64184	76020	90829	90778	101454	96945	97052
Household sector	3017	4485	8494	5762	2526	3095	2690
External sector	1829	2710	6299	11268	15600	16596	15009

Source : Central Bank of Egypt.

* Including all public sector companies subject or not to Law No. 203 for 1991.

(6/1) GDP at Factor Cost by Economic Sector

At 2006/2007 prices

(LE mn)

Sectors	2010/2011			2011/2012			Growth Rate % 2011/2012		
	Public	Private	Total	Public	Private	Total	Public	Private	Total
Total GDP	**319640.4**	**534329.8**	**853970.2**	**325888.9**	**547165.4**	**873054.3**	**2.0**	**2.4**	**2.2**
Agriculture,Irrigation & Fishing	**21.9**	**113256.9**	**113278.8**	**22.8**	**116563.0**	**116585.8**	**4.1**	**2.9**	**2.9**
Extractions	**93870.0**	**21508.0**	**115378.0**	**93844.0**	**21650.0**	**115494.0**	**0.0**	**0.7**	**0.1**
Oil	41081.0	7126.0	48207.0	41451.0	7253.0	48704.0	0.9	1.8	1.0
Natural gas	52385.0	11291.0	63676.0	51976.0	11239.0	63215.0	-0.8	-0.5	-0.7
Others	404.0	3091.0	3495.0	417.0	3158.0	3575.0	3.2	2.2	2.3
Manufacturing Industries	**20999.0**	**112485.0**	**133484.0**	**21002.0**	**113465.0**	**134467.0**	**0.0**	**0.9**	**0.7**
Oil refining	3293.0	2777.0	6070.0	3118.0	2668.0	5786.0	-5.3	-3.9	-4.7
Others	17706.0	109708.0	127414.0	17884.0	110797.0	128681.0	1.0	1.0	1.0
Electricity	**11058.0**	**1385.2**	**12443.2**	**11816.0**	**1367.0**	**13183.0**	**6.9**	**-1.3**	**5.9**
Water	**3057.0**	**0.0**	**3057.0**	**3199.0**	**0.0**	**3199.0**	**4.6**	**0.0**	**4.6**
Sewerage	**732.0**	**0.0**	**732.0**	**765.0**	**0.0**	**765.0**	**4.5**	**0.0**	**4.5**
Construction & Building	**4973.0**	**40652.0**	**45625.0**	**5131.0**	**42001.0**	**47132.0**	**3.2**	**3.3**	**3.3**
Transportation & Storage	**9430.0**	**27611.0**	**37041.0**	**9621.0**	**28449.0**	**38070.0**	**2.0**	**3.0**	**2.8**
Communications	**10742.0**	**25834.0**	**36576.0**	**10849.8**	**27612.3**	**38462.1**	**1.0**	**6.9**	**5.2**
Information	**651.0**	**1201.0**	**1852.0**	**674.0**	**1254.0**	**1928.0**	**3.5**	**4.4**	**4.1**
Suez Canal	**28234.0**	**0.0**	**28234.0**	**29326.0**	**0.0**	**29326.0**	**3.9**	**0.0**	**3.9**
Wholesale & Retail Trade	**3264.0**	**87582.0**	**90846.0**	**3358.0**	**89316.0**	**92674.0**	**2.9**	**2.0**	**2.0**
Finance	**21646.0**	**11520.0**	**33166.0**	**22170.0**	**11730.0**	**33900.0**	**2.4**	**1.8**	**2.2**
Insurance	**2220.0**	**629.0**	**2849.0**	**2266.0**	**638.0**	**2904.0**	**2.1**	**1.4**	**1.9**
Social Solidarity	**30255.0**	**0.0**	**30255.0**	**31040.0**	**0.0**	**31040.0**	**2.6**	**0.0**	**2.6**
Tourism	**332.0**	**33229.0**	**33561.0**	**345.0**	**33981.1**	**34326.1**	**3.9**	**2.3**	**2.3**
Real Estate	**1002.0**	**23251.0**	**24253.0**	**1043.0**	**23996.0**	**25039.0**	**4.1**	**3.2**	**3.2**
Real Estate Ownership	409.0	12186.0	12595.0	426.0	12672.0	13098.0	4.2	4.0	4.0
Business Services	593.0	11065.0	11658.0	617.0	11324.0	11941.0	4.0	2.3	2.4
General Government	**76337.0**	**0.0**	**76337.0**	**78572.0**	**0.0**	**78572.0**	**2.9**	**0.0**	**2.9**
Social Services	**816.5**	**34185.7**	**35002.2**	**844.3**	**35143.0**	**35987.3**	**3.4**	**2.8**	**2.8**
Education	0.0	9839.0	9839.0	0.0	10083.0	10083.0	0.0	2.5	2.5
Health	782.0	10628.0	11410.0	807.0	10942.0	11749.0	3.2	3.0	3.0
Others	34.5	13718.7	13753.2	37.3	14118.0	14155.3	8.1	2.9	2.9

Source: Ministry of Planning.

(6/2) GDP by Expenditure

(At 2006/ 2007 prices)

	Value at LE bn		Structure %		Growth Rate %	
	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012
1-GDP at Market Price (2+5-6)	**894.0**	**913.8**	**100.0**	**100.0**	**1.8**	**2.2**
2- Total Domestic Expenditure (3+4)	**932.8**	**988.7**	**104.4**	**108.2**	**3.8**	**6.0**
3- Final Consumption	**760.5**	**802.7**	**85.1**	**87.8**	**5.3**	**5.5**
Final private consumption	661.8	700.9	74.0	76.7	5.5	5.9
Final government consumption	98.7	101.8	11.1	11.1	3.8	3.1
4- Gross Capital Formation	**172.3**	**186.0**	**19.3**	**20.4**	**-2.1**	**8.0**
Investments	162.8	164.0	18.2	18.0	-5.6	0.7
Change in stock	9.5	22.0	1.1	2.4	..	..
5- Exports of Goods & Services	**243.6**	**238.0**	**27.2**	**26.0**	**1.2**	**-2.3**
6- Imports of Goods & Services	**282.4**	**312.9**	**31.6**	**34.2**	**8.4**	**10.8**

Source: Ministry of planning.

(6/3) Consumer Price Index (Urban Population) (January 2010=100) *

Group	Relative Weights	End of June 2010	End of June 2011	End of June 2012	Inflation Rate (%) FY 2010/2011	Inflation Rate (%) FY 2011/2012
All Items	**100.0**	**102.4**	**114.5**	**122.8**	**11.8**	**7.3**
Food & non-alcoholic beverages	39.92	105.9	126.0	137.6	19.0	9.2
Alcoholic beverages and Tobacco	2.19	100.0	169.9	201.8	69.9	18.8
Clothing & footwear	5.41	100.0	102.2	106.8	2.2	4.5
Housing, water, electricity, gas & other fuel	18.37	99.3	100.4	107.7	1.1	7.2
Furnishings, household equipment & routine maintenance of the house	3.77	102.6	105.2	114.4	2.5	8.8
Health	6.33	100.0	101.9	102.0	1.9	0.1
Transportation	5.68	100.6	101.7	104.5	1.1	2.8
Communications	3.12	99.9	100.0	95.5	0.1	-4.5
Recreation & culture	2.43	102.4	108.4	117.8	5.9	8.6
Education	4.63	100.0	124.3	136.6	24.3	9.9
Restaurants & hotels	4.43	100.2	112.4	116.5	12.1	3.6
Miscellaneous goods and services	3.72	100.7	103.2	104.5	2.4	1.3

Source: Central Agency for Public Mobilization and Statistics(CAPMAS), (Monthry Bulletin of Consumer Price Index) .

* The 9th series of CPI was introduced in August 2010. The weights involved in the formation of the Index were taken from the results of the 2008/2009 survey of income, expenditure and consumption using January 2010 as a base period.

(6/4) Inflation Rate (PPI) (2004/2005 = 100)

Group	Relative Weights	End of June 2010	End of June 2011	End of June 2012	Inflation Rate (%) FY 2010/2011	Inflation Rate (%) FY 2011/2012
All Items	**100.0**	**160.9**	**192.1**	**185.0**	**19.4**	**-3.7**
Agriculture, Forestry and Fishing	25.10	210.9	261.4	243.9	23.9	-6.7
Mining and Quarrying	21.80	147.8	201.5	181.1	36.3	-10.1
Manufacturing	38.90	149.6	165.0	168.1	10.3	1.9
Electricity, Gas, Steam and Air Conditioning Supply	2.30	140.3	140.3	140.3	0.0	0.0
Water Supply, Sewerage,Waste Management and Remediation Activities	2.00	146.5	146.5	157.3	0.0	7.4
Transportation and Storage	2.80	124.8	127.3	131.1	2.0	3.0
Accommodation and Food Service Activities	5.00	110.6	125.1	129.3	13.1	3.4
Information and Communications	2.10	112.5	112.5	112.5	0.0	0.0

Source: Central Agency for Public Mobilization and Statistics (CAPMAS) the PPI Bi-monthly Bulletin.

(7/1) Summary of Consolidated Fiscal Operations of General Government
(The Budget sector , NIB & SIFs)

(LE mn)

During FY	Actual			
	2010/2011		2011/2012	
	The Budget Sector	The Budget Sector,NIB & SIFs	The Budget Sector	The Budget Sector,NIB & SIFs
Total Revenues	**265286**	**302010**	**303622**	**348865**
Tax Revenues	192072	192072	207410	207410
Grants	2287	2287	10104	10104
Property Income	42504	50137	56995	67211
Sales of Goods and Services	17405	17405	17819	17819
Financing Investment	8355	8355	6595	6595
Others	2663	31754	4699	39726
Total Expenditures	**401866**	**440410**	**470992**	**516422**
Compensation of Employees	96271	97558	122818	124457
Purchase of Goods and Services	26148	26645	26826	27079
Interests	85077	76363	104441	93401
Subsidies ,Grants and Social Beneifts	123125	168265	150193	204454
Other Expenditures	31364	31554	30796	31072
Purchase of Non-Financial Assets (Investments)	39881	40025	35918	35959
Cash Deficit	136580	138400	167370	167557
Net Acquisitions of Financial Assets	-2120	-4262	-665	-1868
Overall Fiscal Balance	134460	134138	166705	165689

Source : The Ministry of Finance.

(7/1) Summary of Consolidated Fiscal Operations of General Government (Contd.)

(The Budget sector , NIB & SIFs)

(LE mn)

During FY	Actual			
	2010/2011		2011/2012	
	The Budget Sector	The Budget Sector,NIB & SIFs	The Budget Sector	The Budget Sector,NIB & SIFs
Financing Sources	**134460**	**134138**	**166705**	**165689**
Domestic Financing	**144295**	**135903**	**182411**	**184014**
Banking Financing	**109583**	**107238**	**146374**	**145320**
Central Bank	22115	22115	62574	62574
Other Banks	87468	85123	83800	82746
Non- Banking Financing	**34712**	**28665**	**36037**	**38694**
NIB	1861	0	-1666	0
SIFs	10875	0	1498	0
Other	21049	21049	37590	37590
NIB Borrowing	0	6689	0	2489
Special Accounts for Economic Authorities	927	927	-1385	-1385
Blocked Account Used in Amortizing Part of CBE Bonds	**0**	**0**	**0**	**0**
Foreign Borrowing	**5022**	**5022**	**-9062**	**-9062**
Arrears	**0**	**0**	**0**	**0**
Others, of which :	**3553**	**11623**	**622**	**-1997**
Special Accounts for Budget Entities	0	0	0	0
Financing Effects for Eliminations	**0**	**0**	**0**	**0**
Exchange Rate Revaluation	**3922**	**3922**	**1533**	**1533**
Net Privatization Proceeds	**22**	**22**	**0**	**0**
Difference between Treasury Bills Face Value & Present Value	**-7419**	**-7419**	**-11376**	**-11376**
Foreign Debt Reclassification Diff. and Related FX Diff.	**0**	**0**	**0**	**0**
Discrepancy	**-14935**	**-14935**	**2577**	**2577**
Cash deficit (surplus) as a percentage of GDP	**10.0%**	**10.1%**	**10.9%**	**10.9%**
Overall fiscal balance as a percentage of GDP	**9.8%**	**9.8%**	**10.8%**	**10.7%**
Revenues as a percentage of GDP	**19.3%**	**22.0%**	**19.7%**	**22.6%**
Expenditures as a percentage of GDP	**29.3%**	**32.1%**	**30.5%**	**33.5%**

Source : The Ministry of Finance.

(8/1) Balance of Payments

(US$ mn)

	FY				Change
	2010/2011		2011/2012*		
	Value	%	Value	%	(-)
Balance of Current Account	**(6087.8)**		**(7928.3)**		**(1840.5)**
Balance of Current Account (Excluding Transfers)	**(19224.6)**		**(26336.3)**		**(7111.7)**
Receipts	**48865.6**	**100.0**	**47848.1**	**100.0**	**(1017.5)**
Export proceeds**	26992.5	55.2	26975.9	56.4	(16.6)
Transportation, of which	8069.1	16.5	8585.0	17.9	515.9
Suez Canal dues	*5052.9*	*10.3*	*5207.8*	*10.9*	*154.9*
Travel	10588.7	21.7	9419.0	19.7	(1169.7)
Investment income	418.8	0.9	246.1	0.5	(172.7)
Government receipts	117.7	0.2	276.2	0.6	158.5
Other receipts	2678.8	5.5	2345.9	4.9	(332.9)
Payments	**68090.2**	**100.0**	**74184.4**	**100.0**	**6094.2**
Import payments**	54095.5	79.5	58673.8	79.1	4578.3
Transportation	1385.3	2.0	1374.9	1.8	(10.4)
Travel	2112.6	3.1	2497.6	3.4	385.0
Investment income, of which	6468.3	9.5	6948.6	9.4	480.3
Interest paid	*553.6*	*0.8*	*544.7*	*0.7*	*(8.9)*
Government expenditures	1106.1	1.6	1151.9	1.5	45.8
Other payments	2922.4	4.3	3537.6	4.8	615.2
Transfers	**13136.8**	**100.0**	**18408.0**	**100.0**	**5271.2**
Private (net)	12383.9	94.3	17775.6	96.6	5391.7
Official (net)	752.9	5.7	632.4	3.4	(120.5)

* Preliminary figures.

**Including the exports & imports of free zones.

(8/1) Balance of Payments (Contd.)

(US$ mn)

	FY	
	2010/2011	2011/2012*
	Value	Value
Capital & Financial Account	**-4198.6**	**-1403.8**
Capital Account	**-32.3**	**-96.0**
Financial Account	**-4166.3**	**-1307.8**
Direct Investment Abroad	**-958.0**	**-249.2**
Direct Investment in Egypt (Net)	**2188.6**	**2078.2**
Portfolio Investments Abroad	**-117.7**	**-148.7**
Portfolio Investments in Egypt (Net), Of which :	**-2550.9**	**-5025.3**
Bonds	211.0	79.6
Other Investments	**-2728.3**	**2037.2**
Net Borrowing	1500.9	-101.5
Medium -and Long -Term Loans	-828.7	-682.7
Drawings	1147.9	1290.0
Repayments	-1976.6	-1972.7
Medium -Term Suppliers' and Buyers' Credit	-63.1	18.4
Drawings	72.5	104.4
Repayments	-135.6	-86.0
Short -Term Suppliers' and Buyers' Credit (Net)	2392.7	562.8
Other Assets	-3427.1	1163.3
CBE	-64.3	28.0
Banks	-1608.8	4365.7
Other	-1754.0	-3230.4
Other Liabilities	-802.1	975.4
CBE	-44.0	993.5
Banks	-758.1	-18.1
Net Errors & Omissions	**532.5**	**-1946.3**
Overall Balance	**-9753.9**	**-11278.4**
Change in Reserve Assets, Increase (-)	**9753.9**	**11278.4**

Source: CBE.

* Preliminary figures.

(8/2) Average Exchange Rates

(In piasters per foreign currency unit)

End of	June 2011		June 2012	
First: Interbank Rates US$				
Minimum	596.70		605.80	
Maximum	597.10		606.20	
Weighted average	596.90		605.90	
Second: Market Rates	**Buy**	**Sell**	**Buy**	**Sell**
US Dollar	595.58	598.49	604.55	607.48
Euro	861.15	865.41	751.52	755.22
Pound Sterling	953.70	958.54	939.71	944.39
Swiss Franc	713.18	716.84	625.57	628.93
100 Japanese Yen	740.58	744.57	761.11	765.09
Saudi Riyal	158.81	159.60	161.20	161.99
Kuwaiti Dinar	2161.81	2176.32	2151.19	2165.48
UAE Dirham	162.12	162.96	164.57	165.41
Chinese Yuan	92.14	92.59	95.09	95.56

Source : CBE

The interbank Rates started at 23/12/2004

(9/1) Trading in Shares on the Egyptian Exchange

	During FY					
	2010/2011			2011/2012		
	Number of Transactions (Unit)	Amount (Thousand)	Market Value (mn)	Number of Transactions (Unit)	Amount (Thousand)	Market Value (mn)
Shares in Egyptian Pound	**7003133**	**22568747**	**146656**	**5259032**	**21712372**	**117273**
Floor Transactions	6921524	20465398	132939	5206091	20632947	103130
Over the Counter Trading	81609	2103349	13717	52941	1079425	14143
Shares in Foreign Currencies						
(US Dollar)	**147376**	**599556**	**1423**	**128743**	**551996**	**683**
Floor Transactions	145282	537349	830	127399	515887	460
Over the Counter Trading	2094	62207	593	1344	36109	223
(Euro)	**9**	**265**	**36**	**12**	**1018**	**10**
Floor Transactions	0	0	0	0	0	0
Over the Counter Trading	9	265	36	12	1018	10
(Sterling Pound)	**0**	**0**	**0**	**1**	**132**	**0.1**
Floor Transactions	0	0	0	0	0	0
Over the Counter Trading	0	0	0	1	132	0.1
(Swiss Franc)	**0**	**0**	**0**	**2**	**6**	**0.2**
Floor Transactions	0	0	0	0	0	0
Over the Counter Trading	0	0	0	2	6	0.2

Source : Egyptian Financial Supervisory Authority (EFSA) - Monthly Report of the Capital Market.

(9/2) Trading in Bonds on the Egyptian Exchange

	During FY					
	2010/2011			2011/2012		
	Number of Transactions	Amount	Market Value	Number of Transactions	Amount	Market Value
	(Unit)		(Thousand)	(Unit)		(Thousand)
Bonds in (Egyptian Pound)	**1558**	**45139785**	**45114731**	**933**	**33487141**	**31228854**
Floor Transactions	1558	45139785	45114731	933	33487141	31228854
Over the Counter Trading	0	0	0	0	0	0
Bonds in (US Dollar)	**0**	**0**	**0**	**0**	**0**	**0**
Floor Transactions	0	0	0	0	0	0
Over the Counter Trading	0	0	0	0	0	0

Source : Egyptian Financial Supervisory Authority (EFSA) - Monthly Report of the Capital Market.

(9/3) Foreigners' Transactions on the Egyptian Exchange

	During FY			
	2010/2011		2011/2012	
	Egyptian Pound	US Dollar	Egyptian Pound	US Dollar
Net Number of Transactions (Unit)	**57000**	**3731**	**-104562**	**-6323**
Purchases	870112	32561	677076	21764
Sales	813112	28830	781638	28087
Net Volume of Securities (mn)	**42**	**7**	**-416**	**-11**
Purchases	3726	123	3640	107
Sales	3684	116	4056	118
Net Value of Securities (mn)	**2070**	**-15**	**14453**	**-24**
Purchases	44104	217	45223	128
Sales	42034	232	30770	152

Source : Egyptian Financial Supervisory Authority (EFSA) - Monthly Report of the Capital Market.

Periodical Publications of the Central Bank of Egypt

Name of Publication	Language	Periodicity
1 -Monthly Statistical Bulletin	Arabic and English	Monthly
2 -Economic Review	Arabic and English	Quarterly
3 -Annual Report	Arabic and English	Every fiscal year
4 -External Position of the Egyptian Economy	English	Quarterly

Notes:

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