Central Bank of Egypt

Annual Report

2008/2009

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Dr. Farouk Abd El Baky El Okdah

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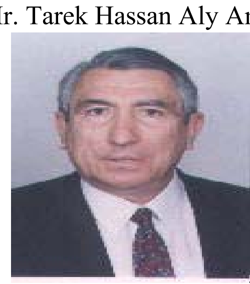
Mr. Tarek Hassan Aly Amer

Mr. Abd El Salam El Anwar

Mr. Mohamed Kamal El-Din Barakat



Mr. Hazem Zaki Hassan

Mrs. Mona Zulficar

Dr. Mahmoud Abd El-Fadeel Hussein

Mr. Aladdin Saba

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Preface:

As the global financial crisis continued to cast shadow over the world economy, global GDP growth retreated by 3.8 percent during FY 2008/2009, against a growth of 2.5 percent in the preceding FY. This slowdown came on the back of the economic recession of the USA, the euro area, the UK, and Japan; along with the sluggish growth in other countries such as China and India. On the whole, this was largely due to the spread of the repercussions of the global financial crisis to all economic activities, dampening external and domestic demand in both advanced and emerging economies.

In response to the crisis and its unfolding spillovers, central banks in nearly all industrial countries opted for easing their monetary policies by successively lowering interest rates, in an attempt to uphold their economies.

Under the global recession, unemployment intensified in many of the major industrial countries as numerous institutions, going bankrupt, had embarked on staff lay-offs, and a large number of factories had either closed or cut down their production. Moreover, the recession drove down inflation rates in most industrial countries in the reporting year.

In this setting, the US dollar exchange rate increased vis-à-vis other main currencies - except for the Japanese yen - during the year, because of the measures taken by the USA to strengthen the banking sector and reinvigorate the economy. In this respect, the USA government announced the purchase of part of the stocks of some financial institutions under the Capital Purchase Program (CPP) and introduced the Troubled Asset Relief Program (TARP). Another factor behind the appreciation of the US dollar was the strong savings in the US Treasury bonds; being considered a safe haven of investment. On the other hand, the US dollar depreciated versus the Japanese yen due to the so-called "yen carry trade", that is borrowing in the yen at very low interest rates to reinvest in other currencies with higher rates of return, in view of the downtrend in international equity prices.

At the level of **domestic economy**, the performance was affected by the global financial crisis and its spillover effects during the reporting year. The effect of the crisis had reached its peak in the second quarter of the said year, but rather subsided in the third and fourth quarters as economic growth tepidly accelerated, compared with the second quarter of the same year. The pace of real GDP growth at factor cost decelerated to about 4.7 percent, from 7.2 percent during FY 2007/2008. Nevertheless, this pace has been faster than the one forecasted by the IMF for the Middle East countries including Egypt (less than 4 percent). The sectors hardest hit by the crisis were tourism, manufacturing and the Suez Canal. Notably, the weak

Economic growth was induced by the sharp decline in the real growth rate of total investments to a negative level (influenced by weak private investments, partially due to the contraction of FDI net flows).

The underperformance of those particular sectors was offset by the strong performance of other sectors, essentially oil, gas and other extractions; communications and IT; and real estate. Moreover, the sluggish economic performance was subdued by certain mitigating factors. First of all, public investment spending accelerated, following the government's injection of nearly LE 15 billion into the market, mostly earmarked for infrastructure projects. Second, despite its low investments, the private sector has remained the key player (57.6 percent of total investments), thereby providing a considerable contribution of some 3.5 percentage points to the economic growth rate. Additionally, the implementation of the first stage of the banking sector reform program and the concomitant reform of the foreign exchange system helped alleviate the negative impact of the global financial crisis on economic growth.

The CBE continued to pursue its **monetary policy** objective of price stability, by seeking to bring inflation to a reasonable and stable level, conducive to reinforcing confidence in the Egyptian economy and maintaining adequate levels of investment and economic growth. The CBE adopted the overnight interbank interest rate as the operational target of the monetary policy, by applying a framework based on the corridor system (within which the ceiling is the overnight interest rate on lending from the Bank, and the floor is the overnight deposit interest rate at the Bank). In FY 2008/2009, the decisions of the Monetary Policy Committee (MPC) were responsive to changes in inflation, and to the MPC assessment of inflationary pressures. Accordingly, in the first half of the reporting year, the MPC decided to raise interest rates several times during the period, prompted by the increase in monthly CPI inflation rates (urban), calculated on an annual basis, to 22.0 percent in July 2008, 23.6 percent in August, 21.5 percent in September and 18.3 percent in December.

However, with the deceleration of inflation in the second half of FY 2008/2009, to 11.7 percent in April 2009, 10.2 percent in May and 9.9 percent in June of the same year, from 20.2 percent in June 2008, the MPC responded with successive reductions on the overnight deposit and lending rates in the period Feb. - June 2009, to encourage investment and stimulate economic growth, without prejudice to the monetary stability objective. This cumulative drop totaled 2.5 percent for the deposit rate and 3.0 percent for the lending rate. Furthermore, the width of the corridor was narrowed from 2.0 percent to 1.5 percent, lowering the overnight deposit and lending rates to 9.0 percent and 10.5 percent, respectively, at end of June of the reporting year. Moreover, the cumulative drop in the credit and discount rate reached 2.5 percent, bringing it to 9.0 percent annually. In its meetings held on July 30 and

September 17, 2009 (during the preparation of the Report), the MPC reduced its overnight deposit and lending rates by 0.50 percent and 0.25 percent, in order, to become 8.25 percent and 9.75 percent. The credit and discount rate was also cut to 8.50 percent in the first meeting, but was kept unchanged in the second. Finally, in its meeting dated November 5, 2009, the MPC decided to keep the overnight deposit and lending rates and the discount rate unchanged.

The MPC decisions were reflected on the overnight interbank interest rates. This, together with the excess liquidity in the banking system, brought the weighted average of the overnight interbank interest rate close more or less to the overnight deposit rate at the CBE, during the reporting year. Market rates on deposits and loans were affected as well, since the average annual interest rate on 3-month deposits fell to 6.5 percent at end of June 2009, from 6.8 percent at end of June 2008; while the annual rate on loans of one year and less averaged 11.6 percent at end of June 2008 and June 2009.

Moreover, the outstanding liquidity balance contracted to LE 82.9 billion at end of June 2009, down from LE 182.7 billion at end of June 2008, thanks to the efforts made by the CBE in FY 2008/2009 to absorb excess liquidity from the market.

Continuing its successful management of the **foreign exchange** through the dollar interbank market, the CBE managed to mobilize adequate resources to meet the increased capital outflows entailed by foreigners' liquidation of their portfolios in the market, on the back of the global financial crisis. This proved effective in boosting confidence in the efficiency of the market, while dispelling dealers' concerns at any imminent fluctuations of the LE exchange rate. The weighted average exchange rate of the US dollar in the interbank market increased from LE 5.3331 on 30/6/2008 to LE 5.5964 on 30/6/2009; denoting a decline of 4.7 percent in the LE value in the reporting year. However, this is considered one of the lowest rates of decline versus the American dollar during the reporting year at the level of some emerging economies (such as Indonesia, Brazil, Turkey, Mexico and Russia), where rates of depreciation ranged between 9.7 percent and 24.8 percent.

The volume of dealing in the interbank market shrank by US$ 16.0 billion or 23.5 percent, compared with the previous FY, to register US$ 51.8 billion. Accordingly, the total volume of dealing in the interbank market, since its launch in December 2004 till the end of June 2009, amounted to US$ 201.8 billion.

Net international reserves at the CBE decreased by US$ 3.3 billion or 9.4 percent in FY 2008/2009, to stand at US$ 31.3 billion at end of June 2009 (against US$ 34.6 billion at end of June 2008), covering nearly 7.5 months of merchandise imports. However, this rate of decline is one of the lowest rates relative to many emerging economies (India, Venezuela, Poland, Malaysia, and Russia), as their reserves declined within a range from 11.3 percent to 24.9 percent. It is noteworthy that NIR in Egypt stepped up to US$ 34.0 billion at end of October 2009 (at the time of preparing this Report), following the IMF's injection of cash liquidity into the economies of its members, with a view to boosting world financial markets. In this context, the IMF had issued SDRs at a value of US$ 283 billion, distributed among its members in proportion to their respective quotas. In consequence, Egypt's SDR reserve assets increased by the equivalent of US$ 1.2 billion.

The CBE’s investment policy aims at diversifying the components of those reserves to include other currencies, alongside the US dollar, according to a set of determinants; mainly the structure of Egypt’s external debt and the currencies of its main trade partners.

After the successful completion of the first stage of the **banking reform plan**, launched in September 2004, the Central Bank started to make the necessary preparations for the second stage (2009-2011). This stage aims at enhancing the soundness and robustness of the banking system, by upgrading its competitiveness and ability to manage risks, so as to perform its key role in financial intermediation, for the interest of the national economy, and help achieve the targeted growth rates. The reform program at this stage is centered on a number of pillars: (1) preparing and implementing a comprehensive program for the financial and managerial restructuring of specialized state-owned banks (Principal Bank for Development and Agricultural Credit, Egyptian Arab Land Bank, and Industrial Development and Workers Bank of Egypt); (2) following up the results of the first stage of the restructuring program as related to the National Bank of Egypt, Banque Misr, and Banque du Caire, and fulfilling whatever is required for raising the efficiency of these banks in the areas of financial intermediation and risk management; (3) applying Basel II standards by Egyptian banks to strengthen their risk management; (4) adopting an initiative to improve access to finance and banking services, especially for small and medium enterprises; and (5) reviewing and firmly applying international governance rules for banks and CBE.

In this context, a protocol was signed with the European Central Bank (ECB) and seven European central banks to provide a three-year technical assistance program, to be initiated on 1 January 2009, to apply Basel II standards in the banking sector. In December 2008, the CBE set in motion a comprehensive initiative to enhance bank credit to small and medium enterprises, by exempting banks that lend SMEs from the reserve requirement ratio (14 percent), in proportion to the amount of credit to be granted. Moreover, the Egyptian Banking Institute EBI (an affiliate of the CBE) has established the Small and Medium Enterprises Unit. The Unit aims at helping banks to create qualified cadres for the departments specialized in SME finance and banking services. This Unit also provides training programs aiming at creating cadres capable of qualifying these enterprises to gain access to finance and banking services, without violating the applicable banking rules.

Preparations for the second stage of the banking reform began after the first stage was successfully implemented. The first stage 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 problem of non-performing loans, and (4) upgrading of the Supervision Sector at the CBE. 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 June 2009) and increasing their capitals. This step is meant to create strong banking entities, with high competitiveness at home and abroad. Under this plan, 80 percent of the stake of the Bank of Alexandria was sold to Italy's Sanpaolo Bank, besides selling the shareholdings of state-owned banks in a number of joint venture and private banks.

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 reform the practices of all departments and technological systems, while establishing new departments, particularly the risk management, information technology (IT) and human resources. Meanwhile, a project for applying the international best practices was carried out within the scheduled time, with the assistance of foreign consultants. In addition, a full audit of state-owned banks was conducted according to the international accounting standards, covering the years from 2004 to 2007. Finally, the recruitment of highly qualified banking cadres and leaderships at state-owned banks (with finance from the Banking Reform Fund) enabled these banks to push ahead with reform and development.

Moreover, the CBE's NPL Management Unit worked out a variety of methods and programs that helped to settle more than 90 percent of NPLs (excluding debts of the public business sector). With regard to the irregular debts of public business sector enterprises to public banks, 62 percent (LE 16 billion) was repaid in cash to those banks. In addition, the ministries of finance and investment pledged to repay the remaining debts (38 percent).

A program for the reform of **the Supervision Sector** was devised to enhance the efficiency of this Sector by benefiting from the best international practices, and apply the concept of risk-based supervision to ensure its robustness and soundness. Furthermore, highly qualified leaderships acquainted with new banking technology were recruited; and efforts were exerted to raise the efficiency of human cadres to be capable of managing this Sector. Also, the management information system (MIS) was upgraded to ensure the timely access to accurate data. In this context, a technical assistance program was completed - in collaboration with the European Central Bank and four European central banks - in the last quarter of 2007.

It is worthy to note that the successful and timely implementation of the first stage of the CBE's banking reform plan has started to yield fruit, helping this sector to weather the adverse effects of the world financial crisis. In response to the aftereffects of the financial crisis, the Central Bank obliged banks to study exposure limits in each country - according to the scale of the economy and the sovereign credit rating - and to reconsider their investments abroad. Moreover, banks are to examine and determine the maximum limits for their clients of foreign financial institutions, given that these limits are to be periodically reviewed. They should also comply with the relevant maximum limits set by the CBE Board, on a daily basis.

As regards on-site supervision, the Central Bank began its 2009 inspection plan for banks and exchange dealer companies. Under this plan, the inspection will cover a large number of banks, and every bank will be inspected annually in a comprehensive or limited manner. For this purpose, preparations are underway to increase inspection capacity, in terms of number and quality. Recently, bank inspection has been conducted via some automated systems and portable computers, now that a program has been developed to select credit inspection samples in a more comprehensive and integrated way, to help inspectors pinpoint the strengths and weaknesses of customers and banks and identify their exposures, with a high degree of accuracy. Also, certain aspects of specific bank customers are being currently examined so that corrective actions can be instantly taken, instead of deferring this step till the comprehensive examination on those banks is conducted.

On the other hand, the Supervision Sector continued to cooperate with the supervisory and judiciary authorities to resolve a number of money and banking issues, besides examining the complaints filed by bank customers and providing the relevant banking expertise.

In pursuit of developing its **payment systems and IT sector**, the CBE initiated the actual operation of the real time gross settlement system (RTGS) in mid-March 2009. The main objective of the system is to prevent systemic risks related to payment systems and credit risks and minimize the risks of liquidity management. The system also allows banks to monitor their accounts at the Central Bank, on a real time basis, for the purpose of raising the efficiency of liquidity management Furthermore, the “Disaster Recovery” site of the RTGS system and all related systems were set up. Tests have been already conducted to ensure that the alternate site will be functional in case of a disaster. Moreover, the CBE branches in Alexandria and Port Said were furnished with more advanced PCs to meet the requirements of the RTGS system and were linked to the system, and efforts were made to raise the efficiency of the interface with both the SWIFT and banks.

Furthermore, a project was implemented, during the reporting year, in collaboration with the National Bank of Egypt, to apply the ATM system to electronically disburse the salaries of the CBE employees. In addition, coordination was made with the Ministry of Finance on the use of ATM cards, instead of cash payment, to disburse salaries of around 12 million government employees. The CBE's Automated Clearing House (ACH) and the FOREX Statistics Chamber were relocated to the main building in El-Gomhoria Street. Moreover, a project was initiated to develop the operational systems and electronically keep record of financial transactions at the CBE, in order to enhance the efficiency of CBE branches, sectors and departments. This technology will help the Ministry of Finance access its data and statements with timeliness and accuracy, in such a way as to monitor, on a real time basis, its transactions that affect its accounts at the Central Bank.

With respect to **the CBE balance sheet**, the Banknote Issue Department reported an increase in banknote issue by LE 15.2 billion or 13.5 percent in the year under review, against LE 19.2 billion and 20.6 percent a year earlier, posting LE 127.6 billion at end of June 2009. On the other hand, the Banking Operations Dept. registered a total balance of LE 222.9 billion at end of June 2009, with a drop of LE 107.8 billion or 32.6 percent in the reporting year.

The aggregate financial position of **banks** (excluding the CBE) scaled up by LE 8.7 billion or 0.8 percent, to register LE 1092 billion at end of June 2009. Deposits at banks rose by LE 62.5 billion or 8.4 percent in the reporting year, against LE 97.2 billion and 15.0 percent in the previous FY, thus standing at LE 809.7 billion or 74.1 percent of the aggregate financial position of banks at end of June 2009. The lending and discount balances also went up by LE 28.5 billion or 7.1 percent, (against LE 47.7 billion and 13.5 percent), to reach LE 430.0 billion or 39.4 percent of banks' aggregate financial position at end of June 2009. Banks' investments in securities and TBs escalated by LE 130.7 billion or 64.8 percent, to LE 332.6 billion or 30.5 percent of banks' aggregate financial position at end of June 2009.

Concerning **the non-banking financial sector**, the year witnessed the unification of the supervisory authorities regulating this sector under the single regulatory umbrella of the Egyptian Financial Supervisory Authority (EFSA). The Authority was established by virtue of Law No. 10 for 2009, regulating non-banking financial markets and instruments. The Authority is in charge of supervising non-banking financial markets and instruments (capital markets, derivative markets, insurance business, mortgage finance, financial leasing, factoring and securitization). The Law states that the Authority shall replace the Egyptian Insurance Supervision Authority (EISA), the Capital Market Authority (CMA), and the Mortgage Finance Authority (MFA) as of 1/7/2009. The Authority shall be responsible for maintaining the soundness and stability of non-banking financial markets, organizing and developing them and protecting the rights of market dealers on equal terms. In addition, to guarantee the efficiency of non-banking financial markets and the transparency of their activities, the Authority shall introduce the appropriate tools and systems, and set adequate rules and regulations.

As it is the case with most international and emerging stock exchanges, the performance of **the Egyptian Exchange** continued to be influenced by the fallout of the global financial crisis. Thus, EGX 30 index moved down to 5702.9 points at end of June 2009 (from 9827.3 points at end of June 2008), down by 42.0 percent. Moreover, the CMA's index plunged by 53.2 percent to 1558.1 points at end of June 2009. However, the market started to show a slight improvement in May and June 2009. On the other hand, the name of CASE 30 Index was changed to EGX 30 to match the new name of the Exchange "the Egyptian Exchange (EGX)" that replaced the former “Cairo and Alexandria Stock Exchanges (CASE)”. Two new indices, EGX 70 and EGX 100, were introduced. The former was launched in March 2009, to track the 70 most active companies, excluding the 30 constituent companies of EGX 30 Index. EGX 100 index was launched as of August 2009, to measure the performance of the constituent companies of EGX 30 and EGX 70.

The new issues approved by the CMA in the primary market reached 3153, at a total value of LE 71.5 billion, of which 2103 went to new incorporations at a value of LE 14.0 billion. Issues for the capital increases of companies amounted to 1050, at a value of LE 57.5 billion.

The number of listed companies in EGX reached 333, and the nominal value of their capitals amounted to LE 149.6 billion in the reporting year, up by 8.4 percent. However, their market capitals decreased by LE 349.7 billion or 43.0 percent, to LE 463.6 billion at end of June 2009 (44.6 percent of GDP in FY 2008/2009). The value of traded papers (shares and bonds) went down by LE 291.0 billion or 47.7 percent, posting some LE 319.7 billion in the reporting year.

Turning to **the insurance sector**, the total value of insurance companies' assets (including investments) mounted by 21.3 percent during the reporting year, reaching LE 40.5 billion at end of June 2009. Total investments of those companies increased to LE 34.5 billion at end of June 2009, from LE 29 billion at end of June 2008, up by 19.0 percent. Insurance premiums as a percentage of GDP reached 1.1 percent in FY 2008/2009, against 1.2 percent in the preceding FY.

As to **mortgage finance**, the number of companies operating in this field increased to 9 during the reporting year, in addition to the Egyptian Mortgage Refinance Company and 19 banks exercising this activity. Moreover, the number of investors jumped from 3, with a total finance of LE 16 million in FY 2004/2005, to 9098 investors with a total finance of LE 1308 million at end of June 2009. The geographical scale of mortgage finance expanded nationwide to cover all governorates, and was mostly directed to the purchase of housing units (98 percent), especially small units (around 86 m^2) which accounted for 60 percent of the total number of units. Loans extended by banks and mortgage finance companies increased from LE 2.65 billion at end of June 2008 to LE 3.7 billion at end of June 2009.

In the face of the spike in international commodity prices at the beginning of the year and the repercussions of the global financial crisis, the main concern of **the fiscal policy** in FY 2008/2009 was to cushion the ensuing adverse effects on the Egyptian economy. To this end, the government adopted a twofold approach based on increasing the allocations for subsidies, and pumping around LE 15.0 billion (mostly investments in basic utilities) in the market. The injection of these funds was intended to spur domestic demand and offset the negative impact of the slackened private investment and the decreased exports of goods and services. Total expenditures surged to about LE 351.5 billion (33.8 percent of GDP), up by LE 69.2 billion above the previous FY. Around 15 percent of the increase in expenditures went to subsidies, reflecting the rise in appropriations for GASC and EGPC subsidies. Even more important were wages and compensations of employees which absorbed 20 percent of the rise in total expenditures. On the other hand, public revenues picked up by about LE 61.1 billion during the reporting year, reaching about LE 282.5 billion (27.2 percent of GDP). As a result, the cash deficit amounted to LE 69.0 billion (6.6 percent of GDP). By adding the net acquisition of financial assets (LE 2.8 billion) to the cash deficit, the overall deficit would post LE 71.8 billion or 6.9 percent of GDP, against LE 61.1 billion and 6.8 percent of GDP a year earlier.

Domestic public debt rose by LE 94.8 billion, standing at LE 761.6 billion (73.3 percent of GDP) at end of June 2009. This debt consisted of the net debts of the government (LE 562.3 billion), public economic authorities (LE 52.3 billion) and the National Investment Bank (LE 147.0 billion).

As for **external transactions**, the balance of payments ran an overall deficit of US$ 3.4 billion (1.8 percent of GDP) during the reporting year, against a surplus of US$ 5.4 billion (3.3 percent of GDP).

The **current account** showed a deficit of US$ 4.4 billion or 2.4 percent of GDP in FY 2008/2009, ascribed to the widening of the trade deficit and the retreat in both the services surplus and net unrequited transfers. Capital and financial transactions unfolded net inflows of US$ 1.4 billion (against US$ 7.6 billion), as FDI in Egypt registered a net inflow of US$ 8.1 billion (against US$ 13.2 billion). Moreover, portfolio investment recorded net outflows of US$ 9.2 billion (against US$ 1.4 billion).

The **external debt** decreased by US$ 2.4 billion at end of June 2009, compared with the end of June 2008, as the outstanding balance (public and private), denominated in US dollar, posted roughly US$ 31.5 billion. The decrease was partially attributed to the depreciation of most currencies of borrowing vis-à-vis the US dollar, bringing the external debt balance down to US$ 1.3 billion, and partially to the net repayments of US$ 1.1 billion of loans and facilities in FY 2008/2009.

The external debt service (medium- and long-term debt) increased by US$ 449.1 million, to some US$ 3.0 billion in FY 2008/2009, due to the rise in principal repayments by US$ 508.4 million, to US$ 2.3 billion, and the fall in interest payments by US$ 59.3 million to US$ 706.5 million. The increased debt service, along with low current receipts, drove up the ratio of external debt service to current receipts in the BOP current account to 5.3 percent (from 3.9 percent in the previous corresponding period).

On the **anti-money laundering** front, the Money Laundering Combating Unit (MLCU) continued to perform its role; receiving reports of suspicious transactions and taking the necessary actions. Also, Know-Your-Customer (KYC) regulations were issued, to be applicable to all the financial institutions bound by AML/CFT requirements. In coordination with MLCU, all competent regulatory authorities issued AML/CFT regulations governing the respective financial institutions falling within their jurisdiction. The year also witnessed the issuance of Prime Minister's decrees on anti-money laundering and combating the finance of terrorism. Finally, the Unit participated in meetings in the area of AML/CFT, organized workshops and conducted relevant studies.

Finally, I would like to express my thanks to, and appreciation for, all the CBE staff for their sincere efforts that enabled the Bank to continue performing its designated role under the umbrella of development and modernization. I also heartily wish that our efforts to materialize our dear country's aspirations for more progress and welfare will bear fruit.

The CBE Governor
Dr. Farouk El Okdah

Chapter 1: Central Bank of Egypt

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Chapter 1
Central Bank of Egypt

1/1: Developments in the Financial Position of the CBE

The CBE's aggregate financial position (banknote issue and banking operations) reached LE 350.6 billion at end of June 2009, with a decrease of LE 92.6 billion or 20.9 percent during FY 2008/2009, against a decline of LE 4.1 billion or 0.9 percent in the preceding FY.

The decrease in CBE assets during the reporting year was a result of the drop in domestic assets by LE 83.6 billion or 32.0 percent, to reach LE 177.6 billion, representing 50.7 percent of the aggregate financial position of the Bank at end of June 2009. Another contributing factor was the decline in foreign assets by LE 9.0 billion worth or 4.9 percent, to reach LE 173.0 billion, or 49.3 percent of the aggregate financial position at end of June 2009.

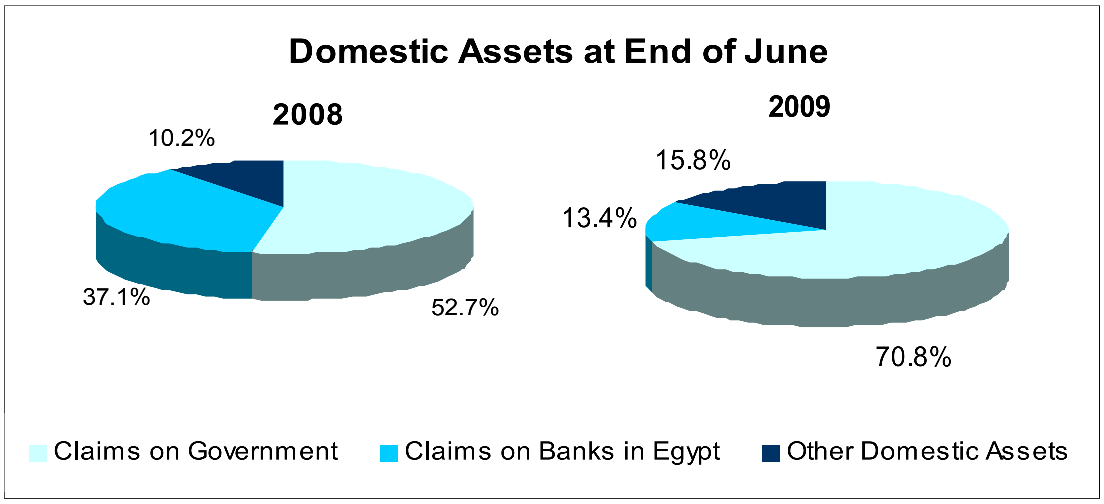
CBE: Assets Analysis

(LE mn)

End of June	2007	2008	2009
Total Assets	**447239**	**443174**	**350570**
Foreign Assets	**160176**	**181973**	**172981**
Domestic Assets	**287063**	**261201**	**177589**
Claims on the government, of which:	170348	137753	125668
Government securities	166724	123123	121708
Claims on the NIB	10	10	-
Claims on banks in Egypt	76230	96788	23815
Other domestic assets	40485	26660	28106

The retreat in domestic assets during the year in question was mainly ascribed to the decrease in CBE's claims on banks in Egypt by LE 73.0 billion, mostly in foreign currency balances with banks due to the global financial crisis. Claims on the government scaled down by LE 12.1 billion, as an outcome of the decrease of LE 10.7 billion in the balances extended thereto to cover any shortage in its accounts and of LE 1.4 billion in government securities. By contract, other domestic assets increased by LE 1.5 billion as a main result of the rise in collected interest by LE 2.9 billion.

The decline in foreign assets at the CBE during the reporting year mainly stemmed from the decrease in the balances with correspondents abroad by an amount equivalent to LE 10.1 billion.



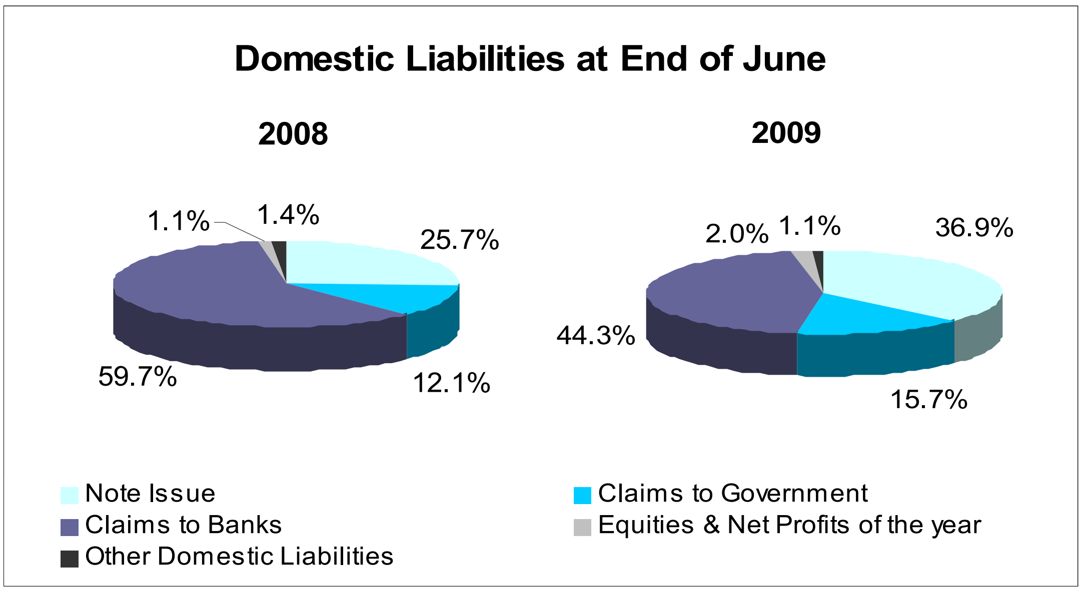
As for liabilities, the decline was primarily due to a decrease in domestic liabilities by LE 92.3 billion or 21.1 percent (against an increase of LE 57.0 billion during the preceding FY), to reach LE 345.7 billion, or 98.6 percent of the aggregate financial position at end of June 2009. Add to this the drop in foreign liabilities by LE 0.3 billion worth or 5.7 percent to LE 4.9 billion worth.

CBE: Liabilities Analysis

(LE mn)

End of June	2007	2008	2009
Total Liabilities	**447239**	**443174**	**350570**
Foreign Liabilities	**66168**	**5140**	**4848**
Domestic Liabilities	**381071**	**438034**	**345722**
Banknote issue	93240	112430	127625
Government claims, of which;	52550	53068	54326
NIB claims	544	2573	632
Banks claims	229701	261725	153186
Equities & net profits for the year	1948	4922	6698
Provisions	41	115	88
Other domestic liabilities	3591	5774	3799

The retreat in domestic liabilities came on the back of the decrease in banks' claims by LE 108.5 billion or 41.5 percent. This was a chief result of the decline in interest-bearing deposits of local banks by LE 100.0 billion under the open market operations used by the CBE to manage liquidity, given the decrease in excess liquidity at the banking system because of the decline in its net foreign assets. However, the retreat in domestic liabilities was offset by the pickup in the balance of banknote issue (by LE 15.2 billion or 13.5 percent), equities and net profits for the year (by LE 1.8 billion) and government claims (by LE 1.2 billion).



1/2: Banknote Issue

Banknote issue (including subsidiary coins) accelerated by LE 15.2 billion or 13.5 percent during the reporting year, against LE 19.2 billion and 20.5 percent in the preceding FY, to reach LE 127.9 billion at end of June 2009.

Banknote Issue*

(LE mn)

End of June	Balance of Banknote Issue	Change during the Year	
		Value	%
2005	67753	7831	13.1
2006	79253	11500	17.0
2007	93499	14246	18.0
2008	112705	19206	20.5
2009	127912	15207	13.5

* Including subsidiary coins issued by the Ministry of Finance

As for the components of the issue cover, the value of gold increased by LE 0.7 billion worth, to reach LE 9.4 billion, as a result of its revaluation on 30th June 2009. Likewise, government bonds increased by LE 14.5 billion, reaching LE 118.2 billion. Accordingly, the structure of the cover at end of June 2009 was as follows: 92.6 percent as government bonds and 7.4 percent as gold.

The increase in banknote issue led to a rise of LE 14.9 billion or 13.3 percent in the currency in circulation outside the CBE (including subsidiary coins), to reach LE 126.3 billion at end of June 2009. A breakdown of currency in circulation outside the CBE by denomination showed that large denominations (LE 200, LE 100, and LE 50) accounted for 90.5 percent of total currency in circulation outside the CBE at end of June 2009. This indicates the continued preference for large denominations, given the increasing value of transactions under high prices.

Accordingly, the average value per note climbed to LE 30.8 at end of June 2009, from LE 30.3 at end of June 2008.

Currency in Circulation outside the CBE*

(LE mn)

Denominations	June 2008		June 2009		Change During the FY	
	Value	Relative Importance	Value	Relative Importance	2007/2008	2008/2009
Total	**111412**	**100.0**	**126268**	**100.0**	**20.9**	**13.3**
Banknote in Circulation	111137	99.8	125981	99.8	20.9	13.4
PT 25	145	0.1	158	0.1	2.1	9.0
PT 50	242	0.2	308	0.3	3.4	27.3
LE 1	591	0.5	770	0.6	7.5	30.3
LE 5	1105	1.0	1257	1.0	12.0	13.8
LE 10	2845	2.6	2911	2.3	(14.4)	2.3
LE 20	7194	6.5	6297	5.0	(15.9)	(12.5)
LE 50	25422	22.8	22898	18.1	(9.1)	(9.9)
LE 100	54529	49.0	60867	48.2	15.7	11.6
LE 200**	19064	17.1	30515	24.2	530.4	60.1
Subsidiary Coins	275	0.2	287	0.2	6.2	4.4

* Representing the difference between banknote issue and cash at the CBE.
** The LE 200 note has been in circulation since May 2007.

1/3: Monetary Policy

As the overriding objective of the monetary policy is price stability, the CBE seeks to bring inflation to a comfortable and stable level that helps build confidence and sustain appropriate levels of investment and economic growth. The framework relies on the use of an overnight inter-bank interest rate as an operational target for the monetary policy, where the CBE provides the outer bounds of a corridor, within which the ceiling is the overnight interest rate on lending from the Bank and the floor is the overnight deposit interest rate at the Bank. During FY 2008/2009, the decisions of the Monetary Policy Committee (MPC) were consistent with the developments in inflation rate and the Committee's assessment of inflationary pressures. As such, the

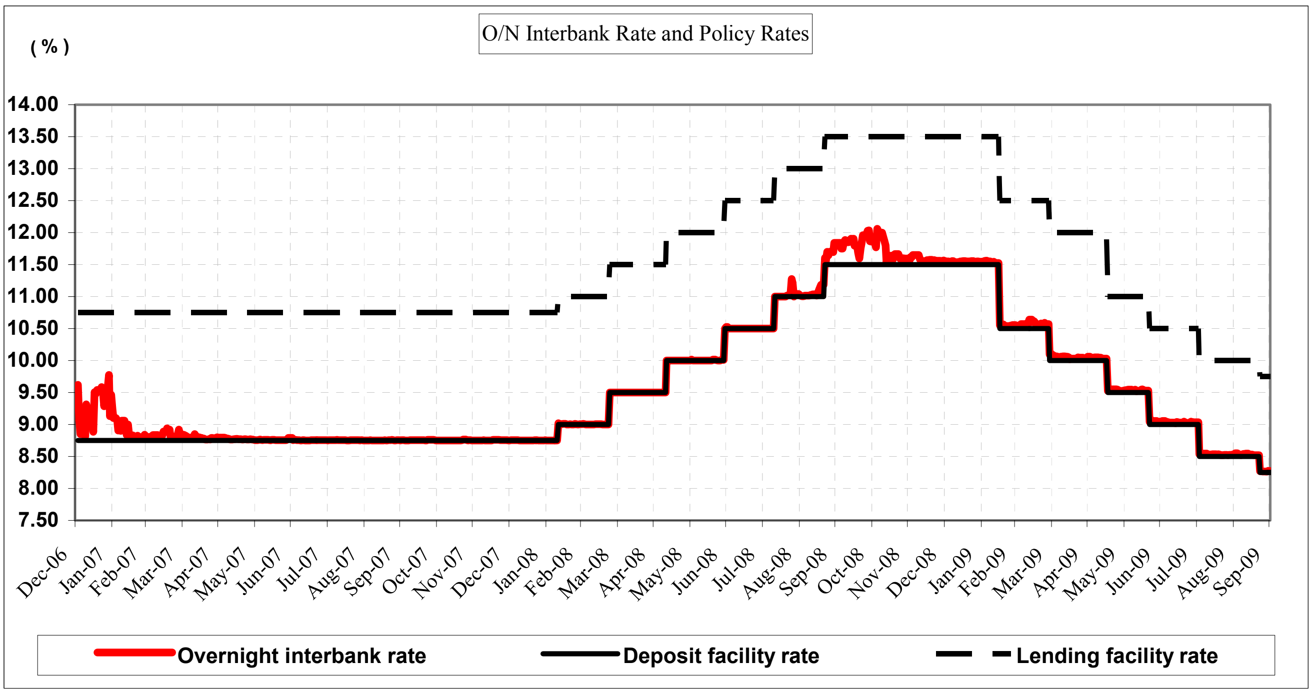
MPC decided in its meetings during the first half of the year to raise the interest rates. This was made in response to the rise in the annual headline CPI inflation (urban - on a monthly basis), which recorded 22.0 percent in July 2008, 23.6 percent in August, 21.5 percent in September and 18.3 percent in December.

In response to the abatement of inflationary pressures and the moderation of inflation during the second half of FY 2008/2009 (posting 11.7 percent in April 2009, 10.2 percent in May and 9.9 percent in June against 20.2 percent in June 2008), the MPC made successive cuts in the key policy rates during the period February - June 2009. Overall, the cumulative cuts reached 2.5 percent for the deposit rate and 3.0 percent for the lending rate. The width of the corridor between the overnight deposit and lending rates was also narrowed from 2.0 percent to 1.5 percent. This brought the overnight deposit and lending rates to 9.0 percent and 10.5 percent, respectively, at end of June 2009. The cumulative reduction in CBE's discount rate was 2.5 percent, to reach 9.0 percent per annum. At the time of preparing this Report, the MPC decided - in its meetings on 30 July and 17 September 2009 - to decrease the overnight deposit and lending rates by 0.5 percent and 0.25 percent, respectively, to become 8.25 percent and 9.75 percent in order. The discount rate was also decreased to 8.5 percent in the first meeting (30/7/2009) and was kept unchanged in the second meeting (17/9/2009). In its meeting dated 5 November 2009, the MPC decided to keep the overnight deposit and lending rates and the discount rate unchanged.

The following are the CBE's key interest rates according to the MPC's decisions taken during FY 2008/2009:

	Overnight Deposit Interest Rate	**Overnight Lending Interest Rate**	**Discount Rate**
June 2008	10.5%	12.50%	10.00%
August 2008	11.00%	13.00%	11.00%
Sept./Dec. 2008	11.50%	13.50%	11.50%
February 2009	10.50%	12.50%	10.50%
March 2009	10.00%	12.00%	10.00%
May 2009	9.50%	11.00%	9.50%
June 2009	9.00%	10.50%	9.00%

The foregoing MPC's decisions were reflected on the overnight interbank interest rate. Given the excess liquidity at the banking system, the weighted average of the said rate moved close to the overnight deposit rate at CBE during the reporting year (see the following chart).



The MPC's decisions also affected the market interest rates on deposits and loans. Hence, the average interest rate on three-month deposits reached about 6.5 percent per annum at end of June 2009 (against 6.8 percent at end of June 2008), while those on one-year or-less loans averaged 11.6 percent per annum at end of June 2008 and June 2009.

<u>Open Market Operations:</u>

During FY 2008/2009, the CBE worked to absorb the excess liquidity from the market, mainly through increasing its foreign exchange sales to banks. This drove down the outstanding balance of liquidity from LE 182.7 billion at end of June 2008 to LE 82.9 billion at end of June 2009.

1/4: Payment Systems and Information Technology (IT)

Aiming ultimately to enhance the soundness and stability of the financial system, the CBE pressed forward with its efforts to develop its payment systems and IT sector so as to reduce risks, speed up settlements, enhance the reliability and confidentiality of settling payments and to progressively move towards a cashless society. In this respect, the following achievements were made during FY 2008/2009:

- The actual operation of the real time gross settlement (RTGS) system was launched in mid-March 2009. The system mainly aims at preventing systematic risks related to payment systems and credit risks, as well as reducing the risks of liquidity management. The system allows banks to monitor their accounts at the CBE on a real- time basis to achieve the highest level of efficiency in liquidity management. Moreover, the Disaster Recovery Site of the RTGS system and all related systems were established. Tests of switching to the Disaster Recovery Site have already been conducted.

To adapt the working systems to the RTGS, the following steps have been taken:

- Furnishing the CBE branches in Alexandria and Port-Said with more advanced PCs, while linking these branches to the newly applied RTGS system and making the necessary operational tests.
- Raising the efficiency of the interface with both the SWIFT and banks to meet the requirements of the RTGS system. For this purpose, a dial-up connection back-up was installed for the primary CBE website, together with another connection for the disaster recovery site.

In addition:

- A project was implemented, in coordination with the National Bank of Egypt, to apply the ATM system to electronically disburse the salaries of the CBE employees.
- The CBE is in the process of preparing a study - in collaboration with the Ministry of Finance - on the use of ATM cards, instead of cash payment, to disburse salaries and monthly pensions of 12 million government employees.
- The CBE's Automated Clearing House (ACH) and the Central Chamber for FX Statistics were transferred from Banque Misr Tower to the Central Bank building in El-Gomhoria Street. Work has started on the new premises as of March 2009.
- A project was launched to develop the operating systems and to support the electronic confirmation of financial transactions. The project's bid is expected to be held in the third quarter of 2009. This project aims at raising the efficiency of work at the CBE's branches and different departments and sectors. It will also help the Ministry of Finance to have an accurate and timely access to its data and reports. By doing so, the Ministry will be able to monitor - on a real time basis - its transactions that affect its accounts at the CBE.
- The database of the banking sector units at the CBE is currently under development. To this end, a data ware house is being established in conformity with international rules.
- Finalizing the data network that links between the CBE and other units of the banking sector and between the CBE and its different branches.

1/4/1: RTGS and SWIFT Local Transfers Service

The RTGS system has been applied to banking transfers executed in Egyptian pound as of mid-March 2009. Data on local banking transfers under the Fin-Copy system, conducted via SWIFT and RTGS, showed an increase in the number and value of LE executed messages, to reach 897.2 thousand messages with a value of LE 5294.4 billion during FY 2008/2009 (against 700.7 thousand with a value of LE 3092.4 billion a year earlier). The remarkable increase during the year was ascribed to the fact that that RTGS operations included for the first time banks' deposit acceptance operations at the CBE (corridor transactions and deposits for monetary policy purposes).

RTGS and SWIFT Local Service Activity in Local Currency

During FY	Number of Messages (unit)	Value of Transfers (LE mn)	Change during the Year	
			Number	Value
2005/2006	404776	1658794	78435	412771
2006/2007	525236	2280198	120460	621404
2007/2008	700668	3092401	175432	812203
2008/2009	897205	5294357	196537	2201956

According to the statistics of the CBE Automated Clearing House included in the RTGS since its launch, the number and value of exchanged cheques increased during the reporting year. As such, they rose in number to 12.1 million cheques at a value of LE 548.0 billion, (from 11.7 million at a value of LE 483.1 billion during the previous FY). This led to a rise in the average value per cheque to LE 45.4 thousand (from LE 41.2 thousand).

ACH Activity

During FY	Number of Cheques (thousand)	Value of Cheques (LE mn)	Change in	
			Number	Value
2005/2006	9508	288715	2.0	10.0
2006/2007	10481	356900	10.2	23.6
2007/2008	11724	483113	11.9	35.4
2008/2009	12062	548038	2.9	13.4

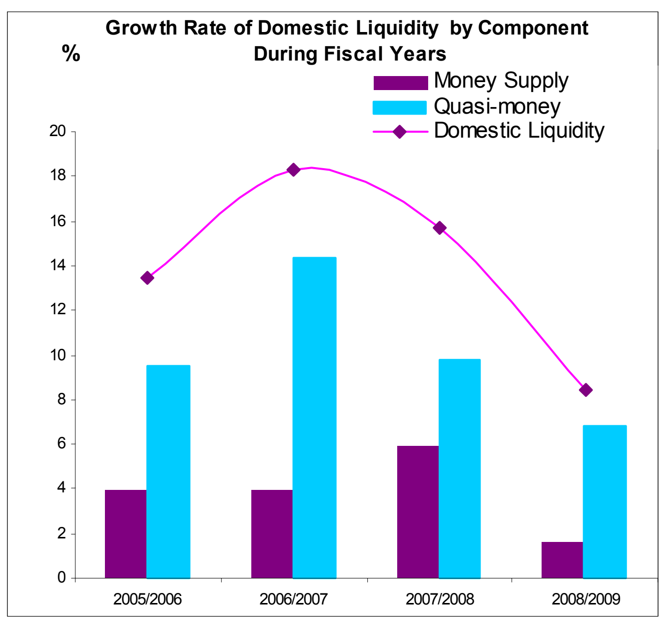
Transactions executed in foreign currencies under the Fin - Copy system, via SWIFT showed a decrease in both number and value. As such, the number of executed transactions reached 12.4 thousand at a value of US$ 83.0 billion (against 13.9 thousand at a value of US$ 105.6 billion during the previous FY).

SWIFT Local Service Activity in US Dollar

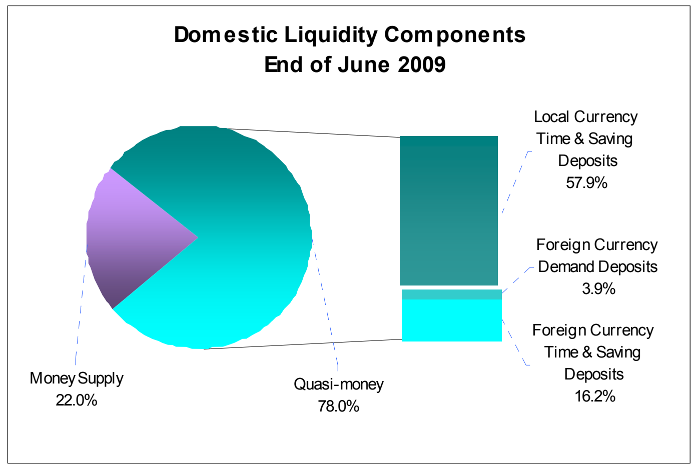
During FY	Number of Messages (Unit)	Value of Transfers (US$ mn)	Change during the Year Number	Change during the Year Value
2005/2006	11049	39773	445	27840
2006/2007	12070	78997	1021	39224
2007/2008	13925	105586	1855	26589
2008/2009	12365	83019	(1560)	(22567)

1/5: Domestic Liquidity and Counterpart Assets

Domestic liquidity (M2) went up by LE 64.5 billion or 8.4 percent during FY 2008/2009, against LE 104.0 billion and 15.7 percent a year earlier, to reach LE 831.2 billion at end of June 2009, and to represent 80 percent of GDP in FY 2008/2009. This was attributed to the increase in local currency deposits with banks by LE 43.7 billion or 8.7 percent, foreign currency deposits by the equivalent of LE 7.3 billion or 4.6 percent, and money in circulation outside the banking system by LE 13.5 billion or 12.9 percent.



Analysis of M2 components shows that the first component (Money Supply or M1) scaled up during the reporting year by LE 12.4 billion or 7.3 percent (against LE 39.3 billion and 29.9 percent in the previous FY), to reach LE 183 billion or 22.0 percent of total domestic liquidity at end of June 2009. This was attributed to an increase in money in circulation outside the banking system by LE 13.5 billion or 12.9 percent (against LE 17.8 billion and 20.5 percent), to reach LE 118.1 billion at end of June 2009. Another contributing factor was the decrease in demand deposits in local currency by some LE 1.1 billion or 1.6 percent (against a rise of LE 21.5 billion or 48.4 percent), to post LE 64.8 billion at end of June 2009. The low demand deposits in local currency was mainly ascribed to the decline of LE 2.6 billion in those of the business sector (public and private). This was somewhat mitigated by the LE 1.2 billion increase in the deposits of the household sector.



Likewise, quasi-money (the 2nd component of domestic liquidity) augmented by LE 52.1 billion or 8.7 percent during the reporting year (against LE 64.7 billion and 12.2 percent in the previous FY), to reach LE 648.2 billion or 78 percent of total domestic liquidity at end of June 2009. The bulk of the increase in quasi-money (85.9 percent) was in LE time and saving deposits. These deposits went up by LE 44.8 billion or 10.3 percent, to reach LE 481.1 billion or 74.2 percent of total quasi-money and 57.9 percent of total domestic liquidity at end of June 2009. In contrast, foreign currency deposits rose by only LE 7.3 billion worth or 4.6 percent during the reporting year (against LE 5.8 billion worth and 3.8 percent during the preceding FY), reaching the equivalent of LE 167.2 billion or 25.8 percent of total quasi-money at end of June 2009.

This indicated the continued preference for the Egyptian pound as a saving instrument, under the relative stability of the LE value vis-à-vis other currencies. This was attributed to the confidence in the efficiency of the forex market that managed to meet the outflows of foreign capital during the global financial crisis. Another factor at work was the successive cuts made by foreign central banks to decrease the interest rates on their currencies.

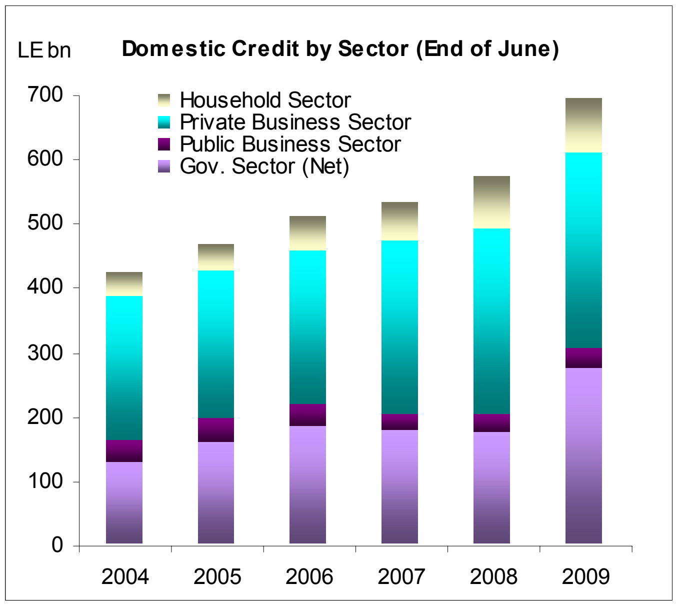
As to the **counterpart assets of domestic liquidity**, net domestic assets (domestic credit and net balancing items) made a positive contribution (14.9 percentage points) to the domestic liquidity growth. This was held back by the negative contribution of net foreign assets (6.5 points).

Domestic Liquidity Growth Rate
By Counterpart Assets

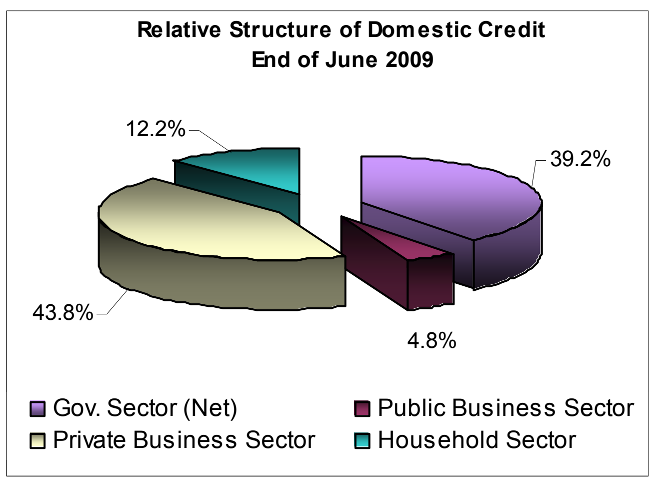
(%)

During the Year Ending June	2006	2007	2008	2009
Domestic Liquidity Growth Rate	13.4	18.3	15.7	8.4
Net foreign assets	10.6	15.2	12.8	(6.5)
Net domestic assets	2.8	3.1	2.9	14.9

Domestic credit mounted by LE 124.4 billion or 21.8 percent during the reporting year (against LE 39.6 billion and 7.5 percent), posting LE 695.3 billion at end of June 2009.



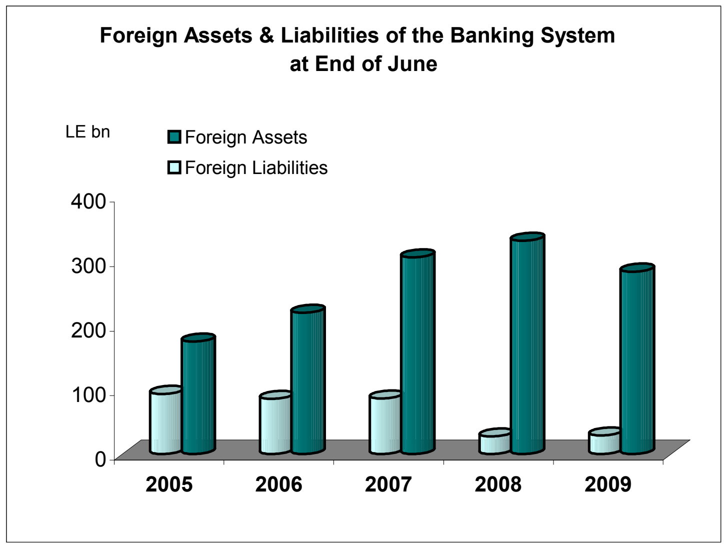
Around 80 percent of the rise in domestic credit was attributed to the surge of LE 99.1 billion or 57.0 percent in the credit (net) extended to the government (including public economic authorities) during the reporting year (against a decrease of LE 4.3 billion or 2.4 percent during the previous FY) to reach about LE 273.1 billion or 39.2 percent of total credit at end June 2009. The increase during the reporting year was an outcome of the pickup in banks' holdings of government securities by LE 126.0 billion, the decline in loans to the government by LE 11.8 billion and the increase in government deposits by LE 15.1 billion.



Credit to the private business sector scaled up by LE 12.8 billion or 4.3 percent (against LE 23.1 billion or 8.6 percent), bringing its debt to LE 304.5 billion or 43.8 percent of total domestic credit at end of June 2009. The lower increase in credit to this sector (reaching only half the amount granted in the previous year) was attributed to the impact of the global financial crisis on private investment. The bulk of this increase (94.4 percent) went to the manufacturing units.

Credit to the household sector went up by LE 6.3 billion or 8.0 percent (against LE 18.4 billion or 30.7 percent in the previous FY). This brought the debt of this sector to LE 84.6 billion or 12.2 percent of total bank credit at end of June 2009. The decline in the credit extended to this sector was ascribed to the non-expansion of banks in retail services (particularly personal and car loans) to hedge against the potential effects of the global financial crisis.

Moreover, credit to the public business sector rose by LE 6.2 billion or 23.2 percent (against LE 2.5 billion or 10.0 percent during the previous FY). This raised the debt of this sector to banks to LE 33.1 billion, or 4.8 percent of total credit at end of June 2009.



Net foreign assets with the banking system retreated by LE 49.6 billion worth or 16.3 percent during the reporting year (against a rise of LE 85.1 billion worth or 38.9 percent), to reach LE 254.1 billion worth at end of June 2009. This was ascribed to the decline in net foreign assets with banks by the equivalent of LE 41.0 billion (due to the retreat in their foreign assets by LE 38.9 billion worth and the increase in their foreign obligations by LE 2.1 billion worth). Another contributing factor was the drop in net foreign assets with the CBE by the equivalent of LE 8.6 billion or 4.8 percent.

It is to be noted that the decrease in net foreign assets during the reporting year was mainly due to the fact that banks resorted to these assets to provide the finance needed to meet the rush in cash outflows, in the wake of the liquidation of portfolios by foreign investors under the global financial crisis.

Net balancing items exerted a contractional effect on domestic liquidity during the reporting year. Its credit balance increased by LE 10.3 billion (against LE 20.7 billion during the previous FY). This was an outcome of the increase in capital balances by LE 12.9 billion (a contractional effect) and the pick up in unclassified assets and liabilities by LE 2.6 billion (an expansionary effect).

1/6: Banking Supervision

The CBE conducts supervision over banks in Egypt to ensure the soundness of their financial positions and to evaluate their performance from the perspective of risk-based supervision. In addition, it checks that banks comply with the CBE regulatory standards, including the minimum-reserve and liquidity ratios, the maximum limits of a bank's exposure to a single customer, his connected parties, and exposure abroad, as well as the asset-liability matching in terms of maturity and currency. Add to this a number of qualitative standards that ensure – besides the abovementioned standards – the sound performance of banks and the safety of depositors' funds. Those standards include good governance rules, information system efficiency and the appropriate competency standards for officials and managers of banks' key sectors.

In response to the implications of the financial crisis that hit the world markets, the Central Bank instructed banks to study the exposure limits in each country according to the scale of its economy and its sovereign credit rating. Moreover, banks are to study and determine the maximum limits of foreign financial institutions they deal with, given that these limits are to be periodically reviewed. Banks should also comply – on a daily basis – with the maximum limits determined by the CBE's Board of Directors in this respect. The implications of the financial crisis showed that the instructions given by the Central Bank and the reform policies it adopted earlier to restructure banks, raise their capital and strengthen their risk management systems have tangibly helped contain the effects of this crisis.

Moreover, the CBE signed a memorandum of understanding with the European Central Bank on 26/11/2008 to initiate the second stage of the three-year European technical assistance program. The program aims at reforming the Supervision Sector at the CBE with the purpose of applying Basel II standards. In addition, a new mechanism was established at the CBE in order to help and follow up banks in the application of these standards.

Seeking to ensure that financial statements of registered banks are prepared according to the Egyptian Accounting Standards which are in conformity with the international accounting standards and the International Financial Reporting Standards (IFRS), the CBE Board of Directors approved on its session of 16/12/2008 the rules entitled "Preparation and presentation of banks' financial statements and the principles of recognition and measurement". The new rules are to replace those regarding the preparation and presentation of banks' financial statements and the principles of assessment formerly approved by the Board of Directors on 20 February 1997 and 27 June 2002. The newly adopted rules can serve as a model for banks to apply these standards to their financial statements with a view to enhancing their disclosure and the transparency of both their financial positions and the outcomes of their operations. These rules shall be effective as of the fiscal year starting on, or after, January 1st , 2010. Within this context, banks are required in 2009 to provide data and information regarding the comparison periods.

Furthermore, during April 2009, the CBE set – through its permanent taskforce group consisting of auditors and CBE representatives – explanatory instructions for the above-mentioned rules which are considered part and parcel of these rules.

Recognizing the key role played by the banking sector in enhancing the national economy and in developing and promoting different companies and enterprises, particularly small and medium-sized ones that could hardly access the banking finance, the Board of Directors decided, on its session on 16 December 2008, to exempt banks – extending loans and credit facilities to those companies – from the reserve requirement ratio (14 percent). Exemption shall be made, proportional to the volume of credit granted by banks to those companies as of January 1st, 2009. This is meant to encourage banking credit to the said companies.

In accordance with the above-said decision, a special unit for small and medium-sized enterprises (SME's) was established at the Egyptian Banking Institute (EBI). The Unit will serve banks in preparing human cadres for the establishment of special units that provide finance and banking services to SME's. The Unit shall also set capacity building programs that help SME owners to obtain finance and banking services from banks, in compliance with sound banking rules. It is worthy noting that the finance extended to these companies and enterprises reached some LE 305 million during the first half of 2009.

Pursuant to the provisions of Article (14) of Law No. 88/2003 of the Central Bank, the Banking Sector and Money, the CBE Board of Directors is responsible for setting regulatory and supervisory standards that guarantee sound financial positions of banks, and their efficient performance, as well as issuing the necessary decisions for their implementation. The Board is also responsible for evaluating the efforts exerted in connection with supervising bank credit, and ensuring the application of the standards of credit quality and financial soundness. Within this context, the CBE Board of Directors decided on January 6, 2009 to:

- Set the regulations governing the assessment of goodwill when determining the companies' net assets for the purpose of granting credit.

- Set the regulations and rules of the banking finance granted for whole or partial acquisition of companies, and assign risk weights within a range of 150 to 200 percent when calculating capital adequacy ratio.

According to Article (6) of the above Law, regarding the role played by the CBE in supervising national payments system, the Central Bank applied, on March 15, 2009, the first real-time gross settlement (RTGS) system for settling payment orders in local currency of banks operating in Egypt on their current accounts at the CBE, as a basis of the national payments system. The system aims at reducing inter-bank credit risks, and improving liquidity management at banks, as well as providing an intraday credit facility by the Central Bank. This system is considered the principal payment system in Egypt, and is a part of the second stage of the banking reform plan initiated by the CBE.

Moreover, it was decided on March 15, 2009 to confine the sales of banks' saving systems with a 3-year or more maturity to only natural persons as of March 16, 2009. This was intended to enhance the key role played by legal persons in launching new investments, which stimulate growth and create new job opportunities, as well as reduce the burdens of finance.

To press forward with the restructuring of the banking sector, the CBE Board of Directors issued a decision on 29 July and 14 October 2008 approving the merger of the Egyptian Workers Bank with the Industrial Development Bank of Egypt. The name of the bank was changed to the Industrial Development and Workers Bank of Egypt as of the end of the working day of 30 October 2008. In addition, the Board agreed, on its session on 21 April 2009, to cease the operations of BNP Paribas' branch in Egypt and to cross out its registration. This came in light of the provisions of Law No. 88 for 2003 of the Central Bank, the Banking Sector and Money, and the Board's decision on 14 September 2004 concerning the conditions and measures taken to halt banks' operations. The Board took into consideration the fact that the bank conducts its operations in Egypt in the form of an Egyptian joint stock company that affiliates to the parent bank abroad.

To improve the quality of declarations submitted by banks relating to credit registration at the CBE, the Board of Directors issued a decision, on its session dated 16 June 2009, approving the amendment of the regulations of credit registration. In case a bank is found to violate any of the provisions of Law No. 88/2003 of the Central Bank, the Banking Sector and Money, its Executive Regulations or a decision issued by the Board of Directors regarding the regulations of credit registration at the CBE, the said Board may -upon a proposition- take any of the measures stipulated in paragraph (a) of Article (135) of this Law, or the Board of Directors' Decision on 16/6/2009. These measures are as follows:

- Lodge a caution;
- Obligate the violating bank to deposit non-interest bearing balances (with a minimum of LE 30 thousand) at the Central Bank for each violation, and at a ratio of 5% of the value of credit facilities granted to the customer subject of violation, for a period of 3 months per year, or part of the year, and a maximum of two years;

- Exempt banks from financial penalties, imposed in case of violating the regulations of credit registration at the CBE, during the period starting from January 1st 2007, till the date of issuing the Board of Directors' decision in this respect. This is due to the fact that the decision was not in effect;
- The CBE Board of Directors – according to the proposition of the Supervision Sector– shall have the right to increase the financial penalty imposed on the violating bank, when deemed necessary.

1/7: Banking Sector Reform

Pressing forward with its banking reform plan, launched in September 2004, the Central Bank has completed the preparations for the second stage (2009 - 2011). This stage aims 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 that serves the national economy, and achieve the targeted development. The reform plan is based on a number of pillars namely:

- Preparing and implementing a comprehensive program for the financial and managerial 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).
- Following up the results of the first stage of restructuring the National Bank of Egypt, Banque Misr and Banque du Caire, and completing any requirements for enhancing their efficiency in the area of financial intermediation and risk management.
- Applying Basel II standards in Egyptian banks to enhance their ability for risk management.
- Adopting an initiative to increase and improve opportunities for providing finance and banking services, particularly to small and medium-sized enterprises.
- Revising and strictly applying the international governance rules relating to banks operating in the Egyptian banking sector, and the CBE.

Within this context, a protocol was signed with the European Central Bank and seven European central banks to provide a three-year technical assistance program to be initiated on 1 January 2009, to apply Basel II standards in the banking sector. Moreover, the CBE launched in December 2008 an integrated initiative to encourage banking credit to companies and small and medium-sized enterprises. To this end, the CBE exempted banks – extending loans and credit facilities to those companies and enterprises– from the reserve requirement ratio (14 percent). Exemption shall be made, proportional to the volume of credit granted by banks to those companies and enterprises.

Preparations for the second stage of the banking reform began after the first stage was successfully implemented. The first stage was centered on four pillars: (1) consolidation and privatization of the banking sector, (2) financial and managerial restructuring of State-owned banks, (3) addressing of the problem of non-performing loans, (4) upgrading of 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 plan, 80 percent of the stake 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 and private banks.

Under 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 reform the practices of all departments and technological systems, while establishing new departments, particularly for risk management, information technology (IT) & management information systems (MIS) and human resources. In addition, a full audit of State-owned banks was conducted according to the international accounting standards, covering the years from 2004 to 2007. Finally, the recruitment of highly qualified banking cadres and leaderships at State-owned banks (with finance from the Banking Reform Fund) enabled those banks to push ahead with reform and development.

Concerning the third pillar, to address the problem of nonperforming loans, the CBE's NPL Management Unit worked out a variety of methods and programs that helped to settle more than 90 percent of NPLs (excluding debts of the public business sector). With regard to irregular debts of public business sector enterprises to public banks, an amount of LE 16 billion (62%) was repaid in cash to those banks. In addition, the ministries of Finance and Investment pledged to repay the remaining debts (38%).

A program for the reform of the Supervision Sector was devised to achieve the following targets: enhance the efficiency of this sector by benefiting from the best international practices, and apply the concept of risk-based supervision to ensure its robustness and soundness. Furthermore, efforts were exerted to recruit highly qualified banking staff acquainted with new 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 this context, a technical assistance program was completed - in collaboration with the European Central Bank (ECB) and four European central banks - in the last quarter of 2007.

It is worthy to note that the successful and timely implementation of the first stage of the CBE's banking reform plan has started to yield fruit, helping this sector to weather the adverse effects of the world financial crisis.

As regards on-site supervision, the Central Bank launched its 2009 plan for inspecting banks and exchange dealer companies. According to this plan, the inspection will cover a large number of banks, and each bank will be inspected annually on a comprehensive or limited basis. Within this context, preparations are being made to increase the inspection capacity, whether in quantity or quality terms.

It is worthy noting that bank inspection is currently being conducted through the use of automated systems and laptops. As such, a program was developed to produce the credit examination sample in a more integrated way, and to help inspectors identify the strengths, weaknesses and risks with customers and banks in a more accurate way. Moreover, an examination of a number of issues relating to specific bank customers is being carried out. Such examination will help take immediate corrective actions in this regard and irrespective of the comprehensive examination of these banks.

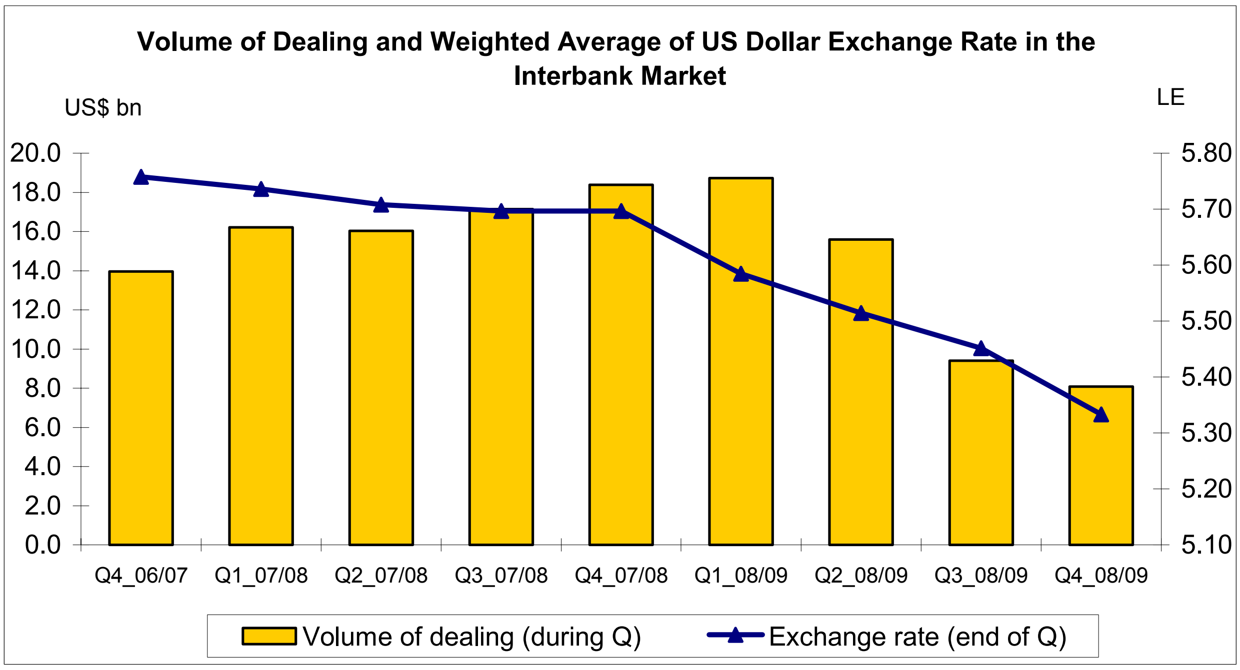
On the other hand, the Supervision Sector continued to cooperate with the supervisory and juristic authorities in settling a number of money and banking issues, and examining complaints filed by banks' customers. Furthermore, it endeavored to provide the required banking expertise in this respect.

1/8: Management of the Foreign Exchange Market and International Reserves

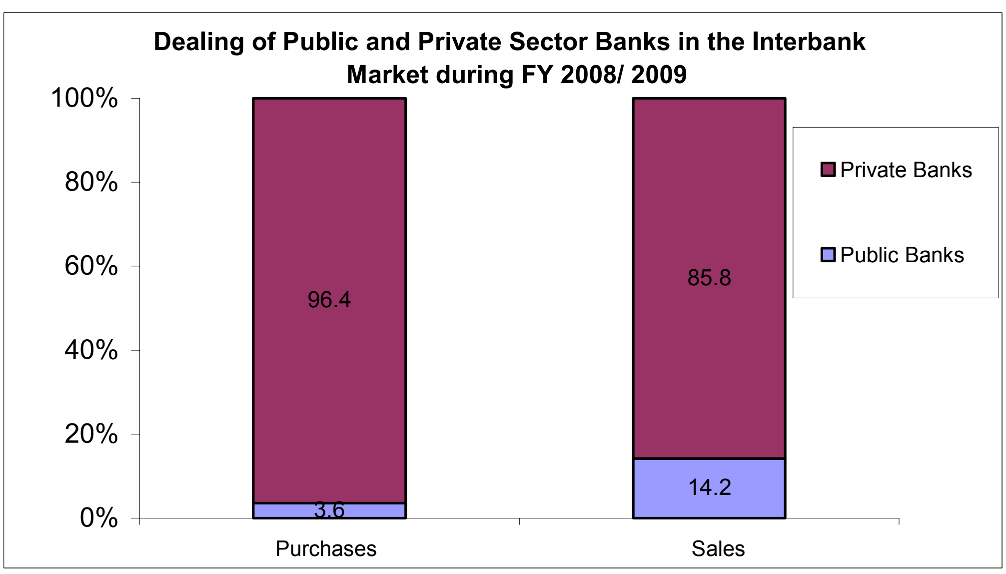
1/8/1: The Foreign Exchange and Dollar Interbank Market

The CBE went ahead with its successful management of the Forex market through the dollar interbank market, as it managed to provide adequate resources to face the capital outflows triggered by the global financial crisis. This proved effective in boosting dealers' confidence in the efficiency of the foreign exchange market, and dispelling their concerns at any imminent fluctuations in the Egyptian pound.

The weighted average of the US dollar interbank rate rose from LE 5.3331 on 30/6/2008 to LE 5.5964 on 30/6/2009, down by 4.7 percent in the LE value during the reporting year. Compared with the national currencies of other emerging economies (e.g. Indonesia, Brazil, Turkey, Mexico and Russia), where rates of depreciation ranged between 9.7 percent and 24.8 percent, the LE recorded one of the lowest rates of depreciation before the US dollar in the relevant year.

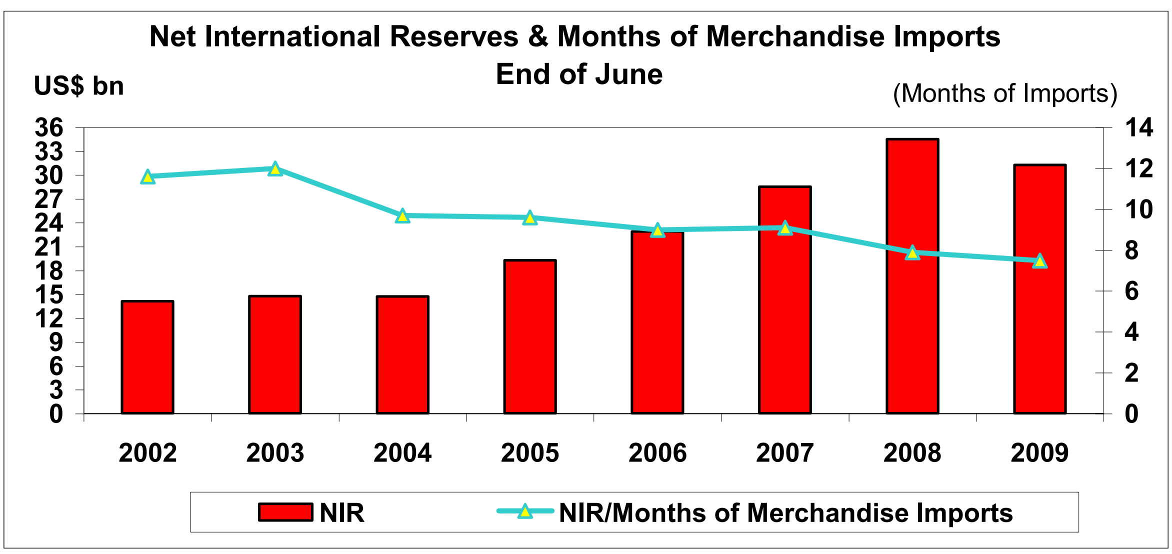


The volume of transactions in the interbank market rolled back in the reporting year by 23.5 percent, to post US$ 51.8 billion (purchases and sales of private banks constituted 96.4 percent and 85.8 percent, respectively), against US$ 67.8 billion during the preceding FY. Thus, the total volume of transactions amounted to US$ 201.8 billion since the initiation of the interbank market up to the end of June 2009.



1/8/2: International Reserves

Net international reserves (NIR) with the CBE dropped to US$ 31.3 billion (covering 7.5 months of merchandise imports) at end of June 2009, from US$ 34.6 billion, down by US$ 3.3 billion or 9.4 percent during the year under review. Yet, this rate has been one of the lowest rates of decline in international reserves during this year, relative to many emerging economies (e.g. India, Venezuela, Poland, Malaysia and Russia), which recorded rates of decline wavering between 11.3 percent and 24.9 percent. It is noteworthy that NIR have been on the rise during the period of preparing this report, reaching US$ 34.0 billion at end of October 2009, mainly because the IMF injected cash liquidity into the economies of its members with the aim of stimulating global financial markets. The IMF had issued SDRs in the amount of US$ 283 billion, distributed among its member countries in proportion to their quotas. Accordingly, Egypt's reserve assets of SDRs increased by the equivalent of US$ 1.2 billion.

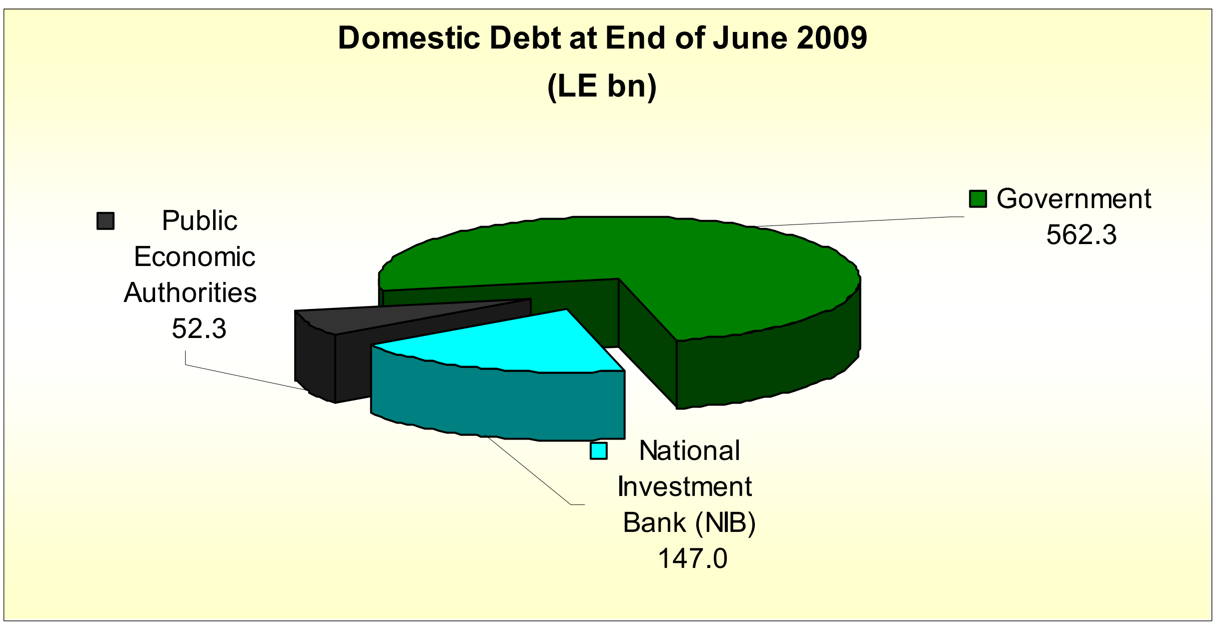


The CBE's reserve management policy aimed at diversifying the composition of those reserves to include other currencies alongside the US dollar, on the basis of certain determinants; mainly the structure of Egypt's external debt and the currencies of its main trade partners.

1/9: Domestic and External Public Debt

1/9/1: Domestic Public Debt

During FY 2008/2009, domestic public debt scaled up by about LE 94.8 billion or 14.2 percent, reaching LE 761.6 billion at end of June 2009 (73.3 percent of GDP at market and current prices during the year). While this ratio went beyond the limits of comfortable levels, it is expected to move downwards, given the likely retreat in the budget deficit/GDP ratio below the present level of 6.9 percent. The domestic debt of the government represented 73.8 percent of the total, of public economic authorities 6.9 percent and of NIB (net) 19.3 percent.*



1/9/1/1: Net Domestic Debt of the Government

During FY 2008/2009, the government's domestic debt (net) totaled LE 562.3 billion or 54.1 percent of GDP, up by LE 83.5 billion or 17.4 percent. The increase was an outcome of the rise in the balances of treasury bills and bonds by LE 112.9 billion and the improvement in the net credit position of the government balances at the banking system by LE 29.4 billion (its deposits mounted by LE 16.5 billion, while loans retreated by LE 12.9 billion).

* Net debt of the NIB represents its total debt, excluding the debt of the government and public economic authorities to the Bank (interbank debt).

Net Domestic Debt of the Government

(LE bn)

Balances at End of June	2008		2009		Change
	Value	%	Value	%	+ (-)
Net Government Debt	**478.8**	**100.0**	**562.3**	**100.0**	**83.5**
-Balances of Bonds & Bills	**569.0**	**118.8**	**681.9**	**121.3**	**112.9**
• Notes and bonds*	422.5	88.2	442.8	78.8	20.3
Of which, tradable on exchanges	82.5	17.2	100.4	17.9	17.9
• Treasury bills	146.5	30.6	239.1	42.5	92.6
-Credit Facilities from SIFs	**2.3**	**0.5**	**2.3**	**0.4**	**-**
-Net Balances at the Banking System	**-92.5**	**-19.3**	**-121.9**	**-21.7**	**(29.4)**
• Credit Facilities	28.4	5.9	15.5	2.8	(12.9)
• Deposits (-)	120.9	25.2	137.4	24.5	16.5
Net government debt/GDP (%)	53.6		54.1		

Source: Ministry of Finance, CBE and NIB.
Percentages 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 US dollar and LE bonds tradable on world exchanges; and SIFs bonds against the transfer of NIB obligations to the public treasury.

The LE 112.9 billion rise in the balance of treasury bills and bonds was an outcome of the following:

1) The rise of LE 92.6 billion in TB balances, as a result of the expansion in the issuance of 182-day TBs by LE 10.1 billion and the issuance of new TBs (273-day TBs in October 2008, 350-day TBs in January 2009, 259-day TBs in April 2009 and 357-day TBs in June 2009 with balances of LE 77.5 billion, LE 15.0 billion, LE 6.0 billion, and LE 3.0 billion, in order). However, there was a drop of LE 18.2 billion in the issues of 364-day TBs and LE 0.8 billion in 91-day TBs. Thus, the total balance of TBs reached LE 239.1 billion by end of June 2009.

2) The increase of LE 20.3 billion in the balance of treasury bonds, to post LE 442.8 billion at end of the reporting year, due to the interplay of the following factors:

   A. The pick-up of LE 23.0 billion in the value of treasury bonds, as a result of the following:
      - The issuance of the 36th tranche of 3-year bonds in January and February 2009, at a value of LE 6.0 billion (over two stages at a value of LE 3.0 billion each) and an interest rate of 12 percent, falling due on 13 January 2012.

- The issuance of the 37th tranche of 5-year bonds in February and March 2009, at a value of LE 6.0 billion (over two stages at a value of LE 3.0 billion each) and an interest rate of 12 percent, reaching maturity on 10 February 2009.
- The issuance of the 38th tranche of 5-year bonds in April and May 2009, at a value of LE 5.0 billion (over two stages at a value of LE 3.0 billion and LE 2.0 billion) and an interest rate of 10.55 percent, to be redeemed on 14 April 2014.
- The issuance of the 39th tranche of 3-year bonds in April 2009, at a value of LE 3.0 billion and an interest rate of 10.35 percent, reaching maturity on 28 April 2012.
- The issuance of the 40th tranche of 7-year bonds in June 2009, at a value of LE 3.0 billion and an interest rate of 11.0 percent, falling due on 9 June 2016.

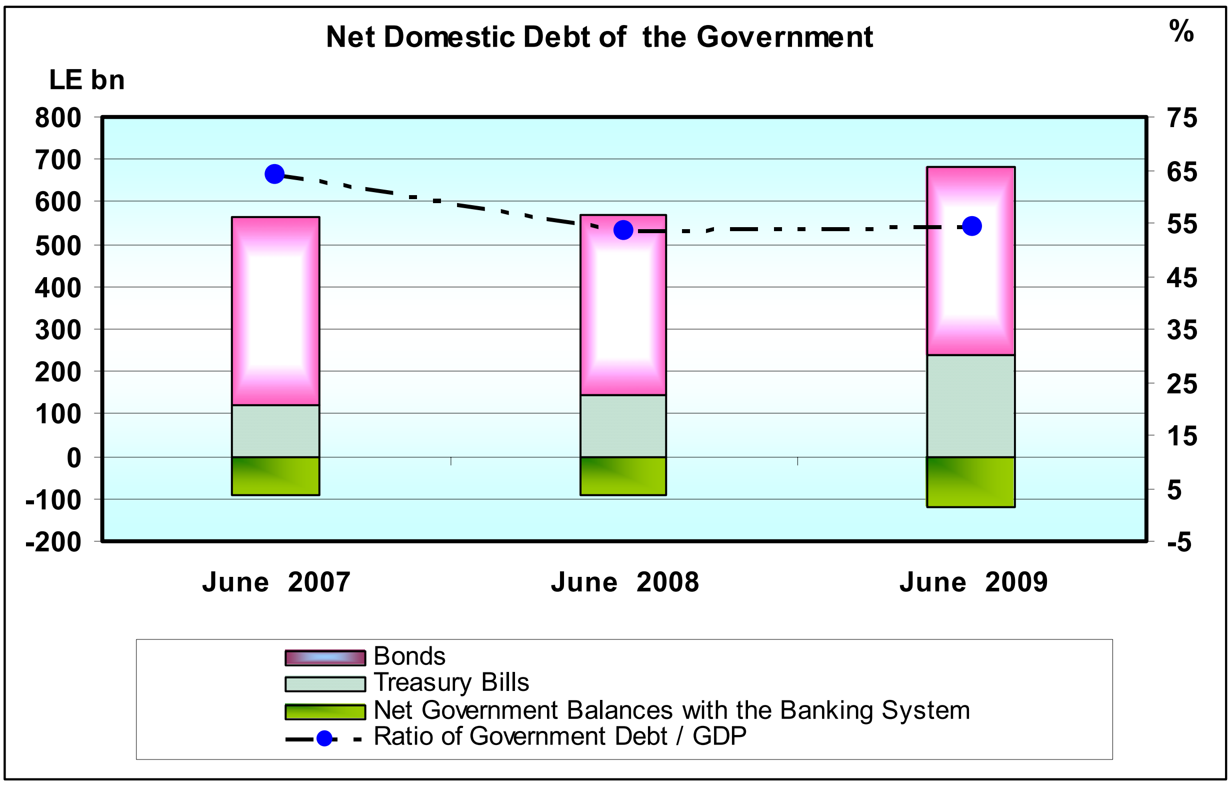
B. The redemption of four treasury bonds, at a total value of LE 9.0 billion, distributed as follows:
- The 3-year bond (19th tranche), issued on 4 October 2005 at a value of LE 2.0 billion and an interest rate of 9.1 percent, reaching maturity on 4 October 2008.
- The 4-year bond (13th tranche), issued on 7 December 2004 at a value of LE 3.0 billion and an interest rate of 10.9 percent, falling due on 7 December 2008.
- The 10-year bond (7th tranche), issued on 1 March 1999 at a value of LE 2.0 billion and an interest rate of 9.5 percent, falling due on 1 March 2009.
- The 10-year bond (8th tranche), issued on 16 April 1999 at a value of LE 2.0 billion and an interest rate of 10 percent, falling due on 16 April 2009.

C. The issuance of a Treasury bond on 30/6/2009, for the benefit of the Social Insurance Fund for Civil Servants, at a value of LE 2.4 billion.

D. The rise in the balance of bonds tradable on world exchanges in both the US dollar and the LE, by the equivalent of LE 0.2 billion and LE 3.7 billion, respectively.

E. The rise of LE 0.6 billion worth in public commercial banks' holdings of bonds issued in foreign currencies, due to revaluation differences, along with the rise of LE 0.1 billion in the counterpart of the 5 percent ratio retained for the purchase of government bonds.

F. The redemption of the public treasury bond issued to finance the fiscal deficit (at a value of LE 0.7 billion and an interest rate of 6 percent) in 1988/89, with maturity extending to 29/6/2009.

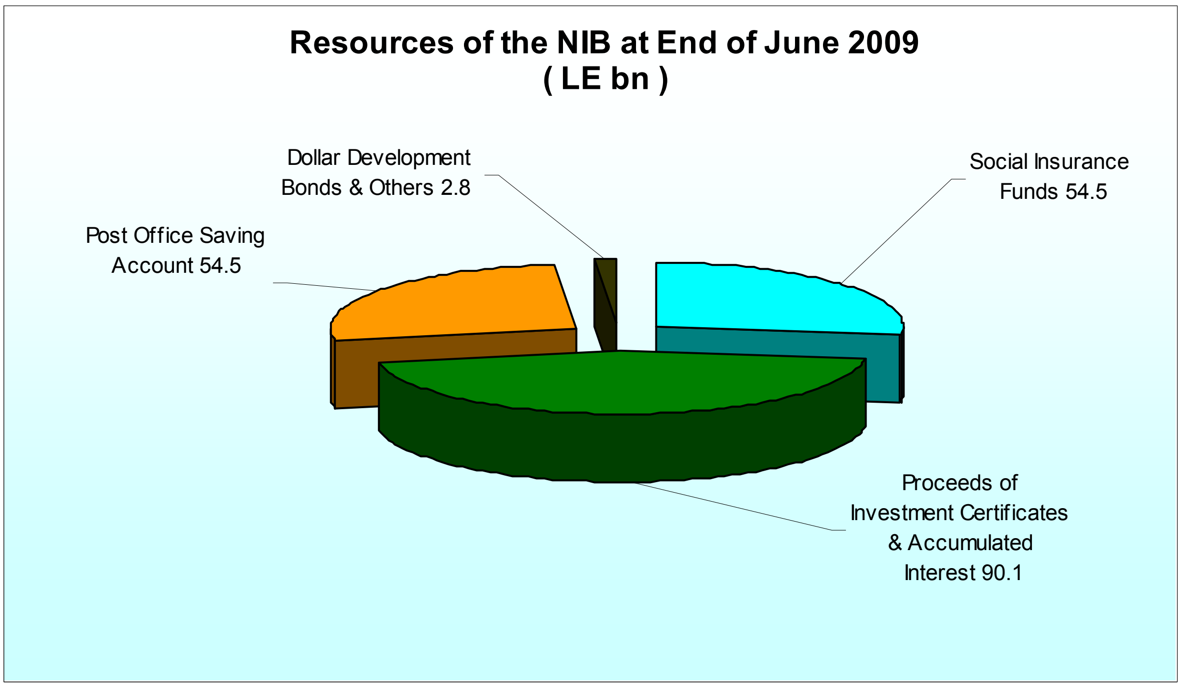


1/9/1/2: Debt of Public Economic Authorities

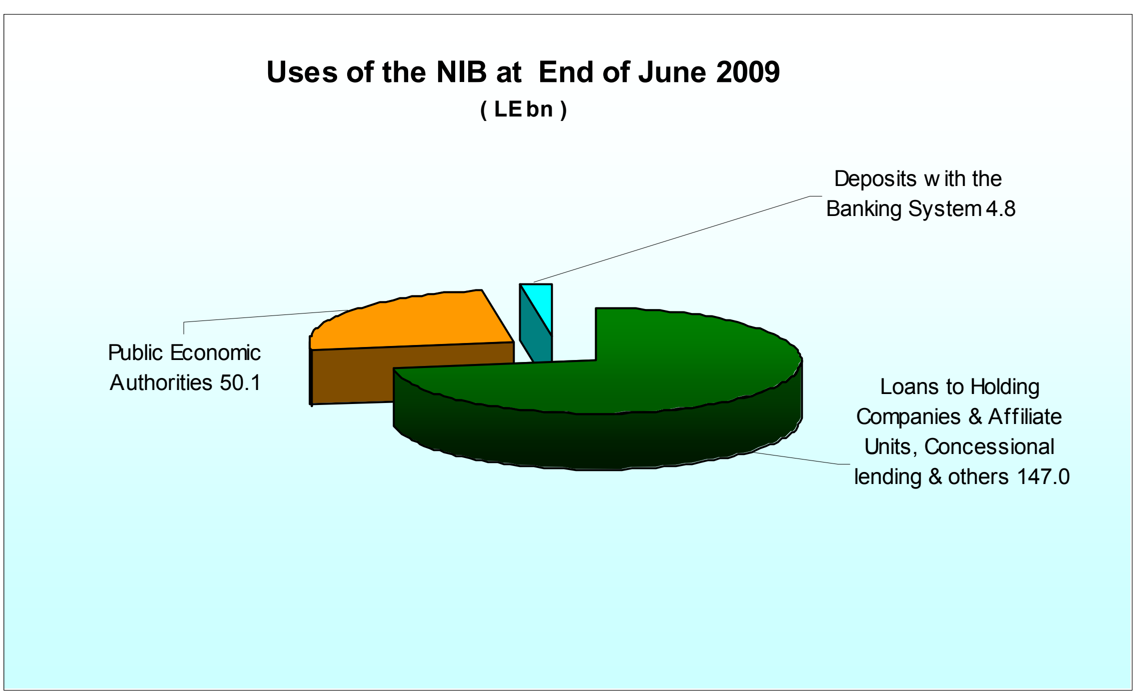
The debt of public economic authorities scaled up by LE 2.2 billion, reaching LE 52.3 billion at end of June 2009. The increase was mainly attributed to the rise in the net borrowing of these authorities from the banking system by LE 3.4 billion due to their higher loans, up by LE 1.2 billion; and lower deposits, down by LE 2.2 billion; and the fall in borrowing of these authorities from the NIB by LE 1.2 billion.

1/9/1/3: Debt of National Investment Bank (NIB)

NIB's resources augmented by LE 8.8 billion, during the reporting year, to stand at some LE 201.9 billion at end of June 2009. The rise stemmed from the following increases: LE 5.2 billion in the proceeds of deposits transferred from the post office saving account, LE 3.4 billion in the proceeds of investment certificates and accumulated interest on investment certificates group (A), and LE 2.8 billion in the surpluses transferred by the two Social Insurance Funds for Civil Servants and Business Sectors’ Employees (public and private). By contrast, resources transferred from substitute insurance funds, saving certificates, deposits of various authorities and dollar development bonds declined by LE 2.6 billion.



The Bank used the bulk of its resources (around LE 147.0 billion or 72.8 percent of the total) in lending to holding companies and their affiliate units; equity participations and concessional lending to different projects. In addition, LE 50.1 billion or 24.8 percent of total resources were used to finance the investments of public economic authorities. The remainder of about LE 4.8 billion (2.4 percent of the total) was deposited at the banking system.

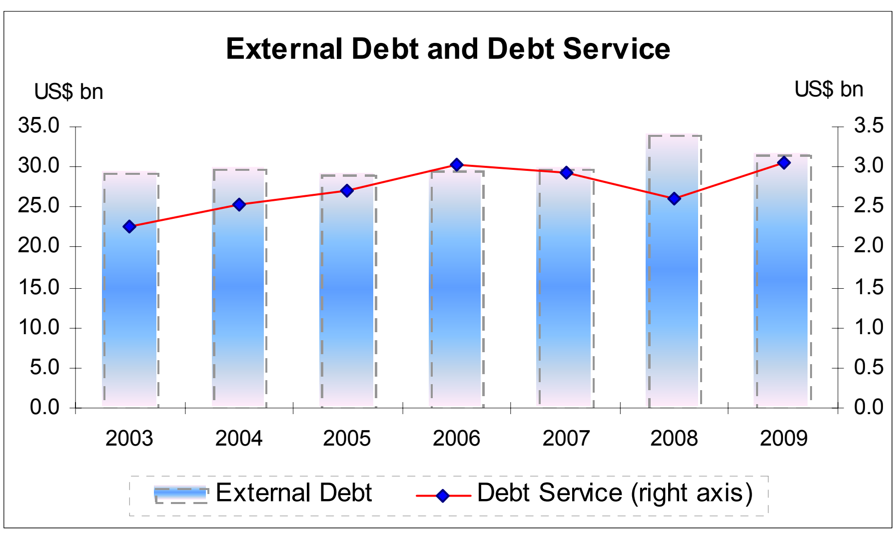


1/9/1/4: Domestic Public Debt Service

Debt service increased by LE 7.1 billion, to LE 59.5 billion during FY 2008/2009, compared with the previous FY. The increase was an outcome of the rise in both principal repayments by LE 4.7 billion to LE 10.3 billion, and interest payments by nearly LE 2.4 billion to LE 49.2 billion. The ratios of debt service to GDP and to total revenues declined to 5.7 percent and 21.4 percent, respectively, during the reporting year, from 5.9 percent and 23.7 percent a year earlier.

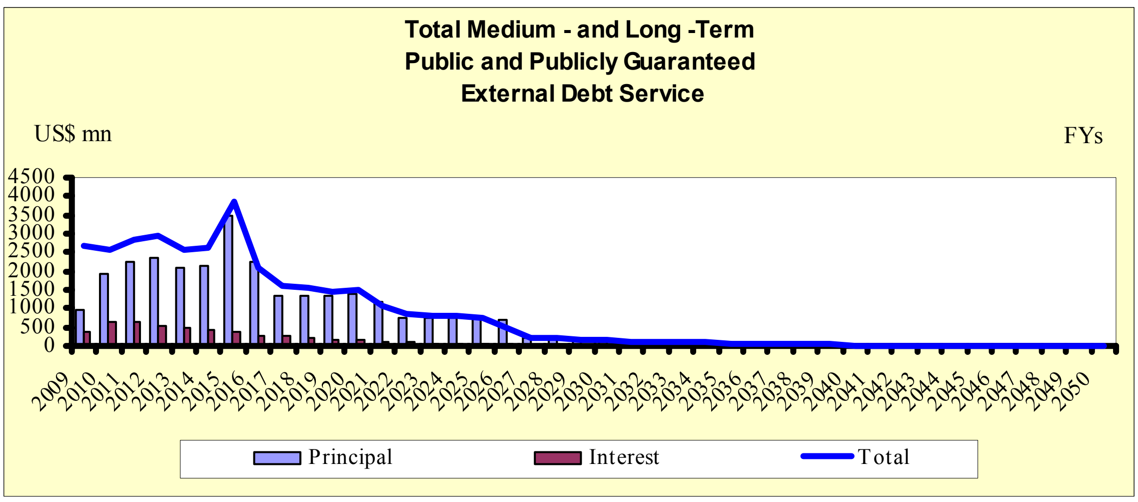
1/9/2: External Debt*

The outstanding external debt (public and private, at all maturities), denominated in US dollar, decreased by about US$ 2.4 billion, to US$ 31.5 billion at end of June 2009, compared with the end of June 2008. This was partly explained by the decline in most currencies of borrowing against the US dollar, driving down the external debt by some US$ 1.3 billion. Another reason was the realization of net repayments of US$ 1.1 billion of loans and facilities, as an outcome of disbursements of some US$ 2.4 billion and principal repayments of nearly US$ 3.5 billion.



* 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.

Regarding external debt service (medium- and long-term), total payments increased by US$ 449.1 million, posting about US$ 3.0 billion during FY 2008/2009, compared with the preceding FY. This increase reflects the rise in principal repayments by US$ 508.4 million to US$ 2.3 billion, and the retreat of nearly US$ 59.3 million in interest payments to about US$ 706.5 million.



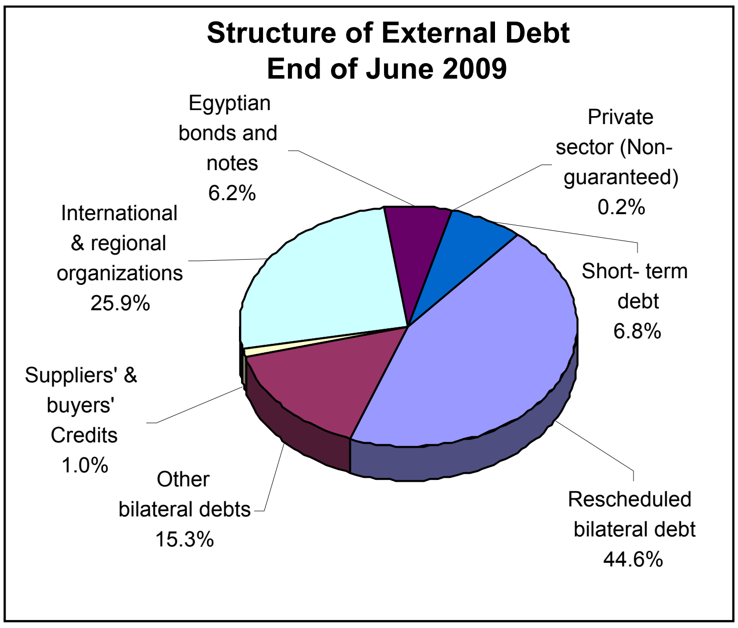
Debt of the public sector (official debt) amounted to some US$ 29.7 billion or 94.2 percent of total external debt at end of June 2009. The private sector debt reached US$ 1.8 billion or 5.8 percent of the total. Hereunder is a distribution of external debt by:

1- Maturity
2- Debtor
3- Main currencies
4- Main creditors

1- External Debt by Maturity

The breakdown of external debt by maturity indicates that medium- and long-term loans and facilities (guaranteed and non-guaranteed) reached about US$ 29.4 billion or 93.2 percent of total external debt at end of June 2009 (US$ 27.4 billion of loans and US$ 1.9 billion of bonds and notes). Meanwhile, short-term debt accounted for the remaining 6.8 percent.

The majority of medium- and long-term loans (US$ 18.4 billion or 58.2 percent of the total) was owed to Paris Club member countries in the form of bilateral loans (rescheduled and non-rescheduled) and suppliers' and buyers' credit. Debt to countries other than Paris Club members amounted to US$ 845.9 million or 2.7 percent.



Debts to international and regional organizations posted some US$ 8.2 billion or 25.9 percent of the total stock of debt at end of June 2009 (97.4 percent was owed by the public sector).

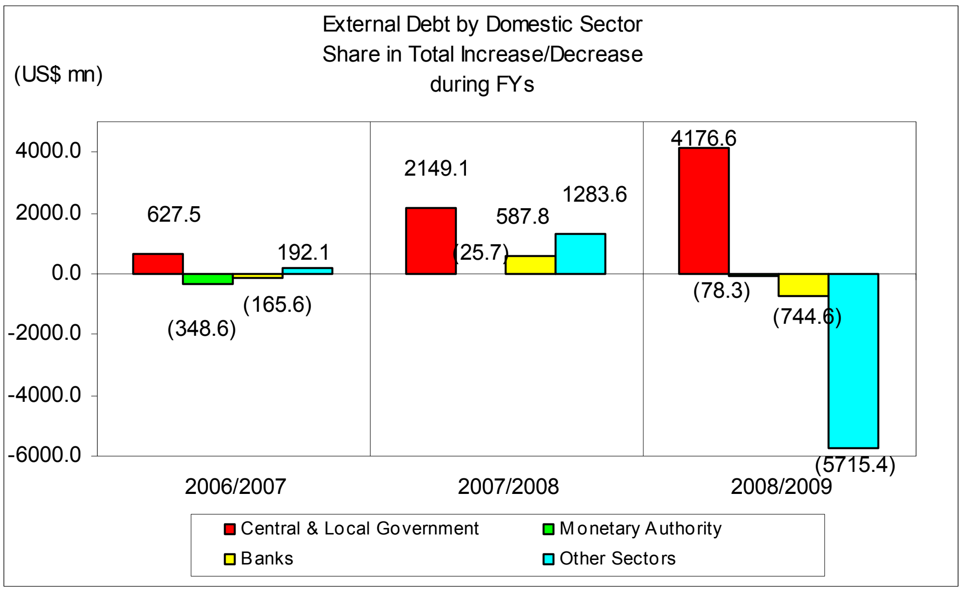
The balance of Egyptian bonds and notes (holdings of non-residents) reached some US$ 1.9 billion or 6.2 percent (including guaranteed government securities of US$ 1.2 billion, sovereign euro bonds of US$ 277.4 million and government bonds issued in LE abroad in the amount of US$ 398.7 million). Non-guaranteed debts of the private sector reached US$ 83.0 million or 0.2 percent of the total debt.

The balance of short-term debt (6.8 percent of the total stock) declined by 15.7 percent, to register US$ 2.1 billion (72.1 percent of which was owed by the private sector). This was attributed to the retreat in short-term trade facilities by 34.2 percent to US$ 967.9 million, and the rise in the short-term deposits of non-residents by 10.3 percent to US$ 1.2 billion.

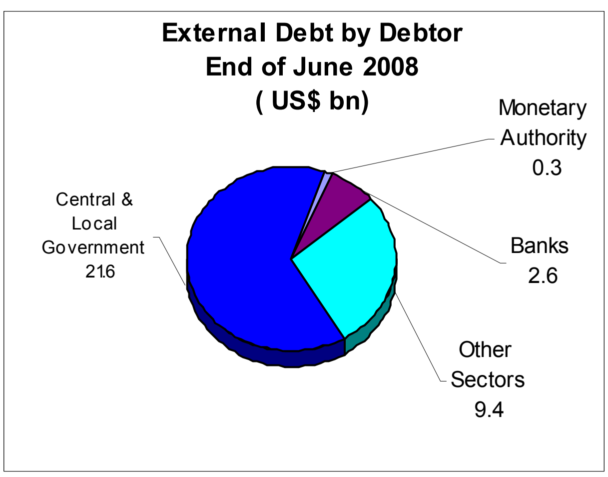
2- External Debt by Debtor*

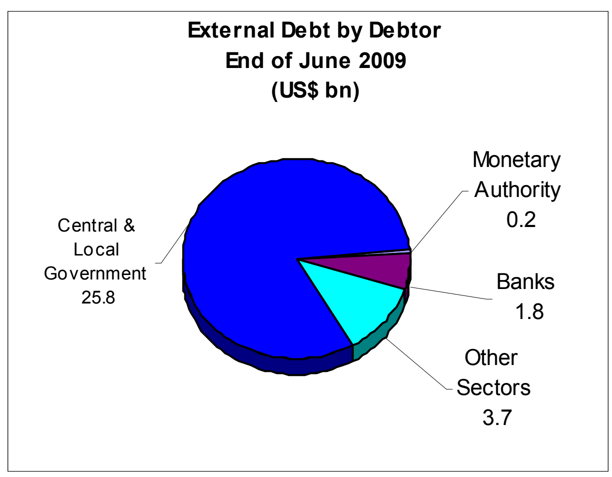
The distribution of external debt by debtor at end of June 2009 indicates the decrease of other sectors' debt by US$ 5.7 billion to US$ 3.7 billion, the monetary authority's by US$ 78.3 million to US$ 211.7 million and banks' by US$ 744.6 million to US$ 1.8 billion. Meanwhile, the debt of the central government surged by US$ 4.2 billion to US$ 25.8 billion.

* As of September 2008, coordination was made between the CBE and Ministry of Finance to reclassify the borrowing activities to be listed under the sector of "central government and local government", instead of "other sectors".



Nevertheless, the above-mentioned developments did not affect the structure of external debt by debtor, as the central government remained the major obligor, with a share of 81.9 percent of total external debt at end of June 2009, followed by the other sectors 11.6 percent, banks 5.8 percent and the monetary authority (CBE) 0.7 percent.

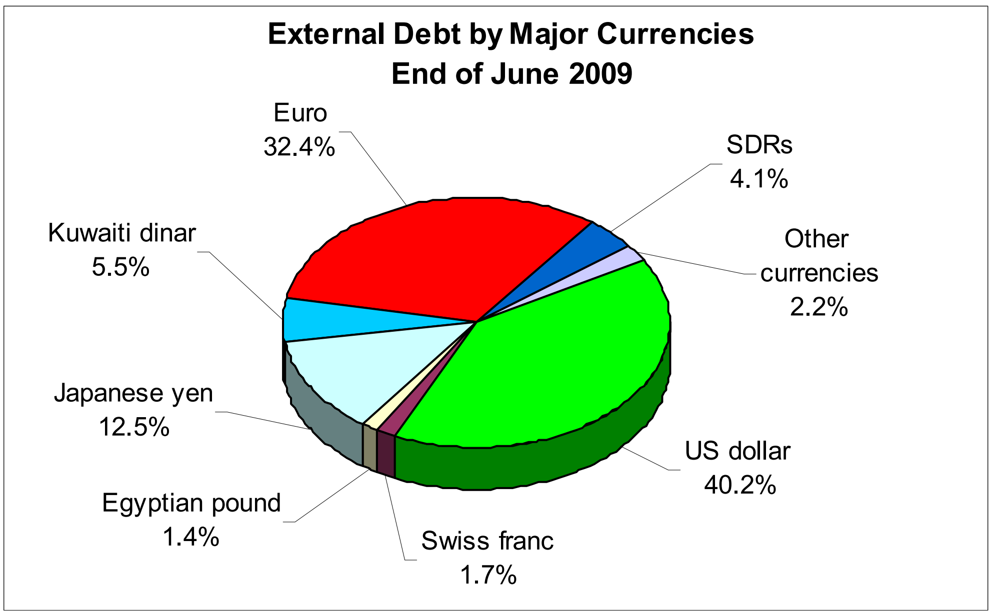




3- External Debt by Main Currencies

The breakdown of external debt by main component currencies indicates that the US dollar is the main currency of borrowing, with a relative importance of 40.2

percent of the total debt, because there are outstanding obligations in US dollar owed to other creditors alongside the USA. The euro comes next, constituting 32.4 percent, followed by the Japanese yen (12.5 percent) and the Kuwaiti dinar (5.5 percent).



4- External Debt by Creditor

External debt by creditor shows that 49.2 percent, or almost half of the total debt was due to the four main Paris Club members, namely France (13.4 percent), Germany (12.3 percent), Japan (12.0 percent) and the USA (11.5 percent). On the other hand, the Arab countries combined accounted for 4.8 percent, led by Kuwait (2.3 percent), UAE (0.8 percent) and KSA (0.7 percent).

External Debt by Creditor

(US$ mn)

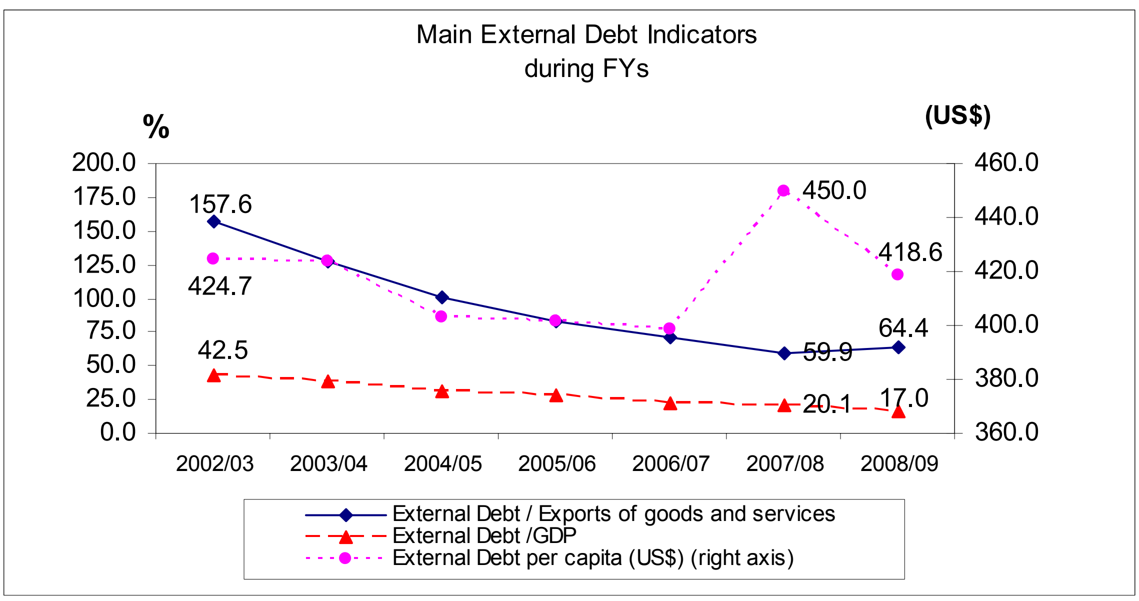
At End of	June 2008 Value	June 2008 Relative Importance	June 2009 Value	June 2009 Relative Importance
Total External Debt	**33892.8**	**100.0**	**31531.1**	**100.0**
USA	**3859.4**	**11.4**	**3620.6**	**11.5**
Japan	**3578.2**	**10.5**	**3799.1**	**12.0**
Total EU Countries	**13518.1**	**39.9**	**11111.0**	**35.2**
France	4955.1	14.6	4213.5	13.4
Germany	4290.3	12.7	3870.6	12.3
UK	1590.9	4.7	663.6	2.1
Spain	817.5	2.4	756.4	2.4
Italy	666.6	2.0	583.7	1.8
Austria	588.6	1.8	487.1	1.5
Denmark	253.2	0.7	237.1	0.8
The Netherlands	131.6	0.4	113.0	0.4
Belgium	132.3	0.4	102.3	0.3
Sweden	51.6	0.2	40.7	0.1
Others	40.4	0.0	43.0	0.1
Total Arab Countries	**1422.6**	**4.2**	**1524.7**	**4.8**
Kuwait	692.5	2.0	729.5	2.3
Saudi Arabia	253.2	0.8	223.8	0.7
UAE	107.1	0.3	246.4	0.8
Bahrain	52.4	0.2	7.7	0.0
Libya	46.4	0.2	63.2	0.2
Jordan	58.0	0.2	35.8	0.1
Yemen	40.7	0.1	54.6	0.2
Sudan	31.1	0.1	25.1	0.1
Others	141.2	0.3	138.6	0.4
Total International and Regional Organizations	**7361.5**	**21.7**	**8168.8**	**25.9**
IDA	1519.5	4.5	1436.8	4.6
Arab Fund for Economic and Social Development	1179.3	3.5	1077.3	3.4
European Investment Bank	2028.8	6.0	2126.5	6.7
World Bank	1073.4	3.1	1770.3	5.6
AMF	250.0	0.7	149.4	0.5
African Development Fund and Bank	1059.6	3.1	1318.9	4.2
Islamic Development Bank (Jeddah)	54.3	0.2	51.3	0.2
Other Organizations	196.6	0.6	238.3	0.7
Egyptian Bonds and Notes	**2651.8**	**7.8**	**1926.1**	**6.2**
Other Countries	**1501.2**	**4.5**	**1380.8**	**4.4**

- New Commitments on Loans and Facilities

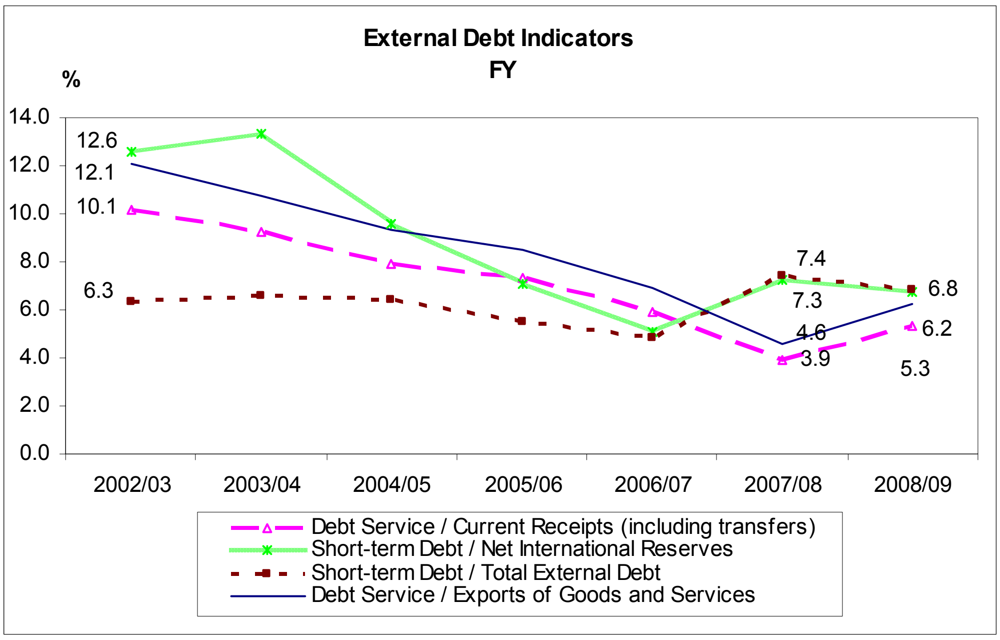
During FY 2008/2009, new loan and facility commitments reached US$ 3.8 billion. These commitments were mostly provided by international and regional organizations (US$ 2.8 billion or 73.8 percent of total commitments). Moreover, bilateral loans represented 26.2 percent of total commitments. Thus, total commitments increased by US$ 1.5 billion above the previous year's level.

- Key Indicators of External Debt

During the FY ending June 2009, some key indicators of external debt improved, reflecting a drop in the external debt/GDP ratio from 20.1 percent to 17.0 percent. External debt per capita declined from US$ 450.0 at end of June 2008, to US$ 418.6 at end of June 2009, due to the decrease in the stock of debt relative to the number of population.



On the other hand, the retreat of 13.2 percent in the export proceeds of goods and services and net transfers in FY 2008/2009 drove up the ratio of debt service to current receipts (including transfers) to 5.3 percent from 3.9 percent, and also its ratio to the exports of goods and services edged up to 6.2 percent from 4.6 percent. In addition, the ratio of external debt to the exports of goods and services rose as well to 64.4 percent from 59.9 percent.



The following Table illustrates the ratio of debt service in Egypt compared with that in the developing countries combined:

Debt Service/Exports of Goods and Services in Egypt
Vs. the Group of Developing Countries

(%)

Calendar Years	2007			2008		
	Interest	Principal Repayments	Total	Interest	Principal Repayments	Total
Developing countries	4.2	9.9	14.1	4.0	8.9	12.9
Africa	2.1	4.9	7.0	1.9	3.3	5.2
Asia (developing countries)	2.0	5.0	7.0	2.0	3.7	5.7
Middle East	2.3	3.0	5.3	1.7	2.6	4.3
Egypt*	1.4	3.7	5.1	1.3	3.9	5.2

Source: IMF's World Economic Outlook – April 2009 (statistical appendix).
* According to BOP data during the two calendar years 2007 and 2008

1/10: Human Resources Development

During FY 2008/2009, the CBE continued to prepare and qualify a new generation of young banking leaders to be capable of keeping up with the latest international banking developments. To this end, the CBE introduced a number of qualifying and training programs delivered by local and foreign parties.

1/10/1: Activity of the Egyptian Banking Institute (EBI)

In its pursuit of upgrading the skills and efficiency of the banking staff, the EBI set a training plan during the reporting year. The plan covered training programs, as well as contractual and specialized courses (tailored to the needs of individual banks) and training certificates. To implement this plan, the EBI has worked in collaboration with a number of international and local institutions specialized in banking and finance.

The number of training programs (training plan and contractual and specialized programs) conducted by the Institute reached 936, attended by 16300 trainees, over 2083 training hours. The programs were held at the Institute's headquarters in Nasr City and its branches in Mohandeseen, Alexandria and Port Said. This is in addition to the training certificates provided by the EBI (attended by 357 trainees and taking up 1841 training hours).

Participants in the EBI Programs

	2007/2008	2008/2009
EBI Programs	12187	9443
Contractual and Specialized programs	10128	6857
Training Certificates	636	357
	22951	**16657**

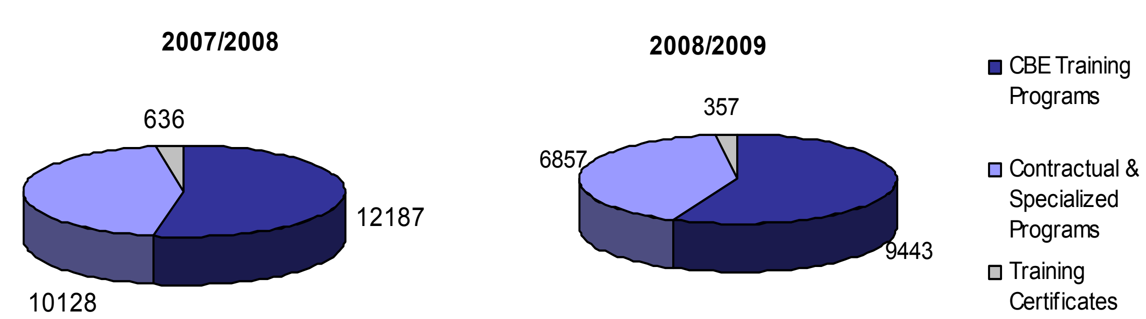
The EBI succeeded in obtaining the international Accrediting Certificate from the Accrediting Council for Continuing Education & Training (ACCET) in USA, with 5 years validity, i.e. the longest validity of accrediting degrees. This certificate crowned the efforts of two and half years, ranking the EBI as the first Arab institution internationally accredited in the training field. Thanks to this achievement, the Banking Institute gained prominence as a leading training provider at the local and regional levels.

Asserting its role in satisfying the diverse training needs, under the government's plan for enhancing the involvement of small and medium enterprises (SMEs) in the development process, the EBI -in cooperation with BDSSP/CIDA- has established the Small and Medium Enterprises Unit. The SME Unit was established by virtue of the CBE's decision to help banks create qualified professional and technical cadres for the departments specialized in SME finance services. In fulfillment of its role, the Unit arranges training programs for bank staff and enterprise-owners, hosts conferences and holds awareness-raising seminars with bank staff, to help them better understand the nature of the SME loans. The Unit also extends technical assistance to banks to establish SME units conforming to the international standards. This is in addition to providing the first banking certificate specialized in the finance of SMEs, in cooperation with Financial Services Volunteer Corps (FSVC).

Out of its keenness to develop the skills of the banking sector calibers in general and the EBI staff in particular, the Evaluation Unit at the EBI has primarily focused on the performance of lecturers to assess their academic capabilities and performance. The Unit also makes periodic reports on lecturers to help decision-makers to grade them, and accordingly choose the most eligible for lecturing in certain programs. Furthermore, the Unit issued a biannual report reviewing the Institute's international training activities, provided in collaboration with international training providers. This report aims to identify the best of those training providers in terms of the delivered content (how far it responds to banking needs), and in turn, intensify cooperation therewith. Additionally, to measure client satisfaction, the EBI made - for the first time - an annual survey targeting all its bank clients, at the beginning of 2009. The results of the survey were on the whole satisfactory.

Aiming to bridge the gap between academic education and the banking and financial labor market requirements, the EBI signed a cooperation protocol with the Social Service Sector at Cairo University (funded by 8 member banks), to conduct the "Training for Employment Program". This Program grants two specialized certificates on banking operation and customer service for banking. So far, 128 trainees from various government faculties and universities have attended the program.

Participants in Training Programs of the Banking Institute



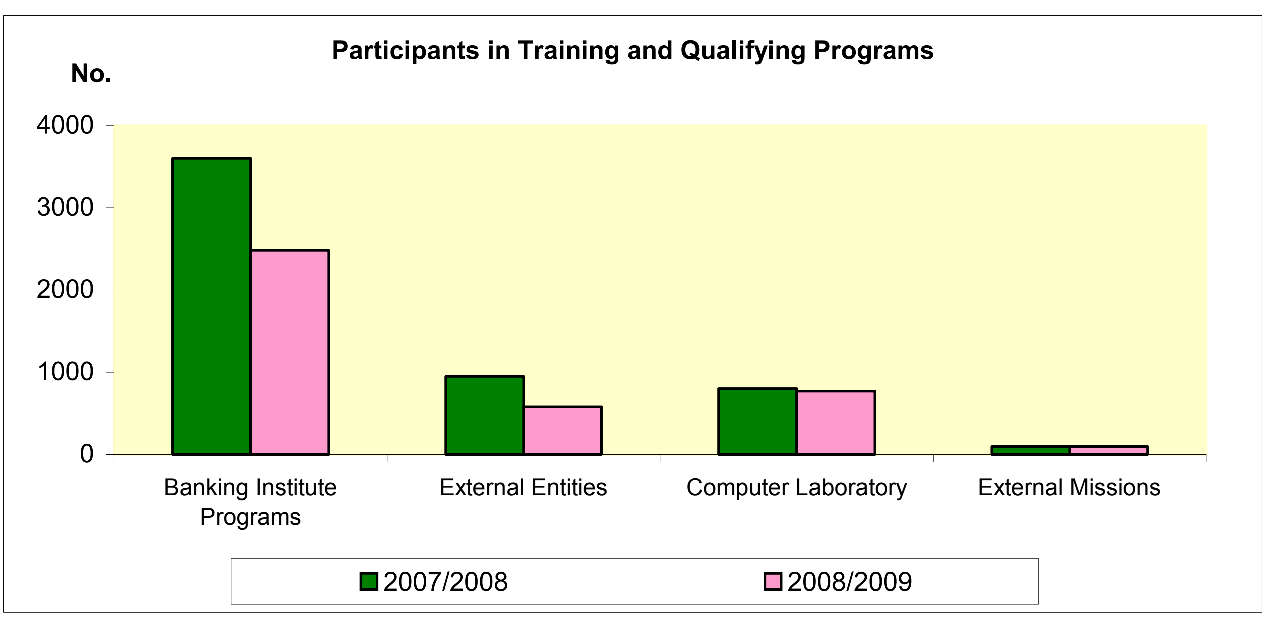
1/10/2: CBE Programs

The number of participants in the banking staff programs provided by the CBE reached about 3945 trainees. The Banking Institute provided the majority of these programs to 2484 trainees, including specialized and managerial courses held for a number of departments (Banking Supervision, Finance, Internal Audit and Printing Press); as well as English language and computer programs, and qualifying training programs for promotion purposes. Programs also included some courses organized by non-CBE parties (attended by 580 trainees), in addition to others provided by the CBE Computer Laboratory (769 trainees).

Participants in the CBE Training Programs

	2007/2008	2008/2009
CBE Employees:		
- Banking Institute Programs	3602	2484
- External Entities	948	580
- Computer Laboratory	803	769
- External Missions	98	98
Training in the CBE Departments (for Foreigners)	28	14
Total	**5479**	**3945**

Furthermore, the CBE dispatched 98 trainees to participate in training courses organized by international and regional institutions, to catch up with the latest developments in banking business. The Central Bank also admitted 14 trainees from abroad to be trained in its various departments.



Chapter 2: Banking Developments

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

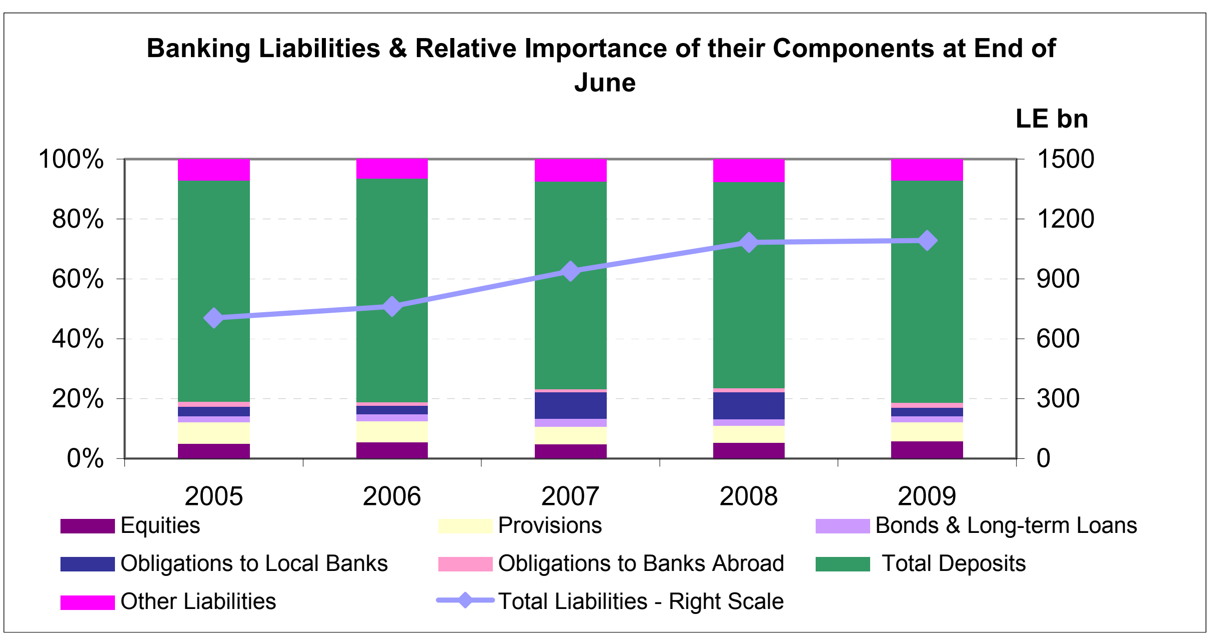
Chapter 2
Banking Developments

2/1: Financial Position

The aggregate financial position of registered banks operating in Egypt (39 in number) posted LE 1.1 trillion at end of June 2009, rising by only LE 8.7 billion or 0.8 percent during FY 2008/2009, well below the figures of the previous FY (LE 145.4 billion and 15.5 percent).

On the **liabilities side**, the rise was a result of the pickup in deposits at banks by LE 62.5 billion or 8.4 percent, and in provisions by LE 7.4 billion or 11.9 percent, to reach LE 69.7 billion or 16.2 percent of total lending and discount balances at end of June 2009. Add to this the step up in equities and obligations to banks abroad by LE 5.6 billion and LE 4.9 billion, respectively.

However, the increase in liabilities was held back by the fall in obligations to local banks by LE 67.7 billion or 68.6 percent. This was an outcome of the decline in obligations to the CBE by LE 75.9 billion (as the CBE withdrew its foreign currency deposits at banks in return for increasing its foreign currency sales to them) on the one hand, and the rise in obligations to other banks by LE 8.2 billion, on the other hand. Another contributing factor was the drop in other liabilities by LE 3.8 billion.



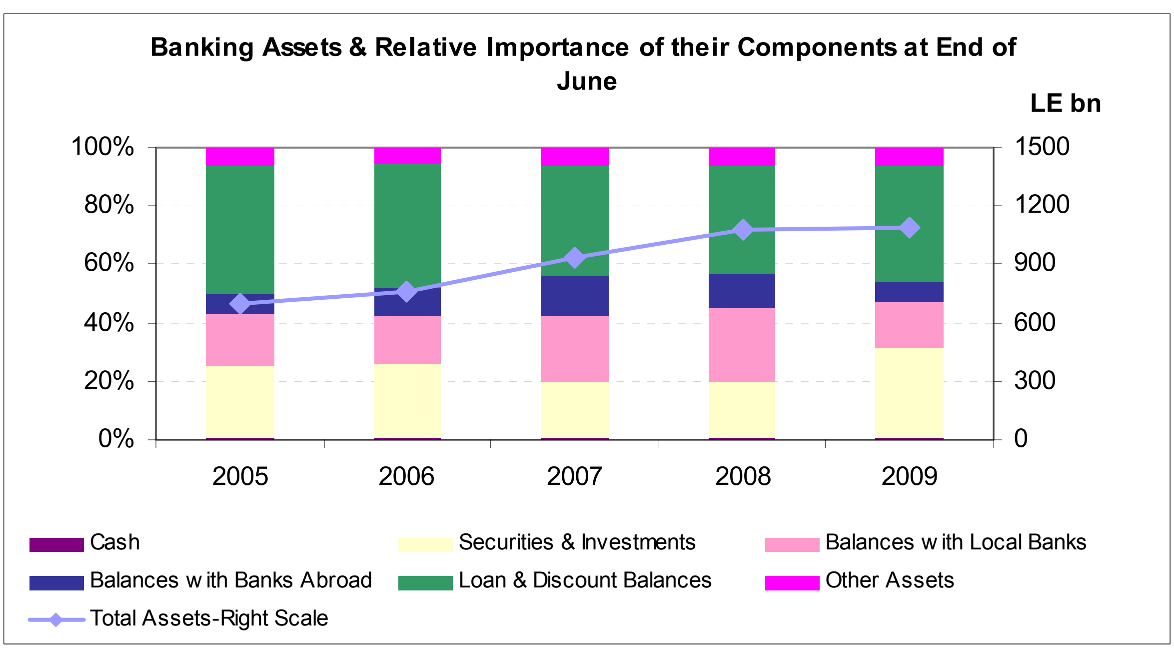
Change in Liabilities

(LE mn)

	Change in FY			
	2007/2008		2008/2009	
	Value	%	Value	%
Capital	4539	13.7	3974	10.6
Reserves	7211	57.4	1608	8.1
Provisions	8845	16.5	7434	11.9
Bonds and long-term loans	(4066)	(15.4)	(240)	(1.1)
Obligations to the CBE	17680	26.5	(75910)	(90.2)
Obligations to local banks	(1600)	(9.9)	8215	56.5
Obligations to banks abroad	3321	33.2	4868	36.5
Deposits	97246	15.0	62495	8.4
Other liabilities	12212	17.5	(3762)	(4.6)
Total Liabilities	**145388**	**15.5**	**8682**	**0.8**

On the assets side, the increase stemmed mainly from the surge in banks' investments in securities and bills by LE 130.7 billion or 64.8 percent, to record LE 332.6 billion, representing 30.5 percent of the aggregate financial position at end of June 2009. Add to this the rise in lending and discount balances by LE 28.5 billion or 7.1 percent, to stand at LE 430.0 billion or 39.4 percent of the aggregate financial position.

Conversely, balances with local banks retreated by LE 104.7 billion (because of lower balances at the CBE by LE 112.1 billion, and higher balances at the other local banks by LE 7.4 billion). In addition, balances with banks abroad scaled down by LE 45.7 billion.

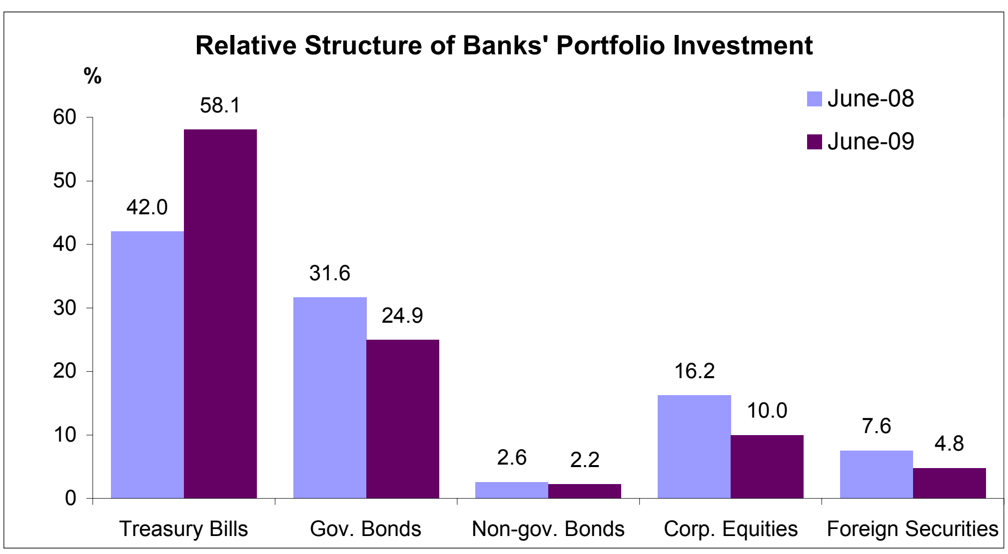


Change in Assets

(LE mn)

	Change in FY			
	2007/2008		2008/2009	
	Value	%	Value	%
Cash	2556	33.2	867	8.4
Securities and investments	25760	14.6	130739	64.8
Balances with the CBE	62745	31.4	(112100)	(42.7)
Balances with local banks	(1923)	(10.8)	7397	46.5
Balances with banks abroad	(1574)	(1.3)	(45672)	(37.2)
Lending and discount balances	47679	13.5	28532	7.1
Other assets	10145	17.3	(1081)	(1.6)
Total Assets	**145388**	**15.5**	**8682**	**0.8**

Banks' strong investments in securities and bills during the year was spurred by the following increases: their investments in TBs by LE 108.3 billion, in government bonds by LE 19.1 billion, in non-government bonds by LE 2.2 billion, in foreign securities by LE 0.6 billion, and in corporate equity participations by LE 0.5 billion.



During FY 2008/2009, **net transactions of local banks with correspondents abroad** showed a decline in their net credit balances by the equivalent of LE 50.5 billion or 46.2 percent, bringing their net transactions to LE 58.9 billion worth at end of June 2009 (against LE 109.5 billion worth at end of June 2008). The fall in banks' credit balances was an outcome of the decrease in their balances with banks abroad by the equivalent of LE 45.7 billion and the increase in their obligations thereto by LE 4.8 billion worth.

2/2: Deposits

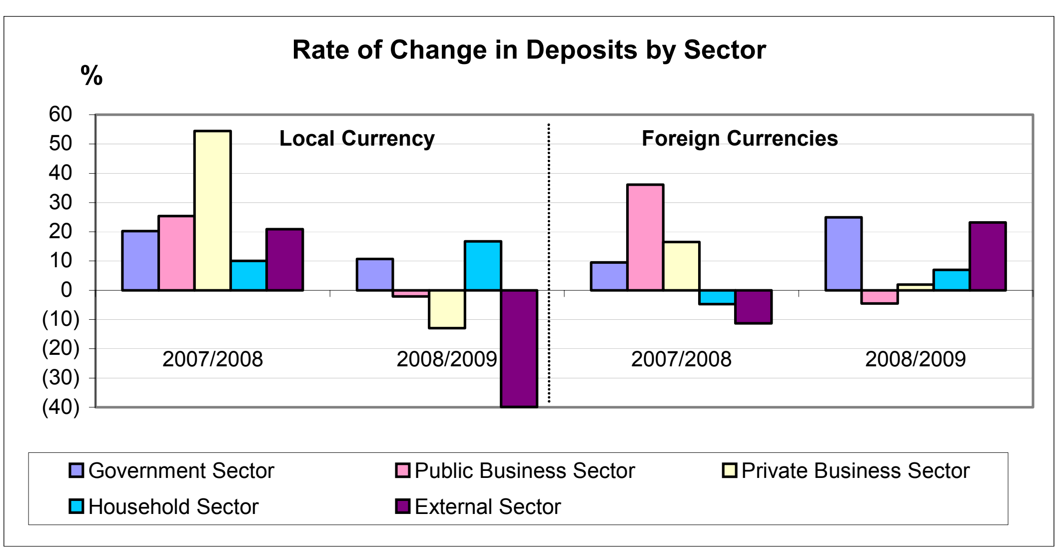
During FY 2008/2009, banks' deposits (including government deposits) grew by LE 62.5 billion or 8.4 percent (against LE 97.2 billion and 15 percent during the previous FY), to stand at LE 809.7 billion or 74.1 percent of banks' aggregate financial position at end of June 2009. Around 74.4 percent of the increase was in local currency deposits. Those deposits rose by LE 46.5 billion or 8.4 percent to LE 598.6 billion or 73.9 percent of total deposits at banks at end of June 2009. On the other hand, deposits in foreign currencies rose by only LE 16.0 billion worth.

Deposits at Banks by Sector

(LE bn)

End of June	Local Currency			Foreign Currencies		
	2007	2008	2009	2007	2008	2009
Total	**463.3**	**552.1**	**598.6**	**186.6**	**195.1**	**211.1**
Government sector	37.2	44.8	49.6	30.3	33.2	41.5
Public business sector	23.5	29.5	28.8	6.7	9.1	8.7
Private business sector	77.5	119.7	104.3	49.1	57.2	58.3
Household sector	321.8	354.1	413.5	98.3	93.7	100.2
External sector	3.3	4.0	2.4	2.2	1.9	2.4

The household sector was the key contributor to the increase in **local currency deposits**. Its deposits scaled up by LE 59.4 billion or 16.8 percent to LE 413.5 billion, thereby representing 69.1 percent of total LE deposits at end of June 2009. However, the increase in local currency deposits was checked by the decline in deposits of the private business sector by LE 15.5 billion, and of the external sector by LE 1.6 billion. Turning to **foreign currency deposits**, the government sector contributed around 51.8 percent of the increase in those deposits. Specifically, the sector's deposits stepped up by the equivalent of LE 8.3 billion to LE 41.5 billion worth, representing 19.6 percent of total foreign currency deposits at end of June 2009. Deposits of the household sector also accelerated by LE 6.5 billion worth or 7.0 percent, to register the equivalent of LE 100.2 billion at end of June 2009.



2/3: Lending Activity

Banks expanded their lending activity during the year. Their lending and discount balances grew by LE 28.5 billion or 7.1 percent, bringing their total balances to LE 430.0 billion, accounting for 39.4 percent of total assets and for 53.1 percent of total deposits at end of June 2009. Credit to small-sized enterprises reached LE 28.7 billion or 6.7 percent of total credit at end of June 2009.

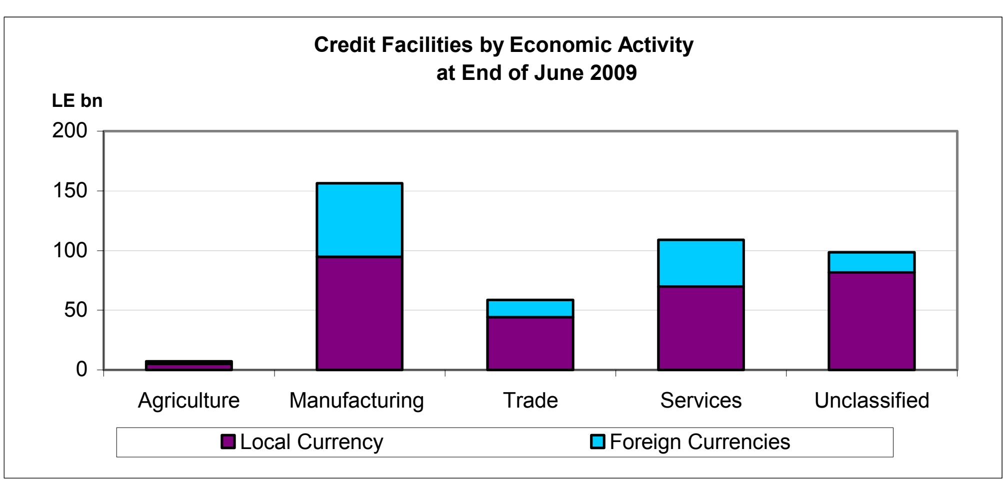
The expansion in the lending and discount balances was a result of the pickup in local currency loans. These loans scaled up by LE 28.0 billion or 10.5 percent, to reach LE 295.2 billion at end of June 2009. The private business sector obtained around 35.1 percent of the increase in local currency loans (up by LE 9.8 billion or 5.9 percent, compared with only LE 4.0 billion and 2.4 percent in the previous FY). In addition, loans to the household sector mounted by LE 9.0 billion or 12.9 percent, to the public business sector by LE 4.3 billion, to the government sector by LE 3.2 billion and to the external sector by LE 1.7 billion. Meanwhile, lending and discount balances in foreign currencies increased by only LE 0.5 billion worth or 0.4 percent, to post LE 134.8 billion at end of June 2009.

Change in Bank Loans by Sector during FY 2008/2009

(LE mn)

End of June	Local Currency Change	Foreign Currencies Change
Total	**28026**	**506**
Government sector	3248	(3658)
Public business sector	4250	1978
Private business sector	9849	(51)
Household sector	8989	(2732)
External sector	1690	4969

The relative distribution of loans by economic activity indicates that the manufacturing sector was the major recipient, with a relative share of 36.4 percent of the total loans extended by banks in both local and foreign currencies at end of June 2009. The services sector followed with a share of 25.3 percent, then trade with 13.7 percent, and finally agriculture with 1.7 percent.

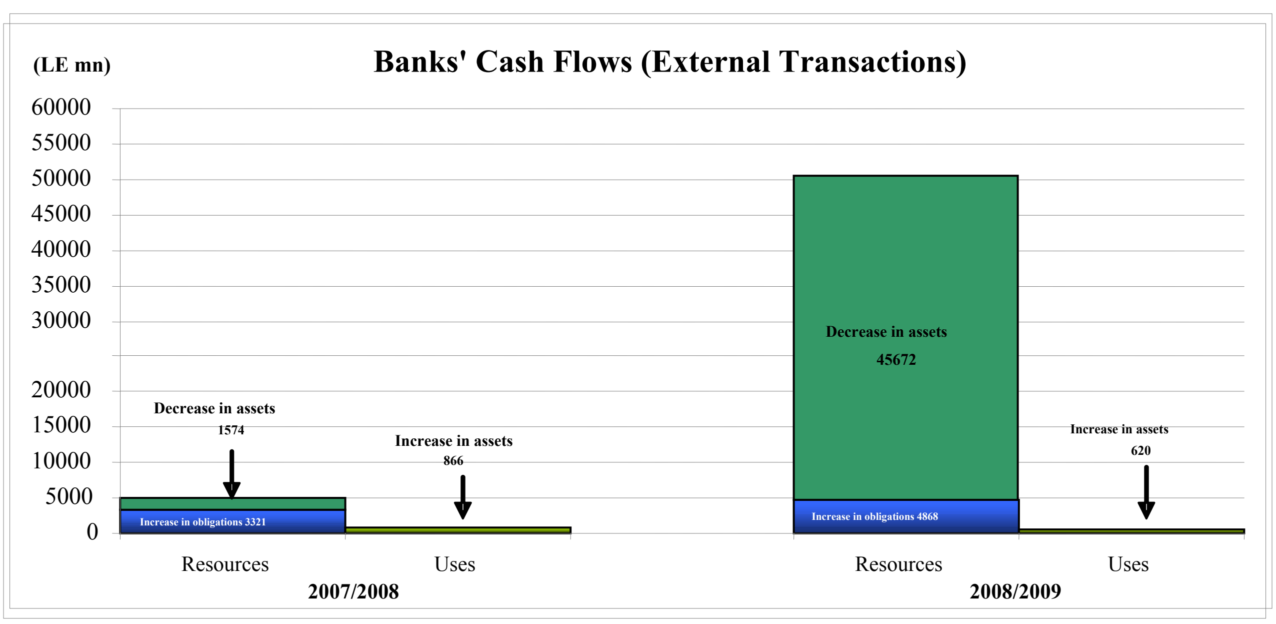


At end of June 2009, loans and advances (excluding discounts) – by maturity – registered LE 427.5 billion, with an increase of LE 28.0 billion or 7.0 percent during the reporting year. Around 93 percent of this increase was manifest in long-term loans (more than one-year), which rose by LE 26.1 billion or 15.4 percent. The increase was a result of the expansion in local and foreign currency loans by LE 16.0 billion and LE 10.1 billion worth, in order. On the other hand, the rise in short-term loans (one year or less) was comparatively as modest as LE 1.9 billion or 0.8 percent, as a dual effect of the expansion in local currency loans by LE 11.8 billion and the contraction in those in foreign currencies by LE 9.9 billion worth.

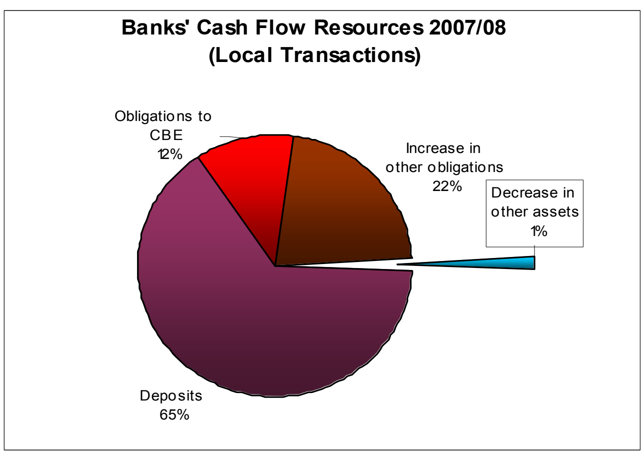
2/4: Banks' Cash Flows

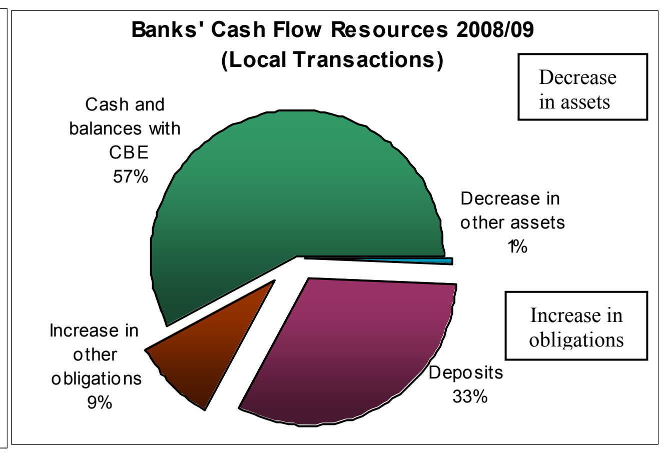
The statement of banks' cash flows showed a surplus of LE 49.9 billion worth on external transactions. Banks' resources reached LE 50.5 billion worth and their uses LE 0.6 billion worth. By contrast, banks' local transactions showed a deficit equivalent to the aforementioned surplus. It is worthy to note that banks' sources of funds emanate from the decrease in assets or the increase in obligations thereon, while uses of funds are either for decreasing obligations or increasing assets.

As for banks' external transactions, their resources emanated from the withdrawal of some balances at banks abroad by the equivalent of LE 45.7 billion. This was made to enable the banking system to meet the portfolio outflows as showed by the balance of payments. Resources also stemmed from higher obligations to banks abroad by LE 4.8 billion. As for external uses, portfolio investments rose by LE 0.6 billion worth.

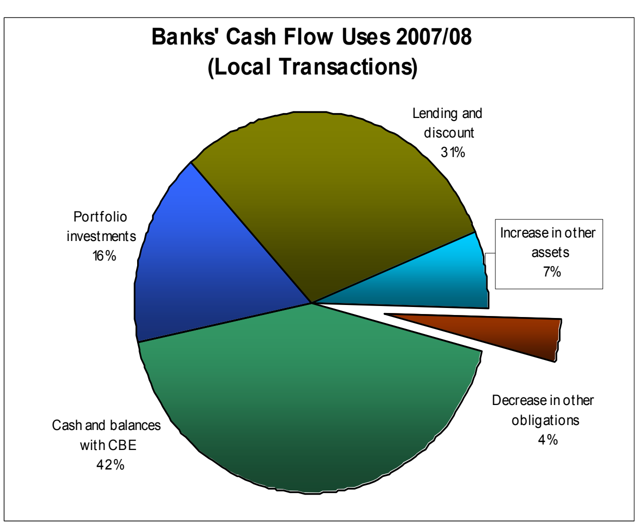


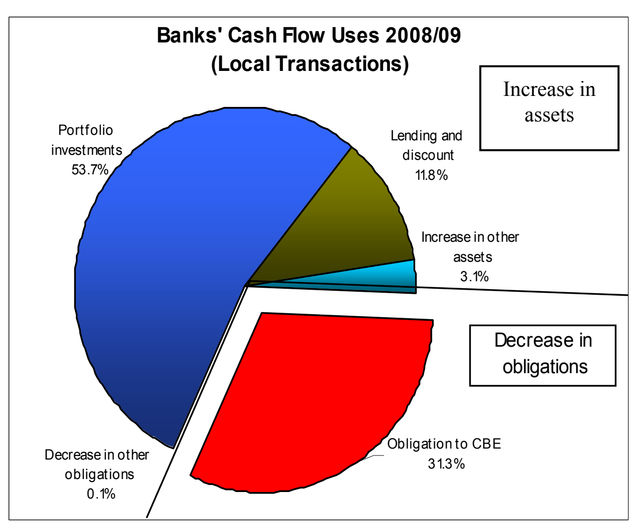
Regarding **local transactions**, deposits at banks contributed almost one third of local resources or LE 62.5 billion, of which LE 46.5 billion were in Egyptian pound, representing 74.4 percent of the total increase in deposits. This signifies the continued preference for saving in Egyptian pound, given the low interest rates on foreign currency deposits. Other resources came from the increase in obligations to local banks by LE 8.2 billion, capital accounts (equities) by LE 5.6 billion, and other obligations (including provisions) by LE 3.7 billion. This is in addition to the resources achieved from the LE 111.2 billion decline in cash and balances with the CBE (due to the drop in the balances used by the Bank to absorb liquidity from the market through open market operations) and the LE 1.1 billion decrease in other assets.





Local uses were a result of increases in portfolio investments by LE 130.1 billion (mostly in bills and government bonds); lending and discount balances by LE 28.5 billion; and balances at local banks by LE 7.4 billion; and decreases in obligations to the CBE by LE 75.9 billion; and in loans & bonds by LE 0.3 billion.





Banks' Cash Flows Statement*

(LE mn)

During	2007/2008	2008/2009
First: Local Transactions		
1. Total Resources:	**149657**	**192278**
A. From the Increase in Obligations (Liabilities)	**147733**	**79964**
Deposits	97246	62495
Obligations to the CBE	17681	-
Capital accounts (equities)	7846	5583
Obligations to local banks	-	8215
Other obligations	24960	3671
B. From the Decrease in Assets	**1924**	**112314**
Cash and balances with the CBE	-	111233
Balances with local banks	1924	-
Other assets	-	1081
2. Total Uses:	**153686**	**242198**
A. For Reducing Obligations	**5667**	**76150**
Loans and bonds	4066	240
Obligations to local banks	1601	-
Obligations to the CBE	-	75910
B. For Increasing Assets	**148019**	**166048**
Cash and balances with the CBE	65300	-
Portfolio investment	24894	130118
Lending and discount	47679	28532
Balances with local banks	-	7398
Other assets	10146	-
Sources/Uses Surplus (+) or Deficit (-)	**-4029**	**-49920**
Second: External Transactions		
1. Total Resources:	**4895**	**50540**
A. From the Increase in Obligations	**3321**	**4868**
Obligations to banks abroad	3321	4868
B. From the Decrease in Assets	**1574**	**45672**
Balances with banks abroad	1574	45672
2. Total Uses:	**866**	**620**
A. For Reducing Obligations	**0**	**0**
B. For Increasing Assets	**866**	**620**
Portfolio investment	866	620
Sources/Uses Surplus (+) or Deficit (-)	**4029**	**49920**

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

2/5: Bank Performance Indicators

The following are the results realized by banks in each area according to their financial positions at end of June 2009.

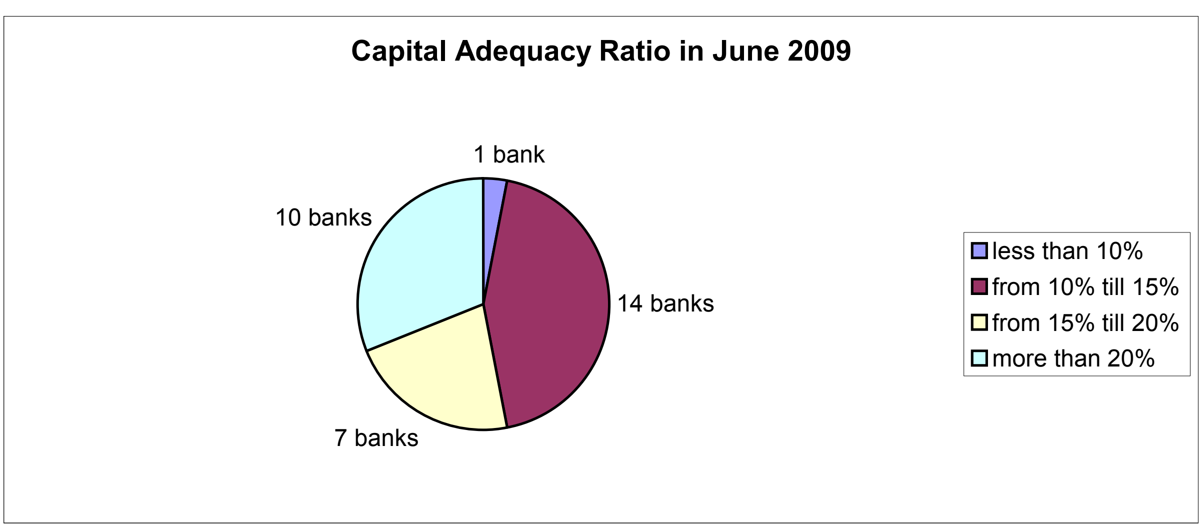
First: Capital Adequacy Standard

By virtue of this standard, banks registered at the CBE (32 banks, except branches of foreign banks) are obliged 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 100 or above 100 percent for each of the real estate development companies operating in the construction of for-sale housing units in case the project's leverage exceeds 2 : 1, and the banking finance granted for total or partial acquisition of companies. Meeting that standard reflects a bank's ability to face any potential risks.

A follow-up of banks compliance showed the following findings:

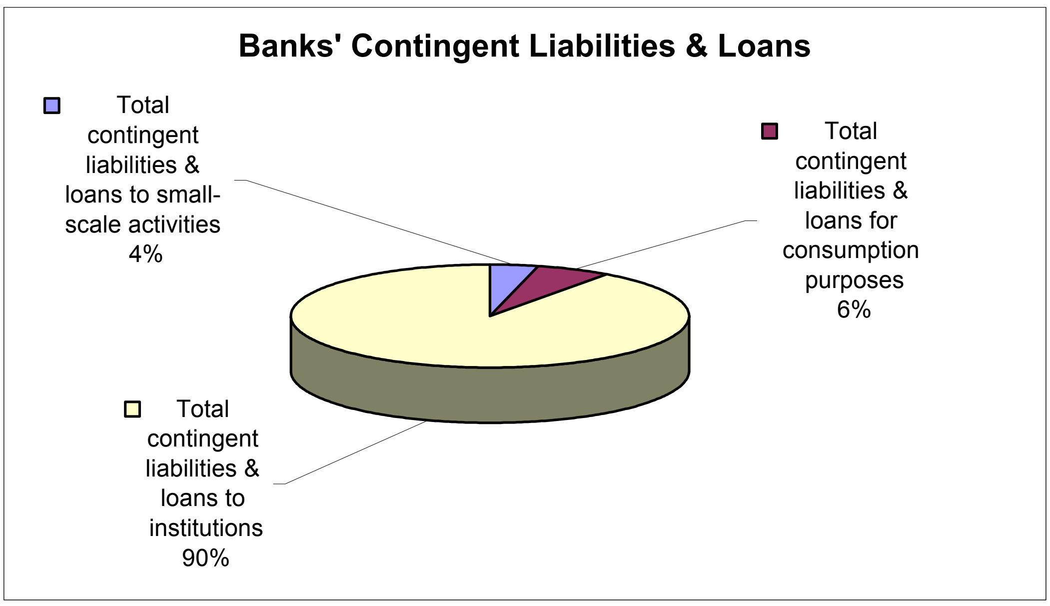
- For banks combined, the ratio reached 14.3 percent against the minimum established ratio (10.0 percent). The core capital represents the major part, accounting for 11.2 percent, while supplementary capital accounts for 3.1 percent.
- Each bank (except for one specialized bank) abided by the capital adequacy standard (the minimum established ratio of 10.0 percent). A plan was launched for the restructuring of specialized public banks under the second stage of the banking sector reform. The number of banks whose capital adequacy standard ranged between 10-15 percent were 14 banks, and those registering above 15 percent were 17 banks.



Second: Asset Quality

On 24 May 2005, the CBE issued the regulations pertaining to customer credit rating and provisioning. These regulations comprise lending to institutional customers, taking into account the obligor risk rate (ORR), consumer-purpose loans, real estate loans for personal housing, and loans to small-sized economic activities.

The following chart specifies the beneficiary entities of credit facilities:



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. A follow-up of the levels of banks' profitability reveals the following:

A- Banks Whose FY Ends June 30 (Public Sector Banks*)

Net profits of Banque du Caire and the Export Development Bank of Egypt (after approval) amounted to LE 560 million for the FY ending June 30, 2008. The ratio of banks' net profits to average equities stood at 2.8 percent, and to average assets at 0.1 percent.

B- Banks Whose FY Ends December 31

- Bank's net profits for the FY ending December 31, 2008 registered LE 7276 million.

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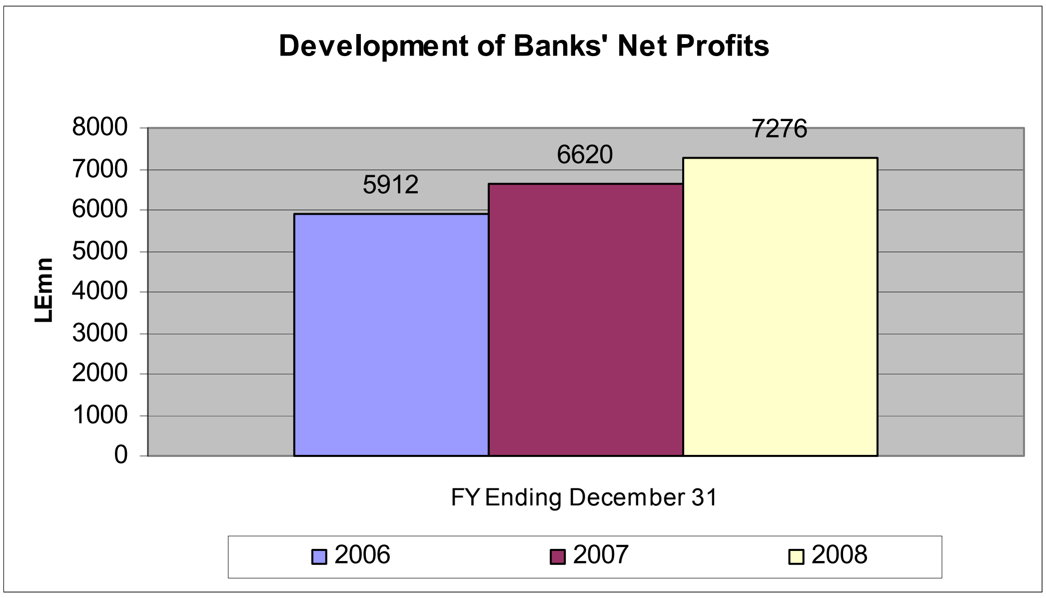
* In addition to the Export Development Bank of Egypt.

- The ratio of banks' net profits to average equities was 20.1 percent for the FY ending December 31, 2008, while the ratio of net profits to average assets reached 1.5 percent.



Most banks resorted to their profits realized during FY 2008 to increase their capital base. This attests to the growing interest of banks, particularly those affiliating to foreign or Arab banking groups, in the investments and potentials available in the local market, particularly under the economic reforms witnessed in the financial sector and given the efforts exerted to improve the business climate.

The main financial indicators of banks financial positions at end of June 2009 are shown in the following table.

Statement	June 2008	June 2009
Average reserve ratio (against 14 % as a minimum):	14.0 %	14.0%
Average liquidity ratio (minimum)		
Domestic 20%	29.6 %	44.3%
Foreign 25%	50.1%	43.2%
Liquid assets/customers' deposits	71.3 %	68.5%
Assets in foreign currencies/liabilities and equities in foreign currencies	100.8 %	102.2 %
Loans to customers/customers' deposits	53.7 %	53.1 %
Claims on banks in Egypt/due to banks in Egypt	109.4 %	102.4 %
Claims on banks abroad/due to banks abroad	921.4 %	423.9 %
Claims on banks abroad/due to banks abroad (&) customers' deposits in foreign currencies	58.9 %	33.6 %
Contingent liabilities/total assets	17.8 %	16.6 %

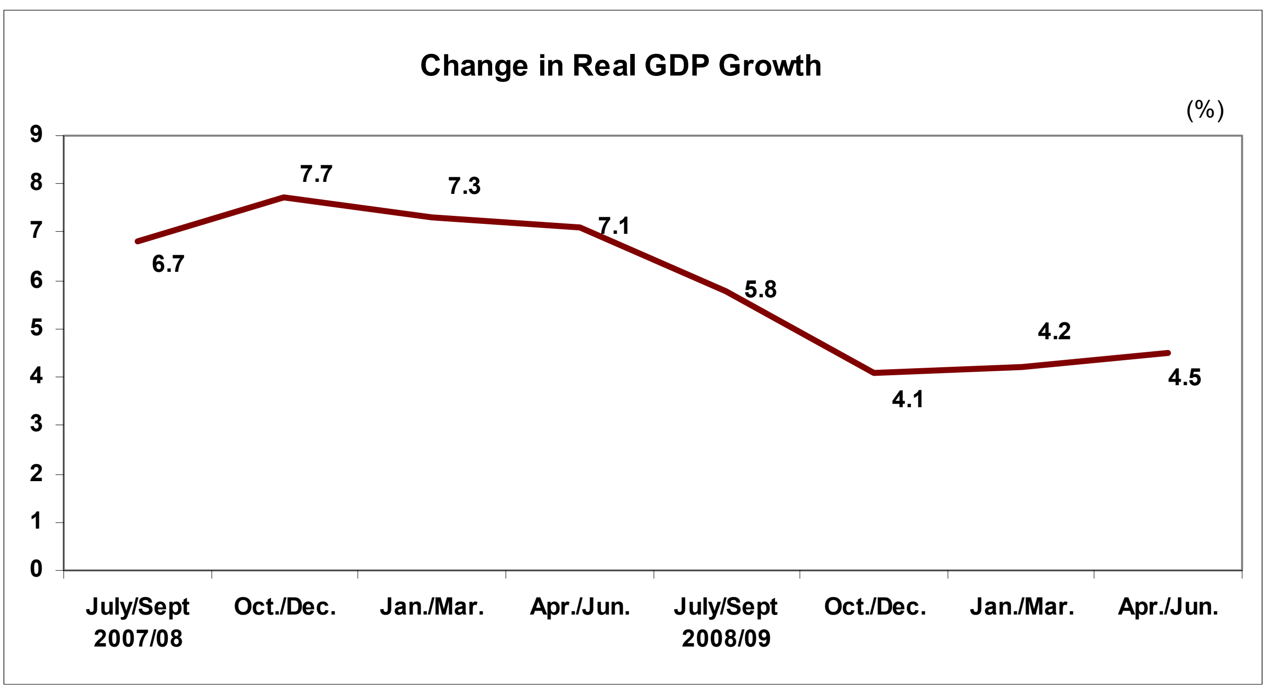
Chapter 3: Domestic Economic Developments

Chapter 3
Development of Macroeconomic performance

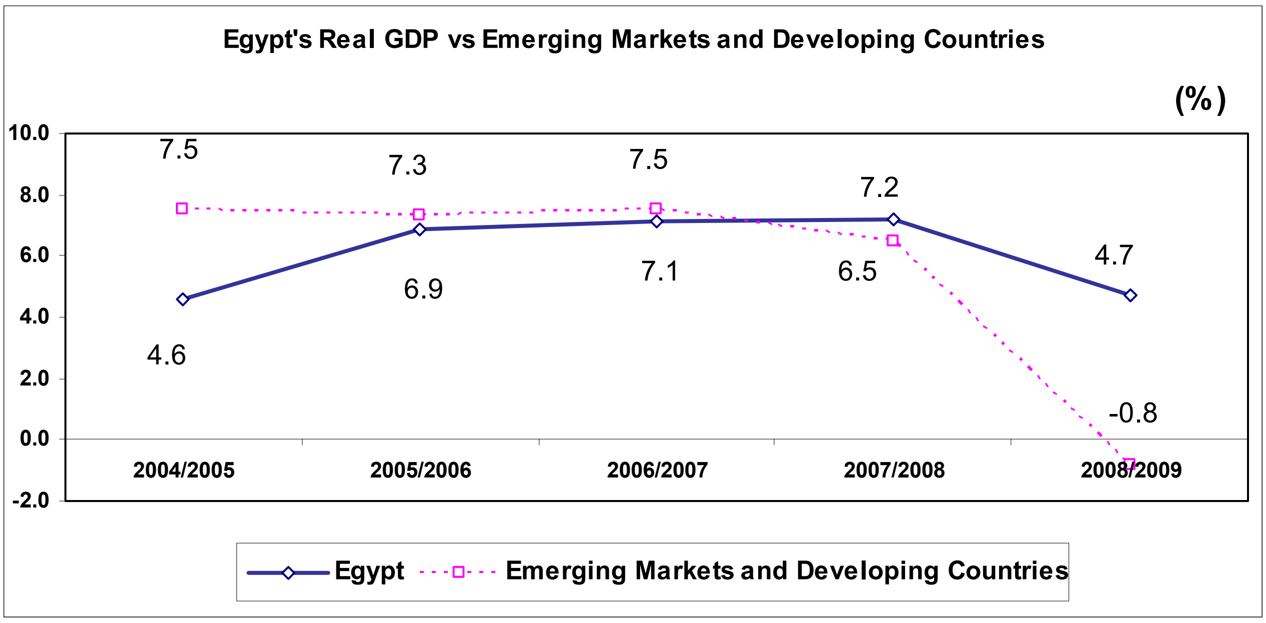
3/1: Gross Domestic Product (GDP)

During FY 2008/2009, the performance of the Egyptian economy was affected by the global financial crisis and its repercussions. The effect of this crisis on the economy peaked during the second quarter of this FY; but began to ebb away since the beginning of the period Jan./June which witnessed a modest pickup of growth. Real GDP growth rate at factor cost declined during the reporting year to some 4.7 percent, from 7.2 percent a year earlier. Despite the adverse effects of the crisis on the Egyptian economy, GDP at current prices exceeded - for the first time - LE one trillion.

The following chart illustrates change in the quarterly real growth rates of GDP during 2007/2008 and 2008/2009.



Though recording a slower rate of 4.7 percent during the reporting year, **the growth of the Egyptian economy** has still outpaced the counterpart average in the emerging economies as a whole (a negative 0.8 percent).

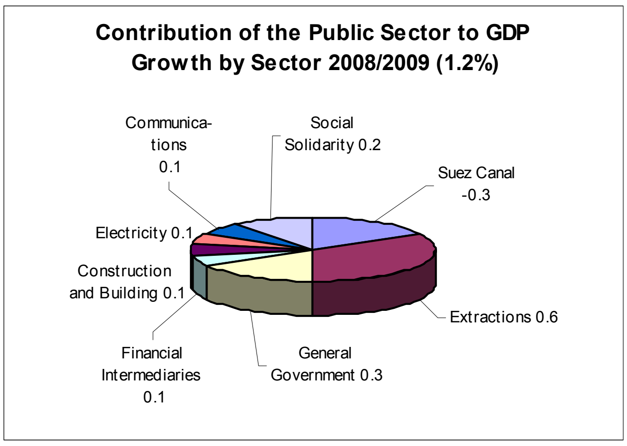


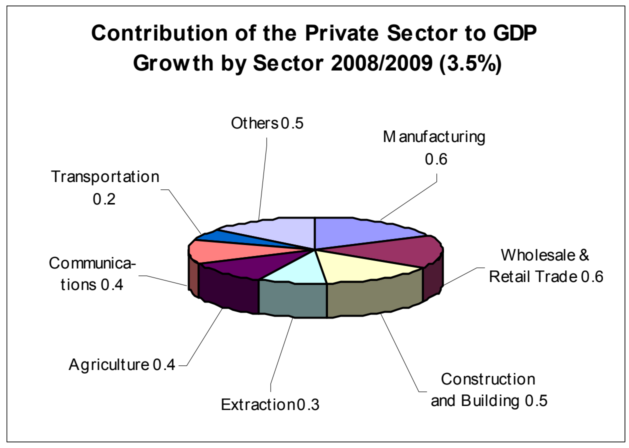
Source: Ministry of Economic Development,
J. P. Morgan, World Financial Markets, Sept. 18, 2009.

On **the supply side**, the fall in real GDP growth at factor cost during the reporting year was ascribed to the decline in real growth rates of some major economic sectors, headed by tourism, manufacturing, and the Suez Canal. However, this was offset by the stronger performance of other sectors which managed to fare well despite the spillovers of the economic crisis. The sector of extractions (oil, gas and other extractions) took the lead, with a growth of 6.4 percent (against 3.6 percent), as many of the discovered fields started production; followed by IT and communications (14.6 percent against 14.5 percent); and real estate (3.8 percent against 3.7 percent).

Commodity sectors contributed 2.6 percentage points to GDP growth, productive services sectors (1.5 percentage points), and social services (0.6 percentage point). The commodity sectors were led by oil, gas and other extractions (0.9 percentage points); followed by manufacturing (0.6 percentage point); and construction and building (0.6 percentage point). At the level of the productive services sectors, the main contributors to the overall GDP growth were wholesale and retail trade (0.6 percentage point), communications (0.5 percentage point), financial intermediaries, and transportation and storage (0.2 percentage point each). By contrast, the Suez Canal contributed a negative 0.3 point.

On the other hand, as a major contributor to the overall growth (4.7 percent), the private sector was far ahead of the public sector, with a share of some 3.5 percentage points.





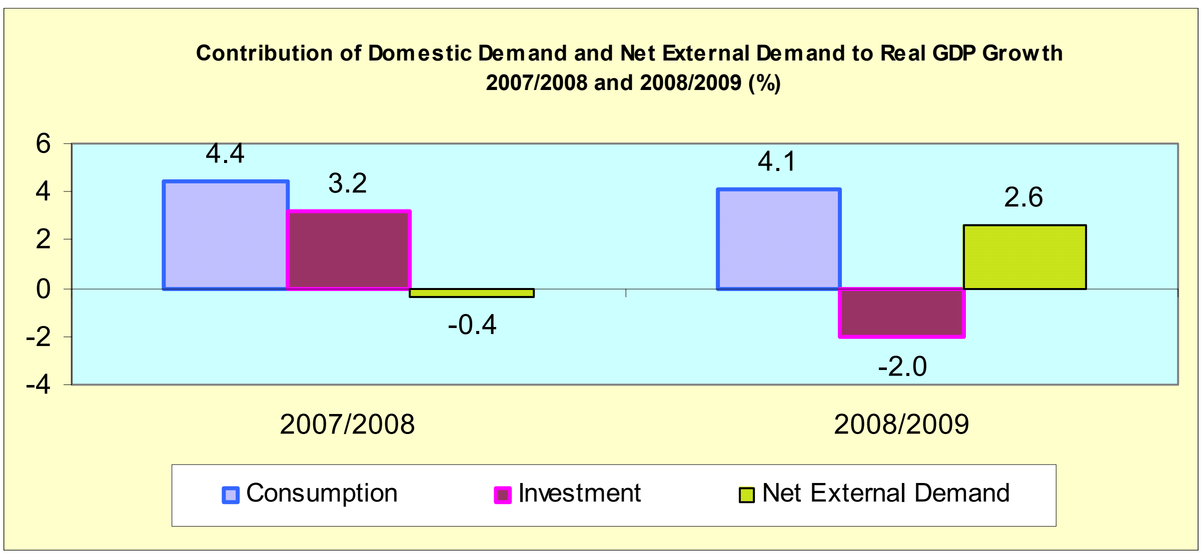
On **the demand side**, real GDP at market prices slowed down to 4.7 percent during FY 2008/2009 (from 7.2 percent), owing to the lower contribution of the gross capital formation to GDP growth (a negative 2.0 percentage points during the reporting year, down from 3.2 percentage points). Another reason was the weak contribution of **final consumption** (4.1 percentage points, down from 4.4 percentage points). A major factor that helped to hold back the slowdown in the economic performance was the **acceleration of public investment spending**, **after the government had pumped nearly LE 15 billion** to finance infrastructure projects (water supply, sanitation, and roads and bridges), in an attempt to stimulate domestic demand and make up for the slackened external demand. In addition, private consumption, though weakened, has still maintained a relatively high growth rate, and the real growth of public consumer spending strengthened. Real growth rate of private consumption posted 4.5 percent during the reporting period (against 5.7 percent a year earlier), while that of government consumption rose to 8.4 percent (from 2.1 percent).

Share of Demand Components in Real GDP Growth

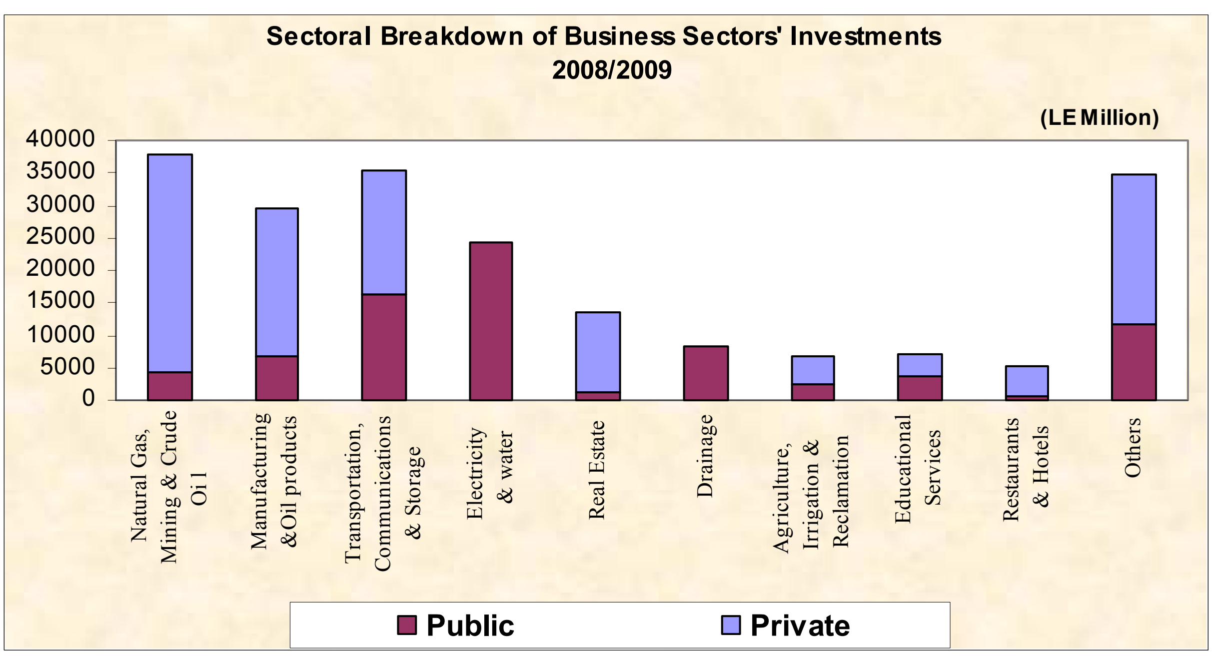
(Percentage Point)

	2007/08	2008/09
Real GDP Growth (1+2)	**7.2**	**4.7**
1- Domestic Demand (A+B)	**7.6**	**2.1**
A- Final Consumption:	4.4	4.1
Private	4.2	3.2
Public	0.2	0.9
B- Capital Formation	3.2	-2.0
2- Net External Demand	**-0.4**	**2.6**
A- Exports of Goods and Services	8.7	-4.7
B- Imports of Goods and Services	-9.1	7.3

Real growth rate of **total investment** went down, recording a negative figure due to the contraction in private investment. This was attributable in part to the fall in FDI net inflows to Egypt, to US$ 8.1 billion (from US$ 13.2 billion during the previous FY). Another factor at work was the decrease in greenfield investments or capital increases, to reach as low as US$ 2.3 billion during the reporting year (from US$ 6.4 billion a year earlier). However, the private business sector continued to play a key role in the development process, with a lion's share of 57.6 percent of total investments, and a substantial contribution of about 62.9 percent to GDP.



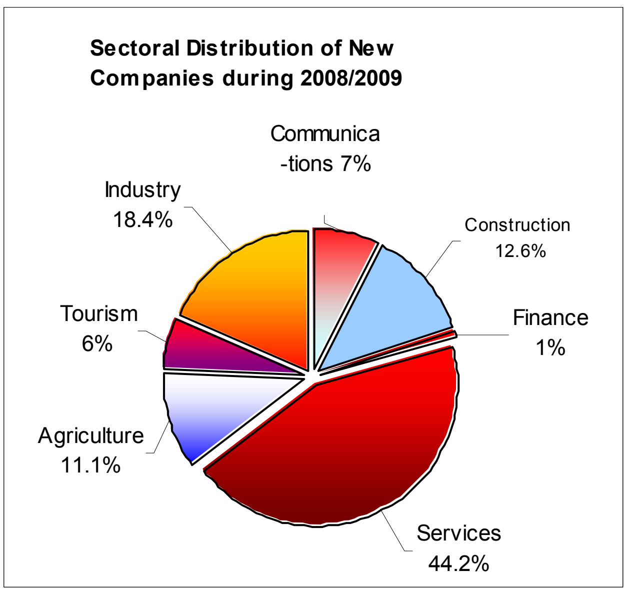
The breakdown of total investments by economic sector during FY 2008/2009 ran as follows: 19.3 percent in oil, gas and other extractions; 15.0 percent in manufacturing; 12.3 percent in electricity and water supply; 3.4 percent in agriculture and irrigation; 2.0 in construction and building; 23.2 percent in productive services; and 24.8 in other services.

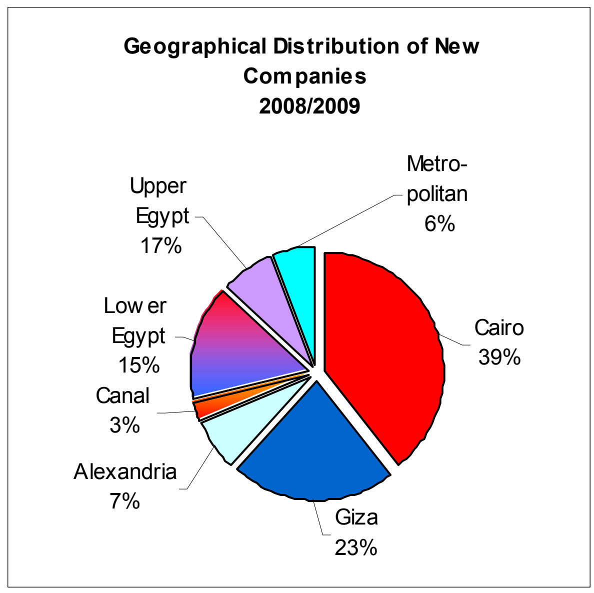


The number of new incorporations established in the reporting year reached 6291, with issued capital of LE 15.3 billion. The share of the services sector amounted to some 44.2 percent of the total.

The geographical distribution of these companies illustrates that the governorates of Greater Cairo still accounted for more than half of their number.

Sectoral and Geographical Distribution of New Companies

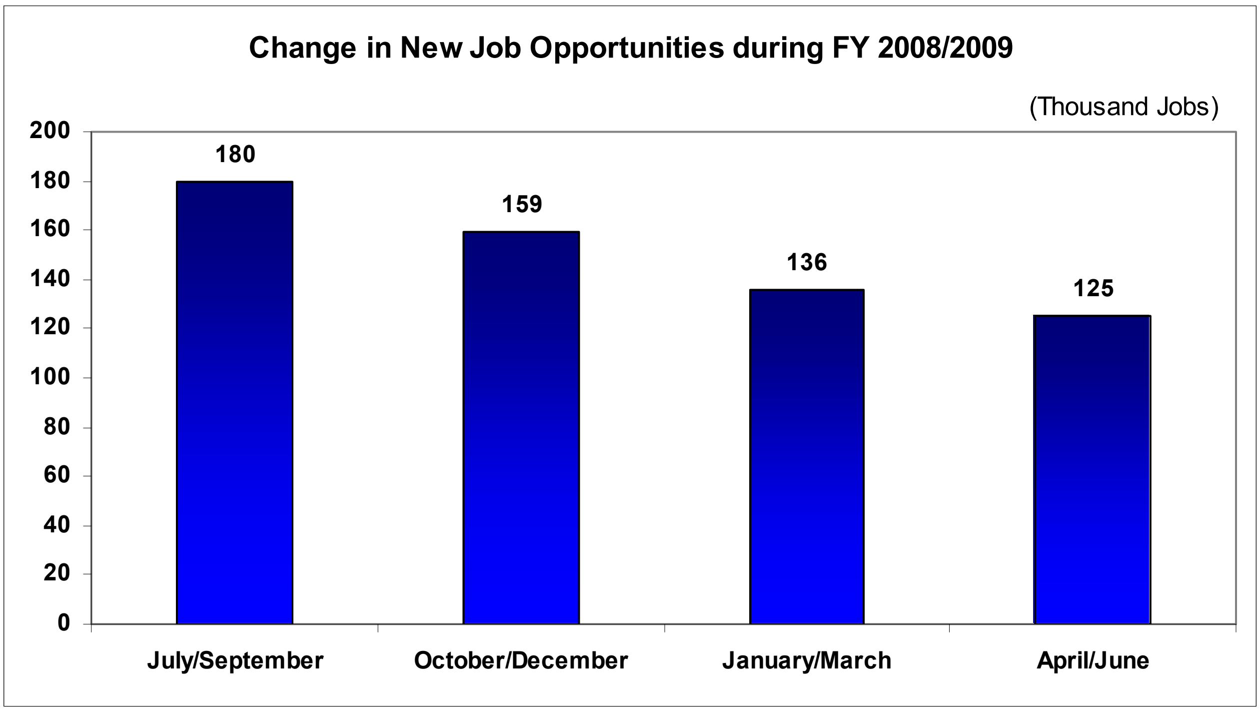




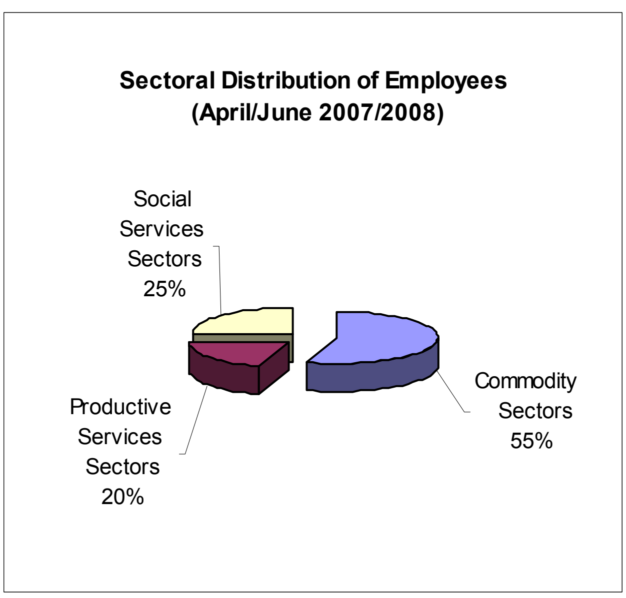
Source: GAFI.

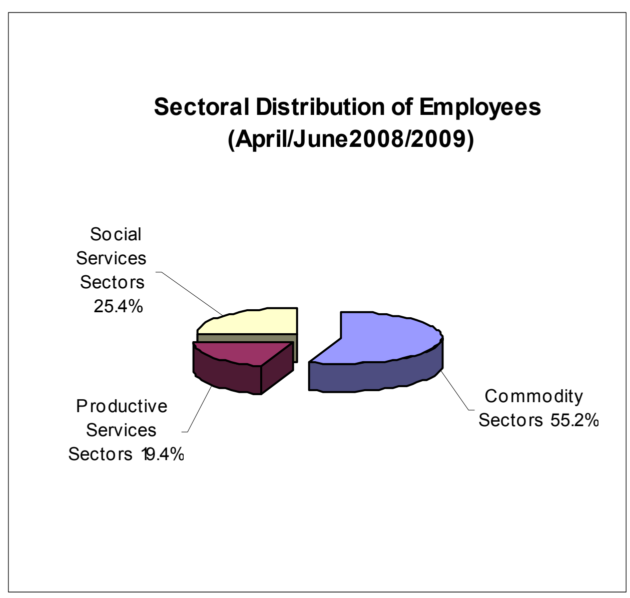
3/1/1: Labor Force and Unemployment

In the light of the follow-up of the social and economic development plan, the number of new job opportunities dropped by 13 percent during FY 2008/2009, amounting to 600 thousand (250 thousand jobs created by the Social Development Fund SDF), against 690 thousand a year earlier (310 thousand jobs were offered by the SDF). Concurrently, unemployment accelerated to some 9.4 percent at end of the reporting year, up from 8.4 percent at end of the previous year. This was ascribed to the weak investments and sluggish economic growth, under the global financial crisis. It is worthy to note that the rise in unemployment was particularly higher for females, recording a rate of 23.2 percent, up from 18.8 percent. In the meantime, unemployment for males slightly subsided to 5.2 percent, from 5.4 percent.



As for the sectoral distribution of employment during the fourth quarter of FY 2008/2009, commodity sectors absorbed about 55.2 percent; productive services 19.4 percent; and social services 25.4 percent.



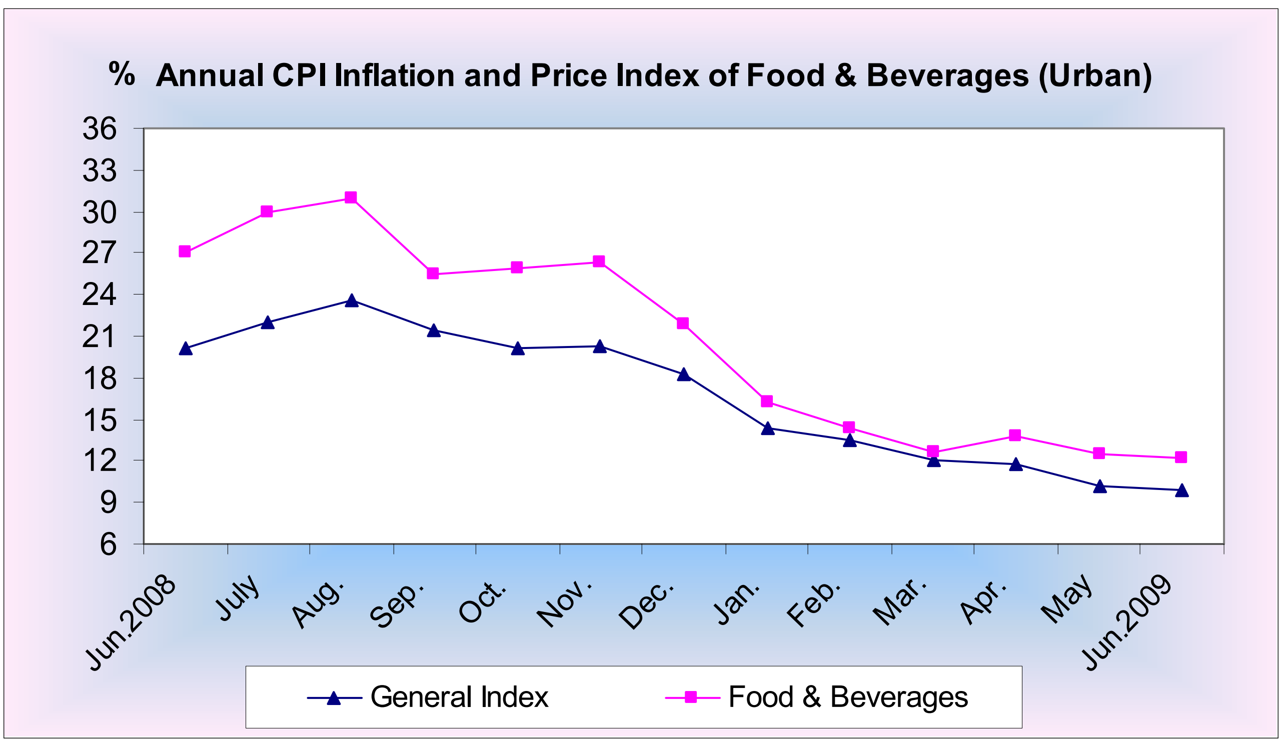


Source : CAPMAS (Labor Survey by Sample).

3/2: Inflation

A- Consumer Price Index (CPI)

In FY 2008/2009, the annual inflation rate according to the CPI (urban) significantly moderated to 9.9 percent in June 2009, from 20.2 percent in June 2008, with a cumulative drop of 10.3 percentage points, after reaching a record high in FY 2007/2008 ever since the early nineties. The retreat was concentrated in the second quarter of the reporting year, as the monthly inflation declined to negative levels.



Source: The CAPMAS.

The moderation of inflation during the reporting year was largely a result of the decrease in the share of the group of food and beverages n headline inflation. This group, which represents 43.9 percent of the general index, accounted for 5.7 percentage points of the headline inflation, against 12.1 points a year earlier. The decline was particularly pronounced in the groups of bread and cereals (a negative 0.3 percentage point against a positive 2.0 percentage points a year earlier); oils and fats (-0.2 point against 1.7 points); milk, cheese and eggs (0.8 point against 2.0 points); and meat (1.5 points against 2.5 points). Meanwhile, the contributions of the groups of vegetables and fruits went up due to their higher inflation rates, thus curbing the drop in headline inflation.

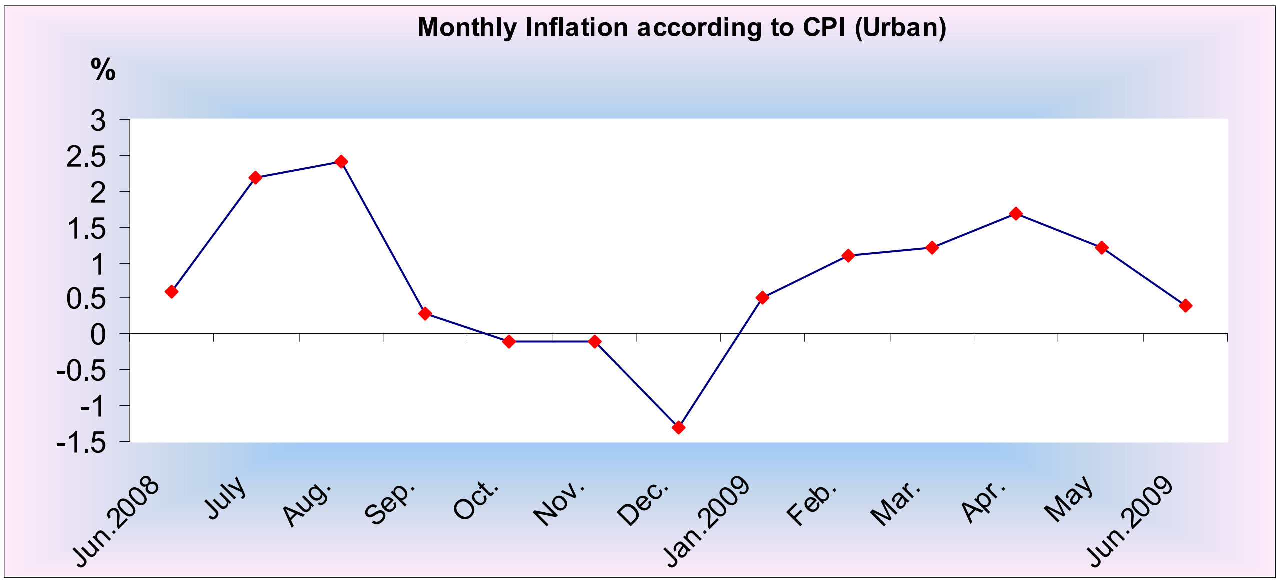
Another factor behind the decline in inflation was the slowdown in domestic economy, on the back of the global financial crisis and its aftereffects. Add to this the measures taken by the government within the framework of the price adjustment policies; mainly the elimination of customs tariffs on some imported foodstuffs, the banning of rice exports, and development of cooperative societies where certain foodstuffs are offered at subsidized prices.

The following table illustrates the shares of the CPI (urban) groups in headline inflation during the year ending June 2009:

Share of CPI Groups (Urban) in Headline Inflation (Jan. 2007= 100)

Main CPI Groups	Weights	Inflation the Year Ending June		Share in Headline Inflation the Year Ending June	
		2008	2009	2008	2009
General Index	**100.0**	**20.2**	**9.9**	**20.2**	**9.9**
Food & non-alcoholic beverages	43.9	27.1	12.2	12.1	5.7
Alcoholic beverages, tobacco and narcotics	2.5	12.1	7.9	0.3	0.2
Clothing and footwear	7.9	4.1	13.4	0.3	0.8
Housing, water, electricity, gas & fuel	13.5	7.6	4.1	1.0	0.5
Furnishings, household equipment and routine maintenance of the house	4.2	10.3	13.1	0.4	0.5
Health care	3.6	12.1	4.5	0.5	0.2
Transportation	5.2	20.1	4.1	1.0	0.2
Communications	3.6	4	5.2	0.1	0.2
Culture & recreation	3.4	21.7	15	0.7	0.5
Education	4.4	37.7	4.6	1.6	0.2
Restaurants & hotels	3.6	46.1	12.7	1.7	0.6
Miscellaneous goods & services	4.2	11.3	8.3	0.5	0.3

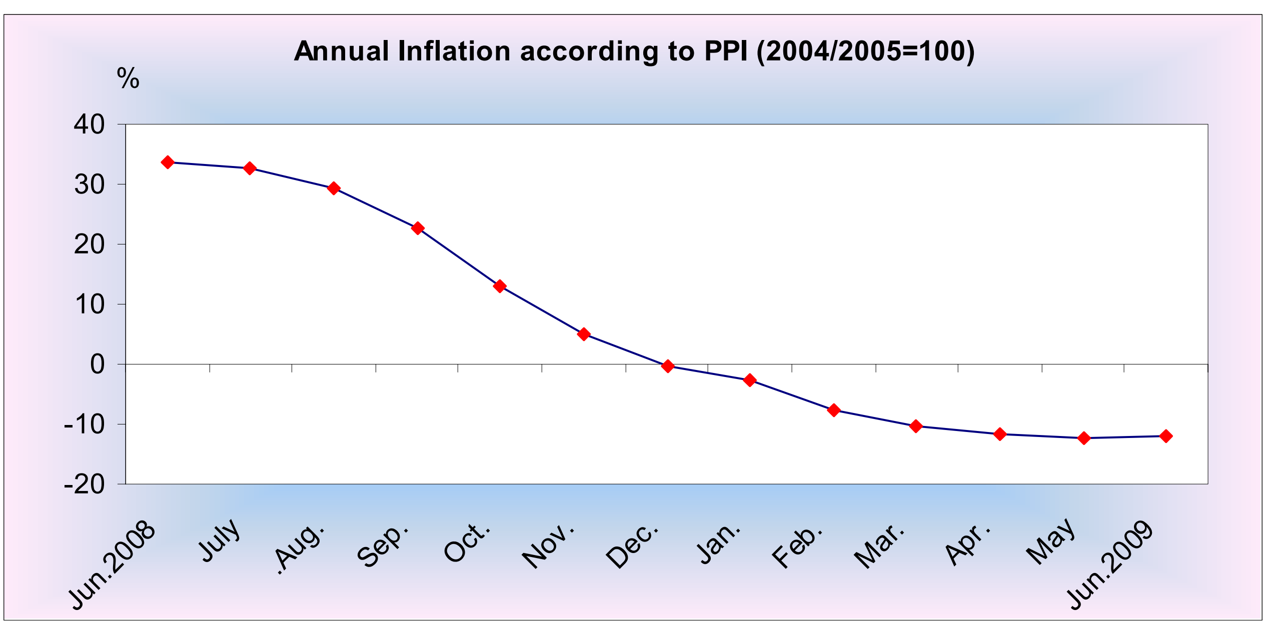
According to the CPI (urban), the monthly inflation rate moved downwards as of Sept. 2008, recording negative levels during Oct./Dec. 2008. However, it rose in the period from Jan. to April 2009, but declined again during the last two months of the reporting year, to register 0.4 percent in June 2009.



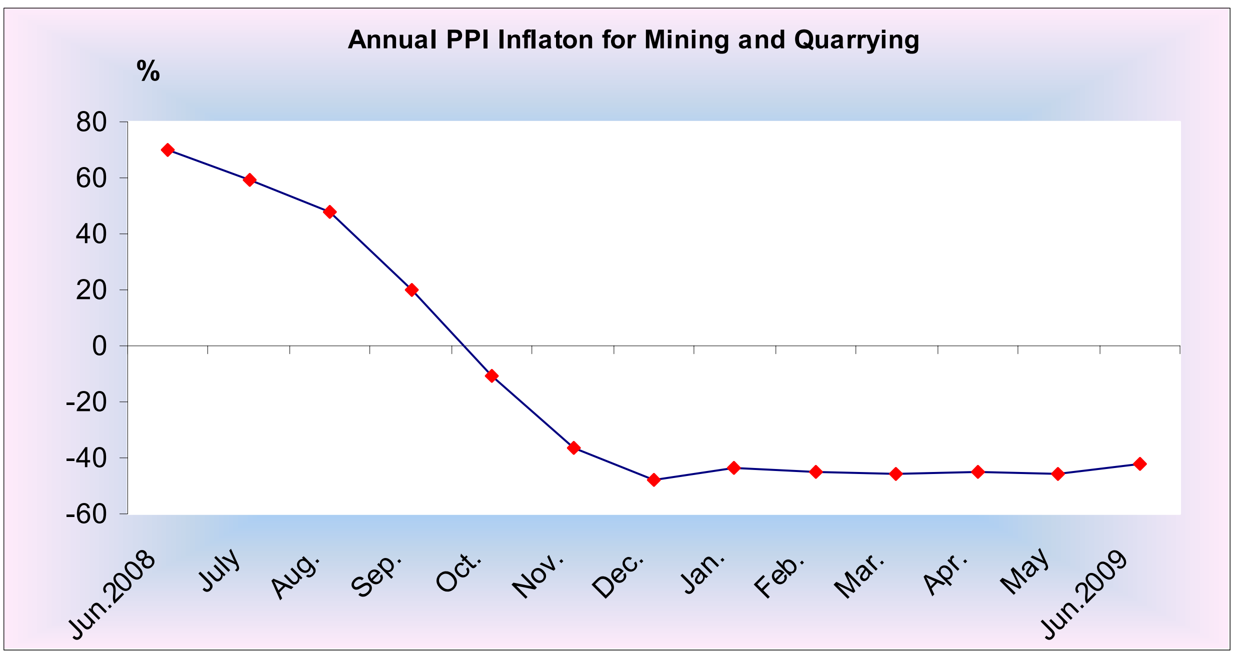
The decrease in monthly inflation rate in June 2009 was due to the lower shares of most groups in this rate; especially food and beverages. This group accounted for 0.2 percentage point in June 2009, against 0.4 percentage point in June 2008, mainly because of the retreat in the group's inflation rate to 0.5 percent (from 0.8 percent).

B- Producer Price Index (PPI)

The PPI-based annual inflation took the same downtrend as the CPI during the reporting year, recording a negative 12.0 percent at end of June 2009, against a positive 33.7 percent at end of June 2008. Such a decline was concentrated in the second half of the reporting year.



The deceleration of PPI inflation in the reporting year was mainly caused by the lower share of the mining and quarrying group in headline inflation (-12.6 percentage points against 16.5 points). Notably, this group recorded a negative inflation of 42.1 percent in June 2009, contrasted to a rise of 69.8 percent in June 2008. The decline was largely in crude oil and natural gas (-19.7 percentage points against 25.6 points), consequent upon the steep drop in their prices by 50.1 percent in June 2009 against a surge of 94.8 percent in June 2008.



The share of the manufacturing group went down to a negative 1.0 percentage point in June 2009, against a positive 8.9 points in June 2008. This stemmed from the marked fall in the inflation rate of this group (-3.0 percent against 24.8 percent). The decline was mainly in the iron and steel industry (-2.3 points against 3.6 points), with the fall in its inflation rate from a positive 86.0 percent to a negative 39.8 percent.

Share of PPI Groups* in Headline Inflation
(Jan. 2007 = 100)

Main PPI Groups	Inflation (%) July/June 2007/08	Inflation (%) July/June 2008/09	Share in Headline Inflation (Percentage Point) July/June 2007/08	Share in Headline Inflation (Percentage Point) July/June 2008/09
General Index	**33.7**	**-12.0**	**33.7**	**-12.0**
1-Agriculture, Forestry and Fishing	**25.5**	**5.2**	**7.3**	**1.4**
Cereals and legumes	62.6	-23.4	2.4	-1.1
Rice	46.3	-45.3	0.7	-0.7
Poultry and eggs	26.8	13.3	0.8	0.4
2-Mining and Quarrying	**69.8**	**-42.1**	**16.4**	**-12.6**
Crude oil	94.6	-50.1	25.6	-19.7
Sand and stone	55.5	-37.9	0.0	0.0
3-Manufacturing	**24.8**	**-3.0**	**8.9**	**-1.0**
Processed food products, of which:	11.1	5.9	0.9	0.4
-Oils and fats	69.1	5.0	0.6	0.1
-Dairy products	14.7	7.9	0.1	0.1
Fertilizers	63.3	17.8	0.3	0.1
Wood & products	37.2	-6.7	0.0	0.0
Cement	21.1	17.3	0.2	0.2
Iron and steel	86.0	-39.8	3.6	-2.3
4-Electricity and Gas	**14.0**	**0.9**	**0.2**	**0.0**
Electric power generation and distribution	19.7	1.1	0.3	0.0
5-Water Supply Activities	**8.4**	**0.0**	**0.2**	**0.0**
6-Transportation and Storage	**9.0**	**12.0**	**0.2**	**0.2**
Land transport	16.3	0.0	0.1	0.0
7-Food Services & Accommodation	**11.7**	**-2.5**	**0.5**	**-0.1**
Meal serving services in limited service facilities	79.1	7.4	0.4	0.0
8-Information and Communications	**0.0**	**4.4**	**0.0**	**0.1**

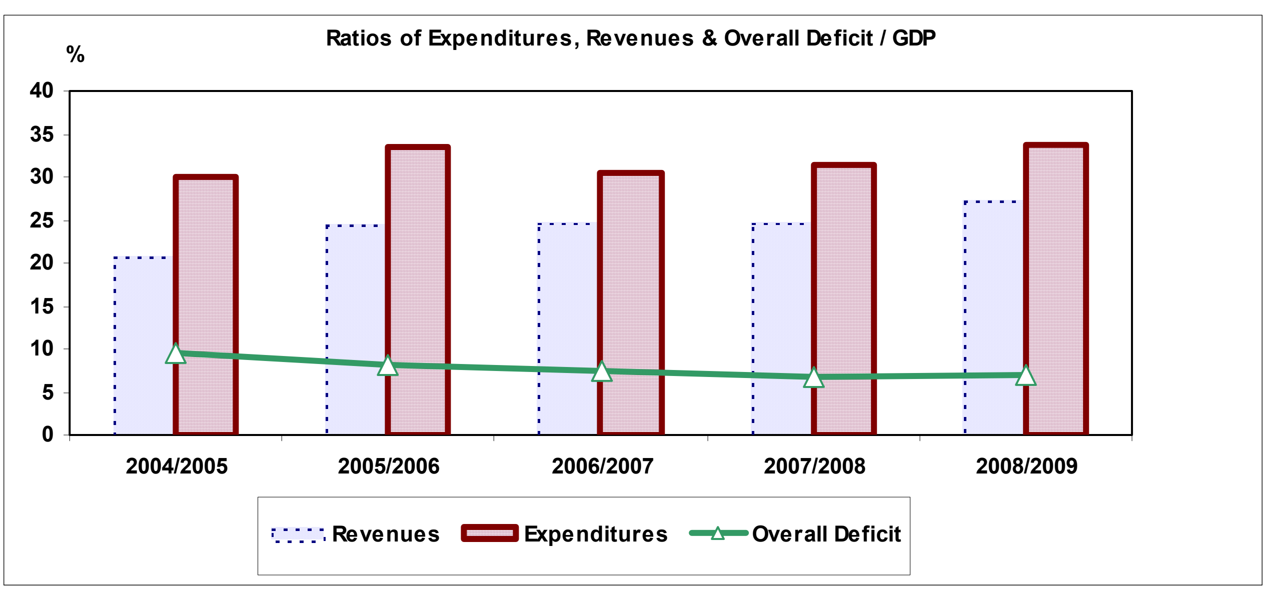
* According to the Producer Price Index Bulletin (issued by the CAPMAS as of Sept. 2007, to replace the Wholesale Price Index Bulletin that was stopped as of Jan. 2008).

3/3: Consolidated Fiscal Operations of the General Government

The **fiscal policy** for FY 2008/2009 aimed at cushioning the adverse effects of the global economic crisis, and alleviating the burden of price hikes on low-income brackets. This was realized by increasing subsidies on the one hand, and pumping investments of LE 15.0 billion (mostly in basic utilities) on the other hand. This was intended to spur domestic demand and to mitigate the negative impact of weak private investment and low merchandise and services exports. Additionally, customs tariffs were cut on capital goods and production inputs, which also enjoyed a one-year exemption from the sales tax.

Total government expenditures increased by 24.5 percent to LE 351.5 billion during the reporting year. Almost 15 percent of this increase was evidenced in subsidies, particularly to the General Authority for Supply Commodities (GASC) and the Egyptian General Petroleum Corporation (EGPC). Contributing about 20 percent of the rise in government expenditures, wages and compensations of employees mounted by 21.2 percent, to LE 76.1 billion or 21.7 percent of total government expenditures.

Public revenues went up by 27.6 percent to LE 282.5 billion. About 45 percent of this increase came from tax revenues. Consequently, the overall budget deficit widened to LE 71.8 billion during FY 2008/2009, from LE 61.1 billion a year earlier. The budget deficit/GDP ratio also rose to 6.9 percent from 6.8 percent. In addition, the primary budget deficit reached LE 19.0 billion, or 1.8 percent of GDP, against LE 10.6 billion and 1.2 percent.

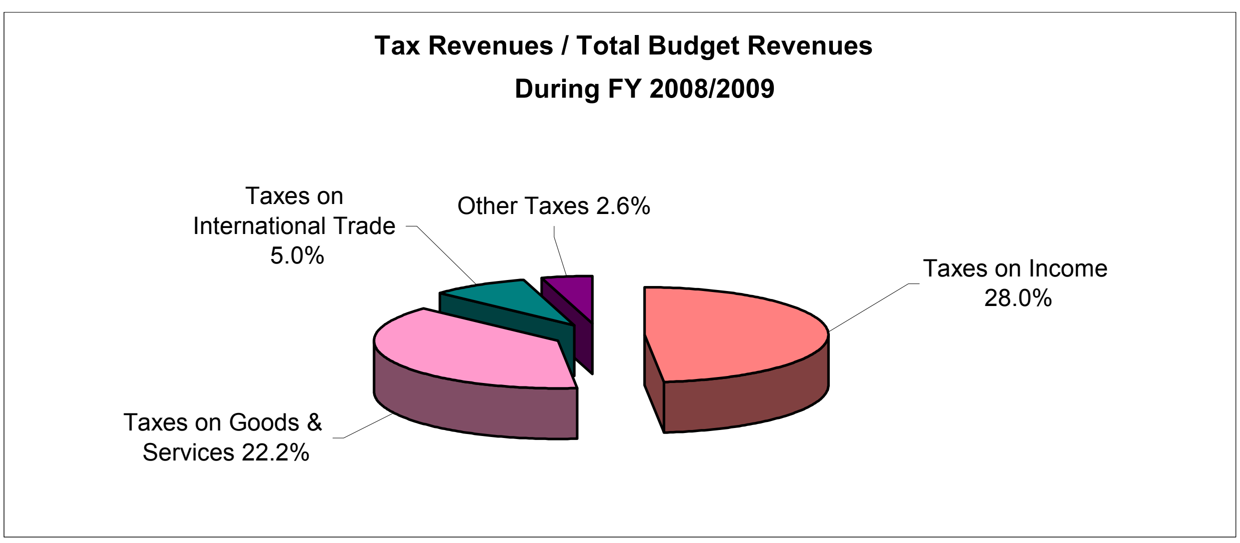


Hereunder is a follow-up of the execution of the consolidated fiscal operations of the general government in FY 2008/2009, according to the preliminary actual figures of the Ministry of Finance:

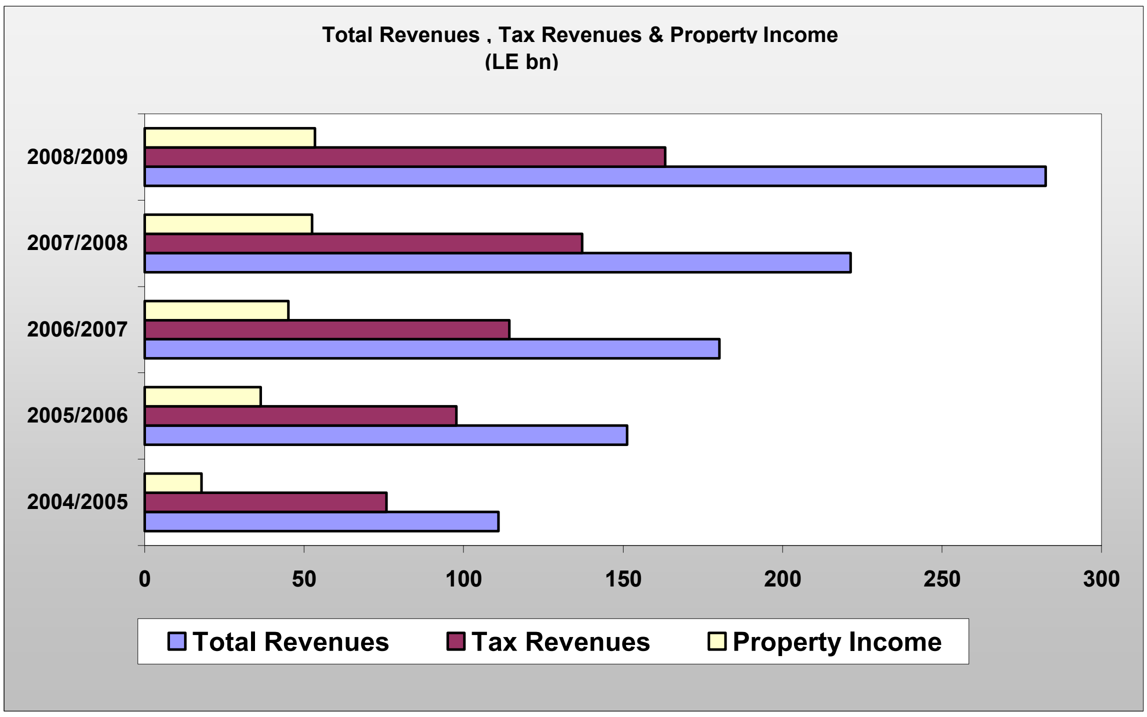
3/3/1: Budget Sector
(Administrative System - Local Administration - Service Authorities)

Public revenues augmented by LE 61.1 billion or 27.6 percent from the previous year's level, to reach LE 282.5 billion or 27.2 percent of GDP. Around 42.6 percent of this increase was contributed by tax revenues which registered LE 163.2 billion, up by LE 26.0 billion or 19.0 percent above the preceding FY.

Half of the rise in tax revenues came from the sales taxes on goods and services. These taxes went up by LE 12.9 billion or 25.9 percent above the previous FY, to post nearly LE 62.7 billion. About 45.7 percent of the increase in tax revenues was attributed to the rise in tax earnings collected mainly from the EGPC and the high taxes on individuals' income and some companies' profits. Customs receipts scaled up by only LE 71 million as a direct result of the financial concessions granted to mitigate the effects of the world crisis, and the 4.6 percent decline in merchandise imports during the reporting year.



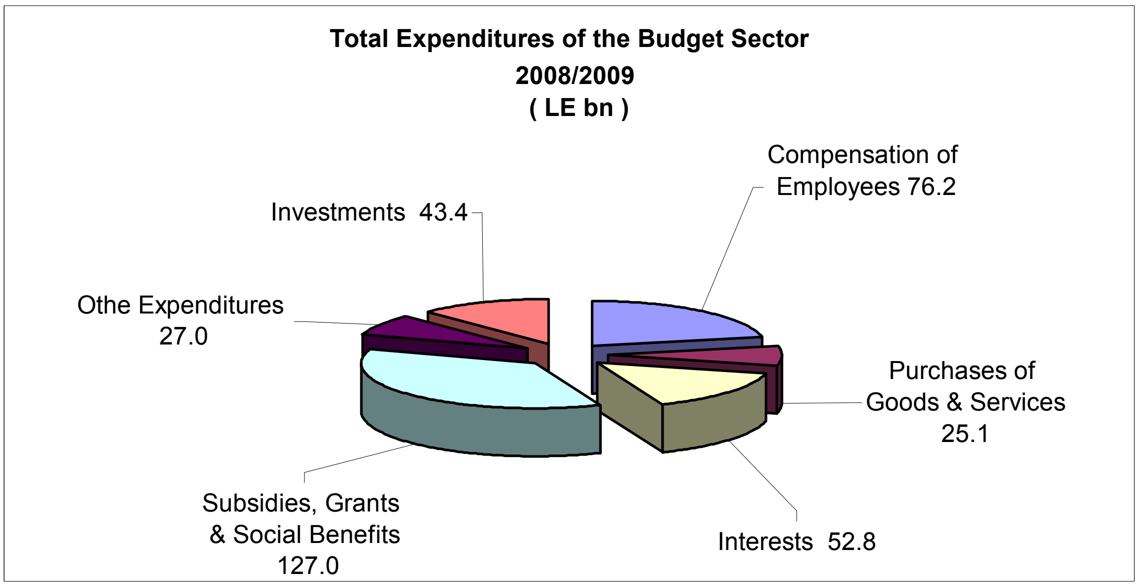
Property income revenues collected from the EGPC, Suez Canal Authority, CBE and some other economic authorities contracted by LE 7.0 billion or 16.1 percent, to stand at LE 36.5 billion, representing 12.9 percent of total collected revenues (against LE 43.5 billion and 19.6 percent of the total in the previous FY). By contrast, revenues from property income of some companies, and from license fees (paid by new cement and iron factories during the reporting year) went up by LE 7.9 billion. This helped offset the above-mentioned decline in the other items of property income.



Grants amounted to LE 8.0 billion, up by LE 6.5 billion from the previous FY. The increase came mostly from current grants (LE 6.0 billion), and the remainder from capital grants.

Expenditures, according to actual figures, totaled LE 351.5 billion (33.8 percent of GDP) during FY 2008/2009, with a rise of LE 69.2 billion. Rising by LE 9.6 billion or 11.4 percent, to LE 93.8 billion, subsidies absorbed almost 15 percent of the rise in expenditures. The increase was mainly attributed to high subsidies to GASC (up by 28.1 percent), and to the EGPC (4.1 percent), in addition to other subsidy items.

In line with the policy aimed at improving the conditions of civil servants, “employees’ wages and compensations” mounted by LE 13.3 billion or 21.2 percent, to LE 76.1 billion. The item included all cash and fringe benefits, raises, periodical allowances and incentives set at the beginning of the FY, and the costs of adding the special allowance of FY 2003/2004. These wages and compensations drained about 27.0 percent of total revenues and 24.7 percent of total government current expenditure. Accordingly, total subsidies, wages and compensations of employees accounted for nearly 50 percent of total government expenditures.



Likewise, interest payments on debts (external and domestic) climbed by LE 2.3 billion or 4.5 percent, to LE 52.8 billion or 15.0 percent of total expenditures. This was a result of the increase of LE 2.4 billion or 5.2 percent in domestic interest payments and the decline of LE 139 million in external interest payments.

During FY 2008/2009, investment spending picked up by LE 9.2 billion or 27.0 percent, to LE 43.4 billion. The increase was manifest in the investment projects directed for infrastructure, potable water and sanitary sewage as well as health and educational services. Of these expenditures, the investment projects for health and educational services absorbed LE 4.7 billion , of which LE 1.6 billion (or 0.2 percent of GDP) were for health, and LE 3.1 billion (0.3 percent of GDP) were for education. This reflected the modest investments directed to such services and highlighted the need to support these investments at both quantitative and qualitative levels being a cornerstone for economic and social development.

Summary of the Fiscal Operations of the Budget Sector

(LE mn)

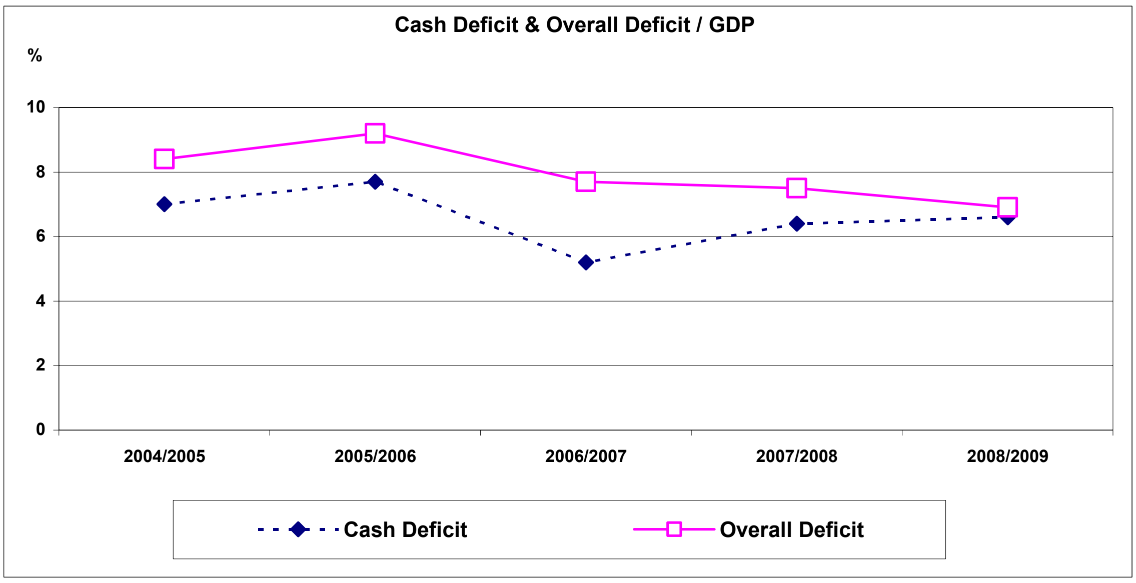
Revenues	2007/08 Actual	2008/09 Preliminary Actual	Expenditures	2007/08 Actual	2008/09 Preliminary Actual
Total Revenues	**221404**	**282505**	**Total Expenditures**	**282290**	**351500**
Tax revenues	137195	163222	Compensations of employees	62839	76147
Taxes on income & profits	67059	79073	Purchases of goods & services	18470	25072
Taxes on property	2052	3944	Interests	50528	52810
Taxes on goods & services	49747	62650	Subsidies, grants & social benefits	92371	127033
Customs	14020	14091	Subsidies	84205	93830
Other taxes	4317	3464	Grants	3890	4213
Grants	1463	7984	Social benefits	4050	28707
Other revenues	82746	111299	Others	226	283
Property income	52455	53395	Other expenditures	23891	27008
Proceeds of selling goods & services	12038	16216	Defense	19849	22267
Financial investments	5765	7855	Other	4042	4741
Others	12488	33833	Purchases of non-financial assets (investments)	34191	43430

As a result of the above-mentioned developments on the revenues and expenditures sides during FY 2008/2009, the budget showed a cash deficit of LE 69.0 billion or 6.6 percent of GDP. By adding the net acquisition of financial assets (LE 2.8 billion), the overall budget deficit would post LE 71.8 billion or 6.9 percent of GDP during the reporting FY, against a deficit of LE 61.1 billion or 6.8 percent of GDP a year earlier.

Domestic financing sources (mainly banks' subscriptions for TBs) were used to finance 67.5 percent of the overall deficit, while the remainder (LE 23.3 billion) was financed by external financing sources.

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

Adding the fiscal operations of the NIB and SIFs to those of the budget sector during FY 2008/2009, collected revenues would surge by LE 6.0 billion to LE 288.5 billion, constituting 27.8 percent of GDP. Likewise, expenditures would rise by LE 5.4 billion, to LE 356.9 billion or 34.4 percent of GDP.



Accordingly, the above-mentioned fiscal operations gave rise to a cash deficit of LE 68.4 billion in the consolidated fiscal operations of the general government during FY 2008/2009. By adding the net acquisition of financial assets (LE 4.0 billion), the overall deficit reaches LE 72.4 billion or 7.0 percent of GDP.

Summary of Consolidated Fiscal Operations of the General Government

(LE mn)

	2007/2008 (Actual)	2008/2009 (Preliminary Actual)
Total Revenues	248835	288545
Total Expenditures	305795	356944
Cash Deficit	56960	68399
Net Acquisition of Financial Assets	10603	3980
Overall Deficit	67563	72379
Financing Resources	67563	72379
Domestic Financing	6604	79664
Banking Financing	-4701	100140
Non-Banking Financing	11305	-20476
Blocked Account Used in Amortizing Part of CBE Bonds	38970	0
Foreign Borrowing	11439	23343
Arrears	-56	-4
Others	15154	3915
Financing Effects for Eliminations	1	0
Exchange Rate Revaluation	-4276	3366
Net Privatization Proceeds	673	183
Difference between Treasury Bills Face Value & Present Value	-1149	-10915
Foreign Debt Reclassification Differences and Related FX Differences	0	-25155
Discrepancy	203	-2018

The finance for the overall deficit of the consolidated fiscal operations of the general government was provided from local and external financing sources (67.7 percent and 32.3 percent, respectively).

3/4: Balance of Payments and External Trade

Egypt's BOP* realized an overall deficit of US$ 3.4 billion during FY 2008/2009, which witnessed the global financial crisis, against a surplus of US$ 5.4 billion in the previous FY. As such, the current account recorded a deficit of US$ 4.4 billion, while the capital and financial account realized a net inflow of US$ 1.4 billion.

The deficit in the current account was an outcome of the widened trade deficit by US$ 25.2 billion against US$ 23.4 billion, and the decline in the services surplus and net unrequited transfers.

Merchandise export proceeds went down by 14.3 percent to US$ 25.2 billion, due to lower oil and non-oil exports by 24.0 percent and 4.8 percent, respectively. Likewise, merchandise import payments fell by 4.6 percent to US$ 50.3 billion as an outcome of the decline in oil imports by 26.4 percent and the rise in non-oil imports by 0.2 percent.

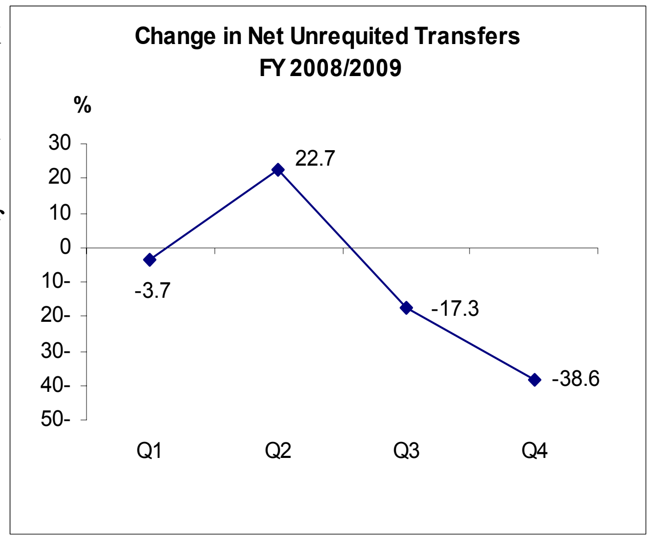
The services surplus declined during the reporting year by 16.5 percent, to only US$ 12.5 billion, against US$ 15.0 billion in the previous FY. The decline was an effect of the retreat in both service receipts and payments. This is shown as follows:

- Service receipts fell by 12.5 percent during FY 2008/2009, to only US$ 23.8 billion (against US$ 27.2 billion). This was a result of the decline in most items, particularly investment income receipts that shrank by 41.1 percent to only US$ 1.9 billion, Suez Canal receipts by 8.4 percent to US$ 4.7 billion, travel receipts (tourism revenues) by 3.1 percent to only US$ 10.5 billion, and other service receipts by 31.9 percent to US$ 3.6 billion.

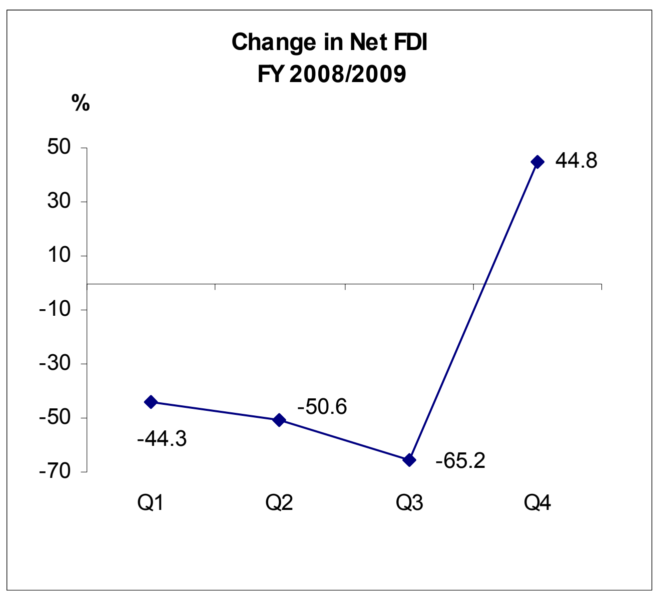
- Likewise, service payments went down by 7.7 percent to only US$ 11.3 billion (against US$ 12.2 billion), as a result of the drop in all items, particularly other service payments by 8.4 percent to US$ 4.1 billion, and investment income payments by 8.0 percent to US$ 1.8 billion.

* Compiled in accordance with the Fifth Edition of the IMF's Balance of Payments Manual, September 1993

Net unrequited transfers rolled back by 11.7 percent during the reporting year. This was ascribed to the decrease in private transfers by 8.9 percent to US$ 7.6 billion (due to lower remittances of Egyptians working abroad), and the drop in official transfers because of the decline in cash and commodity grants to the Egyptian government.



The net inflow realized by the items of the capital and financial account dropped to only US$ 1.4 billion during FY 2008/2009 (against US$ 7.6 billion during the previous FY). This was due to the fact that foreign direct investment (FDI) in Egypt achieved a net inflow of US$ 8.1 billion (against US$ 13.2 billion a year earlier) down by 38.7 percent. Portfolio investments in Egypt achieved a net outflow of US$ 9.2 billion (against US$ 1.4 billion), of which US$ 7.1 billion were foreigners' investments in Egyptian TBs.



Other assets and liabilities recorded a net inflow of US$ 3.9 billion, against a net outflow of US$ 3.4 billion.

The following table shows the main BOP indicators according to GDP data during FY 2008/2009 and the comparison year 2007/2008:

Balance of Payments Indicators

	FY (%)	
	2007/2008	**2008/2009**
Trade Balance:		
- Merchandise exports / GDP	18.1	13.4
• Oil exports / Total exports	49.3	43.7
• Crude oil exports / Oil exports	33.9	36.4
- Merchandise imports / GDP	32.5	26.8
• Non-oil imports / Total imports	81.9	86.0
Foodstuff & cereals imports / Non-oil imports	14.4	13.6
• Oil products imports / Total imports	8.5	8.8
- Volume of foreign trade / GDP	50.5	40.2
- Coverage ratio of merchandise exports / Merchandise imports	55.6	50.0
- Trade Balance / GDP	-14..4	-13.4
Services Balance:		
- Services balance / GDP	9.2	6.7
• Total service receipts / GDP, of which:	16.7	12.7
Suez Canal tolls / GDP	3.2	2.5
• Tourism / GDP	6.7	5.6
Transfers:		
- Net transfers / GDP	5.7	4.4
Remittances of Egyptians working abroad	5.3	4.2
- Current receipts / GDP	40.5	30.4
- Current payments / GDP	40.0	32.8
- Current receipts / Current payments	101.4	92.8
- Current Account / GDP	**0.5**	**-2.4**
Capital and Financial Account:		
- FDI in Egypt / GDP	8.1	4.3
- Overall Balance / GDP	**3.3**	**-1.8**
- Months of merchandise and service imports covered by NIRs (End of June)	**6.4**	**6.1**

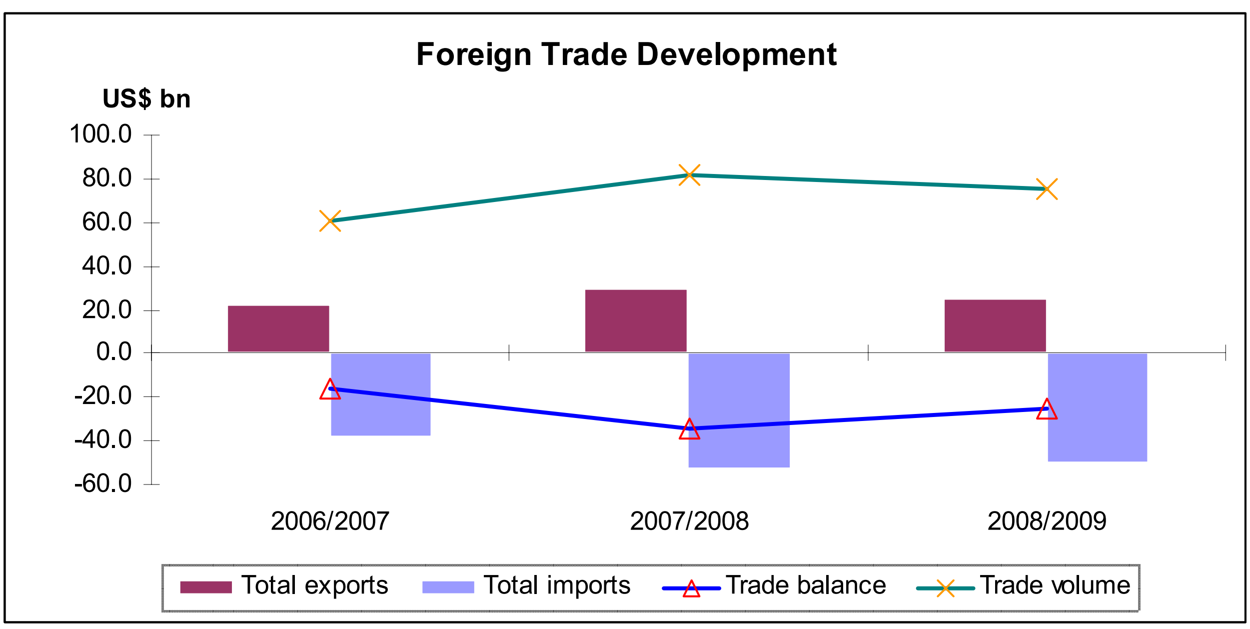
3/4/1: Trade Balance

Affected by the repercussions of the global financial crisis that hit the world as of the second quarter of FY 2008/2009, the volume of Egypt's external trade contracted by 8.1 percent, to register US$ 75.5 billion during the reporting year, from US$ 82.1 billion a year earlier. This was an outcome of the drop in both merchandise export proceeds by 14.3 percent to US$ 25.2 billion, and merchandise import payments by 4.6 percent to US$ 50.3 billion.

The weak export earnings reflect the decline in oil and non-oil exports. The former fell by 24.0 percent to stand at US$ 11.0 billion (43.7 percent of total exports), and the latter by 4.8 percent to post US$ 14.2 billion (56.3 percent of total exports) due to low export proceeds of raw materials and finished goods.

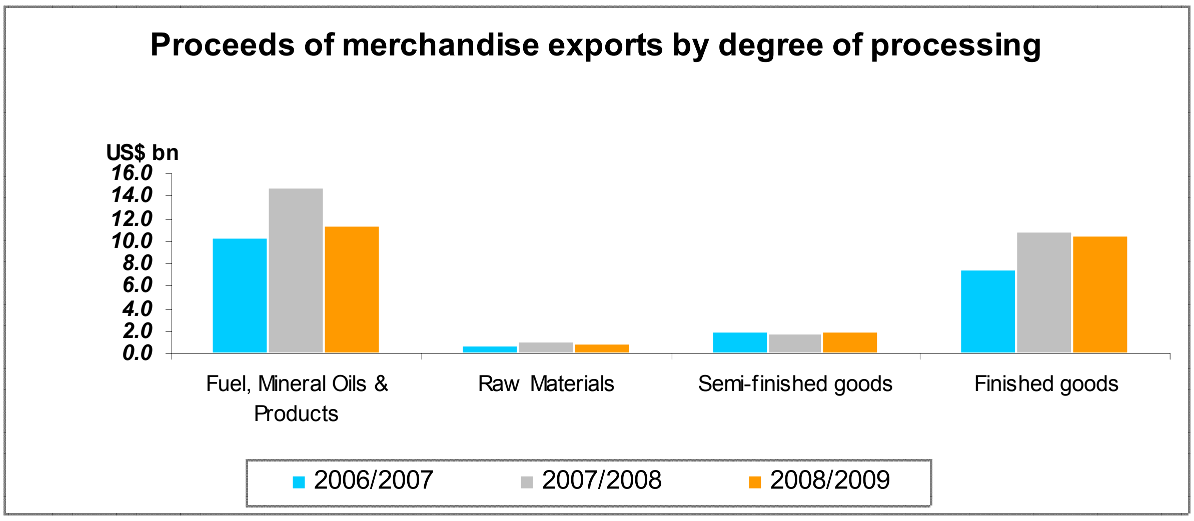
The weak imports were caused by a 26.4 percent decline in oil imports (representing 14.0 percent of the total) as compared with the previous FY. In spite of the decline in imports of raw materials, intermediate and investment goods, non-oil imports slightly rose by 0.2 percent due to high imports of non-durable consumer goods.

Against this background, the trade deficit widened by 7.5 percent to US$ 25.2 billion (from US$ 23.4 billion a year earlier). In addition, the coverage ratio of merchandise export proceeds to merchandise import payments fell from 55.6 percent to 50.0 percent.



3/4/1/1: Distribution of Exports

In the reporting year, merchandise export proceeds* showed a decline, owing to a decrease in the exports of fuels, mineral oils & products by 23.0 percent, raw materials by 15.8 percent and finished goods by 3.4 percent. In contrast, exports of semi-finished goods scaled up by 4.2 percent.



A breakdown of merchandise export proceeds showed that exports of **fuels and mineral oils** accounted for 45.2 percent of the total, registering only US$ 11.4 billion during the year (against US$ 14.8 billion a year earlier). Affected by their falling prices in international markets, **raw material** earnings declined by 15.8 percent to only US$ 0.9 billion (against US$ 1.1 billion) representing 3.7 percent of the total. The main exports of this group were edible vegetables, roots & tubers; fruits; cotton; oil seeds & oleaginous fruits; medicinal plants & plants for manufacturing; and iron ores.

Accounting for 7.6 percent of total export proceeds, exports of **semi-finished goods** rose by 4.2 percent to US$ 1.9 billion (against US$ 1.8 billion). The key exports of this group were cast iron & semi-finished products & rolled iron; organic & inorganic chemicals; plastics and articles thereof; animal & vegetable fats, greases & oils & products; and cotton yarn.

By contrast, exports of **finished goods** went down by 3.4 percent, to US$ 10.6 billon (against US$ 10.9 billion) representing 41.8 percent of the total. The chief exports of this group were electric machines & appliances, recorders & TV sets and accessories; miscellaneous edible preparations; fertilizers; ready-made clothes; cotton textiles; cement; and iron & steel products.

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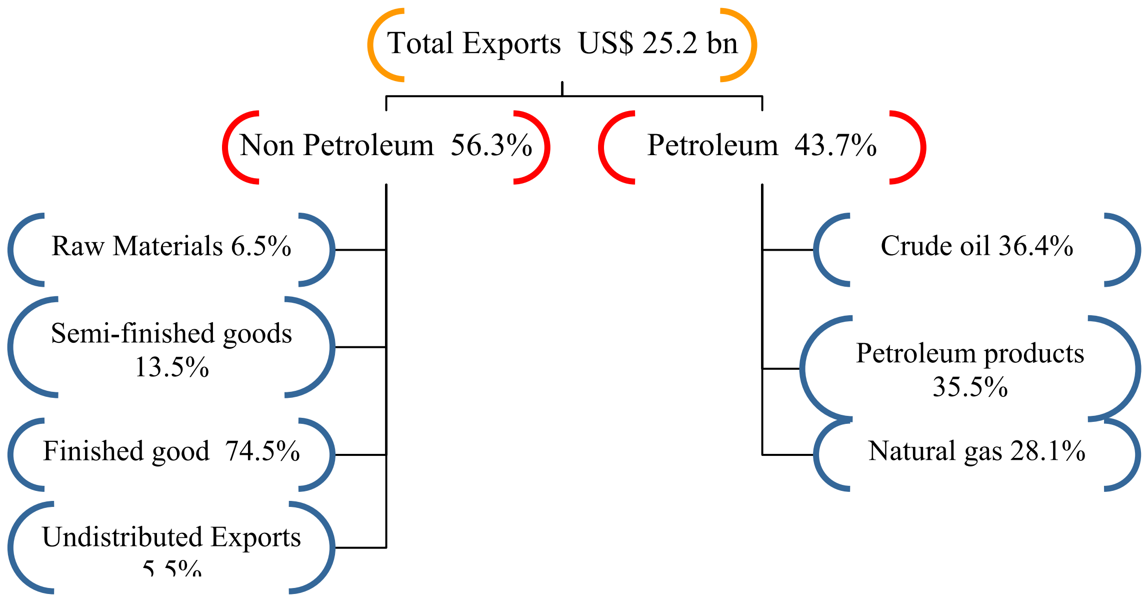
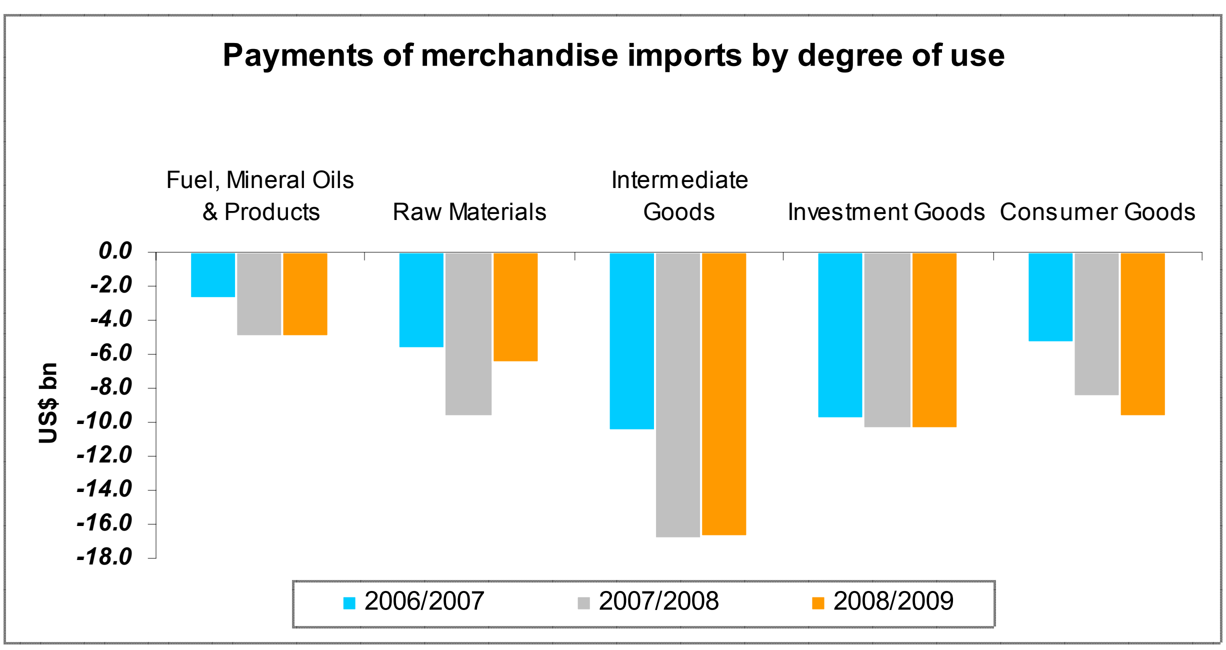
* Calculated on FOB basis, as their value is calculated at the customs borders of the Egyptian economy, .i.e., excluding the costs of shipment, freight and insurance. They include exports of free zones to the rest of the world.

The following chart illustrates the distribution of merchandise exports by degree of processing



3/4/1/2: Distribution of Imports

Merchandise import payments* amounted to some US$ 50.3 billion, down by 4.6 percent. The decline reflects low import payments for all groups, except for consumer goods and fuel, mineral oils & products that went up by 12.7 percent and 0.1 percent, in order, during FY 2008/2009.



* Calculated on CIF basis i.e. including costs of shipment, freight and insurance. They include imports of free zones from the rest of the world.

A breakdown of import payments showed that imports of **fuels, mineral oils & products** slightly stepped up by 0.1 percent, to stand at US$ 4.9 billion (9.7 percent of total imports). Oil products constituted 90.1 percent of the total imports of this group.

Conversely, import payments of **raw materials** scaled down by 33.2 percent, to reach US$ 6.5 billion during the reporting year (12.8 percent of the total). This could be ascribed to the drop in world prices of most raw materials during FY 2008/2009, particularly crude oil, wheat, maize, tobacco, and metal ores.

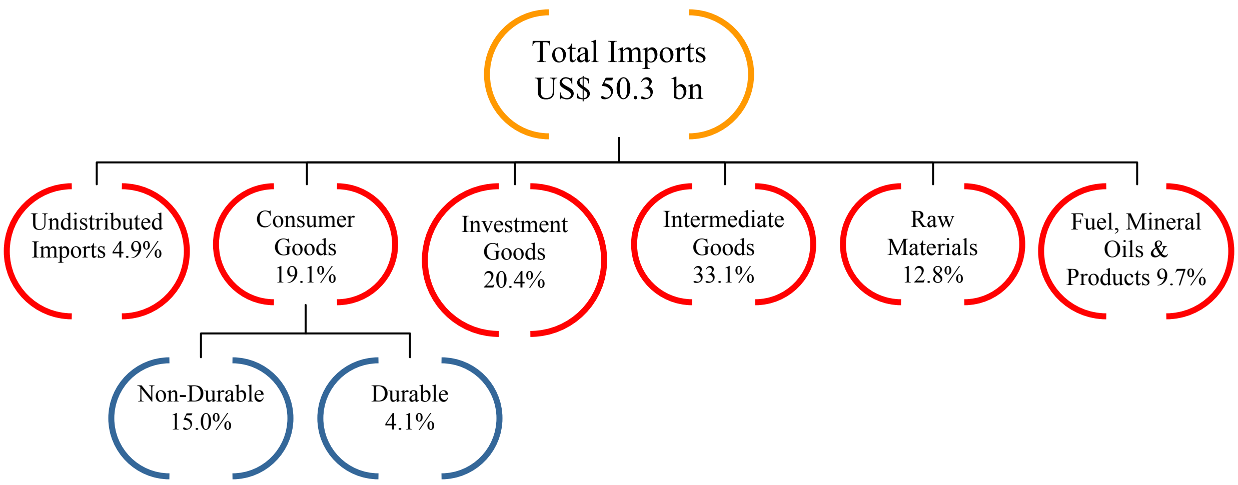
Similarly, imports of **intermediate goods** went down by 1.1 percent, to post US$ 16.7 billion (33.1 percent of total imports). The chief imports of this group were iron and steel products; organic & inorganic chemicals; animal & vegetable fats, greases & oils & products; spare parts & accessories for cars; plastics & articles thereof; and wood & articles.

Import payments for **investment goods** declined as well by 1.4 percent to US$ 10.3 billion (20.4 percent of the total). The main imports of this group were cranes, bulldozers, and parts thereof; pumps and fans & parts thereof, electric appliances for telephones and telegraphs; computers; and optical appliances.

Rising by 12.7 percent, imports of **consumer goods** reached some US$ 9.6 billion (19.1 percent of the total). The rise was ascribed to large imports of non-durable consumer goods (up by 23.1 percent to US$ 7.6 billion). Pharmaceuticals; miscellaneous edible preparations; ready-made clothes; meat; and cotton textiles were the most important imports.

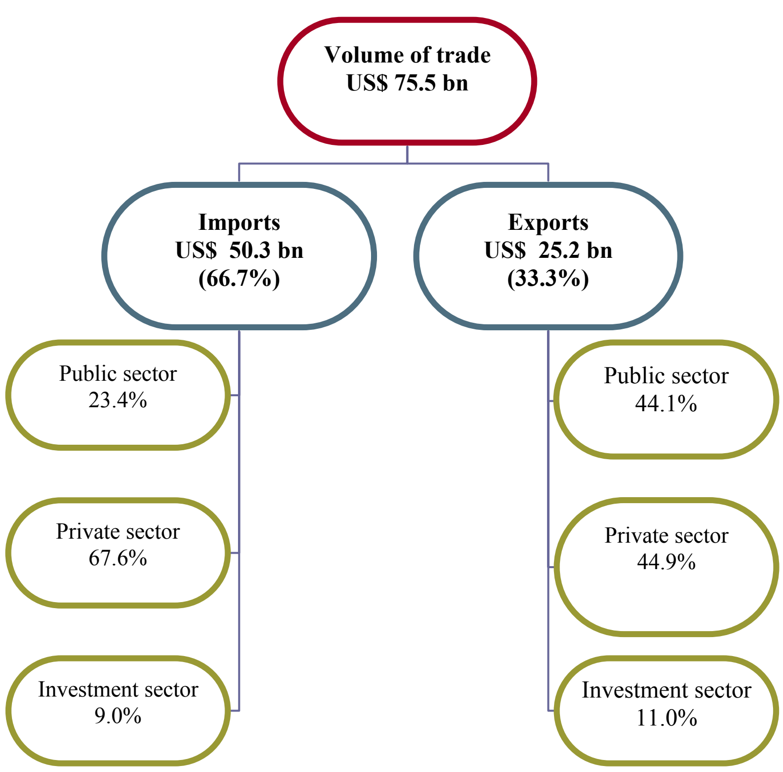
On the other hand, imports of **durable consumer goods** rolled back by 14.1 percent, to reach some US$ 2.0 billion. The key imports were cars; household electric-motor appliances; and household refrigerators & electric freezers.

<u>The following chart shows the distribution of imports by degree of use</u>



3/4/1/3: Sectoral Breakdown of External Trade

The relative importance of the private sector in total external trade increased to 60.1 percent (from 53.7 percent). Conversely, the relative importance of the public sector decreased from 36.3 percent to 30.3 percent of the total volume of trade, while that of the investment sector remained almost unchanged, registering 9.6 percent (against 10.0 percent).



Below is a presentation of the exports and imports of said sectors:

A- Private Sector:

The private sector's main exports were electric machines and appliances, recorders and TV sets and accessories; miscellaneous edible preparations; cast iron and semi finished products and rolled iron; ready- made clothes; organic and inorganic chemicals; cement*; and iron and steel products. Its key imports were organic and inorganic chemicals; pharmaceuticals; oil products; spare parts and accessories of cars; plastics and articles thereof.

B- Public Sector:

The public sector's key exports were crude oil and products; fertilizers; aluminum articles; unalloyed aluminum; and cast iron and semi-finished products and rolled iron. Its chief imports were crude oil and products; animal and vegetable fats, greases and oils and products; wheat, pumps and fans and parts thereof; and pharmaceuticals.

C- Investment Sector:

The investment sector mainly exported oil products; electric machines and appliances, recorders and TV sets and accessories; ready- made clothes; miscellaneous edible preparations; cotton textiles; cast iron and semi-finished products and rolled iron; pharmaceuticals; and ceramic products. The chief imports of this sector were crude oil and products; pumps and fans and parts thereof; iron and steel products; spare parts and accessories of cars; and animal and vegetable fats, greases and oils and products.

3/4/1/4: Geographical Distribution of External Trade

A- EU Countries (36.3 percent of total external trade)

The volume of trade between Egypt and the EU countries retreated by 1.6 percent during FY 2008/2009, reaching about US$ 27.4 billion. This was an outcome of the decline in exports to these countries (33.9 percent of total export proceeds) by 12.9 percent, to US$ 8.5 billion; and the increase in imports therefrom (37.4 percent of total import payments) by 4.6 percent to US$ 18.8 billion.

* It is to be noted that Ministerial Decree No. 340/2009 was issued to ban the exportation of cement from April 13th to September 1st 2009. In addition, Decree No 604/2009 was issued to continue the ban on cement export until October 1st 2010.

The key exports to the EU were crude oil and products, pharmaceuticals, cotton textiles, and cast iron. Imports from the EU mainly included crude oil and its products, pharmaceuticals, articles of iron and steel, and organic and inorganic chemicals.

B- The USA (18.4 percent of total external trade)

The volume of trade between Egypt and the USA decreased by 27.3 percent, to about US$ 13.9 billion. This decrease reflected the decline in both merchandise export proceeds (25.5 percent of the total) and merchandise import payments (14.9 percent of the total) by 30.8 percent to US$ 6.4 billion, and 23.9 percent to US$ 7.5 billion, in order.

Exports to the USA were primarily crude oil and products, fertilizers, machinery and electric appliances and equipment, and cement. The main imports from the USA were crude oil and products, organic and inorganic chemicals, articles of iron and steel, and cranes and bulldozers.

C- Non-Arab Asian Countries (16.8 percent of total external trade)

The group of non-Arab Asian countries ranked third, with a trade volume amounting to US$ 12.7 billion, down by 10.9 percent. The retreat was due to the 28.0 percent decline in merchandise exports (12.5 percent of total export proceeds) to US$ 3.1 billion, and the 3.4 percent decrease in merchandise imports (18.9 percent of total import payments) to US$ 9.5 billion.

The main exports to this group were crude oil and products; glass and glassware; organic and inorganic chemicals; and ready-made clothes. Imports included mainly articles of iron and steel; car accessories and spare parts; passengers' cars; and ready-made clothes.

D- Arab countries (11.4 percent of total external trade)

Trade with Arab countries slightly shrank by 0.3 percent, posting some US$ 8.6 billion. This reflected the 13.2 percent decrease in imports from this group (9.4 percent of total import payments) to US$ 4.7 billion, and the 22.1 percent pickup in merchandise exports (15.3 percent of total export proceeds) to some US$ 3.9 billion.

The main exports to this region were crude oil and products; organic and inorganic chemicals; articles of iron and steel; and cast iron. Imports were primarily crude oil and products; plastics and articles thereof; articles of iron and steel; and organic and inorganic chemicals.

E- Other European Countries (8.3 percent of total external trade)

The trade volume between Egypt and other European countries went up by 15.6 percent, reaching US$ 6.3 billion. The pickup stemmed from the rise in imports from this group (10.8 percent of total import payments) by 31.5 percent to US$ 5.4 billion and the drop in exports thereto (3.6 percent of total exports) by 33.1 percent to US$ 0.9 billion.

The main exports to these countries were oil products, articles of iron and steel, fertilizers, and ready-made clothes. Imports, on the other hand, largely included articles of iron and steel; crude oil and products; animal and vegetable fats, greases and oils and products; and pharmaceuticals.

F- Australia and Other Countries and Regions (5.0 percent of total external trade)

The trade volume between Egypt and the group of Australia and other countries and regions remained stable at US$ 3.8 billion, as exports (6.0 percent of total export proceeds) increased to US$ 1.5 billion. On the other hand, imports (4.5 percent of total import payments) declined by 31.4 percent, to US$ 2.3 billion.

The main exports to this group were crude oil and products thereof, pharmaceuticals, rice, and cotton textiles. As to imports, they were mainly crude oil and products thereof, iron and steel products, meat, and maize.

G - The Russian Federation & the CIS (2.4 percent of total external trade)

Trade with the Russian Federation and the CIS dropped by 4.5 percent, standing at US$ 1.8 billion. This was due to the decline in import payments (3.2 percent of the total) by 5.1 percent, to US$ 1.6 billion; and the increase in export proceeds (0.6 percent of the total) by 1.7 percent, to US$ 161.2 million.

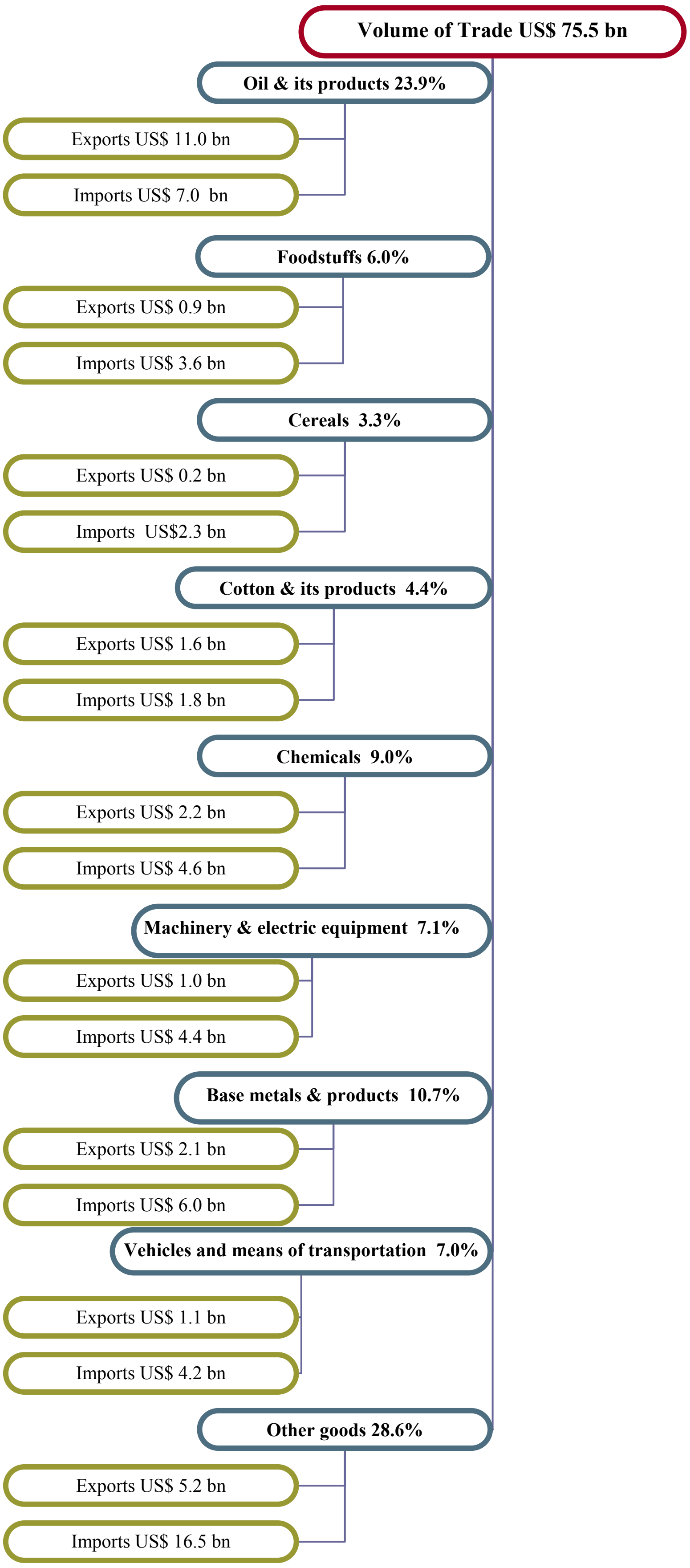
The main exports were crude oil, rubber and its products, cars and tractors, and rice. Imports chiefly included iron and steel products, wheat, maize, and organic and inorganic chemicals.

H - Non-Arab African Countries (1.4 percent of total external trade)

The volume of trade with non-Arab African countries dwindled by 12.8 percent to US$ 1.0 billion. This came on the back of the drop in both exports (2.5 percent of the total) by 18.7 percent to US$ 0.6 billion and imports (0.8 percent of the total) by 1.7 percent to US$ 0.4 billion.

Exports, for the most part, comprised oil products; organic and inorganic chemicals; articles of iron and steel; and cars and tractors. The main imports were copper and articles thereof, tea, tobacco, and articles of iron and steel.

3/4/1/5: Contribution of Some Commodities to Total External Trade



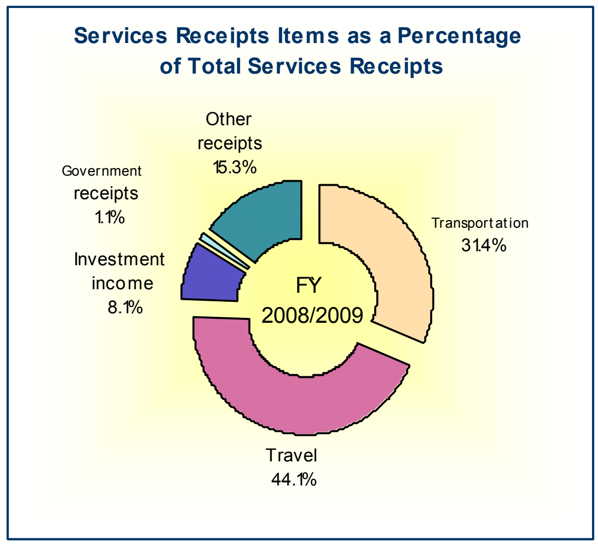
Crude oil and products came first, with a share of 23.9 percent of the total volume of trade with the rest of world (against 29.3 percent in the previous FY). Metals and products ranked second, with a share of 10.7 percent of total external trade (against 10.8 percent). Coming next, chemicals accounted for 9.0 percent (against 7.6 percent), followed by machinery and electric appliances and equipment, with a share of 7.1 percent (against 6.2 percent); vehicles for transport 7.0 percent (against 6.3 percent); foodstuffs 6.0 percent (against 5.1 percent); cotton and textiles 4.4 percent (against 3.7 percent); and cereals 3.3 percent (against 3.8 percent). Unclassified commodities (other than the above-mentioned groups) represented 28.6 percent of the total external trade, (compared with 27.2 percent in the year of comparison).

The opposite chart illustrates the contributions of the main commodities to total external trade.

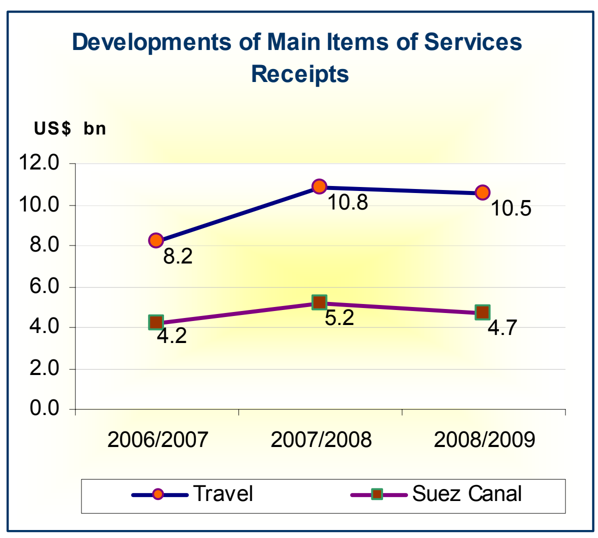
3/4/2: Balance of Services and Transfers

During FY 2008/2009, the services surplus fell by 16.5 percent to as low as US$ 12.5 billion, as a reflection of the following factors:

- **Invisible receipts** rolled back by 12.5 percent to US$ 23.8 billion, under weak receipts of most items, particularly investment income, which fell by 41.1 percent. The decline of investment income was due to low interest payments on deposits abroad and low financial investments income (portfolio), given the contraction of investment return on debt instruments in international markets, in the wake of the global financial crisis which aggravated in September 2008.



- Transportation receipts contracted by 1.0 percent, because of the decrease in Suez Canal earnings by 8.4 percent to US$ 4.7 billion. The decline in the Canal earnings reflects the decline in the number of transiting ships and their net tonnage as a result of the slowdown of international trade, the global economic recession (due to the global financial crisis), and the dangers of piracy off the Somali coast.



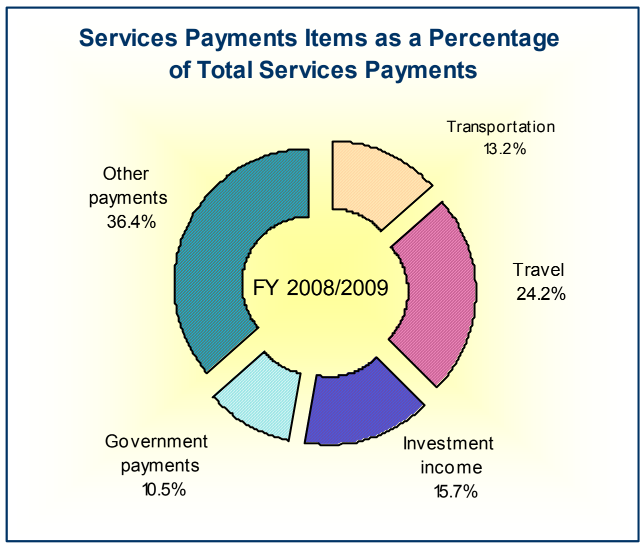
- Travel receipts (tourism revenues)* dropped by 3.1 percent to US$ 10.5 billion (5.6 percent of GDP). This was an outcome of the decline in the number of tourist nights, to register 123.4 million during the reporting year (against 127.4 million a year earlier), affected by the global financial crisis.

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

It is noteworthy that tourism revenues improved during the fourth quarter of FY 2008/2009, as they came close to their level of the corresponding period a year earlier (following their decline in the second and third quarters of the reporting year).

Moreover, other receipts fell by 31.9 percent to US$ 3.6 billion, under weak services receipts of construction and contracting, communications, legal and consultation fees, and insurance. Meanwhile, government receipts augmented, due to the rise in the expenditures of foreign embassies in Egypt.

Invisible payments decreased by 7.7 percent to only US$ 11.3 billion (against US$ 12.2 billion), due to the drop in all items, particularly:



- Investment income payments by 8.0 percent caused by the decline in the profit transfers of foreign oil companies operating in Egypt, interest payments on external debt, interest payments on bonds and securities, and interest payments on non-residents' deposits at Egyptian banks.

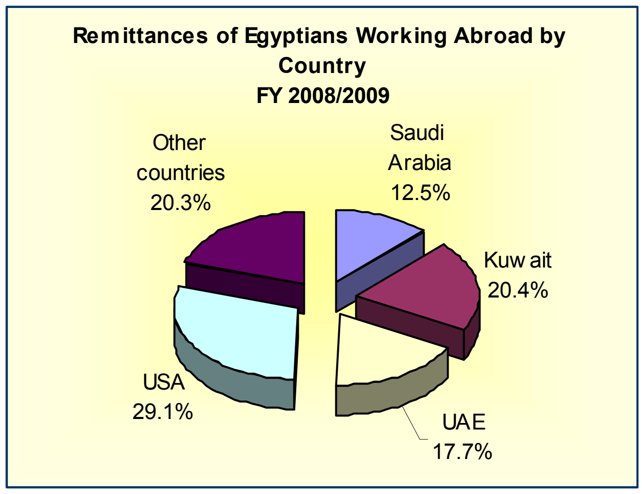
- Travel by 5.4 percent, owing to low expenses of tourism and medical treatment abroad, expenses of training and educational missions, tuition fees of students abroad, and payments by tourism companies and hotels.

- Transportation by 7.9 percent, because of the drop in transfers for aircraft repair at foreign airports, and transfers by Egyptian navigation and foreign aviation companies.

- Government expenditure by 10.0 percent, ascribable to the contraction in the expenses of Egyptian embassies abroad, and the salaries and expenses of civil servants seconded abroad.

- Other payments by 8.4 percent due to the fall in transfers abroad by Egyptian companies, and the decline in the payments for communications, construction and contracting services, and legal and consultation fees.

Net unrequited transfers shrank by 11.7 percent to US$ 8.2 billion, as an outcome of low private transfers by 8.9 percent to only US$ 7.6 billion (mainly remittances of Egyptians working abroad), and low official transfers caused by weak cash and commodity grants to the Egyptian government.



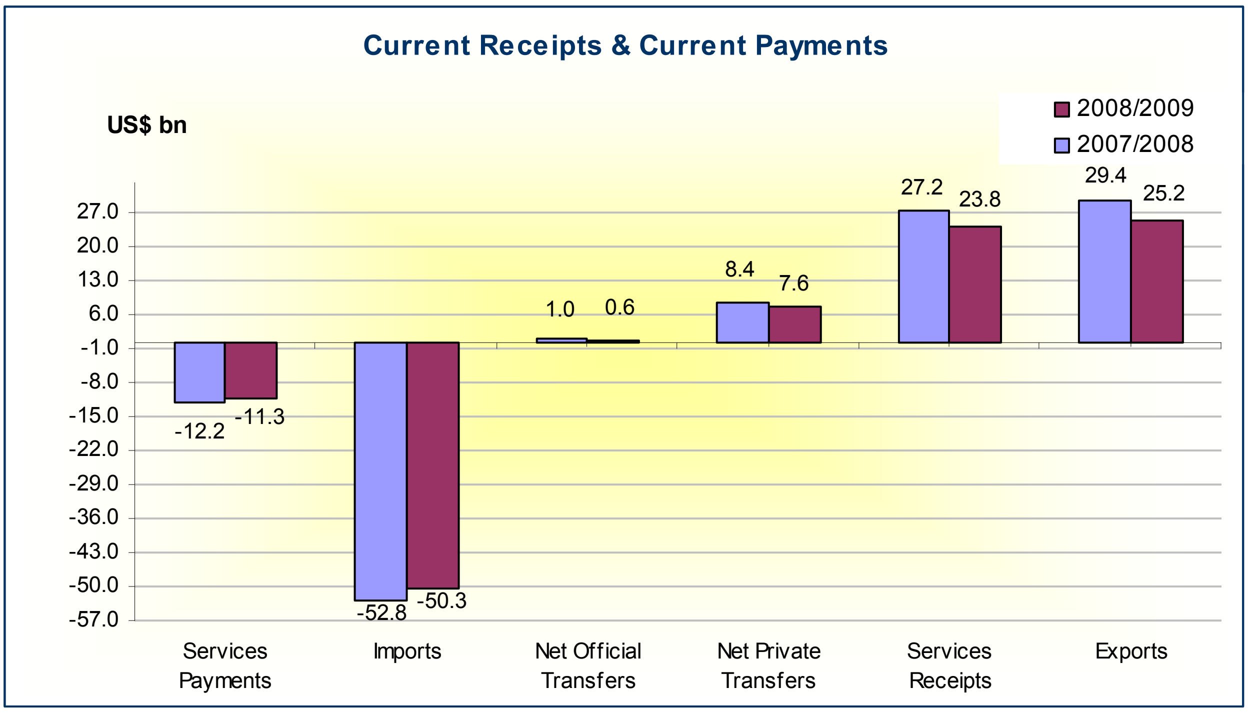
Unrequited Transfers

(US$ mn)

	FY		Change	
	2007/08	**2008/09**	**(-)**	**%**
Net Current Transfers	**9337.6**	**8246.6**	**-1091.0**	**-11.7**
1- Official Transfers (Net)	**960.5**	**614.3**	**-346.2**	**-36.0**
- Inward cash grants	643.1	375.1	-268.0	-41.7
- Other inward grants	395.2	317.1	-78.1	-19.8
- Outward grants (-)	-77.8	-77.9	-0.1	-0.1
2- Private Transfers (Net)	**8377.1**	**7632.3**	**-744.8**	**-8.9**
- Workers' remittances	8559.2	7805.7	-753.5	-8.8
- Other transfers	49.9	71.5	21.6	43.3
- Foreigners' transfers abroad (-)	-232.0	-244.9	-12.9	5.6

As a result of the above-mentioned developments in FY 2008/2009, the current account ran a deficit of US$ 4.4 billion. This was an outcome of the decline in current receipts by US$ 8.7 billion or 13.2 percent to only US$ 57.2 billion and the drop in current payments by US$ 3.4 billion or 5.2 percent to only US$ 61.6 billion.

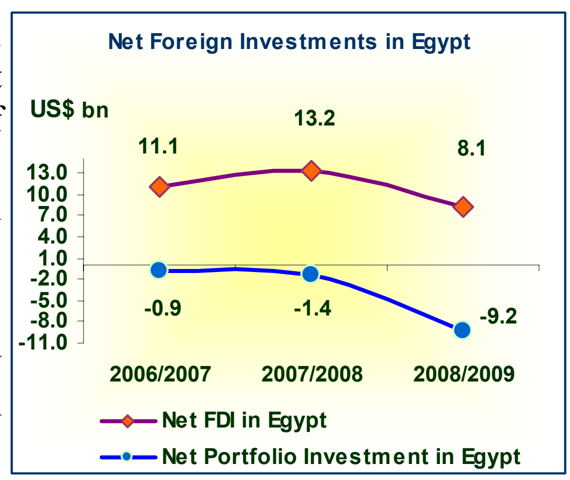
The following graph shows current receipts and payments in the reporting year and the year of comparison.



3/4/3: Capital and Financial Account

The capital and financial account showed a decline in net inflows, to register only US$ 1.4 billion during FY 2008/2009 (against US$ 7.6 billion a year earlier), due to the interaction of the following factors:

1. Net FDI* in Egypt retreated by 38.7 percent, to reach as low as US$ 8.1 billion (against US$ 13.2 billion) .This was a main result of the following developments:
    - Net greenfield investments or capital raises sharply decreased to US$ 2.3 billion (from US$ 6.4 billion).
    - Privatization proceeds significantly declined to only US$ 0.3 billion (from US$ 2.3 billion).
    - Net direct investments in the oil sector increased, by contrast, to US$ 5.4 billion during the year under review (from US$ 4.1 billion a year earlier). It is to be noted that FDI inflows to Egypt began to improve during the fourth quarter of FY 2008/2009, as it picked up by 44.8 percent compared with the same period of the previous FY. This was attributed to the rise in net investments of the oil sector (including the proceeds of the production sharing agreement of Abu Qir field).



* FDI represents foreign investors who own 10 percent or more of the capital of any resident economic entity, or have an effective voice in its management. In Egypt, a foreign investor's equity participation shall be at least 10 percent of the capital of any enterprise.

The following table illustrates the sectoral distribution and the share of each sector in total FDI in Egypt.

US$ mn

Activity Sector	Fiscal Year			
	2007/2008	**Share %**	**2008/2009**	**Share %**
Total FDI Inflows in Egypt	17802.2	100.0	12836.1	100.0
Manufacturing	1526.9	8.6	851.9	6.6
Agriculture	123.3	0.7	76.3	0.6
Construction	423.8	2.4	225.5	1.8
Financing	2187.6	12.3	440.7	3.4
Services	928.4	5.2	282.5	2.2
Tourism	193.7	1.1	121.7	0.9
Communications and IT	18.5	0.1	727.3	5.7
Real Estate	394.9	2.2	138.4	1.1
Petroleum	8098.3	45.5	9666.6	75.3
Undistributed	3906.8	21.9	305.2	2.4

2. Portfolio* investment in Egypt revealed a net outflow of US$ 9.2 billion (against US$ 1.4 billion), consisting of foreigners' net dealings in Egyptian treasury bills (US$ 7.1 billion), their net transactions in shares (US$ 1.1 billion) and net transactions in other Egyptian bonds and notes (US$ 1.0 billion).

3. Other assets and liabilities (representing the change in both banks' foreign assets and liabilities and the CBE's non-reserve foreign assets, and the counterpart of some items included in the current account), recorded a net inflow of US$ 3.9 billion, against a net outflow of US$ 3.4 billion during the corresponding period of the previous FY.

4. Medium and long-term loans and facilities revealed a net repayment of US$ 1.2 billion (against US$ 801.1 million). This was an outcome of the increase in total repayments from US$ 1.8 billion to US$ 2.3 billion and the rise in disbursements from US$ 1.0 billion to US$ 1.1 billion due to the high disbursements of international organizations' loans.

* Representing foreigners' net portfolio (according to the CMA statement), and their dealings in Egyptian bonds and notes.

3/5: Non-Banking Financial Services Sector

In the context of reforming and developing the non-banking financial services sector, the supervisory entities regulating this sector were unified in FY 2008/2009, by virtue of Law No. 10 for 2009, under the umbrella of the "Egyptian Financial Supervisory Authority (EFSA). The EFSA is now the competent authority in charge of supervising non-banking financial markets and instruments (capital markets, derivative markets, insurance activities, mortgage finance, financial leasing, factoring and securitization). The Law stipulates that the EFSA should assume the responsibilities formerly undertaken by the Egyptian Insurance Supervisory Authority, the Capital Market Authority and the Mortgage Finance Authority, as of 1 July 2009. Moreover, the Law stipulates that the EFSA's objective is to ensure the soundness and stability of non-banking financial markets, regulate and develop them, and ensure balanced rights for dealers. Also, to guarantee the efficiency and transparency of the market, the EFSA should introduce the appropriate tools and systems and formulate adequate rules and regulations. Furthermore, the second chapter of the said Law provided that a board of directors is to be formed for the EFSA, and specifies its tasks and responsibilities as well as the resources of the Authority.

The Statute of the Egyptian Financial Supervisory Authority was also issued, in three chapters, by virtue of the Presidential Decree no. 192 for 2009. The first chapter prescribes the legal status of the Authority and its domicile; the second sets forth the EFSA's objectives and powers; and the third defines the Authority's management and financial system.

3/5/1: Stock Exchange

During the reporting year, Presidential Decree no. 191 for 2009 was issued to regulate the Egyptian Exchange and its financial affairs under the supervision of the EFSA. The Decree stipulates that EGX should assume its duties according to the laws and regulations in a way that guarantees the soundness of trading, efficiency of dealers' performance and proper functioning and stability of the market. The Presidential Decree states that EGX should take all necessary measures and actions to prevent the violation of the rules and regulations that govern the stock market and trading. Also, the EGX should detect any violations, take the necessary corrective actions and address the consequences. In addition, the stock exchange shall have a chairman and a deputy chairman to be appointed by the Prime Minister, upon the nomination of the competent Minister. The Decree stipulates that a board of directors shall be formed for the EGX, under the chairmanship of the chairman and the membership of a deputy chairman; a representative of the Central Bank of Egypt to be designated by the Governor of the Central Bank; three members representing the companies operating in the field of securities; a representative of custodian banks; and two representatives of the companies listed in the EGX, but not operating in the field of securities; provided that either of them should be a representative of medium and small companies. In this concern, the Investment Minister issued decree No. 126 for 2009 that sets forth the rules and procedures for the election of the EGX's Board of Directors, stating that the Board shall have the highest authority over all EGX's affairs and shall implement the policies necessary for achieving its objectives.

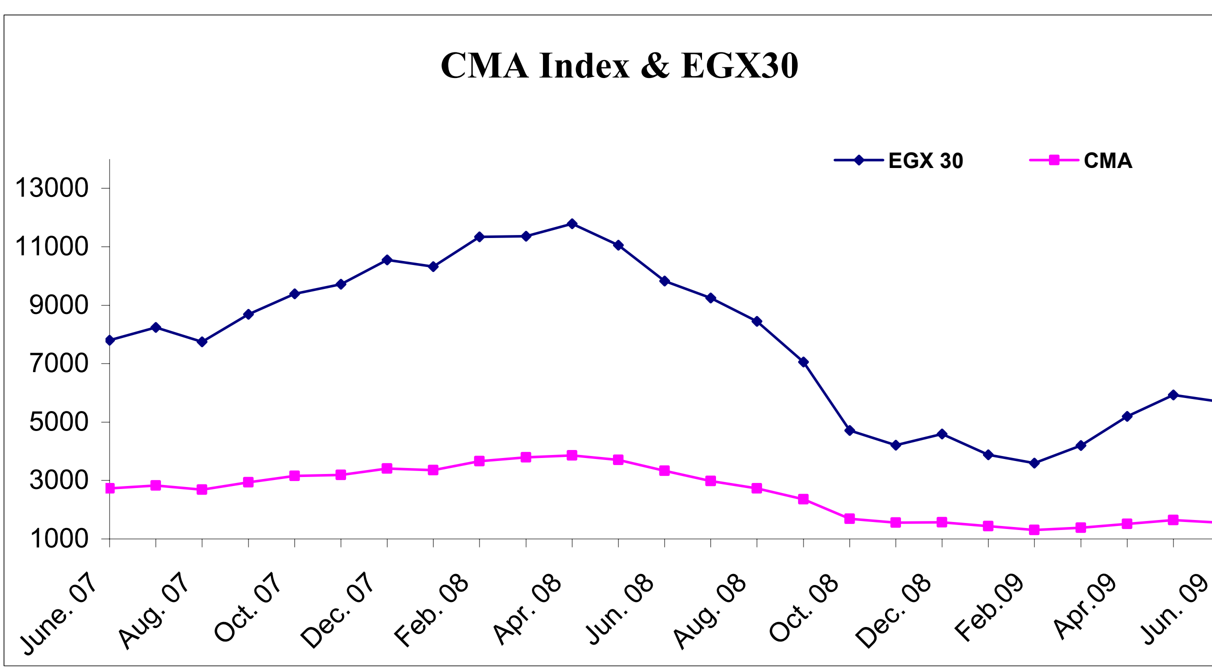
During the reporting year, some ministerial decrees were issued to support, and promote the stability of the money market. Salient of these was the Investment Minister's decree No. 231 for 2008 on the determination of brokerage commissions, listing fees of securities and cost of services for trades on the stock exchange. Furthermore, the Minister of Investment issued decree No. 234 for 2008 to amend two of the Egyptian Accounting Standards (EAS 25 & 26), in conformity with the international accounting standards.

Before subjecting the money market to the supervision of the Egyptian Financial Supervisory Authority, the CMA issued a number of decisions, foremost of which was decision No. 83 for 2008 on the conditions of listing in the CMA's 'Branches Register'. Accordingly, for a company to apply for listing a branch, its minimum capital shall not be less than LE 5 million. Moreover, the CMA decision No. 84 for 2008 was issued concerning the establishment of an "Audit Quality Control Unit" to monitor the works of auditors registered in the CMA's register. The CMA also issued decision No. 87 for 2008, approving the issuance of AML/CFT regulations for companies engaged in the business of securities; receiving money for investment; and securitization. Add to this decision No. 102 for 2008 which determined the amount of deposit to be placed by securities companies at the CMA as a license prerequisite. The value of this deposit shall be calculated as a percentage of the issued capital and, according to the type of business performed by the company in the area of securities. To regulate trading of unlisted securities in the OTC market, the CMA issued decision No. 54 of 2009 to restore discipline to the market. Also, decisions No. 51 and 52 for 2009, were issued, whereby the companies listed on the Exchange, as well as medium- and small-sized companies listed on NILEX were granted a six-month grace period ending on 31/12/2009 to adjust their positions, pursuant to the amendments made to the rules of listing, continuing listing, and delisting of securities.

CMA approved the licensing of 10 companies to act as nominated advisors for medium- and small-sized companies listed on NILEX. Consequently, the number of nominated advisors in NILEX reached 22. Moreover, The CMA approved the establishment of the first direct investment fund, with a capital of LE 250 million to finance small and medium sized enterprises in Egypt, whose annual sales range between LE 15 million and LE 120 million.

The EGX changed the name of CASE 30 Index to EGX 30 to match the new legal name of the Exchange "the Egyptian Exchange (EGX)", that replaced the former “Cairo and Alexandria Stock Exchanges (CASE)”. In an effort to improve access to information, and introduce various indices to measure the performance of the Egyptian market, the EGX launched the two new indices "EGX 70 and EGX 100". The former was launched on 1 March 2009, to monitor the performance of the most active 70 companies other than the 30 constituent companies of EGX 30. The latter was launched on 2 August 2009, to measure the performance of the 100 companies constituting EGX 70 and EGX30.

EGX 30 declined during FY 2008/2009, posting 5702.9 points at end of June 2009, against 9827.3 points at end of June 2008, down by 42 percent. The decline was more pronounced in the period July/Feb. of the relevant year, as EGX 30 recorded its lowest level (3389.3 points) in February. This was mainly attributed to the retreat in trading on the EGX, affected by the rumors triggered by the economic decisions made by the government in May 2008, given that their unsalutary effect extended to the first quarter of the reporting year. Another factor at work was the adverse impact of the global financial crisis and its aftereffects, which led to massive sell-offs by foreign investors in the EGX, to cover their losses in the international markets. However, the index has been on the rise throughout the rest of the reporting year, driven by the measures taken on the local and international levels to contain the repercussions of the crisis. In addition, the attractive share prices - in view of their decline - encouraged increased trading by investors, reversing as such the downward trend of the index. Likewise, the CMA's index exhibited the same trend, as the main index during the reporting periods plunged by 53.2 percent to 1558.1 points at end of June 2009. The new EGX 70 recorded 623.1 points at the same date.



As for **the primary market**, the number of new issues approved by CMA during the year reached 3153 at a total value of LE 71.5 billion (against 3365 issues at a total value of LE 99.6 billion a year earlier). Issues for new incorporations reached 2103 in number, at a value of LE 14.0 billion, or 66.7 percent of total issues. Issues for capital increases reached 1050, at a value of LE 57.5 billion or 80.4 percent of the total.

As for listing on the Egyptian Exchange, the number of listed companies declined to 333 at end of June 2009, from 377 at end of June 2008, after delisting the companies that failed to comply with the listing rules and conditions. By contrast, the nominal capital value of these companies rose by 8.4 percent, reaching LE 149.6 billion at end of June 2009. In the meantime, the market value of these companies retreated by LE 349.7 billion or 43.0 percent to LE 463.6 billion at end of June 2009, constituting 44.6 percent of GDP during FY 2008/2009.

Companies: Listing and Capital

At End of June	2006	2007	2008	2009
No. of Listed Companies (Unit)	**656**	**544**	**377**	**333**
- Official tables	141	147	121	119
- Unofficial tables	503	394	255	213
- Temporary tables	12	3	1	1
No. of Listed Shares (mn)	**10457**	**14993**	**19809**	**22430**
- Official tables	7881	11450	12484	14177
- Unofficial tables	2560	3534	7320	8248
- Temporary tables	16	9	5	5
Nominal Value of Shares (LE mn)	**109165**	**121072**	**137974**	**149587**
Market Capital (LE mn)	**377070**	**601826**	**813341**	**463644**
Market Capital/GDP (%)	**61.0**	**80.8**	**90.8**	**44.6**
CMA Index	**1696.9**	**2733.7**	**3329.7**	**1558.1**
EGX 30	**4772.8**	**7803.4**	**9827.3**	**5702.9**

Turning to the **secondary market**, the trading value of shares and bonds declined by LE 291.0 billion or 47.7 percent below the previous year, posting LE 319.7 billion during FY 2008/2009. However, the number of transactions rose by 1.5 percent, reaching 13169 thousand transactions. The volume of traded securities also scaled up by 35.3 percent to 32.0 billion papers.

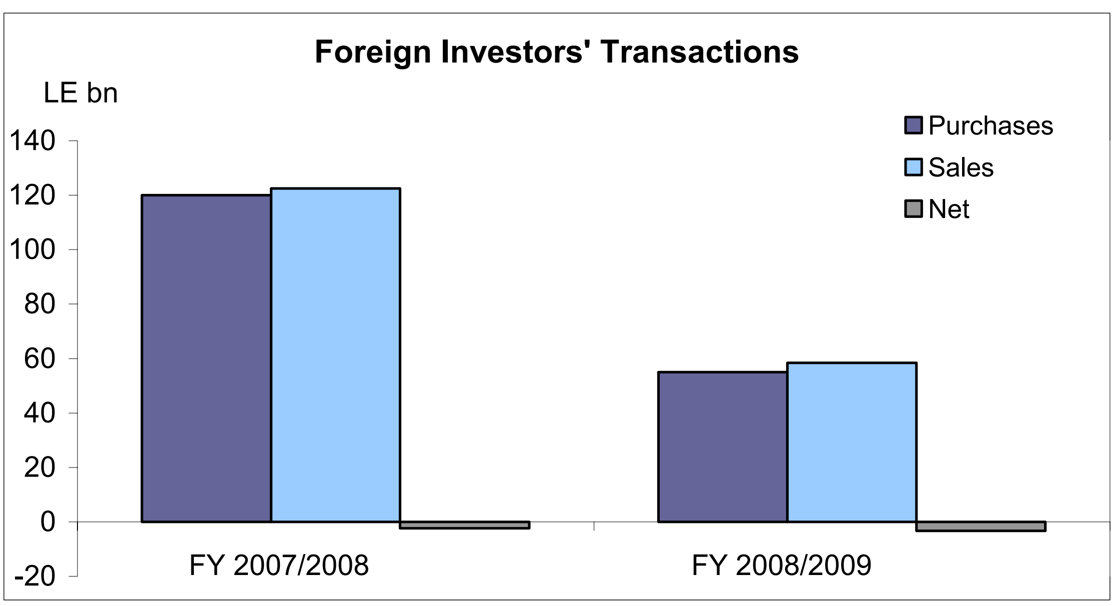
Share transactions accounted for the bulk of trading on the EGX during the year (91.2 percent against 96.1 percent a year earlier). In the meantime, trading in bonds represented 8.8 percent of the total trading (against 3.9 percent).

Trading in Securities

During FY	2005/06	2006/07	2007/08	2008/09
No. of Transactions (000)	**5904**	**7698**	**12974**	**13169**
A-Shares, bonds and mutual fund certificates (listed)	5696	7482	12374	12123
B-Shares, bonds and mutual fund certificates (unlisted)	208	216	600	1046
No. of Traded Securities (mn)	**7024**	**11259**	**23615**	**31956**
A- Shares, bonds and mutual fund certificates (listed)	5834	9454	19441	25455
B-Shares, bonds and mutual fund certificates (unlisted)	1190	1805	4174	6501
Value of Transactions (LE mn)	**254609**	**277009**	**610591**	**319682**
A- Shares, bonds and mutual fund certificates (listed)	241305	259230	544129	278383
B-Shares, bonds and mutual fund certificates (unlisted)	13304	17779	66462	41299

Source: CMA's Monthly Report.

Affected by the global financial crisis, foreigners' trading on the EGX in the reporting year steeply declined in value terms, from LE 327.8 billion to LE 113.4 billion. Their dealings unfolded net sales of LE 3.3 billion (against LE 2.4 billion a year earlier).



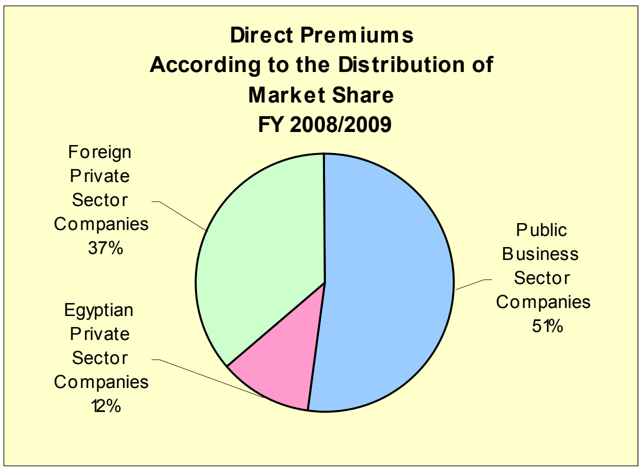
3/5/2: Insurance Sector

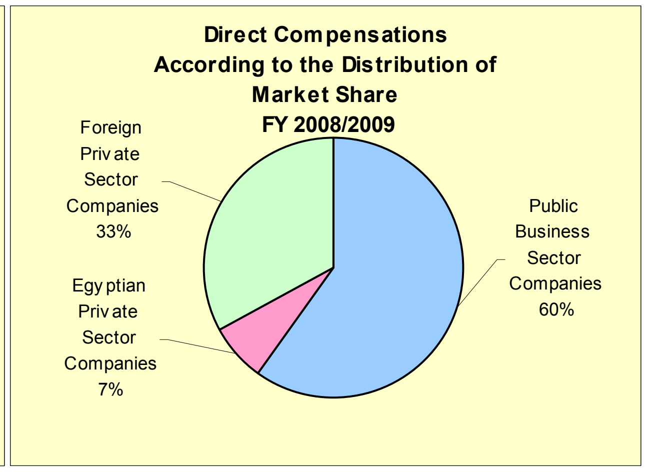
During FY 2008/2009, Ministerial Decree No. 245 for 2008 was issued; amending certain provisions of the Executive Regulations of the Law of Insurance Supervision and Control in Egypt. This Decree prescribes the rules of supervision over insurance and reinsurance activities, on the basis of risk assessment and management methods, along with the financial solvency rules. Moreover, the minimum issued capital for insurance and reinsurance companies was raised to LE 60 million to increase the solvency of insurance companies. These amendments were made in the context of the second phase of the Financial Sector Reform Program (2009/2012). At the centre of the objectives of this program came insurance of small and medium enterprises (SMEs) and the development of the rules of supervision on insurance companies operating in the Egyptian market. The first phase of the Reform Program was implemented in the period (2004-2008), with the aim of restructuring the insurance sector by merging a number of public insurance companies.

The insurance market, at end of FY 2008/2009, comprised 29 insurance companies and societies: 5 companies performing life insurance and property and casualty insurance activities; 9 companies of property and casualty insurance; 6 companies of life insurance; 7 companies of solidarity insurance; a single company for export credit guarantee "the Export Credit Guarantee Company of Egypt ECGE" and a single cooperative insurance society. This is in addition to 638 private insurance funds, 4 government funds, 4 insurance pools, the Insurance Federation of Egypt, the Cargo Supervision and Surveying Office as well as insurance experts and brokers and auditors of insurance companies.

Total value of insurance companies' assets (including investments) rose by 21.3 percent in the reporting year, posting LE 40.5 billion at end of June 2009. Investments of insurance companies escalated to LE 34.5 billion at end of June 2009 (against LE 29 billion at end of June 2008), with a growth rate of 19.0 percent. In addition, the ratio of insurance premiums/GDP posted 1.1 percent during the year (against 1.2 percent a year earlier).

Direct premiums, during FY 2008/2009, maintained the same level of the previous year (LE 7.4 billion) and direct paid claims reached LE 4.5 billion (against LE 4.2 billion).





3/5/3: Mortgage Finance

In FY 2008/2009, the mortgage finance market in Egypt witnessed growing activity, despite the adverse impact of the global financial crisis. To explain, being a nascent market launched only a few years ago, this market has been to a large extent insulated from the spillovers of such global events. Moreover, this market enjoys a high degree of financial and supervisory discipline.

In the next phase of reform (2009/2012), development of the mortgage finance sector will be centered on the following three main pillars:

1- The legislative framework: some measures and procedures will be taken to strengthen the supervisory role, so as to protect the market and dealers therein, and to increase crisis predictability;
2- Raising market efficiency by increasing the number of companies, experts, agents and brokers engaged in this business and establishing branches of mortgage finance companies in the governorates; and
3- Raising mortgage awareness through the efforts made by the Egyptian Financial Supervisory Authority (EFSA).

As for the indicators of mortgage finance activity, loans provided by banks and mortgage finance companies rose from LE 2.65 billion at end of June 2008 to LE 3.7 billion at end of June 2009. This was concomitant with the development of the infrastructure of primary and secondary markets, covering all dealers. The development was undertaken by financing institutions and specialized mortgage finance experts (brokers, agents and appraisers).

The number of companies engaged in mortgage finance business rose to 9 in the reporting year, in addition to the Egyptian Mortgage Refinance Company (EMRC) and 19 banks. In parallel, the number of investors increased from 3 during FY 2004/2005 (with a total finance of LE 16 million), to 9098 investors (with a total finance of LE 1308 million) at end of June 2009. The mortgage finance activities expanded nationwide, covering all the A.R.E. governorates. The major part of this finance (98 percent) was directed to the purchase of housing units, particularly small ones (about 86 m^2) which accounted for 60 percent of the total units.

Annex

Statistical Section

Statistical Section

(1/1) CBE : Financial Position

(LE mn)

End of June	2003	2004	2005	2006	2007	2008	2009
Foreign Assets	**86212**	**88111**	**108520**	**129454**	**160176**	**181973**	**172981**
Balances with correspondents abroad	64299	65266	85788	72763	43425	20877	10813
Foreign securities	16424	16908	16404	48069	107362	149576	149347
Gold and other foreign balances	5489	5937	6328	8622	9389	11520	12821
Domestic Assets	**195698**	**245143**	**283009**	**226876**	**287063**	**261201**	**177589**
Claims on government, of which:	131689	175579	218450	167695	170348	137753	125668
Government securities	116512	163629	206034	164761	166724	123123*	121708
Claims on National Investment Bank	-	-	-	10	10	10	-
Claims on banks in Egypt	10649	10184	11835	16537	76230	96788	23815
Other domestic assets	53360	59380	52724	42644	40485	26660	28106
ASSETS = LIABILITIES	**281910**	**333254**	**391529**	**356330**	**447239**	**443174**	**350570**
Foreign Liabilities	**75268**	**79840**	**72863**	**69440**	**66168**	**5140***	**4848**
Domestic Liabilities	**206642**	**253414**	**318666**	**286890**	**381071**	**438034**	**345722**
Note issue	52219	59703	67527	79017	93240	112430	127625
Claims to government,of which:	59762	76356	98338	53575	52550	53068	54326
Claims to National Investment Bank	5478	487	819	496	544	2573	632
Claims to banks in Egypt	84915	107572	144411	149088	229701	261725	153186
Equities & net profits of the year	1790	2325	2513	2423	1948	4922	6698
Provisions	235	307	302	50	41	115	88
Other domestic liabilities	7721	7151	5575	2737	3591	5774	3799

Source : Central Bank of Egypt

* The decline was ascribed to the settlement of rescheduled debts -under Paris Club agreement- between the CBE and the government.

(1/2) CBE: Banknote Issued By Denomination

(LE mn)

End of June	2003	2004	2005	2006	2007	2008	2009
Total	**52432**	**59922**	**67753**	**79253**	**93499**	**112705**	**127912**
Currency by Denomination +	**52219**	**59703**	**67527**	**79017**	**93240**	**112430**	**127625**
PT 25	136	118	120	136	144	147	160
PT 50	235	203	220	241	240	252	309
LE 1	455	515	517	545	565	608	772
LE 5	1119	1226	1279	1121	1071	1169	1309
LE 10	5728	5490	5074	4274	3470	2938	2991
LE 20	12110	11010	10329	9226	8796	7394	6419
LE 50	19381	22686	24517	27959	28152	25646	23045
LE 100	13055	18455	25471	35515	47552	54987	61561
LE 200*					3250	19289	31059
Subsidiary Coins**	**213**	**219**	**226**	**236**	**259**	**275**	**287**

Source : Central Bank of Egypt

+ Including coins denominations of 50, 100 piasters

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

** Issued by the Ministry of Finance

(1/3) CBE: Activity of Clearing Houses*

During FY Ending June	2003	2004	2005	2006	2007	2008	2009
First : Cairo Branch							
Number of cheques (thousands)	9250	8856	8618				
Value of cheques (LE mn)	215703	215091	231943				
Second : Alexandria Branch							
Number of cheques (thousands)	663	626	593				
Value of cheques (LE mn)	26383	30652	27874				
Third : Port-Said Branch							
Number of cheques (thousands)	112	109	110				
Value of cheques (LE mn)	2495	2481	2606				
Fourth : All Branches							
Number of cheques (thousands)	10025	9591	9321	9508	10481	11724	12062
Value of cheques (LE mn)	244581	248224	262423	288715	356900	483113	548038

Source : Central Bank of Egypt

* As of 1/1/2006, the manual Clearing Houses in Alexandria and Port-Said were cancelled, and all their activities were transferred to Cairo Automated Clearing House.

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

(LE mn)

End of June	2003	2004	2005	2006	2007	2008	2009
First : Domestic Liquidity	**384262**	**434911**	**493884**	**560356**	**662688**	**766664**	**831211**
a - Money Supply	**67212**	**77606**	**89685**	**109274**	**131290**	**170579**	**182991**
Currency in circulation outside the banking system	48258	55933	63029	74239	86860	104656	118146
Demand deposits in local currency	18954	21673	26656	35035	44430	65923	64845
b - Quasi-Money	**317050**	**357305**	**404199**	**451082**	**531398**	**596085**	**648220**
Time & saving deposits in local currency	212010	233610	283020	314188	377424	436268	481054
Demand and time & saving deposits in foreign currencies	105040	123695	121179	136894	153974	159817	167166
Second : Counterpart Assets							
Net foreign assets	25429	45241	80913	133385	218629	303680 *	254134
Domestic credit	387446	422040	466771	509532	531314	570953*	695325
Other items (net)	-28613	-32370	-53800	-82561	-87255	-107969	-118248

Source : Central Bank of Egypt

* Rescheduled debts -under Paris Club agreement- were settled between the CBE and the government.

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

(LE mn)

End of June	2003	2004	2005	2006	2007	2008	2009
Total Deposits in Local Currency	**230964**	**255283**	**309676**	**349223**	**421854**	**502191**	**545899**
First : Demand Deposits	**18954**	**21673**	**26656**	**35035**	**44430**	**65923**	**64845**
Public business sector *	2937	2857	3027	4934	6278	8698	7145
Private business sector	7989	9235	12228	15863	20681	34301	33240
Household sector	8674	10306	11985	14831	18378	24003	25235
Minus: Purchased cheques & drafts	646	725	584	593	907	1079	775
Second : Time and Saving Deposits	**212010**	**233610**	**283020**	**314188**	**377424**	**436268**	**481054**
Public business sector *	10990	12557	13700	15465	17186	20736	21654
Private business sector	22099	25984	27439	25580	56823	85415	71076
Household sector	178921	195069	241881	273143	303415	330117	388324

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	2003	2004	2005	2006	2007	2008	2009
Total Deposits in Foreign Currencies	**105040**	**123695**	**121179**	**136894**	**153974**	**159817**	**167166**
First : Demand Deposits	**12159**	**16280**	**18140**	**18533**	**26917**	**26581**	**32050**
Public business sector *	475	878	1249	935	947	943	1334
Private business sector	6123	8891	10234	10417	18453	17417	21104
Household sector	5689	6697	6823	7392	7689	8404	9712
Minus: Purchased cheques & drafts	128	186	166	211	172	183	100
Second : Time and Saving Deposits	**92881**	**107415**	**103039**	**118361**	**127057**	**133236**	**135116**
Public business sector *	2403	2554	2946	4734	5774	8202	7401
Private business sector	19056	20659	21103	28845	30641	39785	37217
Household sector	71422	84202	78990	84782	90642	85249	90498

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	2003	2004	2005	2006	2007	2008	2009
Net Foreign Assets	**25429**	**45241**	**80913**	**133385**	**218629**	**303680**	**254134**
First : Foreign Assets	**126068**	**145297**	**174328**	**218982**	**304968**	**330770**	**282913**
Central Bank of Egypt	86287	88313	108737	129477	160197	182021	173055
Banks	39781	56984	65591	89505	144771	148749	109858
Second : Foreign Liabilities	**100639**	**100056**	**93415**	**85597**	**86339**	**27090**	**28779**
Central Bank of Egypt	73944	78455	71443	68176	64825	1688 *	1323
Banks	26695	21601	21972	17421	21514	25402	27456

Source : Central Bank of Egypt

* Due to settling rescheduled debts -under Paris Club agreement-between the CBE and the government.

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

(LE mn)

End of June	2003	2004	2005	2006	2007	2008	2009
First : Domestic Credit	**387446**	**422040**	**466771**	**509532**	**531314**	**570953**	**695325**
Net claims on the government (A+B-C)	103518	126343	159889	184131	178323	174005	273121
A- Securities	203845	258178	311375	295974	278011	271788**	397804
B- Credit facilities	33493	33075	41364	28044	52151	67732	55939
C- Government deposits	133820	164910	192850	139887	151839	165515	180622
Claims on public business sector *	34986	35588	37420	32888	24446	26897	33146
Claims on private business sector	214308	223096	228195	239338	268607	291719	304470
Claims on household sector	34634	37013	41267	53175	59938	78332	84588
Second : Other Items (Net)	**-28613**	**-32370**	**-53800**	**-82561**	**-87255**	**-107969**	**-118248**
Capital accounts	-76905	-83821	-94179	-102139	-114534	-135401	-148332
Net unclassified assets and liabilities	48292	51451	40379	19578	27279	27432**	30084

Source : Central Bank of Egypt

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

** Due to settling rescheduled debts -under Paris Club agreement-between the CBE and the government.

(2/6) Total Saving Vessels

(LE mn)

End of June	2003	2004	2005	2006	2007	2008	2009
Total Saving Vessels	**395068**	**445887**	**498190**	**560229**	**655376**	**742177**	**803063**
Savings at the Banking System	**317050**	**357305**	**404199**	**451082**	**531398**	**596085**	**648220**
Time & saving deposits in local currency	212010	233610	283020	314188	377424	436268	481054
Demand and time & saving deposits in foreign currencies	105040	123695	121179	136894	153974	159817	167166
Net Sales of Investment Certificates	**55218**	**60178**	**58485**	**63697**	**68311**	**79354**	**81262**
Post Office Saving Deposits	**22800**	**28404**	**35506**	**45450**	**55667**	**66738**	**73581**

Source : Central Bank of Egypt

(3/1) Government Domestic Debt & Economic Authorities Debt

(LE mn)

End of June	2004	2005	2006	2007	2008	2009
Total Domestic Debt	**434846**	**510805**	**593493**	**637197**	**666835**	**765280**
Government Domestic Debt	**292721**	**349169**	**387719**	**478173**	**478811**	**562327**
- Balances of Bonds & Bills	**272074**	**340898**	**349957**	**562897**	**568960**	**681838**
- Treasury bonds of Central Bank of Egypt	149162	164162	164016	165980	122378	121708
- Local currency bonds with public sector banks	4000	4000	4000	4000	4000	4000
- Euro sovereign bonds (US$) offered abroad *						
US$	5647	5122	5109	3868	3750	4036
LE	..	..	..	..	112	3773
- Outstanding Balances of Treasury bonds	13000	27000	58000	57000	78500	92500
- Government notes to compensate for the actuarial deficit in social insurance funds	2000	2000	2000	2000	2000	2000
- Housing bonds	128	124	122	119	117	116
- Treasury bills	83774	124907	103144	118657	146439	239080
- Foreign currency bonds with public sector commercial banks	12938	12070	12014	11886	11126	11677
- The equivalent of the retained 5% of corporate profits to purchase government bonds	1425	1513	1552	1588	1636	1700
- Bonds of the insurance funds (against the transfer of NIB debt to the Treasury)	0	0	0	197799	198902	201248
- Credit Facilities from the Social Insurance Funds	**0**	**0**	**0**	**4517**	**2343**	**2343**
- Net Government Balances with the Banking System	**-113678**	**-135480**	**-104860**	**-89241**	**-92492**	**-121854**
- Government Borrowing from NIB	**134325**	**143751**	**142622**	**0**	**0**	**0**
Economic Authorities Debt	**40064**	**47176**	**47387**	**44557**	**50123**	**52255**
- Net balances of economic authorities with the banking system	-13707	-11089	-2809	-7177	-1156	2193
- Borrowing of economic authorities from NIB	53771	58265	50196	51734	51279	50062

Source: The Ministry of Finance, Central Bank of Egypt & National Investment Bank.

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

(3/2) National Investment Bank
(Resources & Uses)

(LE mn)

Balances at End of June	2004	2005	2006	2007	2008	2009
Resources:	**294550**	**321393**	**354962**	**169152**	**193061**	**205566**
. Social Insurance Fund for Gov. Employees	108991	122913	135735	27428	29076	29638
. Social Insurance Fund for Pub. & Priv. Business Sector Employees	87166	96093	105703	20574	22632	24895
. Proceeds from investment certificates	60178	58485	64038	68485	79232	81459
. Accumulated interest on investment certificates (category A)	6737	6852	7028	7579	7509	8654
. Proceeds from US dollar development bonds	1738	1418	824	483	152	11
. Post office saving	27776	33902	39097	43518	49255	54488
. Others *	1964	1730	2537	1085	5205	6421
Uses:	**294550**	**321393**	**354962**	**169152**	**193061**	**205566**
. Government	134325	143751	142622	0	0	0
. Economic authorities	53771	58265	50196	51734	51279	50062
. Holding companies, entities & concessional loans, and others	102061	114460	158387	114467	137901	150698
. The NIB balances with the banking system	4393	4917	3757	2951	3881	4806

Source: The Ministry of Finance, Central Bank of Egypt & National Investment Bank.

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

(3/3) External Debt

(US$ mn)

Balances at End of June	2003	2004	2005	2006	2007	2008	2009 +
Total External Debt*	**29396**	**29872**	**28949**	**29593**	**29898**	**33893**	**31531**
Rescheduled bilateral debt **	16192	16385	15734	15229	14847	15606	14081
ODA	7900	8053	7836	7611	7397	7788	7448
Non-ODA	8292	8332	7898	7618	7450	7818	6633
Other bilateral debt	4350	4433	4291	4295	4346	4972	4824
Paris Club countries	3320	3264	3530	3590	3630	4130	3978
Other countries	1030	1169	761	705	716	842	846
International & regional institutions	4904	5081	5058	5205	6815	7362	8169
Suppliers' & buyers' credit	1133	1333	782	980	792	764	324
Egyptian bonds & notes	735	588	614	1862	1570	2652	1926
Long-term deposits ***	0	0	500	300	0	0	0
Private sector debt (non-guaranteed)	217	85	115	89	79	18	83
Short-term debt	1865	1967	1855	1633	1449	2519	2124
Deposits	1305	1267	819	633	536	1048	1156
Other facilities	560	700	1036	1000	913	1471	968

Source: Loans & 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.

*** As of December 2004, the deposit of the Arab International Bank was transferred from short-term debt to long-term deposits.

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

(US$ mn)

Balances at End of June	2008 *		2009 *		Change
	Value	%	Value	%	(-)
Total	**33892.8**	**100.0**	**31531.1**	**100.0**	**(2361.7)**
US dollar **	13100.8	38.7	12670.1	40.2	(430.7)
Canadian dollar	169.0	0.5	140.0	0.4	(29.0)
Australian dollar	148.0	0.4	114.0	0.4	(34.0)
Swiss franc	596.0	1.8	541.0	1.7	(55.0)
Sterling pound	246.0	0.7	207.0	0.7	(39.0)
Japanese yen	3601.0	10.6	3949.0	12.5	348.0
Danish krone	162.0	0.5	137.0	0.4	(25.0)
Norwegian krone	1.0	0.0	5.0	0.0	4.0
Swedish krona	39.0	0.1	28.0	0.1	(11.0)
Kuwaiti dinar	1810.0	5.3	1731.0	5.5	(79.0)
Saudi riyal	29.0	0.1	28.0	0.1	(1.0)
UAE dirham	37.0	0.1	33.0	0.1	(4.0)
Euro	11376.0	33.6	10217.0	32.4	(1159.0)
Egyptain pound	1106.0	3.3	424.0	1.4	(682.0)
SDRs	1472.0	4.3	1307.0	4.1	(165.0)

Source: Loans & External Debt Department- CBE

* Provisional.

** Including other liabilities due in US dollar.

(4/1) Participants in the CBE Training Programs

	2007/2008	2008/2009
First : CBE Employees, through:		
1- Banking Institute Programs	**3602**	**2484**
Specialized & Managerial Programs, Computer & English	2717	1948
Qualifying Programs (Specialized & Managerial, Computer & English)	885	536
2- External Entities	**948**	**580**
Specialized & Managerial Programs, Computer & English	929	569
Qualifying Programs (Specialized & Managerial, Computer & English)	19	11
3- Computer Laboratory	**803**	**769**
4- External Missions (Regional & International Institutions)	**98**	**98**
Second : Training in the CBE Departments (Foreigners)	**28**	**14**
Total	**5479**	**3945**

Source: Central Bank of Egypt

(4/2) Structure of the Egyptian Banking System
As at 30/6/2009*

Central Bank of Egypt

Public Sector Banks	5	
Branches **		2088
Private & Joint Venture Banks	27	
Branches		1270
Off-shore Banks	7	
Branches		85
Total	39	3443

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* Excluding branches of Egyptian banks abroad, and two banks which were established under private laws and not registered with the CBE: the Arab International Bank, and Nasser Social Bank.

** Including village banks (1038 banks) which are affiliate to the Principal Bank for Development and Agricultural Credit.

(4/3) Representation Offices Registered with the CBE
(on June 30, 2009)

Name	Registration Date	Address
Al-Raghi Banking & Investment Corp.	20/10/1993	19 Adly St.,2nd Floor , Apart. 59, Cairo
Bank of New York	27/10/1993	9 Abd El- Moneim Riad St., Dokki, Giza
Commerz Bank AG	31/05/1994	153 Mohamed Farid St.,(Banque Misr Tower) , 22nd Floor, Cairo
Monte dei Paschi di Siena S.P.A	05/07/1994	10 Sarai EL- Gezeera st.,2nd Floor,Room .5,Zamalek11211,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 Polis Hanna St., Dokki, Giza
Intesa San Paolo SPA	13/03/1995	3 Abo Elfeda St.Zamalek, Cairo
Arab Islamic Bank	11/12/1995	21& 23 Giza St., El-Nil Tower, Floor No.12, Giza
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 - 10th floor/C, Corniche El-Nil st, Cairo
UBS AG	22/10/1997	International Trade Building - 1191 Corniche El-Nil st, 13th floor, Cairo
Credit Suisse AG	16/03/1998	7B Ibn Shamar St., Giza
Wachovia Bank National Association	06/05/1998	9 El-Gomhoria El-Motahida Square, Dokki, Giza
ING Bank N.V.	12/07/1999	9 Hode El-Laban St.,Garden City, Cairo
Credit Industriel et Commercial, CIC	22/07/1999	28 Sherif St., Cairo
B.H.F Bank AG	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
Natexis	22/03/2000	50 Abd El –Khalek Sarwat St., Cairo
Den Norske Bank	27/05/2001	19 El-Gabalaya St., Zamalek, Cairo
Bank of Valleta PLC	10/07/2003	7 EL-Thawra Sq.,Dokki,7th Floor,Room No.71.
Sumitomo Mitsui Banking Corporation	19/01/2004	3 Ibn Kassir Corniche El-Nil St., 14th Floor, Flat 6, Giza
Clariden Leu Ltd.	22/04/2004	4A Hassan Sabri St.,Floor No.12, Room No.82, Zamalek,11211,Cairo.
Standard Chartered Bank	12/09/2005	Star Capital 2, Sheikha Fatma St., Office no.21-22, Heliopolis, Cairo.
Egyptian-Sudanese Bank	28/05/2008	4 Ahmed Basha st.,Floor No.15, Garden City, Cairo.

Source : Central Bank of Egypt

(5/1) Banks : Aggregate Financial Position

(LE mn)

End of June	2003	2004	2005	2006	2007	2008	2009
Assets							
Cash	5557	5412	6594	6813	7705	10261	11128
Securities & investments in TBs, of which:	111337	137431	170659	193965	176098	201858	332597
CBE notes	-	-	-	21563	17617	-	-
Balances with banks in Egypt	110874	116290	124986	121695	217363	278185	173482
Balances with banks abroad	29798	43290	51204	72554	124366	122792	77120
Loan and discount balances	284722	296199	308195	324041	353746	401425	429957
Other assets	35650	34814	41990	42494	58645	68790	67709
Assets = Liabilities	**577938**	**633436**	**703628**	**761562**	**937923**	**1083311**	**1091993**
Liabilities							
Capital	18155	20346	22949	27112	33037	37576	41550
Reserves	11805	11454	12419	13418	12552	19763	21371
Provisions	40099	44584	49541	54950	53469	62314	69748
Bonds & long-term loans	14866	15012	14254	17526	26351	22285	22045
Obligations to banks in Egypt	35579	29933	22671	21488	82619	98699	31004
Obligations to banks abroad	16247	10332	12262	8770	10006	13327	18195
Total deposits	403144	461697	519649	568841	649953	747199	809694
Other liabilities	38043	40078	49883	49457	69936	82148	78386

Source : Central Bank of Egypt

(5/2) Banks : Deposits by Maturity

(LE mn)

End of June	2003	2004	2005	2006	2007	2008	2009
Total Deposits	**403144**	**461697**	**519649**	**568841**	**649953**	**747199**	**809694**
Demand deposits	37233	46742	51557	62431	78759	100569	102852
Time & saving deposits	342535	389482	445132	479805	542982	612737	673048
Blocked or retained deposits	23376	25473	22960	26605	28212	33893	33794
First : In Local Currency	**278179**	**310870**	**369067**	**401143**	**463320**	**552079**	**598586**
Demand deposits	22929	27168	31606	41793	50366	71971	69261
Time & saving deposits	242058	269505	324664	345953	396351	460285	509156
Blocked or retained deposits	13192	14197	12797	13397	16603	19823	20169
Second : In Foreign Currencies	**124965**	**150827**	**150582**	**167698**	**186633**	**195120**	**211108**
Demand deposits	14304	19574	19951	20638	28393	28598	33591
Time & saving deposits	100477	119977	120468	133852	146631	152452	163892
Blocked or retained deposits	10184	11276	10163	13208	11609	14070	13625

Source : Central Bank of Egypt

(5/3) Banks : Deposits by Sector

(LE mn)

End of June	2003	2004	2005	2006	2007	2008	2009
Total Deposits	**403144**	**461697**	**519649**	**568841**	**649953**	**747199**	**809694**
In Local Currency	**278179**	**310870**	**369067**	**401143**	**463320**	**552079**	**598586**
Government sector	46071	54120	57649	49422	37233	44789	49564
Public business sector *	13929	15414	16727	20399	23464	29434	28799
Private business sector	30088	35219	39668	41444	77504	119716	104250
Household sector	187594	205375	253865	287973	321793	354119	413558
External sector **	498	742	1158	1905	3326	4021	2415
In Foreign Currencies	**124965**	**150827**	**150582**	**167698**	**186633**	**195120**	**211108**
Government sector	18977	26187	27252	29290	30329	33203	41481
Public business sector *	2878	3432	4195	5668	6721	9146	8736
Private business sector	25179	29550	31337	39263	49093	57202	58321
Household sector	77111	90899	85813	92174	98331	93653	100210
External sector **	820	759	1985	1303	2159	1916	2360

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	2003	2004	2005	2006	2007	2008	2009
Total	**284722**	**296199**	**308195**	**324041**	**353746**	**401425**	**429957**
In Local Currency	**218696**	**228159**	**233141**	**238926**	**248544**	**267166**	**295192**
Government sector	9049	9963	10938	11285	10788	9698	12946
Public business sector *	26835	27690	30164	26269	18097	19475	23725
Private business sector	149118	154162	152193	150491	163292	167258	177107
Household sector	33285	35955	39354	50158	55453	69838	78827
External sector	409	389	492	723	914	897	2587
In Foreign Currencies	**66026**	**68040**	**75054**	**85115**	**105202**	**134259**	**134765**
Government sector	4248	6240	11080	9712	15896	21460	17802
Public business sector *	8051	7740	7078	6373	6091	7177	9155
Private business sector	50827	51668	53502	64184	76020	90829	90778
Household sector	1350	1059	1913	3017	4485	8494	5762
External sector	1550	1333	1481	1829	2710	6299	11268

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	2007/2008			2008/2009			Growth Rate (%) 2008/2009		
	Public	Private	Total	Public	Private	Total	Public	Private	Total
Total GDP	**285105.9**	**476292.3**	**761398.2**	**295447.1**	**501402.2**	**796849.3**	**3.6**	**5.3**	**4.7**
Agriculture, Irrigation & Fishing	**19.6**	**103279.5**	**103299.1**	**20.2**	**106554.0**	**106574.2**	**3.1**	**3.2**	**3.2**
Extractions	**89088.6**	**18298.6**	**107387.2**	**93828.6**	**20436.1**	**114264.7**	**5.3**	**11.7**	**6.4**
Oil	38600.0	6585.0	45185.0	40802.0	7066.0	47868.0	5.7	7.3	5.9
Natural gas	50121.0	8940.0	59061.0	52645.0	10485.0	63130.0	5.0	17.3	6.9
Others	367.6	2773.6	3141.2	381.6	2885.1	3266.7	3.8	4.0	4.0
Manufacturing	**15954.6**	**107710.3**	**123664.9**	**16269.3**	**111999.6**	**128268.9**	**2.0**	**4.0**	**3.7**
Oil refining	3643.0	2736.0	6379.0	3386.0	2725.0	6111.0	-7.1	-0.4	-4.2
Others	12311.6	104974.3	117285.9	12883.3	109274.6	122157.9	4.6	4.1	4.2
Electricity	**9107.5**	**1539.0**	**10646.5**	**9665.0**	**1536.0**	**11201.0**	**6.1**	**-0.2**	**5.2**
Water	**2561.0**	**0.0**	**2561.0**	**2739.5**	**0.0**	**2739.5**	**7.0**	**0.0**	**7.0**
Construction & Building	**3854.4**	**31048.9**	**34903.3**	**4280.1**	**34608.1**	**38888.2**	**11.0**	**11.5**	**11.4**
Transportation & Storage	**6989.4**	**24958.7**	**31948.1**	**7339.7**	**26372.9**	**33712.6**	**5.0**	**5.7**	**5.5**
Communications	**8427.7**	**17984.4**	**26412.1**	**9441.2**	**20817.8**	**30259.0**	**12.0**	**15.8**	**14.6**
Suez Canal	**28091.7**	**0.0**	**28091.7**	**26075.0**	**0.0**	**26075.0**	**-7.2**	**0.0**	**-7.2**
Wholesale & Retail Trade	**2845.5**	**76628.8**	**79474.3**	**3000.9**	**81183.0**	**84183.9**	**5.5**	**5.9**	**5.9**
Financial Intermediaries & Supporting Services	**19319.5**	**10312.7**	**29632.2**	**20226.8**	**10775.9**	**31002.7**	**4.7**	**4.5**	**4.6**
Insurance	**1969.6**	**565.3**	**2534.9**	**2056.6**	**584.2**	**2640.8**	**4.4**	**3.3**	**4.2**
Social Solidarity	**25940.5**	**0.0**	**25940.5**	**27328.0**	**0.0**	**27328.0**	**5.3**	**0.0**	**5.3**
Restaurants & Hotels	**280.0**	**31153.3**	**31433.3**	**297.4**	**31534.0**	**31831.4**	**6.2**	**1.2**	**1.3**
Real Estate	**911.2**	**20805.6**	**21716.8**	**941.7**	**21589.7**	**22531.4**	**3.3**	**3.8**	**3.8**
Real Estate Ownership	370.0	10862.1	11232.1	383.0	11257.0	11640.0	3.5	3.6	3.6
Business Services	541.2	9943.5	10484.7	558.7	10332.7	10891.4	3.2	3.9	3.9
General Government	**68499.9**	**0.0**	**68499.9**	**70644.0**	**0.0**	**70644.0**	3.1	**0.0**	3.1
Education, Health and Personal Services	**1245.2**	**32007.2**	**33252.4**	**1293.1**	**33410.9**	**34704.0**	**3.8**	**4.4**	**4.4**
Education	0.0	8802.0	8802.0	0.0	9151.9	9151.9	**0.0**	4.0	4.0
Health	698.2	9437.0	10135.2	721.1	9865.5	10586.6	3.3	4.5	4.5
Others	547.0	13768.2	14315.2	572.0	14393.5	14965.5	4.6	4.5	4.5

Source : Ministry of Economic Development.

(6/2) GDP by Expenditure

At 2006/2007 prices

	Value at LE bn		Structure(%)		Growth Rate (%)	
	2007/2008	2008/2009	2007/2008	2008/2009	2007/2008	2008/2009
1- GDP at Market Prices (2+5-6)	**798.1**	**835.5**	**100.0**	**100.0**	**7.2**	**4.7**
2- Total Domestic Expenditure (3+4)	**835.6**	**852.0**	**104.7**	**102.0**	**7.3**	**2.0**
3- Final Consumption	**656.3**	**689.0**	**82.2**	**82.5**	**5.2**	**5.0**
Private consumption	570.1	595.6	71.4	71.3	5.7	4.5
Government consumption	86.2	93.4	10.8	11.2	2.1	8.4
4- Gross Capital Formation	**179.3**	**163.0**	**22.5**	**19.5**	**15.5**	**-9.1**
Investments	178.3	160.1	22.3	19.2	14.8	-10.2
Change in stock	1.0	2.9	0.2	0.3	..	..
5- Exports of Goods and Services	**290.1**	**253.0**	**36.3**	**30.3**	**28.8**	**-12.8**
6- Imports of Goods and Services	**327.6**	**269.5**	**41.0**	**32.3**	**26.3**	**-17.7**
7- Gross Domestic Saving (1-3)	**141.8**	**146.5**	**17.8**	**17.5**	**17.0**	**3.3**

Source : Ministry of Economic Development.

.. Not available

(6/3) Consumer Price Index (Urban Population) (January 2007=100)*

Group	Relative Weights	End of June			Inflation Rate (%) July / June	
		2007	2008	2009	2007/2008	2008/2009
All Items	**100.0**	**101.1**	**121.5**	**133.6**	**20.2**	**9.9**
Food & non-alcoholic beverages	43.9	102.5	130.3	146.2	27.1	12.2
Tobacco	2.5	100.0	112.1	121.0	12.1	7.9
Clothing & footwear	7.9	100.2	104.3	118.3	4.1	13.4
Housing, water, electricity, gas & other fuel	13.5	100.0	107.6	112.1	7.6	4.1
Furnishings, household equipment & routine maintenance of the house	4.2	100.4	110.7	125.2	10.3	13.1
Health	3.6	100.0	112.1	117.2	12.1	4.5
Transportation	5.2	100.0	120.1	125.0	20.1	4.1
Communications	3.6	100.0	104.0	109.4	4.0	5.2
Recreation & culture	3.4	100.0	121.7	139.9	21.7	15.0
Education	4.4	100.0	137.7	144.1	37.7	4.6
Restaurants, cafes & hotels	3.6	100.0	146.1	164.6	46.1	12.7
Miscellaneous goods and services	4.2	100.2	111.5	120.7	11.3	8.3

Source: Central Agency for Public Mobilization and Statistics(CAPMAS), (Monthly CPI Bulletin) .

* A new series of CPI was introduced in September 2007. The weights involved in the formation of the Index were taken from the results of the 2004/2005 survey of income, expenditure and consumption. The series was updated on the basis of the weights of January 2007.

(6/4) Producer Price Index (2004/2005 = 100)

Group	Relative Weights	End of June			Inflation Rate % (July / June)	
		2007	2008	2009	2007/2008	2008/2009
All Items	**100.0**	**126.0**	**168.5**	**148.2**	**33.7**	**-12.0**
Agriculture, Forestry and Fishing	25.1	143.0	179.5	188.9	25.5	5.2
Mining and Quarrying	21.7	136.8	232.3	134.6	69.8	-42.1
Manufacturing	38.9	115.7	144.4	140.0	24.8	-3.0
Electricity, Gas, Steam and Air Conditioning Supply	2.3	100.0	114.0	115.0	14.0	0.9
Water Supply, Sewerage, Waste Management and Remediation Activities	2.1	128.0	138.7	138.7	8.4	0.0
Transportation and Storage	2.8	101.7	110.9	124.2	9.0	12.0
Accommodation and Food Service Activities	5.0	105.2	117.5	114.6	11.7	-2.5
Information and Communications	2.1	107.8	107.8	112.5	0.0	4.4

Source: Central Agency for Public Mobilization and Statistics (CAPMAS), the PPI Bulletin which was introduced as of Sept. 2007 to replace the WPI Bulletin, as the publication of the latter was stopped as of January 2008.

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

(The Budget Sector, NIB & SIFs)

(LE mn)

During	Actual			
	2005/2006		2006/2007	
	The Budget Sector	The Budget Sector, NIB & SIFs	The Budget Sector	The Budget Sector, NIB & SIFs
Total Revenues	**151266**	**175929**	**180215**	**205654**
Tax Revenues	97779	97779	114326	114326
Grants	2379	2379	3886	3886
Property Income	36373	43393	45111	50593
Sales of Goods and Services	7891	7891	9776	9776
Financing Investment	3705	3705	4376	4376
Other	3139	20782	2740	22697
Total Expenditures	**207811**	**223625**	**222029**	**244018**
Compensations of Employees	46719	47258	52153	52746
Purchases of Goods and Services	14428	14493	17028	17121
Interests	36815	34812	47700	38368
Subsidies, Grants and Social Benefits	68897	86056	58442	88684
Other Expenditures	19740	19762	21208	21571
Purchases of Non-Financial Assets (Investments)	21212	21244	25498	25528
Cash Deficit	56545	47696	41814	38364
Net Acquisition of Financial Assets	-6159	8942	12883	17849
Overall Fiscal Balance Finance	50386	56638	54697	56213

Source : The Ministry of Finance.

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

(The Budget Sector,NIB & SIFs)

(LE mn)

During	Actual			
	2005/2006		2006/2007	
	The Budget Sector	The Budget Sector, NIB & SIFs	The Budget Sector	The Budget Sector, NIB & SIFs
Financing Sources	**50386**	**56637**	**54697**	**56213**
Domestic Financing	**54381**	**64949**	**33283**	**35401**
Banking Financing	**14802**	**27826**	**-20926**	**-17662**
Central Bank	-11463	-9915	3146	3196
Other Banks	26265	37741	-24072	-20858
Non-Banking Financing	**39579**	**37123**	**54209**	**53063**
NIB	12599	13764	143	0
SIFs	11000	0	6861	0
Other	15980	15980	28525	28525
NIB Borrowing	0	7379	0	5858
Special Accounts for Economic Authorities	0	0	18680	18680
Foreign Borrowing	**3641**	**3641**	**3581**	**3581**
Arrears	**-1777**	**-1777**	**-693**	**-693**
Others, of which:	**-489**	**-4806**	**19922**	**19320**
Special Accounts for Budget Entities	0	0	12952	12952
Exchange Rate Revaluation	**-311**	**-311**	**-432**	**-432**
Net Privatization Proceeds	**126**	**126**	**172**	**172**
Difference between Treasurey Bills Face Value & Present Value	**-709**	**-709**	**-1168**	**-1168**
Discrepancy	**-4476**	**-4476**	**32**	**32**
Cash deficit (surplus) as a percentage of GDP	**9.2%**	**7.7%**	**5.7%**	**5.2%**
Overall fiscal balance as a percentage of GDP	**8.2%**	**9.2%**	**7.5%**	**7.7%**
Revenues as a percentage of GDP	**24.5%**	**28.5%**	**24.6%**	**28.1%**
Expenditures as a percentage of GDP	**33.6%**	**36.2%**	**30.4%**	**33.4%**

Source : The Ministry of Finance.

(7/2) Summary of Consolidated Fiscal Operations of the General Government

(The Budget sector , NIB & SIFs)

(LE mn)

During	Actual			
	2007/2008		2008/2009	
	The Budget Sector	The Budget Sector,NIB & SIFs	The Budget Sector	The Budget Sector,NIB & SIFs
Total Revenues	**221404**	**248835**	**282505**	**288545**
Tax Revenues	137195	137195	163222	163222
Grants	1463	1463	7984	7984
Property Income	52455	59308	53395	60391
Sales of Goods and Services	12038	12044	16216	16216
Financing Investment	5765	5765	7855	7855
Other	12488	33060	33833	32877
Total Expenditures	**282290**	**305795**	**351500**	**356944**
Compensations of Employees	62839	63531	76147	76968
Purchases of Goods and Services	18470	18790	25072	25203
Interests	50528	40956	52810	43755
Subsidies, Grants and Social Benefits	92371	124249	127033	140262
Other Expenditures	23891	23972	27008	27276
Purchases of Non-Financial Assets (Investments)	34191	34297	43430	43480
Cash Deficit	**60886**	**56960**	**68995**	**68399**
Net Acquisition of Financial Assets	**236**	**10603**	**2831**	**3980**
Overall Fiscal Balance Finance	**61122**	**67563**	**71826**	**72379**

Source : The Ministry of Finance.

(7/2) Summary of Consolidated Fiscal Operations of the General Government (Contd.)
(The Budget sector , NIB & SIFs)

(LE mn)

During	Actual			
	2007/2008		2008/2009	
	The Budget Sector	The Budget Sector, NIB & SIFs	The Budget Sector	The Budget Sector, NIB & SIFs
Financing Sources	**61122**	**67563**	**71826**	**72379**
Domestic Financing	**527**	**6604**	**83627**	**79664**
Banking Financing	**-3187**	**-4701**	**98818**	**100140**
Central Bank	-33394	-35306	-15285	-15285
Other Banks	30207	30605	114103	115425
Non- Banking Financing	**3714**	**11305**	**-15191**	**-20476**
NIB	2271	0	1449	0
SIFs	119	0	5417	0
Other	7545	7545	-19930	-19930
NIB Borrowing	0	9981	0	1581
Special Accounts for Economic Authorities	**-6221**	**-6221**	**-2127**	**-2127**
Blocked Account Used in Amortizing Part of CBE Bonds	**38970**	**38970**	**0**	**0**
Foreign Borrowing	**11439**	**11439**	**23343**	**23343**
Arrears	**-56**	**-56**	**-4**	**-4**
Others, of which:	**14791**	**15154**	**-601**	**3915**
Special Accounts for Budget Entities	0	0	0	0
Financing Effects for Eliminations	**0**	**1**	**0**	**0**
Exchange Rate Revaluation	**-4276**	**-4276**	**3366**	**3366**
Net Privatization Proceeds	**673**	**673**	**183**	**183**
Difference between Treasury Bills Face Value & Present Value	**-1149**	**-1149**	**-10915**	**-10915**
Foreign Debt Reclassification diff. & Related FX diff.	**0**	**0**	**-25155**	**-25155**
Discrepancy	**203**	**203**	**-2018**	**-2018**
Cash Deficit (Surplus) as a percentage of GDP	**6.8%**	**6.4%**	**6.6%**	**6.6%**
Overall fiscal balance as a percentage of GDP	**6.8%**	**7.5%**	**6.9%**	**7.0%**
Revenues as a percentage of GDP	**24.7%**	**27.8%**	**27.2%**	**27.8%**
Expenditures as a percentage of GDP	**31.5%**	**34.1%**	**33.8%**	**34.4%**

Source : The Ministry of Finance .

(8/1) Balance of Payments

(US$ mn)

	FY 2007/2008 Value	FY 2007/2008 %	FY 2008/2009* Value	FY 2008/2009* %	Change (-)
Balance of Current Account	**888.3**		**(4424.3)**		**(5312.6)**
Balance of Current Account (Excluding Transfers)	**(8449.3)**		**(12670.9)**		**(4221.6)**
Receipts	**56566.8**	**100.0**	**48970.2**	**100.0**	**(7596.6)**
Export proceeds**	29355.8	51.9	25168.9	51.4	(4186.9)
Transportation, of which	7559.7	13.4	7481.0	15.3	(78.7)
Suez Canal dues	*5155.2*	*9.1*	*4720.6*	*9.6*	*(434.6)*
Travel	10826.5	19.1	10487.6	21.4	(338.9)
Investment income	3289.4	5.8	1936.7	4.0	(1352.7)
Government receipts	188.3	0.3	252.8	0.5	64.5
Other receipts	5347.1	9.5	3643.2	7.4	(1703.9)
Payments	**65016.1**	**100.0**	**61641.1**	**100.0**	**(3375.0)**
Import payments**	52771.2	81.2	50342.2	81.7	(2429.0)
Transportation	1620.1	2.5	1491.9	2.4	(128.2)
Travel	2895.3	4.4	2739.3	4.4	(156.0)
Investment income, of which	1929.7	3.0	1774.8	2.9	(154.9)
Interest paid	*674.9*	*1.0*	*612.2*	*1.0*	*(62.7)*
Government expenditures	1313.8	2.0	1182.3	1.9	(131.5)
Other payments	4486.0	6.9	4110.6	6.7	(375.4)
Transfers	**9337.6**	**100.0**	**8246.6**	**100.0**	**(1091.0)**
Private (net)	8377.1	89.7	7632.3	92.6	(744.8)
Official (net)	960.5	10.3	614.3	7.4	(346.2)

*Preliminary figures.

**Including the exports & imports of free zones.

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

(US$ mn)

	FY	
	2007/2008	2008/2009*
	Value	Value
Capital & Financial Account	**7557.5**	**1381.3**
Capital Account	**2.3**	**-2.6**
Financial Account	**7555.2**	**1383.9**
Direct Investment Abroad	**-1112.7**	**-1340.5**
Direct Investment in Egypt (Net) **	**13236.5**	**8113.4**
Portfolio Investments Abroad (Net)	**-959.5**	**-410.8**
Portfolio Investments in Egypt (Net), of which :	**-1373.6**	**-9210.7**
Bonds	775.0	-1013.2
Other Investments (Net)	**-2235.5**	**4232.5**
Net Borrowing	1178.0	348.2
Medium- and Long-Term Loans	-657.5	-754.6
Drawings	1008.6	1095.2
Repayments	-1666.1	-1849.8
Medium-Term Suppliers' & Buyers' Credit	-143.6	-456.5
Drawings	20.4	32.2
Repayments	-164.0	-488.7
Short-Term Suppliers' & Buyers' Credit (Net)	1979.1	1559.3
Other Assets	-4402.5	3744.0
CBE	-48.1	49.0
Banks	-2486.1	8313.8
Other	-1868.3	-4618.8
Other Liabilities	989.0	140.3
CBE	0.2	6.3
Banks	988.8	134.0
Net Errors & Omissions	**-3025.4**	**-334.6**
Overall Balance	**5420.4**	**-3377.6**
Change in CBE Reserve Assets, Increase (-)	**-5420.4**	**3377.6**

Source: CBE.

* Preliminary figures.

** Includes foreign direct investment in petroleum sector and receipts from selling some local companies to foreign investors.

(8/2) Average Exchange Rates

(In piasters per foreign currency unit)

End of	June 2008		June 2009	
First: Interbank US$ Rates				
Minimum	533.00		559.40	
Maximum	533.61		560.00	
Weighted average	533.31		559.64	
Second: Market Rates	**Buy**	**Sell**	**Buy**	**Sell**
US Dollar	532.36	534.92	558.55	561.34
Euro	838.74	842.82	788.72	793.05
Sterling Pound	1059.99	1065.19	926.13	931.03
Swiss Franc	521.87	524.59	516.89	519.85
100 Japanese Yens	504.04	506.65	582.67	585.70
Saudi Riyal	141.96	142.66	148.93	149.69
Kuwaiti Dinar	2008.84	2020.02	1943.44	1956.55
UAE Dirham	144.92	145.64	152.06	152.84
Chinese Yuan	77.67	78.04	81.77	82.18

Source : Central Bank of Egypt

The interbank system started at 23/12/2004.

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

	During FY					
	2007/2008			2008/2009		
	Number of Transactions in unit	Amount (Thousands)	M.Value (mn)	Number of Transactions in unit	Amount (Thousands)	M.Value (mn)
In LE	**12667587**	**21775522**	**550194**	**12853288**	**30642746**	**256223**
Floor Transactions	12075405	18206357	495847	11818745	24195831	223668
Over the Counter Trading	592182	3569165	54347	1034543	6446915	32555
In Foreign Currencies (US$)	**305158**	**1815588**	**6538**	**292085**	**1205774**	**6343**
Floor Transactions	297202	1211134	4429	280686	1156374	4783
Over the Counter Trading	7956	604454	2109	11399	49400	1560
In Foreign Currencies (Euro)	**42**	**674**	**72**	**10**	**4529**	**11**
Floor Transactions	0	0	0	0	0	0
Over the Counter Trading	42	674	72	10	4529	11

Source : Capital Market Authority (CMA).

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

	During FY					
	2007/2008			2008/2009		
	Number of Transactions	Amount	Market Value	Number of Transactions	Amount	Market Value
	(in unit)		(in Thousands)	(in unit)		(in Thousands)
In LE	**1100**	**23172111**	**23941406**	**24100**	**102846338**	**28014154**
Floor Transactions	1100	23172111	23941406	24100	102846338	28014154
Over the Counter Trading	-	-	-	-	-	-
In US$	**1**	**100**	**10**	**9**	**1300**	**128**
Floor Transactions	1	100	10	9	1300	128
Over the Counter Trading	0	0	0	0	0	0

Source : Capital Market Authority (CMA).

(9/3) Foreign Transactions on the Stock Exchange

During FY	2007/2008		2008/2009	
	LE	US$	LE	US$
Net Number of Transactions (unit)	**157788**	**2486**	**-77401**	**-10194**
Purchases	1220528	54001	849530	36818
Sales	1062740	51515	926931	47012
Net Volume of Securities (mn)	**261**	**-16**	**-404**	**-72**
Purchases	3068	354	2808	159
Sales	2807	370	3212	231
Net Value of Securities (mn)	**-4071**	**309**	**-2875**	**-85**
Purchases	113005	1281	53424	291
Sales	117076	972	56299	376

Source : Monthly Report- Capital Market Authority (CMA).