ECONOMIC BULLETIN

1st issue / March 2025
Volume 75

البنك الأهلي المصري
NATIONAL BANK OF EGYPT

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Members of the Board of Directors of the National Bank of Egypt

Mohamed Barakat
Chairman

Mohamed El-Etreby
Chief Executive Officer

Yehia Abou ElFotouh
Deputy CEO

Soha El-Turky
Deputy CEO

Omaima Farahat
Board Member

Alaa ElSeesi
Board Member

Omar Khattab
Board Member

Atef Naguib
Board Member

Contents

Mohamed Eletreby is the best CEO in Egypt in 2025 according to Global Business & Finance Magazine

Mr. Mohamed Eletreby, the Chief Executive Officer of the National Bank of Egypt, is awarded the title of “the best CEO in Egypt” for 2025 by Global Business & Finance Magazine. In this context, Mr. Mohamed Eletreby serves as the Chief Executive Officer of the National Bank of Egypt and also the chairman of several boards, including the Union of Arab Banks (UAB) and the Federation of Egyptian Banks (FEB).

Mr. Mohamed Eletreby has an extensive career spanning over 45 years, as he is a seasoned banker who consistently demonstrated leadership in driving sustainable growth in financial institutions, spearheading digital transformation, and modernizing business infrastructures.

Before joining the National Bank of Egypt in 2024, Mr. Eletreby held the position of the Chairman of Banque Misr, where he led a massive expansion for the bank and successfully modernized its business operations and services infrastructure.

Throughout his career, Mr. Eletreby held prestigious senior and board positions at prominent organizations, including the Egyptian Gulf Bank, the Egyptian Arab Land Bank, the Arab Investment Bank, the Arab African International Bank (AAIB), and Misr International Bank (currently known as Qatar National Bank Alahli, QNB). His visionary and inspiring leadership, unwavering commitment, and strategic insights have significantly contributed to the development and success of these institutions.

Soha El-Turky is on the Forbes list of the 100 Most Powerful Businesswomen in the Middle East in 2025

Ms. Soha El-Turky, the Deputy CEO of the National Bank of Egypt, is on Forbes list of the 100 Most Powerful Businesswomen in the Middle East in 2025, as she has over 25 years of experience in regional and global organizations operating across diverse geographies.

Her extensive career has equipped her with a wide-ranging skill-set and cross-functional expertise in private and public sectors, underpinned by a strong business acumen that drives strategic initiatives and fosters organizational change and transformation.

Before joining the National Bank of Egypt in 2024, Ms. Soha El-Turky held the position of the Vice President and Chief Financial Officer at the European Bank for Reconstruction and Development (EBRD), and earlier in her career, Ms. Soha El-Turky held several positions at Citi and Barclays, as well as at other leading local and regional banks.

Soha is driven by an unwavering commitment to success as a balanced and forward-thinking leader. She is passionate about formulating and executing business strategies, leading transformative initiatives, optimizing organizational performance, and enhancing corporate culture.

NBE grabs more awards in various areas

National Bank of Egypt leads the way with three awards in environmental and green finance initiatives

In appreciation of its pioneering efforts to promote green finance and sustainable practices, the National Bank of Egypt (NBE) won three prestigious global awards in environmental and green finance initiatives:

- Best Environmental and Sustainability Initiatives in Egypt at the World Business Outlook Awards 2024;
- Best Environmental Sustainable Bank - Egypt 2024 at the Global Business Review Magazine Awards 2024; and
- Best ESG Practices – Egypt at Cosmopolitan The Daily Business Awards 2024.

These awards affirm NBE's commitment to developing its environmental and social initiatives and strengthening its position as a leading bank in sustainable finance, not only at the national level but also at the regional and international levels. To illustrate, the Bank provides funding to environmentally friendly projects through various solutions such as green loans and funds. NBE also collaborates with international organizations such as the Organization for Economic Cooperation and Development (OECD), the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD), to further advance green finance practices and exchange experience.

In parallel, NBE launched several environmental and social programs aimed at promoting sustainable practices and supporting the growth of small and medium-sized enterprises (SMEs). These initiatives provide funding to the following projects:

- Developing modern irrigation systems to promote sustainable agricultural practices (SAPs) and improve water efficiency
- Projects utilizing clean and renewable energy
- Plastic recycling to support circular economy and reduce plastic waste
- Developing industrial wastewater treatment plants by adopting recycling techniques
- Projects utilizing alternative fuels such as bio-waste

NBE is crowned as the 2025 "Best Bank for Trade Financing in Egypt" and "Best Retail Bank in Egypt"

The Global Business & Finance Magazine awarded NBE the "Best Bank for Trade Financing in Egypt 2025", as well as the "Best Retail Bank in Egypt 2025". Such awards stand as beacon of recognition, celebrating the Bank's leading role in providing integrated and innovative corporate and retail banking services tailored for the Egyptian market, greasing the wheels of development.

GLOBAL BUSINESS & FINANCE MAGAZINE

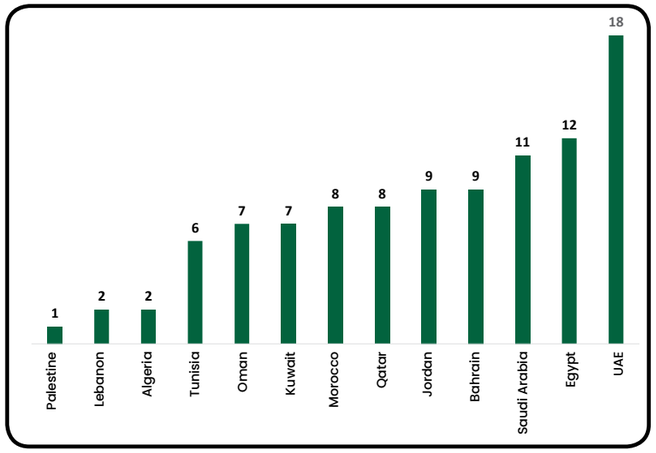
12 Egyptian banks on the Top 100 Arab Banks by Tier-1 Capital

The Union of Arab Banks (UAB) issued in December 2024 a list of the top 100 Arab Banks by Tier 1 Capital for 2023. To illustrate, such list included banks from 13 Arab countries, with 12 Egyptian banks spearheaded by the National Bank of Egypt (NBE).

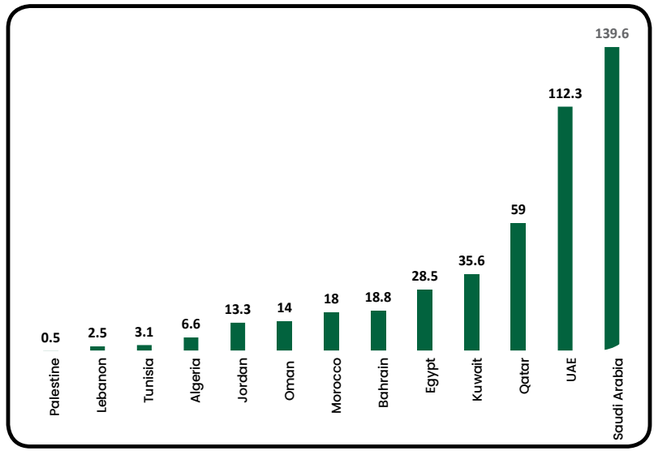
Listed Arab banks

The United Arab Emirates (UAE) claimed the top spot with 18 banks on the list, followed by Egypt with 12 banks then Saudi Arabia with 11 banks. However, the listed Saudi Arabian banks topped the list in terms of their total tier-1 capital, which amounted to USD 139.6 bn., followed by UAE's banks with nearly USD 112.3 bn., then Qatari banks with USD 59 bn. As for the ranking assigned to each bank individually, the Gulf Cooperation Council (GCC) banks dominated the first ten ranks in terms of tier-1 capital. In terms of total assets, the listed UAE banks continue to lead GCC peers with USD 1.1 tn. worth of total assets, followed by Saudi Arabian banks with total assets of USD 1 tn., then Qatari banks with total assets of USD 573 bn.

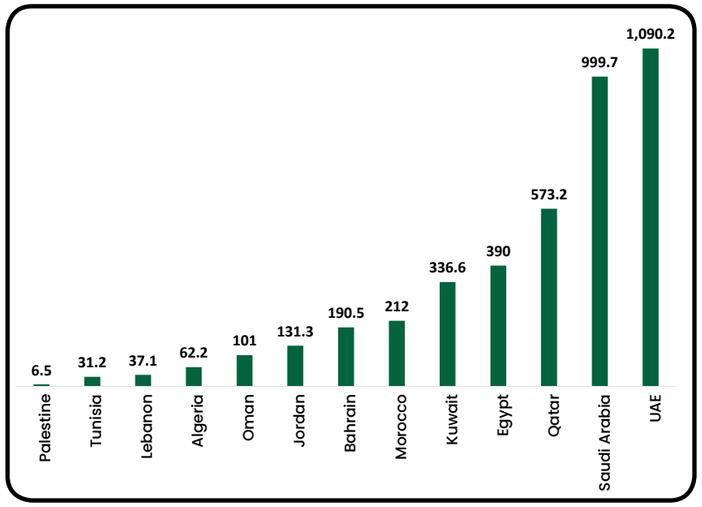
Geographical distribution of the top 100 Arab banks by tier-1 capital for 2023 (Number of banks)



Total tier-1 capital of listed banks by country (USD bn.)



Total assets of listed banks by country (USD bn.)



Source: Union of Arab Banks (UAB)

Listed Egyptian banks

The Top 100 Arab Banks by Tier-1 Capital included 12 Egyptian banks topped by NBE. According to UAB, the combined tier-1 capital of the said strongest Arab banks aggregates USD 28.5 bn., with total assets amounting to USD 390 bn.

Egyptian banks' ranking in the Top 100 Arab Banks for 2023

Rankings by tier-1 capital

Arab ranking	Bank
17	National Bank of Egypt (NBE)
21	African Export-Import Bank (Afreximbank)
26	Banque Misr
41	Commercial International Bank (CIB)
45	Arab African International Bank (AAIB)
46	Qatar National Bank (QNB)
71	HSBC Egypt
77	Faisal Islamic Bank of Egypt
86	ALEXBANK
92	National Bank of Kuwait (NBK)
94	Abu Dhabi Islamic Bank (ADIB)
99	Export Development Bank of Egypt (EBank)

Rankings by total assets

Arab ranking	Bank
6	National Bank of Egypt (NBE)
11	Banque Misr
39	African Export-Import Bank (Afreximbank)
40	Commercial International Bank (CIB)
43	Qatar National Bank (QNB)
49	Arab African International Bank (AAIB)
72	HSBC Egypt
82	Faisal Islamic Bank of Egypt
84	Abu Dhabi Islamic Bank (ADIB)
85	ALEXBANK
92	National Bank of Kuwait (NBK)
98	Export Development Bank of Egypt (EBank)

Source: Union of Arab Banks (UAB)

Renewables in Egypt: Ambitious plans and promising prospects

Egypt adopts an ambitious strategy aimed at diversifying energy sources; increasing the relative weight of new and renewable energy in the energy mix, as part of Egypt's Sustainable Development Strategy (SDS): 2030 Vision; and providing a clean and sustainable environment for future generations.

Global renewable capacities: Total global renewable energy capacity accounted for 3,870 gigawatts (GW) in 2023, with a 13.9% year-on-year increase. Asia came first with capacities of 1,961.1 GW in 2023, followed by Europe with 786.8 GW.

In this respect, it is worth noting that despite the record growth of global renewable capacities at 14% in 2023, they are still insufficient to achieve the International Renewable Energy Agency's (IRENA) tripling goal by 2030, i.e. 11.2 terawatt (TW) compared to 3.9 TW in 2023.

"While we are making progress, we are off track to meet the global goal of tripling renewable capacity to 11.2 TW by 2030. We need to increase the pace and scale of development."

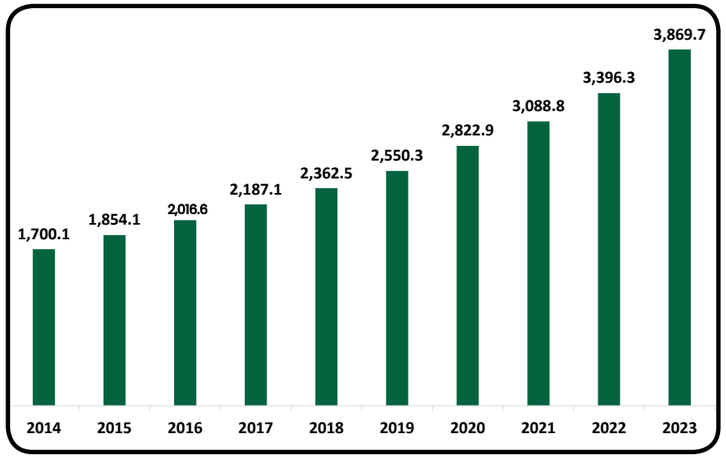
Sultan Ahmed Al Jaber, COP28 President

16.4%
Growth rate required to achieve the goal of tripling renewable capacity by 2030

"Renewables must grow at higher speed and scale. If we continue with the current growth rate, we will face failure in reaching the tripling renewables target agreed in COP28, consequently risking the goals of the Paris Agreement and 2030 Agenda for Sustainable Development."

Francesco La Camera, IRENA Director-General

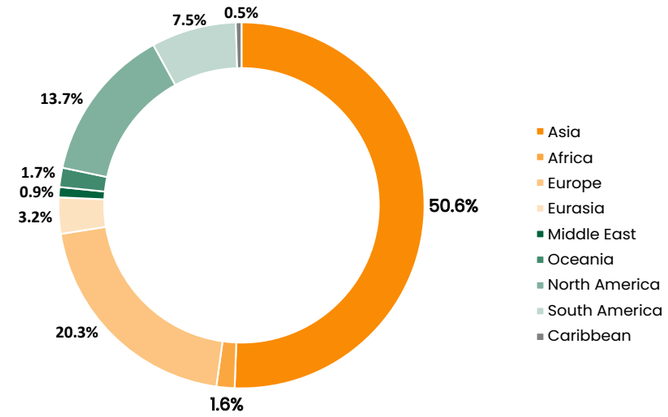
Global renewable capacities



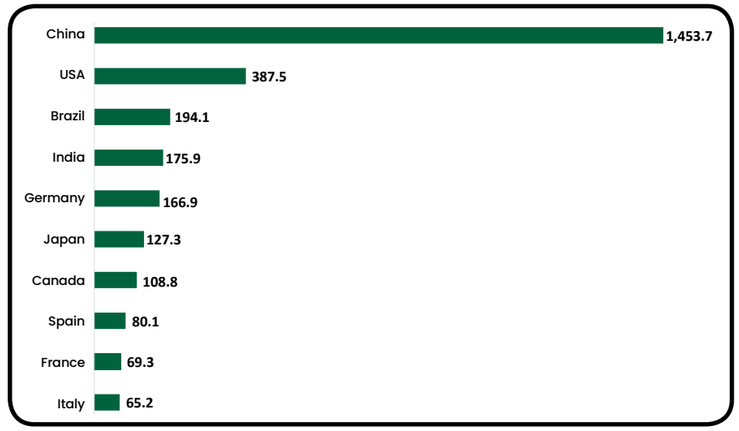
Source: IRENA, Renewable Capacity Statistics 2024.

IRENA data indicate that the relative distribution of new capacities installed in 2023 (amounting to 473.4 GW) is generally characterized by concentration and imbalance. Asia accounted for the largest share of the increase at 69% (i.e. 326 GW), which is mostly attributable to China that raised its renewable capacities by 297.6 GW in 2023.

Geographical distribution of total renewable capacity in 2023



Top countries in terms of renewable capacity in 2023



Source: IRENA, Renewable Capacity Statistics 2024.

Renewable energy indicators:

Solar energy:
Solar photovoltaic (PV) power capacity increased by 345.5 GW in 2023, with a rise of 0.3 GW in concentrated solar power (CSP). China alone accounted for 216.9 GW of total expansions.

Hydroelectric power:
Hydroelectric power capacities accounted for 1,270 GW in 2023, expanding at a lower level compared to recent years.

Wind energy:
In 2023, total wind capacities amounted to 1,017 GW with a 13% year-on-year increase. China and United States came ahead of countries with recorded wind capacity expansions in 2023.

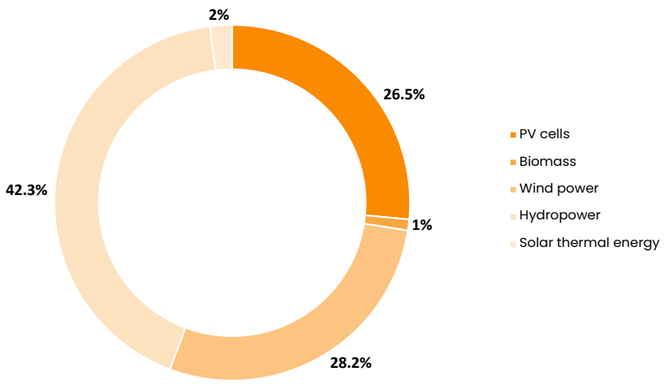
Bioenergy:
Total bioenergy capacity amounted to 150.3 GW. In this regard, bioenergy capacity expansion slowed down to 4.4 GW in 2023 compared to a 6.4 GW increase in 2022. China took the lead in expansions, followed by Japan, Brazil and Uruguay.

Geothermal energy:
Geothermal capacity recorded marginal increase, limited to about 193 MW in 2023. Indonesia came on top among other countries recording expansions in that field.

Source: IRENA, Renewable Capacity Statistics 2024.

Renewables in Egypt: Egypt is endowed with a wide range of renewable energy resources with great exploitation potentials, including solar, wind, hydro, biomass and green hydrogen (GH) power. Therefore, it endeavors to optimize the use of these vast resources, while paying particular attention to boosting and expanding the electrical equipment industry, especially that related to renewable energy, and localizing relevant modern technologies.

Renewables energy mix in 2023



Source: Ministry of Electricity and Renewable Energy (MoEE).

Overview of Egypt's renewable resources:

Solar energy: According to Solar Atlas, Egypt is considered a "sun belt" country, with 2,000 to 3,200 kWh/m²/yr of direct solar radiation and 9-11 hours of sunshine a day. It is thus considered one of the most suitable regions globally to exploit solar energy for power generation and thermal heating. In this context, reference is made to a number of major solar power projects implemented in Egypt:

Benban Solar Park (Aswan)

The project is located in Aswan, on an area of 37 km² with high solar radiation.

It is the largest single-site solar park in Africa and Middle East, and one of the world's largest plants.

It produces 1,465 MW, with a capacity up to 2,000 MW.

32 power purchase agreements (PPA) were signed to purchase total capacity of 32 projects within the park.

It helps reduce carbon emissions by 2 MMT annually.

Abydos Solar Plant (Aswan)

Abydos (1)

- December 2024 Plant inauguration
- 500 MW Plant capacity, powering 256k households
- USD 500 mn. Project investments
- 10 km² Project area
- The plant includes two main transformers, more than one million solar cells and 1,920 sub-transformers
- 760 KT p.a. Plant's contribution to reducing carbon dioxide emissions

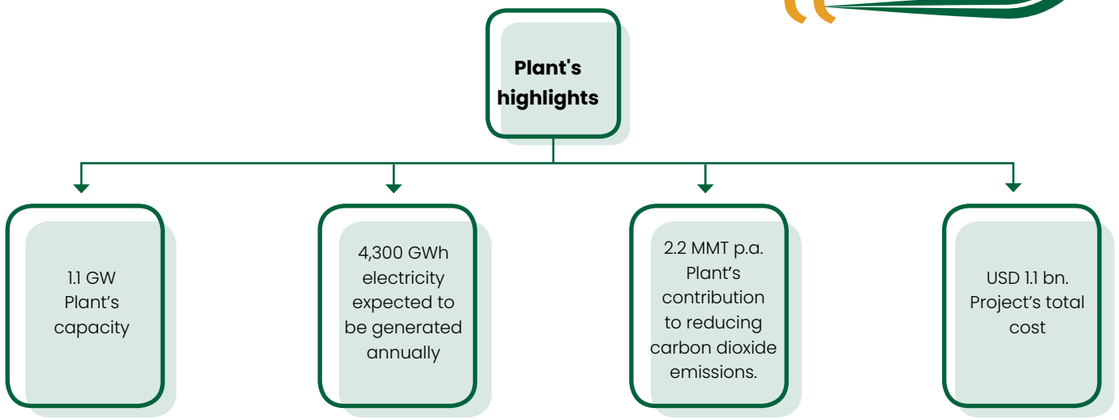
Abydos (2)

- 1,000 MW Plant capacity
- December 2024 Announcing the commence-ment of the project's engineering works

Source: Cabinet.

Wind energy: Egypt has enormous wind resources. In 1993, it started exploiting wind energy to generate power, by establishing a pilot farm in Hurghada with a limited capacity. In 2003, the wind atlas was released, including Egypt's promising areas with high wind speeds, most notably the western Gulf of Suez. Recently, there has been expansions in the number and capacity of wind farms. In January 2025, the launch of Africa's largest wind farm in the Gulf of Suez was announced.

> Launching Africa's largest wind farm in the Gulf of Suez

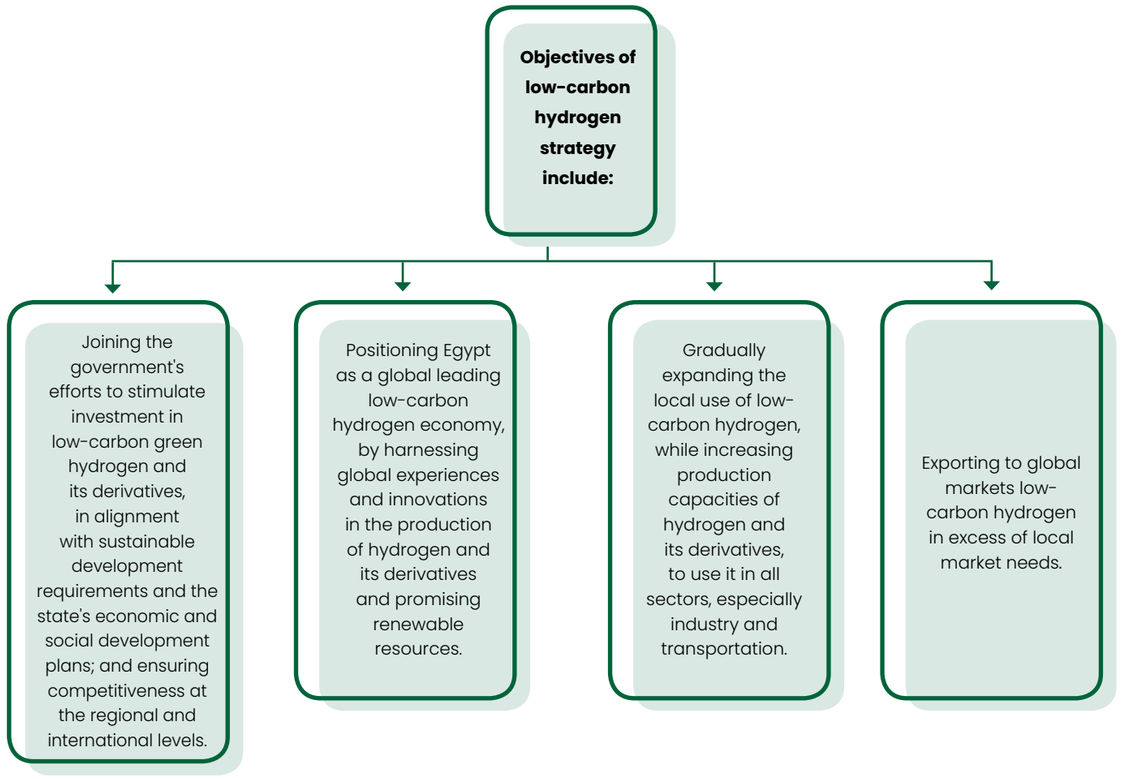


Source: African Development Bank (AfDB).
Ministry of Electricity and Renewable Energy (MoEE).

Hydropower: Hydropower is the first form of renewable energy used by Egypt, where electricity is generated through water stations or dams by diverting the flow of water to turbines. Egypt's total hydroelectric capacity accounts for 2.83 GW. The High Dam and Aswan Plants 1 & 2 generate most of this hydroelectric power.

Nuclear energy: In December 2017, Egypt and Russia signed the final agreements for the construction and operation of the first nuclear power plant. The first phase of the plant includes four advanced gen III VVER-1,200 nuclear reactors, with a total capacity of 4,800 MW.

Green hydrogen (GH): In late 2023, the Egyptian government launched the national low-carbon hydrogen strategy. The strategy builds on Egypt's distinguished geographical location and abundant natural resources, especially solar and wind energy, to promote the production of low-carbon hydrogen. In this respect, the strategy aims to acquire 5%–8% of the global commercial hydrogen market by 2040 (i.e. 5.6 MMT p.a.), requiring estimated investments at USD 60 bn.

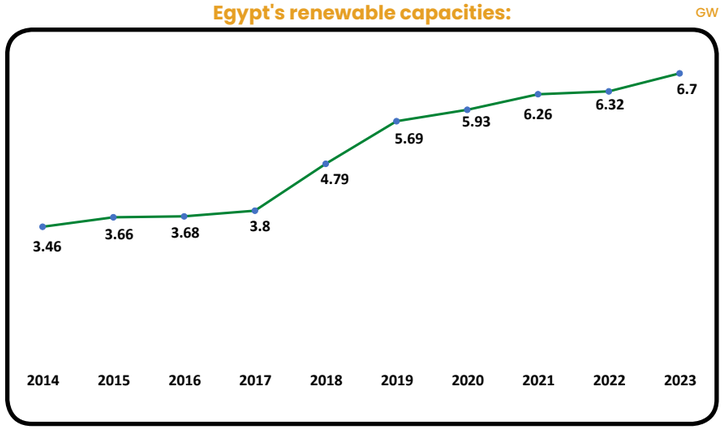


In this context, 2024 witnessed the launch of a package of incentives to encourage hydrogen industry, including tax incentives, customs exemptions, reductions of port charges and land usufruct fees, and extension of licensing periods up to 50 years for GH and GH derivatives plants.

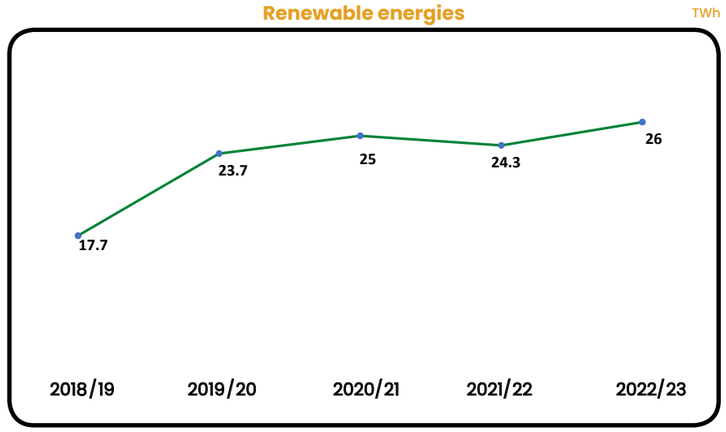
Geothermal energy: Earlier studies indicate that areas with the greatest potential for geothermal energy are located in the eastern region of Egypt near the Red Sea and the Gulfs of Suez and Aqaba. Moreover, geothermal resources are found in some places in Delta and Western Desert. Geothermal energy is generally defined as a form of heat generated within the earth.

Pumped storage projects: These projects use technologies for storing electrical energy during off-peak times and using it during peak times. These plants are fit for expanding the use of solar and wind energy which is contingent upon weather conditions. Moreover, pumped storage plants help utilize surplus electricity from the electrical grid.

Renewable capacities, environmental impact and Egypt's ranking on a number of energy indices

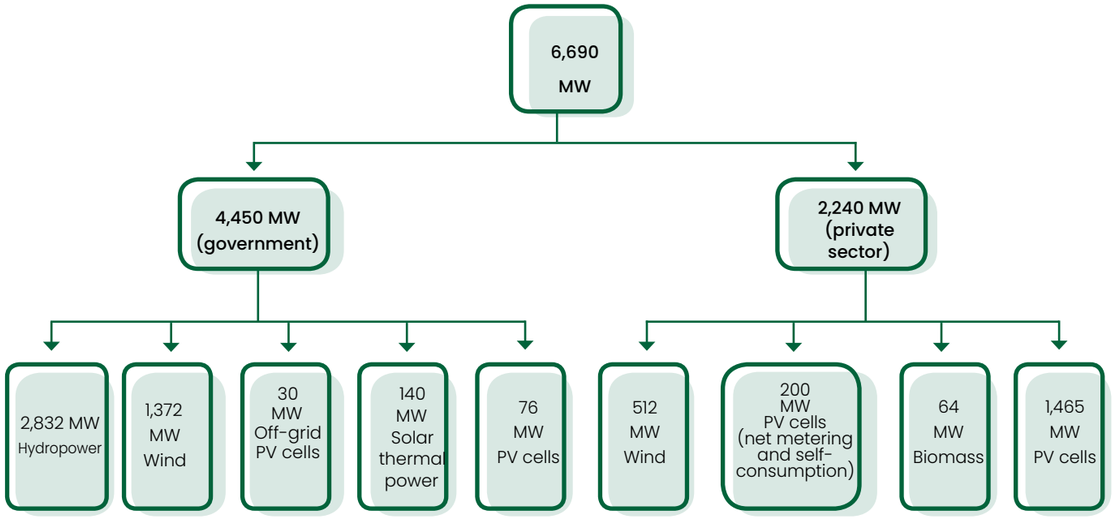


Source: IRENA, Renewable Capacity Statistics 2024.



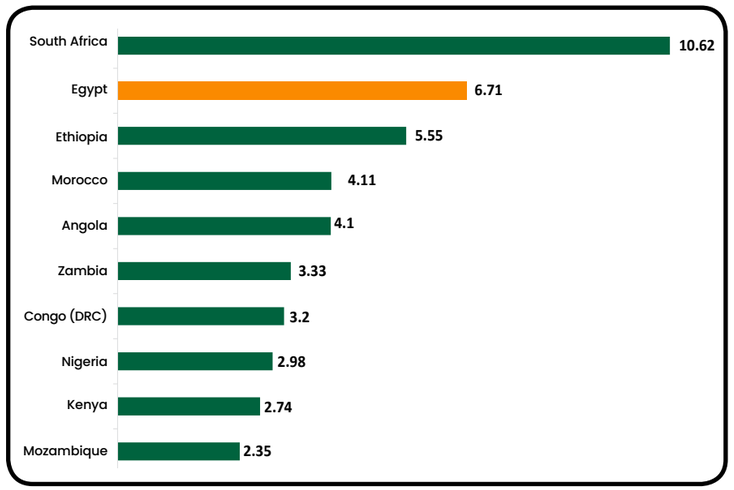
Source: Ministry of Electricity and Renewable Energy (MoEE).

Distribution of Egypt's renewable capacities in 2023

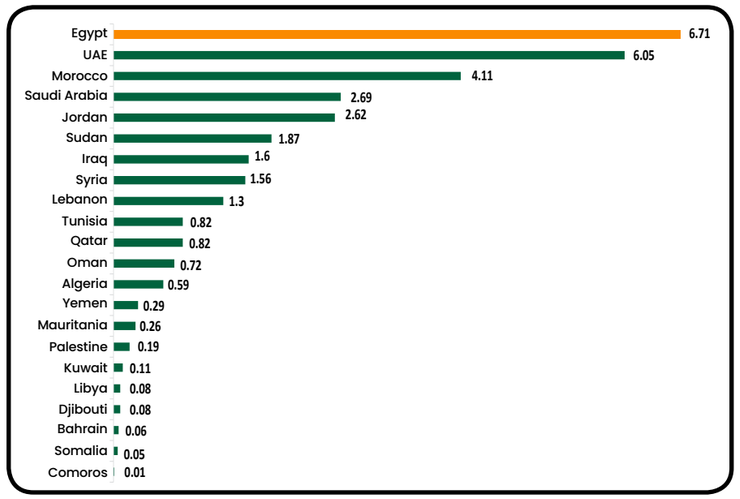


Source: Ministry of Electricity and Renewable Energy (MoEE).

Egypt's renewable capacity ranking in Africa in 2023



Egypt's renewable capacity ranking in the Arab world in 2023



Source: IRENA, Renewable Capacity Statistics 2024.

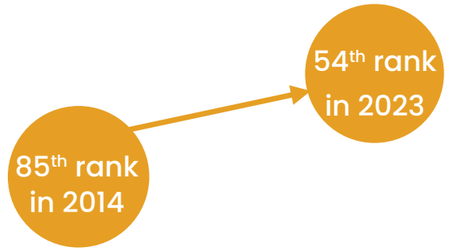
Environmental impact:

11.6 MMT
Renewable energy contribution to reducing carbon dioxide emissions in 2022/23

4.6 MMT
of oil equivalent
Renewable energy contribution to reducing the use of fossil fuels in 2022/23

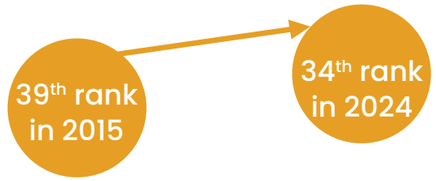
Ranking on a number of energy indices:

- Egypt advanced 31 places in the World Energy Council's (WEC) World Energy Trilemma Index (WETI) to rank 54th globally in 2024, versus the 85th place in 2014. In this vein, WETI ranks countries on their ability to provide a stable, affordable and environmentally sensitive energy system.



Source: IRENA, Renewable Capacity Statistics 2024.

- Egypt progressed five places in Ernst & Young (EY) Renewable Energy Country Attractiveness Index, ranking 34th in June 2024, against 39th in March 2015.



Source: Ernst & Young.

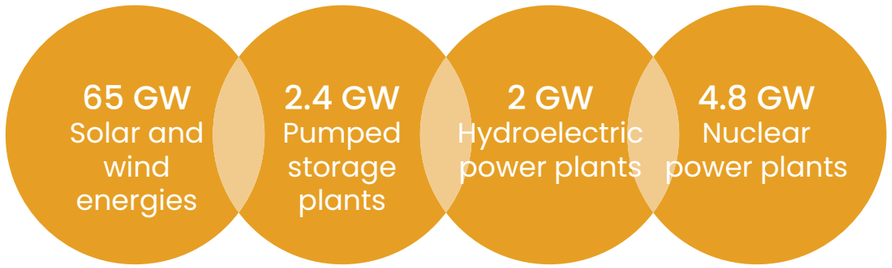
Integrated Sustainable Energy Strategy (ISES): The Egyptian government adopts an ambitious energy strategy stretching to 2040. In 2024, the strategy was modified to square with the local and global changes in the energy sector, the global economic developments and the emergence of new technologies. The modified ISES focuses on promoting the orientation towards diversifying energy sources, expanding renewable energy projects, increasing reliance on renewable energy, rationalizing the use of traditional energy sources and reducing reliance on fossil fuels, commensurate with the sustainable development plan and green transformation. Renewable energy share in Egypt's energy mix is to be increased, and green hydrogen to be included in the energy mix. Moreover, the goal of reaching 42% of renewable energy contribution to the energy mix was accelerated to be achieved by 2030 rather than by 2035. On a related note, ISES aims to bring Egypt's total electricity generation capacity from renewable resources to 65% of the energy mix by 2040.

42%
Renewable energy contribution to energy mix by 2030, rather than by 2035 as previously targeted.

120 GW
Egypt's total targeted renewable capacity in 2040.

65%
Renewable energy contribution to energy mix by 2040.

Egypt's targeted renewable capacities



Encouraging investment in renewable energy projects:

The state adopts wide-ranging measures aimed at encouraging private-sector investments, including:

1

Allocating plots of land to the New and Renewable Energy Authority (NREA) to establish renewable energy projects, including green hydrogen production projects, with a total area of 42,600 km^2

2

Granting plots of land to investors to establish projects, against obtaining 2% p.a. of the generated power

3

Signing long term power purchase agreements (up to 25 years, and providing a government guarantee of the Egyptian Electricity Transmission Company (EETC) to secure the payment of value of power purchased from investors projects

4

Cutting customs duties imposed on components and spare parts of renewable energy systems to 2% instead of 5%

5

Reducing value added tax (VAT) to 5% instead of 14%

6

Approving the increase of land based wind turbines' height to 220 meters, which enhances economic feasibility

Egyptian exports and EUDR implications

The interest in sustainable global economy and forest conservation is growing, as a means of achieving ecological balance and mitigating carbon emissions. In this vein, the EU Regulation 1115/2023 on deforestation-free products (EUDR) was enacted to regulate importing and exporting commodities and products to and from EU countries and trading these commodities and products in markets, with a view to ensuring that the products consumed do not contribute to deforestation or forest degradation worldwide. This came in light of the endeavors made to fight climate change and biodiversity loss. Under the Regulation, any European producer and importer of these commodities must be able to prove that the products do not originate from recently (after December 31, 2020) deforested land. Therefore, all companies, including Egyptian companies, targeting exports to the European market, must legalize their status in the coming period and rely on sustainable raw materials obtained from sources approved under this Regulation, in order to avoid product rejection and maintain their market shares in the European market, especially that most local producers rely on imported raw materials.

Background, objectives and scope of implementation

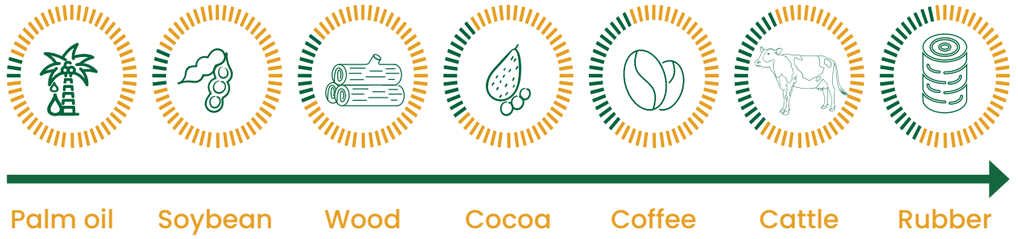
Objectives

- Reduce carbon emissions causing global warming and resulting from EU consumption and production of the relevant commodities by at least 32 million metric tons a year.
- Minimize wrong practices that lead to biodiversity loss.

420 million hectares of forest were lost to deforestation between 1990 and 2020. According to FAO, EU consumption represents around 10% of global deforestation.

Scope of implementation

- Seven Commodity groups that affect forests and cause forest degradation when consumed, including five food commodities covered by the Regulation and a number of their derived products.
- 74 Main and sub customs items and three chapters of commodity groups.



Sanctions

European companies proven guilty and found in breach of the Regulation shall face severe penalties depending on the local regulations set by each country within the EU, including:

- Imposing financial penalty at a minimum of 4% of the importing company's annual turnover in the last fiscal year. EU member states may decide to increase the penalty.
- Confiscating violating products and commodities and the revenues resulting from their trading.
- Excluding companies from public procurement and public funding for a maximum period of 12 months.
- Publicly naming and shaming bad actors by publishing their names, with an eye to enhancing transparency and forcing them to comply.

Timeline

1 — 19/4 2023

European Parliament's approval of the Regulation

2 — 29/6 2023

The Regulation came into force and was applied to producing and importing/ exporting companies within the EU as of December 30, 2024 .

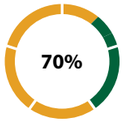
3 — 23/4 2024

A 12-month additional phasing-in period was approved to be granted to companies to legalize their status, following concerns raised by EU and non-EU member states that full compliance will not be achieved by end-2024. The Regulation shall apply to large and medium companies as of December 30, 2025, and to micro and small-sized enterprises as of June 30, 2026.

4 — 30/6 2028

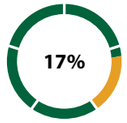
The first expected general review of the Regulation, which will be conducted every five years thereafter.

European Consumer Survey on Eco Friendly Products



of German consumers give much consideration to sustainability when purchasing cosmetics and personal care products, according to a study by the German Consumer Center.

European Consumer Centre Germany — ECC-Net

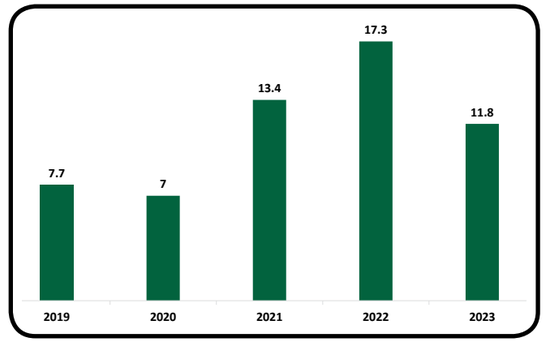


of consumers in Europe plan to purchase more eco-friendly products in 2024 than in 2023, according to McKinsey insights released in April 2024.

McKinsey & Company

EU is the second key international bloc (following the Arab countries) receiving Egypt's food industry exports. It accounted for 22% of the sector's total exports in 2023 (amounting to USD 5.1 bn.) and 20% in the first 10 months of 2024.

Egyptian exports to EU USD bn.



Source: trade map

EU is a key market for Egypt's printing, packaging and paper industry exports.
Egypt's exports to EU from chapters 48 and 49 (including paper, cardboard, books, newspapers, etc.) accounted for USD 43.7 mn. in 2023, with a relative importance of 10% and 14.3%, respectively, of total exports of each item separately.

Salient EUDR implications and impacts on Egyptian exporting companies

Potentially, Egypt's exports to the European market would be impacted in light of the expansion of industries that need to legalize their status and the risks of lower dollar proceeds, whether directly due to a decline in exports of main commodities specified by the Regulation, or indirectly as a result of a decline in exports of other industries that use these commodities as one of their production inputs. In addition, the Regulation's scope of implementation is expected to include other commodities in the first review scheduled in 2028, especially commodities of food industries and agricultural crops packaged in cardboard containers.

Direct impact

Egypt's EU exports of commodity groups

USD 165.4 mn.
Exports in 2023

Cattle	Soybean	Rubber	Wood
USD 8.2 mn.	USD 37.1 mn.	USD 54.4 mn.	USD 59.2 mn. 21
2 items out of 11	3 items out of 4	6 items out of 12	items out of 28

Value of exports
Impacted customs items

Coffee	Oil	Cocoa
USD 1,000	USD 362,000	USD 6.1 mn.
Total item	2 items out of 12	1 item out of 6

The Netherlands, Italy and Spain lead the list with import values of USD 36.8 mn., USD 27.7 mn. and USD 23.7 mn., respectively.

Examples of Egypt's EU exports of some customs items in 2023

Pneumatic tires
customs code 4011

USD 116.2 mn.
Egypt's exports worldwide
Including 46.8% to EU

42.6%
Italian market share

Soybean oil and its extracts customs code1507

USD 83.9 mn.
Egypt's exports worldwide
Including 39.5% to EU

77.2%
Dutch market share

Prepared cattle hides
customs code 4107

USD 11.7 mn.
Egypt's exports worldwide
Including 69.2% to EU

99%
Spanish market share

Indirect impact

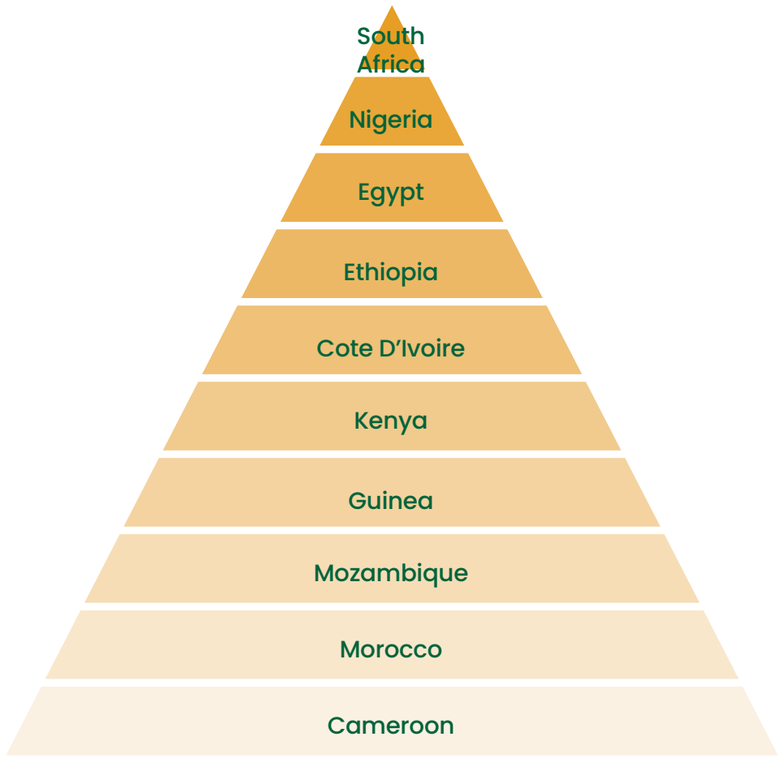
The Regulation's impact extends to include several industries other than the specified customs items, including:

- Food industries (e.g. baked goods, biscuits, sweets, dairy products, ice cream, etc.) if cocoa or coffee is one of their ingredients.
- Rubber-based industries (e.g. pipes, brake pads, shoe soles, artificial turf, industrial safety tools, some electrical appliances, etc.).
- Other industries such as cosmetics, perfumes and wax, which use coffee and cocoa as one of their inputs.
- Leather industries of all kinds (e.g. shoes, bags, belts, ready-made leather garments, office equipment and furniture, gelatin, etc.).

- **Increased costs of compliance with the Regulation's requirements, especially for small and medium-sized enterprises (SMEs).** Companies need to carry out careful examination in order to collect and document information about the supply chain and provide documents on the product's origin "such as production sites and geographical maps", which prove that such products do not contribute to deforestation as of December 31, 2020 and conform to the sustainability standards, to avoid rejection of their products. Companies need, therefore, to invest in modern tracking systems and improve supply chain management.
- **Disruption of production and supply operations,** especially if manufacturers opt for concluding agreements with new suppliers to provide the imported raw materials that meet the requirements of the EU Regulation "product documents".
- **Strong competition facing local products in the European market and the impact on companies' market share,** especially that many competing countries welcomed the legalization of their status to comply with the new Regulation, including China and Turkey, in addition to other countries such as Brazil, Indonesia, Malaysia, Colombia, Ghana and Côte d'Ivoire.

Egypt among the top 10 African leading countries in private sector investments

Egypt was placed among the top 10 African leading countries in private sector investments, according to Business Insider Africa platform, based on the World Bank data. Total value of private sector investments in Egypt showed growth during 2024, which anchors its position as a leading regional economic center that courts private capital and contributes to achieving sustainable development goals.



Notably, Egypt exerted tremendous efforts to empower the private sector and to increase its contribution to the economic activities. In this context, the following points are noteworthy:

- The government of Egypt's (GOE) efforts in the governance of investment spending and adherence to the private investment ceiling set at approximately EGP 1 trillion, contributed to spurring public sector investments to increase to EGP 133.1 bn. at constant prices in the first quarter of FY 2024/2025, representing approximately 63.5% of total investments, with a growth rate of 30% compared to the first quarter of the previous fiscal year. This comes as part of GoE's efforts to pave the way for private sector investments in light of the structural reforms it adopted to create a favourable investment environment to enhance the governance of public investments.

EGP 133.1 bn.

Value of private investments at constant prices in the first quarter of FY 2024/2025, representing approximately 63.5% of total investments.

- The relationships with international finance institutions concerned with providing finances and injecting investments to the private sector, mainly the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA) affiliated to the World Bank Group, were enhanced to increase soft-term finances and investments to the domestic and foreign private sector in Egypt. This is in addition to the partnership with European Bank for Reconstruction and Development (EBRD) and European Investment Bank (EIB).

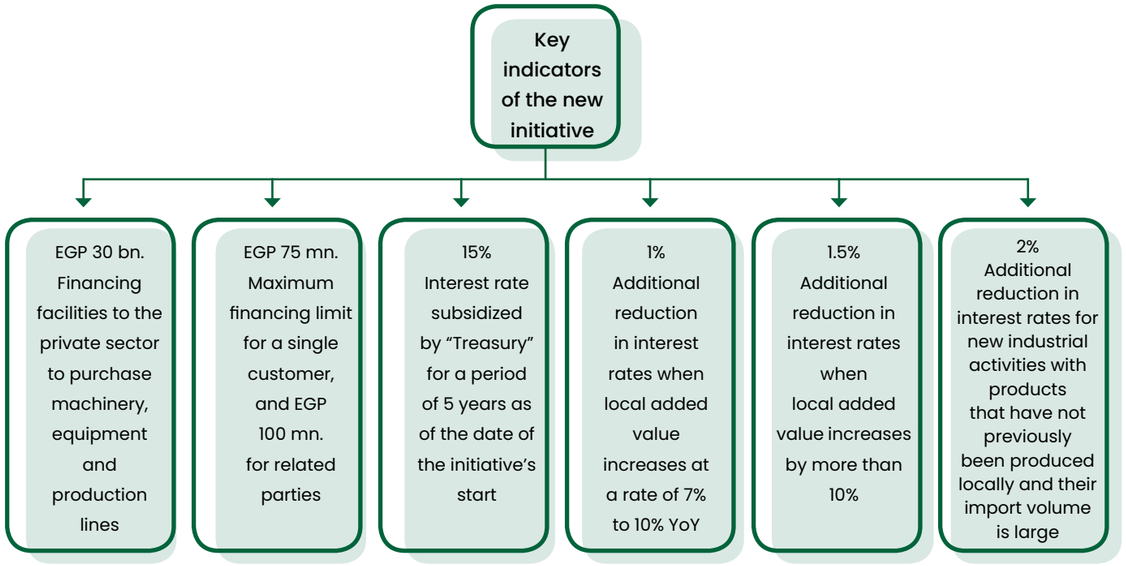
USD 4.2 bn.

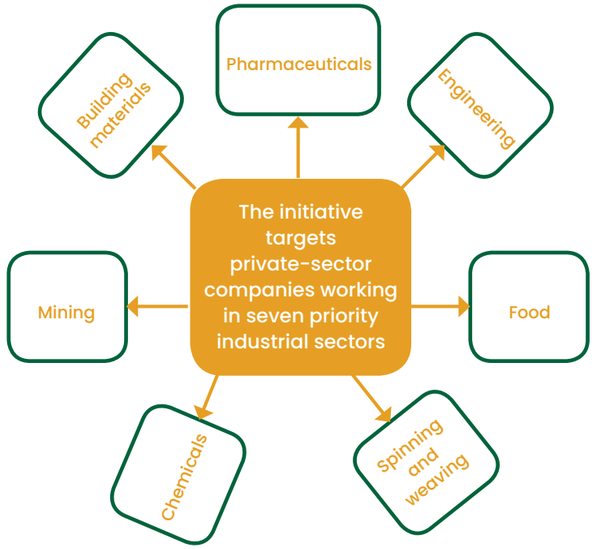
Concessional development financing granted to the domestic and foreign private sector in Egypt in 2024 against USD 2.9 bn. in 2023.

- "Hafiz" (i.e. Incentive) platform for financial and technical support for the private sector was launched as part of GoE's efforts to maximize the benefit of the innovative financing substitutes made available by the international finance institutions and development partners to empower the private sector. Hafiz is an integrated platform that links development partners, international institutions, the government, and the domestic business community to enhance communication and optimize development financing, technical support and consultancy. Moreover, Hafiz platform fills the information gap and bridges the language barriers that hinder companies from reaching many services provided by development partners. The platform further makes available the information on the best financial and non-financial solutions and provides all information on the opportunities to obtain technical support and different training programs. Hafiz platform lists more than 85 financing services and technical support provided by 32 development partners, in addition to hundreds of tenders, local and international initiatives financed by development partners, as well as the steps for subscription, which enhances competition in the international markets.

A new initiative to support companies in priority industrial sectors

Given that industry is considered the driving engine of sustainable development, the government of Egypt (GoE) spares no effort to achieve a comprehensive industrial development and ensure an integrated industrial environment that contributes to improving production efficiency and manufacturing high-quality products. Accordingly, GoE pays a special attention to a number of priority sectors to accelerate Egyptian economy's growth pace. In this vein, GoE launched in January 2025 the first phase of a new initiative to support companies in priority industrial sectors.





Egypt plans to offer 10 companies in 2025 as part of its public offering program in the implementation of the SOP document

As part of implementing the state ownership policy (SOP) document announced by the Egyptian government, the Prime Minister revealed that the year 2025 would witness the offering of stakes in 10 companies, to be sold to strategic partners or publicly offered on the Egyptian Exchange (EGX).

Gabal El-Zeit wind farm
"Renewable energy sector" 1

Banque du Caire
"Banking sector" 6

Alamal Alsharif Plastics
"Plastics industry" 2

The National Company for Petroleum "Oil sector" 7

Misr Pharma
"Pharmaceuticals" 3

ChillOut
"Oil sector" 8

Chemical Industries Development (CID) Co. Pharmaceuticals" 4

National Co. for Natural Water in Siwa (SAFI)
"Food industries" 9

ALEXBANK
"Banking sector" 5

Silo Foods
"Food industries" 10

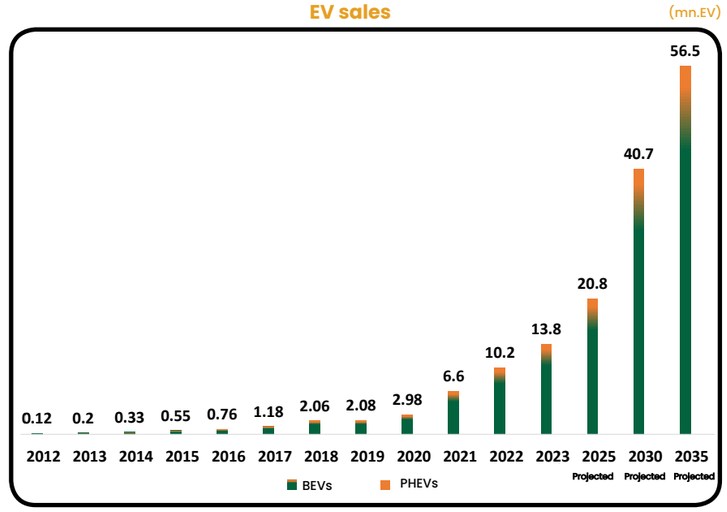
Electric vehicles: Remarkable global growth and Egypt's efforts for localization

Electric vehicles (EVs) serve an effective step towards transforming the transportation industry into an eco-friendly one. EVs are becoming exceptionally important in light of the growing global interest in addressing climate change and the shift to a sustainable economy. EVs come in different forms, including battery-powered fully electric vehicles "BEVs", and plug-in hybrid electric vehicles "PHEVs" that use both an electric and combustion engine.

At the global level: The International Energy Agency (IEA) forecasts that EV (BEV and PHEV) global sales will reach about 20.8 million EVs in 2025, an increase of around 25.3% compared with 2024. This growth is projected to continue to reach about 40.7 million and 56.5 million EVs in 2030 and 2035, respectively. The growth in sales is also expected to be coupled with an increase in the share of BEV sales of the total number of all vehicles sold.

Around 10%
EV share of total distance travelled globally in 2024 by one of the largest international passenger transport companies

90.3%
BEV share of total EV sales in 2035

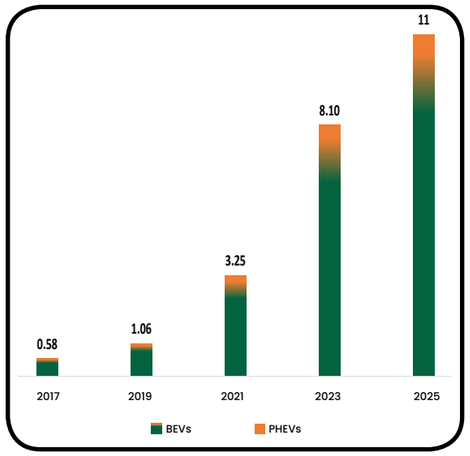


Source: IEA

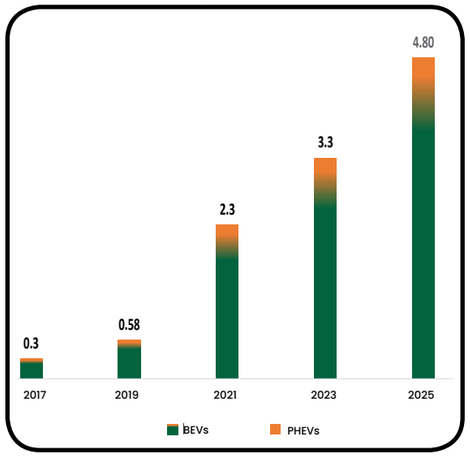
China is expected to remain the top EV seller globally, with 11 million EVs projected to be sold in 2025. Meanwhile, EV sales in the European Union (EU) and the United States are expected to reach about 4.8 million and 3.1 million EVs, respectively in the same year.

EV sales in several countries and regions

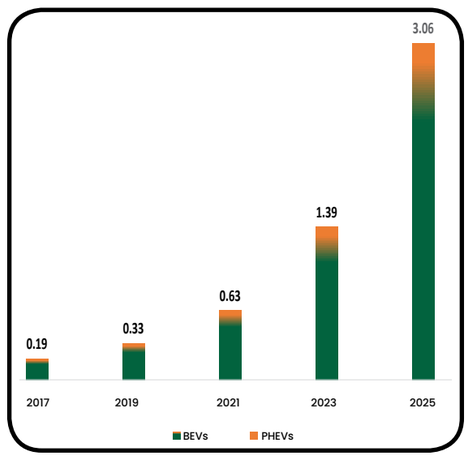
China (mn.EV)



European Union (mn.EV)



United States (mn.EV)



Source: IEA

Overview of the experiences of some countries in producing EVs

China:

- Setting EV manufacturing as a national strategic goal.
- Focusing on establishing local supply chains, including allocating a large budget for research and development (R&D) and enhancing China's leadership in battery production.
- Building a solid infrastructure, including public and private EV charging stations.
- Offering a package of financial incentives, including giving subsidies on new EV purchases, and granting exemption from a number of taxes on electric vehicles and buses, in addition to providing a package of non-financial incentives, such as the ability to get license plates without having to wait for years contrary to traditional gas-powered vehicles the license plates of which are obtained through a lottery.
- Enacting several environmental laws, and applying the global emission limits for new vehicles, encouraging the shift to EVs.

45%
EV share of total car sales in China

Source: Egyptian Cabinet, Information and Decision Support Center, "Localization of EV Manufacturing: Opportunities and Challenges"

United States:

- Establishing the "Advanced Research Projects Agency-Energy (ARPA-E)" within the U.S. Department of Energy (DOE) to fund projects to develop technologies that help reduce U.S. dependence on foreign energy imports, cut energy-related emissions, especially greenhouse gas (GHG) emissions, and improve energy efficiency across all economic sectors.
- Providing a package of loan guarantees by the U.S. DOE for projects that help reduce air pollution and GHG emissions, and support the commercial use of advanced technologies.
- Launching an initiative to provide EVs at reasonable prices.
- Granting a loan in the amount of USD 465 mn. to one of the largest American companies in 2010, by the U.S. DOE's Loan Programs Office (LPO), to develop an EV manufacturing facility.

11%
EV share of total car sales in the United States

Source: Egyptian Cabinet, Information and Decision Support Center, "Localization of EV Manufacturing: Opportunities and Challenges"

Germany:

- Constituting the National Electric Mobility Platform (NPE) in May 2010 by the German Federal Government. The NPE consists of around 150 representatives from administrative bodies, vehicle manufacturers, suppliers, trade unions, research institutions, environmental organizations and the Federation of German Consumer Organizations (VZBV)
- Developing production technologies for lithium-ion cells and battery systems
- Allocating around EUR 300 mn. to fund the establishment of at least 5,000 charging stations during "2017-2020"
- Setting a budget for supporting technological initiatives, and focusing on research and development (R&D)

Norway

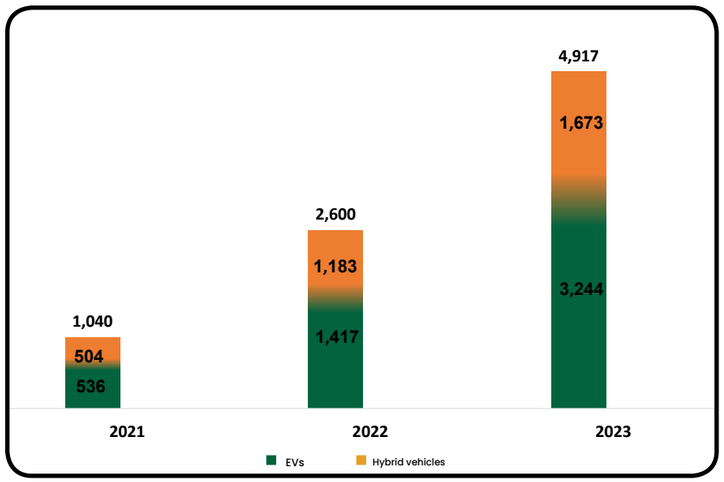
- Abolishing EV purchase/import taxes
- Reducing annual road taxes, and scrapping road tolls
- Announcing the national investment plan for charging stations
- Granting subsidies for zero-emission heavy-duty vehicles and machinery
- Granting VAT exemption for leasing EVs
- Permitting EV drivers to use the bus lanes
- Offering free parking at public parking spaces
- Taxing traditional internal combustion engine vehicles (ICEVs)

Source: Egyptian Cabinet, Information and Decision Support Center, "Localization of EV Manufacturing: Opportunities and Challenges"

Domestically: The number of licensed EVs has substantially increased over the past years, reaching 4,917 vehicles in 2023, of which 3,244 are BEVs and 1,673 are PHEVs, compared to 1,040 vehicles at the end of 2021. This increase is largely attributed to a decree issued in December 2020, which introduced long-term licensing for EVs – aligning them with conventional internal combustion engine vehicles – replacing the previous monthly licensing mechanism.

Number of Licensed EVS in Egypt

Vehicles



Source: CAPMAS - Counting of Licensed Vehicles Bulletin - Various issues

Generally, several serious steps have been taken to localize the automotive industry, with a focus on EVs as demonstrated below:

Introducing the National Strategy for Localizing the Automotive Industry in Egypt in June 2022, highlighting the sector's importance to the achievement of industrial and economic development targets. In addition, the Supreme Council for Automotive Industry was established to set the general policies, plans and strategies necessary for the development of this industry and following up on their implementation. Also, the council is responsible for setting the general framework for legislative and administrative reform, studying the appropriate solutions to obstacles facing the industry, and working towards concluding agreements and exchanging experiences with leading countries in the industry.

The National Automotive Industry Development Program (AIDP) which serves as an integrated and comprehensive framework for the automotive industry and its feeding industries "passenger cars, four-wheel drive cars and minivans". AIDP provides a sustainable framework that is in alignment with all international environmental requirements, through a fully-fledged partnership between the private sector and the government. The program also offers a package of incentives which include:

- A package of investment incentives as well as tax and customs advantages to local EV manufacturers and assemblers.
- A package of incentives for EV owners, such as exemptions from vehicle licensing taxes and resource development fees, and obliging real estate developers to provide EV charging points in residential and commercial projects.

The Environmentally Friendly Automotive Industry Fund which targets promoting and developing the EV industry, especially in relation to establishing the technology and research centers necessary for the development of this industry, encouraging and developing innovation to raise its competitiveness, in addition to introducing incentive programs and frameworks as well as the rules and procedures for their disbursement in order to develop this industry. The due incentive is granted in the form of a voucher (coupon) to be paid quarterly from the due date according to the AIDP requirements and regulations. The coupons disbursed to the beneficiary shall be used in government settlements. These commitments shall continue throughout the validity period of the program.

The Presidential initiative to replace obsolete vehicles, launched in 2021, with the aim of increasing the number of Eco-friendly vehicles and supporting the localization of the automotive industry by raising the percentage of the local component, thereby facilitating the ownership of this type of vehicles by citizens.

Strengthening the infrastructure of the automotive industry: Approximately 3,000 charging stations have been established and made operational in the following governorates "Cairo, Alexandria, Giza and South Sinai", and on several highways.

Arab Common Market for Electricity: An effective step towards achieving Arab integration in the field of electricity

The League of Arab States launched the Arab Common Market for Electricity as a strategic step aimed at achieving regional integration in the field of electricity and a quantum leap in Arab joint action march. This came during the meeting of the Arab Ministerial Council for Electricity in its 15th session, which was held in the New Administrative Capital in Egypt in December 2024, with the presence of Ministers of Electricity and Energy and delegations from 22 Arab countries, in addition to a number of experts and members of the Arab League's Energy Department.

In this context, the two agreements of the Arab Common Market for Electricity (General Agreement and Market Agreement) were signed by eleven Arab countries during the said meeting.

"General Agreement" includes market objectives, guidelines for market development, and the formation of market institutions, their roles and responsibilities.

"Market Agreement" includes the mechanisms by which the parties implement the obligations specified in the MoU and the General Agreement. It also covers the commercial aspects of the market and defines the legal regulations required to activate the market.

Signatory Countries

- United Arab Emirates
- Kingdom of Saudi Arabia
- Republic of Sudan
- Syrian Arab Republic
- Palestine
- Qatar
- Kuwait
- Libya
- Arab Republic of Egypt
- kingdom of Morocco
- Republic of Yemen

Some intended objectives of the Arab Common Market for Electricity

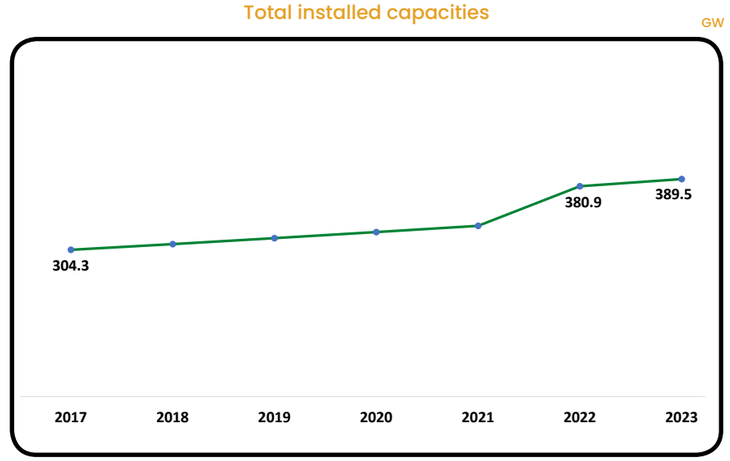
- Optimizing consumption of assets and available resources, and contributing to the electricity reserves on economic basis to enhance the stability of electricity supplies and to meet the increasing demand for electricity.
- Stimulating public and private investments in electricity grids, which consequently encourages trade exchange between countries. Moreover, this reduces the cost of electricity production and transmission, hence achieving savings which the enormous competitive market allows.
- Supporting renewable energy investments, which rank Arab countries as clean energy key exporters worldwide.

FY 2037-2038 The roadmap adopted by the Arab countries aims at completing all phases of the Arab Common Market for Electricity by that date.

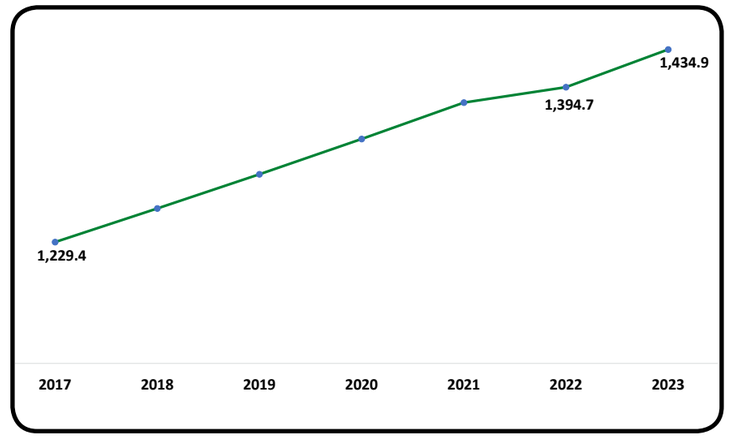
Installed capacities and generated energy.

Total installed capacities of "renewable and nonrenewable" electricity of the Arab countries reached 389.5 GW in 2023, with an increase of 2.3% compared to the preceding year, while total generated energy accounted for 1,434.9 bn. KW/hr during the same year, with a growth rate of 2.9% YoY. In this vein, Saudi Arabia came first with 30.8% and 29.4% of the total installed capacities of electricity and generated energy respectively in 2023, followed by Egypt with 15.4% and 14.6% respectively.

Total installed capacities

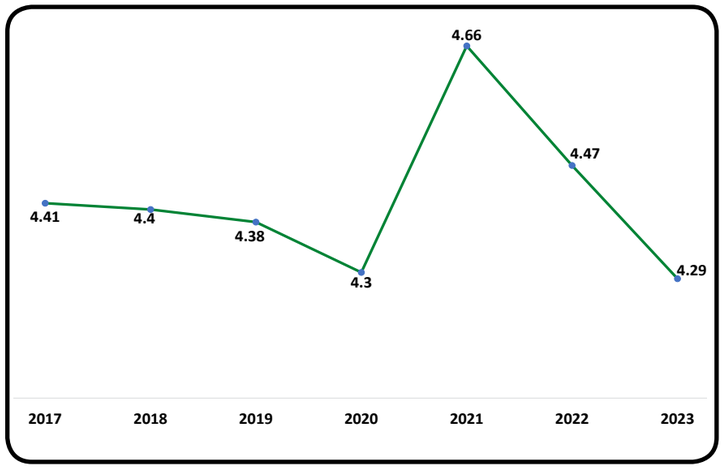


Total generated energy

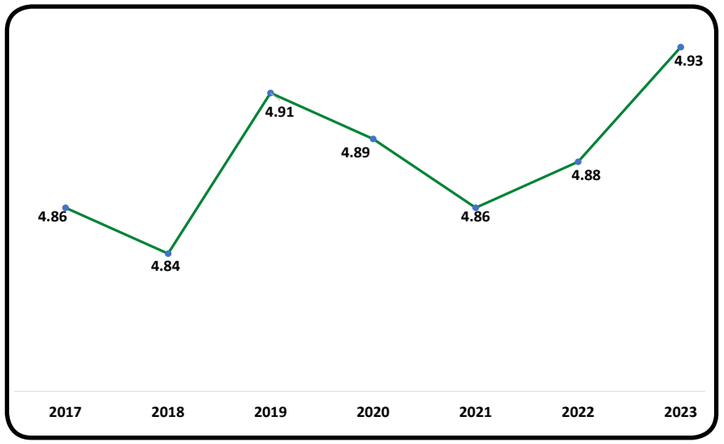


Source: U.S. Energy Information Administration

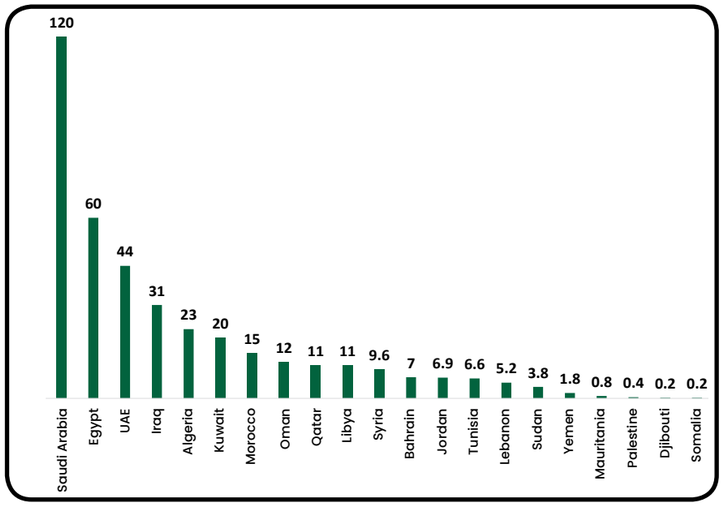
Arab countries' share of total global installed capacities (%)



Arab countries' share of total global generated energy (%)



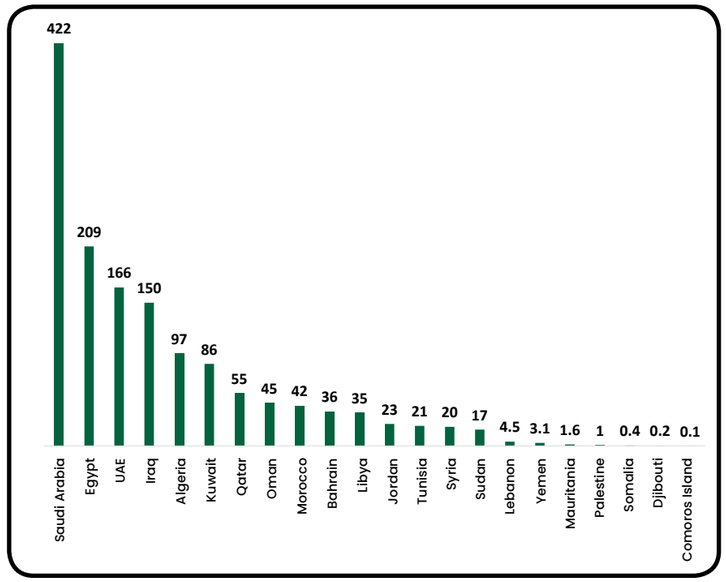
Installed capacities in Arab countries during 2023 GW



* There is no available data about Comoros Islands

Source: U.S. Energy Information Administration

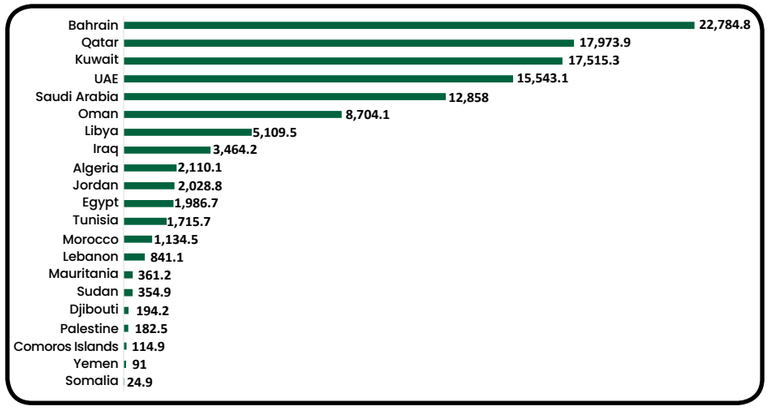
Genrated electiricity in Arab countries during 2023 bn. kw/ hr.



Source: U.S. Energy Information Administration

On a related note, there is a clear discrepancy in the average per capita generated electricity consumption in the Arab countries. Whereas Gulf countries come first with high levels exceeding the average achieved by all Arab countries, several Arab countries are in dire need of concentrated efforts to improve their generated electricity levels.

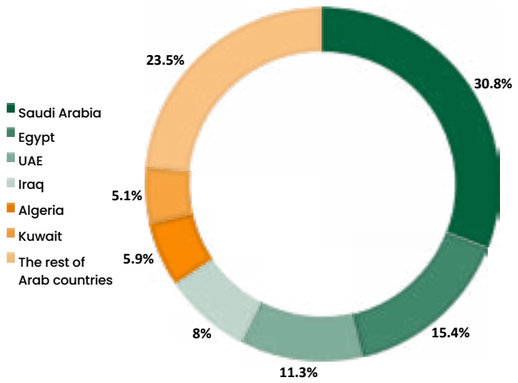
Average per capita generated electricity consumption in 2023 kw/ hr.



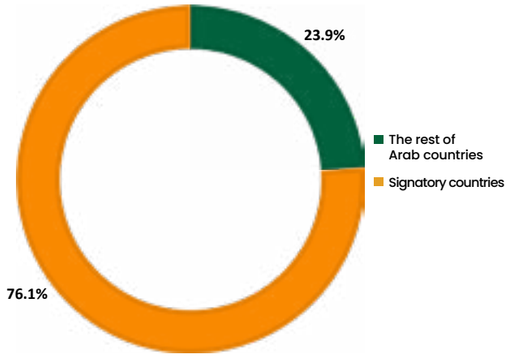
Source: • U.S. Energy Information Administration
• International Monetary Fund

Percentage of Arab countries' installed capacities during 2023

By country



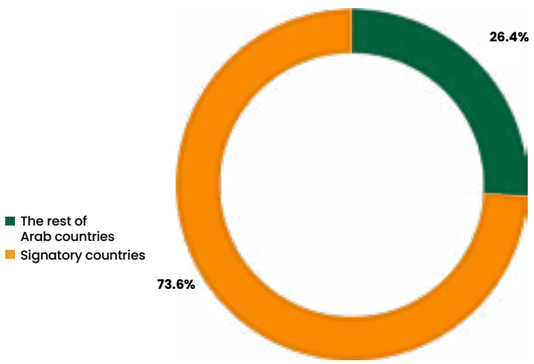
By signatory countries to the two agreements of the Arab Common Market for Electricity



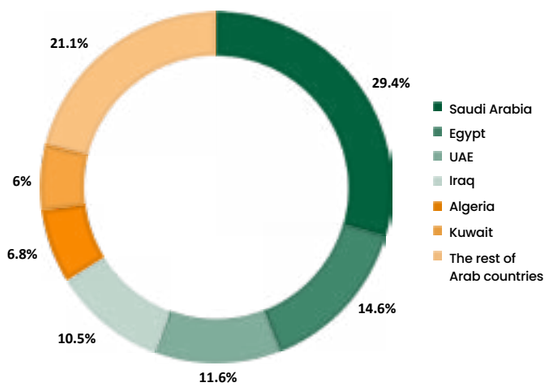
Source: U.S. Energy information administration

Percentage of the generated electricity by the Arab countries in 2023

By signatory countries to the two agreements of the Arab Common Market for Electricity

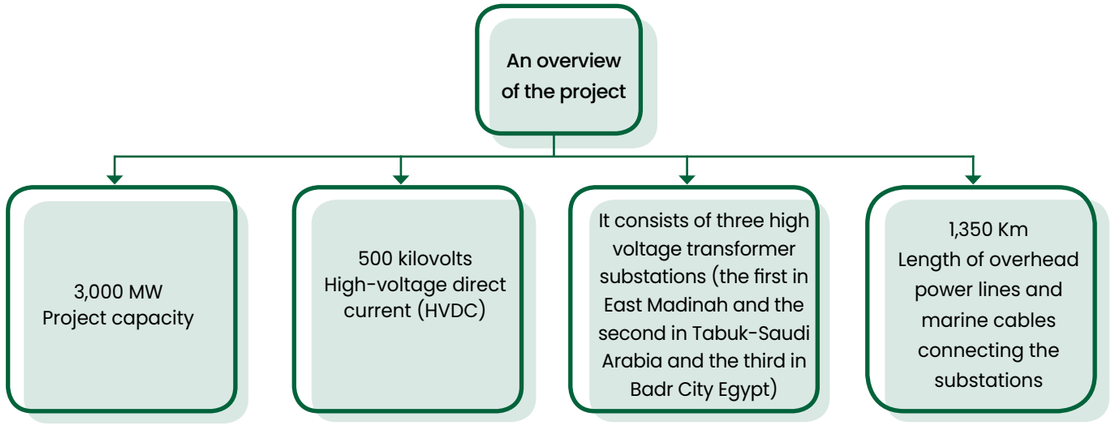


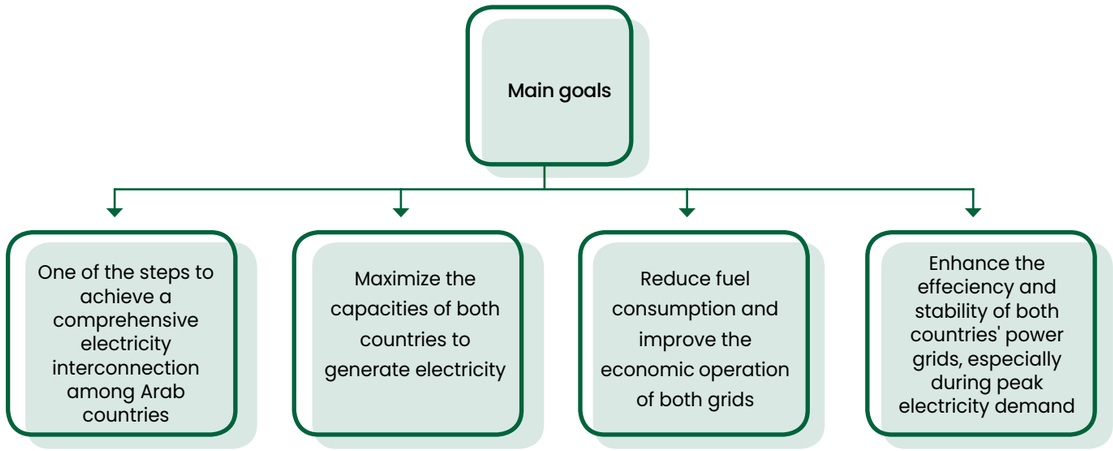
By country



Source: U.S. Energy Information Administration

Egyptian-Saudi electricity interconnection project: a model for Arab electricity interconnection.





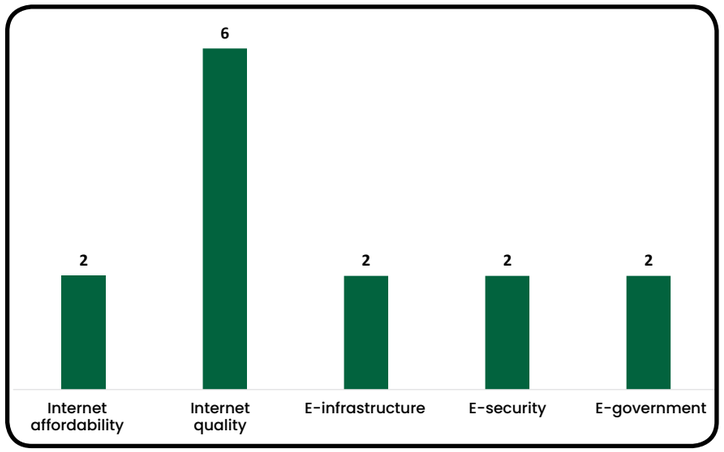
Source: Cabinet of Egypt

Egypt advances eight places on DQL Index

Egypt recorded a remarkable improvement on the Digital Quality of Life (DQL) Index, advancing eight places and ranking 79th globally in 2024 report. This reflects the significant developments that Egypt witnesses in the telecommunications sector and internet quality improvement, through developing and equipping infrastructure with the world's state-of-the-art technologies, e.g. fiber optic technology.

Definition: The Digital Quality of Life (DQL) Index is released by the international cyber-security company "Surfshark". It ranks countries according to digital wellbeing, based on five core pillars, each with a relative weight of 20% of total score. These pillars include 14 indicators in total. In this vein, the DQL Index 2024 Evaluated 121 Countries.

Distribution of DQL indicators (No. of indicators)



Pillars

Internet affordability directly impacts its accessibility. A more affordable internet has a positive effect on digital wellbeing (this pillar includes two indicators).

Internet quality measures how fast and stable the internet connectivity is in a country. Slow and unstable connections inhibit daily use and diminish work efficiency, while fast and stable connections allow for better communication and high-quality content.

Electronic infrastructure determines how well-developed and inclusive a country's existing electronic infrastructure is. Highly functional e-infrastructure enables people to use the internet daily for many purposes, such as studying, e-commerce, entertainment, banking, etc.

Electronic security measures how safe people are online. E-security shows a country's readiness to counter cybercrimes and its commitment to protecting online privacy.

Electronic government determines how advanced and digitized a country's government services are. Better e-government helps minimize bureaucracy, reduce corruption and increase the transparency of the public sector. It also improves the efficiency of public services and helps people save time, influencing the quality of their digital lives.

Source: Surfshark website.

Globally, Germany ranked first among 121 countries included in the DQL Index 2024, followed by Finland, France, the Netherlands and Denmark.

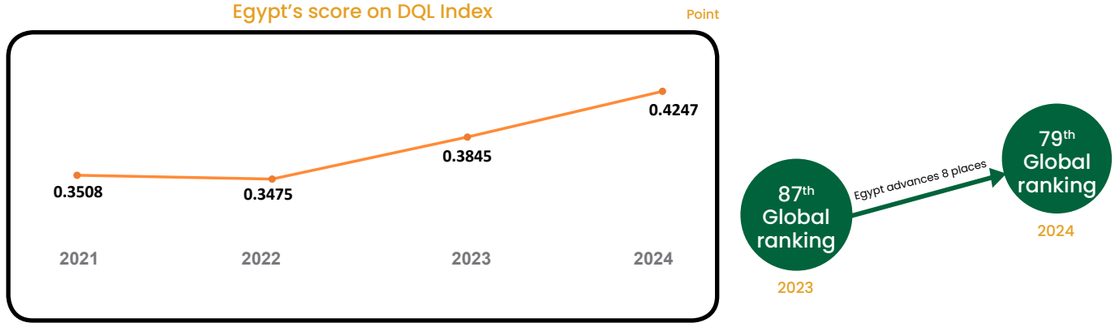
Country	Total score	Ranking by pillar				
		Internet affordability	Internet quality	E-infrastructure	E-security	E-government
Germany	0.7790	1	51	11	4	9
Finland	0.7687	4	24	8	11	8
France	0.7390	8	3	23	13	17
The Netherlands	0.7255	16	6	2	16	10
Denmark	0.7229	18	13	3	13	5
Austria	0.7076	7	54	15	11	21
Spain	0.7048	13	8	21	9	19
Luxemburg	0.6998	6	28	12	27	34
England	0.6933	15	33	9	23	4
Estonia	0.6929	12	60	22	2	6
Switzerland	0.6901	11	9	4	29	24

Source: Surfshark website.

Egypt's ranking and position in Africa and the Arab world

Egypt ranked 79th globally on the DQL Index, advancing eight places compared to its ranking in 2023, with a total score of 0.4247 point, and 4th in Africa in the same year.

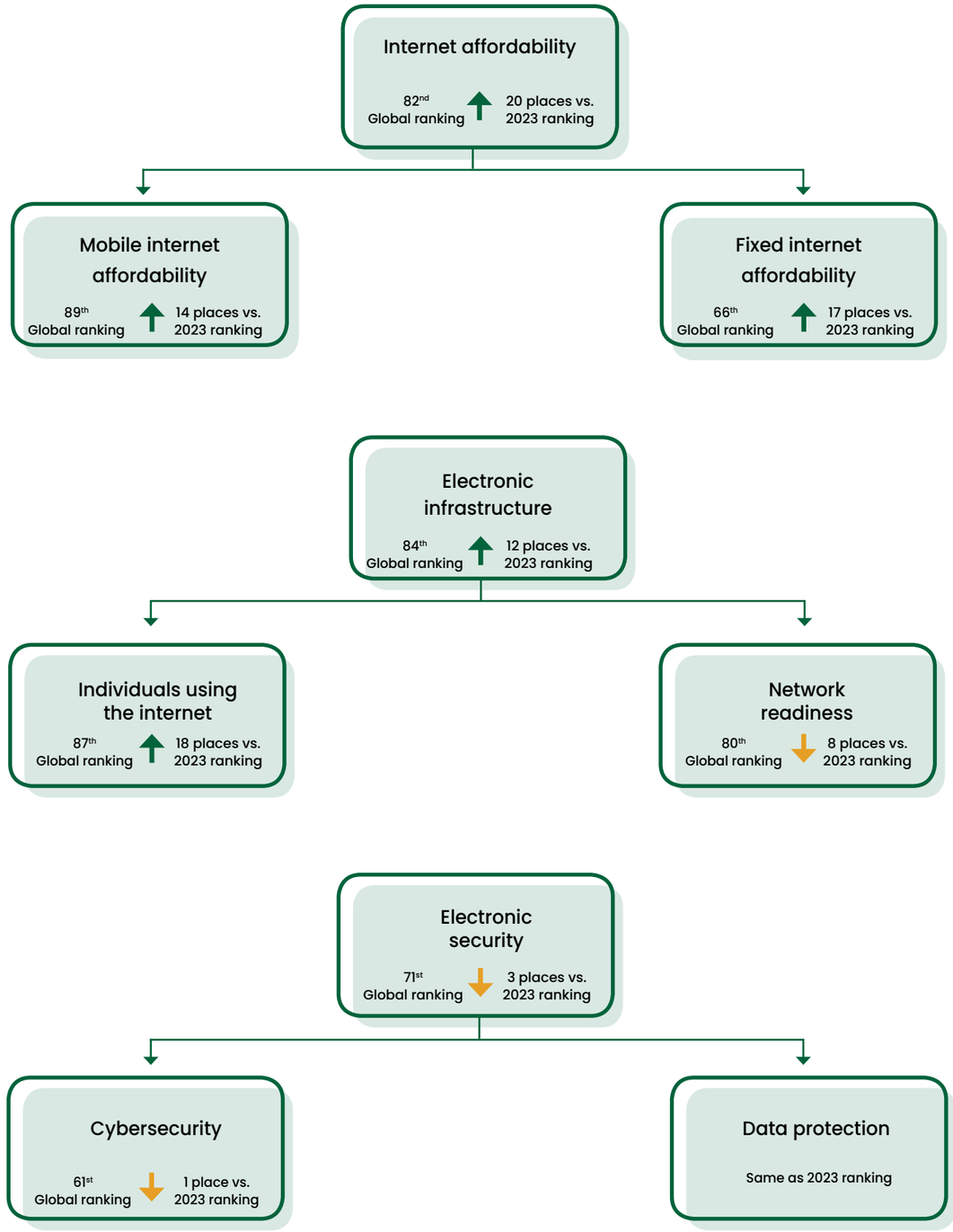
Egypt's score on DQL Index

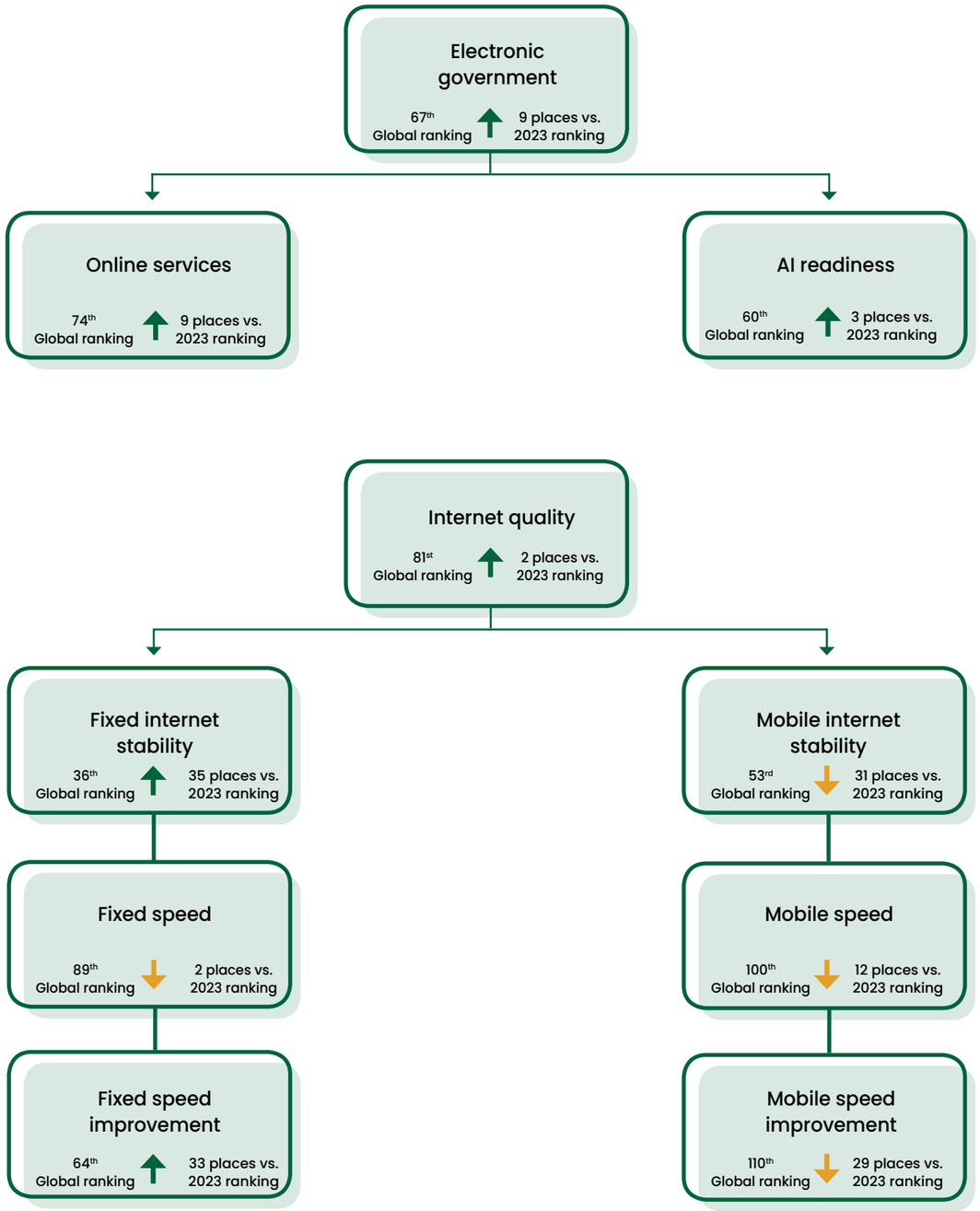


Top 10 African countries on DQL Index 2024

Country	Global rank
South Africa	66
Morocco	69
Mauritius	77
Egypt	79
Tunisia	82
Ghana	88
Kenya	89
Angola	91
Senegal	93
Côte d'Ivoire	94

Egypt's global ranking on DQL's five pillars and indicators





Source: Surfshark website.

Blockchain and its applications in economy

With its self-imposed reality, Blockchain technology is making a name for itself in a wide range of economic and financial activities. Blockchain solutions come with key features tailored to meet the specific needs of its users. However, Blockchain continues to face numerous challenges which, in turn, necessitate the establishment of regulatory and supervisory frameworks and laws on consumer protection.

Blockchain is a type of distributed or shared database across several participants/users. In each transaction between certain participants, bits of data are stored cryptographically in files known as "blocks" through a network or a chain of blocks (i.e. a blockchain) and each participant on the network is represented by a computer/node. Since the blocks cannot be altered, modified or tampered once confirmed on the network, transactions on a blockchain are largely secured. In this framework, a blockchain consists of the following elements:

A node (i.e. network device)

is a user, a computer or a smartphone running blockchain software. The main role of a node is to hold a copy of the ledger, validate transactions and exchange data with other network nodes, if such data is valid and correct. It also shares new records in the blockchain.

Cryptograhpy

Cryptograhic ciphers are used to secure data and convert ciphertext to plaintext and thus allow the permissioned users to unlock and access information.

A block

is the fundamental unit of a blockchain that contains a set of transactions or tasks to be undertaken or performed in the blockchain. For instance, blocks facilitate money transfer and data recording. Each block usually contains a specific amount of transactions and data until the transactions are finally executed. After reaching its maximum size, another relevant fresh block is created.

Source: Middle East Journal of Humanities and Cultural Studies, Applications of Blockchain Technology in Economy

On the same note, there are several types of blockchains, topped by public and private blockchains, as follows

A public blockchain

allows anyone to participate and have access to read and write data on the ledger. Public blockchains are also decentralized. Ethereum and Bitcoin use public blockchains and get the most attention.

A private blockchain

is a database that operates on similar principles as its public counterpart sharing the same technology traits. However, private blockchains control who is allowed to participate in the network through a centralized entity (i.e. operator(s)) according to certain rules and terms mutually agreed upon by the operators. The network also includes a group of authorized parties, such as banks or government entities, linked by a direct business relationship or an agreement requiring the performance of common transactions.

Phases of a Blockchain technology-based transaction

(1) Customer (A) carries out a transaction with Customer (B) on the same network.

(2) The transaction is stored or recorded, along with other transactions, in blocks that are chained together on the network.

(3) The whole block is authenticated by the network nodes through cryptographic hash functions (or cryptographic hash algorithm).

(4) Once the block is verified, it is added to the chain (i.e. blockchain) in a decentralized database that is accessible to all participants.

(5) A notification will be sent to Customer (A) and Customer (B), once the authentication is successful.

Source: Arab Monetary Fund (AMF), The Use of Blockchain Technology in Payments: Prospects and Opportunities

Applications of Blockchain technology: Blockchain technology has many practical applications, including:

- Issuing and exchanging digital currencies
- Payment and settlement systems (PSS)
- Banking services
- Money transfer
- Sale and purchase of assets
- International trade finance operations
- Notarization operations (land, real estates, etc.)
- Customer identification; for example, obtaining customers› data from many entities participating on the network
- Stock market operations
- Insurance operations
- Supply chain services
- Issuing documents such as driving licences, marriage certificates, etc.
- Healthcare services including securely storing patient data to ensure privacy

Source: Arab Monetary Fund (AMF), The Use of Blockchain Technology in Payments: Prospects and Opportunities
• Union of Arab Securities Authorities (UASA), Applications of Blockchain Technology in Financial Services
•https://rejolut.com/blog/blockchain-in-financial-services/

Benefits and challenges of Blockchain technology

Top benefits

Reliable security

A blockchain uses robust cryptography while storing and exchanging information, making it almost unhackable. Moreover, all blockchain data and information are immutable.

Transparency

A blockchain contains a distributed ledger that is accessible by all network participants who are authenticated to simultaneously view the details and phases of a successful transaction.

Improved operational efficiency A blockchain ensures optimized performance of automated transactions in terms of accuracy and speed.

Key challenges

Limited legislative framework

The Blockchain legal and regulatory framework is still under development in several countries.

Social acceptance

Despite its obvious advantages, Blockchain is not common.

Development costs

The cost of developing a blockchain database is high compared to traditional counterparts. Companies need to integrate Blockchain technology to streamline their operations. Blockchains store data in blocks. As more transactions are executed on the Blockchain network, more data is created which requires the storage of redundant information. Thus, cutting-edge technologies are needed to improve the efficiency of data storage. Moreover, participants constantly have to upgrade their storage limits for additional charges.

Money laundering risks

While using Blockchain applications, users' identity is concealed, adding a layer of anonymity for users.

Potential threat to financial stability and monetary policy

Blockchain technology is used to issue and exchange digital currencies or cryptocurrencies without specific controls in place.

CBE joins the Pan-African Payment and Settlement System "PAPSS"

In line with Egypt's unwavering efforts to enhance regional banking relations and strengthen economic collaboration with African countries, the Central Bank of Egypt (CBE) approved the agreement to join the Pan-African Payment and Settlement System (PAPSS) developed by the African Export-Import Bank (Afreximbank). The new system streamlines cross-border payments and trade transactions, reducing both costs and processing times. Notably, this is a new promising step towards strengthening historical economic ties and expanding bilateral trade between Egypt and African countries.

PAPSS Pan-African Payment & Settlement System

In order to enable instant payments across African borders in local currency, PAPSS supports three-core processes: instant payment, pre-funding and net settlement.

Instant payment

1. An originator issues a payment instruction in their local currency to the bank or payment service provider
2. The payment instruction is sent to "PAPSS"
3. "PAPSS" carries out all necessary validation checks on the payment instruction
4. The payment instruction is forwarded to the beneficiary bank or payment service provider
5. The beneficiary's bank clears the funds to the beneficiary in their local currency

Pre-funding

1. Direct participant submits credit instructions to settlement account in Real-Time Gross Settlement (RTGS) (central bank)
2. RTGS credits the pre-funded account of direct participant and notifies PAPSS
3. PAPSS credits the direct participant's clearing account
4. Indirect participants leverage sponsorship agreements to issue funding instructions via direct participants

Net Settlement

1. At the end of day, PAPSS determines net position in local currency for all participating central banks
2. PAPSS sends credit or debit settlement instruction to central bank RTGS (depending on net position)
3. Central bank RTGS debits or credits between PAPSS pre-funded account and central bank suspense account and confirms settlement to PAPSS
4. PAPSS mirrors central bank instruction to conclude local currency settlement. PAPSS then issues equivalent hard currency settlement instruction (based on net position) to Afreximbank
5. Afreximbank credits/ debits the central banks' hard currency settlement account held in Afreximbank and confirms to PAPSS

PAPSS Benefits

- Facilitate cross-border payments and trade transactions, reducing costs and processing times
- Boost intra-African trade and economic relations
- Achieve financial integration among the African countries
- Ease pressure on foreign currencies through using a net settlement mechanism for transactions across all participating countries

The PAPSS membership encompasses 14 African central banks from:

Nigeria	Ghana	Liberia	Guinea	Gambia
Sierra Leone	Djibouti	Zimbabwe	Zambia	Kenya
Rwanda	Malawi	Tunisia	Comoros	

Alongside over 50 commercial banks.

The CBE announces the launch of payment card tokenization on mobile applications and enabling "Apple Pay" service

In the framework of its strategy to promote financial inclusion and facilitate digital financial transactions, the Centeral Bank of Egypt (CBE) announced the launch of payment card tokenization on mobile applications and enabling "Apple Pay" service as the first phase. The service was introduced in collaboration with "Visa and Mastercard", the Egyptian National Payment Scheme "Meeza" and smartphone manufacturer – Apple Inc. The launch was also coordinated with several banks, mobile payment application providers, and FinTech companies. This contributes to facilitating the integration of international and local systems towards the expansion of the digital payment services reach in Egypt, as well as boosting customers' trust in using electronic payment methods.

"Apple Pay" participating banks in Egypt as at the end of December 2024

البنك الأهلي المصري NATIONAL BANK OF EGYPT

بنك مصر BANQUE MISR

CIB

"Apple Pay" overview

The National Cards Tokenization Platform will avail a digital version of the electronic payment card on mobile applications, which can be used to carry out purchase transactions through point of sale (POS) terminals or via e-commerce websites and applications. Payment transactions can be authenticated using biometric features such as "Face ID" or "Touch ID", without having to enter the card PIN code. This will reduce fraud- and theft-related risks, and will also enhance customers' experience through contactless, fast, and secure electronic transactions without requiring the electronic payment card information.

Key benefits of the service

- Reducing reliance on cash, which accelerates the transition to a digital economy, enhances financial inclusion, and improves the business environment
- Providing a secure and easy-to-use method for executing financial transactions, whether in store or online

Egypt’s financial inclusion rate increased to 71.5% as at the end of June 2024

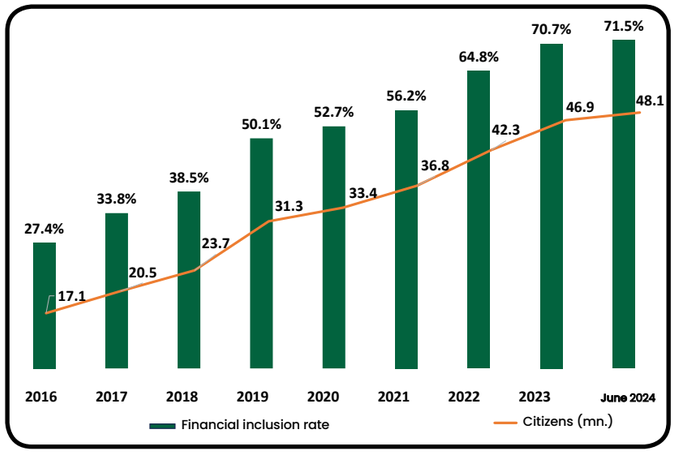
Financial inclusion is a key pillar of the comprehensive and sustainable development strategy; therefore, efforts to improve and raise Egypt’s financial inclusion indicators are intensified. In this regard, the Central Bank of Egypt (CBE) released a number of the main financial inclusion indicators until June 2024.

Indicators show that Egypt's financial inclusion rates, during the period from December 2016 to June 2024, increased by about 181%. The number of citizens holding transactional accounts (whether banks accounts, Egypt Post accounts, mobile e-wallets or prepaid cards) reached around 48.1 million citizens out of a total of 67.3 million eligible citizens (aged 16+), with a financial inclusion rate reaching 71.5% in June 2024.

On a similar note, the banks' portfolios for financing micro, small and medium-sized enterprises (MSMEs) grew significantly. This is greatly important as MSMEs represent the main driver of economic development, in addition to their role in creating jobs, especially for women and youth. The volume of finance granted to MSMEs soared by about 388% during (December 2015 – June 2024). Furthermore, the microfinance portfolio in the banking and non-banking sectors grew 1,356% during (December 2016 – June 2024).

Citizens aged 16+ holding and using transactional accounts

71.5%
Percentage of financially included citizens (aged 16+) as at the end of June 2024

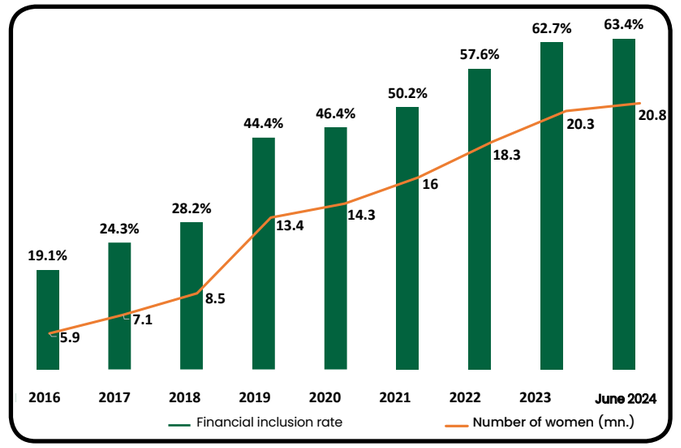


181%
Growth in the number of financially included citizens from 2016 to June 2024

Source: Central Bank of Egypt

Women’s financial inclusion rate

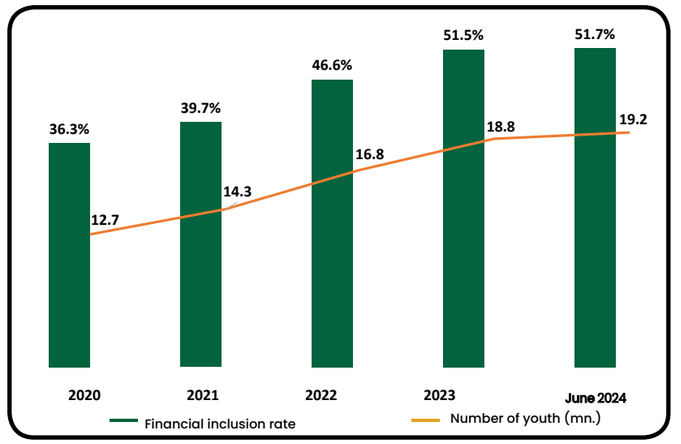
63.4%
Women’s financial inclusion rate as at the end of June 2024



252%
Growth in the number of financially included women from 2016 to June 2024

Financial inclusion of youth aged (16-35) years

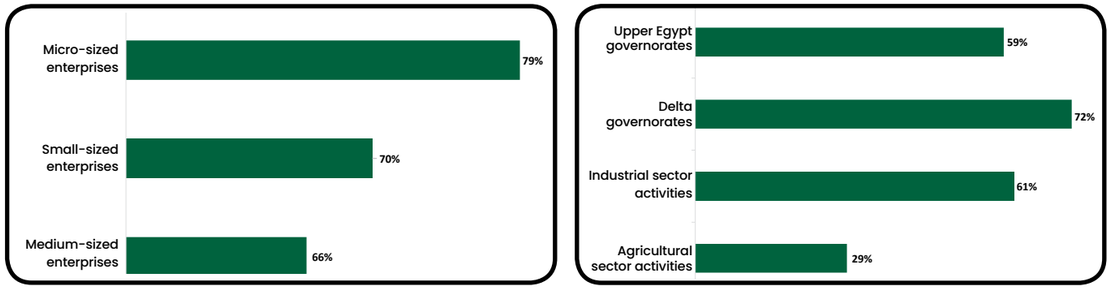
51.7%
Youth financial inclusion rate as at the end of June 2024



51%
Growth in the number of financially included youth from 2016 to June 2024

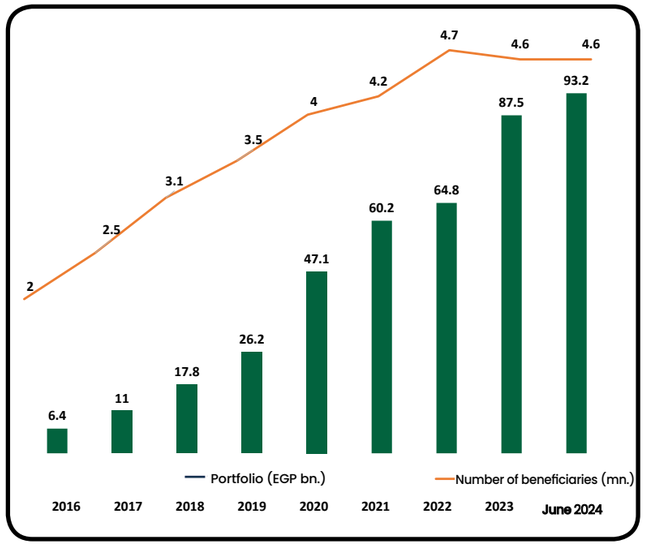
Source: Central Bank of Egypt

Key growth indicators in MSMEs portfolio (December 2020 – June 2024)



Source: Central Bank of Egypt

Microfinance portfolio (banking and non-banking)

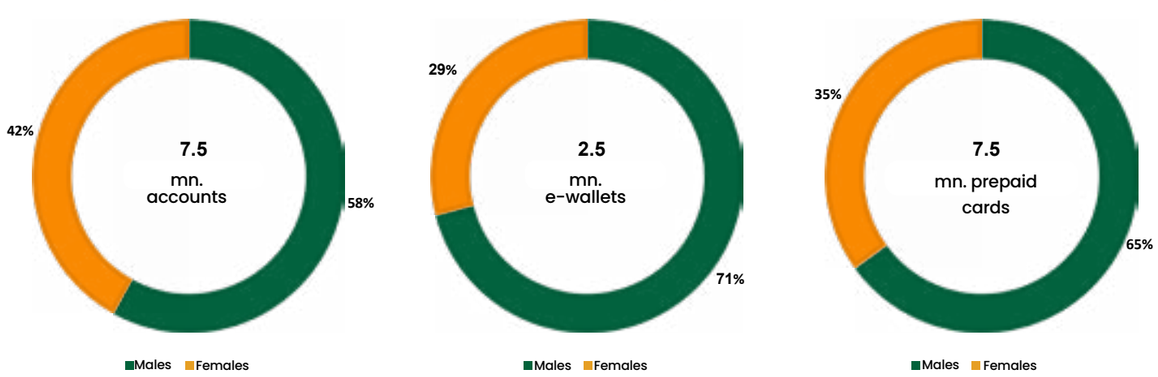


1,356%
Growth rate of microfinance portfolio in the banking and non-banking sectors from December 2016 to June 2024

Source: Central Bank of Egypt

As one of the key projects launched by the CBE since 2017, financial inclusion events (six events annually) have helped broaden the base of beneficiaries of banking and financial services. During these events, banks are allowed to operate outside their branches, market their products, open accounts without fees and without a minimum balance, and offer other services and activities that promote financial literacy across all segments of society, especially youth, women and specially-abled persons.

Key outcomes of financial inclusion events during (April 2017 – September 2024)



Source: Central Bank of Egypt

IMF & World Bank: Marginal improvement in the performance of the global economy in 2025

In their reports "World Economic Outlook (WEO) Update" and " Global Economic Prospects" published in January 2025, the International Monetary Fund (IMF) and World Bank (WB) expect the global economy to experience limited growth in 2025, despite geopolitical tensions and global supply chain disruptions still casting a shadow over the global economic movement.

Growth rate

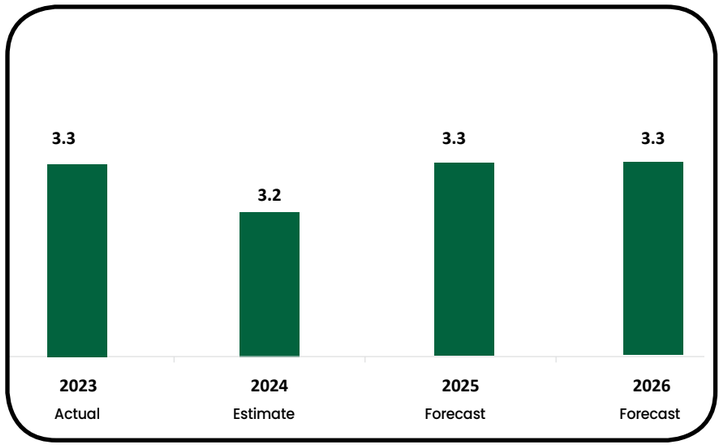
3.3%
Global economic growth in 2025 and 2026 below the historical (2000–19) average of 3.7%

The IMF forecasts show that the global growth is expected to experience a modest acceleration in 2025, compared with the growth recorded for 2024, and the IMF's previous projections in October 2024 report, with global growth expected to reach 3.3% in 2025 and 2026, compared with 3.2% in 2023. The global economy is expected to continue exhibiting divergent growth patterns across economies, driven by the following factors:

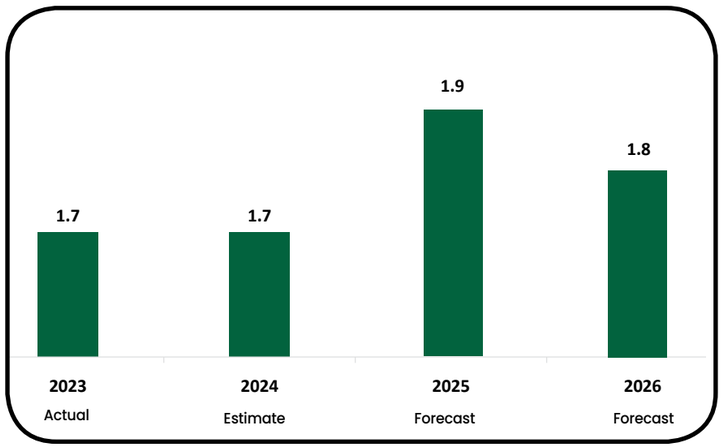
- Growth in the United States is projected to slow to 2.7% in 2025, compared with 2.9% and 2.8% in 2023 and 2024, respectively. However, growth prospects for 2025 are 0.5 percentage point higher than the IMF's October 2024 forecast, in part reflecting accelerating investment, robust labor markets and strong demand.
- Growth in the euro area is expected to pick up in 2025 but at a more gradual pace than anticipated in October 2024, with geopolitical tensions continuing to weigh on sentiment. Growth is set to reach 1% and 1.4% in 2025 and 2026, respectively, helped by stronger domestic demand, as financial conditions loosen and uncertainty recedes.
- Growth in emerging market and developing economies (EMDEs) is expected to remain stable at 4.2% in 2025. With respect to projections in the October 2024 report, growth in 2025 for china is marginally revised upward by 0.1% points to 4.6% in the January 2025 report. This revision reflects the fiscal package announced in November 2024 largely offsetting the negative effect on investment from heightened trade policy uncertainty.
- Growth in the Middle East and Central Asia is expected to pick up to 3.6%, below the 3.9% forecast in the IMF report published in October 2024. This mainly reflects a 1.3 percentage points downward revision to growth in Saudi Arabia, mostly driven by the extension of the OPEC+ production cuts agreement.

Growth forecasts

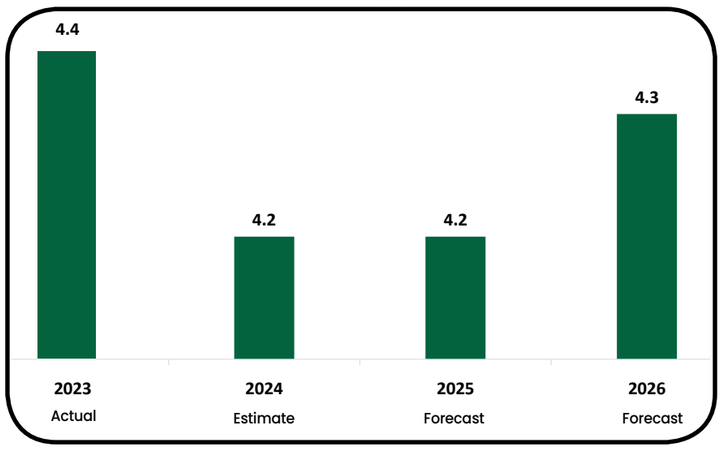
Global economy (%)



Advanced economies (%)



EMDEs (%)



Source: IMF, WEO, January 2025

Growth projecions (%)

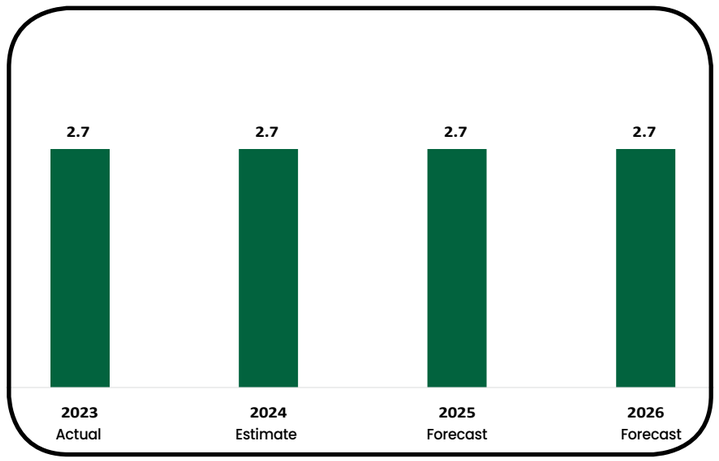
	Actual	Estimate	Forecast	Forecast	Differences from October 2024 projections	
	2023	2024	2025	2026	2025	2026
World Output	3.3	3.2	3.3	3.3	0.1	0.0
Advanced Economies	1.7	1.7	1.9	1.8	0.1	0.0
United States	2.9	2.8	2.7	2.1	0.5	0.1
Euro Area	0.4	0.8	1.0	1.4	– 0.2	– 0.1
Germany	– 0.3	– 0.2	0.3	1.1	– 0.5	– 0.3
France	1.1	1.1	0.8	1.1	– 0.3	– 0.2
Italy	0.7	0.6	0.7	0.9	– 0.1	0.2
Spain	2.7	3.1	2.3	1.8	0.2	0.0
Japan	1.5	– 0.2	1.1	0.8	0.0	0.0
United Kingdom	0.3	0.9	1.6	1.5	0.1	0.0
Canada	1.5	1.3	2.0	2.0	– 0.4	0.0
Other Advanced Economies	1.9	2.0	2.1	2.3	– 0.1	0.0
EMDEs	4.4	4.2	4.2	4.3	0.0	0.1
Emerging and Developing Asia	5.7	5.2	5.1	5.1	0.1	0.2
China	5.2	4.8	4.6	4.5	0.1	0.4
India	8.2	6.5	6.5	6.5	0.0	0.0
Emerging and Developing Europe	3.3	3.2	2.2	2.4	0.0	– 0.1
Russia	3.6	3.8	1.4	1.2	0.1	0.0
Latin America and the Caribbean	2.4	2.4	2.5	2.7	0.0	0.0
Brazil	3.2	3.7	2.2	2.2	0.0	– 0.1
Mexico	3.3	1.8	1.4	2.0	0.1	0.0
Middle East and Central Asia	2.0	2.4	3.6	3.9	– 0.3	– 0.3
Saudi Arabia	– 0.8	1.4	3.3	4.1	–1.3	– 0.3
Sub-Saharan Africa	3.6	3.8	4.2	4.2	0.0	– 0.2
Nigeria	2.9	3.1	3.2	3.0	0.0	0.0
South Africa	0.7	0.8	1.5	1.6	0.0	0.1

Source: IMF, WEO, January 2025

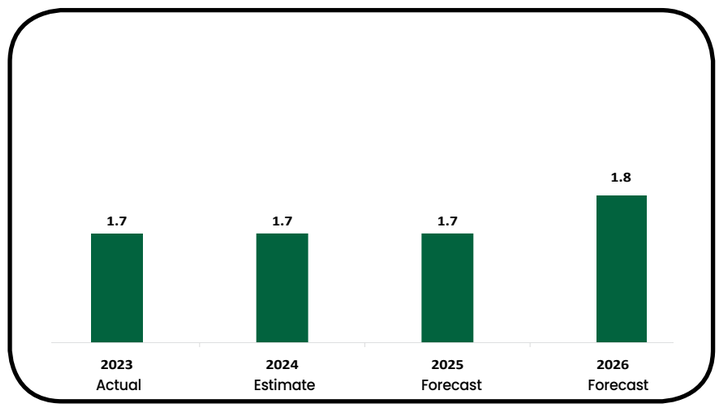
- According to the World Bank's "Global Economic Prospects" report, global growth is expected to hold steady in 2025 and 2026, settling at the growth rate recorded in 2023 and 2024. However, the WB indicates that such growth prospects appear insufficient to offset the damage done to the global economy by the recent years of crises and negative shocks. The WB also notes that headwinds from heightened policy uncertainty, adverse trade policy shifts, escalating geopolitical tensions and climate-related natural disasters represent downside risks to the outlook.
- With regard to different regions, the WB states that EMDE regions face varying growth prospects this year. While growth is projected to moderate in East Asia and Pacific, as well as in Europe and Central Asia, a pickup is anticipated in Latin America and the Caribbean, the Middle East and North Africa, South Asia and Sub-Saharan Africa, underpinned by robust domestic demand.

Growth projections

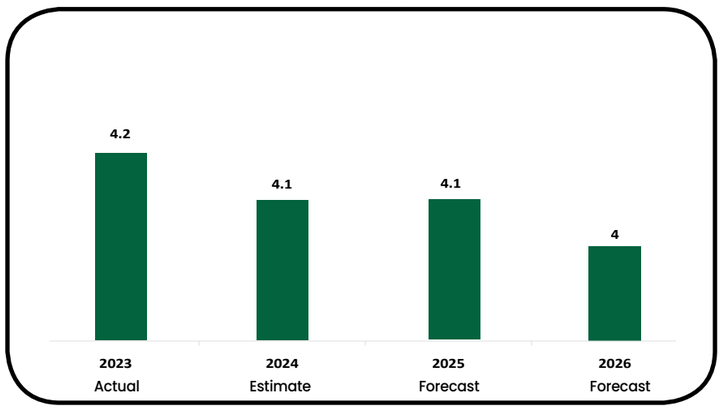
Global economy (%)



Advanced economies (%)



EMDEs (%)



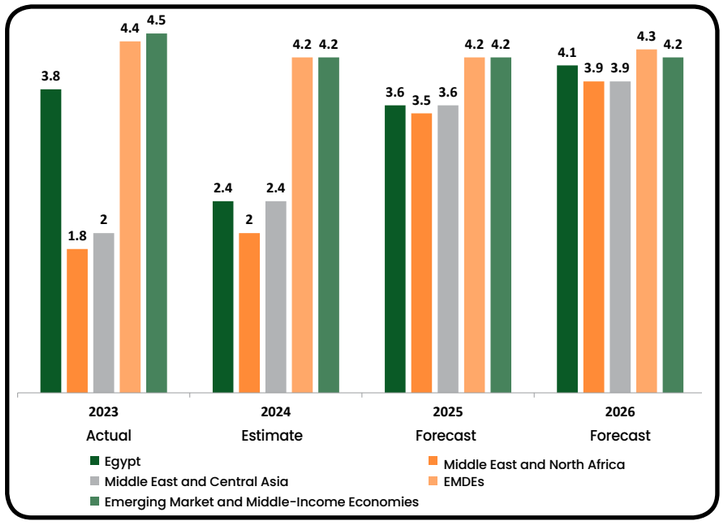
Source: WB, Global Economic Prospects, January 2025

Growth projections (%)

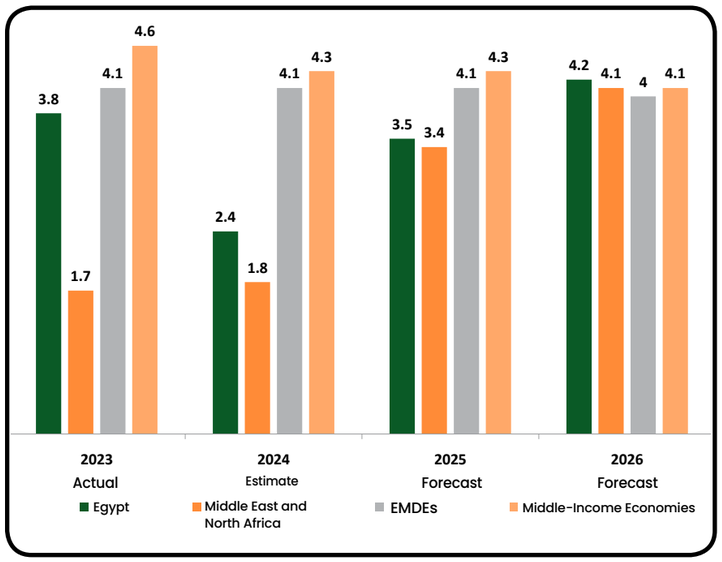
	Actual	Estimate	Forecast	Forecast	Difference from October 2024 projections	
	2023	2024	2025	2026	2025	2026
World output	2.7	2.7	2.7	2.7	0.0	0.0
Advanced economies	1.7	1.7	1.7	1.8	0.0	0.0
United States	2.9	2.8	2.3	2.0	0.5	0.2
Euro Area	0.4	0.7	1.0	1.2	– 0.4	– 0.1
Japan	1.5	0.0	1.2	0.9	0.2	0.0
EMDEs	4.2	4.1	4.1	4.0	0.1	0.1
East Asia and Pacific	5.1	4.9	4.6	4.1	0.4	0.0
China	5.2	4.9	4.5	4.0	0.4	0.0
Indonesia	5.0	5.0	5.1	5.1	0.0	0.0
Thailand	1.9	2.6	2.9	2.7	0.1	– 0.2
Europe and Central Asia	3.4	3.2	2.5	2.7	– 0.4	– 0.1
Russia	3.6	3.4	1.6	1.1	0.2	0.0
Turkey	5.1	3.2	2.6	3.8	–1.0	– 0.5
Poland	0.1	3.0	3.4	3.2	0.0	0.0
Latin America and the Caribbean	2.3	2.2	2.5	2.6	-0.2	0.0
Brazil	2.9	3.2	2.2	2.3	0.0	0.3
Mexico	3.3	1.7	1.5	1.6	– 0.6	– 0.4
Argentina	–1.6	– 2.8	5.0	4.7	0.0	0.2
Middle East and North Africa	1.7	1.8	3.4	4.1	– 0.8	0.5
Saudi Arabia	– 0.8	1.1	3.4	5.4	– 2.5	2.2
Iran	5.0	3.0	2.7	2.2	0.0	-0.2
South Asia	6.6	6.0	6.2	6.2	0.0	0.0
India	8.2	6.5	6.7	6.7	0.0	– 0.1
Bangladesh	5.2	5.0	4.1	5.4	–1.6	– 0.5
Pakistan	– 0.2	2.5	2.8	3.2	0.5	0.5
Sub-Saharan Africa	2.9	3.2	4.1	4.3	0.2	0.3
Nigeria	2.9	3.3	3.5	3.7	0.0	0.0
South Africa	0.7	0.8	1.8	1.9	0.5	0.4
Angola	1.0	3.2	2.9	2.9	0.3	0.5

Source: WB, Global Economic Prospects, January 2025

Egypt's growth rate compared with a number of relevant country groups (%)

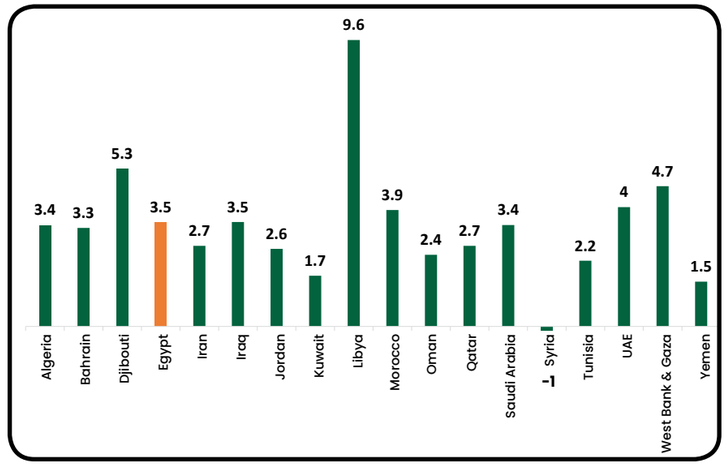


Source: IMF



Source: WB, Global Economic Prospects, January 2025

GDP growth of the Middle East and North Africa countries for 2025 (%)

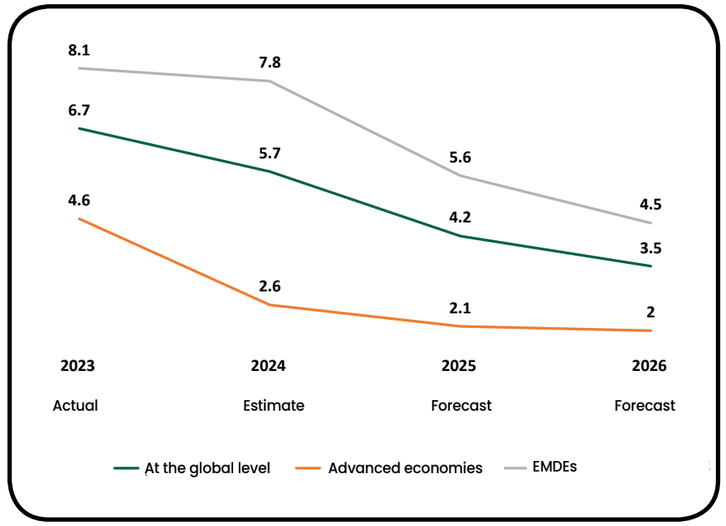


• No data is available on Lebanon during the year under review
Source: WB, Global Economic Prospects, January 2025

Inflation:

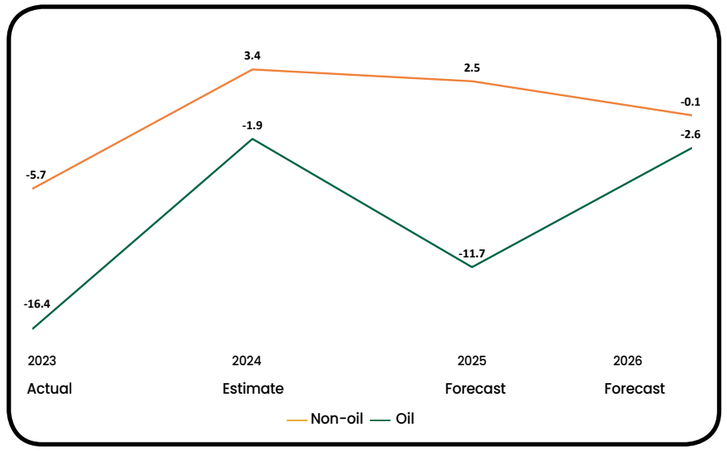
The IMF expects global inflation to continue on a downward path, based on the projection that demand pressures will remain subdued. This is in addition to the expected decline in energy prices, especially in light of the slowdown in demand in China, the world's largest oil importer. Global inflation is expected to fall to about 4.2% and 3.5% in 2025 and 2026, respectively, compared with around 5.7% in 2024, converging back to central bank targets. This paves the way for greater normalization of the monetary policy, and overcoming the repercussions of the global turmoil in recent years, including the Covid-19 pandemic and geopolitical tensions in Europe and the Middle East, which contributed to recording the largest increase in inflation in four decades. On the other hand, it is noteworthy that it is necessary to take into consideration the potential adverse effects of imposing a new wave of tariffs among several major economies that, together, cast a shadow over the global economy.

Inflation (%)



Source: IMF, WEO, January 2025

Change in core goods prices (%)

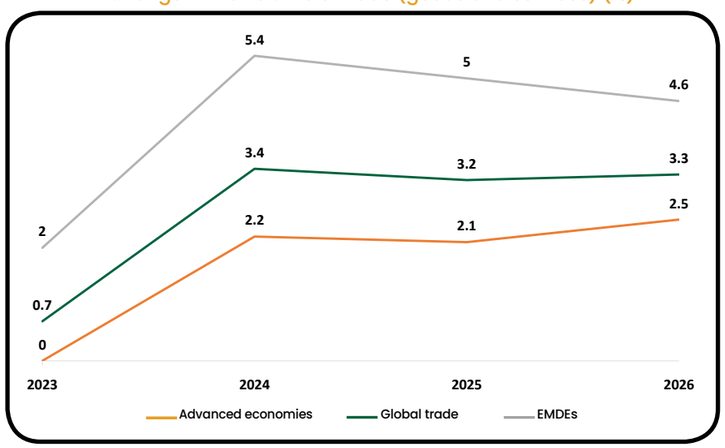


Source: IMF, WEO, January 2025

Global trade:

The IMF expects the growth of global trade volume (goods and services) to decelerate to around 3.2% in 2025. This comes as a result of the projected slowdown in the trade volume growth in both advanced economies and EMDEs, particularly in view of the growing threat of adopting restrictive trade policies by a number of major economies.

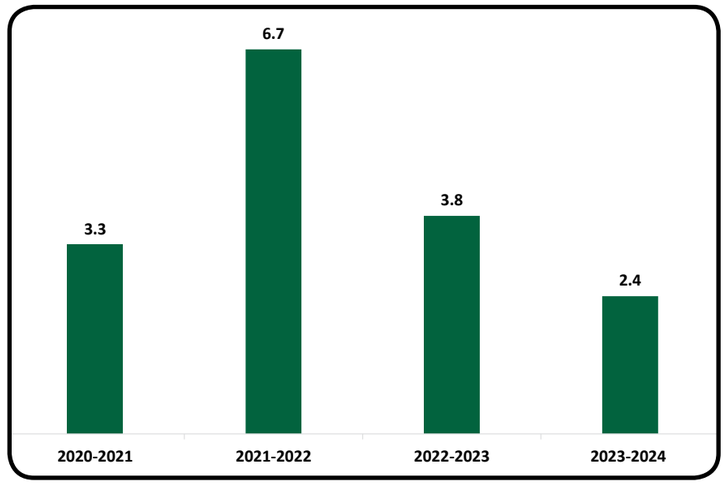
Change in the volume of trade (goods and services) (%)



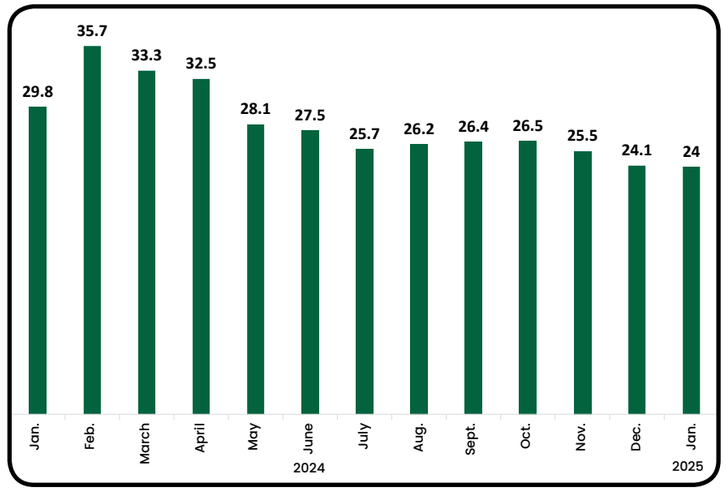
Source: IMF, WEO, January 2025

Egyptian Economy in Brief

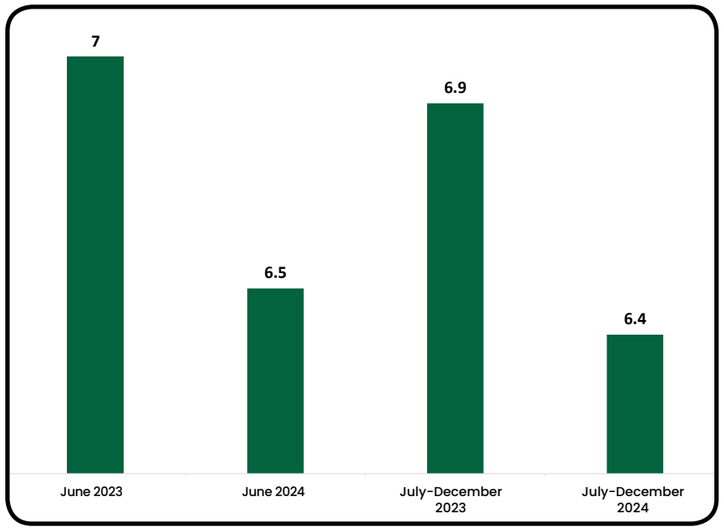
Real GDP growth rate (current prices) (%)



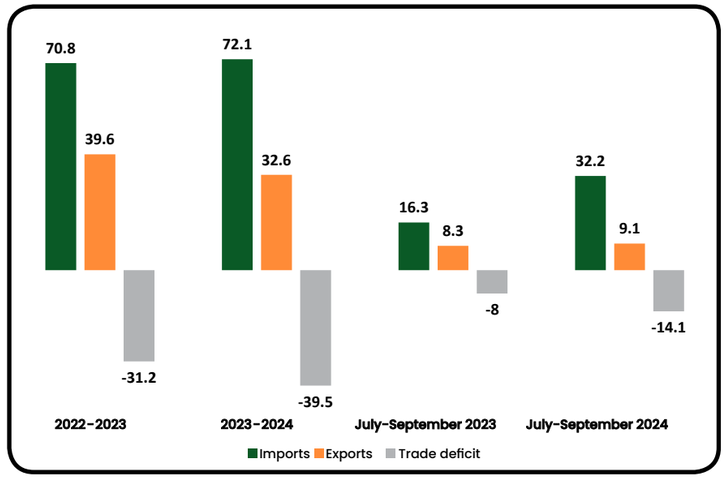
Inflation rate (%)



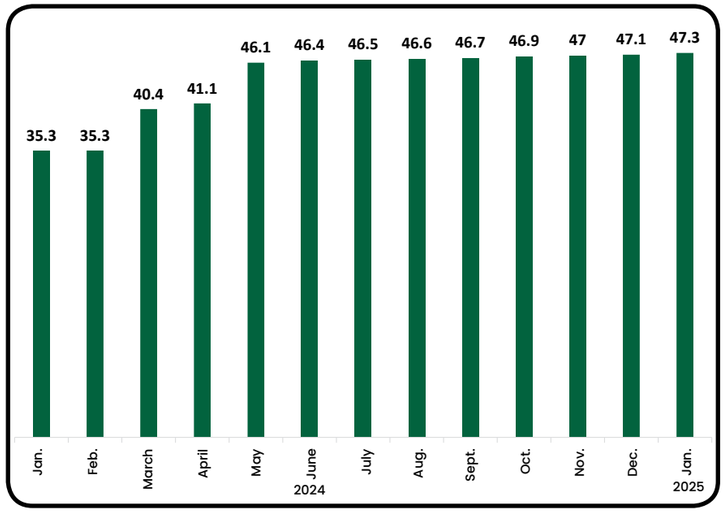
Unemployment rate (%)



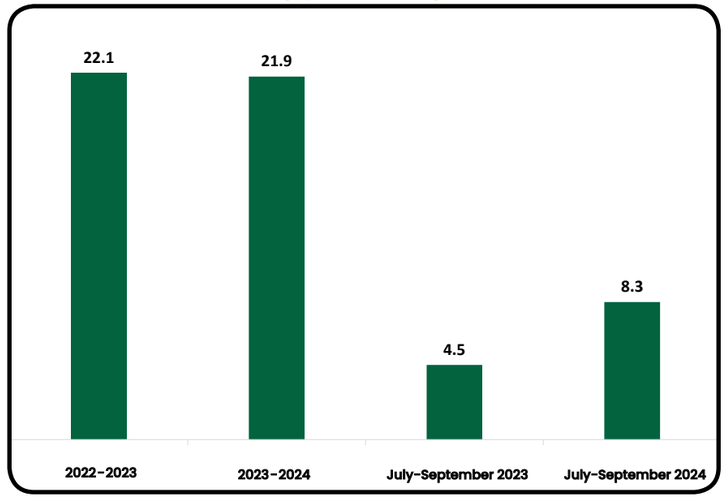
Trade balance (USD bn.)



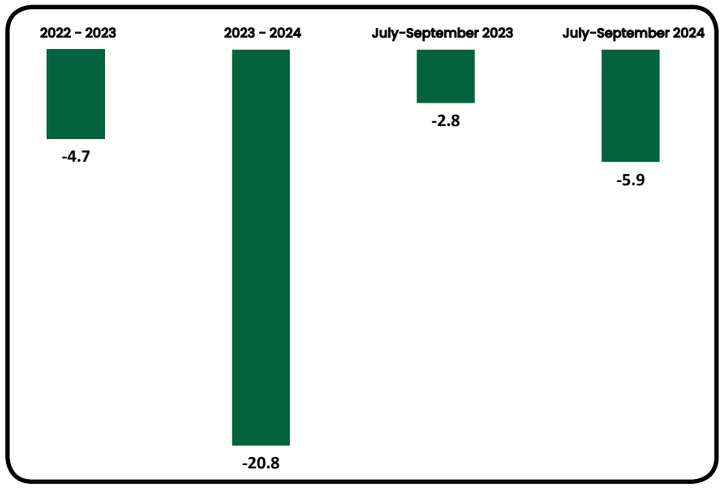
Net international reserves (USD bn.)



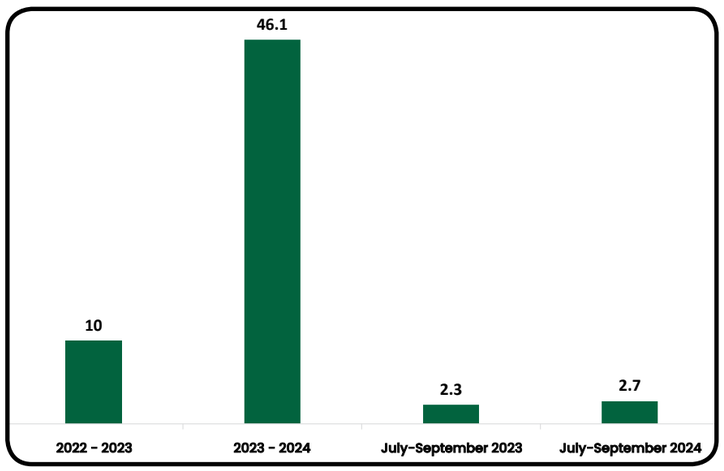
Remittances of Egyptians working abroad (USD bn.)



Current account (USD bn.)



Net foreign direct investment (USD bn.)



Best Regards

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