

# THE WEEKLY

## EGYPTIAN BANKING SECTOR

### UPDATES

Banking performance has sustained its growth during the year ending June 2015 in parallel with the improvement in the operating environment for banks' activities.

Strong deposit growth was maintained to record 21.3% Y/Y, whereas private sector deposits represented the highest share of 81.6% of total deposits.

Demand for credit has started to pick up, pushing the bank loans to register an annual growth of 22.2%, with corporate loans representing the highest share with 65% of total loans.

Egypt still has the lowest loan to deposit ratio (LTD) in the MENA region that has remained at 41% in March 2015. Asset quality across the banking sector has continued to strengthen as NPLs/Total Loans amounted to just 8.3% in March 2015, along with the high provisioning coverage ratio that registered 98.3%.

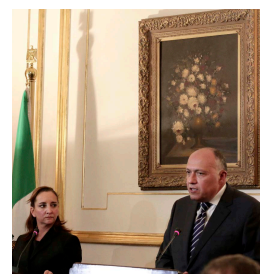
EGP Bn.	Jun. 15	May 15	Jun. 14	△Y/Y	△M/M
<b>Securities &amp; investments in TBs</b>	1016	987.1	825.5	▲ 23.1%	▲ 2.9%
<b>Loans</b>	713.7	705.6	584.1	▲ 22.2%	▲ 1.1%
<b>Assets</b>	2199	2229.3	1816.9	▲ 21%	▼ -1.4%
<b>Provisions</b>	66	68.6	62.8	▲ 5.2%	▼ -3.8%
<b>Deposits</b>	1734.2	1694.1	1429.4	▲ 21.3%	▲ 2.4%

Source: Central Bank of Egypt, August Monthly Statistical Bulletin



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A WORLD OF REAL POSSIBILITIES

# Mexican Tourists Mistakenly Killed

On Sunday the 13<sup>th</sup> of September, Egyptian security forces accidentally killed 12 Mexicans and Egyptians who were members of a tour group that was visiting the Western Desert. 10 people were also injured in the attack. The Egyptian Interior Ministry declared that “a joint police and army force were chasing terrorist elements in the Western Desert area of Al-Wahat and they engaged by mistake with four-wheeled vehicles belonging to Mexican tourists who were present in a restricted area” according to Al-Ahram official newspaper.

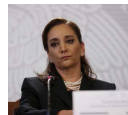
Mexican President Enrique Peña Nieto condemned the killings and called the Egyptian government to thoroughly investigate the incident. Acting Egyptian Foreign Minister Sameh Shoukry called his Mexican counterpart Claudia Ruis Massieu to express his condolences for the death of the Mexican tourists, promising to conduct all necessary investigations to find out the full details of the accident. Shoukry also addressed the people of Mexico in an open letter set to be published in major Mexican newspapers, where he expressed his condolences and sympathy to the Mexican people, assuring the keenness of Egyptian security forces about preserving innocent lives. He added that Egypt is still in the process of investigating.

President Abdel Fattah El-Sisi met with Ruiz Massieu who arrived in Egypt on Wednesday to follow the investigations and the status of injured Mexicans.



“The chain of events is still confusing and unclear. There have been reports, many of them conflicting, regarding whether the tourist convoy had the necessary permits, whether it had taken a detour to a restricted area, and whether the use of SUVs instead of a tourist bus had increased the risk of mistaken identification”

Sameh Shoukry  
Acting Egyptian Foreign Minister  
Ahram Online  
15<sup>th</sup> September 2015



“Mexico expects a complete and transparent investigation into the mistaken killing of a group of Mexican tourists”

Claudia Ruis Massieu  
Mexican Foreign Minister  
Ahram Online  
16<sup>th</sup> September 2015

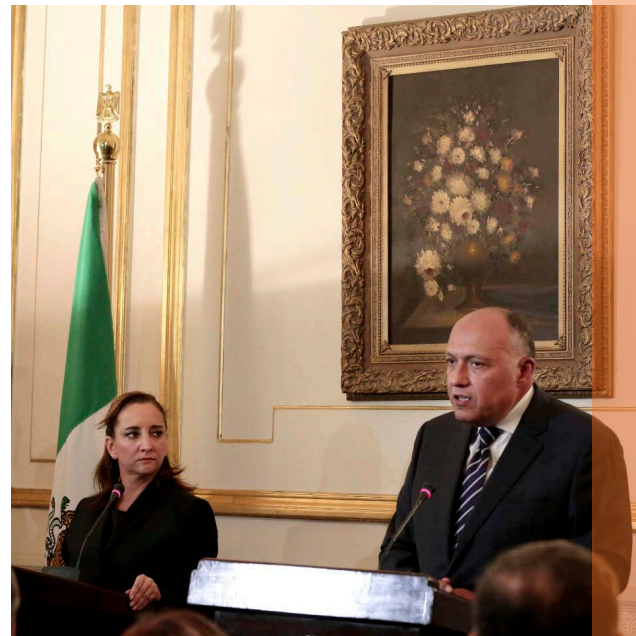
The Central Agency for Public Mobilization and Statistics (CAPMAS) reported that Egypt’s annual urban inflation rate decreased to its lowest level in 2015, recording 7.9% in August 2015 compared to 8.3% registered last July.

An International Monetary Fund delegation started last Sunday its visit to Egypt to discuss with Egyptian senior officials recent developments in the Egyptian economy, fiscal programs and implemented reforms to stimulate growth.

The Central Bank Of Egypt signed a loan agreement with the Arab Monetary Fund (AMF) worth \$ 339 million to support the banking sector restructuring program through enhancing its efficiency and developing the role of the credit guarantee company in promoting funds for small and medium enterprises.

“Egypt has benefited from thirteen loans provided by the Arab Monetary Fund, including the present loan, with a total value of \$ 1.6 billion”

The AMF Statement  
Amwal Al-Ghad  
14<sup>th</sup> September 2015



Acting Minister of Manpower and Immigration Nahed Ashri issued a decree stating new regulations for issuing foreign work permits in Egypt. The new regulations impose an annual EGP 3,000 fee for 1-3 year permits, EGP 5,000 for a duration of 4-6 years then an increase of EGP 1000 to a maximum of EGP 12,000 per annum thereafter. The decree excluded some segments including foreign correspondents, administrative staff of foreign diplomatic missions and regional and international agencies, foreign scientific researchers and foreign investors. Sudanese, Lebanese, Palestinians and Greeks are also exempted in addition to Italian workers living in Egypt for no less than 5 years.



Egypt's non-oil exports continued declining for the eighth consecutive month, bringing total exports to decline by 18.8% Y/Y during the first 8 months of 2015 to register \$ 12.5 billion. Officials attributed the drop to conflicts taking place in major exporting countries and weakness in exports support system.

Ministry of Foreign Trade and Industry issued the executive regulations of law 5/2015 that offers a preferential treatment to products with Egyptian components exceeding 40% of the final output in Government contracts.



"The law aims to motivate investors to have new investments in manufacturing to benefit from the specialization advantages given to Egyptian products"

Mounir Fakhry Abdel Nour  
Acting Minister Of Foreign Trade And Industry  
Daily News Egypt  
15<sup>th</sup> September 2015

The Egyptian Government is going to offer 3 tenders to build new power stations under the Build-Own-Operate system (B-O-O). New stations will include a 250 MW wind farm and 250 MW solar plants. 20 regional and global companies asked for the bid documents, including Orascom, First Solar, Lekela Power, El-Tawakol, El-Swedey, Gigawatt Global, Terra Solar and Abdel Latif El-Gamil.

# EGYPT AT GLANCE

## EXCHANGE RATES

	17 <sup>th</sup> Sep. 2015	ΔW/W	ΔM/M	ΔY/Y	ΔYTD
<b>USD</b>	7.81	0%	0%	▲ 8.93%	▲ 8.93%
<b>EURO</b>	8.82	▲ 0.83%	▲ 1.88%	▼ -5.02%	▲ 2.35%
<b>Sterling Pound</b>	12.10	▲ 0.88%	▼ -1.01%	▲ 3.82%	▲ 10.04%

## STOCK MARKET

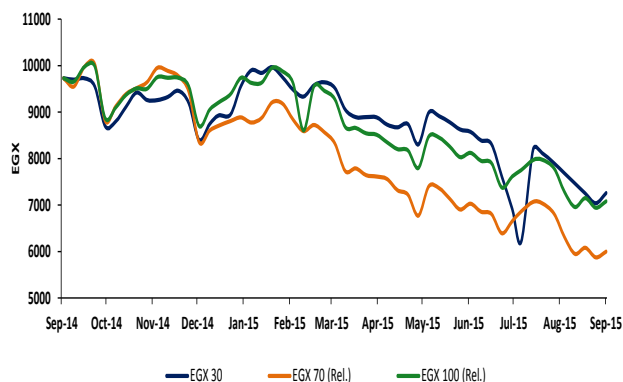
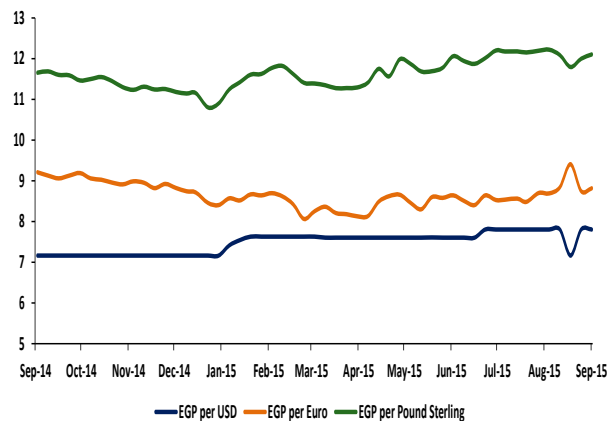
	17 <sup>th</sup> Sep. 2015	ΔW/W	ΔM/M	ΔY/Y	ΔYTD
<b>EGX 30</b>	7,259.76	▲ 3.1%	▼ -4.4%	▼ -24.18%	▼ -16.9%

## TB'S AUCTION

Auction Date	Maturity	Average Yield %
13 Sep. 2015	91 Days	11.233
17 Sep. 2015	182 Days	11.425
13 Sep. 2015	266 Days	11.557
17 Sep. 2015	364 Days	11.559

## FX-AUCTION RATES

Auction Date	17 <sup>th</sup> Sep. 2015	15 <sup>th</sup> Sep. 2015
<b>US \$</b>	7.7301	7.7301



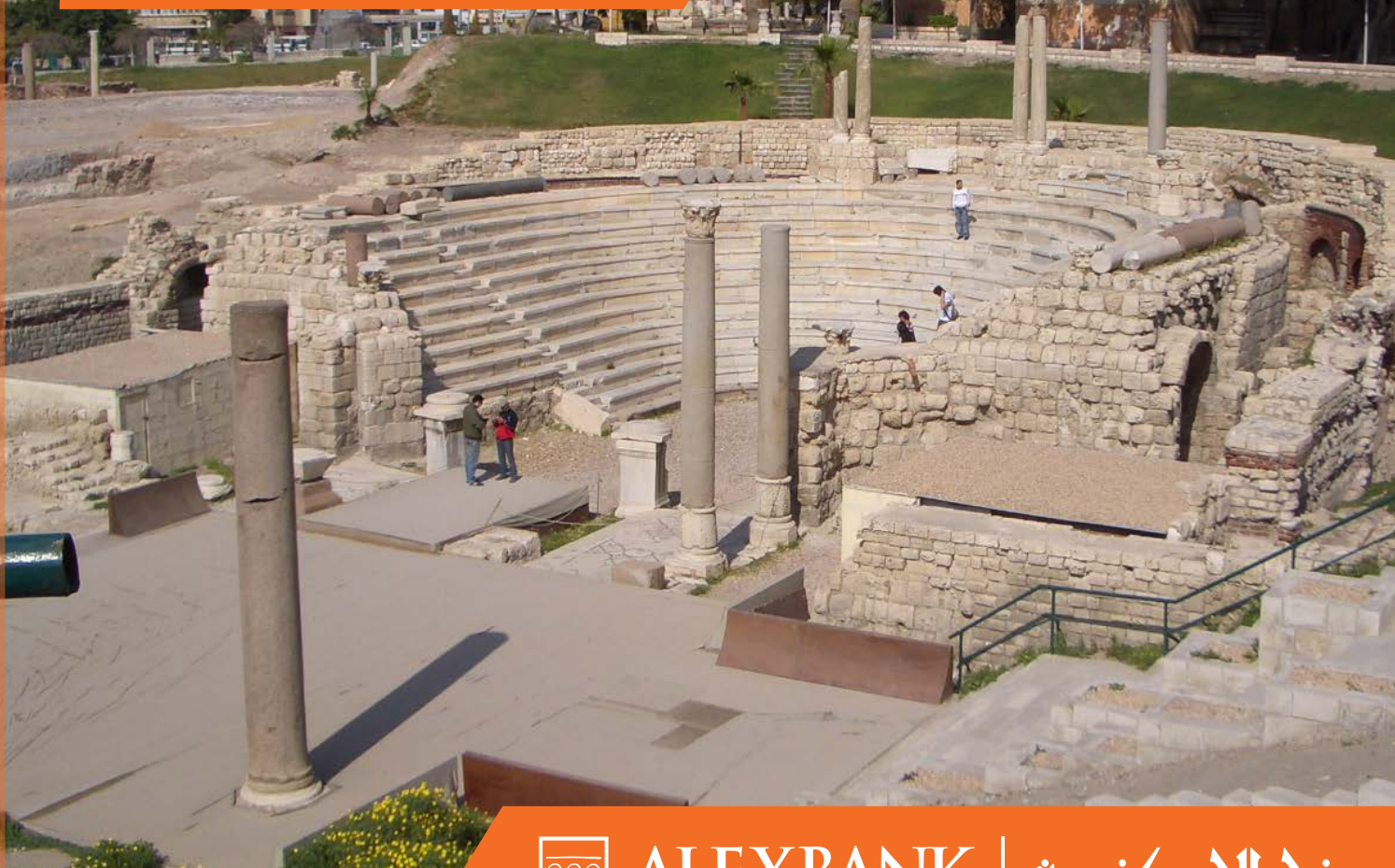
## INTEREST RATES

	Current*	Previous**	Δ
<b>Overnight Deposit Rate</b>	8.75%	9.25%	▼ -50 bp
<b>Overnight Lending Rate</b>	9.75%	10.25%	▼ -50 bp
<b>Corridor Rate</b>	9.25%	9.5%	▼ -25 bp

\* Since January 2015    \*\* Since July 2014

# ALEXBANK RESEARCH ...

## SHARING KNOWLEDGE



The Roman Theatre, Alexandria



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