

Research Update: Update:

Egypt 'B/B' Ratings Affirmed; Outlook Stable

October 9, 2026

Overview

- Proactive policy measures, including exchange rate flexibility, energy price adjustments, and targeted social support, have helped contain immediate pressures from the Middle East conflict.
- Egypt's external position has remained resilient, with record remittances, tourism receipts, and recovering Suez Canal revenue helping offset trade balance pressures from higher global energy prices.
- However, a further intensification of the conflict that keeps energy prices higher for longer could intensify inflationary pressures and prolong the period of elevated domestic interest rates.
- We therefore affirmed our 'B/B' long- and short-term foreign and local currency ratings on Egypt and maintained the stable outlook.

Rating Action

On Oct. 9, 2026, S&P Global Ratings affirmed its 'B/B' long- and short-term foreign and local currency sovereign credit ratings on Egypt. The outlook is stable. Our transfer and convertibility assessment remains 'B'.

Outlook

The stable outlook reflects the balance between Egypt's medium-term growth prospects and reform momentum against risks from a protracted conflict in the Middle East.

Downside scenario

We could consider lowering the ratings if the government's commitment to structural reform, including exchange rate flexibility, wanes, and economic imbalances, such as foreign currency shortages, widen. We could also take a negative rating action if already-elevated interest costs put further pressure on government finances, or geopolitical tensions impair Egypt's access to external markets.

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Upside scenario

We could consider raising our ratings if Egypt's net government and external debt positions improve much faster than we expect, perhaps via accelerated deleveraging or higher foreign direct investment (FDI), supported, for instance, by the planned sale of state assets. We could also raise the ratings should policies to diversify the economy and open key sectors to foreign investment benefit the Egyptian economy.

Rationale

Preemptive policy measures helped alleviate immediate pressures from the Middle East

conflict. In the months following the conflict's start on Feb. 28, 2026, foreign portfolio outflows reached \$9.5 billion and the Egyptian pound (EG£) depreciated up to 15% against the U.S. dollar. However, a swift and comprehensive policy response helped stabilize market conditions, reversing much of the currency volatility and supporting the orderly functioning of the foreign exchange market. Measures included a continued commitment to exchange rate flexibility, nationwide energy conservation measures, and fuel and electricity tariff adjustments accompanied by targeted social support. This policy discipline also reinforced fiscal performance, with the authorities overperforming against their IMF targets and delivering a primary surplus of 4.9% of GDP in fiscal 2026 (year ended June 30). The authorities also reaffirmed their commitment to the broader IMF-supported reform agenda, centered on a flexible foreign exchange regime, domestic revenue mobilization, and structural reforms aimed at accelerating privatization and reducing the state's footprint in the economy.

Egypt's external buffers have strengthened despite a temporary post-shock weakening. High frequency data indicates that higher energy import costs weighed on the external position, but this was partly offset by strong export earnings, record-high remittances, and robust tourism receipts. Suez Canal revenue also continued to recover, rising to \$3.4 billion in the first nine months of fiscal 2026 from \$2.8 billion during the same period in fiscal 2025, although still below pre-2023 Red Sea conflict levels. At the same time, following the initial U.S.-Iran agreement in June 2026, the stock of foreign holdings of local-currency government securities partially increased to \$34.5 billion in September 2026 from \$22.2 billion in April 2026, but remained below the peak of \$39.1 billion in February 2026. The subsequent return of portfolio inflows enabled the Central Bank of Egypt (CBE) to purchase foreign currency from the market, lifting international reserve assets to a record \$54.5 billion in September 2026. The banking sector also continues to provide an important external buffer, with net foreign assets attaining a six-year high of \$31.2 billion during the same period. In our view, further capital outflows will likely be absorbed through the banking system's net foreign assets position before becoming visible in international reserves data.

Our base case assumes that Middle East disruptions will persist into 2027, with regional oil and gas flows remaining below pre-conflict levels through end-2027.

Egypt has been a structural net energy importer since 2023, with fuel and natural gas accounting for approximately 22% and 8% of total goods imports, respectively. While alternative liquefied natural gas (LNG) imports remain available, albeit at a higher cost, intermittent disruptions to gas supplies from Israel's offshore Leviathan field remain a key risk, as demonstrated by the supply interruptions observed in March 2026. In addition, a renewed escalation of regional tensions that disrupts shipping through the Bab el-Mandeb Strait could undermine the ongoing recovery in Suez Canal transit volumes and trigger portfolio outflows. Historically, foreign investor flows into Egypt's local debt market have been more sensitive to movements in international oil prices, a proxy for geopolitical risk, than to U.S. monetary policy dynamics, reflecting the market's still-attractive carry trade.

We expect domestic yields to remain elevated as persistent inflation limits scope for further monetary easing. Headline inflation accelerated to 15.2% year on year in March 2026 before partially moderating to 14.5% in August 2026, after reaching a 43-month low of 11.7% in September 2025. Reflecting inflationary pressures, the CBE maintained its benchmark deposit and lending rates at 19% and 20%, respectively, in September 2026, extending the pause in its cumulative 825 basis-point (bps) easing cycle between April 2025 and February 2026. We expect inflation to average 12.9% in fiscal 2027, reflecting still-elevated international energy prices, with risks of a policy reversal if the conflict persists for several more months. Consequently, we expect domestic yields to decline more gradually than anticipated, with the government's interest-to-revenue ratio remaining elevated at 60% in fiscal 2027 and 53% in fiscal 2028, but down from 68% in fiscal 2026.

Institutional and economic profile: Egypt's medium-term growth hinges on accelerating reforms that boost the private sector

- Egypt is seeking to shift toward a more private-sector-led growth model, reducing long-standing barriers to competition that have historically favored public and military-owned enterprises.
- We expect the government to continue broadly adhering to the key tenets of the IMF program, although progress on the privatization agenda is likely to remain slow, with valuations further complicated by ongoing regional geopolitical tensions.
- President Abdel-Fattah el-Sisi was reelected in December 2023, and the next presidential elections are scheduled for 2030.

Growth has remained resilient despite conflict-related headwinds. Real GDP expanded by 5.1% in fiscal 2026, marking the country's fastest economic growth in three years. This expansion came from key sectors, including non-oil manufacturing, wholesale and retail trade, information and communication technology, and tourism. On the demand side, household consumption emerged as the primary factor, bolstered by record remittances, easing inflation, and stable labor market conditions. We forecast growth to moderate to 4.5% in fiscal 2027, as ongoing war-related shipping disruptions are expected to further pressure trade, logistics, and import prices. Additionally, consumption and investment are likely to soften amid persistent uncertainty and rising inflation. Nevertheless, we expect the continued implementation of the reform agenda, including the commitment to exchange rate liberalization, to enhance structural economic competitiveness over the medium term.

The government's reform agenda, supported by the IMF, aims to address long-standing structural constraints on growth. Key priorities include reducing the size of the informal economy; strengthening governance, transparency, and financial reporting of state-owned enterprises (SOEs); and removing barriers to competition that have historically favored public and military-owned entities over private firms. To improve the business environment, the authorities are phasing out preferential tax, fee, and customs treatments for SOEs; broadening the tax base; and preparing a pipeline of companies for privatization. The CBE has also discontinued subsidized lending schemes for SOEs to ensure more efficient credit allocation. At the same time, the government is tightening control over the cost and financing of large, import-intensive public investment projects, many of which have contributed to fiscal pressures and off-budget spending. This consolidation effort includes a cap on overall public-sector expenditure and limits on total public investment across all state entities.

Egypt has performed well under the economic reform aspects of its IMF program, but the pace of privatization has been relatively slow.

In March 2024, the IMF more than doubled the amount of Egypt's 46-month program to \$8 billion and extended it to December 2026. Under the expanded program, the government committed to sustaining a flexible exchange rate--having already devalued the Egyptian pound by about 60% against the U.S. dollar in March 2024--and has advanced energy subsidy reforms. However, broader state-asset divestment has lagged due to valuation gaps, weak investor appetite, and heightened regional uncertainty. Beyond the \$2.2 billion generated in 2022-2023 and the \$3.5 billion Qatari real estate deal in late 2025, the government anticipates \$1.5 billion in further privatization proceeds by the end of the IMF program in December 2026. These include the completed sale of a 100% stake in the Gabal El-Zeit wind farm for \$420 million and the Ministry of Finance's sale of portions of its holdings in listed SOEs for \$106 million. Additional privatization proceeds are expected from the planned divestments of Banque du Caire and Misr Life, which will be allocated toward debt reduction.

Egypt continues to benefit from strong concessional external support, although a successor IMF arrangement appears unlikely.

The IMF completed the seventh review in July 2026, unlocking a further \$1.7 billion disbursement, with the eighth and final tranche of \$1.7 billion expected in December 2026. While we do not expect the authorities to seek a new IMF-supported program, we anticipate continued close engagement with the fund through the development of a homegrown economic reform agenda. Egypt also continues to benefit from substantial support from its development partners, including the European Union's €7.4 billion (\$8.1 billion) financial and investment package for 2024-2028, comprising €5 billion (\$5.5 billion) in economic financial assistance and budget support loans, €1.8 billion (\$2.0 billion) in private-sector investment guarantees, and €600 million (\$660 million) in grants for development programs. Additional concessional financing is also expected from the World Bank, the African Development Bank, and the Asian Infrastructure Investment Bank. As of March 31, 2026, external debt owed to multilateral creditors stood at about \$50 billion, or 65% of Egypt's total external debt.

Despite the conflict, we expect Gulf Cooperation Council (GCC) member states to maintain their financial support for Egypt.

This reflects both the country's central role in facilitating humanitarian assistance to Gaza and broader regional concerns that instability in Egypt could generate spillover risks across the Gulf. In recent years, GCC financing has increasingly shifted toward commercially oriented, front-loaded FDI, rather than unconditional concessional support. In early 2024, government-owned Abu Dhabi Developmental Holding Co. committed \$35 billion to a major real estate development in Ras El-Hekma on Egypt's north coast. More recently, in November 2025, Egypt secured a \$30 billion tourism-sector investment agreement with Qatar to develop the northern coastal area of Alam Al-Roum over a seven-year horizon. In addition, GCC states have placed about \$18 billion in foreign currency deposits at the CBE, which the GCC governments have pledged not to withdraw before the IMF program concludes in December 2026, except for equity purchases.

Egypt is expected to remain outside the direct military confrontation and continue its role as a key mediator and humanitarian actor in the Gaza conflict.

As the only country besides Israel with a land border with Gaza, Egypt remains central to facilitating humanitarian access through the Rafah crossing and coordinating aid deliveries with international partners. Cairo has hosted multiple rounds of ceasefire and hostage release negotiations between Israeli, Palestinian, U.S., and regional officials since 2024. The Gaza and wider Middle East conflict has elevated Egypt's strategic relevance to both Western and GCC partners, contributing to continued financial support from GCC states and sustained U.S. engagement. Washington's annual \$1.3 billion in military assistance remains closely tied to Egypt's cooperation on regional security and its role in managing the humanitarian and political dimensions of the Gaza war.

President el-Sisi won a third term with about 90% of the vote in elections in December 2023, on a sizable turn-out of 67%. Under the 2019 constitutional amendments, presidential terms were extended to six years from four, allowing the president to serve through 2030, when the next presidential election is scheduled. Parliamentary elections for the Senate (upper house) were held in August 2025 and returned a pro-presidential majority. Elections for the House of Representatives (lower house) were held in November 2025, with several constituencies requiring reruns into January 2026 after results were annulled. The final composition of the chamber again favored progovernment parties, consistent with Egypt's relatively centralized political system.

Flexibility and performance profile: Egypt faces risks from a prolonged regional conflict

- The government is working on narrowing fiscal deficits and maintaining primary surpluses under its IMF program, but budget deficits and government debt remain sizable, partly due to high domestic debt-servicing costs.
- Egypt's deep domestic financial sector is dominated by large state-owned banks, which remain the major buyers of government issuance, while the sector is supported by strong deposit growth.
- Egypt has strengthened its external buffers through exchange rate reforms, increased multilateral support, and substantial investment from GCC states, but its external position remains exposed to regional geopolitical risks.
- Inflation and austerity have traditionally been a source of social discontent in Egypt, and the government will remain sensitive to the public's cost-of-living concerns.

Egypt's external position remains sensitive to regional geopolitical shocks. The current account is structurally weighed down by a large goods trade deficit and a persistent net income deficit, while surpluses in the services and transfers balances are insufficient to offset these pressures. That said, FDI inflows substantively fund the current account. We expect still elevated international hydrocarbon prices, triggered by continued disruptions in the Strait of Hormuz and Bab el Mandeb straits, will raise Egypt's energy import bill, worsening terms of trade dynamics in fiscal 2027. Under our base case, this will be partially mitigated by proven resilience in tourism earnings and labor remittances, supported in part by exchange-rate liberalization, alongside recovering Suez Canal revenue. Against this backdrop, we forecast the current account deficit will remain relatively wide at 5.0% of GDP for fiscal 2027, compared with 5.1% in fiscal 2026 and 4.2% in fiscal 2025.

Egypt became a net importer of crude oil in 2008 and natural gas in 2023. To meet rising domestic demand, the government signed a \$35 billion agreement in December 2025 to import gas from Israel's offshore Leviathan field in 2026-2040 at favorable terms. However, operations at Leviathan were suspended for security reasons in March 2026, disrupting supplies, given that Israeli gas accounts for 20%-40% of Egypt's gas imports and 15%-20% of total gas consumption. Intermittent pipeline flows forced Egypt to sharply increase costlier LNG purchases, with about 90% of LNG imports sourced from the U.S. On the crude oil side, Egypt is diversifying its import sources beyond Saudi Arabia, whose share declined to 66% in fiscal 2026 from 89% in fiscal 2025. We understand the impact of higher oil prices is partly mitigated by oil hedging contracts for imports.

Fiscal discipline narrowed the budget deficit to 5.8% of GDP and supported a primary surplus of 4.9% of GDP in fiscal 2026. Preliminary fiscal data suggest that IMF-supported measures to broaden the tax base, strengthen compliance, and streamline tax dispute resolution generated

additional revenue equivalent to 0.9% of GDP in fiscal 2026. On the expenditure side, upward adjustments to domestic fuel, natural gas, and electricity prices helped contain energy subsidies to EGP 196 billion (0.9% of GDP). The savings were partially offset by a modest expansion of cash and in-kind support for vulnerable households under the Takaful and Karama program. Nevertheless, debt-servicing costs remained a significant fiscal constraint, with interest payments absorbing 67% of total budget sector revenue in fiscal 2026.

Although Egypt's general government debt is declining, gross financing needs continue to exceed 30% of GDP. Gross general government debt is projected to decline to 87% of GDP as of June 30, 2027, from a peak of 94% on June 30, 2023, supported by stronger economic growth and a commitment to using divestment proceeds for debt reduction. However, gross financing needs--defined as the budget deficit plus domestic and external debt redemptions--remain elevated and are dominated by local currency debt repayments, which account for about 85% of the total. For fiscal 2026, the authorities successfully reduced gross financing needs by 5% of GDP by extending the maturities of short-term domestic instruments through market-based mechanisms and leveraging proceeds from the Qatar divestment. Egypt faces external commercial redemptions of \$2.9 billion in fiscal 2027, \$3.4 billion in fiscal 2028, and \$2.9 billion in fiscal 2029.

Rollover and interest rate risks remain elevated due to the government's heavy reliance on short-term domestic debt. As of March 31, 2026, domestic debt accounted for 76.6% of total budget sector debt, with the majority--about 60% of domestic obligations--held in short-term instruments, resulting in a weighted average maturity of just 1.1 years. Attracted by high real interest rates, foreign holdings of local currency government debt also increased to \$34.5 billion in September 2026, with about 60% concentrated in treasury bills. Under its medium-term debt strategy, the government is trying to widen the investor base and diversify instruments in the domestic market, including sukuk and retail bonds and floating rate bonds. Still, the government continues to face substantial near-term refinancing pressures, with EGP 4.4 trillion (21% of GDP) in treasury bill maturities and EGP 971 billion (4% of GDP) in treasury bonds due in fiscal 2027. Thereafter, treasury bond redemptions will peak at EGP 2.2 trillion (8% of GDP) in fiscal 2028 before falling to EGP 968 billion (3% of GDP) in fiscal 2029.

Contingent liability risks of 25% of GDP remain concentrated in the energy sector. Domestic oil and gas production, largely from the Zohr field, has fallen sharply in recent years, partly due to arrears owed to the international energy companies by the SOE, Egyptian General Petroleum Corp. (EGPC). However, the authorities guaranteed an externally financed loan to fully clear these \$6.1 billion arrears in June 2026. Together with higher domestic fuel prices, this has helped support national oil production and improved the entity's operating profitability, but EGPC still remains the main source of fiscal risk to the government, with large interest expense affecting financial performance and raising the risk of future extension of government guarantees (currently totaling 25% of GDP). The authorities are working alongside the IMF to implement a viability plan to support cash-flow surpluses at EGPC.

We view the banking system as a stable and reliable source of local currency funding for the government. The Egyptian banking sector's exposure to the sovereign remains high at over 30% of total assets, reinforcing the strong sovereign-bank nexus. Domestic banks hold roughly 36% of outstanding treasury bills and 63% of treasury bonds as of March 31, 2026. Despite this concentration, banks continue to operate with ample domestic liquidity, reflected in a low loan-to-deposit ratio of 69% on June 30, 2026, giving them capacity to expand lending to the public sector if needed. Resident deposit growth has consistently been high, averaging 22% annually

over the past three years. This is partly due to increasing financial intermediation, since the base of financial inclusion in Egypt is very small.

Rising energy and food costs linked to regional disruptions have slowed the disinflation

process. Between April 2025 and February 2026, the CBE cut policy rates by a cumulative 825 bps, supported by improved foreign currency liquidity and a sharp moderation in inflation, which before the conflict's start fell to 11.9% in January 2026 from a peak of 40.3% in September 2023. However, renewed pressures from higher international food and energy prices prompted the CBE to pause its easing cycle. We expect inflation to average 12% across fiscal 2027-fiscal 2028 before gradually declining to 9% by fiscal 2029, although the outlook remains subject to significant uncertainty related to the duration and intensity of regional disruptions.

Egypt--Selected Indicators

	2020	2021	2022	2023	2024	2025	2026bc	2027bc	2028bc	2029bc
Economic indicators (%)										
Nominal GDP (bil. EGP)	6,152.6	6,663.1	7,842.5	10,155.4	13,902.6	18,136.3	21,594.0	25,466.2	29,652.1	33,776.2
Nominal GDP (bil. \$)	383.9	424.7	476.9	394.4	383.7	364.9	439.2	497.6	553.0	600.5
GDP per capita (000s \$)	3.8	4.2	4.6	3.8	3.6	3.4	4.0	4.5	4.9	5.3
Real GDP growth	3.6	3.3	6.7	3.8	2.4	4.4	5.1	4.5	5.1	4.9
Real GDP per capita growth	1.0	1.7	5.1	2.2	1.1	3.1	3.9	3.2	3.9	3.7
Real investment growth	(5.6)	(28.5)	52.2	(17.0)	(6.1)	(5.5)	14.9	9.6	6.5	4.5
Investment/GDP	18.8	18.2	19.9	16.5	13.0	12.9	14.1	14.6	14.8	14.6
Savings/GDP	15.9	13.9	16.4	15.3	7.6	8.7	9.0	9.6	10.1	11.1
Exports/GDP	12.5	10.6	15.1	19.1	16.4	19.8	18.0	16.7	15.4	14.7
Real exports growth	(23.5)	(14.5)	51.7	31.4	(10.6)	23.7	(3.7)	7.2	5.5	4.9
Unemployment rate	7.9	7.4	7.2	7.0	6.6	6.3	6.1	5.7	5.5	5.4
External indicators (%)										
Current account balance/GDP	(2.9)	(4.3)	(3.5)	(1.2)	(5.4)	(4.2)	(5.1)	(5.0)	(4.7)	(3.5)
Current account balance/CARs	(14.6)	(24.2)	(16.0)	(4.8)	(24.0)	(13.8)	(17.5)	(18.7)	(18.9)	(14.7)
CARs/GDP	19.9	17.9	21.7	24.9	22.6	30.6	29.3	26.7	24.6	23.8
Trade balance/GDP	(9.5)	(9.9)	(9.1)	(7.9)	(10.3)	(14.0)	(15.2)	(14.1)	(13.1)	(12.0)
Net FDI/GDP	1.9	1.1	1.8	2.5	11.9	3.3	3.2	2.9	2.9	2.9
Net portfolio equity inflow/GDP	(0.3)	(0.0)	(0.2)	(0.1)	0.1	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Gross external financing needs/CARs plus usable reserves	119.9	134.2	134.9	139.0	162.0	137.8	137.8	139.1	140.6	139.3
Narrow net external debt/CARs	112.5	146.0	126.1	143.4	119.5	96.3	90.6	95.3	99.3	97.1

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Egypt--Selected Indicators

Narrow net external debt/CAPs	98.2	117.6	108.7	136.8	96.4	84.6	77.1	80.3	83.5	84.7
Net external liabilities/CARs	261.4	299.7	241.5	281.7	328.4	268.5	250.9	261.9	274.2	276.4
Net external liabilities/CAPs	228.0	241.3	208.2	268.8	264.8	235.9	213.5	220.6	230.7	241.1
Short-term external debt by remaining maturity/CARs	66.4	67.1	63.9	71.0	88.4	70.8	62.4	66.8	67.4	67.1
Usable reserves/CAPs (months)	5.3	4.1	3.5	3.0	3.0	3.6	3.1	3.4	3.3	3.2
Usable reserves (Mil. \$)	32,434.6	34,448.9	25,955.7	26,948.0	37,925.9	39,226.9	44,305.7	44,286.2	43,610.8	41,915.2

Fiscal indicators (general government %)

Balance/GDP	(6.6)	(6.9)	(6.1)	(5.7)	(3.5)	(6.8)	(5.8)	(5.6)	(5.2)	(5.2)
Change in net debt/GDP	8.4	7.1	7.3	21.8	19.1	23.8	9.6	9.8	9.3	8.9
Primary balance/GDP	2.2	1.4	1.0	1.4	5.6	3.3	6.1	4.9	4.1	3.3
Revenue/GDP	18.2	19.0	18.9	17.0	19.6	16.1	17.3	17.5	17.6	17.6
Expenditures/GDP	24.9	25.9	25.0	22.7	23.1	22.9	23.1	23.1	22.8	22.8
Interest/revenues	48.4	43.8	37.4	42.0	46.9	62.6	68.5	59.7	52.9	48.5
Debt/GDP	83.2	87.6	86.5	93.8	89.1	91.7	86.9	83.5	81.0	80.0
Debt/revenues	456.4	461.2	456.9	552.8	455.6	569.6	501.8	476.9	460.2	454.4
Net debt/GDP	73.3	74.8	70.8	76.5	75.0	81.2	77.8	75.8	74.4	74.2
Liquid assets/GDP	9.9	12.9	15.7	17.4	14.1	10.5	9.1	7.7	6.6	5.8

Monetary indicators (%)

CPI growth	5.7	4.5	8.5	24.1	33.6	20.9	13.3	12.9	10.8	8.6
GDP deflator growth	6.2	4.9	10.4	24.8	33.7	25.0	13.3	12.9	10.8	8.6
Exchange rate, year-end (EGP/\$)	16.1	15.6	18.8	30.8	48.0	49.6	49.2	52.0	55.0	57.0
Banks' claims on resident non-gov't sector growth	16.5	17.9	22.8	23.4	33.2	23.7	19.6	21.0	23.0	25.0
Banks' claims on resident non-gov't sector/GDP	24.7	26.9	28.1	26.8	26.0	24.7	24.8	25.4	26.9	29.5
Foreign currency share of claims by banks on residents	16.7	13.5	11.9	16.5	19.6	17.4	12.7	12.7	13	14
Foreign currency share of residents' bank deposits	16.4	13.7	14.3	19.4	25.3	24.3	23.2	23	23	23
Real effective exchange rate growth	10.8	(0.1)	(10.1)	(26.4)	(12.3)	5.2	N/A	N/A	N/A	N/A

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Egypt--Selected Indicators

Sources: Central Bank of Egypt, IMF, Ministry of Planning and Economic Development (economic indicators), Central Bank of Egypt (external indicators); Egypt Ministry of Finance, Central Bank of Egypt, IMF (fiscal indicators), Central Bank of Egypt, Egypt Ministry of Finance, IMF, Bruegel (monetary indicators).

Adjustments: General government assets adjusted by including deposits of National Investment Bank and Social Insurance Fund.

Definitions: Savings is defined as investment plus the current account surplus (deficit). Investment is defined as expenditure on capital goods, including plant, equipment, and housing, plus the change in inventories. Banks are other depository corporations other than the central bank, whose liabilities are included in the national definition of broad money. Gross external financing needs are defined as current account payments plus short-term external debt at the end of the prior year plus nonresident deposits at the end of the prior year plus long-term external debt maturing within the year. Narrow net external debt is defined as the stock of foreign and local currency public- and private- sector borrowings from nonresidents minus official reserves minus public-sector liquid claims on nonresidents minus financial-sector loans to, deposits with, or investments in nonresident entities. A negative number indicates net external lending. N/A- Not applicable. EGP--Egyptian pound. CARs--Current account receipts. FDI--Foreign direct investment. CAPs--Current account payments. The data and ratios above result from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information.

Egypt--Rating Component Scores

Key rating factors	Score	Explanation
Institutional assessment	5	Policy responses and succession are difficult to predict because of highly centralized decision-making. The sociopolitical environment remains fragile, given high unemployment and poverty indicators. Levels of perceived corruption are relatively high. However, reform momentum is high, and the government is engaged with the IMF and maintaining its reform efforts.
Economic assessment	5	Based on GDP per capita (US\$) and growth trends as per the Selected Indicators.
External assessment	5	Based on narrow net external debt (% of current account receipts [CARs]) and gross external financing needs/(CARs + usable reserves) as per the Selected Indicators.
		There is a risk of marked deterioration in external financing, and the net external liability position is worse than the narrow net external debt position by over 100% of CARs, as per the Selected Indicators.
Fiscal assessment: flexibility and performance	6	Based on the change in net general government debt (% of GDP) as per the Selected Indicators.
Fiscal assessment: debt burden	6	Based on net general government debt (% of GDP) and general government interest expenditure (% of general government revenue) as per the Selected Indicators.
		The banking sector's exposure to the government is high, at more than 30% of its assets.
		Government debt is characterized by a relatively short average maturity.
		We consider contingent liabilities from banks moderate, as per our criteria definition of moderate.
Monetary assessment	4	We view the Egyptian pound as floating but with a short track record. The exchange rate was liberalized in March 2024 and has remained liberalized since then.
Indicative rating	b	
Notches of supplemental adjustments and flexibility	0	
Final rating		
Foreign currency	B	
Notches of uplift	0	Default risks do not apply differently to foreign- and local-currency debt.

Egypt--Rating Component Scores

Key rating factors	Score	Explanation
Local currency	B	

S&P Global Ratings' analysis of sovereign creditworthiness rests on its assessment and scoring of five key rating factors: (i) institutional assessment; (ii) economic assessment; (iii) external assessment; (iv) the average of fiscal flexibility and performance, and debt burden; and (v) monetary assessment. Each of the factors is assessed on a continuum spanning from 1 (strongest) to 6 (weakest). S&P Global Ratings' "Sovereign Rating Methodology," published on Dec. 18, 2017, details how we derive and combine the scores and then derive the sovereign foreign currency rating. In accordance with S&P Global Ratings' sovereign ratings methodology, a change in score does not in all cases lead to a change in the rating, nor is a change in the rating necessarily predicated on changes in one or more of the scores. In determining the final rating the committee can make use of the flexibility afforded by §15 and §§126-128 of the rating methodology.

Related Criteria

- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [Criteria | Governments | Sovereigns: Sovereign Rating Methodology](#), Dec. 18, 2017
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [General Criteria: Methodology For Rating Sukuk](#), Jan. 19, 2015
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011
- [General Criteria: Methodology: Criteria For Determining Transfer And Convertibility Assessments](#), May 18, 2009

Related Research

- [Sovereign Ratings List](#), Sept. 15, 2026
- [Sovereign Ratings History](#), Sept. 15, 2026
- [Sovereign Ratings Score Snapshot](#), Sept. 7, 2026
- [Sovereign Risk Indicators](#), July 14, 2026. An interactive version is available at <https://www.spglobal.com/ratings/sri/>
- [Egypt 'B/B' Ratings Affirmed; Outlook Stable](#), April 10, 2026
- [Default, Transition, and Recovery: 2025 Annual Global Sovereign Default And Rating Transition Study](#), March 4, 2026
- [Banking Industry Country Risk Assessment: Egypt](#), Dec. 10, 2025

In accordance with our relevant policies and procedures, the Rating Committee was composed of analysts that are qualified to vote in the committee, with sufficient experience to convey the appropriate level of knowledge and understanding of the methodology applicable (see "Related Criteria"). At the onset of the committee, the chair confirmed that the information provided to the Rating Committee by the primary analyst had been distributed in a timely manner and was sufficient for Committee members to make an informed decision.

After the primary analyst gave opening remarks and explained the recommendation, the Committee discussed key rating factors and critical issues in accordance with the relevant criteria. Qualitative and quantitative risk factors were considered and discussed, looking at track-record and forecasts.

The committee's assessment of the key rating factors is reflected in the Rating Component Scores above.

The chair ensured every voting member was given the opportunity to articulate his/her opinion. The chair or designee reviewed the draft report to ensure consistency with the Committee decision. The views and the decision of the rating committee are summarized in the above rationale and outlook. The weighting of all rating factors is described in the methodology used in this rating action (see "Related Criteria").

Ratings List

Ratings List	
Ratings Affirmed	
Egypt	
Sovereign Credit Rating	B/Stable/B
Transfer & Convertibility Assessment	B
Short-Term Debt	B
Egypt	
The Egyptian Financial Company for Sovereign Taskeek	
Senior Unsecured	B

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

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