

Cairo, on December 21st, 2015

Attention: the Board Chairman of Bank

Dear Sir,

In light of the attention directed by the Central Bank of Egypt to participation in reinforcing the national economy, promoting the local products and enhancing their competitiveness against the foreign products, and orienting the banking resources in such manner as to achieve real development in the society together with focusing on the commodities and production requisites which are likely to push the wheel of economy forward. Given the current developments and in completion of the Central Bank of Egypt's role in supporting the local industry, the following has been decided:

- 1- As for the import transactions concluded under documentary collections, the conclusion of those transactions shall take place only via documentary collections directly received by the banks from banks existing abroad, provided that the documentary collections directly incoming into the clients' accounts shall not be accepted. All banks shall be given a grace period of one month as of the date hereof to apply this decision.
- 2- Banks shall obtain a security deposit at the rate of 100% instead of 50%, as per circular no. 86 dated June 28th, 2010 and its subsequent circulars, under the documentary credits opened for financing the import of commodities for account of the trading companies or governmental bodies. This shall also apply in case of confirming promissory notes under suppliers' facilities for importing those commodities for account of the aforesaid entities, or with the aim of counterbalancing any liabilities on the bank, including the issue of letters of guarantee in respect of the import transactions carried out in favor of traders and governmental bodies. The exemption from the aforementioned security deposit stipulated in circular no. 124 dated September 30th, 2010 and its subsequent circulars -with the last of which dated May 13th, 2015, shall be restricted to the import transactions of medicines, vaccines and their associated chemicals, and infant milk powders.

The foregoing shall apply to the import transactions taking place as of January 1st, 2016, together with stressing that it shall not be permissible to use the credit limits allowed for the clients by banks in paying the security deposit referred to, including the credit facilities guaranteed by commercial papers or securities.

As regards the documentary credits opened for importing commodities for purposes other than trading, such as the capital commodities, production requisites, materials ...etc. imported by factories, those credits shall be under no restriction except the customary banking rules.

- 3- It shall not be allowed to refinance the import transactions for trading purposes - which are subject to a security deposit at the rate of 100% as mentioned in the above item – via granting temporary facilities limit in foreign currency according to the letter of Deputy Governor of the Central Bank of Egypt no. 9 dated January 14th, 2013. However, refinance of the following import transactions shall be continued:
- a) Transactions for other than trading purposes.
 - b) Basic and supply foodstuffs (exclusive of the General Authority for Supply Commodities).
 - c) Medicines, vaccines and their associated chemicals, and infant milk powders.

So, you are kindly requested to instruct that all necessary measures toward applying the above decisions to be taken.

Best Regards,

Tarek Amer