

إيضاح

بناء على استفسارات بعض السادة المستثمرين ننشر بتوضيح بعض النقاط المتعلقة بالقوائم المالية المجمعة للبنك عن العام المالي المنتهي في 31-12-2008

ترتب علي قيام البنك بتاريخ 9 يوليو 2008 باقتناء 49,98% كحصة متبقية في شركة سي أي كابيتال القابضة شهرة بلغت قيمتها 384 مليون جنيه يتم استهلاكها علي خمس سنوات وكذلك أصول غير ملموسة بمبلغ 674,7 مليون جنيه يتم استهلاكها علي عشر سنوات كما هو منصوص عليه في الإيضاح رقم 39 بالقوائم المالية المجمعة لعام 2008، هذا وقد بلغت قيمة استهلاك الأصول غير الملموسة عن الفترة من يوليو 2008 وحتى نهاية العام مبلغ 33,7 مليون جنيه . ونتيجة للأزمة التي تعرضت لها أسواق المال العالمية قام البنك بإعداد دراسة لتحديد حجم الاضمحلال في قيمة الشهرة وقد أظهرت الدراسة انخفاضاً قدره 183,7 مليون جنيه في هذه القيمة، وبذلك يبلغ إجمالي حجم التخفيضات غير النقدية التي تم تحميلها علي قائمة الدخل مبلغ 217,4 مليون جنيه.

وتجدر الإشارة إلي أن إجمالي المبلغ المتبقي في بند الشهرة يبلغ 201,3 مليون جنيه.

نظرا لتعديل طريقة إعداد القوائم المالية لتتماشى مع المعايير الدولية تم فصل بند مصروفات العمولات والأتعاب عن بند المصروفات الأخرى ليظهر في الترتيب بعد بند إيرادات الأتعاب والعمولات لذلك يجب الأخذ في الاعتبار عند عمل المقارنة بين نتائج العام السابق والعام الحالي أن تتم المقارنة بين بندي إيرادات الأتعاب والعمولات وليس صافي الدخل من الأتعاب والعمولات وهو ما سوف يظهر زيادة قدرها 187 مليون جنيه بنسبة نمو قدرها 29,5%.

Based on investor queries, please find hereunder a detailed explanation of the items on CIB's consolidated financials:

- The acquisition of 49.98% of CI-Capital Company on July 9th, 2008, resulted in good will of LE 385m amortizable over 5 years, and Intangible Assets of LE 674.7m amortizable over 10 years as illustrated in the notes to consolidated financials note # 39. For the six months period ending December 2008, Intangible Assets amortization was LE 33.7m. Due to the turmoil in the Global Financial Markets, an impairment charge of LE 183.7m was taken against Goodwill. Therefore, remaining Good will following the impairment charge is LE 201.3K. The aggregate amount of the amortization and impairment charges was LE 217.4m..
- Due to changes in accounting presentation requirements, Fees and Commission expenses, which were formerly reported as part of Other Expenses, have been separated. As such, Fees and Commissions Income of previous quarters should be compared to gross Fees and Commissions Income of LE 821.3m as of 12/3/2008, not the net after deducting Fees and Commissions expense of LE 73.6 m. This represents a growth of LE 187m or 29.5% in the gross Fees and Commissions.



Hazem Hassan

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AUDITORS' REPORT

To the Shareholders of Commercial International Bank (Egypt)

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Commercial International Bank (Egypt) S.A.E, which comprise the consolidated balance sheet as at 31 December 2008 , and the consolidated statements of income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the consolidated Financial Statements

These consolidated financial statements are the responsibility of Bank's management. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with central bank of Egypt's rules, pertaining to the preparation and presentation & the financial statements, issued on June 27, 2002 and its amendments, including amendments that relates to financial investments issued on December 16, 2008 and in light of the prevailing Egyptian laws , management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.



Hazem Hassan

Opinion

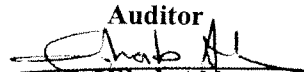
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Commercial International Bank (Egypt) as of December 31, 2008 and of its financial performance and its cash flows for the year then ended in accordance with central bank of Egypt's rules, pertaining to the preparation and presentation & the financial statements, issued on June 07, 2002 and its amendments, including amendments that relates to financial investment issued on December 16, 2008 and the Egyptian laws and regulations relating to the preparation of these financial statements.

Report on Other Legal and Regulatory Requirements

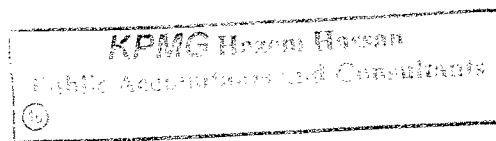
According to the information and explanations given to us – during the financial year ended December 31, 2008 no contravention of the central bank, banking and monetary institution law No. 88 of 2003.

The Bank maintains proper books of account, which include all that is required by law and by the statutes of the bank, the consolidated financial statements are in agreement thereto.

The consolidated financial information included in the Board of Directors' report, prepared in accordance with Law No. 159 of 1981 and its executive regulations, is in agreement with the Bank's books of account.

Auditor

Ehab Akl

Capital Market Authority registration number "9 "
KPMG Hazem Hassan
Public Accountants & Consultants



Cairo 10 February 2009

Commercial International Bank (Egypt) S.A.E.
Consolidated Balance Sheet as of
Dec. 31, 2008

	<u>Note No.</u>	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2007</u>
		<u>EGP</u>	<u>EGP</u>
			<u>(Restated)</u>
Assets			
- Cash & Due From Central Bank	(5)	6,493,360,095	4,953,205,430
- Due From Banks	(6)	4,551,845,285	13,883,232,504
- Treasury Bills and other Governmental Notes	(7)	12,456,955,210	2,951,621,063
- Trading Financial Assets	(8)	641,627,430	683,832,861
- Loans & Overdrafts	(11&12)	26,330,327,878	20,478,590,841
- Financial Derivatives	(13)	704,890,792	75,307,833
- Financial Investments:-			
Available for Sale	(9)	2,774,965,250	2,353,862,934
Held to Maturity Financial Investments	(9)	681,263,274	443,894,166
- Financial Investments in Associated Co.	(14)	92,923,215	90,714,548
- Brokers - Debit Balances		151,604,732	122,917,170
- Reconciliation accounts- Debit Balances		-	21,108,871
- Debit Balances & Other Assets	(16)	972,855,164	1,035,176,214
- Goodwill	(39)	200,523,251	140,613,801
- Intangible Assets	(39)	640,938,786	-
- Deferred Tax	(28)	19,372,767	51,900,192
- Fixed Assets (Net)	(17)	748,340,702	620,238,882
- Total Assets		57,461,793,831	47,906,217,310
Liabilities & Shareholder's Equity			
Liabilities			
- Due to Banks	(18)	228,994,222	2,378,613,378
- Customers Deposits	(19)	48,790,029,809	39,476,052,841
- Brokers- Credit Balances		200,921,933	162,358,363
- Reconciliation accounts - Credit Balances		27,897,554	1,292,008
- Financial Derivatives	(13)	636,914,744	63,166,763
- Credit Balances & Other Liabilities	(20)	1,229,280,358	759,678,951
- Long Term Loans	(21)	109,273,933	161,356,219
- Other Provisions	(22)	372,645,236	397,924,539
		51,595,957,789	43,400,443,062
Shareholders' Equity			
- Paid in Capital		2,925,000,000	1,950,000,000
- Reserves		1,335,817,804	1,194,226,652
- Retained Earnings		99,069,113	41,349,498
- Reserve for employee stock ownership plan (ESOP)		86,727,903	29,159,584
- Net Profit of the year	(31)	1,370,592,742	1,285,775,354
- Total Shareholders' Equity & Net Profit		5,817,207,562	4,500,511,088
- Minority Interest		48,628,480	5,263,160
Total Shareholder' Equity and Minority Interest	(23)	5,865,836,042	4,505,774,248
		57,461,793,831	47,906,217,310
Total Liabilities & Shareholders' Equity			
		57,461,793,831	47,906,217,310
Contingent Liabilities & Commitments			
	(24)	13,290,944,705	11,559,841,635

The Accompanying Notes are an integral part of the Financial Statements and are to be read therewith.
"Audit Report Attached"


Hisham Ezz El-Arab
Chairman
& Managing Director

Commercial International Bank (Egypt) S.A.E.
Consolidated Income Statement For The Year Ended Dec. 31, 2008

	<u>Note No.</u>	<u>Dec. 31, 2008</u> <u>EGP</u>	<u>Dec. 31, 2007</u> <u>EGP</u> <u>(Restated)</u>
- Interest and similar income	(25)	3,765,207,513	2,998,066,645
- Interest and similar Expenses	(25)	(1,966,547,421)	(1,797,842,883)
Net Interest Income		<u>1,798,660,092</u>	<u>1,200,223,762</u>
- Fess & Commissions Income		821,333,569	665,185,633
- Fess & Commissions Expense		(73,587,145)	(25,286,540)
Net Income From Fess & Commissions		<u>747,746,424</u>	<u>639,899,093</u>
- Dividends Income		102,559,579	71,536,293
- Net Trading Income	(26)	345,367,741	276,721,777
- Provisions		(410,519,381)	(250,988,033)
- Profit (Losses) from Financial Investments	(9)	109,312,249	226,736,631
- Goodwill Impairment		(183,698,000)	-
- Administrative Expenses		(1,038,662,088)	(697,705,206)
- Other Operating Income	(10)	179,386,060	5,267,755
- Intangible Assets Amortization		(33,733,620)	-
Net Profit Before Tax		<u>1,616,419,056</u>	<u>1,471,692,072</u>
- Income Tax	(29)	(218,777,585)	(194,218,288)
- Deferred Tax	(29 & 28)	(32,226,272)	11,459,368
Net Profit After Tax		<u>1,365,415,199</u>	<u>1,288,933,152</u>
Minority Interest Bank Shareholders		(5,177,543) 1,370,592,742	2,746,306 1,286,186,846
- Earning Per Share			
- Basic	(30)	4.15	3.89
- Diluted	(30)	4.11	3.87


Hisham Ezz El-Arab
Chairman
& Managing Director

Commercial International Bank (Egypt) S.A.E.
Consolidated Cash flow For the year Ended
Dec. 31, 2008

	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
		<u>(Restated)</u>
<u>Cash Flow From Operating Activities</u>		
- Net Income before tax	1,616,419,056	1,471,692,072
<u>Adjustments To Reconcile Net Income</u>		
<u>To Net Cash Provided by operating activities</u>		
- Depreciation	157,078,362	122,518,015
- Provisions (Formed during the year)	410,519,381	250,988,033
- Trading financial investments evaluation differences	88,799,961	(8,210,793)
- Impairment of assests	33,733,620	-
- Utilization of Provisions	(11,957,034)	-
(Except Provision for Doubtful Debts)		
- Provisions No Longer required	(165,739,690)	(7,036,600)
- FCY Revaluation Differences of Provisions Balances (Except Doubtful Debts)	518,328	(1,904,981)
- Gains From Selling Fixed Assets	(5,052,568)	(1,269,870)
- Profit From Selling Financial Investments	(227,427,627)	(174,663,447)
- Profits From Selling an investment in Subsidiary	(50,258,991)	(148,393,558)
- Goodwill Impairment	183,698,000	-
- FCY Revaluation Diff.of Long Term Loans	(922,993)	1,733,674
- Share based payments	57,568,319	29,159,584
Operating Profits Before Changes in- Operating Assets & Liabilities	2,086,976,124	1,534,612,129
<u>Net Decrease (Increase) in Assets</u>		
- Due From Banks	9,556,516,685	(7,961,652,630)
- Treasury Bills and other Governmental Notes	(7,358,853,097)	2,268,535,711
- Trading financial Investments	(46,594,530)	225,460,301
- Financial Derivatives (Net)	(55,834,978)	(12,141,070)
- Loans & Overdrafts	(6,220,116,065)	(3,054,288,046)
- Debit Balances & Other Assets	(9,204,729)	(213,637,494)
<u>Net Increase (Decrease) In Liabilities</u>		
- Due to Banks	(2,149,619,156)	1,166,089,258
- Customers Deposits	9,313,976,968	7,875,825,643
- Credit Balances & Other Liabilities	618,321,121	(85,419,369)
- Income tax paid	(155,475,345)	(80,317,367)
Net Cash Provided from Operating Activities	5,580,092,998	1,663,067,065

Commercial International Bank (Egypt) S.A.E.
Consolidated Cash flow For the year Ended
Dec. 31, 2008

	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
		<u>(Restated)</u>
<u>Cash Flow From Investing Activities</u>		
- Sale (Purchase) Of Subsidiaries & Associated Companies	(2,208,667)	15,148,088
- Purchase of Fixed Assets , Premises - and Fitting- out of Branches	(198,887,584)	(284,632,707)
- Redemption Of Held to Maturity Financial Investments	(237,369,108)	378,390,172
- Available For Sale Financial Investment	(211,077,065)	1,119,236,499
- Financial Investments in Subsidiary (Goodwill)	(621,580,409)	(117,495,626)
Net Cash (Used in) Provided From - Investing Activities	(1,271,122,833)	1,110,646,426
<u>Cash Flow From Financing Activities</u>		
- Increase (Decrease) in Long - Term Loans	(51,159,293)	60,455,684
- Dividends Paid	(346,045,692)	(310,359,381)
 Net Cash (Used in) Financing Activities	(397,204,985)	(249,903,697)
Net cash & cash equivalent changes	3,911,765,180	2,523,809,795
- Beginning Balance of cash & cash equivalent	6,879,374,081	4,355,564,286
 - Cash & Cash Equivalent Balance At the End of the year	10,791,139,261	6,879,374,081
 <u>Cash & Cash Equivalent are Represented as Follows :</u>		
- Cash and Due from Central Bank	6,493,360,095	4,953,205,430
- Due from Banks	4,551,845,285	13,883,232,505
- Treasury Bills and other Governmental Notes	12,456,955,210	2,951,621,063
- Due from Banks (Time Deposits)	(3,708,650,777)	(13,265,167,463)
- Treasury Bills with maturity more than three months	(9,002,370,552)	(1,643,517,454)
 Total Cash & Cash Equivalent	10,791,139,261	6,879,374,081

Commercial International Bank (Egypt) S.A.E
Consolidated Statement of changes in
Shareholders' Equity for the Year Ended
Dec. 31, 2008

2007

	Capital		Legal Reserve		General Reserve		Intangible Assets Reserve		Retained Earnings		Special Reserve		A.F.S. investments *		Reserve for		Profits of the Year		Reserve for employees		Total Shareholders		Total EGP
	EGP		EGP		EGP		EGP		EGP		EGP		EGP		EGP		EGP		EGP		EGP		
Balance at beginning of The year	1,950,000,000	-	371,230,872	-	548,482,934	-	-	-	29,721,156	162,709,903	7,458,634	-	-	-	-	-	-	-	-	-	-	-	3,072,120,353
Effect of Adjusting Accounting Standards (After Tax)	-	-	-	-	-	-	-	-	61,784,246	332,016	80,445,723	-	-	-	-	-	-	-	-	-	-	-	142,561,985
Beginning Balance After Adjustments	1,950,000,000	-	371,230,872	-	548,482,934	-	-	-	91,505,402	163,041,919	87,904,357	-	-	-	-	-	-	-	-	-	-	-	3,214,682,338
Effect of Adjusting Accounting Standards (After Tax)	-	-	-	-	-	-	-	-	(50,155,904)	50,575,396	-	-	-	-	(411,492)	-	-	-	-	-	-	-	-
Adjusted Net Profits of the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Usage part of reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserve for employee stock ownership plan (ESOP)**	-	-	-	-	-	-	-	-	-	-	(27,000,826)	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of The Year	1,950,000,000	-	371,230,872	-	548,482,934	-	-	-	41,349,498	213,619,315	60,903,531	-	-	-	1,285,775,354	-	-	-	-	-	-	-	4,505,511,088

2008

	Capital		Legal Reserve		General Reserve		Intangible Assets Reserve		Retained Earnings		Special Reserve		A.F.S. investments *		Reserve for		Profits of the year		Reserve for employee		Total Shareholders		Total EGP
	EGP		EGP		EGP		EGP		EGP		EGP		EGP		EGP		EGP		EGP		EGP		
Balance at Beginning of The year	1,950,000,000	-	371,230,872	-	548,482,934	-	-	-	41,349,498	213,619,315	60,903,531	-	-	-	-	-	-	-	-	-	-	-	4,505,511,088
Transfer to Reserves	-	-	61,620,639	-	834,064,668	-	-	-	-	-	-	-	-	-	(895,685,307)	-	-	-	-	-	-	-	-
Net Profits of The year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,370,592,742	-	-	-	-	-	-	-	-
Capital Increase *	975,000,000	-	-	-	(975,000,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributed profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reverse Part of Reserve	-	-	-	-	-	-	-	-	(5,997,898)	-	-	-	-	-	(336,709,547)	-	-	-	-	-	-	-	-
Undivided Profit	-	-	-	-	-	-	-	-	53,380,500	-	-	-	-	-	(81,888,576)	-	-	-	-	-	-	-	-
Reserve for employee stock ownership plan (ESOP)**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(53,380,500)	-	-	-	-	-	-	-	-
Adjustment On Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Minority Share in Retained Earnings	-	-	-	-	-	-	-	-	(461,324)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A majority Stake In Intangible Assets	-	-	-	-	-	-	-	-	(4,927,294)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance At The End Of The year	2,925,000,000	-	432,851,511	-	407,547,602	-	302,794,421	-	99,069,113	213,619,315	(20,985,045)	-	-	-	1,370,592,742	-	-	-	-	-	-	-	5,865,836,042

*Refer to note number (23)

**Refer to note number (31)

The Commercial International Bank (Egypt) S.A.E.
Notes to the Consolidated Financial Statements
For the Financial year
from January 1, 2008 to December 31, 2008

(1) Organization and Activities

A) Commercial International Bank (Egypt) S.A.E.

Commercial International Bank (Egypt) S.A.E was formed as a commercial Bank on August 7, 1975 under the Investment Law No. 43 for 1974. The Bank is licensed to carry out all commercial banking activities in Egypt through its Head Office and one hundred & five branches, in addition to forty eight units.

B) CI Capital Holding Co S.A.E.

It was formed as a joint stock company on April 9th, 2005 under the capital market law no. 95 for 1992 and its executive regulations. Financial register no. 166798 on April 10th, 2005 and the company has been licensed by the capital market authority to carry out its activities under license no. 353 on May 24th, 2006.

As of December 31, 2008 the bank directly owns 54,988,000 shares representing 99.98% of CI Capital Holding Company's capital and on December 31, 2008 CI Capital Holding Co. directly owns the following shares in its subsidiaries:

<u>Company Name</u>	<u>No. of Shares</u>	<u>Ownership%</u>	<u>Indirectly Share%</u>
▪ CIBC Co.	539,880	89.98	89.96
▪ CI Assets Management	445,499	89.09	89.07
▪ CI Investment Banking Co.	448,500	89.70	89.68
▪ CI For Research Co.	448,500	89.70	89.68
▪ Dynamic Brokerage Co.	3,392,000	99.91	99.89
▪ United Brokerage Co. – Dubai	5,000,000	49.00	48.99

(2) Significant Accounting Policies

A) Basis of Preparing Financial Statements

- The consolidated Financial Statements are prepared in accordance with the Central Bank of Egypt regulations issued on 27th of June 2002 and its amendments issued on December 16, 2008 and in accordance with the related Egyptian laws and regulations regarding to the preparation of these financial statements.
- The available for sale investments measurement have been changed as at 1st of January 2008 as explained in note 2 (F) and (G), from the lower of cost (taking into consideration the FX revaluations) or fair value and the differences were reported in "Income Statement" to fair value with changes reporting direct to equity. The reclassification impact appears on the "Statement of Changes in Shareholders Equity" and the "Available-for-Sale Investments". Adjustments related to the previous years have been done retrospectively.
- As a result of applying the new regulations, all outstanding derivatives on the 1st of January 2008 have been recognized in the balance sheet and measured at fair value.

B) Basis of consolidation

Given the increase in the bank's ownership percentage from 50.09% (joint control) to 99.98% (full control) in CI Capital Holdings, has been adjusted form proportional consolidated basis which has been used in the previous financial periods up till to June 30, 2008.

Consolidated Financial Statements are Consisting of the Financial Statements of Commercial International Bank and Consolidated Financial Statements of CI Capital Holding and it's subsidiaries .the control is achieved through the bank's ability to control the financial and operational policies of the invests in order to obtain benefits from its activities . The basis of the consolidation is follows:

-
- Eliminating all balances and transactions between the bank and group companies.
- The cost of acquisition of subsidiary companies is based on the company's share in the fair value of assets acquired and obligations outstanding the acquisition date.
- Minority shareholders represent the rights of others in subsidiary companies.
- Proportional Consolidation is used in consolidating method companies under joint control

C) Transactions in Foreign Currencies

- The Accounting records of the bank are maintained in Egyptian pounds. Transactions in foreign currencies conducted during the year are recorded at the foreign exchange rates prevailing at the time such transactions take place.
- Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate prevailing at the balance sheet date. Currency translation differences on all monetary financial assets and liabilities are reported in the income statement in the following items:-
 - Net trading income or net income arising from financial instruments originally recorded at fair value through profit and loss and financial assets and liabilities held for trading or originally recorded at fair value through profit and loss.
 - Other operating income (loss) for the other items.
- The changes in fair value arising from monetary financial instruments classified as foreign investments available for sale (Debt Instruments) should be segregated to revaluation differences arising from changes in the instrument amortized cost to be recorded in "income from loans" and differences arises from foreign exchange rate changes to be recorded in "other operating income" and differences arises from change in fair value to be recorded in "fair value reserve for available for sale investments".
- Translation differences on non-monetary items (such as equities) held at fair value through income are also reported through income statement whereas for those classified as available-for-sale are recorded directly in equity within 'Net unrealized gains and losses on available-for-sale assets' item.

D) Realization of Income

- The bank applies the accrual basis in recording interest received from Loans & Overdrafts, Due from Banks, Treasury Bills, Reverse Repose and Bonds. Interest on past due Loans & Overdrafts are not recorded on the income statement. Dividends income is recognized when declared.

E) Operating revenues in the holding company:

- The activities income of the subsidiaries companies comes as soon as the related service is done, the services are :
 - Consultancy services to the group before the acquisition
 - ^{date} Securities trading fees & commission for the customers.
 - Management fees as follows:

1- Mutual funds & investment portfolios management fees:

- The Management fee is calculated as a percentage of the net value of assets under management according to the agreement's terms and conditions. These amounts are credited to the assets management company's revenue pool on a monthly accrual basis.

- Commission is calculated, based on certain ratios of mutual fund's net asset value, for the valuation of mutual fund's assets. This valuation commission is calculated and accrued on a daily basis.

2- Performance fees:

- performance fees calculated by specific ratios from customers portfolios annual return in case of it exceeds a specific return based on the contract terms and its calculated based on the return on the net assets such fees are excluded from revenues unless they meet the booking terms.

F) Treasury Bills

- Treasury Bills are recorded at face value. The issuance discount is recorded in Other Liabilities and deducted from the Gross Treasury Bills balance on the Balance Sheet, which are measured at amortized cost using the effective interest rate.

G) Financial Assets Designated at fair value through profit and loss:

- Consists of financial assets held for trading & financial assets that the bank upon initial recognition designates to be measured at fair value with changes reported in profit and loss.
- Financial instruments held for trading are those that the Bank holds primarily for the purpose of short-term profit-taking or if it represents a part of specified financial instruments portfolio and there is an evidence of short-term profit-taking. Also derivatives are classified as held for trading unless the derivatives are qualified under hedging accounting.
- Financial assets designated at fair value through profit and loss are recognized when it relates to an investment portfolio that are managed and evaluated on a fair value basis according to the investment strategies and the risk management and been reported to the senior management according to that basis.
- Any financial derivative or instrument that designates to be measured at fair value with changes reported in income is not reclassified either during the holding period or if it is initially recognized at fair value with changes reported to profit and loss.
- At all circumstances the bank does not reclassify any financial instrument to financial instrument measured at fair value with changes reported to profit and loss or to financial assets held for trading.

H) Held to Maturity Investments

- Held to Maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the bank management has the ability and the positive intent to hold it for the foreseeable future or maturity. Any sales of a significant amount not close to their maturity -except the emergency cases - would result in the reclassification of all held to maturity investments as available for sale.

I) Available-for-sale Investments

- Non-derivative assets that have either been designated as available for sale or do not fit into one of the categories described above. Equity investments held without significant influence, which are not held for trading or elected to fair value through income, are classified as available-for-sale.

J) Financial Assets

- For the assets classified at fair value through P/L ,held to maturity investments and available for sale investments buying and selling operations are recognized as usual on the trade date which is the date that the bank is committed to buy or sell the financial asset .
- A financial asset that does not originally classify at fair value through P/L is initially recognized at fair value plus transaction costs. A financial asset that is originally classified at fair value through P/L is initially recognized at fair value only and the transaction costs are transferred to P/L in "Net income from trading activities".
- Derecognized when the rights to receive cash flows have expired or the Bank has transferred substantially all the risks and rewards of ownership.
- Available for sale investments and financial assets designated at fair value through P/L are subsequently held at fair value whereas held to maturity investments are measured at amortized cost using the effective interest rate method.
- Gains and losses arising from changes in the fair value of available-for-sale assets should be recognized directly in equity, through the statement of changes in equity, until the financial asset is sold, collected, or otherwise disposed of, at which time the cumulative gain or loss previously recognized in equity should be recognized in profit or loss.
- Monetary assets' interest income is recognized based on the amortized cost method in the income statement. The foreign currency revaluations differences related to available for sale investments are recognized in the income statement. Available for sale equity instruments related dividends are recognized in the income statement when they declared.
- Fair values are obtained from quoted market prices in liquid markets. Where no active market exists, or quoted prices are unobtainable, the fair value is estimated using a variety of valuation techniques – including discounted cash flow and other pricing models. Inputs to pricing models are generally market-based when available and taken from reliable external data sources. If the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, an entity may measure the equity instrument at cost minus any impairment losses.

- Debt instruments can be reclassified from the available for sale investments to held to maturity investments at fair value when the bank has the intention and ability to hold to maturity. Any related Profits and losses that was previously recognized in equity are treated as follows:
 - i. Financial assets with fixed or determinable payments and fixed maturity valued at amortized cost, using the effective interest method in case of impairment the profits & losses that has been previously recognized directly in equity is removed from equity and recognized in the income statement.
 - ii. Profits & losses related to financial assets without fixed or determinable maturity are held in equity till selling or dispose the asset then removed from equity and recognized in the income statement. in case of impairment the profits & losses that has been previously recognized directly in equity is removed from equity and recognized in the income statement.

K) Investments in Associated Companies and Jointly controlled Companies

1. These investments are evaluated at cost and in case of downfall of its fair value; the book value of each investment is adjusted by such downfall and charged to "Other investments evaluation difference" in the income statement. In case of an increase in the fair value, such increase will be added to the same category in the income statement within the limit of the amounts previously charged. Also investments in jointly controlled companies are evaluated at cost recorded at cost at acquisition and proportionately consolidated in the consolidated financial statement.

L) Netting

- Financial assets and liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize an asset and settle the liability simultaneously.
- Treasury Bills Repos & reverses Repos agreements are netted on the balance sheet in Treasury Bills and other governmental notes.

M) Derivatives & Embedded Derivatives

- Derivatives are measured initially at fair value and subsequently re-measured at fair value. Fair values are obtained from quoted prices prevailing in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models as appropriate. All derivatives are included in assets when their fair value is positive and liabilities when their fair value is negative.

N) Repos & (Reverse Repos) Transactions

- Repos (Reverse Repos) agreements are eliminated (recorded) on the balance sheet under "Treasury Bills and Other governmental Notes " whereas its cost (revenue) is recorded in "interest received from treasury Bills & Bonds "item in Income Statement using the effective interest rate method.

O) Impairment of financial assets

O/1) Financial Assets held to maturity

- The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a portfolio of financial assets is impaired. A financial asset or portfolio of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the balance sheet date ('a loss event') and that loss event or events has had an impact on the estimated future cash flows of the financial asset or the portfolio that can be reliably estimated. Objective evidence that a financial asset or a portfolio is impaired includes observable data that comes to the attention of the Bank about the following loss events:
- Significant financial difficulty of the issuer or obligor;
- It becomes probable that the borrower will enter bankruptcy or other financial Re-organization.

O/2) Available-for-sale Investments

- The Bank assess at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets under available for sale investments or held to maturity investment is impaired. In the case of equity instruments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether impairment exists.

P) Intangible Assets

(P/1) Goodwill

- Goodwill is capitalized and represents the excess of the cost of an acquisition over the fair value of the Bank's share of the acquired entity's net identifiable assets at the date of acquisition. For the purpose of calculating goodwill, the fair values of acquired assets, liabilities and contingent liabilities are determined by reference to market values or by discounting expected future cash flows to present value. Goodwill is included in the cost of investments in associated and subsidiaries investments in the Bank standalone financial statements. Goodwill is tested for impairment whereas the income statements are charged by the impairment.
- Goodwill is allocated over the cash generating units for the purpose of testing the impairment. The cash generating units represent the main segments of the bank.

(P/2) Other intangible assets

- Other intangible assets that are acquired by the Bank are stated at cost less accumulated amortization and any adjustment for impairment losses. Other intangible assets are comprised of separately identifiable items arising from acquisition of subsidiaries, such as customer relationships, and certain purchased trademarks and similar items. Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of the intangible asset with definite life. Intangible assets with indefinite life are not amortized but they are tested for impairment

Q) Non financial assets impairment

- Assets with indefinite life (except for Goodwill) are assessed at each balance sheet date or more frequently, to determine whether there is any indication of impairment. If any such indication exists, the assets are subject to an impairment review.
An impairment loss is recognized whenever the carrying amount of an asset that generates largely independent cash flows or the cash-generating unit to which it belongs exceeds its recoverable amount. The recoverable amount of an asset is the greater of its net selling price and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset.

R) Assets Acquired for settlement of Debts

- These Assets are recorded in the Financial Statement under "debit balances & Other Assets" at cost and in case of a decrease of the fair value of these assets at the Financial Statement date, the difference is charged to the income statement and the increase of the fair value should be credited to the income statement within the limit of amounts charged in previous financial periods.

S) Provision for Doubtful Debts and Contingent Accounts:

- Provision for Doubtful Debts is established on the basis of an appraisal of the identified risk for specific loans and contingent accounts in addition to general percentages from one to five according to the basis of appraising the customer's credit worthiness issued by the central bank of Egypt on 6th of June 2005.
- Provision for Doubtful Debts decreases by loans written off and increases by recoveries of loans previously written off. In addition to taking all the necessary legal action required, a continuous follow up is performed for the recovery of all or part of the written-off amounts.

T) Contingent Liability Accounts

- Contingent Liability Accounts include transactions in which the Bank is involved as a third party. Such transactions do not represent actual bank's assets or liabilities at the Financial Statement date.

U) Cash & Cash Equivalent:

- In the Statement of Cash Flow, the Cash and Cash Equivalent item includes balances of cash and due from Central Bank, current account balances with Banks and Treasury Bills with maturities of three months from acquisition.

V) Depreciation and Amortization:

- Depreciation of Fixed Assets (except for lands) is calculated on the basis of the estimated useful life of each asset using the straight-line method.
- Improvement and renovation expenses for the bank's leased premises are amortized over the period of the lease contract or the estimated useful life whichever is lower.

W) Share-based payments to employees

- The Bank engages in equity settled share-based payment transactions in respect of services received from certain of its employees.
- The fair value of the services received is measured by reference to the fair value of the shares or equity instruments granted on the date of the grant. The cost of the employee services received in respect of the shares or equity instruments granted is recognized in the income statement over the period that the services are received, which is the vesting period. The fair value of the equity instruments granted is determined using option pricing models, which take into account the exercise price of the instrument, the current share price, the risk free interest rate, the expected volatility of the bank share price over the life of the equity instrument and other relevant factors. Except for those which include terms related to market conditions, vesting conditions included in the terms of the grant
- Are not taken into account in estimating fair value. Non-market vesting conditions are taken into account by adjusting the number of shares or equity instruments included in the measurement of the cost of employee services so that ultimately, the amount recognized in the income statement reflects the number of vested shares or equity instruments. Where vesting conditions are related to market conditions, the charges for the services received are recognized regardless of whether or not the market related vesting condition is met, provided that the non-market vesting conditions are met.

X) Taxes

- Income Tax on the profit or loss for the financial year comprises current and deferred tax is recognized in the Income statement.
- Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the balance sheet date.
- Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.
- A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(3) Financial Instruments and their risk management

(3/1) Financial Instruments

- A)** The bank's financial instruments are represented in the financial Assets and Liabilities. The financial assets include cash, due from banks, investments and loans to customers and banks. The financial liabilities include customers' deposits, due to banks and long-term loans. Financial investments also include rights and obligations stated under "contingent liabilities and commitments "

Note No. (2) Of the notes to the financial statements includes the accounting policies applied to measure and recognize significant financial instruments and the revenues and expenses related thereto.

B) Forward Contract

- According to Central Bank of Egypt instruction the bank doesn't execute deferred contracts except to the necessary limit of short term transaction to cover its requirements of Foreign currencies or the bank's customers' requirements to fulfill their obligations resulting from short- term transactions.

(3/2) Risk Management

A) Interest rate risk

The value of some financial instruments fluctuates due to the fluctuation in interest rates related thereto. The bank follows some procedures to minimize this risk such as:

- Correlating between the interest rates on borrowing and lending.
- Determining interest rates in consideration with the prevailing discount rates on various currencies.
- Monitoring the maturities of financial assets and liabilities with its related interest rates.

Notes No. (32 & 33) of the notes to the Financial Statements disclose maturities of the assets and liabilities and the average interest rates applied to assets and liabilities during the period.

B) Credit risk

Loans to customers and Banks ,financial Investments (Bonds), due from banks, rights and obligations from others, are financial assets exposed to credit risk which result in these parties' inability to repay in part or in full the loan granted to them at maturity.

The bank adopted the following procedures to minimize the credit risk:-

- Preparing credit studies about the customers before dealing with them and determining credit risk rates related thereto.
- Obtaining adequate guarantees to reduce the risks resulting from insolvency of customers.
- Monitoring and preparing periodic studies about customers in order to evaluate their financial and credit positions and estimate the required provisions for non - performing loans.
- Distribution of loans portfolio and due from banks over various sectors to avoid concentration of risk.

Note No. (35) Discloses the distribution of loans portfolio over various sectors.

C) Foreign Currency Risk

- The nature of the bank's activity requires the bank to deal in many foreign currencies which expose the bank to the risk of fluctuation in exchange rates. To minimize this risk, the bank monitors the balances of foreign currency positions according to Central Bank of Egypt instructions in that respect. Note No. (36) Of the financial statements discloses significant foreign currency positions at the balance sheet date.

(4) Accounting estimates and assumptions

- The preparation of financial statements requires management to make subjective judgments and estimates, at times, regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures. Those judgments and estimates are based on historical experience and other factors containing the expectations of the future events that are reasonable estimated in accordance of the available conditions & information.
- The most significant areas requiring management to make judgments and estimates that affect reported amounts and disclosures are as follows:

A) Impairment of the available for sale equity instruments:

- In the case of available for sale equity instruments, a significant or Continuous decline in the fair value of the security below its cost is considered as impairment. Where such evidence exists, significant or Continuous decline needs a personal judgment. To make this judgment the bank assesses –besides other factors- the common share price volatility. In addition, impairment exists when there is objective evidence that a certain company has a financial difficulty in its cash flow from operating and financing activities, industry tool or sector or technological advances.

If each significant or Continuous decline in the fair value of the security below its cost is considered, the bank will charge an additional loss of EGP 20,312,399 represents transferring all the fair value reserve to P/L.

B) Derivatives' Fair Value:

- For the unquoted financial instruments, the fair value is determined using a variety of valuation techniques which are tested and reviewed periodically by high qualified staffs that are independent of those who created the models. The models used are validated prior put into use. Inputs to pricing models are generally market-based when available and taken from reliable external data sources. While areas like the bank credit risk, counterparties, volatility and correlations require management to make judgments & estimations. Changes in the assumptions related to these factors may affect the financial instruments fair values which have been disclosed.

C) Held to maturity Investments:

- Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity. This category requires personal judgment therefore the bank tests whether there is a genuine intent and ability to hold such investments to maturity. If the bank fails to hold such investments till maturity (except for certain tightly defined circumstances such as if an entity sells an insignificant amount of held-to-maturity investments close to maturity date), investments should be reclassified as available-for-sale, which will be measured at fair value instead of amortized cost.
- In case of having the held to maturity portfolio tainted, the book value of the portfolio will decrease by EGP 54 035 585 to reflect the fair value through debiting the fair value reserve within equity.

- 5 Cash And Due From Central Bank

	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
- Cash & Cash Items	1,085,954,242	1,081,319,202
- Reserve Balance with CBE		
(A) Current Accounts	3,387,059,358	1,996,073,908
(B) Time Deposits	2,020,346,495	1,875,812,320
Total Cash & Due From Central Bank	<u><u>6,493,360,095</u></u>	<u><u>4,953,205,430</u></u>

- 6 Due from Banks

	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
(A) Central Bank		
- Time Deposits	400,757,450	7,391,521,850
Total Due from central bank	<u><u>400,757,450</u></u>	<u><u>7,391,521,850</u></u>
(B) Local Banks		
- Current Accounts	214,459,971	109,010,305
- Time Deposits	321,186,900	155,948,928
Total Due from Local Banks	<u><u>535,646,871</u></u>	<u><u>264,959,233</u></u>
(C) Foreign Banks		
- Current Accounts	628,734,537	509,054,737
- Time Deposits	2,986,706,427	5,717,696,684
Total Due From Foreign Banks	<u><u>3,615,440,964</u></u>	<u><u>6,226,751,421</u></u>
Total Due From Banks	<u><u>4,551,845,285</u></u>	<u><u>13,883,232,504</u></u>

- 7 Treasury Bills and other Governmental Notes

	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
- 91 Days Maturity	3,515,475,000	1,313,750,000
- 182 Days Maturity	1,960,250,000	751,830,445
- 364 Days Maturity	5,627,175,000	970,750,000
	<u>11,102,900,000</u>	<u>3,036,330,445</u>
- Unearned Income	(612,767,361)	(84,709,382)
Total	<u><u>10,490,132,639</u></u>	<u><u>2,951,621,063</u></u>
Reverse Repos	1,966,822,571	-
Grand Total	<u><u>12,456,955,210</u></u>	<u><u>2,951,621,063</u></u>

-8 Financial Assets For Trading

	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
<u>Debt Instruments</u>		
- Government Bonds	101,369,914	51,603,627
-Other Debt Instruments	188,849,738	64,370,759
Total Debt Instruments	<u>290,219,652</u>	<u>115,974,386</u>
<u>Equity Instruments</u>		
- Foreign Company Shares	59,440,478	102,842,451
- Mutual Fund	291,967,300	465,016,024
Total Equity Instruments	<u>351,407,778</u>	<u>567,858,475</u>
Total Financial Assets For Trading	<u>641,627,430</u>	<u>683,832,861</u>

-9 Financial Investment**Financial Investment Available for Sale**

Debt Instruments Listed - Fair Value	1,921,272,094	1,462,208,120
Equity Instruments Listed - Fair Value	244,823,746	291,333,688
Unlisted Instruments	608,869,410	600,321,126
Total Financial Investment Available for Sale (1)	<u>2,774,965,250</u>	<u>2,353,862,934</u>

Financial Investment Held to Maturity**Debt Instruments**

-Listed	306,374,803	311,494,817
-Unlisted	374,888,471	132,399,349
Total Financial Investment Held to Maturity (2)	<u>681,263,274</u>	<u>443,894,166</u>
Total Financial Investment (1+2)	<u>3,456,228,524</u>	<u>2,797,757,100</u>
Listed Balances	2,472,470,643	2,065,036,625
Unlisted Balances	983,757,881	732,720,475
Total	<u>3,456,228,524</u>	<u>2,797,757,100</u>
Fixed Interest Debt Instruments	1,832,967,710	1,339,637,012
Variable Interest Debt Instruments	769,567,658	566,465,274
Total	<u>2,602,535,368</u>	<u>1,906,102,286</u>

	<u>Financial</u> <u>Investment</u> <u>Available for Sale</u>	<u>Financial</u> <u>Investment</u> <u>Held to Maturity</u>	<u>Total</u>
<u>Opening Balance 1/1/2007</u>	3,178,163,512	822,284,338	4,000,447,850
Addition	1,821,267,363	-	1,821,267,363
Deduction (Selling – Recovery)	(2,673,473,661)	(364,198,645)	(3,037,672,306)
Differences in revaluation of the Cash Assets in Foreign Currencies	(24,742,206)	(14,191,527)	(38,933,733)
Profit from Fair value Deference	56,833,304	-	56,833,304
Deduct – Impairment Losses	(4,185,378)	-	(4,185,378)
Ending Balance 31/12/2007	2,353,862,934	443,894,166	2,797,757,100
<u>Opening Balance 1/1/2008</u>	2,353,862,934	443,894,166	2,797,757,100
Addition	11,159,837,393	512,915,742	11,672,753,135
Deduction (Selling – Recovery)	(10,611,700,507)	(273,556,529)	(10,885,257,036)
Differences in revaluation of the Cash Assets in Foreign Currencies	(7,219,107)	642,669	(6,576,438)
Profit from Fair value Deference	(81,995,801)	-	(81,995,801)
Deduct – Impairment provision	(37,819,662)	(2,632,774)	(40,452,436)
Ending Balance 31/12/2008	2,774,965,250	681,263,274	3,456,228,524

Profit (Losses) from Financial Investment

	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
Profit (Losses) from selling Available for Sale Financial Instruments	119,846,433	123,416,664
Losses from Impairment of Equity Instruments Available for Sale	(47,618,230)	(29,016,847)
(Losses) From Available for Sale Debt Instruments Reverse of Impairment	(7,219,106)	(16,056,744)
Profit (Losses) from Selling Investments in Subsidiaries and associates.	44,303,152	148,393,558
Total	109,312,249	226,736,631

An Amount Of EGP 207,246,166 Classified as of Held To Maturity Investment Instead Of Available For Sale Investment

-10 Other Operating Income

	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
Profits (Losses) From Assets & Liabilities Revaluation Except Trading	8,676,929	13,181,723
Profits (Losses) From Selling Equipments And Fixed Assets	5,052,568	1,269,870
Recovery From Other Provisions	165,739,690	-
Others	(83,127)	(9,183,838)
	179,386,060	5,267,755

- 11 Loans and Overdrafts

	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
- Discounted Bills	795,836,842	369,367,153
- Loans & Overdrafts to Customer	26,867,609,401	20,979,609,432
- Loans & Overdrafts to Banks	344,498,810	501,437,453
	<u>28,007,945,053</u>	<u>21,850,414,038</u>
- Unearned Bills Discount	(119,310,349)	(33,299,487)
- Provision For Doubtful Debts	(1,408,297,328)	(1,089,969,238)
- Interest in suspense	(150,009,498)	(248,554,472)
Net Loans & Overdrafts	<u><u>26,330,327,878</u></u>	<u><u>20,478,590,841</u></u>

- 12 Provision For Doubtful Debts

	<u>Dec. 31, 2008</u>		
	<u>Specific</u>	<u>General</u>	<u>Total</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
- Balance at Beginning of The year	491,530,222	598,439,016	1,089,969,238
- Formed During The year	175,941,000	169,634,015	345,575,015
- Recoveries from Written Off Debts	63,759,860	-	63,759,860
- Foreign Currency Revaluation Diff.	5,054,571	-	5,054,571
	<u>736,285,653</u>	<u>768,073,031</u>	<u>1,504,358,684</u>
- Usage During The year	(96,061,356)	-	(96,061,356)
Balance at The End of The year	<u><u>640,224,297</u></u>	<u><u>768,073,031</u></u>	<u><u>1,408,297,328</u></u>

	<u>Dec. 31, 2007</u>		
	<u>Specific</u>	<u>General</u>	<u>Total</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
- Balance at Beginning of The Year	551,958,000	486,950,021	1,038,908,021
- Formed During The year	91,524,201	101,480,050	193,004,251
- Recoveries from Written Off Debts	44,472,711	-	44,472,711
- Foreign Currency Revaluation Diff.	(8,580,249)	-	(8,580,249)
	<u>679,374,662</u>	<u>588,430,071</u>	<u>1,267,804,734</u>
- Usage During The Year	(177,835,496)	-	(177,835,496)
- Transferred from Specific to General Provision	(10,008,945)	10,008,945	-
Balance at the end of the Year	<u><u>491,530,222</u></u>	<u><u>598,439,016</u></u>	<u><u>1,089,969,238</u></u>

Financial derivativesDerivatives

The bank uses the following financial derivatives for non hedging purposes.

Forward contracts represents commitments of buying foreign and local currencies including unexecuted spot transactions. Future contracts for foreign currencies and/or

interest rates represents contractual commitments to receive or pay net amount on the basis of changes in foreign exchange rates or interest rates,

and/or buying or selling foreign currencies or financial instruments in a future date with a fixed contractual price under active financial market.

Credit risk is considered low, and future interest rate contracts represents future exchange rate contracts negotiated for case by case, these contracts requires financial settlements of any differences in contractual interest rates and prevailing market interest rates on future dates based on contractual amount (nominal value) pre agreed upon.

Foreign exchange and/or interest rate swap represents commitments to exchange cash flows, resulting from these contracts exchange of currencies or interest

(fixed rate versus variable rate for example) or both (meaning foreign exchange and interest rate contracts)/ contractual amounts are not exchanged except for some foreign exchange contracts

Credit risk is represented in the expected cost of foreign exchange contracts that takes place if other parties default to fulfill their liabilities.

This risk is monitored continuously through comparisons of fair value and contractual amount, and to control continuously through comparisons of fair value and contractual amount, and to control the outstanding credit risk, the bank evaluates other parties using the same methods as in borrowing activities.

Options contracts in foreign currencies and/or interest rates represents contractual agreements for the buyer (issuer) to seller (holders) as a right not an obligations whether

to buy (buy option) or to sell (sell option) at a certain day or within certain period for a certain amount in foreign currency or interest rate. Options contracts are either

traded in the market or negotiated between the bank and one of its client (Off balance sheet). The bank exposed to credit risk for purchased options contracts only and in the

line of its book cost which represent its fair value.

The contractual value for some derivatives options considered a base to compare the realized financial instruments on the balance sheet, but it didn't provide indicator on

the projected cashflows of the fair value for current instruments, those amounts doesn't reflects credit risk or interest rate risk.

Derivatives in the banks benefit represent (assets) conversely it represents (liabilities) as a result of the changes in foreign exchange prices or interest rates related to these

derivatives. Contractual / expected total amounts of financial derivatives can fluctuate from time to time and also the range through which the financial derivatives can be in

benefit of the bank or conversely against its benefit and the total fair value of the financial derivatives in assets and liabilities. hereunder are the fair values of the booked

financial derivatives.

For Trading Derivatives

Foreign Derivatives	Amount	2008		Amount	2007	
		Assets	Liability		Assets	Liability
Forward Foreign exchange contracts	2,572,060,181	31,916,357	31,680,875	3,603,088,630	9,729,116	8,983,093
Currency swap	3,457,152,333	65,087,047	57,539,919	4,095,848,478	25,528,958	51,068,349
Options	112,099,475	1,080,796	1,080,796	8,018,830	13,753	13,753
Total Derivatives (1)		98,084,200	90,301,590	-	35,271,827	60,065,195
<u>Interest rate derivatives</u>						
Interest rate Swaps	1,730,052	63,646,403	3,452,965	1,728,760,514	40,036,006	3,101,568
Total Derivatives (2)		63,646,403	3,452,965		40,036,006	3,101,568
Commodity	1,235,414,832	543,160,189	543,160,189			
Total Derivatives (3)		543,160,189	543,160,189			
Total Assests (liability) For Trading Derivatives (1+2+3)		704,890,792	636,914,744		75,307,833	63,166,763

(21)

14 Financial Investments in Associated Companies

	<u>Dec. 31, 2008</u>		<u>Dec. 31, 2007</u>	
	EGP	%	EGP	%
- Contact for Cars Trading	-		31,000,000	38.4
- Commercial International life insurance co.	44,520,250	45	32,000,000	40
- Corplease co.	32,000,000	40	18,400,000	40
- Cotecna Trade Support	48,750	39	48,750	39
- Haykala For Investment	602,500	47.5	601,252	47.5
- Egypt Factors	10,751,715	39	3,763,646	39
- International. Co. for Appraisal & Collection.	1,000,000	40	400,000	40
- International Co. for Security & Services (Falcon)	4,000,000	40	4,500,900	45
	<u>92,923,215</u>		<u>90,714,548</u>	

The Financial Investments in Associated companies are represented as follows :-

- Financial Investments listed in Stock Exchange	-	-
- Financial Investments Unlisted in Stock Exchange	92,923,215	90,714,548
	<u>92,923,215</u>	<u>90,714,548</u>

- 15 **Capital Commitments :-****A) Commercial International Bank****- Financial Investments**

The Capital Commitments For The Financial Investments Reached On The Date Of balance Sheet

EGP 198,681,919 as follows :-

	<u>Investments value</u>	<u>Paid</u>	<u>Remaining</u>
	EGP	EGP	EGP
Available for Sale Financial Investments	611,775,824	413,840,156	197,935,669
Financial Investments in associates Co.	1,395,000	648,750	746,250

- Fixed Assets & Branches Constructions

The value of Commitments for the purchase of fixed assets contracts and branches constructions that have not been implemented till the date of financial statement amounted to EGP 4,904,068

B) CI Capital Holding Co.

CI Capital Holding Co. assigned One of The Biggest Contractors Companies to Held a Premises in Smart Village with Total Budget EGP 37,184,572 And It Will Be Finished After 16 Months Started in 23 April 2008 And The Co. Paid 20% From The Total Budget and the value of work performed as of the date of the Balance Sheet amount EGP 8,420,566.

As a Down Payment Against Unconditioned Irrevocable Bank Letter Of Guarantee.

- 16 **Debit Balances and Other Assets**

	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2007</u>
	EGP	EGP
- Accrued Revenues	398,537,508	460,502,319
- Prepaid Expenses	57,238,848	54,175,157
- Advances for Purchase of Fixed Assets	118,184,293	204,935,394
- Assets Acquired as Settlement of Debts *	52,165,659	29,361,646
- Accounts receivable & Other Assets ***	346,728,856	288,214,383
- Accrued Balances of Customers Loans * *	-	241,625,330
	<u>972,855,164</u>	<u>1,278,814,235</u>
Deduct		
- Provision for General & Insurance Risk * *	-	(243,638,021)
Total Debit Balances and Other Assets	<u>972,855,164</u>	<u>1,035,176,214</u>

* This Include The Value Of Premises That Was Not Recorded Under The Bank's Name By EGP 32,682,053 Which Were Acquired Against Settlement Of The Debts Mentioned Above, In The Same Time The Legal Procedures Are Under Process To Register Or Sell These Assets Within The period required by law.

** These Balances Carried Forward From Previous Year Represent Certain Advances To Customers That Were Made At One Of The Branches In Violation Of The Bank's Standard Operating Procedures For Facilities Policies, Resulting In Reclassifying These Balances Under Other Debit Balances Conservative Provisions Were Adequately Reallocated From Other Provisions To Meet The Relevant Operation Risk

*** Include EGP 15,955,151 as Assets Held For Sale.

17 Net Fixed Assets (Net of Accumulated Depreciation)

(23)

Dec. 31, 2008

	Land	Premises	IT	Vehicles	Fitting -Out	Machines & Equipment	Furniture & Furnishing	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Opening Balance (3)	63,793,260	298,200,192	411,682,566	22,539,347	139,643,839	171,048,907	81,302,725	1,188,210,836
Additions (Deductions) During The year	13,276,188	35,162,427	119,067,190	2,459,093	50,089,658	49,762,116	20,053,455	289,870,127
Closing Balance (1)	77,069,448	333,362,619	530,749,756	24,998,440	189,733,497	220,811,023	101,356,180	1,478,080,963
Accu.Depreciation at Beginning of The year (4)	-	91,389,674	250,320,234	18,320,122	88,854,558	84,320,370	34,766,996	567,971,954
Current year Depreciation	-	15,144,584	75,606,602	2,553,138	33,149,425	24,068,975	11,245,583	161,768,307
Accu.Depreciation at End of The year (2)	-	106,534,258	325,926,836	20,873,260	122,003,983	108,389,345	46,012,579	729,740,361
End of year Net Assets (1-2)	77,069,448	226,828,361	204,822,920	4,125,180	67,729,514	112,421,678	55,343,601	748,340,702
Beginning of year Net Assets (3-4)	63,793,260	206,810,518	161,362,332	4,219,225	50,789,281	86,728,537	46,535,729	620,238,882

Depreciation rates

5%

20%

20%

33.3%

12.5%

10%

Net fixed assets value on the Balance Sheet date includes EGP 73303957 non registered assets while their registrations procedures are in process.

- 18 Due to Banks

	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
(a) <u>Central Bank</u>		
- Current Accounts	75,056,264	80,028,494
- Time Deposits	-	2,012,792,500
Total Due to Central Bank	<u>75,056,264</u>	<u>2,092,820,994</u>
(b) <u>Local Banks</u>		
- Current Accounts	34,833,336	26,463,751
- Time Deposits	-	28,480,310
Total Due to Local Banks	<u>34,833,336</u>	<u>54,944,061</u>
(c) <u>Foreign Banks</u>		
- Current Accounts	116,257,050	199,834,891
- Time Deposits	2,847,572	31,013,432
Total Due to Foreign Banks	<u>119,104,622</u>	<u>230,848,323</u>
Total Due to Banks	<u>228,994,222</u>	<u>2,378,613,378</u>

- 19 Customers' Deposits

	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
- Demand Deposits	12,978,489,163	11,566,831,688
- Time & Notice Deposits	19,946,553,875	13,612,928,991
- Saving & Deposit Certificates	7,395,350,361	5,948,726,982
- Saving Deposits	7,316,052,948	6,517,256,544
- Other Deposits	1,153,583,462	1,830,308,636
Total Customer Deposits	<u>48,790,029,809</u>	<u>39,476,052,841</u>

- 20 Credit Balances and Other Liabilities

	<u>Dec. 31, 2008</u> <u>EGP</u>	<u>Dec. 31, 2007</u> <u>EGP</u>
- Accrued Interest Payable	208,568,878	176,020,513
- Accrued Expenses	63,085,571	34,419,303
- Accounts Payable	916,240,507	489,355,989
- Due to Associated & Subsidiaries Companies	-	13,323,760
- Other Liabilities	41,385,402	46,559,386
Total Credit Balances And Other Liabilities	<u>1,229,280,358</u>	<u>759,678,951</u>

21 Long Term Loans

	<u>Rate</u> <u>%</u>	<u>Maturity date</u>	<u>Due through</u> <u>next year</u> <u>EGP</u>	<u>Balance as of</u> <u>Dec-08</u> <u>EGP</u>	<u>Balance as of</u> <u>Dec-07</u> <u>EGP</u>
- F.I.S.C.	7	3-5 years	12,000,000	30,439,600	40,565,200
- K.F.W	9-10.5	10 YEARS	6,935,659	16,010,946	15,195,955
- UNIDO	1	2011	517,480	847,580	8,038,908
- Ministry of Agriculture (F.S.D.P)	3.5 - 5.5 depends on maturity date	3-5 years	41,884,205	58,804,557	92,594,906
- Ministry of Agriculture (V.S.P)	3.5 - 5.5 depends on maturity date	3-5 years	65,000	125,000	10,000
- Social Fund	3 months T/D or 9% which more	2010	1,560,000	3,046,250	4,951,250
Total			<u>62,962,344</u>	<u>109,273,933</u>	<u>161,356,219</u>

- 22 Other ProvisionsDec. 31, 2008
EGP

	<u>Opening Balance</u>	<u>Formed During the year</u>	<u>FCY Balance Reval. Difference</u>	<u>Usage During the year</u>	<u>No Longer Required Balance</u>	<u>Closing Balance</u>
- Provision for Income Tax Claims	229,198,246	7,017,276	1,583	(10,264,010)	(70,000,000)	155,953,095
- Provision for Legal Claims	1,123,118	487,075	(1,194)	(337,886)	-	1,271,113
- Provision for Contingent	167,036,000	38,760,000	517,939	-	-	206,313,939
Provision for Other Claim	492,272	10,213,953	-	(1,324,265)	(638,511)	8,723,449
- Provision of end of service bonus	74,903	339,610	-	(30,873)	-	383,640
Total Other Provisions	397,924,539	56,817,914	518,328	(11,957,034)	(70,658,511)	372,645,236

Dec. 31, 2007
EGP

	<u>Opening Balance</u>	<u>Formed During the Year</u>	<u>FCY Balance Reval. Difference</u>	<u>Usage During the Year</u>	<u>No Longer Required Balance</u>	<u>Closing Balance</u>
- Provision for Income Tax Claims	229,198,246	-	-	-	-	229,198,246
- Provision for Legal Claims	1,126,794	-	(3,676)	-	-	1,123,118
- Provision for Contingent	111,524,889	57,412,416	(,901,305)	-	-	167,036,000
- Provision for General risk	492,272	-	-	-	-	492,272
- Provision of end of service bonus	-	74,903	-	-	-	74,903
Total Other Provisions	342,342,201	57,487,319	(1,904,981)	-	-	397,924,539

- 23 **Shareholders Equity**

(a) **Capital**

- The Authorized Capital Reached EGP 5000 Million According To The Extraordinary General Assembly Decision On 19,Mar,2006

- Issued And Paid In Capital Reached EGP 2925 Million To Be Divided On 292.5 Million Shares With EGP 10 Par Value For Each Share On 31/07/2008 According To Board Of Directors Decision On 21/02/2008 By Using 975 Million From General Reserve .

- The Extraordinary General Assembly Approved In The Meeting Of June,26,2006 To Activate A Motivating And Rewarding Program For The Bank's Employees & Managers Through Employee Share Ownership Plans (Esops) By Issuing A Maximum Of 5% Of Issued And Paid-In Capital At Par Value ,Through 5 Years Starting 31,Dec 2006 And Delegated The Board Of Directors To Establish The Rewarding Terms & Conditions And Increase The Paid In Capital According To The Program.

(b) **Reserves**

- According To The Bank Statues 5% Of Net Profit Is To Increase Legal Reserve Until Reaches 50% Of The Bank's Issued And Paid In Capital
- Concurrence Of Central Bank Of Egypt For Usage Of Special Reserve Is Required .
- According To CBE Regulations, A Reserve And Retained earnings Accounts Has Been Formed For Difference Revaluation For Financial Investment (Available For Sale) For Prior Years

- 24 **Contingent Liabilities & Commitments**

	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2007</u>
	EGP	EGP
- Letters of Guarantee	10,852,854,384	8,710,786,948
- Letters of Credit (Import & Export)	1,933,869,400	2,233,007,892
- Customers Acceptances	504,220,921	616,046,795
Total	13,290,944,705	11,559,841,635

25 Net Interest Income	Dec. 31, 2008	Dec. 31, 2007
<u>Interest Received from Loans and similar items.</u>	<u>EGP</u>	<u>EGP</u>
<u>Loans & Facilities</u>		
Banks	5,549,512	3,925,710
Clients	2,003,772,928	1,712,418,676
Total	2,009,322,440	1,716,344,386
Treasury Bills & Bonds	623,807,366	327,029,198
Deposits & Current Account	1,024,064,455	740,531,515
Financial Investment In Debt Instruments Held to Maturity & Available for Sale	49,785,679	77,368,908
Other	58,227,573	136,792,638
Total	3,765,207,513	2,998,066,645
<u>Interest Paid on deposits and similar items</u>		
<u>Deposits & Current Account:-</u>		
Banks	97,515,593	69,203,483
Clients	1,789,342,467	1,507,717,820
Total	1,886,858,060	1,576,921,303
Other Loans	6,245,478	3,579,534
Other	73,443,883	217,342,046
Total	1,966,547,421	1,797,842,883
Net	1,798,660,092	1,200,223,762
26 Trading Net Profit	Dec. 31, 2008	Dec. 31, 2007
	<u>EGP</u>	<u>EGP</u>
<u>Foreign exchange operations:-</u>		
- Profit (Losses)From Foreign exchange	277,942,194	153,821,842
- Profits (Losses) from Revaluing Trading Assets & Liabilities in Foreign Currencies	(761,507)	(5,101,086)
- Profit (Losses)From Forward Foreign exchange Deals Revaluation	(1,555,899)	(689,232)
- Profit (Losses)From Interest rate Swap Revaluation	23,259,000	23,386,836
- Profit (Losses)From Currency Swap Deals Revaluation	26,932,691	41,353,081
Debt Instruments For Trading	53,231,649	46,663,091
Equity Instruments For Trading	(33,680,387)	17,287,245
Total	345,367,741	276,721,777

- 27 **Comparative Figures**

As a Result of Changing The Accounting Standards Concerning The Financial Investments, The Bank Has restated the Comparative Figures (as mentioned in note 2 A) For Some Items In Balance Sheet and Income Statement as Hereunder:-

	<u>Balance Before Restatement</u>	<u>Balance After Restatement</u>
	<u>EGP</u>	<u>EGP</u>
Financial Investment Available For Sale	2,382,992,007	2,353,862,934
Financial Derivatives		
Debit Balances	-	75,307,833
Credit Balances	-	63,166,763
Special Reserves	162,709,903	213,609,315
Fair Value Reserve (Available For Sale Financial Investment)	4,870,506	60,903,531
Retained Earnings		41,349,498
Net Trading Income	212,982,610	276,721,777
Profits (losses) Financial Investments	276,290,900	226,736,631
Income Tax	(167,662,101)	(194,218,288)

The Comparative Figures Are Amended as well To Confirm With The General Assembly Held on 17th Of March, 2008 Decisions. For Ratifying The Appropriation Account Of Year 2007.

Comparative figures in the bank's Consolidated Financial Statements are Consisting of the Financial Statements of Commercial International Bank and 50.09 % of Consolidated Financial Statements CI Capital Holding Company using Proportionate Consolidation therefore the comparative figures can not be directly compared to figures for current year

28 **Deferred Tax Assets and Liabilities**

<u>Recognized Deferred Tax Assets (Liabilities)</u>	<u>Assets (liabilities)</u>	<u>Assets (liabilities)</u>
Deferred Tax Assets And Liabilities Are Attributable To The Following:	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2007</u>
<u>Deferred Tax</u>	<u>EGP</u>	<u>EGP</u>
- Fixed Assets (Depreciation)	(28,505,471)	(23,074,328)
- Other Provisions(Excluded Loan Loss & Contingent Liabilities And Income Tax Provisions)	1,998,913	48,952,228
- Other Items(Other Investments Revaluation Difference)	28,533,744	20,190,375
- Reserve For Employee Stock Ownership Plan (ESOP)	17,345,581	5,831,917
Total Deferred Tax Assets(Liabilities)	19,372,767	51,900,192

29 Reconciliation of effective tax rate

	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2007</u>
- Profit Before Tax	1,616,419,056	1,471,692,072
- Tax Rate	20%	20%
Income Tax based on accounting profit	<u>323,283,811</u>	<u>294,338,414</u>
Add / (Deduct)		
- Non-Deductible Expenses	67,996,440	7,578,086
- Tax Exemptions	(136,173,947)	(146,125,178)
- Effect Of Provisions	(4,102,447)	26,967,598
Income Tax	<u>251,003,857</u>	<u>182,758,920</u>
Effective Tax Rate	<u>15.53%</u>	<u>12.42%</u>

30 Earning Per Share

	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
- Net Profit For The year	1,370,592,742	1,286,186,846
- Board Member's Bonus	(20,558,891)	(19,292,803)
- Staff Profit Sharing	(137,059,274)	(128,618,685)
- Shareholders' Share In Profits	1,212,974,577	1,138,275,358
- Number Of Shares	<u>292,500,000</u>	<u>292,500,000</u>
- Earning Per Share	4.15	3.89
* By Issuance Of ESOP Shares Earning Per Share Will Be:		
- Number Of Shares Including ESOP Shares	<u>295,478,665</u>	<u>294,409,350</u>
Diluted Earning Per Share	4.11	3.87

31 Share-Based Payments:

According to the extraordinary general assembly meeting on June 26, 2006, the bank activated a new employees share ownership plan (ESOP) scheme and issued equity-settled share-based payments. Such employees should complete a term of 3 years of service in the bank to have the right in ordinary shares at face value(right to share) that will be issued on the vesting date, otherwise such grants will be forfeited. Equity-settled share-based payments are measured at fair value at the grant date, and expensed on a straight-line basis over the vesting year (3 years) with corresponding increase in equity based on estimated number of shares that will eventually vest. The fair value for such equity instruments is measured by use of Black-Scholes pricing model.

Details Of The Rights To Share Outstanding During The year Are As Follows:

	Number of Shares
Outstanding At The Beginning Of The year	1,909,350
Granted During The year	1,276,665
Forfeited During The year	(207,350)
Exercised During The year	-
Expired During The year	-
Outstanding At The End Of The year	2,978,665
- The Estimated Fair Value Of The Equity Instrument Granted To The First Tranch Is EGP 45.82 .	
- The Estimated Fair Value Of The Equity Instrument Granted To The Second Tranch Is EGP 81.18 .	

- 32 Assets & Liabilities Maturities

<u>Assets</u>	<u>Maturity Within one year</u>	<u>Maturity Over One Year</u>
- Cash And Due From Central Bank	6,493,360,095	-
- Due From Banks	4,551,845,285	-
- Treasury Bills And Other Governmental Notes	13,069,722,571	-
- Trading Investments	641,627,430	-
- Available For Sale Investments	2,774,965,250	-
- Customers' Loans & Overdrafts	14,721,451,328	12,791,985,417
- Banks' Loans & Overdrafts	79,687	344,419,123
- Held To Maturity Investments	20,051,249	661,212,025
- Investments In Associated Companies	-	92,923,215
- Debit Balances And Other Assets	972,855,164	-
	<u>43,245,958,059</u>	<u>13,890,539,780</u>
<u>Liabilities</u>		
- Due to Banks	228,994,222	-
- Customer Deposits	41,376,121,147	7,413,908,662
- Long Term Loans	62,962,344	46,311,589
- Credit Balances and Other Liabilities	1,229,280,358	-
	<u>42,897,358,071</u>	<u>7,460,220,252</u>

- 33 Interest Rate

- The Average Interest Rates Applied for Assets and Liabilities During The Year Are 7.21 % & 3.65 % Respectively .

- 34 Tax Status

(A) Commercial International Bank

- The Bank's Corporate Income Tax Position Has Been Examined And Settled With The Tax Authority From The Start Up Of Operations Up To The End Of Year 1984.
- Corporate Income Tax For The Years From 1985 Up To 2000 Were Paid According To The Tax Appeal Committee Decision And The Disputes Are Under Discussion In The Court Of Law .
- The Bank's Corporate Income Tax Position Has Been Examined And Settled With The Tax Authority From 2001 Up To 2004 .
- Corporate Income Tax For The Years 2005-2006 Will Be Examined From The Tax Authority
- The Bank Pays Salary Tax According To Concerning Domestic Regulations And Laws, And The Disputes Are Under Discussion In The Court Of Law .
- The Bank Pay Stamp Duty Tax According To Concerning Domestic Regulations And Laws, And The Disputes Are Under Discussion In The Court Of Law .

B) CI Capital Holding Co.

- CI Capital Holding company was established on April 9,2005 according to the law # 95 for year 1992 & its regulations and as for taxation law the company goes under law # 91 for year 2005 & its regulations.
- The company did not receive any tax claim concerning income tax , salaries , and stamp duty .

- 35 Distribution of Assets, Liabilities and Contingent AccountsAssets

	<u>Local Currency</u>	<u>Foreign Currency</u>
1- Due From Banks	<u>642,370,245</u>	<u>3,909,475,039</u>
2- Loans & Overdrafts		%
Agriculture Sector	62,198,759	.2
Industrial Sector	10,499,496,255	37.5
Trading Sector	1,375,973,774	4.9
Services Sector	11,392,863,009	40.7
Household Sector	2,277,076,866	8.1
Other Sectors	2,400,336,389	8.6
Total Loans & Overdrafts (Including unearned interest)	<u><u>28,007,945,052</u></u>	<u><u>100</u></u>
Unearned Discounted Bills	(119,310,349)	
Provision for Doubtful Debts	(1,408,297,328)	5.0
Unearned Interest & Commission	(150,009,498)	
Net Loans & Overdrafts	<u><u>26,330,327,877</u></u>	

Liabilities

	<u>Local Currency</u>	<u>Foreign Currency</u>
1- Due to Banks	<u>36,118,171</u>	<u>192,876,051</u>
2- Customers' Deposits		%
Agriculture Sector	95,133,156	.2
Industrial Sector	5,762,542,659	11.8
Trading Sector	1,955,118,330	4.
Services Sector	11,121,318,409	22.9
Household Sector	24,711,197,433	50.6
Other Sector	5,144,719,822	10.5
Total Customers' Deposits	<u><u>48,790,029,809</u></u>	<u><u>100</u></u>

Contingent Accounts

	<u>Local Currency</u>	<u>Foreign Currency</u>
- Letters Of Guarantee	3,933,462,215	6,919,392,169
- Letter Of Credit (Import & Export)	12,639,451	1,921,229,949
- Customers Acceptances	64,388,766	439,832,155
Total	<u><u>4,010,490,432</u></u>	<u><u>9,280,454,273</u></u>

- 36 **Main Currencies Positions**

	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2007</u>
	<u>in thousand EGP</u>	<u>in thousand EGP</u>
- Egyptian Pound	(6,756)	(13,959)
- US Dollar	4,714	(56,955)
- Sterling Pound	(3,303)	(389)
- Japanese Yen	(333)	(377)
- Swiss Franc	1,024	821
- Euro	15,811	14,449

- 37 **Mutual Funds****(1) Osoul Fund**

- The Bank Established An Accumulated Return Mutual Fund Under License No.331 Issued From Capital Market Authority On 22/02/2005. CI Assets Management Co.- Joint Stock Co - Manages The Fund.
- The Number Of Certificates Reached 30,647,805 With Redeemed Value LE 4,194,458,592.
- The Market Value Per Certificate Reached EGP 136.86 On 31/12/2008.
- The Bank Portion Got 2,321,802 Certificates With Redeemed Value EGP 317,761,822 .

(2) Istethmar Fund

- CIB Bank Established The Second Accumulated Return Mutual Fund Under License No.344 Issued From Capital Market Authority On 26/02/2006. CI Assets Management Co.- Joint Stock Co - Manages The Fund.
- The Number Of Certificates Reached 3,481,368 With Redeemed Value LE 227,368,144.
- The Market Value Per Certificate Reached EGP 65.31 On 31/12/2008.
- The Bank Portion Got 174,072 Certificates With Redeemed Value EGP 11,368,642.

(3) Aman Fund (CIB & Faisal Islamic Bank Mutual Fund)

- The Bank & Faisal Islamic Bank Established An Accumulated Return Mutual Fund Under License No.365 Issued From Capital Market Authority On 30/07/2006. CI Assets Management Co.- Joint Stock Co - Manages The Fund.
- The Number Of Certificates Reached 1,227,413 With Redeemed Value LE 68,501,920.
- The Market Value Per Certificate Reached EGP 55.81 On 31/12/2008.
- The Bank Portion Got 30,686 Certificates With Redeemed Value EGP 1,712,586.

- 38 **Transactions With Related Parties**

All Banking Transactions With Related Parties Are Conducted In Accordance With The Normal Banking Practices And Regulation Applied To All Other Customers Without Any Discrimination.

	<u>EGP</u>	
Loans & Overdrafts	319,307,234	
Investment in Subsidiary Companies	192,258,365	
Customer Deposits	141,667,446	
Contingent Accounts	47,864,230	
<u>Income And Expenses With Related Parties Are Represented As Follows:</u>	<u>Income (EGP)</u>	<u>Expences (EGP)</u>
- International Co. for Security & Services	1,001,416	36,639,026
- Egypt Factors	82,463	140,860
- Corplease Co.	48,104,095	575,188
- Commercial International Life Insurance Co.	7,265,684	1,812,838

39- Acquisition Cost

In July 9,2008 The bank acquired 49.89% as an extra portion in CI Capital Co. to be 99.89% and the Provisional-Consolidation process has been finished at the end of year 2008 and the consolidation-process has a result of goodwill in amount of EGP 384,221251 in the acquisition date.

As a result of current financial turmoil in the international and local markets, a sharp decline in market - indicators has been witnessed from October 2008, so the bank has prepared a study to determine the impairment value in the Goodwill which showed a decline with amount of EGP 183,698,000 which has been-carried with income statement at the end of the year

Intangible Assets which has been acquired at the acquisition date are determined as follows:-

	<u>EGP</u>
1- Brand	336,790,272
2- Licenses	20,000,000
3- contracts	119,694,389
4- customer relationships	198,187,745
Total	<u><u>674,672,406</u></u>
Amortization from July 2008	<u><u>(33,733,620)</u></u>
Net Intangible Assets	<u><u>640,938,786</u></u>

Economic Benefits for the intangible assets are determined to amortized in 10 years unless there is an indicator for the declining and to be carried with income statement.