



## Hazem Hassan

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### Report on Review of consolidated Interim Financial Statements

To: The Board of directors of Commercial International Bank (Egypt) S.A.E

#### *Introduction*

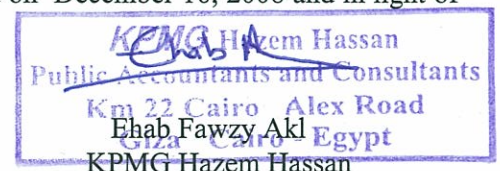
We have performed a review for the accompanying consolidated balance sheet of Commercial International Bank (Egypt) S.A.E as of 30 June 2009 and the related consolidated statements of income, cash flows and changes in equity for the financial period from January 1st, 2009 up to June 30th, 2009, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated interim 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 it's amendments, including amendments that relates to financial investments issued on December 16, 2008 and in light of the prevailing Egyptian laws. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

#### *Scope of Review*

We conducted our review in accordance with Egyptian Standard on Review Engagements 2410, "Review of consolidated Interim Financial Statements Performed by the Independent Auditor of the Bank." A review of consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the Bank, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these consolidated interim financial statements.

#### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of the Bank as at 30 June 2009, and of its financial performance and its cash flows for the financial period then ended in accordance with central bank of Egypt's rules, pertaining to the preparation and presentation & the financial statements, issued on June 27, 2002 and it's amendments, including amendments that relates to financial investments issued on December 16, 2008 and in light of the prevailing Egyptian laws.



Public accountants & consultants

Cairo, 12 August 2009

S.A.E

**Consolidated Balance Sheet In**

**Jun. 30, 2009**

	Note No.	Jun. 30, 2009 EGP	Dec. 31, 2008 EGP
<b>Assets:-</b>			
- Cash and Due From Central Bank	(5)	4,115,405,443	4,473,013,600
- Due From Banks	(6)	7,943,572,892	6,572,191,780
- Treasury Bills and other Governmental Notes	(7)	11,172,934,588	12,456,955,210
- Trading Financial Assets	(8)	1,045,775,899	641,627,430
- Loans and Overdrafts	(11) & (12)	27,161,846,172	26,330,327,878
- Financial Derivatives	(13)	430,722,763	704,890,792
<b>Financial Investments:-</b>			
- Available for Sale	(9)	7,586,765,723	2,774,965,250
- Held to Maturity	(9)	638,693,110	681,263,274
- Financial Investments in Associated Co.	(14)	93,084,480	92,923,215
- Brokers - Debit Balances		335,162,309	151,604,732
- Reconciliation Accounts- Debit Balances		4,766,261	-
- Debit Balances and Other Assets	(16)	786,286,044	972,855,164
- Goodwill	(39)	200,467,227	200,523,251
- Intangible Assets	(39)	607,205,166	640,938,786
- Deferred Tax	(28)	28,465,904	19,372,767
- Fixed Assets (Net)	(17)	805,149,662	748,340,702
<b>Total Assets</b>		<b>62,956,303,642</b>	<b>57,461,793,831</b>
<b>Liabilities and Shareholder's Equity:-</b>			
<b>Liabilities:-</b>			
- Due to Banks	(18)	3,573,891,247	228,994,222
- Customers Deposits	(19)	50,798,329,417	48,790,029,809
- Brokers- Credit Balances		530,209,824	200,921,933
- Reconciliation Accounts - Credit Balances		-	27,897,554
- Financial Derivatives	(13)	308,473,371	636,914,744
- Credit Balances and Other Liabilities	(20)	894,278,928	1,270,466,914
- Long Term Loans	(21)	108,168,665	109,273,933
- Other Provisions	(22)	381,216,873	372,645,236
<b>Total Liabilities</b>		<b>56,594,568,324</b>	<b>51,637,144,345</b>
<b>Shareholders' Equity:-</b>			
- Paid in Capital	(23)	2,925,000,000	2,925,000,000
- Reserves	(23)	2,509,919,622	1,308,202,274
- Reserve for employee stock ownership plan (ESOP)		126,996,263	86,727,903
- Retained Earning		(161,409,420)	85,498,087
<b>Total Shareholders' Equity</b>		<b>5,400,506,465</b>	<b>4,405,428,264</b>
- Net Profit of the Period / Year		907,650,995	1,370,592,741
<b>Total Shareholders' Equity and Net Profit</b>		<b>6,308,157,461</b>	<b>5,776,021,006</b>
- Minority Interest		53,577,858	48,628,480
<b>Total Shareholders' Equity and Minority Interest</b>		<b>6,361,735,318</b>	<b>5,824,649,486</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>62,956,303,642</b>	<b>57,461,793,831</b>
<b>Contingent Liabilities and Commitments</b>			
letters of Credit, Guarantees and Other Commitments	(24)	12,991,858,320	13,290,994,705

- The Accompanying Notes are an Integral part of the Financial Statements and are to be Read Therewith (Review Report attached)

  
Hisham Ezz El-Arab  
Chairman  
& Managing Director



S.A.E  
**Consolidated Income Statement For The Period Ended**  
**Jun. 30, 2009**

	Note No.	<u>Last 3 Months</u>	<u>Last 6 Months</u>	<u>Last 3 Months</u>	<u>Last 6 Months</u>
		<u>Jun. 30, 2009</u>	<u>Jun. 30, 2009</u>	<u>Jun. 30, 2008</u>	<u>Jun. 30, 2008</u>
		<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
				<u>(Restated)</u>	<u>(Restated)</u>
- Interest and similar income	(25)	992,762,147	2,016,226,741	841,096,891	1,686,154,496
- Interest and similar Expenses	(25)	(528,988,300)	(1,060,327,871)	(473,646,937)	(932,802,382)
<b><u>Net Interest Income</u></b>		<b><u>463,773,847</u></b>	<b><u>955,898,870</u></b>	<b><u>367,449,954</u></b>	<b><u>753,352,114</u></b>
- Fess & Commissions Income		205,897,810	373,741,198	205,824,193	437,792,014
- Fess & Commissions Expense		(13,642,299)	(29,671,889)	(12,664,732)	(23,332,096)
<b><u>Net Income From Fess &amp; Commissions</u></b>		<b><u>192,255,511</u></b>	<b><u>344,069,309</u></b>	<b><u>193,159,461</u></b>	<b><u>414,459,918</u></b>
- Dividends Income		25,870,327	125,577,732	68,102,986	125,171,095
- Net Trading Income	(26)	149,669,778	326,783,996	102,520,273	231,639,887
- Provisions	(12) & (22)	(19,234,129)	(62,132,940)	(1,000,000)	(164,354,750)
- Profit from Financial Investments	(9)	33,802,309	31,347,447	79,133,533	95,242,542
- Administrative Expenses		(310,177,806)	(591,445,312)	(245,194,784)	(449,659,348)
- Other Operating Income	(10)	16,861,898	(11,460,526)	37,970,781	132,547,812
- Intangible Assets Amortization		(16,866,810)	(33,733,620)	-	-
<b><u>Net Profit Before Tax</u></b>		<b><u>535,954,924</u></b>	<b><u>1,084,904,956</u></b>	<b><u>602,142,204</u></b>	<b><u>1,138,399,270</u></b>
- Income Tax	(29)	(99,839,686)	(181,946,337)	(78,747,293)	(113,664,462)
- Deferred Tax	(28)	2,909,731	7,493,138	3,929,406	(32,293,709)
<b><u>Net Profit After Tax</u></b>		<b><u>439,024,969</u></b>	<b><u>910,451,757</u></b>	<b><u>527,324,317</u></b>	<b><u>992,441,099</u></b>
Minority Interest		2,476,398.00	2,800,761	1,090,759.00	1,853,919.00
Bank Shareholders		<b><u>436,548,571</u></b>	<b><u>907,650,995</u></b>	<b><u>526,233,558</u></b>	<b><u>990,587,180</u></b>
<b><u>Earning Per Share</u></b>					
Basic	(30)	1.33	2.75	1.60	3.00
Diluted	(30)	1.30	2.69	1.58	2.97

  
**Hisham Ezz El-Arab**  
**Chairman**  
**& Managing Director**

S.A.E  
Consolidated Cash Flow For The Period Ended  
Jun. 30, 2009

	<u>Jun. 30, 2009</u>	<u>Jun. 30, 2008</u>
	<u>EGP</u>	<u>EGP</u>
<u>Cash Flow From Operating Activities:-</u>		<u>(Restated)</u>
- Net Income Before Tax	1,084,904,956	1,138,399,270
<u>Adjustments To Reconcile Net Income To Net Cash Provided By Operating Activities</u>		
- Depreciation	96,498,846	66,306,354
- Provisions (Formed During The Period)	62,132,940	164,755,386
- Trading Financial Investments Evaluation Differences	(20,074,180)	13,738,256
- Intangible Assets Amortization	(33,733,620)	-
- Impairment Of Assets	(1,163,011)	6,596,846
- Utilization Of Provisions (Except Provision For Doubtful Debts)	(5,718,752)	(10,853,463)
- Provisions No Longer Used	(3,499,887.00)	(95,081,179)
- FCY Revaluation Differences Of Provisions Balances (Except Doubtful Debts)	1,916,734	(1,783,606)
- Losses From Selling Fixed Assets	15,393,221	(5,034,478)
- Losses From Selling Financial Investments	(45,535,354)	(61,306,526)
- Losses From Selling An Investment In Subsidiary	-	(50,258,991)
- FCY Revaluation Diff.Of Long Term Loans	308,628	729,177
- Share Based Payments	40,268,360	28,850,246
	<b>1,191,698,880</b>	<b>1,195,057,292</b>
<u>Operating Profits Before Changes In Operating Assets And Liabilities</u>		
- <u>Net Decrease (Increase ) In Assets</u>		
- Due From Banks	(1,910,739,235)	(1,026,514,914)
- Treasury Bills And Other Governmental Notes	2,216,468,549	58,728,206
- Trading Financial Assets	(384,074,288)	(188,063,799)
- Financial Derivatives (Net)	(54,273,344)	(28,138,148)
- Loans And Overdrafts	(873,938,640)	(3,902,357,346)
- <u>Net Increase (Decrease) In Liabilities</u>		
- Debit Balances And Other Assets	(60,705,804)	(701,928,013)
- Due To Banks	3,344,897,025	1,774,275,304
- Customers Deposits	2,008,299,608	6,141,703,428
- Credit Balances And Other Liabilities	(191,072,801)	56,127,696
	<b>5,286,559,950</b>	<b>3,378,889,706</b>
<u>Net Cash Provided From Operating Activities</u>	<b>5,286,559,950</b>	<b>3,378,889,706</b>

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**Consolidated Cash Flow For The Period Ended**  
**Jun. 30, 2009**

	<u>Jun. 30, 2009</u>	<u>Jun. 30, 2008</u>
	<u>EGP</u>	<u>EGP</u> (Restated)
<b><u>Cash Flow From Investing Activities:-</u></b>		
- Sale Of Subsidiaries And Associated Companies	64,692,178	18,126,009
- Purchase Of Fixed Assets , Premises And Fitting- Out Of Branches	(113,588,087)	(92,465,985)
- Redemption Of Held To Maturity Financial Investments	48,739,592	157,040,360
- Held To Maturity Financial Investment Purchases	(6,169,428)	-
- Available For Sale Financial Investment	(4,765,102,108)	(1,133,613,027)
- Financial Investments in Subsidiary (Goodwill)	-	10,398,721
<b><u>Net Cash (Used In) Provided From Investing Activities</u></b>	<b><u>(4,771,427,853)</u></b>	<b><u>(1,040,513,922)</u></b>
<b><u>Cash Flow From Financing Activities:-</u></b>		
- Increase In Long - Term Loans	(1,413,896)	(36,184,758)
- Dividends Paid	(478,236,553)	(391,656,089)
<b><u>Net Cash (Used In) Financing Activities</u></b>	<b><u>(479,650,449)</u></b>	<b><u>(427,840,847)</u></b>
- Net Cash And Cash Equivalent Changes	35,481,648	1,910,534,937
- Beginning Balance Of Cash And Cash Equivalent	8,778,740,569	6,879,374,080
<b><u>Cash And Cash Equivalent Balance At The End Of The Period</u></b>	<b><u>8,814,222,217</u></b>	<b><u>8,789,909,017</u></b>
<b><u>Cash And Cash Equivalent Are Represented As Follows:-</u></b>		
- Cash And Due From Central Bank	4,115,405,443	7,220,447,781
- Due From Banks	7,943,572,892	14,669,061,278
- Treasury Bills And Other Governmental Notes	11,172,934,588	2,776,871,582
- Due From Banks (Time Deposits)	(7,639,736,507)	(14,291,682,376)
- Treasury Bills With Maturity More Than Three Months	(6,777,954,199)	(1,584,789,248)
<b><u>Total Cash And Cash Equivalent</u></b>	<b><u>8,814,222,217</u></b>	<b><u>8,789,909,017</u></b>

S.A.E  
Consolidated Statement of Changes in Shareholders' Equity as of  
Jun. 30, 2009

	Intangible Assets			Value For Bank Share	Retained Earning*	Special Reserve	Reserve For A.F.S Investments *	Profits Of The Year	Reserve For Employee Stock Ownership	Total Shareholders	Minority Interest	Total
	Capital	Legal Reserve	General Reserve									
	EGP	EGP	EGP									
<b>2008</b>				Before Acquisition	EGP	EGP	EGP	EGP	Plan (ESOP)	EGP	EGP	EGP
- Balance At Beginning Of The Year	1,950,000,000	371,230,872	548,482,934	-	41,349,498	185,993,785	60,903,531	1,285,775,354	29,159,584	4,472,895,588	5,263,160	4,478,188,718
- Derivatives Revaluations Settlement *	-	-	-	-	(13,571,026)	-	-	-	-	(13,571,026)	-	(13,571,026)
- Capital Increase *	975,000,000	-	(975,000,000)	-	-	-	-	-	-	-	-	-
- Transfer To Reserves	-	61,620,639	834,064,668	-	-	-	-	(895,685,307)	-	-	-	-
- Dividends Paid	-	-	-	-	(5,997,898)	-	-	(336,709,547)	-	(342,707,445)	(3,338,247)	(346,045,692)
- Net Profits Of The Year	-	-	-	-	-	-	-	1,370,592,742	-	1,370,592,742	(5,177,543)	1,365,415,199
- Usage Part Of Reserve	-	-	-	-	-	-	(81,888,576)	-	-	(81,888,576)	-	(81,888,576)
- Change During the Period	-	-	-	-	-	-	-	-	-	-	-	-
- Transferred To Retained Earnings	-	-	-	-	53,380,500	-	-	(53,380,500)	-	-	-	-
- Reserve For Employees Stock Ownership Plan (ESOP)**	-	-	-	-	-	-	-	-	57,568,319	57,568,319	-	57,568,319
- Adjustments On Income Tax	-	-	-	-	(461,324)	-	-	-	-	(461,324)	-	(461,324)
- Minority Share From Retained Earnings	-	-	-	-	(4,927,294)	-	-	-	-	(4,927,294)	4,927,294	-
- Majority Share In Intangible Assets	-	-	-	302,794,421	15,725,631	-	-	-	-	318,520,052	46,953,816	365,473,868
<b>Balance At The End Of The Year</b>	<b>2,925,000,000</b>	<b>432,851,511</b>	<b>407,547,602</b>	<b>302,794,421</b>	<b>85,498,087</b>	<b>185,993,785</b>	<b>(20,985,045)</b>	<b>1,370,592,741</b>	<b>86,727,903</b>	<b>5,776,021,006</b>	<b>48,628,480</b>	<b>5,824,649,486</b>
<b>2009</b>												
- Balance At Beginning Of The Period	2,925,000,000	432,851,511	407,547,602	302,794,421	85,498,087	185,993,785	(20,985,045)	1,370,592,741	86,727,903	5,776,021,006	48,628,480	5,824,649,486
- Transfer To Reserves	-	80,755,023	1,056,108,882	-	-	-	-	(1,136,863,905)	-	-	-	-
- Transfer To Retained Earning	-	-	-	-	(244,507,717)	-	-	244,507,717	-	-	-	-
- Dividends Paid	-	-	-	-	-	-	-	(478,236,553)	-	(478,236,553)	-	(478,236,553)
- Net Profits Of The Period	-	-	-	-	-	-	-	907,650,995	-	907,650,995	2,800,761	910,451,757
- Change During the Period	-	-	-	-	(2,399,790)	-	-	-	-	(2,399,790)	2,148,616	(251,174)
- Addition from Financial Investment Revaluation	-	-	-	-	-	-	64,853,443	-	-	64,853,443	-	64,853,443
- Reserve For Employees Stock Ownership Plan (ESOP)**	-	-	-	-	-	-	-	-	40,268,360	40,268,360	-	40,268,360
<b>Balance At The End Of The Period</b>	<b>2,925,000,000</b>	<b>513,606,534</b>	<b>1,463,656,484</b>	<b>302,794,421</b>	<b>(161,409,420)</b>	<b>185,993,785</b>	<b>43,868,398</b>	<b>907,650,996</b>	<b>126,996,263</b>	<b>6,308,157,461</b>	<b>53,577,858</b>	<b>6,361,735,318</b>

\* Note No. (23)

\*\* Note No. (31)

**The Commercial International Bank (Egypt) S.A.E.**  
**Notes to the Consolidated Financial Statements**  
**For the Financial Period**  
**From January 1, 2009 to June 30, 2009**

(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 & seven 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 9<sup>th</sup>, 2005 under the capital market law no. 95 for 1992 and its executive regulations. Financial register no. 166798 on April 10<sup>th</sup>, 2005 and the company have been licensed by the capital market authority to carry out its activities under license no. 353 on May 24<sup>th</sup>, 2006.

As of June 30, 2009 the bank directly owns 54,988,000 shares representing 99.98% of CI Capital Holding Company's capital and on June 30, 2009 CI Capital Holding Co. directly owns the following shares in its subsidiaries:

<b><u>Company Name</u></b>	<b><u>No. of Shares</u></b>	<b><u>Ownership%</u></b>	<b><u>Indirectly Share%</u></b>
▪ 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 27<sup>th</sup> 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.

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 contact 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 hold 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 6<sup>th</sup> 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 & 32) 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.

**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.

<b>(5) <u>Cash And Due From Central Bank</u></b>	<b><u>Jun.30, 2009</u></b>	<b><u>Dec.31, 2008</u></b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
- Cash & Cash Items	1,121,209,373	1,085,954,242
<b>Reserve Balance With CBE</b>		
- Current Accounts	2,994,196,070	3,387,059,358
<b><u>Total Cash &amp; Due From Central Bank</u></b>	<b><u>4,115,405,443</u></b>	<b><u>4,473,013,600</u></b>
<b>(6) <u>Due From Banks</u></b>	<b><u>Jun.30, 2009</u></b>	<b><u>Dec.31, 2008</u></b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
<b>(A) <u>Central Bank:-</u></b>		
- Time Deposits	2,276,345,422	2,421,103,945
<b><u>Total Due From Central Bank</u></b>	<b><u>2,276,345,422</u></b>	<b><u>2,421,103,945</u></b>
<b>(B) <u>Local Banks:-</u></b>		
- Current Accounts	148,991,089	214,459,971
- Time Deposits	505,853,062	321,186,900
<b><u>Total Due From Local Banks</u></b>	<b><u>654,844,151</u></b>	<b><u>535,646,871</u></b>
<b>(C) <u>Foreign Banks:-</u></b>		
- Current Accounts	154,845,296	628,734,537
- Time Deposits	4,857,538,023	2,986,706,427
<b><u>Total Due From Foreign Banks</u></b>	<b><u>5,012,383,319</u></b>	<b><u>3,615,440,964</u></b>
<b><u>Total Due From Banks</u></b>	<b><u>7,943,572,892</u></b>	<b><u>6,572,191,780</u></b>
<b>(7) <u>Treasury Bills And Other Governmental Notes</u></b>	<b><u>Jun.30, 2009</u></b>	<b><u>Dec.31, 2008</u></b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
- 91 Days Maturity	4,463,492,254	3,515,475,000
- 182 Days Maturity	3,421,450,000	1,951,800,000
- 364 Days Maturity	1,850,275,000	5,635,625,000
	<b>9,735,217,254</b>	<b>11,102,900,000</b>
- Unearned Income	(340,958,690)	(612,767,361)
<b><u>Total Treasury Bills</u></b>	<b><u>9,394,258,564</u></b>	<b><u>10,490,132,639</u></b>
- Reverse Repose	1,775,121,079	1,966,822,571
- Abroad Treasury Bills	3,554,945	-
<b><u>Total Treasury Bills And Other Governmental Notes</u></b>	<b><u>11,172,934,588</u></b>	<b><u>12,456,955,210</u></b>
<b>(8) <u>Financial Assets For Trading</u></b>	<b><u>Jun.30, 2009</u></b>	<b><u>Dec.31, 2008</u></b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
<b>- <u>Debt Instruments:-</u></b>		
- Government Bonds	451,174,985	101,369,914
- Other Debt Instruments	307,481,415	188,849,738
<b><u>Total Debt Instruments</u></b>	<b><u>758,656,401</u></b>	<b><u>290,219,652</u></b>
<b>- <u>Equity Instruments:-</u></b>		
- Foreign Company Shares	59,096,622	59,440,478
- Mutual Fund	228,022,876	291,967,300
<b><u>Total Equity Instruments</u></b>	<b><u>287,119,498</u></b>	<b><u>351,407,778</u></b>
<b>Total Financial Assets For Trading</b>	<b><u>1,045,775,899</u></b>	<b><u>641,627,430</u></b>

**(9) Financial Investment**

	<u>Jun.30, 2009</u>	<u>Dec.31, 2008</u>
	<u>EGP</u>	<u>EGP</u>
<b>- Available For Sale Financial Investment:-</b>		
- Debt Instruments Listed - Fair Value	6,868,768,654	1,921,272,094
- Equity Instruments Listed - Fair Value	148,258,754	244,823,746
- Unlisted Instruments	569,738,315	608,869,410
<b>Total Available For Sale Financial Investment</b>	<b>7,586,765,723</b>	<b>2,774,965,250</b>
<b>- Held To Maturity Financial Investment:-</b>		
- Listed Debt Instruments	285,496,534	306,374,803
- Unlisted Debt Instruments	353,196,576	374,888,471
<b>Total Held To Maturity Financial Investment</b>	<b>638,693,110</b>	<b>681,263,274</b>
<b>Total Financial Investment</b>	<b>8,225,458,833</b>	<b>3,456,228,524</b>
- Listed Balances	7,313,734,542	2,472,470,643
- Unlisted Balances	911,724,291	983,757,881
	<b>8,225,458,833</b>	<b>3,456,228,524</b>
- Fixed Interest Debt Instruments	6,531,078,700	1,832,967,710
- Variable Interest Debt Instruments	976,383,063	769,567,658
	<b>7,507,461,763</b>	<b>2,602,535,368</b>

	<u>Available for Sale Financial Investment</u>	<u>Held to Maturity Financial Investment</u>	<u>Total</u>
<b>- Opening Balance 1/1/2008</b>	<b>2,353,862,934</b>	<b>443,894,166</b>	<b>2,797,757,100</b>
- 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 Losses	(37,819,662)	(2,632,774)	(40,452,436)
<b>Ending Balance 31/12/2008</b>	<b>2,774,965,250</b>	<b>681,263,274</b>	<b>3,456,228,524</b>
<b>- Opening Balance 1/1/2009</b>	<b>2,774,965,250</b>	<b>681,263,274</b>	<b>3,456,228,524</b>
- Addition	8,275,521,677	-	8,275,521,677
- Deduction ( Selling - Recovery )	(3,529,413,561)	(48,739,592)	(3,578,153,153)
- Differences In Revaluation Of The Cash Assets In Foreign Currencies	3,475,319	6,169,428	9,644,747
- Profit From Fair Value Deference	64,529,344	-	64,529,344
- Deduct - Impairment Provision	(2,312,307)	-	(2,312,307)
<b>Ending Balance 31/03/2009</b>	<b>7,586,765,723</b>	<b>638,693,110</b>	<b>8,225,458,833</b>

	<u>Last 3 Months Jun.30, 2009</u>	<u>Last 6 Months Jun.30, 2009</u>	<u>Last 3 Months Jun. 30, 2008</u>	<u>Last 6 Months Jun.30, 2008</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
<b>- Profit (Losses) From Financial Investment</b>				
(Losses) Profit From Selling Available For Sale Financial Instruments	34,972,227	30,192,014	110,351,095	111,115,204
Losses From Impairment Of Equity Instruments Available For Sale	-	(2,312,308)	10,387,105	(1,763,733)
Return (Losses) Of Impairment From Available For Sale Debt Instruments	(1,166,254)	3,475,319	(41,599,442)	(64,362,711)
Profit From Selling Investments In Subsidiaries And Associates.	-	-	-	50,258,991
(Losses) Profit From Selling Available For Sale Held to Maturity Investments	(3,664)	(7,578)	(5,225)	(5,209)
	<b>33,802,309</b>	<b>31,347,447</b>	<b>79,133,533</b>	<b>95,242,542</b>

**(10) Other Operating Income**

	<u>Last 3 Months Jun.30, 2009</u>	<u>Last 6 Months Jun.30, 2009</u>	<u>Last 3 Months Jun. 30, 2008</u>	<u>Last 6 Months Jun.30, 2008</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
- (Losses) Profits From Assets & Liabilities Revaluation Except Trading	3,697,437	(8,714,517)	23,833,192	34,058,605
- Profits From Selling Equipments And Fixed Assets	14,783,486	15,393,221	5,004,954	5,034,478
- Provision No Longer Used	3,499,887	3,499,887	311,533	95,081,179
- Others	(5,118,912)	(21,639,117)	8,821,102	(1,626,450)
<b>Total</b>	<b>16,861,898</b>	<b>(11,460,526)</b>	<b>37,970,781</b>	<b>132,547,812</b>

**(11) Loans And Overdrafts**

	<u>Jun.30, 2009</u>	<u>Dec.31, 2008</u>
	<u>EGP</u>	<u>EGP</u>
- Discounted Bills	908,212,638	795,836,842
- Loans & Overdrafts To Customer	27,681,200,191	26,867,609,401
- Loans & Overdrafts To Banks	219,992,540	344,498,810
<b><u>Total Loans And Overdrafts</u></b>	<b><u>28,809,405,369</u></b>	<b><u>28,007,945,053</u></b>
- Unearned Bills Discount	(113,373,034)	(119,310,349)
- Provision For Doubtful Debts	(1,410,398,063)	(1,408,297,328)
- Interest In Suspense	(123,788,100)	(150,009,498)
<b><u>Net Loans And Overdrafts</u></b>	<b><u>27,161,846,172</u></b>	<b><u>26,330,327,878</u></b>

**(12) Provision For Doubtful Debts**

	<u>Jun.30, 2009</u>		
	<u>Specific</u>	<u>General</u>	<u>Total</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
- Balance At Beginning Of The Period	640,224,297	768,073,031	1,408,297,328
- Formed During The Period	-	46,259,398	46,259,398
- Recoveries From Written Off Debts	13,379,819	-	13,379,819
- Foreign Currency Revaluation Diff.	7,275,727	-	7,275,727
	<b><u>660,879,843</u></b>	<b><u>814,332,429</u></b>	<b><u>1,475,212,272</u></b>
- Usage During The Period	(64,814,209)	-	(64,814,209)
- Transferred from Specific to General	(12,230,000)	12,230,000	-
<b>Balance At The End Of The Period</b>	<b><u>583,835,634</u></b>	<b><u>826,562,429</u></b>	<b><u>1,410,398,063</u></b>
		<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
	<b><u>736,285,653</u></b>	<b><u>768,073,031</u></b>	<b><u>1,504,358,684</u></b>
- Usage During The Year	(96,061,356)	-	(96,061,356)
<b>Balance At The End Of The Year</b>	<b><u>640,224,297</u></b>	<b><u>768,073,031</u></b>	<b><u>1,408,297,328</u></b>



(13) **Financial derivatives**

**Derivatives**

**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 cash flows 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**

	<u>Notional Amount</u>	<u>Jun.30, 2009</u>		<u>Notional Amount</u>	<u>Dec.31, 2008</u>	
		<u>Assets</u>	<u>Liabilities</u>		<u>Assets</u>	<u>Liabilities</u>
<b>- Foreign Derivatives:-</b>						
- Forward Foreign exchange contracts	1,381,242,725	6,952,911	5,551,789	2,572,060,181	31,916,357	31,680,875
- Currency swap	4,122,397,097	88,198,883	28,369,924	3,457,152,333	65,087,047	57,539,919
- Options	543,081,475	2,832,954	2,832,954	112,099,475	1,080,796	1,080,796
<b>Total Derivatives (1)</b>		<b>97,984,748</b>	<b>36,754,667</b>		<b>98,084,200</b>	<b>90,301,590</b>
<b>- Interest rate derivatives:-</b>						
- Interest rate Swaps	2,104,267,274	66,065,901	5,046,590	1,730,052	63,646,403	3,452,965
<b>Total Derivatives (2)</b>		<b>66,065,901</b>	<b>5,046,590</b>		<b>63,646,403</b>	<b>3,452,965</b>
- Commodity	875,359,675	266,672,114	266,672,114	1,235,414,832	543,160,189	543,160,189
<b>Total Derivatives (3)</b>		<b>266,672,114</b>	<b>266,672,114</b>		<b>543,160,189</b>	<b>543,160,189</b>
<b>Total Assets ( liability) For Trading Derivatives (1+2+3)</b>		<b>430,722,763</b>	<b>308,473,371</b>		<b>704,890,792</b>	<b>636,914,744</b>

**(14) Financial Investments in Subsidiary and Associated Companies**

	<b>Jun,30. 2009</b>		<b>Dec,31. 2008</b>	
	Value (EGP)	%	Value (EGP)	%
<b>(B) <u>Associated Companies:-</u></b>				
- Commercial International life insurance co.	44,520,250	45	44,520,250	45
- Corplease co.	32,000,000	40	32,000,000	40
- Cotecna Trade Support	48,750	39	48,750	39
- Haykala for Investment	602,500	40	602,500	40
- Egypt Factors	10,912,980	39	10,751,715	39
- International. Co. for Appraisal and Collection.	1,000,000	40	1,000,000	40
- International Co. for Security and Services ( Falcon )	4,000,000	40	4,000,000	40
<b>Total</b>	<b>93,084,480</b>		<b>92,923,215</b>	

**The Financial Investments in subsidiary companies are represented as follows :-**

- Financial Investments Unlisted in Stock Exchange	93,084,480	92,923,215
<b>Total</b>	<b>93,084,480</b>	<b>92,923,215</b>

**(15) Capital Commitments**

**(A) Commercial International Bank:**

**- Financial Investments:-**

The capital commitments for the financial investments reached on the date of financial position EGP 202,658,018 as follows:-

	<b>Investments value</b>	<b>Paid</b>	<b>Remaining</b>
	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>
- Available for Sale Financial Investments	511,694,070	373,006,121	138,687,949
- Financial Investments in associates Co.	1,395,000	648,750	746,250

**- Fixed Assets and 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 9,132,339

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

**(16) Debit Balances and Other Assets**

	<b>Jun,30, 2009</b>	<b>Dec,31, 2008</b>
	<b>EGP</b>	<b>EGP</b>
- Accrued Revenues	588,565,516	398,537,508
- Prepaid Expenses	60,147,379	57,238,848
- Advances for Purchase of Fixed Assets	63,072,259	118,184,293
- Assets Acquired as Settlement of Debts*	48,326,607	52,165,659
- Accounts receivable and Other Assets**	26,174,283	346,728,856
- Accrued Balances of Customers Loans		
	<b>786,286,044</b>	<b>972,855,164</b>

\* This Include The Value Of Premises That Was Not Recorded Under The Bank's Name By EGP 24,832,854 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.

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

**(17) Net Fixed Assets****Jun.30, 2009**

	Land	Premises	IT	Vehicles	Fitting -Out	Machines & Equipment	Furniture & Furnishing	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Opening Balance (3)	77,069,448	333,362,619	530,749,756	24,998,440	189,733,497	220,811,023	101,356,180	<b>1,478,080,963</b>
Additions (Deductions) During The Period	-	(466,170)	100,727,637	5,958.00	35,978,399	12,515,185	4,545,891	<b>153,306,900</b>
<b>Closing Balance (1)</b>	<b>77,069,448</b>	<b>332,896,449</b>	<b>631,477,393</b>	<b>25,004,398</b>	<b>225,711,896</b>	<b>233,326,208</b>	<b>105,902,071</b>	<b>1,631,387,863</b>
Accu.Depreciation at Beginning of The Period (4)	-	106,534,258	325,926,836	20,872,354	122,003,983	108,389,345	46,012,579	<b>729,739,355</b>
Current Period Depreciation	-	7,914,790	46,711,420	988,725	23,194,768	12,701,777	4,987,366	<b>96,498,846</b>
<b>Accu.Depreciation at End of The Period (2)</b>	<b>-</b>	<b>114,449,048</b>	<b>372,638,256</b>	<b>21,861,079</b>	<b>145,198,751</b>	<b>121,091,122</b>	<b>50,999,945</b>	<b>826,238,201</b>
End of Period Net Assets (1-2)	77,069,448	218,447,401	258,839,137	3,143,319	80,513,145	112,235,086	54,902,126	<b>805,149,662</b>
<b>Beginning of Period Net Assets (3-4)</b>	<b>77,069,448</b>	<b>226,828,361</b>	<b>204,822,920</b>	<b>4,125,180</b>	<b>67,729,514</b>	<b>112,421,678</b>	<b>55,343,601</b>	<b>748,340,702</b>

**Depreciation Rates****%5****%20****%20****%33.3****%12.5****%10**

- Net Fixed Assets Value On The financial position Date Includes EGP 69,996,240 Non Registered Assets While Their Registrations Procedures Are In Process.

(18) <b>Due to Banks</b>	<b>Jun.30, 2009</b>	<b>Dec.31, 2008</b>
	<b>EGP</b>	<b>EGP</b>
(A) <b>Central Bank:-</b>		
- Current Accounts	47,219,463	75,056,264
<b>Total Due to Central Bank</b>	<b>47,219,463</b>	<b>75,056,264</b>
(B) <b>Local Banks:-</b>		
- Current Accounts	24,953,956	34,833,336
- Time Deposits	3,295,000,000	-
<b>Total Due to Local Banks</b>	<b>3,319,953,956</b>	<b>34,833,336</b>
(C) <b>Foreign Banks:-</b>		
- Current Accounts	203,826,420	116,257,050
- Time Deposits	2,891,408	2,847,572
<b>Total Due to Foreign Banks</b>	<b>206,717,828</b>	<b>119,104,622</b>
<b>Total</b>	<b>3,573,891,247</b>	<b>228,994,222</b>

(19) <b>Customers' Deposits</b>	<b>Jun.30, 2009</b>	<b>Dec.31, 2008</b>
	<b>EGP</b>	<b>EGP</b>
- Demand Deposits	13,996,532,520	12,978,489,163
- Time and Notice Deposits	19,925,386,405	19,946,553,875
- Saving and Deposit Certificates	7,986,898,527	7,395,350,361
- Saving Deposits	8,122,492,954	7,316,052,948
- Other Deposits	767,019,011	1,153,583,462
<b>Total</b>	<b>50,798,329,417</b>	<b>48,790,029,809</b>

(20) <b>Credit Balances and Other Liabilities</b>	<b>Jun.30, 2009</b>	<b>Dec.31, 2008</b>
	<b>EGP</b>	<b>EGP</b>
- Accrued Interest Payable	204,323,143	208,568,878
- Accrued Expenses	90,896,487	63,085,571
- Accounts Payable	361,503,975	916,240,507
- Income Tax	176,553,162	-
- Other Credit balances	61,002,161	82,571,958
<b>Total</b>	<b>894,278,928</b>	<b>1,270,466,914</b>

(21) <b>Long Term Loans</b>	<b>Rate</b>	<b>Maturity Date</b>	<b>Maturing Through</b>	<b>Balance as of</b>	<b>Balance as of</b>
	<b>%</b>		<b>Next Year</b>	<b>Jun.30, 2009</b>	<b>Dec.31, 2008</b>
			<b>EGP</b>	<b>EGP</b>	<b>EGP</b>
- F.I.S.C.	7	3-5 years	20,618,356	44,376,800	30,439,600
- K.F.W	9 - 10.5	10 YEARS	7,078,587	10,950,411	16,010,946
- UNIDO	1	2011	580,591	977,395	847,580
- Ministry of Agriculture (F.S.D.P)	3.5 - 5.5 depends on maturity date	3-5 years	24,414,190	35,926,048	58,804,557
- Ministry of Agriculture (V.S.P)	3.5 - 5.5 depends on maturity date	3-5 years	65,000	105,000	125,000
- Social Fund	3 months T/D or 9% which more	2010	1,560,000	2,266,250	3,046,250
- Spanish Microfinance Loan	0.5	2012	599,029	13,566,761	-
<b>Total</b>			<b>54,915,753</b>	<b>108,168,665</b>	<b>109,273,933</b>

**(22) Other Provisions****Jun.30, 2009****EGP**

	<u>Opening Balance</u>	<u>Formed During the Period</u>	<u>FCY Balance Reval. Difference</u>	<u>Usage During the Period</u>	<u>Balance No Longer Required</u>	<u>Closing Balance</u>
- Provision For Income Tax Claims	155,953,095	-	-	-	-	155,953,095
- Provision For Legal Claims	1,271,113	95,542	-	(183,140)	-	1,183,515
- Provision For Contingent	206,313,939	12,343,000	1,879,302	-	-	220,536,241
- Provision For Other Claim	8,723,449	3,435,000.00	37,432	(5,481,046)	-	6,714,835
- Provision For End Of Service	383,640	-	-	(54,566)	(3,499,887)	(3,170,813)
<b>Total</b>	<b>372,645,236</b>	<b>15,873,542</b>	<b>1,916,734</b>	<b>(5,718,752)</b>	<b>(3,499,887)</b>	<b>381,216,873</b>

**Dec.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>Balance No Longer Required</u>	<u>Closing Balance</u>
- Provision For Income Tax Claims	229,198,246	7,017,276.00	1,583.00	(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)	(658,511)	8,723,449
Provision For End Of Service	74,903	339,610	-	(30,873)	-	383,640
<b>Total</b>	<b>397,924,539</b>	<b>56,817,914</b>	<b>518,328</b>	<b>(11,957,034)</b>	<b>(70,658,511)</b>	<b>372,645,236</b>

**(23) Shareholders Equity****(A) Capital:-**

- The authorized capital reached EGP 5000 million according to the extraordinary general assembly decision on 19 Mar,200

- 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 26 June,2006 to activate a motivating and rewarding program for the bank's employees and managers through employee share ownership plans (ESOP) 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 and conditions and increase the paid in capital according to the program

- Dividend deducted from shareholders' equity in the period in which the General Assembly recognizes the shareholders of this dividend, which includes the share of workers in the profits and remuneration of the Board of Directors stated in the law

**(B) Reserves:-**

- According to the bank statutes 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

- According to Central Bank of Egypt new regulation issued in December 16, 2008 regarding the rules of preparation bank financial statements and foundations for the evaluation, an amount of EGP 27,615 thousandshas been deducted from the credit balances,special reserve and retained earnings by EGP 13,571 thousands in December 31, 2008 in result of fair value revaluations for those balances

**(24) Contingent Liabilities And Commitments**

	<u>Jun.30, 2009</u> <u>EGP</u>	<u>Dec.31, 2008</u> <u>EGP</u>
- Letters Of Guarantee	11,445,912,379	10,852,904,384
- Letters Of Credit ( Import And Export )	843,322,410	1,933,869,400
- Customers Acceptances	702,623,531	504,220,921
<b>Total</b>	<b><u>12,991,858,320</u></b>	<b><u>13,290,994,705</u></b>

**(25) Net Interest Income**

	<u>Last 3 Months</u> <u>Jun.30, 2009</u> <u>EGP</u>	<u>Last 6 Months</u> <u>Jun.30, 2009</u> <u>EGP</u>	<u>Last 3 Months</u> <u>Jun.30, 2008</u> <u>EGP</u>	<u>Last 6 Months</u> <u>Jun.30, 2008</u> <u>EGP</u>
- Interest Received from Loans and similar items:-				
- Banks	32,154,252	79,493,723	326,050,436	647,690,004
- Clients	538,024,993	1,112,335,910	449,271,585	918,141,177
	570,179,245	1,191,829,633	775,322,021	1,565,831,181
- Treasury Bills and Bonds	277,979,827	594,681,030	54,949,129	105,368,796
- Reverse Repose	24,542,834	50,894,083	-	-
- Financial Investment In Debt Instruments Held to Maturity and Available for Sale	119,997,113	178,758,867	10,763,812	14,857,055
- Other	63,128.00	63,128.00	61,929	97,464
<b>Total</b>	<b><u>992,762,147</u></b>	<b><u>2,016,226,741</u></b>	<b><u>841,096,891</u></b>	<b><u>1,686,154,496</u></b>
- Interest Paid on deposits and similar items:-				
- Banks	66,864,927	97,170,443	54,658,256	117,336,168
- Clients	461,712,901	962,321,102	418,688,505	814,985,728
- Other	528,577,828	1,059,491,545	473,346,761	932,321,896
- Other	410,472	836,326	300,176	480,486
<b>Total</b>	<b><u>528,988,300</u></b>	<b><u>1,060,327,871</u></b>	<b><u>473,646,937</u></b>	<b><u>932,802,382</u></b>
<b>Net</b>	<b><u>463,773,847</u></b>	<b><u>955,898,870</u></b>	<b><u>367,449,954</u></b>	<b><u>753,352,114</u></b>

**(26) Trading Net Profit**

	<u>Last 3 Months</u> <u>Jun.30, 2009</u> <u>EGP</u>	<u>Last 6 Months</u> <u>Jun.30, 2009</u> <u>EGP</u>	<u>Last 3 Months</u> <u>Jun.30, 2008</u> <u>EGP</u>	<u>Last 6 Months</u> <u>Jun.30, 2008</u> <u>EGP</u>
- Profit From Foreign exchange	82,351,443	164,164,501	69,720,020	129,598,054
- Revaluations of Assets and Liabilities in Foreign Currencies	109,300	1,542,537	(3,068,868)	(3,547,431)
- Profit From Forward Foreign exchange Deals Revaluation	(4,929,622)	1,005,425	494,060	(1,472,580)
- Profit From Intrest Rate Swaps Revaluation	(5,018,595)	825,870	(24,283,051)	(130,612)
- (Losses) Profit From Swap Deals Revaluation	(110,215)	(452,345)	6,274,788	9,426,408
- Debt Instruments For Trading	65,176,006	152,363,354	54,444,692	94,481,068
- Equity Instruments For Trading	12,091,461	7,334,654	(1,061,368)	3,284,980
<b>Total</b>	<b><u>149,669,778</u></b>	<b><u>326,783,996</u></b>	<b><u>102,520,273</u></b>	<b><u>231,639,887</u></b>

(27) Comparative Figures

- According to Central Bank of Egypt new regulation issued in December 16, 2008 regarding the rules of preparation bank financial statements , some items in income statement and cash flow statement have been restated

(28) Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

	<u>Assets (liabilities)</u> <u>Jun.30, 2009</u> <u>EGP</u>	<u>Assets (liabilities)</u> <u>Dec.31, 2008</u> <u>EGP</u>
- Fixed Assets (Depreciation)	(27,475,631)	(28,505,471)
- Other Provisions(Excluded Loan Loss, Contingent Liabilities And Income Tax Provisions)	1,573,293	1,998,913
- Other Items(Other Investments Revaluation Difference)	28,996,204	28,533,744
- Reserve For Employee Stock Ownership Plan (ESOP)	25,372,038	17,345,581
<b><u>Total</u></b>	<b><u>28,465,904</u></b>	<b><u>19,372,767</u></b>

(29) Reconciliation Of Effective Tax Rate

	<u>Last 3 Months</u> <u>Jun.30, 2009</u> <u>EGP</u>	<u>Last 6 Months</u> <u>Jun.30, 2009</u> <u>EGP</u>	<u>Last 3 Months</u> <u>Jun.30, 2008</u> <u>EGP</u>	<u>Last 6 Months</u> <u>Jun.30, 2008</u> <u>EGP</u>
- Profit Before Tax	528,671,220	1,101,122,834	592,646,265	1,105,788,790
- Tax Rate	20%	20%	20%	20%
<b><u>Income Tax Based On Accounting Profit</u></b>	<b><u>105,734,244</u></b>	<b><u>220,224,567</u></b>	<b><u>118,529,253</u></b>	<b><u>221,157,758</u></b>
<b><u>Add / (Deduct)</u></b>				
- Non-Deductible Expenses	(317,016)	3,022,453	(1,161,003)	93,309
- Tax Exemptions	(19,226,314)	(58,934,298)	(39,421,000)	(75,748,837)
- Effect Of Provisions	6,519,874	2,860,074	(6,539,139)	(7,437,230)
<b><u>Income Tax</u></b>	<b><u>92,710,788</u></b>	<b><u>167,172,796</u></b>	<b><u>71,408,111</u></b>	<b><u>138,065,000</u></b>
<b>Effective Tax Rate</b>	<b>17.54%</b>	<b>15.18%</b>	<b>12.05%</b>	<b>12.49%</b>



**(30) Earning Per Share**

	<u>Last 3 Months</u>	<u>Last 6 Months</u>	<u>Last 3 Months</u>	<u>Last 6 Months</u>
	<u>Jun.30, 2009</u>	<u>Jun.30, 2009</u>	<u>Jun.30, 2008</u>	<u>Jun.30, 2008</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
- Net Profit For The Period	439,024,969	910,451,757	527,324,317	992,441,099
- Board Member's Bonus	(6,585,375)	(13,656,776)	(7,909,865)	(14,886,616)
- Staff Profit Sharing	(43,902,497)	(91,045,176)	(52,732,432)	(99,244,110)
<b><u>Shareholders' Share In Profits</u></b>	<b>388,537,097</b>	<b>805,749,804</b>	<b>466,682,020</b>	<b>878,310,372</b>
- Number Of Shares	292,500,000	292,500,000	292,500,000	292,500,000
<b><u>Basic Earning Per Share</u></b>	<b>1.33</b>	<b>2.75</b>	<b>1.60</b>	<b>3.00</b>
- By Issuance Of ESOP Shares Earning Per Share Will Be:-				
- Number Of Shares Including ESOP Shares	299,101,053	299,101,053	295,478,665	295,478,665
<b><u>Diluted Earning Per Share</u></b>	<b>1.30</b>	<b>2.69</b>	<b>1.58</b>	<b>2.97</b>

**(31) Share-Based Payments**

- According to the extraordinary general assembly meeting on June 26, 2006, the bank launched 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 Period are as follows:**

	<u>Number of Shares</u>
- Outstanding At The Beginning Of The Period	2,978,665
- Granted During The Period *	3,622,388
- Forfeited During The Period	-
- Exercised During The Period	-
- Expired During The Period	-
<b>- Outstanding At The End Of The Period</b>	<b>6,601,053</b>

- The estimated fair value of the equity instrument granted to the first tranche is EGP 30.54 .
- The estimated fair value of the equity instrument granted to the second tranche is EGP 54.12 .
- The estimated fair value of the equity instrument granted to the third tranche is EGP 27.40 .

\* Includes 1,489,333 shares to offsite the dilution effect of the stock dividend granted in 2008.

\* Includes 29,800 shares have been granted to CICH staff, The cost of this particular issue will be charged to CICH.

- The equity instrument fair value for the first and the second tranches have been adjusted to reflect the dilution effect of the Stock dividend that took place in 2008.

**(32) Assets And Liabilities Maturities**

	<u>Maturity Within One Year</u>	<u>Maturity Over One Year</u>
<b><u>Assets:-</u></b>		
- Cash And Due From Central Bank	4,115,405,443	-
- Due From Banks	7,943,572,892	-
- Treasury Bills And Other Governmental Notes	11,510,338,333	-
- Trading Investments	1,045,775,899	-
- Available For Sale Investments	7,586,765,723	-
- Customers' Loans and Overdrafts	13,637,763,121	14,827,861,608
- Banks' Loans and Overdrafts	7,888	219,984,652
- Held To Maturity Investments	-	638,693,110
- Investments In Subsidiary Companies	-	93,084,480
- Debit Balances And Other Assets	786,286,044	-
<b><u>Total</u></b>	<b><u>46,625,915,342</u></b>	<b><u>15,779,623,850</u></b>
<b><u>Liabilities:-</u></b>		
- Due to Banks	3,573,891,247	-
- Customer Deposits	42,797,409,568	8,000,919,849
- Long Term Loans	54,915,753	53,252,912
- Credit Balances and Other Liabilities	894,278,928	-
<b><u>Total</u></b>	<b><u>47,320,495,494</u></b>	<b><u>8,054,172,762</u></b>

**(33) Interest Rate**

The average interest rates applied for assets and liabilities during the Period in local currency are 7.17 % & 3.37% 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 Accounts

<u>1st Assets:-</u>	<u>Local Currency</u>	<u>Foreign Currency</u>
- Due From Banks	<u>161,262,591</u>	<u>7,782,310,301</u>
<b><u>- Loans &amp; Overdrafts</u></b>	<b><u>EGP</u></b>	<b><u>%</u></b>
Agriculture Sector	46,545,413	0.16
Industrial Sector	11,324,539,181	39.31
Trading Sector	472,462,990	1.64
Services Sector	10,685,743,862	37.09
Household Sector	2,715,846,149	9.43
Other Sectors	3,564,267,774	12.37
<b><u>Total Loans &amp; Overdrafts (Including unearned interest)</u></b>	<b><u>28,809,405,369</u></b>	<b><u>100.00</u></b>
Unearned Discounted Bills	(113,373,034)	
Provision for Doubtful Debts	(1,410,398,063)	
Unearned Interest & Commission	(123,788,100)	
Net Loans & Overdrafts	<u>27,161,846,172</u>	
<b><u>2nd Liabilities:-</u></b>	<b><u>Local Currency</u></b>	<b><u>Foreign Currency</u></b>
- Due to Banks	<u>3,321,857,516</u>	<u>252,033,731</u>
<b><u>- Customers' Deposits</u></b>	<b><u>EGP</u></b>	<b><u>%</u></b>
Agriculture Sector	141,609,259	0.28
Industrial Sector	5,323,194,398	10.48
Trading Sector	1,964,235,754	3.87
Services Sector	10,765,456,353	21.19
Household Sector	26,668,459,491	52.50
Other Sector	5,935,374,162	11.68
<b><u>Total Customers' Deposits</u></b>	<b><u>50,798,329,417</u></b>	<b><u>100.00</u></b>
<b><u>3rd Contingent Accounts:-</u></b>	<b><u>Local Currency</u></b>	<b><u>Foreign Currency</u></b>
Letters Of Guarantee	5,085,971,898	6,359,990,480
Letter Of Credit ( Import & Export )	18,703,653	824,618,757
Customers Acceptances	30,353,656	672,269,875
<b><u>Total Contingent Accounts</u></b>	<b><u>5,135,029,207</u></b>	<b><u>7,856,879,112</u></b>

**(36) Main Currencies Positions**

	<u>Jun.30, 2009</u> in thousand EGP	<u>Dec.31, 2008</u> in thousand EGP
- Egyptian Pound	8,830	(6,756)
- US Dollar	38,520	4,714
- Sterling Pound	4,019	(3,303)
- Japanese Yen	(542)	(333)
- Swiss Franc	1,099	1,024
- Euro	1,768	15,811

**(37) Mutual Funds****- 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.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 35,981,574 with redeemed value EGP 5,133,850,978.
- The market value per certificate reached EGP 142.68 on 30/06/2009.
- The Bank portion got 1,764,961 certificates with redeemed value EGP 251,824,635 .

**- Isthmar 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.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 4,091,698 with redeemed value EGP 306,959,184.
- The market value per certificate reached EGP 75.02 on 25/06/2009.
- The bank portion got 194,744 certificates with redeemed value EGP14,609,695.

**- Aman Fund ( CIB and Faisal Islamic Bank Mutual Fund)**

- The bank and 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.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 1,026,158 with redeemed value EGP 61,179,540.
- The market value per certificate reached EGP 59.62 on 25/06/2009.
- The bank portion got 41,933 certificates with redeemed value EGP 2,500,045.

**(38) Transactions With Related Parties**

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

	<u>EGP</u>
- Loans & Overdrafts	452,838,739
- Investment in Subsidiary Companies	1,138,493,937
- Held To Maturity Bonds in Subsidiary	16,124,098
- Available For Sale Mutual FundManaged by Subsidiary	77,514,931
- Contingent Accounts	56,515,045

	<u>Income</u>	<u>Expenses</u>
	<u>EGP</u>	<u>EGP</u>
- International Co. for Security & Services	484,307	23,095,999
- Corplease Co.	20,965,394	978,944
- Commercial International Life Insurance Co.	4,357,542	1,882,376

**(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 384,221,251 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:-

	<b><u>EGP</u></b>
- Brand	336,790,272
- Licenses	20,000,000
- Contracts	119,694,389
- Customer Relationships	198,187,745
<b>Total</b>	<b><u><u>674,672,406</u></u></b>
- Amortization Tell June 2009	(67,467,240)
<b>Net Intangible Assets</b>	<b><u><u>607,205,166</u></u></b>