

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

**Consolidated
Financial Statements
As of September 30th, 2008**

Review Report

To the Board of Directors of Commercial International Bank

We have reviewed the accompanying consolidated financial position of Commercial International Bank (S.A.E.) as of September 30, 2008 and the related consolidated statements of income , cash flow and statement of changes in equity for the financial period then ended. These consolidated financial statements are the responsibility of the bank's management. Our responsibility is to issue a report on these consolidated financial statements based on our review.

We conducted our review in accordance with the Egyptian Auditing Standard applicable to review engagements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the consolidated financial statements are free of material misstatement. A review is limited primarily to inquiries of bank's personnel and analytical procedures applied for financial data, and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

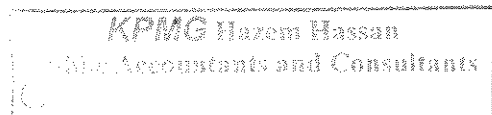
Based on our review, nothing has come to our attention that causes us to believe that the consolidated financial statements of Commercial International Bank for the period ended September 30, 2008 contain material or significant adjustments that are required to be made so as to make them in accordance with Central Bank of Egypt's rules, pertaining to the preparation and presentation of the financial statements, issued on June 27, 2002 and its ammendments.


Ehab Fawzy Akl

KPMG Hazem Hassan

Public Accountants & Consultants

Cairo, 12 November 2008.



Commercial International Bank (Egypt) S.A.E.
Consolidated Financial Position as of
Sep. 30, 2008

	<u>Note No.</u>	<u>Sep. 30, 2008</u>	<u>Dec. 31, 2007</u>
		<u>EGP</u>	<u>EGP</u>
<u>Assets</u>			
- Cash & Due From Central Bank	(4)	7,287,161,428	4,953,205,430
- Due From Banks	(5)	10,560,392,018	13,883,232,504
- Treasury Bills and other Notes Discountable at the CBE	(6)	4,910,525,466	2,951,621,063
- Trading Financial Investments	(7)	773,349,461	683,832,861
- Available for Sale Financial Investments	(8)	4,022,055,590	2,286,201,567
- Brokers - Debit Balances		489,540,849	122,917,170
- Reconciliation accounts- Debit Balances		39,823,541	21,108,871
- Loans & Overdrafts (Net Of Provision for Doubtful Debts)	(9&10)	26,622,414,230	20,478,590,841
- Held to Maturity Financial Investments	(11)	311,365,431	443,894,166
- Financial Investments in Associated Co.	(12)	69,909,755	90,714,548
- Debit Balances & Other Assets	(14)	1,648,821,131	1,035,176,214
- Goodwill	(15)	701,419,789	140,613,801
- Deferred Tax	(28)	24,608,748	51,900,192
- Fixed Assets (Net)	(16)	645,613,092	620,238,882
- Total Assets		58,107,000,529	47,763,248,110
<u>Liabilities & Shareholder's Equity</u>			
<u>Liabilities</u>			
- Due to Banks	(17)	3,189,154,521	2,378,613,378
- Customers Deposits	(18)	47,823,186,294	39,476,052,841
- Brokers- Credit Balances		366,306,678	162,338,363
- Reconciliation accounts - Credit Balances		129,462	1,292,008
- Credit Balances & Other Liabilities	(19)	841,321,756	798,437,293
- Long Term Loans	(20)	108,551,687	161,356,219
- Other Provisions	(21)	422,213,754	397,924,540
Total Liabilities		52,750,864,152	43,376,034,642
<u>Shareholders' Equity</u>			
- Issued & Paid - in Capital		2,925,000,000	1,950,000,000
- Reserves		1,005,272,248	1,087,294,215
- Retained Earnings		76,417,793	29,721,156
- Reserve for employee stock ownership plan (ESOP)		73,067,595	29,159,584
- Net Profit of the Period	(31)	1,266,446,495	1,285,775,353
- Total Shareholders' Equity & Net Profit		5,346,204,131	4,381,950,308
- Minority Interest		9,932,246	5,263,160
Total Shareholder' Equity and Minority Interest	(22)	5,356,136,377	4,387,213,468
Total Liabilities & Shareholders' Equity		58,107,000,529	47,763,248,110
<u>Contingent & Commitments Liabilities</u>			
	(23)	14,448,808,339	13,630,884,908

- The Accompanying Notes are an integral part of the Financial Statements " Review Report Attached "


Hisham Ezz El-Arab
 Chairman
 & Managing Director

Commercial International Bank (Egypt) S.A.E.
Consolidated Income Statement as of Sep. 30, 2008

	Note No.	<u>Last 3 months</u>	<u>Last 9 months</u>	<u>Last 3 months</u>	<u>Last 9 months</u>
		<u>Sep. 30, 2008</u>	<u>Sep. 30, 2008</u>	<u>Sep. 30, 2007</u>	<u>Sep. 30, 2007</u>
		<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
- Interest Received from Clients & Banks		834,625,923	2,384,168,770	693,588,950	1,878,479,034
- Interest Received from Treasury Bills & Bonds		142,324,829	330,920,648	82,711,552	312,251,568
Deduct					
- Interest Paid to Clients & Banks		(526,277,612)	(1,442,094,575)	(460,343,437)	(1,338,318,343)
Net Interest Income		450,673,140	1,272,994,843	315,957,065	852,412,259
- Banking Fees & Commissions		197,100,498	634,292,889	169,278,382	503,762,089
- Shares Dividends		2,451,122	88,851,388	20,072,602	63,574,329
- Foreign Exchange Profits	(24)	62,946,005	226,909,541	48,441,895	113,870,238
- Profits From Selling Financial Investments		6,940,652	155,853,030	27,354,948	80,187,207
- Profits From Dispose part of Subsidiaries	(25)	-	50,258,991	-	148,393,558
- Trading Financial Investments Revaluation Differences		(11,004,888)	(24,743,144)	(635,414)	1,906,544
- Provisions No Longer Used	(26)	-	95,081,179	-	-
- Other Income		11,331,690	43,283,820	7,041,068	25,421,597
Total Fee Income		269,765,079	1,269,787,694	271,553,481	937,115,562
Net Operating Income		720,438,219	2,542,782,537	587,510,546	1,789,527,821
Deduct					
- Provisions		(35,025,381)	(199,780,767)	(61,875,225)	(209,696,887)
- Other Financial Investments Revaluation Differences	(27)	16,234,409	(71,371,444)	(11,627,781)	7,108,252
- Assets Impairment		4,855,104	(1,741,742)	-	-
- General & Administrative Expenses & Depreciation		(260,421,674)	(703,083,541)	(159,742,626)	(464,779,149)
- Other Expenses		(29,246,266)	(86,156,940)	(19,087,996)	(57,448,612)
		(303,603,808)	(1,062,134,434)	(252,333,628)	(724,816,396)
Net Operating Profits		416,834,411	1,480,648,103	335,176,918	1,064,711,425
- Non-Operating Income		(26,401)	5,008,077	305,200	305,200
Net Profit Before Tax		416,808,010	1,485,656,180	335,482,118	1,065,016,625
- Income Tax	(29)	(66,542,162)	(184,212,062)	(57,468,876)	(131,924,849)
- Deferred Tax	(29& 28)	838,830	(26,990,290)	2,343,252	12,028,392
Net Profit After Tax		351,104,678	1,274,453,828	280,356,494	945,120,168
Distribute by					
- Minority Interest		6,153,414	8,007,333	578,147	1,952,742
- CIB Shareholders' Equity		344,951,264	1,266,446,495	279,778,347	943,167,426
- Earning Per Share	(30)	1.04	3.83	0.85	2.85


Hisham Ezz El-Arab
 Chairman
 & Managing Director

Commercial International Bank (Egypt) S.A.E.
Consolidated Cash flow as of
Sep. 30, 2008

	<u>Sep. 30, 2008</u>	<u>Sep. 30, 2007</u>
	<u>EGP</u>	<u>EGP</u>
<u>Cash Flow From Operating Activities</u>		
- Net Income before tax	1,485,656,180	1,065,016,625
<u>Adjustments To Reconcile Net Income</u>		
<u>To Net Cash Provided by operating activities</u>		
- Depreciation	102,024,442	90,561,793
- Provisions (Addition during the Period)	199,780,767	209,625,675
- Trading financial investments evaluation differences	24,743,144	(1,708,699)
- Other financial investments evaluation differences	71,371,444	(7,108,252)
- Utilization of Provisions	(11,522,717)	-
(Except Provision for Doubtful Debts)		
- Provisions No Longer Used	(95,081,179)	-
- FCY Revaluation Differences of Provisions Balances (Except Doubtful Debts)	(478,731)	(1,217,811)
- Gains From Selling Fixed Assets	(5,008,077)	(305,200)
- Profit From Selling Financial Investments	(155,853,030)	(77,045,256)
- Profits From Dispose Part of a Subsidiary	(50,258,991)	(148,393,558)
- Income tax paid	-	(6,775,239)
- FCY Revaluation Diff. of Long Term Loans	(623,325)	1,364,449
- Reserve For Employee Stock Ownership Plan (ESOP)	43,908,011	21,869,688
- Assets Impairment	1,741,742	-
Operating Profits Before Changes in Operating Assets & Liabilities	1,610,399,680	1,145,884,215
<u>Net Decrease (Increase) in Assets</u>		
- Due From Banks	3,335,188,421	(5,281,256,609)
- Treasury Bills and other Notes Discountable at the CBE	(1,690,083,030)	2,641,898,229
- Trading financial Investments	(90,566,326)	275,897,102
- Available for sale financial investments	(1,597,448,038)	1,065,325,083
- Loans & Overdrafts	(6,343,785,314)	(2,952,088,393)
- Debit Balances & Other Assets	(855,932,850)	(462,054,573)
<u>Net Increase (Decrease) In Liabilities</u>		
- Due to Banks	800,182,573	693,377,971
- Customers Deposits	8,347,133,453	5,074,561,877
- Credit Balances & Other Liabilities	82,043,251	(106,705,560)
Net Cash Provided from Operating Activities	3,597,131,820	2,094,839,342

Commercial International Bank (Egypt) S.A.E.
Consolidated Cash flow as of
Sep. 30, 2008

	<u>Sep. 30, 2008</u>	<u>Sep. 30, 2007</u>
	<u>EGP</u>	<u>EGP</u>
<u>Cash Flow From Investment Activities</u>		
- Sells (Purchase) Of Subsidiaries & Associated Companies	20,804,793	(41,064,091)
- Prepaid for Fixed Assets , Premises and Fitting- out of Branches	(156,992,870)	(229,334,054)
- Redemption Of Held to Maturity Financial Investments	132,528,735	294,989,624
- Financial Investments in Subsidiary (Goodwill)	(621,580,409)	-
Net Cash (Used in) Investment Activities	(625,239,751)	24,591,479
<u>Cash Flow From Financing Activities</u>		
- Increase (Decrease) in Long - Term Loans	(52,181,207)	48,711,306
- Dividends Paid	(346,270,332)	(309,557,119)
-		
- Reserve for financial investments revaluation Diff.	(2,707,274)	(1,643,782)
- Current Shareholders - Debit	-	75,305,921
Net Cash (Used in) Financing Act ivities	(401,158,813)	(187,183,674)
Net cash & cash equivalent changes	2,570,733,256	1,932,247,147
- Beginning Balance of cash & cash equivalent	6,879,374,080	4,346,645,261
- Cash & Cash Equivalent Balance At the End of the Period	9,450,107,336	6,278,892,408
<u>Cash & Cash Equivalent are Represented as Follows :</u>		
- Cash and Due from Central Bank	7,287,161,428	5,274,610,947
- Due from Banks	10,560,392,018	10,779,231,897
- Treasury Bills and other Notes Discountable at the CBE	4,910,525,466	2,077,756,172
- Due from Banks (Time Deposits)	(9,974,371,092)	(10,585,451,656)
- Treasury Bills with maturity more than three months	(3,333,600,484)	(1,267,254,952)
Total Cash & Cash Equivalent	9,450,107,336	6,278,892,408

Commercial International Bank (Egypt) S.A.E
Consolidated Statement of changes in
Shareholders' Equity as of
SEP. 30, 2008

2007

	Capital EGP	Legal Reserve EGP	General Reserve EGP	Special Reserve EGP	Reserve for investments EGP	Retained Earnings EGP	Profits of the Year EGP	Reserve for employee stock ownership plan (ESOP) EGP	Total Shareholders Equity & Retained Earnings EGP	Minority Interest EGP	Total EGP
- Balance at beginning of The Year	1,950,000,000	371,230,872	548,482,934	162,709,903	7,458,634	29,721,156	-	-	3,069,603,499	2,516,854	3,072,120,353
- Reserve for employee stock ownership plan (ESOP)**	-	-	-	-	-	-	-	29,159,584	29,159,584	-	29,159,584
- Net Profits of the year	-	-	-	-	-	1,285,775,353	-	-	1,285,775,353	-	1,285,775,353
- Usage part of reserve	-	-	-	-	(2,588,138)	-	-	-	(2,588,128)	-	(2,588,128)
- Minority Interest	-	-	-	-	-	-	-	-	-	2,746,306	2,746,306
- Balance at the end of The Year	1,950,000,000	371,230,872	548,482,934	162,709,903	4,870,516	29,721,156	1,285,775,353	29,159,584	4,381,950,308	5,263,160	4,387,213,468

2008

	Capital EGP	Legal Reserve EGP	General Reserve EGP	Special Reserve EGP	Reserve for invest ment Revaluation Diff EGP	Undivided Profit EGP	Profits of the Period EGP	Reserve for employee stock ownership plan (ESOP) EGP	Total Shareholders Equity & Retained Earnings EGP	Minority Interest EGP	Total EGP
- Balance at Beginning of The Period	1,950,000,000	371,230,872	548,482,934	162,709,903	4,870,516	29,721,156	1,285,775,353	29,159,584	4,381,950,308	5,263,160	4,387,213,468
- Transfer to Reserves	-	61,620,639	834,064,668	-	-	(895,685,307)	-	-	-	-	-
- Net Profits of The Period	-	-	-	-	-	-	1,266,446,495	-	1,266,446,495	8,007,333	1,274,453,828
- Capital Increase *	975,000,000.00	-	(975,000,000)	-	-	-	-	-	-	-	-
- Distributed profits	-	-	-	-	-	(6,222,539)	(336,709,546)	-	(342,932,085)	(3,338,247)	(346,270,332)
- Reverse Part of Reserve	-	-	-	-	(2,707,274)	-	-	-	(2,707,274)	-	(2,707,274)
- Undivided Profit	-	-	-	-	-	53,380,500	(53,380,500)	-	-	-	-
- Reserve for employee stock ownership plan (ESOP)**	-	-	-	-	-	-	-	43,908,011	43,908,011	-	43,908,011
- Adjustment On Income Tax	-	-	-	-	-	(461,324)	-	-	(461,324)	-	(461,324)
- Balance At The End Of The Period	2,925,000,000	432,851,511	407,547,602	162,709,903	2,163,223	76,417,793	1,266,446,495	73,067,595	5,346,204,131	9,932,246	5,356,136,377

* Refer to note number (2)

** Refer to note number (31)

The Commercial International Bank (Egypt) S.A.E.& Subsidiaries
Notes To the Consolidated Financial Statements
From January 1, 2008 To September 30,2008

(1) **Organization and Activities**

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

It was formed as a joint stock company 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 and two branches, in addition to forty five 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 Sept. 30, 2008 the bank directly owns 54,988,000 shares representing 99.98% of CI Capital Holding company's capital and on Sept. 30, 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 Financial Statement is prepared in accordance with the Central Bank of Egypt's Financial Statement Regulations. And takes into consideration prevailing local laws and regulations.

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 from proportional consolidated basis which has been used in the previous financial periods up till to June 2008.

Consolidated Financial Statements are Consisting of the Financial Statements of Commercial International Bank and Consolidated Financial Statements of CI Capital Holding and its 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 financial period are recorded at the foreign exchange rates prevailing at the time such transactions take place .
Assets & Liabilities are revalued at the foreign exchange rates prevailing at the end of financial period , generated gain and losses are recorded in "Foreign Exchange Income" in the income statement.
- Forward contracts are evaluated at the end of the financial period at its fair value on this date using the forward rates for the remaining periods until maturity dates of these contracts. The revaluation differences are recorded in "Foreign Exchange Income "in the income statement.
- Currency SWAP contracts are recorded on the date of commitment under contingent liabilities accounts. The difference between the two parts of the contract is recorded in other liabilities or other assets as unrealized gain /loss on the date of commitment. The said difference is amortized by crediting/ debiting the "Foreign Exchange Income "in the income statement.

(3)

- Premium paid for foreign currencies option contracts is recorded in the Balance Sheet under "Debit Balances & Other Assets" such premium is settled in the income statement according to the evaluation of these contracts at fair value. The difference between premium received and paid concern the customers hedging option contracts recorded in the Balance Sheet under "credit balances & other liabilities" category and settled in "foreign exchange income" on accrual basis.

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 & Other Discountable Notes at CBE

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 financial position.

G) Repos & (Reverse Repos)Transactions

Repos (Reverse Repos) transactions are eliminated (recorded) on the Balance Sheet under " Treasury Bills and Other Notes Discountable at the CBE " whereas its cost (revenue) is recorded on the income statement mate term "interest paid to clients & Banks" ("interest received from treasury Bills & Bonds ")

H) Evaluation of Trading Investments

- Trading investments including portfolios managed by other party are evaluated at the end of the financial period at its fair market value and the evaluation difference is recorded in income statement .

(4)

- Trading investments not satisfying the trading investment classification condition are evaluated at their book value. Such value is subject to be reduced in case of a continual decrease based on the comprehensive objective study of the latest financial statements for the company issued the securities. The evaluation difference is recorded in the income statement.
- Mutual fund certificates which have issued by the bank are evaluated at the end of the financial period at their fair market value and the evaluation difference is recorded in income statement.

I) Evaluation of Available for Sale Investments

Available for Sale Investments are evaluated at the lower of cost (taking in consideration the evaluation of Foreign Currency) or fair value for each investment and the differences are recorded in "other investments evaluation differences" in Income Statement .

In case of increase in the value, such increase is added to the same category within the limit of amounts previously charged to income statement for previous financial periods.

Except the difference related to prior years which up to the end of the year 2002 should be recorded as a special reserve in shareholders' equity. In case of decreases in the investment value its share in the special reserve will be utilized, and the remaining balance should be transferred to income statement.

In case of selling the investment, its share in the special reserve should be transferred to income statement.

J) Financial Investment Held for Sale

The investments which expected to be recovered through sale should be reclassified as assets held for sale. Before the said reclassification of the assets held for sale , an evaluation for those assets should be conducted according to the company's accounting policies , afterwards the evaluation of those assets are at book value or at fair value after deducting the selling cost , whichever is lower .

Goodwill will be reduced by any losses or decrease in those assets or the value of other assets & liabilities except inventories, financial assets, deferred tax, assets related to employees' benefits and real estate investments, which are evaluated according to the company accounting policies. Any profits or losses from evaluation of those assets will be realized in the income statement except the profits which exceed the accumulated losses of those assets.

K) Evaluation of Held to Maturity Investments

Bonds purchased from the primary market are evaluated at cost, representing the nominal value adjusted by the issuing premium/ discount which is amortized using the straight line method. The amortization value is recorded in the interest received from treasury bills and bonds in the income statement.

The same treatment is applied to bonds purchased from the secondary market at a value higher or lower than the nominal value, and the cost is reduced by the gains related to the previous period of the purchasing date.

In case of downfall of the fair value of each bond the book value shall be adjusted and the difference is recorded in "other investments revaluation difference" in the income statement. In case of increase in fair value such increase is added to the same category within the limit of amounts previously charged to the income statement for previous financial periods.

The book value of foreign currency bonds is amended by the difference resulting from the revaluation of the foreign currency at the exchange rate prevailing at the evaluation date. Such differences are recorded in foreign exchange income in the income statement.

Mutual fund certificates which must be held till maturity date as the bank is the issuer are evaluated at cost and in case of downfall of its fair value the book value is adjusted by such downfall and charged to "Other Investments Revaluation 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.

L) Investments in Subsidiaries and Associated Companies

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 the 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 .

M) Assets Acquired for settlement of Debts

These Assets are recorded in the Financial Statement under "debit balances & Other Assets " at cost and in the case of a decrease of the fair value of these assets at the financial position 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 .

(6)

N) Provision for Doubtful Debts and Contra Accounts

Provision For Doubtful Debts is established on the basis of an appraisal of the identified risk for specific facilities and loans in addition to one to five percent for General risk based on the risk inherent in any loan portfolio which is not specifically identified.

Provision for Doubtful Debts is decreased by loans written off and is increased 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.

O) Contingent Liability Accounts

Contingent Liability Accounts include transactions in which the Bank is involved as a third party, forward foreign exchange contracts, SWAP transaction, Option. Such transactions do not represent actual bank's assets or liabilities at the financial position date.

P) 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.

Q) Depreciation and Amortization

Depreciation of Fixed Assets (Except the land) 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.

R) Income Tax

Income Tax on the profit or loss for the 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 financial position 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 financial position 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.

S) Intangible Assets (goodwill)

The basis of calculation was executed primarily and temporarily at the end of the period using assets or liabilities or contingent liabilities balances for the acquired company.

(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) from the financial statements’ notes includes the accounting policies applied to measure and recognize significant financial instruments and the revenues and expenses related thereto.

B) Financial Instruments Fair Value

Using the valuation basis of the bank’s assets and liabilities, as referred to the notes to the Financial Statements, the financial instruments' fair value do not substantially deviate from their book values at the financial position date. The notes No. (8),(11),(12) are showing the fair value for all investment (except Trading Investment) in the date of financial statement .

C) 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.

The notes No. (32 & 33) from the Financial Statements' notes disclose that the 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 balancing 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 financial position date.

4- Cash And Due From Central Bank

	<u>Sep. 30, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
- Cash & Cash Items	1,082,574,615	1,081,319,202
- Reserve Balance with CBE		
(A) (A) Current Accounts	4,091,896,213	1,996,073,908
(B) (B) Time Deposits	2,112,690,600	1,875,812,320
Total Cash & Due From Central Bank	<u><u>7,287,161,428</u></u>	<u><u>4,953,205,430</u></u>

5- Due from Banks

	<u>Sep. 30, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
(A) <u>Central Bank</u>		
- Time Deposits	6,375,757,450	7,391,521,850
Total Due from central bank	<u><u>6,375,757,450</u></u>	<u><u>7,391,521,850</u></u>
(B) <u>Local Banks</u>		
- Current Accounts	279,192,813	109,010,305
- Time Deposits	241,857,500	155,948,928
Total Due from Local Banks	<u><u>521,050,313</u></u>	<u><u>264,959,233</u></u>
(C) <u>Foreign Banks</u>		
- Current Accounts	306,828,113	509,054,737
- Time Deposits	3,356,756,142	5,717,696,684
Total Due From Foreign Banks	<u><u>3,663,584,255</u></u>	<u><u>6,226,751,421</u></u>
Total Due From Banks	<u><u>10,560,392,018</u></u>	<u><u>13,883,232,504</u></u>

6- Treasury Bills and other Governmental Notes Discountable At the CBE

	<u>Sep. 30, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
- 91 Days Maturity	1,602,075,000	1,313,750,000
- 182 Days Maturity	1,670,225,000	751,830,445
- 364 Days Maturity	1,885,350,000	970,750,000
	<u>5,157,650,000</u>	<u>3,036,330,445</u>
- Issuance Discount	(247,124,534)	(84,709,382)
	<u><u>4,910,525,466</u></u>	<u><u>2,951,621,063</u></u>

7- Trading Financial Investments

	<u>Sep. 30, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
- Portfolio Managed By Other Parties	60,141,298	64,370,759
- Mutual Funds	542,614,145	465,016,024
- Bonds	80,463,134	51,603,627
- Shares	90,130,884	102,842,451
Total Trading Financial Investments	<u>773,349,461</u>	<u>683,832,861</u>

The Financial Trading Investments are represented as follows :-

- Financial Investments Listed in Stock Exchange	230,735,316	218,816,837
- Financial Investments Unlisted in Stock Exchange	542,614,145	465,016,024
	<u>773,349,461</u>	<u>683,832,861</u>

- Due to The Current Global Market Crisis The Decrease In Trading Investment Listed In The Capital Market and Mutual Funds Value Is EGP 23,048,923 As of 31 Oct 2008.

8- Available for Sale Financial Investments

	<u>Sep. 30, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
(A) <u>Shares</u>		
- Bank's Shares	15,309,544	5,031
- Corporate Shares	833,512,146	844,022,989
(B) <u>Bonds</u>		
- Governmental Bonds	2,596,939,549	855,848,389
- Bank's Bonds	50,973,175	-
- Corporate Bonds	525,321,176	586,325,158
	<u>4,022,055,590</u>	<u>2,286,201,567</u>

Available for sale financial investments are represented as follows :-

- Financial Investments Listed In Stock Exchange	3,049,072,821	1,301,157,343
- Financial Investments Unlisted In Stock Exchange	972,982,769	985,044,224
	<u>4,022,055,590</u>	<u>2,286,201,567</u>

- The Market Value Of Available For Sale Investments Listed In The Capital Market Reached EGP 3,786,364,601 On Sep. 30, 2008, Compared To EGP 1,617,946,351 On December 31,2007

(11)

9- Loans and Overdrafts

	<u>Sep. 30, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
- Discounted Bills	630,878,247	369,367,153
- Loans & Overdrafts to Customer	27,119,380,325	20,979,609,432
- Loans & Overdrafts to Banks	374,757,906	501,437,453
	<u>28,125,016,478</u>	<u>21,850,414,038</u>
- Unearned Bills Discount	(82,049,863)	(33,299,487)
- Provision For Doubtful Debts	(1,244,307,803)	(1,089,969,238)
- Unearned Interest & Commission	(176,244,582)	(248,554,472)
Net Loans & Overdrafts	<u>26,622,414,230</u>	<u>20,478,590,841</u>

10- Provision For Doubtful Debts

	<u>Sep. 30, 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 Period	491,530,222	598,439,016	1,089,969,238
- Addition During The Period	105,423,000	60,839,750	166,262,750
- Written Off Debts Recoveries	18,323,585	-	18,323,585
- Foreign Currency Revaluation Diff.	1,936,936	-	1,936,936
	<u>617,213,743</u>	<u>659,278,766</u>	<u>1,276,492,509</u>
- Usage During The Period	(32,184,706)	-	(32,184,706)
Balance at The End of The Period	<u>585,029,037</u>	<u>659,278,766</u>	<u>1,244,307,803</u>

Dec. 31, 2007

	<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
- Addition During The Year	91,524,201	101,480,050	193,004,251
- Written Off Debts Recoveries	44,472,711	-	44,472,711
- Foreign Currency Revaluation Diff.	(8,580,249)	-	(8,580,249)
	<u>679,374,663</u>	<u>588,430,071</u>	<u>1,267,804,734</u>
- Usage During The Year	(177,835,496)	-	(177,835,496)
- Transferred from Provision of Contingent Liability	(10,008,945)	10,008,945	-
Balance at the end of the Year	<u>491,530,222</u>	<u>598,439,016</u>	<u>1,089,969,238</u>

(12)

11- Held to maturity Financial Investments

	<u>Sep. 30, 2008</u>	<u>Dec. 31, 2007</u>
	EGP	EGP
A- Bonds		
- Housing Bonds (maturity Dec.2019)	215,000	215,000
- Government Bonds	43,583,138	-
- Banks Bonds	54,659,000	-
- Corporate Bonds	180,408,293	411,179,166
B- Mutual Funds		
- 250,000 Osoul Fund Certificates With Market Value LE 133.80 Per Certificate	25,000,000	25,000,000
- 50,000 Istethmar Fund Certificates With Market Value LE 93.44 Per Certificate	5,000,000	5,000,000
- 25,000 Aman Fund Certificates With Market Value LE 84.34 Per Certificate	2,500,000	2,500,000
	<u>311,365,431</u>	<u>443,894,166</u>

The held to maturity Financial Investments are represented as follows :-

- Financial Investments Listed in Stock Exchange	116,676,809	311,279,817
- Financial Investments Unlisted in Stock Exchange	194,688,622	132,614,349
	<u>311,365,431</u>	<u>443,894,166</u>

- The market value of Held to Maturity Financial Investments reached EGP 116,676,809 on Sep. 30 ,2008
While reached EGP 337,511,601 on December 31,2007

12- Financial Investments in Associated Companies

	<u>Sep. 30, 2008</u>		<u>Dec. 31, 2007</u>	
	EGP	%	EGP	%
- Contact for Cars Trading	-		31,000,000	38.4
- Commercial International life insurance co.	32,000,000	40	32,000,000	40
- Corplease co.	21,600,000	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	10,658,505	39	3,763,646	39
- International. Co. for Appraisal & Collection.	1,000,000	40	400,000	40
- International Co. for Security & Services	4,000,000	40	4,500,900	45
	<u>69,909,755</u>		<u>90,714,548</u>	

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

- Financial Investments listed in Stock Exchange	-	-
- Financial Investments Unlisted in Stock Exchange	69,909,755	90,714,548
	<u>69,909,755</u>	<u>90,714,548</u>

13- Capital Commitments :-A) Commercial International Bank- Financial Investments

The Capital Commitments For The Financial Investments Reached On The Date Of Financial Position
EGP 197,695,868 as follows :-

	<u>Investments value</u>	<u>Paid</u>	<u>Remaining</u>
	EGP	EGP	EGP
Available for Sale Financial Investments	608,833,915	411,884,297	196,949,618
Financial Investments in Subsidiaries Co.	1,395,000	648,750	746,250

- Fixed Assets & Branches Constructions

The value of contracts on the purchase of fixed assets contracts and branches constructions have been implemented to date of financial statement amount EGP 8,739,393 .

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.

14- Debit Balances and Other Assets

	<u>Sep. 30, 2008</u>	<u>Dec. 31, 2007</u>
	EGP	EGP
- Accrued Interest receivable	632,856,033	460,502,319
- Prepaid Expenses	69,066,498	54,175,157
- Advances for Purchase of Fixed Assets	239,129,890	204,935,394
- Assets Acquired for Settlement of Debts *	63,060,821	29,361,646
- Accounts receivable & Other Assets	644,707,889	288,214,383
- Accrued Balances of Customers Loans **	-	241,625,336
	<u>1,648,821,131</u>	<u>1,278,814,235</u>
Deduct		
- Provision for General & Insurance Risk **	-	(243,638,021)
Total Debit Balances and Other Assets	1,648,821,131	1,035,176,214

* This Include The Value Of Premises That Was Not Recorded Under The Bank's Name By EGP 46,763,445 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 Legal Period.

** 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

15- Intangible Asstes (Goodwill)

The initial accounting for business combination was determined only provisionally by the end of the period in which the combination is effected because the fair values to be assigned to the acquiree's identifiable assets, liabilities, or contingent liabilities can be determined only provisionally. The difference between acquisition cost and book value of assets, liabilities, and contingent liabilities amounting L.E701,419,789, as temporary goodwill till completing the initial accounting.

16- Net Fixed Assets (After Deduct Accumulated Depreciation)

As Of Sep. 30, 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
Additional (Deductions) During The Period	2,445,398	21,666,304	21,944,854	2,395,329	35,557,321	34,602,950	13,545,542	132,157,697
Closing Balance (1)	66,238,658	319,866,496	433,627,420	24,934,676	175,201,160	205,651,857	94,848,267	1,320,368,534
Accu.Depreciation at Beginning of The Period (4)	-	91,389,674	250,320,234	18,320,122	88,854,558	84,320,370	34,766,996	567,971,954
Current Period Depreciation	-	11,154,749	44,726,130	2,016,512	23,879,142	16,307,252	8,699,703	106,783,488
Accu.Depreciation at End of The Period (2)	-	102,544,423	295,046,364	20,336,634	112,733,700	100,627,622	43,466,699	674,755,442
End of Period Net Assets (1-2)	66,238,658	217,322,073	138,581,056	4,598,042	62,467,460	105,024,235	51,381,568	645,613,092
Beginning of Period Net Assets (3-4)	63,793,260	206,810,518	161,361,332	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 financial position date includes EGP

73,885,589 non registered assets while their registrations procedures are in process.

17- Due to Banks

	<u>Sep. 30, 2008</u> <u>EGP</u>	<u>Dec. 31, 2007</u> <u>EGP</u>
(a) <u>Central Bank</u>		
- Current Accounts	179,558,847	80,028,494
- Time Deposits	2,869,597,500	2,012,792,500
Total Due to Central Bank	<u>3,049,156,347</u>	<u>2,092,820,994</u>
(b) <u>Local Banks</u>		
- Current Accounts	53,758,279	26,463,751
- Time Deposits	19,130,650	28,480,310
Total Due to Local Banks	<u>72,888,929</u>	<u>54,944,061</u>
(c) <u>Foreign Banks</u>		
- Current Accounts	64,289,972	199,834,891
- Time Deposits	2,819,273	31,013,432
Total Due to Foreign Banks	<u>67,109,245</u>	<u>230,848,323</u>
Total Due to Banks	<u><u>3,189,154,521</u></u>	<u><u>2,378,613,378</u></u>

18- Customers' Deposits

	<u>Sep. 30, 2008</u> <u>EGP</u>	<u>Dec. 31, 2007</u> <u>EGP</u>
- Demand Deposits	13,204,496,155	11,566,831,688
- Time & Notice Deposits	18,509,747,470	13,612,928,991
- Saving & Deposit Certificates	7,167,638,870	5,948,726,982
- Saving Deposits	7,394,682,034	6,517,256,544
- Other Deposits	1,546,621,765	1,830,308,636
Total Customer Deposits	<u><u>47,823,186,294</u></u>	<u><u>39,476,052,841</u></u>

19- Credit Balances and Other Liabilities

	<u>Sep. 30, 2008</u> <u>EGP</u>	<u>Dec. 31, 2007</u> <u>EGP</u>
- Accrued Interest Payable	184,154,292	140,677,147
- Accrued Expenses	30,321,136	34,419,303
- Accounts Payable	584,437,509	576,182,550
- Due to Associated & Subsidiaries Companies	-	598,907
- Other Liabilities	42,408,819	46,559,386
Total Credit Balances And Other Liabilities	<u>841,321,756</u>	<u>798,437,293</u>

20- Long Term Loans

	<u>Rate</u> %	<u>Maturity date</u>	<u>Due through</u> <u>next year</u>	<u>Balance as of</u> <u>Sep-08</u>	<u>Balance as of</u> <u>Dec-07</u>
- F.I.S.C.	7	3-5 years	15,502,400	20,502,400	40,565,200
- K.F.W	9-10.5	10 YEARS	5,485,994	13,060,601	15,195,955
- UNIDO	1	2011	2,422,400	4,982,704	8,038,908
- Ministry of Agriculture (F.S.D.P)	3.5 - 5.5 depends on maturity date	3-5 years	33,418,491	66,469,732	92,594,906
- Ministry of Agriculture (V.S.P)	3.5 - 5.5 depends on maturity date	3-5 years	65,000	100,000	10,000
- Social Fund	3 months T/D or 9% which more	2010	1,560,000	3,436,250	4,951,250
Total			<u>58,454,285</u>	<u>108,551,687</u>	<u>161,356,219</u>

21- Other Provisions

Sep. 30, 2008
EGP

	<u>Opening Balance</u>	<u>Addition During the Period</u>	<u>FCY Balance Reval. Difference</u>	<u>Usage During the Period</u>	<u>Closing Balance</u>
- Provision for Income Tax Claims	229,690,519	2,507,779	-	(11,246,786)	220,951,512
- Provision for Legal Claims	1,123,118	1,426,017	(1,194)	(275,931)	2,272,010
- Provision for Contingent	167,036,000	32,492,000	(477,537)	-	198,650,463
- Provision of end of service bonus	74,903	64,866	-	-	339,769
Total Other Provisions	397,924,540	36,490,662	(478,731)	(11,522,717)	422,213,754

Dec. 31, 2007
EGP

	<u>Opening Balance</u>	<u>Addition During the Year</u>	<u>FCY Balance Reval. Difference</u>	<u>Usage During the Year</u>	<u>Closing Balance</u>
- Provision for Income Tax Claims	229,690,519	-	-	-	229,690,519
- Provision for Legal Claims	1,126,794	-	(3,676)	-	1,123,118
- Provision for Contingent	111,524,889	57,412,416	(1,901,305)	-	167,036,000
- Provision of end of service bonus	-	74,903	-	-	74,903
Total Other Provisions	342,342,202	57,487,319	(1,904,981)	-	397,924,540

22- 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 To 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 Standards 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 Has Been Formed For Difference Revaluation For Financial Investment (Available For Sale) In Foreign Currency For Preceding Years (Up To 2002) , And This Reserve Is Used In Case Of Sale Or Decrease In The Value Of That Investment , And The Income Statement Will Be Carried With The Difference According To The Issued Instruction For Such Matter .

23- Contingent & Commitments Liabilities

	<u>Sep. 30, 2008</u>	<u>Dec. 31, 2007</u>
	EGP	EGP
- Letters of Guarantee	10,083,085,941	8,710,786,948
- Letters of Credit (Import & Export)	1,396,201,117	2,233,007,892
- Customers Acceptances	698,163,086	616,046,795
- Forward Foreign Exchange contracts (Bought)	4,890,974,857	2,315,808,497
- Forward Foreign Exchange Contracts (Sold)	(4,894,802,915)	(2,314,413,012)
- Swap Deals (Bought)	3,061,507,181	2,031,770,686
- Swap Deals (Sold)	(3,064,885,259)	(2,064,022,142)
- Option (Bought)	421,342,947	4,040,915
- Option (Sold)	(421,342,947)	(4,040,915)
- Interest Rate Swap (Notional Amounts)	1,889,376,767	1,987,418,103
- Other Agreement	389,187,564	114,481,141
Total	14,448,808,339	13,630,884,908

24- Foreign Exchange Profits (losses)

	<u>Last 3 months</u> <u>Sep. 30, 2008</u> <u>EGP</u>	<u>Last 9 months</u> <u>Sep. 30, 2008</u> <u>EGP</u>	<u>Last 3 months</u> <u>Sep. 30, 2007</u> <u>EGP</u>	<u>Last 9 months</u> <u>Sep. 30, 2007</u> <u>EGP</u>
- Profit From Dealing With Foreign Currencies	90,065,282	219,627,992	38,298,498	105,330,205
- Profit (Loss) Of Revaluation Of Monetary Assets And Liabilities *	(19,551,281)	11,773,745	8,276,944	8,721,204
- Profit (Loss) Of Forward Deals Revaluation	(7,610,757)	(5,043,469)	1,827,088	(364,313)
- Profit Revaluation Of Options	42,761	551,273	39,365	183,142
Total	62,946,005	226,909,541	48,441,895	113,870,238

* Include An Increase Of EGP 9,782,641 Due To The Foreign Currencies Revaluation Differences Of The Financial Trading & Available For Sale Investments By EGP 1,563,949 & EGP 8,218,692 Respectively Against Decrease In Financial Investments Revaluation Differences' Items In Income Statement .

25- Profits From Selling Financial Investments in Subsidiaries

- The Amount of EGP 50,258,991 from Selling 3,099,500 Shares of CIB'S Stake in Contact Co.

26- Provisions No Longer Used

- The Amount of EGP 94,706,704 Represent The Remaining Balance of The General Risk and Insurance Provisions After the Settlement of Related Debts.

27- Other Financial investments revaluation differences

	<u>Last 3 months</u> <u>Sep. 30, 2008</u> <u>EGP</u>	<u>Last 9 months</u> <u>Sep. 30, 2008</u> <u>EGP</u>	<u>Last 3 months</u> <u>Sep. 30, 2007</u> <u>EGP</u>	<u>Last 9 months</u> <u>Sep. 30, 2007</u> <u>EGP</u>
- Available for Sale Financial Investments	16,234,409	(71,371,444)	(11,627,781)	7,108,252
Total	16,234,409	(71,371,444)	(11,627,781)	7,108,252

28- Deferred tax assets and liabilities

	<u>Assets (liabilities)</u> <u>Sep. 30, 2008</u> <u>EGP</u>	<u>Assets (liabilities)</u> <u>Dec. 31, 2007</u> <u>EGP</u>
Recognized Deferred Tax Assets (Liabilities)		
Deferred Tax Assets And Liabilities Are Attributable To The Following:		
Deferred Tax		
- Fixed Assets Depreciation	(20,714,129)	(23,074,328)
- Other Provisions(Excluded Loan Loss & Contingent Liabilities And Income Tax Provisions)	454,402	48,952,228
- Other Items(Other Investments Revaluation Difference)	30,254,956	20,190,375
- Reserve For Employee Stock Ownership Plan (ESOP)	14,613,519	5,831,917
Total Deferred Tax Assets(Liabilities)	24,608,748	51,900,192

29- Reconciliation of effective tax rate

	<u>Last 3 months</u> <u>Sep. 30, 2008</u>	<u>Last 9 months</u> <u>Sep. 30, 2008</u>	<u>Last 3 months</u> <u>Sep. 30, 2007</u>	<u>Last 9 months</u> <u>Sep. 30, 2007</u>
- Profit Before Tax	416,808,009	1,485,656,180	335,482,118	1,065,016,625
- Tax Rate	%20	20%	%20	20%
Income Tax	<u>83,361,602</u>	<u>297,131,236</u>	<u>67,096,424</u>	<u>213,003,325</u>
Add / (Deduct)				
- Non-Deductible Expenses	9,743,511	17,282,476	772,241	(7,852,591)
- Tax Exemptions	(31,874,460)	(100,246,809)	(20,804,160)	(107,634,895)
- Effect Of Provisions	4,472,679	(2,964,551)	8,061,119	22,380,618
Income Tax	<u>65,703,332</u>	<u>211,202,352</u>	<u>55,125,623</u>	<u>119,896,457</u>
Effective Tax Rate	15.76%	14.22%	16.43%	11.26%

30- Earning Per Share

	<u>Last 3 months</u> <u>Sep. 30, 2008</u>	<u>Last 9 months</u> <u>Sep. 30, 2008</u>	<u>Last 3 months</u> <u>Sep. 30, 2007</u>	<u>Last 9 months</u> <u>Sep. 30, 2007</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
- Net Profit For The Period	344,951,265	1,266,446,495	279,778,347	943,167,426
- Board Member's Bonus	(5,174,269)	(18,996,697)	(4,196,675)	(14,147,511)
- Staff Profit Sharing	(34,495,126)	(126,644,650)	(27,977,835)	(94,316,743)
- Shareholders' Share In Profits	305,281,869	1,120,805,148	247,603,837	834,703,172
- Number Of Shares	292,500,000	292,500,000	292,500,000	292,500,000
- Earning Per Share	1.04	3.83	0.85	2.85
* By Issuance Of ESOP Shares Earning Per Share Will Be:				
- Number Of Shares Including ESOP Shares	295,521,432	295,521,432	294,409,350	294,409,350
Diluted Earning Per Share	1.03	3.79	0.84	2.84

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 period (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:

	Number of Shares
Outstanding At The Beginning Of The Period	1,909,350
Granted During The Period	1,194,932
Forfeited During The Period	(82,850)
Exercised During The Period	-
Expired During The Period	-
Outstanding At The End Of The Period	3,021,432
- The Estimated Fair Value Of The Equity Instrument Granted To The First Trench Is EGP 45.82 .	
- The Estimated Fair Value Of The Equity Instrument Granted To The Second Trench 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	7,287,161,428	-
- Due From Banks	10,560,392,018	-
- Treasury Bills And Other Notes Discountable At The CBE	5,157,650,000	-
- Trading Investments	773,349,461	-
- Available For Sale Investments	4,022,055,590	-
- Customers' Loans & Overdrafts	14,433,991,582	13,140,022,408
- Banks' Loans & Overdrafts	374,020	374,383,886
- Held To Maturity Investments	22,015,521	289,349,910
- Investments In Subsidiary Companies	-	69,909,755
- Debt Balances And Other Assets	1,648,821,131	-
	<u>43,905,810,751</u>	<u>13,873,665,959</u>
 <u>Liabilities</u>		
- Due to Banks	3,189,154,521	-
- Customer Deposits	40,655,547,424	7,167,638,870
- Long Term Loans	58,454,285	50,097,402
- Credit Balances and Other Liabilities	841,321,756	-
	<u>44,744,477,986</u>	<u>7,217,736,272</u>

33- Interest Rate

- The Average Interest Rates Applied for Assets and Liabilities During The Year Are 6.56 % & 3.30 % 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 .
- 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 .

Distribution of Assets, Liabilities and Contingent Accounts**Assets**

	<u>Local Currency</u>	<u>Foreign Currency</u>
1- Due From Banks	<u>6,760,160,264</u>	<u>3,800,231,754</u>
2- Loans & Overdrafts		%
Agriculture Sector	53,686,867	.2
Industrial Sector	10,455,268,496	37.2
Trading Sector	1,689,288,999	6
Services Sector	11,461,474,350	40.7
Household Sector	2,082,170,252	7.4
Other Sectors	2,383,127,514	8.5
Total Loans & Overdrafts (Including unearned interest)	<u>28,125,016,478</u>	<u>100</u>
Unearned Discounted Bills	(82,049,863)	
Provision for Doubtful Debts	(1,244,307,803)	4.4
Unearned Interest & Commission	(176,244,582)	
Net Loans & Overdrafts	<u>26,622,414,230</u>	

Liabilities

	<u>Local Currency</u>	<u>Foreign Currency</u>
1- Due to Banks	<u>50,721,950</u>	<u>3,138,432,571</u>
2- Customers' Deposits		%
Agriculture Sector	438,604,795	.9
Industrial Sector	5,331,459,132	11.1
Trading Sector	2,376,738,303	5.
Services Sector	11,081,624,474	23.2
Household Sector	23,823,147,996	49.8
Other Sector	4,771,611,594	10.
Total Customers' Deposits	<u>47,823,186,294</u>	<u>100</u>

Contingent Accounts

	<u>Local Currency</u>	<u>Foreign Currency</u>
- Letters Of Guarantee	3,687,602,935	6,395,483,006
- Letter Of Credit (Import & Export)	27,832,771	1,368,368,346
- Customers Acceptances	79,350,618	618,812,468
- Forward Foreign Exchange Contracts (Bought)	211,890,858	4,679,083,999
- Forward Foreign Exchange Contracts (Sold)	(57,408,465)	(4,837,394,450)
- Swap Deals (Bought)	13,674,861	3,047,832,320
- Swap Deals (Sold)	(472,315,045)	(2,592,570,214)
- Option (Bought)	-	421,342,947
- Option (Sold)	-	(421,342,947)
- Interest Rate Swap (Notional Amounts)	-	1,889,376,767
- Other Agreement	118,302,717	270,884,847
	<u>3,608,931,250</u>	<u>10,839,877,089</u>

36- Main Currencies Positions

	<u>Sep. 30, 2008</u>	<u>Dec. 31, 2007</u>
	<u>in thousand EGP</u>	<u>in thousand EGP</u>
- Egyptian Pound	(80,391)	(13,959)
- US Dollar	18,487	(56,955)
- Sterling Pound	2,772	(389)
- Japanese Yen	(810)	(377)
- Swiss Franc	1,137	821
- Euro	22,474	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 42,801,763 With Redeemed Value LE 5,726,875,889.
- The Market Value Per Certificate Reached EGP 133.80 On 29/09/2008.
- The Bank Portion Got 3,038,362 Certificates With Redeemed Value EGP 406,532.836 .

(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 3,969,816 With Redeemed Value LE 370,939,607.
- The Market Value Per Certificate Reached EGP 93.44 On 29/09/2008.
- The Bank Portion Got 198,492 Certificates With Redeemed Value EGP 18,547,092.

(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 1,457,440 With Redeemed Value LE 122,920,490.
- The Market Value Per Certificate Reached EGP 84.34 On 29/09/2008.
- The Bank Portion Got 36,436 Certificates With Redeemed Value EGP 3,073,012.

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	314,014,848	
Investment in Subsidiary Companies	169,244,905	
Customer Deposits	70,282,461	
Contingent Accounts	47,864,230	
<u>Income And Expenses With Related Parties Are Represented As Follows:</u>	<u>Income</u>	<u>Expences</u>
- International Co. for Security & Services	875,141	25,324,435
- Egypt Factors	58,269	82,340
- CorpLease Co.	36,232,318	379,822
- Commercial International Life Insurance Co.	4,773,401	1,141,469

39- Subsequent Actions

As a result of Current global, regional and local financial market Conditions That dropped sharply since early October 2008, and reflects a sharp decline in market indicators .this may affect goodwill which amounts LE 701,419,789, The Bank is in process of preparing a study to determine the extent of impairment in Good will. it's difficult to determine the extent and magnitude of this impairment for the time being until the completion of that study

40- Comparative Figures

The Comparative Figures Are Amended To Confirm With The Reclassification Of The Current Year And 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 period